GOVERNMENT OF LESOTHO

2017/2018 FOURTH QUARTER PERFORMANCE

BUDGET AND FISCAL BULLETIN

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Foreword from PS Finance

Government, through the Ministry of Finance, has now integrated the production of the Quarterly Budget and Fiscal Bulletins as part of its reporting outfit. As the ongoing Public Financial Management Reforms (PFMR) continue, and the public is becoming more aware of how government conducts public policy, including the right for information, it is increasingly important that concrete improvements are made on a continuous basis so that the very public's demand and access to public information is ultimately met with a vengeance. Together with the Citizens Budget Guide, the bulletins have created an important platform for the involvement of the public, which is a necessary ingredient for Government to uphold its responsibility and obligation for accountability and transparency in the application and use of public resources. Government considers accountability and transparency of public finances and the wider public policy making as a necessary undertaking in a well-functioning democracy, which is also an important catalyst in improving service delivery.

As Government of Lesotho continues to implement public policy under very challenging economic and financial conditions, it is important that the public is informed of how government continue to deal with the challenges that face the nation, including measures to improve the livelihoods of the citizens. The on-going PFM reforms, supported by the various Development Partners, continues to address the current gaps in the systems and processes which will improve the PFM environment in the medium to long term. The other important project is the Public Sector Modernisation (PSM), which transcends PFM reforms and also looks into improving the broader public service delivery.

This Budget and Fiscal Bulletin, like the previous ones, presents the major revenue and expenditure activities that took place in the fourth quarter and around the financial year 2017/2018. It also highlights developments in the global and domestic economy in the third quarter of 2017/2018. It reports key revenue and expenditures data and how these have changed over the period of a year since the fourth quarter of 2016/17. The bulletin continues to support the efforts of good governance and the need for fiscal transparency. For availability and accessibility please visit: http://www.finance.gov.ls.

The bulletin is divided into three sections. Section one discusses the macroeconomic outlook and issues that correspond with the submission of the FY 2017/18 budget to Parliament. Section 2 presents the budget and fiscal developments and is divided into three sub-sections, which deal with the execution of the Government's budgetary transactions (recurrent and capital expenditures) and revenue collection. Section 3 provides a summary of the Government's initiatives in the PFM improvements and reforms, while Section 4 provides progress under the Public Sector Modernisation Project.

Introduction

This bulletin continues to follow the objective of reporting and informing various ministries, departments, agencies, the public, development partners, and civil society about Government's revenues and expenditure performance. It reports revenue collections and expenditure outlays for the fourth quarter of FY 2017/18.

The 2017/18 fiscal year's total approved expenditure budget is M 18,709.3 million, of which the recurrent budget is M 13,506.7 million and the capital budget, is M 5,202.6 million. This compared with a total of M 17,423.8 million for fiscal year 2016/17 indicates an increase of about 7 percent. For the recurrent budget, the year-on-year growth is nearly 9 percent, largely reflecting the size of and the annual increase of 4 percent in the wage bill.

The revenue target for the current financial year is M 14,994.8 million which is an increase of 12 percent over the 2016/17approved target of M 13,380.8 million.

Section 1 – Macroeconomic Developments

The economic outlook for the fiscal year 2017/18 presents moderate improvement of real GDP growth recording around 1.7 percent, compared to a marginally higher rate of 2.6 percent in 2016/17. The main players behind the 0.9 percent decrease are the low performance of both the primary and secondary sectors particularly mining and construction. Inflation is expected to be in line with that of the Republic of South Africa which is around 4.8 percent currently.

The debt to GDP ratio continues to increase and is expected to increase marginally in 2018/19 and projected to decline in the medium term. The overall performance shows that expenditures are growing at a faster rate than the revenue collection.

Table 1: 2017/2018 Quarter Four Budgetary Operations

Revenue	15,505.40
Expenditures	15,761.00
of which:	
Recurrent	12,981.00
Capital	2,780.00
Budget Balance	-255.6

Source: Macroeconomic and Policy Management Department

Note: The budget balance is estimated due to certain discrepancy in data reconciliation.

The overall budget balance for the financial year 2017/2018 is estimated at M-255.6 million.

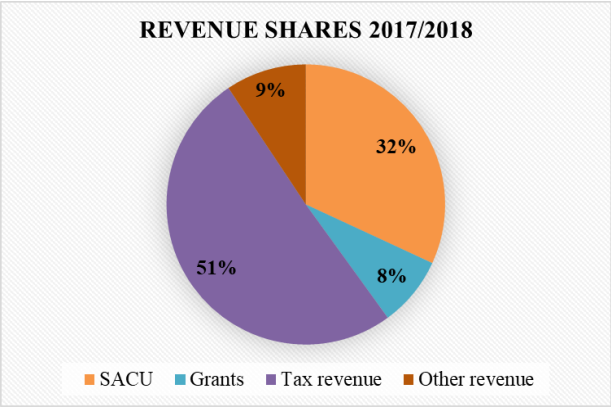
Section 2 – Budget and Fiscal Developments

Section 2:1 – The Fourth Quarter's Revenue Collection

The total annual collection for the year 2017/18 grew by 7.6 percent from the previous year. However, it missed the revenue target by 3.4 percent, recorded M15, 505.4 million against the projected of M16, 035 million. SACU revenues are the main driving factor in increasing the collection and recording a growth of 34 percent. Other revenues also grew marginally (as shown in table 2). However, the overall revenue against the target presents underperformance of M529.8 million against the target.

The deterioration in the collections was due to tax revenue realizing a shortfall of M450.6 million against the annual target of M7, 604.3 million. It has also underperformed by 2 percent relative to the previous year's performance of M7, 298.7 million. This is attributed by all the revenue sources under tax revenue. Grants also took a downwards trajectory due to shrinking external funding from Development partners.

Figure 1: 2017/2018 Revenue Shares (in Millions of Maloti)



Source: Macroeconomic and Policy Management Department

Figure 1 above illustrates the total revenue shares for quarter four, revealing a shift in the revenue composition, where Tax revenue takes the lead, contributing around 51 percent of the total revenue followed by SACU with 32 percent, other revenue with 9 percent and Grants with 8 percent.

The reductions in revenue performance are brought mainly by a mix of growth in some items while some are declining. Tax revenue fell by 2 percent from the previous year and other revenue registered a growth of 4 percent compared to last year. While SACU revenues grew significantly by 34 percent and Grants declined by 32 percent.

Table 2: Fourth Quarter Revenue Performance (in Millions of Maloti)

Revenue Items	2016/17	2017/18	Growths
Tax revenue	7,298.7	7,153.7	-2%
Grants	1,169.5	793.4	-32%
Other revenue	1,351.7	1,404.1	4%
SACU	4,593.8	6,154.2	34%
Total	14,413.7	15,505.4	8%

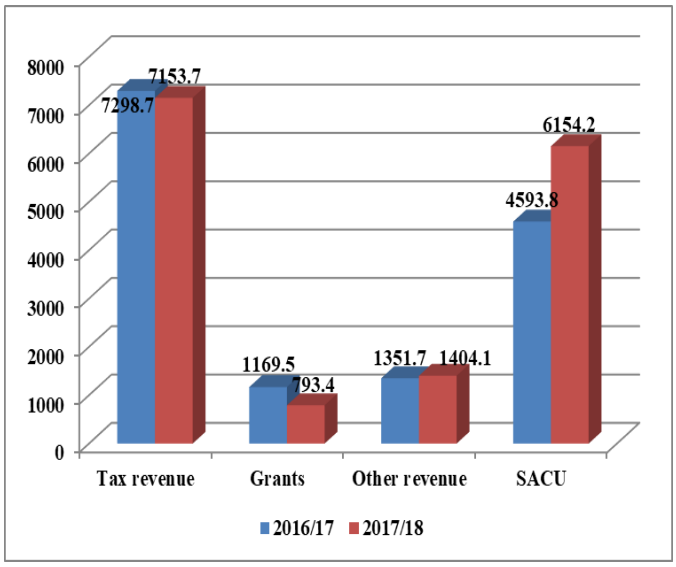
Source: Macroeconomic and Policy Management Department

Tax Revenue

The contribution of revenue as a percentage of GDP has presented a decline from 20.9 percent in 2016/17 to 19.5 percent in 2017/18. These reflect a decrease of 1.4 percentage points brought by the weakening revenue components. A slowdown in growth of tax revenue indicates completion of sizable projects or slowdown of economic activity. CIT is adversely affected by the mining sector, the low diamond prices in 2016/17 coupled with the appreciation of the Rand to the US dollar. Pay as you Earn declined for the second successive year and missed the target by M657million. However this downward collection was softened by the increase in Taxes on goods and services mainly Excise taxes and VAT.

With respect to grants, they have declined back to their normal setting. These are Development partners funding on projects as well as the General Budget Support. Performance on revenue grants is mostly increased by revenue projects when they are completed it normalizes. While Budget Support has declined substantially due to the reduction of EU funding this was cut because of government missing the agreed PEFA benchmarks.

Table 3: Fourth Quarter Revenue Performance (in Millions of Maloti)



Source: Macroeconomic and Policy Management Department

Other Revenue

This is non-tax revenue which comprises of fees, charges and levies collected by government ministries; which are not generated from taxes. It includes contributions and dividends from public and Statutory Corporations, water royalties and electricity and are the major drivers under this category. The contribution of the non-tax though improving over time remains consistently low. The average revenue yield over the past five years is around 5 percent of GDP and consistently below the target for the entire period. The revenue collection for the fourth quarter

recorded M 326.8 million and missed the yearly target by M79.1million and registered M 1, 404 million. The main player is the under collection of dividends against the target.

The attributing factors to the under collection of the taxes is inadequate enforcement and accountability and weak operating systems and procedures. Since these revenue forms an important component of domestic revenue, the performance can significantly be improved through effective and efficient policy measures which can help the country to cope with the fiscal imbalance in resource mobilization. This suggests that there is need to intensify efforts of all revenues collecting ministries and strengthen their capacity and efficiency to collect all monies due while also adequately capturing all collected revenues into the IFMIS.

Moreover, government has powers to improve the collection by also reviewing the outdated fees and charges.

SACU

The SACU remain unchanged in the fourth quarter. It continues to register M1, 538.6 million, which is 36 percent growth than M1, 129.7 million in 2016/17. The revenue has improved considerably in 2017/18 by approximately 34 percent from M4, 593.8 million in 2016/17. The increase was mainly driven by increased private consumption in R.S.A. However, it is projected that to go down in 2018/19 due to the revision of the sharing formula between member states.

Due to the dependency on the volatile SACU revenue and limited alternative revenue sources sends a message that the Government's fiscal space is threatened unless government decides to reduce the expenditure accordingly and improves the quality of its expenditure.

Section 2:2 – The Fourth Quarter's Recurrent Expenditures

Table 4: 2017/18 Fourth Quarter Recurrent Budget Performance

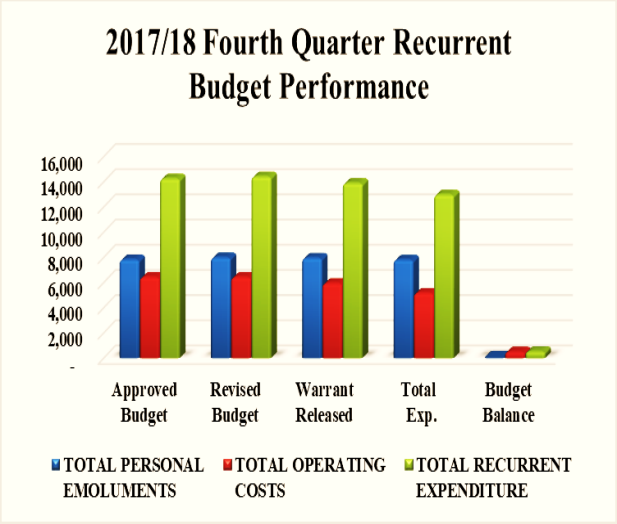
DESCRIPTIONS	Approved Budget	Revised Budget	Warrant Released	Total Exp.	Budget Balance	EXP as % of Warrant Released	EXP as % of Approved Budget
TOTAL PERSONAL EMOLUMENTS	7,832	7,995	7,958	7,812	37	102%	98%
TOTAL OPERATING COSTS	6,429	6,425	5,941	5,170	484	92%	80%
TOTAL RECURRENT EXPENDITURE	14,261	14,420	13,899	12,981	521	97%	90%

Source: Ministry of Finance; Budget Department

The overall annual total recurrent expenditure performance stood at M12, 981.4 million which is 90 percent of the 2017/2018 approved budget of M14,161.1 million, of which personal Emoluments and Operating Costs were 98 percent and 80 percent respectively. Generally recurrent performance is satisfactory even though Government experienced liquidity problem towards the last quarter of the year, which led to a decision not to release all of the approved funds for 2017/2018 financial year.

Going forward measures have been taken in the 2018/19 budget to manage Government cash by divorcing the budget warrant and the cash warrant whereby the final releases to the line ministries will be matched with the projected cash availability in the Government expenditure accounts.

Figure 2: 2017/18 Fourth Quarter Recurrent Budget Performance



Source: Ministry of Finance; Budget Department

It should be noted that during the financial year, there was additional expenditure to Ministries of funds from the Contingency Fund to the following ministries:

1. Finance – paid the compensation of victims of the 1994 and 1998 political unrest;
2. Home Affairs – catered for the inauguration ceremony of the New Prime Minister and the official Funerals;
3. Trade and Industry – To provide for a negative balance in the first quarter which was caused by M80 million for the Duty Credit Certificate facility that was withdrawn from the approved budget;
4. Justice and correctional Services – Purchase of Vehicle;
5. Defence and National Security – to cater for arrears of exiled soldier and the expenses of the SADC Peace Mission to Lesotho;
6. IEC – to facilitate for the Local Government elections;
7. Forestry and Land Reclamation – Payment of unpaid former Principal Secretary; and
8. Police and Public Safety – for the purchase of additional police fleet.

There was also virement of funds from Vehicle Maintenance of different spending units in the third quarter to the Ministry of Finance for payment of Basotho vehicles hired by Government of Lesotho. There was also an amount of M187.1 million from the Consolidated Fund to meet urgent and unavoidable expenses such as pensions of the retired civil servants and the contribution of the Local Authorities to the Pensions Fund, payment of water tankers which were procured in 2016/2017 financial year and delivered in 2017/2018 financial year. These movements are depicted on the Approved and revised Budget of the Recurrent Performance table 4 above.

Section 2:3 – The Fourth Quarter's Capital Expenditures

Table 5: 2017/18 Fourth Quarter Capital Budget Performance

DESCRIPTIONS	Approved Budget	Revised Budget	Warrant Released (RIE'S)	Total Exp.	Budget Balance	EXP as % of Warrant Released	EXP as % of Approved Budget
GOL TOTAL	3,423	3,512	2,507	2,505	1,005	0%	71%
TOTAL DONOR GRANTS	1,035	1,035	71	34	964	48%	3%
TOTAL DONOR LOANS	874	874	63	63	811	100%	7%
TOTAL CAPITAL EXPENDITURE	**5,333**	**5,421**	**2,642**	**2,601**	**2,780**	**98%**	**48%**

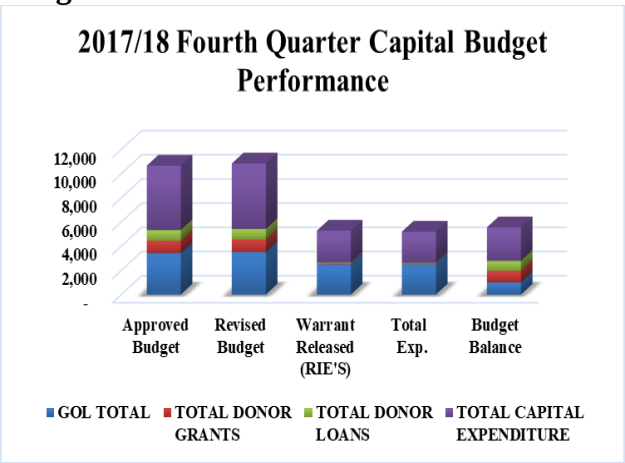
Source: Ministry of Finance; Budget Department

The approved Capital Budget for the year 2017/2018 financial year was M5 332.6 million being M3 423.1 million, 1 035.1 million and 874.4 million for Government of Lesotho, Grants and Loans respectively. The spending levels were at 71 percent, 3 percent and 7 percent for each spending category, bringing the overall spending to 48 percent of the overall approved budget.

The performance of GOL funded projects for the 2017/2018 financial year appears satisfactory at

above 70 percent because this was peculiar financial year from other financial years. Even though the use of one third of the budget was by law allowed, ministries delayed to use their appropriated funds until the budget approval by Parliament was done in July 2018. The performance also have been impacted upon by the fact that the reallocation process was not finalised due to the liquidity challenge that Government experienced during the last month of the third quarter. Therefore; funds could not be reallocated from non-spending to spending projects. The latter state of affairs has accumulated arrears that would be carried forward into the 2018/19 budget.

Figure 3: 2017/18 Fourth Quarter Capital Budget Performance



Source: Ministry of Finance; Budget Department

There were funds from the contingency fund to two ministries to the tune of M37 million being M6.7 million to Ministry of Finance for Lesotho Millennium Development Agency project and M28 million to Ministry of Water for Mobile treatment project. There was also a sum to the tune of M53.3million from the consolidated fund being M22.9 million to Ministry of Home affairs for National ID and Civil Registry project wages shortages and M30.4 million to Ministry of Water for outstanding obligation for procurement of water tankers.

Looking at the trend of spending for the medium term 2015-16, 2016-17 and 2017-18 respectively show a satisfactory usage of allocated funds for the Government of Lesotho funds, whereas grants and loans show a trend of low and unsatisfactory performance. This is due to the fact that ministries spend donor grants and donor loans outside the IFMIS system which is the main source of Government data. This is illustrated by table 6 below. This problem will be addressed fully by Government during the upgrade of the IFMIS system to EPICOR 10.1 which will be implemented April 2019 of the financial year 2019/2020.

Table 6: Trend of Capital Budget Spending over Three Years.

	2015-2016		2016-2017		2017-2018	
	APPROVED BUDGET	EXP AS % OF APPROVED	APPROVED BUDGET	EXP AS % OF APPROVED	APPROVED BUDGET	EXP AS % OF APPROVED
GOL	2 844 294 061	85%	2 618 542 870	102%	3 423 131 535	72%
GRANTS	951 839 995	25%	1 118 674 433	6%	1 035 071 531	3%
LOANS	930 206 560	38%	1 063 509 334	1%	874 379 794	7%
TOTAL	4 726 340 616	64%	4 800 726 637	57%	5 332 582 860	48%

Source: Ministry of Finance; Budget Department

Section 3 – Public Financial Management Reforms

Important progress continues to be made in the PFM Reforms, although it is evident that the Ministry of Finance has to intensify implementation to avert emerging challenges in the country's fiscal management.

Component 2 - Assurance in the Transparency and Effectiveness of Policy Orientation of the Budget (Policy Based Budgeting) – The following activities were undertaken during the reporting period: i) Training Needs Assessment. The assessment focuses on Component 2 of the PFMR. The overall objective of the assignment is to identify key technical and functional capacity gaps and training needs to perform these functions, and develop a detailed training plan for the selected departments – Budget, Macroeconomic Manage-

ment and Private Sector Development. Specifically, the assignment will focus on existing staff capacity with the view to identifying training needs for the staff to perform their respective functions and roles effectively, while as appropriate recommendations on capacity strengthening (staffing level, portfolio division, etc.) in PFM and other necessary areas will be required. The assignment will also identify and make appropriate recommendations regarding the enabling environment and institutional arrangements which would impact retention as well as utilisation of acquired skills. The assignment is not part of re-profiling or change management, and does not expect recommendations on these issues; ii) Engagement of the Consultant on the Study of Domestic Debt Management. The overall objective of the assignment is to contribute to the implementation of Lesotho's national development agenda, through the maintenance of macro-fiscal stability in Lesotho and the improved allocation and use of resources sourced through cooperation programmes with Lesotho's Development Partners. More specifically this assignment will: contribute to greater transparency and a more effective policy orientation in the national budget through the improved diversity and access to domestic debt capital markets, lowering of borrowing costs to the Government and strengthening of public debt management institutional arrangements and overall Government's ability to manage public debt within sustainable limits; iii) Engagement of the SACU Short Term Expert. The overall objective of the assignment is to come-up with a national position that is suitable for Lesotho on the Revenue Sharing Arrangement (the formula and long term management of the Common Revenue Pool), Stabilisation Fund and Financing Mechanism for Regional Infrastructure Projects and Industrialisation. The specific objectives are: a) to review the current revenue sharing formula and come up with a new formula that works for Lesotho based on the guiding principles; b) Under the long-term management of the Common Revenue Pool, review the work that has already been undertaken and indicate the benefits accrued to Lesotho; c) Review and improve the work done by the National Technical Team, and any other relevant work on the establishment of a stabilization fund that would address the volatility of SACU revenue receipts; and d) Review and improve the work done by the National Technical Team and any other relevant work on the establishment of a Financing Mechanism for Regional Infrastructure Projects and Industrialization; and iv) Following introduction of the Citizens' Budget Guide in 2015/16, government has consistently produced the guide after delivery of the annual budget speeches by the Minister of Finance. The 2018/19 guide has also been produced and translated into Sesotho during March 2018 following delivery of the Budget Speech to parliament by the Minister of Finance on 28th February 2018. The translation is to aid the ordinary Basotho appreciate what is entailed in the speech as well as the process of putting together a speech.

Component 3 - Cash flow forecasts a major determinant of internal debt and financial investment – Through the support of the IMF Resident Representative the cash management unit undertook the following activities during reporting period;

- Workshop for Liquidity Management Committee members on identifying and addressing current cash management issues; and
- Developed practical guidance to the CMU on cash forecasting.

Component 4 - Strengthening of Internal Controls for Operational Efficiency and Effectiveness – The following activities were carried out during the reporting period: i) As part of the ongoing capacity development of the Internal Auditors

across Government under the ADB support, Module 6 of the Internal Audit Technician for twenty-four (24) Internal Auditors took place during January 2018. This is part of an eight (8) module training programme, with the remaining two (2) modules expected to conclude end-March 2018; ii) As an ongoing capacity development through the assistance of the African Development Bank (AfDB), twenty-four (24) internal auditors attended module 7 of the eight (8) modules of the Internal Audit Technician training offered by the Leadership Academy for Guardians of Governance of South Africa. As indicated, this is part of the ongoing capacity building of the internal audit function underpinning professional training which embraces decentralization of the cadre across government for a more effective role of advising Chief Accounting Officers (CAOs) on internal controls and risk management systems and implementation; iii) Thirteen (13) Internal Auditors attended the first module of the Professional Internal Audit (PIA) Programme. The PIA is the second level designation that Internal Auditors who have completed IAT should pursue and obtain. It has focused training modules and structured workplace training that provide improvements on internal audit skills to IAs practicing the profession. The PIA program comprises four (4) training modules conducted on regular intervals for a period of twelve (12) months. It is a workplace structured training monitored and assessed by internal and external Assessors. As this program is a competency based, internal assessment is conducted after completion of each module while external is performed at end of the four module; and iv) The final and last module of the eight (8) modules which started during 2017 for twenty-four (24) internal auditors was concluded in March 2018. This was part of the capacity development of the Internal Auditors across Government under the ADB support for an Internal Audit Technician programme. The Internal Audit Department is preparing a report on the training, which will be followed by formal examinations for officers for certification.

Component 5 - Accounting and Fiscal Reporting Compliant with Regulatory Framework and Accounting Standards – The following activities were carried out during the reporting period: i) Engagement of the IFMIS Change Management Consultant. The overall objective is to contribute to the successful implementation of the Public Finance Management Reform Action Plan (PFMRAP) to ensure a consistent approach and full understanding of the change process management challenges that were not properly managed during the previous implementation that contributed to the current issues and weaknesses. Consistency of approach and full understanding of lessons learned and knowledge acquired are vital. The assignment will also include development of a Change Management Needs Assessment and Change Management Plan in the Ministry of Finance, specifically, and in other Ministries, Departments and Agencies (MDA's) including District Offices of MDA's and District Councils, where financial functions are performed; ii) Engagement of the IFMIS Expansion Consultant. The IT Consultant will be expected to develop an IT consolidation and expansion plan that will ensure a platform that will meet the current and future requirements of an upgraded GoL IFMIS. Specifically, a technology architecture for the current platform to be upgraded, in line with GoL ICT policies and strategy, together with all the necessary ICT specifications and bid documents. The work will also require identification of capacity development needs of staff in units across GoL to ensure that the requisite know how is in place as needed; iii) During the reporting period, the Treasury undertook a change management workshop under the IFMIS Upgrade Project with the help of

the Change Management Consultant. The objective of the workshop was to: a) discuss change management gap analysis; b) discuss change management strategy/plans; and c) discuss the business process review. The consultant has produced reports in these areas which the Treasury would be expected to use in achieving the changes envisaged in the project and also to ensure that such changes are entrenched in the operations of the Treasury for continuity and sustainability.

Component 6 - Alignment of Public Procurement with International Best Practice – Only one activity involving the engagement of the Anti-Corruption Guidelines Consultant was undertaken during the reporting period. The objective of the assignment is to examine the public finance management and public procurement system of Lesotho in order to identify incidences and opportunities for corrupt practices to take place and suggest practical measures for eliminating or minimizing those opportunities so as to prevent the occurrence of corruption; and to develop clear anti-corruption guidelines applicable in the public finance management and public procurement system of Lesotho with the view to preventing corruption.

Component 7 - External Audit and Oversight Compliant with INTOSAI Standards (ISSAI) – As part of promoting transparency and accountability in the conduct of public resources, the Public Accounts Committee (PAC) started open hearings on annual audit reports. The Hearings for the 2013/14 – 2015/16 financial years started being broadcast live on the national television, and this is expected to make some positive changes on how public resources are managed. The process proves to be entrenching accountability and transparency is the application of public resources, and provides a useful basis for improvements and as a deterrent in future. It however, remains important that internal controls are also improved, including responsible and responsive involvement of the ministerial management in financial management.

Component 8 - Governance and Institutional Management of PFM Reforms Improved to Facilitate Ownership, Monitoring and Evaluation of Progress – The following activities were undertaken during the reporting period: i) Engagement of a Training Impact Assessment for ADB funded components 4, 6 and 7 under the PFMR. The main objective of the assignment include the following: a) to conduct an independent assessment of the impact of the knowledge and skills development resulting from training on procurement and accountability (Internal control and External oversight) functions for the improved management of public resources; b) to provide recommendations for strengthening the design, delivery, monitoring and evaluation (including materials, methodologies, indicators and logistics) of training programs; and c) to undertake an independent assessment of the development/change influenced by training that enables/hampers participants to undertake their departmental roles and functions, and in turn on the provision of sustainable, effective and efficient delivery of organisational goals; ii) The IRSC held its quarterly meeting on the 02nd February 2018 to assess progress being made in the implementation of both the PFMR and PSM Projects. This was the second meeting since October 2017 where Heads of Department reported and accounted for implementation of reforms in their respective areas. It is expected that this change in the reporting arrangement will bring about some improvements in the reform implementation, as opposed to the first eight meetings where the PFMR Secretariat used to report on behalf of the departments; iii) Engagement of the Consultant for

Training of the Conduct of the Training Needs Assessment.The overall objective of the assignment is to ensure that the practice of the conduct of training needs assessments within the Ministry of Finance is undertaken in a structured way, as part of a continuous process or on the demand of departments, and that programmes and initiatives to address identified capacity gaps are identified and implemented for the various functional areas. The specific objective of the assignment is two-fold. First, is to develop the capacity of personnel within the HR department in the concept, principles and methodologies of training needs analysis and the preparation of training plans. Secondly, the purpose is to develop the capacity of the said target group to undertake practical training needs assessments through identification of baseline and desired competencies, identification of technical and managerial competency gaps; and the development of comprehensive plans incorporating learning and development initiatives that would fill identified competency gaps; iv) Following government's request in November 2017 to the European Union to extent the support to the PFM Reform, the European Union approved an extension of the support to 16th June 2019. Government, through the Ministry of Finance, is expected to develop a follow-up activity plan on the activities to carried out over the extended year. The support was initially ending in June 2018; v) The first Programme Estimates under the European Union was audited during the month by an international audit firm and the report is expected towards the first quarter of 2018/19.

Section 4 – Public Sector Modernisation Project (PSMP)

Component 1 – Strengthening Strategic Planning and Fiscal Management – The Ministry of Development Planning held districts consultations as part of NSDP II development. The consultations were held across the ten districts of Lesotho starting from the 7th to the 9th for the Northern Districts (Leribe, Botha-Bothe, Mokhotlong, and Thaba-Tseka) and Southern Districts (Mafeteng, Mohale's Hoek, Quthing, Qacha's Nek). The Central Districts (Maseru, Berea) were consulted on the 18th and 19th January, 2018. The purpose of these consultations was to collect information from districts representatives on strategies that could be used to improve people's living conditions at districts level and to assess the challenges faced by communities at district level as well as assessing the opportunities, strengthens, threats and weaknesses at the districts level. These were also part of government's participatory approach in the national development agenda to ensure that communities have a say in matters that affect them; and ii) Training on Result-Based Monitoring and Evaluation of the Officers from the Ministry of Development Planning. This training was supported by the European Union and the United Nations Development Programme, under the Lesotho Data for Sustainable Development Project. It focused on the Lesotho National Monitoring and Evaluation System with the view to helping the participants with improving policy implementation and ensuring evidence-based, effective decision-making, accountability and transparency in the allocation of resources and strengthening operational efficiency and effectiveness of development programmes and service delivery. Although this does not fall under the direct remit of the planned activities under the PFMR and PSMP, it is an activity with direct impact on the PFM system and the broader public service delivery, and carries an important synergy for the ongoing reforms.

Component 2 – Improvement of Human Resource Management – The following activities took place during the reporting period: i) Eight (8) members of component 2 of the PSMP undertook

a study tour to Botswana and South Africa for lessons on the Establishment Management and Business Processes Re-engineering. The objective of the study tour was for the team to get exposed in the following areas in the two (2) countries: a) school functional and organizational structure; b) career progression of teachers; c) policy used in the establishment management; d) redeployment procedures to address under and/or over establishment; e) strategies employed for managing substitute teachers; and f) current job evaluation process. The lessons learned will assist to control and standardize the establishment management to overcome large number of irregular structural cases; mismanagement in HRM processes; and errors in salary payments due to establishment issues. The members came from the Ministries of Public Service, Health, Education and Training, and Resource Link in the Ministry of Finance; and ii Engagement of the Biometric Census Consulting Firm. The Public Service Biometric and Payroll Census entails: a) a physical headcount of all public officers; b) enumeration and verification of their identified HR and Payroll data such as biographic data, salary information; and c) academic and professional qualifications. All public officers will be expected to present their national identity cards, birth certificates and any other prescribed identification documents for positive identification during enumeration.

This Newsletter is published under the authority of the Minister of Finance.

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