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RESETTLEMENT ACTION PLAN SUMMARY

FOR

LESOTHO HIGHLAND WATER PROJECT PHASE II

COUNTRY: LESOTHO

Date: March 2019

Project Name : Lesotho Highland Water Project Phase II

Country : Lesotho

Project Number : P-Z1-EA0-011

1. Description of Project, Project Area and area of Influence

The Lesotho Highland Water Project (LWHP)

The idea to transfer water from Lesotho to South Africa - considered as early as the middle 1950s - came to fruition in 1986 with the signing of the Treaty on the Lesotho Highlands Water Project between the Government of the Kingdom of Lesotho and the Government of the Republic of South Africa. The Treaty established the Lesotho Highlands Water Project (LHWP), to divert water from Lesotho's Senqu River system to the upper reaches of the Vaal River in South Africa through the construction of a series of dams and tunnels for the mutual benefit of both Lesotho and South Africa. The Treaty furthermore mandated the Lesotho Highlands Development Authority (LHDA) - established as an autonomous statutory body under the laws of the Kingdom of Lesotho and in accordance with the provisions of the Treaty - to implement, operate and maintain the LHWP in the Kingdom of Lesotho.

The first phase (Phase I) of the four-phased multi-billion Maloti/Rand bi-national water transfer and hydro-electric power project was completed in 2003, and the second phase (Phase II) is currently underway.

Phase I

Phase IA traverses the three districts of Lesotho, namely Leribe, Thaba-Tseka and Butha-Buthe. The Phase comprised the Katse Dam across the Malibamatsu River; a concrete-lined gravity Transfer Tunnel through which water flows to the 'Muela Hydro-Power Station; the 'Muela Dam and the Delivery Tunnel through which the water discharges into the Ash River, north of Clarens in South Africa.

Phase IB traverses the Maseru and Thaba Tseka districts. The Phase comprised Mohale Dam across the Senqunyane River; a concrete-lined Gravity Tunnel connecting the Mohale Reservoir with the Katse Reservoir; and the 19m high Matsoku Diversion Weir and Interconnecting Tunnel to transfer water from the Matsoku river to the Katse Reservoir.

PHASE II

Phase II of the Lesotho Highland Water Project, scheduled for completion in 2025, consists of the Polihali Dam - concrete-faced rock-fill dam located about a kilometre downstream the confluence of the Senqu (Orange) and Khubelu Rivers in Mokhotlong District; a Gravity Tunnel connecting the Polihali.

Main advance Infrastructure of the LHWP Phase II Main and Advance Infrastructure Works include the following:

- The Polihali Dam and Appurtenant Works;
- The Polihali – Katse Transfer Tunnel;
- The Polihali North East Access Road (PNEAR), the upgrading of an existing gravel road as initial access to the Polihali area;
- The Polihali Western Access Road (PWAR), a new asphalt surfaced road as main access road from the A8 road near Ha Seshote to the Polihali site;

- Project housing and associated infrastructure, providing staff accommodation in a permanent staff village, and bulk services to all contractors' work areas and labour camps;
- Bulk power supply and telecommunications, providing utilities connection points to the camps and works areas;
- Feeder roads and bridges, to provide replacement access for local communities affected by the reservoir.

Phase II will therefore include in addition to the large-scale civil engineering Main and Advance Works, comprehensive socio-economic interventions and the implementation of social safeguard and impact mitigation measures.

2. Potential Impacts

The infrastructure works will lead to permanent land acquisition and involuntary resettlement. Temporary occupation of land will also occur during the construction period for facilities such as labour camps and work areas. The Polihali Dam will - at full supply level of 2,075 metres above sea level - inundate more than 5,000 ha of land in the valleys and tributary catchments of the Senqu and Khubelu Rivers. Although most of the Phase II physical and economic displacement of households will result from the construction of the Polihali Reservoir, permanent land acquisition by the PNEAR, the PWAR and other Advance Infrastructure developments such as bulk power supply and permanent office and residential facilities, will cause additional physical and economic displacement, affecting both household and communal assets.

The envisaged impacts will emanate from the above listed project components and will range from individually and communally owned assets that need to be acquired for the various project components and other indirect impacts that include the following:

Affected households: An estimated 2,300 households will be affected by implementation of LHWP Phase II. Most (69.6%) will be affected by reservoir creation/impoundment. Approximately 342 households will have to be relocated for project developments, mainly (96.2%) from the reservoir and site establishment areas.

Loss of land: An estimated 1,200 ha of cultivation land will be permanently acquired, mainly for reservoir establishment and inundation

Individually owned Assets to be impacted include arable, residential, business and garden land which will result in the loss of buildings, structures, business assets, thickets, plants and trees. These assets are largely owned by households entitled – in terms of the LHDA's Phase II Compensation Policy.

Economic displacement relates to the loss of up to 1,200 ha of cultivation land at the various project sites, especially the reservoir area. Loss of this arable and rangeland in the lower lying valleys of the Polihali Basin is a critical impact as all land is in short supply and generally degraded; the livelihoods of the communities in and around the reservoir are highly dependent on this land for their food supply and income from livestock rearing (e.g. sale of animals, wool/mohair, milk etc.). It is also important for other natural resources (e.g. wild foods, fuel and medicinal plants, sand, etc.).

Communal assets including rangelands, useful grasses, reeds, vegetable gardens, water, storage tanks, water springs, water supply pipes as well as assets owned by public institutions will also be affected.

Institutional/Communal Assets likely to be affected include church and school land. Two primary schools located just above the reservoir demarcation line will be relocated to areas identified in consultation with affected communities and the Ministry of Education. Also affected is communal rangelands used as a source of natural resource products by the affected community. In addition, access

between villages across the rivers will be impeded due to the barrier created by the reservoir and loss of roads and bridges. A feeder roads programme will be implemented to address impacts on access and movement patterns.

Cultural heritage will be impacted and the scale of inundation for the three LHWP Reservoirs will cumulatively impact a large number of archaeological sites, as well as cultural heritage, such as graves, caves/overhangs, initiation sites, and specific pools or rapids used by communities. While on the one hand the project will flood or destroy many of these sites, the studies to date have contributed significant information and generated archaeological artefacts that can be used to raise awareness of Lesotho's cultural heritage.

Other likely impacts will include loss of other assets like loss of dwellings and primary structures, outbuildings and secondary structures, formal business structures, informal business structures, Kraals, ruins, fences, medicinal plants, fruit trees, fuel trees, saplings, thickets and graves.

3. Efforts to Minimise Involuntary Resettlement

A significant impact associated with the project is the extent of physical displacement of households, namely approximately 342. Most of the displacement is associated with the reservoir and cannot be avoided without seriously affecting the economic viability of the project. On other project components, measures have been implemented to minimise social impacts and household displacement as far as possible. On the PWAC, for example, the numerous changes were made to the alignment to avoid homestead structures prior to its finalisation. Initially more than 39 primary structures (mainly dwellings but also small business structures) would have had to be relocated from the road reserve. With the final, approved design, the number of primary structures has been reduced to 11, consisting of five dwelling structures and six general dealer businesses (most of the latter being small informal shops). A similar exercise was undertaken on the PNEAR where the design consultants were instructed to avoid homestead structures as far as possible.

The 132kV and 33kV transmission line routes were, likewise, revised on a number of occasions to avoid the servitudes crossing dwellings. As a result, only one household has to be relocated for the construction of the lines. A decision was also recently made by the project authorities to move the proposed Polihali substation from its present location in the village of Malingoaneng to avoid construction and operation impacts on the community. Six households that have earlier been earmarked for relocation because of the substation developments will therefore no longer have to be moved.

Finally, substantial efforts have been made to position other project footprints, such as camps, borrow pits, laydown areas and quarries as far as possible on communal land (as opposed to cultivation land) and below the reservoir demarcation line (the line below which all properties will be permanently acquired for the reservoir).

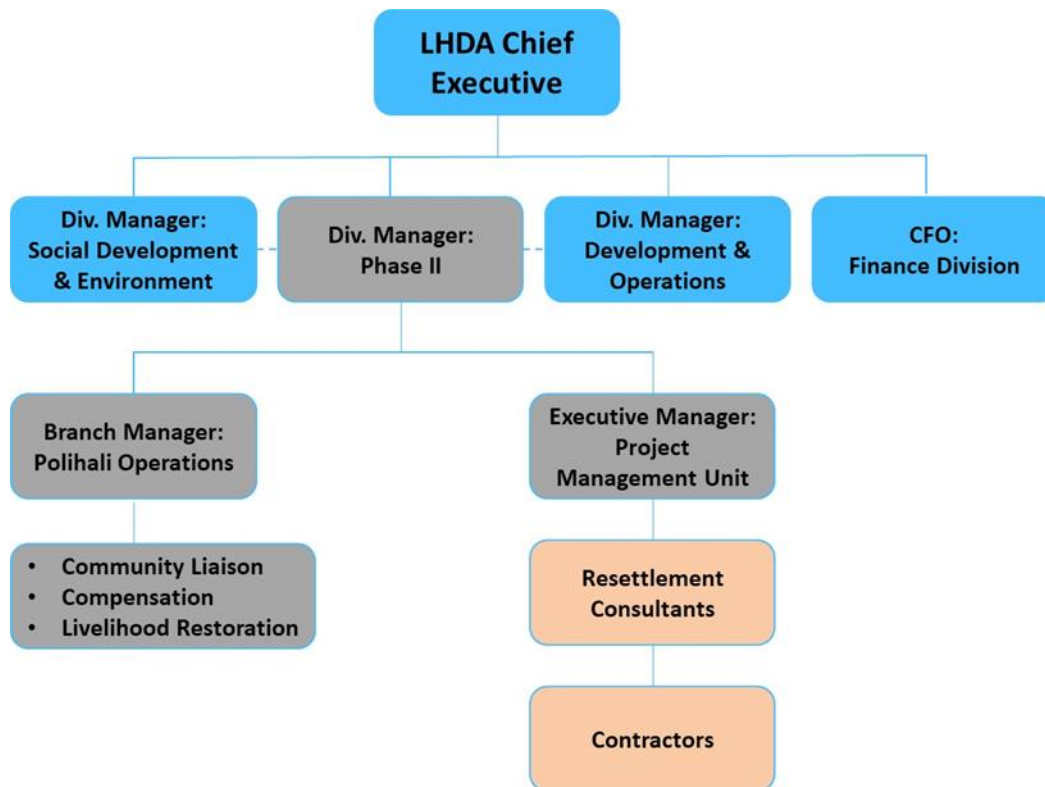
4. Organizational Responsibility

LHDA has appointed consultants to plan and implement all compensation and resettlement activities related to the land acquisition requirements for all components of the Project. During the implementation of the compensation and relocation programme, the Consultants will implement the compensation and resettlement recommendations of the RAP.

Resettlement implementation will entail implementation and management of all resettlement activities as per the approved RAP. The following tasks are, amongst others, envisaged:

- Implementation and management of a programme for the relocation of affected graves.
- Ongoing management of the stakeholder engagement programme.

The Consultant shall extend his management system established during the resettlement planning stage to cover all aspects of Contract management during the implementation stage.



5. Community Participation

The LHDA policy framework for stakeholder engagement reflects the requirements set out in national legislation and its regulations, and further seeks to achieve meaningful participation by affected communities in the planning and implementation of the project. The Stakeholder Engagement Plan (SEP) assumed the importance of regular and informed consultations with established structures, and the ongoing engagement of affected communities and people to develop mitigation measures, and compensation and relocation plans that reflect their views and concerns. The objective of the SEP is to advance the involvement, collaboration and close coordination of relevant stakeholders at local (household and village), district and central levels.

Stakeholder engagement inevitably leads to greater awareness of opportunities and often gives rise to unrealistic expectations. Projects seldom perceive these expectations as part of their execution mandate, and tend to dismiss such dynamics as ill-informed and beyond the project's reasonable scope. Management of expectations will be achieved through a clear identification of roles and responsibilities, and timely responses to requests and demands will improve the possibilities for constructive engagement during planning and implementation.

The legislative requirements and policy directives and international guidelines for stakeholder engagement are enshrined in the Lesotho Constitution, Land Act, 2010, Land Regulations, 2011, the Environment Act, 2008, the Public Health Order No. 12/1970 and LHDA policies.

Identification of stakeholders has been done within a resettlement context, stakeholders typically included displaced communities, households and business enterprises, communities and families affected by their displacement (but not themselves displaced), host communities receiving displaced households, local authorities dealing with the impact on communal assets and community cohesion, and government ministries whose public infrastructure is affected. A host of other stakeholders have been identified with secondary interest such as non-government organisations supporting development

projects and safeguarding human rights; organisations caring for vulnerable and disadvantaged people; faith-based organisations; business fora protecting the interests of their members; government institutions accountable to central government with oversight functions at the local level; and government Ministries responsible for social services.

Information disclosure and all communication has been accessible to all stakeholders in terms of both language and content. The guidelines recognise that stakeholders should be segmented based on their general exposure to information, and information disclosure and subsequent engagements have been geared towards ensuring that stakeholders make informed decisions about the project.

6. Consultations with Affected Communities

During Consultations the preferred sites for relocation were identified as Sekotjjaneng, Lithotaneng, Mabitlaneng, Thotaneng and Mophatong. The main reasons for site selection were the following;

- Environmental: East facing; not as windy, cold as other areas; flat; high up and less isolated, being able “to see what is happening, when taxis are coming” and “when it is snowing on the mountain”;
- Agricultural potential: Fertile soil for crops, vegetable gardens and fruit tree production; close to existing fields that will not be inundated;
- Animal husbandry: Livestock activities can continue given large, available neighbouring grazing area/s;
- Existing services: Close to chief, roads, transport, shops, school, clinic, churches, water sources, fuel sources (firewood, brushwood), indigenous/ traditional plants;
- Potential development: Near to planned roads, commercial centre, electricity; open areas with potential for commercial activities; able to take advantage of future business opportunities, such as tourism, rental housing; and
- Social factors: In the same neighbourhood; familiarity with the environment; used to the people; staying together as a community in one place; able to maintain the way they currently are, with “living arrangements working well”, being able to “solve their own problems”; away from unknown neighbours with whom they might have disputes.

The discussions were a success, and people in the host communities were generally excited about the project and the opportunities it comes with, including service provision, socio-economic development opportunities which can potentially generate growth and combat poverty, increased potential for economic growth, and the resulting employment creation and other social benefits. It is anticipated that there will be a positive impact on job creation during the construction phase. There was no negative reaction and the one-on-one and small group discussions provided a platform for open discussions on the sites. Those who desire to move to urban areas like Mapholaneng are the younger men and women while the elders prefer to either stay in their current plots or if they have to relocate, it is to close by to areas. A few elderly individuals want to relocate to areas which are closer to pasture lands or close to their children. The Ha Tlhakola households are happy to relocate to the redesigned Masakong.

Most participants were happy about their re-configured plots since compensation will be provided for any loss incurred, and because there was minimal impact on primary dwellings. Some households had to be allocated new sites still within the same area. Most realised that any boundary changes also lead to re-arranging their neighbour’s plot and they seemed to understand the concept of re-planning. Minor re-alignments were made to the layout to cater for inputs and concerns about boundaries or location of re-arranged sites. In these communities, family ties are strong and children prefer to have elderly parents relocated close to them. Compensation seemed to be the driving force for relocation for some

households. The desires, perceptions and concerns of interested and affected parties were taken into consideration when designing the layout. Future development will strengthen the efficient use of infrastructure, services, social facilities and transport networks.

7. Livelihood Restoration

Project land-take will significantly reduce access to both cultivation land and rangeland. The majority of the owners of the 1,200 ha of cultivated land below the Reservoir Demarcation Line (RDL) will lose all their cultivation land, while the owners of fields affected by PWAR and PNEAR land acquisitions, will in most cases suffer partial loss of cultivation land. The socio-economic extent of the direct and indirect impacts on communal resources, and the numbers of households from directly impacted villages and indirectly impacted host villages have, as yet, not been determined. It is anticipated to be significant, and it could equal the number of economically displaced households through the loss of privately owned assets.

The Livelihood Restoration Plan (LRP) will provide households and communities losing private and/or communal assets, and host communities whose assets will be impacted by the relocation and resettlement of displaced households, training and capacity building opportunities and viable and economically sound development alternatives to invest personal and communal compensation entitlements as well as personal funds.

The LRP includes the following categories of Project affected people:

- Households and communities entitled to compensation for the loss of communal assets (mitigation plans should thus be focused on collective benefit sharing);
- Households entitled to compensation for the loss of personal assets, specifically the loss of privately-owned economic assets (mitigation plans should thus be focused on household benefits); and
- Host communities who would have to share their communal resources with resettler households or resettler communities (mitigation plans should thus be focused on collective benefit sharing).

To accommodate the different categories of Project affected people, the LRP will be presented as:

- A “Master Plan”, providing a range of income generation, capacity building and business opportunities to restore and improve the livelihoods of Project affected households and communities. The Master Plan will, therefore, present household-based and communal benefit options;
- Village plans, providing livelihood restoration measures at village level to directly and indirectly affected villages (aimed at communal benefit options); and
- Individual household livelihood restoration plans for households losing personal assets.

8. Socio-economic Baseline

Population size and distribution; Lesotho has a population of over two million people and has experienced a low population growth rate of 1.3% per annum (between 2015 and 2016)¹. In 2017, Lesotho’s population was projected to increase by 26,102 people and reach 2,199,492 people by early 2018. According to the 2014 Lesotho Demographic and Health Survey (LHDS), there were more females than males at 53% and 47%, respectively. The population of Lesotho is considered to be young with 39% of the population aged below 15 years, while the proportion of people aged 65 years and older

¹www.worldometers.info/world-population/lesotho-population/

is 8%. The average household size was 3.3 persons. Only 25% of the population reside in urban areas and 75% reside in rural areas, the rate of urbanisation is low at only 4% per annum.

According to the Socio-Economic Baseline Study (CES, 2015a), the population of the Project Area was estimated to be 46,371 people between 2013 and 2014, with an average of 5.2 persons per household. The population in the Project Area reflects similar characteristics to the national population figures as described above.

Ethnicity and Language; According to the Socio-Economic Baseline Study (CES, 2015a), the population of the Project Area was estimated to be 46,371 people between 2013 and 2014, with an average of 5.2 persons per household. The population in the Project Area reflects similar characteristics to the national population.

Religion; The majority of the Basotho population (90%) are Christians. The main denominations include Catholic, Lesotho Evangelical, Anglican and other Christian denominations. Muslims, Hindus, Buddhists and Baha'i comprise the remaining 10%. In the Mokhotlong District, Christianity is the dominant religion, followed by traditional and cultural beliefs. Similarly, in the Project Area, Christianity is the most widely practised religion along with traditional beliefs (ancestral spirits). Similarly, the traditional and cultural beliefs are also observed in the Project Area. Traditional healers and Apostolic Churches use the water pools in the Senqu River to perform their religious obligations.

Residential Status of the population; The Mokhotlong District and Project Area population has followed the national trends regarding residential status, including people living in South Africa (6% of males and nearly 4% of females).

Migration; The common practice in the country is for people to move from rural areas to urban towns to look for employment, especially in the textile industry.

Three percent of the population enumerated in Mokhotlong District were lifetime migrants from other districts, and 11% were out-migrants of the same districts. This shows that there are very few in-migrants into the Mokhotlong District (and the Project Area generally). Out-migration to more distant locations is more prevalent and the tendency is for people to relocate away from the area to nearby villages, either to be close to family members or for closer proximity to basic social infrastructure and services. There are more migrants living in villages, where shops/ markets, schools, health facilities and good transport facilities are found.

Socio-Cultural Practices; The extended family system is one of the most important social systems in Lesotho, as elsewhere in Africa, and more specifically in the rural areas. The system is based on the concepts of collectivism and mutual assistance, where extended families typically share property such as livestock, and activities such as farming, the building of houses, rituals, feasts and arbitration of disputes among family members. In the more urban areas, the system is shifting as a result of changing world views (increased exposure to outside influences), education and mechanisation of agricultural activities. However, in the Project Area, extended networks are still critical as people are heavily reliant on each other for support and there is relatively little exposure to outside influences.

Cultural Practices; Basotho culture is centred around village life, with the majority of traditions and festivals based on the seasons. The most common cultural activities are related to marriage, birth, and death, coming of age (initiations), and giving thanks to the ancestors. More specific information on the intangible and tangible Cultural Heritage of the Project Area is provided in the Cultural Heritage (including Archaeology) Report (MM&A and Pinto, 2017).

Cultural practices still undertaken in Lesotho include pottery, cow hide tanning coupled with beadwork to make unique clothing for specific ceremonies, such as initiation graduations. The production of

artefacts also includes musical instruments, hats and baskets; however, the skill appears to be more prevalent amongst the elderly than the youth.

Ownership of land; Land in Lesotho is managed and administered by the MoLGC under the Land Act (No 8) of 2010. Lesotho follows the principle that land belongs to all Basotho and it is held in trust by the King, with the King and Chiefs responsible for the distribution and management of land. Historically, the land was administered through customary laws, which entitled every married man to three agricultural fields and one piece of land to build his residence, i.e. the traditional/customary land tenure system. The land allotted to an individual, could not be bought, sold, transferred or exchanged. To acquire land, one has to apply for it from the Chief and local authority under whose jurisdiction the land is located. Foreign citizens cannot own land as individuals; however, foreign enterprises, which have at least 20% Basotho shareholding can acquire rights to land for investment purposes. Under the 2010 law, agricultural land that had not been cultivated for at least three consecutive years was regarded as ‘abandoned’ land. Therefore, the land was taken by the Chief to be reallocated to another person. Lease holding or the right to occupy such land can be terminated.

Types of tenure; The most prominent form of land tenure in the Project Area is through inheritance (31%), followed by traditional/customary tenure (29%) and title deed (25%). Of the residents in the town of Mokhotlong 38% have title deeds because it is a more urban area compared to the residents in the downstream and catchment areas (42% and 37%, respectively). The “traditional” tenure is the most predominant in both the catchment and downstream areas. Land allocation in the Project Area follows the same principles as elsewhere in the country.

Land use types; The dominant land use types in the Project Area include grazing, cultivation, housing, and small commercial activities, such as shops and markets that serve the immediately surrounding rural population. Examples of typical settlement is shown in **Error! Reference source not found.**

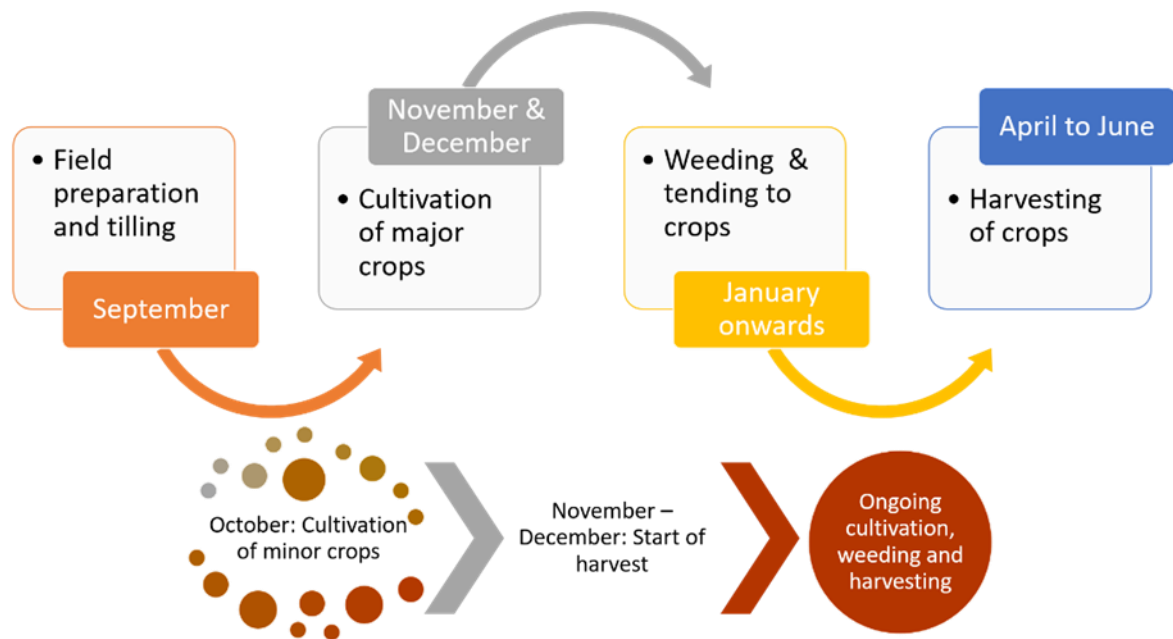
The economy of the Project Area is highly dependent on agricultural activities (refer to Section **Error! Reference source not found.**), and extensive areas of shrublands are used to graze livestock or to grow crops. However, most of the arable land used is degraded, partly due to the cultivation methods used (i.e. extensive extractive

Livelihood and economic activities; The economy of Lesotho is based on agriculture, livestock, mining, and some manufacturing, and it depends heavily on inflows of workers’ remittances from workers in the South Africa mines, farms and domestic work and receipts from the Southern African Customs Union (SACU). An estimated 50% of the population earns income through informal crop cultivation or animal husbandry with nearly two-thirds of the country's income is generated from the agricultural sector. Lesotho’s Gross Domestic Product (GDP) growth rate was estimated at 3% in 2016 (African Economic Outlook, 2016).

Mokhotlong District has a largely agrarian economy consisting of livestock rearing and cropping. Animal husbandry in the District is undertaken mainly for commercial purposes (that is the production of wool and mohair). The sheep and goats are reared primarily for wool and mohair, for the sole purpose to sell to national and international markets (mostly South Africa). Crop production is mainly for household subsistence purposes, and surplus is often sold or bartered with neighbours.

Crop Production; Crop production is the principal source of livelihood practised in the Project Area, and this is followed by remittances, permanent and seasonal employment, the sale of livestock products and social grants. The harvesting and sale of natural resources (e.g. wild plants, fruit, timber) was a significant livelihood activity and source of primary income. The main livelihoods strategies of the population identified above are discussed in detail in the subsequent sections.

Figure 8.1 Process of Crop Cultivation throughout the Year



Livestock Production; The second most important livelihood strategy of the population is livestock production; consisting of sheep, goats and cattle, as well as pigs in limited numbers. Livestock are kept mostly for the sale of their produce rather than household consumption. During the 2013/14 agriculture year, there were 540,133 head of cattle and slightly over 2.1 million sheep and goats in Lesotho. On the other hand, Mokhotlong had 40,932 head of cattle and close to 300,000 sheep and goats. On average, 61% of the households owned sheep and goats because of their survival rate during cold and snowy months of winter, and for the sale of wool and mohair. More households in the town of Mokhotlong own sheep than the households in the catchment and downstream areas. Livestock in the Project Area is kept by both men and women, but mostly by men.

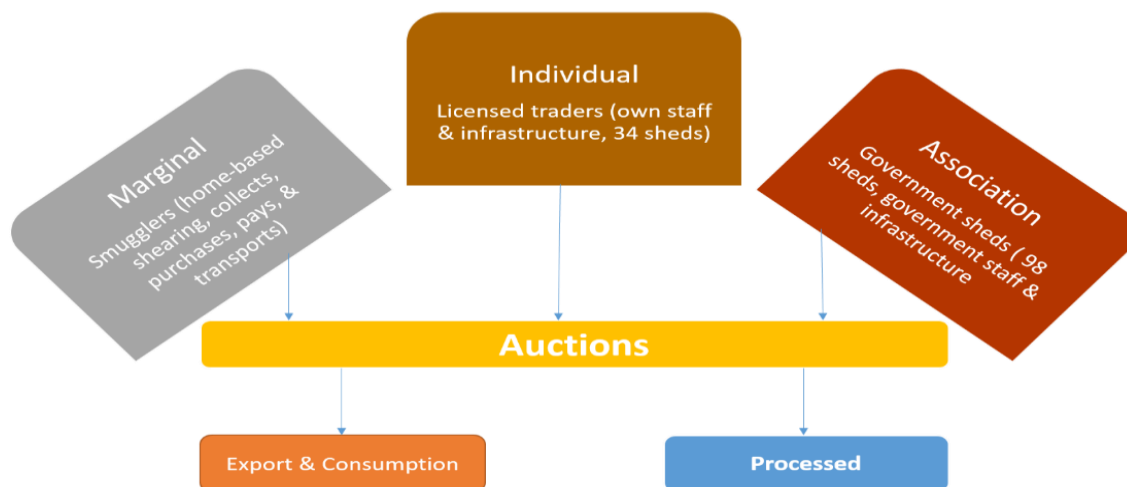
Wool and Mohair Production and Value chain; Wool sheep are very important in Lesotho, producing over 3 million kilograms of raw wool annually for export. The sale of wool, mohair and live animals are the primary source of income in the country. During the 2013/2014 Marketing Year, 1,425,408 sheep were shorn in the country, producing 3,860,768 kg of wool, while 238,064 sheep (~17% of national total) were shorn in Mokhotlong, producing 751,737 kg of wool (~19.5% of total wool production nationally). Wool and mohair are the most sold animal products at 52% and 44%, respectively.

The wool and mohair value chain in Lesotho consists of three channels following producers' groups, namely (Figure):

- Associations that link larger farmers with the government channels and infrastructure to the auction;
- Individual farmers with medium-sized herds that link up with private traders using their infrastructure to gain access to the auction; and
- Marginal groups (small farmers) usually resource poor and use informal market channels to get their products to the auction².

Figure 8.2 Supply Chain for the Sale of Wool and Mohair

² <http://www.researchgate.net/figure/290330505>



Source: Mokhethi, N. (2015).

Employment and Unemployment; No clear employment statistics were available for the District. Within the Project Area, a large proportion of the workforce do not work in the formal economy. Employment in the Project Area can be divided into three types, namely, full-time jobs, seasonal employment and self-employment (characterised by business ownership and provision of services).

The most dominant employment status for men was indicated as self-employment (20%), while women were mostly homemakers (45%). The employment status of students was 32% of females and 23% of males; this was attributed to the report's inclusion of people of ten years and older in the data. The top five employment categories for both males and females are indicated in **Error! Reference source not found.**

Sources of Household Income; The nature of livelihood strategies, and particularly those activities contributing the most to household income, does shift as one considers different income quartiles (). According to the Income and Expenditure Report (CES, 2015b)³, approximately half of the surveyed population can be classified as 'poor' by accepted national and international standards; this is consistent with the results of other studies carried out in the Project Area and the rural/ isolated nature of the area. High levels of income variability were found within villages, highlighting the need for diverse resettlement recovery strategies, even at village level. Seasonal patterns of income to households' access was noted and these patterns impact poorer and wealthier households differently in terms of stress, opportunity and resilience to shock.

Social ties and networks, as indicated by evidence of gifts originating at multiple levels, from within villages to the district level to South Africa, make a significant contribution to household income and food security. Donations of food and clothing are especially common in the poorer households, while gifts of cash were more common in wealthier households.

Access to and Utilization of Natural Resources; There are a wide variety of natural resources found in the Project Area, and most of these are communally owned and utilised. These include edible plants, medicinal plants, grazing land, thatching grass, river reeds, *mosea* (craft grass), water, rocks, fish, sand, trees/shrubs and small wild animals. The FGD participants also made mention of the above mentioned natural resources, some of which are found within the catchment area and are going to be impacted by

³ LHDA Contract 6000.

construction works and inundation of the Polihali Dam. The collection and utilisation of natural resources are managed by the Chiefs and their respective Councils.

Example of Local Grazing Pressures



Example of Sand Mining along the Senqu River



Household expenditure; Household spending in the Project Area consists of animal purchases, cropping expenses, groceries, non-food groceries, irregular expenses, livestock husbandry, other ongoing monthly expenses, and non-business costs. Households within the 2nd and 3rd quartiles exhibited similar expenditure trends, e.g. spending on food groceries, non-food groceries, cropping expenses. The wealthiest households (4th quartile) showed substantially less proportional spend on groceries and substantially higher spend on livestock and non-agricultural business costs. In general, households in the Project Area spend most of their income on purchasing food items.

Health Status; Lesotho has 372 health care facilities, which comprise one national referral hospital, two specialised hospitals, 18 hospitals, three filter clinics, 188 health centres, 48 private surgeries, 66 nurse clinics and 46 pharmacies. Of these facilities, 58% of hospitals are owned by the MoH, while 38% belong to CHAL. The remaining facilities either belong to the Red Cross of Lesotho or are privately owned. At the district level, health care services are organised into hospital services, health centre services and community-level services. District Health Management Teams (DHMTs) are responsible for overall district health services. The number of health facilities varies per district, with Maseru in the lead. There are seven health centres within the Project Area, four of which belong to the government, two owned by the CHAL, and one is privately owned

National Health Profile; Some of the key health indicators for Lesotho and shows that Lesotho did not meet most of the targets for the various health related MDGs. According to the World Health Organisation (WHO), by 2014 Lesotho had made limited progress towards improving its health targets and goals. One in every 12 children in Lesotho dies before his/her fifth birthday, and one in every 17 children dies before celebrating their first birthday. About two-thirds of these deaths occur during infancy.

Indicators	National Outcomes	Mokhotlong District Outcomes
Infant mortality rate	59 deaths/1000 live births (2014)	77 deaths/1000 live births (2014)
Under-five mortality rate	85 deaths/1000 live births (2014)	91 deaths /1000 births of >5 (2014)
Maternal mortality ratio	1,024 deaths/100,000 live births (2014)	
Life expectancy at birth	41.8 yrs. (2011)	41.8 yrs. (2011)

Indicators	National Outcomes	Mokhotlong District Outcomes
Male life expectancy at birth	39.41 yrs. (2011)	39.41 yrs. (2011)
Female life expectancy at birth	45.33 yrs. (2011)	45.33 yrs. (2011)
HIV prevalence rate	25% (2014)	17% (2014)
Adult ART coverage	35% (2014)	25% (2014)
Paediatric ART coverage	30% (2014)	31% (2014)
Prevention of Mother To Child Transmission (PMTCT) ART coverage	72% (2014)	54% (2014)
TB incidences (including HIV & TB)	788/100,000 (2016)	
Multi Drug Resistance (MDR) incidences	52 /100,000 (2016)	
TB treatment coverage	45% (2016)	
HIV prevalence in TB	72% (2016)	

Incidences and Prevalence of HIV; Lesotho is in the top 10 countries in the Southern Africa region most severely affected by HIV/AIDs. In 2015, Lesotho had the second highest prevalence of HIV in Southern Africa, after Swaziland at 22.7%. An estimated 9900 people died from AIDs-related illnesses in 2015. The incidence of HIV has been declining from 30,000 new infections in 2005 to 18,000 new infections in 2015. In 2014, an estimated 74% of the people with tuberculosis (TB) in Lesotho also tested positive for HIV; 72% of them were on Anti-Retroviral Treatment (ART).

According to the 2014 Lesotho Demographic and Health Study (LDHS) (MoH & ICF International, 2016), HIV prevalence in Mokhotlong was estimated at 17%, the lowest of all ten Districts in the country. The report further indicated that HIV was most prominent amongst females (23%) as compared to males (10%).

Education; Lesotho has an estimated 2155 registered education facilities, which comprise 14 tertiary/higher education institutions, 25 technical/vocational centres, 399 secondary schools, 1477 primary schools and 240 ECCD centres. TVET schools are found in seven of the 10 districts in Lesotho (i.e. Berea, Leribe, Maseru, Mohale's Hoek, Mokhotlong, Quthing and Thaba-Tseka). The number of education facilities varies by district with Maseru District having the most.

The majority (58%) of the residents of Mokhotlong district have attained some primary schooling, followed by those who have some secondary education (17%). Only 8% of the population was recorded as having no schooling, which is relatively low considering that Mokhotlong has poor infrastructure (specifically roads) and has an economy that is solely dependent on agricultural activities. Approximately 90% of the primary schools in Mokhotlong are found in rural parts of the District while the other 10% are in urban areas. A similar trend was observed with the distribution of secondary schools.

Provision of Education to the poor and marginalized; The government of Lesotho implements multiple programmes to ensure that the poor and marginalised children get access to education services. Disabled and orphaned children, children from extremely poor households and herd boy are regarded

as vulnerable children (Orphans and Vulnerable Children (OVC)). In order to ensure that these children receive an education, the MoET has a school bursary scheme, which is paid directly to the schools. Another programme aimed at assisting these OVC is the Child Grants Programme (CGP).

Access to Potable Water; Almost all urban households in Lesotho (96%) have access to improved water sources, whereas only 77% of the rural population do. The type of water sources for urban and rural populations differed significantly, with the urban population (68%) receiving water piped directly into dwellings/ yards/ plots, whilst the rural communities (56%) obtain water from public taps/ stand pipes. Water in urban areas is provided by the Water and Sewerage Company (WASCO), through the installation of individual water supply, which is billed per household. Water in the rural areas is provided by the Department of Rural Water Supply. In rural areas, 23% of water is sourced from unimproved water sources and only 5% have access to piped water into the dwelling/ yard/plot. An estimated 38% of the rural population take 30 minutes or longer to collect water from whichever source they use.

Access to Policing Services; There are two police stations in the district of Mokhotlong, with one based in Mokhotlong town and the other in Mapholaneng (both which are located within the Project Area). Data gathered during police interviews reveal that there is a total of 150 police officers in Mokhotlong district. Slightly over half (54%) of the people from the Project Area make use of the Mokhotlong town police station, while 45% use the Mapholaneng station and the remaining 1% make use of village policing. FGD participants indicated that community policing forums (mahokela) are active in most of the villages; to assist in fighting crime at village level and work hand in hand with the local police stations. They deal mainly with minor crimes, practicing what is known as “Restorative Justice”. There is only one prison of minimum security in the district of Mokhotlong, located in Mokhotlong town.

Access to Local Government; Three magistrate courts occur in the Mokhotlong District, one in the Mokhotlong town, one in Mapholaneng and the other in Phahameng. Access to local court services, was indicated as easier compared to other public services in the Project Area, with an average of 42% of the respondents reporting to have a court within their village or neighbouring settlement (**Error! Reference source not found.**). Courts at Mapholaneng and Mokhotlong were commonly used by the respondents. Chiefs and Councillors reserve the rights to fine anyone who has been found in contravention of laws governing the utilisation of natural resources. Repeat offenders are taken to the local magistrate courts for prosecution by the Chiefs and Councils; this indicates a complimentary relationship between the traditional and formal court systems.

Access to Banking Services; Banking services are mostly limited to the more established towns of the Project Area, namely Mapholaneng and Mokhotlong. As such, the majority of the respondents both in the catchment (28%) and downstream areas (37%) indicated using such services in these towns. Of the downstream population, 34% utilised systems such as stokvels, savings and burial schemes. The men who participated in the male FGD at Taung mentioned having a men’s-only savings scheme, where loans are facilitated with an interest attached. According to FGDs, people from the Project Area have bank accounts, especially those who rear sheep and goats and get paid for their wool and mohair.

Access to Agricultural Input and Equipment; Again, the most established towns of Mapholaneng and Mokhotlong were identified as the main areas where people purchase agricultural inputs and equipment. The population from the downstream area indicated that they purchase their agricultural inputs and equipment in various locations. This could be attributed to various factors but most likely due to access; with some downstream areas located closer to Mokhotlong, Mapholaneng, Tlokoeng and Katse where there are various outlets selling agricultural inputs and equipment.

Access to Local Markets and Shops; Overall, 35% of food purchases were reported to occur within the home or neighbouring villages, with the towns of Mapholaneng and Mokhotlong accounting for 23% and 24% of all purchases, respectively. It stands to reason that easy access to food shops within one’s

own village would reduce the amount of time and cost incurred in purchasing food, whilst visiting the town area may result in increased time and travel costs in purchasing food. Furthermore, people within the catchment area are likely to purchase food stuff in Mokhotlong town, which is closest to their locale, while people in the western part of the catchment area would purchase food in Mapholaneng and Thaba-Tseka.

Access to Telecommunications; Telecommunication services in the Project Area are concentrated in the established town areas of Mokhotlong and Mapholaneng. In these areas, people have both access to landline telephones and cellular phones. The number of households with cellular phones outweighs those with landline telephones. The more remote parts of the Project Area have no cellular phone signal, hence the ownership and use of cellular phones is limited, although people pointed out that, they still buy and own cellular phones in the hope that they will eventually get telecommunication towers. Similar to ownership of landline telephones, computer access was found to be concentrated in the town areas. Overall, 22% of the population in the Project Area reportedly did not have access to any means of telecommunications. Information sharing within these communities is passed on by word of mouth.

Access to Transportation; The paved A1 road is the only road that links Mapholaneng to Mokhotlong town. It is also one of the only two tarred roads within Mokhotlong District. The other tarred road leads from Mokhotlong town to the Sani Pass. Unpaved roads comprise the majority of the road network used to access villages located within the catchment area. The roads are in different levels of disrepair with some that were observed to be totally unpassable. A major unpaved road found in the District connects the District of Mokhotlong to that of Thaba-Tseka; this road was observed to be in a bad condition.

The modes of transport currently used include walking, horse-riding, taxis and buses, donkeys (used as beasts of burden and for transport). Many respondents highlighted that the lack of an adequate road network made it very difficult for people to travel to the health care facilities and for children to get to school. As a result, many people forego schooling and accessing health care given the time and cost constraints.

Vulnerability and Marginalization; Vulnerable or disadvantaged groups are defined by IFC as individuals or groups within the Project Area who could experience adverse impacts from the proposed Project more severely than others based on their vulnerable or disadvantaged status. This status may stem from an individual's or group's race, ethnicity, gender, language, religion, political, or other opinion, national or social origin, property, birth or other status. In addition other factors should be considered such as culture, state of health, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources⁴. The broad categories of people who should be considered to have some level of vulnerability in the Project Area include the Women, the elderly, Youth, Herd boys, Orphaned children and Disabled or chronically ill persons.

Cultural Heritage (Including Archaeology); The CES (2014) baseline survey recorded a total of 247 individual heritage resources, of which 149 are High significance sites, comprising 89 discreet cemetery or burial sites and 60 occupation and related activity sites. Of the occupation sites, 23 ranked as being of High significance, with a High potential for further research and subject to a High impact from the development, and warranting further excavation. Additional investigations will be undertaken under the Cultural Heritage Plan (LHDA Contract No. 6025).

Sixty discrete heritage resources were identified as being at risk of impact from the Project, 35 occupation sites and 25 cemetery sites. These include Later Stone Age (LSA) occupation sites (both in rock shelters and as open-sites), rock art sites, Iron Age/ Historical initiation school sites, and villages with extensive early Iron Age archaeological deposits. These villages are still inhabited by communities

⁴IFC Glossary of Terms, http://www1.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/home

who retain a rich oral history and a strong sense of place, and therefore many Iron Age/ Historical heritage resources will have a variable degree of socio-cultural importance to these local communities.

In the case of cemetery and burial sites, although there is the physical grave marker together with interred human remains, both types of material belonging exclusively to the realm of archaeology and having legal protection conferred on those 'tangible' materials and their location, it is the socio-cultural 'intangible' link of the living communities to those grave sites that for the most part confers their respective importance. Any alteration or destruction of graves or burial ground can only be authorised by the relevant heritage authority if there is an agreement with the communities and individuals who have an interest in those sites, which means that any mitigation of impact to cemetery sites from the proposed development can only be achieved through consultation with communities.

Though Mokhotlong retains aspects of earlier traditions, it has adapted to the changing economic, social, political, religious, cultural and technological forces. Through migrant labour and trade in wool and mohair, diamonds and other commodities, as well as modern schools, health facilities, democratic institutions and the like, the people of Mokhotlong have been 'modernising' for a very long time. Although the LHWP Phase II Polihali Dam Project will in some respects speed up certain processes of change, this may be less dramatic than in the case of Katse Dam, where the communities of the Malibamatso (and LHDA) were less prepared for such change and the opportunities it presented.

9. Legal and Administrative framework

Legal Framework

LHDA's compensation and resettlement principles and policies are entrenched in the Constitution of Lesotho and rooted in the laws of the country

Constitution of Lesotho (Act No. 5 of 1993, (as amended in 2001), Article 17 of the Constitution of Lesotho, under the heading "Freedom from arbitrary seizure of property" states: No property, movable or immovable, shall be taken possession of compulsorily, and no interest in or right over any such property shall be compulsorily acquired, except when the requisite conditions are satisfied"

Land Act No. 42 of 2010, This is the main legislation governing land tenure, including the acquisition of property for public and development purposes. The Act also confers joint title to property to both spouses married in community of property (under civil, customary or any other law, irrespective of the date on which the marriage was entered into), and equal powers in land transactions.

The Roads Act (No. 24) of 1969, Though the Road Act (Act No. 24 of 1969) is considered to be at variance with current land allocation and management practices, it provides for the declaration of road reserves for purposes of road construction, maintenance and protection, compensation for resulting from road construction or maintenance to dwellings, buildings, gardens, plantation crops, cultivated trees or lands under irrigation and the right to cut down trees and vegetation within the road reserve for the purpose of road construction and maintenance.

The Town and Country Planning Act, 1980; This is the principal legislation regulating land development in designated 'planning areas' by Town and Country Planning Boards, mandated to examine, approve and recommend regional development plans for ministerial approval. Approved development plans become legally binding documents to which land developments within designated areas have to conform.

The Building Control Act (No. 68) of 1995; This sets building standards and regulations; describes the approval process for building operations; and stipulates the steps to be taken regarding the construction of any project structures including replacement houses.

The related Building Control Regulations of 1999 regulates building site operations, building design and construction.

Local Government Act 1997 (amended as Act No. 53 of 2004), and the Local Government Regulations (No.48); These make provisions for local authorities like Community Councils, Urban Councils, Municipal Councils; and District Councils. Every local authority shall, subject to powers vested in other authorities, regulate, control and administer all matters within its administrative limits. In particular, Community Councils shall perform the functions of the control of natural resources, land/site allocation, minor roads, grazing control, maintenance of water supply, market provision and regulation, and burial grounds. The Act and amendments also provide for District Planning Units to provide planning services to Councils and develop District Development Plans in consultation with District Development Coordinating Committee (DDCC) for submission to the Ministry responsible for Economic Planning.

The Environment Act, 2008; The purpose of the Environment Act of 2008 is to protect and ensure proper management of the environment, conservation and sustainable utilisation of the natural resources of Lesotho and accordingly defines broad activities and general principles to be followed in project planning and development.

Legal Capacity of Married Persons Act (No. 9 of 2006); This Act removes the following restrictions which the marital power placed on the legal capacity of wives entering into a contract, registering immovable property in her name, acting as an executrix of a deceased's estate, acting as a trustee of an estate, acting as a director of a company, binding herself as surety, performing any other act which was restricted by any law due to the marital power before the commencement of this Act.

The Act requires that both spouses obtain consent of the other spouse when entering into any agreements concerning the joint estate, but it does not specify that the consent be written.

Administrative and Institutional Framework

National Government; The Head of State is King Letsie III whose role is predominately ceremonial. The two houses that make up the Parliament are the elected National Assembly (lower house) and the hereditary and appointed Senate (upper house). The National Assembly comprises 120 members elected through the mixed-member proportional representation system. The term of office for the Members of Parliament is five years. The Prime Minister is the leader of the majority party in the National Assembly, and the King appoints the cabinet, known as the Council of State, on the advice of the Prime Minister. There are 25 Ministries that oversee the implementation of government policies and plans. The Senate comprises 33 members; 22 are Principal Chiefs while 11 are nominated by the King on the advice of the Council of State.

Responsibility of Key Ministries and Departments and their relevance to the Project

Ministry of Tourism, Environment and Culture (MTEC); Promotes environmentally and culturally sustainable development and co-ordinates, advises, and regulates environmental management at all levels in the nation.

Department of Culture (DoC) (under MTEC); Responsible for policy formulation and protection of Lesotho's cultural heritage. They are required to be informed of cultural heritage resources (tangible and intangible) recorded within the Project Area. During the construction phase, they are to be notified of any chance finds.

Department of Tourism (DoT) (under MTEC); Responsible for policy formulation and support of tourism planning (in collaboration with the Lesotho Tourism Development Council (LTDC). LHDA is collaborating with the LTDC in terms of tourism planning in the Project Area, which will need to be aligned to any initiatives proposed by the DoT.

Ministry of Forestry, Range and Soil Conservation (MFRSC); Promotes and supports the formation and strengthening of Grazing Associations in the country, while on the other hand sustains administration of rangeland areas outside grazing association jurisdictions through different local authorities' structures.

Ministry of Agriculture and Food Security (MAFS); The MAFS is responsible for participatory development and implementation of policies and programmes with farmers, provision of expert advisory agricultural services to the farming community and agro-businesses leading to sustainable agriculture for the achievement of food security. Any livelihood restoration and/ or community projects proposed by LHDA should take into account any initiatives currently underway by the MAFS.

Ministry of Small Business, Cooperatives and Marketing; This Ministry is responsible for livestock and livestock products marketing. LHDA should collaborate with this ministry, should a decision be made to practice managed grazing to reduce the land degradation that is taking place in the Project Area. The initiative is already taking place in the upper Khubelu river catchment, and can be extended to the Senqu River.

Department of Water Affairs (DWA) (under Ministry of Environment, Meteorology and Water Affairs (MEMWA)); DWA is responsible for implementing the Water Act (No. 15 of 1980), water policy formulation, data collection and general administration of the water sector. DWA promotes the sustainable use of water resources through an integrated water resources management approach. DWA is also responsible for issuing permits related to water use (e.g. abstraction from, and discharge of water into, the Senqu and Khubelu Rivers).

Lesotho Electricity Corporation (LEC); LEC's role is to provide safe and reliable electricity supply to Lesotho residents and businesses as a whole. The transmission network evacuates power from the generation sources namely 'Muela Hydropower (LHDA), Eskom (South Africa) and EDM (Mozambique) to LEC load centres

Roads Directorate (RD); The RD was established as a corporate body by the Roads Directorate Act of 2010. It was formed by the amalgamation and restructuring of the former Roads Branch and the former Department of Rural Roads. It is responsible for construction, upgrading, rehabilitation and maintenance of primary, secondary, tertiary and other roads as well as bridges on the Lesotho road network.

Land Administration Authority (LAA); LAA implement the land administration parts of the Land Act. The Developer obtains permission to use this servitude from the LAA prior to construction activities commencing and needs to compensate affected parties prior to construction activities commencing.

Ministry of Mining; Responsible for dissemination of information on mineral resources; and the regulation and management of prospecting and mining activities to develop the mining sector in partnership with stakeholders in an environmentally friendly and sustainable manner for the socio-economic benefit of the Basotho nation.

Ministry of Health (MoH); Responsible for providing for all health services in the country with an emphasis on the prevention and eradication of priority health and social welfare problems that are amenable to cost-effective interventions.

Ministry of Education; Responsible for all aspects related to delivery of education with an emphasis on universal primary education, partnerships with all parties involved in education management, including expansion of the roles of family and community in school activities, and creating wider opportunities for vocational and technical training centres and in-service training in private enterprises.

Local Government Structures; Local government structures are headed by the Principal Secretary who sits at the national government level. Each District is headed by a District Administrator (DA). The DA

represents the interests of Central Government at a District level and is responsible for the administrative decentralisation and integration of government activities. The DA is supported by heads of departments of various government ministries. Local government is responsible for aspects like Control of natural resources and environmental protection, Agricultural services; Land allocation, Preservation, improvement and control of designated forests, Village water supply, Public health, Education, Minor roads, Streets and public places, Burial grounds, Markets and the promotion of economic development, Parks, recreation and culture and Fire prevention.

Community Representation; LHDA has established Community Liaison Structures consisting of Area Liaison Committees (ALCs) and Combined Area Liaison Committees (CALCs) to facilitate community engagement, consultation and participation in the Project. ALCs, comprise elected councillors, chiefs, village representatives and, in some instances, representatives from Civil Society Organisations. Stakeholder engagement is managed by LHDA through the Polihali Operations Branch (POB) in Tlokoeng in Mokhotlong District.

Traditional Governance; Traditional leadership in the country is through chieftainship, which is hereditary. This leadership is hierarchical consisting of the King, Principal Chiefs (PC), Area Chiefs (AC) and Village Chiefs (or headmen). Each one of these Chiefs levels is represented in the DCs and CCs. The Principal Chiefs are responsible for overseeing all issues of traditional governance in their respective areas; in turn, the ACs take orders and advice from the PCs. ACs tend to administer a smaller administrative area compared to that of the PCs. The Village Chiefs or headmen function as assistants to the ACs and manage the daily administration of their villages and report to the ACs. Over and above the customary functions that chiefs play are the civil responsibilities which include the issuing of certificates i.e. birth and death papers; writing letters for bank account and passport applications; maintaining law and order and adjudicating local disputes. The PCs in the Project Area are those of Mokhotlong and Malingoaneng.

The Lesotho Highland Water Organizational Agreement

Lesotho Highlands Water Commission; LHWC, previously known as the Joint Permanent Technical Commission has a monitoring, advisory and approval function with regard to the project implementation in Lesotho. Protocol VI resulted in a revision of the governance on the Project, as well as a re-naming of the JPTC, to reflect its true nature to the LHWC. The LHWC has the responsibility for a bi-national body consisting of three delegates per country, that advises LHDA on design, technical acceptability, tender procedures and documents, cash flow forecasts, allocation of costs and financing arrangements.

Lesotho Highlands Development Authority; LHDA was set up to manage that part of the Project that falls within Lesotho's borders, i.e. the construction, operations and maintenance of all dams, tunnels, power stations and infrastructure, as well as secondary developments such as relocation, resettlement, compensation, supply of water to resettled villages, irrigation, fish hatcheries and tourism.

SADC Water Division; The SADC Water Division, within the SADC Directorate of Infrastructure & Services, is tasked with overall coordination and management of the SADC Water Programme. The SADC Protocol supports strengthening the principles of integrated management of shared basins with specific provisions for equitable utilisation, planned measures, no significant harm, and emergency situations.

10. Grievance Redress

It was anticipated that construction of civil works would lead to adverse social and environmental impacts and to address these impacts, the LHDA designed and implemented the Environmental Action Plan (EAP). The implementation of the EAP also included the development of the Community Participation Strategy (CPS) in 1998 which provided guidelines for construction and involvement of

the communities during implementation of the LHWP. Community structures such as Area Liaison Committees (ALC) were put in place to assist LHDA to address individuals and community complaints as part of the Community Participation Strategy. The LHDA Complaints Resolution Procedure aims to provide systematic guidelines to timeously address community related and individual complaints. The procedure applies to all complaints from communities and individual households who have been directly affected by the implementation of the LHWP. LHDA's strategic commitment is to resolve at least 50% of the lodged complaints within a period of one (1) month.

The types of complaints addressed are those affected by LWHP but not compensated, those compensated but not satisfied, affected entitlements not acquired for compensation and cases of non-acceptance of the Policy by those affected by LWHP.

The roles and responsibilities of grievance redress lie with the following institutions;

Institution	Role/responsibility
Chiefs, Local Government Councillors and CLCs	Authenticating community complaints that are emanating from their respective local areas of jurisdiction
R&D Branch	Verifying complaints and to report progress to feed the next step of resolution
POB	capturing and verification of all complaints related to phase II operations lodged at the field. It is also responsible for notification of complaints about outcome of their complaints
The SSCM Branch	<ul style="list-style-type: none"> • Provision of compensation data, mas and where applicable, pictorial evidence for further verification of complaints and to provide recommendations on the way forward • provision of compensation data, mas and where applicable, pictorial evidence for further verification of complaints and to provide recommendations on the way forward
The DM-SDE	provide mediation where there are disagreements and dissatisfaction between the CSUs, POB and the Consultant
LHDA Executive	<ul style="list-style-type: none"> • review available records and provide final decision on the complaint on behalf of the LHWP • review all available records and provide a recommendation to the LHWC to approve the claim for compensation
PAP/Complainant when not satisfied	to seek intervention elsewhere outside LHDA

Reporting of the grievances can be done at the village level where the complainant or any other person can lodge the complaint in writing where the Community Liaison Committee (CLCs)s are required to authenticate the complaints. The Chief having satisfied themselves that the complaint is valid will provide a support letter for lodging with LHDA. In cases where there are no CLCs, the Chief and Local Councillor will provide a forwarding letter bearing the official stamp to the relevant Community Council.

Complaints are received at the Customer Service Unit level and the Polihali Operations Branch (POB) level where they are captured, review and verified to classify them as either genuine or rejected. Maps and Pictorial evidence is provided is used to validate the location and dimensions of affected asset and to establish the location of the affected asset relative to LHWP source of impact.

For management of grievances and reporting LHDA shall establish a Complaints Resolution Process System and R&D Branch reports complaints status to the Management and to LHDA Board of

Directors. Information Systems (IS) Branch shall manage the Complaint Management System within FlowCentric workflow and R&D shall have access to all complaints reports as generated by the Complaints Resolution Process System.

11. Eligibility

Based on the Compensation policy, affected persons at their associated entitlements are classified as follows:

Persons with formal legal rights to land or assets, including customary and traditional rights recognised under the laws of Lesotho will be compensated for the land and assets they lose, and are entitled to other assistance as provided for in the RAP.

Persons with no formal legal rights to land, but with a claim to such land or assets, provided that such claims are recognised under the laws of Lesotho or become recognised through a process identified in the RAP will be compensated for the land and assets they lose, and are entitled to other assistance as provided for in the RAP.

Persons with no recognisable legal right or claim to the land they are occupying will receive rehabilitation assistance (such as access to livelihood restoration programmes) in lieu of compensation for the land they occupy, compensation for asset losses on the land, as well as other assistance as provided for in the RAP, if they have occupied the area prior to an agreed cut-off date for entitlements.

Eligibility for relocation will be determined through systematic identification of all affected people during census and asset registration and by consultation through a participatory assessment with the communities, local authorities and representatives.

Eligibility for Involuntary Relocation will consider households located below the demarcation line of the Polihali Reserve, those located in areas for other project components, villages situated in unacceptably dangerous areas in relation to Polihali Reservoir in addition to severity of impacts on livelihoods and social considerations.

Entitlement for compensation will be determined against the loss of privately held property and assets to the owner or household, including orphaned minors who are entitled to their parents' estate.

Cut-off dates to entitlements will be established for the various Project components in consultation with affected communities and local authorities, taking account of census surveys of affected people and asset registration exercises. In addition, land Set Aside for Public Purpose was declared by Government of Lesotho in respect of the LHWP Phase II Polihali Dam and Site establishment in 2012. All the villages located within the declared area were informed that they will be relocated and no significant developments were expected to be made within these villages without the approval of the Lesotho Highlands Development Authority (LHDA).

12. Valuation and Compensation for losses

Asset valuation and compensation is being undertaken in three stages in line with the Compensation Policy and in cases where assets identified in the field are not mentioned in the Compensation Policy, the RAP Consultant shall bring these to the attention of the LHDA and approval shall be requested from the LHWC to register such assets. LHDA shall try as much as possible to find the most appropriate compensation rates on the existing list of approved asset types and use it for similar assets. Where the incorporation of new assets in existing asset types is not possible creation of a new asset type is done.

Step 1 Asset Registration; The resettlement consultants will undertake an initial identification of affected assets and owners in the footprint of the project component through analysis of aerial imagery, field investigations (e.g. transect walks) and consultation with local authorities and community structures.

Step 1B Cadastral Survey; The resettlement consultant will undertake a cadastral survey of all affected land parcels as well as fixed assets such as homestead structures, trees and thickets. The cadastral survey will be done by a Registered Surveyor as per the laws of Lesotho. Coordinates will be generated for each asset for the accurate determination of the asset location, surface areas and lengths. For land parcels (fields, gardens and residential plots), the survey shall be done on the entire field, indicating the affected and non-affected area.

STEP 1C Asset and Beneficiary Registration; Asset Verification Forms are prepared which will include full details on each affected asset (areas, lengths, numbers, proof of ownership, GIS maps and photographic evidence) and on the beneficiary and/or a mandated representative.

STEP 1D Upload to Flowcentric; The asset and beneficiary data will then be uploaded to FlowCentric (which is LHDA compensation management system).

STEP 2 Compensation Options; The resettlement consultant will present and explain the options individually to beneficiaries/households, who will be allowed at least one week to consider their preferences. Once the options are confirmed, the Form is signed by the beneficiary for the preparation of Compensation Offers.

STEP 3 Compensation Offer; Based on the selected compensation options, a Compensation Offer, Letter of Offer, signed by the Chief Executive or a designated representative, incorporating the Compensation Entitlement Form and/or Compensation Options Form (for households who have selected ACP/grain payment) will be presented to the beneficiaries/households.

Compensation rates are adjusted annually for price escalation using the Lesotho Consumer Price Index (CPI). Compensation for primary residential dwellings and formal business structures will be based on the principle of replacement cost.

13. Entitlement Matrix

Compensation entitlement for the impacts associated with land acquisition are presented per impact or asset loss. According to the policy, affected for structures and residences will be compensated in full while agricultural land will be eligible for devaluation compensation defined as compensation for foregoing the future benefit of Agricultural land. As a Principle, the impact description and the accompanying compensation measures are distinguished per asset where applicable as shown in the table below:

Entitlements for Loss of Land

Asset	Compensation
Arable Land Losses of less than 1000m ²	According to the Policy, compensation shall be in the form of a lump-sum payment or land-for-land (if suitable replacement land is available). As replacement land is not available, compensation could only be in the form of a Lump sum Cash Payment (LCP).
Arable Land Losses of more than 1000m ²	According to the Policy, compensation shall be in the form of replacement land, a lump sum cash payment (LCP), annual cash payments (ACP) or annual grain payments (AGP). As replacement land is not available compensation could only be a LCP, ACPs or AGPs.
Remainders of arable land after partial land acquisitions of less than 500m ²	According to the Policy owners could either surrender the land to the Project that will acquire and compensate the entire field including the remainder or continue cultivating the remaining portion. The two options were discussed with all households left with remainders of less than 500m ² , and all opted Project acquisition of remainders.

	Compensation will therefore be LCP
Residential Land Loss	<p>The Policy provides for a replacement plot or lump sum cash, and although policy guidelines for partial loss of residential land is not specified, the Policy's provision for lump sum compensation and the Compensation Rates guideline for lump sum compensation for residential plots equivalent to the square metre rate for agricultural fields, provide the basis for the compensation of the partial loss of residential land</p> <p>Compensation for loss of residential land will be a LCP based on the rate for agricultural land.</p>
Garden Land	<p>The Policy provides for monetary compensation for garden land when garden land is acquired without necessitating the relocation of the household, either as LCP or ACPs. This, it is assumed will also apply to the partial loss of garden land.</p> <p>Compensation for garden land will therefore be a LCP or ACPs.</p>
Powerline	
Arable Land	<p>The Policy provides for lump sum devaluation compensation on condition that the land remain free from structures and vegetation above 3m height.</p> <p>Devaluation compensation will be a LCP, although it also needs to be established if devaluation compensation could be paid as ACPs or AGPs.</p>
Residential land	<p>According to the Policy residential land in the declared servitude of the Powerline will be permanently acquired and compensated in full.</p> <p>The Policy does not provide specific guidance in this regard. It could be assumed though that the compensation will be a LCP.</p>

Entitlements for loss of Structures

Nature of Impact	Compensation
Primary Structures	<p>The Policy provides for replacement housing on the basis of replacement cost by the Project or the owner (owner-builder), or lump sum compensation, with the upgrading of housing entitlements of less than 20m² to a replacement house of 20m².</p> <p>An average replacement cost per square meter of M5384,51 based on costs estimates of the actual designs of different types of housing, will be used to determine the cost of replacement housing.</p>
Secondary Structures	Secondary structures such as outbuildings will be compensated in accordance with the approved compensation rates or replaced.
Kraals	Kraals will be compensated in accordance with the approved compensation rates or replaced.
Fences	Fences will be replaced or compensated.
Powerline	
Toilet	According to the Policy all structures in the way leave of the Powerline, including outside toilets, will be acquired, compensated and removed.
Kraals	According to the Policy all structures in the way leave of the Powerline, including kraals, will be acquired, compensated and removed.
Ruins	According to the Policy all structures in the way leave of the Powerline, including ruins, will be acquired, compensated and removed.

Entitlements for loss of Plants and Trees

Nature of Impact	Compensation
Medicinal Plants	The Policy nor the Rates provide compensation measures for privately owned medicinal plants
Aloes and Agave	The Policy does not define any measures for the compensation of aloes and agave plants. According to the Rates though, compensation for the loss of aloes or agave will be a LCP
Fruit Trees	Compensation for the lost production of fruit trees is, according to the Policy, a LCP payment, which according to the Rates, will be based on the number of trees.
Fuel Trees	Compensation for the lost production of fuel trees is, according to the Policy, a LCP payment, which according to the Rates, will be based on the number of trees.
Thickets/Coppice	Compensation for the lost production of thickets is, according to the Policy, a LCP payment, which according to the Rates, will be based on a square meter rate.
Saplings	The Policy does not provide measures for the compensation of saplings. According to the Rates fruit trees not yet in production (saplings) will be compensated on a lump sum basis based on an average market rate for saplings.
Power line	
Fruit Trees	The Policy does not specifically provide for the compensation of fruit trees in the Power line servitude. Based on the condition that no vegetation above 3m height will be allowed in the Power line servitude, and the Policy provision that structures in the Power line servitude will be acquired, compensated and removed, it is assumed that fruit trees in the Power line servitude will be acquired, and compensated as a LCP per tree
Fuel Trees	The Policy does not specifically provide for the compensation of fuel trees in the Power line servitude. Based on the condition that no vegetation above 3m height will be allowed in the Power line servitude, and the Policy provision that structures in the Power line servitude will be compensated and removed, it is assumed that fuel trees in the Power line servitude will be acquired, and compensated in the form of a LCP per tree
Thickets/Coppice	The Policy does not specifically provide for the compensation of thickets in the Power line servitude. Based on the condition that no vegetation above 3m height will be allowed in the Power line servitude, and the Policy provision that structures in the Power line servitude will be compensated and removed, it is assumed that thickets in the Power line servitude will be acquired, and compensated in the form of a LCP per square meter
Saplings	The Policy does not specifically provide for the compensation of saplings in the Power line servitude. Based on the condition that no vegetation above 3m height will be allowed in the Power line servitude, and the Policy provision that structures in the Power line servitude will be compensated and removed, it is assumed that saplings in the Power line servitude will be acquired and compensated as a LCP based on an average market rate for saplings.

Entitlements: Business Assets

Nature of Impact	Compensation
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Business Premises	According to the Policy commercial/business plots will either be replaced with the Project facilitating a replacement site, or compensated through a lump sum at a rate to be established in accordance with the Land Act of 2010 in collaboration with the Land Administration Authority
Formal Business Structures	According to the Policy compensation for formal commercial properties will either be LCPs or the provision of a replacement structure, based on replacement cost that will according to the Rates be determined by an assessment and valuation of the affected business.
Informal Business Structure	Informal business structures will be compensated through a lump sum using the rate for secondary homestead structures

Entitlements: Community and Institutional Assets,

Nature of Impact	Compensation
PWAR	
School Premises	Impacts on school premises are mitigated in consultation with the school authorities/owners.
Arable land	The Policy provides for LCPs or replacement land, and as arable land could not be replaced, institutional land acquired by the PWAR will be compensated as a LCP.
Garden land	Garden land will be either replaced or compensated as a LCP.
Thicket	Compensation in the form of a LCP payment, which according to the Rates, will be based on a square meter rate.
Fruit trees	Compensation in the form of a LCP payment, which according to the Rates, will be based on a rate per tree.
Fuel trees	Compensation in the form of a LCP payment, which according to the Rates, will be based a rate per tree.
Sapling	According to the Rates saplings will be compensated on a lump sum basis based on an average market rate for saplings.
Water pipe	Water pipes will be replaced.
Powerline	
Residential plot	According to the Policy residential land in the declared servitude of the Powerline will be permanently acquired and compensated in full, and it could be assumed that the compensation will be a LCP.
Arable land	Devaluation compensation as LCP..
Water tank	Replaced.

14. Procedure for acquisition and notification

Lesotho Highlands Development Authority (LHDA) has engaged Resettlement Action Plans Consultant to plan and implement measures to address all resettlement impacts associated with the implementation of Phase II, through the development and implementation of the RAP.

The collection and storage of data on affected assets and owners are important components of the Phase II resettlement programme. A key requirement is to ensure that data collection and subsequent storage in LHDA's compensation management and processing system (FlowCentric) are undertaken in a manner that preserves integrity and security, and that meet auditing and monitoring requirements.

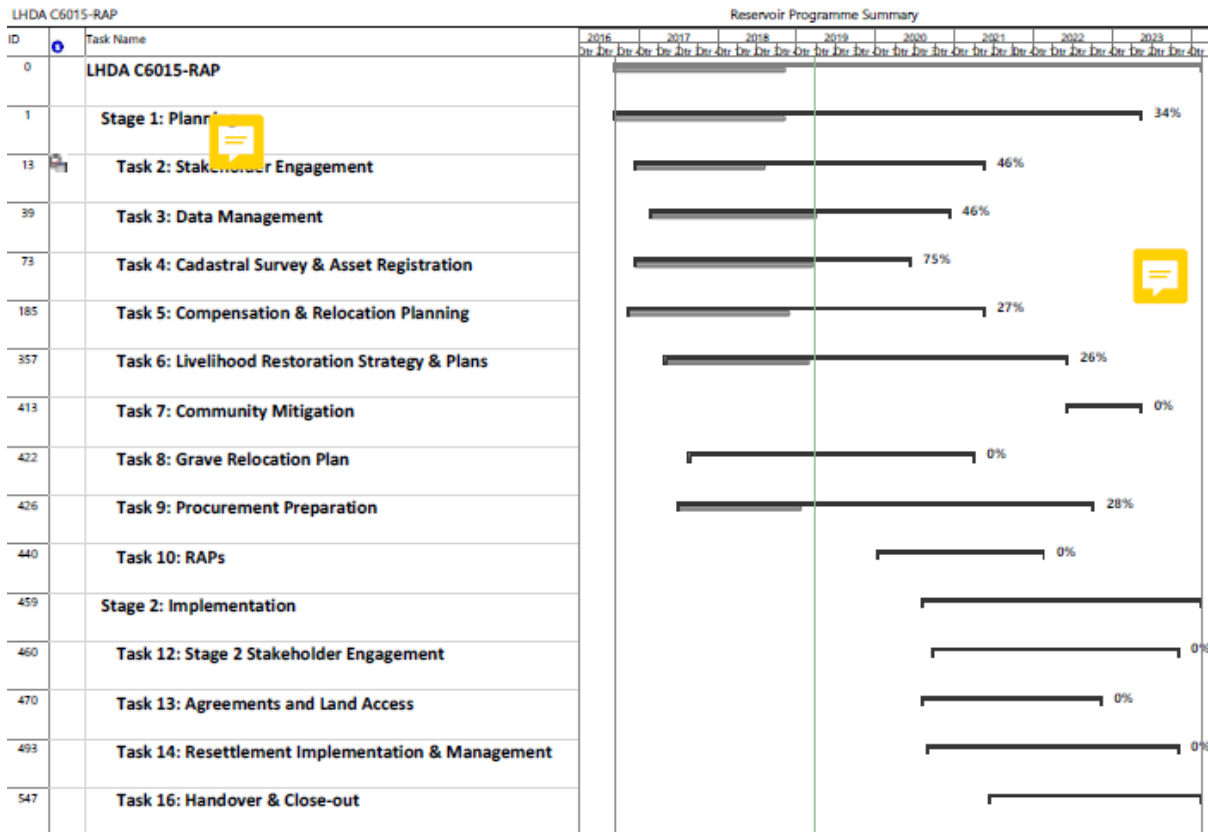
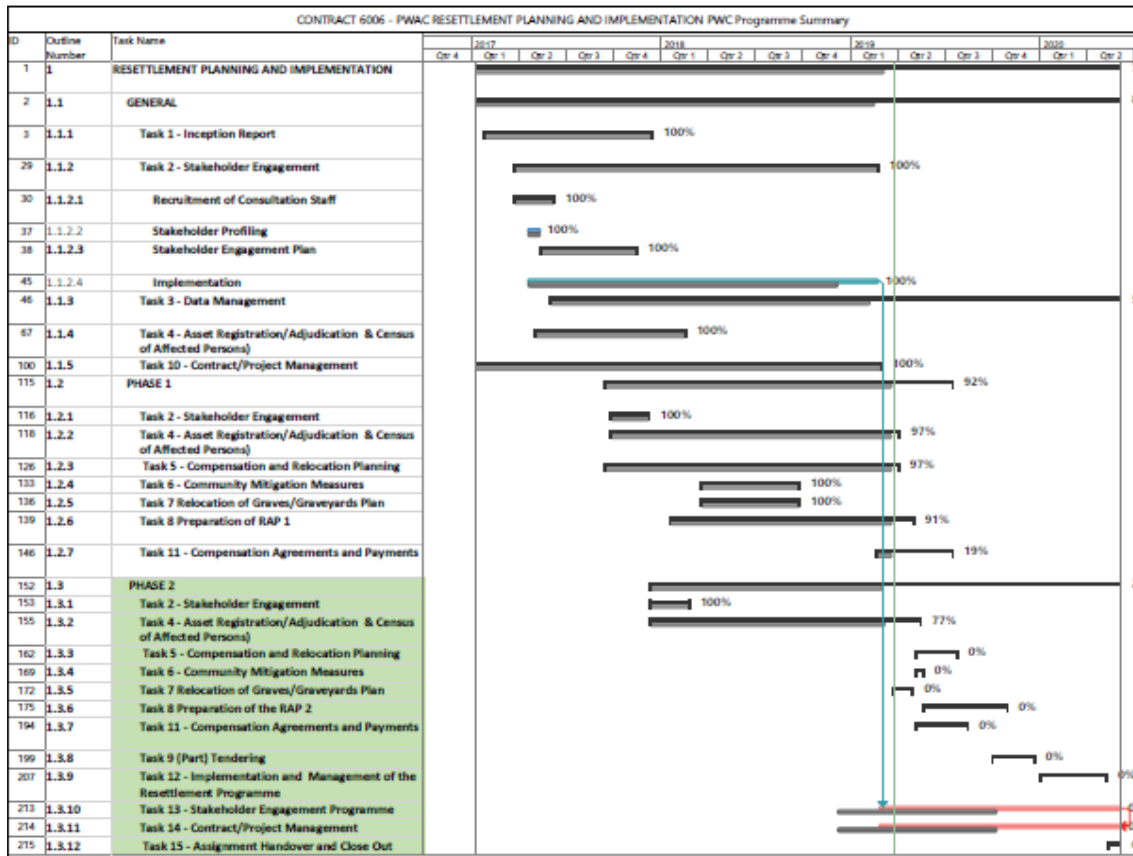
Communities are informed in advance of the asset registration exercises through community meetings, information sheets and newspaper notifications. The Compensation Offer which is presented to households for signature describes entitlements for asset losses, and also serves as a formal notification of the intent to acquire the assets (permanently or in some cases temporarily).

A Land Access Protocol has also been established for any land acquisition for areas outside those that have been cleared by the RAP consultants. This is in order to adhere to the legal and administrative framework as well as the international best practice in terms of commitments to affected communities. In keeping with the International best practice, avoidance of economic and/or physical displacement is the overarching principle that will be applied to the LHDA. LHDA will hand over land to all the contractors who will require access to land, through a formal communication, which will include provision of maps with all coordinates for the boundaries of the land to be acquired.

15. Implementation Schedule

Resettlement Action Planning commence in September 2016 and is scheduled to last until February 2024. The RAP activities and Implementation follow a similar sequence for the PWAC and the Reservoir as follows and also illustrated in project summaries in the diagrams diagram below;

- i. Stakeholder Engagement which involves stakeholder profiling, preparation of a stakeholder Engagement Plan and its implementation;
- ii. Data Management starts with preparation of summary report for data management and preparation of an operations manual;
- iii. Cadastral and Asset Registration/adjudication involving census of affected persons, marking of routes, Census registration and a Pilot study;
- iv. Compensation and Relocation Planning involving preparation of replacement housing options
- v. Livelihood Restoration Strategy and Planning to prepare livelihood plans;
- vi. Compensation and relocation planning involving preparation of replacement housing options;
- vii. Relocation of grave/graves plan preparation;
- viii. Community Mitigation measures to determine loss of rangelands and identifying and assessing other impacts;
- ix. Compensation agreements and payment involving presentation of compensation options to affected people;
- x. Resettlement Implementation and Management of resettlement program; and
- xi. Hand over and Close out



16. Resettlement and Compensation Costs

Land acquisition for project development will mainly be permanent, although some temporary land occupation will also occur. In addition, private and institutional land in the servitudes of transmission lines will not be acquired. A lump sum devaluation compensation will be paid for this land, which will remain the property of the owner - agricultural activities and other land uses will be permitted, subject to the conditions attached to the servitude.

Affected households; An estimated 2,300 households will be affected by implementation of LHWP Phase II. Most (69.6%) will be affected by reservoir creation/impoundment. Approximately 342 households will have to be relocated for project developments, mainly (96.2%) from the reservoir and site establishment areas. Further assessments are scheduled in villages not affected by reservoir inundation to identify households that could potentially be located in areas considered to be dangerous. It is anticipated that up to 20 households in this category may have to be relocated under a third stage.

Cultivable land; An estimated 1,200 ha of cultivation land will be permanently acquired, mainly for reservoir establishment and inundation. Devaluation compensation will be paid for approximately 33ha of cultivation land located in the power line servitudes.

Homestead land; An estimated 47ha of homestead land will be permanently acquired, mainly for reservoir establishment and inundation. Devaluation compensation will be paid for approximately 0.37ha of homestead land in the power line servitudes.

Garden Land; An estimated 4.5ha of garden land will be permanently acquired, mainly for reservoir establishment and inundation. Devaluation compensation will be paid for approximately 500m² of garden land in the power line servitudes.

Other land type categories that will be affected by the project include business and institutional land.

Dwellings and Structures; Structures to be acquired include dwellings, business structures and secondary structures such as animal enclosures (kraals) and pit latrines. More than 20,000m² of primary structures (dwellings and business structures) will be acquired by the project, and some 15,000m² of secondary structures.

Trees and Thickets; Nearly 2,000 fruit and fuel trees (including sapling and tree stumps) have been recorded in the footprints of the various project components, and nearly 18ha of thickets. Asset registration is still in progress for the reservoir area, with approximately 70% of the area completed.

Estimated Compensation Cost

The total compensation cost is estimated at Nine hundred and eighty million three hundred and seventy, five thousand, eight hundred and eighty, seven Maloti (**M. 980,375,887.56**) as shown in the table below.

17. Monitoring and Evaluation

LHDA will be responsible for the implementation of compensation and resettlement measures, and for associated monitoring activities. Monitoring and evaluation will be coordinated by LHDA's Social Services and Compliance Monitoring Section (SSCM), with inputs from the Polihali Operations Branch (POB) and the Phase II Project Management Unit (PMU) as well as the involvement of community consultation structures (ALCs) and external agencies.

The overall aim of the monitoring programme will be to measure the extent to which the goals of the resettlement programme have been achieved through the following;

- **Performance monitoring;** The Polihali Operations Branch (POB) and SSCM will coordinate the internal performance monitoring system. Performance monitoring will measure progress with resettlement and livelihood restoration against scheduled actions and milestones. Input and output indicators associated with performance milestones will be monitored.
- **Impact monitoring;** Impact monitoring will focus on the effectiveness of resettlement and livelihood restoration measures, the identification of constraints and the recommendation of any corrective measures that may be necessary. Data collection will occur at two levels; at the level of households, through the use of quantitative (standardised) socio-economic and health survey instruments and at group/community level, through the use of qualitative (participatory) monitoring and evaluation techniques.

In both cases, external agencies will be appointed to assist with impact monitoring.

Completion audit; Completion audits will be undertaken by independent agencies at the end of the resettlement programmes for each project component. The aim of the audits will be to verify that resettlement activities have undertaken in compliance with the objectives and principles of the resettlement programme, and that livelihood restoration measures are being successfully implemented. The audits will specifically; confirm that all physical inputs specified in the RAP documents have been delivered, confirm all outputs achieved under the resettlement programme; and assess whether the outcomes of the resettlement programme have had the desired beneficial impacts.

An Environmental Evaluation Panel (Panel of Experts, PoE) has also been appointed to provide guidance on the resettlement programme.

Monitoring activities and reports are scheduled to occur as follows:

- **Internal monitoring:** Internal monitoring will be undertaken by the Polihali Operations Branch (POB) and the Phase II PMU. Monthly progress reports will serve a monitoring purpose, while formal resettlement monitoring reports will be produced quarterly.
- **Participatory (qualitative) monitoring and evaluation:** PME will be coordinated by LHDA's POB and the SSCM Section and undertaken by external agencies (e.g. NGOs), appointed community facilitators and the community project committees. PME will be undertaken annually for the duration of the resettlement programme, and then periodically thereafter. Mechanisms will be put into place to promptly address community concerns. PME monitoring reports will be shared with affected communities and other key stakeholders.
- **Standardised (quantitative) monitoring:** This will be undertaken by an external agency 12 months after resettlement, using standardised survey instruments, and thereafter at intervals of not more than five years. Monitoring reports will be shared with affected communities and other key stakeholders.
- **Evaluation Panel:** During the early phases of the Project, the Panel will undertake bi-annual site visits to guide the establishment of the resettlement programme. Visits will thereafter occur on an annual basis for the duration of the resettlement programme.
- **Completion audits:** This will be undertaken at the end of specific components of the resettlement programme to verify that LHDA has complied with the goals, objectives and principles of the resettlement programme.

Reporting

Monitoring activities and reports are scheduled to occur as follows:

- **Internal monitoring:** Internal monitoring will be undertaken by the Polihali Operations Branch (POB) and the Phase II PMU. Monthly progress reports will serve a monitoring purpose, while formal resettlement monitoring reports will be produced quarterly.

- Participatory (qualitative) monitoring and evaluation: PME will be coordinated by LHDA's POB and the SSCM Section and undertaken by external agencies (e.g. NGOs), appointed community facilitators and the community project committees. PME will be undertaken annually for the duration of the resettlement programme, and then periodically thereafter. Mechanisms will be put into place to promptly address community concerns. PME monitoring reports will be shared with affected communities and other key stakeholders.
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- Evaluation Panel: During the early phases of the Project, the Panel will undertake bi-annual site visits to guide the establishment of the resettlement programme. Visits will thereafter occur on an annual basis for the duration of the resettlement programme.
- Completion audits: This will be undertaken at the end of specific components of the resettlement programme to verify that LHDA has complied with the goals, objectives and principles of the resettlement programme.

Monitoring reports will be circulated to all concerned stakeholders.

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