



## **MINISTRY OF FINANCE**

# **OPEN BUDGET SURVEY 2019 – LESOTHO DISSEMINATION NOTE**

### **A. INTRODUCTION**

Launched in 2006, the Open Budget Survey (OBS) is the world's only independent, comparative assessment of the three pillars of public budget accountability: transparency, oversight and public participation. The survey evaluates whether governments give the public access to budget information and opportunities to participate in the budget process at the national level. It also assesses the role and effectiveness of formal oversight institutions. The OBS initiative is spearheaded by the International Budget Partnership (IBP).

For the Government of Lesotho, public budget accountability is essential because government spending decisions, and the resources to finance them, have a direct impact on citizens' access to real opportunities for a better life. Levied taxes, offered grants, and negotiated borrowing should be discussed transparently through a participatory process allowing periodic interactions between Government's decision-makers and all layers of the society, so as to monitor and evaluate their need-based utilization and transformative effects on poor and vulnerable people, including children, adolescent and women. If properly reported on and accounted for in subsequent public decision-making, the findings and recommendations of these interactions/hearings form a good basis for long lasting demand for public participation in budget allocation, execution and reporting.

The transparency of all government financial commitments and spending priorities has a strong catalytic impact on the business

environment as well. It sets out the conditions for efficient public and private investments, through eliciting the government to act fast and forcefully in public service delivery, speedy commercial disputes' resolution, trade and financial barriers' elimination, and costly expenditures' reform (e.g., subsidies, monopolies, and protected public enterprises)<sup>1</sup>. In addition, people-centred budget transparency is critical for implementing social assistance mechanisms assuring that availed public money gets directly to poor and vulnerable people, as well as helping mitigate the harm of violent shocks of the magnitude of the COVID-19 pandemic.

Being mindful of the social and economic benefits of real citizens' engagement in public debates for inclusive and resilient economies, the Government of Lesotho has spared no efforts to improve public budget accountability since 2017. Consistent with its determination to instil accountability measures across the Nation, this note serves the purpose of sharing with key stakeholders and citizens the key results of the 2019 OBS on budget transparency, public participation, and oversight.

## **B. OVERALL AIMS AND OBJECTIVES OF THE OBS APPROACH**

The aim of the OBS is to generate evidence to help finance ministries and development practitioners use the results to identify baselines and trends in country practices and to implement reforms in line with OBS's identified gaps and recommendations. The results can also support governments in their efforts to meet international good practice standards on budget transparency, and civil society organizations to better advocate for improvements in budget transparency, participation, and oversight. The IBP and its partners encourage governments to use the OBS findings and recommendations to guide budget transparency reforms and welcome the opportunity to discuss the results with interested governments. At the global level, the results of the OBS 2019 were released on 29-30 April 2020.

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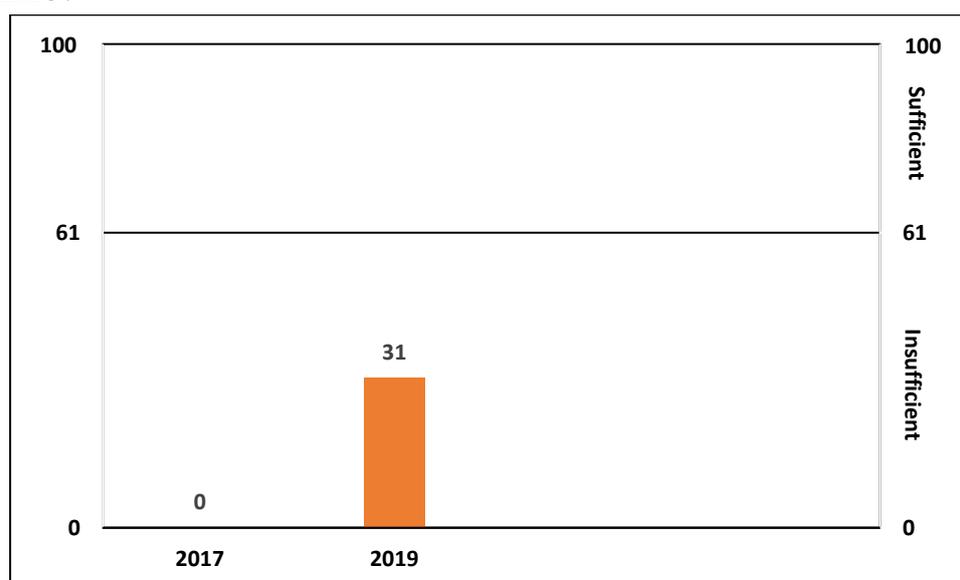
<sup>1</sup> Global Economic Prospects, June 2020, Washington, DC: The World Bank Group.

## C. KEY ACHIEVEMENTS FOR LESOTHO

### 1. TRANSPARENCY

This part of the OBS measures public access to information on how the central government raises and spends public resources. It assesses the online availability, timeliness, and comprehensiveness of eight key budget documents using 109 equally weighted indicators and scores each country on a scale of 0 to 100. A transparency score of 61 or above indicates a country is likely publishing enough material to support informed public debate on the budget. Figure 1 below shows that Lesotho's transparency score of 31 in the OBS 2019 is substantially higher than its score in 2017.

**Figure 1.** How has the transparency score for Lesotho changed over time?



Source: OBS country profile for 2019

Out of eight key budget documents retained to assess budget transparency, Lesotho was able to publish four – pre-budget statement, executive's budget proposal, enacted budget, and audit report, which complied with online availability, timeliness, and comprehensiveness.

**Immediate action to improve ranking:**

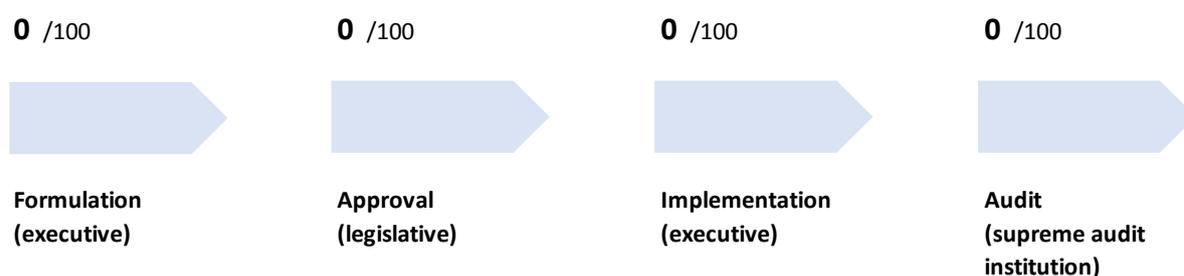
- Publish the Citizens Budget, In-Year Reports, Mid-Year Review, and Year-End Report online in a timely manner;
- Including in the published executive's budget proposal, estimates of the inflation rate, real GDP growth, interest rates, and level and composition of total debt.

**2. PUBLIC PARTICIPATION**

The OBS also assesses the formal opportunities offered to the public for meaningful participation in the different stages of the budget process. It examines the practices of the central government's executive, the legislature, and the supreme audit institution. These opportunities have not been fully granted to Basotho as per 2019 OBS assessment, Lesotho scoring 0 over a maximum of 100. The global average is 14.

Four dimensions retained in OBS assessment of public participation in the budget process include formulation by the executive, approval by the parliament, implementation / execution by the executive, and audit by the Accountant General. Lesotho has scored 0 in 2019 in each of these dimensions (Figure 2).

Figure 2. Extent of opportunities for public participation in the budget process



Note: few opportunities: 0 - 40; limited opportunities: 41 - 60; adequate opportunities: 61 - 100

Source: OBS country profile for 2019

**Immediate action to improve ranking:**

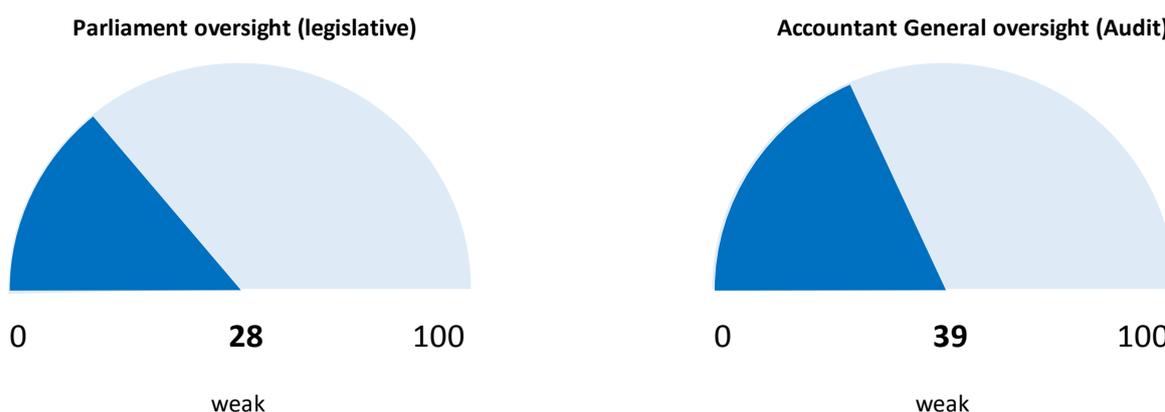
- Pilot mechanisms to engage the public during budget formulation and to monitor budget implementation;

- Allow members of the public or civil society organizations to testify during Lesotho’s Parliament hearings on the budget proposal prior to its approval.

### 3. BUDGET OVERSIGHT

The OBS also examines the role that legislatures and supreme audit institutions (SAIs) play in the budget process and the extent to which they provide oversight; each country is scored on a scale from 0 to 100 based on 18 equally weighted indicators. The legislature and supreme audit institution in Lesotho, together, provide weak oversight during the budget process, with a composite oversight score of 31 (out of 100). Taken individually, the extent of each institution’s oversight is shown below:

**Figure 3.** Extent of oversight by Parliament and Accountant General



Note: weak oversight: 0 - 40; limited oversight: 41 - 60; adequate oversight: 61 - 100

Source: OBS country profile for 2019

#### ***Immediate action to improve ranking:***

- The legislature should debate budget policy before the Executive’s Budget Proposal is tabled and approve recommendations for the upcoming budget;
- The Executive’s Budget Proposal should be submitted to legislators at least two months before the start of the budget year;
- Legislative committees should examine the Executive’s Budget Proposal and publish reports with their analysis online;

- A legislative committee should examine in-year budget implementation and publish reports with their findings online.

## **D. GUIDELINES FOR DISSEMINATING THE FINDINGS OF 2019 OBS**

To ensure that the outputs from the research informs practice and thereby maximise the benefit to all audiences, the following dissemination strategy has been proposed using evidence for translating knowledge into practice. Research is most effectively disseminated using multiple vehicles, ideally with face-to-face interactions. It is expected that disseminating of finding to different audiences will create dialogue platforms for budget transparency and accountability and find the better solutions to improve transparency and accountability in Lesotho.

### **1. POSSIBLE AUDIENCES**

There are six key audiences for this research, and these are:

- A. The Government of Lesotho (GoL):
  - Government ministries
  - The office of the Auditor General
  - The legislature (members of parliament)
- B. Citizens of Lesotho
- C. Civil society partners
- D. Independent fiscal institutions
- E. Bilateral and multi-lateral organisations such as World Bank
- F. Academia

### **2. KEY DISSEMINATION PLATFORMS:**

To ensure ownership of the 2019 OBS results on the part of the Ministry of Finance (MoF) and other relevant government institutions, MoF will lead the dissemination exercise through finalising guests' list, sending invitations and officiating and facilitating the event. UNICEF-Lesotho has committed to covering the

costs of the dissemination events / platforms, though funding is limited, and provide technical assistance.

Possible platforms include:

- I. Dissemination workshop
- II. Media - Press briefing
- III. Meetings and Workshops
  - a. Meetings/Workshops at MoF (National Level)
  - b. Meetings/Workshops at sub-national level

In addition to dissemination events, dissemination efforts will include:

- Publications including Full, Executive Summary and Plain English summary reports of the research.
- OBS results report (2-pager) in English and OBS results report (2-pager) in Sesotho. These will then be distributed at various public outlets such as libraries, tertiary institutions and other community platforms.
- If possible, press briefing by the Principal Secretary of MoF. This will be a live communication to the public. The briefing will be facilitated by UNICEF.
- Meetings at MoF to advocate for implementation of recommendation and develop workplan for implementation of recommendations. Confirmation of the meeting format (virtual or face-to-face) still to be made.
- Use of electronic media such as publication on the Lesotho's Ministry of Finance website.
- Leverage district level budget consultation meetings to disseminate the information. These meetings are organized by Ministry of Finance.
- Potentially capitalize on the different meetings planned by the Ministry of Finance at the national level.

### **3. TIMELINES**

Dissemination exercise is expected to take place between the months of July and August 2020. In the last quarter of the year, the Ministry of Finance is expecting to begin 2020 Open Budget Survey.