

>>>> Ex post evaluation Infrastructure for decentralised bodies and local governments (LGIIP) II, Lesotho

Title	Infrastructure for decentralised bodies and local governments (LGIIP) II		
Sector and CRS code	1511000 Public sector policy and administrative management		
Project number	2009 67 034		
Commissioned by	Federal Ministry for Economic Cooperation and Development (BMZ)		
Recipient/Project-executing agency	Ministry of Finance/Ministry of Local Government and Chieftainship (MoLGC)		
Project volume/ Financing instrument	EUR 5.0 million FC financial contribution (budget funds)		
Project duration	05/2012 – 08/2017		
Year of report	2022	Year of random sample	2020

Objectives and project outline

The objective at outcome level was to provide and sustainably use the financed community centres in rural districts. At impact level, the objective was to contribute to the implementation of the decentralisation strategy of the Lesothian government policy by supporting democratically legitimised decentralised bodies in the delivery of their tasks. This strategy was embedded in the National Strategic Development Plan (2012/2013 -2016/2017).

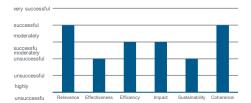
To achieve the outcome, 24 community centres were built in eight out of ten Lesothian districts and equipped with furniture, first consumables, spare parts and tools for maintenance. The project-executing agency (Ministry of Local Government and Chieftainship, MoLGC) was supported by an international consultant, among other things in the preparation of the maintenance concept for the community centres. To promote the generation of own income, the municipalities were also supported in developing concepts for renting premises for income-generating measures.

Key findings

From today's perspective, the programme is still relevant in terms of development policy and has made an important contribution to improving the population's access to community centres in the programme regions. Although the project therefore achieved some effectiveness in supporting the decentralisation process, its sustainability is at risk. The project has been rated "moderately unsuccessful" for the following reasons:

- The project made significant contributions to a successful decentralisation process which
 was intended by the government. However, the overall positive impact of the project has
 not been as great as planned due to unfulfilled agreements with the project-executing
 agency, an unapproved maintenance strategy and lack of training for staff.
- No adequate maintenance concept has been put in place and no resources have been reserved for maintenance, which poses a challenge for the efficiency and sustainability of investments.
- The government continued to build new community centres even beyond the FC project, highlighting the necessity and importance of the buildings from a national perspective.

Overall rating: moderately unsuccessful



Conclusions

- The preparation phase of the project could have been better used to build up the necessary capacities of the project-executing agency (promoting responsibility, creating maintenance plans, carrying out maintenance training and safeguarding the budget for maintenance).
- The challenge of global climate change was only partially taken into account in the project design. The result is unsatisfactory, as the implemented infrastructure is not optimally adapted to the local climate and therefore produces additional energy demands and thus costs.
- Due to its design, the project is easy to replicate.



Rating according to DAC criteria

Overall rating: 4

Ratings:

Relevance	
Coherence	2
Effectiveness	4
Efficiency	3
Overarching developmental impact	
Sustainability	

General conditions and classification of the project

The political framework conditions in Lesotho were variable during the implementation period. The country has experienced unstable governments in recent years, characterised by weak coalitions and frequent changes of government and/or cabinet, which has delayed development progress and national targets. The ongoing political instability has also contributed to weak economic performance. Real GDP shrank by 3.1% and 1.2% in 2017 and 2018, before recovering in 2019.¹ In 2020, there was again a sharp decline, mainly due to COVID-19-related restrictions and several nationwide lockdowns. The economic downturn continued into 2022.

In 1997, the Local Government Act created the legal basis for the planned decentralisation reforms. However, it was only implemented in the context of the local elections of 2005 and 2011, during which the formation of municipal councils and the election of their representatives were completed. This project supported the decentralisation process that had begun.

Brief description of the project

The project comprised the second phase of the Local Government Infrastructure Improvement Program (LGIIP II) and involved the construction of 24 community centres. These were located in eight districts in the west, north and east of the country (see Relevance). This directly follows the content of Phase I of the programme (LGIIP I), which was similarly structured.

The FC measure's objective, which forms the basis of the EPE, was to help democratically legitimised decentralised regional bodies perform their tasks. This includes facilitating access to public services for the rural population, e.g. for applying for and issuing identity cards and participating in the political will-building process.

Breakdown of total costs

		lnv. (planned)	Inv. (actual)
Investment costs (total)	EUR million	5.9	5.69
Counterpart contribution	EUR million	0.9	0.69
Debt financing	EUR million	5.00	5.00
of which BMZ budget funds ²	EUR million	5.00	5.00

¹ Annual GDP growth; World Bank Open Data (https://data.worldbank.org/).

² In addition, a further EUR 0.3 million was disbursed from residual funds under this project.



Relevance

The population in poor, rural areas was to be given easier access to public services and participation in the political will-building process. The aim was therefore to strengthen acceptance of democratic structures among the population and improve their economic and social situation by providing and using public services in rural districts in a sustainable manner. As part of the implementation of the national decentralisation policy, Financial Cooperation (FC) supported the regional bodies at district and municipal level to they could better perform their tasks. An important prerequisite for this was the existence of suitable municipal infrastructure. Accordingly, FC supported needs-based construction and the sustainable operation of community centres.

The project focused on the construction of new community centres and furnishing them with furniture, initial consumables, spare parts and tools for maintenance: Of the 24 to 28 community centres planned in the programme proposal, 24 were built. The community centres should not only be used by the regional bodies, but should also be available for other specialised ministries and social commitments (HIV/AIDS committees, events for children and young people, etc.). The explicit focus on rural districts is understandable due to the high incidence of poverty: Lesotho is one of the poorer countries in the world with a gross national income of around USD 1,166 per inhabitant (2021).³

The core problem was correctly identified, as only a few municipalities had their own buildings at the time of the project appraisal. In some cases, they used very small premises free of charge, and in some cases they had to rent the buildings. This hampered the formation of local governments and weakened the legitimacy of rural municipalities towards the population.

The objectives of the measure were geared towards the developmental policy needs of the target group. The project benefited rural areas and small towns, which have a higher proportion of poor people in the population. The risk of poverty for households managed by women is particularly high, as they are often young women with no fixed income or older widows. For this reason, the concept for solving the core problem at the time of the intervention was appropriate from today's perspective, enabling poor sections of the population to access community centres. The needs of the target group were adequately taken into account.

The results logic is largely plausible: The provision and sustainable use of the financed community centres can help democratically legitimised decentralised regional bodies to fulfil their tasks. By providing municipal infrastructure and services, the living conditions of the local population can be improved. At the same time, municipal self-government structures can be strengthened by individual projects (community centres) being independently planned by the community and implemented with external support. These measures contribute to an improvement in local governance and a stronger decentralisation process. Ex post, this can largely be considered coherent.

The components (infrastructure projects, institutional strengthening of the local authorities and the executing agency and consultant support) were sensible choices. The inclusion of measures for commercial infrastructure, such as the leasing of premises, also seems generally appropriate in view of the local authorities' low own income and is oriented towards the needs of the target group. The participatory selection of the individual projects makes it clear that 24 community centres were relevant. However, it does not automatically follow that capacity building at the municipal level will comprehensively strengthen decentralisation, i.e. in all three dimensions (political, administrative and fiscal).

Critically, the project design was based on the assumption of fiscal decentralisation in Lesotho, which was to be developed in close consultation with districts, the responsible Ministry of Local Government and Tribal Affairs (MoLGC) and the EU project that supported fiscal decentralisation. However, this concept was not safeguarded at this time and ultimately not implemented. Rather it was a prerequisite for the transfer of funds for the operation and maintenance of infrastructure. This subsequently led to a lack of maintenance of buildings, as municipalities were not allowed to have their own bank accounts and were therefore unable to provide the necessary funds.

³ GDP p.c.; World Bank Open Data (https://data.worldbank.org/)



The project was implemented in Lesotho by the MoLGC responsible for the decentralisation process. The project's target group was the population in the eight districts benefiting from the programme: Mafeteng, Mohale's Hoek, Quthing, Leribe, Thaba Tseka, Mokhotlong, Berea and Botha-Buthe, which lack sufficient space to provide their services. The target group comprised around 500,000 beneficiaries.

The objectives of the measure took into account the relevant political framework conditions, but the assessment of the executing agency's capacity for implementing the measures was too positive. As a result, the programme manager of the executing agency MoLGC was not able to implement all planned activities. Since it was known at the time of conception that the MoLGC had only limited experience with decentralised implementation of high-quality construction projects, the use of a team of several programme managers with differentiated tasks would have made sense (e.g. with responsibility for technical issues, cooperation with the municipalities and the planned capacity strengthening of the municipalities with regard to the operation and maintenance of the buildings and strengthening of own revenues). This would have significantly increased the chances of success of the project implementation and potentially reduced the additional, unplanned costs of the consultant.

Due to its concept and the newly acquired qualifications of the executing agency, the project is easy to replicate. Since the appraisal, the executing agency has implemented a number of other programmes with similar structures, which also confirms the relevance of the selected approach.

Relevance rating: 2

Coherence

The country's decentralisation efforts were reflected in the international donor landscape: At the time of project conception, the EU, UNDP and GIZ operated a cooperative programme (Deepening Decentralisation Program) for providing advice on and support to the decentralisation process in Lesotho. The intervention point of the KfW project was linked to the demand for municipal infrastructure to implement decentralised and municipal structures.

The Lesotho government was supported by various donor organisations in the implementation of its national development plan ("Vision 2020") – which nominally focuses on reducing poverty, but sets specific objectives for the decentralisation policy, particularly with regard to rural development. At international level, the "Deepening Decentralisation" programme, which supported the continuation of the decentralisation policy in cooperation with GIZ, the EU and UNDP, must be highlighted. GIZ also operated the "Support for decentralised rural development" programme in Lesotho, which acted in an advisory capacity in the decentralisation policy and promoted the transfer of competences from national ministries to local municipal administrations. The project was in line with the Lesotho national strategy in the sector and the BMZ sector concept.

The LGIIP II concept was highly coherent. Under the primary objective of alleviating poverty, the Lesotho national development strategy contains important considerations relating to the country's decentralisation process and rural development. These considerations were entrusted to the MoLGC at national level. By building a total of 24 community centres, the FC measure contributed to the Lesothian population being able to freely and independently determine their municipal government. By strengthening participatory development in this way, the project can be classified as part of the decentralisation focus of development cooperation.

From today's perspective, the programme's coherence is rated good. This was particularly evident in the support given by the Lesotho government to the decentralisation policy by international partners.

Coherence rating: 2

Effectiveness

The outcome-level objective underlying the EPE was to provide and sustainably use the financed community centres in rural districts. The target achievement at outcome level can be summarised as follows using the indicators below:



Indicator	Target value at PA	Ex post evaluation
(1) The financed buildings are sufficiently maintained and serviced for three years after completion of the project.	> 80%	Not achieved: 0%
(2) The financed buildings will be used for municipal or local services for three years after completion of the project.	> 80%	Achieved: 100%
(3) Municipalities with community centres from this programme phase generate their own income from the rental of premises for three years after the project is completed and use this income for building maintenance or other municipal services.	> 30%	Not achieved: 0%

Indicator 1: The failure to achieve the indicator with regard to sufficient maintenance and repair of the constructed buildings is due to several factors. The most important are: the still missing approval of the maintenance concept from the responsible ministry (MoLGC), the prohibition on keeping own municipal accounts and insufficient provision of funds by the government for the maintenance of the constructed buildings. Own account management is one of the prerequisites for own economic activity and thus the possibility of financing repair work independently. During the on-site appraisal, it was found that none of the ten projects visited had been sufficiently maintained. One community centre was severely damaged and is at risk of becoming non-functional if not responded to appropriately in a timely manner. In addition, planned training on operation and maintenance was not carried out due to the lack of permits mentioned and no maintenance budgets were made available to the municipalities. To mitigate the risks related to maintenance, toolboxes (tools for maintenance and spare parts) were provided for each community centre, but they could not mitigate the problems.

The fundamental problem is the lack of funding from the government to maintain the buildings. For these tasks, the municipalities were not granted budgets by the government. This has also rendered obsolete the MoLGC agreement to ensure that municipal budgets allocated 2.5% of investment costs annually for maintenance. During project planning, there was a fear of the risk that the central government would not provide sufficient funds to operate and maintain the new centres. Although this was taken into account with a very robust and maintenance-friendly construction concept in Phase II of the project, it was only able to alleviate the maintenance problem to a limited extent. Although this concept ensured a longer service life for individual components, it did not result in complete freedom from maintenance. In view of the serious budgetary problems of the government of Lesotho, which have persisted for a long time, there have been permanent problems with maintenance bottlenecks and no improvement in this respect is expected in the next few years.

At the time of the project appraisal, the architectural design of the community centres was described as "excellent", as it was intended to be low-maintenance and use local building materials. Indeed, the design is innovative and low-maintenance and the space is appropriate and sufficient. From this perspective, the project design has proven its worth. The aim was also to establish energy-efficient, "green" centres that optimise solar radiation by aligning buildings and applying passive construction principles, e.g. shading elements and natural cross ventilation. This was an innovation-driven approach which suggested a significant improvement in operation and comfort. Unfortunately, this objective could not be achieved because the proposal appeared to be designed for hot tropical climates, not for the temperate mountain climate in Lesotho. The overhanging roof and shading elements block out solar radiation on the windows and walls of the building, which would be appropriate in hot climates. For the temperate climate in Lesotho, it would have been sufficient to exclude only the midday sun, but to use the positive effects of the low sun on winter days to increase the indoor temperature. Supportive, heat-insulating elements (such as the less dense brick in Lesotho instead of the concrete blocks used) were not provided. This is the main reason why



users observed that the buildings are "cold in winter". The self-procured mobile gas heaters therefore result in additional energy consumption and therefore costs in winter. As a result, the built centres proved not to be as efficient as originally intended (see Efficiency).

The project attempted to meet the challenges posed by global climate change through energy efficiency and passive construction. However, the result is not entirely satisfactory, as the implemented infrastructure is not well adapted to the local climate and therefore results in additional energy consumption and costs. Moreover, the additional costs of a low-maintenance design (e.g. imported steel beam profiles, solid floor slabs and concrete blocks) are disproportionately high compared with locally available, inexpensive and easy-to-repair materials.

Indicator 2: The achievement of the targets for the appropriate use of the community centres for community or local services, including the application for and issuance of identity cards, land allocation and agricultural advice, is due to the huge need and a well-considered usage strategy. The indicator was verified in ten target communities on the basis of an on-site survey. All municipal administration centres are used appropriately by the municipal administrations and their employees.

Indicator 3: The failure to achieve the target with regard to generating own income by renting out premises is due in particular to the lack of incentives and the ban on keeping own accounts. The plan for the municipalities to use self-generated income for the maintenance and upkeep of the buildings could not come to fruition as the central government was not prepared to approve the necessary incentives for this (separate accounts for the individual centres, self-determination regarding the use of such funds).

Given that the project was able to provide 24 community centres, including inventory, urgently needed drinking water points and sanitary facilities, in eight districts, some of which were very remote, improved access and the use of local public services in rural areas of Lesotho has been achieved. Deductions in the rating were made due to inadequate maintenance and repair, in some cases improper construction and the failure to adapt the implemented infrastructure to the local climate, which has resulted in additional energy consumption and costs. Identified improvisation, such as the use of gas burners intended for outdoor use in indoor areas for the purpose of heating, has created additional hazards. The additional costs of choosing a low-maintenance building design could potentially have been avoided in a more cost-effective way using locally available building materials. Overall, we rate the effectiveness as moderately unsuccessful: Despite positive usage effects, the results are below expectations. We believe better partial results would have been obtained if funding was secured for maintenance costs.

Effectiveness rating: 4

Efficiency

A total of EUR 5.3 million of the FC grant was spent on the construction of the community centres and consulting services. This reached around 500,000 people living in the project regions.

To ensure the participation of the municipalities, the funds were allocated according to the application principle, which allocated the funds by the accessibility and suitability of the building location. The individual project sizes vary from EUR 190,000 to EUR 240,000 depending on the construction lot. Originally, the cost of a standard building was estimated at EUR 137,500 excluding taxes. This assessment was based on the evaluation of the standard buildings from the previous phase 1 project. Although the phase 1 building type was fundamentally retained, the subsequent technical changes to these design standards for the community centres under the project resulted in a cost increase of approximately 38% to 74%, so there were fewer community centres than originally planned:

1) The council chamber was planned as a larger multi-purpose space to be rented out for private or public purposes;

2) An expensive steel frame construction of imported, non-standard profiles was chosen, which resulted in high costs of materials in all centres. This technology is not common in Lesotho and traditional technologies would have been cheaper;

3) An overhanging roof with a large surface area resulted in additional roof costs;

4) A reinforced concrete floor slab, which forms the foundations of the buildings, was much more expensive than strip foundations adapted to the ground conditions, for example.



In addition, during the construction phase of the project from 2014 to 2016, the EUR/LSL exchange rate rose by 30%. This increased the cost of building materials imported from Europe. The building materials from South Africa remained at the originally planned level. Nevertheless, the evaluation found that the specific investment costs are customary in the sector and can still be considered reasonable. The standard design included 411 m2 of covered area, of which about half is habitable. This results in a specific price of EUR 460 to 580 in construction costs per m2 of covered area. The production efficiency is therefore considered appropriate.

The costs for the implementation consultant were 27% higher than calculated (EUR 980,000 instead of EUR 770,000). However, this was mainly due to an extension of the consulting contract in order to cover the delays in the implementation of the project, which were mainly caused by the complex and cumber-some administrative procedures in Lesotho. As a result, the project was delayed by four years overall (completed in 2018 instead of 2014), which more than doubled the originally planned implementation time of 36 months. Besides the administrative procedures, there were various reasons for this: A change in the roof designs, new toilet blocks, changes in access, additional earthworks due to construction sites being too steep, and relocation of the project site due to changed building code.

The processes of the MoLGG and the elaborated design served as an important reference for the successor programmes of the MoLGG, and the construction of community centres was continued by the Lesotho government with its own funds. Standardisation was seen as significant added value. The distribution of the projects corresponded to Lesotho's poverty map. All 24 projects were carried out in the eight poorest districts of Lesotho. As such, the criterion of allocation efficiency is regarded as sufficient.

Efficiency rating: 3

Overarching developmental impact

The underlying objective of the EPE at impact level was to contribute to the implementation of the decentralisation strategy of the Lesotho government policy, which was anchored in the National Strategic Development Plan 2012/2013 to 2016/2017, by supporting democratically legitimised decentralised regional bodies in the performance of their tasks.

Target achievement at the impact level can be summarised as follows:

Indicator	Target value at PA	Ex post evaluation
(1) The population's satisfaction with their municipal ser- vices improved between the baseline study at the start of the project and the evaluation three years after the project was completed.	At least 20%	Achieved. (no quantification, see text).

As part of the evaluation, the perception of the beneficiaries regarding the change in the level of satisfaction with their municipal services was surveyed on a random basis. In this survey, representatives in 10 out of 24 community centres and municipal administrations stated that the population's satisfaction with their municipal services has improved in recent years since the project was implemented. All 24 community centres built as part of the project are used as intended by municipal parliaments and administrations. From the perspective of both the employees of the community centres and the customers of the community centres, there is a high level of satisfaction with the infrastructure, despite the lack of maintenance. The centre staff described the extremely difficult situation before the construction, when they worked under provisional conditions, and how the working conditions have changed positively after the project was implemented. The average staff satisfaction score was 86.6 on a scale of 0 for dissatisfaction to 100 for complete satisfaction. The surveyed customers of the community centres who benefited from the services were very satisfied.

With regard to support for improved local governance, which strengthens the decentralisation process, it is concluded that failure to achieve individual outcome indicators will also have a negative impact on the intended developmental impacts.



With regard to the model character of the project, a positive development is clear. By the time of the evaluation, the Lesotho government had already built seven other community centres, the design of which was identical to the previous KfW-financed community centres. Due to financial difficulties, only one centre per year has been set up in recent years, although two were originally planned per year. This shows the high relevance of the project and the importance of the community centres for the ministry and the country.

Representative surveys by the research institute Afrobarometer also paint a mixed picture: ⁴ In 2021, nearly 40% of respondents across the country said they were not happy with the performance of their local community representatives.⁵ In contrast, the proportion of those who found it difficult or very difficult to obtain public documents decreased from 73% in 2011/13 to 18% in 2016/18.⁶

The target achievement in terms of the population's satisfaction with their municipal services in the municipalities served by the project could be spot-checked using on-site visits. There are deductions for the limitations of use that already result from the lack of maintenance, and thus possible impacts.

Impact rating: 3

Sustainability

The project created 24 new community centres in the selected eight districts, which enabled democratically legitimised decentralised bodies to carry out their tasks more effectively. It can be assumed that all community centres will then continue to be used for municipal or other decentralised services as appropriate, if the infrastructure permits. However, this assumption cannot be made at this point in time. There is a great risk that defects from lack of maintenance and repair will add up and that further centres may become inoperable, similar to the case observed above.

The area of maintenance and repair theoretically poses a challenge for the municipalities. Although operating and maintenance plans have been drawn up, they have never been approved by the Lesotho government. Staff were not assigned for maintenance and repair. The staff training originally planned by the consultant therefore did not take place.

Due to budget shortages, the local authorities often lacked the funds needed for work that requires more capital. None of the community centres had made provision for possible repairs or replacement investments, although this was explicitly provided for in the implementation agreements (reserve of 2.5% of the respective investment costs for operation and maintenance of the individual centres).

The local authorities are generally responsible for the operation of the rehabilitated infrastructure facilities. On-site interviews revealed that the supported entities do not have a fixed budget for maintenance and repair work, although they would have to be allocated corresponding funds according to legislation. Requests for allocation of funds must be made at local or regional level, but due to budget constraints, the visited facilities have not been allocated funds for repair and maintenance work in recent years. This can be attributed to Lesotho's limited state budget (see "Framework conditions and classification of the project").

The majority of the facilities visited as part of the evaluation mission were in unsatisfactory condition five to six years after the end of the project. Serious damage from ongoing operations could be detected in some cases, e.g. cracks in the joints between the steel structure and the masonry and non-functional Ecosan toilets. Façade coatings were applied with paints that were unsuitable because of their limited diffusion capacity. There were also surface cracks in the floor slab, damaged door locks and unattached sockets. The municipality centre in Metsi-Maholo was the only centre visited that had suffered severe damage because it was built without adequate rainwater drainage with a floor slab that was too low. This facility urgently needs to be drained.

⁴ https://www.afrobarometer.org.

⁵ "Do you approve or disapprove of the way that the following people have performed their jobs over the past 12 months, or haven't you heard enough about them to say? Your elected local government councillor."

⁶ "How easy or difficult was it to obtain the document you needed?" and "Based on your experience, how easy or difficult is it to obtain the following services from government? An identity document, such as a birth certificate, driver's licence, password or voter's card?"



From today's perspective, due to the various bottlenecks at municipal level and despite the relatively good construction quality, which has positive effects on the assumed useful life of the infrastructure, sustainability is rated as "moderately unsuccessful". The project's results are significantly below expectations in terms of the condition of the buildings four years after their completion. All the findings available during the evaluation indicate that the effects achieved will not last due to the fact that the buildings are not maintained, as this means that their use can no longer be ensured in the foreseeable future.

Sustainability rating: 4



Notes on the methods used to evaluate project success (project rating)

Projects are evaluated on a six-point scale, the criteria being **relevance**, **coherence**, **effectiveness**, **efficiency**, **overarching developmental impact**, **sustainability** and the final **overall rating** of developmental effectiveness. The scale is as follows:

Level 1	very successful: result that clearly exceeds expectations
Level 2	successful: fully in line with expectations and without any significant shortcomings
Level 3	moderately successful: project falls short of expectations but the positive results dominate
Level 4	moderately unsuccessful: significantly below expectations, with negative results dominat- ing despite discernible positive results
Level 5	unsuccessful: despite some positive partial results, the negative results clearly dominate
Level 6	highly unsuccessful: the project has no impact or the situation has actually deteriorated

Rating levels 1-3 denote a positive assessment or successful project while rating levels 4-6 denote a negative assessment.

The **overall rating** on the six-point scale is compiled from a weighting of all six individual criteria as appropriate to the project in question. Levels 1–3 of the overall rating indicate a "successful" project, levels 4–6 an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effective-ness"), the impact on the overall objective ("overarching developmental impact") **and** the sustainability are rated at least "moderately successful"