



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

QUARTERLY STATUS REPORT



Lesotho Compact

AS OF SEPTEMBER 2012

COMPACT GOAL

The five-year, approximately \$362.6 million Lesotho Compact is designed to provide strategic investments to achieve the following: 1) Increase the availability of water for households and industrial use; 2) Test watershed management and conservation methods; 3) Rehabilitate health infrastructure and strengthen health systems; and 4) Remove barriers to foreign and local private sector investment.



COMPACT AT A GLANCE

Compact Signed	07-23-2007
Entry Into Force	09-17-2008
Compact End Date	09-17-2013
Compact Total	\$362,551,000
Amount Committed	\$311,257,981
Amount Expended	\$195,721,694
Estimated Program Beneficiaries	1,041,422
Estimated Increase in Household Income	\$376,000,000

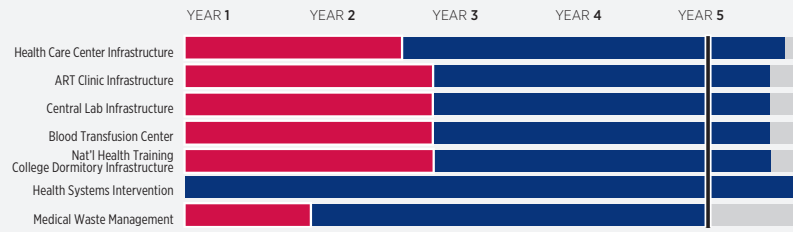
% OF TOTAL COMPACT		BUDGET (USD MILLIONS)
45%	Water Project	\$164.0
34%	Health Project	\$122.3
10%	Private Sector Development Project	\$36.4
9%	Program Administration	\$31.8
2%	Monitoring and Evaluation	\$7.8

■ Project Preparation ■ Project Implementation

Water Project	PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES ¹																																													
	\$164,027,999	\$150,319,734	\$74,627,691																																													
<p>This project seeks to improve the water supply for industrial and domestic users by providing essential infrastructure, water system upgrades, and watershed management. The project is also designed to enhance rural livelihoods through improved water availability.</p> <p>Projected Long-Term Results (Up to 20 years)</p> <table border="1"> <tr> <td>ESTIMATED BENEFICIARIES</td> <td>ESTIMATED INCREASE IN HOUSEHOLD INCOME</td> </tr> <tr> <td style="text-align: center;">236,874</td> <td style="text-align: center;">\$173,000,000</td> </tr> </table>	ESTIMATED BENEFICIARIES	ESTIMATED INCREASE IN HOUSEHOLD INCOME	236,874	\$173,000,000	<table border="1"> <thead> <tr> <th></th> <th>YEAR 1</th> <th>YEAR 2</th> <th>YEAR 3</th> <th>YEAR 4</th> <th>YEAR 5</th> </tr> </thead> <tbody> <tr> <td>Metolong Dam Bulk Water Conveyance System</td> <td colspan="5">[Bar chart showing project preparation and implementation phases]</td> </tr> <tr> <td>Metolong Dam Program Mgmt. Unit</td> <td colspan="5">[Bar chart showing project preparation and implementation phases]</td> </tr> <tr> <td>Urban & Peri-Urban Water Infrastructure</td> <td colspan="5">[Bar chart showing project preparation and implementation phases]</td> </tr> <tr> <td>WASA Proj. Implementation Unit</td> <td colspan="5">[Bar chart showing project preparation and implementation phases]</td> </tr> <tr> <td>Rural Water Supply & Sanitation Infrastructure</td> <td colspan="5">[Bar chart showing project preparation and implementation phases]</td> </tr> <tr> <td>Wetlands Restoration & Conservation</td> <td colspan="5">[Bar chart showing project preparation and implementation phases]</td> </tr> </tbody> </table>		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	Metolong Dam Bulk Water Conveyance System	[Bar chart showing project preparation and implementation phases]					Metolong Dam Program Mgmt. Unit	[Bar chart showing project preparation and implementation phases]					Urban & Peri-Urban Water Infrastructure	[Bar chart showing project preparation and implementation phases]					WASA Proj. Implementation Unit	[Bar chart showing project preparation and implementation phases]					Rural Water Supply & Sanitation Infrastructure	[Bar chart showing project preparation and implementation phases]					Wetlands Restoration & Conservation	[Bar chart showing project preparation and implementation phases]					<p>PROJECTED RESULTS BY END OF COMPACT</p> <p>Reduced school days lost due to waterborne diseases from 24 days to 12 days; Increased rural household access to improved latrines and improved water supply; Delivery of reliable water services to urban and peri-urban households.</p> <p>PROGRESS TO DATE</p> <p>The Metolong Water Treatment Works construction is over 40% complete. All five of the Urban Water Supply contracts have been awarded and work is underway: the distribution project in Maseru and Mazenod is 80% complete and the Leribe, Butha Buthe, and Mokhotlong rehabilitation is 87% complete. All three Phases of the Rural Water Supply project are in progress with the second phase nearing completion.</p> <p>PROJECT ACHIEVEMENTS</p> <p>Construction is underway on the Metolong Water Treatment Works and all five Urban Water Supply Projects with works nearing completion on Packages 1 and 4. All three Phases of the Rural Water Supply project are in progress.</p>
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Health Project	PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES [†]
	\$122,398,000	\$102,098,279	\$74,988,196

This project is designed to mitigate the negative economic impacts of poor maternal health, HIV/AIDS, tuberculosis (TB), and other diseases by substantially strengthening Lesotho's health care infrastructure and health system: capacity of health care workers (HCWs), national health informatics system, de-centralization of health, research and medical waste management.



Projected Long-Term Results
(Up to 20 years)

ESTIMATED BENEFICIARIES	ESTIMATED INCREASE IN HOUSEHOLD INCOME
752,003	\$142,000,000

PROJECTED RESULTS BY END OF COMPACT

Up to 138 health centers and 14 out-patient departments renovated; Strengthened and mainstreamed HIV/AIDS and TB services; Construction of a new central lab, new health training college dormitory and mentor housing, and blood facility; Strengthened health systems and improved medical waste management.

PROGRESS TO DATE

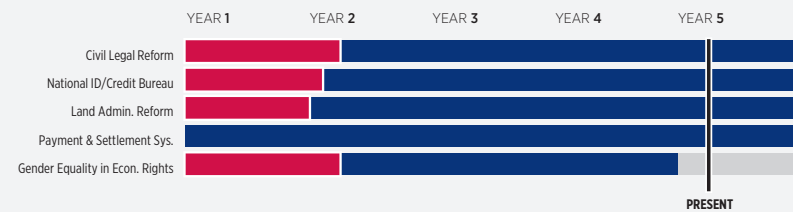
Design and construction on Health Centers (HCs), Outpatient Departments (OPDs), Botsabelo (blood transfusion center, student and staff dormitories) are underway. Contract completion: HCs: 49%; OPDs: 93%; Botsabelo: 89% complete. Legislation for medical waste complete, de-centralization launched and underway, the Electronic Medical Records system rolling out in OPDs.

PROJECT ACHIEVEMENTS

Construction of the Domiciliary Health Clinic was completed and handed over in 2010. Construction of the National Reference Laboratory was completed and handed over in January 2012. The 14 Out-Patient Departments are nearing completion and beginning the process of final inspection and hand-over. Construction and Rehabilitation of Health Centers are underway. Electronic Medical Records successfully piloted.

Private Sector Development Project	PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES [†]
	\$36,470,318	\$23,900,444	\$16,053,149

This project is designed to increase private sector economic activity in Lesotho by improving access to credit, reducing transaction costs, and increasing the participation of women in the formal economy.



Projected Long-Term Results
(Up to 20 years)

ESTIMATED BENEFICIARIES	ESTIMATED INCREASE IN HOUSEHOLD INCOME
368,319	\$60,000,000

PROJECTED RESULTS BY END OF COMPACT

Credit bureau established; Regularization and registration of 55,000 land parcels; Increased commercial dispute resolution; Gender equality program implemented.

PROGRESS TO DATE

The Land Administration Authority and a contractor have begun regularizing an additional 50,000 land parcels in Maseru. Posting of the first results of regularization occurred in late September 2012, with the first leases expected to be issued in December 2012. IT contractor working to automate case management in courts.

PROJECT ACHIEVEMENTS

Annual value of new mortgage bonds registered rose from around \$24 million in 2008 to approximately \$36 million in 2011 and \$27 million in the first 9 months of 2012. Time required to conduct a land transfer decreasing from 101 to 61 days and annual sporadic registrations increased from around 1200 in 2010 to already over 2020 registrations in the first 3 quarters of 2012.

[†]Expenditures are the sum of cash outlays and quarterly accruals for work completed but not yet paid or invoiced.