AFRICAN DEVELOPMENT BANK

KINGDOM OF LESOTHO

HUMANITARIAN RELIEF ASSISTANCE TO DROUGHT AFFECTED POPULATIONS

South Africa Resource Centre (SARC)

July 2016
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ANNEX II: REQUEST LETTER FROM GOVERNMENT
Acronyms

ADB : African Development Bank
IA : Implementing Agency
LOA : Letter of Agreement
MT : Metric Tonne
NGO : Non-Governmental Organization
SARC : South Africa Resource Centre
SRF : Special Relief Fund
UN : United Nations
LVAC : Lesotho Vulnerability Assessment Committee
WFP : World Food Program
## Project Simplified Logical Framework

<table>
<thead>
<tr>
<th>RESULTS CHAIN</th>
<th>PERFORMANCE INDICATORS</th>
<th>MEANS OF VERIFICATION</th>
<th>RISK/MITIGATION MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>OUTCOMES</td>
<td>Indicator</td>
<td>Baseline</td>
<td>Target</td>
</tr>
<tr>
<td>Stabilized or improved food consumption over assistance period of targeted households or individuals</td>
<td>Food Consumption Score: Percentage of households with poor food consumption score</td>
<td>Male headed households</td>
<td>8.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female headed households</td>
<td>2.4%</td>
</tr>
<tr>
<td></td>
<td>Dietary Diversity Score:</td>
<td>Male headed households</td>
<td>3.05</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female headed households</td>
<td>3.15</td>
</tr>
<tr>
<td>OUTPUTS</td>
<td>Number of women, men, boys and girls receiving food assistance</td>
<td>-</td>
<td>13,160 beneficiaries reached with food by 6 months period</td>
</tr>
<tr>
<td></td>
<td>Quantity of food assistance distributed, disaggregated by type</td>
<td>Fortified Maize Meal: 948 MT Pulses: 142MT Veg: 47 MT</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Quantity of non-food items distributed disaggregated by type</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Key Activities

- **Component 1:** Cereals, Pulses and Vegetable Oils
- **Component 2:** Associated Direct Costs (transport, storage, handling and distribution cost)
- **Component 3:** WFP Administrative Costs
- **Component 4:** Contingency

### Inputs

- Component 1: US$ 567,000
- Component 2: US$ 319,712
- Component 3: US$ 65,421
- Component 4: US$ 47,317

### Risk

- **Foodstuff not readily available locally.**

### Mitigation

- WFP has long-term experience in providing such assistance (purchase, shipment, customs clearance, transportation, distribution and monitoring of food availability).
1. BACKGROUND AND JUSTIFICATION FOR EMERGENCY ASSISTANCE

1.1 Background – Food Insecurity and Emergency Needs

1.1.1 From 2016 to March 2017, Lesotho is expected to experience an El-Nino induced drought condition, one of its worst in history. This follows a deteriorating food security situation caused by poor harvests in the past two years (2014-2015). Drought in 2016 will lead to a 21 percent decrease in cereal production as compared to 2013/14 agricultural season and a 51 percent decrease when compared to the 2008/09 agricultural season (which was considered a normal year by the Lesotho Vulnerability Assessment Committee (LVAC)). The combined temperature and rainfall indices show one of the worst situations of drought experienced in the country since 1982. The effects of the drought are greater in the lowlands and foothills, where the main cereal production areas are located. The general trend also reveals an erosion in farming capacities as observed in a general decline of planted areas over the past few years, mainly due to the uncertainties of agro-climatic conditions, shortage of farm labor and lack of cash-flow for inputs and investment. As a result of the harsh climactic conditions, the LVAC report (July 2015) estimated that between 180,000 and 463,936 people out of a population of 1.8 million will require immediate humanitarian assistance, with many households having already exhausted their coping mechanisms which include among others migration, skipping meals, eating less nutritious food lacking dietary diversity and selling of assets.

The May 2016 Lesotho Vulnerability Assessment Committee (VAC) assessment estimates that a total of 679,437 people are in need of humanitarian assistance of which 476,842 will need life-saving and livelihood assistance for 9-12 months, and 202,595 will require support to protect existing livelihood assets.

1.1.2 According to the multiagency drought assessment report (January 2016), crop production in the 2014/15 agricultural season was adversely affected by low and poorly distributed rainfall with a prolonged dry spell of over 20 days in January-February 2015, impacting crop growth and maturity. In addition, there was 24% and 45% drop, respectively, in terms of planted area compared to 2013/14 season and the 2008/9 season (the baseline). According to the drought assessment report, a total of 534,502 people (about 89,200 households) representing 38% of rural population are likely to face survival and livelihood protection deficits in the absence of safety nets until June 2016 and beyond.

1.1.3 The low levels of cereal production will have adverse impacts on food and nutrition security in Lesotho where more than half of the population of 1.8 million people (57 percent) live below the poverty line. Lack of diversified livelihood base and an unemployment rate of 29 percent exacerbate food and nutrition insecurity and poverty. More than 70 percent of food is imported from neighboring South Africa, pushing prices beyond the reach of vulnerable populations. Recent price monitoring data have shown a sharp increase of 30 to 70 percent in the price of maize meal in South Africa. Chronic under nutrition and micronutrient deficiencies present significant development challenges, with stunting affecting 33 percent of children under age five and anemia affecting 51 percent of children.

1.2 Justification for Emergency Assistance

1.2.1 The food security situation is predicted to be adverse given the current weather outlook induced by El Niño phenomenon. The impact of El Niño is envisaged to be more severe on vulnerable communities affected by the cumulative effects of the past poor growing seasons. Many of these coping mechanisms including migration, transactional sex are
detrimental, which might increase their risk to HIV infection. It is anticipated that the causal factors of malnutrition, such as use of unsafe drinking water sources, poor sanitation, and food insecurity, are likely to see a deterioration of the nutrition situation of women and children across the country. It is further projected that average maize meal prices will continue to increase with the effect of reducing the purchasing power of current incomes. Under WFP emergency food assistance, an estimated 13,160 beneficiaries will be assisted in the mountainous areas, where markets are not well functioning and mechanisms of cash delivery are not in place.

1.2.2 Water scarcity is already affecting the normal functioning of hospitals, health centers and schools. It exposes the most vulnerable groups to water-borne diseases and other health-related problems. Of particular concern are people living with HIV/AIDS in a country that has an HIV prevalence of just over 23 percent, pregnant and lactating women (PLW) and children under the age of five years. It is expected that the nutrition situation (particularly of vulnerable groups such as PLHIV, PLW, young children and the elderly) may deteriorate as a result of drought conditions. The effects of current drought conditions in the country call for an urgent, timely and effective humanitarian response in support of the Government.

1.2.3 This proposal for emergency assistance to the affected populations due to the impact of El Niño during cropping season 2015/2016 is justified as it fulfills the three criteria required to qualify for Bank Group assistance in that: (i) the emergency situation is of a scale which is clearly beyond the capacity of the Government of Lesotho agencies to handle alone; (ii) the proposed activities can be carried out expeditiously and effectively within the required time frame; and (iii) the emergency relief assistance aims at restoring a degree of normalcy in both the social and economic life of the affected populations as quickly as possible. The proposal is thus in compliance with the provisions of the Revised Policy Guidelines and Procedures for Emergency Relief Assistance, and General Regulations of the Special Relief Fund (ADB/BD/WP/2008/211/Rev.1)

1.2.4 Traditionally, women have the responsibility to provide food within the household. Therefore, they are the most affected by food insecurity that in many cases exacerbate gender based violence. WFP will ensure that the majority of recipients are women, and that ration cards are issued first to the women in the community. Through Field Level Agreements (FLA) signed by WFP, the Government and cooperating partners will commit themselves to abiding by WFP gender policies and guidelines. In order to ensure the safety, dignity and integrity of beneficiaries, WFP will collaborate with the UNFPA to reach its field staff, cooperating partners and beneficiaries with Gender Based Violence (GBV) advocacy messages.

2. OVERVIEW OF THE APPEAL FOR EMERGENCY ASSISTANCE

2.1 For the remainder of the 2016 year and until the next harvest, projected for March 2017, Lesotho faces a major food security crisis due to the impact of the El-Niño induced drought. The drought further compounds the already deteriorating food security situation as it comes after poor harvests from the 2014/2015 agricultural seasons. Harvests were low the past two years due to low and poorly distributed rainfall with a prolonged dry spell of over 20 days in January-February 2015 when crops were nearing physiological maturity. This resulted in a 21 percent decline in the food production in 2014/15 as compared to 2013/14. The Government of Lesotho declared a state of emergency in December 2015 and subsequently prepared a response plan covering the areas of water and sanitation, agriculture
and food security, health and nutrition, logistics and communications. The government launched an appeal for 584,079,131 Maloti (around USD 39,000,000) for six months of relief assistance from December 2015 to May 2016. The government contributed 155,000,000 Maloti (around USD 10 million) thus leaving a net resource gap of 429,079,131 Maloti (around USD 29 million).

2.2 The Government of Lesotho is thus submitting this proposal to the Bank to support the remaining funding gap in the food security sector. Providing these food commodities along with the respective associated costs will contribute to the government’s appeal of USD 39 Million under the food assistance component, to respond to the needs of the most vulnerable people during this difficult food crisis.

3. THE PROPOSED EMERGENCY ASSISTANCE OPERATION

3.1 Objectives and Description of the Emergency Assistance

3.1.1 The objective of the proposed Bank Group Emergency Relief Assistance to the Kingdom of Lesotho is to contribute to the on-going efforts of the Government and other humanitarian partners to save lives and protect livelihoods in the current crisis situation caused by the drought being experienced by the country. This objective will be achieved through the provision of emergency food relief.

3.1.2 The Bank will contribute US$ 1 million in response to the appeal of the Government of the Kingdom of Lesotho. Due to limited resources, and in order to ease the management of the relief assistance, the Bank contribution will be limited to the food assistance component of the Relief Assistance Appeal.

3.1.3 The proposed Emergency Relief Assistance Operation, will be funded from the Bank’s Special Relief Fund (SRF). The contribution will be used to procure cereals (maize) pulses, and oil and will cover the associated costs related to the delivery of food supply, including transportation from point of purchase to Lesotho and onward transportation for distribution to beneficiaries, storage, handling, monitoring and distribution. It will also cover the management cost of the executing agency.

3.1.4 This contribution will cover specifically the food commodity requirements from July 2016 to December 2016 consisting of 948 MT of maize, 142 MT of pulses and 47 MT of Vegetable Oil for 13,160 beneficiaries in Thaba - Tseka, Quthing, Maseru, Qacha and Mohales’ Hoek districts. The requested funding will be received by the UN World Food Programme (WFP) as the designated agency to implement the relief operation on behalf of the Government of Lesotho.

3.1.5 WFP has the capacity to plan, operate and launch emergency food assistance on the proposed scale. WFP will establish partnerships with NGOs to support food assistance implementation and monitoring. A portion (USD 35,000) of the resources will be used to strengthen the capacity of the NGOs who will be working with WPF. WFP already has a field presence in all drought-affected areas through other projects.
3.1 **Cost and Source of Finance**

The total cost of the Bank’s emergency assistance to the Kingdom of Lesotho is estimated at US$ 1,000,000. The cost breakdown is attached in annex 1. The funds provided by the Bank are restricted and earmarked for the purposes of urgent humanitarian assistance to the affected populations.

3.2 **Implementation Arrangements and Schedule**

3.2.1 According to the Bank’s Revised Policy Guidelines and Procedures for Emergency Relief Assistance and General Regulations of the Special Relief Fund (ADB/BD/WP/2008/211/Rev.1 - ADF/BD WP/2008/173/Rev.1) (the “Guidelines”), implementation of emergency humanitarian relief assistance will be entrusted to a suitable Implementing Agency to be selected from within UN specialized agencies which are operating at field level, competent Government institutions, or credible NGOs with a good track record of implementing emergency operations. The government has selected WFP as the Implementing Agency (IA) for this operation. In particular, WFP will be coordinated by the Disaster Management Authority and the Ministry of Development Planning of the Government of Lesotho for the management and implementation of proposed activities under this emergency operation. WFP has an active and long standing operational presence in the Kingdom of Lesotho. WFP has been operating in Lesotho since 1965, supporting the Government through development projects, Emergency Operations (EMOP), and Protracted Relief and Recovery Operations (PRRO). Thus, it has the necessary logistical infrastructure and capability to implement the planned activities (i.e. purchase of food items, customs clearance, overland transportation, distribution and monitoring) in a timely and effective manner, in collaboration with the Government and other humanitarian partners, including NGOs.

3.2.2 A tripartite letter of Agreement will be signed between the Bank, the Government of the Kingdom of Lesotho and WFP outlining the terms and conditions for the grant, responsibilities, and obligations of each party. The administrative fee paid to WFP shall not exceed 7% percent of the total amount of the grant.

3.3 **Procurement and Disbursement Arrangements**

**Procurement**

3.3.1 The Bank’s resources will procure 1,137 mt of food items. The World Food Program (WFP) is the Implementing Agency (IA) of this operation. WFP has a track record of procurement and distribution of food items using its unique procurement procedure. It has been assessed to have a very active and long standing operational presence in the Kingdom of Lesotho, with the necessary logistical infrastructure and capability to implement the procurement and distribution of such commodities in a timely and effective manner.

3.3.2 Article 3.8 of the Revised Policy Guidelines and Procedures for Emergency Relief Assistance requires the use of Bank’s Rules and Procedures in the implementation of the programme. In accordance with Procurement Policy for Bank Group Funded Operations approved in October 2015, notably paragraph 5.3(e) and 6.5, WFP being an International Organization under the UN system will implement the procurement and distribution of the
goods using its procurement rules and procedure. The process should guarantee a competitive price of the products. There will be a control mechanism in the MOU between the Government and WFP, ensuring that the goods effectively reach the beneficiaries in the quantity and quality required. The Bank will rely on the oversight arrangements of the WPF. The Bank, through a provision in the Protocol of Agreement, may exercise a post review of this acquisition process.

3.3.3 Duration: The Guidelines and Procedures stipulate that emergency humanitarian relief assistance is typically a short-term operation, lasting a few months. Consequently, a period of six months from the date of approval of the memorandum has been proposed for the execution of this emergency relief assistance. Funds not disbursed after this period will be cancelled.

Disbursement

3.3.4 The funds will be disbursed in one single tranche, through direct payment into an account, the details which will be provided by WFP. The conditions for disbursement will be: (i) signature of the said Tri-partite Letter of Agreement (LoA); and (ii) submission by WFP of the details of the bank account that will receive the proceeds of the grant.

3.4 Reporting, Supervision and Auditing

3.4.1 WFP provides annual Standard Project Reports (SPRs) to all donors through its website. A final report, containing an operational and a financial section, is also provided upon completion of the operational and financial closure of the project. This final report should be submitted to the Bank within six months after the completion of the programme. The SPR provides information on the use of the resources and the results obtained. Furthermore, WFP will submit to the Bank, at the end of the operation, a written confirmation from a Senior Officer that WFP has complied with the terms of the LoA, and that the resources were utilized for the purpose they were granted. The Bank’s South Africa Resource Centre (SARC) will monitor the execution of this operation and submission of the required reports by WFP.

4. CONCLUSIONS, RECOMMENDATIONS AND CONDITIONS FOR DISBURSEMENT

4.1 Conclusions and Recommendations

4.1.1 The Kingdom of Lesotho is facing increased and severe food insecurity due to the drought caused by the El Nino phenomenon. This has prompted the Government to declare a state of emergency and request for support for relief assistance to the international community. The National Drought Emergency Response Plan, produced by the Government indicates that the Kingdom of Lesotho needs emergency food aid, amounting to USD$39 million under the food assistance component. The funding gap which will respond to the food aid needs of the most vulnerable people during this difficult food crisis is currently estimated at US$ 29 million. The Bank Grant will contribute towards the reduction of the gap.

4.1.2 It is recommended that the Board of Directors approves the Kingdom of Lesotho Emergency Relief Assistance request of US$ 1 million from the SRF, for the purpose of procuring, transporting and distributing food items to the affected population.
4.2 **Conditions for Disbursement**

The grant resources will be disbursed in one tranche, subject to the following conditions:

i) Signature of the tripartite LOA by the Bank, the Kingdom of Lesotho, and WFP

ii) Communication by WFP to the Bank of the details of WFP’s bank account to which the grant resources will be transferred.
Annex I – Activities and Budget over a the six month implementation period (July – December 2016)

<table>
<thead>
<tr>
<th>Feeding Category</th>
<th>Planned beneficiaries</th>
<th>Fortified Maize Meal</th>
<th>Pulses</th>
<th>Veg. Oil</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food-For-Work</td>
<td>13160</td>
<td>948</td>
<td>142</td>
<td>47</td>
<td>1,137</td>
</tr>
<tr>
<td><strong>Total Food Requirement (mt)</strong></td>
<td><strong>total (in MT)</strong></td>
<td><strong>948</strong></td>
<td><strong>142</strong></td>
<td><strong>47</strong></td>
<td><strong>1,137</strong></td>
</tr>
<tr>
<td>Commodity Cost (Price: USD$ per MT)</td>
<td></td>
<td>474</td>
<td>550</td>
<td>850</td>
<td></td>
</tr>
<tr>
<td><strong>Total Commodity Cost (USD)</strong></td>
<td></td>
<td>449,124</td>
<td>78,156</td>
<td>40,270</td>
<td>567,550</td>
</tr>
</tbody>
</table>

**Associated Costs:**

- Landside Transport Storage and Handling, Distribution and monitoring Costs (LTSH, ODOC and DSC): 263,399 USD
- Grant Administrative (2%) & Programme Support Costs (5%): 51,277 USD
- Contingency: 37,444 USD

**Total Budget (USD):** 801,244 USD

Breakdown of Landside Transport Storage and Handling (LTSH) and Other Direct Operational Costs (ODOC):

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit cost</th>
<th>QTY</th>
<th>Cost in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Transportation Cost for 1,137 Mtn @ $170 per ton</td>
<td>$170</td>
<td>1137 mtn</td>
<td>193,290 USD</td>
</tr>
<tr>
<td>2) Distribution as per Contracts with Partners of 1137mtn @ $57.41 per ton</td>
<td>$57.41</td>
<td>1137 mtn</td>
<td>65,275 USD</td>
</tr>
<tr>
<td>3) Travel cost for monitoring of food distribution</td>
<td>$105</td>
<td>60 days</td>
<td>6,300 USD</td>
</tr>
<tr>
<td>4) Motor Vehicle Running Costs</td>
<td>$650</td>
<td></td>
<td>15,000 USD</td>
</tr>
<tr>
<td>5) Communication</td>
<td>$200</td>
<td>6 months</td>
<td>1,200 USD</td>
</tr>
<tr>
<td>6) Remuneration: Monitor and driver</td>
<td>$2,000</td>
<td>6 months</td>
<td>12,000 USD</td>
</tr>
<tr>
<td>7) Visibility materials- Banners, etc.</td>
<td>$1,524.70</td>
<td>10 centres</td>
<td>15,247 USD</td>
</tr>
<tr>
<td>8) Vehicle Leasing 2 Vehicles</td>
<td>$1,900</td>
<td>6 months</td>
<td>11,400 USD</td>
</tr>
<tr>
<td><strong>Total budget</strong></td>
<td></td>
<td></td>
<td>319,712 USD</td>
</tr>
</tbody>
</table>
Annex II – Letter for the Government of Kingdom of Lesotho

Telephone: (+266) 22311100
Fax: (+266) 22310281

In reply please quote:
Your Reference:

MDP/4/011/1

Mr. Kennedy Mbekeani
Officer in Charge
African Development Bank
Southern African Resource Centre
339 Witch Hazel Avenue
Highveld Extension 78 Eco Park
Centurion 0157-Private Bag X1262
Silverton Pretoria
South Africa

Dear Sir,

LESOHTO: REQUEST FOR EMERGENCY ASSISTANCE FOR HUMANITARIAN RELIEF TO DROUGHT AFFECTED POPULATION

Lesotho is experiencing one of its worst drought conditions in history with the impact of the drought leading to severe water shortage and acute food shortages envisaged from June, 2016 to July 2017. The drought resulted in 21 percent decrease in cereal production as compared to 2013/14 agricultural season and a 51 percent decrease compared to 2008/9. The situation has further been exacerbated by more than 50 percent increase in maize meal price, which is the staple food in Lesotho. The Lesotho Vulnerability Assessment Committee report (LVAC) (July 2015) estimated that between 180,000 and 463,036 people will require immediate humanitarian assistance, with many households having already exhausted their coping mechanisms. The number of food insecure people is expected to increase to over 650,000 in 2016/17, and this will be confirmed by LVAC assessment in May 2016.

The Government of Lesotho declared drought emergency in December 2015 and prepare a response plan covering the areas of water and sanitation, agriculture and food security, health and nutrition, logistics and communications; and launched an appeal for USD 39,000,000 for the 6 months, December 2015 to May 2016; and contributed around USD 10 million thus leaving a net resource gap of USD 29 million.

The Government of Lesotho thus requests the support of the Bank in responding to adverse impact of the drought on the most vulnerable households through the provision of food assistance. The government aims to secure the immediate food needs to the most vulnerable people (the “very poor” identified by the LVAC) with the objective to save lives and protect livelihoods. WFP as the implementing agency will provide the selected food items to a targeted vulnerable group of 6,000 beneficiaries from June to December 2016, complementing contributions from other donors to reach a total of 116,000 food aid beneficiaries under the Emergency Operations Programme.
Attached is a proposal highlighting how the requested funding will be utilized to assist the most vulnerable households in Lesotho.

Yours Sincerely,

Tlohelang Aumane
Principal Secretary