

Report prepared for Lesotho Highlands Development Authority



LESOTHO HIGHLANDS WATER PROJECT



ICM counterparts and progressive farmer practising intercropping and minimum tillage

REPORT 51

Report prepared by Panel of Environmental Experts

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EXECUTIVE SUMMARY

1. The Panel of Environmental Experts (PoE) for the Lesotho Highlands Water Project (LHWP) undertook a mission from 23 February to 3 March 2009.
2. The purpose of the mission was to help develop and implement critical projects being undertaken by the Lesotho Highlands Development Authority (LHDA).
3. The critical projects addressed during the mission, and the way forward on each, were briefly as follows.

LHDA Compensation A review was carried out on the status of the outstanding compensation audit files. The conclusion can be drawn that the compensation records have some significant problems, 7 out of 10 are passable according to analysts. Based on a legal opinion relating to the revised compensation files, flexibility in the application of the rules about compensation verification and payment was urged

The compensation complaints procedure generally is relatively effective, though cumbersome. The recording and resolution of complaints needs to be accelerated and the complaints entered into a Complaints Management Register which would be accessible on the web for individuals to record information and to make updates. As far as the Ombudsman's complaints status reports are concerned, some progress has been made in addressing and resolving the various complaints. Approximately 80% of the complaints flagged by the Ombudsman have been resolved, according to both the Ombudsman and LHDA. There are a number of outstanding issues that need to be addressed in discussions with the Ombudsman including questions relating to compensation for fields and other property that were affected by road construction in Mophale and issues relating to water and sanitation.

Lump Sum Investment and Operational Guidelines The review of the effectiveness of the strategy adopted by LHDA for lump sum investments revealed that though the process for business planning had improved somewhat since the last PoE visit (as seen, for example, in a set of model business plans that were being provided by LHDA to LLEs and cooperatives), the process is still taking much too long, up to 2 years for approval. In addition, the plans are far too complex and unrealistic, and the business plan acceptance rate is very low. It takes an expert to prepare a business plan in any given field, and no one can be an expert at many businesses. A review of the various business plans (eg ones for piggery projects, boat purchase for use on the reservoir, and broilers and poultry projects, and sheep and wool production) indicates that there is a great deal of variability in the quality of the plans, costings vary over time, cash flow analyses are weak, and often the plans themselves are not used to guide expenditures by individuals receiving lump sum compensation. The process for providing people with lump sums should be shortened considerably. The use of lump sums for subsistence purposes (eg paying for food for the family, establishing gardens) and taking care of social needs (eg paying for school fees, health bills, care for the elderly, and funeral payments) should be allowed under the revised Compensation Policy.

Income Generation/Technical Assistance Unit The progress of income generation activities of co-operatives in the upstream area of Katse and Mophale was reviewed. There are 27 cooperatives upstream in Katse, Lejone, and Muela (KLM), and 55 cooperatives in Mophale. These cooperatives are engaged in a variety of income generating activities, some of which appear to be sustainable (eg hammermills, taxis, small general dealerships). While there have been some problems with missing funds, improvements in the system have been made with audits of accounts, reports back to the community by the auditors, and efforts by cooperative members to prosecute individuals involved in misappropriation of funds. As with the case of lump sum compensation to individuals, it was recommended at the LHDA Workshop held on 27 February 2009 during the POE mission. One of the conclusions of that workshop was that

Compensation policy be changed in such a way that cooperatives are not required to provide business plans in order to access their communal compensation funds.

LHDA performance indicators LHDA is initiating a system of evaluation performance on key function areas (KFAs). The initiative is commended. The performance indicators warrant refinement – use corporate objectives, policies and risk assessments to identify the key performance indicators.

Population and Epidemiology Study – LHDA Contract 1204 PoE reviewed the Socio Economic and Epidemiology study reports submitted by the HSRC research Team to LHDA after the forensic review of the project was carried out in December 2008.

The review found that the reports were inadequate as they did not provide conclusive evidence to demonstrate the impact of the water project dams on the socio economic status of the affected population. Although there were reported changes that could be interpreted as having had positively impacted on their socio economic status, the study was not able to determine whether the changes observed were significant or not. Given the delays and the failure of the consultant to incorporate some of the suggested changes in the analysis methods and the failure to develop compound variables to describe changes in quality of livelihood of the affected population, the reports did provide information to indicate the absolute impact of the LHWP to guide LHDA's socio economic interventions intended to prevent negative impact on the quality of life of the affected population. The reports did not incorporate the use of compounded variables and odds ratio to define the level of change in the livelihood of the affected communities as was agreed in the forensic review consultations undertaken in December 2008.

PoE recommended a set of options to LHDA as a way forward to conclude the study that included immediate termination of the contract to engaging of scientific writer and biostatistician to review the raw data and compile a more definitive report by the end of the second quarter of 2009.

ICM - LHDA Contract 1044 PoE 2008 recommendations have not yet been followed on revising Task 2 & 3 completion reports to address livestock carrying capacity, livestock management objectives and land conservation standards. The 2009-01 monthly report says work 72% complete, budget 66.5% expended and 73% project time elapsed. This is difficult to reconcile with (a) the way forward proposed in Draft ICM Project Strategic Plan for September 2008 – May 2010, (b) the key elements of the project (shifting mindsets, changing practice, establishing catchment management institutions) are so incomplete, and (c) no single Completion Report is submitted and accepted. PoE recommends negotiating consultant's contract be terminated and remaining budget be expended on LHDA counterparts (able, enthusiastic young professionals) to (a) shift mindsets and improve land-use practice, and (b) involve local community and government structures, and ministries, as far as possible.

Lesotho Biodiversity Trust The PoE's recommendations made in September 2008 have not been implemented and a further five months have been lost in the race against time to construct a barrier on the Senqunyane River to create a sanctuary area for Maloti Minnow. PoE presents a four-step 'Way Forward' to resolve the crisis: 1 – Meeting of LBT and LHWC, establish Barrier Construction Fund and appoint Task Team; 2 - Conceptual Design study with blasting specialist; 3 – Appoint EIA consultant and obtain required permissions from NES; 4 – Secure funding and construct barrier.

Maloti Minnow Surveys of the Senqunyane and Bokong Rivers indicate healthy populations of minnow and no signs of alien fish. Intensive gillnetting of yellowfish in Mohale reservoir was poorly implemented during the second half of 2008. It is critical that this work be accorded the highest importance in 2009, the Conservation Officer be given the means and time to do so, and that an assistant be appointed with immediate effect.

IFR The 2008 IFR fish monitoring report is of acceptable standard. The 2008 IFR vegetation monitoring is unsatisfactory because the data have not been analyzed and written up and because the LHDA vegetation monitor has not been trained to undertake the full job. The IFR monitoring protocol has not been reviewed by PoE, and undemonstrated are the repeatability of the methods, the degree to which strong inference is enabled and whether the DECISION RULES can be applied. A revised system of IFR release has been reviewed by PoE in 2008-09, and PoE commends the initiative and recommends trial of the system. IFR annual reports for 2006/7 and 2007/8 are not completed yet, and PoE advises that the backlog must be cleared and a system of expeditious reporting be applied.

Residual Resettlement The Residual Resettlement Policy has been agreed upon at all levels (LHDA and LHWC as well as the Board) which means that the Resettlement Policy has been approved for implementation. There were 8 villages with people who lost over 50% of their land who were eligible under the policy for land to be allocated to them in the Ha Nthakhane and Takatso areas and near Kolotsane. People from 7 of the villages were allocated land in 2008 in the first area, The fields near Kolotsane was surveyed on the 4th to 6th February, 2009. The FOB Mohale has sufficient – though overstretched – qualified staff to carry out the residual resettlement program. To facilitate the residual resettlement process, it would be useful to have additional transport, available to the FOB Mohale.

LHWP Zonation – Contract 1255 The Gap Analysis by the Consultant is irrelevant and PoE recommends that consultant be advised to do no further work on it, but proceed directly to a final report that will address the following: Identify the institutional arrangement for development to be approved. The second priority is a broad zonation – extensive land-use (no modification of nature), intensive (developments are the key issues) and semi-intensive (minor alteration of the existing land- and waterscapes). It should not be the function of zonation or the institutional dispensation to decide the detail of development - the market must decide this, and the institutional arrangement decides only where such proposed development may take place and the standards to be met in the case of development in each zone.

Public Health A draft public health policy has been developed by the M&E team, and this was reviewed by PoE to establish its appropriateness for adoption as a policy to guide the planning and management of public health programmes and activities within LHDA areas of operations. The draft general policy is still rudimentary and would require further development to be inclusive and comprehensive enough to ensure it provides adequate guidance to LHDA on all public health issues.

There is already public health policy on the management of HIV and AIDS within LHDA. The policy that was drafted some years ago was main streamed into the LHDA Human Resource Management policies and procedures. The HIV policy mainly focuses on increasing access to HIV information and services to staff. Although the policy has been main streamed into LHDA some senior managers have not yet fully accepted the idea and are not supportive of the in-house HIV program interventions.

Community Infrastructure The implementation of the Community Infrastructure Policy is likely to be effective, particularly if LLEs are allowed the option of infrastructure development under the revised Compensation Policy. LHDA should continue in its efforts to cooperate with government departments such as Local Government, Rural Roads, and Rural Water Supply (RWS), traditional authorities, and local institutions in community infrastructure development.

KFF pilot trout project at Katse There is no evidence of reduced water quality at the current stocking levels at KFF. The operation now employs 10 people full-time and others as casual labourers at an agreed rate. KFF reports that regular meeting of the Steering Committee are held. PoE recommends that FOB Katse should participate in KFFSC meetings and use this forum to realise increasing community benefits.

KLM WATSAN Construction of the remaining 1000+ VIPs and 88 Water systems in LHWP Phase I started in October 2008 under the supervision of the LHWC, using contracted labour. Currently 50 VIPs and 5 Water systems are under construction. Issues put to PoE were that the pace of construction was slow and that the absence of an environmental officer and public health nurses to assist in community education and provide technical guidance as to where to site the VIPs are contributing to the non observance of environmental public health regulations requirements. LHDA should with immediate urgency deploy the two cadres to the construction team to provide technical assistance and guidance to the site selection of VIPs and education of communities on the safe use of latrines.

Partial risk analysis There are some environmental risks that are not being contained. These include erosion in the Bokong wetland, bird-unfriendly powerlines, possible future overexploitation of reservoir fish stocks that would impact artisanal fisher-folk, alien invader plants, and disrepair of stone-pitched drains to protect against gully erosion. These risks need to be addressed. There may be other project risks, and annual risk analysis is warranted.

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INTRODUCTION

The Panel of Environmental Experts (PoE) for the Lesotho Highlands Water Project (LHWP) undertook a mission from 23 February to 3 March 2009. The mission was attended by Professor Bob Hitchcock and Drs Amusaa Inambao, John Ledger and Mike Mentis.

The overall objective of the Mission was to provide the Lesotho Highlands Development Authority (LHDA) with an independent evaluation of its operations, identifying where things might be going wrong, how LHDA might improve its performance, and providing guidance on best practice. The specific terms of reference (ToRs) for the Mission were as follows.

Task #	Issue	Action
1	LHDA compensation	<ul style="list-style-type: none"> • Review status progress on the outstanding compensation audit files • Review and assess the adequacy of complaints procedures, process involved to reach agreement and advise on the best practice to be adopted in handling and managing complaints • Assess progress achieved in addressing the Ombudsman's recommendations in both Mohale and Katse and recommend appropriate actions that would lead to effective resolutions of such complaints
2	Lump sum investment and operational guidelines	<ul style="list-style-type: none"> • Review status of lump sum compensation and operational guidelines for business plans • Review the application and effectiveness of the standardized format and parameters for developing business plans
3	Income generation/Technical Assistance Unit	<ul style="list-style-type: none"> • Assess progress of income generation activities of co-operatives in the upstream and advise on how to address identified limitations • Review the work of Technical Assistance Unit with the LLEs downstream of Katse and Mohale and advise accordingly. • Assess progress status in effecting payments upstream at Katse and Mohale and, and first tranche payment to registered LLEs downstream of Mohale
4	LHDA performance indicators	<ul style="list-style-type: none"> • Review action in response to PoE Sep 2008 recommendations
5	PopIn & epidemiology study – LHDA Contract 1204	<ul style="list-style-type: none"> • Review progress on restitution of 1204 study in respect of data analysis, reports and data management
6	ICM – LHDA Contract 1044	<ul style="list-style-type: none"> • Review progress since September 2008 PoE mission • Assess physical progress against TORs, deliverables and work program • Assess the impact of the project on scope provided by the variation order #3
7	Lesotho Biodiversity Trust	<ul style="list-style-type: none"> • Review action in response to PoE Sep 2008 recommendations • LWHC response to LBT request for assistance • LBT Trustee response to PoE recommendations to make funds available for barrier construction • Review monitoring of fish stocks & artisan fishing in LHWP reservoirs

Task #	Issue	Action
8	Maloti Minnow Conservation	<ul style="list-style-type: none"> • Review progress on barrier construction & LHWC intervention • Review progress on the implementation of EIA TORs
		<ul style="list-style-type: none"> • Review progress report on the intensive gillnetting in Mohale to restrict alien fish penetrating Senqunyane River and advise on the best practice • Review fish monitoring report from Mohale reservoir to ascertain composition and density of fish population.
9	IFR	<ul style="list-style-type: none"> • Review specialist reports following the recent Sep-Oct 08 biophysical monitoring exercise • Review the revised system of IFR releases from Katse dam • Review progress on 06/07 and 07/08 annual IFR reports
10	Residual resettlement	<ul style="list-style-type: none"> • Assess the implementation of the residual resettlement policy • Review the capacity of LHDA to effectively implement the program and advise • Determine and evaluate the process that was engaged to involve community participation in the land redistribution exercise
11	LHWP Zonation – LHDA Contract 1255	<ul style="list-style-type: none"> • Review progress with contract execution
12	Public Health	<ul style="list-style-type: none"> • Review progress on development of corporate public health policy including HIV/AIDS internal and global policies • Review and comment on the draft Public Health Policy as prepared by the LHDA.
13	Community infrastructure	<ul style="list-style-type: none"> • Assess implementation of the community infrastructure policy and plans
14	KFF pilot trout production	<ul style="list-style-type: none"> • Review monthly progress reports submitted in 2008 • Review project impact on water quality and advise on mitigation measures • Determine the extent to which the project is meeting MOU in respect of community involvement
15	KLM WATSAN	<ul style="list-style-type: none"> • Assess and comment on the completion status of WATSAN project
16	Partial risk analysis	<ul style="list-style-type: none"> • PoE elected to identify project risks – not intended to be comprehensive but draw attention to unmanaged risk

Each of the items of TOR is dealt with in more detail in the matrix that follows.

PoE thanks LHDA, LHDA Board and the Lesotho Highlands Water Commission (LHWC) for help and hospitality.

CRITICAL PROJECTS

Projects	Present situation	Recommended action	Finish date
1. LHDA compensation			
Progress on outstanding audit files	<ul style="list-style-type: none"> A review was carried out on the status of the outstanding compensation audit files. Data consisted of a report by PWC Consultants, who were engaged on 18 February, 2008. PWC Consultants completed a final report on statistics of compensation files, Cycle C, with information reconciled as of 18/08/2008. Interview data were also obtained on the compensation audit activities. The overall number of files for Muela, Katse, Lejone, and Mohale was 2667, and the overall performance in terms of pass rate was 26.36%. The total amount of files in Cycle C that were verified was 46.34% passed and 53.66% did not pass (of a total of 1517 files in Cycle C). Of the total number of files in Cycle C that were not verified was 67.1% (of a total of 1148 processed). The overall performance of the verification exercise was 39.6% of a total of 3359 files presented to the consultants. LHDA staff did a further audit per a revised Execo standard (which is an accounting standard common to accountants in Southern Africa (N=1332 files, performance rate of 59.6%). The overall performance was as follows: 2655 files passed (70%). The conclusion can be drawn that the compensation records have some problems, but about 7 of 10 are considered passable by the accountants. A major issue that needs to be resolved is that of missing documents. POE reviewed files of LHDA and the FOB Mohale and was not able to find additional documents. POE also reviewed the reports and look at the compensation audit files. The missing documents continue to be a major problem, and careful assessment is warranted of the holdings in LHDA storage areas, the library, and the offices of FOB Mohale and Katse. 	<ul style="list-style-type: none"> Complete the reconciliation of the audit of the compensation audit files POE recommends careful search through the holdings in LHDA storage areas, the library, and the offices of FOB Mohale and Katse for missing documents 	2009-03-31
Progress on outstanding	<ul style="list-style-type: none"> A legal opinion relative to the revised compensation files verification standard was sought by LHDA and provided as an Information Board 	<ul style="list-style-type: none"> Complete the updating of the compensation database and seek 	2009-03-31

Projects	Present situation	Recommended action	Finish date
compensation audit files	Paper in November, 2008. Some of the legal opinions included the decision that a passport copy would not be considered as a prerequisite for the processing of beneficiary documents. It was also concluded that missing or incomplete acquisition forms, acceptance, or entitlement forms should not prevent households being provided with compensation. Copies of cheques were seen as acceptable of evidence of an individual's compensation record. In addition, the payment record in the data base was judged as acceptable proof that the household had accepted the lump sum payment. It was concluded that the updating of the database should continue. Flexibility in the application of the rules about compensation verification and payment was urged.	missing documents	
Adequacy of complaints procedures, process involved to reach agreement and best practice to be adopted in handling and managing complaints	<ul style="list-style-type: none"> The Procedures for Community Complaints Resolution procedure were reviewed. It was found that the complaints procedure generally is relatively effective, though cumbersome. The problem with the complaints procedure as working now is that people take their complaints to different offices, and there is not a central location for receipt of all complaints. It is recommended that all complaints be handled by one office in LHDA. The recording and resolution of complaints needs to be accelerated. Particular problems were found in handling of complaints resolution sign-offs at the DM level. The sign-offs should not take as long as they have, and this was found by the POE to be a major constraint to the successful implementation of the compensation procedure. It should be noted that under the policy, compensation is due to all who suffered losses including those who received water and sanitation systems. The Complaints Management Register resides with the M&E Branch, but the Compensation workflow chart resides with the IPB Branch. We did not have a chance to look at the M&E register (though we did in previous Panel visits. 	<ul style="list-style-type: none"> The complaints procedure needs to be improved with faster turn-around of review, verification, sign-off, and payment. It is recommended that all complaints be handled by one office in LHDA. The M&E Branch needs to work more collaboratively with the IPB Branch and the Complaints Management Register and the workflow register should be in both sections of LHDA. 	2009-03-31
	<ul style="list-style-type: none"> LHDA suggested in discussions with the PoE that the complaints 	<ul style="list-style-type: none"> Complete the establishment of an 	2009-04-30

Projects	Present situation	Recommended action	Finish date
	<p>could be entered into a Complaints Management Register which would be accessible on the web for individuals to record information and to make updates. While this idea is an intriguing one, implementation will be difficult, given access issues and the complexity of data entry, corrections, and changes. Field personnel maintain that they have little access to information on the web. Nevertheless, a computerized complaints Management Register is a good idea if decent software is used and care is taken to capture all of the kinds of complaints, the resolution strategies recommended, decisions taken, and follow-up issues such as legal action taken against LHDA.</p>	<p>operational Complaints Management Register (CMR) that is accessible to all of the branches of LHDA.</p>	
<p>Progress achieved in addressing the Ombudsman's recommendation in both Mohale and Katse and appropriate actions that would lead to effective resolutions of such complaints</p>	<ul style="list-style-type: none"> The progress that has been made in addressing the Ombudsman's recommendations in Mohale and Katse was reviewed. It was found that substantial efforts have been made by LHDA to demonstrate that cases were already resolved, verification of complaints was ongoing, or resolution of the complaints cases had been carried out and payments made. Issues raised by individuals and in some cases communities included the quality of replacement houses, desire for VIPs for churches, loss of assets such as trees, boulders having rolled into fields from road works, culverts diverting water into fields, slowness of communal assets compensation, and disagreements over membership fees for cooperatives, funds missing from cooperatives' accounts, and the status of legal cases brought before the courts. PoE found that some of the issues that were outstanding included those relating to damage to project-affected people's property in the road-building, sweep-up, and water and sanitation campaign activities. 	<ul style="list-style-type: none"> Further discussions with the Ombudsman about outstanding compensation issues (see present situation) would be useful. LHDA reports on addressing the complaints should be made available to the Ombudsman 	<p>2009-04-30</p>
<p>2. Lump sum investment & operational guidelines</p>			
<p>Lump sum investment and operational guidelines for business plans</p>	<ul style="list-style-type: none"> The effectiveness of the strategy adopted by LHDA for lump sum investment was. It was found that although the process for business planning had improved since the last PoE visit, especially with the provision of model plans and costing from IPB to the FOBs and 	<ul style="list-style-type: none"> The policy regarding lump sum compensation should be revised completely in light of the recommendations of the Compensation 	<p>2009-04-30</p>

Projects	Present situation	Recommended action	Finish date
	<p>ultimately to individuals at the community level, the process is still taking much too long (up to 2 years for approval of a business plan), the plans are far too complex, and the business plan acceptance rate is very low (only 4 were approved and funded, while 27 were rejected, for an approval rate of 13%). Not surprisingly, individuals have lost faith in LHDA because of this severe constraint. Along the lines of the discussion at the workshop on LHDA lump sum compensation and communal compensation held at the Maseru Sun Cabanas on 27 February 2009, the business plans are not working. This is in part because no individual has all of the expertise necessary to do an acceptable business plan, the planning process is not working well, and the review process is taking far too long and consuming enormous amounts of administrative time. A review of the various business plans (<i>eg</i> for piggery projects, boat purchase for use on the reservoir, and broilers and poultry projects, and sheep and wool production) indicates that there is a great deal of variability in the quality of the plans, costings vary over time, cash flow analyses are weak, criteria for evaluation of business plans are not clear at present, and often the plans themselves are not used to guide expenditures by individuals in cooperatives or LLEs receiving compensation. The process for providing people with lump sum compensation should be shortened considerably. Individuals should be required to sign indemnity forms in order to access their compensation funds. LHDA personnel can and do work with individuals on lump sum investments, and this should continue. People who have the option of receiving lump sum payments should be given their funds once LHDA has verified through an examination of the records that they are owed compensation.</p>	<p>Workshop held on 27 February 2009</p> <ul style="list-style-type: none"> • People who have the option of receiving lump sum payments should be given their funds once LHDA has verified through an examination of the records that they are owed compensation. • Individuals should be required to sign indemnity forms in order to access their compensation funds. 	
Lump sum investment and operational guidelines for business plans	<ul style="list-style-type: none"> • The use of lump sums for subsistence purposes (<i>eg</i> paying for food for the family, establishing gardens) and taking care of social needs (<i>eg</i> paying for school fees, health bills, care for the elderly, and funeral payments) should be allowed under a revised Compensation Policy. 	<ul style="list-style-type: none"> • Revise the compensation policy on lump sum compensation as recommended at the Workshop on Compensation held 27 February 2009 	2009-04-30

Projects	Present situation	Recommended action	Finish date
	Such a change in provisions will require discussions at all levels in order to come up with a revised Compensation Policy, which will have to be assessed and agreed upon by the two governments.		
Application and effectiveness of the standardized format for developing business plans	<ul style="list-style-type: none"> The application and effectiveness of the standardized format for developing business plans was reviewed. The standardized format was useful but still too complex and unrealistic and in need of simplification. It requires an expert in a given field to prepare a business plan in that field. LHDA staff cannot be expected to be expert in everything. As a result, the standing of just about any business plan prepared is questionable. Other issues include the difficulty of monitoring the ways in which people expend the money, the problems in determining the existence of top-up funds for business plans which require more than the individual is owed in compensation, and the high risk of business failure in the start-up phase, especially in remote rural areas. LLEs have to submit audited financial reports to facilitate access of their next annual payment. 	<ul style="list-style-type: none"> Remove the business planning requirements from the Compensation Policy for Coops and LLEs. It is recommended that the Cooperatives and LLEs be provided with additional accounting assistance so that they can have completed audits that are accessible to the members of the cooperatives and LLEs 	2009-04-30
3. Income generation / Technical Assistance Unit			
Progress on income generation activities of cooperatives upstream and how to address identified limitations	<ul style="list-style-type: none"> The progress of income generation activities of co-operatives in the upstream area of Katse and Mohale was reviewed. There are 27 cooperatives upstream in Katse, Lejone, and Muela, and 55 cooperatives upstream in Mohale. The cooperatives are engaged in a variety of activities with assistance from LHDA FOB personnel and the Department of Cooperatives. These include hammer mills, poultry production, piggery, taxis, carpentry, vegetable and fruit production, and rental properties. Some of the cooperatives have invested their funds in money markets through financial institutions. There have been some problems with missing funds. Improvements in the system have been made with audits of accounts and reports back to the community by the auditors. If it is found that there has been misappropriation of funds, the individuals responsible can be prosecuted, something that is happening already in a few cases. As in 	<ul style="list-style-type: none"> Remove the business planning requirement from Communal Compensation under the Compensation Policy 	2009-04-30

Projects	Present situation	Recommended action	Finish date
	<p>the case of lump sum compensation to individuals, it is recommended that the policy be changed in such a way that cooperatives are not required to provide business plans in order to access their communal compensation funds.</p>		
Work of the Technical Assistance Unit with the LLEs downstream of Katse and Mohale	<ul style="list-style-type: none"> The work of the TAUs in the downstream affected communities was reviewed. There are 22 LLEs downstream of Katse which have received their first tranche of compensation. There are 31 LLEs at present downstream of Mohale which have yet to receive compensation. On-going work by the TAU includes training, work with LLEs on business plans, advising on the viability of plans, and assistance in conflict resolution. The TAU has completed approximately 80% of the tasks that they outlined in their plans. However, some of the more remote LLEs have yet to be assisted. The Department of Cooperatives has been able to meet only half of its requests for assistance. The Katse LLEs are engaged in a number of different activities including hammer mills, a business complex, dairy production, trucks, and brick making. Some of the LLEs would like to work on infrastructure development projects (eg roads, water systems, and tourist rondavels), and the IFR Policy allows for this option. LLEs should be given advice on whether specific projects (eg electrification, bridges) are feasible given the funds and capacity that they have. In order to do this, other ministries and departments may need to be called upon for assistance. 	<ul style="list-style-type: none"> LHDA should allow LLEs to opt for investment in enhanced infrastructure development projects, as recommended by the Compensation Workshop participants in Maseru on 27 February 2009 and as is already stipulated in the LHDA IFR Policy. Service delivery to cooperatives and LLEs could be improved though additional transport and personnel made available to the TAU and to the FOBs (eg income generation officers, compensation officers). LHDA should discuss with the Department of Cooperatives the ways in which service delivery by this department can be improved, which in turn will affect LLEs positively. 	2009-04-30
First tranche payment to registered LLEs downstream of Mohale	<ul style="list-style-type: none"> The status of the LLEs downstream of Mohale was assessed. It was found that 26 LLEs (of a total of 31) have been registered but have yet to receive funds. Two LLEs wish to develop hammer mills and one an agricultural inputs store. Some of these LLEs would like to engage in community infrastructure projects such as water system expansion in the foothills, a program that would benefit both the resettles and the host community. This is allowed under the IFR Policy. There is no provision that the first tranche of compensation requires demonstration 	<ul style="list-style-type: none"> The first tranche of compensation should be provided to the registered LLEs in Mohale 	2009-04-30

Projects	Present situation	Recommended action	Finish date
	of loss; rather, the groups must be registered officially and have their forms in order so that they can receive payment. The LLEs in Mohale that meet all the requirements should be provided with their communal compensation funds as soon as possible. Otherwise, LHDA will not be in compliance with the Treaty and the Order.		
4. LHDA performance indicators			
	2008-09 LHDA introduced PoE to a corporate performance evaluation initiative whereby key functional areas (KFAs) are identified, and for each KFA there are performance indicators, how these will be measured, the frequency of monitoring and the standard against which measurement will be made. PoE commended the initiative.		
	<ul style="list-style-type: none"> PoE accepts LHDA's reservations about extending this particular performance evaluation from corporate to individual staff 		
	<ul style="list-style-type: none"> PoE was asked to review the individual performance indicators. However, PoE received the draft document on the penultimate days of its mission and, given well over 100 performance indicators, it was not feasible to review in detail, but comments are provided below 		
	<ul style="list-style-type: none"> <i>KFA 5 (Compensation), and KFA 6 (Standard of Living)</i> The indicators on compensation have to do with various kinds of payments (eg Lump Sum, ACP, Grains and Pulses), the records of which are in the compensation register, compensation related complaints and their resolution, which will be in the new Complaints Management Register, area of land redistributed, which will be in the monitoring system of the FOBs relative to compensation, and payments for losses. Cross-referencing of the indicators with the compensation register and complaints management system is called for. With respect to the Standard of Living Indicators, a list needs to be developed which specifies the meaning of the various indicators: standard of living (well-being), income, development project, job (formal sector or informal), local legal entity, training, capacity-building, educational attainment, access to water, access to latrine, road access, housing 	<ul style="list-style-type: none"> Revise list of verifiable compensation & standard of living indicators, with definitions and scoring (see Present Situation for shortcomings that need to be addressed) 	2009-04-30

Projects	Present situation	Recommended action	Finish date
	<p>quality, vulnerability status, and then a scoring for the various indicators needs to be provided. Some of the indicators used in the HSRC Contract 1204 main report of 2007 (Table 3.1) could be built upon, as could some of the monitoring data obtained by LHDA and its other consultants for Phase 1A and 1B. Overall, it would be useful to have a smaller number of key socio-economic indicators ordered in terms of priority.</p>		
	<ul style="list-style-type: none"> • <i>KFA 8 (biophysical & cultural resources)</i> PoE Report 49 listed IFR performance indicators. These have been omitted. The KFA is swamped with KBG indicators. KBG might be handed over soon. What then? The meanings of some of the indicators are unclear (8.14 what is meant by land deferred?). It is questioned how 'key' the listed performance indicators are. IFR deficit reduction? IFR 7 has a deficit but according to monitoring is in better than predicted river condition. IFR deficits are not necessary for applying the DECISION RULES 	<ul style="list-style-type: none"> • Revise the performance indicators and restrict to a select few key indicators – do not try to cover everything 	2009-04-30
	<ul style="list-style-type: none"> • Performance indicators should logically be linked to the organization's objectives, policies and risks. It is not clear that this has been done. For example, where is the environmental or the public health risk analysis? 	<ul style="list-style-type: none"> • Use objectives in KFAs, policies and risk analyses to help revise the performance indicators 	
5. Population & Epidemiology Study – LHDA Contract 1204			
	<ul style="list-style-type: none"> • The reports have not significantly improved despite the forensic consultation assistance provided to the consultants. The reports have still not been able to provide evidence of the socio economic and epidemiologic impact of the LHWP. The contents and formats of the report were inadequate to explain the changes observed among the water project affected communities with any certain level of confidence. There are no confidence levels tied to the observations made in the analysis and there has been a failure to isolate the various socio economic factors that were being investigated through a multi variate analysis but has persisted in the use of univariate analysis across the three groups of respondents in the study. 	<ul style="list-style-type: none"> • Terminate the contract on the basis of un-satisfactory completion of the assignment 	2009-03-15
		<ul style="list-style-type: none"> • LHDA to negotiate with HSRC on 	2009-03-15

Projects	Present situation	Recommended action	Finish date
		elements of the work done that ought to be paid for	
		<ul style="list-style-type: none"> • HSRC to submit all the intellectual properties accrued through the study to LHDA as stated in the contract that include all the data, the raw data questionnaires and various versions of draft reports 	2009-03-15
	<ul style="list-style-type: none"> • LHDA has a number of options to take in moving forward the completion of the study. <ol style="list-style-type: none"> 1. Terminate the contract and call for a new study 2. Give more time to HSRC reanalyse and revise the reports 3. Terminate the contract and pay HSRC for part of the work 4. Engage an expert scientific report writer to do the report 5. Engage an experienced statistician to review and redo the analysis of the existing data 6. Combine option 4 and 5 to review and reanalyse the data and prepare the final report, collecting more data if warranted 	<ul style="list-style-type: none"> • Adopt option 6 – engage an experienced bio-statistician and a scientific report writer 	2009-03-05
	<ul style="list-style-type: none"> • LHDA should immediately identify appropriately experienced scientific report writer and a statistician to review the body of data collected and determine whether the collected data can be used to answer the research question by carrying out multivariate analysis or use of odds ratios to tie-up the observations to the expected outcomes 	<ul style="list-style-type: none"> • Develop TORs and scopes of work and identify appropriate experts to undertake the salvage process as soon as possible (Appendix 1) 	2009-03-20
	<ul style="list-style-type: none"> • The management of the study lacked adequate technical supervision as indicated by the non compliance of HSRC to the contract agreement to train and develop capacity of LHDA staff during the design, data collection and analysis as well as the development of capacity of data management system at LHDA 	<ul style="list-style-type: none"> • Establish a supervisory team at LHDA to oversee the salvage process and the strengthening of the data management system at LHDA to ensure that the mistakes made in the previous exercise are identified and rectified at the very early stages 	2009-03-20
	<ul style="list-style-type: none"> • Plan to start the review process as soon as the consultants are engaged. 	<ul style="list-style-type: none"> • PoE should help in the drafting of the 	2009-03-25

Projects	Present situation	Recommended action	Finish date
		terms of reference for the new team and if required in the monitoring of the data process	
	<ul style="list-style-type: none"> The appropriate consultant should start work immediately and be in a position to provide a first draft by the mid June or earlier if new data collection would not be required 	<ul style="list-style-type: none"> Consultants should be engaged and prepared to start the review of the reports and raw data 	2009-03-30
		<ul style="list-style-type: none"> PoE should be closely involved in the review of performance of the consultants 	On-going
6. ICM – LHDA Contract 1044			
Progress since September 2008	Task 1 CMA formation Reportedly 66% complete. There is turnover of local government institution membership, with new members having to be inducted into the ICM mindset. This must be an extra demand on stretched ICM resources. Formation and establishment of catchment management institutions far from complete (see ICM Project Strategic Plan 2008-09)	See below	
	Task 2 Resource Inventory Reportedly 100% complete. PoE Report 49 reviewed Draft Completion Report, and recommended revision regarding carrying capacity and rangeland management objectives – not yet done	See below	
	Task 3 Development of ICMPs Reportedly 96% complete. PoE Report 49 reviewed Draft Completion Report previously reviewed and recommended development of land use and land management standards – not yet done	See below	
	Task 4 Implementation of ICMPs Reportedly 53% complete. PoE visited ICM sites near Ha Lejone and Katse. LHDA counterparts showed PoE ICM-driven development of home gardens, intercropping and minimum tillage	See below	
	The initiatives demonstrated to PoE are the kinds that ICM should be focusing on	See below	
	Task 5 Monitoring	See below	

Projects	Present situation	Recommended action	Finish date
	Reportedly 71% complete		
	Task 6 Reporting Reportedly 75% complete. Inception Report done. Monthly reporting now up-to-date. Completion Reports for Tasks 1-5 and for whole Project not done	See below	
Progress against ToR, deliverables & work program	ToRs as per Tasks 1-6 above	See below	
	Deliverables <ul style="list-style-type: none"> • Reports – inception report done, monthly reports done, task completion reports not done, project completion report not done • Establishment of catchment management institutions incomplete • The ultimate aim of the project was to improve the sustainability of catchment land-use through changing mindsets and adjusting practice – limited delivery to date • Draft Task 2 & 3 Completion Reports defective as explained in PoE Report 49 • These defects have not as yet been remedied 	See below	
	Work program <ul style="list-style-type: none"> • Monthly Report January 2009 says 72% of work completed, 66.5% of the escalated budget expended and 73% of the project time elapsed. • This is difficult to reconcile with (a) the way forward proposed in Draft ICM Project Strategic Plan for September 2008 – May 2010, (b) the key elements of the project (shifting mindsets, changing practice, establishing catchment management institutions) are so incomplete, and (c) no single Completion Report is submitted and accepted 	See below	
Variation order #3	Offered 2 options – (1) LHDA counterparts take over project and contract with SMEC terminated, and (2) additional man-months and budget request for SMEC to complete as previously envisaged. Based on PoE's albeit limited exposure to ICM it seems that <ul style="list-style-type: none"> • ICM is being driven by the LHDA counterparts 	<ul style="list-style-type: none"> • Negotiate to terminate contract with consultant 	2009-03-31

Projects	Present situation	Recommended action	Finish date
	<ul style="list-style-type: none"> • LHDA counterpart is a misnomer because there are no Consultant opposite numbers to mentor the LHDA counterparts • the Consultant has been slow to produce reports (Task 6) (monthly reporting now up-to-date but the adequacy of Task 2 & 3 Completion Reports still in question • it is unclear what further value the Consultant is adding to ICM (the counterparts are the deliverers) 		
		<ul style="list-style-type: none"> • LHDA counterparts prioritize (a) changing mindsets & improving conservation practice of individual people, and (b) involving community structures, local government & ministries at every opportunity 	2009-03-31
		<ul style="list-style-type: none"> • LHDA must cultivate a counterpart corps comprising able and enthusiastic young professionals 	On-going
7. Lesotho Biodiversity Trust			
Response to PoE Sep 2008 recommendations	<ul style="list-style-type: none"> • PoE recommended emergency meeting of LBT Trustees to consider PoE's view that the Trust is out of its depth and needs to seek the assistance of the project authorities to move ahead. The LHDA response matrix dated 31 January 2009 says: LWHC involvement with LBT is earmarked as a way forward after the cost estimates of barrier construction have been finalized. A way forward is now required (see Appendix 2) <ol style="list-style-type: none"> 1 Meeting, establish Barrier Construction Fund and appoint Task Team 2 Conceptual Design study with blasting specialist 3 Appoint EIA consultant and obtain required permissions from NES 	<ul style="list-style-type: none"> • LBT and project authorities to meet urgently and implement the four-stage way forward 	2009-03-31

Projects	Present situation	Recommended action	Finish date
	4 Secure funding and construct barrier		
LWHC response to LBT request for assistance	<ul style="list-style-type: none"> The view of the LWHC is that it cannot tell the LBT what to do. This would be in conflict with the understanding that the LBT is an independent Trust. 	<ul style="list-style-type: none"> Covered by way forward 	2009-03-31
LBT Trustee response to PoE recommendations to make funds available for barrier construction	<ul style="list-style-type: none"> LBT currently has only three Trustees from Lesotho; it might be in breach of the Deed of Trust by not having three Trustees from South Africa as well. It is not clear whether the LBT Trustees have been fully apprised of the PoE Sep 2008 recommendations, since the Trustees have not been able to meet since then. 	<ul style="list-style-type: none"> Covered by way forward 	2009-03-31
	<ul style="list-style-type: none"> LBT has a legitimate concern that if all its funds are turned over to be used for building the barrier, there will be no resources to continue the important work of monitoring the minnow and the influx of alien fish. 	<ul style="list-style-type: none"> The ongoing monitoring of Maloti Minnow and the intensive gillnetting in Mohale reservoir must be continued with diligence 	2009-03-31
Monitoring of fish stocks & artisanal fishing in LHWP reservoirs	<ul style="list-style-type: none"> There is no artisanal fishing in Mohale. PoE paid a brief visit to the Katse Fish Farm (KFF) caged trout pilot project at Ha Lejone on 25 February. An individual from Ha Lejone was observed with a number of exceptionally big Smallmouth Yellowfish that he apparently catches with a handline every day from the bank in front of the KFF offices. It was said that he sells his catch in Thaba Tseka. The KFF manager advised that his staff fish for yellowfish from the trout cages. These yellowfish are obviously attracted to the food supply from the trout cages and are growing very well on this nutritious diet. The wealth accruing to individuals with selective access to the prime fishing spots near the trout farm is not equitable with the philosophy that the fisheries of the LHDA reservoirs are meant to benefit the communities who were affected by the project. The artisanal fishermen who sell their catches near the outlet tunnel had only small Mudfish and medium Smallmouth Yellowfish for sale when the PoE stopped there on our way to Matsoku. They said they were not catching trout at all. LHDA has not monitored the Katse artisanal fishery for a number of 	<ul style="list-style-type: none"> FOB at Katse implement a monitoring program to collect the necessary information. It is a legal requirement that anyone fishing in LHDA reservoirs must have a permit to do so. The person from Katse FOB tasked with implementing the monitoring program should also ascertain whether all the individuals fishing at the KFF site are in possession of valid licences. PoE recommends that the extraction of yellowfish from the KFF site be investigated in such a way that the information about the productivity of the resource be collected without driving the activity underground because individual entrepreneurs feel 	2009-03-31

Projects	Present situation	Recommended action	Finish date
	years. Accordingly there is no information about the benefits to the communities derived from the project.	threatened by LHDA. When a reasonable picture of the situation is available, the implementation of measures to regulate this fishery may be appropriate.	
8. Maloti Minnow Conservation			
Progress on barrier construction & LHWC intervention	<ul style="list-style-type: none"> LHWC has made no intervention to date. PoE had sight of a report entitled <i>Progress towards the construction of artificial barriers</i> (T. Sephaka, February 2008. <i>Lesotho Biodiversity Trust</i>). LHDA Special Projects Unit (SPU) will assist in the review and redesign of barriers. The team has recommended that a meander cut is the preferred option. The Mohale Dam Safety Officer will be the internal supervising engineer. 	<ul style="list-style-type: none"> Covered by way forward 	2009-03-31
Progress on the implementation of EIA TORs	<ul style="list-style-type: none"> The TORs have been changed slightly since PoE Sep 2008 recommendations. The TORs have not been finalized and the tender has not been advertised. There seems to be a view that LBT wants an indication of the cost of the barrier before proceeding with the EIA. 	<ul style="list-style-type: none"> Covered by way forward 	2009-03-31
Progress on the intensive gillnetting in Mohale to restrict alien fish penetrating Senqunyane River, and advise on best practice	<ul style="list-style-type: none"> The intensive gillnetting program has NOT been properly implemented since July 2008. LBT is using its Conservation Officer to do the paperwork around the EIA for the barrier instead of deploying him to the field where monitoring and intensive gillnetting in Mohale reservoir is a priority. A misunderstanding by the Mohale FOB management prevented the Conservation Officer from using LHDA boats to implement intensive gillnetting. An administrative delay of three months to procure tyres for the LBT vehicle prevented the Conservation Officer from getting into the field. Only 452 yellowfish were removed from Mohale from July-December 2008, compared to the 1,549 yellowfish caught in the nine month period prior to that. In terms of best practice, it has been demonstrated in Yellowstone National Park, USA, that intensive gillnetting can yield good results in 	<ul style="list-style-type: none"> The LBT Conservation Officer needs the full support of all concerned to ensure that he can get into the field on a regular basis to undertake intensive gillnetting. It is also critically important that an assistant be appointed to ensure that the fieldwork in Mohale is diligently implemented at all times. 	2009-03-31

Projects	Present situation	Recommended action	Finish date
	protecting endangered fish from predatory species. However, <u>adequate resources and manpower is essential to the success of such programs.</u>		
Fish monitoring report from Mohale reservoir to ascertain composition and density of fish population	<ul style="list-style-type: none"> Maloti Minnows were sampled from the Bokong and Senqunyane Rivers from July – December 2008. The results show that the populations in both rivers are still healthy. The Bokong has a higher density of minnows than the Senqunyane, but the latter has much higher total numbers and therefore is the primary watercourse for protection. No yellowfish or other alien fish were encountered in the surveys of the Bokong and Senqunyane Rivers. Maloti Minnows were sampled from the four sanctuaries into which they were transplanted in 2003. All four populations are surviving and breeding (Appendix 4). 	<ul style="list-style-type: none"> Ongoing monitoring of the Maloti Minnow in the rivers of the Mohale catchment must be continued in 2009, as must the intensive gillnetting operation to put pressure on the yellowfish population and to monitor the appearance of any other alien fish. 	
9. IFR			
IFR monitoring reports	<p>PoE reviewed the fish monitoring report for 2008</p> <ul style="list-style-type: none"> IFRs 1 & 9 (both in Matsoku valley) are worse than the IFR experts predicted – PoE suspects the reason for low performance is not LHWP but intensive land-use in the Matsoku valley, and PoE does not support the suggestion that IFR 9 be dropped as a control site IFR 7 is in better than predicted condition despite the deficit in releases from Mohale Other IFR sites meet the predicted condition 	<ul style="list-style-type: none"> Fix Mohale Dam including low level outlet so IFR releases can be made 	2009-0-30
	<p>PoE did not see the IFR vegetation monitoring report</p> <ul style="list-style-type: none"> The field work was completed and data submitted The vegetation monitor has not been trained to undertake the data analysis, interpretation and write-up PoE visited IFR reaches 1, 2, 3, 7 and 9. Riverine woody vegetation was set back by the Nov 2006 event but there is still a net gain of woody by comparison with pre-impoundment 	<ul style="list-style-type: none"> Get data analyzed and report written 	2009-04-30
	<p>PoE emphasizes the following shortcomings in IFR monitoring</p> <ul style="list-style-type: none"> PoE has never been asked to review the monitoring protocol 	<ul style="list-style-type: none"> LHDA must require the monitoring protocol to be reviewed by PoE 	2009-09-30

Projects	Present situation	Recommended action	Finish date
	<ul style="list-style-type: none"> • The repeatability of the fish sampling method is undemonstrated • The repeatability and representativeness of the vegetation monitoring method are unknown • The failure to train the LHDA vegetation monitor to undertake the full vegetation monitoring including data analysis and write-up is not acceptable • LHDA is reminded that it is the responsibility of Management to appoint the necessary staff and ensure that they are trained and equipped 		
		<ul style="list-style-type: none"> • LHDA must demonstrate the repeatability of the fish sampling method, <i>eg</i> use students (cheap labour) to sample 3 close-by river reaches on the same day 	2009-11-30
Revised system of IFR releases from Katse	<p>LHDA is developing a system of IFR releases based not on pre-planned base and flood flows (the present situation), but on releasing a predetermined fraction of inflows. The system is being developed for Katse only, for the moment. PoE was introduced to the proposed revised system during Sep 2008, and commended LHDA for thinking outside the box and for trying to design a release system that mimics nature better than the present release system. PoE emphasizes the following points.</p> <ul style="list-style-type: none"> • Collecting input to run the model, and running the model, must be kept simple • Great accuracy in the daily model iteration is unnecessary • For the sake of river condition, the exact volume of release is less important than the variability in flow matching natural events more or less <p>Key performance variables might include the following</p> <ul style="list-style-type: none"> • Ease (cost) with which information can be gathered for the daily reservoir water balance model 	<ul style="list-style-type: none"> • Develop and implement new release system and begin to test for later comparison with existing release system 	2009-09-30

Projects	Present situation	Recommended action	Finish date
	<ul style="list-style-type: none"> • Degree to which, and frequency at which, valve adjustment is technically possible to reasonably mimic the natural flow variability • The impact on downstream river condition • The response of the local communities to the flow release system 		
IFR 06/07 & 07/08 Annual Reports	<p>In PoE Report 49 it was emphasized that IFR annual reporting needs to be concise, factual and focused on KPIs, as follows.</p> <ul style="list-style-type: none"> • River condition – extent to which targeted river conditions have been met • Flow releases – extent to which bulk IFR releases met • IFR deficits – extent to which past flow deficits have been reduced • IFR monitoring – extent to which water quality, vegetation and fish have been monitored to enable application of the DECISION RULES • Downstream compensation & development program – extent to which tasks have been completed satisfactorily • IFR annual reports – concise, KPIs, by 31 Dec every year • Track all the above key performance indicators over successive years so progress (or lack of it), and areas of poor performance, are obvious at a glance 	<ul style="list-style-type: none"> • Revise the IFR annual report table of contents around the IFR KPIs 	2009-04-30
	PoE understands that the annual report for 07/08 has been prioritized	<ul style="list-style-type: none"> • Complete IFR annual report 07/08 	2009-04-30
	In the ideal IFR annual report 06/07 should be completed already but in the event the document is better late than never	<ul style="list-style-type: none"> • Complete IFR annual report 06/07 	2009-06-30
	As soon as the backlog in IFR reports is removed, start work on IFR annual report 08/09	<ul style="list-style-type: none"> • Complete IFR annual report 08/09 	2009-12-31
10. Residual resettlement			
Implementing the residual resettlement policy (Appendix 3)	<ul style="list-style-type: none"> • The Residual Resettlement Policy (LHDA 2008) was reviewed along with its implementation. PoE was told that the Residual Resettlement Policy has been accepted at all levels: LHDA, LHWC, and the Board. 96% of the available land in the two Mohale areas has been reallocated to project-affected people who lost over 50% of their land. There were 8 villages with people who lost over 50% of their land who were 	<ul style="list-style-type: none"> • Issue forms to the households that received land at Kolotsane 	2009-04-30

Projects	Present situation	Recommended action	Finish date
	<p>eligible under the policy for land to be allocated to them in the Ha Nthakhane and Takatso areas and near Kolotsane. People from 7 of the villages were allocated land in 2008 in Ha Nthakane and Takatso and had forms issued to them. Survey of the second area near Kolotsane was done in February 2009 and people were allocated fields. From what PoE was able to determine a total of 36 households received land. Additional discussion of residual resettlement and some of its implications is provided in Appendix 2, which addresses issues of land access, poverty, and vulnerability.</p>		
LHDA capacity to effectively implement the program	<ul style="list-style-type: none"> The Mohale FOB was reviewed in terms of its capacity to effectively implement the Residual Resettlement Program. It was found that the FOB has sufficient qualified staff – though overworked already to carry out the residual resettlement program. This program in the future will involve allocation of the land in the second of the two Selected Development Areas, the issuing of forms to the recipients of the land, the dissemination of information on the Residual Resettlement Policy, the holding of <i>pitsos</i>, and the planning for resettlement of those households that choose this option. A monitoring system will need to be in place for this activity. It would be useful to provide additional resources to the FOB in the form of transport, services, and supplies in order to facilitate the implementation of the residual resettlement program, which the Panel believes should be carried out with the greatest care and as rapidly as possible. 	<ul style="list-style-type: none"> The Mohale FOB should initiate a series of meetings and consultations with all stakeholders (<i>eg</i> chiefs, government ministries, CALCs, community councils) and with qualifying households to inform them of the Residual Resettlement Policy and the options available to people. The LHDA should then implement the program and monitor it carefully 	2009-06-30
Process to involve community participation in the land redistribution exercise	<ul style="list-style-type: none"> The process of community participation in the land redistribution exercise was evaluated. It was found that the process was a fully participatory one involving all stakeholders including principal and area chiefs, the Commissioner of Lands, the Land Survey and Physical Planning Office and other Lesotho government and district officials, community councils, and local communities. The steps taken in this land redistribution process provide a valuable set of lessons for ways in which other parts of the LHWP's activities might 	<ul style="list-style-type: none"> The participatory process already initiated should be continued in finalizing the land redistribution. It is anticipated that the Ministry of Local Government will issue Form As to the individuals who received land in the two Selected Development Areas and LHDA should record these in the 	2009-04-30

Projects	Present situation	Recommended action	Finish date
	<p>be carried out, including the Zonation Study (Contract 1255) and the Integrated Catchment Management program (Contract 1044). LHDA will need to establish the procedural steps to implement the residual resettlement program.</p>	<p>Compensation Management Register.</p>	
11. LHWP Zonation – LHDA Contract 1255			
<p>Progress with contract execution</p>	<ul style="list-style-type: none"> • PoE had sight of the first (126 pages, December 2008) and second (88 pages, February 2009) drafts of the “Gap Analysis”. This reduction of around 30% is the result of LHDA concerns about the length of the report. Regrettably the report is still extremely verbose, repetitive and has an Executive Summary of 10 pages. The PoE also records its disapproval of the unnecessary and wasteful printing of chapter heading pages in full solid colour. • The Consultant has seen fit to revisit many irrelevant and incorrect issues which have doubtful value in the report. Three examples follow: <ul style="list-style-type: none"> ◦ “It is important that (high altitude) training facilities envisioned for Ha Mohale be developed as soon as possible, more especially due to the upcoming FIFA world cup.” ◦ “The Mohale and Katse Dams provide a more than adequate location for scuba divers.” ◦ “Capture fisheries are negligible in Lesotho. There is little monitoring of catches from rivers and most reservoirs, and so harvests can only be estimated.” • The irrelevant material has no place in the Gap Analysis. The Consultant shows little insight in respect of the HATC, scuba diving or fisheries, and the same presumably applies to much of the rest of the report. • The Gap Analysis itself is largely irrelevant. The first priority of zoning is to <u>develop the institutional arrangement for development to</u> 	<ul style="list-style-type: none"> • LHDA should advise the consultant not to do further work on the Gap Analysis but to proceed directly to a final report that deals with the following priorities: <ul style="list-style-type: none"> ▪ develop the institutional arrangement for development to be approved; ▪ Recommend a broad zonation into: <ul style="list-style-type: none"> ▪ <u>extensive land-use (no modification of nature);</u> ▪ <u>intensive land –use (developments are the key issues);</u> ▪ <u>semi-intensive land-use (minor alteration of the existing land- and waterscapes).</u> 	<p>2009-03-31</p>

Projects	Present situation	Recommended action	Finish date
	<p>be approved. A second priority is a <u>broad zonation</u> into three land-use categories: <u>extensive (no modification of nature)</u>, <u>intensive (developments are the key issues)</u> and <u>semi-intensive land-use (minor alteration of the existing land- and waterscapes)</u>. It should NOT be the function of ZONATION (or the institutional arrangement) to decide the detail of development (a lodge, a high altitude training centre, or a golf course). It is the market that must decide this, and the institutional arrangement decides only where such proposed development may take place (extensive zone, intensive zone, semi-intensive zone), and the standards to be met in the case of development in each zone</p>		
12. Public Health			
	<ul style="list-style-type: none"> LHDA is in the process of developing a public health policy to guide its activities in this area. The organization has had no formal public health policy and its participation in public health programs and projects and practices have always been impacted by the lack of a definitive public health policy 	<ul style="list-style-type: none"> The draft policy paper needs to be further developed into a comprehensive policy document as soon as possible by an experienced consultant 	2009-03-31
	<ul style="list-style-type: none"> The development of the policy is expected to provide guidance on how public health related issues are to be handled in the organization. Some elements of the policy should be operational at appropriate levels in the organization. 	<ul style="list-style-type: none"> Disseminate the policy document to all staff, and arrange a general presentation. Publicise the HIV/AIDS policy and main stream in the personnel policies including inclusion in the LHDA Staff Handbook 	2009-04-15
	<ul style="list-style-type: none"> The HIV/AIDS policy has been developed and has been incorporated in the general HRM policies. 	<ul style="list-style-type: none"> A copy of the policy should be distributed to all staff in a workshop 	2009-04-30
	<ul style="list-style-type: none"> The policy provides for increased access to information and services on HIV and AIDS. The policy has facilitated the establishment of Peer Educators for HIV and AIDS in LHDA although this responsibility has not been formalised within the program structures. The non formalization of HIV and AIDS program at the highest level of 	<ul style="list-style-type: none"> The arrangements with the service provider for HIV and AIDS services need to be reviewed to determine whether it meets all the requirements for universal access to information and 	2009-05-15

Projects	Present situation	Recommended action	Finish date
	management in LHDA has meant that these cadres cannot do their work appropriately as most departmental managers have not bought into the program.	services for HIV	
		<ul style="list-style-type: none"> The agreement should be examined for its adherence to the national policy of free ARV and basic HIV services and information to prevent exploitation by the private practitioners 	2009-05-15
13. Community infrastructure			
Implementation of the Community Infrastructure Development Policy and plans	The Community Infrastructure Development Policy was reviewed along with plans for its implementation. The Policy addresses infrastructure development in the 41 highlands, foothills, and lowlands villages posting the 321 resettlee households. It was found that the policy was generally sound. It was also found that the plans for implementation are good ones, particularly if LLEs are allowed the option of infrastructure development under the revised Compensation Policy. LHDA should continue in its efforts to cooperate with government departments such as Local Government, Rural Roads, and Rural Water Supply (RWS), traditional authorities, and local institutions in community infrastructure development. Efforts will need to be made to resolve issues facing hosts, resettles and other stakeholders (eg government ministries, chiefs and communities relating to the use of funds, criteria used to determine project viability and long-term responsibility for maintenance.	LHDA should implement the Community Infrastructure Policy. It should also allow for LLEs to engage in infrastructure development as part of their options for the use of communal compensation	2009-05-31
14. KFF pilot trout production			
Monthly progress reports submitted in 2008	<ul style="list-style-type: none"> PoE had sight of only one report, namely <i>Compliance and Progress Report – May-July 2008</i>. 	<ul style="list-style-type: none"> PoE to receive monthly reports in future if regular input is required. 	2009-03-31
Project impact on water quality and advise on mitigation measures	<ul style="list-style-type: none"> In the above report water quality monitoring indicates little variation between samples taken upstream and downstream of the trout cages. The numbers of trout in the operation are low and impacts on water quality are not detectable. 	<ul style="list-style-type: none"> LHDA to continue regular water sampling to monitor performance of KFF. 	2009-03-31

Projects	Present situation	Recommended action	Finish date
Extent to which the project is meeting MOU in respect of community involvement	<ul style="list-style-type: none"> • In the above report the following <u>Social Matters</u> are listed: <ul style="list-style-type: none"> ◦ Project now permanently employs 10 people of which 5 men and 2 women are residents of Ha Lejone. ◦ Use of casual labour remains high around the offloading of feed and harvesting. This remains an important economic boost for Ha Lejone. Agreement has been reached with the community as to a fixed hourly rate for casual labour. ◦ The KFF project continues to play an active role in supporting the subsistence fishing teams. ◦ The Steering Committee between the project and the local community is meeting on a regular basis and KFF have committed to keep the community informed. 	<ul style="list-style-type: none"> • The Environmental Officer from FOB Katse advises that he has not been attending meetings of the KFFSC, nor visiting KFF. PoE recommends that this be rectified urgently and a regular assessment of the extent of community involvement be included in the duties of the Environmental Officer. 	2009-03-31
	<ul style="list-style-type: none"> • The MOU has three relevant references to community involvement: <ul style="list-style-type: none"> ◦ “..the community will be empowered according to the abilities of the project (given that the venture must remain economically and environmentally sustainable).” (Page 4) ◦ “..any direct ownership in the project will only be negotiated at completion of the 5 year evaluation phase.” (Page 8) ◦ “Through the KFFSC the community will be granted a baseline royalty as a percentage of the gross sales value of all the fish produced through the project.” (page 8) <p>This last clause is too vague to be of guidance – the amount of the royalty is not stated, nor whether it includes or excludes the pilot phase of the project.</p>	<ul style="list-style-type: none"> • Clarity should be sought with KFF about their understanding of the clause relating to the ‘baseline royalty payment’. 	2009-03-31
KLM WATSAN			

Projects	Present situation	Recommended action	Finish date
	<ul style="list-style-type: none"> Construction of the remaining 1000+ VIPs and 88 Water systems in LHWP Phase I started in October 2008 under the supervision of the LHWC, using contracted labour. Currently 50 VIPs and 5 Water systems are under construction. Among the issues put to PoE were the slow pace of construction and the absence of an environmental officer and public health nurses to assist in community education and provide technical guidance as to where to site the VIPs. PoE has not followed up these issues to conclusion 	<ul style="list-style-type: none"> Relevant authorities should address concerns to the satisfaction of the stakeholders 	2009-03-31
16. Partial risk analysis			
Bokong wetland	<ul style="list-style-type: none"> Remedy to erosion problems implemented some 3 years ago 	<ul style="list-style-type: none"> Inspect, make any necessary repairs, learn any lessons 	2009-09-30
Powerlines in the Bokong Nature Reserve	<ul style="list-style-type: none"> Starting in 1988 (21 years ago), the LHDA has been sensitive about powerline designs in the LHWP area. All construction powerlines were built to bird-friendly specifications to prevent electrocution of large birds, and many lines were marked to prevent bird collisions. An example of the latter is the 132 kV powerline where it enters the Bokong Nature Reserve just before the hairpin bend of the pass – the earth wires are marked with plastic spirals (called ‘Bird Flight Diverters’) that have been in place for 20 years. 	<ul style="list-style-type: none"> Sensitize LHDA staff to bird-unfriendliness of unmitigated powerline design 	2009-03-31
	<ul style="list-style-type: none"> Since the PoE last visited the project area in May 2007, a new 11 kV powerline has been constructed from Ha Lejone to the Visitor Centre at Bokong. This is built on wooden H poles with suspended insulators and theoretically poses no threat to birds. However, an extension of this line has been constructed from the Visitor Centre to a microwave/telecommunication tower close to the view site at the top of the pass. This 11 kV line crosses the highest part of the nature reserve, and is a bird-unfriendly design. It is a horizontal configuration with raised insulators and an earth wire that extends to the top of the pole. A large bird contacting two of the 11 kV conductors, or one conductor and the earth wire, will be electrocuted. This situation is simply unacceptable and LHDA must make an intervention to protect 	<ul style="list-style-type: none"> Meet with LEC to resolve the problem. The simple remedy is to cut a gap in the earth wire, and to fit an insulating cover to the middle conductor. Earth wire modification is common practice in rural areas served by Eskom; insulated covers have been fitted to 11 kV lines at the Mohale Dam access road. A display demonstrating this intervention should be installed at the Visitor Centre when the task is completed. It will enhance LHDA’s reputation as a responsible 	2009-03-31

Projects	Present situation	Recommended action	Finish date
	its reputation and integrity. PoE is fully aware that the powerline has been built by the LEC. The public does not know this, and an electrocuted raptor seen under one of those poles will automatically be blamed on LHDA.	organization.	
Reservoir overfishing	<ul style="list-style-type: none"> The reservoirs are open access fisheries and liable to overfishing. A few artisanal fish-folk are making a living. If the caged fish production initiative succeeds then the potential for artisanal fishing might increase as a by-product. Regulation of the fishery is warranted to protect livelihoods. The first step is to understand the fishery dynamics from monitoring stocks and exploitation 	<ul style="list-style-type: none"> Monitor fish stocks and exploitation in Katse and Mohale 	Initiate 2009-06-30
Alien invader plants	<ul style="list-style-type: none"> These occur on the north access road above Pitseng, at Mohale inlet and elsewhere. The invader plants are liable to get away, displace natural vegetation, accelerate erosion, reduce streamflow, and degrade rangeland. Invader control cost increases with extent of the invasion and is best nipped in the bud. 	<ul style="list-style-type: none"> Control known invasions, undertake risk ID for further risks, and control as warranted 	2009-09-30
Stone-pitched drains	<ul style="list-style-type: none"> Access & feeder road construction for Phase 1 concentrated runoff that caused gully erosion. Among the remedies applied was construction of stone-pitched drains. These were noted to have shortcomings, including maintenance requirement (LHDA-PoE workshop 2004). The drains are falling into disrepair. 	<ul style="list-style-type: none"> Determine the extent of the problem and develop a remedial strategy 	2009-09-30

Appendix 1 Draft TOR for Population & Epidemiology Study Review

Introduction

The Lesotho Highland Development Authority (LHDA) had commissioned the Human Sciences research council to undertake the Population and Epidemiology Study to determine the overall impact of the Lesotho Highland Water project on the population that were affected by the construction and impoundment of the dams. The assessment of the impact of the project on the population was necessary to determine whether the project had complied with the Treaty requirements that demanded that the socio economic situation of the affected population should not be made worse than they were before the project was implemented. The study therefore was expected to find out if the lives and socio economic situation of the communities various affected by the project were better or worse off than they would have been if the project was not implemented.

Background information

(to be abstracted from the C1204 document)

Justification of the Review

Although HSRC had complied with most contractual requirements for implementing the study, LHDA has not been satisfied with the quality of analysis and reports submitted by HSRC. The analysis of the data from the study was found to be inadequate and did not answer the research questions of how the LHW Project has impacted on the socio economic and epidemiologic states of the communities that were variously affected. The results did not conclusively inform LHDA how the project had impacted on the communities due to inadequate depth of data analysis and failure to use multivariate analysis to isolate major determinants of change if any.

In spite of efforts to assist HSRC to strength the analysis and improve on the quality of the reports including a mission to discuss the reports and suggestions on data analysis, the revised reports failed to comprehensively determine the significance of changes that were observed among the communities affected by the project.

Objectives of the Review

The main objectives if the review are:

1. To determine whether the current body of data collected by HSRC is adequate to provide the answers required to ascertain whether the LHWP has negatively or positively impacted on the population of the highlands if appropriately analysed.
2. To determine whether there would be a need for collection of additional information to add to the data already collected to enable the determination of the impact of the LHWP on the highlands communities.
3. To carry out appropriate data analysis using multivariate analysis to determine the overall impact of the LHWP on the socio economic states of the

communities and ascertain whether LHDA has complied with the treaty obligations.

4. To write a scientific and comprehensive report on the overall impact of the LHWP on the affected and general population.
5. Make presentations on the findings to the LHDA stakeholders before the publication of the report.

Scope of Work (estimates only as it depends on adequacy of the available data)

1. Two weeks for the review of the data and documents
2. One week for writing of the inception report and presentation
3. Eight to twelve weeks for data re entry and or collection
4. Three weeks for data analysis and report writing and presentation

Qualification of the Consultant Team

1. Team Leader – an experienced bio/statistician with several years experience in data management for large complex socio economic studies. Should have a minimum of masters or PhD in statistics and biometrics or equivalent.

The Team Leader will lead a team to design and develop a methodology that would ensure the compilation and collection of data necessary to undertake the finalization of the study and will be responsible to determine whether there is a need for collection of additional information to that already collected by HSRC.

HE/She will be supervised by LHDA appointed study supervisor with whom they will have regular consultations to ensure that correct processes and quality of the documents are high.

2. Scientific report Writer with proven track record and years of experience

Will work with the Statistician to design a report template in consultation with the client. The writer will advise the statistician on the information that would best describe the situation from the analysis and needed for a comprehensive report.

Venue

Mainly Maseru Lesotho at LHDA Tower

Period

March to August 2009 with a maximum of 100 person days for the Team Leader

Payment

Negotiable dependent on level of experience and academic qualifications.

Appendix 2 Maloti Minnow – A Way Forward

Background

The Maloti Minnow was identified early in the implementation of the Lesotho Highlands Water Project as the single most important component of the natural heritage and environment programme. The population of minnows in the Mohale catchment is genetically distinct, and has been protected for perhaps 250,000 years by the waterfall in the Senqunyane River, now situated 3 km below the Mohale Dam wall.

To emphasize the importance of the issue, the Lesotho Highlands Development Authority (LHDA) developed a Maloti Minnow Policy which was published in 2002.

Preamble:

- *The Government of Lesotho is a signatory to the Convention on Biological Diversity (CBD), and is mindful of the international concerns of the biodiversity community regarding the extinction of species.*
- *As an agency of the Government of Lesotho, the LHDA is expected to take reasonable steps to conserve the relict Maloti Minnow population in the Mohale project area.*

Policy Statement:

- *The Lesotho Highlands Development Authority, as the implementing agent of the LHWP, will make such reasonable interventions as are necessary to conserve the relict population of the Maloti Minnow (*Pseudobarbus quathlambae*) in the Mohale catchment.*

Policy Objective:

- *The overall objective is to conserve a viable in situ population of the Maloti Minnow in the Mohale catchment, coupled with the establishment of several ex situ populations as an additional safeguard for the survival of the species.*

The completion of the tunnel between Mohale and Katse has enabled movement of fish into the Senqunyane catchment for the first time in 250,000 years. Smallmouth Yellowfish have already invaded the dam; trout will certainly follow, and when this occurs, the extinction of the Maloti Minnow population will simply be a matter of time, unless appropriate interventions are made.

As part of the Maloti Minnow policy, the LHDA established the Lesotho Biodiversity Trust (LBT) as a non-governmental organisation (NGO) with a mandate to implement the policy. The intervention that is now required to protect the minnow population in the upper section of the Senqunyane River is of such a magnitude that the LBT cannot implement it without the assistance of the project authorities, representing the governments of Lesotho and South Africa. The extinction of the Maloti Minnow will be a significant failure in a project that has otherwise achieved mainly successes.

Present Situation

It has long been recognised that the construction of physical barriers to prevent alien fish from entering Maloti Minnow habitat in the Senqunyane and Bokong Rivers is the only lasting measure to establish minnow sanctuaries upstream and allow fisheries development to proceed downstream in the Mohale reservoir. Of the two rivers, the Senqunyane is the most important sanctuary, and a barrier on this river is a priority.

In 2002 the LHDA Infrastructure Branch produced a draft preliminary report on various barriers that could feasibly be constructed. After considerable discussion since then and, in particular, inputs from the acknowledged authority on Maloti Minnow, Dr Johann Rall, the only structure deemed able to withstand a 1 in 100 year flood, and remain effective as a barrier to trout, is an artificial waterfall created by making a 'meander cut', to emulate what nature has done in other parts of the catchment. This structure was mentioned in the report of the Infrastructure Branch, and a suitable site for the intervention was identified.

With time running out rapidly, an urgent initiative requiring leadership and statesmanship is now necessary. Of the two major items flagged by the World Bank in its Project Completion Report, the issue of the Maloti Minnow remains the one outstanding blemish on Phase 1 of the LHWP. The issue is now a critical challenge to not only the LBT, the LHDA and the Lesotho Highlands Water Commission, but also to the Government of Lesotho as a signatory to the Convention on Biological Diversity (CBD). The Government of South Africa is also involved as an accessory to the LHWP and as a signatory to the CBD.

There are a few critical issues to consider:

- The LBT has assets of some M9 million for Maloti Minnow conservation.
- The wise use of these funds is the responsibility of the LBT Trustees.
- The construction of a barrier on the Senqunyane is critically important and will require all financial assets that can be mustered.
- There is a need to make provision for ongoing monitoring of Maloti Minnow.
- There is a critical need to continue intensive gillnetting of yellowfish on Mohale to put pressure on the population and delay the invasion of the rivers for as long as possible.
- The project authorities (representing the governments of Lesotho and South Africa) bear ultimate responsibility for the implementation of the LHWP and cannot avoid close involvement in resolving the crisis.

A Way Forward – Four Steps

1. The LBT Chairman and Trustees must meet with the LHWC as soon as possible to discuss the way forward. Matters on the agenda should include the provision of a budget for the LBT Conservation Officer and an assistant to be employed for two years to assist in activities around EIA supervision, barrier construction, Maloti Minnow monitoring, and intensive gillnetting in Mohale reservoir. The balance of the LBT funds should be transferred to a Barrier Construction Fund and a Task Team appointed to drive the process forward.

2. Before appointing an EIA consultant, a ‘Conceptual Design’ study should be completed. This will involve the LHDA Special Projects Unit, and a blasting expert. PoE has contacted Mr John Cruise of John Cruise Mining (Pty) Ltd, a leading specialist in directional blasting. He has expressed his willingness to become involved as an advisor to the Task Team. One field visit to the site would be required, at which time other information such as the possible loss of arable land and the other impacts of construction would be gathered.
3. The EIA is then to be put out to tender and the necessary permission obtained from NES to proceed with the construction. The NES should be asked to fast-track the application in view of the urgency of the matter.
4. When the full financial implications are known, the project authorities must seek the additional funding that might be required to bring the project to fruition, mobilise the construction team and build the barrier.

Appendix 3 LHWP Residual Resettlement

Phase 1B of the Lesotho Highlands Water Project required the relocation or resettlement of over 320 households as of February, 2009. Below is a brief description of the relocation and resettlement process under Phase 1B.

Stage 1, the Pre-construction Stage. A total of 99 households were moved, many of which had been affected by the construction of roads and other project works. In line with the preferences expressed by the various households, 37 Stage 1 households were relocated within the Mohale Basin, 38 households moved to the foothills, and 24 households went to Maseru. The bulk of Stage 1 resettlement and relocation took place from 1996 to 1998. Two households opted for self-resettlement, accepting cash compensation and building their own houses and other facilities (e.g. kraals for their livestock) and undertaking the move themselves.

Stage 2, The pre-inundation Stage. 222 households were relocated or resettled. LHDA offered to construct gardens either in the yards of resettler households or nearby. Stage 2 resettlement took place in the period from 2002 and 2006. In this period, 27 households chose to relocate while the rest (N=195) moved either to the foothills or the lowlands. In some cases, entire villages resettled, but in the process they dispersed to different destinations.

Stage 3, Post Inundation. This stage covered those households that were situated dangerously close to the reservoir and/or whose access to their fields was cut off by the reservoir. 4 households at Ha Raboshebane fit this category. They were relocated to new residential areas by 2006.

In summary, the affected households were divided into three stages (see Table 1). Stage 1 and stage 2 household moves were completed in the period between 1996 and 2006.

Table 1. Families Relocated or Resettled by Destination and Stage

Destination	Basin	Foothills	Maseru	Total
Stage 1	37	38	24	99
Stage 2	27	195		222
Stage 3	103			103
Total	167	233+	24+	424

Note: Data obtained from the Lesotho Highlands Development Authority

321 households either relocated in the Mohale Basin or resettled outside of the basin in the foothills or lowlands. Although individual families had been able to choose their resettlement destinations, the choice of a specific site for the new house was subject to limitations that were imposed by the host communities and by LHDA and

its building contractors. Some of the households had been allocated sites close to power lines, something that Basotho did not seem to mind, or far from fields and sources of water, which they did mind.

The Resettlement and Development Environment Action Plan, Volume 3, states as follows: ‘Individuals losing over 50% of their arable land and/or productive assets as a result of the LHWP implementation should be eligible for voluntary resettlement.’ A total of 9 villages were to be directly affected in the post-inundation period (after the filling of the Mohale Reservoir). At one stage, it was thought that people could be provided with alternative arable land and that this would satisfy their needs.

Closing the option of resettlement outside of the Mohale Basin was seen as not being in the best interests of the people in the Mohale basin. Many residual resettlement household members have already considered carefully their options; they have listened to some of their friends and relatives who have moved out of the basin as well as those who have remained in the basin. They have seen that the people who move out of the basin have been able in many cases to restore their livelihoods or to invest in economic activities that generate more income than they were receiving previously. There are, of course, people who wish to remain in the basin, especially those who are engaged in lucrative activities in the basin, including ones who have livestock and those who engage in high value herb production.

One of the arguments made by some FOB personnel and by a sizable number of people in the Mohale Basin is that it would be unfair if Stage 1 and 2 households had the option of resettling outside of the basin and the Stage 3 households were denied that option. It is not just the fact that people receive disturbance allowances, they say. As some people have noted, there is relatively little difference in the cost of resettlement versus relocation. As long as people in Stage 1 and 2 are doing reasonably well in the resettlement areas and those who chose to relocate in the basin instead of resettling outside are having some problems (for example, in getting replacement land, or in getting crop yields as high as ones they were getting previously), resettlement will remain an attractive option. For purpose of this appendix, ‘relocated households’ are those households remaining in the project area and moving up-slope, not relinquishing their land rights. ‘Resettled households’ are ones that move out of the project area to the foothills or the lowlands, relinquishing land rights.

In 2002, the LHWC earmarked the funds that would be needed for residual (formerly Stage 3) resettlement. A Residual Resettlement Policy was agreed upon at all levels as of late 2008. There were 8 villages with people who lost over 50% of their land who were eligible under the policy for land to be allocated to them in the Ha Nthakhane and Takatso areas and near Kolotsane (see Table 2). People from 7 of the villages who had lost over 50% of their land were allocated land in 2008 in the first area (Ha Nthakhane). LHDA had done all the preparatory work along with the Commissioner of Lands, traditional authorities, and local communities. After survey of the fields near Kolotsane is done in March, 2009, arable land will be allocated to the people of village 8. The FOB has sufficient and qualified – though severely overstretched -- staff to carry out the residual resettlement program. To facilitate the residual resettlement process, it would be useful to have additional transport and supplies available to the FOB Mohale.

Table 2. Post-inundation Villages and Households in the Mohale Basin (Residual Resettlement)

Village	Total Number of households	Contract 1012 Estimate of Affected Households	LHDA 2006 Estimate of Affected Households
Ha Mokhathi	41	19	15
Ponts'eng	24	21	18
Ha Montsi	27	20	15
Pomolo	17	15	14
Lebiletsa	13	13	12
Khamolane	16	13	15
Masaleng	12	12	6
Lotsatseng	15	8	8
TOTAL	165	121	103

LHDA did a "Draft Report on the Draft List of Eligible Households - June 2006" in 2006. It contains a discussion of consultation and the ways in which to proceed with the residual resettlement. The report contained a breakdown of the various categories of households and provided estimates of the arable land losses of each household in the post-inundation villages. One of the questions raised by Dan Aronson of the World Bank has to do with who was on the lists. "One wonders," he said, "if these are the original names of the households, and whether deaths or marriages will have meant that there are changes to the real arrangements of households in these villages." He went on to make the following point: "The World Bank has dealt with cases in other countries where the grandfathers of current households heads are the ones on the resettlement lists. It clearly makes sense to recognize that life changes and that household changes will need to be addressed in the real work of this late phase of resettlement. That said, the list breaks down into four sub-lists, which are outlined below (Dan Aronson, personal communication, 2006):

a) Households which lost >50 percent of their land AND are vulnerable as recognized by meriting Minimum Threshold (MT) payments. There are 50 such households on the list, and they are clearly the key cases for eligibility. They were poor to begin with and have been hard-hit by the project. Given the land situation in the villages as we understand it, these are the ones which are least likely to be able to find a better future staying where they are, without further help.

b) Households which have lost > 50 percent of their land but have incomes higher than would get them MT payments. There are 24 such households. One interpretation of their situation might be that they had the good fortune of having land in excess of their subsistence needs, and now have liquid capital in place of much of their land. If they had rented or sharecropped out that land, they might also have had cash income from their "excess," but now it comes directly as compensation. Provided they have useful outlets for their capital, or can afford simply to let it grow in the bank, they may well have benefited from "cashing out" of part of their property assets.

c) Households which lost <50 percent of their land, but are not on Minimum

Threshold payment lists. There are 12 such households. They are not as hard-hit as the as the households in Category (b). They have cash to replace some of their land, and have thus also "cashed out" land for Annual Compensation. Of these families, it should be noted, their remaining land ranges from 1.5 hectares (HH #'s 27 and 46) to 6.3 hectares (HH #91). Six of the twelve have less than 2 hectares per household. The taking of more than 50 percent of their land may or may not have landed them in subsistence difficulty. If their families were large, if the families have split, or if the land is of poorer than average quality, then their land loss may render them .in fact vulnerable, even if the overall family did not qualify for Minimum Threshold payments.

There must be further information generated for these families to understand whether they have started a cycle of increased impoverishment that could be the result of the project. To guard against violations of the treaty provisions in their cases, this further work needs to be done, even though they fail on the surface to meet the criterion of both high loss and MT eligibility. In short, these are potentially vulnerable, even without needing MT.

d) Households that are on MT but lost less than 50% of their land. There are 17 such households. These families were vulnerable, and the fact that they are on MT means basically that their remaining land is less than 1.5 hectares, but their holding was not more than 3 hectares to begin with. These are households about which it might be said that they were the poorest to begin with, and their current status has little to do with the project, so they might not be considered for assistance. Unfortunately, we have very little data about how many people were living either without agricultural land or had no land. Whatever the case in theory, it makes little sense NOT to search for more information about these families. Additional information is called for in order to ensure that vulnerable groups are not left out of the compensation, relocation, resettlement, and development process. In short, case studies should be being built up for categories a, c, and d, and that further discussions should proceed thereafter. These subsets amount to 79 households.

As Dan Aronson noted:

The project authorities should not be happy to report that this multi-billion dollar project came and left, touched these families, but decided to do nothing to enable them to have a brighter future because the project is not responsible. Worldwide, the most common complaint about large-scale water projects is that they benefit people elsewhere but leave those around the project site in poverty. White gold, people would say, but not even a little of the "gold dust" to improve the lot of the poorest. Thus, these families, too, should be inquired into and about, and case files built up to show either that they have a future based on other assets and their human resources, or not.

Special attention needs to be paid to all of these families, some of whom are vulnerable and others who have experienced varying family fortunes. The definitions of *vulnerable groups* tend to focus on those who have unequal access to health and social services, those who are considered low status

subjects, taking into account such issues such as age, gender, social status, ethnicity, class, nationality, and political status (e.g. whether an individual is a refugee, a person who has crossed an international border in order to seek protection from persecution). Vulnerability also applies to child prisoners, child soldiers, the disenfranchised, those with greater risk or who are treated differentially in terms of access health, education, food, and income.

Vulnerable households consist of those with elderly members, members who for various reasons (physical or psychological difficulties) cannot contribute much to the household economy, and those that are extremely poor. There are at least a few cases where people who have had to resettle who have become poorer over time and have ended up destitute. One of these individuals, an elderly widow, said that she was forced to sell off some of her most prized family heirlooms in order to make ends meet. In at least one case, the family, after experiencing enormous difficulties, chose to move out of the Maseru area and resettle in a place where there were no other people from the highlands. As one of the family members put it, the resettlement process resulted in the family losing not only its ancestral home but also all of the family's kinship and community ties.

As was said in POE Report No. 36 (2005), in order to ascertain the vulnerability of households, efforts should be made to examine not only the individuals involved, but also the relationships between those household members and other people. It is interesting to note that there were two different examples of child-headed households in the foothills (Phase 1B Stages 1 and 2 resettlement). One had young males and an older aunt who was not in good shape. Another child-headed household had an older sister of 14 and young women. When these two households were compared, the household consisting of females was doing better than that with males, even though the male household had an elderly female relative assisting them.

Minimum threshold payments are provided to those households whose incomes fall below M3,960.00 for a period of 10 years, recalculated on a regular basis in light of inflation and cost of living adjustments – COLAS. Based on interviews of recipients, these minimum threshold payments are seen as extremely important to the well-being of households. The original assessment of the household's socioeconomic status is the basis upon which the minimum threshold payments are calculated. The *1997 Compensation Policy* stipulates that households are supposed to be assessed on an annual basis to determine whether or not adjustments need to be made in the amounts paid to project-affected people. Such an exercise is complex and labour-intensive, and it is recommended that LHDA and LHWC re-consider the minimum threshold payment issue, with an eye toward making bi-annual calculations unless there is a major change in the economy of Lesotho or of the project-affected areas.

An exercise should be undertaken by LHDA to ascertain those households that are vulnerable, and targeted assistance programs should be designed to assist them. These targeted programs could include job skill training, the provision of materials for agriculture and income generation activities, advice and development assistance, and supplements to the subsistence resources of the households. A major goal of this exercise would be to bring about poverty alleviation and restoration – or, preferably – improvement, of living standards of these households. There should be a sub-list of vulnerable households, and these households should be tracked carefully in a detailed

monitoring exercise to determine changes over time in their status. If they show indications of slipping in terms of their socioeconomic well-being, interventions will be necessary to assist them.

It is recommended that individuals from those households be trained to carry out monitoring on vulnerable households and that this participatory monitoring system be incorporated as part of the overall monitoring and evaluation efforts of LHDA during the residual resettlement planning and implementation process. Efforts will need to be made to train these individuals to collect the data and to record it. Thought should be given to determining the kinds of options that project-affected household members themselves see as key indicators of household well-being. These should be added to the key indicators being monitored by the field monitors and by LHDA or by organizations and individuals working with LHDA in the monitoring and evaluation of vulnerable households.

Additional consideration needs to be given to the issue of which individuals and households in project-affected areas would fit a set of criteria for being categorized as vulnerable. In light of recommendations from LHDA and FOB personnel and communities, the following groups could be included in a list of vulnerable households and individuals:

- Households headed by the elderly
- Elderly individuals
- Households headed by the disabled
- Disabled individuals
- Households headed by widows
- Widows
- Households living below the poverty line
- The mentally incapacitated
- Homeless individuals
- People with HIV/AIDS
- Individual orphans
- Child headed households
- AIDS orphans
- Retrenched mine workers with no assets
- People who have been victimized by crime
- Victims of domestic abuse
- Project-affected people (ones resettled or relocated, and who subsequently lost their assets or were reduced to poverty)
- Refugees

Some criteria for evaluation of households and individuals in terms of vulnerability include the following:

- Physiological well-being
- Mental well-being
- Nutritional Status

- Income level (bank account, cash on hand, field sizes, garden sizes, livestock owned, formal sector jobs, income from informal sector activities such as thatching grass collection, craft production, food stored)
- Quality of homestead or living situation (*eg* housing status, cleanliness, possession of assets such as stoves, VIPs, beds, wardrobes)
- Type of fuel used
- Access to physical infrastructure (water, roads)
- Access to social infrastructure (schools, health facilities)

Those households containing individuals who are not capable of fending for themselves would be considered vulnerable. In order to further ascertain the vulnerability of households, efforts should also be made to examine not only the individuals involved, but also the relationships between those individuals and other people. This will have to be done on a regular basis in order to ensure that people whose circumstances change relatively quickly are not missed out.

An implementation strategy for vulnerable households should include not only the identification of the target population, but also a set of procedures and strategies whereby these households can be assisted. LHDA should consider carrying out an assessment of the existing social welfare programs both in Lesotho and South Africa with an eye toward learning lessons and discerning gaps in these programs. The compensation, resettlement, and development programs of LHDA should be integrated more effectively with existing Lesotho government programs if project-affected people, including those that are vulnerable and especially at risk, are to have their livelihoods and well-being sustained over the long term.

Appendix 4 Maloti Minnow monitoring**Number of Maloti Minnow caught in the sanctuary areas in 2008**

(Source: Conservation Officer's Report No 5, December 2008, Lesotho Biodiversity Trust)

Location	Makhaleng		Jordan		Quthing		Maletsunyane	
<i>Date</i>	<i>Jan-Jun</i>	<i>Jul-Dec</i>	<i>Jan-Jun</i>	<i>Jul-Dec</i>	<i>Jan-Jun</i>	<i>Jul-Dec</i>	<i>Jan-Jun</i>	<i>Jul-Dec</i>
Age								
Adult	17	44	31	47	35	49	102	165
Juvenile	11	21	23	28	9	27	36	51
Young of Yr	43	9	51	39	38	39	27	39