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# **2023/24 THIRD QUARTER BUDGET PERFORMANCE BULLETIN**

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**MINISTRY OF FINANCE AND DEVELOPMENT PLANNING  
Budget Department, Finance House, Maseru**

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## EXECUTIVE SUMMARY

The third quarter Budget Performance Bulletin for the fiscal year 2023/24, prepared by the Department of Budget within the Ministry of Finance and Development Planning, provides a comprehensive overview of the government's fiscal performance. Key highlights include:

**Revenue Collection Performance:** Revenue collection showed a significant increase, reflecting positive economic trends and effective financial management strategies.

**Recurrent Performance:** Expenditure increased by 7 percent compared to the previous year, demonstrating prudent utilization of resources in alignment with budgetary objectives.

**Expenditure Per Sub-head:** Various budget categories witnessed increases, driven by strategic allocations and advances from the Contingencies Fund, indicating proactive responses to evolving needs.

**Development Expenditure:** The capital budget for the fiscal year stood at M6,323.4 million, reflecting the government's commitment to developmental initiatives. However, challenges persist in achieving optimal utilization across all projects, necessitating strategic reallocation and enhanced project management practices.

## INTRODUCTION

Quarterly performance reports are pivotal tools in evaluating an organization's progress towards its annual objectives, as outlined in the Annual Performance Plans. These reports offer a holistic view of achievements in implementing the institution's performance agenda over both quarterly and annual periods. Presented here is the third quarter Budget Performance Bulletin for the financial year 2023/24, compiled by the Department of Budget within the Ministry of Finance and Development Planning.

This bulletin provides insights into the performance of various fiscal aspects, including revenue collection, recurrent expenditures, expenditure per sub-head, and development expenditure. Through this analysis, we aim to

elucidate the government's fiscal management strategies, economic trends, and progress towards achieving budgetary objectives

## REVENUE COLLECTION PERFORMANCE

**Table 1: 2023/24 Q3 Revenue Collection**

2023/24 REVENUE COLLECTION FOR THE THIRD QUARTER			
Revenue Components	Revised Budget (RB)	Quarter 3 Collections	Expenditure as % of RB
Tax	11 007,1m	1 548,9m	14%
Non- Tax	2 937,0m	268,5m	9%
SACU Receipts	10 148,4m	2 537,1m	25%
Principal Repayments Received from Non Financial Corporations	34,5m	0,0m	0%
<b>Grand Total</b>	<b>24 127,1m</b>	<b>4 354,5m</b>	<b>18%</b>

The table presented offers a comprehensive overview of the total revenue collection as of the close of the reported quarter. Initially projected at M24,127.1 million for the fiscal year, the actual collection by the end of the third quarter had reached M4,354.5 million, showcasing a significant increase of approximately 10 percent compared to the M3,916.6 million collected during the same quarter in the preceding fiscal year. This notable growth reflects a robust performance in revenue generation, indicative of positive economic trends and effective financial management strategies.

## THIRD QUARTER RECURRENT PERFORMANCE

In the 2023/24 financial year, the approved Recurrent Budget underwent a revision, escalating from M20,351.2 million to M20,494.9 million by the close of the reported quarter. This increase stemmed from allocations sourced from both the contingencies fund and centralized items.

Expenditures amounted to M4,064.2 million at the end of the reported quarter, marking a notable 7 percent rise compared to the same quarter in the previous year, which saw expenditures at M3,787.8 million. The cumulative expenditure

for the period totalled M13,142.2 million, reflecting 88 percent and 64 percent utilisation of the warrants allocated and revised budget, respectively. This expenditure pattern underscores the prudent utilisation of allocated resources in alignment with budgetary objectives and fiscal targets.

## EXPENDITURE PER SUB-HEAD

**Table 2: Recurrent Expenditure By Sub Head**

2023/2024 QUARTER 3 RECCURENT EXPENDITURE BY SUB-HEAD							
Sub-Head	Approved Budget	Revised Budget	Warrant Allocations	Quarter 3 Expenditure	Expenditure To Date	Expenditure as % of Warrant Allocation	Expenditure as % of Revised Budget
41 - Compensation of Employees	8 541,4m	8 560,7m	6 350,7m	1 869,4m	5 682,1m	89%	66%
42 - Travel and Transport	417,8m	444,0m	332,5m	80,5m	209,2m	63%	47%
43 - Operating Costs	2 521,3m	2 560,9m	1 940,5m	392,0m	1 183,0m	61%	46%
46 - Interest	1 036,6m	996,6m	648,2m	167,0m	563,1m	87%	56%
47 - Transfers	4 145,9m	4 359,1m	2 727,4m	765,1m	2 573,6m	94%	59%
48 - Other Expense	1 216,7m	1 237,0m	845,9m	145,6m	838,3m	99%	68%
49 - Losses	50,0m	50,0m	48,7m	4,1m	34,1m	70%	68%
51 - Acquisition of Financial Assets	22,2m	30,2m	12,4m	0,0m	12,4m	100%	41%
52 - Acquisition of Monetary Gold and Special Drawing Rights	2,8m	2,8m	0,0m	0,0m	0,0m	0%	0%
53 - Acquisition of Non Financial Assets	42,9m	64,0m	55,9m	18,8m	24,5m	44%	38%
59 - Contingencies Fund	300,0m	96,0m	0,0m	0,0m	0,0m	0%	0%
61 - Repayment of Domestic Liabilities	860,3m	1 351,9m	1 351,9m	481,3m	1 404,1m	104%	104%
62 - Repayments of Foreign Liabilities	1 193,4m	741,8m	589,5m	140,5m	617,9m	105%	83%
<b>Grand Total</b>	<b>20 351,2m</b>	<b>20 494,9m</b>	<b>14 903,6m</b>	<b>4 064,2m</b>	<b>13 142,2m</b>	<b>88%</b>	<b>64%</b>

The approved budget for **Compensation of Employees** saw an increase from M8,541.4 million to M8,560.7 million by the close of the reported quarter. Expenditure during this period amounted to M1,869.4 million, showing a notable rise from M1,725.1 million recorded in the corresponding quarter of the previous fiscal year.

This increase in the budget was primarily driven by advances from the Contingencies Fund. These allocations were earmarked to accommodate the wages of part-time lecturers at Lesotho Agricultural College and to cover expenses related to invigilators and administrators at Lesotho Distance Teaching Centre.

The cumulative expenditure reached M5,682.1 million, representing 89 percent of the warrants allocated and 66 percent of the revised budget. This expenditure showcased a substantial utilisation of resources within the allocated parameters.

The **Travel and Transport** budget, initially set at M417.8 million, saw an increase to M444.0 million by the quarter's end. This uptick was a result of internal transfers within ministries and the advances from the Contingencies fund to the Ministry of Defence for aircraft fuel and lubricants in support of the Local Government elections. Expenditure for the period totalled M80.5 million, with cumulative expenditure reaching M209.2 million. This represents 63 percent and 47 percent of the allocated and revised budgets, respectively. Notably, expenditure in this category is 4 percent lower compared to the same period last year.

Regarding **Operating Costs**, the approved budget of M2,521.3 million underwent an increase to M2,560.9 million, reflecting a proactive response to evolving needs. This augmentation was made possible through the allocation of funds from the Contingencies Fund, strategically directed to support critical functions. Specifically, allocations were designated to address operational necessities at the Lesotho Agricultural College and Senate, crucially addressing outstanding bills for power and communication services.

Furthermore, recognizing the importance of maintaining essential governmental infrastructure, funds were directed to the Ministry of Foreign Affairs and International Relations to settle overdue municipality rates for the Indent House Government building. Such allocations not only ensure the smooth functioning of governmental operations but also uphold international relations.

Moreover, in line with the government's commitment to efficient public service delivery, investments were channelled towards the Ministry of Public Works and Transport. This allocation facilitated the streamlining of administrative processes, enabling the issuance of vital documents such as number plates and driver's licenses with increased efficiency and accessibility to the public.

In terms of expenditure, the recorded figure of M392.0 million underscores the prudent utilization of allocated resources to meet operational demands

effectively. Cumulatively, expenditure reached M1,183.0 million, reflecting a robust utilization of budgetary allocations to address critical operational needs across various sectors. This marked increase in expenditure, surpassing last year's figures, signifies a proactive approach in addressing evolving challenges and ensuring sustained service delivery to the populace.

The approved budget for **Transfers** experienced a significant increase from M4,145.9 million to M4,359.1 million by the end of the reporting period. This substantial growth was fuelled by strategic allocations from the Contingencies Fund, directed towards various crucial initiatives.

Firstly, funds were allocated to the Ministry of Natural Resources to support the refurbishment and maintenance of the Muela Hydropower plant, underscoring the government's commitment to sustainable energy infrastructure and environmental conservation.

Additionally, allocations were designated to the Disaster Management Authority to facilitate the purchase of Basotho produce, promoting local agricultural initiatives, and fostering economic development within communities.

Furthermore, the Ministry of Natural Resources received funds to address outstanding gratuities for staff members of the Lesotho Highlands Water Commission, ensuring the welfare and financial security of those contributing to vital water resource management projects.

Moreover, funds from Centralized Items were strategically allocated to the Ministry of Defence to support SAMIM activities, emphasising the government's dedication to regional peacekeeping efforts and international cooperation. Additionally, provisions were made for compensating Lesotho Defence Force personnel who served in the SADC mission in Mozambique, recognizing their contributions to regional stability and security.

These targeted allocations demonstrate the government's proactive approach to address diverse needs across sectors, promoting sustainable development, and enhancing national resilience and security.

## DEVELOPMENT EXPENDITURE

The table below shows the approved Government of Lesotho capital budget for 2023/24 financial year.

**Table 3: Capital Budget Performance**

2023-2024 THIRD QUARTER CAPITAL BUDGET PERFORMANCE						
Source of Funding	Approved Budget	Revised Budget	Warrant Allocations	Q3 expenditure	Cummulative Expenditure	Cummulative Expenditure as % of Approved Budget
<b>GOL</b>	2 690.5	1 065.7	1 171,5	266,3	1 060,8	39%
<b>GRANTS</b>	1 025,7	1 025,7	-	-	-	0%
<b>LOANS</b>	2 607,2	2 607,2	-	-	-	0%
<b>TOTAL</b>	<b>6 323,4</b>	<b>4 698,6</b>	<b>1 171,50</b>	<b>266,3</b>	<b>1 060,80</b>	<b>17%</b>

The approved capital budget for the fiscal year 2023/24 stands at an impressive M6,323.4 million, reflecting the Government of Lesotho's commitment to advancing key developmental initiatives. Funding for this substantial budget originates from multiple sources, including the Government of Lesotho (GOL), Donor Grants, and Donor Loans, with contributions totalling M2,690.5 million, M1,025.7 million, and M2,607.2 million respectively. This diversified funding approach underscores the collaborative efforts aimed at driving sustainable growth and development within the nation.

As the reporting quarter drew to a close, expenditure within the capital budget reached M266.3 million, resulting in cumulative spending amounting to M1,060.8 million. This expenditure represents significant progress, with 91 percent of the allocated budget and 39 percent of the revised budget being utilized. Notably, it is essential to clarify that expenditure under this budget category excludes that of donors, as their financial activities operate independently of the government's budgetary system.

Despite overall progress, certain projects faced challenges in achieving optimal utilization, prompting strategic reallocation to more viable initiatives. Notably,



projects such as the District Bus Terminals, Urban Roads Upgrading, Construction of the Royal Palace, and Senate Office encountered notable underutilization. For instance, the District Bus Terminals reported zero expenditure by the end of the quarter, while the Urban Roads Upgrading project utilized only 25 percent of the approved budget. Similarly, both the Construction of the Royal Palace and the Senate Office recorded minimal utilization, further highlighting the need for effective project management and resource allocation strategies.

Conversely, several implementing ministries demonstrated commendable performance in expenditure management, with expenditure reaching at least 75 percent of their allocated budgets within this category. The Ministry of Natural Resources led the way with 77 percent utilization, followed by Information, Communication, Technology, and Innovation at 75 percent, Law and Justice at an impressive 91 percent, Trade, Industry, and Business Development at 98 percent, and Agriculture, Food Security, and Nutrition at 76 percent utilization. These ministries' robust expenditure performance underscores their commitment to advancing key developmental agendas and effectively utilizing allocated resources to drive tangible results.

In summary, while significant progress has been made in executing the capital budget for the fiscal year 2023/24, challenges persist in achieving optimal utilization across all projects. Strategic reallocation and enhanced project management practices will be crucial in ensuring the efficient utilization of resources and the successful implementation of developmental initiatives aimed at advancing the nation's prosperity and well-being.

## CONCLUSIONS

In conclusion, the third quarter Budget Performance Bulletin for the financial year 2023/24 provides valuable insights into the progress and challenges encountered in executing the capital budget of the Government of Lesotho.

The comprehensive overview of revenue collection reveals a significant increase, reflecting positive economic trends and effective financial management strategies. Despite this, certain projects faced notable underutilization, prompting strategic reallocation to more viable initiatives. However, several implementing ministries demonstrated commendable performance in expenditure management, underscoring their commitment to advancing key developmental agendas.

The robust utilization of allocated resources by ministries such as Natural Resources, Law and Justice, and Trade, Industry, and Business Development highlights the importance of effective resource management in driving tangible results. Nonetheless, challenges persist in achieving optimal utilization across all projects, emphasizing the need for strategic reallocation and enhanced project management practices.

Moving forward, a concerted effort is required to address these challenges and ensure the efficient utilization of resources to advance the nation's prosperity and well-being. By leveraging diversified funding sources, enhancing expenditure management practices, and fostering accountability, the Government of Lesotho can accelerate progress towards its developmental goals and build a more resilient and prosperous future for its citizens.