

INTERNATIONAL MONETARY FUND AND  
THE INTERNATIONAL DEVELOPMENT ASSOCIATION

LESOTHO

**Joint Staff Assessment of the PRSP Preparation Status Report**

Prepared by Staffs of the International Monetary Fund and  
the International Development Association

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1. Lesotho's interim poverty reduction strategy paper (I-PRSP) was presented to the Executive Boards of the IDA (March 6, 2001) and the IMF (March 9, 2001). It included a detailed calendar for the finalization of the full PRSP around June 2002. Because about a year has passed since the consideration of the interim PRSP by the two Boards, the authorities have completed a PRSP Preparation Status Report (henceforth, the Report).
2. The Report states that the Technical Working Group (TWG) that was assigned to carry out the PRSP process has broadly followed the schedule outlined on the interim PRSP. As the Report notes, the preparation and sensitization phases have been completed, and the participation stage has begun. However, additional time has been needed at each stage because Lesotho has never before attempted to prepare a community-driven and country-owned national strategy to fight poverty. Key additions to the time line since the interim PRSP have included more time for preparation and consultations with civil society and allowances for data and document write-ups. The IMF and World Bank staffs concur that this is a learning process and delays should be expected. The staffs are of the opinion that reasonable allowances for extra time should be made to allow the government to use the consultation process to finalize key policy issues.
3. The staffs welcome the government of Lesotho's decision to harmonize the PRSP process with the government's Public Sector Improvement and Reform Project (PSIRP) and its National Vision strategy to improve living standards. Combining like aspects of each effort will increase the chances of timely success, reduce potential confusion among the public, and help harmonize policy recommendations. Moreover, as the Report observes, the population is looking for concrete action.
4. The revised time line presented in the Report may be overly ambitious because several areas that may result in some delay. First, as noted above, experience with the process

so far suggests that more time may be needed for some steps in the process. Second, despite extensive preparation and sensitization, there is a possibility that the broad-based consultations now scheduled for March 2002 may take longer than expected. Third, the staffs are concerned that the time allocated for data analysis and writing of the final PRSP may need to be expanded. Fourth, elections, now scheduled for May 2002, may cause a postponement of the paper by either diverting the attention of the public or key ministers or delaying approval by the cabinet. The Report indicates that all critical leaders have been involved in the process of preparing the PRSP.

5. Poverty monitoring and the medium-term macroeconomic framework are other areas of uncertain timing, in part because these tasks have not been carried out before on the scale of the PRSP. The Lesotho Bureau of Statistics is currently piloting a Core Welfare Indicators Questionnaire and plans a full survey in time for results to be available by June. A household expenditure survey that will establish the poverty line for Lesotho is planned for September 2002; it will take more time to analyze the results of the survey fully. The government has been working on a macroeconomic framework in the context of the poverty reduction and growth facility (PRGF) arrangement with the IMF, and, as the Report mentions, the Ministry of Development Planning is coordinating sectoral contributions to the macroeconomic framework. The staffs welcome the progress made and the plans for poverty monitoring and medium-term macroeconomic issues, including a medium-term expenditure framework, and they assume that these, as well as a list of monitorable poverty indicators, will be important touchstones in the full PRSP. The staffs also assume that HIV/AIDS, which is well recognized by the government of Lesotho as a policy priority, will be covered in the final paper.

6. The revised PRSP time line presented in the Report indicates that the final PRSP is expected to be presented to the cabinet in June 2002. However, in view of the potential for delay cited above, the staffs believe the June timetable may be overly ambitious. They, therefore, suggest that the authorities take the extra time necessary to complete the paper. This would include a costing of the recommendations. They also encourage the government to seek whatever additional technical assistance is necessary. Hence, the staffs of the World Bank and IMF consider that progress on the development of the full PRSP, as evidenced by the PRSP Preparation Status Report, is satisfactory and provides a sound basis for continued access to Fund concessional assistance and IDA adjustment lending. The staffs recommend that the respective Executive Directors of the World Bank and the IMF reach the same conclusion.