



PARLIAMENT OF THE KINGDOM OF LESOTHO
MID-TERM BUDGET SPEECH TO THE PARLIAMENT
OF THE KINGDOM OF LESOTHO FOR THE
2023/2024 FISCAL YEAR

*“From Reconstruction and Recovery to Growth and
Resilience.”*

By

HONOURABLE RETSELISITSOE MATLANYANE, MP
MINISTER OF FINANCE AND DEVELOPMENT
PLANNING

MASERU, LESOTHO

8TH NOVEMBER 2023

Mr. Speaker,

Allow Me to Pay My Respects 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 here Present

Distinguished Members of The Media

Sechaba sohle sa Basotho ka hare le ka ntle ho naha

Bo 'M'e le Bo Ntate

INTRODUCTION

1. Mr. Speaker, I stand before you, to present the Mid-Term Budget Review for the 2023/24 fiscal year. It is the resolve of the Government of Lesotho to remain accountable to Parliament and Basotho.
2. Mr. Speaker, in February, I presented the 2023/24 Budget Speech. I laid out key policy commitments that the Government of Lesotho, under the leadership of The Right Honourable the Prime Minister Ntate Ntsoakane Samuel Matekane will strive to achieve.
3. May i take this opportunity to express my sincere appreciation for the cooperation this house has showed to seek solutions that contribute to our political stability, that will allow us to jointly continue the policy actions and much needed reforms, that we started at the beginning of this fiscal year
4. We are therefore able to continue the pursuit of the policy objectives presented in the budget speech for 2023/24, as follows:
 - In preparing the budget, we had to strive to balance allocations for more effective service delivery and increased public investment spending that boosts the private sector to generate meaningful growth, and employment opportunities for our youth , we also need to rebuild our buffers to strengthen our resilience as there may be difficult times ahead, and restore our macro-fiscal stability to stimulate economic growth
 - The overriding objective of the 2023/24 budget is to accelerate inclusive employment, and generate poverty reducing economic growth. I mentioned that it is of utmost importance to recalibrate and reform our institutions and moreover, it is for us, to provide a stable political environment, to allow these institutions to deliver, and operate under systems of good governance, with merit based and result based implementation systems, and operating in a transparent and accountable framework that is aligned with our policy directions

- We are all very much aware of our resource constraints and our many needs, and it is an absolute necessity for us to focus on key priorities and sequence our programs carefully to derive maximum value and impactful outcomes.
5. I submit to you that we are on track, AND IF WE ARE TO SUCCEED WE HAVE TO DO THIS TOGETHER
 6. The Mid-Term Budget Statement provides the following
 - The global and regional context, within which we have been operating, WE WILL SEEK STRONGER ALLIANCES.
 - I WILL PRESENT TO YOU an update on OUR economic performance for the first half of the year and THE outlook for the rest of the year and in the medium-term.
 - It is important also to look into Fiscal situation and preliminary indications of how far we will be from the budget, considering key budget and macro-fiscal indicators and outline detours that we had to take to respond to challenges and risks at hand.
 - I will present highlights on the progress made in key development areas through the implementation of the budget for 2023/24, and
 - I will clarify our policy focus and any changes to be anticipated in the second half of the fiscal year.
 7. Mr Speaker, 2023/24 budget was implemented within the context of major external headwinds triggered by credit rating downgrades, tightened domestic financing conditions, and increased cost of borrowing. Our country, like many others globally and regionally, was impacted by an increase in fuel prices, rising inflation and exchange rate depreciation, leading to severe economic challenges.
 8. Mr. Speaker, it is no hyperbole to say we cannot find another period in our history where so many different headwinds IN OUR NEW INTER-CONNECTED WORLD AFFECT our economy at the same time AND IN SO MANY WAYS.

GLOBAL AND REGIONAL ECONOMIC DEVELOPMENTS

9. Mr. Speaker, the global economy continues to struggle through a patchy recovery phase following the wave of shocks from the COVID-19 pandemic, the Russia - Ukraine war, and global monetary policy tightening. The global output growth is projected to slow down to 3.0 percent in 2023, from 3.5 percent in 2022, before falling slightly to 2.9 percent in 2024.
10. Similarly, in Sub-Saharan Africa, growth will decline to 3.3 percent in 2023 from 4.0 percent in 2022 before picking up to 4.0 percent in 2024. We also note the inevitable negative impact of the recent conflict in the Middle East on the global and regional economic outlook.

RECENT DOMESTIC ECONOMIC AND PRICE DEVELOPMENTS

11. Mr. Speaker, I will now provide a snapshot of the economic performance in the first half of 2023/24 in the real, fiscal, monetary, and external sectors of the economy.
12. As I have indicated, progress has been made on some indicators and the narrative is somehow changing. Growth projections for 2023/24 have been revised down. The exchange rate is less volatile, inflation has softened, and interest rates have declined.
13. The real GDP growth in 2022 was 1.1 percent, and lower than the 1.9 percent projected for the year. The GDP growth performance partly reflected the weak macro-economic fundamentals in 2022 as well as external supply-chain disruptions.
14. Mr. Speaker, this year, the quarterly GDP statistics point that real GDP has slowed once again in the first half of the year. The growth during this period, recorded a contraction of 0.7 percent on average. This contraction was largely driven by poor performance in the agricultural sector, which contracted by 9.2 percent on average during the first and the second quarter, with manufacturing sector contracting by 5 percent on average.
15. On the other hand, tourism sector recorded a considerable average growth of 22.1 percent between the first and the second quarters.

This brings us to the downward revision of annual growth to 1.8 percent by end of 2023/24 from a projection of 2.3 percent. Contributing to the slowdown is manufacturing sector particularly textile sub-sector, which is projected to contract by 2.5 percent as the sector continues to face external challenges coupled with competitive pressure. However, growth in 2023/24 through the medium term, is expected to be driven by LHWP II mega project.

PRICES

16. Mr. Speaker, I MOVE ON to inflation and price developments in Lesotho are expected to continue to be in line with those in South Africa over short to medium term.
17. As a result, average Consumer Price Inflation (CPI) reached 5.8 percent in September this year, indicating 0.8 percent increase from the rate observed in August this year. Contributing to these price developments was 6.2 percent increase in food and non-alcoholic beverages, 24.6 percent surge in alcohol and tobacco prices and health services, which accelerated by 14 percent. By the end of the fiscal year, inflation rate is projected to balance at around 6 percent.
18. The Central Bank of Lesotho (CBL) continued its pattern of raising the key policy rate, marking a significant 50 basis point increase, bringing it to 7.75 percent. Consequently, the prime lending rate also followed suit, climbing by 50 basis points, reaching 11.25 percent. The 91-day Treasury bill rate saw an increase as well, rising to 7.70 percent from 6.59 percent, and it remained well within the desired range of +/- 200 basis points when compared to its South African counterpart. Additionally, the one-year deposit rate experienced a modest increase of 17 basis points, reaching 4.74 percent. This represents a cumulative uptick of 350 basis points from the lowest recorded rate in 2022.

CREDIT MARKETS

19. In 2023, private sector credit showed robust growth, averaging 9.6 percent, a notable increase from 5.9 percent in 2022. Within this, credit allocated to households constituted approximately 70 percent

of banks' loan portfolios, with personal loans and mortgages. Business credit also witnessed a substantial average growth of 12.0 percent in 2023, compared to a mere 3.0 percent in the previous year, with significant boosts observed in the mining, construction, Wholesale and Retail Trade, Restaurants, and Hotels subsectors. Looking ahead, private sector credit is anticipated to be driven primarily by households, with a growth projection of 4.9 percent for 2024-2025, while credit to businesses remains subdued due to the underperforming economy and increased reliance on non-banking sources for financing

FISCAL DEVELOPMENTS

20. Mr. Speaker, REGARDING FISCAL DEVELOPMENTS the 2023/24 Budget was presented based on the following assumptions:

- Total revenue including grants and SACU to reach M25,1 billion which was about 63 percent of GDP. Largely supported by strong SACU revenue.
- Expenditure estimated at M24,1 billion an equivalent of 60 percent of GDP. Of this amount, recurrent spending was estimated at M17,8 billion and make up 73.8 percent of the total, while investment spending make up 26.2 percent of the total at M6,3 billion.

21. These expectations were to result into an overall fiscal surplus of 2.5 percent GDP, while gross international reserves in month of imports were projected at 4.

BUDGET PREFORMANCE

22. Mr. Speaker, let me turn to the fiscal performance for the first half of 2023/24 vis-a-vis 2023/24 approved Budget. It is envisaged that revenue is likely to underperform by M2,4 billion and register M22,7 billion which is in line with nominal GDP growth which slowed this year. Contributing to this poor performance is tax revenue, which is likely to miss its target of M11 billion by 17 percent, equivalent to M1,9 billion.

23. Mr. Speaker, interim data on government fiscal operations for half of 2023/24 indicates a budget deficit of 0.3 percent of GDP as at end of September 2023 whilst the target for the year was 2.5 percent of GDP. Therefore, total expenditure for the first half of the year has under performed. We project an outturn of M22,1 billion at the end of year, which is about 56 percent of GDP.
24. Low expenditure is influenced to a larger extent by low capacity to effectively use the provisions in Public Procurement Act of 2023.
25. Mr. Speaker, the low utilization of the overall budget in the first half of the year, is further influenced amongst others, by delays in implementation of capital projects, a moratorium on hiring intended to contain fast growing wage bill.
26. Mr. Speaker, when I presented the 2023/24 Budget, I indicated that we would embark on major fiscal measures aimed at reinforcing long term fiscal sustainability and providing sufficient buffers to guard against domestic and external shocks and imbalances.
27. We have put in place some of those measures that affect expenditure that we presented, and we are grateful for that. To complement this domestic resource mobilisation effort, I can now report that we have been diligent and resolute in implementing some of these measures successfully by:
 - Concluding a Medium-Term Debt Strategy and Debt Sustainability Analysis.
 - Reducing the stock of domestic arrears.
 - Enacting Public Procurement Bill 2023, to stop practices of procurement outside the IFMIS, and
 - Slowing wage bill growth by consolidating Government ministries to remain with adequate staff.

PROGRAMME BUDGET EXECUTION:

ENHANCING INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH

28. Mr. Speaker, fostering economic diversification and job creation stands as a crucial pillar in bolstering our economic recovery.

Government anticipates that agriculture, mining, tourism, and industrialization will continue to propel growth, while energy and infrastructure development will play pivotal roles as enablers of this progress.

AGRICULTURE, FOOD SECURITY AND NUTRITION

29. Mr. Speaker, government's commitment to combat hunger, ensure food security, and support sustainable agriculture is resolute. Spending stands at M160 million for these initiatives, facilitated the procurement of inputs worth M51 million.
30. We have successfully rehabilitated critical irrigation schemes, such as Tsitsong, Nkh'unh'u, Makoabating, and Thaba-Phatsoa ensuring their optimal functionality and contributing significantly to agricultural growth.
31. To ensure a successful winter crop yield, the government implemented a strategic initiative involving the cultivation of wheat through the establishment of block farms in key regions, namely Ha Maama in Leribe, Ha Ratau in Maseru, and Ha Maoela and Bulumatau in Mafeteng. This concerted effort aimed to optimize wheat production and boost agricultural sustainability in these areas, contributing to food security and economic prosperity. Plans for the establishment of block farms across the country to boost agricultural yields are yet to be made.
32. In the livestock sector, a pivotal development has been the establishment of an advanced Artificial Insemination Center in Quthing. This strategic move is set to revolutionize and significantly elevate the local wool and mohair production, and contributing to the prosperity of the region.

TRADE AND INDUSTRY, TOURISM AND SMALL BUSINESSES

33. Mr. Speaker, significant efforts have been made to support Micro, Small, and Medium Enterprises (MSMEs) and Cooperatives by providing capacity-building initiatives and facilitating partnerships with foreign-owned companies. This approach aims to strengthen local industries and promote collaboration. May I point out that;

- The implementation of the CAFI project that is financed by the World Bank has started. The Entrepreneurship hub and seed financing facility (prioritizing youth and women) is operational. Incubation of 50 innovative start-ups is in progress. This is the first cohort and 10 more cohorts will be training. Horticulture incubation and training and training of farmers has commenced (110 farmers receiving pre-incubation training). LNDC being capacitated to revitalize the garment and textile industry and discussions between buyers and the industry is being facilitated. Continuation for support for SMMEs with a matching grant program called Lesotho Enterprise Assistance Program (LEAP). Appropriate sites are being identified for new horticulture farms.
- The MCA Lesotho Compact 2 office has been set up and is operational. The MCA Lesotho has completed feasibility studies for all the three components of the project. Procurement for contractors to work on health systems strengthening component has been completed.
- Lesotho has ratified the AcFTA under the banner of SACU. This opens new markets for intra-Africa trade, complementing our quest to increase productivity.
- Negotiations for extension of AGOA beyond 2025 have begun and are continuing with good chance of success.
- WE secured Double Taxation Agreements with Mauritius and agreements have been signed with UAE and Malawi and are awaiting ratification. Discussions are going on to have DTA with China.
- WE ARE Training Diplomats in Investment and Trade promotion to enhance commercial relations with countries where Lesotho Has representation.

With regard to Tourism and cultural industries Community camp sites have been established with essential facilities within Sehlabathebe National Park. Sehlabathebe – mpiti is being completed

Financial Sector Developments

34. The Ministry of Finance and Development Planning together with the Central bank with the support of the World Bank have led and completed the financial sector strategy.
35. There are 3 existing credit guarantee facilities that are operated by the post bank, LNDC and the Ministry of small business.
36. I am delighted to mention that The Central Bank of Lesotho's Project Management Office (PMO) has received the prestigious PMO of the Year award, marking the initial stage of the Global PMO Awards, which recognises exceptional PMOs and professionals worldwide. The accolade, managed in the South African segment by Project Portfolio Office, commends CBL's PMO for enhancing project performance and portfolio management, achieving remarkable results in terms of cost, scope, and time efficiency. This achievement reflects CBL's significant contributions to the PMO community and its commitment to excellence.

BUILDING ENABLING INFRASTRUCTURE

37. Mr. Speaker, government has recognized the urgent need to improve infrastructure for community connectivity and access to essential services, which include roads, bridges, energy, water, and public buildings. During budgeting, the infrastructure was estimated at M3.6 billion, with expenditure recorded at M808.6 million, representing 22 percent of the budget.

ROADS

38. Mr Speaker, Government is actively advancing various infrastructure projects, showing its commitment to enhancing essential assets. Notably, significant progress has been made in construction of the following footbridges; Malibe-'Mone in Quthing, Maliele-Mpeli and Lepeli-Thakeli in Maseru, Mokhasi-Luka, Thaba-Nts'o - Moiketsi and Ramosothoane-Ralimpe in Mohale's Hoek, Mosisi-Mpeako in Leribe, Ntlhasinye-Makhetheng, and Nyokololi-Tiping in Mokhotlong.

39. Progress varies in other bridge projects, such as Ntja- Jobo and Kou - Matau footbridges, with steel section deliveries underway despite terrain-related delays.
40. A notable progress has been made in construction and rehabilitation of major roads. These include the near completion of a 72-kilometer stretch from Makabei to Monotsa, and Mpiti to Sehlabathebe; Rehabilitation of A1 Road from Ha 'Malesaoana to Botha Bothe and a 22-kilometer section from Moshoeshoe Road to Masianokeng High School is in progress. Several regravelling projects are in progress, along with routine maintenance and completion activities. Additionally, Pulane Sekoakoaneng bridge is completed, reflecting Lesotho's strong commitment to infrastructure development. Tsoaing Bridge to be completed in December

LOCAL GOVERNMENT

41. Mr. Speaker, government has achieved a notable milestone by successfully completing the construction of the Malingoaneng Principal Chief's Office. Furthermore, the supply and installation of office furniture for the Rothe, Tebang, Quthing, Qacha's Nek, and Makhoakhoeng Principals' Chiefs (PC) Offices have been efficiently executed. Local government elections successfully completed.

NATURAL RESOURCES

42. Mr. Speaker, I am pleased to provide a concise update on key developments. The Ramarothole Solar Generation Plant's 30MW Phase I is complete, with electricity integrated into the national grid. This will play a crucial role in mitigating the energy shortages we currently face, particularly in light of the energy supply challenges our neighbouring country is experiencing.
43. Electrification projects have been successful in Ha Hlalele, Ha Mosalla, Christ the King, Ha Jobo, Sebetia, Ngope-T'soeu, and Kanana, benefitting health Centers and schools in those villages. We are progressing with the Belo Industrial Zone substation construction following the successful Environmental Impact Assessment report.

44. Government is actively engaged in water and sanitation projects, with completion of Ha Setene Hydrometric Station and rehabilitating WASCO affected systems. The Polihali dam and transfer tunnel construction is advancing to fortify our water resources.
45. To boost Basotho participation in mining and Artisanal Small-Scale Mining, we have issued licenses and permits, including diamond mining and dealer licenses. Initiatives are underway to ensure the benefits of our natural resources to reach our citizens and advance the mining industry.

INFORMATION AND COMMUNICATION TECHNOLOGY

46. With assistance of Universal Service Fund, the Mobile network expansion under the e-government infrastructure project and 26 Base Tower Stations have been completed. The procurement processes to engage consultants for the preliminary studies for construction of Broadcasting complex have commenced.

Call centre for government

STRENGTHENING HUMAN CAPITAL

HEALTH

47. Mr. Speaker, our health sector is committed to achieving universal health coverage and improving primary healthcare. We have expended M882 million to support this mission, including subsidies for non-financial institutions and essential health service procurement.

CHAL, Queen Mamohato Hospital, immunization campaigns for children

48. Through the 'Hlasela Lefuba' initiative, government has conducted TB screening and initiated treatment for 286 patients in every district. New health posts have been established in key areas, enhancing primary healthcare services.

49. The long overdue compensation challenge for Village Health Workers (VHW) is being addressed by verifying data for stipend or allowance payments and reviewing the VHW policy for alignment with our primary healthcare objectives. Mr Speaker, Village Health Workers are important in addressing healthcare challenges in undeserved areas. Their presence helps to improve healthcare access, deliver preventive services, build community trust, and reduce health disparities, contributing to overall community health and well-being.
50. Mr Speaker, the construction of Maseru District Hospital has reached an impressive 90 percent completion. 90 percent completion. Landscaping and road sub-base construction are at 60 percent, with grass seeding in progress. The installation of medical equipment has reached approximately 75 percent, and furniture is in transit, expected to arrive on-site in January. The hospital is on track for full completion in March 2024, with operations scheduled to commence in April 2024.

EDUCATION

51. Mr. Speaker, education remains a paramount focus for the government. Government has undertaken substantial measures to uplift the education sector, including the establishment of new reception classrooms staffed by dedicated teachers in 68 existing primary schools.
52. The government has increased payment rates from M3.54 to M5.54 to improve nutritional standards for children.
53. In Addition, M612.6 million has been spent for students' grants through the National Manpower Development Secretariat (NMDS), complemented by an extra M229 million for the school feeding program. In response to higher education challenges, we have transferred M214.2 million to Institutions of Higher Learning.
Subventions

SOCIAL PROTECTION

54. Mr. Speaker, as emphasized in my address, the government remains committed to support vulnerable groups within our society. To this

end, we have spent approximately M573.2 million to address issues related to vulnerability. Notably, we have increased the coverage and amount of child and disability grants, ensuring that more individuals in need receive the necessary assistance. Additionally, we have embarked on the registration of old-age pension beneficiaries at all pay points throughout the country, harnessing mobile cash services and network capabilities to facilitate the implementation of Digital Payments.

55. Mr. Speaker, in an effort to reduce poverty, 1080 ewes and 108 rams have been acquired and distributed to vulnerable herders in Botha Bothe, Leribe, and Berea. A total of 108 herders received Merino sheep, each receiving 10 ewes and 1 ram. Additionally, 858 metric tonnes of maize and 167 metric tonnes of beans from local producers have been procured, and distributed to vulnerable households, boosting agricultural production and supporting local farmers' production.

56.

STRENGTHENING NATIONAL GOVERNANCE AND ACCOUNTABILITY

SECURITY

Mr. Speaker, our government is committed to promoting good and democratic governance through building effective institutions.

This starts with doing the business of government well, which is the development of effective policies, regulatory and enhancing defense and security cooperation with other nations. Government has deployed the fourth cohort of the Lesotho Defence Force to Mozambique as part of the mission in the Southern African Development Community (SADC). Alongside the Southern African Multi-Disciplinary Mission (LDF/SAMIM), the mission has effectively managed and contained the volatile situation in the region.

57. To address the increase in crime and murder cases, troops have been deployed to safeguard national peace and security, leading to a significant reduction in reported crime cases.

58. During the review period, hostile domestic actors suspected of connections to a Foreign Hostile Intelligence Service (FHIS) were identified. Government has initiated countermeasures and established a counter-terrorism unit to prevent violent extremism and proliferation financing. Subversive activities by Politically Exposed Persons have been uncovered and measures taken to address these concerns.
59. 51 vehicles have been deployed for the Police to increase visibility and respond to crime scenes quickly.
60. In the realm of cybersecurity, the dedicated Cyber Command Unit has proactively detected and thwarted malicious cyber activities, leading to a substantial reduction in criminal activities and arrests.

ANTICORRUPTION

61. Mr. Speaker, our hard-earned economic progress is under threat due to rampant corruption. Urgent and decisive actions are needed. Our Anti-Corruption Unit has achieved significant successes, including recovery of M1.1 million from the M7 million stolen from Econet Lesotho and repatriating M5 million linked to the "M50 million case" at the Ministry of Finance and Development Planning.
62. The anti-corruption unit has also secured forfeiture orders for properties and initiated freezing orders in cases involving a total of M44.1 million. Perpetrators are being apprehended, and citizens must remain resolute in an effort to combat corruption and preserve our economic well-being.
63. In fighting corruption, money laundering and crime for terrorism financing we have developed an action plan to based on the Assessment completed by ESAAMLG

JUSTICE AND LAW

64. Mr. Speaker, in our commitment to ensure access to justice and legal services for all, significant steps have been taken. Probation Services have been decentralized to all districts, allowing us to

address cases involving children in conflict with the law and those at risk more effectively.

65. Furthermore, High Court in Leribe has been established and operationalized the department of Civil Litigation to Leribe as well. The Legal Aid department has deployed legal counsels to work in Leribe, pending full operationalization. The goal is to make justice and legal services readily accessible to all, regardless of their circumstances and geographical location.

NATIONAL REFORMS

66. On August 16, 2023, the Government organized an Orientation Workshop for the Two Houses of Parliament to expedite the understanding of the 11th Constitutional Amendment Bill 2022.

PUBLIC FINANCIAL MANAGEMENT

67. Mr. Speaker, significant steps to enhance government performance have been taken. Our leaders, including the Right Honourable the Prime Minister, Honorable Ministers, Government Secretary, and Principal Secretaries, have entered into performance contracts to ensure accountability and efficiency.
68. The collaboration with Human Resource Management System and National Identity and Civil Registry in verifying civil pensioners in the payroll demonstrates the government's commitment to modernizing financial management. This enhances transparency, ensures accurate records, and streamlines administrative processes for pension payments, promoting an efficient and trustworthy system.
69. Electronic Funds Transfer (EFT) system operates seamlessly, and the Integrated Revenue Management System has expanded to three Ministries, improving revenue collection efficiency and transparency. We are also strengthening procurement and financial accountability systems, adopting international best practices and ensuring transparency and integrity in tendering processes.

Reduction of contingent liabilities by establishing a scheme with the Public officers defined contribution Pen to reduce the financing gap into the pension fund by 200 million.

The resource mobilisation drive that is spearheaded by the Ministry of Finance and Development and Ministry of Foreign affairs, has yield the following: amongst others

- Signed United Nations Sustainable Development Framework, 2024-28.
- EU financing agreement on renewable energy Lesotho, Equitable Lesotho, and Cooperation facilities and support measure
- Country Partnership Framework – World bank, IDA US\$120 million
- Bi-national Corporation with South Africa
- Japanese government - Two renal treatment Units at Queen Mamohato and Mafeteng and agreed to extend an agreement for construction of 4 schools for children with disabilities

PROCUREMENT

70. The enactment of the Public Procurement Act of 2023 marks a significant milestone, opening the door to the implementation of electronic Government Procurement (e-GP) and the reinstatement of the Central Tender Board (CTB) for tender oversight. This will not only help in addressing outstanding procurement matters but also in enforcing penalties for violations of procurement laws. This represents a positive and forward-thinking move.
71. Within the realm of Public Financial Management, noteworthy progress has been achieved by actively engaging the public in budget consultations. This collaborative approach will greatly influence the formulation of the 2024/25 budget, starting with the development of a comprehensive budget strategy. The aim is to foster transparency and accountability in the budgetary process, demonstrating a commitment to responsible financial governance.

AUDIT

72. Mr. Speaker, the Office of the Auditor General (OAG) is advancing in staff professionalisation by partnering with international and regional audit organizations for certification programmes. They are also implementing the A-SEAT automated audit application to strengthen ICT infrastructure and streamline audit processes. Additionally, OAG is dedicated to enhancing operations through the Strategy, Performance Measurement, and Reporting (SPMR) initiative, guided by INTOSAI.

CROSS CUTTING THEMES

Social Protection

YOUTH

73. In the commitment to enhancing youth access to finance, government has facilitated their entry into income-generating ventures through the Entrepreneurship Development Fund. Government has launched the national youth entrepreneurship mentorship programme, empowering young entrepreneurs with valuable business skills and knowledge, with 216 Mentees and 23 Mentors currently participating. Furthermore, 80 youth grants totaling M19.2 million to support climate-smart agriculture has been awarded to support wool and mohair production, livestock, and livestock products, with youths contributing M4.8 million as counterparts.

THE IN-YEAR ADJUSTMENTS

CLEARING ARREARS

74. Mr. Speaker, a substantial allocation of M500 million received Cabinet approval to address outstanding government arrears, underscoring the government's commitment to servicing these debts. The clearance of government arrears is vital for financial stability, economic growth, and the overall effectiveness of

government operations, while also upholding the principles of good governance and responsible fiscal management. Continue to clear arrears that are PROPERELY DOCUMENTED AND confirmed as legitimate etc

75. In addition to the general budget increase above, advances from the Contingencies Fund were utilized to address critical government operations that fell outside ministerial budgets. Notably, the Ministry of Local Government, Chieftainship, Home Affairs, and Police received M40.1 million for the procurement of passport booklets, while the Ministry of Defence was allocated an extra M18.8 million to accommodate rising annual aircraft insurance premiums, along with an additional M2.6 million for supporting Local Government elections, specifically covering aircraft fuel for transportation to remote areas.

76. The Ministry of Public Service, Labour, and Employment secured M8.1 million for diverse purposes, including payroll system maintenance and the implementation of the performance management system. Furthermore, the Ministry of Natural Resources received M57.7 million to assist the Lesotho Electricity Company in settling its outstanding debt related to electricity supply from Mozambique, as well as M144 million for the refurbishment of the Muela Hydropower plant.

MAJOR ACTIVITIES THAT REQUIRE ADDITIONAL FUNDING IN THE SECOND HALF OF THE YEAR

77. Mr Speaker, the 2023/24 budget presents a strategic reallocation of resources, involving a transfer of M580 million from underutilized capital projects. These funds are being redirected to accelerate the progress of high-impact initiatives. This infusion of additional funding is designed to expedite project completion and further propel their advancement.

78. The proposed reallocation underscores our commitment to optimal resource utilization, prioritizing projects with a tangible and

immediate impact on the nation's development. It is a testament to our dedication to efficiently manage resources, fostering sustainable growth and progress in Lesotho.

RISKS AND MITIGATION MEASURES

79. Mr. Speaker, I must mention that the following risks are anticipated and must be well taken note of:

- I have mentioned earlier that tax revenue is likely to miss its target, primarily due to the downward revision alcohol and tobacco levy as well as non-implementation of the diamond export sales tax. This shortfall could affect the government's ability to finance its programme and projects, potentially leading to budget deficits.
- The progress of infrastructure projects is mentioned as a significant achievement. The Line ministries continue to learn provisions of the Procurement Law. These new improved procurement procedures require adjustments in the way we do things.

80. Mr. Speaker, while my statement highlights significant achievements and positive initiatives, it is essential for the government to proactively manage the aforementioned risks and challenges to ensure continued economic stability and sustainable growth for our beautiful Kingdom.

We have to manage our government finances well

- One cannot spend more than one has and we need to spend on the right things, and for that we need to reduce our recurrent budget spending
 - Good home expenditures focus on our children's welfare, as a nation we need to think of the future, and we need to switch from recurrent to increased capital budget expenditures
 - We need to use our money wisely and for that we need to improve our monitoring of implementation of projects, we need projects that yield value for money and that yield results

- We need to live within our means and for that we need to monitor debt levels to avoid debt distress
- We need to work harder but especially work smarter and increase productivity and an increased role of the private sector is crucial
- Our nations household needs to respect the environment, we have to work on a world for our future, our children and we need to reduce our carbon footprint of government
- Finally our households needs to have the proper moral and ethical standards, and we need to avoid wasteful spending , corruption and fraud
- For all that to happen a household needs to firm belief that we are doing the right thing, and have the commitment to reforms, to secure peace and stability to promote economic growth for all

CONCLUSION

81. In closing, Mr. Speaker, the government reaffirms its unwavering commitment to expedite the implementation of programmes aimed at advancing our growth and job creation agenda. We are resolute in our determination to continue fiscal consolidation efforts and address expenditure challenges, particularly in reducing the wage bill through comprehensive reforms. In the coming sessions, we will present legislation to Parliament, addressing the prerequisites for the successful realization of MCA II, including the Bursary bill, Fiscal stabilization, and fiscal rule enactments. Additionally, we are dedicated to the crucial task of advancing national reforms agenda which are pivotal to our nation's progress including those related to addressing the critical issue of crime, which are paramount to our nation's progress.

82. Mr. Speaker, I wish to express my profound gratitude to His Majesty King Letsie III for entrusting me with the significant responsibility

of ensuring transparent and accountable government finances. Serving our nation and upholding the principles of fiscal prudence to promote economic stability and equitable development is a privilege that I hold dear.

83. I also extend my sincere appreciation to The Right Honourable the Prime Minister, Ntsokoane Samuel Matekane, Cabinet Ministers, stakeholders, and dedicated professionals who have supported our collective efforts in this journey.
84. I am grateful for the close collaboration I have enjoyed with the development partners
85. Together, we will face the challenges ahead and work towards a prosperous future for all. Additionally, I want to convey my appreciation to the entire Basotho nation whose support and confidence in my abilities continue to inspire my commitment to the duties entrusted to me.

KHOTSO! PULA! NALA!

ANNEX I

GOVERNMENT BUDGET OPERATIONS FOR THE FISCAL YEAR 2021/2022 - 2025/2026

| Budget Item | Actual 2021/22 | Projection 2022/23 | Budget 2023/24 | Proj 2023/24 | Budget 2024/25 | Budget 2025/26 |
|--|-------------------|-----------------------|-------------------|-----------------|-------------------|-------------------|
| REVENUE | 16 953,2 | 18 482,6 | 25 116,6 | 22 709,4 | 22 985,9 | 24 065,2 |
| Tax revenue | 7 756,5 | 8 486,1 | 11 005,5 | 9 131,8 | 9 659,4 | 10 145,1 |
| Taxes on income, profits, and capital gains | 4 087,9 | 4 305,9 | 5 676,1 | 4 458,9 | 4 655,2 | 4 822,6 |
| Income tax - payable by individuals | 2 377,8 | 2 504,6 | 2 575,6 | 2 593,5 | 2 522,5 | 2 613,3 |
| Income tax - payable by corporations and | 867,9 | 914,2 | 2 111,0 | 946,7 | 1 153,9 | 1 195,4 |
| Income tax - other | 842,2 | 887,1 | 989,4 | 918,7 | 978,7 | 1 013,9 |
| Taxes on goods and services | 3 668,5 | 4 180,2 | 5 328,2 | 4 672,9 | 5 004,2 | 5 322,5 |
| Value-added tax | 3 051,2 | 3 603,3 | 4 429,7 | 3 813,0 | 4 070,1 | 4 344,6 |
| Excise taxes | 596,7 | 550,9 | 849,9 | 667,4 | 732,8 | 768,1 |
| Taxes on specific services | 20,5 | 26,0 | 24,2 | 26,5 | 26,5 | 26,5 |
| Taxes on the use of goods and on permis | 0,1 | | 24,4 | | | |
| Taxes on international trade and transactio | | | | | | |
| Other taxes | | | 1,2 | | | |
| Grants | 1 140,4 | 2 477,1 | 1 182,8 | 1 182,8 | 1 182,8 | 1 182,8 |
| Other revenue | 2 048,3 | 2 119,9 | 2 779,9 | 2 246,3 | 2 366,8 | 2 482,2 |
| Property income | 659,1 | 706,5 | 847,7 | 606,7 | 754,2 | 773,9 |
| Dividends | 78,7 | 202,4 | 310,1 | 67,4 | 71,0 | 74,4 |
| Rent | 568,0 | 490,8 | 519,4 | 529,1 | 678,0 | 694,2 |
| Sales of goods and services | 1 388,9 | 1 413,4 | 1 929,2 | 1 576,6 | 1 612,6 | 1 708,3 |
| Electricity Muela | 60,1 | 56,5 | 84,0 | 53,3 | 60,3 | 62,8 |
| Water Royalties - LHDA | 1 303,2 | 1 342,9 | 1 612,4 | 1 452,9 | 1 516,1 | 1 610,5 |
| Administrative fees | 2,7 | | 58,8 | 58,8 | 20,1 | 21,1 |
| Incidental sales by nonmarket establishme | 22,8 | 14,0 | 173,9 | 11,6 | 16,1 | 13,9 |
| Fines & forfeits | 0,4 | 0,0 | 3,0 | | | |
| Miscellaneous and unidentified revenue | | | | 63,0 | | |
| SACU | 6 008,0 | 5 399,5 | 10 148,4 | 10 148,5 | 9 776,9 | 10 255,2 |
| EXPENSE (Statutory + Non Statutory + Sa | 13 922,2 | 15 497,5 | 17 776,9 | 16 281,9 | 16 921,0 | 17 479,5 |
| Compensation of Employees | 6 130,2 | 6 921,2 | 7 223,9 | 6 812,6 | 7 268,2 | 7 722,9 |
| Wages and salaries | 5 584,3 | 6 306,0 | 6 216,8 | 6 234,6 | 6 622,2 | 7 036,5 |
| Use of goods and services | 2 152,5 | 2 528,8 | 3 437,8 | 2 583,9 | 2 720,2 | 2 852,2 |
| Interest Payments | 504,8 | 618,9 | 1 036,6 | 896,6 | 896,6 | 896,6 |
| Nonresidents | 238,1 | 317,4 | 381,4 | 348,7 | 348,7 | 348,7 |
| Residents other than general government | 266,7 | 301,5 | 655,2 | 547,9 | 547,9 | 547,9 |
| Subsidies | 547,8 | 554,6 | 485,6 | 764,3 | 551,2 | 659,5 |
| Grants to international organisations | 47,4 | 75,2 | 50,8 | 0,0 | 45,2 | 61,3 |
| Grants to other general government unit | 1 602,5 | 1 657,2 | 2 045,6 | 1 947,0 | 1 860,3 | 1 708,3 |
| Social benefits | 1 876,6 | 1 874,6 | 2 274,5 | 1 934,4 | 2 036,4 | 2 135,2 |
| Other expense | 1 060,4 | 1 266,9 | 1 222,1 | 1 343,1 | 1 542,9 | 1 443,5 |
| Student Grants | 950,0 | 1 030,2 | 1 109,2 | 1 108,0 | 1 030,2 | 1 030,2 |
| Other expense | 110,4 | 236,7 | 112,9 | 235,1 | 512,7 | 413,3 |
| Capital Budget | 6 374,6 | 6 763,8 | 6 323,4 | 5 796,5 | 6 092,1 | 6 377,9 |
| GoL | 2 249,2 | 1 764,0 | 2 690,5 | 2 466,3 | 2 592,1 | 2 713,7 |
| Donor Grants | 1 327,4 | 2 114,2 | 1 025,7 | 940,2 | 988,2 | 1 034,5 |
| Donor Loans | 2 011,1 | 2 885,7 | 2 607,2 | 2 607,2 | 2 740,2 | 2 868,7 |
| CASH SURPLUS / DEFICIT | -3 343,6 | -2 050,9 | 1 016,3 | 631,0 | -27,3 | 207,9 |
| % GDP | -10,1% | -5,7% | 2,5% | 1,6% | -0,1% | 0,5% |
| GDP | 33121,8 | 36 190,1 | 39 872,0 | 39 634,3 | 41 576,4 | 43 111,7 |
| TRANSACTIONS IN FINANCIAL ASSE | -2 149,1 | 1 816,3 | 1 102,8 | -4 155,2 | 3 158,7 | 3 540,7 |
| FINANCIAL ASSETS | -2 149,1 | 1 816,3 | 1 102,8 | -4 155,2 | 3 158,7 | 3 540,7 |
| Domestic (Change in Deposits) | -2 149,1 | 1 816,3 | 1 102,8 | -4 146,0 | 3 157,0 | 3 539,0 |
| Foreign | 0,0 | 0,0 | 0,0 | | | |
| LIABILITIES | 223,2 | 1 993,7 | 86,5 | -661,0 | 3 186,0 | 3 332,8 |
| Domestic | 117,6 | 1 653,2 | -341,9 | 337,1 | 490,4 | 460,2 |
| Securities | 114,7 | 689,6 | 0,0 | -104,0 | 145,4 | 145,4 |
| Loans | 2,9 | 113,6 | -90,9 | -101,5 | -105,0 | -104,0 |
| <i>of which Pension Liabilities</i> | 0,0 | 0,0 | 0,0 | | | |
| Foreign | 105,6 | 340,5 | 428,4 | -998,1 | 2 695,6 | 2 872,6 |
| Loans | 105,6 | 340,5 | 428,4 | -998,1 | 2 695,6 | 2 872,6 |
| Disbursements | 268,7 | 1 136,6 | 1 551,9 | -998,1 | 1 467,0 | 1 467,0 |
| Repayments | -163,1 | -796,1 | -1 123,5 | 0,0 | 1 228,6 | 1 405,6 |
| Months of Import Coverage | 4,6 | 4,6 | 4,7 | 4,5 | 4,2 | 4,4 |

ANNEX II

| GOVERNMENT BUDGET OPERATIONS FOR THE FISCAL YEAR 2021/2022 - 2025/2026 [% of GDP] | | | | | | |
|---|-------------------|-----------------------|-------------------|------------------|-------------------|-------------------|
| Budget Item | Actual 2021/22 | Projection 2022/23 | Budget 2023/24 | Proj. 2023/24 | Budget 2024/25 | Budget 2025/26 |
| REVENUE | 51,1 | 51,1 | 63,0 | 57% | 58% | 61% |
| Tax revenue | 23,4 | 23,4 | 27,6 | 23% | 24% | 26% |
| Taxes on income, profits, and capital gains | 12,3 | 11,9 | 14,2 | 11% | 12% | 12% |
| Income tax - payable by individuals | 7,2 | 6,9 | 6,5 | 7% | 6% | 7% |
| Income tax - payable by corporations and other | 2,6 | 2,5 | 5,3 | 2% | 3% | 3% |
| Income tax - other | 2,5 | 2,5 | 2,5 | 2% | 2% | 3% |
| Taxes on goods and services | 11,1 | 11,6 | 13,4 | 12% | 13% | 13% |
| Value-added tax | 9,2 | 10,0 | 11,1 | 10% | 10% | 11% |
| Excise taxes | 1,8 | 1,5 | 2,1 | 2% | 2% | 2% |
| Taxes on specific services | 0,1 | 0,1 | 0,1 | 0% | 0% | 0% |
| Taxes on the use of goods and on permission to | 0,0 | | 0,1 | 0% | 0% | 0% |
| Taxes on international trade and transactions | | | | 0% | 0% | 0% |
| Other taxes | | | 0,8 | 0% | 0% | 0% |
| Grants | 3,4 | 6,8 | 3,0 | 3% | 3% | 3% |
| Other revenue | 6,2 | 5,9 | 7,0 | 6% | 6% | 6% |
| Property income | 2,0 | 2,0 | 2,1 | 2% | 2% | 2% |
| Dividends | 0,2 | 0,6 | 0,8 | 0% | 0% | 0% |
| Rent | 1,7 | 1,4 | 1,3 | 1% | 2% | 2% |
| Sales of goods and services | 4,2 | 3,9 | 4,8 | 4% | 4% | 4% |
| Electricity Muela | 0,2 | 0,2 | 0,2 | 0% | 0% | 0% |
| Water Royalties - LHDA | 3,9 | 3,7 | 4,0 | 4% | 4% | 4% |
| Administrative fees | 0,0 | | 0,1 | 0% | 0% | 0% |
| Incidental sales by nonmarket establishments | 0,1 | 0,0 | 0,4 | 0% | 0% | 0% |
| Fines & forfeits | 0,0 | 0,0 | 0,0 | 0% | 0% | 0% |
| Miscellaneous and unidentified revenue | | | | 0% | 0% | 0% |
| SACU | 18,1 | 14,9 | 25,5 | 26% | 25% | 26% |
| EXPENSE (Statutory + Non Statutory + Salary I | 42,0 | 42,8 | 44,6 | 41% | 43% | 44% |
| Compensation of Employees | 18,5 | 19,1 | 18,1 | 17% | 18% | 19% |
| Wages and salaries | 16,9 | 17,4 | 15,6 | 16% | 17% | 18% |
| Use of goods and services | 6,5 | 7,0 | 8,6 | 7% | 7% | 7% |
| Interest Payments | 1,5 | 1,7 | 2,6 | 2% | 2% | 2% |
| Nonresidents | 0,7 | 0,9 | 1,0 | 1% | 1% | 1% |
| Residents other than general government | 0,8 | 0,8 | 1,6 | 1% | 1% | 1% |
| Subsidies | 1,7 | 1,5 | 1,2 | 2% | 1% | 2% |
| Grants to international organisations | 0,1 | 0,2 | 0,1 | 0% | 0% | 0% |
| Grants to other general government units | 4,8 | 4,6 | 5,1 | 5% | 5% | 4% |
| Social benefits | 5,7 | 5,2 | 5,7 | 5% | 5% | 5% |
| Other expense | 3,2 | 3,5 | 3,1 | 3% | 4% | 4% |
| Student Grants | 2,9 | 2,8 | 2,8 | 3% | 3% | 3% |
| Other expense | 0,3 | 0,7 | 0,3 | 1% | 1% | 1% |
| | 0,0 | 0 | 0 | 0% | 0% | 0% |
| Capital Budget | 19,2 | 18,7 | 15,9 | 15% | 15% | 16% |
| GoL | 6,8 | 4,9 | 6,7 | 6% | 7% | 7% |
| Donor Grants | 4,0 | 5,8 | 2,6 | 2% | 2% | 3% |
| Donor Loans | 6,1 | 8,0 | 6,5 | 7% | 7% | 7% |
| | 0 | 0 | 0 | 0% | 0% | 0% |
| CASH SURPLUS / DEFICIT | -10,1 | -5,7 | 2,5 | 2% | 0% | 1% |
| % GDP | 0,0% | 0,0% | 0,0% | 0% | 0% | 0% |
| GDP | 100,0 | 100,0 | 100,0 | 100% | 100% | 100% |
| | 0,0 | 0,0 | 0,0 | 0% | 0% | 0% |
| TRANSACTIONS IN FINANCIAL ASSETS AN | -6,5 | 5,0 | 2,8 | -10% | 8% | 9% |
| FINANCIAL ASSETS | -6,5 | 5,0 | 2,8 | -10% | 8% | 9% |
| Domestic (Change in Deposits) | -6,5 | 5,0 | 2,8 | -10% | 8% | 9% |
| Foreign | 0,0 | 0,0 | 0,0 | 0% | 0% | 0% |
| LIABILITIES | 0,7 | 5,5 | 0,2 | -2% | 8% | 8% |
| Domestic | 0,4 | 4,6 | -0,9 | 1% | 1% | 1% |
| Securities | 0,3 | 1,9 | 0,0 | 0% | 0% | 0% |
| Loans | 0,0 | 0,3 | -0,2 | 0% | 0% | 0% |
| <i>of which Pension Liabilities</i> | 0,0 | 0,0 | 0,0 | 0% | 0% | 0% |
| Foreign | 0,3 | 0,9 | 1,1 | -3% | 7% | 7% |
| Loans | 0,3 | 0,9 | 1,1 | -3% | 7% | 7% |
| Disbursements | 0,8 | 3,1 | 3,9 | -3% | 4% | 4% |
| Repayments | -0,5 | -2,2 | -2,8 | 0% | 3% | 4% |
| Months of Import Coverage | 4,6 | 4,6 | 4,7 | 4,5 | 4,23 | 4,43 |

ANNEX III

ANNUAL % CHANGE IN REVENUES AND EXPENDITURES

| Budget Item | Budget 2022/23 | Budget 2023/24 | Proj 2023/24 | % Change | % Change |
|--|-------------------|-------------------|-----------------|---------------|--------------|
| REVENUE | 19 731,9 | 25 116,6 | 22 709,4 | 27,3 | -9,6 |
| Tax revenue | 9 511,8 | 11 005,5 | 9 131,8 | 15,7 | -17,0 |
| Taxes on income, profits, and capital gains | 4 855,7 | 5 676,1 | 4 458,9 | 16,9 | -21,4 |
| Income tax - payable by individuals | 2 702,0 | 2 575,6 | 2 593,5 | -4,7 | 0,7 |
| Income tax - payable by corporations and other enterprises | 1 664,9 | 2 111,0 | 946,7 | 26,8 | -55,2 |
| Income tax - other | 948,8 | 989,4 | 918,7 | 4,3 | -7,2 |
| Taxes on goods and services | 4 655,0 | 5 328,2 | 4 672,9 | 14,5 | -12,3 |
| Value-added tax | 3 835,7 | 4 429,7 | 3 813,0 | 15,5 | -13,9 |
| Excise taxes | 801,6 | 849,9 | 667,4 | 6,0 | -21,5 |
| Taxes on specific services | 8,5 | 24,2 | 26,5 | 185,2 | 9,7 |
| Taxes on the use of goods and on permission to use or perform activities | 9,2 | 24,4 | - | 166,3 | -100,0 |
| Taxes on international trade and transactions | - | - | - | | |
| Other taxes | - | 1,2 | | | |
| Grants | 2 260,9 | 1 182,8 | 1 182,8 | -47,7 | |
| Other revenue | 2 559,7 | 2 779,9 | 2 246,3 | 8,6 | -19,2 |
| Property income | 922,5 | 847,7 | 606,7 | -8,1 | -28,4 |
| Dividends | 405,6 | 310,1 | 67,4 | -23,5 | -78,3 |
| Rent | 493,8 | 519,4 | 529,1 | 5,2 | 1,9 |
| Sales of goods and services | 1 633,7 | 1 929,2 | 1 576,6 | 18,1 | -18,3 |
| Electricity Muela | 58,0 | 84,0 | 53,3 | 44,8 | -36,6 |
| Water Royalties - LHDA | 1 381,6 | 1 612,4 | 1 452,9 | 16,7 | -9,9 |
| Administrative fees | 41,4 | 58,8 | 58,8 | 41,9 | -0,0 |
| Incidental sales by nonmarket establishments | 152,7 | 173,9 | 11,6 | 13,9 | -93,3 |
| Fines & forfeits | 3,3 | 3,0 | - | -9,0 | -100,0 |
| Miscellaneous and unidentified revenue | 0,2 | - | 63,0 | | |
| SACU | 5 399,5 | 10 148,4 | 10 148,5 | 88,0 | 0,0 |
| EXPENSE (Statutory + Non Statutory + Salary Increase) | 16 250,6 | 17 776,9 | 16 281,9 | 9,4 | -8,4 |
| Compensation of Employees | 7 887,0 | 7 223,9 | 6 812,6 | -8,4 | -5,7 |
| Wages and salaries | 7 549,8 | 6 216,8 | 6 234,6 | -17,7 | 0,3 |
| Use of goods and services | 2 733,8 | 3 437,8 | 2 583,9 | 25,8 | -24,8 |
| Interest Payments | 766,5 | 1 036,6 | 896,6 | 35,2 | -13,5 |
| Nonresidents | 415,7 | 381,4 | 348,7 | -8,3 | -8,6 |
| Residents other than general government | 350,7 | 655,2 | 547,9 | 86,8 | -16,4 |
| Subsidies | 504,2 | 485,6 | 764,3 | -3,7 | 57,4 |
| Grants | 1 433,0 | 2 096,5 | 1 947,0 | 46,3 | -7,1 |
| Social benefits | 1 786,3 | 2 274,5 | 1 934,4 | 27,3 | -15,0 |
| Other expense | 1 139,9 | 1 222,1 | 1 343,1 | 7,2 | 9,9 |
| Capital Budget | 6 763,8 | 6 323,4 | 5 796,5 | -6,5 | -8,3 |
| GoL | 1 764,0 | 2 690,5 | 2 466,3 | 52,5 | -8,3 |
| Donor Grants | 2 114,2 | 1 025,7 | 940,2 | -51,5 | -8,3 |
| Donor Loans | 2 885,7 | 2 607,2 | 2 607,2 | -9,6 | 0,0 |
| CASH SURPLUS / DEFICIT | -2806,5 | 1 016,3 | 631,0 | -136,2 | -37,9 |
| % GDP | -7,7% | 2,5% | 1,6% | -133,1 | -37,5 |

ANNEX IV

REVENUES AND EXPENDITURES AS % OF TOTAL FOR FISCAL YEARS 2021/22-2025/26

| Budget Item | Actual 2021/2 2 | Est 2022/2 3 | Budget 2023/2 4 | Proj. 2023/24 5 | Budget 2024/2 6 | Budget 2025/2 7 |
|---|-----------------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| REVENUE | 100,0 | 100,0 | 100,0 | 100% | 100% | 100% |
| Tax revenue | 45,8 | 45,9 | 43,8 | 40% | 42% | 42% |
| Taxes on income, profits, and capital gains | 24,1 | 23,3 | 22,6 | 20% | 20% | 20% |
| Income tax - payable by individuals | 14,0 | 13,6 | 10,3 | 11% | 11% | 11% |
| Income tax - payable by corporations and other enterprises | 5,1 | 4,9 | 8,4 | 4% | 5% | 5% |
| Income tax - other | 5,0 | 4,8 | 3,9 | 4% | 4% | 4% |
| Taxes on goods and services | 21,6 | 22,6 | 21,2 | 21% | 22% | 22% |
| Value-added tax | 18,0 | 19,5 | 17,6 | 17% | 18% | 18% |
| Excise taxes | 3,5 | 3,0 | 3,4 | 3% | 3% | 3% |
| Taxes on specific services | 0,1 | 0,1 | 0,1 | 0% | 0% | 0% |
| Taxes on the use of goods and on permission to use or possess | 0,0 | | 0,1 | 0% | 0% | 0% |
| Taxes on international trade and transactions | | | | 0% | 0% | 0% |
| Other taxes | | | 0,0 | 0% | 0% | 0% |
| Grants | 6,7 | 13,4 | 4,7 | 5% | 5% | 5% |
| Other revenue | 12,1 | 11,5 | 11,1 | 10% | 10% | 10% |
| Property income | 3,9 | 3,8 | 3,4 | 3% | 3% | 3% |
| Dividends | 0,5 | 1,1 | 1,2 | 0% | 0% | 0% |
| Rent | 3,4 | 2,7 | 2,1 | 2% | 3% | 3% |
| Sales of goods and services | 8,2 | 7,6 | 7,7 | 7% | 7% | 7% |
| Electricity Muela | 0,4 | 0,3 | 0,3 | 0% | 0% | 0% |
| Water Royalties - LHDA | 7,7 | 7,3 | 6,4 | 6% | 7% | 7% |
| Administrative fees | 0,0 | | 0,2 | 0% | 0% | 0% |
| Incidental sales by nonmarket establishments | 0,1 | 0,1 | 0,7 | 0% | 0% | 0% |
| Fines & forfeits | 0,0 | 0,0 | 0,0 | 0% | 0% | 0% |
| Miscellaneous and unidentified revenue | | | | 0% | 0% | 0% |
| SACU | 35,4 | 29,2 | 40,4 | 45% | 43% | 43% |
| EXPENSE (Statutory + Non Statutory + Salary Increase) | 100,0 | 100,0 | 100,0 | 100% | 100% | 100% |
| Compensation of Employees | 44,0 | 44,7 | 40,6 | 42% | 43% | 44% |
| Wages and salaries | 40,1 | 40,7 | 35,0 | 38% | 39% | 40% |
| Use of goods and services | 15,5 | 16,3 | 19,3 | 16% | 16% | 16% |
| Interest Payments | 3,6 | 4,0 | 5,8 | 6% | 5% | 5% |
| Nonresidents | 1,7 | 2,0 | 2,1 | 2% | 2% | 2% |
| Residents other than general government | 1,9 | 1,9 | 3,7 | 3% | 3% | 3% |
| Subsidies | 3,9 | 3,6 | 2,7 | 5% | 3% | 4% |
| Grants to international organisations | 0,3 | 0,5 | 0,3 | 0% | 0% | 0% |
| Grants to other general government units | 11,5 | 10,7 | 11,5 | 12% | 11% | 10% |
| Social benefits | 13,5 | 12,1 | 12,8 | 12% | 12% | 12% |
| Other expense | 7,6 | 8,2 | 6,9 | 8% | 9% | 8% |
| Student Grants | 6,8 | 6,6 | 6,2 | 7% | 6% | 6% |
| Other expense | 0,8 | 1,5 | 0,6 | 1% | 3% | 2% |
| | | | | 0% | 0% | 0% |
| Capital Budget | 87,7 | 100,0 | 100,0 | 100% | 100% | 100% |
| GoL | 35,3 | 26,1 | 42,5 | 43% | 43% | 43% |
| Donor Grants | 20,8 | 31,3 | 16,2 | 16% | 16% | 16% |
| Donor Loans | 31,5 | 42,7 | 41,2 | 45% | 45% | 45% |