

COMPACT BRIEF FOR THE BRAND AMBASSADORS

COMPACT OVERVIEW

The Millennium Challenge Corporation and the Kingdom of Lesotho have signed a five-year, US \$362.6 million Compact to reduce poverty and increase economic growth. The Compact is focused on improving the provision of water supplies for industrial and domestic use, improving health outcomes and removing barriers to foreign and local private sector investment. By 2013, the Compact will benefit the majority of the population of 1.8 million due to its broad geographic scope and focus on sectors that impact most Basotho such as health and provision of potable water.

Water Sector project (\$164 million)

This project is aimed at improving the water supply for industrial and domestic needs. It will provide essential infrastructure to deliver water to garment and textile operations. Domestic users in selected urban and rural areas will benefit from water system upgrades and expansion providing a reliable supply of water and better sanitation. The project will also enhance rural livelihoods through improved watershed management.

The Water Sector Project activities include the construction of a bulk water conveyance system; the extension and rehabilitation of the urban and peri-urban water network; the provision of improved sanitation services for an estimated 25,000 households or approximately 150,000 persons through construction of ventilated improved pit latrines and water systems; and the restoration of degraded wetlands at three areas in the highland pastures and preparation of a strategic environmental assessment to support development of a national watershed management and wetlands conservation plan.

Health Sector Project (\$122.4 million)

The Health Sector Project is designed to mitigate the negative economic impacts of poor maternal health, HIV/AIDS, Tuberculosis (“TB”) and other diseases by substantially strengthening the country’s health care infrastructure and human resources for health capacity. MCC funding will support Lesotho’s efforts to increase significantly access to life extending anti-retroviral therapy (“ART”) by providing a sustainable platform to deliver ART and other essential health services throughout the country. The Health Sector Project has the potential to result in a measurable extension of productive life-years for people living with HIV/AIDS, TB and other debilitating diseases.

The Health Sector Project activities include the renovation of up to 138 health centres in order to establish a national stock of health centres that achieve a common standard; the establishment of ART clinics in and improved management of up to 14 hospital out-patient departments (OPD); the construction and equipping of a new central laboratory and training for laboratory staff; the construction of a dedicated, central facility for collecting and processing blood and the provision of mobile blood collection and storage equipment; an increase in the number of dormitories and staff residences at Lesotho’s National Health Training College; the strengthening of health systems through increased capacity for pre-service and in-service nurse training and improved district-level public health human resources management; and improved occupational health and safety and medical waste management practices.

Private Sector Development Project (\$36.1 million)

The Private Sector Development (“PSD”) Project is designed to increase private sector economic activity in Lesotho by improving access to credit, reducing transaction costs and increasing participation of women in the formal economy. The activities within the PSD Project are essential components of the Government of Lesotho’s major policy reform program and are designed to contribute to the broader efforts to attract foreign investment and stimulate growth of Basotho-owned companies.

The PSD Project activities include the reform of the civil legal system through the development and case management of the commercial courts; the promotion of alternative dispute resolution; support for the production and issuance costs of national identification cards as well as establishment of the necessary legal and regulatory reforms for data privacy and establishment and operations of a cross-border credit bureau; the implementation of a new payments and settlement system in Lesotho; the development of land policy and a new land administration authority; the implementation of a systematic land regularisation program for urban and peri-urban areas; and the implementation of a training and public awareness program dedicated to implementing gender equality in economic rights and building of local capacity to continue advocacy.

The Compact also includes approximately \$40 million for administration, management, auditing, monitoring and evaluation, and environment and social oversight.

Expected Results

The Compact is expected to have economy-wide impacts affecting the entire population of Lesotho. The core elements of the Compact facilitate provision of critical requirements needed to propel private sector investment and growth in employment to levels that can support significant progress in the reduction of poverty. The program is structured to nearly double GDP growth by the end of the Compact implementation period. The acceleration of GDP growth is expected to continue beyond Compact completion, propelling growth toward seven percent per annum within five years after Compact completion. The Compact is designed to lay the foundations for achieving sustainable economic growth and poverty reduction in Lesotho through its support of key areas identified by the Government of Lesotho as national development priorities.

INDIVIDUAL PROJECTS ACTIVITIES

LAND ADMINISTRATION REFORM ACTIVITY

The following are the activities that will be carried out under the Land Administration Reform Project:

1. Policy and Legal Reform

Review of the current land Bill and enactment of the new land Act

Development of land policy

2. Systematic Regularisation and improvement of land allocation in rural areas

3. Modernisation and improvement of land administration services

4. Public outreach and training

CREDIT BUREAU

The following are the activities that will be carried out under the Credit Bureau Project:

- a) Establishment of a Credit Bureau
- b) Collection of data on all borrowers
- c) Subscribers of the Credit Bureau
- d) Enactment of the law
- e) Supervision of the Credit Bureau

CIVIL LEGAL REFORM

Civil Legal Reform Project (CLRP) is one of the components of the PSD with US\$ 2,870,000 allocated for the project over five years. Under the project, the Government of Lesotho has established targets for improving the institutional capacity of the Judiciary to provide more transparent and efficient adjudication and disposition of civil and commercial claims. This project will reduce the number of cases reaching trial in the civil courts by establishing a system of court annexed mediation in all courts, by creation of an alternative small claims procedure to

hear cases of lesser monetary value, and by creation of a specialized Commercial Court. A central feature of this project will be the introduction of a computerised case management and tracking system which incorporates better case management practices.

The targets are as follows:

- 50% reduction in case backlog in the civil courts by month 14, and 70% reduction by Month 24.
- 30% reduction in the number of cases reaching trial in the civil courts
- Clear court operations management procedures established and implemented
- Clear judicial management practices guidelines established and implemented
- Fully functional system of mandatory court annexed mediation used in all courts
- Alternative small claims procedure launched, published and in use
- Upgrade of the commercial court to fully operational status hearing – less than 50 cases per annum
- Introduction of computerized case management and tracking system brought on line in all designated courts
- Case tracking and management system in use by all designated courts as a planning and management tool .

Scope of Work

The Civil Legal Reform Project will have four primary components:

A. Improvement of civil court operations and administration.

This entails improvement of court operations, caseload management and judicial administration in the civil and commercial courts. This will result in a reduction in the backlog of pending cases, accelerated civil case processing times, better court management,

enhanced capabilities of court personnel and better judicial administration. The High Court, the Magistrate Court - seated in Maseru and the newly established Commercial Court shall be pilot areas.

B. Establishment of a fully functional Commercial Court.

This will be a fully fledged court with its own judges, staff and offices. It will only deal with commercial cases of a certain monetary value which will be determined. The old High Court building shall house the Commercial Court after refurbishments that are expected to take place in the second year of the project. It is expected to reduce the backlog of commercial cases remarkably thus contribute to building an investment friendly and attractive environment in Lesotho.

C. Implement a system of mandatory court annexed mediation for the High Court, Magistrate Courts and Commercial Court of Lesotho.

Court connected programs will enable courts to refer cases to mediation specialists, thus alleviating backlogs and enabling courts to maintain their unique role as adjudicators in a more efficient fashion. Mediation is a practical method to resolve disputes quickly, thereby releasing entrepreneurs tied up in the courts to pursue commercial activities and relieving pressure on the courts.

D. Implement a small claims procedure within the magistrate courts.

The Government of Lesotho has opted not to establish a separate small claims court but to create only an alternative set of rules for adjudication claims. The GOL sees the establishment of the small claims procedure as an essential vehicle for reducing the burden on the magistrate courts by allowing expedited adjudication of commercial claims of lesser monetary value through relaxation of procedural and evidentiary rules. It is also essential in making the courts more accessible to claimants with limited resources. The new small claims procedure will be refereed by Magistrates or by referees who are qualified and are appointed by the Chief Magistrate to hear such claims.

SMART/DEBIT CARD

The following are key activities that will be undertaken under the Smart/Debit Card Project:

- a) To realize a reliable transacting platform targeted at enabling the under-banked and un-banked to transact in a secure manner
- b) To provide an inter-bank transacting facility for the under-banked and un-banked with a view towards enhancing service delivery and expanding access to quality banking services
- c) To provide inter-bank facility through the Automated Clearing House for Electronic Funds

GENDER EQUALITY IN ECONOMIC RIGHTS PROGRAMME

The gender in economic rights programme is aimed at increasing equality of men and women in economic rights by ensuring equal access to resources, increasing women's productivity and improving services in economic rights. It also aims to mainstream gender onto the economic sector.

This programme is important in the light of the prevailing unequal status of men and women in the economic sector. Dissemination of the recently enacted Legal Capacity of Married Persons is still key to the realizations of equality. The programme will train key stakeholders including the police, judiciary, banking sector, religious leaders, and traditional leaders, youth, males and relevant ministries. An advocacy component will include radio, television and print media and the following are core areas of the project:

- a) Gender Equality
- b) Economic Rights
- c) Programme Content
- d) Political Support for the achievement of Gender Equality
- e) The legal capacity of Married persons Act 2006.
- f) Training

GENDER MAINSTREAMING PLAN OF MCA-L

Clarification of Gender terms:

- Gender equality
- Gender mainstreaming

Efforts by the GOL to promote gender equality in Lesotho.

- the Constitution of Lesotho (1993),
- the National machinery on gender issues (MGYSR)
- National Gender and Development Policy (2003)
- the Legal Capacity of Married Persons Act (2006)

Efforts by MCC/MCA-L to promote gender equality in MCC funded projects in Lesotho.

- Compact between the Government of the Kingdom of Lesotho and the United States of America acting through Millennium Challenge Corporation (MCC).
- the MCC Gender Policy.

What gender mainstreaming means for MCA-L Projects

- This means that all development projects under MCA should incorporate a gender analysis from design to monitoring and evaluation.

Objectives of the plan for gender mainstreaming.

The strategy for gender mainstreaming into MCA projects.

Implementation of the gender mainstreaming plan.

What will gender mainstreaming mean for different social groups?

- Equal benefits from MCA-L projects.
- Equal participation in decision making.
- Gender disaggregated data in all documents.

NATIONAL IDENTIFICATION CARD (ID) PROJECT

The project will facilitate economic growth since ID cards will be issued to individuals so as to improve confidence of the financial institutions regarding credit. This will in turn lead to poverty alleviation, economic growth and improvement of the welfare of the nation.

Benefits of the project:

- Unique number for each individual.
- Availability of credit and other financial services.
- Reduction in inconsistencies in the voters roll.
- Significant reduction in transaction costs for financial institutions both in gathering information needed to evaluate credit decisions and the cost of payment and settlement, which should result in a reduction in fees for these services to clients.

Implementation Responsibility

The Ministry of Home Affairs, Public Safety and Parliamentary Affairs will be responsible for the implementation and regulation of the project while MCA-L is responsible for coordination.

Beneficiaries of the Project

All economically active citizens and legal residents (formal and informal sector).

HEALTH PROJECT

a) Infrastructure and Equipment

This component includes infrastructure developments of health facilities to improve health outcomes. This will involve rehabilitation of up to 138 health centers, expansion of 14 OPDs; construction of national referral laboratory, blood transfusion facilities at Botshabelo, student and tutors accommodation at NHTC.

b) Health System Strengthening

This activity involves improvement of service delivery through the decentralization of health services package and support to district health management teams. Pre-service and in-service training and improved mentoring programmes and curriculum are part of improved health system.

Medicine is evidence-based; therefore, health research coordination and increasing capacity are vital elements of health system strengthening.

c) Health Care Waste Management

This activity is concerned with occupational health, safety and medical waste management practices. Development of HCWM legislation, procedures and operating standards as well as training and outreach awareness campaigns are key to this activity.

d) Impact evaluation study

e) Environment and Social Impact Assessment

WATER PROJECT

RURAL WATER SUPPLY AND SANITATION

- a) Constructing, Rehabilitation, and or Expansion of up to 250 Water Supply Systems (WSS)

- b) Construction of up to 10 000 VIP latrines
- c) Public Health and hygiene awareness training and support
- d) Strengthening DRWS to effectively undertake some of its functions e.g. Environmental obligations, design and implementation activities etc.

WETLANDS RESTORATION AND CONSERVATION PROJECT

The Wetlands Restoration Project came about because of the realization that the wetlands of Lesotho are undergoing accelerated degradation due to unsustainable land use practices. This has a direct bearing on increasing poverty status as the rangelands are getting degraded, with impact on livestock quantity and quality, also as water resources security is decreased, leading to loss of productivity by several sectors and increase in water related diseases. The Ministry of Natural Resources through the Department of Water Affairs has had past programmes which met limited success due to lack of funding, lack of adequate information to inform conservation initiatives and limited expertise in wetlands issues.

The objective of the MCC supported initiative on wetlands restoration and conservation is to pilot restoration activities in three (3) areas in Khalong-la-Lithunya in Botha-Bothe, Koti-se-phola in Mokhotlong and Lets'eng-la-Letsie in Quthing. The five year initiative will undertake restoration and conservation in the areas and come up with a best approach to be rolled out to the whole country. It is expected that with the restoration of wetlands integrity, and surrounding catchments, the communities will benefit as they will have access to revived wetlands systems and their products, such as craft making grasses, forage for livestock leading to productivity, and possibly increase in tourism as aesthetic quality increases.

Objectives of the project - Conservation and restoration of wetlands

Instrumentation to be installed at the sites (protection from vandalism)

Possible grazing regime changes in the project areas

METOLONG DAM – BULK WATER CONVEYANCE SYSTEM

The construction of downstream works relating to Metolong Dam includes the following:

- Raw water transmission main from the dam to a downstream water treatment facility.
- A water treatment plant with a capacity of 93.8 ML/day.
- A transmission system to Maseru .
- Bulk water supply components for Roma and Mazenod.
- Bulk water supply components for Morija.
- Detailed designs for the Teyateyaneng conveyance system.
- Implementation of environmental and social mitigation measures including preparation of supplemental studies and management plans pertaining to the construction and operation of the bulk water conveyance system.

URBAN AND PERI-URBAN WATER NETWORK

This activity includes the following components:

- Infrastructure rehabilitation which includes reservoir rehabilitation, pipeline rehabilitation, water treatment works rehabilitation and rehabilitation of a limited number of boreholes, pump houses and sewer pipes.
- Reticulation extensions in Maseru, Mohale's Hoek, Mafeteng, Maputsoe, Mokhotlong and Botha-bothe as well as rising main extensions in Mafeteng-Thabaneng.
- Semonkong Water Supply system.
- Mazenod reticulation.
- Development of detailed design and specifications that can be procured through tendering.

- Preparation of environmental project briefs and any supporting EA/EIA required to meet environmental licensing requirements.
- Implementation of environmental and social mitigation measures pertaining to the construction and operation of urban water supply projects.
- Establishment of a small, dedicated project implementation unit for the activity.