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Project Information and Performance

Key Notes

PPA Loan Agreement	Project Effectiveness	Completion Date
18th January 2011	13th March 2012	31st March 2018
Project Restructuring	Project Extension	Additional Financing
18th July 2016	28th February 2020	28th February 2020

Background Information on the Project

1.0 INTRODUCTION

The Government of Lesotho has received funds from IFAD and the World Bank towards the cost of the Smallholder Agriculture Development Project (SADP). The project seeks to increase productivity and the marketed output among project beneficiaries in Lesotho's smallholder agriculture sector. The project, which is under the Ministry of Agriculture and Food Security (MAFS), consists of three categories to be implemented over six years: (a) Increasing Agricultural Market Opportunities; (b) Increasing Market Oriented Smallholder Production; and (c) Project Management. (d) The project was restructured to include component 4 which is Contingent Emergency Response Component (CERC) to assist in natural disasters. The Project covers four districts namely: Leribe, Botha Bothe, Berea and Mafeteng. There was an additional financing signed in 2017 and the coverage was increased to cover three more districts namely; Maseru Rural, Mohale's Hoek and Quthing.

2.0 PROJECT SUMMARY

The project Development Objectives (PDO) is to 'increase marketed output among project beneficiaries in Lesotho's smallholder agriculture sector'. The two project outcomes are expected to lead to achieving the PDO: (a) Agricultural market opportunities in the project area increased; and (b) Productivity and quality of market-focused crops and livestock from smallholders in the project area increased. The project targets smallholder farmers, mainly in groups/associations and agricultural businesses that: (i) need support to improve their sources of livelihood; and (ii) have the basic resources and motivation required to successfully improve market-focused agricultural productivity, diversify into market-oriented agriculture, and/or to improve agricultural businesses and marketing.

3.0 PROJECT PHASES & COMPONENTS

The project has two phases and three main components:

- Phase 1 was the Preparatory (Design) Phase which started in May 2011 and ended in March, 31 2012.
- Phase 2 of the Project is the Implementation Phase which started in March 2012 and the Project is expected to end in March 2018. The Project was extended up to February 2020.

The Three Project Components are as follows:

(1) **Increasing Agricultural Market Opportunities.** This component supports Lesotho's emerging agricultural business to contribute to increased commercialization of the agriculture sector. Specifically the Project will support Promotion and Innovative Agri-business Initiatives and Market Linkages Development.

(2) **Increasing Market Oriented Smallholder Production**. The component supports small scale farmers in their effort to increase production of marketable commodities and respond more readily to market requirements to help motivated semi-commercial and subsistence farmers to improve productivity and become more market oriented, and to address natural resources management concerns. The component focuses on: (1) Preparation and Implementation of Agricultural Investment Plans and (2) Technology Packages for Smallholders.

(3) **The third Project Component is the Project Management**. This Component was established under the Preparatory Phase of the Project and manages the use of resources in accordance to the Project's objectives and procedures and provides effective project management and administrative systems, to ensure sound project implementation and coordination between the project and other initiatives as well as other national institutions in the Agricultural Sector.

(4) **The fourth Project Component is the Contingent Emergency Response Component (CERC).** This component was introduced due to Lesotho's high exposure to natural disasters and it will be utilised in response to such. It is implemented by both FAO and the Ministry of Agriculture and Food Security.

4.0 Institutional Details / Information

4.1 BANKING ARRANGEMENTS

The project operated five bank accounts. Three Local Accounts are opened, two at Standard Lesotho Bank, One at Nedbank Lesotho and the two Special Accounts at Central Bank of Lesotho.

The Bank Account details are as follows:

A	**WORLDBANK**		
I.	SPECIAL ACCCOUNT	CENTRAL BANK OF LESOTHO	94195

II.	LOCAL ACCOUNT	STANDARD LESOTHO BANK	9080002268902
B	**GOVERNMENT OF LESOTHO**		
III.	LOCAL ACCOUNT	STANDARD LESOTHO BANK	9080003978482
C	**IFAD**		
IV.	LOCAL ACCOUNT	NEDBANK LESOTHO	21 0000 72475
V.	SPECIAL ACCOUNT	CENTRAL BANK OF LESOTHO	94197
D	**LASAP**		
VI.	SPECIAL ACCOUNT	CENTRAL BANK OF LESOTHO	94259
VII.	LOCAL ACCOUNT	NEDBANK LESOTHO	11 9900 39501

4.2 Project Costs

The following costs present the overall financing of the Project for the fourth year of its Implementation which was financed by the Government of Lesotho, IFAD and the World Bank (IDA). The World Bank and IFAD are financing the Project jointly at the cost allocation split of 50:25:25, World Bank Credit, IFAD Loan and IFAD Grant respectively hence the joint budget of **USD 6,353,234.28**

The approved budgets for 2017/18 were as follows:

1. WORLDBANK (IDA)	$3,582,573.50
2. IFAD (Grant & Loan)	$3,582,573.50
3. GOVERNMENT OF LESOTHO	M4,165,050.00 (Approx. $396,671.43 at rate of M10.50)
4. BENEFICIARY CONTRIBUTIONS	

4.3 IMPLEMENTATION FINANCING (2017/18)

6th Year 2017/18 Approved Implementation budgets were as follows

TABLE 1: 6th YEAR BUDGET – IFAD IDA & BENEFICIARIES

Component	TOTAL USD
1. Increasing Agricultural Market Opportunities	
Sub- total	3,464,653.00
2. Increasing Smallholder Market-oriented Production	
Sub- total	3,123,190.00
3. Project Management	

Sub- total	577,302.00
4. Project Preparatory Advance	
Sub- total	0.00
5. Contingent Emergency Response Component (CERC)	
Sub- total	0.00
TOTAL IFAD & IDA FINANCING BUDGET	**7,165,147.00**
Beneficiary Contribution	
GRAND TOTAL	**7,165,147.00**

TABLE 2: 5th YEAR BUDGET – GOVERNMENT OF LESOTHO

BUDGET CODE	**LSM**
Compensation of Employees	3,252,050.00
Training and workshops	160,000.00
Travel and transport	150,000.00
Other Operating Costs	603,000.00
Fixed Assets	0.00
GRAND TOTAL	**4,165,050.00**

Component	**LSM**
1. Increasing Agricultural Market Opportunities	
Sub- total	0.00
2. Increasing Smallholder Market-oriented Production	
Sub- total	0.00
3. Project Management	
Sub- total	4,165,050.00
TOTAL GOL FINANCING BUDGET	**4,165,050.00**

The overall financing for six years of the project inclusive of PPA is as follows:

4.4 Project Financing

4.4.1 Lending Instrument

The resource envelope for the proposed project is US$ 20 million, including US$10 million IDA and US$ 10 million IFAD financing. The IDA and IFAD terms are the standard terms with 40 year maturity and 10 year grace period. IDA financing will be a credit and IFAD financing will be 50 percent grant and 50 percent Loan. In 2017 an additional financing of $10m was signed and 100% financed by World Bank.

4.4.2 Project Costs and Financing

The total project financing requirements are estimated at US$26.92 million, inclusive of price and physical contingencies. The counterpart contribution, including the Government of Lesotho (GOL) and the beneficiary contributions will amount to US$3.7 million and US$3.22million respectively, with the remaining costs of $20 million financed by IDA and IFAD.

TABLE 3: PROJECT ESTIMATES FOR 6 YEARS PER COMPONENT

Component and Sub-Component	Total (US$m)	% of Total
1. Increasing Agricultural Market Opportunities		
1.1 Promotion of Innovative Agri-Business Initiatives	11.10	41.9
1.2Market Linkages Development	0.60	2.2
Sub- total	11.70	44.1
2. Increasing Smallholder Market-oriented Production		
2.1 Preparation and Implementation of AIPs	8.62	31.9
2.2 Technology Packages for Smallholders	1.02	3.8
Sub- total	9.64	35.7
3. Project Management		
3.1 Project Management	4.32	15.7
3.2 Monitoring and Evaluation	0.26	0.7
Sub- total	4.58	16.4
4. Project Preparation Advance	1.00	3.7
5. Contingent Emergency Response Component		
5.1 Food Agriculture Organisation		
5.2 PMU		
Sub- total		
TOTAL PROJECT COSTS	**26.92**	**100.0**
Financing:		
IFAD	10.00	37.2
IDA	10.00	37.2
Beneficiaries	3.22	12.1
Government	3.70	13.5
Total	**26.92**	**100.0**

4.5 Project Management Unit Staff

1) Mr. Retselisitsoe Pheko	-	Project Manager
2) Ms. Deliwe Khemisi	-	Project Accountant
3) Ms. Felleng Ramaqele	-	Procurement Officer
4) Mr. Lehlohonolo Mpholle	-	AIP Officer
5) Vacant	-	Deputy CGP Officer
6) Mrs. Malichaba Matla	-	CGP Officer
7) Mrs. Nthlonamo Bokaako	-	M & E Officer
8) Mrs. Ntaoleng Khuele	-	Assistant Project Accountant
9) Mrs. Mosa Moholobela	-	Administrative Officer
10) Mr. Seana Moubane	-	Driver
11) Mrs. Mafelleng Songoane	-	Office Assistant
12) Mr. Retselisitsoe Khoalenyane	-	Project Field Officer (PFO) Mafeteng
13) Ms. Limakatso Nqosa	-	Project Field Officer (PFO) Leribe
14) Ms. Mapulatsana Topo	-	Project Field Officer (PFO) Berea
15) Mrs. Mampho Makhaola	-	Project Field Officer (PFO) Botha Bothe
16) Mr. Tefo Taela	-	Agri- Business & Marketing Officer
17) Mr. Mofihli Majoro	-	Gardner

5.0 SUMMARY OF PROJECT IMPLEMENTATION PROGRESS

PHYSICAL PERFORMANCE

ACTIVITY PROGRESS REPORT

COMPONENT 1: AGRICULTURAL MARKET OPPORTUNITIES IN THE PROJECT AREA INCREASED

Sub-component 1.1:- Competitive Grants Programme

1.1.1 Information Dissemination & Construction of Tunnels

The workshop was held to discuss the logistics for green house installation for those who procured structures on their own as well as those under Dicla agreement. In the meeting beneficiaries bought tunnel structures on their own were urged to write letters confirming their bridging of the contract .On the other hand the beneficiaries who conformed to the agreement were informed of the importance of the contract which includes the twelve (12) months warranty. Beneficiaries were urged to stick to the information disseminated during the compliance workshop. This was discussed to ensure that all beneficiaries are not utilizing the grant as they please but have to work hand in hand with the service providers and the office of the DAO to follow what has been recommended.

1.1.2. Environmental Management Plans

In the four project areas 15 beneficiaries were sampled by the consultant. It became evident that all were not inducted on environmental issues. With respect to vegetable producers the observation was that the most critical issue to note was the disposal of pesticide and herbicide containers together with their safe keeping whilst in use. Recycling Stover was noted as common and important, and interviewed farmers indicated that they mostly compost their plant remains. On piggery, it is vital to collect both liquid and solid wastes. Visited sites did not have proper disposal strategies particularly for liquid matter. Solid waste is used as manure which is a good strategy. At the slaughter slab, it was recognized that beneficiaries here are to keep surroundings clean, especially by freedom from feathers which were roaming all over. The rest of the beneficiaries were followed by batches.

There was a training of trainers in by Environmental Management Consultant for eight participants from each project districts. The trainees were SEP, DIO, DAPO, ATO Livestock and three (3) AEOs. For a better multi-stakeholder approach, Environmental officer from Ministry of Tourism, Environment and Culture was also invited to the workshop. Plan of Action was developed whereby a Training manual was developed by the trainers who were trained by the Consultant.

In Mafeteng to date 13 plans have been completed with trainers undertaking this endeavor, and this is deemed sluggish and as a result is has been planned that a different strategy be adopted have trainers equipping area officers with the necessary skills and translated to sub projects.

1.1.3 Technology transfer

The field days disaggregated by gender 2084F & 1433M, with a total attendance is 3517 for CGP have held successful 30 grants field days/open. Most field days are also filmed and broadcast on MAFS television and Facebook. In addition, most grants have erected signboards, published and distributed leaflets and brochures, and conducted TV and radio spots. Piggery what's-up platform invite people to field days through what's-up.

Table 3: Technology Transfer CGP

1.1.4 Closed projects and Misappropriate of funds

Years	Rounds	BB	LRB	BRA	MFT	MSU	TOTAL
2012	1ST	3	4	2	1	-	**10**
	2ND	1	2	2	2	-	**7**
2013	3RD	3	1	5	2	2	**13**
	4TH	7	3	8	8	7	**33**
2014	5TH	5	2	20	11	2	**40**
	6TH	10	13	10	16	3	**61**
2015	7TH	34	53	77	48	3	**215**
		63	**78**	**133**	**84**	**17**	**379**
Total Closed		2	11	10	10	5	38
2018	8TH	10	23	21	15	6	75
Total		**71**	**90**	**153**	**89**	**18**	**416**

Mafeteng-there are ten sub project to date closed not working and no progress was shown by the beneficiaries even after hard work of solving the challenges faced by the groups. *Lipabing Farmer Cooperative Society*, seventh round group from Ramokoatsi doing broiler Parent Stock have constructed the poultry structure and have been waiting for second disbursement of funds for ages. *Boithabiso green and vegetable farm*, green pepper production under the greenhouse also seventh round from Ha Mosala the company has had financial and site challenges and later requested to

procure shade nets not tunnels. They haven't yet signed the contract. The project is targeting youth even though there are challenges, *Youth Empowerment* it's a fishery Production Association, Fish Production from the sixth round in Tsakholo, the constructor who was supposed to build the fish pond eloped with the money – payment had been processed beforehand. The matter was referred to the police but is yet to be solved. Second Youth group is *Motheo oa Tsebo Association.*
Broiler Parent Stock sixth round group from Ramokoatsi, this youth group has defaulted and can only be found by phone and not on site. Corrugated iron sheets that constructed the poultry structure were blown away by the wind. The third youth group is *Rainbow Vet.* Clinic doing artificial Insemination third round from Ramokoatsi, the equipment was procured but the conception rate was very low. The owner was sent for training on AI but hasn't yet started practicing he even move to his house due to lack of funds for operational cost.

Ejang Khoho Makaota Multipurpose Association, Koekek parent stock initiative fourth round group from Ramokoatsi all the procured Koekoeks died. Sub-project declared closed since there are not able to procure chicks from their own funds. Thaban'a-mohlomi -*phelane ea phela* is no longer operational. *Thusanang Mathula dairy farmers' association* not functioning.

Moroe Nursery, Tree Seedling Production seveth round group at Ramokoatsi, the owner misappropriated the first milestone. The matter has been sent to the Police but the advice is to open a civil case. *United Community of Africa Marketing Cooperative*, Nutritional OIL Production also seventh round group at Ramokoatsi Procured the equipment and got the second milestone but now the contact person is nowhere to be found! Doesn't answer the phone nor can he be found on the project site. He is being hunted down by farmers whose money - for day-old chicks he disappeared with.

Leribe- there are several sub projects closed due to noncompliance, non implemetation and misappropriate of funds there are: Pitseng *In Business* (CGP) – Piggery, *Thaba-Phats,oa* Motati Fenyane (AIP) - Ram Breeding and *Koung Botanic Garden* (CGP) which are closed completely. *Ikaheng Farmers Association* members are decreasing and not performing as expected due to high feeding cost. *Khothalang Linare* is nonfunctional no money is generated from the animal feeds sold and the raw materials are bought by the project since it has started, also no proper housing since there are using Mokhukhu which generate lot of heat and products get damaged. No major operations taking place and proper storage of the feeds. *Likhabane Women Emporment* Non-participation by other members as previously claimed and no site of operation, hence no implementation is kicking started.
Elelloang Maru-a tona no activity is progressing over two years now and no proper site since then.
Bosiuu- Bo sele, no proper site of operation and no major operations taking place
Pela Tsóeu WMGA have procured the woolshed equipment is ineligible Expenditures by the Group
Sekampitlo Farmers Coop, shade net sub project is embezzlement of funds by Service Provider -
Phahamisa Likausi Bo-Mme Non-satisfactory condition of breeding stock due to feeding.

Berea- There are number of sub projects not functioning due to several reasons being misappropriate of funds, poor management by the beneficiaries, lack of operational cost, non-compliance. The sub projects are: *Pretty Donald, Bafokeng Wholesalers, Eat sum Meat, Phecha Mphelise, Itoanele Stud Farm, Masike Lihoai, Mora senyane, Ikaneng Mosili Farmers,Pulane Development Association and S&T Orchard.*

Maseru -*Lovely Rock* –Juice processing, the group is not working and it has never operate since the equipment was procured, the team has made frequent visits without meeting the owner and the group has not started using the equipment and no challenges mentioned why the group is not operating as yet. *Rethabile Ntho-* Juice processing, the group is not working, equipment has been moved to the owners residence, where the equipment is installed in the two roomed house but is not working since then. The Husband was the SADP beneficiary and he passed away. The wife and brother in law were prepared to use the equipment, but now the wife felt that she has financial problems since the equipment is in the rented house. *Lekhapetla* - Food Processors, Not Working. *Moalosi Benedict Mokone* – Fruit Drying, Not Working. *Mohajane Litlokoa*, Fruit Processing, Not Working.

Sub-component 1.2: Market Linkage Development Sub-component

Sub-component 1.2 develops and improves links between agricultural producers and markets, reduce market transaction costs, and align production decisions with business and market opportunities. This is achieved by setting up market linkage mechanisms and providing for improved information flow and responsiveness between all actors in the market chain. The sub-component targets commodity-based farmer associations, district and local apex associations, registered farmer cooperatives, informal farmer organizations or producer interest groups, market intermediaries, agri-businesses, input suppliers and other market participants.

1.2.1 Mentoring *Services*

At Project design, these services were designed to primarily assist smallholder farmers under the AIP productive investments, but could be extended to grant winners under the CGP sub-component. On the 24th to 29th April 2017, the Smallholder Agriculture Development Project (SADP), through the Agri- Academy South Africa hosted on site Business Management Training for the Extension staff, Marketing officers, PMU staff and 80 Farmers.

This important capacity building Programme, also included farmer site visits whereby trainers together with four Mentors visited and practically coached farmers on site on 25th- 29th June 2017. The same training was conducted in all project areas. Evaluation of Social capital expression of interest has been completed and with 3 responsive bids but the process off engaging a consultant has been stalled due to insufficient funds.

The Smallholder Agriculture Development Project (SADP), through Agri- Academy conducted two exposure visits for both extension workers and farmers as part of Business Management Training course. A total of 23 extension staff, 80 farmers and 4 Project Management Unit staff participated in this event. The exposure site visits were on the 26th October 2017 to 27th October 2017 in Bloemfontein Fresh Mark and Mangaung Fresh Produce market.

1.2.2 Trade Fairs

The Market linkages sub-component amongst others, has used Trade-Fairs as a tool to try and link farmers/ producers to available market channels, be it Retailers, Wholesalers and/or Agents. Though many of these have been conducted in the participating project areas, very little success can be claimed to have been achieved through these interventions

Botha Bothe and Mafeteng held trade fairs on the 28th April 2017 and 01st June 2017 respectively the fairs were attended by approximately 300 people in Mafeteng district and Butha-Buthe. Butha-Buthe`s was successfully held with over 200 participants, however documentation of the exchange values was not documented. There are plans to increase the frequency of this activity to holding one each quarter in order to improve trade links. The quantities and amounts traded were not collected. There was no formal agreement was done from the platform.

The Mafeteng district held two trade fairs preparations meetings with officers from Ministry of Small business Development gender; Department of Marketing Ministry of Agriculture and Food security Smallholder Development Project, and PISA. The aim of these meetings was to address the poor linkages/ relationships that currently exist between our producers and market channels and to apply lessons learnt from the Cape Agri-Week Expo. Key issues noted included a request for an alternative location to hold fair behind Pisa is to be earnestly processed, information dissemination and education drive should be immediately instituted, What's App Group to be initiated at once and it already functional. The event date was set to be on the 30th November 2017 to 02nd December 2017.

Trade faire was held for two days in Leribe from the 29th April to the 30th April 2017. Farmers supported by SADP and RSDA came together to show case their products. Local people including taxi commuters and the guest houses' owners were able to buy farmers' produce. The event was held in collaboration with Leribe farmers' forum.

Leribe has undertaken the farmers' forum. There was a Spanish Delegation Mission that came to Leribe district and provided a learning platform for successes in the RSDA funded initiative. Some of the issues highlighted include access to market and uniformity of different bodies such as Lesotho

National Farmers Union (LENAFU) and Leribe Farmers Forum in addressing challenges of the farmers around access to market. The RSDA initiative prompted success of Marketing Trade Fairs as highlighted in previous reports. Similar strategy will be adopted in the next Trade Fairs to be held in the district and incorporating lessons learnt from the study tours in Cape Town (SADP) and Durban Fresh Produce Market (RSDA).

The AIP Team held a meeting with Leribe district piggery farmers and Pork Producers Association of Lesotho. The meeting was held in an effort to establish Leribe District Pork Piggery Farmers Association. The intention is to address challenges faced by pork producers which include timely access to market and information on number of farmers involved in piggery production. The availability of data will eventually translate into better access to market and facilitate transfer of knowledge and skills amongst the farmers.

1.2.3 Study Tour (Expo)

The sub-component therefore acknowledged and realized this shortcoming, and as such addressed this matter by exploring other solutions that can address the poor linkages/ relationships that currently exist between our producers and market channels. As a learning exercise, the Sub-component identified the Cape Agri-Week Expo as an important event of which key lessons can be learnt, that can then be applied back at home, for the intended Agri-Business Week Expo under SADP, tentatively thought for spring/summer of 2017.

The Cape Agri-Week Expo is an annual agriculture expo, held for the Western Cape Province, in Worcester Kleinplasie Show Grounds. The event focused on fruit & vegetable industries, specifically fresh produce, meat-products, world-class processed agri products, secondary industries and optimization of the full value-chain. In addition, there were some workshops, and topical discussions on industry and consumer/market related issues. The latest technology, research, dynamic strategies, open debating on agricultural current affairs and practical production and processing interventions were also be shared.

This Expo ran from Thursday 8th June until Saturday 10th 2017.three (3) members of the Project attended this event. A full report on this study tour has been submitted to the project manager and the team that attended the expo is yet to make presentations to the PMU.

1.2.4 Marketing Information System (MIS)

The project design includes a review of the existing information collection instruments in the Department of Marketing, and improvement in the design of an electronic web-based system that would allow for the capture of information at both district and national level. The MIS system

developed by CBS is complete but is non-functional because it was initially installed in the Ministry of Trade Server. Two Meetings were held with CBS & Department of Marketing in order to address challenges of the system. SADP is yet to evaluate and recommend the support contract with CBS so that the system is fully functional.

1.2.4 Recommendation for sub component 1.2

- It is recommended that Agri Academy contract of Mentoring service on training of trainers for period of six months whereby each district will have its own training
- Introduction of market days be on Saturdays & inter district trade fairs.

COMPONENT 2: PRODUCTIVITY & OUTPUT OF SMALLHOLDER FARMING ACTIVITIES

Sub-component 2.1: Preparation and Implementation of Agricultural Investment Plans

2. 1.1 Productive Investment – Batch 1& 2

The status quo of financial performance/disbursement for the Batch 2 remains at approximately 75%, where a sum of M8, 636,505 has been spend against a budget allocation of M11, 555,620. To date 82 beneficiary groups contracted under Batch 2 of the AIPs. These are beneficiary groups from the 32 Batch 2 Sub-centre AIPs, where the target total number of groups is 128. Six (6) and three (3) Batch 2 Round 2 Groups received their Milestones 2 and Milestone 3 payments respectively, to a total disbursement of M337, 870. This brings the Batch 2 expenditure to-date to M10, 024,128 against a budget of M11, 452,460, meaning an expenditure rate of 87.5%.

2.1.2 Productive Investment AIP Batch 3

Under Batch 3 of the AIPS, a total of 29 Sub-centers that have developed their AIPs, and are now at a stage of implementation. To date all 66 groups have received Milestone 1 Payments, making the current disbursement for Batch 3 PI at M5,348,573 against a budget of M12,725,400, making for a current expenditure rate of 42.1%.

Table 4: Batch 3 Grant Amounts by District

District	Number of Groups	Total Grant	Total Milestone 1
Berea	20	3,843,800	2,107,560
Butha Buthe	2	395,700	246,440
Leribe	25	4,806,300	2,560,600
Mafeteng	19 (8)	3,679,600	433,973
Grand Total	**66**	**12,725,400**	**5,348,573**

NB. Of the 19 Sub-projects in Mafeteng, only 8 Projects are at implementation. The other 11 delayed in submitting their final details for clearance of Milestone 1 disbursement; and have been advised for funding in future rounds of investment.

Under Batch 3 of the AIPS, we have a total of 29 Sub-centers that have developed their AIPs, and are now at a stage of implementation. It shall be reminded that this Batch 3, only the Productive Investment Category will be implemented during the remainder of the project period. As per the table below, a total of 88 groups applied for funding, and of these 66 were approved for funding.

Table 5: Batch 3 Applicants by District

	Applied	Passed by Technical Review Team	Failed to provide additional info	Considered by the CGC	Approved by CGC
Berea	21	20	0	20	20
Butha Buthe	12	5	0	5	2
Leribe	30	29	2	27	25
Mafeteng	25	23	2	21	19
	88	**77**	**4**	**73**	**66**

NB. 4 (four) Groups after the Technical Review were omitted from the CGC due to failure to submit requisite additional information.

Table 6: Batch 3 Grant Amounts by District

District	Number of Groups	Total Grant	Total Milestone 1
Berea	20	3,843,800	2,107,560
Butha Buthe	2	395,700	246,440
Leribe	25	4,806,300	2,560,600
Mafeteng	19	3,679,600	2,103,000
Grand Total	**66**	**12,725,400**	**7,017,600**

For all the 66 groups, Compliance were completed in April 2017, in the 4 project districts, to discuss with the group members their contractual responsibilities, and also discuss and share with them the required physical and financial reporting methods and channels.

To date only the Butha-Buthe and Leribe Milestone 1 have been paid, to the value of M2, 427,040. The Mafeteng and the Berea Milestone 1 to the value of M2, 779,1,60 is yet to be paid to the groups.

There are 23 total number of groups under Batch 3 of AIPs in Leribe. To date twenty (20) received funds to undertake activities under their first milestone while three have not yet received funding. Out of these twenty 23, eight (8) are involved in piggery, five (5) in poultry, four (4) in vegetable

production, two (2) in bee keeping, two (2) in fruit drying, one (1) in artificial insemination and one (1) in animal feeds processing.

All the groups undertook study tours within the country learning from already implementing peer beneficiaries under SADP. Furthermore site inspections were undertaken by relevant Subject Matter Specialists and/or Area Technical Officers prior to construction of structures.

Construction of structures under milestone one has commenced and expected to be complete by July-end 2017. The structures range from pig sties, sheep studs, and shade-nets. Verification of work completed per sub-project is essential and will be undertaken before the reports on achieved milestones are submitted for subsequent payments. Water drilling for most piggery projects has also begun.

2.1.3 Technology Transfer under Agriculture Investment Plans

Despite the no financial disbursement, in this reporting period we had 10 Field days conducted across the 4 project districts, with an estimated 1123 people attending.

Table 7: Technology Transfer AIP

Date	District	Beneficiary group	Number of people	Females	Males
	Mafeteng	Rabeleng Multi-Purpose	55	45	10
	Butha Buthe	Itekeng Makena WMGA	150	100	50
	Leribe	Peka WMGA	60	50	10
	Berea	Maqhekung Kolobe Nthuse Ass	70	42	28
	Berea	Kalabata Savings and Credit Cooperative	130	96	34
4 July	Leribe	Malesaoana Poutry	95	59	36
27 July	Leribe	Thaba Chitja Wmga	135	64	71
08 August	Leribe	Khafung WMGA	196	115	67
	Leribe	Hlotse WMGA	72	33	39
July	Butha Buthe	Iketsetsseng Linoko	160	120	40
TOTAL			1123	738	385

2.1.3 Natural Resource Management

Leribe NRM

Activity 1: Fodder & Lucerne production - LENEMO based in Tsikoane under pilot area has planted Lucerne and barley on a (7) acres land. The fodder will be sold to associations such Malimatle Ram breeders.

Table 8: Fodder Planted in Leribe

Place	Acreage
Leribe Moreneng	1.1 Ha
Ramapepe	1.5 Ha
Ha 'Meche	2 Ha

Activity 2: Orchard Production -The association had the orchard with a total of eight hundred and seventy (870) different types of fruit trees. During the month of April 2017 the total number of trees survived are four hundred and ten (410). St. Denis NRM cluster has twenty (20) members representing village in that area development boundary. The twenty members need training in NRM activities. These include; -soil conservation,-range management, -fruit trees seedlings production and forest seedlings production. Fodder Planted in the following areas:

Activity 3: Donga Reclamation -For the month of May 2017 the community and its cluster committee gathered stones for constructing gabions. They also made head structures for land reclamation. They constructed sand bag structure for donga reclamation.

Activity 4: Water Harvesting tanks -Equipment and Materials are available to commence fencing of wetlands identified and ready for fencing. They are in Peka, Ramapepe and Vuka Mosotho. Fencing will effect from August 2017. Recruitment of contractors will also take place in pursuance of construction of water harvesting tanks.

The NRM Implementation Plan has been developed and submitted to PMU for approval. The Plan iis made up of activities to be implemented from September to December 2017 and are mainly wetland protection and construction of water harvesting tanks in the sub-areas of Peka, Hloeheng, Ramapepe, Leribe Moreneng, Lejone, Khabo, Matlakeng and Seshote. These will be done utilising the material and equipment purchased in the previous financial year and will be effected in mid-September2017

Butha-Buthe NRM:

Activity 1: Fodder production: Lucerne has been planted in the following areas; Matsoaing, Khukhune, Rampai and Ngoajane.

Activity 2: Boreholes: Ha lenela and Liphakoeng – The boreholes are still working well for the communities. The water committee is responsible to ensure management and maintenance of the pump.

Serutle borehole**:** It is used to pump 2 x20 litres only per day. Finally the borehole is broken. The assumption from members of the committee is that the depth of the borehole was not reaching the water table not even 80 metres deep hence limited water supply. The suggestion was to have borehole powered by electricity. That will also be complimented by tank installation. Water from the borehole will be pumped into the tank.

- Tank construction material for slab was procured for Makeneng sub centre, the contractor as well was engaged.
- The plan to boost the overflow taken from the tank of portable water to our storage tank for irrigation executed. This will assist during dry periods as the yield of water in spring seems to drop drastically. We therefore suggest a powered borehole which will serve both interests of the community and those of farmers under irrigation(Tsepo-noesetso Association)
- The routine check for boreholes that were erected was conducted to assess their efficiency and sustainability .we discovered that1 borehole is incomplete, 3 boreholes were broken ,2 hardly draws water , while the rest perform well in all situations ,we are currently devising means to repair broken boreholes .

THE ALIGNMENT OF NRM ACTIVITIES WITH CATCHMENTS WORK

The following activities; gully structures, stonelines and tank construction have been implemented in Botha Bothe during quarter3.

Sub-centre	Activity	Achievement
Mafika-lisiu	Gully structures	41.6m^3
Makeneng	Stonelines	1.1km
Qalo	Gully structures	26.5m^3
Marakabei	Gully structures	3.4M^3
Makeneng	Tank Construction	Steel tank

The steel tank construction completed in Makeneng. The project is only short of pipes to supply water from the tank to the fields.

Berea -NRM

Activity 1: Fodder production and rangeland reseeding

- Rangeland reseeding has been done on 2ha Maloela Sub-centre.
- 6ha planted fodder at Thuathe Sub-centre

Activity 2: Donga Rehabilitation

- Stone collection has been done at Maloela for donga rehabilitation.
- Donga rehabilitation-Facilitation of stone collection at Ha Ramaloi for donga reclamation
- 3 x 2 m^3 gabions constructed at Thuathe Sub-centre.
- 48.2 m x 1 m level terraces (infiltration furrows) constructed at Thuathe Sub-centre.

Activity 3: Wetland protection

- Wetland protection -Wetland identification took place at Ha Lephoi and mapping, demarcation was also done and Demarcation of wetland is going on at Ha Letsipa
- 1.5ha protected at Thuathe Sub-centre.

Activity 4: Tank construction

- 1 tank complete at Koali Sub-centre (capacity 50000l)
- Tank construction: Installation of pipes at Ha Letsipa, Storage tank under construction at Ramathamo and Public gathering held at Ha Lephoi on tant construction for irrigation water.
- 3 tanks complete at Thuathe (capacity of each 18000l)

Activity 5: Brush Control

- Brush control on 1ha at Maloela Sub-centre.
- 6 ha of invaders cleared at Thuathe and area reseeded.

Activity 6: Tree planting

- 1900 peach trees planted at Thuathe Sub-centre.
- 50 vine trees also planted at Thuathe.
- 400 forest tree indigenous species planted at Thuathe.
- 500 peach trees planted at Thuhloane Sub-centre
- Tree planting -Trees Inspection and delivery of trees was also done at Thuathe and Foso.
- 1000 peach trees planted at Koali Sub-centre.
- Pitting and tree planting at Maloela are in progress.

There was a meeting for NRM activities which was held in order to improve coordination of activities amongst the AIP teams and the ministry of Forestry at large. And the next meeting shall be held in September on the 22/09 as agreed by the house.

Mafeteng NRM

Activity 1: Borehole site visits

Site visits were made to Rabeleng, Ha Lesaoana and Mosala sub centers to acquaint Contractors to the said sites. It was noted that Rabeleng might pose challenges in that the potential bore site is remote and there is need to synchronize any investments with what is already on the ground. Here, water is fuel pumped and at the moment the generator is broken, and as a sustainable intervention it is best to employ solar panels which are unfortunately costly against the SADP provision due to the remoteness of the site. However, other avenues are to be tried to eventually avail water for these respective sites.

Activity 2: Wet lands protection

Pitsos and workshops at eight sub centres were held to date, which were on wet lands fencing for Malea-lea, Makhanyeng and Ribaneng while Rakhoro, Mosala and 'Masemouse were on reseeding. Communities were handed seed and some reported reseeding at incorrect locations and this was reported at Malea-lea and Ha Khoro, whereas Ribaneng and 'Masemouse planted at designated locations. Thabana – morena is reported to have been characterised by low community turn up. Rakhoro is not to be fenced due to notoriety around vandalism but the opposite is the case for Thabana- morena. The Chief at Ha Ramangatane catchment and Tajane are to be engaged on wetlands protection. The team had interest to camp at work sites to improve efficiency and efficacy, however this shall be postponed until funds allow. Transport was highlighted as one other challenge. At Ha Mosala work is completed & Tsa-Kholo is expected to reach work completion before end of October.

2.1.4 Capacity Building

There is an ongoing training for 5 AIP Team Members by Agri Academy which covered four themes; poultry, piggery, ram breeding and Fruits and vegetables. As a result of this training, eighteen (18) business Plans have been developed sub-projects in the project area and one module developed. One of the loopholes identified during business planning with the beneficiaries is their level of involvement during proposal writing. This has shown to have great effect on business management approaches by the groups. The exercise surely assists in picking up major hiccups that hinder progress of different sub-projects.

Recommendation is to not only stop with 18 sub-projects but to cover all other SADP beneficiaries. This will be of great benefit as we have all realized weakness of our beneficiaries regarding their business management skills. Furthermore, we can also reduce the burden from the initial trainees if they could also train our extension staff.

Sub-component 2.2: Technology Packages for Smallholder Farmers

Under this sub-component, contracts are provided to locally-based NGOs and private operators to support the introduction, adaptation and dissemination of new and improved technologies for smallholders, coupled with associated training and support, taking advantage of specific expertise or approaches that are available among non-state actors but that are not in public agencies.

2.2.1 Contracts to NGOs

Three new priority topics were identified by the TWG for the second batch of technology packages. These topics were vegetable production under shade nets, piggery production, and production of fertile eggs for broiler production. The TORs were prepared for these topics. Expressions of interest for three packages were originally sought in May 2015 but there were only four responses all deemed to be inadequate. The three topics were re-advertised in October, including internationally for the fertile egg topic. Seven expressions of interest were submitted and evaluated but failed to get responsive bids. The topics were re-advertised in August 2016 for the third time including head hunting in South Africa. To this end evaluation on expression of interest has been completed and to firms were selected on two topics of shade nets and production of fertile eggs the two firms have since submitted their technical proposals which has been evaluated but the recruitment process has been stalled due to insufficient funds.

Most Challenges faced by the Beneficiaries

Poultry /Parent Stock Projects challenge: The aforesaid projects have experience great challenges both in CGPs and AIPs. Firstly the inability of the chick to lay eggs. This caused prolonged times until laying of eggs can take place. In order to fulfil their mandate, the beneficiaries ended up being advised to purchase fertile eggs from other farmers so to test incubation process. However, all the beneficiaries still hatch up to only 40% of eggs incubated. Therefore, it is evident that intense support follow up is still needed in this area.

Recommendation: Mentor for poultry is to extended contract to assist in the assisting challenges facing poultry/parent stock.

- Piggery Projects: The main obstacle faced by piggery sub-projects is the feeding being too expensive for them. The number of pigs per sub-project should therefore be reduced to a sizeable number in order to reduce burden of feeding. Waste management has also become issue of concern for most piggery projects.

Recommendation: Further training will therefore be undertaken for piggery groups including on-site demonstrations.

- Buyer/Seller Meetings - there is the realization that more needs to be done to coopt traders/buyers into attending the fair. There is need to improve awareness and farmer realization that there is a difference between an exhibition and trade fair. Farmers should understand that it is in their best interest to market their products and not expect the Ministry to ensure they turn up for the fairs.

Recommendation: The event should be held within a two-day period with commodity exchange taking center stage where different commodities are placed not only agricultural even tourist/cultural. There is a proposal to hold quarterly fairs suggest alteration of the venue to opt for one more accessible, however, an alternative has to practice soon.

- Some beneficiaries are not performing to expectation. Project liquidity problems hamper performance as some groups ought to have been disbursed way back.

- The current financial status of the SADP, continues to hamper on project performance, as many of our sub-projects remain without funding. This is also affecting the performance of the planned capacity building programs that remain not implemented.

- The Natural Resources Management category of the AIPs, has for long remained at low performance. The May Implementation Support has made key implementation recommendations. However, there needs to be an agreed way forward under this category, this in lieu of the prevailing financial circumstances.

Service Provision vs MAFS Extension Service

- It has come to project's realisation that some of the extension staff tend to turn a blind eye to provision of extension and outreach to farmers. This is taking place in the case whereby MAFS staff are service providers to different sub-projects. The matter is being looked into and emphasis was made that extension staff should assist farmers irrespective of them being service providers under SADP or not.

Recommendation: Screening of Service Providers should be topic specific, for example service provider with Livestock speciality assisting Crops groups without any background, then the results will be no monitoring or poor equipment recommended by the service provider. MAFS extension should know all the groups in the area for assistant need regardless who the service provider is.

Lack of feeding for pigs piglets

- Most pig's producers do have feeds for the pigs and this has brought the conflicts among the beneficiaries. Also it came to the project realisation that mortality is high due to poor management and coldness. The project screening should be very cautious on who to be given pigs and funds for feeding should be enough.

Recommendation: the beneficiary contribution should brought fourth before the group started and enterprise budget should be done so that groups should understand how many feeds are needed until the pigs gets to the market.

Conflicts within Association

- There is recent observation the farmer groups have not been genuine when it comes to their unionism in an effort to achieve common objective. Disconnection within the group becomes evident whenever they need to undertake a common activity such as the field day. There will be several postponements and cancellations in some cases. One example is of Serupane Young Farmers Association whereby the group was now having problem to undertake the aforesaid activity which requires collective effort of the association. The group was therefore encouraged to re-establish itself before they could conduct a field day and will be regularly monitored to track progress.

Recommendation: Social Capital workshop underway for the group

COMPONENT 3: PROJECT MANAGEMENT

3.1 Capacity Building

Regional Monitoring and Evaluation workshop was held in Swaziland, Mbabane o the 17-19 May 2017 the main purpose of the M&E workshop was to bring together staff (mainly M&E officers and Knowledge Management officers) of the Project Implementation Units of the ongoing IFAD funded operations in Botswana, Lesotho, Malawi, Mozambique, Swaziland and Zimbabwe together. The objective of this workshop was to strengthen the planning, monitoring, evaluation and knowledge management functions of IFAD operations in the six countries by strengthening the technical understanding of the key concepts and by sharing experiences (good practices and challenges). From the training we learnt more on good understanding of the use of Log Frame to

orientate the AWPB; Understand the principles of the Results and Impact Management System (RIMS) system and how to link it to the project M&E system; elements to enhance the use of the monitoring instruments to provide useful inputs for the M&E system of the project. Have identified key elements of the knowledge management strategy relevant for their projects.

3.2 Baseline survey for new Indicators

SADP went through the restructuring in June 2016, these changes were due to: the slow disbursement rates of some sub-components; the increased demand for other sub-components; the changing priorities in the country's agricultural landscape; and, the El Nino drought emergency in Lesotho. SADP had to undertake Baseline for the three new indicators. The contract was signed in April 2017and the assignment of three additional indicators carried out within three months ending in June 2017 for the SADP, the exercise was completed and validation was done with mission and report is complete.

3.3 LASAP

The IFAD Implementation Mission for LASAP conducted preliminary workshops with the SADP on the implementation readiness under this category. One of the key outputs of this visit, is that a Matrix of Possible Implementation areas by enterprise has been developed, and discussed. This outlines areas that will be supported under the LASAP.

3.4 Data Collection

Data collection is underway for validation of data in the four project area. The table depicts sub projects visited and challenges the groups are facing. Annex 2 shows problem groups and what the key challenges that hinders good implementation.

Data Collection for the Berea Sub-projects is continuing, where a total of 86 Sub-projects have been visited and their demographic and project performance data captured. While Mafeteng 101 sub projects have been visited and 15 are to be completed before end of November 2017.

Table 9: Sub Project Visited

Area Resource Centre	Number Of Sub-projects	Sub-projects Visited	Sub-projects Yet to be Visited
BEREA			
SEFIKENG	25	20	5
CORN-EXCHANGE	12	12	0
MAPOTENG	23	6	17

TEYA-TEYANENG	33	22	11
MQHAKA	54	21	33
PILOT	23	5	18
Total	**170**	**86**	**84**
MAFETENG			
RAMOKOATSI	51	49	2
TSAKHOLO	23	23	0
MATELILE	8	8	0
MOSALA	11	9	2
THABANA- MORENA	7	7	0
REBANENG	5	5	0
KOLO	11	0	11
TOTAL	**116**	**101**	**15**
LERIBE			
HLOTSE	35	35	0
MAHOBONG	30	27	3
TALE	4	4	0
KHABO	6	4	2
PELANENG	11	9	2
MAPUTSOE	25	13	12
PEKA	11	4	7
TOTAL	**122**	**96**	**26**

COMPONENT 4: CRISES EMERGENCY RELIEF COMPONENT (CERC)

4.1 Irrigation Systems

The Department of Crops Services (DCS) in MAFS was allocated US $138, 883 towards the resuscitation of irrigation schemes in project-supported districts. Following the quotation and proposal processes as well as available budget, the department has chosen two (2) sites in Berea

and Mafeteng with irrigation schemes already in progress, mostly needing connectivity to the surrounding fields.

Phase A which was Installation of the main pipeline is completed (which was the work done by the contractor under the supervision of Department of Crops under Irrigation Section).

Phase B which was the installation of the lateral, whereby we work together with the beneficiaries. Implementation has started and required equipment has been procured and being distributed to farmers. Department of Crops together with the awarded contractor in the process sensitized farmers about installation of irrigation pumps in their fields.
Ramangatane in Mafeteng is on 40 ha and is to benefit 39 currently registered farmers, where mainline installation has been completed by the Contractor – Letsoabo Contractors. Of the 39 only 22 have are done with laterals installation and it is anticipated that all installation work shall be covered by mid-July. Activities at Ha Ramangatane are not operating to the desired level with only 25 farmers having trenched to date. Follow up meetings are essential for a larger pool of farmers to dig trenches.

4.2 Construction of Galvanised Tunnels

The PMU was allocated US $162,017 towards the rehabilitation of tunnel structures.

Mafeteng Greenhouses constructed by Dicla

There are some adjustments made to the number of galvanised tunnels to be constructed by Dicla in Mafeteng. Work has been completed except for two beneficiaries who faced unforeseen circumstances. It has been agreed that their construction shall proceed once work is completed in Berea.

Leribe Greenhouses constructed by Dicla

In Leribe There are twenty-seven (27) greenhouses constructed out of thirty-three (33) that were to be installed seventh round and galvanized tunnels. The remaining tunnels will be erected as soon as project sites have been prepared and ready for installation. Furthermore, there are four more tunnels that are yet to be delivered for installation. The twenty-seven complete tunnels are composed of two (2) AIP groups and twenty-five (25) CGP sub-projects. Double-digging has started in the tunnels such that production activities can start taking place. Of the 27 ten (10) structures installed six (6) beneficiaries being Neo Seedlings, Modern Dealer (Pty) Ltd, Mamopeli Mohale, Greenyard farms, Good Hope Nursery and Humanities Farm and Poultry. Challenges in the construction process include inadequate space to accommodate size of the tunnel and some beneficiaries had to change sits

of operation thereby incurring further costs. On the other hand we have seen unquestionable commitment from the farmers in taking forward this activity.

There are also eight beneficiaries who procured tunnels on their own and these are Rapule and sons, Marethabile farm, Markho enterprise, Nkokana Agric Inputs, Sko Agric Enterprise, Joala boholo, Taung farms and Marpha. Only two have not yet constructed their tunnels being Joala-boholo and Taung Farms whereby the latter is still awaiting disbursement of funds for second milestone.

Butha-Buthe Greenhouses constructed by Dicla

In Butha-Buthe seven Greenhouses constructed by Dicla as follows, Completed tunnel construction of tunnels by Dicla are done hand in hand with the DHO and DIO to assist the farmer on how to make tranches.

1. Nau Makutle = 1 tunnel (Ha-Nqabeni)
2. Bokang Lehema = 1 tunnel but awaiting the delivery of the second tunnel from dicla. (Ha-Nqabeni)
3. Mahasola Leboea = 1 tunnel (Ha Selomo- Ha Leboea)
4. Makhothatsa Mojaki = 2 tunnel (Ha Selomo)
5. Lerato Lekhanya = 1 tunnel (Ha Selomo)
6. Selibeng Sa Matseliso Association = 1 tunnel (Matsoaing)

Total = 7 tunnels

4.3 FAO

FAO was allocated US $1.1 million towards interventions in Agriculture and Health & Nutrition. Activities to protect and improve agriculture livelihoods included the distribution of stable crops such as maize and beans; as well as the distribution of grazing vetch as a nitrogen-fixing cover crop. FAO reports that this intervention will benefit 2,700 households greater than the 2,000 initially proposed. In total, FAO reports that 23,140 beneficiaries have been supported with 4m*4m shade nets and vegetable kits so far.