



Joint Programme 2021 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Lesotho

Reporting Period: 1 January - 31 December 2021

JP title: Joint Programme on Economic and Financial Management Integration for the Achievement of SDGs

PUNOs: UNICEF, UNDP, IOM

Government partner: Ministry of Development Planning

Target SDGs: SDGs 1, 16, 17

Gender Marker: 2

Approved budget: USD 997,860

Co-funding: USD 149,064

Total Disbursement by 2021: USD 498,930

Total estimated expenditures: USD NA (est. Delivery rate: NA%)

Total estimated commitments (including expenditures): USD 399,314.1 (est. Committed rate: 80%)

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Executive Summary

1. Improved partnerships and INFF policy framework: the project completed a gender sensitive Development Finance Assessment (DFA) and produced the INFF roadmap. The report has recommendations for the financing strategy which will be used to inform financing dialogues in preparation of the financing for development framework for Lesotho. The project revised the Lesotho Partnership Policy and developed the CSOs Policy. The two policies provide mechanisms for improved cooperation between government with all development partners including CSOs towards financing and implementation of national priorities and the SDGs; and address the challenges of aid effectiveness and fragmentation of development efforts.
2. Strengthened capacity for SDG implementation and financing: Stakeholders comprising of representatives from academia (10), government ministries (90), CSOs (30), private sector (30), media (10), Members of Parliament and Senate (20) were trained on their role in SDGs implementation and financing.
3. Enhanced coordination, monitoring and reporting on SDG implementation: The national SDGs coordination mechanism to enhance coordination, monitoring and reporting on the SDGs achievement in Lesotho has been reviewed to make it more functional. The mechanism is becoming more helpful now that the country is engaging multi-stakeholder and participatory 2022 Voluntary National Review (VNR) process.

Annual Progress

Overall JP self-assessment of 2021 progress:

Not-satisfactory (majority of expected results not yet achieved; over 3 months delay in implementation)

Comments on self-assessment: The first tranche of funds for the JP-EFMIS were received late, delaying the start of the programme. Thereafter, COVID-19 and the associated lockdown triggered a disruption in working arrangements. Government staff worked part-time, on rotation, to avoid crowding Government offices, and consultants were not able to travel to Lesotho to conduct necessary studies. For these reasons only a few strategic documents (outputs) have been produced and majority of the processes at the initial stages, not yet ready for achieving expected results.

Overall progress and key developments to date (3 key JP milestones)

- 1) Governance and coordination: The program steering committee (PSC) has been established and is functional. The 1st meeting of the PSC was held in October 2021. It was decided that the PSC also serve as the oversight mechanism for the INFF to ensure required participation of the members. The national SDGs coordination mechanism to enhance coordination, monitoring and reporting on the SDGs achievement in Lesotho has been reviewed to make it more functional. The mechanism is becoming more helpful now that the country is engaging multi-stakeholder and participatory 2022 Voluntary National Review (VNR) process. In addition, to build networking and mobilization of diaspora for technical and investment resources mobilization, a Technical Working Group (TWG) on diaspora engagement has supported the Ministry of Foreign Affairs and International Relations (MOFAIR) to develop job descriptions for Diaspora Directorate positions. The Ministry is in the process of creating three Positions for the Directorate and an Action Plan prioritizing key activities to operationalize the Directorate has been developed.
- 2) Financing policy development and financial advocacy activities: the project completed a gender sensitive Development Finance Assessment (DFA) and produced the INFF roadmap. The report has recommendations for the financing strategy which will be used to inform financing dialogues in preparation of the financing for development framework for Lesotho. The project revised the Lesotho Partnership Policy and developed the CSOs Policy. Partnerships with CSOs will enhance financial advocacy activities as advocacy CSOs comparative advantage.
- 3) Capacity building of key stakeholders on SDG financing: The SDGs training workshop that was held to capacitate national stakeholders on SDGs implementation also capacitated key stakeholders on SDG financing. The SDG financing module provided participants with the key guiding principles of sustainable financing, the development finance landscape; explored recent trends and implications for implementing SDGs in Africa; Financial needs assessment and costing methodologies and looked into the innovative sources of sustainable development financing.

Changes made to JP: N/A

Main Challenges: • There has been limited access to resources for business continuity, including digital technologies, which has constrained engagement with partners and stakeholders, particularly with the Government of Lesotho, as a result of COVID-19. The project has provided complementary technical support and resources to enable continuous engagement. • There was a substantial delay in recruitment of consultants to undertake different assignments. Calls for expression of interest had to be advertised more than twice in some instances. On all instances advertisements were posted on different platforms and extended to broader audience when re-advertising. • COVID-19 Protocols prohibited physical meetings, which delayed kick-off of activities. Virtual platforms were used to hold initial meetings with the Ministry of Finance and were later followed by physical meetings once the COVID lockdown was lifted; • Assessment of the current MTEF and preparation for a proposed MTEF has been delayed due to Government's 2022/23 Budget process.

Updates on SDG financing framework

Inception phase	Assessment Diagnostics	Financing Strategy	Monitoring Review	Governance Coordination
Completed (100%)	Advancing (50-99%)	Planned (0%)	Emerging (1-49%)	Emerging (1-49%)

Descriptions on progress by INFF building blocks

Inception Phase: • The DFA has been completed with multi-stakeholder engagement, as a result the INFF roadmap has been defined and endorsed by the key stakeholders. A validation workshop was held to create a platform for the key stakeholder to reaffirm their commitment to implement the INFF roadmap. The INFF road map had around 68 recommendations 28% of which have been engendered using the guidance note developed by UN women to mainstream gender and women empowerment into the INFF process. • Some of the key recommendations of the INFF roadmap are towards strengthening public finances management; mobilization of domestic investments including improved access to credit for 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. The recommendations also include alignment of FDIs with the national development goals (and SDGs) and improving management and overall absorption capacity for ODA. • To improve monitoring and review of SDGs implementation, the NSDP II information should be aligned to SDGs to ensure that the expenditures are linked to NSDP II and SDGs. It is therefore critical that the Government builds its capacity for monitoring and evaluation and increase the frequency and scope of SDGs related financial reviews.

Assessment & Diagnostics: • A DFA was undertaken with multi stakeholder participation. The DFA was undertaken through a consultative process engaging with stakeholders such as government institutions, private sector, civil society organizations. The report has recommendations on strategic focus for the financing strategy which will be used to inform financing dialogues in preparation of the financing for development framework for Lesotho. DFA is finalised through the dialogue between the stakeholders, whose active participation is needed to ensure Government ownership.

• Financing Strategy has not yet been developed. The government of Lesotho will develop NDSP III in the first quarter of 2022, this will form the basis of priorities for the financing strategy

Financing Strategy: The financing strategy has not yet been developed.

Monitoring & Review: The tools and processes to monitor the implementation of the INFF or track the financial flows towards the SDGs have not yet been established. The DFA has however, revealed that NSDP II information is not aligned to SDGs and the situation needs to be corrected as data is available. The DFA recommends that Government should considers the immediate introduction of SDG expenditure tracking and SDG reporting in support of SDGs and NSDP II implementation and that the Government should establish an integrated financing dashboard platform, consolidating data from different financial flows and drawn from the existing financial systems (IFMIS, IRMS, CBMS) capable of capturing sector and cross-cutting initiatives such as gender and climate finance.

Governance & Coordination: INFF oversight body has not yet been established. Currently the JP Steering committee is serving as an oversight body for the INFF to ensure that the initial phases are completed. The composition of the JP steering committee is as follows: - UN Resident Coordinator (co-chair); - Office of the Prime Minister (co-chair); - Minister of Finance (MOF); - Minister of Development Planning (MODP); - Heads of implementing UN Agencies (UNDP, IOM, and UNICEF); - Invited Technical level Managers of MOF, MODP, and other relevant ministries; - Lesotho Council of NGOs representing participating Civil Society Organizations (CSO); - LCCI representing participating private sector networks; - International development partners (European Union, World Bank, International Monetary Fund, African Development Bank, etc.). - Other strategic partners to attend on invitation of the Chair/s of the PSC The DFA recommends that moving forward, Government should embed the INFF oversight body in the national oversight committee and have its technical support housed in the Ministry of Development Planning.

Priority Cross-cutting Issues

How did the JP adapt to the COVID-19 context

The DFA was undertaken and finalized in the context of covid-19 and its socio-economic impact was considered in framing a covid responsive INFF roadmap. As such, the roadmap puts emphasis on building resilience of the economy from external shocks through diversifying domestic financial resources mobilization. Most meeting were virtually and where they happened in physically COVID19 protocols were observed by ensuring limited number of participants, wearing PPE and keeping social distancing.

How did the JP apply the Gender Marker

Gender was mainstreamed into the DFA using the guidance note developed by UN women of mainstreaming gender and 28% of the recommendations address gender and women equality. The recommendations are aiming at promoting women led businesses including access to finance and other business services for women entrepreneurs.

Estimated % of overall disbursed funds spend on gender: 0%

Alignment with cross-cutting UN issues (e.g. human rights, decent work, inclusion, LNOB)

Stakeholder consultations were inclusive, with representation from youth groups, women led organizations and associations of people with disabilities.

The MDP revised the Lesotho Partnership Policy (LPP) and developed the CSOs Policy. The two policies are meant to provide mechanisms for improved cooperation between government with all its development partners including non-state actors towards financing and implementation of national priorities and the SDGS to ensure that everyone is included in development agenda and that benefits are equitably distributed.

During the reporting period, the project continued to have engagements and conversations with Basotho Diaspora Association on issues related to vulnerable diaspora and the risks they are facing due to COVID-19 and other factors that infringe on their rights like access to vaccines and the impact of COVID-19 on their livelihoods.

How did the JP work to build ownership and buy-in of key stakeholders

An official launch of the DFA will be hosted in February 2022. The aim of the launch is to strengthen key stakeholder buy-in into the INFF process and kick start implementation. There is a plan to include the INFF into the aid coordination forum mandated to ensure that collaboration of development partners channel resources in the implementation and oversight of the INFF process. The Financing strategy will be formulated within the national planning processes, it will be aligned and will be a supporting implementation strategy of the planned NSDP III to ensure its sustainability over time. Programme Technical and Steering Committees have been established to ensure involvement of key counterparts and stakeholders in decisions regarding implementation of the JP. Continued involvement of stakeholders throughout the preparation of the MTEF will ensure future sustainability and application of the MTEF tools in the preparation of future budgets. The Diaspora Directorate was created as a result of the UN's advocacy and support to the Government of Lesotho to harness diaspora resources. Three positions were created in the Directorate and job descriptions were developed through guidance of the Diaspora Engagement TWG. The development of the Remittances Strategy and regulatory frameworks will allow Lesotho to strengthen remittance transfer mechanisms and bolster financial inclusion. Furthermore, the Government is building a strong partnership with Basotho Diaspora Association.

Annual Reporting on Results

Results achieved in promoting the priority thematic SDG agendas

By striving to align the Planning and Budget Processes to SDGs targets and indicators, and by strengthening Budget systems to improve transparency, efficiency, and effectiveness in public spending and policy, the Programme aims to contribute to the financing and thus achievement of SDGs 1, 16 and 17.

JP contributions to the Joint SDG Fund's global results (especially around Outcome 2 & Output 4)

Progress against JP-specific outcomes

Progress against JP-specific outputs

Output 1.1. Development Finance Assessment (DFA) is undertaken, to inform implementation of key financing solutions for INFF: The project produced DFA and a gender responsive INFF roadmap. The report has recommendations including on the financing strategy to inform financing dialogues in preparation of the financing for development framework. Gender was mainstreamed into the DFA as provided in the UN-Women guidance note for mainstreaming gender into the INFF and this resulted with 28% recommendations of the INFF roadmap targeting women empowerment and gender equality.

Output 2.1. Mechanisms for NSDP/SDGs-aligned planning and budgeting frameworks (MTEF) piloted: Stakeholders were capacitated on the key concepts for SDGs planning and implementation. The capacity building workshop spanned 5 days on overview of the SDGs framework; The role of key stakeholders on the implementation of SDGs. The training comprised of representatives from government, members of Parliament and Senate, CSOs, private sector, academia and Media. The training also enabled review of the national SDGs coordination mechanism. The SDG coordination structure will be helpful in the preparation of the Lesotho Voluntary National Review (VNR) 2022).

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 The MDP revised the Lesotho Partnership Policy and developed the CSOs Policy. The policies are to provide mechanisms for improved cooperation between government with development partners and CSOs towards financing and implementation of national priorities and the SDGs; and address fragmentation of efforts.

JP contributions to strengthening UN coherence, partnerships and reducing duplications of efforts

The existence of a Lesotho UN Programme Coherence Team (PCT) provides a platform for knowledge sharing and all products produced by all programmes in including SDG Fund JP are reviewed by the PCT. The PTC advises the UNCT on implementation modalities and strategic and implementing partnership to involve a project.

Strategic Partnerships, Documents and Communications

How did the JP facilitate collaboration with diverse stakeholders in the SDG financing space

Government, CSOs, other development partners including EU and WB, private sector and other government agencies participated in the development of INFF roadmap The project engaged in discussions with IMF and Ministry of Finance to explore possibilities of collaboration in the implementation /piloting of gender-based budgeting and held discussions with LNDC and WB to partner in hosting the SDGs investor forum. Further collaboration with the diaspora has been enhanced through inclusion of the diaspora association in the JP technical meetings.

Did the JP secured additional financing (co-funding/co-financing) from the following stakeholders:

Government	Donors & IFIs	Private Sector	PUNOs	Other Partners
No	No	No	No	No

Comments on additional financing secured: Government, CSOs, other development partners including EU and WB, private sector and other government agencies participated in the development of INFF roadmap The project engaged in discussions with IMF and Ministry of Finance to explore possibilities of collaboration in the implementation /piloting of gender-based budgeting and held discussions with LNDC and WB to partner in hosting the SDGs investor forum. Further collaboration with the diaspora has been enhanced through inclusion of the diaspora association in the JP technical meetings.

JP organized events in 2021

JP Launch Event	Annual Donor Event	Partners Event
Organized in 2020	No	Yes in 2021

Number of strategic documents produced by the JP: 3

Number of strategic documents contributed by the JP: 0

Number of communication materials produced: 5

2022 Plans & Way Forward

JP priority activities & expected results for 2022

Outcome I:

- Launch of the DFA and INFF roadmap.
- Development of an integrated financing strategy
- Support the Aid Co-ordination Forum for INFF oversight, monitoring and review.
- Integration of SDGs into sectoral plans, Outcome 2.
- Training on NSDP/SDGs aligned planning and budgeting processes
- Host SDG awareness and progress campaigns
- Support establishment of a digital platform for appraisal, monitoring, reporting and financing for Public Sector Investment Projects, NSDP II and SDGs.
- Prepare and pilot MTEF in Health, Education and Social Protection
- Review performance of the Programme-Based Budgeting and prepare/disseminate the PBB Implementation Manual (PBBIM)
- Disseminate the 2020 Open Budget Survey results and to prepare a work plan for implementation of the survey recommendations
- Prepare Public Expenditure Tracking Survey Instruments and build capacity on the application of the PETS Instruments.

Outcome 3:

- Assess capabilities and bottlenecks in private sector and undertake an SDGs investor mapping
- Host investment forums and develop Knowledge resources for enhance Private-public collaboration and coordination for improved private resources mobilization
- Finalize assessment of remittances infrastructure, geographic coverage of service providers and use of remittances and present findings to stakeholders for validation.
- Policy review and contributions of Diaspora business community, investors, traders, and entrepreneurs to Lesotho’s economic development.
- Develop remittances strategy
- Finalize assessment of remittances infrastructure, geographic coverage of service providers and use of remittances and present findings to stakeholders for validation.
- Develop remittances strategy in line with the policy recommendations from the rapid assessment
- Undertake policy review that will facilitate contribution of Diaspora business community, investors, traders, and entrepreneurs to Lesotho’s economic development
- Build network to mobilize diaspora investment in Lesotho through establishing regular platform between diaspora members and GoL led by Diaspora Directorate

3 major transformative results that will be achieved by the end of the JP

- By the end of the Joint Program, Lesotho will have a functional and sustainable integrated planning and public financial management ecosystem that contributes to the achievement of the Agenda 2030 objectives and NSDP.
- The Joint Program will bring a transformative change in PFM in Lesotho and unlock the structural barriers of the private finance such as FDI, ODA, remittance inflow to Lesotho and improve transparency, efficiency and effectiveness of public investment programmes.
- By developing and implementing the INFF, Lesotho will be positioned to be able to mobilize a wide range of public and private resources to finance the investments and services required to achieve the SDGs. In addition, by increasing investments in key social sectors, the JP will have contributed to making the Lesotho populations healthier, more educated, have decent work, and better agricultural production and resilient to economic and climatic shocks
- Finalize assessment of remittances infrastructure, geographic coverage of service providers and use of remittances and present findings to stakeholders for validation.
- Develop remittances strategy in line with the policy recommendations from the rapid assessment
- Undertake policy review that will facilitate contribution of Diaspora business community, investors, traders, and entrepreneurs to Lesotho’s economic development
- Build network to mobilize diaspora investment in Lesotho through establishing regular platform between diaspora members and GoL led by Diaspora Directorate

Estimated rate of completion for each result as of 31 Dec 2021

Result.1	Result.2	Result.3
Advancing (50-99%)	Emerging (1-49%)	Emerging (1-49%)