

Annex I to the Contribution Agreement

Contract no. 42014

Description of the Action

Metsi a Lesotho (Water of Lesotho)

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List of Abbreviations

BMZ	German Federal Ministry for Economic Cooperation and Development
CBO	Community Based Organisation
CMA	Catchment Management Area
CMAC	Catchment Management Area Committees
C-NRM	Climate Resilience and Natural Resource Management in the SADC Region
CoW	Commission of Water
DSS	Decision Support System
DoA	Description of the Action
DWA	Department of Water Affairs
EU	European Union
GCF	Green Climate Fund
GDP	Gross Domestic Product
GIDRM	Global Initiative on Disaster Risk Management
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
ICM	Integrated Catchment Management
ICU	National ICM Coordination Unit
ICMDP	Integrated Catchment Management and Development Plan
IWRM	Integrated Water Resources Management
MNR	Ministry of Natural Resources
MEF	Ministry of Environment and Forestry
NGO	Non- Governmental Organisation
NSDP	National Strategic Development Plan
NUL	National University of Lesotho
ORASECOM	Orange-Senqu River Commission
PES	Payment of Ecosystems Services

PSC	Project Steering Committee
RBO	River Basin Organisation
SADC	Southern African Development Community
SDG	Sustainable Development Goals
SO	Specific Objective
SOP	Standard Operating Procedures
TWM-SA	Transboundary Water Management in Southern Africa
TFCA	Transfrontier Conservation Areas
TVET	Technical and Vocational Education and Training
TWM	Transboundary Water Management
UNICEF	United Nations International Children's Emergency Fund
WASH	Water, Sanitation and Hygiene
WI	Water Institute

Project Details

Project title	Metsi a Lesotho - Renoka Phase II
Contract no.	PC – 42014
Team Europe Initiatives	Team Europe Initiative “Green Deal Lesotho”; Team Europe Initiative “Transboundary Water Management in Africa”
Specific Objectives	SO 2: Lesotho sustainably manages its water and land resources comprising the water-energy and natural resources nexus and advances its climate resilience with an inclusive approach. SO 3: Strengthen national water sector capacities to improve services and cooperation at community, catchment and transboundary levels.
Outputs	2.1 The Integrated Catchment Management (ICM) approach is implemented across the sub-basins of Lesotho for improved stewardship of water and land resources. 2.2 ICM financing mechanisms are implemented in sub-catchments as multi-stakeholder partnerships to build long-term resource sustainability. 2.3 The integration and implementation of the water-energy-natural resources nexus is strengthened under the ICM programme. 3.1 Capacities of government cadres for water management, at technical and diplomatic level, are enhanced. 3.2 Policy-relevant and water related data (including climate and sex-disaggregated) and information is produced, updated and shared timely and consistently for accountability.
Total budget	12,985,000 EUR
European Commission financial contribution	11,700,000 EUR
BMZ financial contribution	1,285,000 EUR
Start of implementation period	April 2026
End of implementation period	March 2030
Project duration	48 months
Country/ies	Lesotho

1 Executive Summary

The Multi-Donor Action “Metsi a Lesotho” is jointly co-financed by the European Union and the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by GIZ as part of the BMZ umbrella project “Transboundary Water Management (TWM VI)”. BMZ’s total funding for the BMZ project TWM VI is 3,000,000 EUR. The total budget of this Action is 12,985,000 EUR (EU contribution 11,700,000 EUR and BMZ contribution 1,285,000 EUR). In addition to “Metsi a Lesotho” the Action “Transboundary Water Management in Southern Africa” (TWM-SA) (EU Delegation Botswana/SADC contribution 9,450,000 EUR and BMZ contribution 870,000 EUR) is integrated into TWM VI. As with “Metsi a Lesotho”, TWM-SA is also part of the Team Europe Initiative “Transboundary Water Management in Africa” (TWM-Africa). This results in a total budget of TWM VI of 24,150,000 EUR.

This Action is part of the Global Gateway Programme “Metsi a Lesotho” and contributes to the Team Europe Initiative “Green Deal Lesotho” and the Team Europe Initiative TWM-Africa. The “Metsi a Lesotho” programme comprises three Specific Objectives (SO) including SO 1: Increase access to safe, sustainable and affordable water, sanitation, and hygiene systems in rural communities, schools and clinics, through decentralised structures integrating a gender-based approach, SO 2: Lesotho sustainably manages its water and land resources comprising the water-energy and natural resources nexus and advances its climate resilience with an inclusive approach and SO 3: Strengthen national water sector capacities to improve services and cooperation at community, catchment and transboundary levels. The Action aims to implement SO 2 and SO 3. SO 1 is implemented by the United Nations International Children’s Emergency Fund (UNICEF). SO 2 is building on the impacts achieved, and lessons learned of the EU Action “Support to Integrated Catchment Management in Lesotho” (ICM 1) (Contribution Agreement FED/2019412-339) co-financed by BMZ and implemented by GIZ as part of the “Transboundary Water Management in the SADC region (TWM V)” project. SO 3 is utilising the experiences made in the EU Lesotho Cooperation Facility Technical Assistance (CFTA) project (CTR NDICI AFRICA/2023/ 445-145) Component 2, and will continue in strengthening institutional ownership, promote integrated monitoring and improved sector coordination.

The **Overall Objective** of “Metsi a Lesotho” is to ensure access to sustainable water and sanitation for all as a means for green and resilient growth and promoting peace and security in Lesotho and the region.

The **Specific Objectives** (Outcomes) of this Action are:

Specific Objective (Outcome 2): “Lesotho sustainably manages its water and land resources comprising the water-energy and natural resources nexus and advances its climate resilience”, and

Specific Objective (Outcome 3): “Strengthen national water sector capacities to improve services and cooperation at community, catchment and transboundary levels”.

The **Outputs** of the Action that are aimed at achieving the SO are:

Related to Specific Objective 2: Implementation of the Integrated Catchment Management (ICM) approach across the sub-basin of Lesotho for improved stewardship of water and land resources (Output 2.1); Implement in sub-catchments ICM financing mechanisms as multi-

stakeholder partnership to build long-term resource sustainability (Output 2.2), and: Integration and implementation of the water-energy-natural resources nexus are strengthened under the ICM programme (Output 2.3).

Related to Specific Objective 3: Enhancement of capacities of government cadres for water management, at technical and diplomatic level (Output 3.1), and: Producing, updating and sharing timely and consistently policy-relevant and water related data (including climate and sex-disaggregated) for accountability (Output 3.2).

2 Context

2.1 Background

The Kingdom of Lesotho is a mountainous, landlocked country in Southern Africa, bordered only by South Africa. Around 80% of its land is above 1,800 meters, with an average elevation 2,161 meters. Classified as a 'Lower Middle Income' country, Lesotho had a Gross Domestic Product (GDP) of 2.27 billion USD in 2023 and a population of about 2.3 million (World Bank). In 2018, nearly 20% of the population was affected by multidimensional poverty and as of 2024, 69% of the population lives in rural areas, although urbanisation has increased from 14% in 1990 to 31% in 2024 (UNDP; World Bank). Lesotho ranks 145th out of 180 countries in the Environmental Performance Index (EPI) of 2024, performing poorly in preventing water pollution (ranked 172nd) and sanitation (ranked 178th). However, water is Lesotho's most critical natural resource, vital for social well-being, economic productivity, and environmental sustainability. Approximately 70% of the rural population relies on agriculture, making sustainable water management crucial for food security and reducing dependence on South Africa imports. Effective water resource management is strategic for public safety and disaster risk reduction. Strengthening climate resilience in water management is vital due to shifting weather events causing erosion, dam siltation, infrastructure damage, and ecosystem degradation, which threaten long-term water security and sustainability.

Lesotho's water resources also play a crucial role in the Orange-Senqu River basin, shared with South Africa, Botswana and Namibia under the framework of a River Basin Organisation (RBO), the Orange-Senqu River Commission (ORASECOM). The unique geographic location, high altitude and pristine natural quality of the country's mountain areas, position Lesotho as the "water tower" of Southern Africa. Lesotho's contribution to the annual run-off in the Orange-Senqu River basin is more than 40 % with only 3 % of the basin area. Thanks to the Lesotho-South Africa Water transfer scheme, around 30 % of all water supplied in the Gauteng Province – the economic powerhouse of South Africa and the SADC - comes from Lesotho.

Additionally, Lesotho meets about half of its electricity needs through hydropower, but electrification rates remain low at around 57 % in 2023. Plans for more dams aim to increase water storage, transfers and power generation. For example, Botswana, Lesotho and South Africa have signed a Memorandum of Understanding for the Lesotho-Botswana Water transfer to access water from Lesotho, addressing structural water shortages in Gaborone. Lesotho's water resources generate significant revenues, accounting for 7 % of its GDP and 5.3 % of government revenues. Sustainable management of natural resources in the headwaters of the Orange-Senqu in Lesotho is crucial to prevent degradation and siltation of dams and to

restore and protect the water storage capacity, benefiting economic and human development. In addition, integrating sustainable water, energy and natural resources in joint projects can enhance multiple sectors and enhance resource efficiency in the Orange-Senqu River basin. Strengthening regional cooperation and water diplomacy is essential to promote integration, peace and long-term stability in the region.

2.2 Problem Analysis

Problem analysis with regard to “Metsi a Lesotho” programme component 2 - ReNOKA:

ReNOKA, Lesotho’s national ICM programme, launched in 2019 and supported by the EU since 2020, has laid key foundations for institutionalising ICM, yet significant challenges persist. The National ICM Coordination Unit (ICU) under the Ministry of Natural Resources, requires further organisational strengthening to effectively coordinate and monitor ICM implementation across Catchment Management Areas through decentralised and well capacitated structures. With the anticipated approval of the revised Lesotho Water Resources Management Act in 2026¹, the ICU is expected to become a fully mandated ICM Authority, which will also require sustainable and transparent financing mechanisms to support its operations. Its role as the national coordination authority, including its mandate and responsibilities, needs to be strengthened and better understood by public and private institutions stakeholders as well as ICM implementers.

Many farmers still neglect proven methods of combating degradation, such as contour ploughing and rotational grazing, which often leads to severe soil erosion. The annual consumption of natural resources is estimated at 4.6% of gross national income, with the country losing at least 2% of its topsoil annually due to erosion. About 66% of households reside on degraded land. The livelihoods of rural populations often depend solely on agricultural yields, which are under constant threat from the ongoing climatic and anthropogenic degradation of water and soil resources. This situation is exacerbated by financial constraints and farmers' lack of technical knowledge, putting many communities on the verge of losing their basic source of income. Despite awareness efforts, unsustainable farming and grazing practices persist, and adopting sustainable soil management and Good Agricultural Practices requires gradual behavioural change and long-term commitment.

Farming communities often depend on external support for ICM, as limited awareness of its benefits discourages self-driven action and prevents from recognising how ICM can improve their livelihoods. Meanwhile, increasing pressure on natural resources for agriculture, grazing and fuel has led to environmental degradation and the loss of ecosystems essential for sustainable water management. To meet food production needs, wetlands and other ecologically valuable areas are frequently cleared or drained, reducing their capacity to retain water and support biodiversity.

Water supply and hydropower generation are increasingly constrained by sedimented dams and declining water flows. At the same time energy and water infrastructure—such as solar power plants, treatment facilities and pipelines—as well as roads and other public infrastructure are threatened by erosion and landslides. Climate change is expected to further intensify

¹ There is still a risk of further delays in the approval process

these pressures through rising temperatures, more frequent extreme weather events and increasingly unpredictable rainfall patterns, all of which are already being experienced.

Problem analysis with regard to “Metsi a Lesotho” programme component 3 - Cadre capacity building in water management:

Government agencies managing Lesotho's water resources lack sufficient capacity for evidence-based decision-making at both national and transboundary level. In particular, they require stronger skills in presenting data and negotiating in bilateral negotiations with South Africa, as well as within the Technical Committees of ORASECOM and the SADC-Water Resources Committee. In addition, coordination capacities, especially for data generation remain weak, and there is a need to update sector policies, the legal framework and related water strategies. Significant gaps exist in monitoring and data collection processes and protocols needed to generate regular outputs that inform sector leaders and national decision-makers. Many hydro-meteorological measurement stations are non-functional or missing, and existing data are not centrally integrated or accessible across the water sectors. Benchmark data on service performance remain siloed within departments and are not shared with managers or users. However, there is a need for reliable data and analytical (forecast) reports on water quantity and quality. These data are essential for developing and implementing water and land management strategies, including drought scenarios. They are also important for establishing agreements on water sharing with downstream countries. There is a particular need for a comprehensive platform (Geographic Information System (GIS)-based) that collects and processes a wide variety of geophysical, socio-economic and ecological data and makes it available in a suitable form for decision-making. Maintaining water resources quantities and quality is also a precondition for proper identification and implementation of Water, Sanitation and Hygiene (WASH) strategies and facilities (Specific Objective 1 of “Metsi a Lesotho”). Improved capacities for data management are needed for both water management and WASH in order to improve performance of water sector entities and to attain more sustainable management of and access to Lesotho's water.

2.3 Relevance of the Action

The **European Union's (EU)** cooperation strategy with Lesotho, the Multi-Annual Indicative Programme (MIP) 2021-2027, focusses on two priority areas: (1) green and resilient economy, and (2) good governance, peaceful and just society. “Metsi a Lesotho” contributes to the first priority area by promoting sustainable management of water and land resources and by strengthening capacities for water resources management. The EU is well positioned as a key international partner in the water and energy sectors of Lesotho, particularly through the Team Europe Initiative “Green Deal Lesotho”, as well as through the Team Europe Initiative “Transboundary Water Management in Africa”. “Metsi a Lesotho” is contributing to both Team Europe Initiatives.

“Metsi a Lesotho” is well aligned with Lesotho's national strategies and the priorities of the government, especially with Lesotho's second five-year National Strategic Development Plan II (NSDP II). The NSDP II consists of four key priority areas: (1) Enhancing Inclusive and Sustainable Economic Growth and Private Sector-led Job Creation, (2) Strengthening Human Capital, (3) Building Enabling Infrastructure, and (4) Strengthening National Governance and Accountability Systems. In terms of policy alignment, the policies set out in the Plan are also consistent with the United Nation's 2030 Sustainable Development Goals (SDGs) and

the African Union Agenda 2063. “Metsi a Lesotho” is especially aligned with SDG 6 (availability and sustainable management of water resources) and also with SDG 5 (gender equality), SDG 9 (building resilient infrastructure), SDG 13 (measures to combat climate change), and SDG 15 (protecting land ecosystems). Furthermore, “Metsi a Lesotho” is aligned with EU external political priorities and puts focus on key challenges related to environment and climate change, such the European Green Deal and the Global Gateway Strategy. It advances the objectives of the EU Gender Action Plan III, particularly its thematic area of engagement “promoting economic and social rights and empowering girls and women”.

This project is also in line with the strategic objectives of the **BMZ** and refers to the ministry’s core theme of “Conserving nature and natural resources, protecting life on Earth” and, within this, to the area of intervention “Water”. In this field of action, the BMZ is committed to cross-border water management, which is considered to play a key role in conserving water resources and ecosystems and in combating climate change. The Action’s support to ICM is particularly well suited to contribute to the protection of water and land resources in line with an ecosystem-based approach. This approach is also in line with the objectives of the BMZ’s Africa Strategy, which promotes the socio-ecological transformation of economic systems and sustainable growth on the African continent.

2.4 Complementarity, Synergy with other relevant Actions

The umbrella programme TWM VI’s multilevel approach, to which this Action is part of, fosters synergies of the activities of this DoA with other interventions under **TWM VI**. They can be summarised as follows: **TWM-SA** will promote exchange and cooperation between Lesotho’s water institutions and ORASECOM on effective data management and evidence-based decision-making. Water experts from Lesotho will participate in communities of practice organised on topics such as Decision Support Systems (DSS) and sustainable financing by TWM-SA for RBOs and SADC member states. In this context, best practices from Lesotho will be shared, highlighting Lesotho’s role and experiences in ICM for sustainable trans-boundary water management. Furthermore, the experiences from Lesotho as a SADC-member state will be used to inform the further development of the political and strategic framework, as well as related technical documents at SADC level supported by **BMZ**.

Strong synergies exist with other **EU supported projects in Lesotho**. The 2021-2027 EU-Lesotho cooperation strategy allocates 75% of its resources to the water and energy, making it one of the EU’s greenest programmes. Aside from SO 2 and 3 of the Action Document “Metsi a Lesotho” (which are implemented through this DoA) **SO 1 “The population of Lesotho has access to safe, sustainable and affordable WASH (water, sanitation, hygiene) facilities to promote a healthy, green and prosperous society”**, is implemented by UNICEF. This SO 1 aims to ensure safe, sustainable, and affordable WASH services in rural areas to improve long-term health and living conditions as well as institutionalisation of rural WASH. SO 2 implemented through this Action complementarily aims at strengthening rural communities by supporting sustainable water and land management practices, whereas SO 3 aims at strengthening capacities of Lesotho’s water institutions which includes sustainable water management practices related to WASH.

Synergies are also being exploited and strengthened regarding EU-supported green initiatives in the areas of water and energy in Lesotho. This includes the **Renewable Lesotho Project**, a Global Gateway programme leveraging Lesotho’s solar, water and wind potential to create a reliable energy grid, drive economic growth and improve energy access. Land

and water around large infrastructure projects such as renewable energy power plants need to be well managed to avoid damage to the infrastructure due to soil erosion. The previous Action “Support to Integrated Catchment Management in Lesotho” (ICM 1) already supported the implementation of ICM measures around Ha Ramathole, a solar power plant that has also been supported through activities implemented by GIZ under Renewable Lesotho.

The EU-supported **Lesotho Lowlands Water Development Project**, Phase II, aims to provide safe drinking water to 280,000 people and improve sanitation for over 20,000 individuals. This project is closely linked with this Action, as climate-resilient water and soil management is essential for sustainable water infrastructure and preventing damage from siltation and erosion.

The project “**Regeneration of Landscapes and Livelihoods**” (ROLL) in Lesotho, financed by the International Fund for Agricultural Development (IFAD), promotes sustainable, climate-resilient agricultural practices to secure livelihoods in Lesotho. This Action complements ROLL by strengthening governance structures for the integrated management of water and land resources at watersheds level and by supporting approaches that enhance local livelihoods. Together, they reinforce the promotion of ICM measures with a strong livelihood focus.

The Finnish bilateral support through the “Public Sector Investment Facility” (PIF), the “**Digital Water Solutions for Lesotho (DiWaLe)**” project, is anticipated to start in the last quarter of 2026. Promoting mainly digital solutions for data collection and management and supply of equipment (e. g. laboratories) the DiWaLe project will also contribute to capacity building of water institutions like the Department of Water Affairs (DWA) and the Commission of Water (CoW) of the Ministry of Natural Resources. A close coordination and division of tasks with the project supported by Finland will be ensured.

The SADC-wide Investment Programme for Climate-Resilient Water Supply (**Regional Climate Resilient Water Investment Programme, SADC AIP**) is part of the broader African Investment Programme (AIP) and aims to address the investment gap in the region's water sector while enhancing climate resilience. The SADC AIP has received project preparatory funding from the Green Climate Fund (GCF) and has submitted a concept note for a larger investment programme. Key objectives include improving data and information provision and early warning systems in SADC member states, including Lesotho. Under this programme, Lesotho can apply for support to develop more efficient data management practices and Decision Support Systems (DSS), as well as for SADC AIP funds.

The BMZ-financed and GIZ-implemented project “**Climate Resilience and Natural Resource Management in the SADC Region**” (C-NRM) provides advice to institutions and civil society actors in the SADC region to enhance climate resilience and resource management in selected Transfrontier Conservation Areas (TFCAs). Many TFCAs overlap with the region's most important river basins. For example, the Maloti-Drakensberg TFCA, shared between Lesotho and South Africa overlaps with significant sub-catchments in Lesotho. The management of this TFCA is interested in cooperating to integrate water conservation with ecosystem and biodiversity protection and to learn from ReNOKA's experiences.

The SADC component of the BMZ-funded **Global Initiative on Disaster Risk Management (GIDRM)** provides advisory services to the SADC Secretariat's Disaster Preparedness Department Unit on climate and water-related risks, including floods and droughts. In collaboration with GIDRM, this Action will promote the integration of disaster risk management into

water management plans and support the development of technical capacities within Lesotho's water management institutions.

Donor	Relevant actions	Expected synergies at impact level
EU, BMZ	TWM VI TWM-SA	Joint capacity building and exchange of best practice in the SADC-region
EU	SO 1 (WASH) of "Metsi a Lesotho"	Joint improvement of livelihoods and competencies for WASH
EU	Renewable Lesotho	Joint improvement of conditions for sustainable investments in energy projects
EU	Lesotho Lowlands Water Development Project Phase II	Joint improvement of conditions for sustainable investments in water projects
EU/BMZ	TWM VI	Joint capacity building with other SADC member states in the SADC region incl. exchange of best practice
IFAD	ROLL	Joint promotion of ICM measures with focus on livelihoods
Finland	Digital Water Solutions for Lesotho	Joint capacity development of Lesotho's water institutions and natural resources data governance and management
GCF	SADC AIP	Joint strengthening of institutions in the SADC region for climate-resilient water infrastructure and water resource management
BMZ	C-NRM	Joint strengthening of synergies between water & soil conservation and ecosystem and biodiversity protection
BMZ	GIDRM	Joint promotion of integration of disaster risk management aspects into water management plans

3 Intervention Logic

3.1 Objectives and Outputs

The **Overall Objective** of the Action is to ensure access to sustainable water and sanitation for all as a means for green and resilient growth and promoting peace and security in Lesotho and the region.

The **Specific Objectives** (outcomes) of the Action that are relevant to this DoA are:

Specific Objective 2: Lesotho sustainably manages its water and land resources comprising the water-energy and natural resources nexus and advances its climate resilience

Specific Objective 3: Strengthens national water sector capacities to improve services and cooperation at community, catchment and transboundary levels.

The following outputs will be operationalized by this project to achieve the specific outcomes:

Output 2.1 (related to SO 2): The Integrated Catchment Management (ICM) approach is implemented across the sub-basins of Lesotho for improved stewardship of water and land resources.

Output 2.2 (related to SO 2): ICM financing mechanisms are implemented in sub-catchments as multi-stakeholder partnerships to build long-term resource sustainability.

Output 2.3 (related to SO 2): The integration and implementation of the water-energy-natural resources nexus is strengthened under the ICM programme.

Output 3.1 (related to SO 3): Capacities of government cadres for water management, at technical and diplomatic level, are enhanced.

Output 3.2 (related to SO 3): Policy-relevant and water related data (including climate and sex-disaggregated) and information is produced, updated and shared timely and consistently for accountability.

Following, the outputs are described in more detail:

Output 2.1 “The Integrated Catchment Management (ICM) approach is implemented across the sub-basins of Lesotho for improved stewardship of water and land resources” aims to further establish and strengthen the governance approach for the national ICM programme ReNOKA. Building on the previous Action’s results including the development of key guidelines such as the Compendium for Soil and Water Conservation, as well as pilots of different ICM implementation and financing modalities, the Action will systematically integrate these experiences and lessons learned to standardise processes and enhance coherence across implementation levels. Guided by strategic planning at Catchment Management Area (CMA) level through the Integrated Catchment Management and Development Plans (ICMDPs), new approaches such as the development of Standard Operating Procedures (SOPs) and a holistically focused implementation model capable of demonstrating an administratively functional ICM system will be introduced. Until now, the establishment and empowerment of ICM institutions, including the ICU itself, has been very complex, which at times causes delays in implementation. These processes will be significantly streamlined and made easier to apply without compromising the principles of participatory ICM. To achieve this, the future ICM Authority, responsible for coordinating ICM implementation will be supported in further strengthening its core institutional functions through organisational development consulting and capacity building in order to apply the improved routines and processes in a quality-oriented manner. This includes ensuring that the ICM governance approach approved by the Cabinet in 2019 is adopted and rolled out broadly in the medium term. To this end, the expansion of ICM processes, routines and standards in all six CMAs will be promoted. In order to further increase acceptance and ownership at all levels, the successful tools for mobilising and involving relevant stakeholders at CMA and sub-catchment level, including traditional authorities, local councils, the private sector and civil society, will be further intensified. In addition, the essential institutional links between the ICM Authority and the associated coordination processes with other ministries and authorities related to ICM will be strengthen. Currently, the cooperation remains limited, with information – particular data – shared through bureaucratic processes often shaped by institutional silos and vested interests. A key challenge is that the

ICU is not consistently recognised as the national coordination unit for ICM, which hampers effective collaboration. With the transition toward a formally mandated ICM institution, a dedicated change management strategy will be introduced to strengthen stakeholders' understanding of the ICU's role and improve cooperation across stakeholders. In addition, by further institutionalising established multi-stakeholder technical working groups and investing in robust data generation and M&E systems, the value added of coordinated, evidenced based ICM will become more visible, enabling the ICM Authority to effectively lead the cross-sectoral ICM governance approach and promote active, efficient participation of all stakeholders.

Output 2.2 “ICM financing mechanisms are implemented in sub-catchments as multi-stakeholder partnerships to build long-term resource sustainability” aims to establish sustainable financing mechanisms for the national ICM programme ReNOKA, building on the previous Action – including the feasibility study on the ICM financing architecture and the ReNOKA Private Sector Strategy – and by integrating lessons learned from exploring financing approaches such as Payment for Ecosystem Services (PES), as well as initial private sector partnerships. Through technical advice, organisational development and the strengthening of interministerial cooperation (including the Ministry of Finance and Development Planning) the ICM Authority will be supported to establish sustainable financing mechanisms for ICM implementation and coordination. This includes the establishment of a Public Revolving Fund to support the coordination functions for ICM and an Impact Outcome Fund to finance the implementation of ICM measures. This will entail advancing beyond the vision of the agreed ICM financing architecture including the development of fund design documents to define among other aspects governance structures, financial flows, monitoring, evaluation and reporting arrangement to capacity building for fund managers. Furthermore, a business case on the value of water (or the cost of inaction) will be developed to further attract investors including transboundary water users. Together with the business case, private sector engagement will be guided by the ReNOKA Private Sector Engagement Strategy and informed by lessons from existing partnerships to strengthen fund mobilisation. In addition, other funding solutions will be explored, including the piloting of a ReNOKA PES scheme. Further financing sources such as taxes and fees will be assessed and tested to ensure sustainable funding for the financing mechanisms. Taking into account the key lessons learned from the previous Action, the capacities of beneficiaries accessing funds will be strengthened to ensure the sustainable and effective use of these financing mechanisms in the long run. The Action will therefore enhance the enabling environment by building capacities through established approaches such as the Local Climate Adaptive Living Facility (LoCAL, implemented by UNCDF), while expanding support to include targeted capacity development for CBOs, NGOs and the private sector actors in financial and administrative management. The core of this output will be the development of a business model for the long-term financing of ICM in Lesotho, based on a clear value proposition for investors and following principles of PES. Furthermore, principles of transparency and accountability, and robust monitoring and evaluation, will be core to the design and operation of the financing mechanisms. This approach aims to foster trust among private and public investors, facilitating effective resource mobilisation for the long-term implementation of ICM. It will further leverage multi-stakeholder partnerships to ensure financial and in-kind contributions for ICM in Lesotho.

Output 2.3 “The integration and implementation of the water-energy-natural resources nexus is strengthened under the ICM programme” focuses on supporting the ICM Authority to continue strengthening their coordination and planning capacities to ensure a coherent

implementation of ICM measures among implementing partners. To this end, implementing partners including technical staff of line ministries (at national and district level), members of local communities, Community Based Organisations (CBOs), Non- Governmental Organisations (NGOs) will be trained on the ICM governance approach and related planning procedures based on different ICM Guidelines (e.g., Planning, Gender Mainstreaming), the IC-MDPs and Sub-catchment Action Plans (SCAPs). To demonstrate the potential of innovative approaches and the benefits of coordinated ICM measures grounded in ICM planning processes, selected measures, based on lessons learned from the previous Action, will be implemented in three Sub-Catchments. The resulting approaches will be translated into SOPs to enable easy replication in other locations. In the demonstration sub-catchments, the entire process – from strategic planning through ICMDPs to operational planning via SCAPs and monitoring – will showcase the practical application of the ICM governance approach. This holistic and targeted approach combines various types of ICM measures for natural resource management, as recommended in the ReNOKA Compendium on Soil and Water Conservation Measures developed under the previous Action. Implemented measures will be complemented by livelihood support measures, forming an integral part of the ICM approach. Additionally, the Action will identify and develop flagship projects within the water-energy-natural resources nexus, such as investments in renewable energy infrastructure. The objective is to demonstrate the importance of ICM for investment projects to minimise risks from erosion, landslides, flooding and other challenges. Good practices and proven concepts from exemplary ICM interventions (including flagship projects) will be captured and shared through targeted knowledge products to enrich national and regional dialogue. These will include provide practical guidance on ICM governance, financing, M&E approach, and the implementation of ICM measures, and will be disseminated across the region, at national, RBO and SADC level.

Output 3.1 “Capacities of government cadres for water management, at technical and diplomatic level, are enhanced” aims at improving personal and institutional capacities and collaborations for more sustainable water management of Lesotho’s water sector institutions. Based on a needs assessment identifying specific competency gaps within Lesotho’s water institutions such as water infrastructure maintenance, construction of erosion-control measures, ICM monitoring and assessment and operation of WASH systems Technical and Vocational Education and Training (TVET) programmes will be developed to integrate water management and WASH related topics. The training programme will be implemented through local educational institutions such as the Lerotholi Polytechnic or the Water Institute (WI) of the National University of Lesotho (NUL), with a focus on practical formats and exchange to exploit synergies with SO 1 regarding the implementation of rural WASH initiatives. In addition to TVET, building on existing water sector educational approaches and capacity building programmes offered by national academic institutions (e.g., NUL WI), capacity building programmes for government staff will be strengthened, drawing on experiences from the previous Action and aligned with Component 2 of TWM-SA. This will include improving programmes with gender-responsive modules and extending the tertiary education on sustainable water management to incorporate WASH components. Other stakeholders involved in water supply, including NGOs such as World Vision and CRS, as well as development partners such as UNICEF, will be provided with capacity building in this area. To enhance capacities for sustainable water management at institutional level, the collaboration between the main water institutions (e.g., CoW, ICU) and other stakeholders at national, RBO and SADC level, will be strengthened through participatory methods. This will also include active

participation of CoW and DWA in regional activities (e.g., community of practices) connected to TWM-SA and TWM VI, aimed at sharing experiences on risk-sensitive approaches to investments, resource mobilisation and DSS. Enhanced collaboration will promote knowledge and data exchange, align institutional actions, strengthen the sector's ability to jointly water resources sustainably. This will strategically position Lesotho within ORASECOM and SADC processes in the region. This support will also make a substantial contribution to compensating for specific structural deficits in Lesotho upon accession to the UNECE Water Convention, such as improved transparent exchange of hydrological data. This includes contributions to the development of a national database that provides hydrological data in a format compatible with international standards (such as the UNECE's SEIS) in order to automatically fulfil reporting obligations (e.g. for SDG indicator 6.5.2).

Output 3.2 “Policy-relevant and water related data (including climate and sex-dis-aggregated) and information is produced, updated and shared timely and consistently for accountability” focuses on enhancing the data management practices for evidence-based decision making, supporting sustainable water resource management in Lesotho. A gap analysis of Lesotho's water institutions and data management capacities will be conducted, including an inventory of the current water information system and data governance. This will be followed by a data needs assessment and exploration of linkages with ORASECOM. Key Lesotho water institutions involved in data generation and management will receive advice to enhance their data management practices and data governance within the framework of the already existing inter-ministerial Data Reference Group. They will also be guided to design and implement an effective DSS informed by other existing systems such as the Lesotho Landcover Database and Dashboard, and the Lesotho Soil Information System providing evidence-based information crucial for strategic decisions, such as new water infrastructure projects. Lesotho's water institutions will be also advice and training on using new technologies for data collection and processing such as impact modelling, remote sensing, geographic information systems and artificial intelligence. This will enhance the quality and quantity of water-related data and to reduce dependency on physical data generation, which is highly vulnerable to vandalism. Strengthen collaboration with ORASECOM, other RBOs and SADC member states on data management and DSS will promote peer learning and mutual exchange, while leveraging synergies and alignment opportunities (related to Output 3.1). This includes the development and dissemination of knowledge products and good practices.

3.2 Main Partners, Target Group, Direct Beneficiaries

(i) Main partners of the Action

The **Ministry of Natural Resources (MNR)** leads the water sector in Lesotho. The ministry was formed by joining the Departments of Meteorology, Mining, and Water. Its mandate is to strengthen the development and management of natural resources and to increase access to water supply and sanitation services. The MNR is responsible for the national ReNOKA programme. Under this Ministry the following departments are involved in the management of the water sector:

- Once the Water Resources Management bill is enacted, the semiautonomous **ICM Authority (currently the National ICM Coordination Unit (ICU))** will be the state body responsible for the overall ICM coordination across the six Catchment Management Areas in Lesotho.
- The **Office of the Commissioner of Water/Commission of Water (CoW)** provides direction on water resources management and utilization through planning and coordination. The CoW is also coordinating all institutions and actors in Lesotho's water sector.
- The **Department of Water Affairs (DWA)** is – based on the Lesotho Water Resources Management Act 2008 - responsible for the monitoring, assessment and allocation of water resources. A key task for the DWA is generating basic data regarding the quantity and quality of water, for which the department requires support to optimize the process.

Apart from institutions under the MNR the following institutions are also considered to be main partners:

- The **District Councils** and **Local Councils** are closely involved in the ICM planning and implementation process and are also responsible for implementation and operations and maintenance of rural WASH infrastructure, within their respective jurisdiction. In addition, it is envisioned that once the Water and Sanitation Services Bill is enacted, Local Councils will further work as Water Service Providers.
- **Traditional Authorities** such as chiefs and traditional leaders, in cooperation with Local Councils, are responsible for conflict resolution and land management, including rangelands, maintenance of water supplies in villages and grazing permits. Political leaders (Parliamentarians and Councillors) and especially chiefs are important stakeholders and potential change agents, especially in relation to building consensus on catchment management approaches or promotion of sanitation and hygiene.

(ii) Others partners of the Action

- **Other line ministries** such as the Ministry of Finance and Development Planning; the Ministry of Environment and Forestry (MEF); Ministry of Agriculture, Food Security and Nutrition; Ministry of Local Government, Chieftainship, Home Affairs and Police; Ministry of Gender, Youth, Sports, Arts, Culture and Social Development and Ministry of Energy.
- **Relevant departments** of line ministries such as the Department of Rural Water Supply under the MNR; Forestry, Range and Soil Conservation Department and Lesotho Meteorological Services under the MEF.
- **Authorities** such as Lesotho Electricity and Water Authority and Lesotho Highlands Development Authority.
- **Government owned companies** such as the Water and Sewerage Company (WASCO).
- **Tertiary institutions** such as the National University of Lesotho (NUL) including the Water Institute and the Lerotholi Polytechnic Institute.
- The national and transboundary **private sector stakeholders** and **Civil Society Organisations**.

(iii) Target group & direct beneficiaries

The Action targets the 2.4 million inhabitants of Lesotho, aiming to strengthen their water security in times of climate change. Direct beneficiaries include rural communities in the sub-catchment areas where ICM measures are implemented. Additionally, around 15 million people living downstream in the Orange-Senqu River basin benefit directly from the water inflows originated from Lesotho.

In addition, technical staff and decision-makers from partner institutions in Lesotho particularly the MNR with its ICM Authority, CoW and the DWA are direct beneficiaries from for example, capacity development measures and organisational advice.

This Action specifically targets women and young people to enhance their participation in ICM. Women and girls often bear the responsibility for water collection, food production and household chores, making them particularly vulnerable to water insecurity, ecosystem degradation and extreme weather events, which worsen their socio-economic situation. Additionally, women and young people face high unemployment, lack of education, and poverty, with barriers such as insufficient financial resources, incompatible working conditions, and traditional gender roles contributing to their underrepresentation in the water sector. The Action incorporates gender aspects and participatory approaches at all levels, focusing on the inclusion of women and young people in ICM institutions, planning processes, and implementation, in alignment with the ReNOKA Gender Mainstreaming Guideline and Youth Engagement Strategy. It also aims to increase women's representation in Lesotho's water institutions, particularly in male dominated engineering professions related to water management.

3.3 Methods of Implementation

The Action builds on the impact and experience of its predecessor Action ICM 1 and utilizes existing institutional structures and networks. The central implementation approach focuses on **strengthening the capacities** of public institutions and traditional authorities, local communities and other actors to sustainably manage water resources and to continue strengthening the ICM governance approach. GIZ defines capacity, capacity development and capacity development support in line with the current OECD-DAC definition as follows:

- **Capacity** is the ability of people, organisations, and societies to manage their own sustainable development processes. This includes recognising development problems, designing strategies to solve them, and successfully implementing these.
- **Capacity development** is a holistic process through which individuals, organizations and societies mobilise, retain, adapt, and extend their ability to make development sustainable.
- **Capacity development support** delivered by external partners is a key instrument of development cooperation that enables people, organizations, and societies to develop and expand their proactive management capacities. Capacity development is fundamentally a process which must be driven by stakeholders themselves, and which presupposes a high level of ownership, i. e. identification and commitment on the part of those involved in achieving the intended changes. This does not, however, preclude ownership developing during a reform process. External partners can support the development of ownership and can temporarily assume a share of the responsibility during these processes.

The **capacity development** strategy of the Action addresses **all levels**: people, organisations, and societies. At the level of people, it aims to enhance the capacities of public experts

and local decision-makers for improved catchment management, water resource management and for ICM coordination, planning and implementation. At organisational level, it focuses on advising intermediary organisations such as the ICM Authority and CoW to establish and strengthen efficient management and coordination routines and processes. A key objective is to support Lesotho in developing sustainable financing mechanisms and business models for ICM, in close collaboration with the private sector and regional partners. At the societal level, the Action promotes the national dialogue on water management and ICM, addressing behavioural change across all activities necessary for sustainable, ecological and socio-economically viable just development and protection of water resources.

The Action promotes **inter-institutional coordination** and harmonisation between public sector institutions on national and local level as well as between public and traditional authorities in communities and other actors with the aim of sustainably anchoring efficient water management and ICM in Lesotho. The Action will also strengthen inter-institutional coordination outside Lesotho at ORASECOM and SADC level.

Public relations, communication, and the exchange of success stories within Lesotho and externally at ORASECOM and SADC levels, play an important role in the implementation of the Action, not least to motivate political decision-makers in Lesotho and in the Orange-Senqu River basin to allocate more financial resources for ICM in Lesotho.

The **impact on socio-economically equitable development and environmental sustainability**, as well as on **gender equality**, are also central aspects of the Action. The ICM governance approach in Lesotho aims to improve living conditions for the local population by strengthening livelihoods and reducing inequality, with close cooperation with traditional authorities being a key feature. Improved management of water resource data and the development of a DSS support anticipate socio-economic impacts of large water infrastructure projects and ICM measures on vulnerable groups, thereby avoiding potential conflicts. The **protection of natural resources, ecosystems and biodiversity**, essential for climate resilience, is integrated into national policies, strategies and ICM plans. Cooperation with the TFCA Maloti-Drakensberg and related sub-catchments in Lesotho reinforces these efforts.

Women and young people are a key target group of the Action, which emphasises youth participation through the ReNOKA movement. The Rights, Resources, and Representation (RRR) of women in water and land management will be prioritised in advisory services and capacity development activities, in accordance with the ReNOKA Gender Mainstreaming Guidelines and Youth Engagement Strategy. The goal is to enhance the representation of women and young people in national and local ICM and water management governance structures, ensuring that policies, strategies, and plans address their needs. The Action also promotes better coordination between national **disaster prevention measures**, water management and ICM plans, highlighting contributions to regional **peace and security**. Additionally, it focuses on the **digitisation of data management** ("Digital as Standard") within Lesotho water institutions and ensuring transparent, accountable ICM coordination, planning and implementation, which enhances institutional performance and fosters data exchange and communication with ORASECOM and at SADC level.

Key Activities

To achieve the envisaged outputs and the specific objectives, the following key activities are foreseen per output. This list of key activities is indicative and may change over the project cycle. During the implementation, the project organises planning workshops with its partner

organisations and other stakeholders to further operationalise the indicative activities, the results of which GIZ will present in updated work plans including the table below submitted with each report (see also Appendix 1).

Outputs	Indicative list of key activities	Indicative instruments
Output 2.1 Planned budget: 1,897,543.08 EUR	2.1.1 Support to the organisational development process of the ICM Authority to plan, coordinate (inter-ministerially), monitor, evaluate and report on the ICM approach nationally. 2.1.2 Ensuring the implementation of sustainably established routines and processes for key functions within the ICM Authority. 2.1.3 Support the ICM Authority to replicate key ICM routines and processes across Catchment Management Areas and ensure their alignment with national and local planning processes. 2.1.4 Advice to the ICM Authority to foster institutional linkages and related coordination processes within the Ministry of Natural Resources and with other line Ministries.	International experts (55.2 person months) National experts (64.0 person months) External experts, consultants (n/a person months) Grant agreements n/a EUR Procurement of material and equipment 20,000 EUR
Output 2.2 Planned budget: 2,826,543.79 EUR	2.2.1 Development of a business model and analysis of the economic value of water (or cost of inaction) based on a clear value proposition. 2.2.2 Development of the fund design documents based on the proposed ICM financial architecture for long-term financing in Lesotho (Public Revolving fund and Impact Outcome Fund). 2.2.3 Support the establishment of the ICM financial architecture based on principles for a transparent and accountable financial administration and monitoring/evaluation system that motivates private and public investors to invest in ICM in Lesotho. 2.2.4 Promote multi-stakeholder partnerships (e.g. with the private sector in the Orange-Senqu river basin) to ensure long-term resource mobilisation (financial, in kind or other).	International experts (32.2 person months) National experts (33.0 person months) External experts, consultants (n/a person months) Grant agreements 900,000 EUR Procurement of material and equipment 5,000 EUR
Output 2.3 Planned budget: 2,698,921.61 EUR	2.3.1 Training of technical staff of line ministries (at national and district level) and members of local communities on implementation of ICM measures and related planning procedures. 2.3.2 Support the ICM Authority to roll-out exemplary ICM measures (including livelihood measures) in three selected demonstration sub-catchments following a holistic and focused approach.	International experts (38.2 person months) National experts (239.0 person months) External experts, consultants (n/a person months) Grant agreements 300,000 EUR

Outputs	Indicative list of key activities	Indicative instruments
	2.3.3 Support to identify, design and implement water-energy-natural resources nexus flagship projects. 2.3.4 Develop knowledge products on the ICM governance, financing, M&E approach and the implementation of ICM measures at national, RBO and SADC levels and actively promote their dissemination and use at national and regional scales.	Local subsidies 130,379.92 EUR Procurement of material and equipment 150,000 EUR
Output 3.1 Planned budget: 2,355,453.16 EUR	3.1.1 Meta-analysis of functional studies of Lesotho's water institutions and, where appropriate, gap analysis of the competencies required for effective water resource management, with a focus on data management, DSS, IWRM/ICM, climate adaptation of water systems, the nexus approach, sustainable financing and WASH are conducted. 3.1.2 Based on the analysis, formulate TVET programmes for Lesotho's water institutions linking water management with WASH topics and implement the programme via local education institutions with a strong focus on practical formats and exchanges. 3.1.3 Based on existing educational approaches (including ICM), strengthen existing capacity building programmes with gender-responsive modules for government staff on sustainable water management with WASH topics. 3.1.4 Advice to the main water institutions (e.g., CoW, DoA, ICU) to strengthen stakeholder collaboration with regard to data exchange and technical cooperation at national, RBO and SADC level.	International experts (40.2 person months) National experts (40.0 person months) External experts, consultants (n/a person months) Grant agreements n/a EUR Procurement of material and equipment 5,000 EUR
Output 3.2 Planned budget: 1,396,954.35 EUR	3.2.1 Conduct a gap analysis of Lesotho's water institutions data management capacities. 3.2.2 Conduct inventory of the existing water information system, data availability, data management followed by a needs analysis and assessment of potential data linkages with ORASECOM. 3.2.3 Provide technical support to Lesotho water institutions on transforming their data management practices and governance into an effective DSS. 3.2.4 Leverage synergies and alignment opportunities with ORASECOM and other River-based Organisations and their member states including	International experts (42.2 person months) National experts (44.0 person months) External experts, consultants (n/a person months) Grant agreements n/a EUR Procurement of material and equipment incl. Construction 20,000 EUR

Outputs	Indicative list of key activities	Indicative instruments
	the development and dissemination of knowledge products and good practices on DSS. 3.2.5 Support Lesotho water institutions to utilise new technologies for data collection and processing (e. g. impact modelling, remote sensing, geographic information systems, use of artificial intelligence). Also to improve interaction between Lesotho water institutions and government to establish a link between research and practice.	

4 Project Governance

A **Project Steering Committee (PSC)** chaired by the Ministry of Natural Resources with members representing all the involved partners (including National Authorising Officer (Minister of Finance and Development Planning), ICM Authority, Ministry of Natural Resources, other ICM-relevant line ministries as well as SADC Secretariat, ORASECOM and GIZ) and other relevant stakeholders, under the agreement of all members, will be set up. The BMZ and EU as contracting authorities will be part of the PSC.

The PSC will meet twice a year (and any time relevant). It will review progress in the implementation of the Action and provide strategic guidance and recommendations to the management of the Action. The PSC will also receive, review and discuss external monitoring reports and evaluations, when applicable. GIZ as the implementing organization together with the ICM Authority will be responsible to prepare and document the PSC meetings.

Additionally, a **PSC for the umbrella project TWM VI** will be organised once a year under the leadership of the political partner of TWM VI, the SADC Secretariat, with participation of the BMZ, the EU Delegations in Maseru and Gaborone and GIZ. The PSC of TWM VI will review the progress of all parts of TWM VI ("Metsi a Lesotho", TWM-SA, BMZ support to SADC Secretariat) and especially reflect on possibilities to further link the different activities to strengthen synergies and cooperation

5 Sustainability, Complementarity and Cross-Cutting Issues

5.1 Sustainability of the Action

Environmental sustainability lies at the core of this Action, which seeks to advance it through the establishment and capacity building of long-term institutional structures. This ensures coordinated and effective implementation of the ICM approach and comprehensive and water management in Lesotho. The Action further promotes sustainability through the institutionalisation and dissemination of guidelines, standards and best practices, along with raising awareness of environmental issues among target groups.

The Action aims to strengthen partner institutions in Lesotho, including ICM Authority, CoW, and DWA. It focuses on achieving **Institutional sustainability** by creating sustainable insti-

tutional structures, routines and management processes. Key activities include organisational development, support for public relations, and implementation of ICM measures in demonstration sub-catchment areas, enabling the ICM Authority to develop the necessary capacities to perform its core functions sustainability.

Institutional sustainability is closely linked to **financial sustainability**. The Action supports partner institutions in Lesotho in establishing a sustainable ICM financing architecture to fund ICM operational costs and long-term implementation of ICM measures. This aims to achieve long-term financial sustainability and expand climate-resilient water and land management. Advising on sustainable financing, resource mobilisation strategies and business models supports strengthen Lesotho's capacities and reduces donor dependence. Involving the private sector and introducing mechanisms such as PES are crucial to achieving these goals.

Sustainability in **Lesotho's water institutions** will be enhanced through strengthened staff capacities within key institutions such as the CoW and DWA, alongside clearer and more efficient processes and responsibilities. The use of cost-effective, easy to maintain data generation and processing systems will further support long-term sustainability. In addition, enhanced cooperation with stakeholders at national, RBO and SADC level will ensure a coherent and coordinated water management.

Sustainability at the political level is achieved through ongoing consultation with partner institutions such as the Ministry of Natural Resources, the Ministry of Environment and Forestry and other government agencies on necessary adjustments to legislation and institutional responsibilities. Sustainability is also promoted by supporting the national ReNOKA movement through contributions to national dialogue and awareness raising.

5.2 Mainstreaming

In the areas of the environment, climate change mitigation and adaptation, human rights, conflict and context sensitivity and gender equality, the safeguard and gender system of GIZ allows unintended negative impacts to be identified at an early stage and addressed in the design and implementation of projects through targeted mitigation measures. In the area of climate change adaptation, this approach extends to external risks based on climatic parameters (climate change), while in the area of gender equality it also involves identifying potential support measures.

In preparation of this Action, standardised assessment checks will be conducted to assess whether there are potential considerable risks or unintended negative impacts. An in-depth assessment is performed to assess if the screening indicates that there are potential considerable risks for one or more safeguards or if it cannot be satisfactorily completed due to inadequate data. The mandatory gender analysis is used to examine risks and potentials for the promotion of gender equality.

Based on the results of the in-depth assessment(s), the project is assigned to the safeguard category medium. As a result, the following response, prevention and mitigation efforts are considered in the planning and progress monitoring of the Action:

- (i) The results-based management and monitoring of the Action aim to provide the timely information on the **(socio-) economic situation**, sector development, sustainability, **political context** and **security situation**. This enables advising government actors, such as the Ministry of Natural Resources and the ICM Authority

on measures to strengthen sustainability. Monitoring also focuses on gender-specific impacts and unintended effects, including negative impacts at the community level, to allow for necessary interventions.

- (ii) ICM measures are primarily implemented in vulnerable rural areas with limited resources. These measures include socio-economically viable livelihood interventions that support communities progress socially and economically, thereby **combating poverty and inequality**. The socio-economic impact of ICM is monitored, and civil society actors will be involved in the process.
- (iii) **Gender equality** is promoted on local level putting a special focus on integrating women in decision-making ICM institutions. ReNOKA aims at advancing gender equality through ICM. The ReNOKA Gender Mainstreaming Guidelines will be applied in all community council planning process. Women's networks will be strengthened within the SADC-Women and Youth in Water Diplomacy initiatives.
- (iv) The Action will respect the five **Human Rights principles**: respect to all human rights, participation, accountability, transparency, and accountability. In addition, the project will implement the principles of “no one left behind” and “do not harm” and will encourage the private sector to respect the guiding principles on business and human rights.
- (v) **Conflict sensitivity** will be especially applied with regard to the work with local communities where insufficient empowerment and involvement of target groups can lead to conflicts within communities.
- (vi) The contribution to the **protection of natural resources** such as water, soil and biodiversity by promoting integrated management of water and land resources is a guiding principle of this Action. The bottom-up ICM approach and the principles of PES are expected to positively impact climate change adaptation and biodiversity. Efficient water management services provided by Lesotho's water institutions and incorporating climate-resilient water infrastructure into WASH plans will enhance the country's resilience to climate change.
- (vii) Improved water resources management, increased available quality data and institutional capacities - including more efficient water allocations and scenario planning - have the potential to reduce climate shocks such as floods and droughts. Mainstreaming **disaster resilience** will contribute to protect public safety and assets, and support food production.

6 Risk Assessment

Political risks: Political risks are considered low. The ReNOKA movement and the ICM approach are well known in Lesotho and have political priority for the leading political parties as well as for the King of Lesotho. However, possible shifts in the political priorities of the Government of Lesotho in natural resource management may arise due to the current political situation and the economic impacts of trade tensions with the United States, as well as the reduction of U.S. aid programmes. These factors could affect national contributions to ICM or to the water management institutions. To mitigate this risk, emerging political or institutional tensions will be identified and anticipated at an early stage and political leaders are continuously sensitised regarding the importance of efficient water institutions and ICM for the country.

Implementation risks: There is a probability of at least 50% that the enactment of the Water Resources Management Act and thereby the transformation of the present ICU into a fully mandated semiautonomous ICM authority will be delayed. Additionally, considering Lesotho's constrained public finance, sustained funding for the ICM Authority once created cannot be taken for granted. To mitigate this risk, the government of Lesotho is continuously advised on the need for an ICM authority and necessary financing. In addition, the current ICU is being advised on its organisation and processes. Furthermore, the implementation of water management in Lesotho is fraught with risks due to insufficient human and institutional capacities in key institutions such as the DWA and the CoW, which lack specialised experts due to limited budgets and availability.

Capacity-building measures will involve national institutions such as the Water Institute within the NUL in order to strengthen capacities within the sector in the long term. To this end, the university's expertise would be used to conduct tailor-made training courses and consultations. In order to mitigate non-technical capacity risks, partner institutions such as the Ministry of Finance and Development Planning will receive ongoing advice on the necessary human and institutional requirements and financing.

Furthermore, institutions at different levels (national, district) and communities might not be always fully aware of their responsibilities regarding the implementation of the ICM approach. To mitigate this risk, the project will support sensitisation and awareness activities to clarify responsibilities among all actors. Finally, the current level of cooperation among public institutions remains insufficient. Close coordination between water management institutions and key ministries is essential for an integrated holistic approach to protect water, land resources and ecosystems. To mitigate this risk, the Action will assist partner institutions in enhancing cooperation and institutionalising existing coordination mechanisms among relevant actors.

Risks to sustainability: Moderate risks exist with regard to the long-term institutional anchoring and maintenance of developed data management systems and DSS for efficient water management. Such systems depend on sufficient technical infrastructure (e. g. measuring and meteorological stations), financial resources (e. g. costs for obtaining satellite data) and qualified human resources. To mitigate these risks, the Action promotes solutions for data management systems and DSS that are as simple as possible and can be operated without significant maintenance and support costs. Additionally, the current situation in international development cooperation, characterised by decreasing funding levels and reduced contributions to multilateral funds (e. g. GCF), could initially result in limited financial resources for capitalising the Impact Outcome Fund. To mitigate this risk, the project supports the development of innovative financing mechanisms such as PES, ensuring that water users and beneficiaries contribute to the financing of ICM.

Environmental and social impact (unintended negative effects): Low risks of harm to ecosystems with high biodiversity, such as wetlands, through extended agricultural use. To mitigate this risk, these potential effects will be included in decision-making criteria in water information systems, and partner institutions will be made aware of them. Additionally, ICM measures may alter social structures and cause conflicts in remote, socio-economically weak rural areas, particularly if benefits are not equitably distributed. A gender-blind analysis could exacerbate gender inequalities and hinder the realisation of human rights, increasing dependency on external support and weakening self-help. To address this, the project will

focus on involving the local population in ICM planning and implementation, strengthening their self-help capacities and promoting awareness according to the “do no harm” principle.

Corruption risks: Corruption is a known phenomenon in Lesotho. Private companies or international climate funds hesitate to invest in ICM in Lesotho because of fears of corruption. Since the Action focuses on advising public actors and is not directly involved in investment decisions, the direct risk is considered to be low. In addition, the Action will support the establishment of a semi-independent Impact Outcome Fund, managed outside of public institutions and adhering to fiduciary standards. This fund aims to build trust among potential investors in ICM, including the private sector and GCF, through its transparency and full accountability.

Overall risk: The overall risk of the project and the possibilities to influence the risks are assessed as medium.

Risks	Likelihood*	Ability to mitigate*	Mitigating measures
Political risks			
Political instability and conflicts	2	1	Political leaders are regularly sensitised to the importance of effective water institutions and ICM
Risks related to implementation			
Delayed creation of the ICM Authority	3	2	Continuous advice of the government of Lesotho on the need for a ICM authority and organisational advice to the present ICU
Insufficient human and institutional capacity of partner institutions	2	3	Advise on human and institutional capacity requirements and actively support capacity development through national educational institutions
Limited awareness of ICM roles within institutions	2	3	Support sensitisation and awareness activities to enhance ICM understanding among all actors
Insufficient willingness of public institutions to cooperate	2	2	Support to further strengthen cooperation and institutionalisation of existing coordination mechanisms between institutions
Inflation/exchange rates fluctuations	2	1	GIZ closely monitors the impact of inflation/exchange rates changes and transparently discusses implications and possible adjustments with the donors of the Action
Sustainability risks			
Insufficient infrastructure, funding and qualified staff to	3	2	Promotion of model solutions for water information and DSS that are as simple as possible and can be

Risks	Likelihood*	Ability to mitigate*	Mitigating measures
sustainable anchor and maintain data management systems and DSS			operated without significant maintenance and support costs
Insufficient international seed funding for the Impact Outcome fund	3	2	Development a sustainable, transparent and accountable Impact Outcome Fund that attracts investors to invest in ICM measures in Lesotho
Environmental and social impact (unintended negative effects)			
Practices that are harmful to ecosystems are continued or extended (e. g. agriculture in wetlands)	2	3	Potential effects as part of decision-making criteria in water information systems and awareness raising among partner institutions
ICM measures lead to distortions in the social structure and conflicts	2	3	Awareness raising of possible negative effects in line with the principle of "do no harm"
Increase in dependence on external support and further weakening of self-help	3	3	Support of approaches that place the local population at the centre of ICM planning and implementation processes
Corruption risks			
Corruption risks in the context of fund administration	3	2	Establishment of an independent and transparent Impact Outcome Fund with processes following fiduciary standards
Overall risk assessment	2	2	

*) Ranking: 1=low, 2=medium, 3=high, 4=very high

Assumptions are listed in the logframe (Appendix 2 to the DoA).

7 Monitoring, Evaluation and Reporting

Monitoring

A results-based monitoring system will be established to generate data on the progress of the project on a regular basis. Data will be used for programme steering as well as for annual progress reporting. All monitoring activities and plans shall be shared with the EU and BMZ in order to strengthen joint monitoring efforts. Basis for the monitoring system is the project's logframe with its underlying indicators for specific objectives and outputs. The logframe will be used as management tool, allowing for adjustments and revisions at the output, activity and indicator level in order to effectively achieve the expected specific objective.

During the first six months, a baseline study will be conducted to incorporate differentiated data into the logical framework based on the results and findings of the first phase of the Action and, where necessary, new surveys, or to define procedural or quality starting points. During project implementation, a variety of tools and methods will be applied to regularly assess both quantitative and qualitative progress indicators. This includes among others gender-disaggregated participation documentation, training evaluations, tracer studies, comparative and retrospective surveys as well as focus group discussions and stakeholder consultations. Where possible, it is intended to harmonise data collection with national partners systems and present indicators disaggregated, e. g. by gender or age.

Evaluation

A **mid-term evaluation** will be conducted to assess progress and guide necessary adjustments. In addition, an **external final evaluation** is planned to be conducted during the last months of implementation to assess the project's medium- and long-term impacts. Wherever possible, evaluations by the donors and/or the organisation shall be combined, and missions should be planned and completed in a collaborative manner. In this respect, all parties shall ensure that notice of the intended evaluations and monitoring exercises is communicated to the other parties as soon as this is available.

Reporting

Each report shall provide an account of all relevant aspects of the implementation of the Action for the reporting period, activities envisaged, difficulties encountered, changes introduced, as well as the degree of achievement of results as measured by corresponding indicators, using as reference the Logical Framework. The report shall be presented to allow monitoring of the objectives, the means envisaged and employed, and of the budget details of the project. The final report, narrative and financial, will cover the entire period of the project implementation.

The following reports will be submitted by GIZ to the EU:

- **Annual reports** (narrative and financial), recapitulating on the progress made in the achievement of the results (outputs and outcomes); listing activities carried out during the reporting period, difficulties encountered, and measures taken to overcome problems and eventual changes introduced; providing information on the implementation of visibility and communication activities; and outlining the work plan for the coming 12 months.
- The **final report** shall cover the entire period of the Action, providing information on achievements of the Action, including an outlook on measures undertaken to ensure sustainability of results and further dissemination/up-scaling.

8 Visibility

Visibility measures for this Action will adhere to **EU Lesotho Communication & Public Diplomacy Strategy Extract** and [EU Lesotho Visual Identity](#). In addition, the Global Gateway visibility requirements will apply where relevant to the Joint Action. Any activities supported under the national ReNOKA program will be using the dedicated ReNOKA branding developed under the previous Action.

On equipment, vehicles or supplies used in or delivered under the project, the German Cooperation logo and EU emblem [as well as the ReNOKA logo] shall be accompanied by the GIZ logo under a text stating “Implemented by”. The positioning of emblems will be determined in agreement with all the donors.

Where necessary, GIZ will adjust the standard disclaimers in the Guidelines to acknowledge the financial support of all donors to the project and to clarify that products do not necessarily reflect their views but are the sole responsibility of GIZ.

9 Timing

There will be no Inception Phase. The implementation of activities under this Action starts after the commissioning of TWM VI by BMZ.

During the first months of implementation, the project will organise planning workshops with its main partners and stakeholders to validate objectives and intervention logic, further operationalise the indicative activities, achieve agreements on approaches and establish detailed work plans. The first months of implementation are equally used to set-up the project structures, establish the ToR for the governance structure and carry out the first PSC meeting.

During the first year of implementation, detailed assessments of the mandate, capacities, needs, absorption capacity for each institutional partner will be carried out, as well as baseline studies for the monitoring system and readjustment of indicators, where necessary, and to establish cooperation structures at the operational level.

An updated and detailed workplan is sent in appendix to each annual progress report.

Appendix 1: Indicative Work Plan

A draft indicative work plan for the first 12 months of operationalisation of the Action is provided based on key activities of the Action. Milestones and a further detailed plan for operations are only developed in a GIZ planning workshop after the start of the implementation.

Activities	Q3 2026				Q4 2026				Q1 2027				Q2 2027			
 Milestones (Planning sessions)																
Output 2.1: The Integrated Catchment Management (ICM) approach is implemented across the sub-basins of Lesotho for improved stewardship of water and land resources.																
2.1.1 Support to the organizational development process of the ICM Authority to plan, coordinate (inter-ministerially), monitor, evaluate and report on the ICM approach nationally.																
2.1.2 Ensuring the implementation of sustainably established routines/ and processes for key functions within the ICM Authority.																
2.1.3 Support the ICM Authority to replicate key and align ICM routines and processes across Catchment Management Areas and routines ensure their alignment with national and local planning processes.																
2.1.4 Advice to the ICM Authority to foster institutional linkages and related coordination processes within the Ministry of Natural Resources and with other line Ministries.																
Output 2.2: ICM financing mechanisms are implemented in sub-catchments as multi-stakeholder partnerships to build long-term resource sustainability.																

	Activities	Q3 2026				Q4 2026				Q1 2027				Q2 2027			
	Milestones (Planning sessions)																
	2.2.1 Development of a business model and analysis of the economic value of water (or cost of inaction) based on a clear value proposition.																
	2.2.2 Development of the fund design documents based on the proposed ICM financial architecture for long-term financing in Lesotho (Public Revolving Fund and Impact Outcome Fund).																
	2.2.3 Support the establishment of the ICM financial architecture based on principals for a transparent and accountable financial administration and monitoring/evaluation system that motivates private and public investors to invest in ICM in Lesotho.																
	2.2.4 Promote multi-stakeholder partnerships (e. g. with the private sector in the Orange-Senqu-River basin) to ensure long-term resource mobilisation (financial, in kind or other).																
Output 2.3: The integration and implementation of the water-energy-natural resources nexus is strengthened under the ICM programme.																	
	2.3.1 Training of technical staff of line ministries (at national and district level) and members of local communities on implementation of ICM measures and related planning procedures.																
	2.3.2 Support the ICM Authority to roll-out exemplary ICM measures (including livelihood measures) in three selected demonstration sub-catchments following a holistic and focused approach.																

Activities	Q3 2026				Q4 2026				Q1 2027				Q2 2027			
 Milestones (Planning sessions)																
2.3.3. Support to identify, design and implement water-energy-natural resources nexus flagship projects.																
2.3.4 Develop knowledge products on the ICM governance, financing, M&E approach and the implementation of ICM measures at national, RBO and SADC levels and actively promote their dissemination and use at national and regional scales.																
Output 3.1: Capacities of government cadres for water management, at technical and diplomatic level, are enhanced.																
3.1.1 Meta-analysis of functional studies of Lesotho's water institutions and, where appropriate, gap analysis of the competencies required for effective water resource management, with a focus on data management, DSS, IWRM/ICM, climate adaptation of water systems, the nexus approach, sustainable financing and WASH are conducted.																
3.1.2 Based on the analysis, formulate TVET programmes for Lesotho's water institutions linking water management with WASH topics and implement the programme via local education institutions with a strong focus on practical for-mats and exchanges.																
3.1.3 Based on existing educational approaches (including ICM), strengthen existing capacity building programmes with gender-responsive modules for government staff on sustainable water management with WASH topics.																
3.1.4 Advice to the main water institutions (e.g., CoW, DoA, ICU) to strengthen stakeholder collaboration																

Activities	Q3 2026				Q4 2026				Q1 2027				Q2 2027			
 Milestones (Planning sessions)																
with regard to data exchange and technical cooperation at national, RBO and SADC level.																
Output 3.2: Policy-relevant and water related data (including climate and sex-disaggregated) and information is produced, updated and shared timely and consistently for accountability.																
3.2.1 Conduct a gap analysis of Lesotho's water institutions data management capacities.																
3.2.2. Conduct Inventory of the existing water information system, data availability, data management followed by a needs analysis and assessment of potential data linkages with ORASECOM.																
3.2.2 Provide technical support to Lesotho water institutions on transforming their data management practices and governance into an effective DSS.																
3.2.3 Leverage synergies and alignment opportunities with ORASECOM and other River-based Organisations and their member states including the development and dissemination of knowledge products and good practices on DSS.																
3.2.4 Support Lesotho water institutions to utilize new technologies for data collection and processing (e. g. impact modelling, remote sensing, geographic information systems, use of artificial intelligence).																

Appendix 2: Logframe Matrix

Meeting indicators at impact level will not be part of the responsibility of GIZ. Indicators will be monitored regarding data availability. In the course of implementation, the Organisation may – in agreement with the contracting authority – change outputs, indicators and their related targets, baselines and sources of verification. Changes shall be agreed in writing (exchange of letters or emails). The Organisation will also highlight the respective changes in the next report.

Project title

EU contract no. PC-42014

Implementation period

Metsi a Lesotho (Water of Lesotho)

04/2026 bis 03/2030

Country/Region/Global

Logframe version of

South Africa

29.10.2025

Intervention logic	Indicators	Baseline	Targets	Sources and means of verification
Overall objective of the Action Document/AD (Impact) To ensure access to sustainable water and sanitation for all as a means for green and resilient growth and promoting peace and security in Lesotho and the region.	Overall objective indicator 4 Degree of implementation of integrated water resource management in Lesotho (SDG 6.5)	45 % (08/2025)	75 % (03/2030)	sdg6data.org (6.5.1) and (6.5.2)
Assumptions: Long-term commitment of political decision maker in Lesotho to sustainable management of water and land resources.				

• Rural livelihoods in water catchment areas are supported (development of infrastructure, social services, economic development). • Conflicts over the use of land and water resources and ecosystems can be resolved peacefully on an evidence- and fact-based basis. • Policymakers successfully communicate the benefits of sustainable ecosystems for people's living conditions. • Amendment of Lesotho Water Resources Management Act has been approved.				
Specific objective 2 of the AD (Outcome) Lesotho sustainably manages its water and land resources comprising the water-energy and natural resources nexus and becomes climate resilient.	Specific objective indicator 2.1 Area of terrestrial and freshwater ecosystems in hectare of Lesotho in which implementing partners work according to the ICM approach.	630.000 ha (08/2025)	1.200.000 ha (03/2030)	Project Inception & progress reports Reports of ICM-Authority Reports of ORASECOM and its member states Mid-term and final evaluation
	Specific objective indicator 2.2 Number of people in the Orange-Senqu-river basin benefiting directly or indirectly from improved water security through application of the ICM approach (disaggregated by sex).	1.000.000 (08/2025)	1.500.000 (03/2030)	
Specific objective 3 of the AD (Outcome) : Lesotho strengthens water sector capacities to improve services and cooperation at	Specific objective indicator 3.1 Number of developed gender and climate change responsive strategic, legal or organisational documents to improve water governance in Lesotho (e. g. new policies, regulations,	0 (08/2025)	10 (03/2030)	Project Inception & progress reports Documented documents such as policies, guidelines, plans, reports etc. produced by the Department of Water, the

community, catchment and transboundary levels.	frameworks, guidelines or standards, water management plans etc.).			CoW and other water sector actors Mid-term and final evaluation
	Specific objective indicator 3.2 Number of Lesotho water institutions which – based on improved data access – produce evidence-based reports on a regular basis (including reports to ORASECOM).	0 (08/2025)	2 (Department of Water & Commission of Water) (03/2030)	
Assumptions: - Political commitment to the ICM National Strategic Framework unchanged in Lesotho. - Progress in setting up an ICM Financing mechanism to ensure long-term sustainability for ICM Authority and ICM measures. - Lesotho water institutions dispose of qualified staff and financial resources to fulfil its tasks.				
Output 2.1 Relating to Specific Objective 2 of the AD The Integrated Catchment Management (ICM) approach is implemented across the sub-basins of Le-	Output indicator 2.1.1 Number of Catchment Management Area Committees (CMACs) which confirm that the planning and implementation of ICM activities was carried out according to defined ICM standard processes and quality requirements (standard operations procedures).	0 (08/2025)	3 CMACs (03/2030)	Project Inception & progress reports Survey carried out by ICM Authority Analysis of the ICM monitoring and reporting system

sotho for improved stewardship of water and land resources.	Output indicator 2.1.2 Number of ICMDPs for which the ICU has used a digital ICM monitoring and reporting system to fulfil the government's and ReNOKA's reporting obligations, including an annualised, gender-disaggregated count of people directly and indirectly benefiting from ICM.	0 (08/2025)	3 ² (03/2030)	
Output 2.2 <i>Relating to Specific Objective 2 of the AD</i> ICM financing mechanisms are implemented in sub-catchments as multi-stakeholder partnerships to build long-term resource sustainability Financing.	Output indicator 2.2.1 Number of financing mechanisms operational for the long-term coordination and implementation of ICM established.	0 (08/2025)	2 (Public Revolving Fund and Impact Outcome Fund) (03/2030)	Project Inception & progress reports Reports of the ICM Authority Documentation of the financing mechanisms
	Output indicator 2.2.2 Number of new partnerships (e. g. with the private sector, donors and other innovative cooperation arrangements) that contribute to the resource mobilisation of ICM activities based on the principle of payments for ecosystem services.	1 (08/2025)	3 (03/2030)	Agreements of the new partnerships
Output 2.3	Output indicator 2.3.1	0 (08/2025)	200 (03/2030)	

² In which ICM measures are implemented.

Relating to Specific Objective 2 of the AD The integration and implementation of the water-energy-natural resources nexus is strengthened under the ICM programme.	Number of technical staff of government/partner institutions trained on implementation of ICM measures.			Project Inception & progress reports
	Output indicator 2.3.2 Number of selected demonstration sub-catchments in which ICM measures are implemented including measures on livelihood creating best practice for other sub-catchments.	0 (08/2025)	3 (03/2030)	Training Reports and evaluations by participants
	Output indicator 2.3.3 Number of water-energy-natural resources nexus flagship projects which have been approved in the context of a nexus cooperation framework for Lesotho.	0 (08/2025)	2 (03/2030)	Documentation of exemplary ICM measures and best practice Documentation of flagship projects
Output 3.1 Relating to Specific Objective 3 of the AD Capacities of government cadres for water management, at technical and diplomatic level, are enhanced.	Output indicator 3.1.1 Number of participants in new or further developed short- and medium-term TVET courses in the ICM sector.	0 (08/2025)	100 (03/2030)	Project Inception & progress reports
	Output indicator 3.1.2 Number of gender-responsive capacity building programs or modules for government staff on sustainable	0 (08/2025)	4 with a total of at least 50 participants (10 % young people and 25% women) (03/2030)	Report on TVET courses Reports on CD programs or modules including evaluations of participants Reports of multistakeholder engagement events

	water management and WASH implemented.			
	Output indicator 3.1.3 Number of employees from directly involved government agencies (at least 10 per agency) who confirm, on a scale of 1 (none) to 7 (perfect), the above-average (≥ 4) effectiveness of stakeholder collaboration in the ICM process with regard to data exchange and technical cooperation (broken down by agency).	0 (08/2025)	50 (03/2030)	
Output 3.2 <i>Relating to Specific Objective 3 of the AD</i> Policy-relevant and water related data (including climate and sex-disaggregated) and information is produced, updated and shared timely and consistently for accountability.	Output indicator 3.2.1 Number of assessments/analyses for data governance of Lesotho's water institutions.	0 (08/2025)	2 (03/2030)	Project Inception & progress reports Report on functional analysis End line review of supported water sector database and DSS
	Output indicator 3.2.2 Number of water sector database systems with improved data management practices in place.	0 (08/2025)	1 (03/2030)	
	Output indicator 3.2.3 Number of Decision Support Systems (DSS) in place providing on a regular basis updated and consistent data based on available data	0 (08/2025)	1 (03/2030)	



	provided through the Data Reference Group.			
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