

FINANCE EXTERNAL CIRCULAR NOTICE NO. OF 2008

**Ministry of Finance and
Development Planning
P.O. Box 395
Maseru 100**

Date: 01 DECEMBER, 2008

FIN/EXPDT/S.1 (2008/09)

**TO : ALL PRINCIPAL SECRETARIES
ALL HEADS OF DEPARTMENTS
CLERK TO THE SENATE
CLERK TO THE NATIONAL ASSEMBLY
SENIOR PRIVATE SECRETARY TO HIS MAJESTY
AUDITOR GENERAL
OMBUDSMAN
INDEPENDENT ELECTORAL COMMISSION
SECRETARY TO THE PUBLIC SERVICE COMMISSION**

**COPY: GOVERNMENT SECRETARY
ATTORNEY GENERAL
SENIOR PRIVATE SECRETARY TO THE PRIME MINISTER
SECRETARY TO THE TEACHING SERVICE COMMISSION
NATIONAL AIDS COMMISSION
DISTRICT COUNCIL SECRETARIES**

Signed:.....

CALL CIRCULAR

2009/2010 BUDGET ESTIMATES

I INTRODUCTION

1.1 As a follow- up to the Provisional Call Circular number 24 of 2008 issued by the Ministry of Finance and Development Planning on 6th October 2008, Chief Accounting Officers are requested to submit to the Ministry of Finance and Development Planning estimates of revenue and expenditure for the Financial

Year 2009/2010 and projections of revenue and expenditure for 2010/2011 and 2011/2012.

1.2 The estimates should be based on programmes and projects that aim to achieve poverty reduction through high sustainable and broad-based economic growth rate which advances the following approved national priorities.

- Increasing agricultural productivity and food security;
- Developing Infrastructure with the focus on construction and maintenance of urban and rural roads, Telecommunications, electrification and potable water supplies;
- Deepening democracy, governance, safety and security;
- Improving quality and access to essential health care;
- Improving quality and access to education;
- Managing and conserving the environment;
- Improving Public Service delivery and;
- Integrating HIV and AIDS, gender, youth and children and other cross cutting issues into sectoral activities.

1.3 Ministries are required to adhere to the given budget ceilings for both recurrent and capital expenditure estimates. Priority programmes and projects which can not be accommodated within the ceilings should be submitted **separately** with adequate justification.

1.4 It is important that the deadlines for submissions and budget discussions are observed to enable delivery of the budget to Cabinet and Parliament on schedule.

ACTION	DEADLINE
Submission of Revenue Estimates	15 December 2008
Submission of Expenditure Estimates	15 December 2008
Budget Discussion with Line Ministries	22 Dec. – 9 January 2008
Presentation of Budget Estimates to Cabinet Budget Committee	16 January 2009
Presentation of Budget Estimates to Cabinet	3 February 2009
Presentation of Budget Estimates to Parliament	18 February 2009

II. MEDIUM-TERM FISCAL FRAMEWORK, 2007/08 – 2011/12

2.1 The fiscal forecasts have been prepared on the basis of an economic forecast produced by the Ministry of Finance and Development Planning. The key macroeconomic outcomes are shown in **Table 1** below.

Table 1: ECONOMIC FORECASTS, 2006/07 - 2011/12

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
GDP at market prices (M million)	10,668.1	12,194.1	13,862.2	15,781.2	17,677.8	19,151.4
GDP growth % p.a. (current prices)	16.7%	14.3%	13.7%	13.8%	12.0%	8.3%
GDP growth % (constant prices)	7.2%	4.4%	3.1%	5.0%	4.5%	3.3%
GDP deflator %	8.9%	9.5%	10.3%	8.5%	7.2%	5.0%
Exchange rate (1US \$:M)	6.74	7.18	8.89	9.07	9.25	9.43
Interest rate (91 day bills)	7.0%	8.0%	8.4%	8.2%	7.9%	7.6%

2.2 **Table 2** summarises the **Aggregate Fiscal Framework** by showing total Revenue & Grants and the various categories of expenditure, including non-discretionary Statutory Charges and discretionary ministerial expenditure.

2.3 The total expenditure forecast for 2009/10 is M 8,736.9. This is forecasted to grow by 11.6% to M 9,752.5 million in 2010/11 and by 7.3% to M 10,466 million in 2011/12. The forecasted recurrent budget for 2009/10 is M 5,800.3 million. This is estimated to grow by 7.1% in 2010/11 and 5% in 2011/12. The capital budget for 2009/10 is estimated at M2,255.6 million and it is estimated to increase by 25% in 2010/11 and by a further 13.2% in 2011/12.

Budget/Outturn Basis (M million)	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue & Grants (Outturn Basis)	6,893.1	8,714.4	8,550.1	10,445.4	11,742.6
Statutory Charges (exc. Principal)	807.8	1,331.6	691.2	723.4	755.8
Total Ministerial Expenditure	5,723.9	7,262.4	8,055.9	9,039.3	9,720.7
Recurrent Budget	4,494.4	5,525.2	5,800.3	6,213.3	6,521.7
Wages and salaries	1,750.4	2,136.8	2,340.6	2,510.5	2,635.8
Goods and services	1,694.2	2,151.8	2,232.0	2,387.3	2,504.2
Recurrent subventions	1,049.8	1,236.6	1,227.7	1,315.5	1,381.6
Capital Expenditure (Outturn Basis)	1,229.6	1,737.3	2,255.6	2,826.1	3,199.0
Net Lending	-11.6	-9.6	-10.2	-10.2	-10.4
Total Expenditure exc. Principal	6,520.1	8,584.4	8,736.9	9,752.5	10,466.0
Total / GDP (%)	53.5%	61.9%	55.4%	55.2%	54.6%
Budget Balance	372.9	130.0	-186.9	692.9	1,276.6

2.4 As the projected levels of expenditure lead to a Budget deficit for 2009/10, it is essential that the targets for both revenue and expenditure set out in the recommended Fiscal Framework are strictly adhered to.

III GOVERNMENT OBJECTIVES AND EXPECTATIONS

3.1 Macroeconomic Challenges

The core issue that will need to be addressed by all stakeholders in the development of the National Development Plans is the currently widespread vulnerability in Lesotho, both for individual households and the country as a whole. This vulnerability stems mainly from the following:

- (i) The economy is highly reliant on revenue from the South African Customs Union (SACU) which is currently under threat. There are several emerging threats to the size of the SACU revenue pool and to the respective shares of member states. This means that Lesotho's revenues from SACU are expected to shift to a lower level and a slower growth pattern after 2010/11.
- (ii) Retrenchment of Basotho Workers from South African mines and industries with resultant decrease in remittances has caused many rural households to rely on unpredictable agricultural outputs as alternative source of their incomes and livelihoods.

- (iii) HIV and AIDS pandemic and changing employment patterns within Lesotho have also increased vulnerability through their impacts on households structures and social sharing mechanisms.
- (iv) Recent crisis in the energy sector has led to widespread power cuts, especially during winter. This crisis is providing an additional challenge to growth by creating constraint on the activities of firms and businesses across the country.

These drivers of vulnerability, if not checked, could intensify rural poverty and destitution both directly, as households are unable to generate enough resources to satisfy their basic needs, and indirectly, as too much pressure is put on already stretched social sharing mechanisms and Government is forced to cut back on social expenditure to maintain macroeconomic stability.

3.2 Economic Growth

To address this vulnerability, the Government's core strategy is to enhance domestically generated income; income that reaches vulnerable households affected by unemployment and HIV and AIDS. This can only be achieved through a large increase in the domestic productive base. Because of this, the Government's key priority is accelerating shared and sustainable economic growth. In this regard, the Government is finalising its Growth Strategy Paper.

Key areas identified:

- The expansion and diversification of the manufacturing sector into new markets, products and higher value added product lines as a key potential future driver of growth in Lesotho;
- A much greater emphasis on tourism, which can have a strong impact on poverty as it is labour intensive and focused in the Highland areas.
- The continued expansion of mining industry;

The Strategy recognises that the growth in these areas need to be driven by the private sector with the Government providing enabling environment through sound macroeconomic management, provision of conducive investment climate, complementary physical structure, sound financial system and other necessary support services.

3.3 Protecting and Enabling the Vulnerable and Disadvantaged

Whilst the core strategy of the Government is to accelerate shared and sustainable economic growth, the Government recognises that inevitably, not all Basotho can benefit from this growth – for example the elderly, the disabled, child headed households and those sick from HIV and AIDS. Therefore, the Government is committed to concurrently protecting and enabling the disadvantaged and vulnerable.

Key areas identified:

- The provision of social protection
- Addressing food insecurity
- Promoting women's empowerment
- Addressing issues pertaining to children and youth
- Scaling up activities to prevent – and deal with the consequences of – HIV and AIDS
- Protecting other vulnerable groups – such as the elderly and disabled

3.4 Human Resources Development

The Government is also committed to maintaining its high investment in human development which has resulted in increased access to basic educational and medical services. The major challenges still to be overcome are as follows:

- improving the quality and efficiency of educational and medical services;
- increasing access to secondary schools and TVET institutions;

- reducing the exceptionally high HIV and AIDS prevalence rate which not only causes immense human suffering but also devastates the productive sectors by weakening and reducing the workforce;
- Providing social infrastructure such as water and sanitation services; and
- Improving the levels of safety and security in the country.

To overcome the challenges highlighted above requires additional resources that can only be generated through accelerated, sustained and broad based economic growth which requires the expansion and diversification of the productive base as indicated.

3.5 Improving Public Expenditure Management

In acknowledgement that economic growth is unlikely to fully offset potential future falls in SACU revenue, the Government is committed to planning for the eventuality when public spending has to be reduced to ensure macroeconomic stability. This includes both reducing future expenditure requirements and improving the effectiveness and efficiency of remaining expenditures. To achieve this, the Government has embarked on a comprehensive and ambitious Public Sector Improvement and Reform Programme (PSIRP) with the following key components:

- 1) Public Financial Management Reform : to improve planning, budgeting, accounting and accountability in the Public Service;
- 2) Decentralisation: to bring service provision closer to end users; and
- 3) Civil Service Reform: to improve the Public Service delivery.

IV GUIDELINES FOR BUDGET ESTIMATES FOR 2009/10 - 2011/12

Two significant elements of Public Financial Management Reform will change the way Ministries prepare their 2009/10 – 2011/12 budget estimates. Firstly, the budget estimates must be prepared using the new chart of accounts. The chart of

accounts changes are discussed in detail in section V of this Circular and Appendix 1. Secondly, the 2009/10-2011/12 budget estimates will be entered into the new IFMIS Budget Module. However, the familiar budget entry forms and guidelines will continue to be used to facilitate the transition to the full use of the IFMIS Budget Module.

4.1 Revenue Estimates

All revenue collecting agencies must ensure that they submit realistic and achievable revenue estimates. Extra efforts to collect revenues and to block loopholes in collection systems will be required. Ministries should identify specific actions which will be implemented to improve administration of all revenue collecting activities. All relevant policy issues should be covered, including:

- the need to increase rates on fees and charges to keep them in line with inflation; and
- the identification of possible new tax and non-tax revenue items.

Revenue estimates **should include**: actual performance for 2007/08; projected outturn for 2008/09 based on actual performance in the first six months of 2008/09; and estimates for the financial years 2009/10 and projections for 2010/11 and 2011/12.

4.2 Recurrent Expenditure Estimates

4.2.1 General Issues

Sound Public Expenditure Management has three components:

- adhering to the resource envelope defined in the fiscal framework;
- targeting resources at those activities which make the largest contribution to the attainment of national development goals and objectives; and
- undertaking approved activities with maximum productivity and efficiency.

In this regard, the Government has introduced the Medium-Term Expenditure Framework (MTEF) approach to budgeting. This initiative commenced with six pilot ministries and, in the current financial year, the MTEF roll-out to all Ministries has started and they have all been given intensive training in MTEF budgeting. New elements of the MTEF will be introduced each year throughout the medium term, including refinement of the Budget Framework Papers, adoption of the IFMIS budgeting module and activity based budgeting.

Ministries have produced Budget Framework Papers (BFPs), setting out their visions, missions, objectives, proposed revisions to their programme structure and proposed changes to their pattern of resource utilisation. Discussions on the BFPs are held to highlight Government's goals and priorities, and to build consensus on the resource allocation based on these priorities and by looking at allocations made to cost centres, sub-cost centres, programmes and sub-programmes.

The discussions on the BFPs are not meant to result in increased aggregate ministerial ceilings. The BFPs provide valuable information to assist the Ministry of Finance and Development Planning and the Cabinet Budget Committee to make more informed decisions about budget priorities. The BFPs also increase the focus on ways of improving **effectiveness** and **efficiency** by identifying: issues to be addressed to improve service delivery; and areas where **reallocations** and **savings** can be made within the Ministries.

4.2.2 Conditions For Budget Estimates

Ministries are required to observe the following conditions pertaining to the 2009/10 – 2011/12 budget estimates:

- (i) Ministries should indicate how their proposals incorporate the Vision 2020, PRS priorities, Millennium Development Goals (MDG's) and National Goals.

- (ii) Submissions must include all commitments already made by the Government which will have the effect of incurring expenditure over coming years;
- (iii) Submissions should identify measures that will be taken to improve the policy environment and to build up institutional capacity to implement approved activities in a timely manner during 2009/2010 – 2011/2012
- (iv) In view of the prevailing aggregate resource constraint, ministerial submissions should **clearly indicate the priority ranking of allocations by activity** to ensure consistency with the Budget Framework Papers.
- (v) It is imperative that submissions include realistic estimates to meet the recurrent costs arising from projects which are scheduled for completion in 2009/2010 – 2011/2012, as well as for the maintenance of existing assets.
- (vi) The submissions must also demonstrate that they include policy measures and/or resource allocations required to satisfy counterpart contributions agreed with development partners.

4.2.3 Content of Detailed Submissions

(a) Personal Emoluments (Form RB2M)

- (i) Chief Accounting Officers are advised to discuss their staffing situation with the Ministry of Public Service before submission of the estimates:
 - Requests for creation and funding of new posts should be cleared with the Management Services Department (MSD).
 - Promotions should be cleared with Human Resource Department (HRD).
 - Up-gradings should be cleared with Remuneration and Benefits Department (RBD).
 - Ministries should provide information on the current status towards the filling of vacant positions. Regarding the creation of new positions, strong justification should be provided, including how

these positions will enhance performance of the ministries/departments.

- (ii) Allowances should be shown by type, number of employees affected and clear costing.
- (iii) Estimates of Personal Emoluments must be complemented by nominal roll.
- (iv) In respect of Teaching Service, additional information is required in the following format:
 - Number of schools
 - Number of Government-paid teachers per district;
 - Salaries and allowances estimates for 2009/10; and
 - Projections for 2010/11 and 2011/12.
- (v) The Ministry of Public Service should be given a copy of estimates of Personal Emoluments.

(b) Travel and Transport (Form RB2T)

- (i) Ministries should use official Government prices to estimate fuel and maintenance costs. A comprehensive list of ministerial/departmental fleet containing vehicle descriptions and year of purchase must be attached to the estimates.
- (ii) In regard to vehicles under Full Maintenance Lease, the latest hire rates must be used.
- (iii) A prioritised list of international trips should be attached to the estimates for International Travel.

(c) Operating Costs – (Form RB2OC)

- (i) Details of seminars, workshops and short courses proposed for the financial year should be attached.

- (ii) Breakdown for Local Training should be provided according to type of training, individual positions (i.e. not names of holders) affected and the amount estimated.
- (iii) Efforts should be made to prioritise training activities and spread the training plan over the medium term.

(d) Special Expenditure (Form RB2SP)

- (i) Appropriate authority must accompany a request for purchase of new vehicles.

(e) Grants and Subsidies (Form RB2GS)

- (i) Subscriptions to International Organisations

These are now classified within Operating Costs, using Items 431021 to 431025, and Item 431027. Refer to Appendix 7 for a list of all Operating Cost Item codes. Ministries should also attach a breakdown showing name of the organisation and an amount to be paid. In the case of arrears, the outstanding amounts should be shown separately and the reasons given.

(ii) Subsidies/Subventions

Line ministries providing subsidies/subventions to other organisations should submit a complete budget for such institutions, including audited accounts and annual reports for 2005/06 and for 2006/07.

Parent ministries should discuss the requested subvention with relevant institutions and agree on the level of support proposed.

Estimates for Personal Emoluments must be accompanied by nominal roll indicating grades and number of employees in each grade; vacancies; and gross salaries for 2008/09, 2009/10, 2010/11 and 2011/12.

4.2.4 Special Funds and Trading Accounts

(a) Separate submissions are required for:

(i) Trading Accounts; and

(ii) Special Funds.

(b) Ministries should further note that:

(i) No Trading Accounts/Special Funds will be allowed to operate without approved budget estimates;

(ii) Trading Accounts/Special Funds that do not submit regular financial and non-financial reports will not be considered for approval.

4.2.5 Projects and Other Bank Accounts

Ministries must include in their submissions a list of **all project bank accounts** and their balances at commercial banks and at the Central Bank of Lesotho.

4.3 Capital Estimates

4.3.1 General Issues

The aggregate ceilings for capital expenditure for Financial Year 2009/10 and indicative ceilings for subsequent financial years are set out below:

	2007/08	2008/09	2009/10	2010/11	2011/12
GOL Funded	1,103.5	1,111.8	931.9	1,028.4	1,112.5
Loan Funded	330.7	354.8	237.9	262.6	284.0
Grant Funded	490.0	690.5	1,085.8	1,535.1	1,802.5
TOTAL	1,924.2	2,157.1	2,255.6	2,826.1	3,199.0

All project submissions should indicate how the project reflects national development priorities as contained in Part III above.

In view of prevailing aggregate resource constraint, all project submissions should clearly indicate priority ranking attached to proposed resource allocations.

Ministries must submit their Capital Estimates for two categories of projects:

CB1 should be used for ongoing projects which have been allocated resources in the Capital Budget Estimates for 2008/09 and which will have some additional resource requirements in 2009/10 and subsequent financial years; and

CB2 forms should be used for new project proposals which have not yet received any resource allocations but which are expected to incur some capital expenditure in Financial Years 2009/10, 2010/11 and 2011/12. Ministries must ensure that **minimum conditions** (e.g. site availability, appraisal, feasibility studies, etc.) have been met as these are critical for timely implementation of projects.

The **first priority** in allocating capital resources will be the requirement to complete ongoing projects and to meet counterpart obligations under financing agreements with development partners. **Only** if the total required for ongoing projects **is less than** the aggregate capital expenditure ceiling will it be possible to accommodate new projects.

Priority in allocating the Government of Lesotho (GOL) resources will be given to providing the counterpart resources required under financing agreements with development partners, followed by ongoing GOL funded projects.

New projects in excess of the ceiling, but which are consistent with the national development objectives contained in the PRS and National Goals and Objectives should be submitted separately for consideration during the budget consultations.

The supporting information provided in the BFPs will be used by MFDP and the Cabinet Budget Committee to arrive at expenditure priorities for the 2009/10 – 2011/12 MTEF Budget Estimates.

4.3.2 Submissions from Line Ministries

Line Ministries must submit two copies of all documents in support of the Capital Budget Estimates.

The Capital Budget Estimates must include all projects funded through grants and loans regardless of the funding arrangements (e.g. Treasury, project bank account, direct payment by development partner). Balances accrued in project bank accounts must be included in the estimates of the respective projects for the coming financial year for appropriation so that such balances do not constitute unauthorised over expenditures.

(a) Ongoing Projects

Ministries MUST submit Form CB1 for ALL ongoing Capital Projects that are expected to require funds in financial years 2009/10, 2010/2011 and 2011/12. This includes all ongoing projects that will NOT be completed by 31st March 2009 or will have financial obligations after that date.

The implementation of the new chart of accounts and the new IFMIS mean that the same full range of expenditure Items can now be used for both recurrent and capital/project expenditures. However, in the past many Ministries have become accustomed to preparing their estimates of project expenditures using a limited range of only 10 expenditure Items. The Table in

Appendix 1, Chart of Accounts, provides a useful mapping of these 10 old expenditure Items to the most likely equivalent expenditure Items in the new Chart of Accounts.

Form CB1 also requires submission of an implementation progress report indicating the progress achieved in implementing the project (and any problems and delays experienced during implementation). An updated Implementation Schedule should be provided to indicate the expected attainment of key dates in implementation.

If a project has been COMPLETED during 2008/09, this should be reflected in the Progress Report and the Implementation Schedule and the Form should clearly indicate that there will be NO resource requirements in 2009/10 or future years.

Form CB1 should also show additional resource requirements for the ministerial recurrent budget once the project has been completed and is being utilised.

(b) New Project Proposals

While the Government continues to be committed to social development, in line with its stated objective of **Broad Based Growth**, new projects that show linkages to the development of a conducive environment for increased investment and employment creation will be considered favourably.

Ministries must submit Form CB2 in respect of EVERY new capital project proposal which is expected to incur capital expenditure in 2009/10, 2010/11 and 2011/12.

Screening of new project proposals will be facilitated if all sections of Form CB2 are completed comprehensively in accordance with the Guidance Notes. In particular, a clear description of the physical scope of the project is required, together with a statement of the project objectives demonstrating that the project is consistent with the national and sectoral development goals.

It will still be necessary for all new project proposals to have been considered by the **Project Appraisal Committee** prior to formal endorsement and inclusion in the Capital Budget Estimates for 2009/10. To assist in screening of new project proposals, it is necessary to indicate the progress made in satisfying minimum acceptance conditions as listed in Form CB2.

Form CB2 should also show additional resource requirements for the ministerial recurrent budget once the project has been completed and is being utilised. Proposals which have large recurrent implications will be subject to careful scrutiny in view of the limits being imposed on the creation of new posts.

(c) Summary Forms

Ministries should also complete summary Form CB3 (for ongoing projects and new projects). The information contained in these summary forms must be extracted accurately from the Project Information Sheets (Forms CB1 and CB2) for each specific project. All these forms can be obtained from the Ministry of Finance and Development Planning (Budget Department).

(d) Information Communication Technology

Ministries should contact the ICT department of Ministry of Communications, Science and Technology for advice and guidance in respect of infrastructure

requirements relating to the development of e-governance and associated cost estimates.

Specific issues or areas to be considered include:

1. Development of Local Area Network/Wide Area Network (LAN/WAN) within a ministry;
2. Website development and maintenance;
3. Internet connection, internet service provider charges and broadband service charges;
4. Staff training in ICT service/operation;
5. Software purchase or licence renewal.

V CHART OF ACCOUNTS CHANGES FOR 2009/10

5.1 Overview

The structure and scope of the chart of accounts has been changed to take advantage of the powerful analytical and reporting capacity of the new IFMIS, and to comply with international accounting and financial statistics standards.

The budget classification system has been expanded and revised to introduce several new fields.

The detailed explanation of the New Chart of Accounts is provided in Appendix 1

VI IFMIS Budget Module - Budget Entry Process

6.1 Activity Based Budget entry

For the 2007/8 and the 2008/9 budget years, six pilot Ministries built their budgets using the Activity Based Budget approach using the interim software. For the 2009/10 MTEF Estimates, these same six Ministries will pilot the Activity Based Budget software on the IFMIS Budget Module to build their recurrent budgets based on the ceilings provided. However, for project expenditures, budget estimates will be entered into the IFMIS Budget Module at Item level, i.e. without using the Activity Based Budget approach.

The other non pilot Ministries will enter their recurrent budgets into the IFMIS Budget Module by Item for each Sub Cost Centre, within the ceilings provided. The non pilot Ministries will also enter their project expenditures at Item level.

It should be noted that Ministry staff who have been trained on the IFMIS Budget Module will be permitted to enter budget data or edit budget data on the Budget Module. Any officer in a Ministry who does not have the appropriate IFMIS user name and password will not be permitted to use the IFMIS Budget Module. It should also be noted that it will be an offence for any officer to share his username and password with another officer.

6.2 Budget Entry and IFMIS Local Area Networks

The IFMIS project includes the rollout of a wide area network across government, and the installation of local area networks (LANs) in each Ministry. However, the LANs will not be in place in time (November 2008) to allow remote budget entry and budget editing by Ministries from their own offices. For this year only, a centralised data entry room on the 2nd floor of MFDP will be set up to allow Ministries to enter and/or edit their MTEF budget estimates. As each LAN is

completed in each line Ministry (November 2008 to March 2009), users will be able to continue to edit the entry of their budgets remotely from their own offices.

VII ESTIMATES SUBMISSIONS

7.1 Estimates submissions must cover actual expenditure in Financial Year 2007/08; the projected outturn for 2008/09; budget requests for 2009/10; and projections for 2010/11 and 2011/12.

7.2 Ministerial/Departmental Budget Framework Papers formed the basis for preparation of the estimates and projections. Information contained in the BFPs assists MFDP and the Cabinet Budget Committee to priorities new spending and to set expenditure ceilings.

7.3 Ministries are required to ensure that financial implications of decisions they make over the medium term are properly analysed, and included in the budget estimates.

7.4 Ministerial ceilings on the recurrent budget are given in **Appendix 2**. The aggregate ceilings for the capital expenditure are tabulated in **table 3** while the ministerial ceilings on the capital budget are given in **Appendix 3** and broken down by source of funding in **Appendix 4 for 2009/10**.

7.5 Appendix 5 provides names of desk officers responsible for the recurrent budget estimates and **Appendix 6 provides** names of desk officers responsible for the capital budget estimates.

7.6 Appendix 7 provides a list of the most commonly used expenditure Items for Travel & Transport and for Operating Costs. A copy of the full new chart of accounts is available from the Budget Department.

7.7 Appendix 8 provides a list of the Donor codes used in the new chart of accounts, and **Appendix 9** provides a list of capital projects as coded in the new chart of accounts.

7.8 Submission of the estimates should be accompanied by one copy of signed Estimates Brief.

7.9 New estimates forms will be obtainable from the Ministry of Finance and Development Planning.

VIII BUDGET SPEECH 2009/10

8.1 Contributions to the 2009/10 Budget Speech should be submitted with the Estimates.

8.2 The contribution should include: an assessment of performance in 2008/09; and an outline of the Ministry's planned objectives and activities for 2009/10, 2010/11 and 2011/12. The contributions should be brief and specific, focussing on core goals objectives and achievements of the Ministry.

Appendix 1

NEW CHART OF ACCOUNTS

Overview

As mentioned in the Call Circular, the structure and scope of the chart of accounts has been changed to take advantage of the powerful analytical and reporting capacity of the new IFMIS, and to comply with international accounting and financial statistics standards.

The budget classification system has been expanded and revised to introduce several new fields. The new set of reporting fields are summarised in the table below:

Head	Cost Centre	Sub Cost Centre	Program	Sub Program	Account Type	Fund Source	Donor	Project	Objective	Output	Activity	Sub-Head & Item (Economic)
XX	XX	XX	XX	XX	X	X	XXX	XXXX	XX	XX	XX	XX XXXX

Head

There have been no changes to the Ministry or Head code. It remains two digits and each Ministry or Head has retained its previous code.

Cost Centre and Sub Cost Centre

In the new chart of accounts Cost Centre and Sub Cost Centre have replaced the old Programme and Sub Programme, i.e. the organisational units and divisions previously known as a Programmes and Sub Programmes will now be referred to as Cost Centres and Sub Cost Centres respectively. This is in keeping with the requirements of the MTEF reforms that have been progressively implemented over the last few years. This will allow the terms Programme and Sub Programme to be used to more accurately describe the major service delivery functions of the various Ministries.

Cost Centre and Sub Cost Centre codes are each two digits long. Each Ministry must have at least one Cost Centre, and at least one Sub Cost Centre. The numbering of Cost Centres must start from 01. The numbering of Sub Cost Centres must also commence from 01.

Programme and Sub Programme

Programmes define the broad functions of the Ministry, e.g. Curative Health.

Sub-Programmes define the more specific areas of activity or functions within a Programme (sub function) e.g. Out-Patient Services. Programme and Sub Programme codes are each two digits long.

If a Ministry has defined a Programme, then at least one Sub Programme must also be defined within that Programme. In these circumstances, the numbering of both the Programme and the Sub Programmes must each start from 01.

If a Ministry has not yet defined any Programmes or Sub Programmes, then both of the relevant fields must be coded as 00.

Account Type

There is a 1 digit Account Type field which must be used. There are four codes that can be used:

<i>Account Type Code</i>	<i>Account Type Description</i>
1	Recurrent expenditure
2	Development expenditure
3	Recurrent revenue
4	Development revenue
5	Below the Line

Fund Source

The new chart of accounts requires that a source of finance or Fund Source be defined for every item of expenditure. At this stage, there are six possible Fund Sources:

<i>Fund Source Code</i>	<i>Fund Source Description</i>
1	Government of Lesotho
2	Donor Grant Funding

3	Donor Loan Funding
4	Government of Lesotho Counterpart Contributions
5	Commercial Loan Funding
6	Budget Support

Donor and Project Codes

Projects must now be coded using a new 4 digit code. These codes must be assigned by the Ministry of Finance and Development Planning, and cannot be changed by line Ministries. A complete list of Project codes is attached to this circular as **Appendix 9**. For every project, there must also be a 3 digit Donor code. A complete list of Donor codes is also attached to this circular as **Appendix 8**. If there is no Project or Donor, these fields must be coded as Donor 000, and Project 0000.

Objectives, Outputs and Activities

The MTEF reforms include the definitions of Objectives, Outputs and Activities. These are uniquely defined by each Ministry, so no listings of these are attached to this circular. Each of these fields is 2 digits long. If no Objectives, Outputs or Activities have yet been defined, then these should be numbered as 00 respectively. If any have been defined, then numbering must commence from 01.

Changes to Revenue and Expenditure Items

You will notice that the Sub Head and Item field now uses 6 digits. The old chart of accounts used 4 digits. When using Item codes, it should be noted that any Item code in the new chart of accounts that ends in 00, ie two zeros, is either a summary level code or a place holder for future use, and no budget or revenue or expenditure can be recorded against it.

Some Items of revenue and expenditure have simply had their titles changed to make it clearer what kind of revenue or expenditure it covers. Other Items have

been removed altogether, and an alternative Item will need to be used by Ministries

Expenditure Item Changes

Expenditure Items Removed

It is important to note that some of the items of expenditure that have been removed from the new chart of accounts cannot be mapped to a single item in the new chart of accounts. These include the following six items:

Non Recurring Special Expenditure

The title “Non Recurring Special Expenditure” does not clearly describe any specific expenditure inputs, and in the past, it covered a wide range of different expenditure inputs. The title only described some attributes of the expenditure, ie that it is non recurring and it is special. There is no item “Non Recurring Special Expenditure” in the new chart of accounts. In future, these expenditures will need to be included within a Cost Centre or Sub Cost Centre (formerly Programme and Sub Programme) or Project, and shown against the relevant expenditure item, eg fuel, stationery, power etc. Its special or non recurring nature will be covered in the description of the Project or of the Sub Cost Centre.

Counterpart Contributions

Counterpart Contributions does not describe expenditure inputs, but describes the source of finance for the relevant expenditure, ie Government of Lesotho. In the new chart of accounts, there is a separate field to describe Source of Finance, so it will no longer appear as an expenditure item. Expenditure that previously appeared against counterpart contributions will in future need to be shown within a Project or Sub Cost Centre, and shown against the relevant expenditure Items, eg fuel, stationery, power etc.

Where a Ministry needs to identify certain expenditure estimates as being GoL Counterpart Contributions, (e.g. to later prepare a summary report on Counterpart Contributions), then the correct Fund Source code should be used, i.e. GoL Counterpart Contributions (Fund Source code 5). This code should be entered into the Budget Module at the same time as the relevant amount is entered for that Item of expenditure (e.g. for Power or Rent of Buildings).

Grants and Subsidies

Grants and Subsidies in the past has lumped together several different types of expenditure, but in the new chart of accounts it has been split into several different expenditure items. These are Subsidies in the 471000 series, and Grants in the 472000 series, and possibly Loans in the 511300 series and Shares & Other Equity in the 511400 series.

Running Costs

Running Costs previously grouped together a range of expenditure items including training, workshops, professional services, etc. The new chart of accounts does not contain an item for Running Costs. Expenditures previously budgeted for in Running Costs will now need to be budgeted for under one of the more specific items in the new chart of accounts. For example, training costs such as tuition fees, hire of venue, meals or refreshments provided during training etc will be budgeted for under Training Costs, item number 431017.

Upkeep of Institutions and Livestock

There is no longer an item in the new chart of accounts for Upkeep of Institutions and Livestock. There is a new item, 431007, Food, Fodder and Beverage that can be used for food supplies for prisoners, patients etc, or for fodder supplies for horses, dogs etc. Feeding of students in schools should be budgeted for using

Item 473251 – School Feeding, as this is classified as a social benefit in kind. Building maintenance costs should be recorded under item 431006, Maintenance of Public Assets.

Other Office Overheads

In the old chart of accounts, Other Office Overheads covered a wide range of different types of expenditure. These expenditures will now be classified under new more specific items of expenditure. These include 431031 for Water Supply; 431032 for Sewerage and Sanitation; 481301 for Rent and Leasing of Land for Government Use; 431033 for Rent and Leasing of Buildings for Government Use; 431009 for Purchases or Production of Goods or Services (including uniforms); and 482142 for Insurance.

Budget Entry Screens for Recording 2007/08 Actual & 2008/09 Approved & Revised Budget Data

For the six expenditure items discussed above, and which are no longer available for 2009/10 and future year budgets, some Ministries may find it difficult to split or disaggregate the 2007/08 Actual and the 2008/09 Approved & Revised Budget data for entry against the new expenditure Item codes.

If the 2007/08 or 2008/09 data for these old expenditure Items can be accurately shown against one or more of the new expenditure Items, then Ministries should enter the data against the relevant new expenditure Items. However, if the 2007/08 or 2008/08 data cannot be accurately disaggregated against new expenditure items, then it should be recorded against one of the special 2008/09 and Prior Year Expenditure Items available for this purpose. These are:

- 2008/09 & Prior Year - Non Recurring Special Expenditure
431091
- 2008/09 & Prior Year – Counterpart Contributions 431092
- 2008/09 & Prior Year – Grants and Subsidies 431093

- 2008/09 & Prior Year – Running Costs 431094
- 2008/09 & Prior Year – Upkeep of Institutions and Livestock 431095
- 2008/09 & Prior Year – Other Office Overheads 431096

THESE SPECIAL ITEMS CANNOT BE USED FOR ENTERING 2009/10 OR FUTURE YEAR BUDGET DATA.

Expenditure Items Renamed

Some expenditure items have been renamed to provide a more accurate description of the types of expenditure that should be included.

Membership Subscriptions

The item previously known Subscriptions has been renamed to Membership Subscriptions (431027) to make it clearer what kind of subscriptions are covered.

Software Licences

The item previously known as Oracle Software Licences has been renamed to Software Licences (431018) so that it is more inclusive and can cover any software licence, e.g. Oracle, Epicor, Microsoft etc

Maseru City Council – Government Housing – Property Expenditure.

There previously existed an expenditure Item Maseru City Council – Government Housing – Refunds of Erroneous Revenue. This has been renumbered and renamed to 482131 Maseru City Council – Government Housing - Property Expenditure.

Famine Relief – Safety Net Expenditures

The expenditure Item Famine Relief has been renamed to reflect the broader range of expenditures it covers. It is now 473252 – Safety Net.

New Items of Expenditure

Maintenance of Public Assets

There is a new item in the chart of accounts for Maintenance of Public Assets (431006). This will cover costs of maintaining public assets such as roads, bridges, buildings and non office equipment. It is important to note that this code does not cover improvements to or upgrading of public assets. Costs associated with improvements and upgrades of public assets should be classified under Acquisition of Fixed Assets (531xxx)

Expenditure Items for Future Use

The new chart of accounts is significantly longer than the old chart of accounts. However, many of the new items will not be needed or used in the short term, but have been included to ensure that the new chart of accounts will continue to comply with international accounting standards and statistical standards as further reforms are implemented. The new chart of accounts is extensible, i.e. there is significant room for further expansion and addition of new items as and when they are needed. Most of the items reserved for future use will be blocked for current use by the IFMIS Budget Module.

Project Expenditures

One of the limitations of the GOLFIS system was that the chart of accounts was limited to 10 digits (plus a check digit). This limited the coding of expenditure estimates for Projects to a single amount, i.e. it was not possible to show estimates by Item of expenditure for Projects. The new IFMIS can accommodate chart of accounts codes up to 31 digits long. For 2009/10 and future years, Ministries are now required to submit their Estimates for each Project by Item of expenditure.

The MTEF costing or entry sheets have been designed to assist Ministries to prepare their Project estimates at Item level.

In principle, the same full range of expenditure Items now can be used for both recurrent and project expenditures. However, in the past many Ministries have become accustomed to preparing their estimates of project expenditures using a limited range of only 10 expenditure Items. The table below provides a useful mapping of these 10 old expenditure Items to the most likely equivalent expenditure items in the new chart of accounts.

Mapping of old project expenditure Items to new Item codes

Old Item for Projects	New Item Code	New Item Description
Capital Transfers	471111	Ongoing Subsidies to Non Financial Public Corporations
	482221	One off Capital Transfers to Non Financial Public Corporations
Civil Works (excl housing)	531122	Other Non Residential Buildings
	531132	Other Structures
Consultancies	431019	Consultancies
Housing	531112	Other Dwellings
Manpower	411101	Salaries - Established Posts
	411102	Salaries - New Posts

	411301	Wages – Established Posts
	411302	Wages - New Posts
	412101	GoL Pension Contribution
Operating Costs	431001 to 431033 See Operating Costs list attached	Operating Costs category
Other Capital Costs	No single equivalent in new chart of accounts	
Purchase of Equipment	531221	Office Equipment
	531222	Office/Residential Furniture
	531223	Non Office Equipment
Purchase of Vehicles	531211	Purchase of Vehicles, Cycles and Equine
Transport	421001 to 421012 See attached Travel & Transport list attached	Travel & Transport category

When entering the 2007/08 Actual and the 2008/09 Approved and Revised Budget, show a single amount for the whole of the project.

Transitional Project Codes for 2008/9

The new IFMIS financials modules is expected to go live in the near future, ie during the current 2008/9 financial year, and the new chart of accounts will also

come into operation on that date. This means that line Ministry staff will no longer be able to use the old chart of accounts from the go live date. Therefore, when making payments or preparing purchase orders, it will no longer be possible to debit these directly to a Project code – users must quote an Item code within the Project code. However, because the 2008/9 Estimates for Projects were prepared using the old chart of accounts, some transitional codes will have to be used. For Projects, these transitional Item codes are:

- Project Salaries 411103
- Project Operating Costs 431028
- Project Consultancies 431029
- Project Transport 421013
- Project Equipment 531224

These are transitional codes only for the year 2008/9. These codes will not be available for preparing the 2009/10 or future budget estimates.

Revenue Item Changes

Revenue Items Removed

ATS Products

There was an item in the old chart of accounts known as ATS Products which covered the proceeds from the re sale of Appropriate Technology Systems products. This item has been removed from the new chart of accounts. Any sales of ATS products in future can be budgeted for or recorded under 143550, Sale of Goods or Products.

Makoanyane Hospital Fees

There are specific codes in the new chart of accounts for Inpatient Fees (143523) and Outpatient Fees (143540). These apply to all hospitals. The names of specific hospitals can be derived from the Cost Centre or Sub Cost Centre code in

the budget classification system. As a result the revenue item for Makoanyane Hospital Fees has been removed from the new chart of accounts.

Square Boards

Syllabus

There were two items in the old chart of accounts used for recording proceeds from the sale of square boards and copies of syllabus. These items have been removed from the new chart of accounts, but the proceeds can still be budgeted for and recorded under a new item, Sales of Maps, Books or Other Publications (143551).

Revenue Items Renamed

Sale of Advertising

There was an item in the old chart of accounts named Commercial Broadcasting. The revenues for this item are more accurately described as Sale of Advertising. The new revenue item code is (143576)

Registration of Land, Leases and Other Title Documents

There was an item in the old chart of accounts named Land and Land Documents. This has been renamed to make it clear that these revenues are proceeds from registration of land, leases and other title documents. The new revenue item code is (143217)

Book Royalties

There was an item in the old chart of accounts called Royalties, which captured royalties paid to the Ministry of Education from the sale of books. The term Royalties is a broad term that could include royalties from mining, timber etc. It was therefore necessary to make it clear that this item referred to royalties only

from the sale of books. It has therefore been renamed Book Royalties, item code 143534.

Proceeds from Sale of Explosives

There was an item in the old chart of accounts called Profit from the Sale of Explosives. This has been renamed to Proceeds from the Sale of Explosives (143567)

Laboratory Testing Services

There was an item in the old chart of accounts called Laboratory Tests. This has been renamed in the new chart of accounts to Laboratory Testing Services (143577).

New Revenue Items

Radio and Television Broadcasting Licences

There is a new item for Radio and Television Broadcast Licences (143232). This will cover all licences that were previously budgeted for by the name of the radio or television station. Information about the name of the radio or television station and the amount of their licence will still be available from the Accounts Receivable module of the IFMIS.

Sale of Fish, Poultry and Produce

There is a new item in the new chart of accounts titled Sale of Fish, Poultry and Produce (143552). This new item will cover revenues previously captured in the old chart of accounts under Fisheries (05-03) and under Sales from Poultry Plant (05-04).

Sale of Tender, Bidding and Contract Documents

There were several items in the old chart of accounts dealing with sale of contract documents (05-04), sale of tender documents (05-03), and sale of bidding documents (05-02). These have been combined into a single new item titled Sale of Tender, Bidding and Contract Documents (143555).

Appendix 2
RECURRENT BUDGET CEILINGS : 2009/2010 - 2011/2012

HEAD	MINISTRY	ACTUAL SPENDING	REVISED BUDGET	APPROVED BUDGET	BUDGET CEILING	INDICATIVE CEILING	INDICATIVE CEILING
		2006/2007	2007/2008	2008/09	2009/10	2010/11	2011/12
001	Agriculture & Food Security	139.4	141.1	158.2	170.5	187.8	193.5
002	Health & Social Welfare	921.6	530.1	698.0	737.0	759.2	781.9
003	Education and Training	1,704.8	1,077.0	1,224.4	1,360.4	1,486.9	1,635.6
004	Finance & Development Planning	530.1	578.6	795.0	844.6	954.3	982.9
005	Trade and Industry, Cooperatives and Marketing	45.4	50.3	60.3	68.0	73.0	75.2
007	Justice, Human Rights and Rehabilitation	122.6	157.8	209.3	227.0	233.8	240.8
008	Home Affairs and Public Safety	220.1	247.3	365.7	392.4	404.2	416.3
009	Prime Ministers' Office	94.6	115.6	125.9	112.0	131.7	135.6
010	Communications, Science and Technology	53.5	58.7	86.1	112.0	118.4	121.9
011	Law & Constitutional Affairs	43.5	49.1	60.9	64.4	66.3	68.3
012	Foreign Affairs and International Relations	156.2	204.2	240.7	251.2	258.7	266.5
013	Public Works and Transport	167.9	168.2	201.0	220.7	248.0	255.4
014	Forestry and Land Reclamation	32.6	41.4	46.6	54.2	55.8	57.5
015	Natural Resources	50.5	63.7	74.7	78.1	80.5	82.9
016	Employment and Labour	47.2	30.9	37.7	40.3	42.3	44.4
017	Tourism, Environment and Culture	116.0	49.3	56.1	62.0	66.8	68.8
018	Auditor general's Office	11.2	13.3	16.1	17.6	19.2	20.2
019	His Majesty's Office	6.9	7.9	8.4	8.5	8.9	9.4
020	Public Service Commission	3.9	3.6	5.6	6.4	6.7	7.1

037	Defence and National Security	275.5	292.4	341.0	372.0	395.6	407.5
038	National Assembly	42.1	52.2	55.2	58.6	60.1	60.0
039	Senate	13.2	13.8	15.2	16.4	16.8	16.8
040	Ombudsman	3.9	4.4	6.3	7.5	8.3	8.7
041	Independent Electoral Commission	64.8	21.5	27.1	30.0	35.6	37.3
042	Local Government and Chieftainship Affairs	265.3	368.7	373.0	388.1	404.1	416.2
043	Gender and Youth, Sports and Recreation	43.0	43.3	61.5	70.0	73.6	75.9
044	Public Service	15.7	19.4	25.5	28.0	29.1	30.0
	Total	5,191.4	4,403.8	5,375.2	5,798.0	6,225.7	6,516.7

Appendix 3

CAPITAL BUDGET CEILINGS: 2009/2010 - 2011/2012

HEAD	MINISTRY	APPROVED	BUDGET	INDICATIVE	INDICATIVE
		BUDGET	CEILING	CEILING	CEILING
		2008/09	2009/10	2010/11	2011/12
701	Agriculture & Food Security	50.60	49.00	42.70	.00
702	Health & Social Welfare	242.40	230.00	325.60	255.80
703	Education and Training	250.05	225.00	294.14	323.63
704	Finance & Development Planning	332.90	234.00	240.57	231.20
705	Trade and Industry, Cooperatives and Marketing	42.50	36.00	67.30	41.35
707	Justice, Human Rights and Rehabilitation	11.50	7.00	0.00	0.00
708	Home Affairs and Public Safety	12.50	15.00	82.00	56.00
709	Prime Ministers' Office	0.00	5.00	12.50	12.50
710	Communications, Science and Technology	5.00	7.00	26.27	24.99
711	Law & Constitutional Affairs	1.00	1.00	10.50	6.00
712	Foreign Affairs and International Relations	0.00	10.00	48.13	
713	Public Works and Transport	436.00	290.00	347.20	121.00
714	Forestry and Land Reclamation	13.00	60.90	135.84	88.04
715	Natural Resources	435.98	384.60	635.15	433.50
716	Employment and Labour	0.00	0.00	0.00	0.00
717	Tourism, Environment and Culture	34.90	18.00	42.00	13.30
719	His Majesty's Office	2.00	10.00	10.00	10.00
720	Public Service Commission	0.00	0.00	0.00	0.00
734	Lesotho Highlands Development Authority	98.00	83.00	105.00	98.00
737	Defence and National Security	23.00	15.00	32.80	10.00
742	Local Government and Chieftainship Affairs	136.80	115.00	73.75	0.00
743	Gender and Youth, Sports and Recreation	29.00	23.00	58.10	44.30
744	Public Service	0.00	0.00	0.00	0.00
	SUB-TOTAL	2,157.13	1,818.50	2,589.55	1,863.34
	MILLENNIUM CHALLENGE ACCOUNT	0	436.2	0	0
	TOTAL BUDGET	2,157.13	2,254.70	2,589.55	1,863.34

Appendix 4
CAPITAL BUDGET CEILINGS FOR 2009/10

CAPITAL BUDGET ALLOCATIONS BY SOURCE OF FUNDING-					
2009/10					
Code	MINISTRY	GOL FINANCING	DONOR GRANTS	DONOR LOANS	ALL SOURCES
701	AGRICULTURE AND FOOD SECURITY	30,000,000	4,000,000	15,000,000	49,000,000
702	HEALTH AND SOCIAL WELFARE	100,000,000	100,000,000	30,000,000	230,000,000
703	EDUCATION AND TRAINING	65,000,000	130,000,000	30,000,000	225,000,000
704	FINANCE AND DEVELOPMENT PLANNING	90,000,000	130,000,000	14,000,000	234,000,000
705	TRADE & INDUSTRY, COOPERATIVES & MARKETING	25,000,000	3,000,000	8,000,000	36,000,000
707	JUSTICE, HUMAN RIGHTS AND REHABILITATION	7,000,000	0	0	7,000,000
708	HOME AFFAIRS AND PUBLIC SEFETY	15,000,000	0	0	15,000,000
709	PRIME MINISTER'S OFFICE	5,000,000	0	0	5,000,000
710	COMMUNICATIONS, SCIENCE AND TECHNOLOGY	7,000,000	0	0	7,000,000
711	LAW AND CONSTITUTIONAL AFFAIRS	1,000,000	0	0	1,000,000
712	FOREIGN AFFAIRS AND INTERNATIONAL RELATIONS	10,000,000	0	0	10,000,000
713	PUBLIC WORKS AND TRANSPORT	150,000,000	90,000,000	50,000,000	290,000,000
714	FORESTRY AND LAND RECLAMATION	60,900,000	0	0	60,900,000
715	NATURAL RESOURCES	125,000,000	169,600,000	90,000,000	384,600,000
716	LABOUR AND EMPLOYMENT	0	0	0	0
717	TOURISM, ENVIRONMENT AND CULTURE	18,000,000	0	0	18,000,000
718	AUDITOR GENERAL'S OFFICE	0	0	0	0
719	HIS MAJESTY'S OFFICE	10,000,000	0	0	10,000,000
734	PUBLIC SERVICE COMMISSION	0	0	0	0
737	LESOTHO HIGHLANDS DEVELOPMENT AUTHORITY	83,000,000	0	0	83,000,000
738	DEFENCE AND NATIONAL SECURITY	15,000,000	0	0	15,000,000
739	NATIONAL ASSEMBLY	0	0	0	0
740	SENATE	0	0	0	0
741	OMBUDSMAN	0	0	0	0
742	INDEPENDENT ELECTORAL COMMISSION	0	0	0	0
743	LOCAL GOVERNMENT AND CHIEFTAINSHIP	95,000,000	20,000,000	0	115,000,000
744	GENDER AND YOUTH , SPORTS AND RECREATION	20,000,000	3,000,000	0	23,000,000
744	PUBLIC SERVICE	0	0	0	0

					0
	SUB-TOTAL	931,900,000	649,600,000	237,000,000	1,818,500,000
	MILLENIUM CHALLENGE ACCOUNT	0	436,200,000	0	436,200,000
					0
	TOTAL BUDGET	931,900,000	1,085,800,000	237,000,000	2,254,700,000

Appendix 5
Desk Officers (Recurrent) 2009/10

MINISTRY	DESK OFFICER	ROOM NO.	EXT.
LAW & CONSTITUTIONAL AFFAIRS PUBLIC SERVICE COMMISSION GENDER, YOUTH, SPORTS & RECREATION	MS. S. TSEPE	3047	3427
HIS MAJESTY'S OFFICE JUSTICE, HUMAN RIGHTS & REHABILITATION LABOUR & EMPLOYMENT INDEPENDENT ELECTION COMMISSION	MRS. M. MOSOANG	3046	3446
OFFICE OF AUDITOR GENERAL PRIME MINISTER'S OFFICE FINANCE & DEVELOPMENT PLANNING SENATE	MR. T. MPETA	3046	3465
TRADE & INDUSTRY, COOPS & MARKETING LOCAL GOVERNMENT COMMUNICATION, SCIENCE & TECHNOLOGY	MS.K.MOSHOESHOE	3066	3443
PUBLIC WORKS & TRANSPORT EDUCATION AND TRAINING OMBUDSMAN TOURISM, ENVIRONMENT & CULTURE	MRS. M. MOHAPI	3048	3479
NATURAL RESOURCES HOME AFFAIRS & PUBLIC SAFETY FOREIGN AFFAIRS HEALTH & SOCIAL WELFARE	MR. G. THAKHISI	3048	3400

Appendix 6
Desk Officers (Capital) 2009/10

MINISTRY	DESK OFFICER	OFFICE NO	PHONE NO
HIS MAJESTY'S OFFICE HEALTH & SOCIAL WELFARE PUBLIC WORKS AND TRANSPORT GENDER, YOUTH, SPORTS & RECREATION NATIONAL ASSEMBLY SENATE	MS.M. POBOLE	104/105	22325954
AGRICULTURE & FOOD SECURITY TOURISM, ENVIRONMENT, & CULTURE EDUCATION AND TRAINING FORESTRY & LAND RECLAMATION	MS. M. MPOBOLE	104/105	22325954
LESOTHO HIGHLANDS DEV. AUTHORITY NATURAL RESOURCES COMMUNICATIONS, SCIENCE & TECHNOLOGY	MS.L.MOREMOHOLO	104/105	22325954
HOME AFFAIRS & PUBLIC SAFETY TRADE & INDUSTRY, COOPERATIVES & MARKETING PRIME MINISTER'S OFFICE JUSTICE, HUMAN RIGHTS & REHABILITATION DEFENCE & NATIONAL SECURITY EMPLOYMENT & LABOUR PUBLIC SERVICE	MS. M. MPOBOLE	104/105	22325954
LOCAL GOVERNMENT FINANCE AND DEV. PLANNING INDEPENDENT ELECTORAL COMMISSION FOREIGN AFFAIRS AUDIT	MS. K. MOTJAMELA	104/105	22325954

Appendix 7

TRAVEL AND TRANSPORT

List of new Item codes for the Travel & Transport category as per new Chart of Accounts

420000	Travel & Transport	
421001		Vehicle Maintenance and Repairs
421002		Fuel and Lubricants
421003		Standing Charge
421004		Short Term Hire of Vehicles
421005		Private Hire of Vehicles
421006		Motor Mileage Allowance
421007		Fares (Local)
421008		Subsistence (Local)
421009		Freight Charges
421010		Equine Hire
421011		Fares (International)
421012		Subsistence (International)

OPERATING COSTS

List of new Item codes for the Operating Costs category as per the new Chart of Accounts

430000	Operating Costs	
431001		Power
431002		Communications
431003		Cancelled - 2008-09 Only

431004	Printing
431005	Stationery
431006	Maintenance of Public Assets
431007	Food, Fodder and Beverage Supplies
431008	Cancelled - 2008-09 Only
431009	Purchases or Production of Materials, Goods or Services, including Uniforms
431010	Minor Works
431011	Drugs
431012	Dressings
431013	Vaccines
431014	Dips and Anthelmintics
431015	Official Entertainment
431016	Official Gifts
431017	Training Costs
431018	Software Licenses
431019	Consultancies
431020	Ammunition
431021	Fitch
431022	MEFMI
431023	ESAAMLG
431024	African Institute D.E.P.
431025	UNDP Lesotho
431026	Books and Publications
431027	Membership Subscriptions
431028	Cancelled - 2008-09 Only
431029	Cancelled - 2008-09 Only

431030	IDEP Subscription
431031	Water Supply
431032	Sewerage and Sanitation
431033	Rent and Lease of Buildings for Government Use
431091	2008-09 and Prior Year - Non Recurring Special Expenditure
431092	2008-09 and Prior Year - Counterpart Contributions
431093	2008-09 and Prior Year - Grants and Subsidies
431094	2008-09 and Prior Year - Running Costs
431095	2008-09 and Prior Year - Upkeep of Institutions and Livestock
431096	2008-09 and Prior Year - Other Office Overheads

Appendix 8
Donor Codes

Code	Donor
100	Government of Lesotho
101	African Development Fund
102	Banque Arabe de Developpement Economique en Afrique (102)
103	Clinton Foundation
104	Irish Aid
105	Government of Denmark
106	Department for International Development (British Government)
107	European Development Fund
108	European Union
109	Food and Agriculture Organisation
110	Global Fund
111	Global Environmental Foundation
112	Deutsche Gesellschaft fur Technische Zusammenarbeit (German Technical Cooperation)
113	Government of India
114	International Fund for Reconstruction and Development
115	International Development Association (World Bank)
116	Government of Japan
117	Kreditanstalt Fur Weideraufbau (German Development Bank)
118	Government of Kuwait
119	Millennium Challenge Corporation
120	Norwegian Agency for Development
121	Organization of Petroleum Exporting Countries
122	People's Republic of China
123	Republic of South Africa
124	Swiss Development Cooperation

Code	Donor
125	United Nations Development Programme
126	United Nations Education, Scientific and Cultural Organisation
127	United Nations Fund for Population Activities
128	United Nations Children's Fund
129	World Food Programme
130	World Health Organization
131	Kellogg Fund
132	European Investment Bank
133	Saudi Fund
134	Lesotho Electricity Corporation
135	Kao Diamond Mining
136	Liqhobong Mining Development Company
137	Government of Libya
138	African Capacity Building Foundation

Appendix 9
Project Codes

Code	Project	Head	Donor Code	Donor/GoL
0001	South South Cooperation	01	109	Food and Agriculture Organisation
			100	Government of Lesotho
0002	Sustainable Agriculture and Natural Resource Management	01	100	Government of Lesotho
			114	International Fund for Reconstruction and Development
0003	Procurement of Agricultural Machinery	01	100	Government of Lesotho
0004	Recapitalisation of Lesotho Agricultural College	01	100	Government of Lesotho
0005	Irrigated Crop Production	01	100	Government of Lesotho
0006	Special Program for Food Security	01	100	Government of Lesotho
0007	Priority Support Program	01	106	Department for International Development
0008	Improving Seed Security	01	109	Food and Agriculture Organisation
0009	Health Sector Reform Project	02	115	International Development Association
			102	African Development Fund
			100	Government of Lesotho
			104	Irish Aid

Code	Project	Head	Donor Code	Donor/GoL
			130	World Health Organisation
			128	United Nations Children's Fund
			119	Millennium Challenge Corporation
			103	Clinton Foundation
0010	Disabled Support	02	120	Norwegian Agency for Development
			100	Government of Lesotho
0011	Disabled Capacity Building	02	107	European Development Fund
0012	Support to TB Control Programme	02	110	Global Fund
			100	Government of Lesotho
0013	Construction of Referral Hospital	02	100	Government of Lesotho
0014	HIV /AIDS Capacity Building	02	100	Government of Lesotho
			115	International Development Association
0015	Capacity Building	02	131	Kellogg Fund
0016	Free Primary Education	03	100	Government of Lesotho
0017	Education Sector Development III	03	101	African Development Fund
			100	Government of Lesotho
0018	Construction of Secondary Schools	03	116	Government of Japan
			100	Government of Lesotho
			137	Government of Libya

Code	Project	Head	Donor Code	Donor/GoL
			122	People's Republic of China
0019	Orphaned and Vulnerable Children Bursaries	03	107	European Development Fund
0020	e-Government Project	03	100	Government of Lesotho
0021	Education Sector Development II Phase II	03	100	Government of Lesotho
			115	International Development Association
0022	Education Support Project III	03	101	African Development Fund
0023	Headquarters Office Extension	03	100	Government of Lesotho
0024	Irish Aid Assistance to Education	03	104	Irish Aid
0025	Education for All-Fast Track Initiative	03	115	International Development Association
0026	School Feeding Project	03	129	World Food Program
0027	Educaids Project	03	126	United Nations Education, Scientific and Cultural Organisation
			128	United Nations Children's Fund
0028	Secondary Education Sector Development Phase III	03	115	International Development Association
0029	Lesotho Utilities Sector Reform Project	04	100	Government of Lesotho
0030	Road Fund	04	100	Government of Lesotho

Code	Project	Head	Donor Code	Donor/GoL
0031	Consultancies and Studies	04	100	Government of Lesotho
0032	Institutional Support to MOFDP & MOPWT	04	100	Government of Lesotho
			101	African Development Fund
0033	Lesotho Fund for Community Development	04	100	Government of Lesotho
0034	Population Census	04	100	Government of Lesotho
			127	United Nations Fund for Population Activities
0035	Border Post Infrastructure Refurbishment	04		Government of Lesotho
0036	Support for HIV / AIDS		115	International Development Association
			110	Global Fund
0037	Roads Rehabilitation and Maintenance Program (B42, B42, B47) WBHO Claim	04	100	Government of Lesotho
0038	National Strategy for Development of Statistics	04	101	African Development Fund
			100	Government of Lesotho
			125	United Nations Development Program
0039	Public Sector Improvement Reform Project	04	106	Department for International Development
			104	Irish Aid
			100	Government of Lesotho

Code	Project	Head	Donor Code	Donor/GoL
0040	Millennium Challenge Cooperation	04	119	Millennium Challenge Corporation
			100	Government of Lesotho
0041	Foreign Trade Survey	04	100	Government of Lesotho
0042	2008 Labour Force Survey	04	100	Government of Lesotho
0043	Population Policy Management	04	127	United Nations Fund for Population Activities
0044	Lesotho Macro-economic Management Project	04	138	African Capacity Building Foundation
0045	Capacity Building for Economic Planning	04	107	European Development Fund
0046	Integrated Financial Management Information System	04	107	European Development Fund
0047	Poverty Reduction Strategy Monitoring	04	125	United Nations Development Program
0048	Rural Financial Intermediation Programme	04	114	International Fund for Reconstruction and Development
			100	Government of Lesotho
0049	Private Sector Competitiveness and Economic Diversity	05	100	Government of Lesotho
			115	International Development Association
0050	Maseru Industrial Estate – Traffic Relief Road	05	100	Government of Lesotho
0051	Tikoe, Thetsane Industrial Water Supply	05	100	Government of Lesotho

Code	Project	Head	Donor Code	Donor/GoL
0052	Tsifa-li- Mali Court Complex	07	100	Government of Lesotho
0053	Renovation of Central Correctional Institution	07	100	Government of Lesotho
0054	Electrification of Thaba-Tseka Correctional Institution	07	100	Government of Lesotho
0055	Maputsoe and Mohale's Hoek Fire Stations	08	100	Government of Lesotho
0056	Maseru Police Service Centre Designs	08	100	Government of Lesotho
0057	Police Posts Designs	08	100	Government of Lesotho
0058	Police Training College Designs	08	100	Government of Lesotho
0059	Construction of Leribe Post Office	10	100	Government of Lesotho
0060	Designs of Leribe Office Building	11	100	Government of Lesotho
0061	Road Improvement Unit	13	100	Government of Lesotho
0062	Rural Roads Improvement	13	100	Government of Lesotho
0063	Computerisation of Traffic Departments	13	100	Government of Lesotho
0064	Likalaneng - Thaba-Tseka Upgrading	13	100	Government of Lesotho
			101	African Development Fund
			102	Banque Arabe de Developpement

Code	Project	Head	Donor Code	Donor/GoL
				Economique en Afrique
			118	Government of Kuwait
0065	Integrated Transport Project	13	115	International Development Association
			100	Government of Lesotho
			107	European Development Fund
0066	New Parliament Building	13	122	People's Republic of China
			100	Government of Lesotho
0067	New State House Designs	13	100	Government of Lesotho
0068	Literapeng-T'sehlanyane Road	13	100	Government of Lesotho
0069	Mohlapiso Bridge	13	100	Government of Lesotho
0070	Pulane Bridge	13	100	Government of Lesotho
0071	Sebapala Bridge	13	100	Government of Lesotho
0072	Qhoali Bridge	13	100	Government of Lesotho
0073	Foot Bridges Construction	13	100	Government of Lesotho
0074	Lebakeng Foot Bridge	13	100	Government of Lesotho
0075	Upgrading and Development of Equipment	13	102	Banque Arabe de Developpement Economique en Afrique
			100	Government of Lesotho
0076	Upgrading of Maseru and Mafeteng Roads	13	107	European Development Fund
0077	Watershed Management	14	100	Government of Lesotho
0078	Lowlands Water Supply	14	107	European Development

Code	Project	Head	Donor Code	Donor/GoL
	Scheme			Fund
0079	National Adaptation Plan of Action on Climate	14	111	Global Environmental Foundation
0080	Village Water Supply	15	104	Irish Aid
0081	Electricity Access Pilot Project	15	100	Government of Lesotho
0082	Maseru Peri-Urban Water Supply Phase I	15	100	Government of Lesotho
			102	Banque Arabe de Developpement Economique en Afrique
0083	Maseru Peri-Urban Water Supply Phase II	15	100	Government of Lesotho
			102	Banque Arabe de Developpement Economique en Afrique
			121	Organisation of Petroleum Exporting Countries
0084	Renewable Energy – Rural Electrification	15	100	Government of Lesotho
			111	Global Environmental Foundation
0085	Supply of Infrastructure Kao and Liqhobong Mines	15	100	Government of Lesotho
			134	Lesotho Electricity Corporation
			135	Kao Diamond Mining
			136	Liqhobong Mining Development Company
0086	Lesotho Water Sector Improvement Project	15	115	International Development Association

Code	Project	Head	Donor Code	Donor/GoL
			100	Government of Lesotho
0087	Lekokoaneng Water Supply	15	100	Government of Lesotho
0088	Maseru Waste Water	15		EIB
0089	Six Towns Water Supply and Sanitation II	15	107	European Development Fund
0090	Maseru Waste Water – Immediate Measures	15	107	European Development Fund
0091	Metolong Dam	15	118	Government of Kuwait
			121	Organisation of Petroleum Exporting Countries
			133	Saudi Fund
			119	Millennium Challenge Corporation
			102	Banque Arabe de Developpement Economique en Afrique
0092	Technical Assistance to WASA	15	107	European Development Fund
0093	Maloti Conservation & Development Project	17	111	Global Environmental Foundation
			100	Government of Lesotho
0094	Thaba-Bosiu Cultural Village	17	100	Government of Lesotho
0095	National Museum	17	100	Government of Lesotho
0096	Construction of Royal Palace	19	100	Government of Lesotho
0097	Lesotho Highlands Water	34	100	Government of Lesotho

Code	Project	Head	Donor Code	Donor/GoL
	Commission			
0098	GOL Subvention to Lesotho Highlands Development Authority	34	100	Government of Lesotho
0099	LHDA Environmental Action Plan	34	100	Government of Lesotho
0100	Katse, Lejone and Mohale Water and Sanitation	34		EIB
0101	Mafeteng Military Base	37	100	Government of Lesotho
0102	Mejametalana Runway Rehabilitation	37	100	Government of Lesotho
0103	NSS Head Quarters Maseru	37	100	Government of Lesotho
0104	Development Fund for Councils	42	100	Government of Lesotho
0105	Assistance to Decentralisation	42	100	Government of Lesotho
			112	Deutsche Gesellschaft fur Technische Zusammenarbeit (German Technical Cooperation)
0106	Land Management and Administration	42	100	Government of Lesotho
0107	Upgrading of Urban Roads	42	100	Government of Lesotho
0108	Solid Waste Management (Land fill) Ts'oeneng	42	100	Government of Lesotho
0109	Development of Rural Community Roads	42	100	Government of Lesotho
0110	Designs of Urban Roads	42	100	Government of Lesotho

Code	Project	Head	Donor Code	Donor/GoL
0111	Local Government Infrastructure	42	117	Kreditanstalt Fur Weideraufbau (German Development Bank)
			100	Government of Lesotho
0112	Removal of Hazardous Sludge	42	100	Government of Lesotho
0113	Principal Chiefs Offices	42	100	Government of Lesotho
0114	Solid Waste Management – Maseru	42	100	Government of Lesotho
0115	High Altitude Sports Centre	43	100	Government of Lesotho
0116	Youth Resource Centre	43	110	Global Fund
			100	Government of Lesotho
0117	Construction of Mafeteng Sports Ground	43	100	Government of Lesotho
0118	Outreach Centre for Abused Women and Children		100	Government of Lesotho
0119	Setsoto Stadium Construction	43	100	Government of Lesotho
0120	Designs of Districts Sports Grounds	43	100	Government of Lesotho
0121	Gender Advocacy	43	127	United Nations Fund for Population Activities
			100	Government of Lesotho