

*Central Files*  
*Lesotho - Dry Farming*  
*Lesotho - Terms of Ref*

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

OFFICE MEMORANDUM

TO: Messrs P.G. Nelson, J-J Schul, DATE: February 28, 1972  
K.H. Myllyluoma (IDA), G.R. Henderson (C)  
A.L. Vilakazi (C)

FROM: D. J. Parsons

SUBJECT: LESOTHO: Appraisal of Thaba Bosiu Rural Development Project  
Terms of Reference

1. You should arrive in Lesotho on or about March 8th to appraise the Thaba Bosiu Rural Development Project, for which the Government of Lesotho has submitted a November 1971 Credit Application. The mission will be assisted on soil conservation aspects of the appraisal by Mr. S.H. Fuchs, a member of a USAID team visiting Lesotho at the same time.
2. Mr. Nelson will lead the mission and also be responsible for the managerial, organisational and financial, including credit, aspects and for preparation of the appraisal report.
3. Prior to arrival in Lesotho, Mr. Nelson will visit Lilongwe in Malawi for discussions with the manager of the Lilongwe Development Project and Mr. Henderson will visit the Bank's Permanent Mission in East Africa (PMEA) in Nairobi for discussions with staff who assisted in preparation of the project.
4. Mr. Schul will be primarily responsible for economic and marketing aspects, including the economic cost of the project, will review Government development plans and establish the relative priority of the project and its relevance to the economic development of Lesotho. He will also be responsible for the General Background in the appraisal report.
5. Mr. Henderson will be responsible for the technical agricultural aspects, including livestock, and, assisted by Mr. Fuchs, for land conservation and afforestation. He will also be responsible for recommending appropriate land use, including crops, rotations and livestock production, having regard to soils, rainfall pattern, and the farming methods to be employed. His responsibility will include the calculation of man-day requirements and farm budgets.



6. Mr. Myllyluoma, under separate Terms of Reference to be issued by his Division Chief, will be responsible for all transportation and communications aspects, including the costs and benefits of the proposed road program. Assisted by Mr. Fuchs and Mr. Henderson, he will also advise the mission on equipment needs and capital and operating costs for land conservation.

7. Mr. Vilakazi will be responsible for all sociological aspects, including land tenure and migration, with a view to ensuring effective farmer participation, and effective organisation, management and credit mechanisms.

8. Mr. Fuchs will be responsible for soil conservation requirements, including capital and operating costs, and will make recommendations on the most suitable practices that can be economically justified for participating farms and the project in general, and on the financing thereof. He will prepare a written report suitable for inclusion in the appraisal report and join the mission in Washington for report writing.

9. Mr. R. Benham from the Lilongwe Development Project in Malawi will, if it can be arranged, join you for about a week to advise on aspects of soil conservation, based on his recent experience.

10. The mission, both in Lesotho and in Washington, will liaise closely and consult with the USAID team referred to in para 1.

11. You should pay particular attention to:

- (a) land tenure;
- (b) project management, training of farmers and project staff, and the need for consulting services;
- (c) marketing of project output;
- (d) sources of credit and repayment channels;
- (e) the economics of soil conservation, and the relative advantages and suitability of grassland improvement and forests as a means of catchment protection;
- (f) Government policy on stock restriction.

12. You should, after consultation with the Lesotho authorities, visit marketing authorities in the Republic of South Africa and elsewhere outside Lesotho as may be necessary for your appraisal. A member or members of the mission should also visit PMEA, en route to Washington, to inform PMEA of your findings and of any follow-up you require.



13. Your work in Lesotho is expected to take about three weeks. On return to Washington you will submit a back-to-office report and prepare a full appraisal report based on the attached outline.

Attachment

PGNelson:jah

cc: Messrs Chadenet, Baum, Ripman, Lee, van der Tak;  
Evans, Wapenhans, McIvor, Adler, Takahashi, Darnell,  
Jones (3), Forcum;  
Dean, Niehuss (Area); Brakel (PMEA); Mercer (Lilongwe  
Development Project);  
J. North (Transportation);  
Mr. W. Johnson, Mr. S.H. Fuchs (USAID)



LESOTHO

THABA BOSIU RURAL DEVELOPMENT PROJECT

APPRAISAL REPORT OUTLINE

I INTRODUCTION

The Credit Application  
Project Preparation  
Relevance of Project to Lesotho Development  
- First Bank Group Finance for Agriculture  
in Lesotho.

II BACKGROUND

A. General

- Geography
- Population
- Relationship with South Africa
- The Economy

B. Agriculture in the Lesotho Economy

- The Importance of Agriculture
- Farming Background and Systems
- Crops, Livestock and Markets
- Agricultural Planning
- Pilot Schemes

C. Agricultural Credit and the Banking System

D. Sociological Background

III PROJECT AREAS

A. General

- Geography and Climate
- Soils, Topography, Vegetation
- Population and Manpower resources
- Land Tenure, Land Use and Cropping  
Patterns
- Soil Conservation
- Water Supplies
- Communications and Infrastructure
- Nature and Availability of Partici-  
pating Farms.



B. Production, Yields, Prices, Extension

- Present Production Methods, Crops, Yields and Output
- Livestock
- Price History and Forecast
- Marketing, Storage and Processing
- Extension
- Credit

IV THE PROJECT

A. General Description

B. Detailed Features

- On-farm Investments
- Soil Conservation and Afforestation
- Roads
- Extension Services and Research
- Marketing
- Credit
- Project Administration
- Phasing and Size of Project

C. Cost Estimates

D. Financing; Procurement; Disbursement

V ORGANIZATION AND MANAGEMENT

1. Project Authority
2. Committees and Liaison with Government Departments
3. Lending Operations
4. Staffing and Recruitment
5. Training of Staff and Farmers
6. Accounts and Audit
7. Monitoring of Project Progress

VI PRODUCTION, MARKETING AND FARMERS' BENEFITS

A. Production and Yields

- Wheat
- Maize
- Sorghum
- Beans
- Livestock

B. Marketing and Prices (including Marketing Boards)

C. Farmers' Benefits; Farm Budgets and Cash Flows

VII ECONOMIC BENEFITS AND JUSTIFICATION

A. Economic Benefits

- Project Production
- Economic and Farmgate Prices
- Duties and Taxes
- Subsidies

B. Sensitivity Analysis

VIII RECOMMENDATIONS



ANNEXES

1. Agriculture in Lesotho
2. Sociology in the Project Area
3. Soil Conservation and Afforestation
4. Road Development and Communications
5. Marketing and Credit
6. Technical Services and Administration
7. Agricultural Techniques for the Project
8. Farm Budgets
9. Project Costs
10. Proposed Financing
11. Disbursement Schedule
12. Financial Implications for Government
13. Economic Rate of Return

CHARTS      Organization  
              Flow of Funds  
              Rainfall Pattern

MAPS        Lesotho  
              Project Area

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