

**BUDGET PREPARATION FOR 2024/2025  
FISCAL YEAR**

**PRE-BUDGET CONSULTATIONS  
MAY 2023**

**FUNDED BY GOL IN PARTNERSHIP  
WITH UNICEF**

# Why district consultations

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- Developments to date
  - Public Participation Workshops (Civil Servants, Civil Society, NGOs, Media, Youth/Students and Business Community)
  - Parliaments' still outstanding
- The 2023 review is currently underway

	2017	2019	2021
Transparency	0	31	26
Public Participation	0	0	2
Oversight	0	31	20

# What is Budget?

## The Government Plan to Boost Economic and Social Development

# NSDP II 2018/19 – 2022/23

**KPA 1: Enhancing  
inclusive and  
sustainable economic  
growth and private  
sector-led job creation;**

**KPA 2: Strengthening  
human capital;**

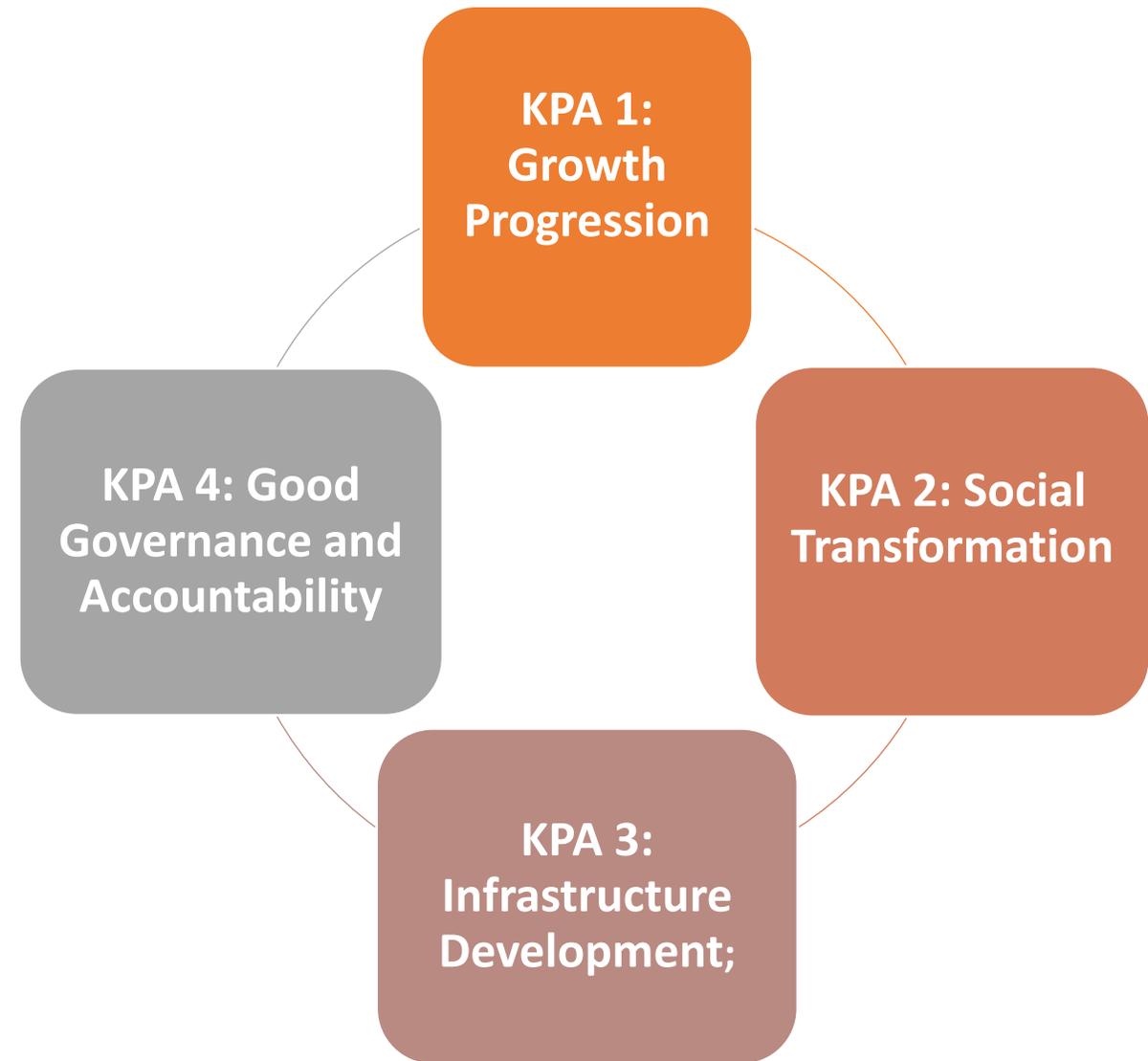
**KPA 3: Building  
enabling  
infrastructure;**

**KPA 4: Strengthening  
national Governance  
and Accountability  
Systems**

**Cross-cutting Themes: Environment and Climate  
Change; Youth, Children, and Disability; and  
Gender**

**Enablers: Finance; Mining; and Investment  
Climate Reforms**

# NSDP II Extension



**Cross-cutting Themes: Environment and Climate Change; Youth, Children, and Disability; and Gender**

**NSDP II Extension Strategic  
Focus 2023/24 -2027/28**

**Refocused as follows;**

**1. Growth Progression**

**2. Social Transformation**

**3. Infrastructure Development**

**4. Good Governance and  
Accountability**

# 1. Growth Progression

- to achieve inclusive, sustainable and equitable growth and create private sector led employment for Basotho.
  - aligned with Food Security and Agriculture, Industrialization, Development Finance and Extractive Industry.



# 1. Growth Progression

## Liqhobong Diamond Mine



## Belo Industrial Estates



## Queen Elizabeth II Hospital



## 2. Social Transformation

- to build capable and healthy human resources; and
- To accelerate demographic transition through investment in youth, education, and health
  - **Healthcare**
    - Enhance productive pharmaceutical and healthcare capacity
    - Combat and effectively respond to pandemics
    - Improve quality of health infrastructure, care and personnel

## Maseru Hospital



## 2. Social Transformation (cont.)



- **Social Security**
  - Harness and improve the existing social development projects
  - Create jobs as a social safety net against poverty and social exclusion
  - Taking care of the vulnerable
  - Introduction of a social security fund
  - Low-income housing development

### 3. Infrastructure Development

- to build new and expand (maintain) the existing infrastructure that will help the productive sectors to achieve their goal;
  - **Energy**
    - Enhance energy self-sufficiency and export to South Africa and SADC
    - Build skills that support the energy augment storage capacity of fuel and energy
  - **ICT (Strengthen ICT)**  
Industrialisation (Develop physical infrastructure to achieve urbanisation and Industrialisation)

## 4. Good Governance and Accountability

- to promote good governance through effective institutions (Strengthening institutions of good governance)

Tšifa-li-Mali court complex



## 5. Cross Cutting Themes

**Letšeng-la-Letsie wetland in Quthing district**



### **Environment and Climate Change,**

- Strengthen Climate Risk Management Resilience; (preparedness and Responsiveness)
- Address soil erosion and bad land management practices.
- Manage wetlands

<https://fb.watch/jYQC1IXEna/>

<https://fb.watch/jYR1cCHW13/>

## Budget

The total Revenue forecasts of **M17.6 billion** (Recurrent Revenue)

- SACU **M5.4 billion**
- Tax Revenue **M9.6 billion**
- Non-tax **M2.6 billion**

Total expenditure estimated at **M24.8 billion** of which;

- The recurrent expenditure was **M18.1 billion**

## Performance

- Revenue collection of **M 15.7 billion**
  - SACU **M5.4 billion**
  - Tax Revenue **M7.7 billion**
  - Non-tax **M2.7 billion**
- Total Actual Expenditure was **M17.2 billion** of which;
  - Recurrent Expenditure **M16.0 billion**
    - Kept below the budget through expenditure control measures (rationing)

## Budget

The development expenditure was **M6.8 billion**

- GOL was **M1.8 billion**
- Grants were **M2.1 billion**
- Loans were **M2.9 billion**

Supplementary Budget **M874 million**

- Recurrent Budget M697.0 million
- Development Budget of M176.8 million

## Performance

- Development Expenditure – **GOL M1.2 billion**
    - Underperformance of approximately M600 million
    - Delay in project implementation
  - **Supplementary Budget performance**
    - Recurrent expenditure of M518.7 million
    - Development expenditure was all disbursed and spend
- Grants and Loans not 100% disbursed

- Focus;
  - Economic reconstruction and recovery; moving away from consumer-based to producer and export-driven economy
  - Structural transformation and sizeable investment in;
    - Agriculture
    - Industrial development; value chains for job production
    - Extractive sectors through;
      - enhancement of beneficiation in exploitation of natural resources
      - Reconstruction and building of new infrastructure (soft and hard) to facilitate participation of the private sector
  - Economic recovery and growth will be achieved through:
    - Restoration of Macro-fiscal Stability and consolidation of PFM reforms
    - Efficient use of resources and improved controls and accountability
    - Building of systems and enhancement of capacity of relevant institutions to fight economic crime

- Reduce dependency on volatile SACU receipts;
  - recurrent expenditure will be financed by tax and non-tax revenue;
  - Donor funding be used for infrastructure and capital spending
- Creation of development and stabilisation fund
- Measures:
  - Reduction of high and unsustainable recurrent spending
  - Reduction in wage bill
  - Improve collection of domestic non-tax revenue
  - Mobilisation of additional resources especially grants to finance public investment
  - Review some of the fees and charges to reflect the cost of the service
  - Subsidy programmes targeted towards relevant group
  - Outsourcing of some of the government services to private sector for efficiency

# Revenue strategies

- Enactment of the tax reform legislation; Income Tax Amendment Bill, Tax Administration Bill, Value Added Tax (VAT) Amendment) Bill and PFMA Bill
- Launching of e-filing for all taxpayers for PAYE, VAT and CIT through Lesotho Tax Modernisation Project
- Sign the Double Taxation Agreement with United Arab Emirates
- Implementation of Integrated Revenue Management System and Cashless collection of revenue through MNOs and banks (6 pilot ministries)
- Collection of non-tax through IFMIS and issuance of digital receipt
- Implementation of digital signatures
- Implementation of diaspora policy

# Expenditure strategies

- Regular review of implementation plans and management accounts to ensure accountability, transparency and efficiency.
- Direct resources to productive ventures that stimulate investment by private sector
- personnel database and payroll records be linked, regularly updated and reconciled.
- It shall be mandatory that temporary employees be enrolled in the HRIMS that is linked to National ID system, Budget System and IFMIS
- Verification of goods and services as well as wages/personnel expenditure.
- Introduction of e-Procurement and centralised procurement to manage over-pricing while minimizing fraud and corruption

# The 2023/24 Fiscal Policy and Budget Allocation

# 2023/24 FISCAL POLICY POSITION

- The overall projected revenue is estimated at **M25.1 billion**, of which,
  - Tax revenue - **M11.0 billion**,
  - Non-tax revenue - **M2.9 billion**
  - SACU revenue - **M10.1 billion** and
  - Donor grants - **M1.0 billion**.
- The estimated total expenditure is **M24.1 billion**, of which,
  - Recurrent estimate **M17.8 billion**,
  - Development expenditure **M6.3 billion**
    - GOL **M2.7 billion**
    - Grants **M1.0 billion**
    - Loan **M2.6 billion**
- Projected fiscal surplus of approximately M1.0 billion

# What is in the Budget



## Sectoral Issues and Allocations – Key Accomplishments

Inclusive and  
sustainable  
Economic  
Growth and  
Private Sector  
Led Job Creation

- **Trade, tourism and industrial promotion plus SMME development M475.2 million**
- Horticulture and textile and clothing industry

Inclusive and  
sustainable  
Economic  
Growth and  
Private Sector  
Led Job Creation

- **Agriculture M1.1 billion**

- Increase access to agricultural inputs as well as productivity and output by 2027;
  - Maize production from 27,900 tonnes to 438, 000 tonnes
  - Wheat from 5,700 tones to 48,700 tonnes
  - Beans form 43, 000 tonnes to 97, 500 tonnes
- Promote climate smart agriculture for small- and large-scale farmers through cost effective technologies
- Irrigation Master plan developed and covers 53,000 hectares with the estimated cost of over US\$ 800 million (World Bank)
  - Support rehabilitation of existing infrastructure
  - Credit guarantee facility (Post Bank) and Matching grants Schemes

Inclusive and  
sustainable  
Economic  
Growth and  
Private Sector  
Led Job Creation

- **Millennium Challenge Cooperation** - Preliminary works on market driven irrigated agriculture (2,000 hectares) in the next 5 years
  - Tsoili-Tsoili, Manka and Likhakeng in Leribe and Phamong in Mohale's Hoek
- **Wool and Mohair production**
  - Production of 8,000 kg of wool and 1,000 kg of mohair

# Human and Social Development

- **M3.2 billion approved for financing Healthcare Sector programmes**
  - Operation “*Hlasela lefuba*” has been launched and its ongoing
  - Cancer center
- **M1.1 billion approved for Loan Bursary Scheme**
  - Award criterion will be reviewed and connected to the financial neediness of applicants and will also target priority studies
- **Skills mismatch is a major cause for youth unemployment**
  - Improve curriculum and programmes in higher learning institutions
    - MSc in integrated Catchment Water Resources (NUL)
    - Engineering in Water and Environment and Engineering specializing in Irrigation and Agricultural Drainage (Lerotholi Polytechnic)
    - Three new programmes at vocational centres will be offered
      - Air-conditioning and Refrigeration, Paramedics and Private Security

# Human and Social Development

- **M300 million approved for Apprenticeship programme**
  - All requests for private sector and government will be advertised and interviews undertaken where feasible (transparency and competition)
  - The plan is to consolidate all apprentice related programmes under one institution
- **M110.4 billion of development budget has been approved to finance improvement of primary and secondary schools**
  - Construction and rehabilitation of classrooms and ablution facilities in selected primary and secondary schools in Quthing, Maseru, Mohale's Hoek, Berea and Leribe
- **M238 million for free primary education**
- **M2.5 billion has been approved for educational programmes in basic and higher education**



# Human and Social Development

- **M1.1 billion approved for social vulnerability issues**
  - ***Child Grants increased from M120 to M200 per month***
  - ***Disability Grants increased from M400 to M600 per month***
  - ***OVCs receiving bursary will increase from 26,400 to 36,000***



# Infrastructure Development



# Infrastructure Development

- **M3.2 billion approved for infrastructure programmes**
- **M1.4 billion allocated towards roads infrastructure**
- **Maseru**
  - Construction of the bridge across Koro-Koro River on Mahlabatheng to Ha Mofoka
  - Rehabilitation of; Moshoeshoe road, Kofi Annan road and St. Michaels to Roma road, Lepeli to Thakeli and Malielle-Mpeli
- **Mafeteng**
  - Rebuilding of the Tsoaing bridge on Motsekuoa to Mantšeli road
- **Mohale's Hoek**
  - Tšoloane to Ha Khitšane via liphiring road will be constructed
  - More bridges will be built at Mokhasi–Luka, Ramosothoana– Ralimpe, Sefateng– Baruting, Ntlhasinye– Makhetheng, Ntja– Jobo, Thaba-Ntšo – Moiketsi

# Infrastructure Development

- **Quthing**
  - Pali-Leihloana, Malibeng to 'Mone, Pulane to Sekokoaneng roads will be attended
- **Thaba-Tseka**
  - Restoration of the dilapidated road between Kou and Motau,
  - Mobilisation of funds for construction of 60 km road between Katse and Thaba-Tseka as well the road joining the districts of Thaba-Tseka and Mokhotlong
- **Leribe**
  - Malesaoana to Butha-Buthe road
  - Reconstruction of Sebothoane and Khanyane culverts and Mositi to Mpeako road
- **Berea**
  - Kapi to Telukhunoana road
- **Mokhotlong**
  - Nyokololi to Tiping road

## Infrastructure Development

- Construction and renovation of Mantšonyane and Mashai Police Posts
- Makeoana Community Council and Phamong Principal's Chief office
- **M393 million** Royal Palace and Senate Chambers
- **M51.7 million** for rehabilitation of Moshoeshoe I International Airport
- **M150 million** set aside for new investment; construction of bus terminals in all the ten districts.
- Negotiations are ongoing to finance the completion of circuit that connects Katse-Thaba-Tseka-Taung - Mokhotlong

## Infrastructure Development

- **M1.2 billion approved for water sector**
  - Advanced infrastructure for Polihali Dam, Tunnel and Senqu bridge will be completed by the end 2023 (financed by South African Government (42 billion investment)).



- Lesotho Lowlands Water Development Phase II (zones 2 and 3)- water supply to Hlotse and Maputsoe.
- Feasibility studies for dams on Hlotse, Ngoajane and Maletsunyane rivers planned for the 2023/24 financial year

## Infrastructure Development

- **M60.8 million approved for universal service fund**
  - Mobile network expansion in cooperation with e-Government infrastructure
  - Finance access to Wi-Fi to institute of higher learning
  - Extension of broadband connectivity to schools
  - Promotion of digital literacy in high schools
  - Support the extension of provision of infrastructure with bandwidth to district post offices
- **M249.3 allocated for financing of e-government programmes, connectivity and other functions**
- **M462.1 million approved for; soil conservation at Ramarothole solar project, Lesotho Renewable Energy and Energy Access Project as well as Rural Electrification Programme**



## Governance and Accountability

### **M5.7 billion allocated for the sector**

- Justice and law; planning and public finance management; security sector etc.
- **Child friendly court at Maseru, Berea, Leribe and Mohale's Hoek**
- The Ministry of Justice and Law and Judiciary are allocated **M327.8 million** and **M124.4 million** respectively



# Governance and Accountability

- M214.6 reserved for Local Government Elections



**M74 million to combat economic crimes**



## Cross Cutting Issues

### **M226.6 million approved for Environment and Climate Change issues**

Financing of environmental programmes through establishment of plastic levy



Resuscitation and training of village disaster management teams



- Salaries and wages adjusted by 2.5 percent across-the-board
- The tax credit adjusted upwards from M880 to M902 per month, translating into the lower threshold 20 percent for taxable income from M5,620 and upper threshold of 30 percent from M5,760 and above.
- the Old Age Pension increased by M50 to M900 per month

# 2024/25 Budget proposals



- **What proposals to look into for the 2024/25 Budget**

- <https://youtu.be/Ph08shinzmY?t=35>

# Khotso, Pula, Nala