

Joint SDG Fund

Evidence-based Final Narrative Report

SDG FINANCING PORTFOLIO – COMPONENT 1

Date of Report: 29th May/2023

<i>Programme title and Country</i>																				
Country: Kingdom of Lesotho Joint Programme (JP) title: Joint Programme on Economic and Financial Management Integration for Sustainable Development (JP-EFMIS) , MPTF Office Project Reference Number: FC1 2020 LSO																				
<i>Programme Duration</i>																				
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<i>Participating Organisations / Partners</i>																				
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<i>Programme Budget (US\$)</i>																				
Total budget (as per Programme Document, without co-funding): Agency/Other Contributions/Co-funding (if applicable): Joint SDG Fund Contribution and Co-funding breakdown by recipient organisation:																				
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Agency/others</th> <th style="width: 20%;">Joint SDG Fund contribution</th> <th style="width: 20%;">Co-funding</th> <th style="width: 30%;">Total</th> </tr> </thead> <tbody> <tr> <td>PUNO1 UNICEF</td> <td style="text-align: right;">399,842.00</td> <td style="text-align: right;">38,950.00</td> <td style="text-align: right;">438,792.00</td> </tr> <tr> <td>PUNO2 UNDP</td> <td style="text-align: right;">468,928.00</td> <td style="text-align: right;">60,000.00</td> <td style="text-align: right;">528,928.00</td> </tr> <tr> <td>PUNO3 IOM</td> <td style="text-align: right;">129,090.00</td> <td style="text-align: right;">10,000.00</td> <td style="text-align: right;">139,090.00</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">997,860.00</td> <td style="text-align: right;">108,950.00</td> <td style="text-align: right;">1,106,810.00</td> </tr> </tbody> </table>	Agency/others	Joint SDG Fund contribution	Co-funding	Total	PUNO1 UNICEF	399,842.00	38,950.00	438,792.00	PUNO2 UNDP	468,928.00	60,000.00	528,928.00	PUNO3 IOM	129,090.00	10,000.00	139,090.00	Total	997,860.00	108,950.00	1,106,810.00
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ABBREVIATIONS

AfDB	African Development Bank
GoL	Government of Lesotho
JP-EFMIS	Joint Programme on Economic and Financial Management Integration for Achievement of SDGs
IMF	International Monetary Fund
INFF	Integrated National Financing Framework
IOM	International Organisation for Migration
MOF	Ministry of Finance
MODP	Ministry of Development Planning
MFDP	Ministry of Finance and Development Planning
MTEF	Medium-Term Expenditure Framework
NSDP	National Strategic Development Plan
PFM	Public Financial Management
SDG	Sustainable Development Goals
ToR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WB	World Bank

EXECUTIVE SUMMARY

Project Background

The Government of Lesotho (GoL), in collaboration with the United Nations Development Programme (UNDP), United Nations Children’s Fund (UNICEF) and the International Organisation for Migration (IOM), has been implementing a joint programme on Economic and Financial Management Integration for the Achievement of SDGs (JP-EFMIS), to promote integrated planning and financing for sustainable development, and to accelerate attainment of the SDGs. The JP-EFMIS was explicitly designed to support the Government in establishing a functional and sustainable integrated planning and Public Financial Management (PFM) ecosystem that effectively contributes to the accelerated achievement of the SDG targets and the National Strategic Development Plan (NSDP). With total financial support of USD1,106,810, the project was implemented through its Ministry of Finance (MOF) and of Development Planning (MODP), which are currently merged into a single ministry—Ministry of Finance and Development Planning (MFDP). The JP was implemented over thirty-two (36) months running from March 2023. Specifically, the JP was designed to enable Lesotho to accelerate efforts towards attaining the SDGs targets¹ by transforming the public financial management (PFM) ecosystem in Lesotho and removing structural barriers to unlock financial flows from domestic and international private sector players (e.g., finance FDI, remittances, green bonds, blended financing, etc.) and traditional and emerging donors for development financing.

Progress and Achievements

Despite the numerous challenges the JP faced during the early phases of its implementation, the programme has made remarkable progress in implementing key planned activities and achieving the subsequent outputs in terms of the development of necessary policy instruments, processes, tools and capacities which have laid a strong foundation for achieving the broader project development outcomes. However, notwithstanding the remarkable progress made in a short period, **the JP has not yet achieved its broader outcomes mainly due to limited time to implement and effectively consolidate and institutionalise the remaining outputs.** Notable progress and achievements worth highlighting include: (i) Developed necessary instruments for the implementation of the Integrated National Financing Framework (INFF); (ii) Strengthened PFM systems in terms of establishing a credible MTEF process and establishing necessary preconditions for SDG-aligned medium-term budgeting; (iii) Established mechanisms to ensure domestic and international public and private partnerships for sustainable development and financing through the private sector capabilities assessment and the SDG investor map and partnership frameworks (Lesotho Partnership Policy and the Civil Society Organizations Engagement Policy) ; and (iv) Created an enabling policy environment for mobilization of diaspora investment and remittances through the development of the Lesotho National Remittances Strategy.

Key Issues and Challenges

The JP encountered numerous challenges from its inception and implementation that impacted the achievement of the intended results. These include: (i) delayed commencement of the project implementation due to COVID-19 pandemic; (ii) limited understanding of the concept and purpose of the project from the Government during the early stages of implementation which impacted ownership and support of the project at all levels; (iii) compromised programme governance as a result of the limited involvement of the Programme Steering Committee (PSC) (iv) the change of Government in October 2022 which resulted into subsequent changes of various Ministries and Departments including the merging of the Ministry of Development Planning and Ministry of Finance into a single ministry—MFDP which largely impacted on the successful continuity of the activities of the JP; (v) unresponsiveness of the Government in taking necessary actions to facilitate speedy Programme

¹ The JP was designed to directly contribute to achievement of targets of four of the 17 goals, and by multiplier and interconnection effect of the Agenda, impact on goals that are directly aligned to the NSDP II key sectors – 1, 2, 3, 4, 7, 8, 9, 10, 13, 16, 1.

implementation; (vi) slow development and implementation of the Integrated National Financing Framework (INFF) due to misaligned mis-aligned priorities in Government; (vi) limited reach of the key stakeholders in the development of the various policy instruments; and (vii) ineffective communication and engagement between the UN agencies and the Government as well as a segregated approach by the UN partners in engaging Government counterparts and in the implementation of activities with common purpose.

Key Lessons Learnt

Based on JP's implementation, several lessons can be learned. Among others, they include: (i) the JP's results were highly ambitious given the limited implementation timeframe. Therefore, it is absolutely important to be more realistic in the definition of the results of the kind of projects that are heavily dependent of the ownership and support of the Government counterparts; (ii) Creating necessary and adequate awareness and understanding of the project concept and purpose at the onset is very vital to securing the necessary ownership and support of the Government and other stakeholders; (iii) It is important to establish project governance structures at the level of Principal Secretaries to ensure active and full participation in the project governance processes; (iv) Effective communication and collaboration through joint programming is crucial to promoting a coherent approach among the UN partners; proper contextualisation of the technical support is pivotal to the adoption and institutionalisation of reforms; (v) Effective engagement with and active participation of key stakeholders especially the civil society organisations (CSOs, the private sector and citizens in general) in the development of any Government policy frameworks is absolutely crucial in ensuring and promoting effective and continuous public participation and dialogue.

Key Recommendations

To ensure proper continuity, successful achievement and sustainability of the intended JP outcomes, the following recommendations are made:

- (a) There is a need for another phase of JP support for at least two years to develop the necessary capacities and support the Government in effectively implementing and consolidating the progress made. The future JP support should mostly focus on the implementation of MTEF, Programme-Based Budgeting, Participatory Budgeting and implementation of the INFF and remittance strategy;
- (b) The process of finalising and adopting the various draft policy instruments and strategies, especially the Integrated Financing Strategy that are crucial to the implementation of the INFF, should be expedited;
- (c) The participating UN agencies should develop a common approach and instate joint programme planning and working arrangements to enhance coherence in the engagement with the Government and other stakeholders;
- (d) Subject to the continuity of the JP's next phase of support, there is a need to reconsider the reconstitution of the current Governance structure so that it is chaired at the level of Principal Secretaries (PSs) and Directors/Heads of Directorates to ensure their active and full participation in the project governance processes;
- (e) There is a need to enhance collaboration and engagement with Government counterparts on the identification and engagement of technical assistance resources to ensure ownership and demand-driven technical support.
- (f) There is a need for a proper rapid diagnostic assessment of the current state of the PBB implementation to provide necessary advice and support on the enhancements to be made.
- (g) There is a need for proper contextualisation of the technical support to facilitate the effective adoption and institutionalisation of reforms.

2. PROJECT CONTEXT

2.1 Problem Socio-Economic Context

The GoL is implementing the National Strategic Development Plan (NSDP) II (2018/19 – 2022/23)² to achieve economic transformation, private sector-led economic growth, and job creation. This will mainly be achieved through four interlinked strategic goals that include: (i) inclusive and economic growth and private sector-led jobs creation; (ii) human capital; (iii) infrastructure development; and (iv) governance and accountability systems¹. The Government has further identified four economic sectors for driving economic growth and job creation (i) manufacturing, (ii) agriculture, (iii) tourism and creative arts, and (iv) technology and innovation. Given this and the challenges for achieving the SDGs, Lesotho requires adequate financing strategies, sources and partnerships to realize sustainable development outcomes. In that regard, an Intergrated Financing Strategy is being formulated to enable the development of investment programmes and resource mobilization to support implementation of sustainable development agenda of the country. The NSDP II has integrated the SDGs at the highest level and serves as a blueprint to guide implementation at the national level. However, government resources have always fallen short of the national development needs. Lesotho is classified as a Lower Middle-Income Country (LMIC).

Between 2000 and 2016, Lesotho's economy steadily grew by an average annual rate of 3.3%, primarily driven by capital-intensive economic activities such as mining, finance and government spending. However, during this period the annual growth varied significantly, ranging from 1 percent in 2000, 4.6 percent in 2003 and dropping to -1 percent in 2009. From 2016 onwards the economy experienced a 2.3 percent contraction due to a decline in agricultural output and a deterioration in the Country's fiscal position. It rebounded marginally by 1.2 percent in 2018 but continued declining, with zero growth in 2019 and -5.3 percent in 2020³ (driven by the global COVID-19-related economic shocks). The GoL has been experiencing limited and declining revenue sources that limits financing of its development programmes, including the SDGs primarily due to an unfavourable macroeconomic and fiscal environment⁴. This has resulted in slow growth rates averaging 1.7 per cent in 2015-19 contributing to limited Government's financial capacity or fiscal space to finance development objectives. In addition, the socio-economic uncertainties in South Africa and the volatility of the Southern African Customs Union (SACU)⁵ transfers to Lesotho have had a negative impact on national revenues.

However, several positive medium development opportunities exist in Lesotho, such as the second phase of the Lesotho Highlands Water Project and the Lesotho Lowlands Water Development Projects. In addition, green energy projects are expected to boost the water and electricity subsectors. At the same time, the tertiary sector is envisaged to be supported by government initiatives to reinforce financial inclusion. At the same time, Lesotho faces significant medium-term developmental challenges, with a 22.5 percent unemployment rate and poverty rates estimated to have increased from 26.6 percent in 2019 to 29.4 percent in 2020. In addition, COVID-19-related lockdown measures have negatively shocked the labour market, resulting in job and income losses, with the effects concentrated in urban areas. Remittances have also fallen due to the global economic slowdown, especially in South Africa. The other obstacle is the Country's capacity to manage collected revenue. Large recurrent expenditures, driven by the public wage bill, absorb about 72 percent of collected revenues, leaving very little for public investments that support the implementation of the NSDP II and SDGs priorities and programmes. Lesotho remains dependent on remittances, with remittance flows accounting for 17.5 percent of the Country's GDP.

The downturn in economic growth, significant annual growth variations and medium-term uncertainty underpinned the critical need for Lesotho to implement a robust Medium Term Expenditure Framework (MTEF) based on realistic macro-economic projections, which take into account volatile regional and global economic

² National Strategic Development Plan 2018/19 – 2022/23

³ PER 2018

⁴ UNICEF Lesotho 2019/20 - National Budget Brief, November 2019

⁵ SACU revenue makes almost 16 percent of the revenue for Lesotho, and it has dropped by almost 10 percent since 2017

conditions and allow for the economy to endure future economic shocks. It was against this background that the JP was formulated to support Government in consolidating the results made by the GoL and her partners in promoting a transparent and equitable PFM ecosystem, developing mechanisms that enable a budget management process aligned with SDGs and NSDP II objectives and easy to track by relevant stakeholders, including women associations, youths, private sector, Parliament, and vulnerable groups.

3. JOINT PROGRAMME RESULTS

3.1. Overview of Strategic Final Results

3.1.1 Overall assessment

Overall, the JP's implementation has, in most respects, been Satisfactory but short of the achievement of the programme development results. Significant progress and achievements have been made in contributing towards strengthening the PFM systems in MTEF implementation and laying a strong foundation for SDG-aligned and participatory budgeting. Also, the project has made meaningful contributions towards the development and implementation of the INFF, particularly in the areas of the Development Finance Assessment (DFA) and INFF roadmap, which has since been adopted, paving the way for the development of the Financing Strategy, which is currently underway. In addition, notable progress has also been made in developing the necessary policy framework and strategy for engaging and enhancing diaspora investments towards achievement of SDGs. Specifically, the Remittances Strategy to strengthen remittances transfer mechanisms was developed. Beyond developing frameworks for remittances, policies analysis was conducted to identify hindrances to diaspora investment.

Furthermore, significant progress has been made in developing the enabling environment through relevant policy frameworks for fostering effective private sector and CSO engagement. **However, notwithstanding the progress made, the JP has not yet fully achieved its intended strategic goal** mainly because of its delayed start resulting from the adverse effects of COVID-19, which impacted the timely implementation and completion of most of the activities and achievement of the key outputs necessary for the achievement of the intended broad outcomes that could be considered transformative and catalytic in fostering a systemic change in the Country.

3.1.2 Summary Status of JP Activity Implementation

The JP has made good progress in implementing its planned activities. Table 1 below provides a summary of the implementation status of the activities by outcome and output area.

Table 1: Summary JP Activity Implementation Progress Assessment Matrix

Result Area	Planned Activity/ Intervention	Fully Completed (100%)	Partially Completed (1-99%)	Not Completed (0%)	Outstanding Activities (Only if Partially or Not Completed)	Achieved Results against Planned/ Expected Results	Key Issues/ Challenges/Risks
Strengthened and gender responsive INFF is developed and being implemented							
Development Finance Assessment (DFA) is undertaken, and a roadmap toward	<ul style="list-style-type: none"> Undertake an inception phase of the DFA, including scoping analysis and setting up an environment for DFA Host a training workshop for technical teams and key stakeholders on the DFA process and methodology Undertake initial research, including assessment of financing trends, policy and institutional landscape, stakeholder mapping and consultations 	X					
A financing strategy aligned to the SDGs and the NSDP II is developed and implemented to support the national resources mobilization efforts	<ul style="list-style-type: none"> Develop a national financing strategy Print and disseminate the financing strategy Host Consultative and validation workshops with Government, private sector and CSO 		X				
INFF oversight committee and technical committees consolidated to improve ownership and political leadership/ stewardship for implementation of the DFA/INFF proposals	<ul style="list-style-type: none"> Host INFF Steering committee meetings Train INFF and technical teams on the DFA methodology and INFF processes Review the Aid Coordination forum mandate and membership Host multistakeholder and sectoral dialogues on the DFA and INFF process 	X					
PFM systems are strengthened to improve transparency, efficiency, and effectiveness in public spending and policy							

Result Area	Planned Activity/ Intervention	Fully Completed (100%)	Partially Completed (1-99%)	Not Completed (0%)	Outstanding Activities (Only if Partially or Not Completed)	Achieved Results against Planned/ Expected Results	Key Issues/ Challenges/Risks
Mechanisms for NSDP/SDGs-aligned planning and budgeting frameworks (MTEF) piloted	<ul style="list-style-type: none"> Financial support to the MoF to define/delineate the concept of “sector” in Lesotho’s budgeting process and mainstream the adopted definition and scope in the Chart of Account (CoA) for sector-focus budget management and reporting Financial support to the MoF to define/delineate the concept of “sector” in Lesotho’s budgeting process and mainstream the adopted definition and scope in the Chart of Account (CoA) for sector-focus budget management and reporting Financial and technical support to MoF, MoDP, and line ministries to provide skills and tools (e.g., sectoral dashboards) that enable public personnel to prepare and disseminate sectoral development plans for three pilot sectors (education, Health, and Social Protection) Financial and technical support to MoF, MoDP, and line ministries to provide skills and tools that enable public personnel to prepare Medium Term Expenditure Frameworks (MTEF) for three pilot sectors (education, health, social protection) 	X		X			<p>The Government recently updated the Chart of Accounts. Hence there was a necessity for this activity</p> <p>The actual MTEF for the pilot sectors could not be implemented due to the need for budget system modifications.</p>

Result Area	Planned Activity/ Intervention	Fully Completed (100%)	Partially Completed (1-99%)	Not Completed (0%)	Outstanding Activities (Only if Partially or Not Completed)	Achieved Results against Planned/ Expected Results	Key Issues/ Challenges/Risks
Mechanisms and capacities of relevant stakeholders strengthened to improve budget transparency, participation, and fiscal accountability	<ul style="list-style-type: none"> Financial and technical support to the MoF, MoDP, line ministries, Civil Society Organizations, Parliament, and Women Associations to institutionalize transparent preparation and effective use of sectoral expenditure analyses that inform SD-focused budget planning, monitoring, and reporting Financial and technical support to the MoF, MoDP and partners to prepare and disseminate the Programme Budgeting Implementation Manual (PBIM) that documents, among other things, the complete mapping of NSDP II objectives to SDG targets for transparent and accountable spending, including the sub-national level Host a data lab to identify and analyse budget data sources to complement SDG data Financial and technical support to the MoDP to prepare the survey instruments required to carry out Public Expenditure Tracking Expenditure Surveys (PETS) in agriculture and Social Protection 	X					
Management of capital projects improved to ensure the viability of government capital investments	<ul style="list-style-type: none"> Financial and technical support to Ministries, Departments, Agencies and PSIC (Public Sector Investment Committee) that develops the skills of public personnel in developing/designing, appraising, and monitoring capital budgets and projects Financial and technical support to the MoF to create interfaces linking the upgraded Integrated Financial Management Information System to the Public Sector Investment Programme Database (PSIP) and Debt Management Database, to monitor the performance of public investments in sectors benefiting disproportionately women, including their alignment with SDGs and NSDP II 		X				Financial resources were inadequate for PSIP prioritization and linkages with NSDP, SDG, M&E and the Budget. Therefore, the allocated funds were utilized to finance the system changes required for MTEF.
Enabling environment created for private sector growth and public-private partnership for accelerated implementation of SDGs							
Legal and policy framework and intelligence improved to attract sustainable, inclusive private investment	<ul style="list-style-type: none"> Assess legal and policy framework for private sector participation in development agenda, and engagement in selected sectors Undertake an assessment of capabilities and bottlenecks in private sector and private sector 	X					

Result Area	Planned Activity/ Intervention	Fully Completed (100%)	Partially Completed (1-99%)	Not Completed (0%)	Outstanding Activities (Only if Partially or Not Completed)	Achieved Results against Planned/ Expected Results	Key Issues/ Challenges/Risks
	networks to facilitate segregation of private sector players <ul style="list-style-type: none"> Develop a private sector and partnerships development strategy and policy framework 						
Private-public collaboration and coordination enhanced for increased resources mobilization enhanced for increased resources mobilization	<ul style="list-style-type: none"> Organise internal dialogues to facilitate the establishment of an investment coordination platform and identify key NSDP/SDG priorities Host investment forums and donor roundtables Knowledge resources on the private sector and public sector investments Train public and private sector stakeholders on innovative financing mechanisms and develop Lesotho-relevant tools 		X				SDG investor map is currently ongoing. The delay was caused by the resignation of the lead consultant and the delayed recruitment of the replacement.
Remittance/diaspora finance are leveraged towards SDGs / NSDP II acceleration	<ul style="list-style-type: none"> Conduct rapid assessment on formal remittance service providers, transactional costs, geographic coverage, risks and opportunities for expansion and costs reduction Conduct a rapid assessment of female migrant workers and their use of informal remittance, transactional costs, geographic coverage, risks and opportunities for formalizing remittance Conduct legal review on trade and investment, land and property, and related policy and propose potential changes to harmonize with diaspora policy and LNDC diaspora strategy, remove barriers and facilitate ease of investment in Lesotho by diaspora members abroad Develop a comprehensive Lesotho National Remittance Policy to encourage Basotho migrants who work and live in other countries to send money home through formal channels and leverage remittances for development Sensitization and Networking among diaspora representatives, investors, and remittance service providers in Lesotho 	X					

3.1.3 Key results achieved

Despite falling short of the achievement of the strategic programme goal and supporting results, the JP has made significant progress towards the development of integrated financial and planning systems for the implementation of the development agenda. This has been demonstrated through the following notable intermediate results:

- (a) Strengthened PFM systems for SDG-aligned MTEF budgeting. This followed an assessment of the existing systems and processes, and the recommendations led to the development of an MTEF implementation roadmap and manuals.
- (b) Strengthened and gender sensitive INFF developed and being implemented
- (c)
- (d) Established mechanisms to ensure domestic and international public and private partnerships for sustainable development and financing through the private sector capabilities assessment and the SDG investor map.
- (e) Created an enabling policy environment for the mobilization of diaspora investment and remittances. In that regard, two assessments on remittances and policy analysis were completed. These will culminate in the development of the Lesotho National Remittances Strategy.

3.1.2.1 Results achieved on Integrated National Financing Framework/SDG financing building blocks

The development of the integrated financing strategy is currently ongoing and will be completed in June 2023. The financing strategy provides foundation for the third and fourth building blocks of the INFF namely, monitoring and review as well as governance and coordination. Notwithstanding, remarkable progress and achievements were made in undertaking diagnostic assessments and developing the INFF roadmap to guide the implementation processes, which have since been completed. Specific progress and achievements are discussed under each phase of the INFF implementation. Table 2 below summarises the JP's results according to the INFF building blocks and implementation stages.

Table 2: Results achieved on Integrated National Financing Framework/SDG financing building blocks

Implementation stages	Planned (0%)	Emerging (1-49% progress)	Advancing (50-99% progress)	Completed (100% progress)	Previously completed	Not applicable
1. Inception phase	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Assessment & diagnostics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Financing strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Monitoring & review	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Governance & coordination	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Inception Phase:

With the support of the JP, the Government successfully developed and adopted an INFF roadmap to guide the development and implementation of the INFF in Lesotho. In particular, the INFF roadmap makes specific short, medium-to long term recommendations for strengthening public financial management (PFM) processes, mobilizing domestic investments, including improving access to credit for medium and small enterprises (MSMEs)

through more accessible lines of credit for MSMEs, e.g. partial credit guarantee facilities and mobilization of free financial resources through savings, which can then be used for investment in development purposes. It also makes specific recommendations on aligning FDIs with the national development goals (and SDGs) and improving management and overall absorption capacity for overseas development assistance (ODA).

The development and implementation of the Integrated National Financing Framework (INFF) are expected to strengthen policies and help the Government and its development partners adopt result-oriented strategies and actions for mobilizing diverse types of finance for sustainable development to help address the socio-economic impact of the COVID-19 and facilitate economic recovery. The INFF will also ensure a coherent policy framework, trade-offs and better alignment to national priorities and help establish financial market incentives for improved development impact.

Assessment & Diagnostics:

The Lesotho Development Finance Assessment (DFA) was successfully carried out through the JP and with support from the UNDP Finance Hub. With support from the UNDP, the DFA report was successfully launched and published in 2022⁶ by the Government. The Honourable Minister of Development Planning led the launch with the UNDP Resident and IOM Head of Office. At the launch were UN agencies and development partners, representatives from the private sector, Non-Governmental Organizations, Government Ministries, and agencies.

In particular, the DFA provides an overview of the current state of development finance in Lesotho in terms of identifying and highlighting the key challenges facing the Country regarding access to finance, particularly for small and medium-sized enterprises (SMEs) and low-income households. The report also notes the efforts made by the Government to address the identified challenges through various initiatives. However, such efforts have not effectively addressed the Country's financing needs. Finally, the report recommends several key actions to improve development finance in Lesotho, including increasing access to credit information, expanding financial intermediaries' capacity, developing appropriate financial products and services for SMEs and low-income households and strengthening the regulatory and supervisory framework for the financial sector.

The report emphasizes the need for greater collaboration between the Government, private sector and civil society and data collection and analysis to understand the needs of different population segments better and to inform policy and programmatic decisions. The report also emphasizes the need to digitalise financial services in Lesotho and provide more affordable and accessible digital financial services to the population. Moreover, the report suggests that several key factors contribute to these challenges, including a lack of access to credit information, limited capacity for financial intermediaries, and a lack of appropriate financial products and services.

Alongside the DFA, the baseline for the INFF process⁶ was also carried out as a foundation to enable Lesotho to establish its financing needs and sources and assess the effectiveness of existing financing policies and strategies that will help the country also address the recovery needs, revive economic activity and establish economic resilience. In addition, the DFA and INFF roadmap w However, no national plan/SDG/sector costing or budgeting was carried out in this regard.

To facilitate the participation of the local private sector in development financing, the Ministry of Finance conducted a country-wide private sector assessment to establish a foundational overview of local private sector actors and their current capabilities to contribute to national development. The assessment identified bottlenecks to local private investment and proposed mechanisms and incentives for promoting private sector investment for development. A total of 172 businesses across 30 private sector networks were engaged. The assessment aimed to inform the national private sector development strategy to provide a policy framework for private sector development.

⁶ This was an update of the financing flows assessment which was supported by UNDP in 2017 to enable the country establish a roadmap towards implementation of the INFF, in line with the recommendations of the Addis Ababa Action Agenda (AAAA).

Development of the SDG Financial Strategy and Advocacy for Financial Reforms: Following the launch of the DFA and to effectively guide the INFF implementation process in Lesotho, the JP supported the development of the INFF roadmap in 2022. Following adopting the roadmap toward implementing INFF, an integrated SDG Financing Strategy has been developed. However, the draft Financing Strategy is yet to be validated, approved and adopted by the Government. In particular, the integrated SDG Financing Strategy will help the Government and its development partners identify policy and institutional mechanisms and tools to enable Lesotho as a country to identify, mobilize and manage development financing resources effectively. Consequently, as part of the process, the GoL has established platforms for national dialogues and engagement with the public, private and social sectors to ensure inclusive development and oversight mechanisms of the strategy. It is also expected that the full participation of the public and private sectors in the development process will ensure country-wide ownership and support of the strategy.

SDG Investor Mapping. With support from the JP, the Government successfully carried out an SDG investor mapping exercise to identify high impact development sectors for SDG related investments. The main purpose of this process is to promote public-private partnerships (PPPs) and private investments to accelerate the achievement of the SDGs. Specifically, the Investor mapping exercise was meant to determine investment opportunities that address policy opportunities and development needs and offer a starting point for private sector due diligence. The Lesotho SDG Investor Map is also expected to contribute to knowledge on the private sector for delivering the NSDP II objectives for ‘promoting private sector-led economic growth and employment creation’ and enable the Government to strengthen policy support and landscape to ease private sector participation. The Lesotho SDG Investor Map is also expected to contribute to knowledge on the private sector for delivering the NSDP II objectives for ‘promoting private sector-led economic growth and employment creation’ and enable the Government to strengthen policy support and landscape to ease private sector participation.

Most importantly, the resultant market intelligence will develop sector-specific investment opportunities and establish business models, including public-private collaboration. The Lesotho SDG Investor Map builds on the existing nationally determined investment opportunities and focuses on sectors that may promote SDG acceleration and development impact. The identified priority sectors for driving SDG-enabling investments and capital flows in Lesotho are agriculture, renewable energy, health care, financial services, and consumer goods manufacturing. The process will conclude with the development of the investment opportunity areas within the recommended sectors to aid the mobilization of investment and appropriate business models for Lesotho

Research, Assessments and Feasibility Studies on SDG Financing: With the support of the JP, a comprehensive diagnostic assessment of the Lesotho Medium-term Expenditure Framework (MTEF) was successfully concluded in June 2022. The assessment also provided a roadmap to guide the implementation of the MTEF reform process in Lesotho. The assessment’s primary purpose was to establish the extent to which the Country’s budgeting processes and supporting systems conform to the fundamental principles of medium-term budgeting and to determine the required process and system changes to be undertaken to strengthen the system.

Capacity Building for MFDP and key Stakeholders on SDG Financing: Based on the recommendations of the MTEF assessment, several capacity-building interventions were implemented by the JP as follows:

- (a) Four MTEF User Manuals and Handbooks for officers, executives and the members of Parliament were successfully developed, adopted and published by the MFDP.
- (b) With the support of the JP, the Budget Department is currently working with Softech Ltd in partnership with an Australian based Enterprise solutions company—ISIDO, to functionally enhance the Central Budget Management System (CBMS) by specifically reconfiguring and including in the existing system, the outer two years of the MTEF, enhance the costing methodologies and incorporate budget ceilings setting process into the module. The system is currently working well but still without the two outer years. In addition, work on interfacing the Central Budget Management System with Epicor-based IFMIS is still

progressing. Both system functional reconfiguration and interface work streams are expected to be completed by July 2023.

- (c) As part of the efforts to establish necessary institutional arrangements for implementing MTEF, the JP supported the MFDP piloting the establishment of the MTEF Sector Working Groups (SWG) across the social sector ministries. However, this exercise was stopped due to a change of Government, which saw the merging some of the targeted sector ministries. Notwithstanding, the Budget Department of the MFDP is particularly keen to continue with the process. In the meantime, the Budget Department is developing the Terms of Reference (ToRs) of the SWGs to facilitate the establishment and operationalisation of the MTEF SWGs. Currently, only three MTEF SWGs have been established and are functional. This is an ongoing exercise beyond the JP as part of the MFDP's annual work plan.
- (d) With support from the JP, Budget Officers were fully trained in the Public Expenditure Tracking Survey (PETS) framework and the methodology of conducting budget surveys using this methodology and diagnostic tool. In addition, the budget survey guideline was developed to provide technical guidance to the Budget Officers on conducting the survey. However, the Guideline is yet to be adopted by the MFDP because the Budget Department requires sufficient time to review and further support to understand better and effectively pilot the tool. Therefore, there is a need for further support to the Budget Department to enable them to undertake future budget surveys.
- (e) The JP also facilitated several targeted training workshops involving more than 75 participants from the Parliament, CSOs, the private sector, youth and the public-on-public participation in budgeting. In addition, a draft Guideline emanated from the open budget survey that the Budget Department participated in. However, the Guideline on participatory budgeting was not accepted because it was only focused on the principles and international good practices but fell short of the contextual aspects of how it should be implemented in Lesotho. It would have been more beneficial to develop the Guideline after a thorough analysis before the development so that all stakeholders would understand what was expected to implement the reform. Therefore, UNICEF should revisit this issue.
- (f) With support from the JP, capacity-building training was conducted for Government officials in Programme-Based Budgeting (PBB) and how to link budgets with SDGs. While the Government has been implementing PBB since 2007, it has not yet been aligned with SDGs. In addition, a PBB Procedure Manual was developed to support the Budget Department in further enhancing the implementation of PBB. However, the MFDP has not yet adopted the manual because it does not cater for the Lesotho context. It would have been useful to assess the progress made so far on implementing PBB, provide necessary recommendations for improvement, and support the reform process with the PBB manual fully contextualised to the Lesotho budgeting system. The draft PBB manual also needs to be redeveloped because it mainly contains theoretical concepts and principles of performance-based budgeting without providing the important practical aspects of implementing the reform in Lesotho.

SDG Financing Strategy

With the support of the JP, the integrated SDG Financing Strategy is in development in consultation with national stakeholders, that include government, private sector, civil society and academia. The Financing Strategy development process was initiated with multistakeholder financing dialogues that also provided a basis for monitoring and oversight of the mobilization and utilization of development financing resources. It is expected that the strategy will be adopted and launched by the Government in Quarter 3 of 2023.

Monitoring and Review Mechanism

The financing strategy that is currently under development will establish a foundation for monitoring and review mechanism for the INFF and implementation of the financing strategy itself. The monitoring and review mechanism is essentially expected to be developed and proposed during the development of the financing strategy implementation framework. \

Governance and Coordination

Programme Governance and Coordination: To ensure effective programme governance and implementation coordination, the JP had successfully established and operationalised necessary programme governance and institutional implementation structures in form of committees. In particular, the JP had constituted a high-level Programme Steering Committee (PSC) chaired by the Ministers of Finance and Development Planning and the respective UN Resident Coordinator (RC). The PSC was technically supported by the Programme Technical Committee (PTC), consisting of PUNOs and MFDP representatives. However, in routine project governance and management processes, the PSC only met twice throughout the JP's implementation, mainly due to conflicting schedules of the Ministers of Finance and Development Planning, who co-chaired the PSC with the RC. Further complications were added by the preparations for the National elections in October 2022, which saw Ministers devote time to the election campaign. However, the PTC regularly held monthly meetings to monitor the programme implementation progress. On another note, a National SDG Coordination Mechanism, revived in 2021, engaged in the multistakeholder and participatory preparation of the 2022 Voluntary National Review (VNR), which has since been completed.

3.1.2.2 Contribution to SDG acceleration

According to the Programme Document⁷, the JP targeted to contribute towards the achievement of SDGs 1, 16 and 17 as follows:

On SDG 1, the project specifically sought to accelerate the achievement of the following targets:

- (a) SDG 1. Ensure significant mobilization of resources from various sources, including through enhanced development cooperation, to provide adequate and predictable means for developing and least developed countries, to implement programmes and policies to end poverty in all its dimensions.

On SDG 16, the project specifically sought to accelerate the achievement of the following targets:

- (a) SDG 16.6 Develop effective, accountable and transparent institutions at all levels.

On SDG 17, the project specifically sought to accelerate the achievement of the following targets:

- (a) SDG 17.1 Strengthen domestic revenue mobilization through international support to Lesotho to improve domestic capacity for tax and other revenue collection.
- (b) SDG 17.3 Mobilize additional financial resources for developing countries from multiple sources.
- (c) SDG 17.14 Enhance policy coherence for sustainable development.
- (d) SDG 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

⁷ Lesotho Joint SDG Programme FC1 2020 LSO (Final)-18012022

Specific Progress on SDG Acceleration

On SDG 16.6, through the JP, the MFDP was capacitated in MTEF budgeting that will ensure that the National Budget is aligned with SDGs and National Strategic Plan targets.

In the context of SDG 17.1, the SDG investor mapping exercise was successfully carried out to establish and understand the Country's financing landscape, identify opportunities and mechanisms and encourage and promote public-private partnerships (PPPs) and investments in high development impact sectors, fill the development financing gap and accelerate attainment of the SDGs and national priorities.

The JP has also contributed towards SDG 17.17 regarding the mobilization of multistakeholder partnerships. With the support of the project, the Government has successfully developed two draft policy frameworks as part of the mechanism for creating an enabling environment for the engagement and sustenance of strategic Private and Civil Society partnerships. The two policies specifically provide appropriate mechanisms for sustaining partnerships with civil society organizations and development partners through developing relevant policy frameworks and facilitating inclusive platforms for dialogues.

About SDG 17.3, the JP supported two diagnostic studies on how diaspora investment could be enhanced to contribute towards SDGs. In particular, the recommendations of the two assessments conducted to identify bottlenecks and hindrances to diaspora investment have assisted in sensitising the Government on the necessary measures required to promote diaspora investment and how best to leverage remittances. Table 3 below summarises the progress made towards accelerating the targeted SDGs.

Table 3: Summary of the progress made towards the acceleration of the targeted SDGs

Priority SDGs Targeted by the JP	Priority SDGs indicators	Baseline	Expected target	Actual results achieved/to be achieved in the near future	Reasons for deviation from targets, if any
1. a Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, to provide adequate and predictable means for developing countries, in particular, least developed countries, to implement programmes and policies to end poverty in all its dimensions	1.a.1 Proportion of resources allocated by the Government directly to poverty reduction programmes (water, health, education, social protection) 1.a.2 Proportion of total government spending on essential services (Education, health, social protection, and water)	Water: 3.0% Health: 12.8% Education: 13.8% Social Protection: 11.2% Water: 1.8% Health: 12.9% Education: 14.9% Social Protection: 14.1%	Not specified	Water: 4.2% Health: 13% Education: 11% Social Protection: 9%	Resource constraints that necessitated a reduction in allocations
16.6 Develop effective, accountable and transparent institutions at all levels	16.6.1 Primary government expenditures as a proportion of the original approved budget by sector (or by budget codes or similar) 16.6.2 Proportion of the population satisfied with their last experience of public services	83.13% No data	95.5%	85% No data	Low domestic revenue collection that affected allocations to government-financed capital projects No survey was conducted
17.1 Strengthen domestic resource mobilization, including through	7.1.1 Total government revenue as a proportion of GDP	46.84%	50.56%	50.90%	Improved tax collection as a result of tax administration reforms

Priority SDGs Targeted by the JP	Priority SDGs indicators	Baseline	Expected target	Actual results achieved/to be achieved in the near future	Reasons for deviation from targets, if any
international support to developing countries, to improve domestic capacity for tax and other revenue collection	17.1.2 Proportion of domestic budget funded by domestic taxes	79.31%		76.3%	
17.3 Mobilize additional financial resources for developing countries from multiple sources	17.3.1 Foreign direct investments (FDI), official development assistance (ODA) and South-South Cooperation (SSC) as a proportion of the total domestic budget The volume of remittances (in United States dollars) as a proportion of total GDP	FDI: 5.61% ODA: 21.54% SSC: No data 17.5%	No data	No data	
17.14 Enhance policy coherence for sustainable development	17.14.1 Number of countries with mechanisms in place to enhance policy coherence of sustainable development	No data			
17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	17.17.1 Amount of United States dollars committed to public-private and civil society partnerships	No data		No data	

3.1.2.3 Contribution to SDG financing flows

The JP partners made necessary efforts to engage other DPs to mobilise additional resources for implementing SDGs. However, the process was unsuccessful as no commitments were made by DPs that were reached before the expiry of the JP's support. This process needed to have been initiated with the DPs well in advance before formulating their respective country engagement strategies and budgets. However, there are no specific results yet demonstrating how the SDG Financing Strategy and enabling environment results will unleash public and private financial flows for the SDGs because the process of developing the Financing Strategy is yet to be concluded.

3.1.2.4 Results achieved on contributing to UN Development System reform at the country level

The main purpose of the Joint SDG Fund is to enable the UNDS/CTs to provide system-wide support to the SDGs at the country level and catalyse UN coherence. In that regard, there were no clear concrete case examples of how the JP has made the meaningful change and led to the strengthening of the UN system working together in partnership with the Government and other stakeholders, with the Resident Coordinators being in the lead, fostering policy coherence and reducing duplication of efforts. However, the design of the JP governance and programme implementation structures that involved the UN Resident Coordinators and the Ministers, as well as other Government counterparts at the Programme Technical Committee, somehow facilitated an effective working partnership with the Government and other stakeholders which, to a certain extent helped to reduce instances of

unnecessary duplication of efforts. In addition, the project has been implemented jointly with UNDP, IOM, UNICEF and the MFDP as the national coordinating authority and implementing partners. However, there was no specific concrete example to demonstrate how and to which extent the JP has contributed to formulating strategic UN planning frameworks (e.g., UNDAF/UNSDCF) and other UN countries strategic documents.

In the context of efficiency and reducing transaction costs, there are also isolated examples in which UNICEF and UNDP separately facilitated capacity-building workshops for the Government officials on the INFFs and SDG-aligned Planning and Budgeting using their regular resources, which could have been an additional cost to the JP if the activities had entirely been financed from the JP's budget. However, no expenditure data were available to establish and substantiate the extent of the cost savings made due to such additional bilateral support to the Government outside the JP.

Notwithstanding, while there were examples of bilateral support that resulted in the reduction of the transaction costs to the JP, there were also clear opportunities where the PUNOs could have further reduced the transactional costs of the JP by collaborating in the delivery of certain technical support activities. For instance, UNICEF and UNDP provided spate training sessions on SDG-aligned planning and SDG-aligned budgeting which could have been provided in a single workshop, thereby leveraging the resources allocated to two separate but similar activities.

3.1.2.5 Results achieved on cross-cutting issues

Significant evidence attests to the fact that the JP has made notable progress in promoting cross-cutting UN issues throughout its design and implementation. In that regard, the INFF recommends implementing gender-responsive strategies that ensure women's participation, empowerment and gender equality in public services and private sector development. Following the initial gender audit studies carried out with UNDP's support, the MFDP is currently institutionalizing gender-responsive budgeting processes and enlisting the participation of key partners such as the IMF for further technical support in this area.

In addition, the Lesotho SDG investor map has also considered and integrated gender equality in prioritising investment priority sectors by determining sectors that may be promoted for women's empowerment and participation in selecting priority sectors. The assessment also included gender and marginalization analysis of current and proposed policies and initiatives, including the National Gender and Development Policy (2018 – 2030). Complementary to the SDGs investor map process, the Government undertook a private sector capabilities assessment which included nationwide consultations ensuring '*leaving no one behind*' and that solutions are localized to benefit the most left behind people. Complementary to the SDGs investor map process, the Government undertook a private sector assessment which included nationwide consultations ensuring '*leaving no one behind*' and that solutions are localized to benefit the most left behind people.

Furthermore, the two diagnostic assessments which were conducted on the engagement and barriers to diaspora investments ensured the equitable inclusion of both men and women in the consultations and focus group discussions on gathering information on challenges they encounter when they remit money to Lesotho and the accessibility remittances as well as financial products in Lesotho to identify financial inclusion gaps.

However, no financial data was made available to provide an estimated proportion (%) of overall disbursed funds spent on gender equality and women's empowerment concerning the activities mentioned above.

3.1.2.6. Results achieved on COVID-19 recovery

Apart from the SDG investor mapping and two additional studies meant to establish appropriate mechanisms for enhancing the diaspora investments for SDGs, the JP implemented no specific intervention to support the COVID-19 recovery process specifically.

3.1.2.6 Strategic Partnerships

The JP contributed to the Establishment and promotion of private-public partnerships and collaborations in the context of the national development agenda and SDGs. In particular, the JP has supported the mobilisation and fostering of a few notable new diverse strategic partnerships with CSOs, Local Authorities, the private sector, youth representatives and citizens in general, more particularly in the context of the promotion of public participation and transparency in budget processes that are particularly crucial to the implementation and achievement of the SDGs. For instance, as a strategy towards promoting public participation in budgeting, Local Government Authorities, CSOs, private sector representatives, media, youth, and academia were introduced to principles of fiscal transparency and public participation as well as international best practices that can apply to Lesotho.

Several workshops were organised for approximately 75 participants to provide guidance in designing impactful public participation mechanisms in the budget process and to explore areas of opportunities and feasibility of implementing public participation in the budget process in Lesotho. Through these structured workshops, CSOs, the private sector, youth, media, local Government, and academia were specifically oriented to and empowered on the key principles of budget transparency and public participation in budgetary processes to enhance their understanding and participation in Lesotho's national budgeting decision-making processes. In the same vein, citizens have also been capacitated on good international practices in public participation, which are expected to be applied in future budgeting consultations to enhance collaboration between the MFDP and citizens in the budget preparation process.

The JP also provided training to national stakeholders on the general overview of the SDGs and the role that each was expected to play. The participants comprised of representatives from government (90), members of Parliament and Senate (20), CSOs (30), private sector (30), academia (10) and Media (10). The training also enabled revision of the national SDGs coordination mechanism which will be effective in the preparation of the Lesotho Voluntary National Review (VNR) 2022). Further, support was provided on training on SDGs planning and budgeting for Government Planners to ensure that the national planning and budgeting processes are NSDP/ SDGs aligned.

Strengthening of existing/traditional partnerships with other development partners. As part of the other efforts for enhancing traditional partnerships in the provision of necessary technical support in further strengthening PFM systems in Lesotho, engagement with the International Monetary Fund (IMF) and other International Financial Institutions (IFIs) and Development Partners (DPs) were initiated on possible collaboration or partnership on the provision of further technical support to the Government to enhance the sustainability of the MTEF and SDG-aligned planning and budgeting. A common working understanding in this area has been agreed upon, pending future support.

Additionally, through the JP, the Government has managed to streamline mechanisms for partnership development, including with the CSOs, by developing public-private partnership and CSO engagement policies. The policies follow the principles of the Paris Declaration and are expected to catalyse development finance flows, monitoring, and oversight. The Government convened a forum for the Basotho Diaspora Association to establish partnerships with the diaspora to leverage diaspora resources.

In the context of strategic partnerships and the alignment with a broader UNCTs partnership approach that leveraged UN capacity, resources and assets to lift and scale up the SDG Financing efforts in the Country, the project has been implemented jointly with UNDP, IOM, UNICEF and the MFDP as the national coordinating authority and implementing partners. Implementation was led by the technical committee comprising key Ministries and agencies, including LNDC, LTDC, LRA and CBL, and private sector representatives. In addition, the IFIs (WB, AfDB and IMF etc.) have continuously participated in the project activities, specifically consultation meetings, to provide the required technical inputs. Furthermore, to advance the implementation of the

SDG investor map and ensure its sustainability, the JP will collaborate closely with LNDC as the National investment promotion agency.

Moreover, with the support of the regional SDG Finance Hub, funding has been mobilized towards a joint program promoting diaspora engagement and mobilising remittance flows from the MPTE Migration. The project is expected to be implemented in collaboration with IOM to scale the recommendations of the DFA concerning remittances and diaspora contribution to development financing flows.

3.1.2.7 Additional financing mobilized

The JP has meaningfully reignited engagement with the International Monetary Fund (IMF) and other International Financial Institutions (IFIs) and Development Partners (DPs) on future technical support. These engagements have generated interest from other DPs to collaborate with other UN agencies in technical support towards PFM. However, no specific tangible financial commitments have been made towards the SDG financing strategy because it is yet to be developed and adopted by the Government to provide windows of financing opportunities for other DPs and IFIs. Consequently, no additional financing was mobilised towards the SDG Financing Strategy regarding co-funding or co-financing from the Government, IFIs, PUNOs and other public and private sector partners. Table 4 below summarises the status of the mobilisation of additional financing.

Table 4: Summary Status of the Mobilization of Additional Financing

Source of funding	Yes	No	Type of co-funding/co-financing	Name of organization	Amount (USD)	Comments
Government	<input type="checkbox"/>	<input checked="" type="checkbox"/>				<i>SDG Financing Strategy is yet to be finalised and adopted by the Government</i>
Donors/IFIs	<input type="checkbox"/>	<input checked="" type="checkbox"/>				<i>SDG Financing Strategy is yet to be developed and adopted by the Government</i>
Private sector	<input type="checkbox"/>	<input checked="" type="checkbox"/>				<i>SDG Financing Strategy is yet to be developed and adopted by the Government</i>
PUNOs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>financial</i>	<i>UNICEF/IOM/UNDP</i>	<i>108,950.00</i>	
Other partners	<input type="checkbox"/>	<input checked="" type="checkbox"/>				<i>SDG Financing Strategy is yet to be developed and adopted by the Government</i>

3.2 Results by JP Outcome and Output

3.2.1. Results achieved by Fund's global results

The JP has not yet achieved its overall programme development goal of establishing a functional and sustainable planning and public financial management ecosystem to contribute to achieving the Agenda 2030 and the NSDP, but has established necessary conditions and pillars to ascertain a stable development finance ecosystem. Notwithstanding, the project has made significant progress and achievements in developing necessary policies, tools, processes and capacities, thereby laying a strong foundation for achieving the border JP results.

Refer to the Results Framework in Annexe for detailed information on the JP's performance against its development results.

3.2.2. Results achieved by Joint Programme Outcome

Outcome 1. Strengthened and gender-sensitive INFF is developed and being implemented

The JP has not yet achieved this outcome as both of its indicators have not been met. However, necessary preconditions regarding developing the INFF roadmap and the draft SDG Financing Strategy have been established. In terms of the achievement of indicators:

- (a) **Indicator 1.1.** The Government revenue as a percentage of Gross slightly increased from 46.8% in 2019/20 to 50.9% in 2022/23 but was short of the target of 55% by the end of FY2022/23. This was mainly because of lower taxes on profits and VAT resulting from the economic slowdown.
- (b) **Indicator 1.2:** The INFF is not yet in place and implemented to guide the budgeting process, but it is at advanced stages in its development. Specifically, the INFF roadmap is in place, and the Financing Strategy has also been developed, although still in draft form.

Outcome 2: PFM systems are strengthened to improve transparency, efficiency, and effectiveness in public spending and policy

The JP has not yet achieved this outcome as its indicator has not been met, but a strong foundation for developing and implementing a credible MTEF process has been established. In terms of the achievement of its indicator:

- (a) **Indicator 2.1:** Primary government expenditures as a proportion of the original approved budget. 86% of the approved budget was attained as the proportion of primary Government expenditure falling short of the target of 95%. However, the drop in the allocations can also be attributed to lower actual budget allocations due to lower revenue collection.

Outcome 3: Enabling environment created for private sector growth and public-private partnership for accelerated implementation of SDGs

There is no relevant latest data to determine if this outcome has been or has not been achieved by the JP; hence in the meantime considered not achieved. In terms of the achievement of its indicators:

- (a) **Indicator 3.1:** (i) Foreign Direct Investment (FDI), (ii) Official development assistance, (iii) South-South Cooperation as a proportion of the domestic budget. No data is available for FDI and South-South Cooperation.
- (b) **Indicator 3.2.** Ranking in the WB ease of doing business. The last published report was for 2020. The WB has since terminated the Doing Business project and will be replaced by a new project yet to be introduced.

3.2.3 Results achieved by Joint Programme Output

Notwithstanding the lack of meaningful achievements in terms of its development outcomes, the JP has achieved several of its planned outputs as follows:

- (a) **Output 1.1** Development Finance Assessment (DFA) is undertaken to inform the implementation of key financing solutions for INFF". **This output has been achieved, and the DFA was successfully launched**

by the Minister of the then Development Planning. The DFA recommendations have informed the development of the INFF roadmap and the SDG financing strategy.

- (b) **Output 1.2.** A financing strategy aligned with the SDGs and the NSDP II is developed and implemented to support the national resources mobilization efforts. **This output has not yet been achieved, but significant progress has been made in developing the strategy, which is currently a draft under review.**
- (c) **Output 1.3.** Effective and functional mechanisms for INFF oversight, monitoring and review consolidated to improve ownership and political leadership/stewardship for implementation of the INFF. **This output has not yet been fully achieved because of the absence of the INFF monitoring and review mechanism. However, an INFF oversight committee was established.**
- (d) **Output 2.1:** Mechanisms for NSDP/SDGs-aligned planning and budgeting frameworks (MTEF) piloted. **This output has not yet been achieved because SDG-aligned budgeting practice has yet been introduced and institutionalised within the budgeting processes.** However, significant achievements have been made concerning establishing a credible MTEF budgeting process in Lesotho and capacities development for government ministries (through the planning officers) for SDG-aligned budgeting and planning.
- (e) **Output 2.2.** Mechanisms and capacities of relevant stakeholders strengthened to improve budget transparency, participation and fiscal accountability. **However, this output regarding the production and publication of SDG-aligned budget reports and improvement in the budget transparency index has not been met.** In terms of budget transparency, there has been a deterioration of scores based on the 2021 Open Budget Survey (OBS) mainly as a result of an omission by the Government to publish some budget documents on the web site. The 2023 assessment is ongoing, and the scores are expected to improve. Notwithstanding, significant progress has been made in capacity building through providing various training on MTEF, Programme-based Budgeting, Fiscal Transparency, PETS, Public Participation in Budgeting and SDG-aligned budgeting.
- (f) **Output 2.3:** Management of capital projects improved to ensure the viability of the Government. **This output has been partially achieved by improving the execution of the capital budget, with a 95 percent national capital budget execution rate achieved in 2022/23; 91 percent Health; 99 percent Education; 99 percent Social Protection.** However, no index has been developed to measure and establish the Percentage of capital projects financed by the public budget.
- (g) **Output 3.1.** Legal and policy framework improved to attract sustainable and inclusive private investment and partnerships. **These outputs have been partially achieved by developing the Private partnership Policy and CSO Engagement Policy.** However, the two policy frameworks are yet to be approved and adopted by the Government.
- (h) **Output 3.2.** Regular and thematic (SDGs and NSDP-based) networking, investment and match-making forums hosted to enable public and private collaboration and resource mobilization. **This output has not been achieved as both indicators were not met. The Investor Map and its associated investment opportunity areas analysis which is a primary document to facilitate this engagement is still in progress. unmet.**
- (i) **Output 3.3:** Remittance/diaspora finance are leveraged towards SDS and NSDP, NSDP/SDS, and NSDP II acceleration. **This output was achieved as the Remittances Strategy has been finalised and was validated by stakeholders on 16th March 2023.**

3. CHALLENGES AND CHANGES

3.1. Key Challenges faced by JP

Like in the case of most projects, several challenges impacted the implementation of the JP. Among others, major issues and challenges included the following:

- (a) Delayed start of the project implementation due to COVID-19. The project was initially set to commence in 2020 and end in 2022. However, due to the pandemic outbreak, the project implementation was significantly delayed until mid-2021. Although the project was extended once following its commencement, the initial stages of implementation still faced slowness due to the prolonged adverse effects of the pandemic. This means the JP had under 18 months to implement all the planned activities to achieve the intended outputs and outcomes. To mitigate against this challenge, the JP was extended once to allow the completion of the planned activities. However, achieving the strategic outcomes was nearly impossible due to the delayed start and limited time to complete some of the planned activities and consolidate and institutionalise the intermediate results into broad-impact outcomes.
- (b) In the early stages of the JP, there was a lack of responsiveness from the Government (MOF), as evident in significant delays in taking necessary action as recommended by the PTC.
- (c) Limited contextualisation of the technical support resulted in delayed adoption and institutionalisation of reforms. This was evident in the context of PPB and Participatory Budgeting guidelines.
- (d) Weak project governance structure in terms of inactive participation of the JP Steering Committee. During the first half of 2022, attempts to secure the availability of the Ministers of Finance and Development Planning to hold quarterly Programme Steering Committee (PSC) meetings were unsuccessful. Their availability was mostly affected by preparations for the national elections held in October 2022. Hence Programme governance, including decisions affecting programme activities, was affected.
- (e) Significant delays in programme implementation have affected the completion and implementation of the various policy frameworks developed with the support of the JP.
- (f) Difficulties in securing and engagement of consultants. This was also a major constraint, especially during and soon after the COVID-19 pandemic, significantly hampered the efficient implementation of the planned project activities.
- (g) Incoherent approach to engagement with Government counterparts. There were instances of bilateral engagements between the participating UN agencies on issues that could have been better addressed through a unified and common approach.
- (h) Limited communication, coordination and collaboration amongst the key JP implementing partners. Although the JP technical committee provided a meaningful platform for regular engagement, the UN agencies had no joint work plan to enhance coherence in line with the UN sustainable development cooperation framework⁸. Besides, there were a couple of instances where partners could have better coordinated, particularly in jointly hosting similar activities such as capacity-building workshops, which could have helped to leverage and save resources.
- (i) Lack of reliable data on several key performance indicators to establish transformative and catalytic changes made by the contributions of the JP.

3.2. Changes made to JP

In light of the delayed start of the project due to the COVID-19 pandemic and the difficulties in mobilising necessary resources and partnerships, the JP was extended at no additional cost in January 2022 for eight months to March 2023. Some changes were made to the programme design expect for the activity on the implementation of an interface between the Public Sector Investments Database and the Debt Management system, which was considered very costly to implement at the time. Consequently, a decision was made for reallocating the resources towards enhancing MTEF processes and the preparatory work on introducing SDG-aligned budgeting. Considering the cost and process of implementing the initially planned interface, it was more prudent to reallocate the resources towards interventions that could contribute towards intermediate results.

⁸ <https://unsdg.un.org/resources/united-nations-sustainable-development-cooperation-framework-guidance>

4. SUSTAINABILITY AND COUNTRY OWNERSHIP

4.1 Sustainability and country ownership

While the JP has established a better understanding of the programme access Government and developed necessary policies, instruments and tools, as well as providing capacity building training and laying a strong foundation for the development and implementation of the INFF and strengthening of the PFM processes, there remains limited institutional capacity within the MFDP and across Government to effectively consolidate, institutionalise and sustain the progress and achievements made by the JP. The MFDP and government agencies will need further capacity building to effectively implement the INFF, SDG Financing Strategy, Remittance Strategy and MTEF processes. Notwithstanding, great enthusiasm and energy have been developed within the MFDP to drive the future reform processes under the JP. However, it still requires further UN support in the initial stages of future JP support interventions.

5. COMMUNICATIONS

5.1 Communication products

To ensure well-coordinated communication through the JP, the Programme developed and implemented a communication plan fitting every output into the desired outcome's broader context. As part of the various communication efforts to increase the visibility of the Programme products, the JP developed several communication products in several areas of the programme results. Key communication products are varied and contain various knowledge products, guides and advocacy materials. In particular, the JP developed advocacy and communication materials and produced several blogs and newsletters on the JP's activities, objectives and expected impacts. The JP also facilitated the production and publication of the NSDP II and various sector policies, including the INFF roadmap, publicity materials on SDG awareness training and survey, budget briefs, and sector budget and expenditure analyses. Regarding information dissemination, JP used various media, including blogs, newsletters, and TV and social media campaigns. A full list and relevant links to the communication products developed by the JP are provided in Annex 3.

5.2 Events

There was no specific launch of the JP and any annual donor or partner events. However, the JP facilitated the launching of the DFA and INFF roadmap. Table 5 below provides a summary assessment of JP's events.

Table 5: Summary Assessment of the JP on Events

Type of event	Yes	No	Number of events	Brief description and any highlights
JP launch event (mandatory)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2	October 2021 Donor event and PSC constitution and 1 st meeting (virtual) March 2023 second PSC meeting and closure meeting (Physical)
Annual donors' event* (mandatory)	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Partners' event ** *(optional)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	MTEF Road Map Meeting with the EU Delegation

*The Fund donor countries are Denmark, European Union, Germany, Ireland, Luxembourg, Monaco, Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland. Please note that this event can be held with a launch or partners' event.

** Key advocacy outreach events with high-level JP partners.

6. LESSONS LEARNT AND BEST PRACTICES

6.1. Key lessons learned, best practices, and recommendations on SDG financing

Based on the JP's implementation, a couple of lessons can be learned;

Programme Design

- (a) Regarding the program design, JP's results were highly ambitious, given the limited implementation timeframe. However, it is important to be more realistic in the definition of the results of the kind of projects heavily dependent on the ownership and support of the Government counterparts. Therefore, the design of the next phase of the JP should seriously consider the need to formulate more realistic results that can be achieved within the short to medium term and be more specific on the long-term impact results.
- (b) Creating necessary and adequate awareness and understanding of the project concept and purpose is vital to securing the necessary ownership and support of the Government right from the onset. Consultations and sensitization to enable Government ownership were facilitated during design of the JP. However, lesson has been that more effort is required to ensure leadership by Government for efficient implementation.
- (c) Considering the difficulties of engaging Ministers due to their over-loaded schedules, it would be necessary to establish the project governance structures within existing structures and not replicate / establish new structures to ensure active and full participation in the project governance processes

Stakeholder Engagement

- (a) Effective engagement with and active participation of key stakeholders, especially the civil society organisations (CSOs), the private sector and citizens in general, in developing any Government policy framework is crucial in ensuring effective and promoting continuous public participation and dialogue. Therefore, the speedy adoption and implementation of the relevant policy instruments that have been developed with the support of the JP would be necessary for fostering effective engagement.

SDG Financing

- (a) The development and adoption of the SDG financing strategy is a fundamental pillar and crucial stage of the INFF implementation. Hence, its finalisation needs to be highly prioritised by the Government.
- (b) Without necessary guidance on the financing mechanisms and strategies through an integrated SDG Financing Strategy, it is very challenging for the Government and development partners and the private sector to meaningfully engage and mobilise necessary additional financial resources for SDG implementation. Therefore, the speedy finalisation, adoption and implementation by the Government of the SDG Financing Strategy is crucial in facilitating the effective implementation of the INFF.

Future JP Support

- (a) The JP has not yet achieved several of its outputs necessary for achieving the overall programme development goal. Most of the developed policy instruments, frameworks, tools and processes are yet to be implemented and institutionalised by the Government. **Therefore, it is recommended that another phase of at least two years of support of the JP is considered for continuity and to ensure that sufficient intuitional capacity is built across the Government to implement and fully institutionalise the reforms and practices effectively.** The MoFDP and government agencies will need further capacity building of the MoFDP and government agencies to effectively implement the INFF, SDG Financing Strategy, Policy Frameworks on Private and CSO engagement, Remittance Strategy and MTEF processes.

6.2. Key lessons learned, best practices, and Recommendations on Joint Programming

- (a) A coherent and harmonised approach amongst UN agencies to engagement with Government counterparts is crucial in effectively implementing JPs. Therefore, it is important that implementing UN partners establish and implement a joint planning framework as part of other mechanisms to foster joint programming. Also, it is important to carefully reconsider and refrain from bilateral engagements with Governments by the participating UN agencies on issues that can better be addressed through a unified and common approach.
- (b) There is also a need to enhance communication, coordination and collaboration amongst the key JP implementing partners through joint planning and implementation of activities with a common purpose, such as capacity-building training workshops to help leverage and save resources.

ANNEXURES

Annexe 1: Consolidated Results Framework

Result / Indicators	Baseline	2022 Target	2022 Actual	2023 Target	Note (Explanation/ discrepancies with target)
Outcome 1. Strengthened and gender-sensitive INFF is developed and being implemented					
Outcome 1 indicator 1.1: Total government revenue as a proportion of GDP (SDG 17.1.1)	46.84 (2019/20)	50.56	53	55	50.9 attained in 2022/23 due to lower tax on profits and VAT resulting from the economic slowdown
Outcome indicator 1.2: INFF in place and implemented to guide the budgeting and planning process	0	1	1	1	N/A
Output 1.1 Development Finance Assessment (DFA) is undertaken to inform the implementation of key financing solutions for INFF					
Indicator 1.1.1. The proportion of recommendations adopted for the INFF roadmap disaggregated by sector, institutions and legal and policy framework	0%	100%	100%	100%	N/A
Indicator 1.1.2. The proportion of recommendations endorsed by the Government which target results for gender equality and women empowerment	0%	40%	27%	35%	The Government could not endorse some of the recommendations and required further engagement. E.g., mainstreaming gender into the national tax policy

Result / Indicators	Baseline	2022 Target	2022 Actual	2023 Target	Note (Explanation/ discrepancies with target)
Output 1.2. A financing strategy aligned to the SDGs and the NSDP II is developed and implemented to support the national resources mobilization efforts					
Indicator 1.2.1. A financing strategy is in place and implemented to inform development financing and resource mobilization	No	Yes	No	Yes	Overall delays in programme implementation. A draft has been prepared and is being finalized.
Output 1.3. Effective and functional mechanisms for INFF oversight, monitoring and review consolidated to improve ownership and political leadership/stewardship for implementation of the INFF					
Indicator 1.3.1. Number of meetings held on the INFF by (i) oversight committee, (ii) INFF technical committees, (iii) Multistakeholders' platform (disaggregated by gender)	(i) 0; (ii) 0; (iii) 2	(i) 4; (ii) 12; (iii) 4	(i) 10; (ii) 10; (iii) 4	(i) 1; (ii) 4; (iii) 6	There was a delay in the 1st OC meeting - JP decided to have the project OC serve as an oversight mechanism for all other project components to avoid duplication of mandates
Indicator 1.3.2. The proportion of policies/recommendations implemented led by (i) government partners, (ii) private sector, (iii) CSOs	(i) 0; (ii) 0; (iii) 0	(i) 20%; (ii) 5%; (iii) 5%	(i) 20%; (ii) 5%; (iii) 5%	(i) 20%; (ii) 5%; (iii) 5%	N/A
Outcome 2: PFM systems are strengthened to improve transparency, efficiency, and effectiveness in public spending and policy					
Indicator 2.1: Primary government expenditures as a proportion of the original approved budget	83.13% (2018/19)	95.50%	89.00%	95.00%	86 % attained due to lower actual budget allocations due to low revenue collection
Output 2.1: Mechanisms for NSDP/SDGs-aligned planning and budgeting frameworks (MTEF) piloted					
Indicator 2.1.1: Number of gender-sensitive sectoral development plans (SDP) developed	0 (2019)	4	0	4	Delays in the implementation of MTEF budgeting

Result / Indicators	Baseline	2022 Target	2022 Actual	2023 Target	Note (Explanation/ discrepancies with target)
Indicator 2.1.2: Number of functional MTEF models utilized by sectors to engage with the MFDP during budget allocation to programmes	0 (2019)	4	0	4	The target was not met because of ongoing changes to the Central Budget Management System (CBMS) required for effective MTEF budgeting
Indicator 2.1.3: The extent to which the national annual budget has integrated the SDGs targets and NSDP II priorities	0	4	0	4	Delays in the implementation of SDG-linked and MTEF Budgeting
Output 2.2. Mechanisms and capacities of relevant stakeholders strengthened to improve budget transparency, participation and fiscal accountability					
Indicator 2.2.1. Number of SDG-focused budget reports developed and disseminated	0	4	0	4	Delays in the implementation of SDG-linked planning and budgeting
Indicator 2.2.2. Open Budget Survey score on a budget (i)transparency (ii) participation (iii) oversight	(i) 0 (2017) (ii) 0 (2017) (iii) 31 (2017)	(i) 40 (ii) 20 (iii) 41	(i) 26 (ii) 2 (iii) 20		Deterioration in the 2021 scores resulted from the Government's omission to publish some budget documents on the website. 2023 assessment ongoing
Output 2.3: Management of capital projects improved to ensure the viability of the Government					
Indicator 2.3.1. Percentage of capital projects financed by the public budget that meet the quality criteria based on an index to be developed	tbc	40.00%	0	0	Index not yet developed.

Result / Indicators	Baseline	2022 Target	2022 Actual	2023 Target	Note (Explanation/ discrepancies with target)
Indicator 2.3.2. Execution rates of (i) capital budgets, (ii) health, (iii) education, and (iv) Social Protection	(i) 47.2% (2018/19) (ii) 19.7% (2018/19) (iii) 29.1% (2018/19) (iv) 22.3% (2018/19)	(i) 67% (ii) 50.0% (iii) 50.0% (iv) 40%	(i) 79% (ii) 5% (iii) 3% (iv) 0	(i) 90%; (ii) 60%; (iii) 60% (iv) 50%	95% national capital budget execution rate achieved in 2022/23; 91% Health; 99% Education; 99% Social Protection
Outcome 3: Enabling environment created for private sector growth and public-private partnership for accelerated implementation of SDGs					
Indicator 3.1: (i) Foreign Direct Investment (FDI), (ii) Official development assistance, (iii) South-South Cooperation as a proportion of the domestic budget	(i) N/A (ii) 27.15 (2018/19) (iii) N/A	(i) N/A (ii) 30% (iii) N/A	(i) N/A (ii) 63% (iii) N/A	(i) N/A (ii) 74% (iii) N/A	Data is not available for FDI and South-South Cooperation
Indicator 3.2. Ranking in the ease of doing business	122 (2019)	95	N/A	N/A	The last published report was for 2020. The Doing Business project has been terminated and will be replaced by a new project, which has not started
Output 3.1. Legal and policy framework improved to attract sustainable and inclusive private investment and partnerships					
Indicator 3.1.1. Several mechanisms are in place to ensure domestic and international private and public partnerships for sustainable development and financing	2	7	3	2	Delays in programme implementation that affected the completion of the frameworks and their execution

Result / Indicators	Baseline	2022 Target	2022 Actual	2023 Target	Note (Explanation/ discrepancies with target)
Output 3.2. Regular and thematic (SDGs and NSDP-based) networking, investment and match-making forums hosted to enable public and private collaboration and resources mobilization					
Indicator 3.2.1. Number of investment promotion forums hosted	0	1	0	1	LNDC postponed the forum to allow initial engagement with the local private sector
Indicator 3.2.2. Number of partnerships forged as a result of the JP-supported initiatives	0	10	10	3	N/A
Output 3.3: Remittance/diaspora finance are leveraged towards SDS and NSDP					
Output 3.3: Remittance/diaspora finance are leveraged towards SDS and NSDP II acceleration					
Indicator 3.3.1: National Lesotho Remittance Policy is in place	No	yes	No	Yes	The Remittances Strategy has been finalized and was validated by stakeholders on 16th March 2023

Annex 2: List of strategic documents

1. Strategic documents that were produced

Title of the document	Date (month; year) when finalized	Document type (policy/strategy, assessment, guidance, training material, methodology etc.)	Brief description of the document and the role of the JP in finalizing it
Lesotho Development Financing Assessment Report	August 2021	Assessment	Assesses the development support infrastructure in the Country for the development of an INFF. Financial support to conduct the assessment provided by the JP
Lesotho Policy Analysis for the Promotion towards Diaspora Trade and Investment Assessment	May 2022	Policy	Policy analysis aimed at identifying obstacles and opportunities in Lesotho towards promoting diaspora investment and trade. Financial support for the analysis provided under the JP
Assessment of the MTEF Process in Lesotho	June 2022	Assessment	Assesses the challenges in implementing the MTEF budget in Lesotho and recommends required modifications. Financial support to conduct the assessment provided by the JP
Lesotho Remittances Assessment Report	July 2022	Assessment	A rapid assessment on remittances for cost reduction, enhanced financial inclusion and increased resilience of migrants and remittance receiving families in Lesotho
Lesotho MTEF User Manual	November 2022	Handbook	Provides step-by-step guidance to assist in the implementation of MTEF budgeting. Financial support for the development of the manual was provided through the JP
Lesotho's Role of Executive Authority in the Budget	November 2022	Handbook	Guides the role of the cabinet in the budget process. Handbook developed through financial assistance under the JP
Lesotho's Role of Parliament in the Budget Cycle	November 2022	Handbook	Guides the role of Parliament in the budget process. Developed with financial support under the JP
Lesotho Bottom-up MTEF Budget	November 2022	Handbook	Guides the application
Lesotho PETS Guide	November 2022	Guidance	The guide introduces key concepts required to track expenditure through the administrative layers of Government. Financial support for the development of the guide provided under the JP.
Programme-Based Budgeting Guidelines	March 2023	Guidance	It provides the basic principles of Programme-Based Budgeting and how they can be applied to Lesotho's case. Guide prepared with financial support from the JP
Lesotho Remittance Strategy 2023-2028	March 2023	Strategy	The strategy aims to leverage remittances sent by the diaspora by strengthening the remittance transfer mechanisms and bolstering financial inclusion. The strategy was developed with financial support under the JP.

2. Strategic documents to which the JP directly contributed to

Title of the document	Date (month; year) when finalized	Document type (policy/strategy, assessment, guidance, training material, methodology etc.)	Brief description of the document and the role of the JP in finalizing it
Public Financial Management and Accountability (PFMA) Bill	Under finalization	Legal	The Bill is intended to replace the existing PFMA Act 2011. Once approved by Parliament, the Act will ensure efficient and effective financial management in the central government, local authorities and state-owned entities; provide for the responsibilities of persons entrusted the public financial management; and to provide for matters connected therewith. The JP contributed in ensuring that the provisions of the Bill recognise the importance of MTEF and SDG-aligned budgeting in Public Financial Management and including clauses in the Bill that enforce these key budgeting principles.
Voluntary National Review on the Implementation of the Sustainable Development Goals Report (VNR)	June 2022	Review	The VNR process is used to monitor and report on the implementation of SDGs and the achievement of the respective targets. The JP contributed to the assessment of the extent of achievement of SDG 17 (Partnerships).

Annex 3. Communications materials

1. Human interest story

- **Attach at least one human interest story** that summarizes the background, results achieved, the impact made, and beneficiaries reached by the joint Programme in line with the portfolio's objective to support increased SDG financing flows and policy reforms.

Not relevant

2. Communication products

- Fill out the table below and **attach/provide links to articles, news/media items, videos, blogs or other major communication materials** developed by the joint Programme.

Title of the document	Date when finalized (MM/YY)	Brief description and hyperlink (if it exists)
Newsletter n.1	July 2022	https://lesotho.un.org/en/191960-joint-sdg-fund-newsletter-july-2022
Newsletter n.2	January 2023	https://lesotho.un.org/en/218569-joint-sdg-fund-newsletter-january-2023
Newsletter n. 3	March 2023	https://lesotho.un.org/en/231636-joint-sdg-fund-newsletter-march-2023
Newsletter n.4	May 2023	https://lesotho.un.org/en/234838-joint-sdg-fund-newsletter-april-2023

Op-ed

May 2023

May 25 - 31 2023

Lesotho Times

Opinion 17

A promising financing architecture to accelerate SDGs attainment in Lesotho



FINANCE Minister Retseletsoe Matlanyane (left) and UN Lesotho resident coordinator.

THE Sustainable development goals (SDGs) have inspired bold commitments from world leaders. Yet, securing enough resources remains a major challenge. Lesotho, like many developing countries, has struggled to adequately finance its development priorities and has not hit its growth target in nearly ten years. This is despite the introduction of the refocused and extended National Strategic Development Plan (NSDP) II 2023/23-2027/28, which aims to promote economic transformation, achieve private sector-led inclusive and sustainable economic growth, and achieve the Sustainable Development Goals (SDGs).

In 2020, the UN country team joined forces to support the Government of Lesotho on its journey to achieving the SDGs with a three-year programme called the *Joint UN Programme on Economic and Financial Management Integration for Sustainable Development (JPEFMS)*. This initiative is a collaboration between UNICEF, UNDP, and ROM, with the Ministry of Finance and Development Planning as the National Coordinating Authority. The programme aims to create a financing architecture that matches the government's financing and development objectives in the medium and long term to accelerate the attainment of the SDGs and national priorities.

The programme's overall objectives are based on the *Integrated National Financing Framework (INFF)*, a plan to help countries finance the SDGs and their national development priorities. It works by facilitating the appropriate monitoring and coordination processes as well as aligning various development financing sources from public and private entities with development priorities.

The JPEFMS has supported the government in conducting a development finance assessment to establish a baseline for aligning national priorities with financing objectives. The assessment maps development financial sources for Lesotho, identifies existing constraints, and makes recommendations reflected in the INFF roadmap to enhance mobilization and management of development financing sources. The government has made efforts to roll out the INFF roadmap

and initiate mobilization for private investment for development. The INFF had recommended that the country establishes an SDG investor map to mobilize SDG-aligned private investments to supplement the existing public sources of financing development in Lesotho. The SDG investor map identifies five sectors: Agriculture, Manufacturing, Renewable Energy, Health care, and financial services as sectors with the most potential for

SDG-aligned investments.

The programme has also established a national coordinating mechanism to ensure that SDGs are aligned with the planning, monitoring, and oversight of the country's development. This mechanism includes multi-stakeholders from the public and private sectors, civil society, parliament, and the media. Additionally, the programme has built the government's capacity to manage public

sector resources efficiently, with a focus on improving the government's Medium-Term Expenditure Framework (MTEF), which links planning and budgeting on a three-year rolling basis. The expectation is that MTEF will be applied in the preparation of the 2024/25 National Budget at which time the government's budgeting system will have been adjusted to meet the requirements of MTEF budgeting. Furthermore, ad hoc training was conducted for government officials on the key principles of Programme Based Budgeting (PBB). The exercise culminated in the development of a PBB manual which will be used by Ministries, Departments, and Agencies in the preparation of their budgets.

PBB helps to break down budgets into specific programmes and activities, enabling governments to better track and evaluate the impact of their spending on the intended outcomes. The programme has also supported government sensitisation on conducting Public Expenditure Tracking Surveys to identify where the money goes, providing insights into the efficiency, effectiveness, and equity of public spending. Civil Society and Citizen engagement in the budget process has been emphasized to gain valuable insights into how to allocate resources that address the most pressing issues and improve people's quality of life.

The programme also recognizes the diaspora as a potential key stakeholder in private-sector investment. Remittances notably impacted Lesotho's economy, accounting for an estimated 21.2 percent of GDP in 2018. The government was supported to undertake policy analysis to identify incoherencies in the existing policy framework and obstacles to diaspora investment. An assessment on remittances for cost reduction, enhanced financial inclusion, and increased resilience of migrants and remittances-receiving families was also conducted, resulting in the development of a Remittances Strategy.

Lesotho has made commendable efforts towards achieving the SDGs, yet there are still challenges that need to be addressed. The country continues to face high levels of poverty and inequality, the COVID-19 pandemic and climate change have significantly impacted development progress, and there are critical gaps in areas such as access to health care, education, social protection, and other basic services. Achieving SDGs requires enhanced public financial management, further resource mobilization, government leadership, and cooperation from all stakeholders, including the private sector, civil society, and citizens. Mobilisation of domestic revenue and opening investment opportunities for the diaspora are important for economic and social development.

As this programme draws to a close in 2023, and the Government of Lesotho looks to ensure the sustainability of the reforms introduced under the programme, the SDG Fund should be seen as a catalyst for further development financing rather than an end on its own.



FINANCE Minister Retseletsoe Matlanyane (circled) with UN country team members.

18 News Analysis

Lesotho Times

May 25 - 31 2023

UNICEF's Support for PFM Reforms in Lesotho for SDG Achievement

Deepak Bhaskaran

Lesotho has committed to implementing the 2030 agenda for Sustainable Development Goals (SDGs) since 2015. It has integrated the goals and targets into the National Strategic Development Plans (NSDP).

Achieving these goals and targets requires the Government's allocation of sufficient financial resources, which can be attained through well-functioning and efficient resource mobilisation and Public Financial Management (PFM) systems.

Poor management of public finances further reduces the quality or accessibility of vital public services such as health care and education. Goal 17 of the SDGs emphasises the need to build "Partnerships", which aims to strengthen domestic resource mobilisation and ensure that domestic revenues are allocated towards sustainable development.

Often, resources do not reach the most vulnerable children. Through its public financial management mandate, UNICEF contributes towards attaining SDGs by ensuring adequate public resources are allocated towards development, particularly for investment in children.

Since 2020, UNICEF, UNDP and IOM have supported the Government of Lesotho in establishing a functional and sustainable integrated planning and PFM ecosystem that contributes to the accelerated achievement of the SDGs targets and the NSDP under the Joint Programme on Economic and Financial Management Integration for the Achievement of SDGs (JPFMIS).

Under the UN Joint Programme, UNICEF supported the then Ministry of Finance (currently Ministry of Finance and Development Planning) on several initiatives to ensure that budget planning is more efficient, accountable, and results-oriented.

The challenges of implementing the Medium-Term Expenditure Framework (MTEF), which

the Government has been implementing since 2005, were assessed. A Roadmap on the way forward was also agreed upon among key ministerial stakeholders.

The proper implementation of the MTEF would allow Ministries, Departments and Agencies (MDAs) in Lesotho to better plan with a longer horizon and ensure efficiency in allocating and using financial resources for achieving the desired results.

Also, a Public Participation Guidebook was developed, and brainstorming sessions were conducted with participation from Ministries, local Government, academia, civil societies, and youths. Better and more meaningful participation of diverse stakeholders in the national budget process is essential from a national accountability point of view but often leads to more efficient use of funds and better programme outcomes, such as the level of services provided.

At the same time, it is also essential to understand how much Government spends on different programmes, such as health, education, and social protection. This will ensure that analysis of budgets and allocations can be done based on expected results for each programme and not merely budget line items.

To this end, a Programme-Based Budgeting manual was also developed, and key officials oriented on the manual. UNICEF is also supporting the Ministry of Finance and Development Planning to ensure that the Central Budget Management System (CBMS) is adapted to the MTEF and is linked to the Integrated Financial Management Information System (IFMIS) to accommodate these reforms.

These reforms together will ensure a better and more open planning process that will ensure more efficient financing to achieve the



SDGs. The efforts made by the Government to reform planning and budgeting are commendable. The Ministry of Finance and Development Planning and other key ministries involved in the initiatives have demonstrated an appetite, dedication, and openness to complex and complicated reform initiatives.

However, as the Ministry of Finance and Development Planning acknowledged, while these were critical first steps in ensuring more open, accountable, and efficient PFM systems, it is far from enough. Many of these reforms also require a fundamental shift in how the Government of Lesotho deals with the budget and who should consider the legitimate stakeholders to be consulted in the budget process.

While the UN Joint Programme will end in March 2023, UNICEF will continue to support the Government of Lesotho on the initiatives successfully started under the UN Joint Programme.

At the same time, UNICEF would like to note that PFM is inherently a national process, and PFM reforms are and should be nationally owned.

Consequently, the newly elected Government of Lesotho is encouraged to continue to be open to changes in the national budget process and to continue the initiatives for the Medium-Term Expenditure Framework, Programme Based Budgeting and Public Participation.

Similarly, we encourage citizens, including women, youth, and persons with disabilities as well as civil society organisations, to embrace participation in the budget process, find the opportunity to learn about the budget and its process and demand more channels for participation from the Government.

The PFM reform is a complex and lengthy process, and the results often take a long time to realise. Yet, UNICEF believes that it can be achieved with the right approach, dedication, and long-term commitment.

Deepak Bhaskaran is the Representative of the United Nations Children's Fund (UNICEF) in Lesotho.

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May 2023

Annex 4: List of Consulted Stakeholders

No	Name of Entity	Name of Representative	Title	Contact Information	Role in the programme	Summary of feedback
1	Ministry of Finance and Development Planning	Maleshoane Lekomola	Budget Controller	Maleshoane.lekomola@gov.ls	Budget Department Focal Point and member of the Technical Team	The intentions of the JP were fully aligned with Lesotho's development priorities. Significant progress has been made, particularly in terms of strengthening the implementation of a credible MTEF process and strengthening the capacity of the Budget Department in MTEF, Program-Based Budgeting, PETS and SDG-aligned budgeting and costing, thereby laying a strong foundation for strengthening the budgetary processes. However, the JP has not yet achieved its intended results to meaningfully transform the PFM system. Therefore, considering that several outputs produced by the project have not yet been fully implemented and institutionalised, and more institutional capacity is required for sustainability, there is a need for the next phase of JP support. Also, it is important to improve the engagement and involvement of the MFDP in the definition of TA requirements and engagement of technical support to ensure better contextualisation.
2	Ministry of Finance and Development Planning	Maelene Lebusa	Acting Director, Aid Coordination	Maelene.lebusa@gov.ls	Development Planning Focal Point and member of the Technical Team	Appreciate the support from the UN community for the JP. Fully support the objectives of the JP. More progress has been made, but the project is yet to achieve its broader development outcomes, and hence a next phase of the JP is needed to support the implementation of the policy instruments developed under the JP.
3	Ministry of Finance and Development Planning	Mamosi Bulane	Chief Economic Planner	Mamosibulane@gmail.com	Member of INFF Technical Team	The intentions of the JP were fully aligned with Lesotho's development priorities, and meaningful progress has been made but still short of the achievement of results because of the delayed implementation as a result of the COVID-19 pandemic and change of Government, which affected ownership and continuity. Considering that a number of outputs produced by the project have not yet been fully implemented and institutionalised, and more institutional capacity is required for sustainability, there is a need for the next phase of JP support.
4	Ministry of Finance and Development Planning	Thabiso Ngakane	Senior Economic Planner	Tngakane121@gmail.com	Member of INFF Technical Team	Capacity strengthening is needed to effectively implement and institutionalize the various policies, tools and processes that have been developed by the JP. Therefore, the next phase of the JP support is necessary to realise the project intended results.
5	Ministry of Finance and	Lefu Libe	Economic Planner	Lefu.libe@gov.ls	Member of the JP Technical Team	Same as Mamosi Bulane. The meeting was held jointly.

No	Name of Entity	Name of Representative	Title	Contact Information	Role in the programme	Summary of feedback
	Development Planning					
6	Ministry of Finance and Development Planning	Mamotjetje Lekomola	Assistant Private Sector Development Officer	Mamotjetje.Lekomola@gov.ls	Member of the JP Technical Team	Appreciate the support from the UN community for the JP support. Fully support the objectives of the JP. More progress has been made, but the project is yet to achieve its broader development outcomes, and hence more support is needed in the form of the next phase of the JP to particularly help implement the various policy instruments.
7	Ministry of Finance and Development Planning	Matete Seeiso	Senior Budget Officer	Seeisome@gmail.com	Member of the JP Technical Team	Same as Budget Controller. The participant was part of a broader meeting of the Budget Department.
8	Ministry of Finance and Development Planning	Phillimon Ranthimo	Senior Budget Officer	Pranthimo@yahoo.com	Member of the JP Technical	Same as Budget Controller. The participant was part of a broader meeting of the Budget Department.
9	Ministry of Finance and Development Planning	Malineo Mohale	Senior Budget Officer	Elizamohale@gmail.com	Member of the JP Technical	Same as Budget Controller. The participant was part of a broader meeting of the Budget Department.
10	Ministry of Finance and Development Planning	Nkhethuoa Makhorole	Budget Officer	Nmakhorole@gmal.com	Member of the JP Technical	Same as Budget Controller. The participant was part of a broader meeting of the Budget Department.
11	Ministry of Finance and Development Planning	Manthabiseng Kompi	Budget Officer	Elizabethkompi@gmail.com	Member of the JP Technical	Same as Budget Controller. The participant was part of a broader meeting of the Budget Department.
13	UNDP	Motulu Molapo	INFF Project Officer	Motulu.molapo@undp.org	INFF Focal Point	Same as Mabulara Tsuene. A joint meeting was held with the UNDP Team.
14	IOM	Masoai Dennis	M&E, Reporting Officer	Mdennis@iom.int	IOM Focal Point	The intentions of the JP were fully aligned with Lesotho's development priorities, particularly in terms of the need to support the mobilisation of additional resources for the financing of SDGs. Progress has been made in the development of the Diaspora Engagement policy and Remittance Strategy, but further work is still required to finalise and implement various policy instruments and strategies. Despite the significant progress made, the JP is still short on the achievement of its intended objectives and hence the need for the next phase of JP support.

No	Name of Entity	Name of Representative	Title	Contact Information	Role in the programme	Summary of feedback
15	UNICEF	Marisa Foraci	Chief, Social Policy	Mforaci@unicef.org	UNICEF Focal Point	The JP was formulated with the right purpose in the context of the need to accelerate the achievement of SDGs and is fully aligned with the Government development priorities as enshrined in the NSDP II. Notable progress has been made by the JP in terms of laying a strong foundation for establishing a credible MTEF process, introducing SDG-aligned budgeting and public participation in budgeting processes as well as implementing the INFF. However, the project is yet to achieve its development results due to limited time, and hence further support is required to particularly support the implementation of the INFF.
16	UNICEF	Motena Tsolo	PFM Advisor	Mtsolo@unicef.org	JP Coordinator	Programme implementation was largely delayed by COVID-19 as some in-country missions could not be undertaken due to mitigation measures such as lockdowns imposed by the government. Furthermore, unresponsiveness of the Government in the early stages of programme implementation affected programme activities. Notable progress has been made in establishing the fundamentals of MTEF budgeting, establishing necessary preconditions for implementing the INFF and enhancing diaspora engagement and investments towards SDGs. However, the JP fell short of ensuring the sustainability of the JP outcomes. Hence further support is required for the consolidation of the ongoing budgeting reforms, especially the MTEF process and implementation of the INFF.