INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE

Report No.: ISDSA12797

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I. BASIC INFORMATION

1. Basic Project Data

Country:	Lesotho	**Project ID:**	P151442
Project Name:	Social Assistance Project (P151442)		
Task Team Leader(s):	Lucilla Maria Bruni		
Estimated Appraisal Date:	01-Jun-2015	**Estimated Board Date:**	29-Sep-2015
Managing Unit:	GSP01	**Lending Instrument:**	Investment Project Financing
Sector(s):	Other social services (100%)		
Theme(s):	Poverty strategy, analysis and monitoring (10%), Social Safety Nets/Social Assistance & Social Care Services (30%), Social Protectio n and Labor Policy & Systems (60%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	20.00	Total Bank Financing:	20.00
Financing Gap:	0.00		

Financing Source	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	20.00
IDA recommitted as a Credit	0.00
Total	20.00

Environmental Category:	C - Not Required
Is this a Repeater project?	No

2. Project Development Objective(s)

The objective of the proposed project is to support the Government of Lesotho in improving the efficiency and equity of selected social assistance programs.

3. Project Description

To address key sector challenges and support the achievement of the PDO, the proposed project is a USD$15 million, four-year Investment Project Financing (IPF), consisting of two inter-related components.

23.   The first component would support the results arising from improvements in selected social assistance programs (CGP, OVC, PA and OAP). Under this component, project disbursements would be: (a) linked to defined eligible expenditure line items (comprising the "Eligible Expenditure Program" or EEP) within Lesotho's social assistance programs; and (b) triggered by the verified achievement of agreed specific results ("Disbursement-Linked Indicators" or DLIs) for improving the administrative efficiency and equity of those programs. Under component 1, the project would reimburse a portion of expenditures comprising the EEP. Within the Lesotho's social assistance programs, specific programs would be qualified for EEP. These criteria focus on safeguarding entry into the pooled EEP to those programs with robust fiduciary arrangements and are described in detail in Annex 3. By these criteria, one program qualifies for World Bank reimbursement at the start of the proposed project, the CGP.

24.   The second component would finance select technical assistance to strengthen the Government's capacity for implementing such improvements and thereby achieving the results. This component will follow standard World Bank procedures for investment financing.

25.   The choice of structuring the project around DLIs with a Technical Assistance package is based on the existing plans of the GoL to reform the social protection sector, and stems from the relatively high fiscal space already devoted to social assistance and the need to focus the attention on results towards improving efficiency and equity of social assistance. It is envisaged that the approach will help generate momentum for key policy reform actions to take place. This structure also allows building on the support provided by other development partners that are very active in social assistance, as result areas can be related to areas of technical or financial support by other development partners.

Component 1 – Strengthening administrative efficiency and equity of social assistance programs (USD 12.5 million).

26.   The objective of this component is to support the results of implementation of improvements in efficiency and equity of selected social assistance programs, in line with the NSPS and its implementation framework.

27.   The results supported under this component are organized around two areas:

(a)   Result area 1: Improved administrative efficiency of social assistance programs

(b)   Result area 2: Improved equity of social assistance programs

28.   The underlying architecture of this component relies on the estimation that the achievements under result area two in terms of efficiency will generate more than the necessary fiscal savings to finance the results supported under area 2, especially in terms of expansion of coverage. A detailed fiscal analysis of improvements supported by the proposed project is presented in the Economic and Financial Analysis in Annex 5.

29.   The Results Framework (in PAD) shows how the intended Project Development Objective Indicators (PDIs) would be achieved following a logical framework. Along these results chains, some of the critical actions and outputs have been selected as Disbursement Linked Indicators (DLIs). The selected DLIs are reported below, and are organized along the two results areas and linked to PDIs.

Disbursement Linked Indicators (DLIs) (in chronological order):

1. The Social Protection Policy Committee has been established and has met at least once over the

last 12 months
6. Key managerial positions of the Social Assistance Directorate have included in the MSD payroll
2. Post-Primary OVC Bursary was consolidated in the OVC Bursary Scheme
7. Harmonized procedures of registration, payment and grievance and redress mechanism for CGP, OVC and PA were enacted
12. An MSD Integrated MIS (IMIS) for the CGP, OVC and PA has been deployed and is fully operative.
13. MSD deployed a unified payment system for CGP and PA
17. At least 75% of payments to CGP and PA are paid through the unified payment system
3. Data cross matching mechanism between the OAP and the Civil Service Pensions databases was enacted
8. 100% of OAP beneficiaries found to be ineligible through the regular cross checks with Civil Service Pensions databases are eliminated from the OAP roster
9. 50% of ineligible OAP recipients are eliminated as a result of the new OAP proof of life verification requirements applied to all current beneficiaries
14. At least 50% of payments to OAP beneficiaries are paid through the new payment system
18. 100% of ineligible OAP recipients are eliminated as a result of the new OAP proof of life verification requirements applied to all current beneficiaries
4. Harmonized targeting procedures for CGP, OVC, and PA are adopted
10. All new beneficiaries of CGP, PA and OVC entered in the calendar year were selected using the harmonized targeting procedures
15. The coverage of NISSA-CBT registry covered 75% of Community Councils in the country
19. 100% of existing beneficiaries of OVC and PA at the beginning of the project were recertified using a harmonized targeting procedure
5. Enrollment in CGP was expanded in 6,000 HH compared to the previous year
11. Enrollment in CGP was expanded in 6,000 HH compared to the previous year
16. Enrollment in CGP was expanded in 6,000 HH compared to the previous year
20. Enrollment in CGP was expanded in 6,000 HH compared to the previous year

30.   Results Area 1: Improved administrative efficiency of social assistance programs. This results area aims at improving the administrative efficiency of social assistance programs, by supporting the achievements of results by the GoL in establishing sector coordination mechanisms, strengthening the capacity of the MSD, harmonizing delivery processes of selected social assistance programs, improving the operation and the detection and remediation of fraud and errors for OAP (the results chain for this area is presented in Figure 2).
31.   Improved coordination of social assistance programs. In recognition of the high fragmentation and multiple actors in the sector, the GoL is committed to establish a Social Protection Policy Committee, comprising the MSD, Ministry of Labor and Employment (MLE), Ministry of Finance (MF), Ministry of Planning (MP) and Ministry of Local Government (MLG) and one representative of development partners, on a rotating basis. The Committee would discuss and approve the main decision of six technical social sub-committees, one responsible for each stage of the life-course (Pregnancy/Early Childhood, School age/Youth; Working age; Old Ag e, Disability and chronic illness; and Shocks). Membership of these sub-committees would be limited to ten representatives and would include key ministries, development partners and at least one relevant NGO representative. The sub-committees would meet more frequently that the Policy Committee, with focus on technical design and implementation aspects of programs and on improving complementarities among them. The GoL has already developed ToRs for each committee and defined their composition. Successful regularly meetings of the Policy Committee and School age/Youth and Old Age Sub-committees will be critical to approve the reform path of selected social

assistance. One indicator for improved coordination was selected as DLI to monitor the establishment of the SP Policy Committee (DLI#1).

32.   Strengthened institutional capacity of MSD. The GoL is committed to improve the existing structure of the MSD by establishing a new Social Assistance Department and staffing its key managerial positions. The adoption of a new ministerial structure would enhance the capacity of the MSD to design, coordinate and monitor the social assistance policies and interventions. This results would help to increase the effectiveness of the social assistance spending by helping the MSD capacity to, inter alia: (i) improve planning and policy making; (ii) coordinate program design and implementation; (iii) manage the development of an integrated management information system (IMIS); (iv) monitor program implementation and progress, and (v) evaluate the impact of specific interventions. The GoL has already approved the creation of the new Department, including the definition of job descriptions of the key managerial staff. Successful launching of the new Department will now require the recruitment and inclusion in the payroll of the key managerial staff; these positions would be financed by GoL resources. One indicator was selected as DLI to monitor the appointment of the key management staff (DLI #6).

33.   Harmonized delivery processes of social assistance programs of MSD. As discussed in Section I, the three social assistance programs of MSD (CGP, OVC and PA) are delivered using separate procedures, making the system prone to duplication, error, fraud and high administrative cost. Harmonizing and rationalizing the procedures will increase the efficiency of each program, allowing for significant savings while also rationalizing the use of scarce human and material resources within MSD. The MSD is testing the harmonization of delivery mechanisms of its programs through the Integrated Social Safety Nets pilot (ISSN), with support from EU and UNICEF. This pilot seeks to test out the harmonization of critical delivery processes: registration, payments, grievance and redress mechanism (in Lesotho referred to as case management) and internal oversight for the MSD social assistance programs. By the end of the second year of the project, the GoL is committed to approve a MSD resolution that establishes the foundations of the harmonized delivery model, including an action plan for implementation at local level. One indicator was selected as DLI to monitor the adoption of harmonized procedures (DLI#7).

34.   At the basis of the harmonization of MSD programs lies the modernization and automatization of their information management. As discussed in Section 1, except for some processes of CGP, MSD social assistance programs are currently managed on paper-based or simple computation procedures, which results in inefficiencies in eligibility verification and payment list elaboration, lack of information on payments history and reduced capacity of internal oversight. Based on some recent improvements in information management of CGP, the MSD is committed to develop an integrated Management Information System (MIS) of the three programs, with inter-related modules for registration, verification of eligibility, payments , monitoring and grievance. Additionally, the integrated platform would be designed to allow cross-check with databases of Home Affairs (National ID manager) and NISSA. The integrated platform will be coordinated by the Social Assistance Department, but the specific program modules will remain under responsibility of the programs coordination. One indicator was selected as DLI to monitor the deployment of the first phase of the Integrated MIS (DLI #12).

35.   Increasing transparency and accountability of MSD social assistance programs require a change in the existing payment systems. As presented in Section 1, CGP and PA are currently paid using different payment systems and providers, creating inefficiencies related to lack economies of scale and double contracting. Additionally, almost all payments are made by delivering cash at physical pay points, even in urban areas.The MSD is committed to deploy a unified payment s ystem for its social assistance transfers to beneficiaries. Two indicators were selected as DLIs to monitor the deployment and the use of the unified payment system (DLIs #13 and 17).

36.   Consolidation of the OVC Post Primary Bursary and the OVC Bursary Scheme. The GoL currently runs two very similar OVC Bursary programs: the OVC Bursary Scheme implemented by the MSD, and the OVC Post Primary Bursary program, run by the Manpower Planning Secretariat in the Ministry of Development Planning. The two programs have the same goal (covering school fees for vulnerable children), but they run in parallel and no coordination mechanisms have been put in place to ensure synergies. Duplication of benefits is possible, as no database cross-match takes place. Parallel selection and administration processes also duplicate efforts and result in an inefficient use of scarce Government resources. Harmonizing these programs could reduce administrative costs and allow for greater budget space for transfers. The process of harmonization would be initiated supporting a cross-check the beneficiary databases to identify duplications and would finalize with the consolidation of programs through a transfer of one program budget to the other program. One indicator was selected as DLI to monitor the programs consolidation (DLI # 2).

37.   Improved administrative and delivery processes of the OAP. The OAP is by far the largest social assistance program in Lesotho: it transfer budget equals 2.4% of GDP. The number of beneficiaries of OAP has grown from about 65,000 when the pension was introduced in 2004 to 85,087 in January 2015 (about 4.4 percent of the population). Population projections for 2015 estimate there should be about 67,500 elderly persons above the age of 70 in Lesotho,   and of these about 7,000 receive a Civil Service pension, which should make them ineligible to receive the OAP. These figures suggest that at roughly 29% of OAP beneficiaries might actually ineligible. Its manual monthly payment system, which relies on the army, represents 50% of its administrative budget. Improving the efficiency of the OAP is therefore paramount to improving the efficiency of social assistance in Lesotho. This will require the strengthening the systems for preventing, detecting and addressing fraud and errors and improving the payment system, in particular in relation to monitoring whether beneficiaries are alive and detecting ineligible claims. The MoF has already deployed a new MIS for the OAP that could provide the base for the automatization of delivery procedures. The latter would allow the introduction of improvements in regular eligibility verification and internal oversight. The MoF is committed to: (i) create the conditions for conducting regular financial audits; (ii) adopt instruments and mechanism to introduce regular verification of eligibility of beneficiaries through regular cross-matching databases with Home Affairs and Civil Service Pension and regular biometric proof of life verification; and (iii) implement of a new electronic payment system. Given the importance of the OAP reform in the overall process, five indicators were selected as DLIs to monitor the improvement in OAP delivery (DLI#3, 8, 9, 14 and 18).

38.   Results area 2: Increased equity of selected social assistance programs. This results area aims at improving the equity of social assistance programs, by supporting the achievements of results by the GoL in expanding the geographic coverage of the registry of poor households in NISSA, improving the targeting performance of PA and OVC, and coverage expanding the geographic coverage of the CGP to cover the whole country (the results chain for this area is presented in Figure 3).

39.   Expanding the registry of poor households through NISSA. The registry of poor households is currently managed by MSD through the National Information System for Social Assistance (NISSA) Program. The GoL is committed to increase the coverage of NISSA to all areas of the country. After extensive evaluation of the current targeting methodology (a Proxy Means Test with Community Validation) under NISSA,   the GoL modified the targeting strategy. The new NISSA Community Based Targeting (NISSA-CBT) will combine two steps: first, a community identification of poor households, and second, the application of a proxy means test to selected households among those identified by the community. In order to ensure the consistency of targeting across households, the GoL will carry out the application of NISSA-CBT in all 67 community councils by the end of the

project, including those councils that had already been included in the registry with the previous methodology. The GoL plans to start the rollout in 2016 and all 67 community councils will be reached by 2018. One indicator was selected as DLI to monitor the expansion of the NISSA-CBT (DLI#15).

40.   Adoption of harmonized targeting based on NISSA-CBT for CGP, OVC and PA. MSD is committed to create a harmonized targeting mechanism that combines the selection of poor households based on NISSA-CBT and program specific categorical criteria for OVC and PA. The CGP is currently the only program using the NISSA registry of the poor to identify beneficiaries. Despite their poverty alleviation mandate, both OVC and PA do currently not have a clearly defined poverty eligibility criteria. The use of commo n mechanism for selecting poor households based on NISSA-CBT will be considered the MSD harmonized targeting procedure. After the adoption of the MSD harmonized targeting procedure for OVC and PA, the MSD will initiate a processes of re-certification of eligibility of existing beneficiaries of these two programs. Three indicators were selected as DLIs to monitor and mark continuity of the improving targeting of OVC and PA (DLI# 4, 10 and 19).

41.   Expansion of the coverage of the CGP. The NSPS Strategy identifies the CGP as the flagship program to alleviate poverty and increase the investment in health and education of children from poor families in Lesotho. The CGP currently only covers 21 out of 67 community councils, or less than a third of the country. Through the savings achieved by increasing efficiency in delivering the selected social assistance programs, the GoL is committed to expand CGP coverage to all 67 community councils in the country, and increase the coverage of the program by 24,000 households by the end of the project. Four indicators were selected as DLIs to monitor the increase in coverage of the CGP (DLI# 5, 11, 16 and 20)

Component 2 – Implementation Support (USD 2.5 million).

42.   The objective of this component is to support the investment necessary to overcome the main constrains in term of capacity, implementation, monitoring and evaluation of results supported by Component 1.

43.   The technical assistance and investment financing activities supported by this component have been selected by the GoL and the World Bank team on the basis of: their strategic importance to achieve the DLIs; absence of support by other development partners, and existence of the World Bank's comparative advantage and international experience on supervising the implementation of those activities.

44.   The EU is investing significantly in strengthening the capacity of MSD to deliver social assistance. Their assistance is mainly implemented through UNICEF and is focused on broad aspects related to CGP, NISSA, ISSN and the CCT pilot under the CGP. The World Bank team and the EU/UNICEF have been working closely to ensure complementarity and coherence in their respective support programs and the activities supported by this component.. The proposed project is explicitly designed to both build on and complement areas of support of the EU/UNICEF.

45.   Component 2 will be implemented through two sub-components: the first one (2.A) will provide direct technical assistance and investment in support of achievement of the results (DLIs and ultimately the PDIs) under Component 1; the second one (2.B) will support project implementation capacity.

46.   Sub-Component 2A: Supporting the achievement of results in selected social assistance programs. (US$ 1.10 million). In the PAD a description is available of the identified needs for inputs and technical assistance (if any) for each of the key results areas and DLI groups, differentiating the activities to be supported by this subcomponents and those that would be provided by other development partners.

56.   Sub-Component 2B: Supporting the project management (US$ 1.40 million). Given the lack of previous experience in implementing World Bank projects, the MSD will be supported in the implementation of the proposed project by a Project Implementation Unit (PIU), to be hosted under the Policy Planning and M&E Directorate of the MSD (for details see section on Implementation arrangements and Annex 3). Specifically, the PIU would include a Project coordinator for day to day management, a procurement specialist, a financial management specialist and two specialists responsible for the coordination of activities within MSD and MoF. Additionally, the sub-component would finance the cost of the yearly external financial audits and some additional operating cost.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project is national in scope, though some activities will specifically target the poorest areas of the country.

5. Environmental and Social Safeguards Specialists

Kristine Schwebach (GSURR)

Melissa C. Landesz (GENDR)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	Because this project relates to overall management and efficiency of social protection programs at the central level, as well as expansion of certain cash transfer programs, no environmental issues and impacts are foreseen as a result of this project.
Natural Habitats OP/BP 4.04	No	Because this project relates to overall management and efficiency of social protection programs at the central level, as well as expansion of certain cash transfer programs, no impacts are foreseen on natural habitats as a result of this project.
Forests OP/BP 4.36	No	Because this project relates to overall management and efficiency of social protection programs at the central level, as well as expansion of certain cash transfer programs, no impacts are foreseen on forests as a result of this project
Pest Management OP 4.09	No	Because this project relates to overall management and efficiency of social protection programs at the central level, as well as expansion of certain cash transfer programs, no pesticides will be used in this project and no pest management issues are foreseen as a result of this project.
Physical Cultural Resources OP/BP 4.11	No	Because this project relates to overall management and efficiency of social protection programs at the central level, as well as expansion of certain cash transfer programs, no impacts on physical cultural resources are foreseen as a result of this project.

Indigenous Peoples OP/BP 4.10	No	There are no Indigenous Peoples in the project area
Involuntary Resettlement OP/BP 4.12	No	Because this project relates to overall management and efficiency of social protection programs at the central level, as well as expansion of certain cash transfer programs, no land acquisition leading to involuntary resettlement or restrictions of access to resources and livelihoods is foreseen as a result of this project.
Safety of Dams OP/BP 4.37	No	N/A
Projects on International Waterways OP/BP 7.50	No	N/A
Projects in Disputed Areas OP/BP 7.60	No	N/A

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:
There are no known environmental issues and impacts related to this project and none of the safeguards policies have been triggered.
2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
There are no known potential indirect and/or long term impacts due to anticipated future activities related to this project and none of the safeguards policies have been triggered.
3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
n/a
4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
n/a
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
Key stakeholders include: the central and district level staff of the Ministry of Social Development and the Ministry of Finance, who manage the core social assistance programs; and existing and future beneficiaries of transfer programs. During the course of the implementation of the proposed reforms, all stakeholders and the public will be informed about the rationale for the proposed reforms.

B. Disclosure Requirements

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/ Audit/or EMP.

If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level

The World Bank Policy on Disclosure of Information			
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [×]	No [ ]	NA [ ]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [ ]	No [ ]	NA [×]
All Safeguard Policies			
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [ ]	No [ ]	NA [×]
Have costs related to safeguard policy measures been included in the project cost?	Yes [ ]	No [ ]	NA [×]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [ ]	No [ ]	NA [×]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [ ]	No [ ]	NA [×]

III. APPROVALS

Task Team Leader(s):	Name: Lucilla Maria Bruni	
Approved By		
Safeguards Advisor:	Name: Johanna van Tilburg (SA)	Date: 15-Jun-2015
Practice Manager/ Manager:	Name: Peter Ivanov Pojarski (PMGR)	Date: 21-Jul-2015