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PROGRAMME PLANNING

Country and intercountry programmes and projects

FOURTH COUNTRY PROGRAMME FOR LESOTHO*

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$</u>
January 1987-December 1991	IPF for 1987-1991:	12 943 000
	Third cycle balance	400 000
	Other resources programmed:	<u>1 564 500</u>
	Total	14 909 500

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* Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; and (d) distribution of new country programmes by sector.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. Lesotho is 30,400 square kilometres in area and totally surrounded by the Republic of South Africa. It is a least developed country (LDC) with a per capita income of \$460 (1983). Its population is estimated at 1.6 million with an annual growth rate of 2.6 per cent. It is mountainous and, other than its people and abundant water, it possesses few natural resources. About 12 per cent of its land is suitable for crop farming, the rest being used for livestock, which is the country's principal agricultural activity. Despite overstocking and inadequate range management, both of which have led to overgrazing, soil erosion and limited production, agriculture plays a significant role in the domestic economy. Lesotho is part of two sub-regional groupings: The Southern African Development Co-ordination Conference (SADCC) and the South African Customs Union (SACU).
2. The macroeconomic performance during the third five-year plan (1980/81-1984/85) was unimpressive. Although the real gross domestic product (GDP) in 1984/85 shows a growth rate of 3.8 per cent, the average annual rate of the period 1980/81-1984/85 was -1.2 per cent. During the same period, real gross national product grew at an average annual rate of 4.6 per cent, but has slowed because of slower real increases in mining wages in South Africa, from which Lesotho receives significant income in remittances.
3. The share of agriculture as a contribution to GDP at market prices at the mid-term period of the plan was 23 per cent. This sector remains one of the largest within the economy, but has shown a declining trend in real terms from 17 per cent in 1978 to 7.1 per cent in 1984, mainly because of the drought which affected the country for over four years. Industry accounted for 22 per cent of GDP, and services 55 per cent. The combination of increased expenditures in social services together with increasing costs of fuel and civil service wages, tended to raise domestic price levels from 9.5 per cent to 13.6 per cent over the plan period.
4. The preliminary results of the population census showed a de jure population count of 1,577,000: 760,000 were men and the remaining 817,000 women.
5. The labour force, defined as people between the ages of 18 and 64, grew from 611,200 to 688,000, an annual growth rate of 3 per cent during the third five-year plan. New entrants into the job market were estimated at between 15,000 to 20,000 annually. The limited domestic market, coupled with the public sector employment freeze in June 1984 aggravated unemployment and raised it to the 15 per cent mark. Those affected most directly included new graduates. The opportunities offered by the South African job market particularly in the gold and coal mines, have continued to ease unemployment. About 45 per cent of the male labour force is employed in South Africa, mainly in mining.
6. To date, the South African Customs Union contributes the largest portion (60 per cent) to Lesotho revenue. Revenue from other sources contributes the remaining 40 per cent, various taxes 30 per cent, and non-tax revenues 10 per cent.

7. The balance-of-payments situation varied throughout the period. The current account deficit declined from \$US 49 million in 1981 to about \$US 6 million in 1983 and recorded a surplus of \$US 19 million in 1985. The improvements in financial management were not without cost, as the various actions contributed to slower real GDP growth during 1981-1985. These actions included the austerity programme instituted by the Government in 1982, whereby it reduced financial controls, froze wages and employment in the civil service and cut back the capital budget. In addition, it introduced a sales tax to raise domestic revenues. Succeeding budgets increased sales and liquor taxes, instituted withholding tax on interest earnings and placed some emphasis on cost recovery measures. A tax has also been imposed on imported livestock. As a result of these efforts and significant Customs Union receipts resulting from a change in the revenue-sharing formula, both the fiscal situation and the balance of payments improved by 1984. The overall budget deficit was reduced to two to three per cent of GNP in 1983/84 and 1984/85.

8. Despite this unfavourable environment, a better use of the available resources, together with the search for new possibilities, offers a reasonable prospect for development and growth. This growth, however, depends to a considerable degree on redressing the following key constraints:

- low productivity and incomes in the rural areas due to low-input agricultural production, land tenure problems and a high proportion of subsistence farming with over 70 per cent of production retained for home consumption;
- increased pressure of population on resources;
- large livestock population (the range is overstocked as much as 300 per cent) which results from inadequate livestock management and control mechanisms;
- dependency on the single neighbour from which all utilities, including electricity and fuel, are imported;
- soil erosion and degradation;
- little revenue to finance the capital (including recurrent) costs of projects; 50 per cent of the capital estimates was turned into actual expenditures, whereas the recurrent budget experienced consistent over-expenditures throughout the period, averaging about 110 per cent.

B. National development strategies

9. In order to achieve specific sectoral targets, the Government adopted coherent sectoral policies and a programme approach.

10. Within the context of maximizing national income and employment and reducing poverty, in particular through rural development, both of which are the major objectives of the country's Fourth Plan, the following sectoral priorities have been established:

- (a) increasing agricultural production, in particular through irrigation and planning;
- (b) developing water and energy resources by dams and hydro-power plants, as well as renewable energy resources;
- (c) developing import substitution industries, particularly those which are labour-intensive;
- (d) developing export-oriented industries and the establishment of a "duty free export processing zone";
- (e) encouraging private domestic and foreign initiatives in industry and mining;
- (f) developing large-scale labour-intensive programmes in agriculture and rural development particularly in land management: soil and water conservation, afforestation, and small-scale irrigation;
- (g) restructuring the education sector and the national training and employment policies to meet the needs of the economy for middle and upper management technical and artisanal skills.

11. In strengthening the planning machinery, steps have already been taken, including the reorganization of national development planning functions.

12. In the long run, the Government plans to use its extensive water resources to build up viable agriculture and industry sectors, thus broadening the productive base of the economy. An integrated agricultural programme encompassing crops, livestock, range management, land use and soil conservation, will form a package. This should result in a 4.5 per cent growth in agriculture. The growth target for the industrial sector is 9 per cent per annum over the next five years, commensurate with an annual GDP growth rate of 4.5 per cent.

13. The national industrial development strategy is designed to promote local, private enterprises and to attract foreign investment for establishing:

- (a) small and medium scale industries exploiting such limited local resources as clay, gravel, leather, wool, mohair, meat, fruit, vegetables and eventually, on a larger scale, electrical power and water; and

- (b) import-substituting industries, such as agro-industries, construction materials and other industrial/manufacturing inputs for infrastructure development. Based on their profiles, employment generation will be contemplated for target groups.

14. During the Lesotho five-year plan, the Government will address itself to the position of women in society and their worth, as well as the role of women in development.

15. The overall Government development strategy aims at integrating rural development and agricultural programmes, improving health and transport infrastructures, generating economic opportunities and embarking on a grain production programme.

16. Studies are currently being carried out to analyse the potential for absorbing migrant miners into the domestic economy through labour-intensive projects, as well as through increasing employment opportunities by training unskilled workers. This would make the labour force available for the integrated rural development and thereby serve the Government goal in this area.

17. Exploitation of the abundant natural resources in the mountains of Lesotho will be undertaken through the implementation of the highlands water scheme, which is intended to harness water for sale to South Africa and for the generation of electricity for domestic consumption. The feasibility studies have shown that the sale of water may ultimately represent a yearly income of 1.2 billion Maloti* with a very high rate of return since most of the investment costs will be borne by donors. The hydroelectric component of the scheme shows a return rate of 7-8 per cent. Furthermore, it will put the country in a much less vulnerable position in terms of energy availability.

18. The development of human resources is an essential component of the national development strategy. A coherent and more systematic deployment of manpower resources is contemplated to optimize their utilization through restructuring the education system to make it more responsive to national economic and social needs.

C. Technical co-operation priorities

19. The third plan was initially intended to cover the period 1980/81-1984/85, but was extended to 1985/86. During this plan period, both employment and economic growth decelerated considerably, the latter to 15 per cent, as compared with 14.6 per cent during the previous plan period.

20. There is an estimated total of about 700 expatriates working in the public sector, 81 per cent of whom are performing jobs at the professional level.

21. The following vacancies (1984/85) as percentages of established Ministry posts provide a good indication of the personnel shortage in the priority sectors: Agriculture and Marketing 21 per cent, Water, Energy and Mining 37 per cent, Planning and Economic Affairs 26 per cent, Trade and Industry 22 per cent, Co-operatives and Rural Development 47 per cent, Education 28 per cent. These shortages will have to be remedied partly through technical co-operation. It is projected that during the next five years, the greatest needs will be for mathematics and science trained technicians (23 per cent), professionals with training in the humanities and liberal arts subject (18 per cent) and professionals with a mathematics and science background (11 per cent).

* There are 2.51 Maloti to the United States dollar.

22. While nationals are being trained to acquire the skills necessary to match these needs, it is expected that technical assistance will bridge the gap. Currently, about 16 per cent of the expatriate employees perform sub-professional jobs and another 3 per cent do skilled manual jobs, all of which could be carried out by local labour if proper training were given. This calls for a grassroots approach to training.

D. Aid co-ordination arrangements

23. The Central Planning and Development Office of the Ministry of Planning Economic and Manpower Development is the Government agency for the co-ordination of external aid. Since 1972, the Government has held donor round-table consultations to discuss the country's problems and its priorities for development.

24. In addition, sectoral round tables are also held in Maseru. The most recent one was the water sector consultation held in June 1985. After the adoption of the report on "Assistance to Lesotho on the Mining Repatriation Issues", negotiations are under way to hold a sectoral round table on employment generation for the rural sector in 1987.

25. The Government is also in the process of establishing machinery to hold regular meetings with resident donor representatives and, with the assistance of UNDP, of informing itself better on aid matters.

26. Other co-ordination mechanisms include the food aid co-ordination committee composed of donors and the Government. It was established at the instigation of UNDP, which plays a lead role, to monitor the utilization of food aid against the background of the emergency operations in Africa and the African emergency response system.

27. UNDP has taken the lead role in co-ordinating the non-governmental organization (NGO) activities in Lesotho. As a first step, the preparation of an NGO directory is under way. A scholarship committee and volunteer organizations committees also exist in the country.

II. THE COUNTRY PROGRAMME

A. Assessment of current country programme

28. The implementation of the third country programme was reviewed in the process of preparing the fourth through consultations with UNDP on the basis of the results of the tripartite and annual programme reviews.

29. This exercise revealed various problems. The reduction of the third IPF generated a downward trend not only in project budgets, but also in the overall capacity of the programme to meet its objectives; various proposed activities were simply postponed. The lack of counterparts attached to international personnel proved to be a major bottle-neck. Only 46 per cent of experts worked with a formal

counterpart. Taking into consideration the fact that the programme was heavily oriented to direct support (65 per cent of the projects had direct support as primary function), the shortfall against the potential transfer of know-how has been important. The number of project extensions requests received indicates design and funding problems.

30. Despite these difficulties the programme was credited for achievements in key areas. Its orientation reduced the shortage of competent manpower. Eight per cent of the projects had as their primary function the direct training of nationals and were considered successful. The institution-building projects, which represented 23 per cent of the programme, recorded a mixed performance.

31. The impact of the programme has been more effective and better perceived with regard to the basic needs objective. Health and sanitation services were made available to an increasing number of Basotho in the global context of the International Drinking Water Supply and Sanitation Decade (IDWSSD). Housing and furniture has been made available to more low income households and the foundation for agricultural production in a community-oriented context has been laid out.

32. The third country programme experience has emphasized the importance of project design and the necessity of focusing attention on factors conducive to the best possible environment prior to project implementation. In addition, the need for concentrating resources on a limited number of specific objectives as a way to improve programme impact has been pointed out as a major lesson.

33. As a result, it was agreed to concentrate resources in limited priority sectors during the fourth country programme, as well as to pay more attention to the design, the cost implications of each project proposal, and possibilities for co-financing. The review of the country programme, scheduled for late 1987, should stress the rural sector, land use and conservation and employment generation.

B. New programme proposal

34. The emphasis of UNDP will be to address basic development problems concerning self-reliance with increasing interest in the private sector as a development partner. The principal focus of the fourth country programme is the strengthening of Government capacity for effective economic planning and management, the strengthening of development administration to improve policy formulation and effective implementation of programmes and projects and the development of manpower resources. To achieve these ends, the UNDP assistance is expected in two main areas, namely the restructuring and strengthening of the planning machinery in the productive sector in general and developing human resources for the priority sectors.

First objective: Restructuring and strengthening the productive sectors

35. The major problem facing the country's economy is structural in nature. Structural adjustments and changes have to be carried out in major sectors in order to maximize national income and employment. The Government requests UNDP

assistance in attaining this development objective through direct inputs in development planning: trade and industry; agriculture; transport; and natural resources, in line with national priorities established for the fourth five-year development plan.

36. The improvement of the overall planning machinery is a critical factor in the restructuring of the economy. Three projects have been requested in this sector alone to strengthen institutional capabilities and provide better training.

37. Although the small, poor population of Lesotho provides a small domestic market for manufactured consumer goods, Lesotho has preferential access to the markets of the Republic of South Africa and the European Economic Community (EEC). Therefore it is hoped that, despite long distances to the EEC markets, comparatively low labour cost may attract investors. The industrial sector offers the best potential for absorbing the country's labour force of 600,000, of which about 400,000 are either unemployed or underemployed. As indicated earlier, an average of 17,500 job-seekers enter the labour market annually.

38. In view of the excessive dependence on South Africa for the generation of employment and income, the Government of Lesotho has requested UNDP and bilateral donor assistance to continue the constructive efforts to broaden the productive base of the economy so as to promote domestic employment and income-generating opportunities in the local industrial sector. The Government is asking UNDP to implement eleven projects and continuously to identify other projects which create employment, generate income and increase productivity in newly established industries, as well as strengthen existing ones.

39. UNDP is also requested to assist various components of the Government agricultural strategy. The focus of UNDP's assistance will be the promotion of projects that foster the country's reliance on its own resources. Agricultural mechanics, as well as irrigation engineers, will assist farmers to maximize their yields through the implementation of appropriate technology.

40. In an effort to minimize the isolation of Lesotho and reduce the country's dependence on South Africa for its links with the rest of the world, a new International Airport capable of receiving medium-size aircraft initially, was built; UNDP provided technical assistance for its operation; and the training of local personnel to man it is under way. The Government asks that UNDP continue its involvement in the development of the Lesotho Highlands Water Scheme, which should also address the specific area of soil and water conservation.

41. Although water is the only abundant natural resource in Lesotho, there are several important alternative energy resources such as biogas and solar energy. Further UNDP assistance in the field of renewable energy is envisaged by the Government.

Projects

Planning

42. The ongoing project, Assistance to Central Planning and Development Office (LES/84/006), will be provided to develop a framework for restructuring the economy, setting up and implementing procedures to render that framework operational and creating a national planning capacity capable of preparing, carrying out and monitoring the implementation of development plans and programmes.

43. The long-term objective of the ongoing project in Industrial Planning (LES/84/001) is the accelerated industrialization of Lesotho. The main contribution of the project will be to enhance the capabilities of the Industry Division of the Ministry of Trade and Industry in policy formulation and general industrial planning. Components of the project will deal with specific matters such as monitoring sectoral performance, building and maintaining a data base and appraising industrial projects.

44. Assistance will also be provided for preparation of Planning and Building Regulations through the ongoing project LES/86/003, since Lesotho does not have any building code. The project will prepare a complete set of planning and building rules and regulations appropriate to the requirements and conditions of the country.

Trade and industry

45. In the field of Investment Promotion, a project will seek to increase the flow of foreign investment to Lesotho by training officers of Lesotho National Development Corporation in investment promotion offices in internationally important finance centres. In particular, it will contribute to the reduction of unemployment and the improvement of industrial productivity and the quality of goods by the introduction of new technology and know-how. It will also facilitate the introduction of additional new productive capacity and the expansion and improvement of existing manufacturing facilities.

46. Assistance will be provided to the new project: Technical Assistance to projects promoted by Local Entrepreneurs. The project will provide consultancies and training in certain subjects to such projects and to two parastatals, the Lesotho National Development Corporation and the Basotho Enterprises Development Corporation.

47. An Export Financing Scheme will be developed with UNDP assistance under the new project LES/86/024. The Government aim is to increase total exports and diversify the range of exported goods. A simple export financing system, which would provide Lesotho exporters with affordable short-term credit, would enable them to increase exports. Such development would encourage entrepreneurship and the establishment of new enterprises owned by Basotho entrepreneurs.

48. The ongoing project, Basotho Fruit and Vegetable Cannery (LES/84/004), started towards the end of 1984 as a continuation to the Lesotho Fruit and Vegetable Cannery which had been in operation since 1975 as a pilot project (LES/75/050). It

was initiated in the framework of the Government objective to promote agro-industries in order to improve employment opportunities and to provide the necessary stimulus to agricultural production. Currently, its asparagus out-growing scheme involves about 475 farmers who supply the cannery. The number of farmers and family units under the scheme is expected to reach 900 by 1992.

49. In addition, the project has created 50 permanent and 130 temporary jobs for both men and women in the factory alone. By 1993 it is expected that about 300-400 persons will be employed permanently. UNDP will continue to assist this project, which has started to show highly promising prospects. The EEC will also continue to provide assistance to the cannery.

50. Under the ongoing project, Manufacturing of Agricultural Implements (LES/84/008), Lesotho Steel Co. has successfully manufactured and marketed animal-drawn farm implements. The flexibility of production is somewhat restricted by the total lack of casting facilities within Lesotho and it has been decided to set up a Mini-Foundry through the ongoing project LES/86/012 to produce the parts required. Five additional people will be initially employed by the project as counterparts to a United Nations Volunteer (UNV) and an associate expert.

51. A new Aloe Extraction project aims at utilizing high yield succulents, from which some specific pharmaceuticals, such as tranquilizers, can be produced. The United Nations Industrial Development Organization (UNIDO) is expected to finance a feasibility study, on the basis of which a pilot plant will be established. The project will result in new employment opportunities, foreign exchange earnings and import substitution.

52. The objective of the new Basotho Tanning project is to assist the Lesotho leather and leather products industry in optimum processing of locally-available raw sheepskins into various types of "wool-on" products and articles, mainly for export. In addition to promoting foreign exchange earnings, the project will help create additional employment opportunities (65-70 employees), particularly for women who will receive on-the-job training and acquire new skills.

53. The objective of the new Peacock Garment project is to strengthen the country's capacity to create imports substitutions and to generate employment. The company, which is owned by local entrepreneurs, most of whom are nationals, will produce primarily school uniforms for the local market, which is currently supplied by South Africa. At present, the company has approximately 35 employees. Employment is expected to increase by about 85 additional employees after three years.

54. Assistance to the ongoing project, Wool and Mohair Testing Laboratory (LES/84/002), is also requested. In the long term, the project aims at maximizing returns to wool and mohair growers through accurate grading systems required by the industry's marketing standards. Currently, a large percentage of the mohair clip is rehandled in South Africa at considerable cost. With the establishment of the laboratory, however, this cost is expected to be reduced or eliminated.

55. The new project Industrial Supplies to Highlands Water (LES/86/019), aims at developing industrial spill-over of the giant scheme. Only 14.5 per cent of total

expenditure of the Lesotho Highlands Water Project will be effected in Lesotho. It is hoped that this project will help to raise the Lesotho share of the expenditures by at least 10 per cent through identification of industrial inputs to be locally produced. Establishment of new industries involving indigenous producers and material would indeed contribute to the generation of employment and revenue.

56. Short-Term Advisory Services (STAS) will be provided under an ongoing umbrella project, LES/86/002, and for numerous types of specialized skills. This demand emanates chiefly from the local enterprise sector. Advisers will be fielded to solve precisely defined technical and/or managerial problems.

Agriculture

57. Through ongoing project UNV Assistance to Agricultural Sector (LES/77/030), UNDP will continue to provide veterinarians to the livestock division. The veterinarians provide services to farmers, including improving the local livestock and dealing with animal health. In conjunction with the presence of the Volunteers, Basotho will continue to be trained overseas under the programme. Agricultural mechanics will also be placed at district level. They will be working essentially with tractors and accessories, as well as ox-drawn equipment. Irrigation engineers will complement the mechanics. The responsibility of the engineers will be to develop small-scale irrigation systems. Village organizers are assessing the needs and resources of local villages and developing self-help schemes, such as home gardens and piggeries.

58. Under current Swedish International Development Agency (SIDA) funding, the Forest Conservation project (LES/SIDA/35) has provided assistance to the Soil Conservation Division in the field of forestry and diversification of forestry activities, aimed particularly at forestry for soil and water conservation, as well as for community development needs. UNDP has been requested to consolidate the results achieved so far by funding an expert during the fourth cycle. This activity will be implemented in the framework of the afforestation programme under the Highlands Water Scheme.

59. The new projects on Establishment of National Food Reserves and Self-sufficiency Programme in Staple Food Grains are proposed in order to reduce dependence on grain supplies from South Africa and, simultaneously, benefit from lower grain prices in the world market, as well as set up storage capacity for grain for six months. In addition an attempt at intensive grain production is under way through full farmer participation, increased acreage utilization and availability of credits for such agricultural inputs as fertilizer, seeds, pesticides and ploughing and planting assistance. The UNDP contribution, small in relation to the total cost of the programme, will cover expertise in selected areas.

60. Development of the new project, Fruit Production (LES/86/025), will increase employment opportunities in the rural areas and supply seedlings and trees country-wide at reasonable prices. It is expected that in the future local producers will be able to supply the Basotho Fruit and Vegetable Cannery.

Transport

61. The ongoing project, Assistance to Civil Aviation (LES/85/001), in line with the general Government policy of stimulating national growth, aims at reducing the country's dependence on South Africa and stimulating development on a broader multi-sectoral basis. The strengthening of the Air Transport sub-sector will lead to a more effective, more reliable and more extensive service for Lesotho freight and passenger traffic. This project will continue into the fourth cycle.

Natural resources

62. The strengthening of ongoing project in Hydrological Services (LES/84/011) will improve capacity of the Ministry of Water, Energy and Mining in data collection and processing operations and will provide all types of data needed for assessing and developing water resources.

63. Through the new project, the Highlands Water Authority (LES/86/009), UNDP assistance has been requested in establishing the proposed Government parastatal that will monitor the implementation of the second phase - Engineering - of the Lesotho Highlands Water Scheme. Expertise will be provided in the field of environmental protection, water resources and rural development.

64. The Renewable Energy project will address the development and dissemination of energy conservation measures through institution-building activities with the Ministry of Water, Energy and Mining. The project focuses its activities on solar and wind on energy and on energy conservation. A large new project, Desertification Control (LES/86/015), has been designed in order to retard desertification, ensure the sustainable productivity of ecosystems and increase food production. The project will be co-financed by the Federal Republic of Germany and UNDP.

Linkages

65. UNDP, EEC, the United Kingdom, the Federal Republic of Germany, the Republic of South Africa, the World Bank and Lesotho constitute the consortium funding the Highlands Water Scheme.

66. Commencement of the giant Highlands Water Scheme will influence all planning activities because well over \$1 billion will be invested in the construction and every effort will be made to ensure the use of local manpower and resources as much as possible.

67. The United Kingdom Overseas Development Agency (UKODA) has been providing assistance in the field of planning for training in project formulation and appraisal. Their involvement will continue hand in hand with UNDP assistance to the Central Planning and Development Office.

68. The Federal Republic of Germany and EEC have been involved in rural development projects in Lesotho.

69. The UNIDO special fund for pre-investment studies will be actively utilized to identify new opportunities and prepare investment projects.

70. In addition to the Export Financing Scheme for exporters, the provision of export promotion services to the private sector through the ongoing project, Trade Promotion Unit (LEES/84/016), will be extended through the Government of Norway contribution to International Trade Centre (ITC) to the end of the decade through the ongoing project LES/84/016.

71. Multilateral and bilateral donors, through projects such as Agricultural Production and Institutional Support (the United States Agency for International Development (USAID)) or Dairy Development (the Canadian International Development Agency (CIDA)), will assist the Government to export the agricultural and livestock produce. The wool scouring project to be implemented under the auspices of the Lesotho National Development Corporation, in collaboration with the Government of the People's Republic of China, will make a substantial contribution to increased processing of the major primary export of Lesotho and increasing local value added. The establishment of the Wool and Mohair Laboratory will contribute further to increasing returns to local growers. The regional project for Production of Veterinary Drugs (RAF/86/012), which covers SADCC countries, will contribute to improvement of the local livestock.

72. The transport/communication project of EEC and interregional project for Assistance in Transit Transport in Land-locked countries in southern Africa (RAF/77/017) will result in establishing a container terminal/dryport, to facilitate traffic of goods.

73. The People's Republic of China is preparing a biogas production programme which will follow up on the results achieved under the current UNDP/United Nations Educational, Scientific and Cultural Organization (UNESCO) project, Pilot Solar and Biogas Energy (LES/78/005).

74. Four projects implemented by the United Nations Capital Development Fund (UNCDF) are closely related to UNDP projects in the industrial and agricultural sectors. UNDP technical assistance to the ongoing projects, Fruit Cannery (LES/84/004) and LEHCO-OP the Lower Income Housing Company Productions Systems (LES/81/003) complements the capital assistance provided by UNCDF. The UNCDF-assisted ongoing projects, Village Water Supply (LES/84/CO4) and Construction of Food Aid Stores (LES/84/CO1), create investment foundations for the rural sanitation programme and the establishment of national food reserves.

75. UNCDF is funding the building of three Food Stores linked to the establishment of national food reserves and self-sufficiency programme in staple food, as well as the village Water Supply scheme, which is linked to the rural sanitation and will provide safe drinking water in 40 villages. Another ongoing UNCDF-funded project, Fruit and Vegetable Cannery (LES/78/C32), is connected to the IPF-funded project of the same title.

76. Lesotho is actively participating in the SADCC programme in the fields of manpower development, industries development, food and agriculture, transport and

communications and energy, while directly co-ordinating the soil conservation and land utilization activities. Consultations between SADCC, UNDP and the Government are currently under way on specific projects to be developed in these areas.

Programmed reserve

77. The amount of \$494,514 has been set aside for further activities in the field of restructuring of the economy, such as pre-investment studies or projects which will have direct bearing on the generation of employment and income.

78. The mining sector offers possibilities of employment-generation activities. Among others, the collection and processing of semi-precious stones is being investigated.

79. Additional funding of future small-scale activities related to the Lesotho Highlands Water Project can be anticipated. The development of telecommunication services may also be assisted further by UNDP.

Second objective: Developing human resources

80. The Government recognizes the importance of human resources development as an integral element of its efforts to consolidate the economic and social foundations for the development of Lesotho.

81. Under this second development objective, the Government requests UNDP assistance in transferring skills and technical know-how in various sectors to help alleviate the current acute shortage of skilled manpower with a view to localizing to the greatest extent possible the various functions held by foreign personnel and to absorb external technical assistance more efficiently.

82. Overall, the Government has earmarked 16 per cent of the fourth IPF for human resources development per se.

Projects

Health

83. Assistance to the new project, National Programme for Rural Sanitation (LES/86/011), is designed to provide technical support in the implementation of district based rural sanitation programmes. The programme will improve the health in the rural areas through the reduction of drinking water contamination. The rural population will be directly involved in implementation of the programme: local artisans will be trained in production of components and construction of latrines.

84. The ongoing project, UNV Support to the Health Sector, (LES/77/015) will provide medical and paramedical personnel to assist the Government efforts in increasing preventive health services and their delivery to the rural population. The project puts particular emphasis on in-service training.

85. Training for the Orthopaedic Department will be provided for orthopaedic surgeons, physio-therapist anaesthetist and orthopaedic theater nurses through the ongoing project LES/84/007.

Public administration

86. The ongoing project, Training for Government Services (LES/78/002), aims largely at establishing and strengthening a cadre of well-trained staff for the civil service through the provision of individual fellowships and financial assistance to study tours, seminars and conferences in a number of areas of public administration and management. Training opportunities will also be extended to parastatal and private enterprises personnel on the request of Government under the new project, Training for Government Services (LES/86/006).

Transport

87. The ongoing project, Assistance to Civil Aviation for Training of Personnel (LES/84/003), makes training available for the Department of Civil Aviation and will gradually enable the localization of the personnel at the Maseru International Airport.

88. UNDP is also requested to provide a transfer of engineering skills to the Ministry of Interior and Rural Development through the ongoing Self-help Projects (LES/80/005), which aim to improve the road network in the remote areas and to increase employment opportunities through labour-intensive public work projects.

Planning

89. The ongoing project, Lesotho National Household Survey Capability Programme (LES/84/005), aims at upgrading processing capacities by training in programming and systems analysis. This project constitutes the UNDP contribution to the Government efforts in compiling co-ordinated and integrated statistics necessary for sound development planning.

Agriculture

90. Fellowships in the ongoing project, Veterinary Medicine (LES/75/047), will contribute to upgrading the present Livestock Services in the country by training Basotho veterinarians.

Linkages

91. The Household Survey Capability Programme (INT/84/014) already provides assistance in gathering a continuous flow of reliable data upon which to base social and economic development plans and aid programmes. This project receives assistance from the United Nations Fund for Population Activities (UNFPA) and its resources will be tapped in connection with the national programme.

92. Through the USAID-funded Rural Water and Sanitation project, safe water will be made available to villages in the countryside for drinking and sanitation. The

Federal Republic of Germany has also earmarked 10 million Deutschmarks for a sanitation project.

93. The ongoing project, Fellowships in Veterinary Medicine (LES/75/047), benefits from the regional project in Veterinary Training (RAF/78/052), particularly through the access to information.

94. The new project, Training for Government Services (LES/86/006), intends to use the facilities of the regional project, Petroleum Training Centre (RAF/83/022), which provides training in transport distribution and storage of petroleum products.

95. The ongoing UNFPA-funded projects, Assistance to National MCH/FP Programme (LES/82/PO2), Demographic Training at NUL (LES/82/PO1), and Population Census (LES/84/PO2) have close ties with the UNV Assistance to Health, Training for Government Services and Assistance to the Central Planning and Development Office.

96. Lesotho is actively participating in the SADCC programme of manpower development.

Programmed reserve

97. The amount of approximately \$247,257 is being reserved for human resources development to finance future activities in this area.

C. Unprogrammed reserve

98. In anticipation of future needs which may arise from the effects of sanctions on South Africa, a reserve representing approximately 10 per cent of the IPF, \$1,334,300 has been set aside.

Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

<u>A. UNDP-administered sources</u>	<u>\$</u>	<u>\$</u>
Third cycle IPF balance	400 000	
Fourth cycle IPF	12 943 000	
Subtotal IPF		13 343 000
Special Measures Fund for the Least Developed Countries	87 300	
Special programme resources	-	
Government cost-sharing	-	
Third-party cost-sharing	-	
Operational funds under the authority of the Administrator (UNCDF)	729 900	
UNDP special trust funds (specify)	-	
Subtotal, UNDP non-IPF funds		<u>14 160 200</u>
<u>B. Other sources</u>		
Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise (UNFPA)	749 300	
Parallel financing from non-United Nations sources		
Subtotal, other sources		<u>749 300</u>
TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		<u><u>14 909 500</u></u>

II. USE OF RESOURCES

Ongoing projects	3 755 200	
New project proposals	9 076 200	
Programmed reserve	741 800	
Subtotal, programmed resources		13 573 200
Unprogrammed reserve		<u>1 336 300</u>
TOTAL USE OF RESOURCES		<u><u>14 909 500</u></u>

