

STATUS OF PROJECTS IN EXECUTION – FY05
SOPE
REGION: AFRICA
COUNTRY: LESOTHO

Operations Policy and Country Services
SEPTEMBER 23, 2005



Report on the Status of Projects in Execution - FY05
Region: Africa
Country: Lesotho

Introduction

The Status of Projects in Execution (SOPE) Report for FY05 provides information on all IBRD/IDA projects that were active on and beyond June 30, 2005. Thus it bridges the gap in information available to the public between the Project Appraisal Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. Now, in accordance with the Bank's revised disclosure policy, the SOPE Report is also available to the public. By publishing this improved report, we have addressed one of the main concerns we heard from the public during disclosure consultations – that the public has very little access to information on projects while they are being implemented. Readers familiar with past reports will note that projects that closed during the fiscal year are no longer included in the SOPE, since their Implementation Completion Reports are now also disclosed.

The FY05 SOPE introduces a new element: in order to disclose project-by-project comparisons of disbursement estimates and actual disbursements, the SOPE report contains a line chart¹ showing the original estimated disbursement schedule, the latest approved revised schedule (if any) and actual disbursements for investment operations and a table showing the loan/credit/grant amount and disbursements to date.

¹ Notes:

- Amounts for Projects in currencies other than U.S. dollars may not match exactly due to exchange rate fluctuations over the life of the project.
- Disbursement graphs are not included for Development Policy Loans, which provide quick-disbursing external financing to support policy and institutional reforms. For these loans, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed conditions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus may not include a graph.

Country: Lesotho

Project Name (ID): Highlands Water Phase 1B (P001409)

Country: Lesotho

Board Approval Date: 06/04/1998

Midterm Review Date: 11/13/2000

Closing Date: 12/31/2005

Loan/Credit/Grant Number: IBRD-43390

Sector(s): Water supply (100%)

Theme(s): Export development and competitiveness (P), Water resources management (P), Infrastructure services for private sector development (S), Access to urban services and housing (S), Rural services and infrastructure (S)

Project Development Objectives:

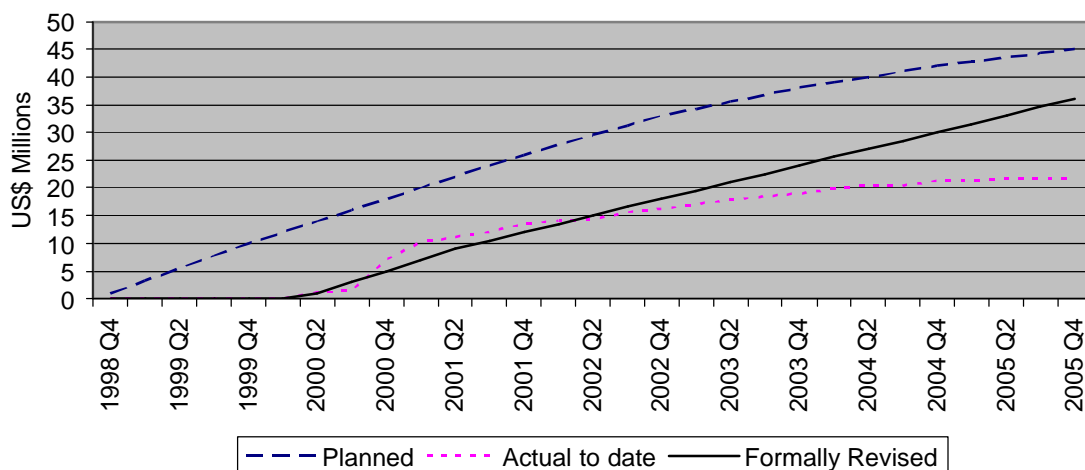
The objectives of the project are to: (a) put in place the physical and managerial capacity for Lesotho to transform water into export revenues that can be applied to poverty reduction and economic stability and (b) assist South Africa in developing its lowest cost alternative for water supply to the Gauteng Region.

Progress toward achieving development objective(s):

The development objectives are likely to be met but social impact studies have not yet been completed. Engineering construction is complete and the project is in operation. Water is being transferred to meet required delivery schedules generating royalties that to date exceed M1.1 billion (US\$1~M6.5). The country is self-sufficient in power from generated hydropower. Macro and micro economic studies have substantiated the significant economic benefits of the project. Environmental impacts have been well dealt with, resettlement is complete except potentially for a small number of households around Mohale reservoir that will lose a significant portion of their land, and compensation is being provided to those adversely affected by the project. Water supply to Gauteng is reliable, even in the grip of persistent drought.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-43390	Effective	45.00	21.60	14.40	9.00



Project Name (ID): Maloti-Drakensberg Transfrontier Conservation and Development (P052367)

Country: Lesotho

Board Approval Date: 09/13/2001

Closing Date: 12/31/2007

Loan/Credit/Grant Number: MULT-23723

Sector(s): Forestry (40%), General public administration (20%), Other social services (20%), Other industry (10%), General agriculture, fishing, and forestry (10%)

Theme(s): Biodiversity (P), Land administration and management (P), Export development and competitiveness (P), Rural non-farm income generation (P), Participation and civic engagement (P)

Project Development Objectives:

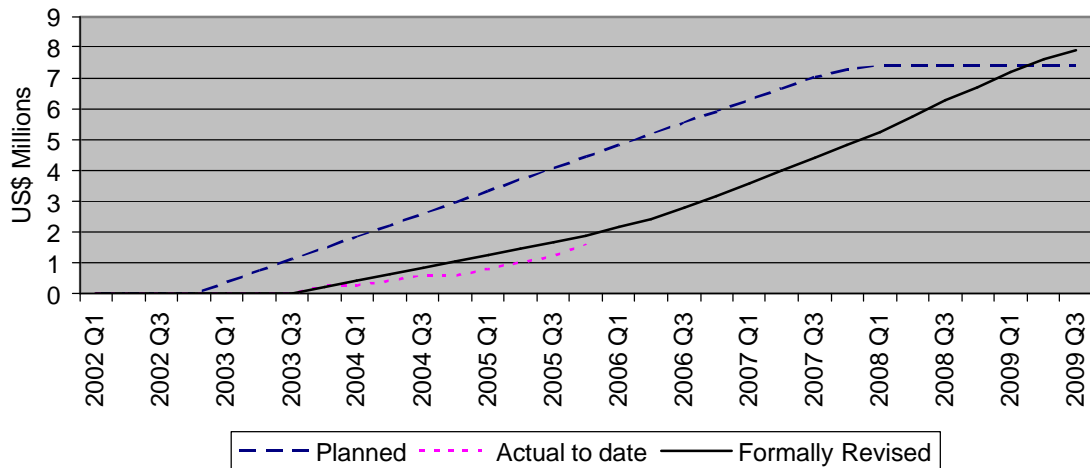
The objective is to conserve globally significant biodiversity in the Maloti Drakensberg mountains.

Progress toward achieving development objective(s):

The project is on the right track towards achieving its development objective, despite slow implementation and disbursements. Work has primarily focused on assessing how best to address trans-frontier cooperation and development with South Africa, preparation of a trans-frontier plan, district plans, support to conservation of protected areas, establishment of geographic information systems and regional offices for supporting community based natural resource management, development of a tourism route and investigation into demand. Capacity building has taken place for officials from the government and tourism parastatal entities.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
MULT-23723	Effective	7.36	1.60	5.76	0.00



Project Name (ID): Water Sector Improvement (P056418)
Country: Lesotho
Board Approval Date: 10/26/2004
Closing Date: 06/30/2008
Loan/Credit/Grant Number: IDA-39950, IDA-Q2740
Sector(s): Water supply (80%), Central government administration (20%)
Theme(s): Other urban development (P), Participation and civic engagement (S)

Project Development Objectives:

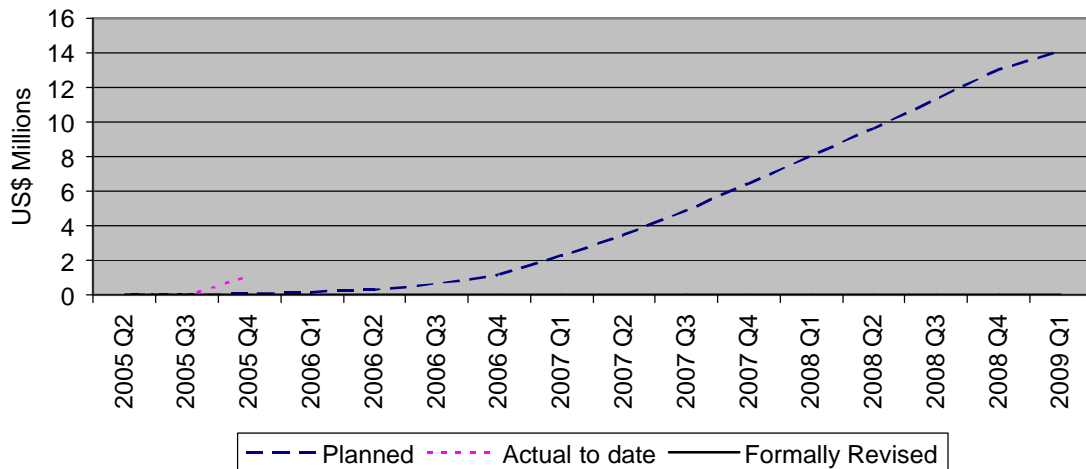
The objective of the project is to secure adequate, sustainable, and clean water supply and to support adequate sanitation services for consumers living in the Lowlands areas.

Progress toward achieving development objective(s):

The project became effective in the latter part of the reporting period and was still in too early a stage for meaningful progress.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39950	Effective	14.01	1.09	12.95	0.00
IDA-Q2740	Closed	0.60	0.00	0.00	0.60



Project Name (ID): Utilities Sector Reform (P070673)

Country: Lesotho

Board Approval Date: 03/29/2001

Midterm Review Date: 11/10/2003

Closing Date: 12/31/2005

Loan/Credit/Grant Number: IDA-34840, IDA-Q1200, IDA-Q2380, IDA-Q2381

Sector(s): Central government administration (50%), Power (48%), General finance (2%)

Theme(s): State enterprise/bank restructuring and privatization (P), Infrastructure services for private sector development (S), Regulation and competition policy (S), Legal institutions for a market economy (S)

Project Development Objectives:

The objectives are to: (i) improve the quality, coverage and economic efficiency of utility services (electricity, telecommunication) under competitive and regulated conditions; (ii) improve financial and operational performance of utilities sector closer to international standards and reduce and eliminate the need for budgetary support to utilities; and (iii) promote possibilities for local ownership in shareholding of privatized utilities.

Progress toward achieving development objective(s):

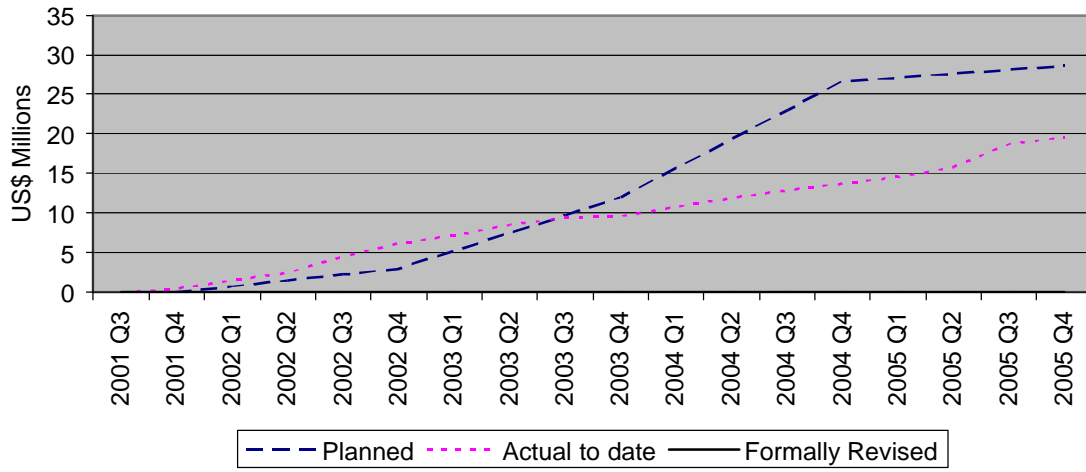
The project has helped bring about significant improvements regarding new connections, collection rate, arrears reduction, global losses, etc in the electricity sector. For example, new connections went from 22,000 in March, 2001 to 43,730 in February, 2005. This resulted in more than a doubling of the electrification rate, and 23 % increase in revenues. Additionally, the concession of the power company (LEC) is at the award phase, and the establishment of the Lesotho Electricity Authority (LEA) is taking place in an highly satisfactory manner.

The introduction of competition and the early impacts of privatization have resulted in a seven-fold increase in aggregate teledensity (the number of telephone land-lines per 100 people) and a diversification of services to the end users. Prior to sector reform, Lesotho had approximately 14,000 fixed lines. Today, the total number of subscribers reached 240,000. The aggregate teledensity in Lesotho is close to 10%.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-34840	Effective	32.39	19.52	11.77	0.00
IDA-Q1200	Closed	1.50	0.00	0.00	1.50
IDA-Q2380	Closed	0.60	0.00	0.00	0.60
IDA-Q2381	Closed	1.20	0.00	0.00	1.20

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Project Name (ID): Second Education Sector Development Phase 2 (P081269)

Country: Lesotho

Board Approval Date: 07/17/2003

Closing Date: 12/31/2007

Loan/Credit/Grant Number: IDA-38130

Sector(s): Primary education (52%), Central government administration (20%), Secondary education (20%), Vocational training (5%), Tertiary education (3%)

Theme(s): Education for all (P), Education for the knowledge economy (S), Administrative and civil service reform (S), HIV/AIDS (S)

Project Development Objectives:

The objective is to further improve the access, equity, and quality of primary and secondary education, promote lifelong learning through building capacity in early childhood, technical and vocational, higher and non-formal education, and strengthening the institutional capacity of the Ministry of Education and Training.

Progress toward achieving development objective(s):

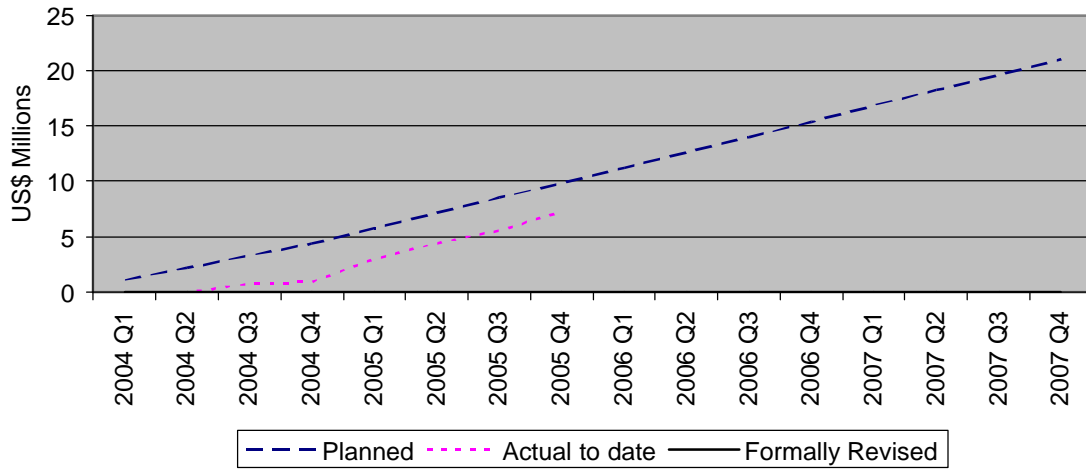
The project is likely to achieve its objectives. Data from school year 2004 and financial year 2003/04 indicate that the education sector has made significant progress in the expansion of lower secondary education since Project Appraisal using 2002 baseline data. Gross enrollment ratio of lower secondary education increased from 43% to 48%, and coverage of early childhood education increased from 31% to 33%. Primary completion rate also improved substantially.

The share of total education recurrent budget-including the allocation of the National Manpower Development Secretariat (NMDS) allocated to primary and secondary combined, has declined slightly from 58% to 57%, despite the nominal increase in primary and secondary expenditures. This was primarily due to the increase in the expenditure on tertiary scholarships by NMDS. Primary net enrollment ratio declined from 85% to 83% according to the Education Management Information System. The Ministry of Education and Training is analyzing the nature of the decline and will produce a report on the causes of the decline and any corrective steps. Preliminary results of the Second National Assessment of Literacy and Numeracy indicate that significant progress has been made in Standard 3 Mathematics, Standard 6 Mathematic semantics, English, and Sesotho. End-of-project targets are already being achieved.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-38130	Effective	22.32	7.33	15.16	0.00

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Project Name (ID): HIV and AIDS Capacity Building and Technical Assistance (P087843)

Country: Lesotho

Board Approval Date: 07/06/2004

Closing Date: 12/31/2008

Loan/Credit/Grant Number: IDA-H1130

Sector(s): Health (60%), Other social services (23%), Sub-national government administration (10%), Central government administration (7%)

Theme(s): HIV/AIDS (P), Health system performance (P), Participation and civic engagement (P), Decentralization (S), Other accountability/anti-corruption (S)

Project Development Objectives:

The objective is to increase the capacity of the Government and non-governmental institutions responsible for the national response to HIV and AIDS to utilize and assess the impact of funds received for HIV/AIDS.

Progress toward achieving development objective(s):

There has not been much progress towards achieving the development objectives, as a result of delays in project effectiveness and procurement.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H1130	Effective	5.11	0.25	4.86	0.00

