

**STATUS OF PROJECTS IN EXECUTION – FY06**  
**SOPE**  
**REGION: AFRICA**  
**COUNTRY: LESOTHO**

**Operations Policy and Country Services**  
**SEPTEMBER 19, 2006**



**Report on the Status of Projects in Execution - FY06**  
**SOPE**  
**Region: Africa**  
**Country: Lesotho**

**Introduction**

The Status of Projects in Execution (SOPE) Report for FY06 provides information on all IBRD/IDA projects that were active on June 30, 2006.

The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. In accordance with the Bank's revised disclosure policy, since FY02, the SOPE Report is available to the public.

The report is intended to bridge 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.

In addition to the project progress description, the FY06 SOPE report<sup>1</sup> contains project level comparisons of disbursement estimates and actual disbursements, and a table showing the loan/credit/grant amount and disbursements to date for all active projects.

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<sup>1</sup> 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):** Hiland Water 1B Project ( P001409 )

**Country:** Lesotho

**Board Approval Date :** 06/04/1998

**Midterm Review Date :** 11/13/2000

**Closing Date :** 12/31/2006

**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.

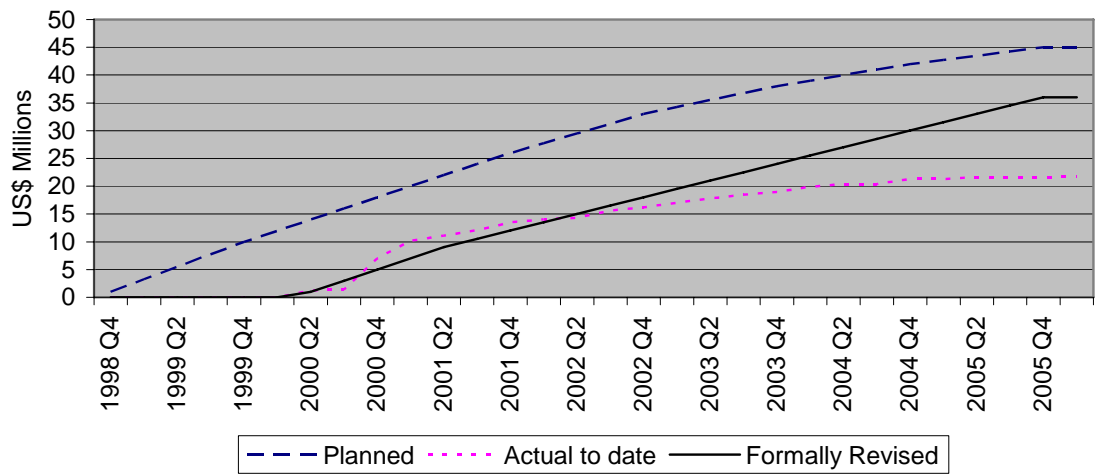
**Progress toward achieving development objective(s):**

Engineering construction is complete and the project is in operation. Water is being transferred to meet required delivery schedules and generating royalties; 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 although environmental flow releases have not been in full compliance with policy requirements; compensation is being provided to those adversely affected by the project; and resettlement is complete except for a limited number of households around Mohale reservoir that have lost a significant portion of their land. Impact studies are underway to assess compliance with Treaty requirements. Water supply to Gauteng is reliable, even through the recent drought period.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2006 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IBRD-43390	Effective	45.00	21.66	14.34	9.00





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

**Country:** Lesotho

**Board Approval Date :** 09/13/2001

**Midterm Review Date :** 08/19/2005

**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:**

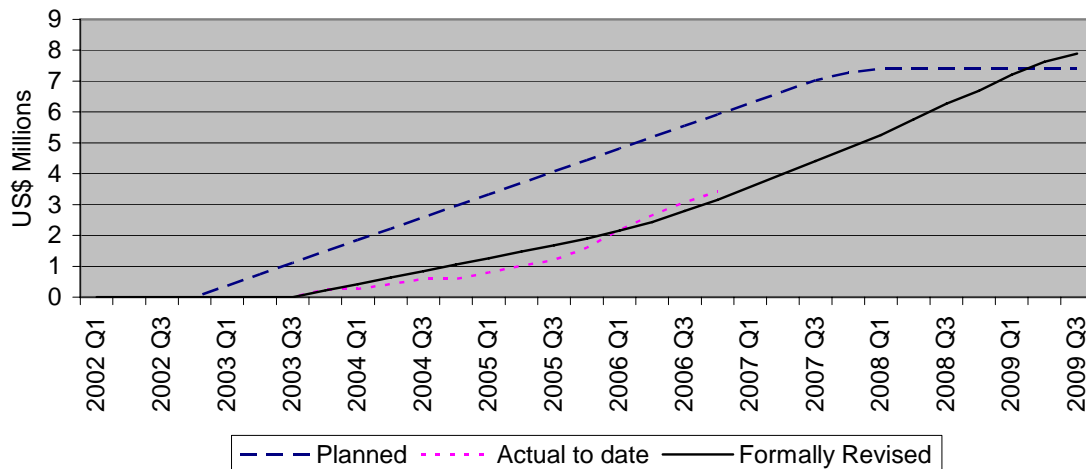
The objective is to conserve globally significant biodiversity in the Maloti Drakensberg mountains.

**Progress toward achieving development objective(s):**

The project is on the 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 including preparation of a trans-frontier plan, addressing transfrontier issues, conserving biodiversity and supporting district plans, the conservation of protected areas, tourism strategy development and support to range management. Capacity building has taken place for officials from the government and tourism parastatal entities.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2006 )**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
MULT-23723	Effective	7.36	3.44	3.93	0.00



**Project Name (ID):** Lesotho Water Sector Improvement Project ( P056418 )  
**Country:** Lesotho  
**Board Approval Date :** 10/26/2004  
**Midterm Review Date :** 07/31/2006  
**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.

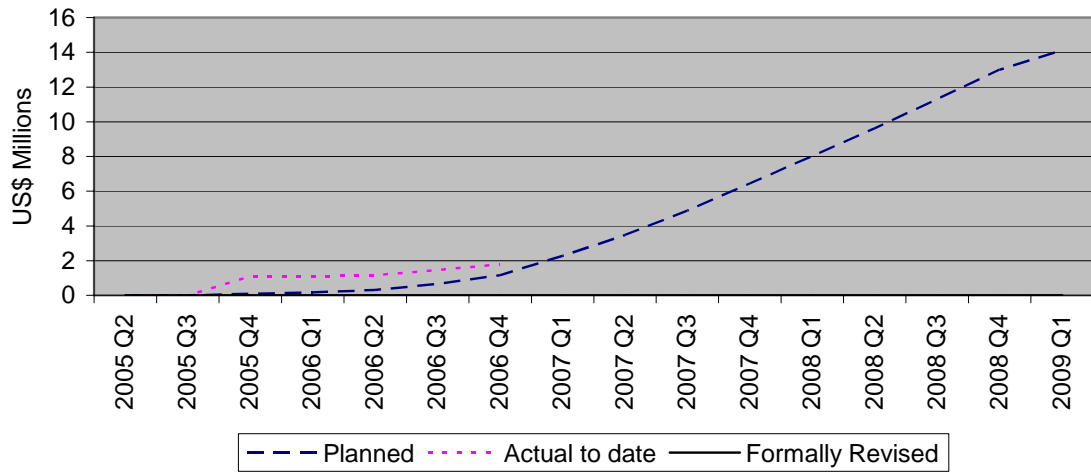
**Progress toward achieving development objective(s):**

While there is positive progress on all aspects of the project, momentum needs to be maintained to meet the tight schedule. The Commissioner of Water expects to circulate a second draft national water policy at various stakeholder meetings within the next few months. The revised policy will be the basis for a new legal and regulatory framework for the sector. The Water and Sewerage Authority (WASA) has shown great commitment to meeting the targets in the Performance Agreement (PA). A problem for WASA is the higher than expected percentages of water and wastewater samples that are failing. WASA has taken steps to remedy the situation through the preparation of a Human Resources Strategy to attract and retain staff, a twinning arrangement with a neighboring utility in South Africa, and a donor funded Technical Advisor who is expected to join WASA shortly.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2006 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39950	Effective	14.11	1.77	12.37	0.00
IDA-Q2740	Closed	0.60	0.00	0.00	0.60





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

**Country:** Lesotho

**Board Approval Date :** 03/29/2001

**Midterm Review Date :** 11/10/2003

**Closing Date :** 12/31/2006

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

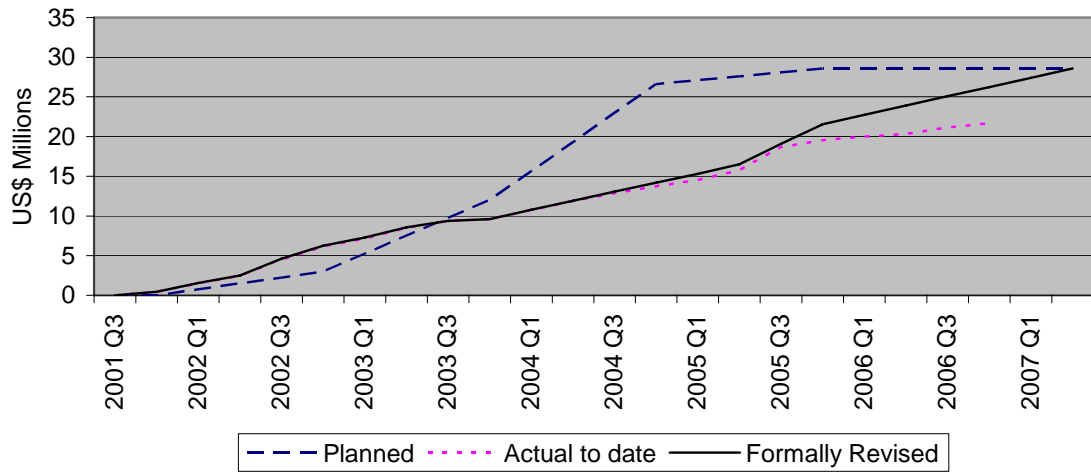
**Progress toward achieving development objective(s):**

The Project has met or will meet its development objectives by its closing date of December 31, 2006. Thus far, the project has helped bring about significant improvements regarding new connections to consumers, collection rate, arrears reduction, global losses, financial performance, etc. in the electricity sector. For example, new connections went from 22,000 in March, 2001 to 49,875 in May, 2006. This resulted in more than a doubling of the electrification rate. Moreover, electricity sales increased 81% between 2002 and 2005. This helped turn around the company's financial situation, which went from losses in 2002 to profit in 2006. In the telecommunications sector, 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. The aggregate teledensity in Lesotho is close to 15% - well above the African average of 8.6%.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2006 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-34840	Effective	32.63	21.64	9.73	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





**Project Name (ID):** Lesotho: Health Sector Reform Project Phase 2 ( P076658 )

**Country:** Lesotho

**Board Approval Date :** 10/13/2005

**Midterm Review Date :** 02/28/2007

**Closing Date :** 03/31/2009

**Loan/Credit/Grant Number :** IBRD-P4100, IDA-41180, IDA-Q4770

**Sector(s):** Health (44%), Sub-national government administration (20%), Compulsory health finance (13%), Non-compulsory health finance (13%), Solid waste management (10%)

**Theme(s):** Health system performance (P), Decentralization (S), Pollution management and environmental health (S), Population and reproductive health (S), HIV/AIDS (S)

**Project Development Objectives:**

The objective is to increase access to, and quality delivery of, essential health services. This objective is aligned with the overall goal of the health sector reform program to achieve a sustainable increase in access to quality preventive, curative and rehabilitative health services and achievement of the Millennium Development Goals (MDGs).

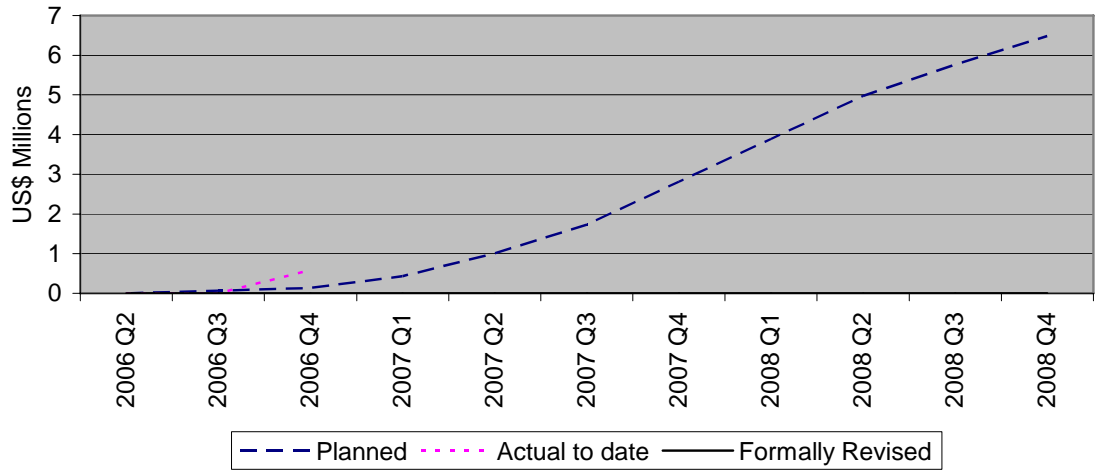
**Progress toward achieving development objective(s):**

Health Sector Reform Program Phase 2 is off to a good start towards its objective. The highlights of the progress include: (a) finalization and implementation of the first annual operational plan; (b) district health teams are being strengthened in order to deliver effective health services; (c) efficient health care financing mechanism is being explored; and (d) a Public-Private Partnership initiative is being implemented to replace the Queen Elizabeth II national referral hospital.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2006 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IBRD-P4100	Closed	0.60	0.00	0.00	0.60
IDA-41180	Effective	6.61	0.60	6.01	0.00
IDA-Q4770	Closed	0.60	0.00	0.60	0.00





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

**Country:** Lesotho

**Board Approval Date :** 07/17/2003

**Midterm Review Date :** 04/07/2006

**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.

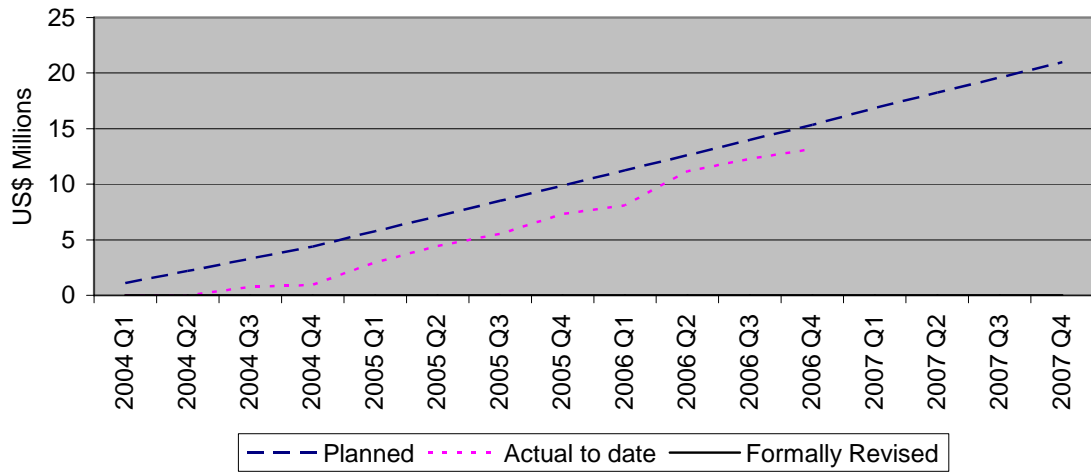
### **Progress toward achieving development objective(s):**

Overall, the project is likely to achieve its objectives. A substantial setback has been the decline in primary net enrolment ratio from 85% in 2002 to 83% in 2005, signaling the substantial effort required to reach the set target of 90% by 2007. This is partially due to the impact of HIV/AIDS on learner participation. The MoET is soon to launch support for Orphans and Vulnerable Children (OVCs) which is expected to roll back this impact. Other indicators have registered progress. Within the same period, primary completion rates substantially increased from 77% to 82%. Except for grade 3 performance on Sesotho, most 2005 primary school learning achievement for grade 3 and 6 had already surpassed targets set for 2007. Access to lower secondary education has also increased from 43% in 2002, to 48% in 2005; making the set target of 50% at project closure highly feasible. Coverage for Early Child Development (ECD) modestly increased from 31% to 33%, requiring significant effort to reach the 40% target set for 2007. The share of total education recurrent budget -- including the allocation of the National Manpower Development Secretariat (NMDS)-- allocated to primary and secondary combined, slightly increased from 58% in 2002 to 60% in 2005.

### **Lending Information/Disbursement Summary ( USD millions, as of June 30 2006 )**

<b>Loan/Credit/Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-38130	Effective	22.49	13.17	9.35	0.00





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

**Country:** Lesotho

**Board Approval Date :** 07/06/2004

**Midterm Review Date :** 06/30/2006

**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):**

The project is still in an early stage for meaningful implementation results, however activities have fully started. Ten key technical assistance contracts were finalized and the procurement for additional technical assistance is picking up speed. As a result, the capacity of beneficiaries to implement HIV/AIDS activities and to manage HIV/AIDS funds has started to improve.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2006 )**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H1130	Effective	5.14	0.62	4.53	0.00

