

Kingdom of Lesotho



Managing Public Finances in Challenging Economic Times
(Seeking Self-sufficiency and Governing with Practicality)

Ministry of Finance
Government of Lesotho

2016/2017 Budget Estimates

Lesotho Citizen's Budget Guide

4/19/2016

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Citizen's Budget Guide for the National Budget of Fiscal Year 2016/17

Foreword from the Honourable Minister of Finance

It is my pleasure to publish the first Citizen's Budget Guide that explains the national budget for the fiscal year 2016/2017 and the medium term. It is the first issue in the history of the Ministry of Finance

how Government will raise money and how it will be spent. The national budget allocates funds to ministries, departments and agencies.

The theme of this budget is: "**Managing Public Finances in Challenging Economic Times (Seeking Self-sufficiency and Governing with Practicality)**". The Government is committed to accountability and transparency because the Government's resources are public money and the public have the right to know. It is no longer business *as usual*.

The national budget translates Government's policies into action. In pursuit of openness, transparency and accessibility of the budget documentation, the GoL of Lesotho has formulated this Citizen's guide to enable Citizens to have a succinct understanding of the budget processes and ultimately be in a position to influence, monitor and assess the effectiveness of the implementation of Government's policies.

The Guide outlines general issues regarding the national budget, the priorities for the fiscal year 2016/17 and over the medium-term. It addresses the revenue shortfall from the resource pool of the South African Customs Union (SACU), the ballooning expenditure from compensation of employees, the ways to spend public monies more effectively and efficiently and the priorities to meet the targets envisioned in the National Strategic Development Plan (NSDP).

Dr 'Mamphono Khaketla

Minister of Finance



Grand ma, what is budget?

What is the national budget?

It a process of allocating scarce resources in order to meet socially and economically desired policies objectives. It has the following items:

- A review of Lesotho's economy and factors that affect it such as conditions in South Africa, neighbouring economies and the global economy.
- How much revenue is raised through different kinds of taxes, SACU, fees and charges (for example passport), and receives from donor agencies.
- How the Government will spend public funds.
- What services and programs the Government will fund for example, Agriculture, Education, Health, and so on.
- Just as people go to the bank and borrow when they do not have enough money, the Government issues bonds in Lesotho or takes loans from international banks.
- If revenues are more than spending, the Government runs a surplus. If expenses are greater than revenues (as is the case with this budget), there is a deficit and the government may resort to various financing methods including borrowing.
- The budget reports on how the Government has spent money in the past, and how that spending was financed.

How big is the national budget?



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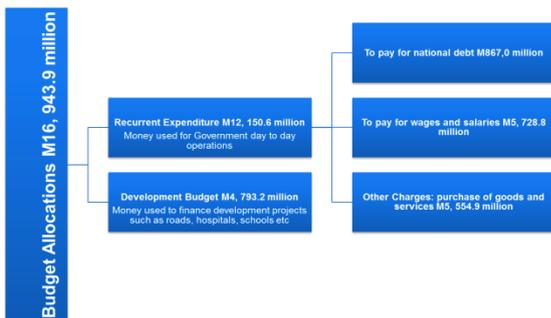
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- The total spending for fiscal year 2016/17 is M16, 943.9 million.
- Total budget for recurrent spending is M12, 150.6 million. From that we pay for salaries of employees and parliamentarians and for things we buy for services – from pens to medicine.
- For capital budget, building roads to the schools etc amount is M4, 793.2 million.



Where did the money come from?

Total revenues were M15, 072.4million

SACU receipts were M4, 593.8 million

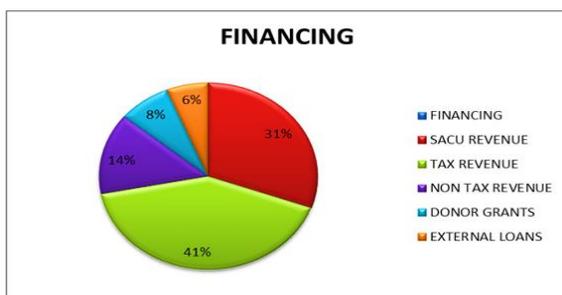
Taxes amounted to M6, 251.1 million,

Fees and levies would be M2, 124.4 million

Donor Grants M1, 169.5 million

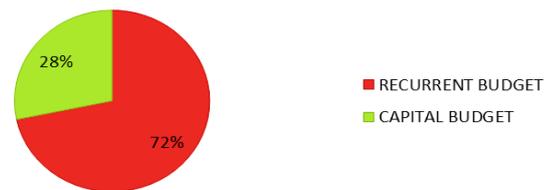
External Loans M933.5 million

Sources of Funds



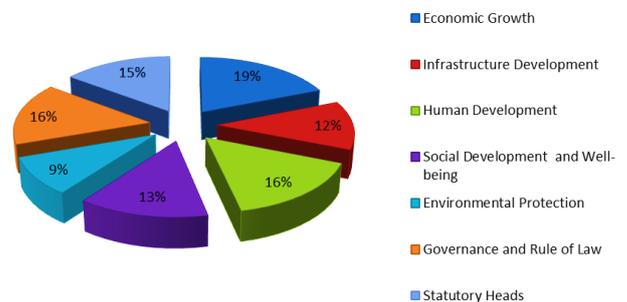
Breakdown of Expenses

DEVELOPMENT AND RECURRENT EXPENDITURE AS A PERCENTAGE OF TOTAL BUDGET



How the money is planned to be spent

SECTORAL ALLOCATIONS AS PERCENTAGE OF TOTAL BUDGET



Ministry of Mining - Well-structured mining engages with the locals and provides them with jobs, raising the living standards of the community. Revenues generated from mining activities help in developing facilities, such as schools, hospitals and other social amenities.

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This budget proposes a M1, 977.1 million allocations for the **Ministry of Health**. Government is committed to the 90:90:90 campaigns which say we will eliminate HIV by 2030 if 90% of Basotho know their status, 90% of those who are positive are put on treatment and 90% maintain viral suppression. It can be done!!!

On **Human Development**, Government proposes an allocation of M2, 381.9 million to the Ministry of Education and Training. This will be utilised to strengthen and decentralise school inspections; to continue construction and renovation of school infrastructure; funding the school feeding programme; procuring free primary education teaching and learning materials; localizing senior secondary education and revamping technical and vocational training.



Ministry of Energy and Meteorology remains committed to development of climate change policy, response strategy and preparation of guidelines for integration of climate change in sectoral climate change activities. The ministry will continue to monitor weather and implement measures to control the use

and import of ozone depleting substances in the country. Furthermore, the ministry encourages the use of indigenous renewable energy resources in pursuit of climate resilient development. The ministry will be allocated M394.2 million.



Ministry of Local Government and Chieftainship: In an effort to improve service delivery and good governance at the grassroots level, Government will intensify the decentralisation reform initiatives and such M200.0 million is geared towards the local government elections. This budget also proposes that M868.3 million be committed to upgrading, construction of urban roads, development of rural roads and local government infrastructure among others.



Road transport remains the number one killer on the African continent, and Lesotho is no exception. However, the Government of Lesotho remains steadfast in its commitment to the road Safety campaigns to reduce accidents.

Ministry of Home Affairs will get an allocation of M300.9 million, of which M130.0 million is geared towards fast tracking National Identity and Registration process for the benefit of Basotho.

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What can you do with this information?

In summary, the national budget is an important reflection of what the government really plans to do in the coming year. If you want to know where your tax money is going, whether there are plans to improve education or health in your area, you can look at how much money is allocated, in particular to development. This booklet tries to summarise some of this information as simply as possible.

However, you can find out more about the budget process from:

- The budget documents of Lesotho and in particular, the national budget book available at the Ministry of Finance;
- P.O. Box 395; Maseru 100
- Website: <http://www.finance.gov.ls> or <http://www.gov.ls>.

It is the right of every Mosotho to know more information surrounding the national budget. Talk to your neighbours, government officers or your leaders about this information and share it with other people in your community!