

PARLIAMENT OF THE KINGDOM OF LESOTHO

BUDGET SPEECH TO THE PARLIAMENT OF THEKINGDOM OF LESOTHO FOR THE 2020/21 FISCAL YEAR

"Inter-ministerial collaboration, multi-disciplinary approaches and subsidiarity to tackle poverty, malnutrition, and joblessness focusing on service delivery at the local level"

By

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Minister of Finance

Maseru, Lesotho

26th February, 2020

Mr Speaker,

Allow me to pay my respects to you and through you to:

His Majesty King Letsie III and Head of State
The Right Honourable the Prime Minister and Head of Government
The Honourable President of the Senate
The Chief Justice and Judges of the High Court
The Honourable Deputy Prime Minister and Leader of the House
My Colleagues, Honourable Ministers of His Majesty's Government
Honourable Members of both Houses of Parliament
Their Excellencies, Heads of Diplomatic Missions and International Organisations present here
Distinguished members of the Media
The entire Basotho nation here in Lesotho and abroad
Ladies and Gentlemen

Introduction

1. Mr Speaker, this 2020/21 Budget marks the fourth Budget of this Coalition Government and paves way for the election in 2022. I am honoured to once again stand before this honourable House to present estimates for the coming fiscal year.

2. Mr. Speaker, for the past three years, this Administration has been leading an effort to rebuild our economy within very challenging economic and fiscal conditions, but on many

occasions where our country has been under distress, it has demonstrated overwhelming resilience. When we took Office in June 2017, we inherited a financial and economic crisis characterised by depleted international reserves and slow structural growth. At the time, we assumed that the problem was merely cyclical and would soon disappear, but it has persisted and now we fully comprehend that our woes emanate in part from factors we have control over. Persistent economic slowdown in South Africa, slow growth of our exports and volatility of SACU revenues—none of which Lesotho has control over--have negatively impacted our economy. The domestic and external reserves cushion—which Lesotho has control over were already depleted in 2017, and thus provided little policy cover to absorb the external shocks.

3. Mr. Speaker, the mandate of this Coalition Government remains clear; to provide the citizens with an honest, clean, transparent and effective administration; revitalise an economy after several years of economic stagnation; implement an innovative approach to accelerating investment and job creation; and repair the fiscal accounts, which were seriously damaged by wasteful expenditure. We were also mandated by the people to regenerate confidence and trust in the management of the country's fiscus.

4. At this stage, I would like to share with this Honourable House our report on the performance of the budget adopted at the end of March 2019.

Some results achieved from the 2019/2020 budget

5. Mr. Speaker, the Ministry of Finance has appointed the Public Procurement Tribunal that will addresses grievances from unsuccessful bidders, in a timely and less costly manner, compared to the traditional court system, thus leading to faster resolution of procurement disputes. This will also aid in creating transparency and accountability, thus creating a favourable environment for efficient private sector participation in the economy.

6. In an endeavour to enhance government revenue, the following bills have been tabled before the National Assembly: Tax Administration Bill, VAT Bill, Income Tax Bill and Customs Bill. VAT rate has also been standardized. Furthermore, oil levy has been revised from 80 Lisente to 110 Lisente for the period 2019/20. Mr. Speaker, the Bill on the introduction of 15 percent and 30 percent levies on alcohol and tobacco products is also in its final stages of preparation for tabling before Parliament. The policy on of unlimited telephone expenses was repealed by Circular 1 of 2018. Loans have been eliminated and government cannot pay an MPs

7. Mr. Speaker, a year ago, we pronounced the need for ministries to review their fees and charges in order to keep them in line with the principle of annual cost recovery. The Ministries of Water, Home-Affairs, and Agriculture and Food Security have reviewed fees and fines and are now poised to maintain cost parity. The Ministries of Water, of Home-Affairs, and of Agriculture and Food Security have reviewed fees and fines and are now poised to maintain cost parity. The Ministry of Police is presently working on legislation to review all its outdated fees and fines.

8. Mr Speaker, I can also confirm that Cabinet has approved that MPs loans be eliminated, and that Government should under no circumstances settle these loans. I can also confirm that ministers fly business class, whereas they used to fly first class. Expensive SUV vehicles for ministers and judges have been replaced with more cost-effective diesel Prado vehicles as well as diesel sedans.

9. Mr. Speaker, let me take this moment to also inform the House that the Ministry is exploring the possibility of introducing Mid-Year Budget Review that will be used to track progress on the policies outlined in the budget speech and also as an additional tool to improve budget transparency and allocative efficiency.

10. I now turn to the 2020/21 budget proposals, by first laying out the global, regional and domestic economic and financial contexts and summarising policies and financial proposals.

Global and regional macroeconomic developments

11. Mr Speaker, as a small and open economy, Lesotho is not divorced from developments in the global economy. The growth uptick in 2017, began to slowdown in late 2018. A great deal has changed: US-China trade tensions have escalated together with geopolitical tensions that have created and sustained volatility in world oil prices. markets. Credit conditions have tightened. Taken together, these factors have contributed to significantly weaker global expansion. The International Monetary Fund (IMF) has lowered its 2019 growth forecasts to 2.9 percent from an earlier forecast that saw growth exceeding 3 percent. Things could however pick up somewhat with global growth projected at 3.3 percent in 2020 and 3.4 percent in 2021. However, these rosy forecasts depend entirely on the extent to which the US and China will be able to resolve their trade tensions. The impact of the Novel Coronavirus is now an added risk which pundits are yet to accurately predict.

12. Growth in sub-Saharan Africa will strengthen to 3.5 percent in 2020 from an estimated 3 percent. Prevailing structural constrains and deteriorating public finances which tend to hold back business confidence and private investment in South Africa is expected to dampen these forecasts in the near term. And in turn have a knock-on effect on the entire SACU region, but more so on Lesotho given its close links with the neighbour.

13. Mr Speaker, I share these realities with this House, so that our economic turmoil or success is best understood in the wider global and regional contexts.

Domestic economic developments and outlook

14. Mr Speaker, as I now turn to domestic economic developments and outlook, allow me to remind the entire Basotho Nation and the Honourable House that in 2000, the country participated in a National Dialogue where more than 5 hundred stakeholders from different sectors of the economy put their heads together to form a vision which we called "Vision 2020". The Vision stated that ***"By the year 2020, Lesotho shall be a stable democracy, a united and prosperous nation at peace with itself and its neighbours. It shall have a healthy and well-***

developed human resource base. Its economy will be strong, its environment well managed and its technology well established"

15. Mr Speaker, this leap year 2020 is the test date for our vision. The Ministry of Development Planning should quickly undertake an assessment of our performance on this long-term goal. That said, Mr Speaker, it is anecdotally evident that we have not reached our lofty goals. Indeed, the purpose of this budget is to try to move the needle in all the goals of that powerful vision. Political stability remains in question; half of our people are poor and hungry; and nearly 2 in 5 children do not have the nutrition they need to achieve required body and cognitive growth.

16. Mr Speaker, as already indicated, Lesotho remains a poor and fragile country. Before I lay out Government's plans, I would like to talk to my colleagues in this house so that we all understand in full the development challenges that face us. Poverty fell from 57 percent in 2002—3 in 5 people—to 50 percent in 2017—a 7 percent drop, but it took 15 years to achieve that modest goal; and the poverty level is still very high. It is important to note that while nearly 50,000 people escaped poverty in this period, it changed very little in the rural mountain areas over this same period. Nearly 800,000 people live in the rural areas and this is the population that must increasingly be targeted by this and future budgets. According to recent reports, more than 500,000 people in ten districts are now severely food insecure, 30 percent of which are in the rural areas and 13 percent in the urban areas. This represents an increase of more than 64 percent from last year. The areas that are hardest hit are Mosalemane, Thaba Putsoa, Makhaleng, 'Maliepetsane, Qaqatu, Ketane, Hloahloeng, Thaba Moea, Semena, Mashai, and Senqu.

17. Education and skills development, formal jobs, and mining remittances explain the decline in poverty in urban areas. But to decisively target poverty in the rural areas, government must target delivery of basic road infrastructure, early childhood development, provision of schools and clinics and the raising of both education and health outcomes in these areas and provision of electricity to all rural schools and clinics.

18. Mr Speaker, Honourable Members; poverty comes with other very important deprivations. It is not by accident that our Majesty is the African Union's Ambassador for Nutrition, World Bank's Champion for Human Capital, and Special Ambassador of FAO on Nutrition. It is because Lesotho suffers high incidences of stunting; nearly 2 in 5 children under 5 years of age are stunted, which means they suffer retarded growth and development as a result of both prenatal and postnatal mother-child malnutrition. This also means that such children will perform poorly in school and will never be able to participate fully in the economy. Mokhotlong (43.3 percent), Thaba Tseka (43.3 percent), Mohale's Hoek (36.7 percent) and Berea (37.8 percent) are the districts that are most affected. Most importantly, these are the same areas that are also affected severely by poverty.

19. To understand fully the impacts of malnutrition and learn best practices in the region his Majesty, in his capacity as the Nutrition Champion hosted a nutrition conference in early 2019. Two key outcomes of the conference were:

- The first 1000 days of child's life are most critical for a healthy and knowledgeable life;

- Fighting malnutrition requires a multi-disciplinary approach, inter-ministerial collaboration and subsidiarity.

20. Mr Speaker, the key message to the Honourable House is that the Government of Lesotho will not achieve much by continuing to work in the traditional manner of silos and centralised power.

21. The house is also invited to note that the economic performance for 2019/20 was marked by weak recovery following disappointing growth in 2018/19. Economic growth for 2019/20 is estimated at 1.4 percent. This poor growth is attributed to poor performance in all sectors of the economy, particularly the manufacturing sub-sector, which recorded slower growth of 7.6 percent against strong growth of 12.4 percent in 2018/19. On the other hand, external demand conditions remain less encouraging for diamond exports following growth of synthetic diamonds coupled with poor US-China trade relations (Our diamonds are auctioned in Belgium, cut and polished in India and sold to China for further processing. The US is the major consumer).

22. Mr Speaker, as at December 2019, headline inflation as reported by the Bureau of Statistics, was estimated at 4.8 percent, reflecting 0.2 percentage points increase from the observed November 2019 rate. This increase in overall prices was specifically observed on Food and Non-Alcoholic Beverages which grew by 7.4 percent, followed by Clothing and Footwear at 4.4 percent. The 2020/21 inflation outlook is expected to remain roughly unchanged as food prices continue to dictate the medium-term price changes.

23. Regarding the official international reserves, the level of reserves remained within the margins of 4 months of import cover and are expected to remain well above 3 months of import cover over the medium-term, with modest improvement during 2020/21 due to the expected increase in SACU transfers.

24. Turning now to the external sector, our balance of payments remains vulnerable to external shocks. Over the past two years, the current account deficit has declined as a result of improved diamond exports and the primary income account. In 2020/21, SACU receipts are set to recover by about 44.3 percent relative to the 2019/20 receipts. The current account position is therefore expected to improve further. With the emergence of medical cannabis expected to boost job creation and the exports earnings in the short to medium-term.

The Government Sector

25. For the 2020/21 fiscal year, total revenue is expected to increase to 53.5 percent of GDP following stronger than expected SACU revenue shares, coupled with growth of VAT. SACU revenues shares for Lesotho are expected to total M8.9 billion against a projected M6.53 billion. VAT growth of 7.2 percent will result from additional 3 percent VAT on

telecommunications. However, the grant component of our revenue is projected to drop to M1 billion against M1.2 billion received in 2019/20.

26. Mr Speaker, against these forecast in revenues we expect total expenditure to increase to 58.1 percent of GDP or M22 billion. Once again, we expect the general Government wage bill to drive total spending.

Sectoral policies and actions

27. Mr Speaker, having developed the second National Strategic Development Plan (NSDP II), which emphasises private sector development and pursuing sustainable inclusive growth, the Government is identifying the investments that will create jobs needed for Basotho. More than 77 bankable projects have been identified from the private sector with a total investment of M20 billion and more than 30 thousand jobs.

28. In 2019, Lesotho undertook a Voluntary National Review (VNR) as a mechanism for national introspection to assess progress, identify development gaps and priority areas where strategic interventions are required. The review revealed that notable progress has been made in integrating Sustainable Development Goals (SDGs) into national plans and policies. The main challenges that remain are effective operationalisation of the frameworks and reaching the bottom 40 percent (poorest and poor), as this agenda calls for leaving no one behind and reaching furthest first.

29. Mr Speaker, this shows that despite Lesotho registering moderate economic growth between 2010 and 2016 and having a relatively good social protection system in Africa, poverty levels (49.8 percent), unemployment (25.3 percent) and inequality are high. For these reasons, the government has prioritised combatting poverty the key priority and to address the underlying issues that are reflected in other SDGs. It also recognises the need to pay special attention to the most vulnerable groups including women, children youth, elderly and people living with disability as well as closing rural – urban disparities

30. During the year 2020/21, the Government will conduct the Lesotho Demographic Survey (LDS) and an Agricultural Census. The LDS is conducted five years after the decennial census to update the census information and inform the Government on the immediate interventions needed on emerging issues. With the Government having identified agriculture as a pillar of economic growth, the Agricultural Census will provide data on the structure of agriculture in the country; for policy formulation, development planning as well as monitoring and evaluation. With the Government having identified agriculture as a pillar of economic growth, the Agricultural Census will provide data on the structure of agriculture in the country for policy formulation, development planning as well as monitoring and evaluation. The data will be used to benchmark and improve crop and livestock statistics.

Investment Support

31. Mr Speaker, in an endeavour to improve the investment climate and reduce the cost of doing business in the country, the Ministry of Trade and Industry has enacted Business Licensing and Registration Act No. 3 of 2019, which will make it easier to start a business. The Act aims at introducing risk-based business licensing and flexible business regulation. Under this law, businesses will be licensed depending on the risk they pose to public health or safety, national security or environment protection. The law prescribes a licensing procedure that is simple, short, cost effective and responsive to the needs of the business operator. E-licensing and e-regulations system has been launched which will further improve the ease of starting a business, in that, application for a trader's license and company registration will be done on-line.

32. The Ministry will also launch the Lesotho Standards Institution with staff recruited during the fiscal year and a dedicated building coming thereafter. The institution will promote domestic investment and exports by providing assurances on the quality of goods produced in Lesotho.

33. The procurement process for review and updating of investment policy and the MSME policy and development of associated legal frameworks has commenced and the task will be completed within 8 calendar months.

34. The Government has developed a microfinance programme and preparations for implementation of the programme are at an advanced stage. The program is expected to create a vibrant and sustainable scheme that will increase access to quality and comprehensive products and services by economically active groups and individual MSMEs. The intervention will also strengthen capacity of various role players within the financial sector market system in Lesotho.

35. Mr Speaker, to address skills and jobs mismatch, the Government has developed an apprentice strategy with the assistance of the African Development Bank (AfDB). In order to operationalise the strategy, a tripartite Memorandum of Understanding (MoU) intended to facilitate establishment of a tripartite organization between Government, Institutions of Higher Learning and the Private Sector was signed by the three Parties in July 2019. A proposal for implementation of the Lesotho apprenticeship Strategy has been approved by AfDB for funding. The funding will facilitate implementation of the recommendations of the apprenticeship strategy and in particular, establishment of a dual-study program whereby the graduates of institutions of higher learning are sufficiently exposed to industry and business practices to match the needs of the market and/or can relatively easily go into self-employment and/or business.

36. The Government through the Private Sector Competitiveness and Economic Diversification Project has completed an Institutional Review of LNDC in order to improve the organization's operational efficiency. The new LNDC structure has 3 strategic business

units namely, Trade and Investment Promotion, Development Finance and Property Development, and supporting unit – Corporate Services. All General Managers have been recruited and a new strategic plan is under implementation. The strategic, functional and institutional reforms were designed to equip the LNDC to fulfil its mandate to initiate, promote and facilitate the development of manufacturing and processing industries, mining and commerce in a manner calculated to raise the level of income and employment in Lesotho.

37. Mr Speaker, the Government is working with the AfDB to undertake an institutional review of the Basotho Enterprise Development Corporation (BEDCO) and the Lesotho Tourism Development Corporation (LTDC) to establish whether the current structures of the two parastatals are fit for purpose as institutions operating in a highly competitive global environment and to reposition the two organisations to remain relevant and competent. Work on the institutional review has commenced while the procurement process for strategic review of LTDC is at an advanced stage.

38. Working with the AfDB financed Economic Diversification Support Project (EDSP), the Government has launched a Business Plan Competition (BPC) which complements the existing LRA-Standard Bank- BEDCO "Bacha Entrepreneurship Project". The aim of BPC is to offer a comprehensive solution to the issue of inaccessibility to finance and enterprise development support faced by Basotho start-ups and entrepreneurs with a clear goal to filter the best entrepreneurs with the most viable business plans that can make a marked difference in the Lesotho economy. The Competition combines four main success pillars for entrepreneurship, which are access to finance, business development services, technical assistance and mentorship to ensure a holistic approach to tackle the major challenges facing entrepreneurship ecosystem in Lesotho. The BPC portal has also launched and made accessible to key stakeholders including BEDCO, Administration, Technical Training Team, BEDCO Steering Committee and Adjudication Panel. To date, 146 applications have been received for review and the selection will be completed by April 2020.

39. Mr Speaker, to tackle youth unemployment, the Government is partnering with the World Bank to facilitate establishment of a Jobs Platform with specific focus on Entrepreneurship and youth employment. The initiative has three mutually reinforcing pillars, namely: improving the business environment by accelerating business environment reforms, increasing market contestability, efficiency and equity, improving governance and transparency, deepening financial markets intermediation, and facilitating investment in infrastructure through PPPs; expanding the entrepreneurship ecosystem through, inter alia, direct support to entrepreneurs, broadening and deepening access to finance, strengthening value chain solutions for job in priority sectors, and creating business opportunities through digital platforms; and improving employability through skills development, mindset change, business development support, business incubation and smart intermediation services. The platform is expected to strengthen coordination and collaboration among ecosystem players thereby creating an enabling environment for competitiveness and job creation.

40. The Government continues to support the Lesotho Enterprise Assistance Program (LEAP). LEAP is a matching grant scheme launched by the Government of Lesotho with

IDA/World Bank to help Basotho private companies and business associations to improve their competitiveness in domestic and export markets. The programme has to date been receiving a positive response from the private sector, considering the limited number of direct business development services available for private sector in the country. The number of applications received since the inception of the program has been increasing with 285 applications approved. The streamlined application processes also continue to ease processing of applications, thus reducing time taken from receipt of an application to its approval. The rate of disbursement has also been cumulatively increasing from M 2.8 million in December 2017 to M4.6 to million in December 2019.

41. Lesotho has ranked well across several World Bank Ease of Doing Business measures including starting a business, getting credit and trading across borders and this performance is expected to improve due to several interventions the Government is implementing through the Private Sector Competitiveness and Economic Diversification Project.

42. Mr Speaker, on Trading across borders, Lesotho currently ranks 40 out of 190 countries. Significant progress has been made in upgrading the Customs Management System– ASYCUDA. In addition, implementation of the LRA-SARS connectivity solution is at an advanced stage and procurement process for development of a Lesotho National Single Phase to connect LRA with other border agencies has been launched. Work on the single phase will be completed within a period of 12 calendar months.

43. Lesotho currently ranks 94 on Getting Credit and this performance is expected to improve further with the development of credit scoring system and enactment of the Security Interest in Moveable Property Bill.

44. With regard to starting a Business, the Business Registration, Licensing and Inspection Reform is progressing well with licensing regime in place to make it less cumbersome, more transparent and predictable. As part of the initiatives to simplify the starting a business procedure in Lesotho, a reform of the inspection regime for traders' licenses was introduced whereby a health certificate is no longer a requirement to obtain a traders' license for most businesses it is required only for activities with potential public health or environment Consequently, the business creation process got shortened by 14 days (currently 0 days, from 14 previously). As a result of this reform, Lesotho improved by 35 positions on starting a business indicator and now ranks 84 amongst 190 economies in the 2020 Doing Business report rendering the country a Top Reformer on Starting a Business. Operationalization of the Business Licensing and Registration Act of 2019 is expected to further improve Lesotho's performance on stating a business.

45. Mr Speaker, in order to support the drive to facilitate better access to finance for local private sector, the LNDC has developed financial instruments to address specific and peculiar needs of small to medium enterprises in manufacturing, agriculture and agro-processing, mining and quarrying as well as tourism. These instruments have been completed and will be launched and availed to the private sector during the year 2020 to address financing gaps in the preparation of private sector projects all the way to bankability. These are mostly projects that

are aligned with the National Strategic Development Plans and have been gone through the Government of Lesotho Economic Labs programme. Other financial instruments will cover growth capital for fast growing SMMEs, specialized equipment and cash-flow risk for manufacturers and the commercial farming community, especially those geared towards exports or import substitution.

Allocations to Investment Ministries

46. Mr Speaker, at this stage I would like to turn to sectoral policies and budget proposals. The total expenditure proposal for 2020/21 amounts to M21.9 billion, of which M15.7 billion accounts for Recurrent Expenditure and M6.3 billion accounts for Government Capital Expenditure. The proposed Total Revenue amounts to M20.2 billion, of which M7.9 billion represents tax revenue, M1.1 billion represents grants, M2.1 billion represents non-tax revenue and M8.9 billion represents SACU revenue shares. These proposals result in a deficit of M1.8 billion, representing a deficit of 4.7 percent of GDP. The Heads of expenditure are too numerous to mention them all, but we have attached tables to the printed copies of this Budget Speech, which provide details on allocations by Head and Item.

Trade and industry

47. Mr Speaker, the Lesotho National Development Corporation (LNDC) continued with its efforts to support the industrialisation policy of the Government of Lesotho. In the last financial 2019/2020, LNDC launched the construction Tikoe III infrastructure and factory shells in Maseru. The investment, to the tune of M450 million, entails the construction of roads, water treatment plant, and factory shells with a capacity to accommodate about 3,000 workers in manufacturing and processing. The project is expected to be completed at the end of next year in 2021.

48. The LNDC is also accelerating the construction of the M800 million Phase I of the Belo infrastructure and factory shells launched in 2018 and is expected to be completed by the end of this year. Upon completion of Phase I, the Belo Industrial Estate will create just over 14,000 jobs in manufacturing and processing. For both Tikoe and Belo, LNDC is already working on designing a package to invite the private sector to invest and build factory shells in the phases of the next phases of these developments.

49. Mr Speaker, in partnership with the private sector, the LNDC is conducting a range of studies for the development and operation of the first Special Economic Zone (SEZ) in Lesotho with pharmaceutical and cannabis hub, light engineering, and an agro-industrial zone in the district of Mafeteng. This will also mark the first public private partnership in the design, development and operation of SEZs in Lesotho. By the end of this year, some of the private investments are expected to flow into some the specialized hubs within the SEZ.

50. In the district of Berea, the Corporation will embark on feasibility and design studies for Public Private Partnership in the development and operation of a Special Economic Zone (SEZ) anchored primarily on agro-processing. The LNDC will also finalise its studies on the planned factory estates in TY which shall accommodate a diverse set of investments.

51. The Corporation has continued to attract new and expansion investments in the areas of non-textile manufacturing, particularly light engineering and automotive components, though limited factory space poses major constraints in conversion of these opportunities.

52. In partnership with the private sector, the Corporation has launched a M405 million industrial hemp and super foods project in Qeme, Maseru this year that is expected to be rolled-out over a 3-year period. The project will create thousands of decent jobs from cultivating and processing of food and pharmaceutical products.

53. Mr Speaker, last year, the Corporation also embarked on extensive investment promotion activities, and undertook several detailed commercial feasibility studies and business plans with private partners in the areas of livestock, grains, horticulture, and aquaculture. Some of these projects are going for implementation this fiscal year, covering Butha Buthe (Muela) down to Mafeteng.

Continued Reforms and Localisation of the Wool and Mohair Industry

54. Mr Speaker, the Government of Lesotho recognises the importance of the wool and mohair industry and as a result has invested more than M400 million to improve economic and climatic resilience of the industry. Lesotho has 4 million small stock on approximately 1.8 million hectares of rangeland. The commercial industry is estimated at about M900 million, but government recognises that this value could be increased by carefully selected interventions and investments. Government also recognises that less than half of the sale value of wool and mohair goes to the farmers, with intermediaries benefitting more than our people who produce the wool and mohair.

55. The investment by government entails the following actions: Sustainable management of rangeland working with grazing associations, which themselves are being empowered for better management; promulgating legislation to strengthen control over the country's rangelands; diffusing rangeland and animal knowledge amongst the farmers and their associations with a view to improve overall management of the industry—sentinel sites have been selected on which rangeland health statistics are being sampled and collected; and advocating for improved breeds and fibre quality including through supplementary subsidised feeding for better nutrition, expanded local fodder production, infusion of improved ram and ewe breeds into the farmers stocks—the first auctions of improved rams and ewes took place last month and this program will be scaled-up significantly during the coming fiscal year.

56. Mr Speaker, a culling and exchange program in which one improved ram is exchanged for four healthy small stock is being implemented and will be scaled up during the fiscal year. Under this program, 87 Lesotho-bred rams have been introduced in exchange for over 340 animals removed from the rangeland. Mr Speaker, Government has legislated the localisation of the sale of wool and mohair in Lesotho to international markets. The first historic cycle, the 2018/19 season of wool and mohair localisation, has been completed. This noble action has not gone without challenges. It has been received with mixed reactions from the stakeholders, some of which called for some amendments to be made in the wool and mohair regulations to enable a smooth business environment in this sub-sector. About 49,000 wool and mohair farmers'

fibre was handled and auctioned, yielding M410 million, which represented half of the national clip. It is worth mentioning that the localisation of the sale of wool and mohair has resulted in generation of 110 permanent jobs.

57. Mr Speaker, you will recall that in the previous years, there used to be only one licensed wool and mohair broker and auctioneer. However, under the revised legislation, more brokers and auctioneers have been licensed, resulting in more market channels and more auctions taking place. There has been a great support from mohair buyers in South Africa who have been in Lesotho to evaluate and buy Lesotho's mohair. More brokers are now investing in the sector to increase capacities.

58. Mr, Speaker, I am pleased to announce that Government on 18th February 2020 decided to take responsibility to pay about 1,000 farmers that Maseru Dawning had failed to pay on time. Payment of farmers will begin tomorrow, Thursday. Government also decided to undertake a special study to understand the policy, technical, implementation and financial challenges that beset the localisation policy. Following this study and consultation with all stakeholders, Government will modify the localisation policy to cater for the smooth running of the industry and to ensure that farmers get the large of the efforts.

Mining

59. The discovery and the quantification of mineral resources define and drive the country's mining potential. Minerals exploration is therefore an essential prerequisite to the development of mineral industry. However, lack of geological and geospatial information is a major constraint on Lesotho's ability to maximise its potential for exploration of mineral resources. During the 2019/20 fiscal year, the Ministry of Mining managed to collect 125 samples for anomaly area number 7 in the Mohale's Hoek district for verification of previous results.

60. Mr Speaker, the mining revenue target for the 2019/20 budget year was estimated at M529.5 million, well below the 2018/19 collection of M627 million. Surprisingly, for the first nine months of the fiscal year, only M269.9 million (43 percent) had been collected. This is a result of several unavoidable factors, which negatively impacted on global market prices for diamonds. The total diamond production for January to December 2019 was at 1,104,215 carats, compared to 1,300,000 carats in 2018. This 15 percent decrease is mainly due to a two-month power disruption at the Liqhobong mine.

Tourism and creative industries

61. Mr Speaker, since February 2019, the Ministry of Tourism, Environment and Culture has been reorganising internally and re-organising its budget priorities to deliver on its primary economic mandate. The 2020/21 budget will see completion of the new National Museum and Semonkong Tourist Information Centre. In the upcoming 3-year medium term budget framework, emphasis will be moved away from large capital investments and begin to focus on greater marketing of the country to stimulate tourist numbers, particularly from South Africa and the SADC region as well as micro interventions in the 1 Million to 5 Million Maloti range.

This is intended to stimulate participation, visibility and the economic viability of music, film and television, fashion, theatre as well as arts and crafts.

62. The Sehlabathebe National Park and its full integration into the Trans-frontier Conservation Area will receive priority as well as the enactment of legislation to reduce the use of plastics and protect biodiversity. The Ministry is committed to a comprehensive and sustained programme of enforcement of new and existing environmental legislation. The deployment of young people under the Graduate Programme will be utilized to create an inspectorate and compliance unit. Revised revenue estimates for 2020/21 include substantial increases in fines for companies and individual that break environmental laws. Our commitment to cleaning up Lesotho is a serious one.

63. Mr Speaker, in order to promote and protect authors and artists, the Copyright Society has been established and was launched this month. Respect for copyrights encourages dissemination of knowledge and rewards creators and their publishers.

64. The review and updating of the tourism policy have been completed and the tourism masterplan has also been developed to facilitate investment within the tourism and hospitality sector. As part of implementation of the tourism policy, the Government has undertaken detailed feasibility studies for investment in the tourism and hospitality sector in key locations, including, inter alia: Sani Top Equestrian and Ski Resort; Semonkong Waterfalls Resort; Lets'a -la –Letsie Adventure Resort; Katse Tourism Village; and Maseru City Tour Route.

65. The next step is to organise an investment forum for presentation of the findings of various feasibility studies and value chain analysis studies. To increase private sector participation in the economy, the Ministry is about to complete competitive procurement process to concession out three existing tourism facilities to private operators. The three facilities are Liphofung, Bokong and Sani Pass.

Agriculture, food production, and climate change

66. Mr Speaker, Agriculture is generally viewed as the mainstay of economic growth and development, more especially due to its potential in creating employment to more than 70 percent of the rural poor women and youth as indicated in the NSDP II. Unfortunately, the sector is also highly prone to adverse climatic conditions that we have experienced in recent years. Food production declined by an alarming 76 percent between 2018 and 2019 as a result of unfavourable weather conditions, particularly drought. Maize production declined from 110,000 tonnes in 2018 to 35,000 tonnes in 2019. Similarly, sorghum production declined from 40,000 tonnes in 2018 to 1,000 tonnes in 2019. Planting of the 2020 cereal crops to be harvested from April 2020 started in October 2019. However, at the start of the cropping season, rainfall amounts were below average and temperatures higher than normal. Weather forecasts for the period December 2019 to March2020 indicate a higher likelihood of below-average rainfall, which further creases the likelihood of reduced harvest in 2020. Consequently, the 2019/20 total cereal imports are estimated at 272,000 tonnes, of which maize imports are 150,000 tonnes and 90,000 are wheat imports. As part of the policy to commercialise agriculture and insulate against climate change, Government is implementing

Smallholder Agricultural Development Program, which aims to support farm production, marketing of produce and insulating farmers against climate change events through financial grants. 121 More grants amounting to M37 million were recently awarded to deserving farmers, while a study on irrigation masterplan and investment framework has been commissioned.

67. The Ministry is aware of the vulnerability of farmers to extreme climate change shocks and efforts are under way to promote Climate Smart Agricultural Practices such as irrigated crop production, protected agriculture, Conservation Agriculture and encouraging smallholder farmers to diversify into short cycled livestock production such as poultry and piggery. At the national level, Government is undertaking studies to design an irrigation masterplan and investment framework and the results will be published in the coming months.

68. Mr Speaker, on marketing and off-take arrangements, the Ministry of Small Business Development, Cooperatives and Marketing in its efforts to facilitate marketing of the Kingdom's produce focuses on agricultural products, particularly vegetables, poultry and piggery, which represent a niche market for Lesotho. Agriculture employs the greater part of the population, yet the sector is faced with a myriad of challenges that include limited access to market infrastructure as well as collection and storage facilities, resulting in post-harvest losses. As a result, the Ministry is in the process of constructing a Northern Region Fruits and Vegetables Fresh Produce Market Centre at Tsikoane in Leribe. The construction of this centre should be completed by the end of the current Fiscal Year. The market centre will serve at least 400 commercial farmers in the Northern Region of the country that is, Mokhotlong, Butha-Buthe, and Leribe. The Ministry is currently in the process of engaging private operators with requisite expertise to run and maintain this market centre. Plans are underway for construction of Southern Regional Fruits and Vegetables Fresh Produce Market Centre in Litšoeneng, Mohale's Hoek and to build Piggery and Poultry slaughterhouses at Ha Foso in Maseru.

Information and communication

69. Mr Speaker, to implement phase II of the e-Government infrastructure project, the Government will increase broadband coverage in rural and unserved areas through construction of 48 mobile sites to improve 4G coverage and support the completion of a 96 km Optical Ground Wire (OPGW) fibre network from Roma to Thaba-Tseka to improve the quality of services delivered to mobile data end-users in the Thaba-Tseka district.

70. Government has expanded access for private radio stations such that they can connect to LNBS transmitters countrywide. Currently, Leribe and Thaba-Tseka have been switched on from the Lancer's Gap transmitter. More stations will be switched on during the coming Fiscal Year.

71. Mr Speaker, the road to a paperless parliament has begun. All members of the National Assembly and Senate will receive their tablets to which future House documentation will be directed. In future all information related to House business will be ported from these devices. The Ministry of Communication will soon configure the devices and install required

applications. It is hoped that each member of parliament will receive their device at the end of March 2020.

Infrastructure services

72. Mr Speaker, provision of infrastructure, notably, roads, bridges, electricity, and water are critical for both addressing human development needs (good health and education) as well as catalysing much needed productive investments.

73. As mentioned in the previous Budget Speeches, infrastructure is still critical to enable investment and must therefore be carefully thought out. To achieve this, Government will, starting in 2020/21, prioritise provision of infrastructure that has the highest potential to increase productivity in key economic sectors in order to drive transformation. M100 million has been set aside to develop advanced infrastructure projects identified through the April 2019 investment laboratory. Arrangements are underway to set up a national Delivery Unit, and to re-engage PEMANDU to support the investment process and train that the Unit's staff.

Roads and bridges

74. Mr Speaker, Government is facing a painful challenge regarding road construction. Given that resources are limited, there is never enough funding for new roads and maintenance at the same time. A program of building new roads comes at the expense of maintenance of the existing road network. Maintenance of the existing network comes at the expense of building new roads. To date, Government's policy has been to build new roads and consequently to underfund road maintenance. The result has been severely damaged roads that will not live up to their designed lifespan and will cost, it is estimated, no less than M12 billion to rehabilitate the current network. Government is now facing the difficult question of the trade-off between maintenance and new investments in road construction.

75. While mulling this conundrum, Government is assessing bundling of new road tenders with maintenance plans for whoever wins the tenders. This will ensure that construction companies consider the risks of poor workmanship during construction. For gravel roads, Government is considering introducing the use of perma-zyme bonding materials in the construction of unpaved roads in order to increase their durability and maintenance.

76. The Ministry of Public Works has introduced the concept of a national orbit, which entails a paved road network around the country across all the 10 districts to promote easier road communication with the attendant human development benefits as well as tourism and agriculture promotion. The missing link in this idea is the Bokong-Katse-Thaba Tseka-Mokhotlong and Thaba Tseka-Matebeng-Sehlabathebe. These roads are at different stages of feasibility and designs. During the financial year, the Ministry of Finance and of Public Works will look at how these orbit concept can be financed.

77. The construction of Marakabei-Monontša and Mpiti-Sehlabathebe roads is progressing satisfactorily and with more than 200 people presently employed under both projects. More

than 35 footbridges were constructed with the assistance of World Bank in Maseru, Leribe, Berea, Mokhotlong, Quthing, Thaba-Tseka and Mafeteng. More and more bridges will be built in the coming fiscal year to ease movement of people across our rivers.

78. The Ministry of Local Government and Chieftainship is currently rehabilitating and upgrading 46.7 kilometres of roads in Maputsoe, Mohalalitoe and Tšosane-Sekamaneng, which will be completed in the coming Fiscal Year. The current program; whilst construction of rural roads in all districts is ongoing. The Ministry has assessed the status of its road construction equipment and concludes that the machinery is still in good working condition and that shortages of fuel in the past has hampered progress. This budget addresses this limitation.

79. As part of the need to raise adequate funding for road maintenance, Cabinet approved in 2018 that toll rates shall be reviewed regularly to keep up with the cost of road maintenance. New Class 1 (Light Motor Vehicles) rates will rise from M40 to M45; Class 2 (Medium Heavy Vehicles) rates from M80 to M85; Class 3 (Large Heavy Vehicles) from M120 to M125; and Class 4 (Extra-Large Heavy Vehicles) from M280 to M295.

Water

80. Mr Speaker, there is continued commitment of the Government to increase access to drinking water in urban and rural areas. The Government, with the assistance of the World Bank and European Union, is implementing the Lesotho Lowlands Water Development Project (LLWDP) Phase II, which will be treating and delivering water to demand centres. It will also focus on refurbishment of existing networks and boreholes and increase capacity of service providers and associated organisations to plan, operate and maintain water infrastructure.

81. In this Fiscal Year, the Government has started implementation of the construction of water supply network in Mafeteng and Mohale`s Hoek and surrounding areas as well as in Hlotse and Maputsoe. In the short term, WASCO will augment water supply to Maputsoe by installation of a package plant in an endeavour to meet the immediate water needs of Maputsoe whose water demand already far surpasses the current supply. This is a short-term measure meant to improve water supply to Maputsoe Town while the long-term Lesotho Lowlands Water Supply Project will take longer to implement.

82. The Hlotse and Maputsoe components of the Lesotho Lowlands Water Supply Project will abstract water from the Hlotse river into a treatment plant that would convey water to these destinations and serve all the villages along the pipeline. Likewise, the Mafeteng and Mohale's Hoek project will abstract water from the Makhaleng convey water to the towns, while serving intervening communities. The feasibility study for the construction of Makhaleng Dam which will supply the Republic of Botswana with surplus water is ongoing.

83. Considering retail water services, the Water and Sewerage Company (WASCO) is planning to implement several improvements including becoming profitable by 2023, reducing non-revenue water from 49 percent to 35 percent; and reducing its customer debt down from M140 million to reasonable amounts, and strengthening its technical, operational and managerial capacity.

84. Notwithstanding these challenges, WASCO will implement the Greater Maseru Water Supply Project which will construction towards the end of the year to install water mains, pump stations and storage reservoirs. The project will benefit the following urban areas of Maseru, Ha Makhoathi, Ha Bosofo, Parts of Mazenod, Ha 'Masana, Ha Tsautse, Qoaling, Ha Tšiame, Ha Lesia, Parts of Ha Mabote, Parts of Tšenola, Parts of Ha Foso, Marabeng and Berea. In addition, the Ministries of Finance and of Water are finalising financing arrangements for the conveyance of water to the communities in Matsieng and it is hoped that the project will being before the end of this coming fiscal year.

85. WASCO will embark on a sewerage reticulation network in Khubetsoana as a continuation of Government efforts to improve sanitation services in Maseru under Maseru Wastewater Project.

Energy

86. Mr Speaker, 2 solar power stations—one owned and to be operated by a new government entity and the other a private investment by 1Power will commence construction during the financial year and will both be located at Ha Ramarothole in the Mafeteng district. Financing agreement has already been signed with China Eximbank, while a letter of support is being negotiated with 1Power and could be signed in the next few months.

87. Based on current studies and technology Lesotho has hydropower potential of 164 MW that will be further explored and developed. Existing base power of 74 MW from 'Muela Hydropower Station plus the planned 100 MW at Ha Ramarothole as well as the identified hydropotential will likely meet Lesotho's future peak demand estimated at 211 MW.

88. Construction of 10 mini-grids and 10 energy-centres is planned for 2020/21 in Mokhotlong, Thaba-Tseka, Mohale's-Hoek, Quthing and Qacha's Nek districts. This will bring the most needed electricity supply to these areas while easing the burden on the already existing electricity supply sources.

89. Mr Speaker, only 43 percent of Lesotho households are connected to electricity. Cabinet has directed that means be found to expedite the connection of the remaining households as well as all school and health centres.

Financial Inclusion and financial Sector development

90. Mr. Speaker, in recognition of the importance played by Micro finance institutions in promoting access to finance in the country, particularly for MSMEs and the unbanked population, the Government is engaged in reforms aimed at levelling the playing ground for MFIs. The Amendments to the Financial Institutions (Credit-Only and Deposit Taking Micro-finance) Regulations of 2014 that were published in May 2018 will play a vital role in this regard. These amendments provide a foundation for overhauling the MFIs and shall be followed by the repeal of the Money Lenders Act of 1989 which is out-dated and obsolete. About 40 MFI have been licenced under the new regime.

91. The Ministries of Finance, of Small Business Development, Cooperatives and Marketing and the Central Bank of Lesotho conducted a national sectoral assessment on microfinance in 2018. The report of this assessment was adopted by the Government and has therefore become a basis for the development of a microfinance scheme. The development of a policy in support of implementation of the microfinance scheme is being finalised.

92. Also approved is the Financial Consumer Protection Policy that introduces a framework for the protection of financial consumers in Lesotho against bad market conduct practices by financial institutions. It further protects financial consumers against illegal or harmful conduct by market participants that provide financial products and services on a commercial basis.

93. Mr. Speaker, the Ministry of Communications, Science and Technology is also going to drive digital finance and financial inclusion by improving access to reliable digital services, particularly among citizens living in rural and unserved areas. This is to provide access to a diverse range of financial products and services for individuals as well as small, medium and large businesses, through the expansion of digital infrastructure and services. This will lead to job creation, improved skills to Government to oversee and implement ICT initiatives and thus contribute to Lesotho's economic growth.

Allocations to Social Interventions

Education and skills development

94. Mr Speaker, the Ministry of Education and Training faced significant challenges during the 2018/19 and into 2019/20 fiscal years which resulted in the overall decrease in the pass rate as compared to the previous years.

95. It is however important to note that this Government accepted this challenge which emanate from poor decisions and unaddressed problems of the past and resolved to address them together with teacher formations and representatives. Arrears dating back to 2009 were acknowledged and millions paid to teachers; teacher career structure was reviewed and completed and has addressed teacher concerns, and new legislation that strengthens recruitment of principals, enhances school governance, and reduces pensionable age from 65 to 60 has been submitted to Parliament.

96. Mr Speaker, it is in the best interest of the government, fellow citizens and the future generations to make sure that such challenges are avoided going forward. To this effect, funds have been set aside for implementation of new teachers' salary structure, teachers' training on new curriculum and Early Childhood Care and Development (ECCD). The strategic objective of the Ministry is to contribute towards human resource development through investment in those early ages that are critical to brain development. Studies have revealed that investing in those early ages brings remarkable returns on investment due to low repetition and drop-out rates. Targeting stunting at early ages is also crucial for healthy brain development which in

turn will enhance effective learning. Stunting, if left unchecked, can result in retarded learning, and more wastage due to higher drop out and repetition rates.

97. Going forward, the Ministry of Education and Training will in 2020/21 localise the 3 remaining subjects, namely Information Technology, Business Education and Economics. It will also review the curriculum and its assessment policy including finalisation of the amendment of the Technical and Vocational Act of 1984 to reflect modern technologies.

98. During 2019/20, the Ministry of Education and Training has added two to three additional classrooms in 23 primary schools and 22 Secondary schools as well 12 science laboratories. This tremendous success should be complemented by additional investments in pre-school facilities. The agreement with Teacher unions included additional resources for early childhood education. Government is working with UNICEF to design and fund an early childhood care program to be rolled out across the country in the next few years. This multi-disciplinary program will also include nutrition programmes to ensure better child development.

Health and wellness

99. Mr Speaker, about health services, Lesotho has adopted Agenda 2030 for Sustainable Development Goals (SDGs). The Ministry of Health is engaged in an exercise to localise SDG 3 "Ensure Healthy lives and promote well-being for all at all ages".

100. Lesotho remains high in the list of 30 high TB burdened countries in the world, with a slowly declining annual incidences per 100,000 people from 665 in 2018 to 611 in 2019. This slow decline is of great concern as it relates to achieving the SDG 3 as well as the End TB Strategic targets. The TB Treatment Success Rate is at 70 percent as opposed to the targeted 90 percent of the Drug Susceptible TB. It is notable that treatment success for Drug Resistant TB achieved 77 percent against a target of 70 percent for 2019.

101. Mr Speaker, to achieve the 90 percent target of the Drug Susceptible TB, the government is intensifying efforts to reach this desired goal by: improving quality of TB treatment, referrals, support and screening at community level, entry points and facility level, to minimise losses of patients including children diagnosed; and collaborating with the Ministry of Small Business Development, Cooperatives and Marketing to help communities establish their own cooperatives to enable them to address some of the determinants of TB such as hunger and poverty and .improve provision of health services to hard to reach areas and implement Village Health Workers Policy.

102. Mr Speaker, coming now to the issue of HIV and AIDS; the Government has adopted a mechanism that will assist in monitoring how HIV infections occur. This mechanism is currently being piloted in Leribe and will in turn allow the Ministry of Health to identify hotspots for new HIV infections in the country. Decency Testing will therefore be utilised by health facilities to respond efficiently and effectively address areas with HIV hotspots. It is worth mentioning that from January to October 2019, about 75,000 HIV tests were conducted and 25,000 (30 percent increase) new positive cases identified.

103. The HIV programme has responded to the need to improve the lives of people living with HIV by improving the type of ARVs provided in the country. To date, 224 health facilities, both public and private are providing ART in the country. The coverage of people put on ART in 2019 is 221,136 (68 percent) which is a 4 percent increase from 64 percent in 2018 and a viral load suppression of 92 percent. The National HIV and AIDS policy has been developed and validated and was launched by His Majesty on the 29th November 2019 during the commemoration of World AIDS Day, which was hosted by Sefikeng Community under the theme: "Communities make a difference". A cost multi-sectoral National Operating Plan for 2020/21-2022/23 has been developed and it will be utilised to mobilise the required resources for the national HIV and AIDS response.

104. Mr Speaker, to ensure the government's commitment towards achieving the 90-90-90 target the following strategies will be adopted: reduce HIV infections by scaling up men, adolescents and youth friendly services for reducing new infections; intensify test and treat, pre-exposure prophylaxis; intensify index testing and self-testing; and National scale-up of the HIV Recency testing.

105. Mr Speaker, another area of critical concern is cancer. This is an alarming health challenge that is claiming many lives of Basotho. To provide affordable cure in the country, the Ministry of Health is in the process of constructing a cancer treatment centre as well as training of radiation oncologists and medical physicists in different African institutions. The Government continues to send patients to India for cancer treatment but intends to build capacity here in Lesotho in the near future.

Social grants

106. The Government continues to support vulnerable groups of the society through different social grant programmes. To this end, the numbers of beneficiaries under the Child Grant Programme has increased from 37,775 to 41,095 households caring for vulnerable children and this translates to 124,000 children benefiting from the programme. To improve and decentralise service delivery at community council level, 56 Auxiliary Social Workers have been hired. Each of the 64 community councils has an Auxiliary Social Worker. In the process of modernising social grant systems and expanding its reach to ultimately cover all councils nationally, National Information System for Social Assistance (NISSA) has covered the rest of the councils in the rural communities and the plan is to collect data for the urban councils.

107. Mr Speaker, you will recall that in my last Budget Speech I indicated that the African Committee of Experts on the Rights and Welfare of the Children (ACERWC) office will permanently relocate from Ethiopia to Lesotho. It is my pleasure to announce that the office started its operations as of January 2020.

Sports infrastructure

108. Mr Speaker, the financing of sport infrastructure to host international games has garnered considerable controversy. Cabinet has re-examined the proposals on the table and concluded that the hosting of games should be within the affordability of the Lesotho fiscus.

Consequently, this budget includes M339 million to cater for infrastructure, logistical and hosting costs. An inter-ministerial technical team has been mobilised to look at the hosting options that are affordable and can be financed from the fiscus and not through questionable loans. It appears that Lesotho should be in a position to host the games later this year. Going forward, Lesotho should prepare carefully both technically and to ensure that necessary infrastructure is made available across the country.

Allocations to Governance Agencies

Political and constitutional reforms

109. Mr Speaker, in the quest for stable, peaceful and prosperous Lesotho, Basotho embarked on a long-awaited journey of a comprehensive National Reforms, the first phase of which was the execution of the Multi-Stakeholder National Dialogue. The Office of the Prime Minister has been central to the facilitation of the national reform processes at both strategic and operational level. As a nation, we will advance now to next phases which include National Reform Authority interpretation of Plenary II outcome, followed by the implementation of the national reforms. Towards this noble initiative, M37 million has been allocated to ensure the success of the national reforms.

110. Mr Speaker, His Majesty King Letsie III has recently been appointed as chairperson of Head of States and Governments who are members of the African Leaders for Nutrition Initiative (ALN), set up by the African Union Commission (AUC) and African Development Bank (AfDB) to curb malnutrition on the continent. To support this initiative, Food and Nutrition Coordinating Office (FNCO) will coordinate the implementation of community nutrition projects in all ten districts in order to adhere and support the advocacy.

111. The Independent Electoral Commission (IEC) will continue to address one of the national strategic priorities for 2020/21, which is to strengthen national governance and accountability systems. The Commission will review and demarcate electoral boundaries, conduct voter re-registration and harmonise electoral laws.

Public sector reforms

112. As part of Government's efforts to further improve the Public Sector, a biometric census of civil servants and civil pensioners commenced in June 2018 and is nearing completion. The objective of the exercise was to improve the integrity of human resources and payroll data. Using the April 2018 payroll as baseline, the exercise entailed enumeration and verification of Public Officers and Civil Pensioners' information such as staff details, biometrics (fingerprint), personnel identification, employment information, payment details, academic details and confirmation of appointment. The census has provided an opportunity to the Government to correct and update Human Resource and payroll record of Public Officers and Civil Pensioners, and to remove records that are unaccounted for and thus present savings necessary for management of the wage bill. The Ministry of Public Service has moved swiftly to issue a directive to all HR personnel to suspend monthly salaries of all unaccounted records

for both Civil Servants and Civil Pensioners, and in March 2020, those records shall be terminated. The termination will also include deceased Public Servants who still receive monthly salaries.

113. Mr Speaker, the Government will enhance its efforts to engage in robust and effective economic diplomacy in order to increase foreign direct investment, tourism and trade. To achieve these, Government will continue to engage key development partners to mobilise increased development assistance. The Government will review and rationalise diplomatic missions; align the country's representation abroad with the ongoing changes in international communities; establish new joint commissions with key and strategic countries; resuscitate and revitalise the existing joint commissions to achieve the country's development objectives.

Decentralisation

114. Mr Speaker, for several years, Government's efforts to implement the Decentralisation Programme have not achieved much realisable progress. During the current Fiscal Year, work resumed to accelerate implementation of the Decentralisation Policy that was adopted in 2014. Thus far, Government has identified seven pilot Ministries - Health, Local Government, Forestry, Social Development, Mining, Energy and Water in which work has commenced of matching human resources on the functions to be decentralized to Local Councils. Furthermore, a Concept Note has been developed for Fiscal Decentralisation, which will be followed by development of the requisite legal framework. A Fiscal Decentralisation Policy will be developed during the coming year to guide Public Financial Management at the Local Authority level.

115. To be successful, decentralisation must be accompanied by programmes that improve and strengthen capacity of local authorities. During the coming Year, the Ministry of Local Government and Chieftainship will develop a national spatial strategy, promote housing policies and review land, chieftainship and housing Acts and their subsidiary legislations. To ensure regulation of all land development, urban councils were gazetted as Building Control Authority and settlement layout plans were developed at Qacha's Nek, Quthing, Mafeteng and Leribe districts.

116. Construction of Teyateyaneng and Mazenod Council Offices and Principal Chiefs Offices at Maama and Matsieng will be completed in the current Fiscal Year, while construction of new Principal Chiefs Offices will commence at Butha-Buthe and Malingoaneng as well as Council Offices at the Maputsoe Urban Council and Ratau Community Council.

117. Mr Speaker, the long-awaited completion of the construction of Tšifa-li-Mali local court and the Royal Palace has been completed. Butha-Buthe, Tšakholo and Mokhotlong police stations have also been completed. In 2020/21, Government will continue with construction of Sehong-hong, Semonkong, Mantšonyane, Thabana-Morena, Qacha's Nek and Special Operations Unit (SOU) police posts and stations. Construction of Senate Chambers and offices as well as Maseru District Hospital is scheduled to commence in 2020/21 Fiscal Year.

Youth Apprenticeship and Public Works Programme

118. Mr Speaker, the House will recall that during the 2019/20 Budget Speech, I put a proposal forward for the approval of M300 million towards what I then believed was an Internship and Public Works Programme. Through further research and the advice of stakeholders, we realised it would be better suited as a Youth Apprenticeship and Public Works Programme. It is a new concept to our country and its inception was faced with a lot of challenges but we are now at a stage where we can safely say we are ready to take up this challenge and implement it in the best interests of Basotho youth and all stakeholders.

119. Over 15,500 graduates, and 87,000 have registered for the apprenticeship program. The graduates are dominated by two disciplines; namely teaching and admiration/management professions. We estimate that the actual numbers are much higher because many youths have approached the ministry indicating that they did not know about it or thought that registration was politically motivated. The Ministry has now decided to undertake and update registration in April 2020 to ensure that accuracy of our statistics. We are also discovering that the Lesotho private sector does not have the capacity to absorb all the 3,500 graduates, as only 400 have been absorbed and it is now incumbent on government absorbing the remainder. A strategy will be hatched soon on how Government can accommodate the remaining graduates.

120. For those without tertiary qualifications, the challenges are lighter. The process of calling them to their duty stations within their constituencies is underway and we estimate all the 8,000 youths will have reported to work by the end of March 2020.

Other proposals

121. Mr Speaker, in an effort to increase our domestic revenue, we propose the following measures which will be implemented in the coming fiscal year:

- 15 Lisente increase on Oil Levy; and
- 3 percent and 1 percent adjustment on VAT on Telecommunications and electricity, respectively.

122. Mr Speaker, I propose to this Honourable House that the 2020/21 salaries and wages be adjusted by 5 percent across board, to offset the projected inflation rate. To protect the lower salary grades from the increased tax burden arising from the adjustments, it is proposed that the tax credit of M800 per month be increased to M840 per month while the tax bracket will be adjusted from M5,090 per month to M5,350 per month on the lower tax bracket.

123. The Old Age Pension currently stands at M750 per month. Similarly, it is proposed that the Old Age Pension be raised by M50 to M800 per month effective from 1st April 2020 as a way of protecting the buying power of our senior citizens.

124. Mr Speaker, over the last 3 fiscal years I made promises, announcements and undertakings to reform our national tax policy and administration with the intention to boost

our capacity to collect revenue. This required the amendment of the following pieces of legislations:

- Income Tax Act to amongst other introduce the mining taxation regime, small business taxation regime and to address transfer pricing risks;

- VAT Act to achieve for example, exemption of exports from VAT rather than the current dispensation of zero rating, taxation of electronically provided services and reverse charge mechanism for imported services;

- Tax Administration Bill intended to modernize, streamline and harmonize our tax procedure, such as regulation of tax agents. Furthermore, this Bill seeks to provide relief of tax in cases of serious hardship;

- Alcohol and Tobacco Levy to increase revenue collection which was projected to be around M 200 million annually.

125. However, none of these have been achieved mainly due to the slow pace of our legislative process which has resulted in failure to enact the necessary laws to enable the achievement of the above policy intentions. Consequently, this Budget does not propose any new tax reform initiatives but rather introduces proposals to expedite implementation of the previously announced tax policy reforms. To this end my focus in this Budget is to propose reforms to the legislative process in order to enable synchronization of the tax policy pronouncements in the budget and the tax law. In particular, I recommend to the Parliament, its relevant Committees and Cabinet to institutionalize sessions dedicated exclusively to debate revenue policy and pass revenue laws, immediately after passing the Budget. I am glad to announce that towards achievement of the above outlook the Lesotho Revenue Authority, the Office of Parliamentary Counsel and the Ministry of Finance are already collaborating to give effect to these proposals. Without the above recommendations our tax system will remain unable to respond to the demands, opportunities and risks posed by the dynamic interconnected world financial systems and curb transfer pricing, profit shifting and taxation of electronically provided services.

Conclusion

126. Mr Speaker, the 2020/21 budget is presented within challenging domestic and external environment. Our determination to stimulate our economy towards economic growth and human development and achieve fiscal sustainability requires sacrifice from all of us. We will have to address in earnest and due urgency the political instability that threaten to destabilise government and the already battered economy. It is thus critical that the entire Lesotho political leadership can pause for a moment and seriously consider putting this country and its people ahead of personal interests. Basotho have suffered enough and would like to live in a country that is a peace with itself.

127. Finally, Mr Speaker, I would like to conclude my speech by thanking the Right Honourable the Prime Minister for ; the Deputy Prime Minister and chairperson of the budget

committee, the members of the Budget Committee for the guidance they have provided to me on the proposals laid before you today; some members of Parliament who volunteered ideas and encouragement, my officials for the year-long preparatory and professional work they have produced for your attention today, all officials of the Government of Lesotho who participated in formulating the proposals in this budget, and finally the members of the public who shared their ideas and frustration in the days leading to this speech through Twitter and Facebook. Where possible their ideas have been reflected in these estimates.

Khotso Pula Nala!

ANNEX I

GOVERNMENT BUDGET OPERATIONS FOR THE FISCAL YEAR 2018/2019 - 2022/2023

Budget Item	Acual 2018/19	Projection 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
REVENUE	**15 925.7**	**16 400.4**	**20 181.9**	**20 535.0**	**21 541.7**
Tax revenue	**7 528.9**	**7 508.3**	**7 944.1**	**8 522.7**	**9 129.0**
Taxes on income, profits, and capital gains	4 313.1	4 061.2	4 359.7	4 641.0	4 985.1
Income tax - payable by individuals	2 170.3	2 223.1	2 358.4	2 475.7	2 593.0
Income tax - payable by corporations and	1 203.9	995.3	1 091.5	1 180.9	1 304.6
Income tax - other	938.9	842.8	909.8	984.4	1 087.5
Taxes on goods and services	3 211.7	3 447.1	3 583.6	3 880.8	4 143.0
Value-added tax	2 899.8	2 971.6	3 168.8	3 379.8	3 616.6
Excise taxes	305.2	457.1	394.2	479.4	503.7
Taxes on specific services	5.0	3.7	1.6	1.6	1.7
Taxes on the use of goods and on permiss	1.7	14.3	19.0	20.0	21.0
Taxes on international trade and transactio		0.0	0.0	0.0	0.0
Other taxes	4.1	0.0	0.8	0.9	0.9
Grants	**1 076.8**	**1 262.0**	**1 108.4**	**1 163.8**	**1 222.0**
Other revenue	**1 777.8**	**1 403.8**	**2 148.8**	**2 256.3**	**2 369.1**
Property income	689.8	503.8	831.3	872.9	916.5
Dividends	318.5	175.8	299.0	313.9	329.6
Rent	359.7	322.1	454.0	476.7	500.5
Sales of goods and services	1 087.5	898.8	1 313.1	1 378.7	1 447.7
Electricity Muela	67.6	28.2	61.2	64.3	67.5
Water Royalities - LHDA	932.3	785.8	1 060.0	1 113.0	1 168.6
Administrative fees	22.3	12.4	52.1	54.7	57.4
Incidental sales by nonmarket establishm	65.3	72.5	139.8	146.8	154.1
Fines & forfeits	0.5	1.2	3.7	3.9	4.1
Miscellaneous and unidentified revenue			0.8	0.8	0.9
SACU	**5 542.2**	**6 226.2**	**8 980.5**	**8 592.2**	**8 821.6**
EXPENSE (Statutory + Non Statutory + Sa	**13 102.7**	**13 647.4**	**15 694.1**	**16 728.2**	**17 851.4**
Compensation of Employees	**5 994.7**	**6 009.9**	**7 201.1**	**7 873.5**	**8 554.0**
Wages and salaries	5 469.0	5 610.5	6 643.8	7 288.4	7 939.6
Use of goods and services	**3 112.5**	**3 074.9**	**3 565.4**	**3 734.1**	**3 920.8**
Interest Payments	**482.6**	**441.3**	**484.8**	**509.0**	**534.5**
Nonresidents	228.9	227.2	280.7	294.8	309.5
Residents other than general government	253.7	214.1	204.1	214.3	225.0
Subsidies	**279.2**	**344.6**	**217.8**	**228.7**	**240.1**
Grants to international organisations	**34.4**	**42.5**	**36.9**	**38.7**	**40.6**
Grants to other general government units	**839.5**	**1 185.6**	**1 175.1**	**1 233.9**	**1 295.5**
Social benefits	**1 734.3**	**1 843.6**	**2 060.9**	**2 110.4**	**2 215.9**
Other expense	**625.6**	**704.9**	**952.3**	**999.9**	**1 049.9**
Student Grants	577.0	639.4	904.4	949.6	997.1
Other expense	48.6	65.5	47.9	50.3	52.8
Capital Budget	**4 207.7**	**4 701.1**	**6 264.8**	**5 765.0**	**5 042.6**
GoL	2 459.8	2 290.3	3 349.7	3 252.3	3 404.3
Donor Grants	844.6	1 015.1	858.2	901.1	946.2
Donor Loans	903.3	1 395.7	2 056.8	1 611.5	1 692.2
CASH SURPLUS / DEFICIT	**-1 384.8**	**-1 948.1**	**-1 777.0**	**-1 958.1**	**-2 352.3**
% GDP	*-4.2%*	*-5.6%*	*-4.7%*	*-4.8%*	*-5.3%*
GDP	**32 638.0**	**35 014.6**	**37 751.5**	**40 611.6**	**44 281.2**
TRANSACTIONS IN FINANCIAL ASSETS	**-1 384.8**	**-374.21**	**1 777.0**	**1958.10**	**2352.30**
FINANCIAL ASSETS	**553.2**	**248.8**	**-1 692.3**	**-1972.3**	**-2343.0**
Domestic (Change in Deposits)	553.2	234.1	-1 692.3	-1 972.0	-2 342.6
Foreign	**0.0**	0.0	0.0	0.0	0.0
LIABILITIES	1 608.5	**-623.0**	**85.5**	**-14.2**	**9.3**
Domestic	1 156.8	-1 490.3	-1 160.0	-773.9	-788.4
Securities	**1 221.9**	-274.0	-277.0	-290.9	-305.4
Loans	-65.1	-216.3	-83.0	-83.0	-83.0
of which Pension Liabilities	0.0	*0.0*	*0.0*	*0.0*	*0.0*
Foreign	451.7	867.3	1 245.5	3 074.9	3 228.7
Loans	*451.7*	867.3	1 245.5	3 074.9	3 228.7
Disbursements	903.3	1 395.7	2 056.8	1 611.5	1 692.2
Repayments	-451.6	-528.4	-811.3	-851.9	-894.5
Months of Import Coverage	**4.3**	**4.1**	**4.4**	**4.2**	**3.8**

ANNEX II

GOVERNMENT BUDGET OPERATIONS FOR THE FISCAL YEAR 2018/19 - 2022/2023 [% of GDP]

Budget Item	Acual 2018/19	Projection 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
REVENUE	**48.80**	**46.84**	**53.46**	**50.56**	**48.65**
Tax revenue	23.1	21.4	**21.04**	21.0	20.6
Taxes on income, profits, and capital gains	13.2	11.6	11.5	11.4	11.3
Income tax - payable by individuals	6.6	6.3	6.2	6.1	5.9
Income tax - payable by corporations and other	3.7	2.8	2.9	2.9	2.9
Income tax - other	2.9	2.4	2.4	2.4	2.5
Taxes on goods and services	9.8	9.8	9.5	9.6	9.4
Value-added tax	8.9	8.5	8.4	8.3	8.2
Excise taxes	0.9	1.3	1.0	1.2	1.1
Taxes on specific services	0.0	0.0	0.0	0.0	0.0
Taxes on the use of goods and on permission to	0.0	0.0	0.1	0.0	0.0
Taxes on international trade and transactions	0.0	0.0	0.0	0.0	0.0
Other taxes	0.0	0.0	0.0	0.0	0.0
Grants	**3.3**	3.6	2.9	2.9	2.8
Other revenue	**5.4**	4.0	5.7	5.6	5.4
Property income	2.1	1.4	2.2	2.1	2.1
Dividends	1.0	0.5	0.8	0.8	0.7
Rent	1.1	0.9	1.2	1.2	1.1
Sales of goods and services	3.3	2.6	3.5	3.4	3.3
Electricity Muela	0.2	0.1	0.2	0.2	0.2
Water Royalities - LHDA	2.9	2.2	2.8	2.7	2.6
Administrative fees	0.1	0.0	0.1	0.1	0.1
Incidental sales by nonmarket establishments	0.2	0.2	0.4	0.4	0.3
Fines & forfeits	0.0	0.0	0.0	0.0	0.0
Miscellaneous and unidentified revenue	0.0	0.0	0.0	0.0	0.0
SACU	**17.0**	17.8	23.8	21.2	19.9
EXPENSE (Statutory + Non Statutory + Salary In	**40.1**	**39.0**	**41.6**	**41.2**	**40.3**
Compensation of Employees	**18.4**	17.2	**19.1**	19.4	19.3
Wages and salaries	16.8	16.0	17.6	17.9	17.9
Use of goods and services	**9.5**	8.8	**9.4**	9.2	8.9
Interest Payments	**1.5**	1.3	**1.3**	1.3	1.2
Nonresidents	0.7	0.6	0.7	0.7	0.7
Residents other than general government	0.8	0.6	0.5	0.5	0.5
Subsidies	**0.9**	1.0	**0.6**	0.6	0.5
Grants to international organisations	**0.1**	0.1	**0.1**	0.1	0.1
Grants to other general government units	**2.6**	3.4	**3.1**	3.0	2.9
Social benefits	**5.3**	5.3	**5.5**	5.2	5.0
Other expense	**1.9**	2.0	**2.5**	2.5	2.4
Student Grants	1.8	1.8	2.4	2.3	2.3
Other expense	0.1	0.2	0.1	0.1	0.1
Capital Budget	**12.9**	**13.4**	**16.6**	**14.2**	**11.4**
GoL	7.5	6.5	8.9	8.0	7.7
Donor Grants	2.6	2.9	2.3	2.2	2.1
Donor Loans	2.8	4.0	5.4	4.0	3.8
CASH SURPLUS / DEFICIT % GDP	***-4.2***	***-5.6***	***-4.7***	***-4.8***	***-5.3***
TRANSACTIONS IN FINANCIAL ASSETS AND	**-4.2**	**-1.1**	**4.7**	**4.8**	**5.3**
FINANCIAL ASSETS	**1.7**	**0.7**	**-4.5**	**-4.9**	**-5.3**
Domestic (Change in Deposits)	1.7	0.7	-4.5	-4.9	-5.3
Foreign	0.0	0.0	0.0	0.0	0.0
LIABILITIES	**4.9**	**-1.8**	**0.2**	**0.0**	**0.0**
Domestic	3.5	-4.3	-3.1	-1.9	-1.8
Securities	3.7	-0.8	-0.7	-0.7	-0.7
Loans	-0.2	-0.6	-0.2	-0.2	-0.2
of which Pension Liabilities	0.0	*0.0*	*0.0*	*0.0*	*0.0*
Foreign	1.4	2.5	3.3	7.6	7.3
Loans	1.4	2.5	3.3	7.6	7.3
Disbursements	2.8	4.0	5.4	4.0	3.8
Repayments	-1.4	-1.5	-2.1	-2.1	-2.0
Months of Import Coverage	**4.3**	**4.1**	**4.4**	**4.2**	**3.8**

ANNEX III

ANNUAL % CHANGE IN REVENUES AND EXPENDITURES			
Budget Item	**Budget 2019/20**	**Budget 2020/21**	**% Change**
REVENUE	**17 500.5**	**20 181.9**	**15.3**
Tax revenue	**7 930.7**	7 944.1	0.2
Taxes on income, profits, and capital gains	4 317.2	4 359.7	1.0
Income tax - payable by individuals	2 276.5	2 358.4	3.6
Income tax - payable by corporations and other enterprises	1 125.1	1 091.5	-3.0
Income tax - other	915.6	909.8	-0.6
Taxes on goods and services	3 612.7	3 583.6	-0.8
Value-added tax	3 074.9	3 168.8	3.1
Excise taxes	477.0	394.2	-17.4
Taxes on specific services	8.9	1.6	-82.6
Taxes on the use of goods and on permission to use or perform activities	51.8	19.0	-63.3
Other taxes	0.8	0.0	-98.9
Grants	**1 250.3**	0.8	-99.9
Other revenue	**2 093.2**	1 108.4	-47.0
Property income	858.7	2 148.8	150.2
Dividends	309.5	831.3	168.6
Rent	399.0	299.0	-25.1
Sales of goods and services	1 230.6	454.0	-63.1
Electricity Muela	61.2	1 313.1	2 045.5
Water Royalities - LHDA	964.0	61.2	-93.7
Administrative fees	71.1	1 060.0	1 390.7
Incidental sales by nonmarket establishments	134.2	52.1	-61.2
Fines & forfeits	4.0	139.8	3 395.3
SACU	**6 226.2**	3.7	-99.9
EXPENSE (Statutory + Non Statutory + Salary Increase)	**13 250.8**	**15 694.1**	**18.4**
Compensation of Employees	6 644.7	8 980.5	35.2
Wages and salaries	6 124.1	15 694.1	156.3
Use of goods and services	2 919.1	7 201.1	146.7
Interest Payments	393.6	6 643.8	1 587.9
Nonresidents	217.5	3 565.4	1 539.3
Residents other than general government	176.1	484.8	175.3
Subsidies	183.8	280.7	52.7
Grants	748.0	204.1	-72.7
Social benefits	1 734.3	217.8	-87.4
Other expense	627.3	**36.9**	-94.1
Capital Budget	**5177.7**	**6 264.8**	**21.00**
GoL	2 840.5	3349.70	17.93
Donor Grants	1 015.1	858.23	-15.45
Donor Loans	1 322.2	2056.83	55.56
CASH SURPLUS / DEFICIT	**-476.9**	**-1 777.0**	**272.61**
% GDP	*-2.3*	*-4.7%*	
GDP	**34 920.5**	**37 751.5**	**8.11**

ANNEX IV

REVENUES AND EXPENDITURES AS % OF TOTAL FOR FISCAL YEARS 2018/19-2022/23

Budget Item	Acual 2018/19	Projection 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
REVENUE	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Tax revenue	**47.3**	**45.8**	**39.4**	**41.5**	**42.4**
Taxes on income, profits, and capital gains	27.1	24.8	21.6	22.6	23.1
Income tax - payable by individuals	13.6	13.6	11.7	12.1	12.0
Income tax - payable by corporations and other enterpris	7.6	6.1	5.4	5.8	6.1
Income tax - other	5.9	5.1	4.5	4.8	5.0
Taxes on goods and services	20.2	21.0	17.8	18.9	19.2
Value-added tax	18.2	18.1	15.7	16.5	16.8
Excise taxes	1.9	2.8	2.0	2.3	2.3
Taxes on specific services	0.0	0.0	0.0	0.0	0.0
Taxes on the use of goods and on permission to use or pe	0.0	0.1	0.1	0.1	0.1
Taxes on international trade and transactions	0.0	0.0	0.0	0.0	0.0
Other taxes	0.0	0.0	0.0	0.0	0.0
Grants	**6.8**	**7.7**	**5.5**	**5.7**	**5.7**
Other revenue	**11.2**	**8.6**	**10.6**	**11.0**	**11.0**
Property income	4.3	3.1	4.1	4.3	4.3
Dividends	2.0	1.1	1.5	1.5	1.5
Rent	2.3	2.0	2.2	2.3	2.3
Sales of goods and services	6.8	5.5	6.5	6.7	6.7
Electricity Muela	0.4	0.2	0.3	0.3	0.3
Water Royalities - LHDA	5.9	4.8	5.3	5.4	5.4
Administrative fees	0.1	0.1	0.3	0.3	0.3
Incidental sales by nonmarket establishments	0.4	0.4	0.7	0.7	0.7
Fines & forfeits	0.0	0.0	0.0	0.0	0.0
Miscellaneous and unidentified revenue	0.0		0.0	0.0	0.0
SACU	**34.8**	**38.0**	**44.5**	**41.8**	**41.0**
EXPENSE (Statutory + Non Statutory + Salary Increase)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Compensation of Employees	**45.8**	**44.0**	**45.9**	**47.1**	**47.9**
Wages and salaries	0.0	0.0	0.0	0.0	0.0
Use of goods and services	**23.8**	**22.5**	**22.7**	**22.3**	**22.0**
Interest Payments	**3.7**	**3.2**	**3.1**	**3.0**	**3.0**
Nonresidents	0.0	0.0	0.0	0.0	0.0
Residents other than general government	0.0	0.0	0.0	0.0	0.0
Subsidies	**2.1**	**2.5**	**1.4**	**1.4**	**1.3**
Grants to international organisations	**0.3**	**0.3**	**0.2**	**0.2**	**0.2**
Grants to other general government units	**6.4**	**8.7**	**7.5**	**7.4**	**7.3**
Social benefits	**13.2**	**13.5**	**13.1**	**12.6**	**12.4**
Other expense	**4.8**	**5.2**	**6.1**	**6.0**	**5.9**
Student Grants	0.0	0.0	0.0	0.0	0.0
Other expense	0.0	0.0	0.0	0.0	0.0
Capital Budget	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
GoL	58.5	48.7	53.5	56.4	59.1
Donor Grants	20.1	21.6	13.7	15.6	16.4
Donor Loans	21.5	29.7	32.8	28.0	29.4

ANNEX V

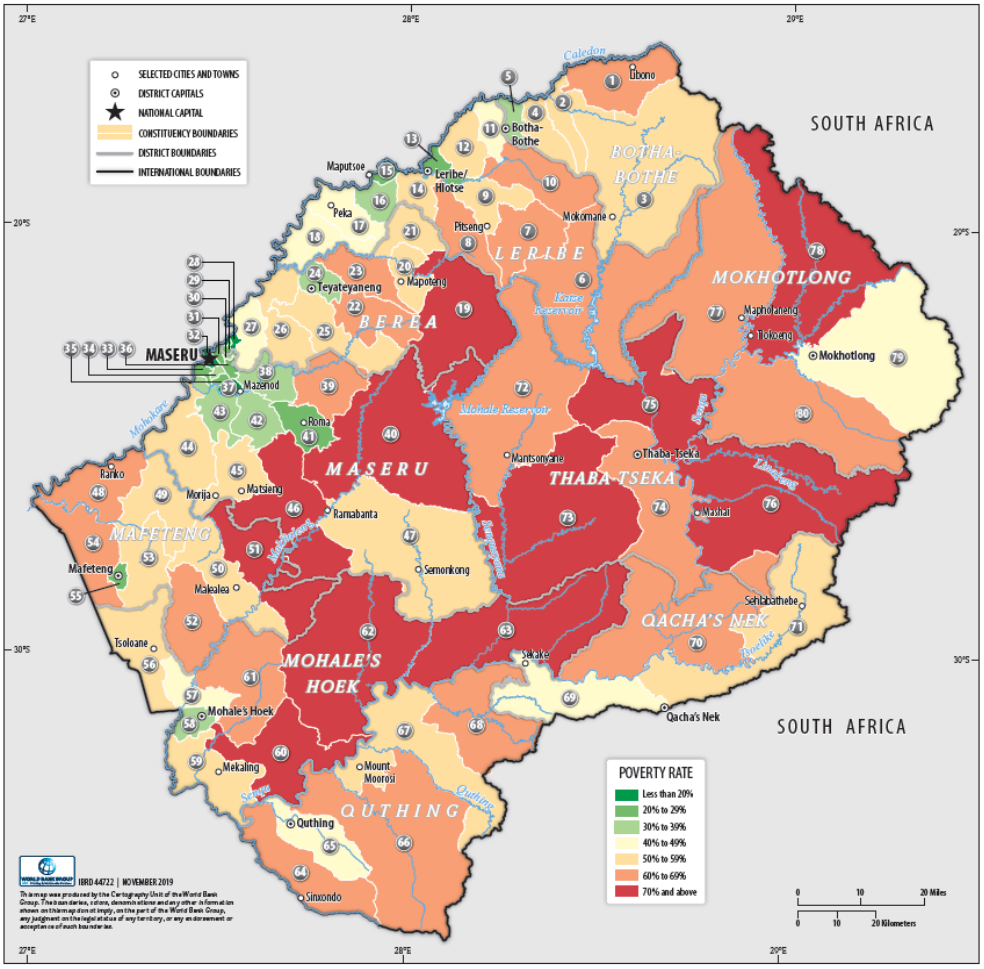
Ministry	2019/20					2020/21				
	Recurrent Budget	Capital Budget				Recurrent Budget	Capital Budget			
		GoL	Donor Grants	Donor Loans	Total		GoL	Donor Grants	Donor Loans	Total
Agriculture and Food Security	275.3	34.8	147.0	246.7	428.5	271.1	34.8	93.6	266.0	394.3
Health	1 961.1	103.4	323.9	45.1	472.4	2 541.9	173.4	297.8	154.2	625.4
Education and Training	2 391.3	59.8	66.7	91.9	218.4	2 507.6	59.8	58.5	111.5	229.9
Finance	767.0	358.6	285.8	79.0	723.4	1 086.0	368.6	268.1	43.6	680.3
Trade and Industry	39.6	117.3	53.9	16.7	187.9	41.2	206.3	5.0	82.0	293.3
Development Planning	682.7	100.0	2.6	-	102.6	1 005.4	232.2	-	-	232.2
Justice, Human Rights & Rehabilitation	215.0	75.0	-	-	75.0	233.0	75.0	-	-	75.0
Home Affairs	139.0	267.2	-	-	267.2	161.9	267.2	-	-	267.2
Prime Minister's Office	111.8				-	126.2	-			-
Communications, Science and Technology	129.8	35.5	23.4	36.4	95.3	189.1	35.5	-	-	35.5
Law & Constituitional Affairs	61.8	6.5	-	-	6.5	94.1	6.5	-	-	6.5
Foreign Affairs & Intern Relations	317.6	19.9	-	-	19.9	427.8	19.9	-	-	19.9
Public Works	130.1	437.4	-	415.0	852.4	70.3	381.4	-	530.4	911.8
Forestry & Land Reclamation	155.8	-	-	-	-	154.2				-
Energy, Meteorology	25.8	200.6	41.8	57.4	299.8	28.3	200.6	85.8	587.4	873.8
Labour & Employment	49.6	-	-	-	-	54.0				-
Tourism, Environment & Culture	80.0	91.0	-	-	91.0	83.4	31.0	9.3	-	40.3
Auditor General's Office	27.0	-	-	-	-	31.1				-
His Majesty's Office	8.9	76.0	-	-	76.0	13.0	139.0	-	-	139.0
Public Service Commission	11.3	-	-	-	-	14.4				-
Defence & National Security	596.4	47.0	-	-	47.0	574.0	47.0	-	-	47.0
National Assembly	74.7	-	-	-	-	81.3				-
Senate	17.2	-	-	-	-	18.4	50.0	-	-	50.0
Ombudsman	8.7	-	-	-	-	10.3				-
Independent Electoral Commission	60.2	-	-	-	-	95.7				-
Local Government & Chieftainship affairs	475.0	388.1	-	-	388.1	475.0	388.1	-	-	388.1
Gender, Youth, Sports & Recration	72.3	58.4	-	-	58.4	118.4	239.6	-	-	239.6
Public Service	37.6	5.0	-	-	5.0	40.7	-	-	-	-
Judiciary	97.7	32.0	-	-	32.0	114.3	22.0	-	-	22.0
Social Development	259.2	-	30.0	130.0	160.0	288.0	-	30.0	90.1	120.1
DCEO	23.6	-	-	-	-	25.2				-
Mining	24.2	17.9	-	-	17.9	26.1	17.9	-	-	17.9
Police and Public Safety	710.4	63.0	-	-	63.0	710.4	63.0	-	-	63.0
Small Businesses Development	88.3	72.0	-	-	72.0	78.5	72.0	-	-	72.0
Water Affairs	147.0	173.9	40.0	204.0	417.9	141.7	173.9	10.1	191.7	375.7
Transport	-	-	-	-	-	82.7	44.8	-	-	44.8
Sub Total	**10 273.0**	**1 724.3**	**135.2**	**842.8**	**5 177.7**	**12 014.8**	**3 349.7**	**858.2**	**2 056.8**	**6 264.7**
Principal Repayment	1 130.7					2 173.1				
Pension & Gratuities	1 854.7					2 205.1				
Statutory Salaries & Allowances	31.9					39.6				
Subscriptions to International Organisations	84.4					84.4				
Refund to erroneous Receipts	2.3					2.3				
Centralised Items	357.4					495.8				
Administration Fund (Contingency)	100.0				-	100.0				
Total	**13 834.4**	**1 724.3**	**135.2**	**842.8**	**5 177.7**	**17 115.1**	**3 349.7**	**858.2**	**2 056.8**	**6 264.7**

ANNEX VI

Expenditure by Ministry as % of Total - Capital and Recurrent

Ministry	2019/20		2020/21				
				Capital Budget			
	Recurrent Budget	Capital Budget	Recurrent Budget	GoL	Donor Grants	Donor Loans	Total
Agriculture and Food Security	2.0	8.3	1.6	1.0	10.9	12.9	6.3
Health	14.2	9.1	14.9	5.2	34.7	7.5	10.0
Education and Training	17.3	4.2	14.7	1.8	6.8	5.4	3.7
Finance	5.5	14.0	6.3	11.0	31.2	2.1	10.9
Trade and Industry	0.3	3.6	0.2	6.2	0.6	4.0	4.7
Development Planning	4.9	2.0	5.9	6.9	-	-	3.7
Justice, Human Rights & Rehabilitation	1.6	1.4	1.4	2.2	-	-	1.2
Home Affairs	1.0	5.2	0.9	8.0	-	-	4.3
Prime Minister's Office	0.8	-	0.7	-	-	-	-
Communications, Science and Technology	0.9	1.8	1.1	1.1	-	-	0.6
Law & Constituitional Affairs	0.4	0.1	0.5	0.2	-	-	0.1
Foreign Affairs & Intern Relations	2.3	0.4	2.5	0.6	-	-	0.3
Public Works	0.9	16.5	0.4	11.4	-	25.8	14.6
Forestry & Land Reclamation	1.1	-	0.9	-	-	-	-
Energy, Meteorology	0.2	5.8	0.2	6.0	10.0	28.6	13.9
Labour & Employment	0.4	-	0.3	-	-	-	-
Tourism, Environment & Culture	0.6	1.8	0.5	0.9	1.1	-	0.6
Auditor General's Office	0.2	-	0.2	-	-	-	-
His Majesty's Office	0.1	1.5	0.1	4.1	-	-	2.2
Public Service Commission	0.1	-	0.1	-	-	-	-
Defence & National Security	4.3	0.9	3.4	1.4	-	-	0.8
National Assembly	0.5	-	0.5	-	-	-	-
Senate	0.1	-	0.1	1.5	-	-	0.8
Ombudsman	0.1	-	0.1	-	-	-	-
Independent Electoral Commission	0.4	-	0.6	-	-	-	-
Local Government & Chieftainship affairs	3.4	7.5	2.8	11.6	-	-	6.2
Gender, Youth, Sports & Recration	0.5	1.1	0.7	7.2	-	-	3.8
Public Service	0.3	0.1	0.2	-	-	-	-
Judiciary	0.7	0.6	0.7	0.7	-	-	0.4
Social Development	1.9	3.1	1.7	-	3.5	4.4	1.9
DCEO	0.2	-	0.1	-	-	-	-
Mining	0.2	0.3	0.2	0.5	-	-	0.3
Police and Public Safety	5.1	1.2	4.2	1.9	-	-	1.0
Small Businesses Development	0.6	1.4	0.5	2.1	-	-	1.1
Water Affairs	1.1	8.1	0.8	5.2	1.2	9.3	6.0
Transport	-	-	0.5	1.3	-	-	0.7
Principal Repayment	8.2		12.7				
Pension & Gratuities	13.4		12.9				
Statutory Salaries & Allowances	0.2		0.2				
Subscriptions to International Organisations	0.6	31	0.5				
Refund to erroneous Receipts	0.0		0.0				
Centralised Items	2.6		2.9				
Administration Fund (Contingency)	0.7		0.6				
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

ANNEX VII – POVERTY MAP IN LESOTHO



CONSTITUENCIES

BOTHA-BOTHE DISTRICT
1. MECHECHANE
2. HOLOLO
3. MOTETE
4. QALO
5. BOTHA-BOTHE

LERIBE DISTRICT
6. MALIBAMATSO
7. MPHOSONG
8. THABA-PHATSOA
9. MAHOBONG
10. PELA-TSOEU
11. MATLAKENG
12. LERIBE
13. HLOTSE
14. TSIKOANE
15. MAPUTSOE
16. LIKHETLANE
17. PEKA
18. KOLONYAMA

BEREA DISTRICT
19. MOSALEMANE
20. MAKHOROANA
21. BELA-BELA
22. MALIMONG
23. KHAFUNG
24. TEYATEYANENG
25. TSOANA-MAKHULO
26. THUPA-KUBU
27. BEREA
28. KHUBETSOANA
29. MABOTE

MASERU DISTRICT
30. MOTIMPOSO
31. STADIUM AREA
32. MASERU
33. THETSANE
34. QOALING
35. LITHOTENG
36. LITHABANENG
37. ABIA
38. THABA-BOSIU
39. MACHACHE
40. THABA-PUTSOA
41. MAAMA
42. KORO-KORO

MASERU DISTRICT (CONT.)
43. QEME
44. ROTHE
45. MATSIENG
46. MAKHALENG
47. MALETSUNYANE

MAFETENG DISTRICT
48. THABA-PHECHELA
49. KOLO
50. MATELILE
51. MALIEPETSANE
52. THABANA-MORENA
53. LIKHOELE
54. QALABANE
55. MAFETENG

MOHALE'S HOEK DISTRICT
56. TAUNG
57. QHALASI
58. MOHALE'S HOEK
59. MEKALING
60. QAQATU
61. MPHARANE
62. KETANE
63. HLOAHLOENG

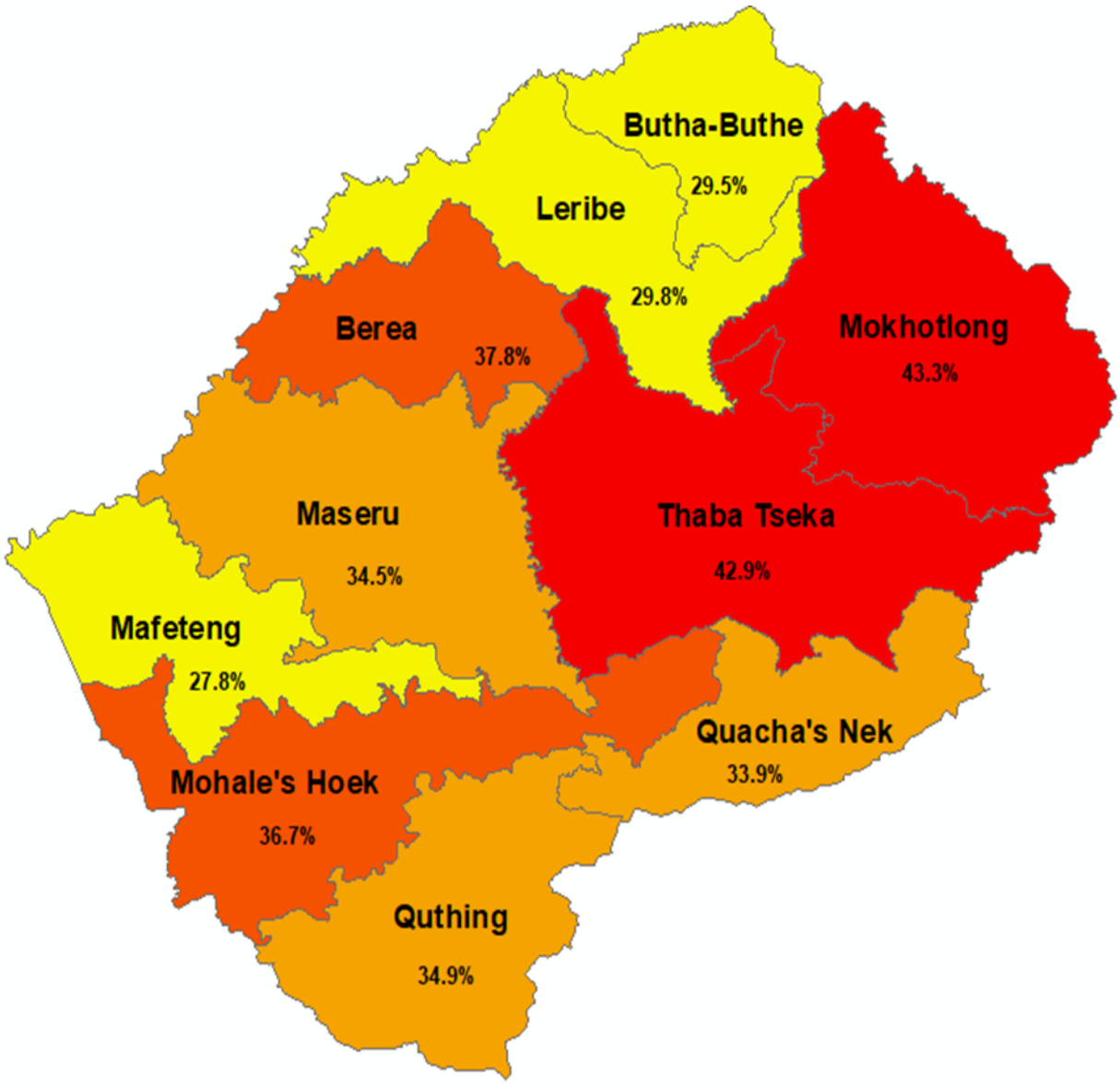
QUTHING DISTRICT
64. TELE
65. MOYENI
66. SEBAPALA
67. MOUNT MOOROSI
68. QHOALI

QACHA'S NECK DISTRICT
69. QACHA'S NEK
70. LEBAKENG
71. TSOELIKE

THABA-TSEKA DISTRICT
72. MANTSONYANE
73. THABA-MOEA
74. THABA-TSEKA
75. SEMENA
76. MASHAI

MOKHOTLONG DISTRICT
77. MALINGOANENG
78. SENQU
79. MOKHOTLONG
80. BOBATSI

ANNEX VIII - PREVALENCE OF STUNTING IN LESOTHO



ANNEX IX - ACCESS TO EARLY CHILDHOOD EDUCATION

