PARLIAMENT OF THE KINGDOM OF LESOTHO

DESPITE THE RAVAGING FINANCIAL STORMS, LESOTHO MUST REMAIN FOCUSED ON HIGH, SHARED AND SUSTAINABLE GROWTH AND PROTECTING THE VULNERABLE

Budget Speech to Parliament for the
2009/2010 Fiscal Year

By

Honourable Timothy T. Thahane

Minister of Finance and Development Planning

Maseru - Lesotho
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Madam Speaker

1. At the outset, allow me to pay tribute to you, this Honourable House and the Government for making the Budget Day a national affair in which every Mosotho can be part. As in the recent past, these proceedings are being broadcast live on National Radio and Television. District Administrators have invited District Councils, business leaders and prominent citizens, including Teachers, where possible, to listen to the Budget Presentation. The Ministry of Finance and Development Planning, for its part, has sent officials to the districts to explain the Budget in the ensuing discussions. Some teachers have also allowed their students to go to 'Manthabiseng Convention Centre where I will go to answer questions from the public and the media after this speech.

2. These efforts are part of a programme to encourage public participation in the decisions that affect their lives. It is the essence of deepening democracy; promoting transparency, good governance and accountability to the Electorate.

The Global Economic Crisis

Madam Speaker,

3. Nowadays is not pleasant to be a Finance Minister. The world economy is shrinking: companies are shedding jobs by the thousands; Banks are not lending; People are losing their cars and their houses through repossessions; Retirees' are worried about the value of their pensions and savings; Parking lots of the largest vehicle exporters in the world are full of unsold cars. In international finance, the biggest and most familiar names like Lehman Brothers and Merryll Lynch, have disappeared from the financial screens. Large household names in banking, such as Lloyds of London, Fortis of Netherlands and Citi Group of the U.S. are scrambling for a lifeline. Consumers are not buying even though interest rates have been

reduced to their lowest levels since World War II and global inflation is projected to go down to 0.25% in 2009.

4. The most well-known Central Banker, former Chairman of the U.S. Federal Reserve Board, Mr Alan Greenspan, recently said the U.S. had been hit by a "financial Tsunami" which they did not see coming.

5. Emerging markets and transition economies have not been as hard hit, however. But they face daunting challenges as well. China, Brazil, India and Russia all have to scale down their development programmes; almost all have had to increase public spending and budget deficits in order to protect jobs and stimulate economic recovery.

6. In our region, South Africa which is the largest economy and which provides employment for many Basotho, has been hit by economic slowdown. As Honourable Trevor Manuel, Minister of Finance of South Africa said in his Budget Statement last week,

> "Several sectors, including mining, manufacturing, retail trade and residential construction, have retrenched workers and the pace of job losses may accelerate further"

7. For Lesotho, the impact of these job losses, and losses of orders for our exports and the dramatic fall in the price of commodities including diamonds has not been fully felt yet. But it will be severe and may continue for some time when it hits. Our promising economic prospects which made the World Bank and The International Monetary Fund refer to us as a "Lower Middle Income Country" have been adversely affected.

The Effects of Global slowdown on Lesotho

Madam Speaker

8. Let me list for the Honourable Members the expected impact on our economy from global and regional economic developments.

9. First, the demand for our Clothing exports and therefore, purchase orders from the United States have dramatically fallen to a trickle. Jobs of 42,000 workers are in jeopardy and this will affect over 200,000 people who depend on these workers. In addition, the Taxi industry that carries these workers to and from work daily will be severely affected. The potential ripple effect of the loss of 42,000 jobs is incalculable.

10. Second, the network of Banks in Hong Kong, Singapore and Taiwan that provided export-import financing and Letters of Credit for the textile firms can no longer do so because of the global financial crisis. Our local commercial banks, although liquid, have never provided this service and cannot fill the gap except through their Head offices in Johannesburg.

11. Third, the fall in commodity prices, such as diamonds, platinum and others, has caused large retrenchments in South African mines where the majority of our people work. This will mean a loss of income for many of our rural households where these miners come from. Some of our fledgling diamond mines in the country have already laid off some workers.

12. Fourth, the expected decline in demand for capital and consumer imports into the SACU region, coupled with global reductions in tariffs will mean sharp decreases in the SACU Revenue Pool and the share of Lesotho in it. Given the lag with which Revenue Adjustments are made, Lesotho may have to pay back to the pool between M600 and

900 Million in the coming years. This is a challenge for us to redouble our efforts to raise Non-SACU Revenues.

13. Finally, our Development Partners have also been hit hard by the crisis and are likely to have to scale down their support to Lesotho and all other developing countries.

14. This is the impact of the global financial and economic crisis on Lesotho that we anticipate. It is not good.

How is the Government responding to the Global Economic Crisis

Principles Guiding the Budget Response

Madam Speaker,

15. Though we face the rough waves of the global "financial Tsunami", it is important that, as a Nation, we should keep our focus on the medium and long term. We must never take our eyes from this beacon. If we do, we will find ourselves tossed about like a rudderless ship. I believe we will come out victorious if we:

- **Act collectively**, **united**, and with resolve. This is what preserved Lesotho at a critical time of Lifaqane in our history and can do so again;
- Preserve our capacity to produce more and better goods when the calm returns.
- **Seek** new markets and **identify** new products to sell regionally and internationally. Our national market and purchasing power are small, hence the need for international markets;
- **Preserve** as many as possible of our existing manufacturing jobs and **create** new ones through enhanced public investment.

- **Undertake** structural and institutional reforms to enhance our **global competitiveness** and **attractiveness** for "Doing Business" and for being an "Investment Destination of Choice"; and
- **Take advantage** of our location inside the huge economic powerhouse in the region through, among others, enhanced cooperation and policy dialogue with our only neighbour, the Republic of South Africa.

Madam Speaker,

16. We must also learn from how such successful Small States as Singapore how they responded to the challenges of their national survival. At its independence, Singapore was not given a chance for economic, financial and political viability by many pundits. But to-day it is one of the richest countries in the world and ranks number one in many of the international Economic, Financial and Human Development Indicators.

17. We need a strong national commitment to our common endeavours and to a peaceful future that leaves no one behind. Such a commitment was formulated after widespread national consultations into a Vision of where we want to be in 2020. Let me quote our Vision 2020 **for emphasis**:

> "Lesotho shall be a **stable democracy**, a **united** and **prosperous** nation at **peace** with **itself** and its **neighbours**. It shall have a **healthy** and **well developed human resource base**. Its **economy** will be **strong;** its **environment well managed** and its **technology well established**".

18. Ten years remain before we reach 2020. Will we attain our Vision? The answer is yes we can if we redouble our collective efforts from now on.

19. His Majesty and The Right Honourable Prime Minister have directed the Ministry of Finance and Development Planning to ensure that future Budgets give priority to this Vision through the allocation of resources and implementation of specific measures. We plan to do so without fail.

The response to the Global Economic Crisis

Madam Speaker,

20. The Budget is an important instrument for allocating resources that public servants will use to deliver public services and to discharge national obligations; and, to provide incentives to the private sector to invest its resources and use its technical, managerial and marketing expertise to grow the economy and reduce vulnerabilities.

21. Throughout this financial Tsunami the Government will remain focused on the overarching objective of pursuing high shared and sustainable economic growth and providing protection for the vulnerable groups in our society. We know economic growth is a necessary condition for poverty reduction. But it is not sufficient. It must be complemented by protection of the weak and the vulnerable.

22. Referring to the need to protect the poor, thirty years ago President Franklin D. Roosevelt of the United States said at his inauguration:

> "The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little"

23. This Budget not only seeks to add to the abundance of many Basotho through economic growth; but also to provide for those who have too little.

24. Specifically, the Budget proposes to support a **ten-pronged action plan** by Government to:

25. First, launch a coordinated, Government-wide programme of structural reforms aimed at removing the barriers to "Doing Business" in Lesotho and creating a conducive and competitive investment climate.

26. Second, **restructure** the textile and clothing sector by creating institutional and financial facilities to support export-import businesses for existing and new foreign and local exporting firms; by encouraging the existing firms to invest in the modernization and upgrading of their operations to take advantage of new global opportunities when the world economy recovers; and, by exploring new export products and markets, including exports to SACU, SADC, EU and to the U.S.A (AGOA has thousands of products besides textiles). The new Phillips plant for producing energy-saving bulbs is a prime example of diversification of export products and markets.

27. As I pointed out, the global and regional economy has and will continue to impact on Lesotho negatively. Like other governments elsewhere, we must protect our jobs and enhance our social protection. Our textile exports to the U.S. fell by 11% between December 2007 and December 2008. They continue to fall.

28. Although Lesotho has been exporting textiles for the last 20 years, it has no institutions that maximize the benefits from this trade. Turning the current difficulties of the sector into an opportunity, the Government will take equity in some of these companies; establish export-import facilities to be implemented by the Central Bank; ensure that Lesotho's Commercial Banks can issue pre and post-shipping Letters of Credit and their discounting; gradually bring the work being done by Agents in the Far-East to Lesotho; cooperate with China and its firms to deepen the skills in textiles and join the

African Export-Import Bank that was launched in 1993 by the African Development Bank to support African exports.

29. Third, set aside M600 Million, over two years, to support specific investments related to the provision of water, roads, factory shells and communications to the new firms that want to locate in our industrial estates. For example, Phillips Company needs water and access roads to open its plant. The funds will also finance feasibility studies and small, medium and micro-enterprises who will receive training, mentoring and credit for start-up. The technical and management capacities of LNDC, BEDCO and the partnership between industry and local training institutions will be reviewed. The Commercial Banks will be invited to play a prominent role to support the SMMEs.

30. Fourth, expand investments in urban and rural roads which have fallen behind in construction and maintenance. This will be in addition to the trunk roads of Likalaneng-Thaba Tseka, which is due for completion this year; Ox-Bow Mokhotlong, reconstruction of whose sections will begin later in the year; realignment, expansion and rehabilitation of Maseru to Mafeteng Road; construction of bridges over Senqu and Senqunyane and also Mohlapiso; and feasibility studies and designs of several others that will link the mountain areas with the lowlands thereby enabling government to take services to the public living there.

31. Fifth, lay out a clear legal framework; investment framework, (including an approval process); and an operating framework for the use of Public-Private Partnerships (PPP) to finance and operate public infrastructure to deliver public services. These frameworks and development of Contract management capability will draw on the experience the Ministry of Finance and Development Planning has had with the One Billion Maloti Referral Hospital whose sod-turning will take place at Botšabelo before the end of next month. PPPs are

complex but instruments for tapping the private sector funds and expertise in project structuring and management.

32. Sixth, develop a national housing policy and streamlined land management processes and procedure that will stimulate the development of a mortgage and property development market. Housing is an important sector whose policy and legal framework is long overdue. It also requires physical and land use planning which the Local Government is pursuing aggressively.

33. Seventh, strengthen the supervision and regulation of the banking, deposit-taking and non-banking institutions as well as the Automated Clearing House System for cheques; and, the establishment of a National Credit Bureau to track and black-list those who do not pay their debts.

34. Eighth, re-invigorate our partnership and joint Bilateral Cooperation with our only neighbour, the Republic of South Africa in order to develop specific and joint investment projects across our common borders besides the Lesotho Highlands Water Project. We will need to review the current practice of many businesses that encircle Lesotho and take advantage of its buying power rather than locate and live in Lesotho.

35. Ninth, prepare a three to five year programme to improve the Justice sector, and fine-tune it to deliver enhanced services. This will involve the training of Magistrates and Clerks; rehabilitation and construction of Central Courts and their equipment; technical, professional and management training of the Lesotho Mounted Police Service including their housing, offices, transport and uniforms. The first component aims at delivering justice quickly and efficiently. The second seeks to develop a highly skilled, professional, disciplined and internationally respectable police force that has adequate facilities to work and stay in.

36. Tenth, extract efficiencies from the large amount of recurrent resources that are presently being invested in the Public Service. This will be accomplished by accelerating the implementation of the Public Service Reforms that were initiated in the 1990s. Specifically, the Ministry of Public Service will drive these reforms with clear time-lines and implementation schedules. Included in this will be an agenda to fight fraud, crime and corruption that intercept funds destined for improving the living standards of the poor, the weak and the vulnerable. To cite a few examples: A whole year's supply of essential drugs is exhausted in less than six months; bursaries paid to train students are misdirected and never repaid; monthly payments destined for old people are stolen; and, a programme to feed school children is being undermined by fraudulent manipulation of claims. Above all, Government systems of procurement of goods and services are undermined by non-payment of suppliers and short-circuiting of the procedures. This is not to mention the inflation of prices when supplying goods to Government.

Employment Stimulus

37. On top of these plans, the Government is also focusing on providing employment.

Madam Speaker

38. I have just outlined the strategy that the Government will pursue to accelerate shared and sustainable economic growth, the number one priority. The economy faces rising unemployment as a result of global forces outside our control. Basotho working in South African mines and industries are being laid off, and the local textile and clothing manufacturers are now retrenching workers on account of the global economic situation. Creating jobs and broadening economic participation are crucial to keep away the spectres of poverty, hunger and destitution.

39. However, the Government recognizes that jobs will not appear overnight. The investments we make now to restructure the textile industry and encourage growth in other sectors will not bear dividends immediately. Furthermore, whilst we will do our utmost to protect those workers currently in employment, it is inevitable that the global economic crisis will lead to some casualties.

40. To address this, and help those households who rely on the income from these jobs, the Government is prioritizing activities that will generate employment and income immediately. M112 million has been allocated to the Integrated Watershed Management Project which uses the service of the unemployed across all ten districts to rehabilitate severely eroded land. A further M50 million has been allocated to the Development Fund for the Councils. Under this fund, communities identify desired local infrastructure projects, such as building rural roads or developing irrigation systems, and the unemployed in that community are engaged on rotation for M48 per day. I also envisage that part of the Fiscal Stimulus for economic recovery will be allocated to activities that provide work for the unemployed so they can support their families.

41. Pursuit of these ten action plans should not detract from the normal Government programmes to fight HIV and AIDS, construct schools, change curriculum, train teachers and improve and consolidate local governance through decentralization of some activities consistent with the build-up in capacity.

42. There is no doubt, Madam Speaker that achievement of these action plans in the next two years will increase growth, create and protect jobs, open prospects for more non-SACU revenues and decent livelihoods for all Basotho.

Macro-Economic Implications of 2009/10 Budget

Madam Speaker

43. The 2009/10 Budget proposes a total expenditure of M11, 651 million. M8, 237 million of which is Recurrent expenditure while M3, 414 million is Capital expenditure; These expenditures will be financed through Government revenue of M8, 883 million; Grants of M1, 078 million from our Development Partners and M383 million from external soft loans from Multilateral Development Institutions. This will result in a deficit of M1, 307 million or 8% of GDP.

44. While this deficit appears large compared to the Budget surpluses of the past, it is critical in the current economic environment for preserving our jobs, productive capacity and for laying foundations for future competitiveness and a conducive investment climate. It is also necessary to protect our vulnerable groups. We expect the deficit to come down in the next three years to our usual guideline of 3%. This is because of some once off items that will not recur in future budgets.

Sectoral Issues and Budget Allocations
Madam Speaker,

45. Let me briefly touch on some budget allocations to some major sectors. Government expenditures in these sectors are driven by the need to create a minimum Infrastructure Platform to facilitate private sector investment and build skills, institutions and marketing structures to support those investments. This platform will consist of roads, power, water and telecommunications. PPPs will be used as vehicles to get private sector financing for some large projects.

Infrastructure

46. The Government is committed to providing complementary physical infrastructure to promote private sector investment. For construction

and maintenance of urban and rural roads, M873 million or 25% of the capital budget, has been set aside. Rural roads and bridges will receive M215 million or 6.2 percent of the capital budget. Urban and main roads will receive M639 million or 18.3 percent of the capital budget. M59.4 million will finance industrial infrastructure development in Maseru. In addition, part of the economic stimulus package has been set aside to complete infrastructure development for Ha Tikoe Industrial Estate as well as the expansion of Ha Nyenye Industrial Estate.

47. An essential part of our industrial development is the provision of water supply and waste water management to the industrial companies. M318 million or 9.1 percent of the capital budget has been allocated to water and sanitation infrastructure which will benefit communities across the country, both in urban and rural areas.

Water Resource Development

48. The Feasibility study of Phase II of the Lesotho Highlands Water Project, which was jointly undertaken by Lesotho and South Africa, has been completed. A specific Project which will involve construction of a Dam (Polihali) in Mokhotlong and a tunnel to transfer water for sale to South Africa has been identified. Discussions are now going on between the two countries on the way forward.

49. An exciting development is the possibility of supplying Botswana with water through the same route that Lesotho supplies water to South Africa. Discussions are at a preliminary stage to see how this sharing of the water from Lesotho by the region can be implemented for the benefit of all the peoples of Southern Africa.

Madam Speaker

50. Water is life. In many of our villages it is scarce. The Government and Development Partners, Irish Aid, European Commission, the World bank and the Millennium Challenge Corporation have combined forces to provide M103 million for village water supplies and sanitation; M129.5 million for Peri Urban water supplies and sanitation and M86 million for urban water supplies. Given the weather changes and droughts in recent years, providing access to reliable water suppliers has become more urgent and central to the attainment of MDGs.

51. Finally, the Contract for design of Metolong Water project will be awarded in 2009 with construction expected to start next year. The project is being supported by BADEA, Kuwait Fund, OPEC Fund for International Development, the Saudi Fund, Millennium Challenge Corporation and the World Bank. The total project is expected to cost M3.0 billion with M200 million allocated in this budget.

Energy

52. Electricity is a crucial input for all sectors of the economy; Economic growth is highly dependent on the availability and reliability of power. While Muela Hydropower Station generates enough supply to make Lesotho self-reliant in summer, winters see large demand shortages. Last winter showed us how we cannot rely on ESKOM to fill the gap. We have therefore signed a Power Purchase Agreement with the Government of Mozambique to supplement our domestic supply. For the longer term, the Government is evaluating several options to build new hydroelectric plants that will enable Lesotho to satisfy its own needs and export to the rest of the region. In this context, we expect to undertake a feasibility study of a pump storage power plant that will generate 1,000 MW and to double the capacity of ‘Muela to 140MW.

53. Government is also investing in renewable energies, including solar and wind power, to provide electricity in the rural areas. M37 million has been allocated to roll out these programmes in 2009/10, with support from the Global environment Fund.

Financial Sector Reforms and Strengthening

54. An important role for the Government is to ensure that the institutions that take people's hard-earned savings and pensions are well managed and that they can give back those funds at any time they are needed. This means that government must ensure that public deposits are protected and the management of financial institutions is well supervised and regulated by the Central Bank. The current global financial crisis is a result of weak supervision by the Regulators. We must avoid similar mistakes.

55. During the recent past, the Government has noticed many "get-rich quickly" schemes that come from across the border. Some are home grown. They have all taken the savings of poor Basotho and disappeared into thin air. Since they are neither legally registered nor supervised, the Central Bank can do very little to help them recover their monies. I therefore appeal to all not to give your monies to people who promise you huge returns through "sweet talk".

56. As far as the cases that are in Court are concerned, the government would like to see these cases resolved quickly. We all need certainty.

57. There are some other financial sector reforms that underpin the competitiveness of the private sector which are supported by the Millennium Challenge Account (Lesotho) under the grant from the United States Millennium Challenge Corporation. These reforms, for which implementation contracts are at advanced stages, involve the Central Bank and the establishment of the Credit Bureau which will keep a record for those who pay and the establishment of the National Payment system which will ensure that cheques take a

shorter time before the clients can get their money. The second project involves cooperation with the Ministry of Home Affairs on the introduction of National identity Cards. The World Bank is also supporting this initiative.

58. The other MCA (Lesotho) supported project involves cooperation with the Chief Justice, as Head of the Judiciary, on restructuring of the civil procedures and the operation and modernization of the Commercial Court and alternative dispute mechanisms. This will ensure that Commercial disputes are decided quickly.

Tourism

59. Tourism has a great potential to increase incomes and provide jobs, especially in rural areas. However, to tap this potential requires identification and development of specific and unique activities that will make people want to leave their homes in Europe, USA, Asia or Latin America and pay large sums of money in airfares to come and do or see for a few days in Lesotho.

60. Second, to get tourists to come, Lesotho must become part of a network of booking Agents and tour operators who sell package tours. These Agents must have something interesting to sell to the traveler.

61. Funds will be available to undertake concrete investment proposals and environmental discussions for the development of water sports at Katse and Mohale; identification and mapping of hiking, mountain climbing and cave exploration trails, mapping of trails to the sources of the major rivers of Southern Africa such as Senqu; training of bed and breakfast operators near the above trails; and, training of tour operators and guides in the history, geography and culture of Basotho.

62. The on-going projects in the tourism sector will get M21.7 million of the capital funds. Sun International Group will also spend M140 million to upgrade Lesotho Sun into a Resort Hotel. This will be ready for the FIFA World Cup in 2010.

63. However, the challenge is to develop a comprehensive investment program that can be marketed internationally and to the Agents that bring so many tourists to South Africa. An enhanced partnership with Tourism South Africa should be aggressively pursued by the Lesotho Tourism Corporation.

Agriculture

64. Agricultural production has continued to decline over the years. According to the figures compiled by the Central Bank of Lesotho in 2004, output in crop production declined by 1.9%; in 2005 by 1.7%; in 2006 it grew by 1.7% and the preliminary figures for 2007 showed a decline of 8.6%. This means that as a country we are becoming increasingly dependent on imports of cereals, vegetables and fruits and on food donations from the international community. This is happening at a time when the number of landless people is also increasing. This is an unsustainable situation. It must be reversed.

65. The current situation tells us that we need clear programmes that support commercialization and diversification in both crops and livestock sectors and facilitate the development of agro-industries. The new programmes will be financed from the recovery financing package that I alluded to in my earlier remarks.

66. For 2009/10, the Ministry of Agriculture and Food Security has been allocated M226 million to intensify training and strengthening of extension services, reviving irrigation schemes, and promotion of conservation agriculture where it is viable. Moreover, this allocation is also directed towards the procurement of additional farm machinery,

to increase capacity and timely assistance of farmers with farm operations and harvesting and for rehabilitation of Lesotho Agricultural College and farmer training centers.

Madam Speaker,

67. In the economic recovery package, there is provision for special interventions that aim at the following:

- rehabilitation of sheep dipping tanks for sheep and sheds for wool shearing;
- specific interventions that aim at improving the quality of national herd of sheep and marketing of wool;
- financing of bankable projects for dairy farming;
- rehabilitation of previous irrigation schemes; and identification of new ones and preparation of investment plans focused on high value cash crops;
- Preparation of integrated poultry projects that will involve Basotho chicks plant to produce one-day old chicks; groups of growers in the rural areas; Lesotho Flour Mill to produce growing mesh; slaughter facilities; cold storage and distribution centres similar to Egg Circles of yester years, from where all purchases can be made; and
- Rehabilitation of the Abattoir and Feedlot as a place where animals can be sold, bought and slaughtered.

68. The Ministry of Agriculture and Food Security must train or import technical experts in the above fields whose success centre around good market and supply chain linkages. The training of the Extension Staff and farmers must radically change. Agriculture is full time business like any other business.

Mining

69. With the reopening of Letšeng Mine and new Liqhobong and Kao Mines since 2005, the mining sector has been a strong driver of growth in recent years; increasing from 0.2% of GDP in 2001 to 6.5% in 2006. Lesotho has developed a reputation for producing some of the highest quality (gem) diamonds in the world, including the massive 603 carat Lesotho Promise unearthed in 2006. However, the mining sector has been hit hard by the global economic crisis as prices of commodities plummeted. The mining firms found it difficult to access capital for investment. For example, the price of diamonds has fallen from US$2000 per carat to US$900. As a result, two mines have had to suspend operations and the other has scaled down.

70. Despite this, long term prospects in the sector are very good. We expect mining to continue to drive growth. To facilitate future expansion, the Government together with Liqhobong Mining Development Company and Kao Diamond Mine are co-investing M100 million to increase electricity supply to the sector. The Government will also review the tax policy system to ensure that Lesotho is maximizing its benefits from this finite source of income, without providing disincentives to the private sector to invest.

Small and Medium Enterprise Initiative

71. As I outlined earlier, the global economic situation puts Lesotho's economy at risk, and this will affect the jobs; especially, for those employed in textile manufacturing. Indeed we know that some of the textile manufacturers are already laying-off some workers and we should expect this to continue in the short run. The challenge will be to create alternative job opportunities for Basotho. To this end, the budget proposes a package for the development of Small and Medium Scale enterprises as part of the Economic Recovery Package.

72. A budget of M5 million has been set aside for the training of entrepreneurs in various aspects of business management including the preparation of business plans that would enable them to obtain start-up funding. At the end of their training they will receive support through appropriate expert counseling and mentoring to maximize the chances of their survival. This will enable them to create employment for others through adding value to locally produced resources. We are discussing with the local banks the design of a programme of financing for new SMMEs in addition to utilization of the privatization proceeds. The Central Bank is also looking at the utilization of the Export/Import scheme to ensure that it supports local entrepreneurs.

73. The key to success in supporting SMMEs, institutionally and financially, is to learn from other countries in our region as well as undertake a comprehensive review of the role, mandate and relevance of BEDCO to create many viable SMMEs.

Madam Speaker,

74. These are some of the initiatives which the government proposes to respond to the impending impact of the global financial crisis. They are by no means sufficient. But if they could be implemented all in the next two years we may turn the corner and increase our economic growth to a high and sustainable level as well as create job opportunities for self-employment for young Basotho. In doing this, we must also change our mindset. It is not the Government that creates jobs; **it is you and me by employing ourselves**.

Vulnerability

75. The Government further recognizes that there are segments of the population that will not be able to fully participate in, and benefit from, the growth process. Not all households have spare hands to be put to work. It is estimated that 8000 households are headed by orphans after losing their parents to the HIV and AIDS epidemic. The

Government is committed to protecting these vulnerable households, and we have increased the amount allocated for this purpose in the budget.

76. Firstly, the Government recognizes the heavy burden that falls upon the elderly in caring for the sick, the disabled, orphans and vulnerable children. The Old Age Pension introduced in 2004 – at the time, only the second in Sub-Saharan Africa plays a key role in enabling the elderly to support themselves and their dependents. In appreciation of this burden borne by the elderly, the Government has decided to raise the value of the Old Age Pension from M200 to M300 – at an additional cost of M95.2 million.

77. On top of this the Government is working with the European Commission and UNICEF to introduce a Child Support Grant worth M360 per family per quarter to support 60,000 Orphaned and Vulnerable Children.

78. Secondly, the Government is investing an additional M32 million on top of the M170 Million already allocated to provide free school meals to all primary school children. This not only encourages children to attend school, but gives them more strength and energy to improve concentration and learning. This additional allocation will enable school meals to be more nutritious, to better help all children fulfill their potential. M2 Million has also been allocated to the building of hostels in remote areas to enable children to attend school who live too far away from schools to make the journey every day.

79. Thirdly, the Government recognizes that there is little that can be done to reduce vulnerability without addressing the HIV and AIDS pandemic that continues to threaten the productive sectors of the economy, public service delivery and social development. Lesotho has made much progress on this issue over the last couple of years – becoming one of only a few African countries where Anti-Retroviral Therapy is available free to anyone who needs it. In July 2008,

coverage had increased to 32,484 individuals. However, more still needs to be done to prevent the further spread of the virus, treat and support those infected, and protect those who rely upon them.

Empowering Women and Youth

80. The Government is committed to enabling unemployed youths and women to fully participate in the growth process, as these groups can face disadvantages in accessing credit, land and other productive resources. Furthermore, progress tomorrow can only be made through investing in youth today.

81. Whilst we expect women and youths to benefit from the interventions I have already described, for example, support to SMMEs, the Government is investing in complementary activities to ensure that they fully participate and benefit.

82. For example, in partnership with UNDP and the Commonwealth Development Fund, unemployed youths are being provided with entrepreneurship training and micro-credit to start their own businesses. M5.9 million has been allocated to this in the coming year. A further M5 million has been allocated to the construction of youth resource centres.

83. In addition, M17.2 million has been allocated by Government and several Partners to programmes designed to empower women and girls and provide them with entrepreneurial skills. A further M1.4 million has been allocated to the running of a recently completed outreach centre for abused women and children in Maseru which will provide basic medical, counselling and psychiatric services to abused women and children, as well as meals and accommodation on a short term basis.

84. M95.7 million has been allocated towards the development of sports infrastructure. M80 million of this will be to complete the renovation of

the Setsoto Stadium, M8.7 million to the construction of Sports Grounds at Mafeteng and Qacha's Nek and M2 million for the design of other grounds.

Human Development

Health

85. I announced last year that the Government had decided to build a 400 bed referral hospital to replace the Queen Elizabeth II hospital in Maseru through a Public Private Partnership. M400 million has been allocated for the current and coming year, out of a total cost of approximately one billion Maluti. The private sector under the leadership of Netcare will provide the remaining M600 million. We expect the sod turning to take place before the end of March. Three filter clinics will also be constructed at Likotsi, Mabote and Qoaling. They will be completed this year and the hospital in 2010. Furthermore, the Millennium Challenge Corporation is supporting the rehabilitation of 150 Health Centres, training of health professionals and construction of the National Laboratory. All these initiatives are aimed at bringing health services closer to the people.

86. The biggest challenge the Government faces, however, is the lack of qualified health professionals. To address this, we are increasing the intake of Health Training Institutions whilst investing more in Continuing Education for existing staff as well as negotiating with specific Medical schools to train more Doctors. Regrettably, those we train in South Africa are hard to attract back. The Government plans to focus on this issue in the coming year. The Health sector has been allocated M837, 500 million in recurrent costs and M394.8 million in capital.

Education

Madam Speaker,

87. The Government's commitment to free primary education has given Lesotho one of the highest literacy rates in Sub-Saharan Africa. Female literacy is especially high – almost double that of the average of the rest of the continent. However, the Government recognizes that challenges remain in improving access to secondary education, where only around a quarter of eligible children attend. To this end, M85 million has been put aside for the construction of secondary schools, including one for learners with special needs. Another major challenge is to improve the quality and relevance of education at all levels. Investments to improve the quality of existing education include greater emphasis on teacher training, expansion of Information and Communications Technology education and the provision of more and better teaching materials. A total of M1,565 million has been allocated in recurrent costs and M215.7 million in capital to the Education sector. These exclude some additional support from our Development Partners.

Public Service Delivery

88. One priority that cuts across all areas of Government spending is the need to improve public service delivery. The Government's objective is to ensure that all Basotho have access to quality services that are responsive to their needs and at affordable cost. This is important because salaries of the Public servants are paid by public taxes.

89. Improving Public Service Delivery has to be pursued against the backdrop of declining Government revenues. The declining SACU revenue implies that Government spending will have to decline drastically in the near future. To cushion these cuts, we need to improve the **effectiveness** and **efficiency** of public expenditure, so that we are able to do more, with less. Furthermore, we need to

review current public services in order to determine those services that could be best performed by the private sector at lower costs.

90. Government activities to improve public service delivery centre around the ongoing Public Sector Improvement and Reform Programme (PSIRP). This has three core components; improving public financial management, decentralizing services to bring them closer to the people, and reforming the management of the public service.

91. An allocation of M129.65 million has been made to finance projects designed to improve the capacity of the public service. This includes M21.1 million on improving the collection and use of statistics so that Government can better plan new activities and allocate resources. M16 million is allocated to the new Integrated Financial Management Information System which will come online on the 1st April this year. This system will ensure effective control of public expenditure. The system will also assist with the control of procurement processes to ensure that only expenditures foreseen in the budget are financed.

92. As I said, the Ministry of Public Service will have to aggressively drive the Public Service Reform programme which will result in a leaner, more efficient and better managed public service. Better, tighter management practices will eliminate some practices whereby some senior officials come into their offices in the morning; put their jackets on the chair or their purses on the table; turn on the computer and go out to perform their own errands including going across the border.

93. The largest part of the Budget is the Recurrent Budget. To achieve our overarching objective of pursuing high broad-based and sustainable growth, Recurrent Budget will have to be kept relatively constant in real terms. Indeed, Government has decided that all Ministries must keep their travel and transport, including subsistence and fares at last year's levels. Workshops and local trainings at Hotels must be eliminated or drastically curtailed and old

programmes be reviewed with a view to eliminating some to make room for new ones.

Implementation Capacity

94. Only about **70% of the Capital Expenditures allocated by** Parliament **in the last few years have been used.** It is important that this situation be corrected without delay. Only when funds are spent on time can the country and the intended beneficiaries reap the fruit of these investments. The Government plans to tighten **project preparation**, **appraisal** and **approval procedures** to ensure that only projects that are ready for implementation on April 1st get into the Appropriation Budget. For PPPs, the Government will take steps to ensure that projects are transformed from "desirable wish-lists" to "attractive investment opportunities" in the eyes of potential private sector investors.

95. The mandates and performance of some of our state-owned enterprises need urgent review by professionals. It is important to re-confirm or change their mandates, accountabilities and set high reporting standards for them. I have already mentioned LNDC and BEDCO, but they are not the only ones. The Road Fund, Petroleum Fund, NDSO and others come to mind.

96. Madam Speaker, I am happy to report that overall the implementation of projects financed from Millennium Challenge Corporation grant are proceeding on schedule. The House will recall that the MCC Grant of US$362 million must be spent all in five years from September, last year when the Compact entered into force.

97. We have over the years experienced delays in payments by Government to private suppliers. This has, in some instances led to the collapse of private businesses. Government intends to create a Hotline and a Special Unit in the Ministry of Finance and

Development Planning to chase delayed payments to suppliers and follow-up matters relating to cross-border complaints.

Specific Issues

Public Service Pension Reform

Madam Speaker,

98. During the 2008/09 Budget, the Government established a Defined Contributions Pension Fund for civil servants aged 40 and below. The budget now proposes an extension of this pension scheme to civil servants aged 41 to 45. The contingent liability for incorporating this group will be reduced over two years by M500 million while annual payments will be increased by only M32 million per annum, as Government's contribution of 11.2%. Urgent attention is being given to the Pension Scheme for Members of Parliament, Principal Secretaries and Statutory officers.

Tax Adjustments

99. The Budget proposes the continuation of the policy to link personal income tax to inflation. This is to avoid increasing the tax burden on individuals who, because of inflation, are moved into the higher income tax bracket. When we apply the rate of annual inflation to the tax credit allowance of M4,500, it will increase to M4,860 and the threshold M37,378 to M40,368. To respond to the hardship created by the current global economic crisis, it is proposed that the tax rebate be increased to M5,000 from the 1st of April, 2009.

100. It is the Government's policy to keep the levels of taxation under constant review so that compliance can be rewarded, relief given to those who are most deserving and inequities removed.

101. With regard to “Sin Taxes” on liquor and cigarettes, we have agreed to harmonize them at SACU level. I propose therefore that we adopt the same rates which have been proposed by South Africa. Again, we plan to harmonize at SACU level the taxation of vehicles based on their gas emissions.

Preparation of the Statement of financial Affairs For the Period, Starting 1st April, 2009

102. Last year, I reported to Parliament that Lesotho has not compiled and presented for audit the annual accounts for the five fiscal years 1996/97 to 2000/91. The state of the records needed to successfully compile the annual accounts for the purpose of audit is so poor that the annual public accounts cannot be reasonably prepared. There is therefore, no value in proceeding with the audit of the backlog of the accounts.

103. I therefore, proposed that a Statement of Financial Affairs be prepared for the period ending 31st March, 2008 and that this be adopted as providing Opening Balances. I also proposed that the Treasury should mount a Special Investigation into those irregularities that are uncovered during the preparation of Financial Statement of Affairs.

104. Madam, I will be prepared to discuss these matters in full with the Public Accounts Committee so that Lesotho can, at last have unqualified Public Accounts.

Salary Adjustments

Madam Speaker

105. The message of the Budget I have just presented to this Honourable House is not easy. Times are tough and tough choices have to be made. Resources are limited and the outlook is not bright.

Government has had to make a fine balancing act. Some things that it wanted to do have had to be postponed and other scrapped.

106. It is against this tough environment that the issue of salary adjustment for public servants was considered. After much debate it was agreed to give public servants an across the board 8.5% salary adjustment across the board effective 1st of April, 2009. Government expect hard work and timely delivery of service while those who pay our salaries ask for nothing less than to be treated with dignity, respect and compassion.

107. Before I conclude, Madam Speaker, allow me to express on behalf of the Government and all the people of Lesotho appreciation to all Development Partners. We know that the economic and financial situation in some of your countries is worse than ours. Some of your country men and women has lost their jobs, some their houses and others their pensions. Notwithstanding this, your countries have opted to stand shoulder to shoulder with us. Thank you.

108. On a personal level I wish to express my deep appreciation to the Right Honourable Prime Minister, the Hon. Deputy Prime Minister and my Cabinet colleagues for the support, encouragement and understanding they have shown during the preparation of this Budget. I also wish to thank the Governor and Deputy Governor and Director of Research of the Central Bank for their valuable contribution.

109. Last but not least, I wish to express my heartfelt thanks and appreciation for the Budget Team in the Ministry of Finance and Development Planning led by the Principal Secretary.

110. The road ahead is tough, but we shall overcome.

Khotso! Pula! Nala!

Annex 1

Budget Item	Economic classification			Percentage differences from 08/09 budget		Economic classification (% of GDP)			Economic classification (% of GNI)			Budget lines as a percentage of revenue / expenditure		
	Budget 08/09	Projected outturn 08/09	Proposed budget 09/10	Projected outrun 08/09	Proposed budget 09/10	Budget 08/09	Projected outturn 08/09	Proposed budget 09/10	Budget 08/09	Projected outturn 08/09	Proposed budget 09/10	Budget 08/09	Projected outturn 08/09	Proposed budget 09/10
Revenue and Grants	**8696.5**	**8453.0**	**9942.3**	**-2.8**	**14.3**	**61.9**	**60.1**	**62.3**	**49.4**	**48.0**	**50.6**	**100.0**	**100.0**	**100.0**
Revenue	**8006.0**	**8147.0**	**8863.8**	**1.8**	**10.7**	**57.0**	**58.0**	**55.6**	**45.5**	**46.3**	**45.1**	**92.1**	**96.4**	**89.2**
Tax Revenue	**7273.1**	**7568.4**	**8007.4**	**4.1**	**10.1**	**51.7**	**53.8**	**50.2**	**41.3**	**43.0**	**40.8**	**83.6**	**89.5**	**80.5**
Customs	5082.0	4900.9	5308.1	-3.6	4.4	36.2	34.9	33.3	28.9	27.8	27.0	58.4	58.0	53.4
Income Tax	1051.0	1491.3	1463.3	41.9	39.2	7.5	10.6	9.2	6.0	8.5	7.4	12.1	17.6	14.7
VAT	960.6	960.8	1064.5	0.0	10.8	6.8	6.8	6.7	5.5	5.5	5.4	11.0	11.4	10.7
Oil Levy - GOLFIS	90.0	117.0	68.6	30.0	-23.8	0.6	0.8	0.4	0.5	0.7	0.3	1.0	1.4	0.7
Other Tax	89.5	98.5	102.9	10.0	15.0	0.6	0.7	0.6	0.5	0.6	0.5	1.0	1.2	1.0
Non-Tax Revenue	**732.9**	**578.6**	**856.4**	**-21.1**	**16.9**	**5.2**	**4.1**	**5.4**	**4.2**	**3.3**	**4.4**	**8.4**	**6.8**	**8.6**
Water Royalty	290.0	327.4	341.2	12.9	17.7	2.1	2.3	2.1	1.6	1.9	1.7	3.3	3.9	3.4
Other Non-Tax	442.9	251.2	515.2	-43.3	16.3	3.2	1.8	3.2	2.5	1.4	2.6	5.1	3.0	5.2
Grants	**690.5**	**306.0**	**1078.5**	**-55.7**	**56.2**	**4.9**	**2.2**	**6.8**	**3.9**	**1.7**	**5.5**	**7.9**	**3.6**	**10.8**
Project grants	690.5	306.0	1078.5	-55.7	56.2	4.9	2.2	6.8	3.9	1.7	5.5	7.9	3.6	10.8
Expenditure & Net lending	**9095.9**	**7697.1**	**11632.3**	**-15.4**	**27.9**	**64.7**	**54.8**	**72.9**	**51.7**	**43.7**	**59.2**	**100.0**	**100.0**	**100.0**
Recurrent Expenditure	**6956.7**	**6193.0**	**8236.6**	**-11.0**	**18.4**	**49.5**	**44.1**	**51.6**	**39.5**	**35.2**	**41.9**	**76.5**	**80.5**	**70.8**
Wages and Salaries	2133.1	1894.0	2671.5	-11.2	25.2	15.2	13.5	16.8	12.1	10.8	13.6	23.5	24.6	23.0
Goods & Services	2287.9	1888.0	2877.6	-17.5	25.8	16.3	13.4	18.0	13.0	10.7	14.6	25.2	24.5	24.7
Transfers and Subsidies	2389.0	2278.0	2533.6	-4.6	6.1	17.0	16.2	15.9	13.6	12.9	12.9	26.3	29.6	21.8
Interest Payments	146.7	133.0	153.9	-9.3	4.9	1.0	0.9	1.0	0.8	0.8	0.8	1.6	1.7	1.3
Foreign Debt	55.7	70.0	66.8	25.7	20.0	0.4	0.5	0.4	0.3	0.4	0.3	0.6	0.9	0.6
Domestic Debt	91.0	63.0	87.0	-30.8	-4.4	0.6	0.4	0.5	0.5	0.4	0.4	1.0	0.8	0.7
Capital Expenditure	**2157.1**	**1514.1**	**3414.5**	**-29.8**	**58.3**	**15.3**	**10.8**	**21.4**	**12.3**	**8.6**	**17.4**	**23.7**	**19.7**	**29.4**
GOL funded - GOLFIS	1111.8	995.1	1953.0	-10.5	75.7	7.9	7.1	12.2	6.3	5.7	9.9	12.2	12.9	16.8
Loan Funded = loan drawings	354.8	213.0	383.0	-40.0	7.9	2.5	1.5	2.4	2.0	1.2	1.9	3.9	2.8	3.3
Grant Funded	690.5	306.0	1078.5	-55.7	56.2	4.9	2.2	6.8	3.9	1.7	5.5	7.6	4.0	9.3
													0.0	0.0
Net Lending	**-17.9**	**-10.0**	**-18.7**	**-44.1**	**4.7**	**-0.1**	**-0.1**	**-0.1**	**-0.1**	**-0.1**	**-0.1**	**-0.2**	**-0.1**	**-0.2**
Overall balance before grants	-1089.9	449.9	-2768.4	-141.3	154.0	-7.8	3.2	-17.4	-6.2	2.6	-14.1	-	-	-
Overall balance after grants	-399.4	755.9	-1690.0	-289.3	323.1	-2.8	5.4	-10.6	-2.3	4.3	-8.6	-	-	-
Current balance (gov saving)	1049.3	1954.0	627.3	86.2	-40.2	7.5	13.9	3.9	6.0	11.1	3.2	-	-	-
Primary balance	-252.7	888.9	-1536.1	-451.8	507.9	-1.8	6.3	-9.6	-1.4	5.1	-7.8	-	-	-
											0.0	-	-	-
Total Financing	399.4	-755.9	-1690.0	-289.3	-523.1	2.8	-5.4	-10.6	2.3	-4.3	-8.6	-	-	-
Foreign Financing	135.2	-65.2	-2.1	-148.2	-101.6	1.0	-0.5	0.0	0.8	-0.4	0.0	-	-	-
Loan Drawings	354.8	149.7	383.0	-57.8	7.9	2.5	1.1	2.4	2.0	0.9	1.9	-	-	-
Amortization	-219.6	-214.9	-385.1	-2.1	75.4	-1.6	-1.5	-2.4	-1.2	-1.2	-2.0	-	-	-
Domestic Financing	264.2	-690.7	-1687.9	-361.4	-738.9	1.9	-4.9	-10.6	1.5	-3.9	-8.6	-	-	-
Bank	-	-	-			-	-	-	-	-	-	-	-	-
Nonbank	-	-	-			-	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-	-	-
Deficit % of GDP	-2.8%	5.4%	-10.6%	-289.3	272.9	-	-	-	-	-	-	-	-	-
GDP at market prices	14055	14055	15949	0.0	0.1									
GNI at market prices	17601	17601	19645	0.0	0.1									

GOVERNMENT OF LESOTHO

Annex 2A: Functional Classification of Total Expenditure (Current Prices)

Budget 2009/2010

	Budget 2008/2009 A	Budget 2009/2010 B	Budget (%GDP) 2008/2009 (A/GDP)*100	Budget (%GDP) 2009/2010 (B/GDP)*100	Budget percentage Change Over 2008/2009 (B-A)/A*100	Percentage of Budget 2009/2010 (B/SUM(B))*100
General public services	**2 765 423.8**	**3 686 992.1**	**19.9%**	**23.4%**	**32.9%**	**32.2%**
Executive and legislative organs, financial and fiscal affairs, external affairs	**2 027 006.5**	**2 287 961.8**	**14.5%**	**14.5%**	**12.3%**	**20.0%**
Executive and legislative organs (CS)	170 434.6	209 271.4	1.2%	1.3%	22.8%	1.8%
Financial and fiscal affairs (CS)	1 669 536.7	1 732 564.8	12.0%	11.0%	3.8%	15.1%
External affairs (CS)	187 035.2	346 125.6	1.3%	2.2%	79.1%	3.0%
General services	**286 559.2**	**500 695.5**	**2.1%**	**3.1%**	**74.7%**	**4.4%**
General personnel services (CS)	26 016.9	38 283.6	0.2%	0.2%	47.1%	0.3%
Overall planning and statistical services (CS)	183 152.2	313 667.7	1.3%	2.0%	71.3%	2.7%
Other general services (CS)	77 390.1	148 744.2	0.6%	0.9%	92.2%	1.3%
General public services n.e.c.	**451 858.1**	**898 334.8**	**3.3%**	**5.7%**	**98.8%**	**7.9%**
General public services n.e.c. (CS)	451 858.1	898 334.8	3.3%	5.7%	98.8%	7.9%
Defence	**190 226.8**	**451 831.1**	**1.4%**	**2.9%**	**137.5%**	**3.9%**
Military defence	**139 455.5**	**388 110.9**	**1.0%**	**2.5%**	**178.3%**	**3.4%**
Military defence (CS)	139 455.5	388 110.9	1.0%	2.5%	178.3%	3.4%
Civil defence	**50 771.3**	**63 720.2**	**0.4%**	**0.4%**	**25.5%**	**0.6%**
Civil defence (CS)	50 771.3	63 720.2	0.4%	0.4%	25.5%	0.6%
Public order and safety	**543 990.1**	**769 980.2**	**3.9%**	**4.8%**	**41.5%**	**6.7%**
Police services	**289 953.6**	**418 022.4**	**2.1%**	**2.6%**	**44.2%**	**3.7%**
Police services (CS)	289 953.6	418 022.4	2.1%	2.6%	44.2%	3.7%
Law courts	**143 342.1**	**178 323.6**	**1.0%**	**1.1%**	**24.4%**	**1.6%**
Law courts (CS)	143 342.1	178 323.6	1.0%	1.1%	24.4%	1.6%
Prisons	**98 381.9**	**153 842.9**	**0.7%**	**1.0%**	**56.4%**	**1.3%**
Prisons (CS)	98 381.9	153 842.9	0.7%	1.0%	56.4%	1.3%
Public order and safety n.e.c.	**12 312.5**	**19 791.3**	**0.1%**	**0.1%**	**60.7%**	**0.2%**
Public order and safety n.e.c. (CS)	12 312.5	19 791.3	0.1%	0.1%	60.7%	0.2%
Economic affairs	**1 551 651.2**	**2 282 974.3**	**11.1%**	**14.6%**	**47.1%**	**20.0%**
General economic, commercial and labour affairs	**656 539.9**	**718 809.8**	**4.7%**	**4.6%**	**9.5%**	**6.3%**
General economic and commercial affairs (CS)	263 807.5	278 813.4	1.9%	1.8%	5.7%	2.4%
General labour affairs (CS)	392 732.4	439 996.4	2.8%	2.8%	12.0%	3.8%
Agriculture, forestry, fishing and hunting	**207 407.8**	**253 040.8**	**1.5%**	**1.6%**	**22.0%**	**2.2%**
Agriculture (CS)	174 708.0	196 667.3	1.3%	1.2%	12.6%	1.7%
Forestry (CS)	32 699.8	56 373.5	0.2%	0.4%	72.4%	0.5%
Fuel and energy	**30 171.5**	**59 463.2**	**0.2%**	**0.4%**	**97.1%**	**0.5%**
Non-electric energy (CS)	30 171.5	59 463.2	0.2%	0.4%	97.1%	0.5%
Mining, manufacturing and construction	**518 013.5**	**1 045 096.6**	**3.7%**	**6.7%**	**101.8%**	**9.1%**
Mining of mineral resources other than mineral fuels (CS)	41 802.4	137 750.6	0.3%	0.9%	229.5%	1.2%
Construction (CS)	450 221.7	877 191.1	3.2%	5.6%	94.8%	7.7%
Road transport (CS)	25 989.4	30 154.9	0.2%	0.2%	16.0%	0.3%
Transport	**40 608.7**	**50 499.8**	**0.3%**	**0.3%**	**24.4%**	**0.4%**
Air transport (CS)	40 608.7	50 499.8	0.3%	0.3%	24.4%	0.4%
Other industries	**98 909.8**	**156 064.1**	**0.7%**	**1.0%**	**57.8%**	**1.4%**
Tourism (CS)	18 909.8	52 898.2	0.1%	0.3%	179.7%	0.5%
Multi-purpose development projects (CS)	80 000.0	103 165.9	0.6%	0.7%	29.0%	0.9%
Environmental protection	**14 152.2**	**143 777.7**	**0.1%**	**0.9%**	**915.9%**	**1.3%**
Protection of biodiversity and landscape	**5 849.1**	**121 823.8**	**0.0%**	**0.8%**	**1982.8%**	**1.1%**
Protection of biodiversity and landscape (CS)	5 849.1	121 823.8	0.0%	0.8%	1982.8%	1.1%
Environmental protection n.e.c.	**8 303.1**	**21 953.9**	**0.1%**	**0.1%**	**164.4%**	**0.2%**
Environmental protection n.e.c. (CS)	8 303.1	21 953.9	0.1%	0.1%	164.4%	0.2%
Housing and community amenities	**396 063.9**	**675 437.7**	**2.8%**	**4.3%**	**70.5%**	**5.9%**
Housing development	**2 227.8**	**3 779.8**	**0.0%**	**0.0%**	**69.7%**	**0.0%**
Housing development (CS)	2 227.8	3 779.8	0.0%	0.0%	69.7%	0.0%
Water supply	**393 836.1**	**671 657.9**	**2.8%**	**4.3%**	**70.5%**	**5.9%**
Water supply (CS)	393 836.1	671 657.9	2.8%	4.3%	70.5%	5.9%

Annex 2A: Functional Classification of Total Expenditure (Current Prices) - Continued

Health	**848 067.4**	**1 315 174.2**	**6.1%**	**8.4%**	**55.1%**	**11.5%**
Outpatient services	**87 565.4**	**123 856.3**	**0.6%**	**0.8%**	**41.4%**	**1.1%**
General medical services (IS)	45 027.2	67 889.3	0.3%	0.4%	50.8%	0.6%
Specialized medical services (IS)	40 616.2	55 252.0	0.3%	0.4%	36.0%	0.5%
Paramedical services (IS)	1 922.0	715.0	0.0%	0.0%	(62.8%)	0.0%
Hospital services	**400 365.1**	**354 126.8**	**2.9%**	**2.3%**	**(11.5%)**	**3.1%**
General hospital services (IS)	375 384.6	343 907.5	2.7%	2.2%	(8.4%)	3.0%
Specialized hospital services (IS)	24 980.5	10 219.3	0.2%	0.1%	(59.1%)	0.1%
Public health services	**127 695.2**	**200 885.0**	**0.9%**	**1.3%**	**57.3%**	**1.8%**
Public health services (IS)	127 695.2	200 885.0	0.9%	1.3%	57.3%	1.8%
Health n.e.c.	**232 441.7**	**636 306.1**	**1.7%**	**4.0%**	**173.7%**	**5.6%**
Health n.e.c. (CS)	232 441.7	636 306.1	1.7%	4.0%	173.7%	5.6%
Recreation, culture and religion	**141 251.1**	**228 225.8**	**0.9%**	**1.4%**	**61.6%**	**2.0%**
Recreational and sporting services	**45 913.6**	**59 858.1**	**0.3%**	**0.4%**	**30.4%**	**0.5%**
Recreational and sporting services (IS)	45 913.6	59 858.1	0.3%	0.4%	30.4%	0.5%
Cultural services	**5 353.4**	**17 694.4**	**0.0%**	**0.1%**	**230.5%**	**0.2%**
Cultural services (IS)	5 353.4	17 694.4	0.0%	0.1%	230.5%	0.2%
Broadcasting and publishing services	**60 179.0**	**83 729.0**	**0.4%**	**0.5%**	**39.1%**	**0.7%**
Broadcasting and publishing services (CS)	60 179.0	83 729.0	0.4%	0.5%	39.1%	0.7%
Religious and other community services	**15 690.3**	**49 034.2**	**0.1%**	**0.3%**	**212.5%**	**0.4%**
Religious and other community services (CS)	15 690.3	49 034.2	0.1%	0.3%	212.5%	0.4%
Recreation, culture and religion n.e.c.	**14 114.8**	**17 910.1**	**0.1%**	**0.1%**	**26.9%**	**0.2%**
Recreation, culture and religion n.e.c. (CS)	14 114.8	17 910.1	0.1%	0.1%	26.9%	0.2%
Education	**1 246 823.1**	**1 856 648.4**	**9.1%**	**11.8%**	**48.9%**	**16.2%**
Pre-primary and primary education	**261 565.5**	**313 711.4**	**1.9%**	**2.0%**	**19.9%**	**2.7%**
Pre-primary education (IS)	3 938.9	5 568.2	0.0%	0.0%	41.4%	0.0%
Primary education (IS)	257 626.6	308 143.2	1.9%	2.0%	19.6%	2.7%
Secondary education	**136 134.3**	**181 496.5**	**1.0%**	**1.2%**	**33.3%**	**1.6%**
Upper-secondary education (IS)	136 134.3	181 496.5	1.0%	1.2%	33.3%	1.6%
Post-secondary non-tertiary education	**8 738.3**	**12 832.8**	**0.1%**	**0.1%**	**46.9%**	**0.1%**
Post-secondary non-tertiary education (IS)	8 738.3	12 832.8	0.1%	0.1%	46.9%	0.1%
Tertiary education	**63 206.1**	**127 043.5**	**0.5%**	**0.8%**	**101.0%**	**1.1%**
First stage of tertiary education (IS)	63 206.1	127 043.5	0.5%	0.8%	101.0%	1.1%
Education not definable by level	**17 888.7**	**22 928.5**	**0.1%**	**0.1%**	**28.2%**	**0.2%**
Education not definable by level (IS)	17 888.7	22 928.5	0.1%	0.1%	28.2%	0.2%
Education n.e.c.	**759 290.2**	**1 198 635.7**	**5.5%**	**7.6%**	**57.9%**	**10.5%**
Education n.e.c. (CS)	759 290.2	1 198 635.7	5.5%	7.6%	57.9%	10.5%
Social protection	**23 688.3**	**35 265.3**	**0.2%**	**0.3%**	**73.4%**	**0.3%**
Social protection n.e.c.	**23 688.3**	**35 265.3**	**0.2%**	**0.3%**	**73.4%**	**0.3%**
Social protection n.e.c. (CS)	23 688.3	35 265.3	0.2%	0.3%	73.4%	0.3%
Total	**7 721 337.9**	**11 446 306.8**				
GDP at market prices	**13 862 200.0**	**15 781 200.0**				
GNI at market prices	**17 227 500.0**	**19 532 200.0**				

GOVERNMENT OF LESOTHO

Annex 2B: Functional Classification of Recurrent Expenditure (Current Prices)

Budget 2009/2010

	Budget 2008/2009 A	Budget 2009/2010 B	Budget (%GDP) 2008/2009 (A/GDP)*100	Budget (%GDP) 2009/2010 (B/GDP)*100	Budget percentage Change Over 2008/2009 (B-A)/A*100	Percentage of Budget 2009/2010 (B/SUM(B))*100
General public services	**2 628 278.6**	**3 142 945.0**	**19.0%**	**19.9%**	**19.2%**	**38.2%**
Executive and legislative organs, financial and fiscal affairs, external affairs	**2 008 128.3**	**2 254 826.7**	**14.4%**	**14.2%**	**11.7%**	**27.4%**
Executive and legislative organs (CS)	170 434.6	199 271.4	1.2%	1.3%	16.9%	2.4%
Financial and fiscal affairs (CS)	1 650 658.5	1 709 429.7	11.9%	10.8%	3.6%	20.8%
External affairs (CS)	187 035.2	346 125.6	1.3%	2.2%	79.1%	4.2%
General services	**270 259.2**	**366 240.1**	**2.0%**	**2.2%**	**35.5%**	**4.4%**
General personnel services (CS)	26 016.9	38 283.6	0.2%	0.2%	47.1%	0.5%
Overall planning and statistical services (CS)	166 852.2	244 283.9	1.2%	1.5%	46.4%	3.0%
Other general services (CS)	77 390.1	83 672.6	0.6%	0.5%	8.1%	1.0%
General public services n.e.c.	**349 891.1**	**521 878.2**	**2.5%**	**3.3%**	**49.2%**	**6.3%**
General public services n.e.c. (CS)	349 891.1	521 878.2	2.5%	3.3%	49.2%	6.3%
Defence	**174 226.8**	**434 831.1**	**1.3%**	**2.7%**	**149.6%**	**5.3%**
Military defence	**133 455.5**	**380 610.9**	**1.0%**	**2.4%**	**185.2%**	**4.6%**
Military defence (CS)	133 455.5	380 610.9	1.0%	2.4%	185.2%	4.6%
Civil defence	**40 771.3**	**54 220.2**	**0.3%**	**0.3%**	**33.0%**	**0.7%**
Civil defence (CS)	40 771.3	54 220.2	0.3%	0.3%	33.0%	0.7%
Public order and safety	**532 490.1**	**749 570.2**	**3.9%**	**4.7%**	**40.8%**	**9.1%**
Police services	**289 953.6**	**418 022.4**	**2.1%**	**2.6%**	**44.2%**	**5.1%**
Police services (CS)	289 953.6	418 022.4	2.1%	2.6%	44.2%	5.1%
Law courts	**138 342.1**	**172 323.6**	**1.0%**	**1.1%**	**24.6%**	**2.1%**
Law courts (CS)	138 342.1	172 323.6	1.0%	1.1%	24.6%	2.1%
Prisons	**91 881.9**	**139 432.9**	**0.7%**	**0.9%**	**51.8%**	**1.7%**
Prisons (CS)	91 881.9	139 432.9	0.7%	0.9%	51.8%	1.7%
Public order and safety n.e.c.	**12 312.5**	**19 791.3**	**0.1%**	**0.1%**	**60.7%**	**0.2%**
Public order and safety n.e.c. (CS)	12 312.5	19 791.3	0.1%	0.1%	60.7%	0.2%
Economic affairs	**1 007 603.4**	**1 164 401.1**	**7.3%**	**7.5%**	**15.6%**	**14.1%**
General economic, commercial and labour affairs	**641 192.1**	**647 022.2**	**4.6%**	**4.1%**	**0.9%**	**7.9%**
General economic and commercial affairs (CS)	248 459.7	207 025.8	1.8%	1.3%	(16.7%)	2.5%
General labour affairs (CS)	392 732.4	439 996.4	2.8%	2.8%	12.0%	5.3%
Agriculture, forestry, fishing and hunting	**153 507.8**	**216 040.8**	**1.1%**	**1.4%**	**40.7%**	**2.6%**
Agriculture (CS)	120 808.0	159 667.3	0.9%	1.0%	32.2%	1.9%
Forestry (CS)	32 699.8	56 373.5	0.2%	0.4%	72.4%	0.7%
Fuel and energy	**4 071.5**	**5 238.9**	**0.0%**	**0.0%**	**28.7%**	**0.1%**
Non-electric energy (CS)	4 071.5	5 238.9	0.0%	0.0%	28.7%	0.1%
Mining, manufacturing and construction	**179 313.5**	**218 701.2**	**1.4%**	**1.5%**	**22.0%**	**2.7%**
Mining of mineral resources other than mineral fuels (CS)	7 102.4	8 855.2	0.1%	0.1%	24.7%	0.1%
Construction (CS)	147 721.7	182 691.1	1.1%	1.2%	23.7%	2.2%
Road transport (CS)	24 489.4	27 154.9	0.2%	0.2%	10.9%	0.3%
Transport	**22 608.7**	**34 499.8**	**0.2%**	**0.2%**	**52.6%**	**0.4%**
Air transport (CS)	22 608.7	34 499.8	0.2%	0.2%	52.6%	0.4%
Other industries	**6 909.8**	**42 898.2**	**0.0%**	**0.3%**	**520.8%**	**0.5%**
Tourism (CS)	6 909.8	42 898.2	0.0%	0.3%	520.8%	0.5%
Environmental protection	**9 152.2**	**25 777.7**	**0.0%**	**0.2%**	**181.7%**	**0.3%**
Protection of biodiversity and landscape	**5 849.1**	**9 823.8**	**0.0%**	**0.1%**	**68.0%**	**0.1%**
Protection of biodiversity and landscape (CS)	5 849.1	9 823.8	0.0%	0.1%	68.0%	0.1%
Environmental protection n.e.c.	**3 303.1**	**15 953.9**	**0.0%**	**0.1%**	**383.0%**	**0.2%**
Environmental protection n.e.c. (CS)	3 303.1	15 953.9	0.0%	0.1%	383.0%	0.2%
Housing and community amenities	**49 863.9**	**59 180.9**	**0.3%**	**0.4%**	**18.7%**	**0.7%**
Housing development	**2 227.8**	**3 779.8**	**0.0%**	**0.0%**	**69.7%**	**0.0%**
Housing development (CS)	2 227.8	3 779.8	0.0%	0.0%	69.7%	0.0%
Water supply	**47 636.1**	**55 401.1**	**0.3%**	**0.4%**	**16.3%**	**0.7%**
Water supply (CS)	47 636.1	55 401.1	0.3%	0.4%	16.3%	0.7%

Annex 2B: Functional Classification of Recurrent Expenditure (Current Prices) - Continued

Health	**626 767.4**	**827 146.6**	**4.5%**	**5.3%**	**32.0%**	**10.0%**
Outpatient services	**87 565.4**	**123 856.3**	**0.6%**	**0.8%**	**41.4%**	**1.5%**
General medical services (IS)	45 027.2	67 889.3	0.3%	0.4%	50.8%	0.8%
Specialized medical services (IS)	40 616.2	55 252.0	0.3%	0.4%	36.0%	0.7%
Paramedical services (IS)	1 922.0	715.0	0.0%	0.0%	(62.8%)	0.0%
Hospital services	**400 365.1**	**354 126.8**	**2.9%**	**2.3%**	**(11.5%)**	**4.3%**
General hospital services (IS)	375 384.6	343 907.5	2.7%	2.2%	(8.4%)	4.2%
Specialized hospital services (IS)	24 980.5	10 219.3	0.2%	0.1%	(59.1%)	0.1%
Public health services	**106 195.2**	**175 385.0**	**0.8%**	**1.1%**	**65.2%**	**2.1%**
Public health services (IS)	106 195.2	175 385.0	0.8%	1.1%	65.2%	2.1%
Health n.e.c.	**32 641.7**	**173 778.5**	**0.2%**	**1.1%**	**432.4%**	**2.1%**
Health n.e.c. (CS)	32 641.7	173 778.5	0.2%	1.1%	432.4%	2.1%
Recreation, culture and religion	**117 351.1**	**183 049.8**	**0.8%**	**1.1%**	**56.0%**	**2.2%**
Recreational and sporting services	**31 913.6**	**37 158.1**	**0.2%**	**0.2%**	**16.4%**	**0.5%**
Recreational and sporting services (IS)	31 913.6	37 158.1	0.2%	0.2%	16.4%	0.5%
Cultural services	**2 453.4**	**11 994.4**	**0.0%**	**0.1%**	**388.9%**	**0.1%**
Cultural services (IS)	2 453.4	11 994.4	0.0%	0.1%	388.9%	0.1%
Broadcasting and publishing services	**60 179.0**	**83 729.0**	**0.4%**	**0.5%**	**39.1%**	**1.0%**
Broadcasting and publishing services (CS)	60 179.0	83 729.0	0.4%	0.5%	39.1%	1.0%
Religious and other community services	**8 690.3**	**32 258.2**	**0.1%**	**0.2%**	**271.2%**	**0.4%**
Religious and other community services (CS)	8 690.3	32 258.2	0.1%	0.2%	271.2%	0.4%
Recreation, culture and religion n.e.c.	**14 114.8**	**17 910.1**	**0.1%**	**0.1%**	**26.9%**	**0.2%**
Recreation, culture and religion n.e.c. (CS)	14 114.8	17 910.1	0.1%	0.1%	26.9%	0.2%
Education	**1 053 823.1**	**1 619 648.4**	**7.6%**	**10.3%**	**53.7%**	**19.7%**
Pre-primary and primary education	**221 565.5**	**255 211.4**	**1.6%**	**1.6%**	**15.2%**	**3.1%**
Pre-primary education (IS)	3 938.9	5 568.2	0.0%	0.0%	41.4%	0.1%
Primary education (IS)	217 626.6	249 643.2	1.6%	1.6%	14.7%	3.0%
Secondary education	**31 134.3**	**87 496.5**	**0.2%**	**0.6%**	**181.0%**	**1.1%**
Upper-secondary education (IS)	31 134.3	87 496.5	0.2%	0.6%	181.0%	1.1%
Post-secondary non-tertiary education	**8 738.3**	**10 532.8**	**0.1%**	**0.1%**	**20.5%**	**0.1%**
Post-secondary non-tertiary education (IS)	8 738.3	10 532.8	0.1%	0.1%	20.5%	0.1%
Tertiary education	**53 206.1**	**106 043.5**	**0.4%**	**0.7%**	**99.3%**	**1.3%**
First stage of tertiary education (IS)	53 206.1	106 043.5	0.4%	0.7%	99.3%	1.3%
Education not definable by level	**17 888.7**	**22 928.5**	**0.1%**	**0.1%**	**28.2%**	**0.3%**
Education not definable by level (IS)	17 888.7	22 928.5	0.1%	0.1%	28.2%	0.3%
Education n.e.c.	**721 290.2**	**1 137 435.7**	**5.2%**	**7.2%**	**57.7%**	**13.8%**
Education n.e.c. (CS)	721 290.2	1 137 435.7	5.2%	7.2%	57.7%	13.8%
Social protection	**20 088.3**	**30 765.3**	**0.1%**	**0.2%**	**82.1%**	**0.4%**
Social protection n.e.c.	**20 088.3**	**30 765.3**	**0.1%**	**0.2%**	**82.1%**	**0.4%**
Social protection n.e.c. (CS)	20 088.3	30 765.3	0.1%	0.2%	82.1%	0.4%
Total	**6 219 644.9**	**8 237 316.1**				
GDP at market prices	**13 862 200.0**	**15 781 200.0**				
GNI at market prices	**17 227 500.0**	**19 532 200.0**				

Annex 2C: Functional Classification of Capital Expenditure (Current Prices) - Continued

Health	**221 300.0**	**488 027.6**	**1.6%**	**3.1%**	**120.5%**	**15.2%**
Public health services	**21 500.0**	**25 500.0**	**0.2%**	**0.2%**	**18.6%**	**0.8%**
Public health services (IS)	21 500.0	25 500.0	0.2%	0.2%	18.6%	0.8%
Health n.e.c.	**199 800.0**	**462 527.6**	**1.4%**	**2.9%**	**131.5%**	**14.4%**
Health n.e.c. (CS)	199 800.0	462 527.6	1.4%	2.9%	131.5%	14.4%
Recreation, culture and religion	**23 900.0**	**45 176.0**	**0.2%**	**0.2%**	**89.0%**	**1.4%**
Recreational and sporting services	**14 000.0**	**22 700.0**	**0.1%**	**0.1%**	**62.1%**	**0.7%**
Recreational and sporting services (IS)	14 000.0	22 700.0	0.1%	0.1%	62.1%	0.7%
Cultural services	**2 900.0**	**5 700.0**	**0.0%**	**0.0%**	**96.6%**	**0.2%**
Cultural services (IS)	2 900.0	5 700.0	0.0%	0.0%	96.6%	0.2%
Religious and other community services	**7 000.0**	**16 776.0**	**0.1%**	**0.1%**	**139.7%**	**0.5%**
Religious and other community services (CS)	7 000.0	16 776.0	0.1%	0.1%	139.7%	0.5%
Education	**193 000.0**	**237 000.0**	**1.5%**	**1.5%**	**22.8%**	**7.4%**
Pre-primary and primary education	**40 000.0**	**58 500.0**	**0.3%**	**0.4%**	**46.3%**	**1.8%**
Primary education (IS)	40 000.0	58 500.0	0.3%	0.4%	46.3%	1.8%
Secondary education	**105 000.0**	**94 000.0**	**0.8%**	**0.6%**	**(10.5%)**	**2.9%**
Upper-secondary education (IS)	105 000.0	94 000.0	0.8%	0.6%	(10.5%)	2.9%
Post-secondary non-tertiary education	**0.0**	**2 300.0**	**0.0%**	**0.0%**	-	**0.1%**
Post-secondary non-tertiary education (IS)	0.0	2 300.0	0.0%	0.0%	-	0.1%
Tertiary education	**10 000.0**	**21 000.0**	**0.1%**	**0.1%**	**110.0%**	**0.7%**
First stage of tertiary education (IS)	10 000.0	21 000.0	0.1%	0.1%	110.0%	0.7%
Education n.e.c.	**38 000.0**	**61 200.0**	**0.3%**	**0.4%**	**61.1%**	**1.9%**
Education n.e.c. (CS)	38 000.0	61 200.0	0.3%	0.4%	61.1%	1.9%
Social protection	**3 600.0**	**4 500.0**	**0.0%**	**0.0%**	**25.0%**	**0.1%**
Social protection n.e.c.	**3 600.0**	**4 500.0**	**0.0%**	**0.0%**	**25.0%**	**0.1%**
Social protection n.e.c. (CS)	3 600.0	4 500.0	0.0%	0.0%	25.0%	0.1%
Unallocated						
Total	**1 501 692.9**	**3 208 990.8**				
GDP at market prices	**13 862 200.0**	**15 781 200.0**				
GNI at market prices	**17 227 500.0**	**19 532 200.0**				

GOVERNMENT OF LESOTHO

Annex 2D: Functional Classification (Percentage Shares)

Recurrent and Capital

Budget 2009/2010

Amounts in '000 Maloti

Defence	4.1%
Economic affairs	18.4%
Education	16.6%
Environmental protection	1.3%
General public services	33.3%
Health	11.9%
Housing and community amenities	5.0%
Public order and safety	7.0%
Recreation, culture and religion	2.1%
Social protection	0.4%
Total:	100.0%

GOVERNMENT OF LESOTHO

Annex 3B: Recurrent and Development Budget - Ministerial Allocations

Budget 2009/2010

Amounts in Percentage of Total

		Approved Budget 2008/2009						Approved Budget 2009/2010					
Code	**Ministry**	**Recurrent Budget**	**Capital Budget**	**Capital Budget Financed by GOL**	**Capital Budget Financed by Loans and Grants**	**Total Budget**	**Total Budget Financed by GOL**	**Recurrent Budget**	**Capital Budget**	**Capital Budget Financed by GOL**	**Capital Budget Financed by Loans and Grants**	**Total Budget**	**Total Budget Financed by GOL**
01	Ministry of Agriculture and Food Security	2.8	4.3	3.8	5.0	3.1	2.9	2.6	1.5	2.0	1.0	2.3	2.5
02	Ministry of Health and Social Welfare	13.0	15.0	11.8	19.8	13.4	12.8	12.5	15.3	13.5	17.6	13.4	12.7
03	Ministry of Education and Training	20.8	12.2	5.3	22.5	18.8	18.4	23.2	7.0	3.0	11.8	18.0	19.1
04	Ministry of Finance and Development Planning	15.9	2.5	2.9	1.9	12.8	13.9	12.1	5.0	4.2	6.0	9.8	10.5
05	Ministry of Trade and Industry, Coops and Marketing	1.2	0.7	1.2	0.0	1.1	1.2	1.1	2.0	2.5	1.4	1.4	1.4
07	Ministry of Justice, Human Rights and Reh	4.1	0.8	1.3	0.0	3.3	3.7	4.1	0.6	1.2	0.0	3.0	3.5
08	Ministry of Home Affairs and Public Safety	6.2	0.0	0.0	0.0	4.7	5.2	6.5	0.0	0.0	0.0	4.4	5.2
09	Prime Ministers Office	2.4	0.0	0.0	0.0	1.8	2.0	2.1	0.0	0.0	0.0	1.4	1.6
10	Ministry of Communication, Science and Technology	1.6	0.0	0.0	0.0	1.2	1.3	1.7	0.0	0.0	0.0	1.1	1.3
11	Ministry of Law and Constitutional Affairs	1.2	0.0	0.0	0.0	0.9	1.0	1.1	0.0	0.0	0.0	0.8	0.9
12	Ministry of Foreign Affairs and International Relations	4.0	0.0	0.0	0.0	3.0	3.3	5.1	0.0	0.0	0.0	3.5	4.1
13	Ministry of Public Works and Transport	4.0	21.4	21.9	20.8	8.1	6.8	3.6	22.2	19.7	25.3	9.6	6.9
14	Ministry of Forestry and Land Reclamation	0.8	0.0	0.0	0.0	0.6	0.7	1.0	3.5	6.4	0.0	1.8	2.1
15	Ministry of Natural Resources	1.6	27.2	25.6	29.5	7.6	5.3	1.4	25.0	16.5	35.0	9.0	4.5
16	Ministry of Labour and Employment	0.7	0.0	0.0	0.0	0.6	0.6	0.7	0.0	0.0	0.0	0.5	0.6
17	Ministry of Tourism, Environment and Culture	0.3	1.3	2.2	0.0	0.5	0.6	1.0	0.7	1.2	0.0	0.9	1.1
18	Auditor Generals Office	0.3	0.0	0.0	0.0	0.2	0.3	0.3	0.0	0.0	0.0	0.2	0.2
19	His Majestys Office	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.3	0.6	0.0	0.2	0.2
20	Public Service Commission	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1
31	Contingencies	5.1	0.0	0.0	0.0	3.9	4.3	2.4	0.0	0.0	0.0	1.6	1.9
34	Lesotho Highlands Development Authority	0.0	5.3	8.9	0.0	1.3	1.4	0.0	3.2	4.8	1.4	1.0	1.0
37	Ministry of Defence and National Security	3.8	1.1	1.8	0.0	3.2	3.5	6.7	0.5	1.0	0.0	4.7	5.5
38	National Assembly	1.0	0.0	0.0	0.0	0.8	0.9	0.9	0.0	0.0	0.0	0.6	0.7
40	Ombudsman	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1
41	Independent Electoral Commission	0.5	0.0	0.0	0.0	0.3	0.4	2.0	0.0	0.0	0.0	1.4	1.6
42	Ministry of Local Government and Chieftainship	6.9	7.0	11.7	0.0	6.9	7.6	5.8	12.0	22.1	0.0	7.8	9.2
43	Ministry of Gender, Youth, Sports and Recreation	1.1	1.3	1.7	0.6	1.1	1.2	1.3	1.1	1.5	0.5	1.2	1.3
44	Public Service	0.5	0.0	0.0	0.0	0.4	0.4	0.5	0.0	0.0	0.0	0.4	0.4
Grand Total		**100.1**	**100.1**	**100.1**	**100.1**	**99.9**	**100.0**	**100.0**	**99.9**	**100.2**	**100.0**	**100.2**	**100.2**

GOVERNMENT OF LESOTHO

Annex 3A: Recurrent and Development Budget - Ministerial Allocations

Budget 2009/2010

Amounts in Million Maloti

Code	Ministry	Approved Budget 2008/2009						Approved Budget 2009/2010					
		Recurrent Budget	Capital Budget	Capital Budget Financed by GOL	Capital Budget Financed by Loans and Grants	Total Budget	Total Budget Financed by GOL	Recurrent Budget	Capital Budget	Capital Budget Financed by GOL	Capital Budget Financed by Loans and Grants	Total Budget	Total Budget Financed by GOL
21	Principal Repayment	219.6	0.0	0.0	0.0	219.6	219.6	385.1	0.0	0.0	0.0	385.1	385.1
22	Interest Charges	142.2	0.0	0.0	0.0	142.2	142.2	153.9	0.0	0.0	0.0	153.9	153.9
23	Pension and Gratuities	1 177.1	0.0	0.0	0.0	1 177.1	1 177.1	1 032.2	0.0	0.0	0.0	1 032.2	1 032.2
24	Statutory Salaries and Allowances	11.8	0.0	0.0	0.0	11.8	11.8	18.2	0.0	0.0	0.0	18.2	18.2
25	Subscriptions to International, Fin	20.5	0.0	0.0	0.0	20.5	20.5	35.5	0.0	0.0	0.0	35.5	35.5
26	Refund of Erroneous Receipts	3.0	0.0	0.0	0.0	3.0	3.0	3.0	0.0	0.0	0.0	3.0	3.0
39	Senate	15.7	0.0	0.0	0.0	15.7	15.7	16.9	0.0	0.0	0.0	16.9	16.9
01	Ministry of Agriculture and Food Security	134.9	63.9	33.9	30.0	198.8	168.8	176.9	49.0	34.0	15.0	225.9	210.9
02	Ministry of Health and Social Welfare	632.9	224.9	106.0	118.9	857.8	738.9	846.3	492.5	234.6	257.9	1 338.8	1 080.9
03	Ministry of Education and Training	1 015.8	183.0	48.0	135.0	1 198.8	1 063.8	1 567.8	225.0	52.0	173.0	1 792.8	1 619.8
04	Ministry of Finance and Development Planning	778.7	37.5	26.1	11.5	816.2	804.7	815.8	161.9	73.2	88.6	977.7	889.1
05	Ministry of Trade and Industry, Coops and Marketing	59.2	11.0	11.0	0.0	70.2	70.2	73.4	63.7	43.2	20.5	137.1	116.6
07	Ministry of Justice, Human Rights and Reh	201.3	11.5	11.5	0.0	212.8	212.8	275.5	20.4	20.4	0.0	295.9	295.9
08	Ministry of Home Affairs and Public Safety	302.3	0.0	0.0	0.0	302.3	302.3	437.8	0.0	0.0	0.0	437.8	437.8
09	Prime Ministers Office	115.7	0.0	0.0	0.0	115.7	115.7	138.5	0.0	0.0	0.0	138.5	138.5
10	Ministry of Communication, Science and Technology	77.7	0.0	0.0	0.0	77.7	77.7	114.5	0.0	0.0	0.0	114.5	114.5
11	Ministry of Law and Constitutional Affairs	59.3	0.0	0.0	0.0	59.3	59.3	76.5	0.0	0.0	0.0	76.5	76.5
12	Ministry of Foreign Affairs and International Relations	193.0	0.0	0.0	0.0	193.0	193.0	346.1	0.0	0.0	0.0	346.1	346.1
13	Ministry of Public Works and Transport	194.8	322.0	197.0	125.0	516.8	391.8	241.4	713.5	342.5	371.0	954.9	583.9
14	Ministry of Forestry and Land Reclamation	38.5	0.0	0.0	0.0	38.5	38.5	66.2	112.0	112.0	0.0	178.2	178.2
15	Ministry of Natural Resources	76.8	408.0	231.0	177.0	484.8	307.8	93.0	800.7	286.6	514.0	893.6	379.6
16	Ministry of Labour and Employment	35.3	0.0	0.0	0.0	35.3	35.3	47.1	0.0	0.0	0.0	47.1	47.1
17	Ministry of Tourism, Environment and Culture	12.3	19.9	19.9	0.0	32.2	32.2	70.3	21.7	21.7	0.0	92.0	92.0
18	Auditor Generals Office	15.1	0.0	0.0	0.0	15.1	15.1	19.0	0.0	0.0	0.0	19.0	19.0
19	His Majestys Office	7.0	0.0	0.0	0.0	7.0	7.0	9.0	10.0	10.0	0.0	19.0	19.0
20	Public Service Commission	5.4	0.0	0.0	0.0	5.4	5.4	6.6	0.0	0.0	0.0	6.6	6.6
31	Contingencies	250.0	0.0	0.0	0.0	250.0	250.0	160.0	0.0	0.0	0.0	160.0	160.0
34	Lesotho Highlands Development Authority	0.0	80.0	80.0	0.0	80.0	80.0	0.0	103.2	83.0	20.2	103.2	83.0
37	Ministry of Defence and National Security	187.8	16.0	16.0	0.0	203.8	203.8	450.6	17.0	17.0	0.0	467.6	467.6
38	National Assembly	50.9	0.0	0.0	0.0	50.9	50.9	61.2	0.0	0.0	0.0	61.2	61.2
40	Ombudsman	4.3	0.0	0.0	0.0	4.3	4.3	9.0	0.0	0.0	0.0	9.0	9.0
41	Independent Electoral Commission	22.3	0.0	0.0	0.0	22.3	22.3	135.8	0.0	0.0	0.0	135.8	135.8
42	Ministry of Local Government and Chieftainship	335.3	105.0	105.0	0.0	440.2	440.2	394.2	384.7	384.7	0.0	778.9	778.9
43	Ministry of Gender, Youth, Sports and Recreation	52.9	19.0	15.5	3.5	71.9	68.4	84.8	33.7	26.9	6.8	118.5	111.7
44	Public Service	25.2	0.0	0.0	0.0	25.2	25.2	35.1	0.0	0.0	0.0	35.1	35.1
Total		**4 884.7**	**1 501.7**	**900.9**	**600.9**	**6 386.3**	**5 785.4**	**6 752.4**	**3 209.0**	**1 741.8**	**1 467.0**	**9 961.3**	**8 494.3**
Grand Total		**6 474.6**	**1 501.7**	**900.9**	**600.9**	**7 976.2**	**7 375.3**	**8 397.2**	**3 209.0**	**1 741.8**	**1 467.0**	**11 606.1**	**10 139.1**