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Midterm Evaluation of Horticulture Productivity and Trade Development Project in Lesotho

Final Report – 12 May 2015

Prepared For

International Trade Centre

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LIST OF ACRONYMNS

AGOA	African Growth and Opportunity Act
BEDCO	Basotho Enterprises Development Corporation
DSQA	Department of Standards and Quality Assurance
DTIS	Diagnostic Trade and Investment Study
EIF	Enhanced Integrated Framework
FAO	Food and Agriculture Organization
FFV	Fresh Fruit and Vegetables
FP	Focal Point
GoL	Government of Lesotho
HPTD	Horticulture Productivity and Trade Development
IF	Integrated Framework
ITC	International Trade Centre
LCCI	Lesotho Chamber of Commerce and Industry
LDC	Least Developed Country
LNDC	Lesotho National Development Corporation
LoA	Letter of Agreement
M&E	Monitoring and Evaluation
MAFS	Ministry of Agriculture and Food Security
MDG	Millennium Development Goals
MFA	Ministry of Foreign Affairs
MIE	Main Implementing Entity
MNDP	Ministry of National Development Planning
MTICM	Ministry of Trade and Industry, Cooperatives and Marketing
NIU	National Implementing Unit
NSC	National Steering Committee
NSDP	National Strategic Development Plan
PAC	Project Appraisal Committee
PS	Principal Secretary
PSC	Project Steering Committee
PSCED	Private Sector Competitiveness and Economic Development
PSFL	Private Sector Foundation Lesotho
SADP	Smallholder Agriculture Development Project
SME	Small and Medium-sized Enterprises
SPS	Sanitary and Phytosanitary measures

TBT	Technical Barriers to Trade
TOR	Terms of Reference
UNDP	United Nations Development Project
WTO	World Trade Organization

EXECUTIVE SUMMARY

Summary table of findings, supporting evidence and recommendations

	Findings: Identified Problems/ Issues	Supporting Evidence/Examples	Recommendations
Overall Recommendation 1: Without progress on Recommendation 1, no progress can be made on the rest of the Horticulture Productivity and Trade Development (HPTD).			
1.	<p>The Project Document was not designed and approved according to the set processes normally followed in Lesotho. Whereas there were attempts to retroactively get approval from the Ministry of National Development Planning (MNDP), the lack of due process followed had impacts on the project long after it was eventually implemented. The Ministry of Agriculture withdrew from the project (due to a number of reasons including the lack of funding and transport to send Extension Officers to the field) but the official reason offered was that they were unaware of the HPTD Project, implying that they were not sufficiently consulted on how best it could participate.</p>	<p>Interviews with Ministry of Trade and Industry Cooperative and Marketing (MTICM) planning department as well as interview with Principal Secretary (PS) Ministry of Agriculture and Food Security (MAFS) and senior staff. Interviews at MNDP and with HPTD Project Manager. The evidence is all verbal and written up in evaluation interview notes.</p>	<p><u>Recommendation 1: Renew the Project Document</u></p> <p>As soon as the results of the February elections are known and relevant appointments made, the PS MNDP should call an urgent meeting between all the strategic partners to the project. This meeting should renew the Project Document in light of the Midterm Evaluation and seek input into how the successful completion of the Project can best be achieved.</p> <p>This meeting could also agree on whether an extension of the HPTD Project is necessary given the numerous delays experienced during project implementation and political developments in the country. It is recommended that an extension is requested to allow the project to fully implement all the planned activities.</p> <p><u>Action by:</u></p> <p>MNDP to call a meeting between all the relevant stakeholders to renew the Project Document, essentially to regain the buy-in of all stakeholders. The Project Document can, however, be changed to show where the foreign aid assistance of China has taken over responsibility and the resulted budget allocation changes. Botswana Enterprise Development Corporation (BEDCO) should be brought in as a Project partner in lieu of Lesotho National Development Corporation (LNDC).</p>
Recommendations as they relate to Outcomes 2-5, in order of importance			
2.	<p>On Outcome 4 the Project foresees a vibrant market centre that can link farmers to both domestic and international markets. The Project Document places responsibility for the provision of space for the market centre on the LNDC. This has not materialised and the Project will urgently need to establish whether an alternative</p>	<p>Interview with LNDC, HPTD Project Manager, Enhanced Integrated Framework (EIF) Coordinator Project Document</p>	<p><u>Recommendation 2: Urgently find a market centre space:</u></p> <p>All stakeholders to the project, including the private sector, should discuss this burning issue, and find an appropriate site, without which the full Project cannot be implemented to its full potential, at the meeting that the MNDP will call as per Recommendation 1.</p>

	<p>space can be found. In discussions with LNDC it emerged that there are two alternative sites that could be developed into market centres. In addition, the MTICM has indicated that they will develop three separate market centres throughout the country, but it remains unclear where and when this will happen. It is also unclear whether the new government will fulfil this promise. In selecting the sites, it is critical to involve both large and small private sector retailers.</p>		<p><u>Action by:</u></p> <p>MNDP to call a meeting between all the relevant stakeholders and the market centre should be a key Agenda item.</p>
3.	<p>The LNDC mandate within the HPTD was to secure a building for the market centre. It is however, not well placed to develop the greenhouse recipients.</p> <p>LNDC is an investment promotion agency and tasked with the development of entrepreneurs in Lesotho. As a partner to the Project, BEDCO could bring an additional dimension of developing the young greenhouse entrepreneurs as this is its mandate.</p> <p>BEDCO would be well placed, alongside MTICM, to develop the financial and management skills of greenhouse farmers to ensure that they can access the required capital and establish themselves as small businesses as foreseen in Outcome 5. It is understood that training to develop these skills is planned for 2015.</p>	<p>Interview with LNDC, HPTD Project Manager, EIF Coordinator and BEDCO.</p>	<p><u>Recommendation 3: Replace LNDC with BEDCO in Project Document</u></p> <p>Replace LNDC with BEDCO in the Project Document as implementing stakeholder. BEDCO's mandate is to "incubate" local entrepreneurs, going forward, the BEDCO would be better suited to expand this mandate to include the development of producers into businesspeople. LNDC as an investment promotion agency has the responsibility to attract new investment to the country only. If it is unable to provide the Project with a market space building there is no good reason to have them as implementing stakeholder.</p> <p><u>Action by:</u></p> <p>As discussed above under Recommendation One, both LNDC and BEDCO should be invited to the renewing of the Project Document and BEDCO should be invited to replace LNDC as Project partner.</p>
4.	<p>The Activities detailed under output 2.1 (Outcome 2) in the Project Document (Table 4, p16) explicitly note that the Project should support 'expanded production and storage capacity of the Central Mother Unit for the mushroom spawn'. This unit is now largely being run by staff seconded by the government of China, which is also supplying the equipment needed. Support for the laboratory is included in the</p>	<p>For evidence that mushroom production is benefiting poorer rural and urban residents and need to continue support to the latter, see Annex C 1.1.4, 1.1.5, 1.1.5.2, 1.1.9.</p> <p>For evidence of difficulty in acquiring spawn, see 1.1.6.5.</p> <p>For evidence of concerns about input and output prices, see 1.1.6.7.</p> <p>For evidence of export markets having been lost, see 1.1.6.5 and 1.1.6.7.</p>	<p><u>Recommendation 4: Increased support for Mushroom Production</u></p> <p>It should be a priority to ensure no deterioration in the support given by the Project and by government to mushroom farmers, as per Project Document Table 4, Activities 1.1, 2.1 and all subsequent Activities, bearing in mind that mushroom production and exports are an integral component of fresh fruit and vegetable (FFV) production and exports. The resource requirements for the project are detailed in Table 11 of the Project</p>

	<p>recently signed 3-year project of assistance by the Chinese government to Lesotho. Mushroom production is widespread throughout the country, is potentially remunerative and is well adapted to the needs and slim resources of poorer rural and urban residents and communities. There are concerns about the efficiency with which the central laboratory is being run. Producers report difficulty in acquiring spawn. The very hot climate of the summer 2014/2015 resulted in some spawn losses which had an impact on demand and confidence in mushroom production.</p>		<p>Document. While the assistance of the Chinese government is to be welcomed, it should also be a priority to ensure that sufficient numbers of Lesotho staff are trained during the coming 3 years to develop the capacity to operate the laboratory without external assistance on the termination of the current agreement with the Chinese government and that an adequate budget is allocated to provide for the maintenance and replacement of equipment.</p> <p>It is recommended that margin adequate to provide a reasonable return to farmers for their labour and other inputs is ensured in the pricing of inputs and outputs. In particular, inputs provided by the laboratory should be priced on a cost-recovery, not a for-profit basis, and selling prices should be determined entirely by market demand and supply without intervention by government.</p> <p>Action by:</p> <p>The training of Lesotho staff, the provision of funding for maintenance and new equipment and the application of cost-recovery pricing for spawn are the responsibility of the Ministry of Agriculture and Food Security (MAFS). It is the responsibility of MTICM to ensure no government intervention in the pricing of mushrooms sold by local producers.</p>
5.	<p>Export markets for Lesotho mushrooms are reported to have been lost owing to inadequate sanitary and phytosanitary (SPS) support from government and that technical support from the laboratory, including activities such as record keeping, is not as readily available as previously. The export of greenhouse-produced vegetables is also being constrained because of inadequate SPS facilities.</p> <p>There has been very slow progress in terms of getting the standards Bill passed in Parliament owing to the political stalemate in the country.</p> <p>The HPTD Project has made and is making progress against</p>	<p>Interviews with Project Manager, EIF Coordinator, MAFS staff at the mushroom laboratory and Project documents. For evidence from farmers of export markets having been lost, see 1.1.6.5 and 1.1.6.7.</p>	<p><u>Recommendation 5: Increase the focus and push factors on all activities relating to Outcome 3 in order to ensure that Lesotho can provide internationally accepted SPS certification for mushroom and other vegetable exports.</u></p> <p>The remaining activities planned for under Outcome 3 should be given high priority and be pushed towards completion by MTICM as soon as possible, in order to regain the South African mushroom market as well as to pave the way for FFV exports.</p>

	some of the activities under Outcome 3, but not sufficient progress has been made in order to allow Lesotho to certify the mushrooms and other FFV ¹ .		
Organizational Aspects			
6.	<p>Communication between the various implementing partners to the HPTD project is very poor and the Project Document does not create a clear hierarchy or communication channel.</p> <p>With reference to the National Institutional Structure (on page 28), the Project staff should send general, financial and Monitoring and Evaluation (M&E) reports to the Project Manager and s/he in turn to the EIF Coordinator. However, both the stakeholders as well as the Project Manager report directly to ITC in Geneva.</p> <p>The National Steering Committee has not received any reports and this is a shortcoming of the Structure.</p> <p>Due process is also not followed in copying communication with ITC with all stakeholders to keep them in the loop, with implementing stakeholders contacting ITC exclusively rather than informing the Project Manager and EIF Coordinator.</p> <p>There is, therefore, a weakness in structure as well as in design and should be reviewed.</p>	<p>Interviews with the HPTD Project Manager and EIF Coordinator who both reported lack of communication between themselves, the various Ministries, ITC and other stakeholders. Evidence that MAFS communicates directly with ITC without prior clearance or discussion with the HPTD Project Manager or EIF Coordinator. Interviews with all of the National Steering Committee members, who all reported that only two meetings were held and that they had not seen any Project progress documents after the first approval of the Project Document.</p> <p>Project Document</p>	<p><u>Recommendation 6: Redesign the Organogram with clearer communication and reporting pathways</u></p> <p>The Project Document should include a clearer project hierarchy for reporting and communication purposes, the exact nature of which should be determined during the meeting as proposed under Recommendation 1. All stakeholders should commit themselves to regular and detailed project update meetings as the Project Steering Committee as well as with the National Steering Committee. These meeting should coincide with quarterly reports to be tabled and discussed.</p> <p><u>Action by:</u></p> <p>The communication hierarchy should be discussed and agreed on within the MNDP meeting as recommended in Recommendation 1. The Composition of the Project Steering Committee as well as the National Steering Committee should be reaffirmed and regular meetings scheduled at which point quarterly reports will be tabled for approval.</p>
7.	The farmer groups in associations/cooperatives selected seem to be experiencing some difficulties in organizing production,	For evidence on the challenges of group production, see Annex C 1.1.6.5.	<p><u>Recommendation 7: Provide Appropriate Support for Production Groups</u></p> <p>The challenges noted do not imply that</p>

¹ The remaining project activities are prioritized and the work-plans were agreed with representatives of MTCIM and MAFS in October 2014, and also discussed with government senior representatives (PS- MTICM, Government Cabinet Secretary, Lesotho Ambassador to Geneva) in January and are all scheduled for Q1 of 2015. The issues of Standards Bill and related legislation remain the responsibility of both MTICM and MAFS.

	<p>especially the larger groups. The commitment and productivity of members varies considerably. Free-riding/degree of commitment is one manifestation of the challenges related to governance and organizational development that agricultural production groups world-wide experience. Others relate, inter alia, to differences in members' skills, resources, travelling distances, other activities, etc.</p>		<p>greenhouses should not be awarded to groups, rather, it implies that where this is done, special attention should be given to supporting, monitoring and evaluating the beneficiaries, for example through assisting them to develop appropriate structures and processes and to institute effective accounting/reporting and individual performance-based incentive/reward systems.</p> <p>Action by:</p> <p>The Project should collaborate with MAFS, Directorate: Cooperatives to provide support for production groups, if necessary with the assistance of an appropriately skilled consultant. This would assist the achievement of Outcome 2.2.</p>
8.	<p>Greenhouse and mushroom producers are not currently represented in project governance bodies and have no collective power when interacting with large organizations, including government, the private sector and major up-and down-stream value chain players.</p> <p>It will be essential for farmers to establish a firm relationship with large retail chains in order to access exports markets. Currently, farmers sell on an ad hoc basis to Pick n Pay Stores Limited (Pick n Pay)² and Shoprite Holdings Ltd. (Shoprite)³. To achieve the scale, continuity of supply and quality assurance needed for such chains to wish to interact, it will also be essential for farmers to organize and coordinate their activities on a collective basis through farmers' associations.</p> <p>The EIF's HPTD Project has been closely paralleled by the World Bank/IFAD/Government</p>	<p>Interviews with farmers indicated no evidence of the presence of a broadly-based farmers' association.</p>	<p><u>Recommendation 8: Establish a local and national greenhouse farmer's associations by connecting, coordinating and collaborating with the SADP and World Vision greenhouse projects.</u></p> <p>All greenhouse farmers and mushroom producers should establish both local associations and a national association.</p> <p>These should include, respectively, all local and national greenhouse producers, i.e. also those established by Smallholder Agriculture Development Project (SADP) and World Vision, and all mushroom producers, given the degree of commonality of their needs and interests.</p> <p>It is recommended that both HPTD Project Management and the Project's greenhouse farmers make contact and endeavor to reap potential synergies with the SADP and World Vision greenhouse initiatives, as a matter of priority.</p> <p>Action by:</p> <ul style="list-style-type: none"> • HPTD Project Management • Farmers themselves with support from BEDCO, MAFS and MTICM.

² www.picknpay.co.za

³ www.shoprite.co.za

	<p>of Lesotho's Smallholder Agriculture Development Project (SADP) (2011-17), an important component of which is the establishment of greenhouses for vegetable production similar to those of the HPTD Project. It is understood that World Vision also plans to establish and support greenhouses similar to those established by the HPTD and SADP Projects. It is probable that there are substantial potential synergies between the respective projects. Key aspects of such synergies would relate, on the one hand, to the representativeness of a national greenhouse farmers' association, and, on the other, to coordination to achieve continuity and quality of supply.</p>		
9.	<p>The Enhanced Integrated Framework (EIF) Project offers substantial grants for greenhouses.</p> <p>However, there is presently no financial mechanism to extend the benefits of the Project, either to address the needs of some beneficiaries for additional capital equipment/repairs or to assist the entry of new producers. While the need for working capital for seasonal inputs is generally well covered by farmers' income flows, all farmers reported having had difficulty in accessing credit from external sources in the past.</p> <p>The production of a significant number of greenhouse beneficiaries is at risk, typically because of the nature and uncertainty of their water supply or because of theft or destruction by animals (in the instance of hail net areas).</p> <p>A project-specific revolving credit fund would provide a low-cost mechanism to address these difficulties and risks.</p>	<p>A number of interviewees reported the need for additional capital items, especially to provide greater water security, e.g. pumps, secure pump-houses, feeder storage tanks, filtration systems and boreholes.</p>	<p><u>Recommendation 9: Establish a Revolving Loan Fund:</u> To help broaden and sustain the benefits of the project consideration should be given to recouping a portion of the grants awarded to beneficiaries in order to establish a revolving loan fund to assist existing producers and further new entrants, as per Project Document Outcome 5.1 ('new and diversified financial solutions for small and medium-sized enterprises (SMEs) developed and delivered to cooperatives'). The Project should use its United Nations (UN) entity status to solicit financial and technical assistance from the Food and Agriculture Organization (FAO) and other UN bodies to assist the development of such a fund.</p> <p>A well-functioning data collection and analysis system should be implemented to help established farmers to gain access to loan funding from banks and/or non-bank intermediaries (see Recommendation 11).</p> <p><u>Action by:</u></p> <p>Responsibility for exploring and explaining the principles and practicalities of such a fund should be taken on by the Project, in conjunction with MAFS and any producers' association that may be formed.</p>

	<p>Beyond the staff time required, neither the preliminary processes nor the actual establishment of the fund should entail funding by the Project.</p> <p>The implementation of a well-functioning data collection and analysis system could help established farmers to gain access to loan funding for these and other purposes from banks and/or non-bank intermediaries (see Recommendation 11), although this is unlikely to facilitate the entry of new farmers.</p>		
10.	<p>The HPTD project is often hampered by the lack of assistance to the Project Manager. No assistance has been appointed despite some budgetary allocations and assurances from the EIF Coordinator that such support will be appointed.</p>	<p>Interviews with Project Manager and EIF Coordinator</p> <p>See Budget Allocation in the Project Document under Detailed Budget page 42 onwards. Budget line - Project Coordination and Management.</p>	<p><u>Recommendation 10: Make full use of the available budget to employ project assistant</u></p> <p>Allocations have been made in the budget for additional staff to support the HPTD Project. Two volunteers are currently working with the farmers and collecting data. At least one, if not both, should become paid assistants. Recommendation 11 advises the appointment of an analyst with the requisite software skills to process the data. Any budgeted items that are no longer necessary, should be discussed with ITC and suggestions made for reallocation in order to support the successful implementation of the Project.</p> <p><u>Action by:</u></p> <p>The NIU should make the relevant appointments. Stakeholders should discuss budget allocation changes where appropriate.</p>
11.	<p>All beneficiaries are aware of the importance of keeping records of all activities relating to production, costs and sale of produce.</p> <p>It appears that there is presently no well-functioning system to collect such data, although some farmers did report the collection of certain types of data by volunteers assisting the Project Manager. There also does not appear to be adequate human and IT capacity to analyse and extract</p>	<p>For evidence of the awareness of the importance of record-keeping and the absence of a data collection/analysis system, see Annex 1.1.6.8-9.</p>	<p><u>Recommendation 11: Improve M&E, Data Collection and Analysis</u></p> <p>M&E at the project level should become more rigorous and reports written at regular intervals then shared with the National Steering Committee.</p> <p>Priority should be given to assisting the few farmers who do not yet keep written records to do so. Beneficiaries should be alerted to the value of not only in keeping such records, but also of submitting them for collation, comparison, analysis and feedback on a regular basis. (Although not mentioned explicitly, the</p>

<p>value from the data to inform individual and group strategies for the improvement of production and marketing and to help establish the creditworthiness of farmers for bank/non-bank loans (Outcome 5).</p> <p>While it is understood that consultants were employed at an earlier stage of the Project to develop this capacity and that MAFS/MTICM staff were trained in this regard, advantage does not seem to have been taken of such foundation-building activities. The absence of the human capacity required reflects the lack of support staff for the Project Manager (see Finding 10).</p> <p>The lack of an adequate monitoring and evaluation system at such an advanced stage of the Project is concerning.</p>		<p>implementation of both of these recommendations would appear to be intended as part of several of the Outputs specified in the Project Document, e.g. Outputs 1.1, 1.2, 2.2, 3.1 and 3.2.)</p> <p>A standardized template for recording data for submission should be developed in collaboration with Amiran Kenya Limited (Amiran)⁴, MAFS and MTICM (as per Project Document Output 5.3).</p> <p>A system to collect and analyse and extract strategic and operational value for all beneficiaries from their production and marketing data should be developed. Full advantage should be taken of the foundation-building activities reported to have been undertaken in this regard.</p> <p>The collection of hard copy data from farmers (see Recommendation 10) should be replaced as soon as possible by an on-line system (as per Project Document Output 5.3).</p> <p>The acquisition of the necessary hardware and software and the development of the human capacity should be undertaken as soon as possible.</p> <p>All of these recommendations should be fully functional before the termination of the Project.</p> <p><u>Action by:</u></p> <p>Explanation of the benefits and requirements of regular data submission using the standardized template should be incorporated into face-to-face interaction by Project, MAFS and MTICM staff with beneficiaries, ideally at farmers' association meetings (see Recommendation 8).</p> <p>MAFS and/or MTICM staff should undertake one-on-one training meetings with farmers who do not yet keep written records.</p> <p>Data should initially be collected in hard copy by Project, MAFS and MTICM staff during support visits to individual</p>
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⁴ www.amirankenya.com

			<p>producers.</p> <p>The data recording template, the on-line data collection system and the human and IT capacity for analysis should be developed in the Project Director's office for transfer to the Market Research Division of MTICM.</p>
12.	<p>Beneficiaries are far apart and located in remote areas. While informal cell phone-based platforms are starting to emerge to connect greenhouse/mushroom producers to each other's, Amiran's and other external knowledge and expertise, and to market information, these are limited and highly localized. Study tours have been conducted to research the best platform for such bulk SMS sending, but no progress in actual implementation has been made.</p>	<p>For wide dispersion of farmers, see Annex C 1.1.1.</p> <p>For limited nature, extent and importance of existing information-sharing platforms, see Annex C 1.1.6.6-7.</p> <p>For absence of use of cell phones to make/receive payments and save, see Annex C 1.1.7.3.</p> <p>For evidence of farmers' willingness to share expertise and knowledge, see Annex C 1.1.6.3.</p>	<p><u>Recommendation 12: Increase Use of Social Media</u></p> <p>Assistance to establish an efficient, cost-effective IT platform for internal and external communication on production and marketing issues of common interest should be made a priority, to help achieve Project Document Output 4.4. This should be accelerated by the use of 'social media', such as Facebook, Twitter or WhatsApp.</p> <p><u>Action by:</u></p> <p>Ideally, the drive needs to come from the farmers themselves. But the Project or MAFS or MTICM could helpfully facilitate (i) by providing Project beneficiaries with the names and contact details of other beneficiaries in their locality and country-wide and (ii) by organizing initial face-to-face meetings. This would be facilitated by the implementation of Recommendation 8.</p>

Summary

Summary of the Object of the Evaluation

1. This report is the Midterm Evaluation of the Horticulture Productivity and Trade Development Project (HPTD) in Lesotho, an Enhanced Integrated Framework (EIF) initiated and funded Project and implemented by the International Trade Centre (ITC). As a Least Developed Country (LDC) Lesotho benefits from EIF funding. The EIF Coordinator alongside the EIF Focal Point (FP) in the Ministry of Trade and Industry, Cooperatives and Marketing (MTICM) oversees both the Tier One and Tier Two projects, with Tier One focusing on the institutional capacity building aspects and Tier Two focusing on projects in line with the Lesotho Diagnostic Trade and Investment Study (DTIS), which was completed under the Integrated Framework (IF).

Major Findings of the Evaluation

2. In sum, the evaluators have found a very good project, that is well designed and thought out, it is highly relevant and has the potential to have a significant positive impact on rural poverty and improve Lesotho's export earnings. However, the project is at danger of being undermined by political processes and instability at the strategic level, the problem origin of which lies in incorrect procedures having been followed during the design, approval and initiation phases of the Project. This affects the entirety of HPTD Project and has an impact on all of the Outcomes except for Outcome One, which is well on track towards completion. The other three out of five outcomes are in danger of not being completed. Recommendations as to the remedial action that needs to be taken include that the Main Implementing Entity (MIE), the International Trade Centre (ITC), should in partnership with government actors in Lesotho seek strong political arbitrage between the Ministry of Trade, Industry, Cooperatives and Marketing (MTICM), as the focal point, and the Ministry of Agriculture and Food Security (MAFS) as well as the National Implementing Unit (NIU), the EIF Coordinator and Project

Manager in order to regain the confidence of MAFS as well as secure their full participation for the duration of the project⁵.

3. In addition, poor communication channels, a weak focal point due to political processes, and the lack of National Steering Committee meetings has resulted in poor national ownership over the project with little knowledge in Lesotho about the HPTD Project apart from visibly seeing greenhouses being erected. The National Steering Committee meetings should be reinstated and quarterly reports presented. Communication and reporting channels should be clarified during the MNDP meeting mentioned above.
4. The Mushroom Laboratory facility has benefitted from Chinese foreign aid in the purchasing of the equipment necessary as well as technical assistance in the running of the laboratory. This means that a portion of the HPTD Project budget has been freed up and has already been allocated towards the purchasing of another vehicle for the Project. However, the increase in demand for mushroom and mushroom spawn, as foreseen under Outcome Two, has been stifled due to the lack of ability to certify the mushrooms for export, due to slow progress under Outcome Three (Strengthened capacity of the Department of Standards and Quality Assurance (DSQA) to deliver Quality Assessment support services to SMEs) and slow progress at the national level in terms of the passing of the Standards Act. Very hot conditions in Lesotho over the summer of 2014/2015 also resulted in the loss of spawn, which has affected the demand and confidence in mushroom production to some extent. There should be a strong push to complete the activities under both Outcomes Two and Three in order to regain export markets and a resulted increase in demand for mushrooms and FFV.
5. The Lesotho National Development Corporation's (LNDC) original offer of building space for the market centre was withdrawn and no replacement venue has been identified. This places the project at serious risk, as without the market linkages the Project will not succeed in building agricultural value-chains. This shortcoming

⁵ Please note that it is our understanding from recent unconfirmed reports that the government might split and rename some of the ministries after the February 2015 elections. At the time of submission, the new cabinet and their respective ministerial responsibilities had not yet been announced. ITC will have to consider carefully the new ministries in order to ensure that the all of the correct stakeholders are involved in the process.

affects all of the Activities under Outcome Four and has impact on activities under Outcome Five. The MNDP meeting should have a strong focus on finding a site for the market centre, either via the LNDC or via the MTICM.

6. The Basotho Enterprises Development Corporation (BEDCO) is better placed at developing SMMEs and mentoring these small businesses than LNDC and should be included in the Project document as an implementing partner in order to promote Outcome Five, under which no progress has been made to date. Whereas LNDC is an investment promotion agency, BEDCO has the primary responsibility to establish and develop Basotho-owned enterprises. Since its inception in 1980, BEDCO's focus has been on entrepreneurial capacity building. BEDCO has crafted capacity-building projects that are geared towards the development of entrepreneurship in Lesotho - the services are offered to all forms of business including aspiring entrepreneurs. BEDCO has formal working relationships with both local and international business support stakeholders.

7. The implementation of Outcome One of the Project thus far was predominantly done by the Project Manager who sits in the MTICM alongside staff from MAFS on the greenhouse procurement and installation and capacity building of farmers. Amiran has been an excellent partner in this endeavour. ITC has played a critical role throughout all of the Outcomes. On Outcome Two, it has mainly been the MAFS who has been involved at the mushroom plant with most of the MITCM foreseen activities not implemented as yet, due to delays under Outcome Three that involves activities at MTICM DSQA. MAFS is already in possession of the new equipment. As pointed out above, Outcomes Four and Five are still not implemented but under the auspices of MTICM and ITC.

Lessons Learned

8. Lessons learned include that the Enhanced Integrated Framework (EIF) and its NIU cannot work in isolation from government at any point during Project design, approval or implementation. The omission to have MITCM planning department as well as MAFS and its planning department on board during the writing of the proposed Project and the further omission to get approval from the MNDP's Project Appraisal Committee (PAC) has resulted in a breakdown of the relationship between key implementing partners, MTICM and MAFS, two years in

to the Project. This could well mean the end of the HPTD Project unless the various stakeholders take serious action.

9. Lesotho's political stalemate has been a reality for a number of years now and no recognition was given during the Project design that this could pose a serious threat to the implementation of the full HPTD. No mitigation strategies were formulated in the event of a break-down of political relationships and the effect this might have on parliamentary processes. Without a Standards Act the HPTD Project capacity building work at MTICM DSQA might well not result in Lesotho being able to export FFV given the lack of legal framework for standards certification.
10. Securing a site for the market centre is a critical element of the HPTD Project, without which a large number of the anticipated activities and results cannot be realised. Although the first Project reports do mention a number of meetings regarding this dilemma, there recently seems to have been no urgency on the matter from either the EIF Coordinator, the Project Manager, the MIE or the relevant ministries despite an urgent letter being sent by ITC to the MTICM. Whereas alternatives are easily identifiable no stakeholder has followed-up with LNDC and it seems to be an issue of responsibility. This again points to the lack of hierarchy and reporting lines established within the project document. A decision on the market centre, may that be to secure a new site via LNDC or to wait for the MTICM to develop a site, urgently needs to be taken and Project outputs and expectations adjusted accordingly.

Best Practice

11. ITC identified an excellent partner in Amiran for the procurement and installation of the greenhouses. Not only are the greenhouses and hail nets of good quality, but the capacity building and follow-up advice from the Amiran technicians are very well received.
12. Not having a presence in Lesotho can have some negative results, but in this case it has allowed ITC to remain at a distance from the infighting between MAFS and MTICM. All stakeholders involved have therefore maintained a very good relationship with ITC, which will stand it in good stead when the recommendations of this midterm evaluation need to be implemented.

Recommendations, conclusions and implications

13. The recommendations of the evaluation centre around three main topics, the first is around the Project document, the second is around specific greenhouse recipient needs and the third highlights important outstanding activities of the Project logical framework that need to be focused on.
14. The first cluster of recommendations argues for a renewing of the Project Document to bring all stakeholders back on board, to urgently find a market centre, to include BEDCO in the Project and to improve the reporting, communication as well as hierarchical relationships. The second clusters recommends a greenhouse farmers association to help with planning of planting and harvesting as well as giving the farmers a representative voice at government and within talks with the private sector as well as a revolving fund to support farmers. Also, special support for group recipients is argued for. The third cluster focuses on elements of the logical framework matrix activities that are now critical to implement (apart from the market centre), including the employment of project assistants, data analysis, increased use of social platforms, and finally, strong support for the mushroom producers.
15. The evaluation conclusion is that the HPTD Project is a highly relevant project that is well-designed and linked to relevant stakeholders within Lesotho. However, given political realities and an incomplete Project initiation phase, the MIE needs to go back to the approval phase of the Project to ensure political buy-in from all stakeholders. Once the relevant stakeholders are back on board and once the critical missing element of the market centre is addressed, the evaluation foresees no reason why the HPTD Project cannot be implemented to its full potential and fruition. The delays experienced, however, do indicate that a Project extension will be necessary to allow for sufficient time to implement all of the activities.
16. The implication for ITC is that it will have to spend some time in Lesotho in order to understand the new political realities in the country after the recent elections; build relationships with the various new ministries and ensure that MNDP is on board to renew the project document in order to get all stakeholders back on board. The changes effected by the election might be a golden opportunity to

introduce the proposed changes and to bring all the ministries around a table and build trust for the remainder of the implementation period of the HPTD Project.

1. INTRODUCTION

1.1 Background and Context

17. This report is the Midterm Evaluation of the Horticulture Productivity and Trade Development Project (HPTD) in Lesotho, an Enhanced Integrated Framework (EIF) initiated and funded project and implemented by the International Trade Centre (ITC). As a Least Developed Country (LDC) Lesotho benefits from EIF funding. The EIF Coordinator alongside the EIF Focal Point (FP) in the Ministry of Trade and Industry, Cooperatives and Marketing (MTICM) oversees both the Tier One and Tier Two projects, with Tier One focusing on the institutional capacity building aspects and Tier Two focusing on projects in line with the Lesotho Diagnostic Trade and Investment Study (DTIS), which was completed under the Integrated Framework (IF).

18. The HPTD Project was initiated in 2013 in order to build the capacity of farmers and cooperatives in Lesotho to produce high value Fresh Fruit and Vegetables (FFV) both for domestic and export markets. In addition, the project objectives include increasing Lesotho's national capacity and knowledge regarding product standards and product assessment, improving commercial and competitive value chains in the country and improving the general financial management skills of targeted farmers. This knowledge development is based on provision of greenhouse technology and training of users towards producing high value produce that farmers can sell in local and regional markets. Each beneficiary receives a Greenhouse kit (Greenhouse structure, water tank, drip-irrigation pipes, seeds and spraying material plus training).

19. According to the Project purpose, by 2015, knowledge gains and support services will allow up to 17,500 Small and Medium-sized Enterprises (SME) in agro-subsector to improve production and supply of good quality agro-products to the market, by at least 75% and their incomes by 60 to 70% based on improved market access.

20. The targeted short-term beneficiaries of this technical support are a group of 1,050 farmers (comprised of individuals, members of associations, members of Block Farm organizations). In the long-term, this is expected to impact on 17,500 people (including 5,000 beneficiaries that will benefit from increased mushroom spawn production), based on indications from the Ministry of Trade and Industry, Cooperative and Marketing (MTICM), and Ministry of Agriculture and Food Security (MAFS).
21. A budget of US\$ 2,734,685 has been earmarked for the Project. A quarter of the budget is earmarked for equipment (US\$ 702,357.50), which includes the greenhouses as well as equipment for the mushroom laboratory and for DSQA services.
22. By December 2014 a total of US\$ 1,143,541.58, close on half of the budget, had been spent with the majority of the spending on the procurement of the greenhouses
23. The International Trade Centre (ITC) is the main implementing entity (MIE). ITC is implementing the Project under the overall oversight of the MTICM as the EIF anchorage Ministry and under the authority of the EIF Focal Point (Principal Secretary of MTICM) and the National Implementing Unit (NIU), both located in the MTICM, and working directly with the relevant departments in the Ministry of Agriculture Food Security (MAFS). Below is the table of responsibilities according to outcomes of the Project as outlined within the Project Document.

Table One: Outcomes and Responsibilities

Outcome	Partner Organisations	Focus Area
Outcome 1 Enhanced skills and knowledge of Smallholder farmers (SMEs) and their cooperatives in the use of appropriate technology in	MTICM	<ul style="list-style-type: none"> • Identification of beneficiaries and their location as well as specific needs within cooperatives • Approval and coordination of Project management processes
	ITC	<ul style="list-style-type: none"> • Office of Africa (Procurement and supply of appropriate agro-technology) • Sector Competitiveness Section (Division of

production of high-value FFVs.		Market Development)
	MAFS	<ul style="list-style-type: none"> • Identification of beneficiaries and their location as well as specific needs within cooperatives • In collaboration with suppliers of equipment provide agronomical support and relevant training, crops department assist in the identification of Project beneficiaries and field services assist with extension work
Outcome 2 Masianokeng Mushroom laboratory provides greater volumes of Mushroom Spawn for the ever-growing demand for the spawn in Lesotho.	MAFS	<ul style="list-style-type: none"> • In collaboration with suppliers of equipment install and lead production of additional spawn at the selected premises
	MTICM	<ul style="list-style-type: none"> • The marketing department to assist with identifying potential markets for the mushroom • Standardisation, Quality Assurance, Accreditation and Metrology (SQAM) should help with proper packaging of mushroom to ensure freshness and market value
Outcome 3 Strengthened capacity of the DSQA to deliver Quality Assessment support services to SMEs.	ITC	<ul style="list-style-type: none"> • Enterprise Competitiveness Section –SQAM Unit (Division of Business and Institutional Support) • Trade Information Section (Division of Market Development)
	MTICM	<ul style="list-style-type: none"> • Department of Standards and Quality Assurance (DSQA) – lead and design the strategy for standard knowledge development • Department of marketing should start mentioning Lesotho's products conformity to standards as a new marketing ploy
	MAFS	<ul style="list-style-type: none"> • Agriculture research department
Outcome 4 Strengthened consolidation/commercial Market Centre that manages an inclusive supply chain services linking cooperatives to domestic and international markets.	MTICM	<ul style="list-style-type: none"> • Coordination of design and implementation of the FFV supply chain • Coordination of partnerships between producers and private sector (Consolidation-Marketing Centre operations)
	ITC	<ul style="list-style-type: none"> • Export Strategy Section: build capacity and design sector strategy for the FFVs • Export Strategy Section: Build capacity and design sector strategy for the FFVs • Market Information System (mobile and printed versions for use by locals)
Outcome 5 Improved financial management skills among target coops/smallholder	MTICM	<ul style="list-style-type: none"> • In collaboration with Ministry of Finance lead the deployment of the Credit Guarantee Scheme to Project beneficiaries
	ITC	<ul style="list-style-type: none"> • Train farmers and cooperative growing FFVs to better deal with finance management issues

farmers and as well as capacity enhanced to receive bank loans.		including with finance houses e.g. bank loans repayment
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1.2 Purpose and Objective of the Evaluation

24. This evaluation is a Midterm Evaluation of the HPTD Project and is being carried out at the midterm point of the implementation of the Project. The Evaluation sought to confirm whether the project is performing towards achieving the objectives and outcomes as set out in the logical framework (refer to Annex 5), and to take remedial action where the project might not be on track.
25. The objective of the evaluation is to examine the mandate, strategies, objectives, relevance, effectiveness, results, impact, sustainability and added value of ITC's actions.

1.3 Scope of the Evaluation

26. The scope of the evaluation was to examine the HPTD from Inception in 2013 to date. The scope included the areas of relevance, progress and effectiveness, effectiveness of the management arrangements, Project efficiency, sustainability and potential impact. The questions asked under these evaluative ranges are listed below in the following table:

Table Two: Evaluation Questions

Evaluation Area	Evaluation Questions
Relevance	<ul style="list-style-type: none"> -How well are the Project objectives articulated and understood in terms of its goals and outcomes? -From an overall perspective, as the Project's concept, design and objectives appropriate solution to the needs/problems that the Project seeks to address? -How well does the Project address the specific issues of the targeted sector/sub-sector? -Given the strategic and catalytic feature of the EIF Tier 2 intervention how is the Project relevant to the trade and development strategies of Lesotho? -Similarly, how does the Project align with and support national development plans, the national poverty reduction strategy, national trade strategy and policy, and national trade action plans of Lesotho? -How well does the Project complement other trade related Project/projects in the country, including Projects in the relevant sector?
Project Progress and Effectiveness	<ul style="list-style-type: none"> - Is the Project making sufficient progress towards achieving its planned objectives? To what extent are the expected development objectives and the Project outcomes been attained or achieved in particular in each component? What progress has been made towards achieving these results at this time?

	<p>-What was the cause of the delay in signing the Letter of Agreement between ITC and the Government of Lesotho? What implications does this have on the Project, if any?</p> <p>-Has the Project logical framework been well-conceived to achieve the Project objective? Were baseline data established to measure progress?</p> <p>-Is there an effective monitoring system in place which is tracking progress made on activities and outputs, as well as any changes to the baseline data collected at the beginning of the Project implementation?</p> <p>-Were any problems or constraints encountered during implementation that would necessitate remedial action to ensure the accomplishment of Project outcomes and effective contribution to development objectives?</p> <p>-Is a monitoring and evaluation system in place and how effective is it to measure progress towards results?</p>
Effectiveness of Management Arrangements	<p>-Does Project governance facilitate good results and efficient delivery? Is there a clear understanding of the roles and responsibilities by all parties involved?</p> <p>-Does the Project receive adequate political, technical and administrative support from its national partners?</p> <p>-Do stakeholders have a good grasp of the Project approach?</p> <p>-How effective is communication between the MIE and the local teams: NIU, the private sector, donors and UN agencies, and the relevant government line ministries?</p> <p>-Is an internal control system of financial and fiduciary arrangements in place both in ITC and in Maseru?</p> <p>-How effective is the sharing and utilization by the MIE and stakeholders of previous M&E results, including lessons learned?</p>
Project Efficiency	<p>-Are the anticipated activities and outputs being delivered on time according to the work plan and the expected outcomes?</p> <p>-How cost effective are the activities? In general, do the results being achieved justify the costs?</p> <p>-To date, have the anticipated activities and outputs been delivered on time and according to specifications?</p> <p>-Have resources (funds, human resources, time, expertise, etc.) been allocated strategically by EIF, Government and other donors (if relevant) to achieve outcomes?</p> <p>-Have Project funds and activities been delivered in a timely manner?</p>
Sustainability	<p>-How effective has the Project been in establishing national ownership? How have in-country stakeholders, including the private sector been involved in Project implementation?</p> <p>-Are the Project results likely to be durable and anchored in national institutions? Are government and related national institutions likely to maintain the Project financially once external funding ends? Are national partners able, willing and committed to continue with the Project?</p> <p>-Has the Project prepared for an exit plan to ensure a proper hand-over to the national government and institutions after the Project ends?</p> <p>-Are Project human resources institutionalized to ensure continuity of Project impacts and achievement of objectives?</p>

	-What are the issues to be taken into account and problems to be addressed during the second half of the Project so as to ensure that the results of the Project will continue after funding, particularly in terms of beneficiary institutions being in a position to develop the capacity and motivation to use / deliver new human, financial and institutional competences?
Potential Impact	-What is the potential that the Project will contribute to the broader and longer-term national trade development, including contribution to the national Millennium Development Goals (MDGs)? How likely is it that it eventually will contribute? What is the potential impact of the Project locally? -Can any unintended positive or negative effects be already observed as a consequence of the Project's interventions? -Will the Project be likely to achieve its planned objectives upon completion?

1.4 Methodologies used in the Evaluation

27. The midterm evaluation was implemented in three phases: an inception phase, a consultation phase and a reporting phase, of which this draft report is the first output.
28. During the Inception Phase, the Team Leader met with a few stakeholders in Maseru and had a number of Skype interviews with ITC in Geneva. The team conducted a literature review and made some initial observations about the project in the Inception Report. The questionnaires for the field phase were developed and included in the final Inception Report.
29. The entire team was in the field for the consultation phase, from 2 February 2015-6 February 2015. The three-man team split up, with Mike de Klerk and Moroosi Akhionbare visiting sixteen farmers, predominantly greenhouse recipients but also mushroom and fruit farmers, whilst Talitha Bertelsmann-Scott remained in Maseru to conduct interviews with relevant stakeholders. The farmer interviews were lengthy and Ms. Akhionbare had to translate between Sesotho and English to facilitate discussion.
30. Overall a good number of stakeholders were available for interviews, the only significant two interviews that were not secured included the Principal Secretary Trade in MTICM and the World Bank in Lesotho. However, the quality and breadth

of interviews done in Maseru these omissions were not deemed detrimental to the evaluation.

31. The data captured during the field phase has been analysed and synthesised in preparation of this draft report. Unfortunately, not enough quantitative data was captured in order to develop a spread sheet as a basis for future monitoring and evaluation activities. However, the two volunteers to the project have been capturing data and it is our recommendation that they are absorbed into the project to formalize the data capturing as well as their extensive knowledge of the HPTD Project. Qualitative responses to the questionnaires have been captured and the analysis of the report is partly based on this and partly on the interviews conducted in Maseru. The Recommendations are based on this analysis. (The synthesised responses to the field phase interviews are attached in the Annex.)

32. This draft report should be circulated for comment to ITC, the Executive Secretariat of the EIF (ES) and the TFM, the EIF Donor Facilitator United Nations Development Programme (UNDP) and the Focal Point (PS) who should share it with the Project Steering committee (PSC) (for subsequent submission to the National Steering Committee [NSC]) before a final report will be submitted. The Team Leader will then do a brief presentation on the findings of the evaluation as well as the recommendations that flow from the evaluation.

2. ANALYSIS AND FINDINGS

2.1 Assessment of Implementation and Delivery

2.1.1 Institutional and Management Arrangements

33. There was an initial delay in the signing of the Letter of Agreement (LoA) between ITC and the Government of Lesotho, which had to do with incorrect procedures being followed during the design phase and initial implementation of the project. On one-side the delay was mitigated by ITC who proceeded with the procurement process of the greenhouse kits during the delay, and pending receipt of the LoA from government. However, ITC couldn't commence capacity building activities on the ground without the signed Letter of Agreement, which only happened 9 months after project approval by EIF Board. However, the reasons for the delay have had a significant negative impact on the project:
34. During the design phase of the HPTD Project, the NIU developed the Project Document without circulating the draft broadly amongst affected government ministries and departments. Projects that will be implemented by various ministries in Lesotho have to have input to the design of the project in order to ensure that the suggested work is in line with the ministries objectives and that they will have sufficient resources to implement effectively. All the national ministries in Lesotho have Departments of Planning that scrutinise such projects and need to approve the proposed work before it can go on to the Ministry of National Development Planning (MNDP) for submission to the Project Appraisal Committee (PAC), which will approve a project if deemed appropriate and will then proceed to the final incorporation into the national work plan and acceptance to monitor the progress of the project.
35. It seems that the NIU, whilst drafting the HPTD Project Document, did not seek the input from either MTICM or MAFS and their departments, nor did it submit the Project to the MTICM Department of Planning. The Project Document was only submitted to the EIF Appraisal Committee, who approved the Project and made arrangements for UNOPS to transfer the necessary funds, believing that the local necessary processes had been followed.

36. It was only when the ITC sought the LoA from the Lesotho Government that it became apparent that the correct local procedures had not been followed. There was an effort to resubmit the document to the Project Appraisal Committee at the Ministry of National Planning, but this came at a time of political hiatus with no sitting of the committee. An interim arrangement was made and the Project finally got the go-ahead in terms of the LoA.
37. This bad start to the project still haunts it despite several efforts to take corrective action during the lifespan of the HPTD Project. The MAFS still feels as if it has no ownership over the project despite being the main implementing entity in the field. The Ministry of National Development Planning carries little knowledge of the Project and is therefore not effectively monitoring the progress of the HPTD Project. Animosities in the MTICM remain between permanent staff and those of the NIU and the project as well as between the EIF Coordinator and Project Manager. The incomplete staffing at the NIU and around the Project Manager has further complicated the relationships.
38. The reasons for delays in establishing national quality and food safety standards lie in the delays at the national legislature, where the passing of a standards bill has been delayed by the current political instability, which has seen the recall of parliament and even preceding this event, slow progress on the passing of bills. The HPTD Project has a strong focus on establishing the capacity at MTICM DSQA to be able to test and certify standards for export produce. The progress, has however, also been very slow. The unfortunate impact has been that the mushroom laboratory has lost its steady export contract of a 100kg per week with the South African firm Denmar Estates (Pty) Ltd (Denmar). Without having food safety certification, the mushrooms can no longer cross the border. This example alone shows how critical the development of the standards is and how appropriate the inclusion of a standards component has been within the Project design.
39. The areas of Project management, communication and monitoring and evaluation are the weakest aspects of the HPTD Project.

Human Resources

40. The efficiency of the Project Manager is negatively affected by the lack of support staff that should be assisting her in the day-to-day administrative burden she currently carries. Although the Project Manager does currently make use of two volunteers at the MAFS to assist her with field assignments and some data capturing, the fact that they do not officially form part of the team and are not paid results in unreliable and inconsistent help. The lack of administrative help also results in the Project Manager having to do mundane administrative work, like fetching orders from UNDP, leaving too little time for her actual tasks and duties. This has had a further negative knock-on effect on the already fraught relationships with the various ministries and departments party to the project as they only see ineffective project management without understanding the reasons for this.

41. The following posts have not been filled according to the EIF Coordinator, despite the budget being available under the project, or agreement reached that staff would be seconded from either MTICM or MAFS:

- Agronomist, Standards Expert, Field Extension Officers Marketing, Fresh Produce Supplier Researcher, Fresh Produce Quality Expert, Supply-Chain Experts, Drivers, Support Staff for the Project Manager.

42. The evaluation team reconciled the budget lines with actual expenditure under the financial reports, and there seems to be significant scope still to appoint the necessary staff.

Communication and Reporting

43. The organogram as contained in the Project Document is attached below. As far as reporting goes, there is not a clear line of reporting from the project implementers to either the EIF structures, the NIU or the HPTD Project management. The National Steering Committee receives no reports and hardly ever meets, making it a redundant structure with no influence over or input to the running of the project. The Project steering committee currently only represents MAFS and MTICM alongside the Project Manager, not leaving much space for stakeholder input or guidance.

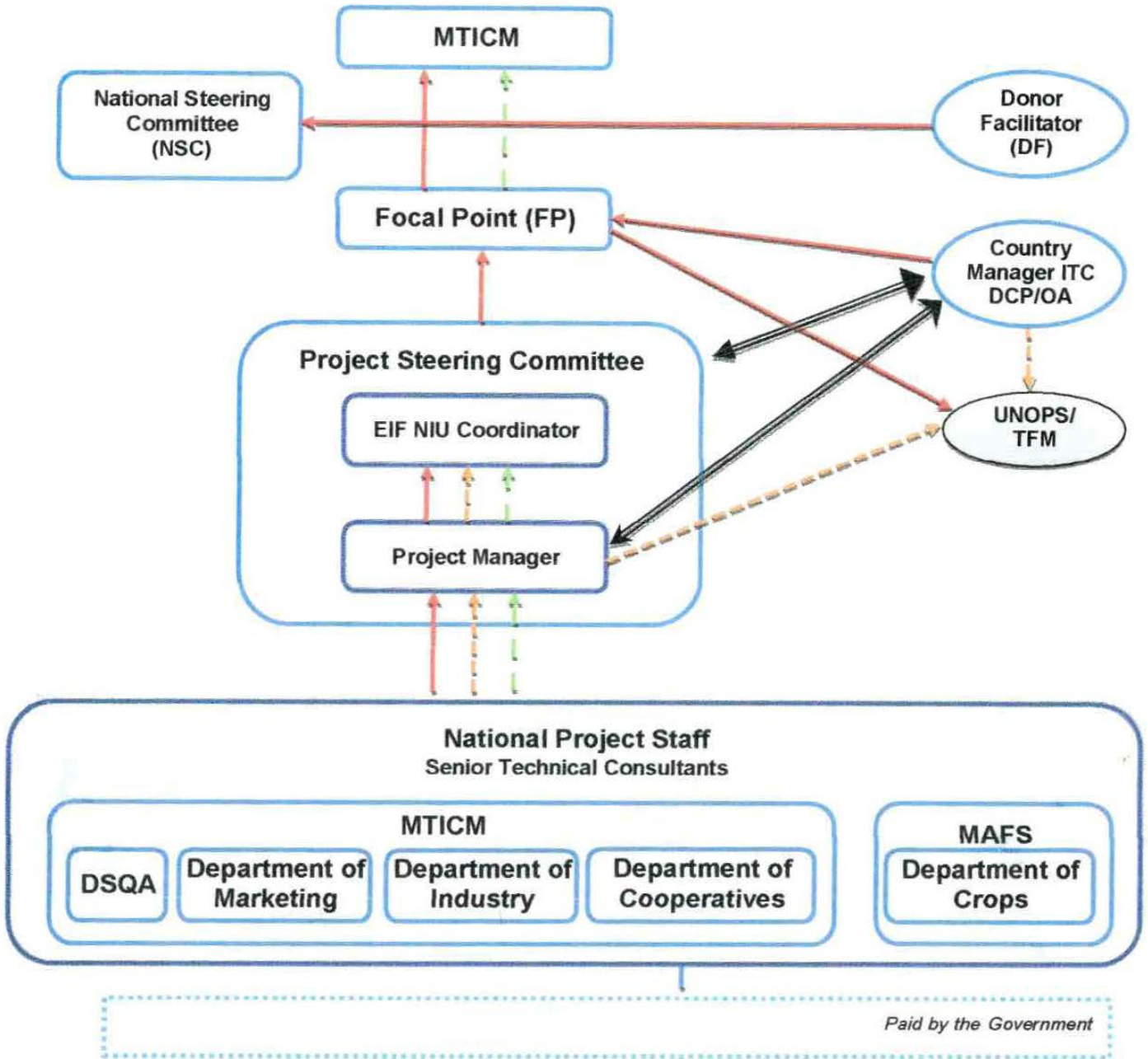
44. At present it would seem as if the Project Manager reports directly to ITC in Geneva with no input from MAFS or the NIU. ITC sends consolidated reports to UNOPS and the Focal Point in the MTICM. The PS Trade should from here share the documents with the MNDP for monitoring purposes, but only a small synopsis of the report is currently shared as a subsection of the general report from MTICM. Seeing as the relationship between MAFS and MTICM as well as the EIF Coordinator and Project Manager is already weak, little communication occurs. This has also resulted in MAFS communicating directly with ITC in Geneva regarding project issues, without working through the Project Manager or the EIF Coordinator. This bypassing of communication lines, although understood as an attempt to get work done, further impacts negatively on the already fraught relationships.

Monitoring and Evaluation





45. There is no evidence of an effective monitoring and evaluation plan being in place at present. During the evaluation, the Team Leader spent a morning with the Project Manager to go through the Logical Framework, line by line, in order to establish whether activities had indeed been implemented. The management itself did not know off hand or had tracked any of this progress or lack thereof.

UPDATED VERSION

National Institutional Structure



Index:

-  General Reporting
-  Financial Reporting
-  M&E Reporting
-  Implementation Management and Reporting

Financial and Fiduciary Arrangements

46. The evaluation has found that there is a very strong control system of financial and fiduciary arrangements in place both at ITC in Geneva and within the project in Maseru. The control is, in fact, deemed somewhat cumbersome and heavy on administrative procedure in Maseru resulting in delays in procurement, may that be for workshops, daily subsistence allowances or equipment. Requests for spending have to travel via ITC for approval, based on at least three quotations, to authorise UNDP to release an order for payment. During the evaluation it became clear that the Project Manager lost a reservation at Lancers Inn for a workshop due to the fact that she had not picked up the order from UNDP in time. This points to two problems, namely one, that the process is too slow and, two, that the Project Manager needs assistance as she should not be expected to run around Maseru securing venues for workshops and orders from the UNDP.
47. The deal secured with Amiran to supply the greenhouse kits and hail nets alongside training and support systems seems to be a really cost-effective option for the project. The target is to implement 140 greenhouses in Lesotho, but it would seem as if losses on the dollar exchange rate might mean that fewer greenhouses will be procured. The 140 hail nets have already arrived in Lesotho from Israel, which means that some farmers might only receive hail nets and not the full greenhouse kit. It would perhaps have been prudent to procure the nets alongside the greenhouses.
48. The Project is well within budget at the end of Year Two with delays in activities being implemented not being as a result of insufficient funds. In fact, the project was able to buy an additional vehicle for the MAFS for the field extension officers despite not having budgeted for such a vehicle. The funds previously allocated to the mushroom laboratory became available as the Chinese foreign aid project took over these costs. In addition, the Project paid for an overdue electricity bill at the laboratory, which was not in budget, but essential in terms of getting the Project running.
49. A budget of US\$ 2,734,685 has been earmarked for the Project. A quarter of the budget is earmarked for equipment (US\$ 702,357.50), which includes the greenhouses as well as equipment for the mushroom laboratory and for DSQA services.

50. By December 2014 a total of US\$ 1,143,541.58, close on half of the budget, had been spent with the majority of the spending on the procurement of the greenhouses. The largest remaining allocation, under which very little had been spent to date, is for international experts. The amount spent on national experts has only been US\$ 67,106.01 leaving a remainder of US\$ 279,603.99. This means that there should be more than sufficient funding available to employ the Project support staff as requested by the Project Manager.

51. Perhaps most important, there are relatively few projects which, for a capital outlay of the order required for a greenhouse and hail net, about three months' working capital and a few weeks of training, can deliver what should be self-sustaining levels of cash flow for the recipients. If even a modicum of remote support is maintained once Amiran leaves Lesotho, there can be no doubt that the results of the Project will have justified the cost. The specifications of procured items seem correct and in good working order. The greenhouses especially are generally producing excellent quality fresh vegetables.

2.1.2 Implementation of Activities

52. The HPTD Project has made good progress with the implementation of certain activities, but slow progress is being made in others with some significant blockages that can derail the full impact of the HTPD Project if not addressed.

53. According to the work plan all of the activities should already be in the implementing phase, with only Activities 4.2-4.5 (activities related to the market centre) and 5.2-5.3 (business and financial coaching activities) coming on stream in Year Three. There is, therefore considerable delay already in the Project. The activities that are well on track include the installation of the greenhouse kits alongside the relevant training for the farmers, the mushroom spawn production and the procurement of equipment for MAFS and MTICM DSQA, although the relevant training and implementation is still lacking.

54. Good progress has been made with activities relating to the procurement and installation of greenhouses. (Activities 1.1.1-1.1.3 and 1.2.1 – 1.2.3) some progress has been made with equipping DSQA and MAFS as they relate to

- certification capacity, although they are not fully completed. (Activities 1.2.4-1.2.6). The number of smallholder farming units supplied with appropriate agro-technology has increased as well as their capacity via training received. At DSQA some skills have been transferred and trained.
55. At the mushroom laboratory progress has been made with the assessment of demand need installation of equipment (Chinese foreign aid project), however, no product quality management training (Activity 2.1.3) has taken place. It remains unclear whether the volume of spawn provided has increased as losses have also occurred.
56. No work has been done on the activities leading to the Output 2.2, which should see the establishment of three Export Production Cooperatives. The reasons are that ITC need to first establish which of the groups provided with greenhouses have acquired reasonable productivity and technical skills to be transformed into EPC. However, no assessments have been made thus far.
57. Modern equipment has been procured for the Agricultural Research Department (Activity 3.1.1) but the relevant training activities are only in the planning phase or partially implemented (Activities 3.1.2-3.1.4) resulting in some increased numbers of personnel trained but there has been no increase in number of quality assessment services provided as yet.
58. Progress has been made on the breadth of technical training with some trainings still being planned (Activities 3.2.1; 3.2.3; 3.2.4), however, some of not as yet been planned or implemented (Activities 3.2.5-3.2.6; 3.2.9-3.2.10). This means there has been little and inconsistent progress against the performance indicator.
59. No activities have been implemented that work towards the strengthened agricultural standards and certification framework (Activities 3.3.1-3.3.2); nor those that work towards a sector strategy and support services for the market centre (Activities 4.1.1-4.1.4). No certification marks have been developed.
60. Some progress was made under the provision of technical training and advisory services to the farmers (Activities 4.2.1-4.2.4) but none towards any of the activities that we supposed to be implemented at the market centre (Activities 4.3.1-4.3.2). This results in poor progress against the performance indicator.

61. Whereas study tours have been done to determine which IT platform should be used for bulk SMSs to farmers, there has been no progress on the actual implementation thereof (Activities 4.4.1-4.4.2) or the sector strategy implementation (Activities 4.5.1-4.5.3).
62. The same holds true for all the other activities (Activities 4.6.1-5.4.1), where no progress has been made to date, mostly due to the absence of the market centre, resulting in no progress against the performance indicators.

2.1.3 Achievement of Results

63. The procurement and installation of the greenhouse kits has been a big achievement for the project as almost all of the recipients have been able to produce quality vegetables for consecutive seasons.
64. The single biggest constraint noted is the failure to secure a site for the market centre and the resulting linking activities that should be set up. A number of the activities under Outcome Four (strengthened consolidation/commercial Market Centre that manages an inclusive supply chain services linking cooperatives to domestic and international markets) were only supposed to be initiated towards the end of year two, which is where the Project is at now. However, without the market centre, these activities are unlikely to be either initiated or implemented.
65. In the absence of the National Standards Bill being passed by government MTICM DSQA will not be able to complete the process of being able to certify the horticulture produce both in terms of standards and food safety. This would mean that the produce would not be exportable. Although the objective of developing produce that Lesotho can export is in its export diversification ambitions that the HPTD Project speaks to, the fact remains that a large local market still exists that could first be satisfied by the greenhouse farmers. Pick n Pay reported that they currently source only 10% of their produce from local farmers and would like to increase that to 60%; whereas Shoprite indicated that less than 10% comes from local farmers and that they too see good potential for growth as long as the farmers are established enough to ensure continuous reliable supply of quality produce. In sum, whereas the local market gap can mitigate against the risk

posed by the lack of a National Standards Bill, the lack of a functional and well organised market centre poses a severe risk to the successful attainment of results of the Project.

2.1.4 Attainment of Objectives

66. From a concept design point of view, the HPTD Project is very clear in terms of its objective. The development objective is articulated in the logical framework as: 'Contribute to the reduction of rural poverty and enhance economic growth on a sustainable basis in accordance with the Government's Vision 2020 and its National Strategic Development Plan (NSDP).' The project is in line with these two documents and has the potential to have a real and lasting impact on rural poverty and export growth in Lesotho.

67. Lesotho's problem statements as well as trade and development strategies are well articulated within three documents, namely the EIF DTIS, Lesotho Vision 2020 and its implementing strategy, the Lesotho NSDP 2012/13 – 2016/17. In addition, the Government of Lesotho (GoL) is also working towards reaching the Millennium Development Goals (MDGs). All three the documents make mention of the urgent need for increasing exports as well as increasing export diversification to not only rely on textile exports under the African Growth and Opportunity Act (AGOA).

"Since the 1970s, the economy has been transformed from one dominated by agriculture to one dominated recently by manufacturing. While this has improved livelihood options in the urban sector, it has significantly undermined the capacity of the rural and agricultural sector as a source of livelihood, employment and income. The shifting balance towards manufacturing has also worsened poverty in rural communities, particularly those that depend on food production. It will therefore be necessary to take measures to restore the sources of livelihoods for the rural population." Vision 2020⁶

68. In a combined effort to both address export diversification as well as addressing rural poverty, the HPTD Project has the ability to straddle both these problem

⁶ Government of Lesotho. *Lesotho Vision 2020: The Way Forward*. Accessed at www.gov.ls. Page xiii.

statements and deliver to Lesotho a productive rural agriculture sector that can both satisfy the demand for fresh vegetables for the local market, generating income for the rural poor, as well as supply the export market with quality products in a consistent and predictable manner that will increase foreign currency earnings for the country and reintroduce the counter-balance to urban manufacturing.

“Ensuring effective compliance with the WTO TBT and SPS agreements is essential for promoting internationally competitive investment, production and exports. The current drafting of legislation on standards and phytosanitary measures is an important step in the right direction. It is important that consultations be held with the business community and that international best practices are adopted in framing quality assurance management.” DTIS⁷.

69. Working towards the Millennium Development Goals, the NSDP and Vision 2020, the Government of Lesotho has to seek out avenues that will ensure better nutrition for its population and create employment opportunities for vulnerable groups, including women and the youth. Focusing on Cooperatives and Associations also increases the resilience of individual farmers to increase incomes and mitigate against risks. Lesotho further has weakly developed value chains and struggles to build new export lines to boost the country’s foreign direct earnings. The Lesotho DTIS shows a significant trade deficit, that the GoL would urgently like to address. By incorporating an aspect of market linkages with a specific focus on getting produce certified and export ready, the Project is building the capacity within the MTICMs DSQA to assist Lesotho farmers beyond the greenhouse and mushroom producers, to test and certify their produce under international food safety standards and to develop national quality standards. This aspect is a key inhibiting factor in developing international exports and the Project is well aimed at getting Lesotho to a point where it has its own standards and producers can be certified for export.

70. The purpose of the Project is also articulated within the logical framework: ‘The purpose of the Project is to build the capacity of Lesotho cooperatives and their members to deliver to the markets high value Fresh Fruit and Vegetables (FFVs), through improved commercial and competitive value/supply chains.’ This purpose

⁷ Enhanced Integrated Framework. 2013. *Lesotho Diagnostic Trade Integration Study Update 2012*. Accessed at www.enhancedif.org Page 49.

is well understood, but the reality that the project has found is that there are few cooperatives in Lesotho that meet the criteria to become greenhouse beneficiaries. The majority of the greenhouses have been given to individuals. The Project will have to focus on gathering these recipients within an association in order to ensure that the purpose of the Project is realised. Without a Greenhouse Association it is unlikely that farmers will be able to consistently deliver high value FFVs in a coordinated manner to markets through an improved value chain.

71. The full objectives of the HPTD Project will not be achieved unless the remaining activities can be implemented.

2.2 Assessment of Effects

2.2.1 Outcomes

72. In terms of the outcomes, the logical framework is very clear and relevant in terms of delivering on the project objective as well as the activities (outputs) that should work towards achieving the outcomes.

Outcome 1

Enhanced skills and knowledge of Smallholder Farmers (SMEs) and their cooperatives in the use of appropriate technology in production of high-value FFVs.

73. The project has made very good progress in the procurement and installation of the greenhouse kits. To date, 85 kits have been procured and almost the entire number of procured kits have been installed by Amiran, the company contracted from Kenya to supply, install and train farmers on the correct techniques in greenhouse farming. Training has also been done on an ongoing basis and it seems that the Amiran team is very responsive to questions sent via mobile phones. The training of MAFS officials progressed well during the installation of the first 40 greenhouses, but during the second phase the relationship between MAFS and the project had deteriorated and officials were no longer sent to the

field to train alongside Amiran. This also was as a result of lack of transport and daily subsistence allowances available to support the officials.

Outcome 2

Masianokeng Mushroom laboratory provides greater volumes of Mushroom Spawn for the ever-growing demand for the spawn in Lesotho.

74. A large component of the mushroom lab objectives of the HPTD has been taken over by the Chinese foreign aid project, in that they have procured all the relevant equipment and are taking charge of the daily activities of the laboratory. The evaluation was assured that sufficient local staff is being trained on techniques, which would enable local expertise to take over the running of the laboratory in the event that the Chinese government should end its support. This, however, does not seem to be in the short-term plans of the Chinese assistance to Lesotho, as they have just signed another three year project of support, which includes support to the mushroom laboratory.

75. It is not clear to the evaluation whether demand for mushroom spawn has been growing, given that the contract with the Dairy Division of Denmar Estates (Pty) Limited (Denmar) to market 100kg of mushrooms produced by Project participants weekly has been cancelled. In addition, an unseasonably hot November and December resulted in the loss of a number of spawn planted by Basotho farmers, which has left them unsure as to whether they should continue with production. In the absence of adequate food safety certification, the farmers cannot access the export markets and mushrooms remain largely unknown and exotic within the local markets. Significant work will need to be done by MAFS to reinstate confidence in the mushroom venture as well as by MTICM DSQA to speed up work towards food safety certification. It will be critical not to precipitate an exodus of mushroom producers from the industry through failing to address these deficiencies, given the suitability of mushroom farming for low-income urban households and the important contribution that it is making to the livelihoods of many. In this regard, the pricing of mushroom spawn also needs to be reviewed.

76. There has been no progress towards establishing three Export Production Cooperatives (EPCs).

Outcome 3

Strengthened capacity of the DSQA to deliver Quality Assessment support services to SMEs.

77. As mentioned under Outcome 2, progress towards DSQA being capacitated to deliver Quality Assessment support services to SMEs has been progressing slowly, although a number of capacity building workshops have taken place. (Workshops on SPS issues, supply-chain issues, packaging, food safety and quality requirements, and business matching solutions, packaging, food safety, quality and traceability have taken place.) In addition, equipment has been procured for chemical analysis of the soil at the Agriculture Research Department of MAFS. However, this has not translated into Lesotho being able to implement HACCP/ISO 22000, Global System 1 or Global GAP compliance or SPS requirements. Finally, there has been no progress towards establishing and strengthening the Agricultural Standards and Certification Framework for fresh produce production in Lesotho.

Outcome 4

Strengthened consolidation/commercial Market Centre that manages an inclusive supply chain services linking cooperatives to domestic and international markets.

78. No progress has been made in finding a location for the Market Centre after the initial offer by LNDC collapsed. LNDC indicated to the evaluation team that two sites, one at the airport and another a disused chicken broiler facility, were realistic options for the project to pursue. There does, however, not seem to have been a significant push from MTICM to secure a location. This should be seen in the light of the Ministry being allocated 4 million Maloti (US\$ 332, 577⁸) to

⁸ 1 LSL=0.083 US\$

establish three market centres throughout the country. The process has started in the north of the country where greenhouses are currently not located.

79. In the absence of a physical location for a market centre, the activities relating to developing strategies for the market centre to enable it to coordinate and manage product quality, packaging and access to finance in the supply chain process have also not been initiated. In addition, no work has been done on training on gender and youth mainstreaming in the services of the market centre and the beneficiary cooperatives. Likewise, no work has thus far been done on a sector strategy or involving the private sector to lead on linkages within the private sector. Apart from being members on the National Steering Committee, which has only met once or twice since the Project has started, there has been no private sector involvement in the project. This is seen as a great failure as there is great interest from the Lesotho Chamber of Commerce and Industry (LCCI) and the Private Sector Foundation of Lesotho (PSFL) to be more closely involved as well as BEDCO. In the light of the project's sustainability strategy resting on the take-over or continuation of the work by BEDCO and the private sector, their non-involvement at present places the sustainability of the Project at great risk.

80. There have been some workshops on issues such as product quality, market intelligence, packaging and product branding. There has also been progress towards an IT based commodity market platform accessible by SMEs via mobile SMS and linking cooperatives to markets. A Memorandum of Understanding (MoU) and contract are currently being negotiated with a service provider, Plan Ahead, in South Africa.

Outcome 5

Improved financial management skills among target coops/smallholder farmers and as well as capacity enhanced to receive bank loans.

81. None of the outputs and activities aimed at reaching Outcome 5 has been implemented. As pointed out under Outcome 4, a big drawback for the effective implementation of these outputs is the participation of the private sector and BEDCO in the project. It is especially under Outcome 5 that BEDCO is ideally

placed to play a significant role in coaching and training projects and continuous follow-up with the recipient farmers.

82. The combination of now being able to own land with the strong, recurrent, relatively low-risk earnings flow potential of greenhouses is creating a far more favourable environment for banks to lend to farmers than has previously prevailed. Although greenhouse operators should be able and aiming to finance most, if not all, of their working capital needs from their earnings, there are often fixed and movable capital needs – such as for pumps and larger water tanks – that cannot adequately be addressed in this way. While greenhouse beneficiaries may well approach banks independently, it would be valuable for the Project to take the initiative to draw banks' attention to the new possibilities for financing that are being opened up. The development of a revolving loan fund for Project beneficiaries is an alternative or a complementary option for addressing these needs.

83. At farm level, the Project addresses the needs and resources of both the greenhouse beneficiaries and the mushroom farmers well. The farmers summed up their needs in terms of their understanding of the purpose of the Project, i.e. that it is aimed at improving their livelihoods, helping them develop as commercial producers, improving food security and building export capacity.

84. Although for many of those interviewed it is too soon to be able to say how much it has added to their incomes, for greenhouse recipients who have been operating their new plant for a year or more the impact on their income streams has been strongly positive, adding an average about 4,000 Maloti per month (US\$ 332⁹). This is consistent with the budgets in some of the Project applications made by others who are still in their first year of greenhouse operation. The research was not able to assess the impact of mushroom production on income with any accuracy and, per household involved, it has obviously been much smaller. However, when it is borne in mind that many of the producers are considerably poorer than those who have received greenhouses, the relative importance of the income derived from mushrooms is increased, as the women of the mushroom

⁹ 1 LSL=0.083 US\$

cooperative visited made clear. Even the estimated average of 300-350 Maloti per month (US\$ 25- US\$ 29) earned by each of the households belonging to this cooperative significantly improves their livelihoods.

85. There can be no doubt that the project is helping farmers establish themselves firmly in the realm of small-scale commercial production. While many were previously active marketers of crops such as dry beans, the greenhouses have clearly added a substantial new dimension to their marketing activities that seems likely both to endure and, over time, to generate sufficient income for further investment in agricultural production. The environment created by the recent change in Lesotho's land legislation that allows for private ownership of a large proportion of rural land will greatly encourage investment in commercial agriculture and a number of interviewees indicated that they planned to expand the scale of their commercial production.

86. In the instance of mushroom growing, while the primary purpose of the cooperatives production was to generate income from sales, marketing was less important for some of the individual producers than the improvement of their own diets. However, at least household food security was increased in these cases.

87. The impact of the Project on food security is also clearly positive – both for the greenhouse operators and for the surrounding community, through employment and the increased supply of good, nutritious vegetables close by.

88. In respect of building export capacity, while the potential for export is certainly substantially greater than before (in terms of the quantity of export-quality vegetables now being produced), the realization of that potential in the form of actual export earnings has still to come. Key to this is government's delivery of the promised major market centre(s) and accompanying cool store facilities and the development of central export SPS-compliant quality assurance capacity. For mushroom exports, this is especially important. Equally important is the formation of a greenhouse producers association that will help ensure continuity of supply of export quality vegetables and that will facilitate the building of the necessary relationships with major retail chains.

89. From the perspective of aligning with farmers' resources, the Project has also done well. As was pointed out in above, 'the systems adopted have generally

been appropriate for the experience and resources of the farmers concerned, i.e. the small scale of the undertaking has been in keeping with their skills and resources (and, unlike South Africa, there has been no attempt to transfer large scale, complex commercial enterprises as going concerns)'. However, greenhouse owners with greater skills and resources will very likely expand the scale of their production to become larger, more complex commercial enterprises over time. The still smaller scale of commercial mushroom production is particularly well-suited to the more limited skills and resources of low-income households in urban areas.

2.2.2 Impacts

90. It is the evaluation's conclusion that if the Project can be implemented in its entirety, meaning that all the 140 greenhouses are installed, farmers trained, market centre built, quality and food safety standards become certified in Lesotho, linkages are developed with buyers both within and outside of Lesotho and farmers benefit from business skills and financial skills development, that the HPTD Project has the very real potential to impact positively on rural poverty and employment levels, to contribute to the attainment of the MDGs as well as to work towards the Vision 2020 and NSDP ambitions to diversify export production and make progress towards righting Lesotho's current trade imbalance. However, it will take serious commitment at the political and project management level to realise this potential.

91. There is one positive unintended outcome of the Project and that is as the result of the strong involvement of the Chinese government, through their aid project. Not only have they brought very necessary equipment and expertise to the mushroom laboratory, but they are also working on other uses for the grass imported from China to grow the mushroom spawn in, as it is a very nutritious type of grass. The team is now experimenting with growing the grass in areas that are heavily affected by soil erosion and can already show that intercropping with the grass, or planting grass in fallow areas, results in less water run-off and loss of fertile soil.

92. Also, at the mushroom laboratory, students from the University of Lesotho are experimenting with various varieties of mushrooms and growing them under

different soil conditions. There are also attempts to reintroduce local mushrooms back to Lesotho.

93. The EIF's HPTD Project has been closely paralleled by the World Bank/IFAD/Government of Lesotho's Smallholder Agriculture Development Project (SADP) (2011-17), an important component of which is the establishment of greenhouses for vegetable production similar to those of the HPTD Project. It is understood that World Vision also plans to establish and support greenhouses similar to those established by the HPTD and SADP Projects. It is probable that there are substantial potential synergies between the respective projects. Key aspects of such synergies would relate, on the one hand, to the representativeness of a national greenhouse farmers' association, and, on the other, to coordination to achieve continuity and quality of supply. In order to maintain the sustainability and tap into the local knowledge developed under the HPTD Project, the aim is to sign a MoU between the three parties.

94. On the negative side, there have been cucumber crop losses due to inadequate research into what produce could be absorbed within the local market in the event of exports of vegetables' being delayed. Many farmers reported finding cucumbers hard to market, because Lesotho people mostly purchase vegetables to cook to make sauce for the 'pap' (cooked maize meal) that forms a staple part of their diet. Unfortunately, cucumbers do not fulfil this requirement. So, most farmers who relied primarily on the market in their own communities did not find it easy to sell cucumbers, which ended up as pig-feed in many instances. The main exception seems to have been where farmers were able to sell to hotels, restaurants and guesthouses or beauty salons that catered largely for visitors to Lesotho.

2.2.3 Sustainability

95. As already pointed out, the National Steering Committee is currently too weak to play a role in the sustainability of the Project. Large private sector retailers have been actively involved in some of the workshops offered to the farmers and have shown enthusiasm for buying products from local farmers. They do, however, caution that both Pick n Pay and Shoprite are businesses and will not tolerate suppliers that cannot deliver on time, on quality and quantities agreed. There is a vast production mechanism in South Africa (as partially managed by Freshmark) that can easily fill the gap left by local producers. Without a greenhouse

association and guidance from a market centre on when to produce which crops, with oversight over quality produced, the dream of supplying the local market with local produce will remain just that.

96. In respect of mushrooms, Denmark was at one time an active private sector participant, but this fell away because of the inability of farmers to certify that their produce met required health and food safety standards. Either MAFS or Denmark could have put in the staff and processes to monitor and ensure this, so the failure to do so should be seen as both a public and a private sector shortcoming.

97. The farmer interviews indicated that there is a strong chance of sustainability of greenhouse vegetable production:

- The Project has clearly identified very suitable beneficiaries, i.e. those who have solid sets of farming skills and solid track records as farmers; most, if not all, appear to have built their track records mainly on their own, without government assistance, and most seem currently to be relying largely on their own production skills and the training and systems that Amiran have built into their delivery.
- Almost all greenhouse beneficiaries appear to have freehold tenure; however, working capital is being derived primarily from savings, not credit using land as collateral. Entry has not entailed having to clear the hurdle of securing working capital loans beforehand – and, indeed, should not entail securing credit at any stage (a huge advantage, especially for those who do not own the land that they are using and for cooperatives and associations). In most instances, it has not been necessary to try to borrow in order to get and keep farming moving. Production generates strong positive cash flows from early on, the continuity of which can be increased by staggering planting times.
- While farmers appreciate the substantial up-front grant component, their commitment to making the grant received the basis of a sustainable enterprise was tested by the need for the smaller, but still significant contribution of their own capital (and labour time). No-one indicated that they expected additional inputs free-of-charge in the future – other than technical assistance, when needed. No farmer voiced unhappiness about this. Other than those who had received their greenhouses and hail nets

shortly before the interviews, everyone will by now already have had to start paying for recurrent inputs him/herself.

- There are clear, readily understandable systems for operating the greenhouses and solid up-front training in operating the systems has been provided by Amiran. Consequently, up to the present it has not mattered critically whether MAFS and MTICM have been able to provide effective support or not – mainly MAFS for production. These systems have generally been appropriate for the experience and resources of the farmers concerned, i.e. that the small scale of the undertaking has been in keeping with their skills and resources (and that, unlike South Africa, there has been no attempt to transfer large scale, complex commercial enterprises as going concerns). While the production systems are by no means risk-free, relative to normal dry land crop farming, and even open field irrigated farming, the risks are comparatively low.
- Most markets have been found and are served by farmers on their own; all farmers currently market on their own and are busy adapting their production to meet market demand.
- Almost all farmers now keep written records of inputs and outputs, costs and income. The few who don't yet want to do so as soon as possible. Most farmers appear to be monitoring their performance without government assistance.
- All farmers feel able to help others. Indeed, many have already done so. This indicates that others are not seen as competition or a threat. Rather, there is a general keenness to help improve the livelihoods of others.
- Many younger farmer/farming groups are engaging in greenhouse production and many of the most articulate and impressive farmers are women.
- With no further grants/subsidies and with very little assistance from government expected, the universal intention is to continue with greenhouse – and even mushroom – farming.

98. However, seen in combination with the stakeholder interviews in Maseru, it is clear that the overall sustainability of the envisioned vegetable market chain is at risk given the absence of a market centre and the absence of Lesotho's ability to certify crops as safe for human consumption and ensure an adherence to standards. There has been an overall weak incorporation of national institutions

into the Project with a real alienation of MAFS. Unless national institutions can be brought on board and the relationship issues sorted out between EIF Coordinator, the Project Manager, MAFS and the MTICM, it is unlikely that national ownership will be secured.

99. There is a high level of commitment at several levels and among stakeholders in Lesotho. However, future support will depend on whether the market centre is established and equipped and the extent to which BEDCO becomes involved in terms of mentoring and training. The GoL has started a drive to establish three market centres throughout the country, but the market centre for the greenhouse area has been delayed. It needs to be completed within the next two years for the greenhouse producers to have success in marketing both locally and in South Africa.

100. No exit plan was shared with the evaluation team. With difficulties currently being experienced with keeping MAFS on board and making progress on the critical issue of a market centre, it is difficult to see how an appropriate exit strategy can be developed or be a high priority at present. The hope is of course that in line with the Project Document, the Project will be self-sufficient and well imbedded within the private sector by the time that the EIF funding comes to an end. Whereas the farmers are well on track towards sustainability, it might not be in the form envisaged and greenhouse production will only remain sustainable as long as there is sufficient absorption ability within the local market and on-going technical assistance is secured through regional retailers and input suppliers, complemented by effective systems of remote support from Amiran.

101. Again, the difficulties currently being experienced with the participation of MAFS have resulted in the absence of field extension officers during the second phase of greenhouse implementation and training. Unfortunately, this means that the expertise and capacity that was supposed to be transferred to the extension officers is now not materializing and will result in limited local support for the farmers once Amiran staff leave the country. Also, as already elaborated, there is only a very limited staff complement at the project level, which will further constrain the transfer of capacity or the institutionalisation thereof.

102. But what is perhaps most encouraging is that the most important component of the human resources required – the skills embodied in farmers – should have

been developed by the conclusion of the project, although they will need on-going support of the nature just mentioned.

103. It is very important that BEDCO is brought on board to become a strong partner to the Project in terms of mentoring farmers and capacitating them with requisite business and financial management skills.

104. It is further very important that all the stakeholders to the Project, as represented via the National Steering Committee become more involved and have a greater oversight role of the implementation of the project. The Project Management should report on a regular basis to the NSC on progress made and difficulties encountered to allow for debate and problem solving within the broader context of the stakeholders. The higher the awareness of the successes and failures of the Project, the more likely local solutions to problems will be found. Whereas a number of stakeholders interviewed were aware of the implementation of greenhouse vegetable production, simply from seeing the greenhouses and engaging with farmers, few are aware of the problems faced at the strategic level that could have a lasting negative impact on these farmers. If the issues can be discussed robustly within the NIU, new solutions would more likely be found and local stakeholders would also be more likely to take greater ownership of the Project - well beyond their current EIF involvement.

105. Recurrent themes in farmers' concerns, aspirations and matters arising include:

- the need to ensure quality and continuity of supply in order to secure continued access to large urban retail markets, both in Lesotho and in South Africa
- the need to be able to penetrate South African markets, especially as more greenhouses come on-stream in Lesotho, if vegetable prices are not to fall too sharply
- the need for greenhouse farmers to organize themselves into an association to facilitate market penetration and retention
- the importance of the contribution that a market centre in Maseru with cool storage could make to ensuring continuity of supply and access to South African markets
- the help that MAFS and MTICM could make to ensuring quality and continuity, especially once Amiran no longer has staff in Lesotho; and the

importance of manuals and electronic/mobile phone contact with Amiran in Kenya after its staff leave Lesotho

- the need for continuity of supply of Amiran and other inputs, especially if/when Amiran field staff are no longer located in Lesotho
- the need to add security to water supplies, in many instances through adding large feeder tanks – and the additional capital investment needed by farmers
- the need for fences and/or guards to prevent the theft of pumps and vegetables as well as damage by livestock – and, again, the additional capital investment and working capital needs entailed for farmers.

3. LESSONS LEARNED AND BEST PRACTICES

3.1 Lessons Learned

106. Perhaps the most fundamental lesson learnt is that, if the objectives of the Project are to be achieved, the EIF and its NIU cannot work in isolation from government at any point during project design, approval or implementation. The omission to bring the MITCM planning department as well as MAFS and its planning department on board during the writing of the proposed Project and the further omission to get approval from the MNDP's PAC has resulted in a breakdown of the relationship between key implementing partners, MTICM and MAFS, two years into the Project. This could well mean failure for the HPTD Project unless serious action is taken by the various stakeholders.

107. Lesotho's political stalemate has been a reality for a number of years now and no recognition was given during the project design that this could pose a serious threat to the implementation of the full HPTD Project. No mitigation strategies were formulated in the event of a break-down of political relationships and the effect this might have on parliamentary processes. Without a Standards Act the HPTD capacity building work at MTICM DSQA might well not result in Lesotho FFV exports.

108. Securing a site for the market centre is a critical element of the HPTD, without which a large number of the anticipated activities and results cannot be realised. There seems to have been no urgency on the matter from either the EIF Coordinator, the Project Manager, the MIE or the relevant ministries. Whereas

alternatives are easily identifiable no stakeholder has followed-up with LNDC and it seems to be an issue of responsibility. This again points to the lack of hierarchy and reporting lines within the Project Document.

3.2 Good Practices

109. There is substantial complementarity to other donor work in Lesotho. The projects that are of most importance and significance that complement the HPTD Project are the Private Sector Competitiveness and Economic Diversification (PSCED) project of the World Bank, which has just come to a close. “The key objective of the project was to facilitate increased private sector investment by improving the business environment and diversifying sources of growth. This goal was to be achieved by reducing the costs of doing business; strengthening the linkages and integration of the Lesotho economy with the regional economy, especially with South Africa; strengthening support for technical and business management skills thereby improving productivity at the firm level, and improving access to finance for MSMEs¹⁰.” In terms of the Project some horticulture farmers worked in greenhouses and were given training on effective farming methods. The HPTD Project was a good build- on to the World Bank work, which predominantly focused on improving the enabling environment for SMMEs.

110. The World Bank’s Smallholder Agriculture Development Project (SADP) has already made a number of greenhouses (of rather larger dimensions than the EIF project) available to vegetable producers. At least one of the farmers interviewed was already starting production in a SADP greenhouse and was planning to apply for more. Others were seen while travelling in the field. While the nature of the support package accompanying such greenhouses is unknown, it should not be difficult for the systems and training provided by Amiran to be adapted to good effect in SADP greenhouses.

111. The World Bank’s activities also appear to have provided support for deciduous fruit production in Lesotho, which is reported to supply a significant proportion of

¹⁰ World Bank. 2013. *Private Sector Competitiveness and Economic Diversification Project*, Project Document. Accessed at www.worldbank.org.

domestic demand and, in one or two instances (such as the fruit farmer interviewed during the EIF survey), to be able to enter the export market. With the focus on fruit in the first phase of the EIF project having fallen away in the second phase, the support given by the PSCED project has been particularly appropriate and important. There can be no doubt that the colder climate that most deciduous fruit crops prefer, and that Lesotho has in relation to South Africa, offers significant opportunities for expanding production in Lesotho and for penetrating export markets to a far greater extent, especially now that land in the country's rural areas can be privately owned. It will be important not to lose sight of this going forward.

3.3 Constraints

112. The reality of the political situation in Lesotho is a major constraint in the implementation of the HPTD Project. ITC will do well to closely follow the developments post-election in order to identify where the natural project allies lie and how the relationship between key stakeholders could affect the Project going forward.

4. RECOMMENDATIONS

4.1 Issues resolved during the evaluation

113. During the field phase in Maseru it emerged that there was a dispute between the EIF Coordinator and the MAFS regarding the recent purchase of a vehicle to assist the MAFS extension officers to shadow the Amiran technicians during the construction of the greenhouses and subsequent capacity building and training. Forming part of this process would have allowed extension officers to become the first port of call for any assistance that the greenhouse farmers might subsequently need. Due to an insufficient number of vehicles at MAFS, the Ministry requested that the funds allocated for the mushroom plant be used to procure a vehicle, as Chinese funding would now take care of those needs. Due process was followed at ITC, the funds reallocated and the vehicle was purchased. However, the EIF Coordinator is refusing to hand over the keys to MAFS insisting that the vehicle remain the property of the HPTD Project, which is housed within MTICM.

114. Although this remains the status quo, the evaluation could determine that due process was followed, apart from incorrect communication channels having been used with MAFS contacting ITC directly, rather than via either the EIF Coordinator or the Project Manager.

4.2 Actions/decisions recommended

115. The recommendations of the evaluation centre around three main topics, the first is around the Project Document, the second is around specific greenhouse recipient needs and the third highlights important outstanding activities of the Project logical framework that need to be focused on.

116. The first cluster of recommendations argues for a renewing of the Project Document to bring all stakeholders back on board, to urgently find a market centre, to include BEDCO in the project and to improve the reporting, communication as well as hierarchical relationships. The second clusters recommends a greenhouse farmers association to help with planning of planting and harvesting as well as giving the farmers a representative voice at government and within talks with the private sector as well as a revolving fund to support farmers. Also, special support for group recipients is argued for. The third cluster focuses on elements of the logical framework matrix activities that are now critical to implement (apart from the market centre), including the employment of Project assistants, data analysis, increased use of social platforms, and finally, strong support for the mushroom producers.

Recommendation 1: Renew the Project Document

117. As soon as the results of the February elections are known and the Principal Secretaries (PS) have been appointed at Ministry of Agriculture and Food Security and Ministry of Trade and Industry Cooperatives and Marketing (MTICM) as well as at the Ministry of National Development Planning (MNDP), the PS of the latter should call an urgent meeting between all the strategic partners to the project. This should include the National Implementing Unit, International Trade Centre, the Project Manager, PS MAFS and his/her relevant staff, MTICM PS and his/her relevant staff including the Departments of Planning as well as LNDC and BEDCO. This meeting should renew the project document in light of the Midterm

Evaluation and seek input as to how the successful completion of the project can best be achieved. Changes to the project document and the logical framework should be agreed on within this group and then submitted to the MNDP Project Appraisal Committee for final assessment and then implementation according to new agreed timelines, reporting structures and stakeholder participation.

118. MNDP should call a meeting between all the relevant stakeholders to renew the Project Document, essentially to regain the buy-in of all stakeholders. The Project Document can, however, be changed to show where the Chinese foreign aid project has taken over responsibility and the resultant budget allocation changes should be made. BEDCO should be brought in as a Project partner in lieu of LNDC. In addition, this meeting should address the communication channels and hierarchical relationships.

119. This meeting could also agree on whether an extension of the HPTD Project is necessary given the numerous delays experienced during project implementation and political developments in the country. It is recommended that an extension is requested to allow the project to fully implement all the planned activities.

Recommendation 2: Urgently find a market centre space

119. The Project Document places responsibility for the provision of space for the market centre on the Lesotho Development Corporation (LNDC). This has not materialised and the Project will urgently need to establish whether an alternative space can be found.

120. In discussions with LNDC it emerged that there are two alternative sites that could be developed into market centres. In addition, the MTICM has indicated that they will develop three separate market centres throughout the country, but it remains unclear where and when this will happen. It is also unclear whether the new government will fulfil this promise.

121. All stakeholders to the project should discuss this burning issue, and find an appropriate site, without which the full Project cannot be implemented to its full potential, at the meeting that the MNDP will call as per Recommendation One. This will have a positive impact on activities under Outcome Four.

Recommendation 3: Replace LNDC with BEDCO in Project Document

122. It is the evaluative view that, given its mandate to “incubate” local entrepreneurs, going forward, BEDCO would be better suited to address the task of the mentoring of SMMEs instead of LNDC and that its mandate should be expanded to include the development of producers into businesspeople. This should address activities under Outcome Five.

123. Beneficiaries of greenhouses consist of a mix of well-educated people and energetic vegetable producers with little formal education. BEDCO would be best suited to mentor such a mix of producers with appropriate levels of training in business and financial management. BEDCO has a better national footprint than the LNDC. The corporation is in a better position to allocate space for markets in some of its estates nationwide. Available resources to equip market centres would be best directed to BEDCO.

124. A market centre(s) should be established so that it can serve vegetable and mushroom producers across Lesotho regardless of which project, or own endeavour, established them as producers.

Action by:

125. As discussed above under Recommendation 1, both LNDC and BEDCO should be invited to the renewing of the Project Document and BEDCO should be invited to replace LNDC as Project partner. The issue of the market centre should also be discussed to establish whether either of the two available sites would be suitable for the HPTD Project or whether the Project can afford to wait for MTICM to establish market centres in the various districts.

Recommendation 4: Increased support for Mushroom Production

126. It should be a priority to ensure no deterioration in the support given by the Project and by government to mushroom farmers, as per Project Document Table 4, Activities 1.1, 2.1 and all subsequent Activities, bearing in mind that mushroom production and exports are an integral component of FFV production and exports. The resource requirements for the project are as detailed in Table 11 of the Project Document. It should also be a priority to ensure that sufficient numbers of

Lesotho staff are trained during the coming 3 years to develop the capacity to operate the laboratory without external assistance on the termination of the current agreement with the Chinese government. The training of Lesotho staff, the provision of funding for maintenance and new equipment and the application of cost recovery pricing for spawn are responsibility of MAFS.

127. It is recommended that a margin adequate to provide a reasonable return to farmers for their labour and other inputs is ensured in the pricing of inputs and outputs. In particular, inputs provided by the laboratory should be priced on a cost-recovery, not a for-profit basis, and selling prices should be determined entirely by market demand and supply without intervention by government. While it is not a function of the Project to intervene in price-setting, when cognizance is taken of the impact of input:output price ratio on the sustainability of FFV production, the importance of the Project's drawing the attention of government to the matter in respect of the mushroom sub-sector becomes clear. There are no budgetary requirements for implementing this recommendation. It is the responsibility of MTICM to ensure no government intervention occurs in the pricing of mushrooms sold by local producers.

128. The above recommendations should be implemented as matter of urgency to prevent the exodus of low-income producers from production.

129. The recommendations directly address Outcomes 2 and 3. Less directly, but still significantly, they also address Outcome 1 (in that it is a function of the laboratory to provide on-going training and technical assistance to producers), Output 4 (in that the mushroom supply chain will inevitably weaken if the recommendations are not followed up) and Outcome 5 (in that the creditworthiness of mushroom producers will be negatively impacted if inadequate action is the recommendations).

Recommendation 5: Increase the focus and push factors on all activities relating to Outcome 3 in order to ensure that Lesotho can provide internationally accepted SPS certification for mushroom and other vegetable exports.

130. The remaining activities planned for under Outcome 3 should be given high priority and be pushed towards completion by MTICM as soon as possible, in

order to regain the South African mushroom market as well as to pave the way for FFV exports.

Recommendation 6: Redesign the Organogram with clearer communication and reporting pathways

131. The Project Document should include a clearer project hierarchy for reporting and communication purposes. All stakeholders should commit themselves to attending regular and detailed project update meetings with the project steering committee as well as with the National Steering Committee. These meetings should coincide with quarterly reports to be tabled and discussed.

Action by:

132. The communication hierarchy should be discussed and agreed on within the MNDP meeting, as recommended in Recommendation 1. The composition of the Project Steering Committee as well as of the National Steering Committee should be reaffirmed and regular meetings held at which point quarterly reports will be tabled for approval.

Recommendation 7: Provide Appropriate Support for Production Groups

133. The farmer groups in associations/cooperatives selected seem to be experiencing some difficulties in organizing production, especially the larger groups. The commitment and productivity of members varies considerably.

134. The challenges noted do not imply that greenhouses should not be awarded to groups, rather, it is recommended that where this is done, special attention should be given to supporting, monitoring and evaluating the beneficiaries, for example through assisting them to develop appropriate structures and processes and to institute effective accounting/reporting and individual performance-based incentive/reward systems.

135. Based on general experience, a cautionary should be noted about all greenhouse and mushroom production groups: all too often, free-riding emerges and sooner or later the more energetic and committed members tire of others' free-riding and the quantity and/or quality declines. Free-riding/degree of

commitment is one manifestation of the challenges related to governance and organizational development that agricultural production groups experience world-wide. Others relate, inter alia, to differences in members' skills, resources, travelling distances, other activities, etc.

Action by:

136. The project should collaborate with MAFS, Directorate: Cooperatives to provide support for production groups, if necessary with the assistance of an appropriately skilled consultant. This would assist the achievement of Outcome 2.2 ('establishment of ... production cooperatives').

137. Allocations for the retention of external expertise to assist gender and youth mainstreaming and the establishment of production cooperatives have been made in the Project Budget.

138. Action to support production groups should be instituted as soon as possible to ensure that they are operating on an equitable, sustainable efficient basis by the date of the Project's conclusion.

Recommendation 8: Establish local and national greenhouse farmers' associations by connecting, coordinating and collaborating with the SADP and World Vision greenhouse projects.

139. Greenhouse farmers should establish both local associations and a national association.

140. This should include all greenhouse producers, i.e. also those established by SADP (and potential World Vision beneficiaries) and all mushroom producers, given the degree of commonality of their needs and interests.

141. This will directly address Project Outcome 1 (through accelerating the pooling and sharing of producer expertise), Outcome 4 (through bringing pressure to bear to develop central marketing facilities and strengthening the producer supply chain) and Outcome 5, a sub-category of 1 (again through the sharing of expertise as well as through assisting the development of a reputation for creditworthiness). In addition, if Recommendation 4 (see below) is accepted and producer opinion is

positive, the formation of a producers' association could be expected to accelerate the establishment of a revolving loan fund, thereby helping achieve Outcomes 5, 1 and 4, as outlined below. Less directly, Recommendation 3 may aid the achievement Outcomes 2 and 3 through bringing producer pressure to bear to improve delivery by the mushroom spawn laboratory and to strengthen the DSQA's capacity to deliver QA services to farmers.

Action by:

142. Ideally, the drive needs to come from the farmers themselves with support from BEDCO.

143. But the project and/or MAFS/MTICM could helpfully facilitate (i) by providing Project beneficiaries with the names and contact details of other beneficiaries in their locality and country-wide and (ii) by organizing initial face-to-face meetings of greenhouse groups in each district to explain the advantages and promote the formation of local associations and a national association.

144. The Lesotho National Farmers Union (LENAFU) should be consulted and invited to advise and assist the initiative. There does not seem to be an existing national fresh fruit and vegetable producers association. There are many general local farmers' associations, whose interests are probably too broad (in terms of the range of activities/sub-sectors represented) and too geographically confined to be effective in fulfilling project beneficiaries' needs. A focused greenhouse or fresh fruit and vegetable producers' association could be expected to affiliate to and strengthen a body such as LENAFU.

145. Once formed, a farmers' association would look to members' subscriptions, supplemented by support from external public/private/NGO bodies, to fund its budget. But during the process of formation, probably all resources – funding and technical assistance – would need to be sourced externally.

146. The Project could helpfully use its UN entity status to solicit financial and technical assistance from the FAO and other UN bodies.

147. Implementation should be as soon as possible to ensure the formation of an association before the end of the Project.

Recommendation 9: Establish a Revolving Loan Fund:

148. To help broaden and sustain the benefits of the Project, consideration should be given to recouping a limited proportion of the grants awarded to beneficiaries, perhaps 10%, in order to establish a revolving loan fund to assist existing producers and further new entrants, as per Project Document Outcome 5.1 ('new and diversified financial solutions for SMEs developed and delivered to cooperatives'). Given the difficulty that all almost farmers have in accessing the formal sector loans required to purchase most capital equipment and the high incidence of need for such loans to acquire equipment to add security to water supplies (more than 50% of farmers) and, to a lesser degree, fencing, many greenhouse/mushroom producers and their employees, households and local communities (see Annex C 1.1.8) would clearly benefit substantially from access to a sub-sector-specific loan source, such as a revolving loan fund.

149. The method of operation and potential benefits of a revolving loan fund and options for resourcing it should be explained and beneficiaries' response should be gauged to the principle of forming such a fund, fed in part by limited repayments (say 10%) of initial grants. (This would ensure that the existing grant scheme remains essentially intact, modified only to incorporate a limited loan component, directly and indirectly for the benefit of grant recipients.) If there were sufficient support in principle, practical arrangements could then be considered. An appropriately capacitated private/public/NGO institution to house, operate and advise on the structure and functioning of the fund would need to be identified.

150. This process would be facilitated by the prior formation of a producers' association (see Recommendation 8).

151. A well-functioning data collection and analysis system should be implemented to help established farmers to gain access to loan funding from banks and/or non-bank intermediaries (see Recommendation 11).

152. Implementation should be as soon as possible to gauge beneficiary opinion, and, if supportive, to initiate measures towards the establishment of such a fund before the end of the Project.

153. Recommendation 7 directly addresses the achievement of Outcome 5 and, to a significant degree, Outcome 1 through facilitating the provision of important technological inputs. Less directly, it also assists the achievement of Outcome 4 by strengthening the producer supply chain.

Action by:

154. Responsibility for exploring and explaining the principles and practicalities of such a fund should be taken by the project, in conjunction with MAFS and any producers' association that may be formed.

155. Beyond the staff time required, neither these preliminary processes nor the actual establishment of the fund should entail funding by the Project.

156. Again, the Project could helpfully use its UN entity status to solicit financial and technical assistance from the FAO and other UN bodies.

Recommendation 10: Make full use of the available budget to employ Project assistant

157. Allocations have been made in the budget for additional staff to support the HPTD Project. Two volunteers are currently working with the farmers and collecting data. At least one, if not both, should become paid assistants.

Action by:

158. The NIU should make the relevant appointments.

Recommendation 11: Improve M&E, Data Collection and Analysis

159. Priority should be given to assisting the few farmers who do not yet keep written records to do so. Beneficiaries should be alerted by the Project Manager, MAFS and MTICM staff to the value to them not only of keeping such records, but also of submitting them for collation, comparison, analysis and feedback on a regular basis, ideally at farmers' association meetings (see Recommendation 8). A standardized system to record data for submission should be developed in

collaboration with Amiran, MAFS and MTICM. This will also simplify and assist the training of beneficiaries who do not yet keep written records. MAFS and/or MTICM staff should undertake one-on-one training in the use of the template with farmers who do not yet keep written records.

160. A system to collect, analyse and extract strategic and operational value for all beneficiaries from their production and marketing data should be developed, as per Output 5.3 ('design and implement an IT-based 'crop card' system to capture SME production/financial data to enable quantitative and financial statements for bank loans'). It is understood that two of the project assistants are presently collecting data from farmers. Data should initially be collected not only by project staff, but also by MAFS and MTICM staff, during support visits. The collection of hard copy data should be replaced as soon as possible by an on-line system. The purpose of the system should not only be to facilitate access to bank loans, but to help farmers, MAFS and MTICM identify where and how performance can be improved. Implementation would be assisted by the prior organization of beneficiaries into local associations and a national association (see Recommendation 8). The explanation of the benefits and requirements of regular data submission should be incorporated into the face-to-face meetings of beneficiaries and the timeframe referred to in Recommendation 8.

161. While such data may be made available to the Project office, the need exists for the human capacity and software required analysing them and extracting appropriate inferences. The data recording template, the on-line system for data collection and the human and IT capacity for analysis should be developed in the Project Manager's office for transfer to the Market Research Division of MTICM.

162. Resources appear to have been allocated in the Project Budget for the development and initial operation of such a system.

163. While the recommendation directly addresses Outcome 5, it should also contribute to the achievement of Outcome 4 (though enabling the supply chain to operate more efficiently) and Outcome 1 (through guiding the improved use of the technology provided to beneficiaries).

164. The acquisition of the necessary software, e.g. SPSS, and development of the human capacity needed should be undertaken as soon as possible to facilitate the

establishment of a well-functioning system before the termination of the Project. It is understood that one of the present Project assistants has the training required to operate the software.

Recommendation 12: Increase Use of Social Media

165. Assistance to establish an efficient, cost-effective IT platform for internal and external communication on production and marketing issues of common interest should be a priority, as per Output 4.4 ('design and implement an IT-based commodity market platform accessible by SMEs by mobile SMS and linking cooperatives to the Market Centre'). This could be accelerated by the use of 'social media', such as Facebook, Twitter or WhatsApp. Such a platform could also facilitate centralized data collection by government (see Recommendation 9).

166. It will be especially important for producers to be able to access advice and technical assistance remotely by e-mail, mobile phone and social media when Amiran staff is no longer based in Lesotho. The continual updating of the existing comprehensive hard copy manuals should also be prioritized.

167. Producers should be made aware of the potential savings in time/money involved in using cell phones for payments out/in and be encouraged to make use of these facilities (which can also be used for secure low/no cost saving).

Action by:

168. Ideally, the drive needs to come from the farmers themselves.

169. But the Project Manager and/or MAFS/MTICM could helpfully facilitate (i) by providing project beneficiaries with the names and contact details of other beneficiaries in their locality and country-wide and (ii) by organizing initial face-to-face meetings of greenhouse groups in each district, including information/demonstrations on the use of social media and cell phone banking to meet farmers' needs.

170. No funding from the project would be required.

171. Implementation should be as soon as possible.

172. Recommendation 12 directly addresses and assists the achievement of Outcomes 1, 4 (even in the absence of a national marketing centre) and 5.

5. CONCLUSIONS

173. In sum, the evaluators have found a very good project, that is well designed and thought out, it is highly relevant and has the potential to have a significant positive impact on rural poverty and improve Lesotho's export earnings. However, the Project is at danger of being undermined by political processes and instability at the strategic level, the problem origin of which lies in incorrect procedures having been followed during the design, approval and initiation phases of the Project.

174. Establishing a market centre has now become critical to the successful completion of the HPTD project.

175. The new political dispensation in Maseru provides a valuable opportunity for the ITC and HPTD stakeholders to get the Project back on track and ensure a successful completion.

ANNEXES

A. Logical Framework

Objectives	Time frame	Objectively Verifiable Indicators	Means of verification	Risks/assumptions
<p>Development Objective:</p> <p>Contribute to the reduction of rural poverty and enhance economic growth on a sustainable basis in accordance with the Government's Vision 2020 and its National Strategic Development Plan (NSDP).</p>	2012-2015	Increase in number of smallholder farmers in at least 3 districts generate more household income by participating in the supply chain of agro-industry trade in Lesotho	<ul style="list-style-type: none"> • Reports by the Monitoring and Evaluation Division of the Development Planning Department of the Ministry of Finance and Development Planning (MFDP), using the National Monitoring and Evaluation System (NMES) guidelines. • NIU (MTICM) semi-annual and annual reports submitted to the ES and the Trust Fund Manager (TFM). 	<ul style="list-style-type: none"> • The Government of Lesotho remains committed to assisting small holders producers of FFVs as an integral part of the National Strategic Development Plan (NSDP) towards sustainable economic growth, employment and poverty reduction. • EIF and donor funds received on time.
<p>Purpose:</p> <p>The purpose of the Project is to build capacity of Lesotho cooperatives and their members to deliver to the markets high value Fresh Fruit and Vegetables (FFVs), through improved commercial and competitive value/supply chains.</p>	2012-2015	Increase in the volume /value of products (FFVS) from smallholder farmers that are competitively entering the domestic and external market.	<ul style="list-style-type: none"> • National sector surveys & agriculture reports • Annual reports by the Ministry of Trade and Industry, Cooperatives and Marketing (MTICM) and the Ministry of Agriculture and Food Supply (MAFS). • Reports of target institutions/ cooperatives. • TSI household and community surveys/ monitoring against base-line data 	<ul style="list-style-type: none"> • Smallholder and established commercial farmers willingness to jointly supply FFVs • Government continue to support inclusive Agriculture improvement; • Hotels/supermarkets and cooperatives agree to work together on the supply chain development.

Outcomes	Time frame	Objectively Verifiable Indicators	Means of verification	Risks/assumptions
<p>1. Enhanced skills and knowledge of Smallholder farmers (SMEs) and their cooperatives in the use of appropriate technology in production of high-value FFVs.</p>	<p>2012-2015</p>	<p>1.1 Increased number of smallholder farmers /cooperatives adopted production technology in producing variety of products under the auspices of the MAFS.</p> <p>1.2 Increased participation and income generated by SMEs serving the supply/value chains within and outside Lesotho</p>	<ul style="list-style-type: none"> • Reports generated by research department of MAFS, and Statistics from the MARKET Unit in MTICM 	<ul style="list-style-type: none"> • The government and relevant ministries provide extension services to the target smallholders farmers including agronomical services
<p>2. Masianokeng Mushroom laboratory provides greater volumes of Mushroom Spawn for the ever-growing demand for the spawn in Lesotho.</p>	<p>2012-2015</p>	<p>2.1 Extensions completed and additional equipment installed at the spawn production facilities in Maseru</p> <p>2.2 Increased volume of spawn provided to greater population of mushrooms producing households.</p>	<ul style="list-style-type: none"> • Reports generated by research department of MAFS, and Statistics from the Market Unit of MTICM 	<ul style="list-style-type: none"> • The government and relevant ministries provide extension services to the target smallholders farmers including agronomy services
<p>3. Strengthened capacity of the DSQA to deliver Quality Assessment support services to SMEs.</p>	<p>2012-2015</p>	<p>3.1 Quality Standards Unit in MTICM is equipped and delivers 'product quality' support services to agro-industry and manufacturing sector</p> <p>3.2 DSQA designed and</p>	<ul style="list-style-type: none"> • Reports generated by research department of MAFS, and Statistics from the MARKET Unit in MTICM 	<ul style="list-style-type: none"> • The government and relevant ministries provide extension services to the target smallholder farmers including agronomical services and expertise.

		delivering product specific quality training in various market areas		
4. Strengthened consolidation/commercial Market Centre that manages an inclusive supply chain services linking cooperatives to domestic and international markets.	2012-2015	<p>4.1 A public/private sector organization setup and coordinating the value chain processes in support of FFV product and market development issues</p> <p>4.2 Smallholder farmers supplying FFVs predictably to the consolidation centre and receiving FFV market intelligence on products, prices and volumes via the consolidation centre's direct ICT based services (SMSs).</p>	<ul style="list-style-type: none"> • Reports from the MTICM and cooperatives on statistics of volumes of suppliers and the buyers from the consolidation centre 	<ul style="list-style-type: none"> • Planning of the Project results not unduly affected by adverse macro-economic developments, e.g. unfavourable exchange rates or other increases in input costs • Constant commitment of farmers and FFVs value chain actors.
5. Improved financial management skills among target coops/smallholder farmers and as well as capacity enhanced to receive bank loans.	2012-2015	<p>5.1 Improved recordkeeping accounting records of FFV operations by SMEs, coops/farmers.</p> <p>5.2 Increased reports and receipts of loan repayments by SMEs in the agro-industry subsector</p>	<ul style="list-style-type: none"> • Periodic reports generated by the coops, MAFS/MTICM on financial loans provided by coops and smallholder farmers. 	<ul style="list-style-type: none"> • Interest rates on bank loans remain low and conducive to SME businesses

Outputs	Time frame	Related Activities	Performance Indicators
Output 1.1 Provision of assistance to the DSQA and the MAFS in developing ToRs for the procurement and supply of relevant agro-technology and related training, using same public tender processes that effectively delivered good results in the previous (IF) Mushroom Project.	2012-2015	1.1.1 Identification by MAFS and DSQA of specifications of relevant equipment and their functionality	<ul style="list-style-type: none"> • Increase in number of smallholder farming units supplied with appropriate agro-technology. • Increase in number of SMEs trained and using acquired technology in FFV production.
		1.1.2 Preparation of ToRs for public tender processes	
		1.1.3 Conduct a public tender procurement of the required DSQA and MAFS equipment	
Output 1.2 Procurement and delivery of required equipment and support services to the DSQA and the MAFS and including special training for the benefit of the cooperatives and their members.	2012-2015	1.2.1 Identify and select group of smallholder farmers to be supplied with relevant agro-technology.	<ul style="list-style-type: none"> • Improved skills in agro-technology management by the FFV producers • Increase in number of people trained under the designed MAFS and DSQA project for supporting coops.
		1.2.2 Procurement of the requisite equipment and its delivery to Lesotho	
		1.2.3 Installation of agro-technology onto selected beneficiaries cooperatives/farms	
		1.2.4 Identification and assignment of Technical Experts by MAFS to the Project towards coordinating and provision of Agricultural Extension and Agronomical Services to SMEs under the Green house or any other appropriate technology. ¹¹	
		1.2.5 Conduct training and coaching workshops by technical experts on: <ul style="list-style-type: none"> - Growing techniques - irrigation, crop husbandry, pest control, environment, plant health and occupational safety, - Record keeping, - Traceability and - Good Agricultural Practice (GAP) 	
		1.2.6 Provision of training and creation of awareness among cooperatives on sustainable use of technology within	

¹¹ Although this activity was successfully implemented during the installation of the first 40 greenhouses, the recent withdrawal of MAFS from the Project places this activity at risk of completion.

		the agriculture trade operations.	
Output 2.1 Expanded production and storage capacity of the Central Mother Unit for the Mushroom spawn	2012-2015	2.1.1 MAFS conducts an assessment of the volume and frequency of spawn demand by local Basotho farmers.	<ul style="list-style-type: none"> • Increase in the volume of spawn supplied to mushroom producers
		2.1.2 Procurement and installation of the appropriate equipment at the identified production premises. ¹²	
		2.1.3 Provision by DSQA of training on product quality management to the Mushroom growers at the Masianokeng premises	
Output 2.2 Establishment of three Export Production Cooperatives (EPC)s.	2012-2015	2.2.1 Extension of the block farming scheme to enhance establishment of three Export Production Cooperatives/ Villages (EPV)s	<ul style="list-style-type: none"> • MAFS block farming guidelines produced for mushroom suppliers to local and regional markets • At least 3 EPCs s setup and functional
		2.2.2 Provision of training of Technical Experts in establishment of EPCs	
		2.2.3 Identify and select target sectors suitable for export oriented co-operatives based on sector analysis studies	
		2.2.4 Conduct feasibility studies for the establishment of new structures, which meet market needs.	
		2.2.5 Prepare strategic plans and roadmap for establishing new EPCs	
		2.2.6 Governance structures in place and new EPCs launched.	
Output 3.1 Provision of technical assistance to the DSQA towards improving their support to cooperatives in quality control issues.	2012-2015	3.1.1 Procurement and installation of modern equipment for chemical analysis for the soils laboratory at the Agricultural Research department (MAFS) to be a functional testing facility for proper research and chemical analysis.	<ul style="list-style-type: none"> • Acquisition and installation of chemical analysis equipment by DSQA • Increase in number of personnel recruited and trained in the use of acquired equipment. • Increase in number of quality
		3.1.2 Recruit and train staff to inspect, test and certify agro products.	
		3.1.3 Design and implement a project for Food Laboratory support services towards:	

¹² This activity has been taken over by the Chinese Government Foreign Aid Project

		<ul style="list-style-type: none"> - Phytosanitary services to facilitate exports and imports of agricultural commodities and products. - Provision of soil fertility testing services to farmers - Pests diagnosis (identification and issuance of control recommendations) 	<p>assessment services provided by DSQA and the Lesotho Food Laboratory.</p>
<p>Output 3.2 Provision of technical training and advisory services, jointly with both the Department of Crops and the DSQA towards building the effectiveness of the FFV cooperatives.</p>	<p>2012-2015</p>	<p>3.1.4 Implement a GLOBALGAP compliance training for the local producers and exporters</p>	<ul style="list-style-type: none"> • Increase in number of agricultural producers, managers of cooperatives trained on buyer requirements and supply contracts for FFV supply • Number of Technical Experts trained and able to rollout further capacity building in: Quality Management, Supply Chain Management, Product & transport Packaging, and Quality Management • At least 5 selected trainees demonstrate knowledge and skills to implement HACCP/ISO22000 processes • Basic manual on Good Agricultural Practices (GAP) and GLOBALGAP provided to training institutions
		<p>3.2.1 Conduct awareness raising workshop on SPS issues, supply chain issues, packaging, food safety and quality requirements, business matching solutions and branding</p>	
		<p>3.2.2 Develop Packaging Practice Guide for horticulture products (FFV)</p>	
		<p>3.2.3 Conduct workshop on food safety, quality and traceability.</p>	
		<p>3.2.4 Train and design FFV traceability system covering the entire supply chain;</p>	
		<p>3.2.5 Conduct training to selected teams on food safety systems - HACCP/ISO 22000.</p>	
		<p>3.2.6 Conduct training to smallholder farmers on improvement of hygiene and food safety within the FFV sphere.</p>	
		<p>3.2.7 Register Lesotho to the Global System 1 (GS1) in Brussels to enable adopting of global bar-codes and product tracking system for the local products</p>	
		<p>3.2.8 Conduct training and awareness of the locals in use of bar-codes and product traceability</p>	
		<p>3.2.9 Design technical training material on quality and conduct training workshops for various target groups</p>	
<p>3.2.10 Create communication material and radio/TV projects for inculcating 'quality' in the population, producers groups and related cooperatives</p>			

<p>Output 3.3 Established and strengthened Agricultural Standards and Certification Framework for fresh produce production in Lesotho.</p>		<p>3.3.1 Design and implement a legal framework for basic metrology infrastructure covering the regulation of weighing instruments used for trade, the labelling and sale of goods, and the use of legal units of measurement.</p> <p>3.3.2 Develop product certification marks according to SADC's standards and technical regulations.</p>	<ul style="list-style-type: none"> • Number of certification marks developed by DSQA
<p>Output 4.1 Provision of assistance to the MTICM and the LNDC in developing a sector strategy and support services for the Market Centre to enable it to coordinate and manage product quality, packaging and access to finance in the supply /value chain process</p>	<p>2012-2015</p>	<p>4.1.1 Identification of local organization to be the commercial product consolidation and distribution centre linking to number of retailers</p> <p>4.1.2 Conduct transport and logistics survey with respect to supply of FFVs from SMEs producers to the centre</p> <p>4.1.3 Conduct training in food supply chain strategies linked to consolidation and distribution centres.</p> <p>4.1.4 Assist processing centres to implement quality management systems at the Consolidation & Market Centre</p>	<ul style="list-style-type: none"> • Consolidation Market Centre facilities established in Maseru • Number of training events completed for specific FFV logistics and value addition issues via the Market Centre • Market Centre leading FFV business development

B. Organisations and places visited and persons met

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Mr. Ntitia Tuoane	Director Field Services	MAFS	
Mr. Mohapi	Senior Extension Officer	MAFS	
Ms. Limakatso Makoae	Chief Production Officer – Horticulture	MAFS	Tel: 266-588 59366
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Mr. Lesala Ntsoeu	Technical Inspector	MTICM - DSQA	
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C. Summary assessment questionnaire

1. Field Research Findings

1.1 Recipient Farmer Interviews

1.1.1 Interview Sample

Despite starting early and finishing late on most of the 4½ days in the field, it was only possible to interview 16 farmers or farming groups. This reflects their wide geographical distribution, the difficulties in locating farms, communication constraints (farmers were not always available, even if they had indicated that they expected to be) and poor roads.

Given the emphasis on vegetable greenhouse production in the HPTD, the sample was selected primarily to include greenhouses. However, one mushroom cooperative, one individual mushroom producer and one individual fruit farmer were also visited. The details of the sample are as follows:

- Ten individual vegetable greenhouse farmers (represents 10/56 = 18% sample)
- Three cooperatives/associations – vegetable greenhouses (represents 3/6 = 50% sample)
- Overall: 13/62 = 21% sample of all vegetable greenhouses
- One individual – mushrooms (represents 1/128 = 1% sample)
- One cooperative – mushrooms (represents 1/23 = 4% sample)
- Overall: 2/151 = 1% sample of all mushroom growers
- One individual – fruit (no data on number of fruit growers)

The 21% overall sample for greenhouses indicates a high degree of reliability for this, the dominant component of the sample. The composition reflects a high diversity of age and gender. It is encouraging, not least for the sustainability of the Project, that so many younger farmer or farming groups are engaging in greenhouse production, in contrast to the 'ageing farmer' characteristic encountered so often, and, no less, that many of the most articulate and impressive farmers were women.

For mushroom growers, while the degree of reliability of the 1% sample is obviously much lower, the congruence of the findings from the cooperative and the individual farmer interviewed – corroborated largely by information from greenhouse farmers who either were or had previously been involved in mushroom production – suggests

that the findings are likely to be representative of the overall situation prevailing in this sub-sector.

No representativeness can be inferred from the single interview with a fruit farmer. With support for fruit farming apparently having passed entirely out of Phase 2 of the EIF Project to a parallel project being supported by, among others, the World Bank, the interview was conducted partly to gain a sense of the sustainability of fruit production in Lesotho and partly to explore the possibility of synergy between fruit farming and greenhouse vegetable production, especially with respect to marketing.

1.1.2 Size/area of land farmed

Excluding the mushroom growers, the one large farmers association scheme (with 5 veg greenhouses and about 2ha under veg/maize) and the fruit farmer, the typical or median area under vegetable production per smallholding was about 0.07ha, of which 0.012 (or about 15-20% was under greenhouse), 0.036 (or 50% was under hail net) and the balance (about 30-35%) was in the open. This may sound small, but, as is shown below, 700 square meters of well-farmed vegetables can produce a substantial income and generate quite extensive benefits for a number of households. Most farmers also grow maize extensively and many have a small number of fruit trees.

1.1.3 Land tenure; impact on farming, access to credit

With land tenure legislation having been passed in recent years to allow for freehold ownership of land, not only in urban but also in rural areas, even though much rural land remains under traditional tenure, almost all of the beneficiaries appear to have freehold tenure on the land on which the greenhouses have been erected. In a minority of instances, long leases have been secured, or in one or two cases, indefinite/long term usufruct rights.

The impact of ownership or long lease rights on the raising of credit was not followed up rigorously, but the fact that few farmers talked about credit or any difficulties in raising it suggests that credit does not form an important part of working capital. In part, this may be because many of the interviewees are still producing their first

greenhouse crops – for which most of the inputs (other than fuel, packaging, etc.) were provided as part of the starting package, so the need for credit to purchase inputs has not yet arisen. But it also appears that those who have already marketed their first round of crops have derived more than sufficient income to buy the second round of inputs and have already done so, i.e. that working capital is being derived primarily from savings, not credit. This augurs well for sustainability.

In some instances, where the first round of income has not yet been received, interviewees (including youth groups) indicated that they intended to use little or none of the income for living expenses (members of the youth groups often still live with parents), but planned to reinvest it all in recurrent inputs and longer term capital items, such as pumps.

1.1.3.1 *Land use*

The median for land use is about 0.07ha is used for vegetable production, of which 0.05 is under greenhouse + hail net are, but the average is considerably larger (about 0.5ha), when several larger farms are included. Almost all grew vegetables before and have added intensive greenhouse and hail net activities in last year or so.

1.1.3.2 *Crop selection*

Almost all farmers use their greenhouses to produce tomatoes, peppers and cucumbers, although in a few instances cucumbers are not being grown, because farmers say local demand is weak. Hail net areas are used to produce a wide variety of vegetables for the market, most commonly cabbages, tomatoes, green beans, carrots, beetroot, spinach and lettuces. Open areas are used most often for cabbages, maize (usually for own consumption), butternuts and dry beans. Almost everyone produced vegetables previously, though little detail was recorded about this. But as tomatoes and peppers, among others, are widely produced outside the project, it can be assumed that most farmers will have previous experience, at least in respect of these crops, although only a few will have grown cucumbers before.

1.1.3.3 *Livestock raised*

Half of interviewees raise livestock, but only one or two use the 'waste' generated by vegetable production as an input for livestock production (ideally pigs?) – an under-exploited opportunity. However, it is encouraging that almost all who have livestock use them to generate recurrent income – a valuable and sometimes very substantial cash-flow complement to vegetable production.

1.1.4 Farmer Income Streams

Almost all interviewees have farmed in past. With one or two exceptions, notably the members of the urban mushroom cooperative, most appear to have earned quite substantial incomes from farming, but clearly see enough potential in intensive greenhouse and hail net vegetable production to either cease their previous farming activities or add them to their overall farming activities. This reveals that most of the beneficiaries are not the poorest of the poor – maybe only the women in the urban mushroom cooperative fall into this income category – but could be described as upper or lower middle class.

It is not clear if the Project was intended primarily to benefit the poorest of the poor. If so, it has largely missed its target beneficiaries. However, if this was not an explicit objective, but the long term sustainability of the incipient greenhouse industry was, then the project has clearly identified very suitable beneficiaries, i.e. those who have solid sets of farming skills and solid track records as farmers.

As some of the questions and responses below show, no-one indicated that they expected additional inputs free-of-charge in the future – other than technical assistance, when needed. Indeed, most, if not all, appear to have built their track records mainly on their own, without government assistance, prior to being selected as greenhouse beneficiaries. And all seem to be maintaining their greenhouses and hail nets well – though it is still early days for many of those interviewed – and, with one possible exception, to be producing high quality vegetables. While it is clearly too soon to be confident about broadly-based sustainability and a number of challenges remain to be addressed, e.g. around marketing, all of these are positive indicators for the future.

1.1.5 Selection Criteria and Process

The selection criteria and process actually adopted by the Project were not known to either the applicants or the evaluation team. All that could be explored was beneficiaries' perceptions in this regard.

There was a range of channels through which beneficiaries heard of the call for applications, but radio appears to have been one of the most important media. Almost all clearly had an established farming track record as a recommendation – obviously very relevant for the sustainability of greenhouses. Beneficiaries seem well spread by age and gender and, as remarked above, most appear to come from a more or less well-to-do middle class background, with the exception of members of the mushroom farming cooperative. If assisting those close to the bottom of the income pyramid is a priority, it will be important to ensure that effective support continues to be given to mushroom growers.

1.1.5.1 Beneficiaries' understanding of the purpose of the project

It does not seem that the objectives of the Project were clearly explained by the promoters and trainers or understood by farmers. However, most farmers seem to have drawn their own conclusions that it was aimed at improving their livelihoods, helping them develop as commercial producers, improving food security and building export capacity.

1.1.5.2 When and why farmers joined the Project

The greenhouses of interviewees started production from early 2013 to as recently as December 2014. Most beneficiaries saw greenhouses as way to ensure year-round vegetable production. Mushrooms were produced from much earlier. The mushroom cooperative group saw production as a way to improve their incomes, but the individual interviewed started production mainly to address her own dietary needs as she already operates an established farming enterprise.

1.1.6 Government and other Support Institutions

The MAFS and MTICM have both visited – MAFS a little more than half of farmers and MTICM about two thirds. Both seem to have offered advice. Amiran seems to have been the most valuable source of advice and other support for several farmers, but most seem to have relied mainly on their own production skills and the training and systems that Amiran have built into their delivery.

From a production perspective, the following factors have been, and seem likely to remain critical, to the success and sustainability of the Project:

- (i) that experienced farmers with solid track records have generally been selected as beneficiaries;
- (ii) that there are clear, readily understandable systems for operating the greenhouses;
- (iii) that these systems have generally been appropriate for the experience and resources of the farmers concerned, i.e. that the small scale of the undertaking has been in keeping with their skills and resources (and that, unlike in South Africa, there has been no attempt to transfer large scale, complex commercial enterprises as going concerns);
- (iv) that entry has not entailed having to clear the hurdle of securing working capital loans beforehand – and, indeed, should not entail securing credit at any stage (a huge advantage, especially for those who do not own the land that they are using and for cooperatives and associations);
- (v) that solid up-front training in operating the systems has been provided, and
- (vi) consequently, that up to the present it has not mattered critically whether MAFS and MTICM have been able to provide effective support or not – (mainly MAFS for production). Once Amiran's staff leave Lesotho, it will become more important for MAFS, in particular, to provide production support. However, in general, the further farmers enter the realm of commercial production, the less they should be looking towards public extension services and the more towards private sector input suppliers and off-takers for support. So it will be even more important for Amiran to ensure that all greenhouse beneficiaries have comprehensive manuals and ready access to remote support through e-mail and mobile phone.

1.1.6.1 Training Quality

All greenhouse beneficiaries seem to have undergone solid training on the operation and maintenance of greenhouses. Most seem also to have attended farm and/or business and/or financial management courses and several have also attended marketing courses. Mushroom growers seem to have received basic training on mushroom production and business development. In conjunction with farmers' own previous experience this seems to have equipped them with most of the relevant skills for successful operation of the greenhouses, which their track records suggest they will mostly be diligent about applying.

Both Ministries seem to have been active in providing training. Although Amiran was not always mentioned, it can be assumed that they were the agency that provided the training on greenhouse operation and maintenance in all instances.

1.1.6.2 Lessons learned by farmers from training

The feelings of farmers about training were mixed, but few specific suggestions were made about how to improve it. Perhaps most significantly, no one seems to have felt that they were unable to operate their greenhouse adequately as a result of poor training, though it is still early days for many. All or most will no doubt benefit from the on-the-job training that day-to-day experience provides. In respect of mentors, farmers' feelings were also mixed, but where they not satisfied, mentoring seems again not to have been seen as a major problem.

1.1.6.3 Farmers' competence to mentor others

All farmers feel able to help others. Indeed, many have already done so. This indicates that others are not seen as competition or a threat. Rather, there is a general keenness to help improve the livelihoods of others. For this not to lead to over-supply and downward pressure on prices, farmer coordination will be needed. Greenhouse farmers in several areas seem already to be collaborating to assist continuity of supply, which will also automatically lead to self-regulated quality assurance (see below).

1.1.6.4 Vegetables Selection

On the whole, the quality of tomatoes, peppers and cucumbers – the main vegetables produced in greenhouses – appears to be good. However, their selection seems to have been supply-, rather than demand-, driven. Where hotels, guesthouses are not sufficiently numerous or are too distant, this appears to have led to difficulties in marketing cucumbers. Evidently most local consumers buy vegetables chiefly to cook to make 'sauces' to eat with maize meal (staple diet) and neither cucumbers nor lettuces lend themselves well to cooking.

In the instance of mushrooms, the Chinese community in Lesotho seems to constitute the biggest market. This requires producers to be near enough to an urban

area where a sufficient number of Chinese people live, e.g. Maseru and Maputsoe, where the majority of the textile and clothing factories are.

To date, the ability to penetrate the extensive South African market has been limited. While the quality of vegetables appears to be adequate, links to the major retail chains, which would facilitate exports, remain to be engineered. Only a few farmers, such as the fruit farmer interviewed, have been able to achieve this so far, although the latter says he is willing to use his connections to help any greenhouse farmer who meets retailers' quality and quantity/continuity requirements to export. This points to the need:

- (i) for farmer coordination through the formation of a greenhouse farmers' association, and
- (ii) for the development of a market centre with cool storage facilities and accompanying SPS and quality assurance facilities, logically in Maseru. On the South African side, SPS control facilities evidently do already exist at Maseru Bridge.

1.1.6.5 Production Problems

The most frequent challenges for greenhouses seem to be around water supplies (continuity and pump security), the production sensitivities of cucumbers and markets for cucumbers and lettuces (where there are not sufficient hotels and guesthouses to sell to). As greenhouses are best suited for climbing and trellised crops, if cucumbers (a climbing crop) are phased out in many instances, this means having to find suitable alternatives. If yet more tomatoes (also a climbing crop) and peppers (a trellised crop) are not to be produced, standardized systems to produce other climbers/trellised crops, such as eggplant (a trellised crop), may need to be developed and the relevant training given. But although eggplant cooks well and is ideal for adding to maize meal 'sauces', it does not presently appear to be in great local demand, so the market may need to be built.

A further production problem is that larger farmer groups in associations/cooperatives seem to be more difficult to organize than small, not surprisingly. This is not to imply that greenhouses should not be awarded to groups, rather that where this is done, special attention should be given to supporting, monitoring and evaluating the beneficiaries, for example through assisting them with instituting individual performance-based incentive/reward systems.

In the instance of mushrooms, spawn supply and price seem to be the main production challenges. (The field interviews did not test for knowledge about food safety issues but from the Maseru interviews it transpired that the important Denmark contract (exporting 100kg of mushroom per week to South Africa) was lost due to Lesotho's inability to certify the mushrooms as safe for human consumption.)

(See also 'overcoming obstacles' 1.1.10 below.)

1.1.6.6 Marketing arrangements

It seems that most markets have been found and are served by farmers on their own, although it is possible that MTICM may have helped make connections initially in a few instances. Whatever the case, it is clear that all farmers currently market on their own and are busy adapting their production to meet local market demand, rather than just sticking to original supply designs, e.g. for the production of cucumbers. Although some have been told that MTICM intends to set up a marketing centre and a refrigerated collection service, no-one is relying on this.

However, those with an eye on organization appreciate the benefits of building collaborative teams to help continuity and quality of supply – and have already started this. Over time it is possible that a greenhouse owners' association may be formed to take local initiatives to their logical conclusion. If this does happen, the impetus seems more likely to come from the farmers themselves than from government. However, it may put pressure on government at least to deliver on the establishment of a market centre with appropriate short-term cool storage facilities, even if the refrigerated trucks don't materialize (which farmers will probably be wary about relying on for collection at the right moment in any event).

1.1.6.7 Market prices

Prices received obviously vary from farmer to farmer, but all within credible ranges. Only one reports using the internet for market information at this point, though several indicate the desire to do so. It is not clear how detailed current market information is, i.e. the degree to which it reflects local market conditions or whether more information would influence the prices actually received, given the cost and time involved in transport to other markets where prices may be higher.

Farmers could relatively easily realize higher prices through:

- Grading: farmers currently sell produce at prevailing prices in market, or slightly lower. In the case of tomatoes, for instance, the market price in most areas is usually for grade C tomatoes imported from South Africa. The quality of greenhouse tomatoes is generally far higher - and could fetch better prices if properly graded, especially from high-end urban customers, such as hotels and restaurants.
- Additional maturation: all peppers start and grow green. Yellow and red pepper seedlings may cost more, but their end product usually fetches more when sold in their mature colours to supermarkets. Many farmers do not wait for the peppers to change colour and short-change themselves by selling them at the lower green price. While local consumers may not always be prepared to pay a premium for red and yellow peppers, restaurants and supermarkets are generally willing to.
- In the instance of mushrooms, a critical marketing constraint is the absence of an adequate market away from areas where many Chinese people are resident. There do not seem to be any exports of the oyster mushrooms produced in Lesotho, perhaps partly because the main demand in South Africa is for button mushrooms.
- Given the recent 150% rise in the price charged for spawn by the Masianokeng laboratory (from M2 to M5/unit or US\$0.16-0.41), the fact that producers report being instructed or advised (evidently by government) that they should not increase the selling price from the standard M40/kg (US\$3.32) is concerning, as the gross margin on production is now so slim that it barely justifies the time spent on production (see Annex B 19 below), even for very poor producers.

1.1.6.8 Record Keeping

Almost all farmers now keep written records and the few who don't want to do so as soon as possible. No accurate details were provided as to actual income, expenses and profit/loss realized, but it can be assumed that calculations are being or will be made. Even those who don't currently keep written records, e.g. the mushroom cooperative, clearly know sufficient about current and previous production and sales to know whether they are making or have made a profit and if this is being squeezed by rising input costs.

The calculations made by interviewee “Nr 5” indicate that a well-kept greenhouse + hail net should yield an excellent annual net income (of close on M50,000 or US\$4,150), even once recurrent inputs are being paid for by farmers. If numeracy and basic financial literacy were used for beneficiary selection criteria, this should help to ensure the long-run sustainability of the greenhouses. It should also be a priority to assist mushroom farmers to start keeping records, if they are not already doing so.

1.1.6.9 Data Collection

By and large government does not seem to have been involved in collecting data from farmers and can therefore have not contributed in this respect to the selection process. It would also appear that neither ministry is monitoring the performance of greenhouse beneficiaries and mushroom farmers. Farmers are doing this on their own – another indication of self-sufficiency and probable sustainability.

1.1.7 Financial Aspects

1.1.7.1 Funding for Inputs

It should be recalled that all greenhouse beneficiaries received their fixed infrastructure – other than the platform used to raise the water tank, building stone and sand, cement and own labour – as well as their movable equipment (e.g. sprayers and protective clothing) and their first round of recurrent inputs as grants. One farmer estimated his own contribution to total initial capital costs at about 20%, another at about 10%. In monetary terms, this was reckoned at about M24,000 (or US\$1,992). For many, the biggest capital outlay will have been a water pump. Farmers will have to pay all future working capital costs and for any additional items of fixed and moveable equipment themselves, e.g. plastic sheeting needs replacing after 5 years and several farmers see the need to install a bigger feeder water tank to cope with supply interruptions. This is clearly understood by all.

While farmers appreciate the substantial up-front grant component, their commitment to making the grant received the basis of a sustainable enterprise was tested by the need for the smaller, but still significant contribution of their own capital (and labour time). No farmer voiced unhappiness about having to cover all future costs himself.

Other than those who had received their greenhouses and hail nets a month or two before the interviews, everyone will by now already have had to start paying for recurrent inputs by themselves. Even in the one instance of a farmer whose crops did not look as well looked after as they might have been, there was no indication of not having been willing to pay these costs himself. Again, this bodes well for sustainability, because so often projects start to collapse as soon as farmers have to start putting in their own working capital.

1.1.7.2 Access to Financial Products

Only in one or two instances did a farmer or associations borrow – it was not clear why in both instances. Several report that it is very difficult for poor farmers to access formal commercial credit – which one knows to be correct. However, what is perhaps more important is that, in most instances, it has not been necessary to try to borrow in order to get and keep farming moving (see 1.1.6. above). The greenhouse and hail net package included sufficient initial working capital as part of the overall grant and the income generated from harvests seems to have provided at least sufficient working capital for no-one to have to look for credit to finance subsequent rounds of inputs. It is also worth noting that the initial working capital grants came in the form of physical inputs, not cash, thereby avoiding the temptation to use the cash for other purposes – and no-one saw fit to try to sell the inputs, always a possibility even with in-kind grants.

1.1.7.3 Financial Products Used

About half of farmers have either a formal and/or an informal savings account. In the instance of informal savings and credit groups, this would open the way for borrowing (against the collateral of savings), but no farmers reported having tapped this source of credit for farming.

Despite the availability of mobile phone transmission facilities and the widespread ownership and use of mobile phones even in rural areas, no-one is yet making use of them to reduce the cost and time of transactions, either for inputs or for sales. In Kenya, this has almost become standard. Over time, this can be expected to start to happen and to provide significant cost savings for farmers, thereby adding to the sustainability/profitability of greenhouse (and mushroom) farming.

1.1.8 Broader Impact

While the statistics provided are only approximate and in many instances are no more than guesstimates, clearly both the households of the farmers and those of their employees have benefited substantially. The numbers of permanent employees vary from 0 to 3 (when all smallholding farming activities, not just those related to greenhouse and hail net operations are included), but seasonal and part-time employment should also be added, with up to as many as 10 benefiting in the instance of individual greenhouses and 40 for associations. On average, probably 4-5 additional household members also benefit for shorter or longer periods from each full-time or part-time position.

Farmers who have been operating greenhouses for more than a few months seem to have been earning additional income of several thousand Maloti per month (averaging around M4,000 or US\$333.33), although such figures should be treated with particular caution. Several farmers made the point that the broader community in their immediate locality has also benefited from proximity to better, cheaper supplies of vegetables, with disadvantaged sections benefiting especially from donations by farmers.

1.1.9 Sustainability

With no further grants or subsidies and with very little assistance from government expected, the universal intention to continue with greenhouse – and even mushroom – farming (given the very low return on the latter following the increase in the price of spawn) is a very positive indicator of sustainability in the foreseeable future.

1.1.10 Overcoming Obstacles

Recurrent themes in farmers' concerns, aspirations and matters arising include:

- the need to ensure quality and continuity of supply in order to secure continued access to large urban retail markets, both in Lesotho and in South Africa
- the need to be able to penetrate South African markets, especially as more greenhouses come on-stream in Lesotho, if vegetable prices are not to fall too sharply

- the need for greenhouse farmers to organize themselves into an association to facilitate market penetration and retention
- the importance of the contribution that a market centre in Maseru with cool storage could make to ensuring continuity of supply and access to South African markets
- the help that MAFS and MTICM could make to ensuring quality and continuity, especially once Amiran no longer has staff in Lesotho; and the importance of manuals and electronic/mobile phone contact with Amiran in Kenya after its staff leave Lesotho
- the need for continuity of supply of Amiran and other inputs, especially if/when Amiran field staff are no longer located in Lesotho
- the need to add security to water supplies, in many instances through adding large feeder tanks – and the additional capital investment needed by farmers
- the need for fences and/or guards to prevent the theft of pumps and vegetables as well as damage by livestock – and, again, the additional capital investment and working capital needs entailed for farmers.

1.1.11 Sustainability Indicators

A number of broad characteristics of greenhouse vegetable production that emerge from the field research suggest a high likelihood of sustainability, especially if the issues listed in 4.9.1 are adequately addressed:

- The Project has clearly identified very suitable beneficiaries, i.e. those who have solid sets of farming skills and solid track records as farmers; most, if not all, appear to have built their track records mainly on their own, without government assistance, and most seem currently to be relying largely on their own production skills and the training and systems that Amiran have built into their delivery.
- Almost all greenhouse beneficiaries appear to have freehold tenure; however, working capital is being derived primarily from savings, not credit using land as collateral. Entry has not entailed having to clear the hurdle of securing working capital loans beforehand – and, indeed, should not entail securing credit at any stage (a huge advantage, especially for those who do not own the land that they are using and for cooperatives and associations). In most instances, it has not been necessary to try to borrow in order to get and keep farming moving. Production generates strong positive cash flows from early on, the continuity of which can be increased by staggering planting times.

- While farmers appreciate the substantial up-front grant component, their commitment to making the grant received the basis of a sustainable enterprise was tested by the need for the smaller, but still significant contribution of their own capital (and labour time). No-one indicated that they expected additional inputs free-of-charge in the future – other than technical assistance, when needed. No farmer voiced unhappiness about this. Other than those who had received their greenhouses and hail nets shortly before the interviews, everyone will by now already have had to start paying for recurrent inputs him/herself.
- There are clear, readily understandable systems for operating the greenhouses and solid up-front training in operating the systems has been provided by Amiran. Consequently, up to the present it has not mattered critically whether MAFS and MTICM have been able to provide effective support or not – mainly MAFS for production. These systems have generally been appropriate for the experience and resources of the farmers concerned, i.e. that the small scale of the undertaking has been in keeping with their skills and resources (and that, unlike South Africa, there has been no attempt to transfer large scale, complex commercial enterprises as going concerns). While the production systems are by no means risk-free, relative to normal dry land crop farming, and even open field irrigated farming, the risks are comparatively low.
- Most markets have been found and are served by farmers on their own; all farmers currently market on their own and are busy adapting their production to meet market demand.
- Almost all farmers now keep written records of inputs and outputs, costs and income. The few who don't yet want to do so as soon as possible. Most farmers appear to be monitoring their performance without government assistance.
- All farmers feel able to help others. Indeed, many have already done so. This indicates that others are not seen as competition or a threat. Rather, there is a general keenness to help improve the livelihoods of others.
- Many younger farmer/farming groups are engaging in greenhouse production and many of the most articulate and impressive farmers are women.
- With no further grants/subsidies and with very little assistance from government expected, the universal intention is to continue with greenhouse – and even mushroom – farming.

2. Stakeholder Interviews

The stakeholder interviews that were done in Maseru and at the Mushroom Laboratory took on the form of more informal conversations about the HPTD Project, its successes, challenges and failures.

2.1 Freight Relationships

Unfortunately, a significant amount of time was spent on the recent withdrawal from the project of the MAFS and the reasons for its non-participation. Within this context, conversations centred around the issue of the vehicle purchased in recent months with the view to enable MAFS extension officers to join Amiran in the field during the second phase of the greenhouse implementation and training. Unfortunately there remain unresolved issues surrounding the release of the vehicle for this purpose.

Whereas the evaluation will not draw any conclusions regarding this dispute, the vehicle problem however points to a broader problem of freight relationships between the various actors that the HPTD Project relies on for its success.

In this regard it would seem that the problems of the project actually originated during the very design phase of the Project with incorrect procedures being followed during this phase, which still affects the Project today.

2.2 National Steering Committee

Another significant portion of the interview time was spent on visiting members of the National Steering Committee, who should have strong interest in oversight and insight to the success of the Project and therefore play a strong role in the steering of the HPTD Project. However, it emerged that the NSC had only met twice during the lifespan of the HPTD Project making the NSC a redundant structure with no national influence over the Project.

2.3 Private Sector

Interviews with the private sector, including Shoprite and Pick n Pay, pointed to the enormous potential for local Basotho farmers to satisfy the local market even before the export market in South Africa needs to be explored. Both these two supermarkets do buy from the greenhouse farmers on an ad hoc basis for now. However, it is of critical importance that these supermarkets can rely on consistent and regular supply

of quality produce from the greenhouse farmers. For this to become a reality, there should be strong coordination via the market centre or via a greenhouse association. If the HPTD Project will fail to establish a market centre, the hard work and cost that has gone into establishing greenhouse production might not realize its full potential.

Whereas standards certification and food safety testing is not important in terms of selling produce to local supermarkets, it will become increasingly important once the export market to South Africa is explored. As the loss of the Denmark contract for mushroom exports has shown, the FFV producers will only be able to export once Lesotho can certify the products. In this regard the HPTD Project is in danger of being held hostage to political processes in Lesotho, as the certification process is still waiting for the passing of the Standard's Bill through parliament. It is hoped that the February 2015 elections will resolve the current political impasse.

2.4 Donors

Interviews with the Chinese representation in Lesotho have shown that there remains a strong interest in the development of Lesotho mushroom production from the Chinese government and additional projects on soil erosion and water quality.

The interview with the UNDP established that due diligence is being followed within the Project and increased interest in the further exploration of greenhouse production methods by a variety of donors, including the World Bank, World Vision and the Chinese Government.

D. All Stakeholder Comments and Feedback with Evaluation Team Response

ALL STAKEHOLDER COMMENTS AND FEEDBACK ON THE DRAFT EVALUATION REPORT

No.	Identifier (relevant paragraph number, page number, Annex number, or other reference.)	Your Question/ Comment	Evaluation Team Response
1	General	<p>This MTE is well reported covering the requirements of a good MTE. It will be of value to the project if the recommendations are discussed by all project stakeholders particularly when there seem to be problems with implementation due to weak communication amongst project stakeholders and lack of stakeholder during the design stage of the project. Outcomes of this discussion should feed into remaining implementing years of the project.</p>	<p>Noted. Our recommendations include a revival of the National Steering Committee, which should represent all of the stakeholders and take care of this matter.</p>
2	General	<p>I think the fundamental problem with this project as has been highlighted in the draft evaluation report is that it was conceived and formulated by the NIU without consultation of relevant stakeholders, hence the animosity that seems to be occurring between the NIU Coordinator and the Project Manager. Had proper procedures been followed, there wouldn't be this problem of who should be reporting to who, because it is very clear as to what should be happening in projects that are co-funded by Government and donor/s. As long as we have a situation whereby the NIU is conceiving projects on its own, there will always be these problems and hence unsustainable projects that will be cropping up all over the country. The other problem is that the NIU has been acting as if they are mainstream civil servants, whereas their responsibility is to provide technical expertise in the coordination and implementation of EIF programmes in the country. Perhaps the problem that caused this is that there has not been a substantive Focal Point for a long time which gave a lot of leverage for the Coordinator to act as both the Focal Point and Coordinator so to speak.</p>	<p>Noted - we have added something on the role of the focal point. Have also added a point about the weakness of the focal point in the Summary.</p>

3	Way forward	It is good that the MTE is calling for a stakeholder meeting to discuss the way forward. The terminology to "reopen" the project document could however be somewhat misleading. The project activities, and particularly those that were planned but not being implemented / where implementation is problematic should certainly be reviewed and fresh and innovative ideas developed. Any changes will be governed by the MoU with UNOPS and agreed with the ES.	Noted - we have rephrased 'reopen'
4	General	<p>The Project title should read Productivity and Trade development programme.</p> <p>There is a need to clarify the difference between the NIU team (now being established and did not exist in last 8 months) and the EIF Coordinator. In the entre report mentioned is made of the (interviews with the NIU) and I presume this is in reference the EIF Coordinator.</p> <p>Rest of the report is very fair and is true reflection of the project status.</p>	The Letter of Agreement to the HTPD refers to "the Project" so will keep it as project and not programme.
5	General	Change the header from ITC - HPTD Programme to ITC - HPTD Project. In addition throughout the document, remove reference to the word programme and replace with the word project - there is inconsistent in the document.	The Letter of Agreement to the HTPD Project refers to "the Project" so we have kept it as Project and not programme.

6	Other:	Issues of ongoing business practices, repairs of structures and finance for seasonal inputs does not come up as an issue which is a little surprising.	We have addressed 'repairs' to greenhouses by adding this into Recommendation 9 as another need for a revolving loan fund. The need for Lesotho to train local staff and provide adequate budget for the mushroom laboratory to be properly maintained and for new equipment to be purchased as necessary is included in Recommendation 4. In respect of farmers' need for finance for seasonal inputs, it was pointed out clearly in par's 51, 82 and especially 97 (2 nd , 3 rd , 4 th and 9 th bullets) that there is little or no need for farmers to
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			borrow for this purpose (now noted explicitly in Finding 9) – a great strength of the project and a very important indicator of likely sustainability.
7	Other:	Given the possible linkages with the World Bank project in a similar area it is unfortunate that they were not able to be interviewed. Every effort should be made to include them in the finalisation of the MTE and/or the follow-up exercise.	We tried all avenues to secure an interview to no avail. Agreed that this is unfortunate.
8	Other:	It is not clear to what extent partnerships have been achieved with the major supermarkets that have expressed an interest in increased local sourcing and what role they could play going forward?	We have addressed - added on page 89.
9	Other:	The leveraging of interest from World Vision (and perhaps others) could be critical	Agreed - but World Vision should be made fully aware of the current problems that the Project is experiencing and of the importance of pulling farmers in to associations
10	Acronym List, pg. 3	Delete GDP and OECD from the list, the acronyms or titles do not appear in the text.	Noted
11	Acronym List, pg. 4	Change: In the full name next to WTO, change the word "Organisation" to "Organization"	World Trade Organization used throughout
12	Counterpart fund (pg. 5, 6, 13 and 41):	While it may be an unintended good practice, it is important to clarify project funds with counterpart funding e.g. China. Any further details would be welcome.	We have no information about this other than what is already noted in Recommendation 4 and in para 74.
13	Summary Table, page 5, line immediately below column headings	Put HPTD in full and have the acronym in brackets afterwards	Addressed
14	Item 1, page 5, under Supporting Evidence/Examples	Put MTICM, PS, MAFS, MNDP all in full and have all acronyms in brackets after each title.	Addressed

15	Recommendation 1 & 3	It is my understanding that it's not possible within EIF rules that the EIF Board approved project can be re-opened. Secondly the Ministry of Trade (MTICM) could initiate an operational MoU that is signed by the other 2	We have replaced the word 're-open' with 'renew', which will hopefully ease EIF concerns. MTICM can work with MNDP to resolve the crisis as best they see fit.
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		Ministries in which the Planning Officers will take responsibility to ensure responsibility and accountability of the divisions. This applies to the role of BEDCO as well.	
16	Recommendation 1, second-last line below the title	Put BEDCO and LNDC in full and have the acronyms in brackets afterwards	Addressed
17	Item 2, first column, line 11, pg. 5	Change: materialised to materialized. In accordance with ITC style guide and UN editorial manual (both available on the Internet).	We used English UK throughout the text and will keep to this spelling unless it is a name.
18	Item 2, under Supporting Evidence/Examples	Put NIU in full and have the acronym in brackets afterwards	Addressed
19	Recommendation 4	There is need to contextualize the role of the Chinese government vis-à-vis the EIF project. The Chinese technical support was appropriately invited by the Ministry of Agriculture to complement the IF and now EIF project on mushrooms. Therefore this complementarity between EIF project and the Chinese technical support must be applauded and it does not adversely affect the EIF inputs. (Please also amend para 91 in this regard)	We did not intend to sound negative about the Chinese technical support. We do agree that it is very beneficial. We have added in a note to this effect.
20	Recommendation 4, line 8 below the title	Put FFV in full and have the acronym in brackets afterwards	Addressed
21	Recommendation 4, line 5 below Action by:	Put MAFS in full and have the acronym in brackets afterwards	MAFS already written out under Recommendation 1.
22	Implement as a Partnership project (pg. 3; items 5, 6 and 7; pages 12-14)	Strengthen project implementation through effective coordination of the partnership between the ITC, MTICM, and MAFS as well as the NIU in order to secure participation and confidence in implementing the project. This partnership is important, for instance, if the farmers' cooperatives were to succeed. Also investigate and clarify roles in the partnership.	We have left the exact roles and communications channels deliberately vague at this point as the stakeholder meeting should address this and the stakeholders themselves decide on the best way forward. Local knowledge and relationships will determine how best to ensure strong communication between ITC, MTICM and MAFS.
23	Item 5, first column, line 4	Put SPS in full with acronym in brackets afterwards	Addressed

24	Recommendation 5	The remaining programmed activities are prioritized and the work-plans were agreed with representatives of MTCIM and MAFS in October 2014, and also discussed with government senior representatives (PS- MTICM, Government Cabinet Secretary, Lesotho Ambassador to Geneva) in January and are all scheduled for Q1 of 2015. The issues of Standards Bill and related legislation remain the responsibility of both MTICM and MAFS.	Footnote added as clarification.
25	Item 6, page 7, column 1, line 5	Change M&E to monitoring and evaluation and have the acronym in brackets afterwards	Addressed
26	Recommendation 6 & 10:	Further organisational issues that arise in the analysis could be dealt with in more detail in the recommendation, particularly considering issues of sustainability of operations / ongoing support post project. Is it only the two assistants that should be brought on, or is there still a need for the other positions as well?	There is not much budget to bring on more additional staff but the full budget should be explored for effective implementation. Where items have been budgeted for, but are found to be no longer necessary, reallocation should be considered and discussed with ITC.
27	Recommendation 7, line 3 below the title	Change: the word that to than	Made use of 'that' (correct) clearer by adding in a comma.
28	Recommendation 6	Correction is necessary on this point. The fact that there is a documented communication challenge within the local team does not suggest ITC has any communication problems with stakeholders (see your paragraph 12), and in accordance with the project document as designed by the country. Page 29 of the ProDoc shows that ITC is expected to partner with the technical sections in the various Ministry departments. Page 30 clearly shows the direct interface between ITC and Government departments. Page 32 also shows the link of work for the ITC and the various departments via the NIU and the Project Steering committee. So does page 33 and with clear narratives of who does what with whom on page 34. ITC and government are fully aware of the dynamic of internal communication challenges and this is yet to be resolved by government. Your para 44 correctly summarize the unfortunate reality and could be improved.	Noted. Our conclusion is still that clearer communication lines would benefit the project. Keeping key stakeholders in copy also of importance. Have made some adjustments to show that ITC not in the wrong here but that project implementation can benefit from better communication.
29	Item 8, page 9, line 3 in third column	Put SADP in full with acronym in brackets afterwards	Addressed

30	Item 9, column 1, page 9	Put EIF in full and have the acronym in brackets afterwards	Addressed
31	Item 9, column 1 and para 51, line 2	Change: hail net to hail net and ensure consistency throughout the text	Addressed
32	Recommendation 9:	A revolving fund could be useful, but the recommendation could also leave the door open for other such innovative mechanisms, such as linking into Government financing sources, private sector / banking initiatives etc...	Addressed by including reference to Recommendation 11, i.e. the need for well-functioning data collection and analysis system to facilitate established farmers' access to bank/non-bank loans.
33	Recommendation 9, column 3, line 9	Put SMEs in full with acronym in brackets afterwards	Addressed
34	Recommendation 10	<p>The project budgets for coordination are limited to the costs of the Project Manager and ITC personnel that are managing the technical implementation. The EIF Board approved the project with the understanding that the staff hired in the NIU would be tasked to support Tier 2 project implementation as reflected on page 33 of the ProDoc, and this NIU team would work with the Project Manger as part of their learning on project management and coordination.</p> <p>On the other hand budgeted payroll costs for the agronomists are yet to be spent because the then Director of Crops (MAFS) advised against the recruitment of external agronomists since sufficient teams already exist and she decided in October 2014 that these funds will be used for procuring additional greenhouses for the people.</p>	From the budget, however, it would seem as if there is space for additional support staff. In interviews with the EIF Coordinator and the Project Manager it was explained that such staff will be employed based on the recommendation of the MTE. It is unclear why the ProDoc text would differ from the budget. It remains our conclusion that the Project Manager urgently needs assistance.
35	Recommendation 11	The issue of lack of M&E is concerning and should be considered in any follow-up and perhaps as part of recommendation 11	Agreed and have added to Recommendation 11.

36	Recommendation 11	<p>Already experts hired from South Africa working on data generation system after field assessment mission to Lesotho and following exposure mission to Uganda and South Africa by the Lesotho team (MTICM/MAFS). Please note that initial training on record keeping is done during greenhouse training phase, and financial and production management is second phase training already planned for 2 of 2015.</p> <p>According to ITC information MAFS and MTICM (department of Marketing) already compiling data for the project as well for other internal projects.</p>	<p>No farmer reported the collection of data, other than by the volunteers assisting the PM, in some instances. Hence it is reasonable to conclude at least that there is no properly functioning system to collect data – even if a system has been established to analyse the data, which one of the volunteers working in MAFS said there did not appear to be. Hence her request for hardware and software to do the job. So it would certainly seem that whatever SA expertise was taken aboard to develop such systems and whatever building of MAFS/MTICM staff capacity to utilize these systems was done at the start of the project has not translated into functioning systems to collect and analyse data. We have reworded the ‘findings’ under Recommendation 10 to reflect this. And we have reworded the ‘recommendations’ to note that advantage needs to be taken of the ground work that was done to put such systems in place at the start of the project. The intention of the Project to focus on developing farmers’ financial and management skills is noted in Finding 3.</p>
37	Item 11, pg 9	Move the start of the item to the beginning of the next page	This has sorted itself out through other edits done.
38	Page 10, third column, below “Collection and Analysis”, second paragraph, line 3	This is the first time Amiran is being referred to; indicate the full corporate title – Amiran Kenya Ltd. And show (Amiran) in brackets afterwards. You may want to put their website in a footnote for reference.	Done
39	Recommendation 11, 3 rd paragraph below the title	Change: analyze to analyse	Addressed
40	Item 12, first and second columns	Put a space between the words cell and phone.	Addressed
41	Recommendation 12	Change: Whatsap to WhatsApp.	Addressed

42	Engaging Stakeholders (Pg. 12, 23, and 25)	As recommended, it is important that engaging stakeholders in the project, especially line ministries like agriculture, be stressed going forward in order to correct for initial errors during the design and implementation of the project.	Noted and hoping that our Recommendation 1 is strong enough to take care of this.
43	Paras 1, 12, 17 and 24	Change: Mid-term to Midterm to ensure consistency throughout the text.	Addressed
44	Communication and Reporting (Pg 13, 26, 27)	Address the various communication lines between the partners of the program, ITC, line ministries and the NIU. Unresolved communication channels can adversely affect national ownership. Stakeholders need to be updated on project activities and provided with reports on progress of project implementation. This also warrants that data requirement be prioritized.	Our recommendation on communication and reporting stands as well as our recommendation that the National Steering Committee should meet regularly in order to discuss progress based on Quarterly Reports.
45	Para 4, line 8	Put DSQA in full and have the acronym in brackets afterwards.	Addressed
46	Para 8, line 1 and sub-title immediately above	Change Lessons Learnt to Lessons Learned	Addressed
47	Para 10, line 2	Change: realised to realized	Using English UK spelling
48	Para 10	There is need to correct a small detail but very significant <i>“there recently seems to have been no urgency on the matter from the NIU, the Programme Manager, the MIE”</i> . Right from the beginning ITC has always requested for the site and even with official letter sent to the MTICM on this matter. It is evident from ITC point of view that unless decision is made by the MTICM there is nothing the PM, EIF Coordinator or ITC can do secure that site.	Addressed
49	Para 14, line 9	Change: logframe to logical framework	Addressed
50	Paragraph 16	ITC agrees with this recommendation and was waiting for the Evaluation in order to bring these recommendations to the attention of the new team.	Noted
51	Para 16, line 2	Put a space between new and political	Addressed
52	Para 21 onwards	Change all reference to US \$ to US\$ There should be no space between US and the dollar symbol. Ensure this is consistent throughout the text.	Addressed
53	Table one, page 18	Change column heading “Partner Organisations” to “Partner Organizations”	Have opted for English UK spelling
54	Table one, page 19, third column to Outcome 2	Change: standardisation to standardization	Have opted for English UK spelling
55	Table two, page 22, under Evaluation Questions, next to	Put MDGs in full and have the acronym in brackets afterwards	Addressed

	Potential Impact		
56	Para 27, line 1	Change “project” to “midterm evaluation”	Addressed
57	Para 29, line 1	Change: Ms to Ms. There should be a full stop (period) at the end of title abbreviations.	Addressed
58	Para 31, lines 1 and 10	Change: synthesised to synthesized	Have opted for English UK spelling
59	Para 32, line 2	Put UNDP in full with acronym in brackets afterwards	Addressed
60	Para 32, line 3	Put PSC in full and have the acronym in brackets afterwards	Addressed
61	Paragraph 33	There was an initial delay in the signing of the Letter of Agreement (LoA) between ITC and the Government of Lesotho, which had to do with incorrect procedures being followed during the design phase and initial implementation of the programme. <i>On one-side the delay was mitigated by ITC who proceeded with the procurement process of the greenhouse kits during the delay, and pending receipt of the LoA from government. However, ITC couldn’t commence capacity building activities on the ground without the signed Letter of Agreement, which only happened 9 months after project approval by EIF Board.</i>	Added suggested sentence to para 33
62	Paragraph 35	The programme document was only submitted to the EIF Appraisal Committee, who approved the project and made arrangements for UNOPS to transfer the necessary funds, <i>believing that local processes had been complied with.</i>	Included qualifying phrase to para 35.
63	Paragraph 36	Please amend as follows “ <i>It was only when the ITC sought the LoA from the Lesotho Government that it became apparent that the correct local procedures had not been followed</i> ”.	Done
64	Para 38, line 9	There is reference to “Denmar”, if this is a company, please provide full company name. When checked on the Internet, Denmar does not appear as a company in South Africa but rather a hospital. Having the full name of the company would be helpful.	Done
65	Page 26; para 40; third lined	Correction: the Project Manager currently makes use of 1 (one) volunteer at the Department of Marketing	We met two volunteers in the field that were assisting the Project Manager. Our understanding was that both were from MAFS.

66	Paragraph 41 & 42 And Paragraph 156 & 157	According to the project the hiring of local experts is subject to their being part of the capacity building by international experts on the various technical areas, and with a view that these local experts drawn from the MAFS, MTICM etc would then assume responsibility towards technical sustainability of the project. Budgets are thus secondment fees for these locals who would work with international experts training on Agronomy, Supply Chain management within the site of the Market Centre, Fresh produce Supplier Researcher, Produce Quality Expert and Food Inspectors, Supply-chain Experts-NOT DRIVERS or the PM. Where savings have been achieved these will be deployed for support needy project areas.	The Project Manager is in very deep need of an assistant, which is in the budget. Where other budgeted items have fallen away it was possible to reallocate funding towards necessary items. The same can be done here if there is a technical hitch towards employing a project assistant.
67	Para 46, line 7	Change: authorise to authorize	Have opted for English UK spelling
68	Para 50, line 4	Change: "The spend" to "The amount spent"	Addressed
69	Para 51, line 4	Insert a space between the words cash and flow	Addressed
70	Paragraphs 53 onwards	Paragraphs 53 onwards talks about delays in the programme, however, the executive summary notes that although there was a delay in signing of the project the project has remained on track.	The real delays will start to be felt now that no market centre space is available. Unfortunately it affects a large chunk of all planned activities. This is not due to the delayed signing of the letter of agreement but due to the absence of a market centre.
71	Paragraph 56	No work has been done on the activities leading to the Output 2.2, which should see the establishment of three Export Production Cooperatives. This is because ITC (MIE) needed to first establish which of the groups provided with greenhouse have acquired reasonable productivity and technical skills to be transformed into EPCs, (see observation para 70).	Amended
72	Para 65, page 32, line 7	This is the first time Pick n Pay is being referred to; indicate the full corporate title – Pick n Pay Stores Limited and show (Pick n Pay) in brackets afterwards. You may want to put their website in a footnote for reference.	Pick n Pay already mentioned in Recommendations so have added full name and footnote there.
73	Para 65, page 33, line 5	Change: organised to organized	Have opted for English UK spelling

74	Para 65, last line	This is the first time Shoprite is being referred to; indicate the full corporate title - Shoprite Holdings Ltd. and show (Shoprite) in brackets afterwards. You may want to put their website in a footnote for reference.	Shoprite already mentioned in Recommendations so have added full name and footnote there.
75	Para 67, line 4	Put GoL in full and have the acronym in brackets afterwards	Addressed
76	Para 67 and 68, quotations page 33 and 34	At the end insert footnotes providing bibliographic information based on the following: Organization. Name of the book or source document, (month, year), page number.	Addressed
77	SPS (pg 37)	If export is the goal, inadequate SPS facilities should be addressed going forward.	Noted
78	Para 78, line 6	Insert the US\$ equivalent to the 4 million Maloti in brackets immediately afterwards, and insert a footnote indicating the exchange rate used for the calculation.	Addressed
79	Para 80, line 4	Change: "An MoU..." to "A Memorandum of Understanding (MoU)"	Addressed
80	Para 84, line 4	Insert the US\$ equivalent to the M4 000 per month. Decide whether you will use the word Maloti or M, either way be consistent with the use throughout the text. If you use M, be sure to include it in the acronym list. Also when putting amounts into thousands, use a comma (,) - in this case it would be 4,000. Insert the US\$ equivalent to the M4 000 per month in brackets immediately afterwards.	Addressed

81	Paragraph 93	Reports from MAFS and in particular horticulture farmers' supervisors and farmers themselves was as follows, "The variety of the cucumbers that we grew ripened earlier than we thought and we had not anticipated this. However, only 1 farmer lost part of that early harvest (30kgs) because he had not informed the MAFS officers who had started helping farmers with marketing of such exciting crops". It is misleading to describe this single situation as, " cucumbers ended up as pig feed ".	(Comment actually refers to para 94. not 93.) The commentator seems not to have read other parts of the report (or were they lost when we shortened the final version to exclude the extended table of farmers' responses to the questionnaire – Annex B in earlier versions). The main gist of farmers' answers in respect of cucumbers was that they found them hard to market because Lesotho people, by and large, mainly purchase vegetables that can be cooked to make sauce for the 'pap' (cooked maize meal) that forms a staple in their diet. Unfortunately, cucumber
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			doesn't cook well and, for whatever reason, as with oyster mushrooms, most Lesotho people don't (yet) seem to have developed a taste for it. So, most farmers who relied on the market in their own communities did not find it easy to sell cucumbers – and the latter did indeed end up as pig-feed in many instances. The main exception seems to have been where farmers were able to sell to hotels, restaurants and guest houses that catered substantially for visitors to Lesotho. Added a sentence or two to the report to explain this. But it does also raise the question of whether we should include the old Annex B as an annex to the final report.
82	Para 93, line 3	Change: "an MoU" to "a MoU"	Addressed
83	Para 105, bullet 4, page 46	Change: centre to centre. Please ensure consistent use throughout the document	Have opted for English UK spelling
84	Para 109, line 4	It seems that there is a quotation from the World Bank report, if this is the case, please put double quotation marks (" and ") around the quote. It also appears that the footnote number is appearing as a large number after the acronym MSMEs. This number (2) should be put into superscript and appear after the quotation.	Addressed
85	Footnote 2, page 47	As there is no bibliography, the full reference is required in the footnote. Please indicate in the footnote - Source: World Bank. Full title of document, (month and/or year), page number.	Addressed
86	Para 112, line 3	Put a hyphen between the words post and election	Addressed
87	Para 101, page 45, line 6	Change: institutionalisation to institutionalization	Have opted for English UK spelling
88	Para 116, line 9	Change: logframe to logical framework	Addressed
89	Para 119, line 3	Change: materialised to materialized. In accordance with ITC style guide and UN editorial manual (both available on the Internet).	Have opted for English UK spelling
90	Para 123, line 1	Put a hyphen between well and educated	Addressed
91	Page 53, last line	Move heading for recommendation 7 to the beginning of the next page	Addressed
92	Page 54, last line	Move heading for recommendation 8 to the beginning of the next page	Addressed

93	Para 134, line 2	Change: that to than	Addressed
94	Para 135, second sentence	Change: world-wide experience to experience world-wide	Addressed
95	Para 159, line 1 and Para 160, line 2	Change: analyze to analyse	Have opted for English UK spelling
96	Annex A	Make the formatting consistent throughout the table. Suggest to make all columns in left justified for easier reading.	Justified left
97	Footnote 3, Annex A, page 64	Change: withdrawel to withdrawal	Addressed
98	Annex A, page 65	Remove the space after output 2.1 and have 2.2 start immediately after.	Addressed
99	Annex B - general	All abbreviated titles such as Mr. or Mrs. should have a full stop (period). Also remove all hyperlinks	Addressed
100	Annex B, page 69	Change column heading "Organisation" to "Organization"	Have opted for English UK spelling
101	Annex B, page 69	Organization for Ms. Mahlape Qoune is listed as HPTD programme. This is confusing. How can a project be an organization? Please clarify.	Addressed
102	Annex B, page 70	Contact details (e-mail address) for Mr. Mohapi seems to be incorrectly placed, it looks like it should be for Mr. Pitso Melao. Ensure the telephone number is correctly placed.	Addressed
103	Annex B, page 70	Move the last row in the table "In Geneva..." to appear on the top of the next page.	Addressed
104	Annex B, page 71	<p>Next to Miguel Jimenez Pont, listed under Position, add after Head, Monitoring and Evaluation Unit (M&E Unit), Strategic Planning Performance and Governance (SPPG), Office of the Executive Director (OED)</p> <p>Nest to Marianne Schmitt, listed under Position, insert Associate Monitoring and Evaluation Officer, M&E Unit, SPPG/OED</p> <p>Next to Silencer Mapuranga, listed under Position, insert Senior Trade Promotion Officer and Project Manager, Office for Africa (OA), Division of Country Programmes (DCP)</p> <p>Change MS Ekaterina Chulkova to Ms. Ekaterina Chulkova. Under position Office for Africa and Division of Country Programmes can appear as acronyms.</p>	Addressed
105	Page 73, first line	"...not likely to be unrepresentative..." this is a double-negative, are the findings therefore representative? If so, please rephrase.	Addressed

106	Page 81, 8th line from the bottom of the page	M50 000 converted to US\$ equivalent and change 50 000 to 50,000	Addressed
107	Page 82, Section 1.1.7.1, line 6	M 24 000 converted to US\$ equivalent and change 24 000 to 24,000	Addressed
108	Page 83, second bullet point, line 2 and line 4	Insert US\$ equivalent for M2 to M5/unit, and equivalent for M40/kg.	Addressed
109	Page 87, bottom of page	Move "2.4 Donors" to the top of the next page	Addressed