AFRICAN DEVELOPMENT BANK

Lesotho:

Development of Rural Water Supply and Sanitation Strategic Investment Plan

Appraisal Report

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ACRONYMS AND ABBREVIATIONS

ADB	African Development Bank
ADF	African Development Fund
AWF	African Water Facility
BOS	Bureau of Statistics
CC	Community Council
CHAL	Christian Health Association of Lesotho
CTB	Central Tender Board
DC	District Council
DIS	District Information System
EIA	Environmental Impact Assessment
DRWS	Department of Rural Water Supply
EUR or €	EUROs
GIS	Geographical Information System
GOL	Government of Lesotho
IWRM	Integrated Water Resources Management
M	Maloti – currency in Lesotho 1 EURO = 8 Maloti (end 2006)
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MNR	Ministry of Natural Resources
MOHSW	Ministry of Health and Social Welfare
MOLG	Ministry of Local Government
NGO	Non Governmental Organisation
O&M	Operation and Maintenance
PRSP	Poverty Reduction Strategy Paper
PSC	Project Steering Committee
RfP	Request for Proposals
RWS	Rural Water supply and Sanitation
SWAP	Sector Wide Approach to Planning
TNA	Training Needs Analysis
ToR	Terms of Reference
VWHC	Village Water and Health Committee

Lesotho: Strategic Investment Plan for RWS
Log frame

NARRATIVE SUMMARY HIERARCHY OF OBJECTIVE	EXPECTED RESULT	REACH	INDICATOR(S),SOURCE AND PERIODICITY	INDICATIVE TARGETS AND TIMEFRAME	RISKS /MITIGATION STRATEGIES
Goal To contribute to the increase in the flow of funding to the sector so as to increase coverage rates and improve management of existing facilities and hence, contribute to improved health and wellbeing of the population	**Impact:** 1. Increased flow of funding to the rural water and sanitation subsector 2. Improved management of rural water and sanitation facilities 3. Increased coverage rates 4. Better health and wellbeing of the population	The rural water sector VHWCs Rural population Beneficiaries	1. Increase in funds to the sector: **Source** Annual Sector Budgets 2. Reduced Percentage of facilities in disrepair. **Source:** DIS and BOS sample surveys 3. Coverage rates increase with increasing confidence of donors Sanitation: **Source:** As above 4. Improvements in water related health indicators: **Source**: National Health statistics	Beginning in 2008 funds match requirements to meet the MDGs By 2015 drop from the current 25% to ,10% By 2015 to reach 75% for water and 99% by 2020, Baseline to be determined by programmes	Outcome to Impact Communities are willing to pay the cost of maintenance Government maintains political will to enforce after care strategy
Objective To assist sector agencies to better manage the operation and development of sector facilities based on a sound **Strategic Investment Plan** and its underlying database and planning models	**Outcomes:** 1. Strategic Investment Plan is used to channel resources to sector priorities. 2. Communities use data base to improve financial management and technical performance of existing facilities 3. Sector partners share information related to rural water and sanitation	DRWS, Community and District Councils Village Health and Water Committees Sector partners, BOS, MFLR, DWA	1. Implementation rates measured by changes in coverage increase : **sources: DIS, BOS surveys etc** 2. Increase in the number of communities which make adequate provisions for O&M: **Source DIS and DWRS Annual reports** 3. Regular exchanges of data with RWS agencies	Baseline data to be established at start of the study.	Output to Outcome Communities and sector managers commit to use the outputs Hardware is maintained with capacity to handle the computer models

Activities:	**Outputs**				
Set-up project management Procure Consultants Review existing systems and replicable practices Collect data through communities and Councils Study the determinants of unit costs Develop Computer Estimating Models Review on-going to redefine the future programme Train users and Stakeholders in the use of planning frameworks Develop Investment Plan Communicate results (hold workshop) Close Project	A. **Database** of community water and sanitation conditions in different localities of Lesotho available and in use	Community and sector agencies	Data on existing facilities, demands and resources for each community entered into a geo-referenced database at each district and at DRWS headquarters	Week 12 Data available for 100% communities, etc	Activity to Output Trainees are available for training and proceed to train others Project management and Steering Committee undertake timely review of consultants inputs
	B. Guidelines on **Unit costs** determination under given conditions in use in operations and planning		Unit costs derived for key components of projects, with guidelines for computation	By Week 7 Report ready	
	C. **Estimating Model** and Implementation Framework established and used in implementation of community projects		Computer based model using conventional spreadsheet software available and used for estimating costs of investment, and complementary activities and of O&M	By week 15 documentation available	
INPUTS Funding:: AWF 398,842 GoL/LG 94,194 TOTAL 493,036 Work input Community Councils... 8,000 wd District Councils and 50 wd RWS Teams 970 wd DRWS 220 wd Line Ministries 122 wd Consultants 329 wd	D. **Capacity Building**: Agencies make efficient use of SIP and its sub-systems		Community leaders, district planners and DRWS are capable of using the data and tools in the Framework	Week 10; Training Needs known, Week 14 Trainers trained Week 24 District Staff trained	
	E. **Strategic Investment Plan** document approved by stakeholders		Investment Plan available. Work Plans capable of being updated on annual basis based on changing prices and other planning parameters	Week 25: Stakeholders Workshop held Week 26: Complete report document	

Precedent Conditions

The Steering Committee is constituted and members commit to its Terms of Reference
Departments outside the Ministry of Natural Resources give commitment to cooperate

EXECUTIVE SUMMARY

Origin of the Project

Lesotho has successfully implemented its programme of rural water supply from the mid-seventies and introduced a country-wide programme of rural sanitation in the eighties. Coverage rates shot up to an estimated 63% for water supply by 1993 and sanitation to 48% by 1993 and then began initially to stagnate and later decline.

The decline has been attributed to two main causes: There has been a decline in flow of investment into the subsector resulting in growth in coverage lower than is needed to cover replacement of assets reaching the end of economic life and expansion to meet the needs of the increasing population. Secondly the effective rate of coverage is reduced by the number of systems out of operation due to lower than required amount of maintenance. There has furthermore been observed a decrease in the yield of sources attributed in part to the general reduced recharge due to erosion and degradation as well as erratic rainfall.

The Government of Lesotho has proposed to have a Strategic Investment Plan in Rural Water and Sanitation firmly founded on a reliable database of needs and resources and systems for estimating unit and total costs of comprehensively defined components and aimed at meeting the Millennium Development Goals and the national Vision 2020 with respect to the sector. Such a plan will allow it and its collaborating partners to have a clear perspective of where these investments are needed most, what their magnitudes are and what the timing of their requirements is. A component of the plan would also indicate which of the facilities are not receiving adequate care and maintenance so that appropriate action can be taken.

The Proposed Project

The *goal* of the project is to contribute to the increase in the flow of funding to the sector based on improved donor confidence in a solidly founded investment programme. The expected long term impact is the increase in coverage rates resulting from increased investment founded on greater knowledge of demand and supply parameters and better planning of development and management of existing facilities in the rural areas of Lesotho. The accelerated rate of implementation will in turn result in improved health and wellbeing due to improved access to sector facilities by the population of the rural areas most of whom are poor. The net result should be a reduction in poverty.

The *objective* of the project is to assist the sector agencies to better manage the operation and development of sector facilities the based on a sound Strategic Investment Plan and its underlying database and planning models. Using the SIP sector agencies in the rural areas of Lesotho will have capacity to manage not only the *development* of water and sanitation facilities in terms of rehabilitation, expansion and construction of new systems but also to operate existing facilities based on knowledge of their conditions vis-à-vis demands and cost of maintenance and expansion. These agencies include the communities themselves, through the Village Water and Health Committees, the Community and District Councils, as well as the Department of Rural Water and Sanitation.

The tangible *product* of the proposed preparation project may be stated as a Strategic Investment Plan capable of channelling scarce resources to areas of greatest need using efficient and effective strategies that focus on maintenance of existing facilities and rapid increase in coverage towards meeting the national goals and targets. This is rendered possible by a sound baseline gender disaggregated data held and managed at different levels of villages, community and district councils, and the DRWS headquarters, and systems that allow rapid technical designs, preparation of cost estimates and economic evaluation of project proposals from communities.

To attain these objectives the project will consist of the following components in terms of *outputs* and *activities*:

A database of facilities, resources and demands

Villages and community councils will be empowered to collect gender disaggregated planning data which will be progressively aggregated and collected at community and district council level, concerning water supply and sanitation. This will cover (i) available water resources, (ii) existing improved and un-improved sources and form and coverage of sanitation, (iii) demand components in terms of population and categories of demand such as institutions, commercial and productive economic activities. The demographic component of information will be crosschecked against the recently completed 2006 census as will be the case of projections the periods between censuses. Data will be collected from, and later information will be shared with, other Ministries and Departments with activities related to Rural Water and Sanitation. An information sharing tool forming part of this output will include GIS soft and hardware and training in its use.

A reliable methodology for computation of unit costs at specific locations

Factors that influence the cost of provision of services at different locations under given economic conditions in Lesotho will be surveyed, based on similar studies elsewhere and data on tendered prices and costs to completion in contracts. Cost data will cover components of project other than pure construction such as health education, community capacity building etc.

Functional Estimating Model and Implementation Framework

The existing estimating models will be enhanced based on similar studies by OECD and the WSP in Kenya. In addition to unit costs, functional relationships established and hence modelling perfected. The models will be applied on the current planning and design workload, especially to simulate different policy decisions to demonstrate consequence and help decision makers make informed choices.

The implementation methodology and comprehensiveness of components of the on-going RWS programme will be reviewed to provide a learning basis to improve on the future programme. As a result new or expanded components will be introduced into the Investment Plan and the Implementation Manuals and Guidelines will be revised.

Capacity Building

The Community Councils and District Planning Teams and staff of the central department will be provided training in the use of the planning framework and its component models. Sector agencies will be endowed with capacity for continuous collection and analysis of data for sector monitoring. In order to attain greater effectiveness, this will be implemented top down with the higher levels used to train the lower levels in a progressive manner.

Strategic Investment Plan

The process will culminate in the definition of a Strategic Investment Plan showing financial and other resource requirements to meet the MDGs and the Vision 2020 targets. The Plan Document will present a situational analysis of the sector, and implementation strategies informed from lessons learnt in the on-going programme and will elaborate comprehensive components addressing infrastructure development requirements, complementary activities in health education, watershed management, mainstreaming gender social and physical environment, capacity building at all levels and in the private sector. It will include a component for monitoring and evaluation. It will be detailed for an initial three to five years period and provide a basis for Government and development partners to agree

on funding and will include an action-and-learning system component to allow definition of components in subsequent periods as part of the current activity.

Conclusion and Recommendation

The project addresses an important issue of capacity to accelerate the provision of rural water and sanitation services in Lesotho so as to be on track in meeting the MDGs. It falls within the focal area of AWF of Strategic Investments serving primarily to leverage funding through a better planned programme of investment. It will be implemented using the full structures of new local governments under the policy of decentralization and will involve other sector agencies such as the Ministry of Health and Social Welfare, the Department of Water Affairs, and the Ministry of Forestry and Land Reclamation in a true spirit of integrated water resources management.

It is consequently recommended that a grant of EUR 398,842 be made to the Department of Rural Water Supply to implement the project whose total cost is EUR 493,036.under the following conditions:

A. Conditions for first disbursement:

Prior to first disbursement the Recipient shall

a. Open a Special Account with a local bank to receive the proceeds of the Grant, and make eligible payments under the project, (3.7.1)

b. Establish a steering committee with a composition acceptable to AWF to oversee the execution of the project. (3.2.5).

B. Other Conditions;

There are no other conditions.
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1. BACKGROUND

1.1 ORIGIN OF THE PROJECT

1.1.1 Lesotho is a mountainous country of some 30,335 square kilometres in the southern African sub-continent. About two thirds of the surface area is mountains of granitic rock overlying primarily sandstone which outcrops mainly in foothill regions. About two thirds of the population of 1.96 million (in June 1996) live in the lowlands and about 71% of the households are characterised as rural.

1.1.2 Urban areas are classified as the capital city of Maseru, the nine other district administrative centres as well as five designated growth centres in the districts of Leribe, Berea and Maseru. The country has successfully implemented its programme of rural water supply from the mid-seventies and introduced a country-wide programme of rural sanitation in the eighties. The majority of villages are supplied from spring sources and gravity where this is possible. Where such sources are located below the level of the village mechanised pumping is used. Other sources consist of drilled wells fitted with mechanised pumping as well as drilled or dug wells fitted with hand pumps. Improved sanitation is in the form of ordinary pit latrines and the more acceptable Ventilated Improved Pit latrines (VIP). Coverage rates initially shot up to an estimated 63% for water supply by 1993 and sanitation to 48% by 1993 and then began initially to stagnate and later decline. The current level of *effective* coverage is 55% for water and 52% for sanitation.

1.1.3 The decline has been attributed to two main causes: There has been a decline in flow of investment into the subsector resulting in growth in coverage lower than is needed to cover replacement of assets reaching the end of economic life and expansion to meet the needs of the increasing population. Secondly the effective rate of coverage is reduced by the number of systems out of operation due to lower than required amount of maintenance. There has furthermore been observed a decrease in the yield of sources attributed in part to the general reduced recharge due to erosion and degradation as well as erratic rainfall.

1.1.4 The Government of Lesotho recognises the importance of demand management and sustainability of systems in addition to supply augmentation in the bid to increase service coverage and its cabinet approved in 2006 what is called an After Care Strategy aimed at clarifying the limit of responsibility of beneficiaries for the maintenance of systems with clearly targeted support from the central government and involving the local private sector. It defines conditions under which subsidies for maintenance are considered reasonable. The Government's Department of Rural Water and Sanitation, DRWS, has established annual planning procedures for the rural sub-sector that comprise a '2020 Strategic Investment Plan', a rolling '3-year Sector Plan', corresponding to the Medium Term Budget Framework and Annual Operational Plans of the Department.

1.1.5 These instruments have suffered from the lack of comprehensive and reliable data; from inadequate means for estimating and projecting costs; and from total lack of a basis for estimating the costs of complementary activities of health education, catchment management for sources protection. It has thus been proposed to develop a better informed strategic plan of investment in Rural Water and Sanitation aimed at more accurately projecting the requirements to meet Millennium Development Goals and the national Vision 2020 with respect to the sector, so as to address the issue of inflow of funds to the sector. Such a plan would allow Government, stakeholders and collaborating partners to have a clearer perspective of where these investments are most needed, what their magnitudes are and what the timing of their requirements is. The plan would also indicate which of the facilities are not receiving adequate care and maintenance and help to implement the After Care Strategy. It would define a framework for operational planning at village, community, district and finally at national level corresponding to the national planning and budgeting frameworks.

1.2 SECTORAL PRIORITIES

1.2.1 The broader water sector is guided under the Ministry of Natural Resources, by institutions

coordinated by the Commissioner of Water and consisting of: the Department of Water Affairs (DWA) responsible for assessment of quality and quantity of resources; the Department of Rural Water and Sanitation (DRWS) responsible for assistance to institutions responsible for service provision in the rural areas; the Water and Sewerage Authority (WASA), a para-statal responsible for service provision in the urban areas; the Lesotho Highlands Water Authority (LHDA) charged with managing the project of trans-boundary transfer of the upper Senqu; the recently established Lowlands Water Supply Unit charged with the responsibility initially to study bulk water supplies in the country's lowland regions. The Ministries of Agriculture and Food Security (MAFS) and that of Forestry and Land Reclamation (MFLR), Health and Social Welfare (MoHSW) also have significant roles in the water sector in respect of irrigation, watershed management and drinking water quality control statistics relating to water related diseases and health and hygiene education and promotion of good sanitation.

1.2.2 A number of important developments have taken place within the water sector in recent years, many directed at embracing principles of the Integrated Water Resources Management. The first was the commissioning of a study of Water Resources Management Policy and Strategy in 1996 that culminated in a first IWRM oriented National Water Policy in 1999. The most recent have been the studies within the Water Sector Improvement Project (WSIP) leading to implementation of these principles. These activities address the lacunae found in the Legislative and Regulatory, and the Institutional and Policy frameworks as well the need to meet the growing demands especially in the rapidly expanding and urbanizing Lowlands. The African Development Bank has in addition to its previous interventions in the Lesotho has in the last two years prepared a Sector Review, a RWSSI Assessment in 2005 and, through the AWF in 2006, a profile of the Information and Knowledge Systems in the water sector in the Country. These reviews provide a basis on which Bank and Government can formulate an assistance strategy in the sector.

1.2.3 The current Poverty Reduction Strategy covering the period April 2004 to March 2007 identifies infrastructure development among the top three priorities of Government to combat poverty. Water Supply and Sanitation sector through its linkages to the top priority of employment generation and to the overall well being of the population constitutes one of the priority components of this infrastructure.

1.2.4 The national *Vision 2020* consists among other things of view of "a healthy Basotho nation" indicated inter alia by full coverage of water supply and sanitation. To attain such a vision the current rates of investment to expand coverage needs to increase two to three fold to some M100 million per annum and implementation capacity needs to match this increase.

1.3 PROBLEM DEFINITION

1.3.1 Stated briefly, the current Strategic Investment Plan has suffered from the lack of a solid foundation of reliable planning data, lack of a basis for unit costs computation and mechanisms for estimating complementary programme components to permit it to guide development. This weakness has resulted in limited interest from cooperating partners in taking part in the programme. Unless the pattern changes, the country will continue to lag behind and not be on track towards meeting the MDGs as earlier indicated. The broader picture is as follows:

1.3.2 Over 71% of Lesotho's households live in rural areas, at least 40% of which in the Foothills and Highlands, with their harsh climate conditions, difficult terrain and lower average incomes than for the Lowland areas. The coverage rate for water supply is currently estimated at below 50% and at about 55% for sanitation thanks to a concerted effort in the nineties of a National Rural Sanitation Programme.

1.3.3 Until recently the Department of Rural Water Supply of the Ministry of Natural Resources has been responsible for developments in the sub-sector. Through a successful reform programme the Department had successfully decentralized its operation by creating in each of the ten districts two

teams consisting each of a Project Officer, Construction and Maintenance Supervisors and a Village Liaison Office, under the District Engineer. The department had also begun to implement the national strategy of reduced implication of government in service provision by contracting out construction services to the private sector. Most of these contractors had been former employees of the Department and had a good knowledge of the technical aspects of the operations.

1.3.4 With the new era ushered in by the introduction of local governments following the conduct in April 2005 of the first such election since independence, the role of the department has begun to change. The headquarters of the DRWS continues to give technical support to the local structures and to provide services that require coordination at the national level.

1.3.5 The local level is characterized by the new District Planning processes defined in the Local Government Act 1997 as amended in 2004. Under the Act has been created ten District Councils and one Municipal Council for the city of Maseru. Under the DC are established a total of 128 Community Councils (some of which also cover the urban areas but may have pockets of rural villages within their boundaries).

1.3.6 The District Planning process consists in the identification of projects at the level of a village or group of villages by the community council members. The Community Council **prioritizes** the projects which are introduced to the District Council. The District Development Plan consists of projects which the District Development Coordinating Committee of the District Council. The District Development Plan is then presented to the Ministry of Local Government for funding according to the availability of funds. In the current financial year Rural Water Supplies have dominated the Maseru District Development Plan and at cost that far exceed the available budget of M15 million.

1.3.7 The Department of RWS has developed a process to be followed by the District RWS Office in addressing community requests for assistance. This process is described in the Annex entitled the Project Life Cycle and starts with the Office maintaining a Work Plan **based on the knowledge of un- or underserved communities in its district, updated on an annual basis** as well as the backlog of applications from communities**.** Some data is collected on these areas to aid the planning process when demand is registered. The District Information Systems documenting the state of existing supplies forms a significant part of this knowledge base.

1.3.8 Upon receipt of an application for assistance the Office launches a process of consultation with the communities that will ultimately lead to the implementation of the project when funds are made available. The process consists in five further steps of Assessment of Community Readiness, Feasibility Study, Design and Capacity Building, Construction and what is called “After Care”. While capacity building is mentioned only in respect of one of the stages, in reality it is mainstreamed throughout the process to ensure that at hand-over the community can be expected to manage the systems in place.

1.3.9 A major weakness in the process mentioned above is lack of a reliable baseline data used in the planning as mentioned above. Critical data on the un-served community is scanty as there may have been no prior contact with the Sector Agencies. Data on possible sources is collected rather late in the process – spring monitoring begins in the feasibility study stage C5 in the annex – and for new sources may not provide an adequate basis for evaluation of safe yields. For existing services with the passage of time data on changes has declined in quality: Condition of facilities, location and size of population served and other critical information necessary for planning. While this is being corrected through a number of strategies such as the recently approved After Care Strategy which places greater responsibility on the community for monitoring and management and the commissioning of the DIS, a few years back, the backlog of information gaps remains huge.

1.3.10 To address the vast challenge in meeting the MDG targets, it has been concluded that a study aimed at addressing this gap would earn significant dividends. In addition to having a complete and comprehensive planning framework, it is also necessary to have a reliable model for estimation of

costs of implementation that lends itself to regular updating as the cost information changes. This together with the requisite capacity building on the use of the framework constitutes the content of the present proposal.

1.3.11 The present proposal aims to contribute to the capacity of implementation of rural water supply and sanitation projects through a robust functional strategic investment plan based on reliable foundation of baseline information, planning models and enhanced capacity of the implementation structures to execute plans. Such a plan is expected improve decision making and develop donor confidence in capacity to attain results and is consequently expected to leverage financing based on a positive image of the country's implementation capacity.

1.4 BENEFICIARIES AND STAKEHOLDERS

1.4.1 The beneficiaries of the project are all those involved in the planning and implementation of the RWSS Projects in Lesotho. The **populations** of currently un-served settlements will reap the benefits of an accelerated programme of investment, while those within served areas will reap benefits of better knowledge of their systems as well as better support from the high levels of government.

1.4.2 In the main however the direct beneficiaries will be the managers of the systems, beginning with the Village Health and Water Committees, the Community Councils, the District Councils deputies and staff involved in the planning and implementation of rural water supply and sanitation (RWS) projects who will most directly benefit from a Planning Framework founded on sound data and better planning tools.

1.5 PARTNERSHIPS

1.5.1 At its level the Government of Lesotho works in a collaborative partnership with a number of bi- and multi-lateral agencies such as the Development Co-operation Ireland (DCI) and the Swiss Development Co-operation (SDC). Local players include Lesotho Fund for Community Development (LFCD), European Union sponsored Micro-project Coordinating Unit (MCU) and Anglo Gold Maintenance. These institutions have pioneered the subsector SWAP in the implementation of the rural water and sanitation programme. Government has also approached the Millennium Challenge Corporation MCC and submitted proposals to the EU Water Facility.

1.5.2 Within the RWS subsector, the partnership is defined by Government agencies listed in paragraph 1.2.1 and Non-Governmental Organizations active in the sector, the most dominant of the latter being World Vision International and the Christian Health Association of Lesotho (CHAL).

2. THE PROJECT

2.1 IMPACTS

2.1.1 The goal of the project is to contribute to the increase in the flow of funding to the sector based on improved donor confidences and a solidly founded investment programme. The expected long term impact is the increase in coverage rates resulting from increased investment based on greater knowledge of demand and supply parameters and better planning of development and management of existing facilities in the rural areas of Lesotho. The accelerated rate of implementation will in turn result in improved health and wellbeing due to improved access to sector facilities by the population of the rural areas most of whom are poor. The net result should be a reduction in poverty.

2.1.2 To assess the attainment of this impact the sector will track the flow of funds, the coverage rates as well as the percentage of facilities falling in disrepair. A reasonable assessment will be made as to the attribution of these results purely to the outcomes of the project. With increased coverage rates health statistics will also indicate if there is a general improvement in the health state attributed to the reduction in water related diseases.

2.2 OUTCOMES

2.2.1 The objective of the project is to assist the sector agencies to better manage the operation and development of sector facilities the based on a sound Strategic Investment Plan and its underlying database and planning models. Using the SIP, sector agencies in the rural areas of Lesotho will have capacity to manage not only the *development* of water and sanitation facilities in terms of rehabilitation, expansion and construction of new systems but also to operate existing facilities based on knowledge of their conditions vis-à-vis demands and cost of maintenance and expansion. These agencies include the communities themselves, through the Village Water and Health Committees, the Community and District Councils as well as the Department of Rural Water and Sanitation.

2.2.2 Other partner agencies and stakeholders will also tap into this capacity through better cooperation with the agencies directly involved and through an improved mechanism for exchange of data and information.

2.2.3 The tangible *outcome* of the proposed preparation project may therefore be stated as a sound Strategic Investment Plan capable of channelling scarce resources to areas of greatest need using efficient and effective strategies that focus on maintenance of existing facilities and rapid increase in coverage towards meeting the national goals and targets. This is rendered possible by a sound baseline data held and managed at different levels of villages, community and district councils, and the DRWS headquarters, and systems that allow rapid technical designs, preparation of cost estimates and economic evaluation of project proposals from communities.

2.3 OUTPUTS

2.3.1 The overall Strategic Investment Plan will be constituted from five main components as follows:

A. A database of facilities, resources and demands

2.3.2 A reliable database of existing facilities, resources and estimated demands at the village level and up-to-date reporting tools will be made available. The database will cover existing water systems and sanitation facilities as well as population and other socio-economic determinants of demand and water resource data on un-served and underserved villages. It will draw on data from the Ministry of Health and Social Welfare on water related diseases, census data from the Bureau of Statistics, Ministry of Gender Youth and Sports on the gender profile of the rural areas, mapping data from the departments of Land Surveys and Physical Planning, resources data from the Department of Water Affairs, and other data on soil and water management issues from the Ministry of Forestry and Land Reclamation especially earth dams and soil erosion. The existing DRWS data District Information System (DIS), tools and mechanisms for sharing of data and information will be further developed and Geographical Information Systems (GIS) will be established at national and district level. Outputs from this system will include coverage statistics. Software and hardware and related training will be provided.

2.3.3 The results of the coverage analysis shall be fed into the national systems tracking the attainment of the MDG target 10 within the overall Water Information System in the office of the Commissioner for Water (CoW), and assist the country to meet its obligations in this respect and in response to the requirements of the Tunis M&E meeting of September 21-22, 2006.

B. A reliable methodology for computation of unit costs

2.3.4 A reliable methodology for computation of unit costs for comprehensive components of the

water and sanitation investments shall be available and in use at the end of the project. It will be informed of studies undertaken in Kenya, South African and Ghana, but customised for Lesotho.

2.3.5 Baseline average unit costs for different types of installations will be determined in relation to the DRWS design standards and cross-checked against on-going projects to determine factors that determine differences across projects. The effect of these factors will be studied and documented to improve the determination of unit costs at specific locations and under stated conditions.

2.3.6 This analysis will be extended to components of hygiene promotion, catchment protection and capacity building at different levels of community, local and central government. Unit costs shall be related to results indicators and other variables in the design standards and implementation procedures of DRWS. Most significantly, they shall be prepared for alternative forms of implementation so as to aid decision making. The results will be communicated to relevant stakeholders for comment, validation and quality control.

C. A functional Estimating Model and a Implementation Framework

2.3.7 A functional Estimating Model for calculation of financial requirements for the investment and O&M at the village, community council, district and national levels including user manual. The Estimating Model will also be informed of the similar studies by OECD in Eastern Europe and WSP Nairobi in other African states will be used for calculating the investment needs under varying scenarios and assumptions, so as to enable the decision makers to decide on appropriate policies under given observed conditions.

2.3.8 In order to determine more comprehensively the content of the Investment Plan, a review of the performance of the on-going RWSS programme under the pool funding arrangement is necessary. The Consultant shall engage the DRWS and key stakeholders in assessing the constraints and opportunities in attaining the sector goals. Most specifically the study shall examine the adequacy of Policy, Regulatory and Institutional reforms relevant to the rural sub-sector to date, the capacity of the central and local government agencies as well as the communities to execute their responsibilities and finally the capacity of the local private sector to in terms of the goods supply chain and consultant and construction services in the implementation, operation and management of rural water supply services.

2.3.9 This will lead to revision of components of the RWSS programme as necessary: The Implementation Mechanisms in terms of the Project Implementation Guidelines, Manuals and institutional structuring will include review of the mechanism for prioritisation and selection of sub-projects, roles and responsibilities of stakeholders in the light of the formation of the local governments in 2005, the participation by as wide as practical the beneficiary and stakeholder pool. The actual programme components will be reviewed with a view to include components of broadened capacity building including support to the private sector and *learning-and-action efforts* within the programme to continually improve on the definition of the programme as it progresses.

D. Capacity Building

2.3.10 Community members, leaders and public servants will be empowered in the use of planning tools as a result of capacity building efforts in the study. The communities' competence in owning and using the data generated at the village and community levels will begin to be developed during the data collection stage above. That of the DRWS and District Planning Teams in the use of the estimating model and integrated planning of water, sanitation and watershed management will be enhanced following a Training Needs Assessment and a Training Plan Implementation to commence within the study and continue during the Investment plan implementation. The capacity building will be done in cooperation with the Ministry of Local Government to fit into the general capacity development of the new local councils. The coaching and mentoring will have been done in progressive cascading manner through a chain of training of trainers. Content will include awareness for maintenance of data collection and processing for continuous monitoring.

E. Strategic Investment Plan

2.3.11 Investment Plan for the rural water supply and sanitation sector in Lesotho aimed at meeting the MDGs by 2015 and the National Vision 2020 will not only include villages that have previously received assistance currently *underserved*, but also those villages that are not yet in the rural water supply sector system – the *un-served*. The investment plan will be based on the analysis by stakeholders and sector decision makers of the results of the Estimating Model and Implementation Framework. The consultation Workshop will include discussion of issues relating to **criteria** for prioritisation and allocation of resources, based on the principles of equity, relative need (as measured cost to benefit relationships), commitment and capabilities of beneficiaries. The workshop will also validate the findings in respect of the lessons being learnt from the on-going programme implementation arrangements and hence help with the revision of the investment plan.

2.3.12 The Investment Plan will: summarise the situational analysis resulting from the database; make explicit the shared sector goals and objectives agreed with key sector stakeholders, outline the planned investment components in water supply and sanitation, health promotion, water resources management, environmental protection and gender mainstreaming, and capacity building including any institutional, policy and regulatory reforms at various levels. It will outline strategies and detailed arrangements for implementation to respond to the requirements of a wide cross-section of stakeholders and funding agencies. These will consist of detailed Implementation Guidelines and a budget consisting of an initial period of three to five years. A system of monitoring of progress of the programme and evaluation of the performance of the rural water and sanitation sub-sector will be included in the implementation guidelines and shall identify a clear role for participation by the beneficiaries.

2.3.13 The plan will estimate the overall cost to meet the MDG and Vision 2020 target with an expenditure schedule formulated on an annual basis based on the assumptions of implementation of the proposed components. It will present a shorter operational plan with greater detail of developments in the first phase covering the initial three to five year period mentioned above and a framework preparation of the annual district levels plans and the subsequent operational plans.

2.4 ACTIVITIES

2.4.1 The above outputs will be attained through the performance of activities stated briefly below, and covered in more detail in the Terms of Reference forming an annex to this report.

2.4.2 The existing District Information System (DIS) of DRWS will be reviewed together with sector data in other line ministries mentioned above, relating to rural water supply and sanitation on complementary activities. Field data collection procedures and forms will be designed, developed and field tested, and staff of district teams trained to train community councillors who will collect the data assisted by enumerators. Procedures shall also include mechanisms for updating the information on an ongoing basis in the future.

2.4.3 Villages and community councils will be empowered to collect planning data which will be progressively aggregated and collected at community and district council level, concerning water supply and sanitation. This will cover (i) available water resources, (ii) existing improved and un-improved sources and form and coverage of sanitation, (iii) demand components in terms of population and categories of demand such as institutions, commercial and productive economic activities. The demographic component of information will be crosschecked against the recently completed 2006 census as will be the case of projections in periods between censuses.

2.4.4 Data collection shall take care to disaggregate the community to observe differences in perspectives between men and women and among different other groupings and cultural and geographic settings. To this end the study shall draw on the guidelines provided by the African

Development Bank and Government's Gender Policies. In particular persons in charge of data collection shall reflect appropriate competences to meet this requirement.

2.4.5 In Consultant, in consultation with the DRWS, shall determine data items required in such depth that it is best collected using the limited samples of villages in each district. This data shall be collected by the District Planning Team members under strict supervision by the consultant. It shall be used first to control the quality of data collected by community councillors and provide greater depth than that collected using a census type approach. The Training of District Team shall include for this element.

2.4.6 Factors that influence the cost of provision of services at different locations under given economic conditions in Lesotho will be surveyed, based on similar studies elsewhere and data showing engineers estimates as well as tendered prices and const to completion. Cost data will cover components of project other than pure construction such as health education, community capacity building etc. Mechanisms for regular updating of the unit costs structure as an on-going process shall be specified.

2.4.7 Planning and design data will be collected and used to enhance the existing estimating models. In addition to unit costs, functional relationships between costs on the one hand and programme results and design criteria on the other will be established to create these models. The models, which will take the form of commonly used spreadsheets, will be applied on the current planning and design workload and to future objectives to simulate and study the effect different assumptions so as to help the decision makers to choose the most optimal under the expected conditions

2.4.8 A review of the on-going programme will be undertaken in order to identify constraints in the policy, regulatory and institutional spheres and gaps in strategies to attain goals; to strengthen the implementation arrangements, to meet common requirements of stakeholders such as financing institutions; and either identify new components or broaden existing to cover the strengthening needs identified.

2.4.9 The Community Councils and District Planning Teams and staff of the central department will be provided with training in the use of the planning framework and its component models. In order to attain greater effectiveness, this will be implemented top down with the higher levels used to train the lower levels in a progressive manner.

2.4.10 Finally the Investment plan will be developed with alternative scenarios of policy decisions and criteria for allocation of resources, prioritization and selection of schemes and presented to a Stakeholder workshop for discussion, validation and acceptance. The components of the Investment plan will include those identified in the review of on-going programme and the implementation methodology. It will be documented in a manner that will allow the Government to present the RWSS programme to donors for financing.

2.5 RISKS

2.5.1 The attainment of objectives is predicated on a number of explicit and implicit assumptions, linking the lower to the higher objectives. Project Management will need to monitor these assumptions and how their realization or otherwise may impact on project results. The assumptions and related risk management strategies are captured in the Table 2.1 below

Table 2.1: The Risk Management Matrix

Assumption/Risk	Likelihood/Effect	Risk Management Strategy
Precedent Conditions		
The Steering Committee is constituted and members commit to its Terms of Reference	M,H	To be fulfilled before grant approval
Departments outside the Ministry of Natural Resources give commitment to cooperate	M,H	Monitor and take action otherwise Communicate: Keep stakeholders adequately informed
Activity to Output		
Trainees are available for training and proceed to train others	M,M	Candidates to be identified early with understudies when needed
Project Management and Steering Committee give timely feedback to Consultants	M,M	Consultant to signal any delays, and fix deadline for feedback, past which reports are deemed accepted
Output to Outcome		
Communities and sector managers commit to use the outputs	H,M	Project selection should build in incentives for use of outputs!
Hardware is maintained with capacity to handle the computer models	M,M	Monitor and take action otherwise
Outcome to Impact		
Communities are willing to pay the cost of maintenance	H,H	Community capacity building in programmes should continually reinforce the importance of sustainability
Political leadership remains determined to enforce After Care Strategy	M,H	Sector capacity building should also address the political leadership

2.5.2 Among the risks selected, the most critical seems to be at the outcome to impact level. Without any incentives, the community is as likely to ignore maintenance as it does now. The recently approved After Care strategy addresses this by among others identifying what the community can realistically be expected to sustain. In future programmes should make adequate provisions in the capacity building components to stress the importance of making adequate budgetary provisions to "make hay while the sun shines" even in periods when maintenance costs appear low. The SIP shall also propose ways of strengthening the implementation of the After Care Strategy.

2.5.3 Other risks should be managed by monitoring and taking appropriate actions. There is a need for all stakeholders to buy in, into the project as early as possible, and this can be assured by DRWS keeping them regularly informed about the project. The project holds many benefits for stakeholders even outside the RWS subsector. Stakeholder interest should be maintained through effective communication.

2.6 COSTS AND FINANCING

2.6.1 The detailed cost estimates are shown in an Annex 7, but are summarized below.

Table 2.2 – Estimated Costs by Component

Amounts in EUR

Component outputs	Consultancy	Local Agencies	Total
Data Collection	202,731	77,248	279,979
Unit Costs study	43,808	1,485	45,293
Estimation Model	57,033	660	57,693
Capacity Building	70,473	13,403	83,876
Investment Plan	24,797	1,740	26,537
	398,842	**94,194**	**493,378**

2.6.2 The costs are based on the current estimates with a limited allowance for contingencies. No allowance is made for escalation since implementation is expected to be completed within one year.

2.6.3 The financing of this project will be in accordance with the table below: The Government will contribute the salary costs of its staff in the project as well as the off-site allowances of these staff. The Grant from the AWF will finance the remainder of the costs.

Table 2.3 Financing plan EUR

	Consultancy	Local Agencies	Total
African water Facility	398,842		398,842
Government of Lesotho		94,194	94,194
Total	**398,842**	**94,194**	**493,036**

3. PROJECT IMPLEMENTATION

3.1 RECIPIENT

3.1.1 The Department of Rural Water supply and Sanitation (DRWS) of the Ministry of Natural Resources (MNR) is overall responsible for the Study. It will receive funding from AWF, manage the funds, recruit consultant and administer the consultancy contract. It will also contribute to the various activities of implementation as shown in the Activities Schedule and coordinate all the other agents taking part. The department has a vast experience in the implementation of rural water and sanitation projects.

3.2 IMPLEMENTATION ARRANGEMENTS AND CAPACITY

3.2.1 The Decentralization Unit of the Ministry of Local Government, which provides overall oversight of the functioning of District and Community Council, will facilitate coordination with these local government authorities. Each of the ten District Councils is expected to take part in the exercise by contributing a total of 500 workdays during data collection and processing. This participation will be in the form of members of the Planning Teams who shall oversee the Community Council participation as well as ensure that the resulting data and information will contribute to the better execution of the District Planning Process.

3.2.2 Later members of the Planning Teams will be provided with training and capacity building in the use of the SIP framework's systems in the form of cost estimation and planning of works execution.

3.2.3 Below the DCs the 128 Community Councils will be more directly involved with data collection in their areas. A total of 8000 workdays are required to complete the exercise. The persons expected to undertake this important tasks (councillors, staff, or especially appointed enumerators) will have been trained by the consultant to collect the data which will involve a combination of physical observation, interviews with informants, and other forms as shall be found necessary to achieve the desired result. Funds required to execute the work shall be made available to these local authorities from the DRWS.

3.2.4 Other departments with vested interest include the Policy Planning and Strategy Unit of the Water Commission, the Department of Water Affairs, the Ministry of Gender, Youth, Sports and Recreation, Ministry of Forestry and Land Reclamation. The Lesotho Water Partnership and the Lesotho Council of Non-governmental organizations are other stakeholders.

3.2.5 Consequently a Steering Committee with the representation of the above bodies will be established to ensure representation and to provide direction to the study. The composition and responsibilities of the Steering Committee are given in the Terms of Reference attached herewith. The Ministry of Gender, Youth, Sports and Recreation shall also designate a focal point at the sector and representatives at district level to oversee the gender aspects of the project.

3.2.6 Within DRWS, the day to day implementation of the project shall be the responsibility of the Planning, Monitoring and Evaluation Unit which shall coordinate the inputs of other units especially the Village Affairs and Maintenance units. The internal team shall review the input of consultants and submit recommendations to the Director, to forward to the Steering Committee.

3.2.7 The core of the work shall be vested in a firm of Consultants which is expected to provide the services of four expects for a total work input of some 262 workdays. The experts shall have competence as follows:

- Team Leader with competences in the field of planning and implementation of RWSS projects for and estimated input of 92 workdays;
- An Expert on Gender and Social Aspects 15
- A Rural Water Resources Management and Sanitation Specialist for 66 workdays;

- PHAST/Community and Institutional Development Specialist for 51 workdays;
- IT specialist with experience of development of Windows based applications and GIS for a total of 105 workdays.

3.2.8 The roles and responsibilities of the consultants, the client and all concerned parties are given in the Terms of Reference document attached herewith.

3.3 PERFORMANCE PLAN

3.3.1 The attainment of outputs and outcomes will be monitored using the following performance indicators corresponding to the outputs.

Table 3.1 Performance Plan

Output	Indicator	Target and Timeframe
Database of community W&S conditions	**Reliable baseline data on existing systems, available resources and demand drivers available**	Data available for 100% of the communities by week 13. Documentation ready by Week !4.
Report and Guidelines on Unit costs	**Unit costs of key components identified**	All the key factors identified by week 5 Full documentation available by Week 7
Estimating Model and operational planning framework	**Estimating Model based conventional spreadsheet is operational;** **Review report completed**	Estimating model in place and functioning by week 14 Documentation available by week 15 Review report issued by week 16
Capacity of users	**Communities and Staff capacity for planning**	Training needs for 100% of district known by Week 10 100% of trainers received training by week 14 100 % of district staff trained and using the model by week 24
Investment Plan	**Complete Investment Plan available**	Stakeholders workshop held by week 25 Complete report documentation available by week 26

The performance reports will assess the percentage attainment during implementation.

3.4 IMPLEMENTATION SCHEDULE

3.4.1 The grant may be signed as soon as notification of its approval is received. Assuming however that signature takes place within 45 days of approval, and as procurement activities do not have to await signature the following timing of different activities and events will result.

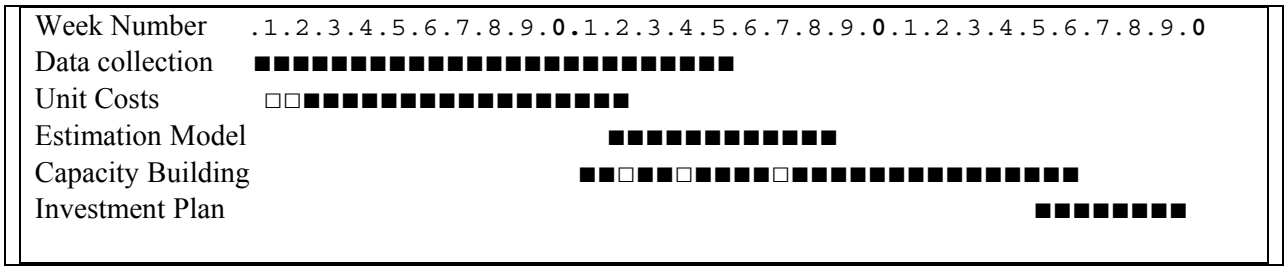
TIMING OF PROCUREMENT ACTIVITIES

3.4.2 The Request for Proposals (RfP) will be issued immediately upon approval of the *short list* of consultants. A period of 30 days will be allowed for submission of proposals. Allowing for review of proposals (2 weeks) and approval by the Tender Board (another 2 weeks) the letter of acceptance is expected within 8 weeks of approval of grant funding, and work by the consultants can begin within one month of this acceptance.

TIMING OF IMPLEMENTATION

3.4.3 The Consultant shall submit an inception report within *two weeks* of commencement together with a draft format for data collection to be discussed with the implementing agency. After this stage the timing for start and completion of the different outputs shall be as shown in the table below:

Table 3.2 **Implementation Schedule weeks**



3.4.4 The study will be completed within twenty six weeks, or six months of the issue of the letter of appointment of the consultant and thirty two weeks from the date of approval of the grant. Detailed Implementation Schedule is given as Annex 5.

3.5 PROCUREMENT OF LIMITED GOODS AND SERVICES

3.5.1 Procurement arrangements are summarized in Table 3.5 below. All procurement of goods, works and services financed by AWF will be in accordance with the ADB Rules of Procedure for Procurement of Goods and Works, or as appropriate, Rules of Procedure for the Use of Consultants, as applicable to the AWF, using the relevant Bank Standard Bidding Documents.

Table 3.3 Summary of Procurement Arrangements[1]
(EUR Thousands)

Procurement Categories	ICB	NCB	Other[2]	Shortlist	NBF[3]	Total
1. Civil Works						
1.1 Not used						
2. Goods						
3.1 GIS Software		[25.0]				
3. Consultant Services						
3.1 Study				[369.9]		
4. Miscellaneous						
4.1 Not used						
Total		[25.0]		[369.9]		398.9

3.5.2 **Goods**. Goods estimated at about EUR 25,000 in the aggregate include: computer software and data capture instruments for GIS. For this National Competitive Bidding (NCB) will be used.

3.5.3 **Consultant Services, Training and Audits**. Consultant services estimated EUR 369,842 will

1 Figures in parentheses are amounts financed by AWF

2 National Shopping and Direct Purchase

3 Non-Bank Funded

be procured through competition on the basis of a shortlist using the selection procedure *combining technical quality with price consideration*. The Consultants service will be to undertake the study in accordance with the Terms of Reference.

3.5.4 The procurement will be subject to *post review* by the AWF. For that reason the recipient will maintain accurate records of procurement steps including signed evaluation forms, minutes of the opening and all meetings of the review team.

3.6 ACCOUNTING AND AUDITING

3.6.1 The project's funds will be accounted for in accordance with the Financial Regulations of the Government of Lesotho incorporating the specific additional requirements of the AWF. They will therefore be subject to internal audit by the Government as well as external audit under arrangements specified by the AWF. The audit of the project shall include an audit of the Special Account as stated in section 3.7 below:

3.7 DISBURSEMENT ARRANGEMENTS AND EXPENDITURE SCHEDULE

To protect the interests of the borrower and the AWF, the bank holding the special account must issue an irrevocable undertaking that:

- funds held in the Special Account will not, under any circumstances, be set off, seized or attached to satisfy amounts due to the bank by the project (for example by attachment) or be used as sundry collateral;
- monthly statements of the Special Account will be issued and communicated to the project; and
- The account and related documents will be placed at the disposal of the AWF staff and its appointed auditors.

3.7.1 The Special Account method will be used for disbursement of funds from the AWF. The project will open a Special Account with local commercial bank, into which the advances will be deposited. The Special Account will be replenished on the condition that the preceding advance has been utilized and justified up to at least 50 percent and that the other advances have been fully justified. Audit (external and internal) of the project shall include an audit of the use of the special account and attestation that: i) the requests for replenishment of the revolving fund submitted are consistent with relevant information, ii) the internal controls and procedures used for their preparation, are reliable enough to justify the requests for replenishment, and iii) the goods and services financed from the special account have been received by the project.

3.7.2 To protect the interests of the recipient and the AWF, the bank holding the special account must issue an irrevocable undertaking that:

- funds held in the Special Account will not, under any circumstances, be set off, seized or attached to satisfy amounts due to the bank by the project (for example by attachment) or be used as sundry collateral;
- monthly statements of the Special Account will be issued and communicated to the project; and
- the account and related documents will be placed at the disposal of the AWF staff and its appointed auditors.

3.7.3 The expected Expenditure Schedule is shown in the Table 3.4 below. Up to six payments will be made from by the Implementing Agency to the Consultant based on the submission of an advance guarantee for the initial payment, and on acceptance of each of the five reports of the assignment. One purchase payment shall be made for procurement of GIS software in the first quarter of the post

procurement period. It is expected that only t**wo** disbursement applications will be made **to** the Special Account based on the expenditure in each of the two quarters of implementation.

Table 3.4 Expenditure schedule

Amounts in EUR

Component outputs	Qtr1	Qtr2	Total
Data Collection	279,979	-	279,979
Unit Costs study	45,293	-	45,293
Estimation Model	25,962	31,731	57,693
Capacity Building	12,581	71,294	83,876
Investment Plan	-	26,537	26,537
	363,815	**129,563**	**493,378**

3.8 PROGRESS MONITORING AND REPORTING

3.8.1 The Consultant shall issue monthly progress reports in a format to be agreed with the DRWS, taking into consideration the information needs of all stakeholders represented in the Steering Committee, as well as the AWF and other interested external support agencies. The reports shall cover progress made in comparison to planned actions, show proposed corrective action to address deviations. It shall further report on the key indicators stated in the Performance Plan.

3.8.2 The recipient shall, based on the monthly reports and on other relevant data sources, submit quarterly progress reports to the African Water Facility in a form to be agreed with the Facility. The reports shall cover progress of implementation of procurement and execution study and financial aspects. Progress of implementation shall present the level of outputs attained, using the indicators in the performance plan, as well as the planned levels for the subsequent quarter. It shall highlight any problems being encountered and planned measures to address these problems. The schedule performance shall show the level of input activity attained as against that planned for the quarter and hence demonstrate if there are delays.

3.8.3 The financial progress shall be presented in the form of a comparison between the budget and both cumulative and current expenditures. Variance should be explained and proposed corrective action taken to address them. The form of statement of expenditure in quarterly reports will of necessity be more simplified than for the end of year and/or final statement and should be agreed prior to commencement of execution.

3.8.4 The Report shall clearly indicate the level of attainment of the results as shown in the Logical Framework Analysis matrix for the reporting period.

4. PROJECT BENEFITS

4.1 EFFECTIVENESS AND EFFICIENCY

4.1.1 The project's value added is in relation to the AWF focal area of "attracting investment" with spin-offs in areas of "information and knowledge" and "monitoring and evaluation" within the broad framework of "integrated water resources management". It is a *preparation project* that will lead to immediate capital investments based on the Investment Plan. Its value over the status quo is a through clear indications of priority areas to which investment should be directed immediately, compared to the current state where executing agencies rely entirely on the applications made my villages and communities, and through more accurate estimates of the resources requirements and cost for implementation.

4.1.2 It will assist in providing stakeholders with a ready-made baseline data for planning and monitoring, allowing them on the one hand to direct the promotion messages to the high priority communities, and to respond to the generated demand with systems that allow rapid preparation, financing and implementation and on the other to determine areas that need strengthening on a continuous basis. The improved method of forecasting unit costs and estimating costs of implementation under different design assumptions will permit a reliable estimate of cost to attaining the MDGs and the Vision 2020 targets.

4.1.3 Community sub-projects that are ready for implementation will be packaged into a phase one project for immediate implementation and funding solicited on that basis. This will constitute the leverage benefit of the project.

4.1.4 The project will contribute to the process of mainstreaming the IWRM approach by defining arrangements for partnerships in Watershed Management through its catchment protection components, within the RWSS planning and implementation. It will define capacity building needs of community councils in making byelaws and executing other regulatory functions relating to better management of catchments, such as grazing areas, woodlots and wetlands.

4.1.5 Whereas its components of Information and Knowledge base as well as the Monitoring and Evaluation will be as complete as possible in respect of the rural areas these can later on be up-scaled to the national-level with the cooperation of relevant stakeholders that it will have fostered during its implementation.

4.2 SUSTAINABILITY

4.2.1 The sustainability of this project depends on guarantees that the tools developed will continue to be used, maintained and as necessary upgraded after the project funding stops, as well as to its impact on physical and social environment. The Investment Plan as such has an immediate terminal use. In that respect it has to build into the definition of interventions sustainability aspects of institutional, social and environmental character. These already form the framework of the DRWS's existing programmes. It should in addition strengthen the national After Care Strategy as recently approved by cabinet.

4.2.2 As concerns the components, DRWS already operates a District Information System that within its limitations has proved successful in improving the accuracy of estimation of "effective coverage" as against the earlier methods of estimation based purely on installed facilities. It also has a rudimentary estimation model that has served its purpose up to this point. These systems have been implemented on hardware installed at the District RWS Offices and the DRWS headquarters and adequate budgetary allocations have been made to date for their maintenance.

4.2.3 The tools resulting from the project will represent a significant improvement to these existing systems in terms of comprehensive data, fortuitously benefiting from the Census of Population of April 2006, and more robust models for estimation of unit and total costs. The increased reliability of resulting information, its value in planning and in operation and maintenance, the fact that it will be shared by other agencies and sector agents, all add up to provide sufficient incentive for continued use

and maintenance. When some upgrading is required and financial implications are beyond the limits of the recurrent budget, capital budgetary allocations will be made and funded within the sector investment programme.

4.2.4 As a study, directed mainly at improving planning capacity, its social and physical environmental impacts are more directly related to the resulting implementation of its results in the detailed designs of individual community sub-projects, where already the existing design procedures of RWS consist of mechanisms for incorporation of community views, gender representation is decreed by statute to not less than 30% and in many instances exceeds 50%, and where EIAs are also required by the Environmental Act of 2000.

4.2.5 However, in the collection of data, extreme care will be taken to ensure that gender and vulnerable groups' representation is well balanced, views of the communities as well as indigenous knowledge are incorporated, and capacity building in the form of feedback is optimized. Collaboration of the sub-sectors dealing with land use, watershed management, water resource assessment, health education, general education, etc, is already being provided by the Local Government legislation at community and district level through the constitution of the District Planning Teams and the District Development Coordination Committees; and these interests are fully represented in the Steering Committee.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSIONS

5.1.1 In order to accelerate implementation of its RWSS programme the Government of Lesotho needs to marshal internal resources as well as build up donor confidence in its capacity to rapidly implement the projects based on knowledge of priority needs and funding requirements. The proposed project is an appropriate means to attain this. The resulting Investment Plan will allow the recently started decentralization process to work optimally within the rural water and sanitation sub-sector to attain the millennium objectives.

5.1.2 The DRWS is the best national body to implement the framework, and coordinate the participation of the final users, the district planning teams under the guidance of a multi-disciplinary Steering Committee. It is the key support institution in the sector with a long experience of the sector and of implementation of projects, while the local government administrations are still in the formative stages.

5.1.3 Finally the project is compatible with the objectives of the AWF falling within the framework of a focal area entitled Strategic Investments – Facilitation and Preparation. Its greatest impact is to leverage funding as implementation rates accelerate. It will, among other things, allow Lesotho to apply for funding from such sources as the Bank Group's RWSSI.

5.2 RECOMMENDATIONS

5.2.1 It is therefore recommended that an AWF grant of EUR 398,842 be made available to the Government of Lesotho, Department of RWS for the purpose of funding the Study for the Development of an Investment Plan and a Planning Framework for Rural Water and Sanitation as described in this report under the normal terms and conditions of the AWF as stated in the Grant Agreement.

A. Conditions for first disbursement:

Prior to first disbursement the Recipient shall

a. Open a Special Account with a local bank to receive the proceeds of the Grant, and make eligible payments under the project, (3.7.1)

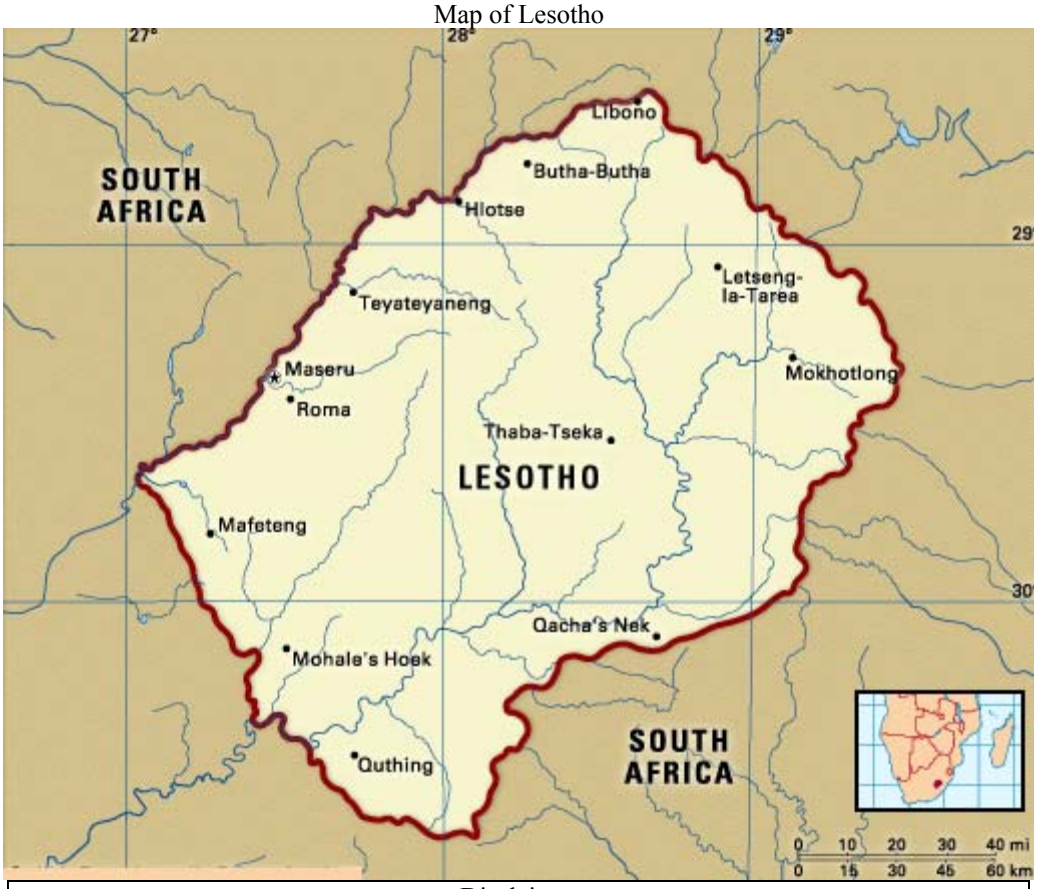
b. Establish a Steering Committee with a composition acceptable to AWF to oversee the execution of the project. (3.2.5).

B. Other Conditions;

There are no other conditions.

Annex 1

Map of Lesotho



Disclaimer

This map was provided by the African Development Bank exclusively for the use of the readers of the report to which it is attached. The names used and the borders shown do not imply on the part of the Bank and its members any judgment concerning the legal status of a territory nor any approval or acceptance of these borders.

Terms of Reference for the Development of an
Investment Plan and Planning Framework
for the RWS Programme in Lesotho

1. BACKGROUND AND RATIONALE

1.1. Background

1.1.1. The Government of the Kingdom of Lesotho has submitted an application to the AWF for funding a project aimed at assisting the Department of Rural Water and Sanitation (DRWS) to prepare a Strategic Investment Plan and incorporating an operational planning framework for its Rural Water and Sanitation (RWS) programme. The present Terms of Reference describes the Consultancy Services that will be required to implement the Project and the interface with the DRWS.

1.2. Sector and Project Area

1.2.1. Delivery of services of rural water and sanitation RWS in Lesotho is the responsibility of the concerned communities, under the Village Water and Health Committees (VWHCs). Prior to the establishment of the local governments in April 2005, these communities obtain assistance for implementation directly from the DRWS which had by 2002 been decentralised and represented at the level of the district by the District RWS Office.

1.2.2. With the establishment of District Councils of which there are ten countrywide, and Community Councils which number 128, the ownership of water supplies is being vested in the Community Councils which guide the VWHC in the management of facilities.

1.2.3. The District RWS Offices are being transferred to the offices of the District Administrators, who represent the central government at the district level. The District Rural Water Engineer (RWE) is now a member of the District Planning Team of technical staff which advices the District Development Coordinating Committee responsible for the District Development Plans.

1.2.4. The proposed project will cover the entire country, and will collect gender disaggregated data on communities that have been provided with facilities in terms of their condition and the performance of services as well as those without any facilities with the view to determine needs for rehabilitation, expansion as well as provision of new services on demand in the future. It will develop a mechanisms for determining unit costs under varying assumptions, a mechanisms for developing total estimates of costs for projects, capacitate prospective users compile a Strategic Investment Plan for the sector. The operational planning framework in terms of guidelines and manuals will be reviewed based on current experience form on-going programme and components will be revised according to the result of determination of needs.

1.3. Rationale

1.3.1. The project has been necessitated by the need to accelerate the provision of services in order to meet the Millennium Development Goal (MDG) targets, and the national vision of water for all by 2020. The key bottleneck in the process has been identified as the absence of reliable data to help prioritise and schedule work as well as the need to review the present estimating and planning tools used by the sector staff to ensure that they are fully responsive to the needs of the local councils. Another area of concern has been the need to integrate provision of drinking water fully with sanitation, hygiene education as well as provision of water for productive uses and catchment management.

1.3.2. The Government considers that if a set of reliable data is established, the DRWS and the District Planning Teams will direct the promotion messages to the high priority areas, respond more rapidly to the demands for assistance by communities, better mobilize funding from the Government and private sources and accelerate the implementation of the programme through a better informed Strategic Investment Plan. Funding agencies and other stakeholders also need assurances that all key constraints have been identified and strategies have been formulated to address them and therefore that the Investment Plan comprehensively incorporates actions to address key sector issues. They also require clear transparent mechanisms defining the manner of participation by beneficiaries, other stakeholders and the private sector in development and operation. Finally it is policy of the Government and concern of many stakeholders that gender is mainstreamed in the water and sanitation sector.

2. OBJECTIVES

2.1. Purpose of the Project

2.1.1. The purpose of this project is to establish a Strategic Investment Plan and a framework for effective operational planning and implementation of Rural Water and Sanitation sector in Lesotho towards reaching the MDGs of 75% coverage in 2015 and the Government of Lesotho's Vision 2020 of full coverage in year 2020.'

2.1.2. The outcome of the project shall be: 'Effective and efficient management of the rural water supply sector in an integrated manner through: a) Efficient cost estimating based on objective unit costs and b) Efficient monitoring and evaluation of programme implementation ensuring effective quality control'. The Planning Framework shall be constituted of the components describe more fully under the Project Outputs in section 3. These are a readily updatable database of demand and resources for each rural community, a system of estimation of costs and overall planning installed at each district, capacity building of in the use of the planning framework and the planning tools. The framework shall form the base of the **Investment Plan** projecting investment requirements to attain the MDGs and the Government's vision in respect of water and sanitation up to 2020 but detailed for an initial three to five year period that can be presented to development partners for financing.

2.2. Anticipated Impact

2.2.1. With the Investment Plan and Framework in place the rural water sector will possess the capacity to rapidly respond to the demands of the communities, mobilise funding and accelerate the implementation of the RWS and increasing the sustainability of provided infrastructure. The results will be an increase in coverage and consequently an overall improvement in quality of life of the population.

2.2.2. The functioning of the system will help the communities themselves monitor the performance of their systems and take remedial action in the event of performance gaps. This should trigger the implementation of the After Care Strategy and reduce the rate at which systems fall into disrepair.

3. NATURE AND SCOPE OF SERVICES

3.1. Project Outputs

3.1.1. Accurate gender aware database and up-to-date reporting tools available on existing water systems and sanitation facilities as well as water resource, population and other socio-economic data on served and sun-served villages.

3.1.2. Report on unit costs for water and sanitation investments and for hygiene education, capacity building activities, social and environmental management in the sector, incorporating guidelines for their estimation under given conditions.

3.1.3. Estimating Model for calculation of investment and O&M requirements for the investments per village, community council, and district and national levels including user manual, lessons learnt from the ongoing RWSS Programme implementation and an operational framework for planning.

3.1.4. Capacity building of DRWS and District Planning Teams in the use of the estimating model and integrated sector planning and management.

3.1.5. Strategic Investment Plan document for the rural water supply and sanitation sector in Lesotho covering all rural villages.

3.2. Key activities

3.2.1. The activities envisaged to achieve Output 1: Data include but are not limited to:

3.2.1.1. The present DRWS data system, the 'District Information System' (DIS) will be reviewed and other sources for data on the water and sanitation situation will be identified and analysed e.g. the Ministry of

Health data on hygiene related diseases, the census data from the Bureau of Statistics, mapping data from Land Survey and Physical Planning Department, the Department of Water Affairs data on water resources, the Ministry of Gender, Youth, Sports and Recreation on Gender Policies of the government and social and environmental assessments and profile in relation to the sector, Ministry of Forestry and Land Reclamation data on soil dams and soil erosion etc.

3.2.1.2. The focus will be on the data directly related to water resources for drinking water supplies, water systems and sanitation facilities while appropriate data exchange modalities and coordination structures will be established for the data relating to the mandates of the other line ministries. The plans for establishment of Information Management Systems for the Water Sector shall be taken into account so that the improvements to the DRWS systems will supplement these systems and not duplicate the efforts.

3.2.1.3. Based on the existing data systems and the requirements for data for the Planning Framework, data collection tools will be designed and field tested on a small sample. Procedures shall be developed for subsequent regular updating of the information on an on-going basis. The design shall take care to disaggregate the community so as to observe differences in the perspectives and preferences between men and women and between different groupings and cultural and geographic settings. To this end the study shall draw on the Guidelines provided by the African Development Bank Policy on Gender Mainstreaming and the Gender Profile for Lesotho. In particular the consultant's team shall include an Expert in Gender Analysis.

3.2.1.4. The data collection tools will, when designed used to train of the District teams who will train councillors and enumerators and supervise their work. The forms will be tested and later be administered and data collected on the existing water systems, the existing sanitation facilities, the water sources used for water systems as well as data on population and water resources in un-served communities. The data will be collected by the Community Councils supervised by the District RWS Teams under the District Councils. The Consultant and DRWS head office will provide the guidance and additional transport facilities will be made available for the district teams. The data will be entered in the computer systems at district level.

3.2.1.5. More detailed data will be collected on samples of the villages in each district by the district planning teams. The consultant shall provide detailed training on appropriate participatory methods.

3.2.1.6. In the collection of data care shall be taken to disaggregate data to reflect the perspectives and impacts on the different social groups and between women and men. It will reflect differences between men and women and boys and girls as to who collects water, who uses what amount for what purpose and what cultural constructs differentiates access to sanitation across the sexes. To that extent the design shall take this into consideration and training shall incorporate appropriate skills.

3.2.1.7. The consultant shall in consultation with DRWS determine data which shall be collected in such a depth that it is best done through a smaller sample. In that case, a sample of villages in each district shall be selected using appropriate statistical procedures. The data shall be collected by the District Planning Teams who shall also use the opportunity to validate the data collected by the community councillors.

3.2.1.8. The data will be analysed and statistics on the existing coverage will be calculated. Reporting tools will be developed to produce high quality reports including maps using GIS. The project includes purchase, installation and training of staff at national and district level in the use of GIS software as well as GPS instruments and training should be provided in their use.

3.2.1.9. The statistics on the existing coverage will be documented and the results shared with stakeholders at national, district and community council level for feedback and quality control. The results of the coverage analysis shall be fed into the national systems tracking the attainment of the MDG target 10 within the overall Water Information System in the office of the Commissioner for Water (CoW), and assist the country to meet its obligations in this respect and in response to the requirements of the Tunis M&E meeting of September 21-22, 2006

3.2.2. The activities envisaged to achieve Output 2: Unit Costs include but are not limited to:

3.2.2.1. A desk review will be carried out on the unit cost studies that have been carried out in other African countries recently e.g. the work done by the World Bank – Water and Sanitation Programme in Kenya, Department of Water Affairs and Forestry in South Africa and by Community Water and Sanitation Agency in Ghana in order to learn from the experiences to develop simple tools for unit costs in Lesotho.

3.2.2.2. Baseline average unit costs for the different water supply and sanitation installations and for O&M activities in Lesotho will be developed based on the DRWS Design Manual and design standards and specifications. These unit costs will be analysed and compared to the actual costs for implementation of a number of recent water and sanitation projects to identify the drivers and the impact of parameters that influence the difference between the theoretical cost and the actual.

3.2.2.3. The cost for carrying out hygiene promotion in accordance with the procedures established in the DRWS procedure manual will be estimated and assessed in cooperation with the Ministry of Health and Social Welfare.

3.2.2.4. The costs of appropriate Water Resources Management activities e.g. construction of water harvesting structures, range management etc. will be established in cooperation with the Ministry of Land Reclamation and the Ministry of Agriculture.

3.2.2.5. The costs of sector specific capacity building both at national, district, and community council and village levels will be analysed and developed in cooperation with the Ministry of Local Government and in accordance with the integrated participatory approach to capacity development of rural communities. These activities shall especially include those intended to address the social and environmental impacts mitigation/management including gender mainstreaming in collaboration with the Ministry of Gender, Youth, Sports and Recreation

3.2.2.6. The results of the unit cost study will be documented and circulated to sector stakeholders for comment and quality control. It shall especially include Guidelines on the Estimation of Unit Costs under prevailing conditions relating to the determinant factors. The report on the Unit costs shall incorporate recommendations for regular capture of cost and testing against the determining factors and updating where trends indicate a necessity.

3.2.3. The activities envisaged to achieve Output 3: Estimating Model include but are not limited to:

3.2.3.1. A desk assessment of the experiences in investment planning and development of investment models in other African countries will be carried out to benefit from the lessons learned. For example the investment model developed by the World Bank Water and Sanitation Programme in Nairobi or the OECD 'FEASIBLE' model will be studied so that a simple model can be developed for Lesotho that takes these experiences into account.

3.2.3.2. An Estimating Model will be developed using a commonly used spreadsheet based on the coverage data and the unit costs. The model will be structured so that it can be used to calculate the investment requirements for different policy variables e.g. the service levels, subsidy levels or the targets for coverage. The model will be developed so that it can be up-dated annually or regularly by DRWS and the District Councils. User manuals shall be developed.

3.2.3.3. A review of the performance of the on-going RWSS programme under the SWAP Pool financing arrangement will be undertaken. The consultant will engage the DRWSS and key stakeholders in assessing the constraints and opportunities to attaining the MDGs and Vision Goals. The consultant will examine and comment on the adequacy of Policy Reforms relating to the RWSS, the legal and regulatory as well as the institutional framework defining the context of the programme. The capacity of the central and local government agencies in supporting and that of the communities in implementing the programme shall be critically examined. The private sector disposition in terms of supply chains, construction and consultancy capacity and incentives should be examined - all with the view to identifying components of the programme that may address any constraints identified.

3.2.3.4. The existing implementation arrangements in the form of programme implementation manual, defining roles and responsibilities, selection and prioritisation criteria etc should be carefully reviewed and compared with emerging good practices in other countries. Areas of deficiencies should be documented.

3.2.3.5. The consultant will then make recommendations relating to the formulation of project components and revision of implementing arrangements that address current deficiencies and build on identified strengths for incorporation in the Investment plan. This will include components of broadened capacity building, including that of the private sector, *learning-and-action* programmes allowing the development and definition of future work plans in the programme to build on the on-going experience.

3.2.3.6. The Estimating Model and Implementation Framework will be presented at a stakeholder workshop and used for evaluating the consequences of different decisions e.g. on service level and subsidies. The model will be used for developing consensus amongst decision-makers on the variables and standards, as well as procedures.

3.2.3.7. The results of the workshop will be documented to be used for the further development of the Strategic Investment Plan and Operational Planning Framework and the various scenarios that will be presented in the final documentation.

3.2.4. The activities envisaged to achieve Output 4: Capacity Building include but are not limited to:

3.2.4.1. The existing planning tools and the planning methodologies used in Districts and at national level in Lesotho will be assessed and the Estimating Model and the planning tools will be designed to fit into these.

3.2.4.2. A Training Needs Analysis (TNA) will be carried of the DRWS staff working with planning and the staff in the District Planning units and the RWS Teams in relation to use of the data management and planning/ estimating tools. As with data collection, the exercise shall use appropriate gender analysis at the institutional level.

3.2.4.3. The TNA will form the basis for the development of training plans in cooperation with the Ministry of Local Government for capacity building of the district staff in planning related to the rural water and sanitation sector.

3.2.4.4. The training plan will be implemented by the DRWS with assistance from the Consultant. The training will be practical and based on the actual data and the tools developed for planning and estimating costs of water and sanitation activities. It will include the use of GIS software and data capturing instruments complementing the data collections and information sharing, as well as gender sensitive analysis of data especially disaggregation by sex.

3.2.4.5. The final version of the estimating tool will be handed over to the district planning units and the on-the-job training will be provided to ensure that the districts are in a position to continue using the planning tools. Training shall especially emphasise the need for continued data collection for purposes of monitoring.

3.2.4.6. The DRWS Planning unit will coach and mentor the staff at district level involved in planning, initially on a quarterly basis and later on a demand driven basis to ensure that the estimating tools are used as intended.

3.2.5. The activities envisaged to achieve Output 5: Investment Plan Document include but are not limited to:

3.2.5.1. Presentations of the estimating model and the results of the investment planning for various scenarios will be developed.

3.2.5.2. The proposed investment activities based on the improved database, unit costs and estimating model will be presented at an interactive Stakeholder workshop where the consequences of various decisions

for service level and coverage targets can be analysed and the stakeholders and the government decision makers can take informed decisions on the strategies and targets for the sector.

3.2.5.3. Programme components will include those required to improve coverage in the form of rehabilitation and expansion in new systems; those intended to maintain coverage, especially implementation of the After Care Strategy; and those intended to address deficiencies in the implementation, and in the long term sustainability as identified from the lessons learnt in the ongoing programme review exercise. These will include continuous improvements in the institutional and regulatory contexts, public sector support to private sector development and others. The cost of attaining the medium to long term targets will be assessed on the national scale. A more detailed definition will be developed on intervention to cover the immediate three to five years operational period and detailed in a manner that can be presented to support agencies for funding.

3.2.5.4. The implementation arrangements will also be presented in a form that will allow external financiers to assess their requirements within the overall sector wide programme. A system for monitoring progress of implementation of the programme as well as evaluating the performance of the rural water and sanitation subsector will form part of this framework and used to feed into the Water Information System at the sector level.

3.2.5.5. The Investment Plan report will be completed documented and presented to the client for review and acceptance.

3.2.6. Implementation Schedule and Timing of Activities

3.2.6.1. The data collection part is expected to be completed within 12 weeks after the start. The development of unit costs will be done concurrently and is expected to be completed after 8 weeks so that the estimating tools can be ready after approximately 16 weeks. The capacity building of national and district stakeholders in the planning tools will be completed 23 weeks after the start to be ready for a final presentation and use of the tools for generating consensus on the scenarios for targets and services levels that will be presented in the Investment Plan document. The final document is expected to be ready 26 weeks after the start of the assignment.

4. IMPLEMENTATION STRUCTURE

4.1. A Steering Committee headed by the Commissioner for Water and representing all stakeholders shall be established to provide overall direction to the project. The Steering Committee shall be made up of:

- Director for Rural Water and Sanitation DRWS
- Director of Water Affairs – DWA
- Director of Decentralization – MOLG
- Director of Environmental Health – MOHSW
- Representative of the Ministry of Gender and Youth, Sports and Recreation
- Representative of the Department of the Environment/National Environmental Secretariat
- Representative of Bureau of Statistics
- Representatives of Lesotho Highlands Development Authority (LHDA) and the Lesotho Lowlands Water Supply Unit (LLWSU)
- Representative of Lesotho Water Partnership, Lesotho Council of NGOs and World Vision (or other NGOs in the sector)

4.2. The Director of RWS shall oversee the contract with the firm of Consultants for the Execution of the Project and shall delegate the Principal Engineer/ Head of the DRWS Planning Unit to head the RWS team whose composition and responsibilities are defined below and which will interact with the Consultant in the execution of the study. The DRWS team shall coordinate the activities of the ten District Planning Teams. DRWS Team shall be headed by the Principal Engineer, and consist of the Heads of the following Divisions:

- Village Affairs Division,

- Design Division
- Construction Division and
- Maintenance Division

4.3. The Director of Decentralisation (MOLG) shall also be a member of the Steering Committee and shall in turn arrange that the District Planning Teams be responsible for work inputs at the level of the district. Each of 10 District Planning Teams (as described in the Local Government Act) including the District Planning Officer, the District RWS Engineer and others as prescribed by legislation shall coordinate the work of the Community Councils. About 1400 Councillors will each be responsible for data collection in a designated area. Notwithstanding the organisation of the District Planning Team, the District RWS Engineer shall be the focal point of the project at the District level.

4.4. A local firm of consultants shall be required to provide the services of experts in the following disciplines:

- Team Leader with competences in the field of planning and implementation of RWSS projects;
- Expert in Gender and Social Impacts Analysis
- A Rural Water Resources Management and Sanitation Specialist;
- PHAST/Community and Institutional Development Specialist;
- IT specialist with experience of development of Windows based applications.

The experts are to dedicate an estimated 329 workdays over a period of about 28 weeks to deliver the services under their responsibility as described under section 5 below within the overall framework described in 3, above. The Consultant will employ enumerators on temporary basis as back-up to the Community Councils and shall allow for this cost in their financial proposal.

5. RESPONSIBILITIES OF THE CONSULTANT

5.1.1. The Consultant shall provide own office and personnel accommodation which shall be deemed included in fees. DRWS will however provide an office for one to two persons within the Head Office in Maseru for the use of the Consultant to facilitate the involvement of the DRWS Team in the implementation of the Project.

5.1.2. The consultant shall provide for transport of own staff. The transport provided by the Consultant shall be adequate to cater also for the additional transport needs of the District staff for the implementation of the Project. The estimated transport costs shall be budgeted under reimbursable items in the Consultant's Financial Proposal

5.1.3. The Consultant shall make arrangements to directly acquire information from sources other the Client.

5.2. Care and diligence

5.2.1. The Consultant is to exercise diligence in the execution of responsibilities under the project. Within the overall framework of the scope of work the consultant shall be accountable for the following:

During the Data Collection stage:

- Review information available, submit an inception report and a proposal for the Data Collection Form
- Administer the field testing of the Data Collection Form
- Train the District Planning Teams to train the Community Councils in the data collection and engage one enumerator per Community Council to assist the Community Councils in the data collection
- Carry out quality control of the Data entry at district level
- Collect and Process Results of the Data Collection Exercise for ultimate documentation
- Up-date and redesign of the DRWS data systems and development of reporting tools including maps using GIS. The Consultant will be responsible for specifying the required software and installation and training of staff at national and district level in the use of GIS software. *Software and Hardware will be purchased by DRWS*.

For development of Unit Costs:

- Review unit cost studies carried out elsewhere and draw out experiences and lessons learned
- Develop unit cost estimates for water supply, sanitation, hygiene education, water resources management interventions and water sector specific capacity building
- Analyse the costs and compare to the actual costs for implementation of recent projects
- Document the results of the unit cost study and present results for review by stakeholders

For development of the Estimating Model:

- Review work carried out elsewhere on water sector investment modelling and draw out experiences and lessons learned
- Develop the Estimating Model
- Document the Estimating Model in User manuals
- Present the Estimating Model at a workshop
- Document the results of the workshop.
- Review experiences from the on-going programme to ensure that programme components are comprehensive and recommend inclusion of new components or expansion of scope of new

For Capacity Building

- Assess the Training Needs at national and district level in relation to the Planning Framework, noting important gender differences
- Develop the Training Plan incorporating gender considerations
- Implement Training Plan
- Support DRWS in preparing plan for coaching and mentoring of district staff.

With respect to the preparation of the investment plan:

- Prepare presentations of the estimating model and the results of the investment planning for 4 to 5 scenarios
- Assist DRWS to present the estimating model and the investment plans at an interactive stakeholder workshop
- Finalise and present the Strategic Investment Plan Document.

5.3. Submission of Outputs (Interim and Final Reports) and Progress Reports

5.3.1. The Consultant shall submit an Inception Report together with the proposal for a Data Entry Form within one week of start of work. Thereafter the consultant shall submit monthly Progress Reports in a format to be agreed with the client.

5.3.2. The Consultant shall also submit interim reports covering documentation of all proposed outputs as detailed in the scope of work and responsibilities of the consultant.

5.3.3. Payment of fees shall be conditional upon acceptance of the Interim Reports by the Client and the AWF.

6. RESPONSIBILITIES OF THE CLIENT

6.1.1. DRWS shall constitute an expert team of key staff committed and available at all times to the project, who shall avail necessary information to the consultant and execute steps required of DRWS.

The DRWS team shall:

- Manage the project including executing the Agreement with the AWF
- Procure the services of consultants and the required computer software and hardware
- Administer the Consultancy Contract
- Arrange for consultants to access information in its care, and liaise with other local sources of information
- Liaise with the District Planning Teams and arrange for consultations between the District Planning Teams and the Consultant

- Review the inputs of the consultants and arrange for execution of recommendations as work progresses

6.1.2. The DRWS shall also obtain commitment of the agencies outside the MNR to provide inputs through the Steering Committee. Specifically, the Ministry of Local Government shall commit members of the ten District Planning Teams to be available to carry out the following:

- Liaise with the Community Councils
- Be trained, and in turn train the Community Councillors as enumerators to administer the Data Collection Form after field testing
- Supervise the data collection process and link the DRWS/ Consultants quality control to the councillors/enumerators
- Undertake detailed data collection on samples of villages to check the inputs of councillors and present additional in-depth studies.
- Collate data in respect of their respective districts
- Document results at district level and transmit to the DRWS/Consultants
- Be available for on-job training on the Planning Tool and use the planning tools to develop district investment plans under guidance of DRWS and Consultant

6.1.3. The District RWS Office as a member of the District Planning Teams shall, in particular

- Provide the technical input to the District Planning Team in matters relating to water supply and sanitation
- Avail information on the District Information System
- Be available for Capacity Building

6.1.4. The Community Council members shall

- Undertake the data collection for own use and transmit results to the District Planning Unit
- Be represented at Stakeholder Consultation workshops

6.1.5. Other stakeholders shall

- Obtain representation on the Steering Committee
- Make available information required for the study
- Obtain representation in tat the Stakeholders Workshop
- Obtain regular briefing on progress of project on a quarterly basis

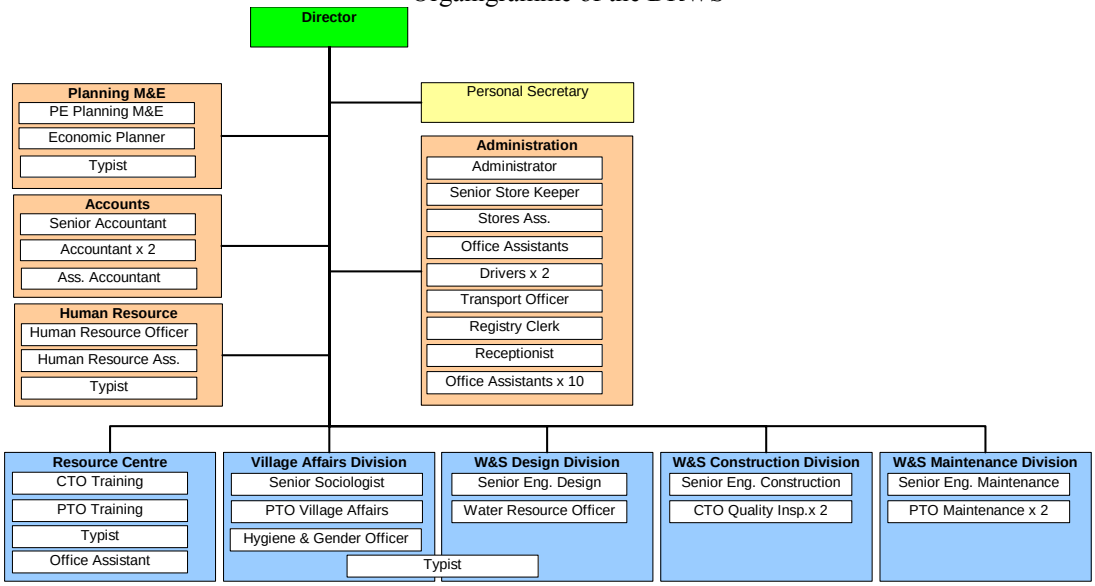
7. DATA AND DOCUMENTATION AVAILABLE TO THE CONSULTANT

7.1.1. The following reports shall be made available to the Consultant

- DRWS Annual Report 2005/06 Financial Year;
- Electronic version of the District Information System
- Rural Water Supply & Sanitation Investment Plan, DRWS, June 2006
- Draft Water Resources Management Policy, September 2006
- After Care Strategy, December 2005
- DRWS Procedure Manual
- DRWS Specifications
- DRWS Standard Drawings
- DRWS Design Standards
- DRWS MS Excel Tools for water system design: BOQSTAND, DRWS Design, Feasibility Costing etc.
- ADB Gender Profile for Lesotho, 2005
- ADB Gender Policy

Annex 3

Organigramme of the DRWS



Annex 4

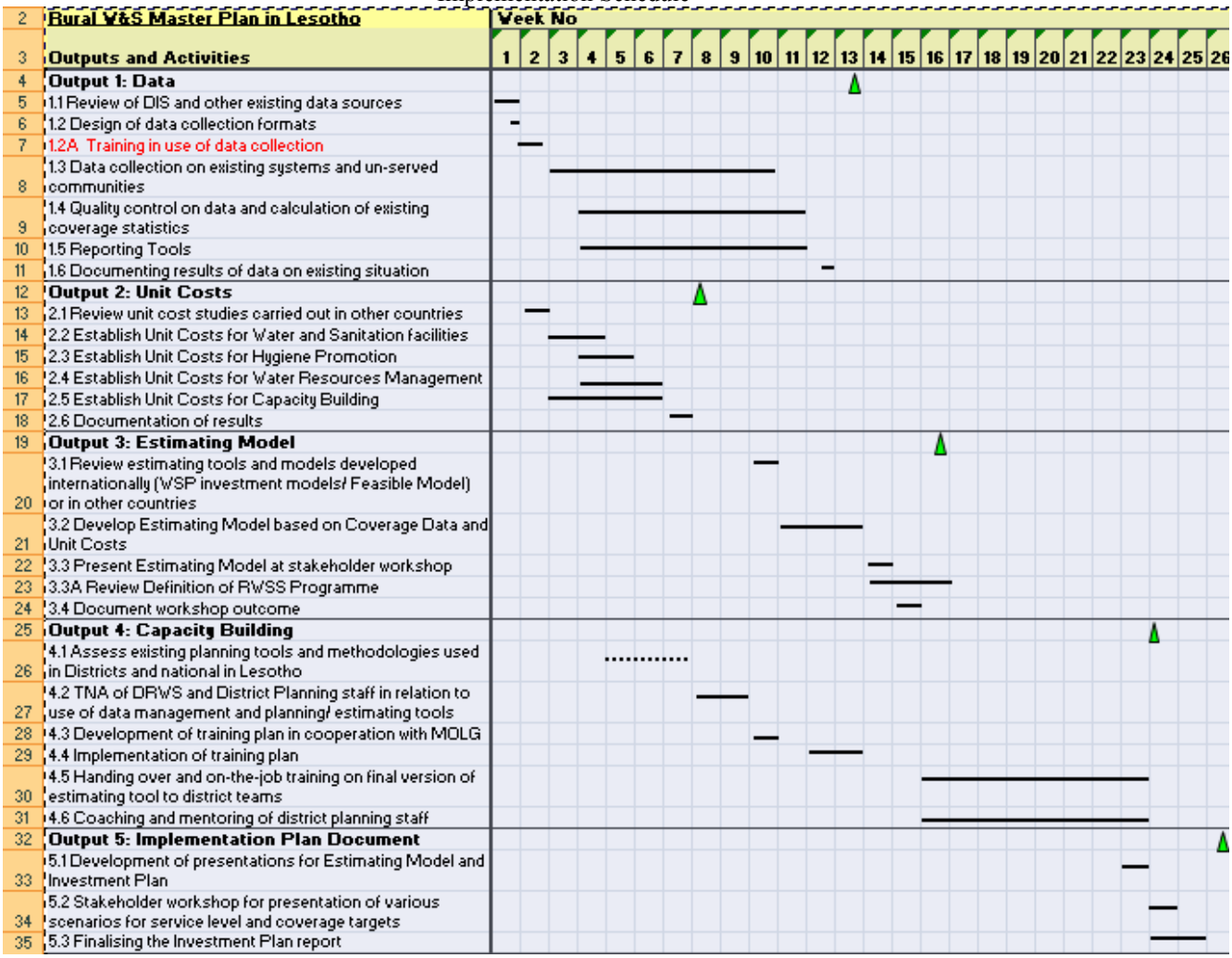
Activities and Inputs

Rural W&S Master Plan in Lesotho **Outputs and Activities**	**Estimate of inputs (days)**									
	DRWS	**Other Min.**	**DCs**	**CCs**	**TL**	**WSS**	**SW**	**GE**	**IT**	**Cons. total**
Output 1: Data										
1.1 Review of DIS and other existing data sources	3	20			2	1	1		2	6
1.2 Design of data collection formats	1				2	1			1	4
1.2A Training in use of data collection	10		20		1			5		6
1.3 Data collection on existing systems and un-served communities	40		400	8000	5					5
1.4 Quality control on data and calculation of existing coverage statistics	10		100		5	5		2	5	17
1.5 Reporting Tools	10	10	50		10	5	5		30	50
1.6 Documenting results of data on existing situation	2		20		3	1		5	2	11
Output 2: Unit Costs										
2.1 Review unit cost studies carried out in other countries	5				2	2			1	5
2.2 Establish Unit Costs for Water and Sanitation facilities	5	2				8			2	10
2.3 Establish Unit Costs for Hygiene Promotion	5	5					5		1	6
2.4 Establish Unit Costs for Water Resources Management	2	10				10			2	12
2.5 Establish Unit Costs for Capacity Building	5	5					10		1	11
2.6 Documentation of results	1				5	1	1		2	9
Output 3: Estimating Model										
3.1 Review estimating tools and models developed internationally (WSP investment models/ Feasible Model) or in other countries	3				1				3	4
3.2 Develop Estimating Model based on Coverage Data and Unit Costs	5				5				15	20
3.3 Present Estimating Model at stakeholder workshop	1	10			1	1	1		1	4
3.3A Review Definition of RWSS Programme					15	20	5			40
3.4 Document workshop outcome	1				1					1
Output 4: Capacity Building										
4.1 Assess existing planning tools and methodologies used in Districts and national in Lesotho	2		20		2			2		4
4.2 TNA of DRWS and District Planning staff in relation to use of data management and planning/ estimating tools	2		20		5		10			15
4.3 Development of training plan in cooperation with MOLG	2	10			2		2			4
4.4 Implementation of training plan	5	20	50		10	5	5	1	20	41
4.5 Handing over and on-the-job training on final version of estimating tool to district teams	10	10	100		5	2	2		5	14
4.6 Coaching and mentoring of district planning staff	80		160							0
Output 5: Implementation Plan Document										
5.1 Development of presentations for Estimating Model and Investment Plan	2				2	1	1		5	9
5.2 Stakeholder workshop for presentation of various scenarios for service level and coverage targets	3	20	30		3	1	1		2	7
5.3 Finalising the Investment Plan report	5				5	2	2		5	14
Totals	**220**	**122**	**970**	**8000**	**92**	**66**	**51**	**15**	**105**	**329**

Legend
DRWS: Department of Rural Water Supply
DCs: District Councils
CCs: Community Councils
TL: Team Leader for the Consultant
WSS: Water Supply and Sanitation Specialist
SW: Software (hygiene education and community mobilization specialist)
GE: Gender Expert and Sociologist
IT: Information Technology Specialist

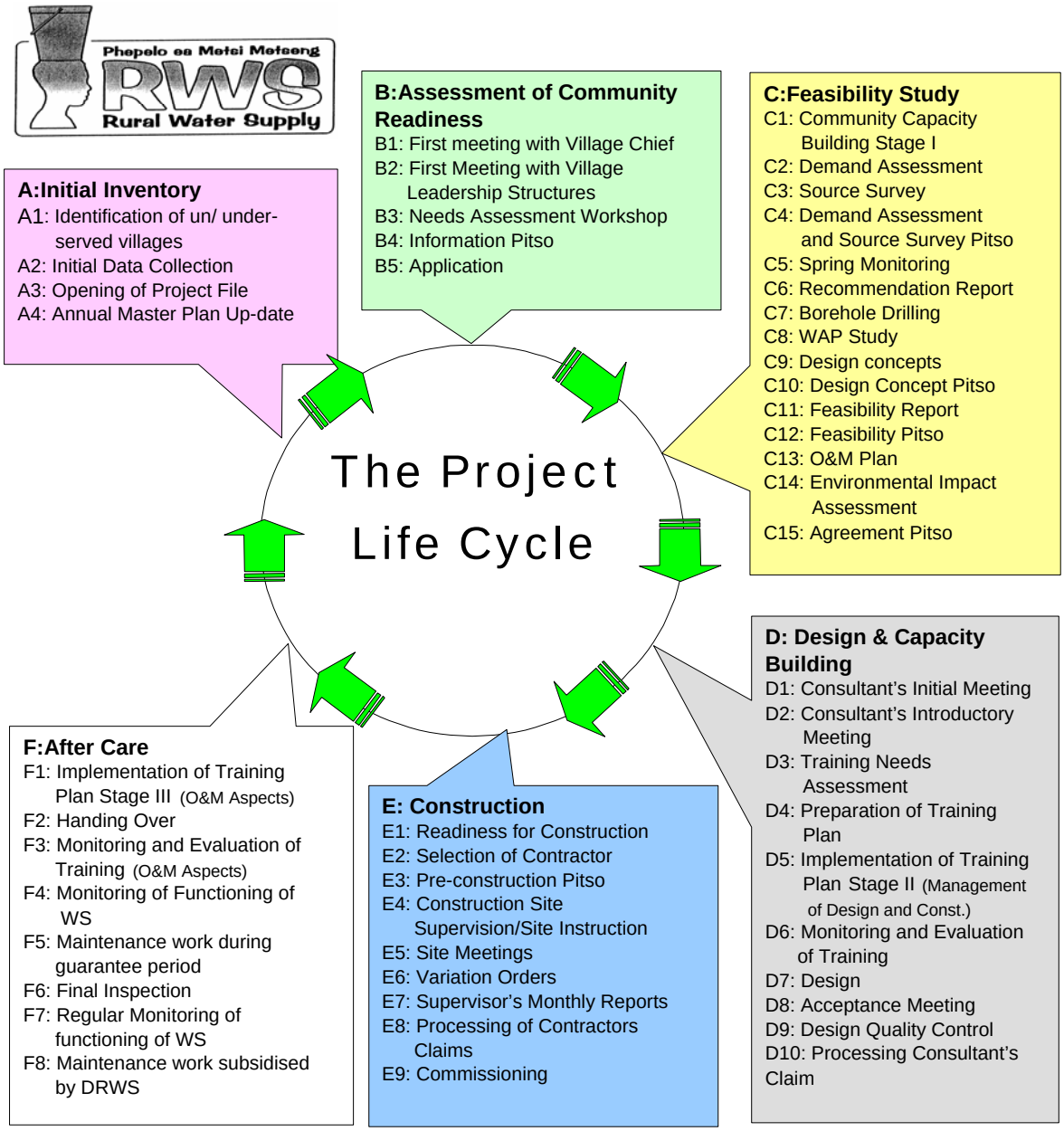
Annex 5

Implementation Schedule



Annex 6

RWS Project Life Cycle



Annex 7

Detailed Budget Estimates

	Units	Quantity	Rate	Amount	**TOTAL**
Consultancy fees					
Team Leader	workdays	92	540	49,680	
WSS Specialist	workdays	66	540	35,640	
Software Specialist	workdays	51	540	27,540	
Sociologist/Gender Spec	workdays	15	540	8,100	
IT Specialist	workdays	105	540	56,700	
		329			**177,660**
International Travel + Accommodation					
DSA	days	329	120	39,480	
Return Airfares	Nr	10	2,500	25,000	
					64,480
Data Collection (Enumerators...)	workday	1,920	20	38,400	**38,400**
Transport for Data Collection	km	115,000	0.5	57,500	**57,500**
Workshop Lump sum	LS			6,000	**6,000**
Sundry reimbursable items	LS			12,000	**12,000**
Total Consultants					**356,040**
Contingencies					**17,802**
GIS Software					**25,000**
					398,842
Local Contributions					
DRWS		220	32	7,040	
Other Ministries		122	32	3,904	
District Councils		970	25	24,250	
Community Councils		8,000	7	56,000	
DRWS site expenses		50	60	3,000	
					94,194
					493,036