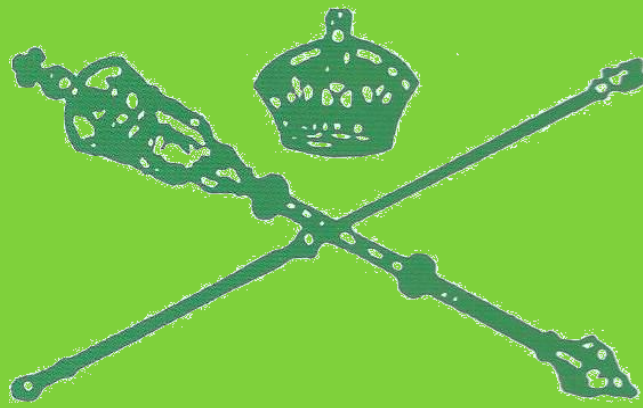




**CONSOLIDATED REPORT ON THE ANNUAL BUDGET AND ESTIMATES OF
REVENUE AND EXPENDITURE FOR THE FINANCIAL YEAR 2024/2025**

PRESENTED

BY THE

**PORTFOLIO COMMITTEE ON THE ECONOMIC AND DEVELOPMENT
CLUSTER**

TO

NATIONAL ASSEMBLY OF LESOTHO

8th March, 2024

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- The various Government Ministries and Departments;
- The Chairpersons and Members of the Portfolio Committees;
- The Committee Coordinator, her team of Committee Clerks that provided support to the Committee;
- Central Bank of Lesotho (CBL);
- Lesotho National Farmers Union (LENAFU);
- Lesotho Chamber of Commerce and Industry (LCCI);

1. INTRODUCTION

On Wednesday, 21st February, 2024 the Honourable Minister of Finance and Development Planning presented the Revenue and Expenditure Estimates for the Financial Year 2024/2025 before Parliament as Section 112 (1) of the Constitution and Section 4 (b) of the Public Financial Management and Accountability Act, 2011 dictates. These Estimates were introduced to the National Assembly and referred to the relevant Portfolio Committee for scrutiny as required by Standing Order No. 67. The Portfolio Committee on the Economic and Development Cluster tables this consolidated report for consideration and adoption by this august House pursuant to Standing Order No.68. This report is the product of the work done by this Committee and four other Portfolio Committees, whose reports are incorporated in the form of Annexes to this main document.

2. METHODOLOGY

2.1. The Portfolio Committee on the Economic and Development Cluster invited the Ministry of Finance and Development Planning. The Ministry provided a brief on the Financial Policy as well as the National Budget Planning Process.

2.2. Pursuant to Standing Order No. 95 (1)(d) read with No. 68, the various Portfolio Committees invited Ministries and Departments falling within their purview to present their performance for the financial year 2023/2024 and the budget plans for the financial year 2024/2025. The

reports of the said committees are appended as annexes (See Annexures 1 – 5).

2.3. The Portfolio Committee on the Economic and Development Cluster also received valuable inputs from Stakeholders (See Annexures 6.1 – 6.2)

3. 2023/2024 ANNUAL BUDGET PERFORMANCE

3.1. Revenue

The Committee was informed that the total approved revenue budget for 2023/2024 fiscal year was M25.1Billion (63 percent of GDP). This amount was accumulated from tax revenue, non-tax revenue, grants and SACU revenue.

However, there was an unexpected revenue decline to M23.5Billion due to the following:

- A slowdown in nominal GDP, losses in mining, telecommunications and financial sectors not being able to remit the total budgeted Corporate Income Tax;
- The 50 percent downward revision of Alcohol and Tobacco Levy; and
- The non-enactment of Tax Bills and non-implementation of Laws meant to regulate tax administration and enhance collection of tax revenue.

3.2. Expenditure

The approved total expenditure for 2023/2024 was M24.1Billion; M17.8Billion for recurrent expenditure and M6.3Billion for capital investments. The total expenditure was 60 percent of the total GDP. The Committee also noted that the approved budget had projected a fiscal surplus of M1Billion, equivalent to 2.5 percent of GDP.

The Committee noted that the 2023/2024 total expenditure had decreased from M24.1Billion to M21.6Billion with a recurrent expenditure of M17.2Billion and capital expenditure of M4.5Billion. This was mainly due to the effective implementation of the Public Procurement Act, 2023, prohibiting excessive pricing of goods and services by suppliers to the Government.

3.3. Debt

The Ministry stated that the total debt has been recorded at M22.9 Billion made up of M19.0 Billion of external debt and M3.8Billion of domestic debt, constituting 83 percent and 17 percent respectively. The Government managed to constrain debt to a minimum increase of M175.8 Million from the previous year.

3.3.1. External Debt

The external debt had a net increase of M828.1 Million from FY2023/2024 and it was made up of an exchange rate depreciation at M462.6 Million and capital repayments of M699.1 Million which reduced the foreign debt stock.

There was also a minimum increase in borrowing as compared to the previous year.

3.3.2. Domestic Debt

Domestic debt was recorded to have declined by M651.2 Million and stands at M3.8 Billion after more debt was retired relative to debt contracted for the year. The Government contracted M555.4 Million from domestic market and will have demanded M153 Million by the end of FY2023/2024, more of it will be for the construction of Petroleum Fund Headquarters.

3.4. Arrears

The Ministry of Finance and Development Planning was allocated M500 Million to pay-off arrears by Government to suppliers that have accumulated from previous financial years. Only M176, 877,831.24 has been consumed to pay off arrears to date. The Ministry must make proper reconciliation in order to spend the outstanding amount and the M250 Million that is proposed for the additional payments of services for FY2024/2025.

3.5. General Comments and Recommendations

The Committee agrees with the Ministry of Finance and Development Planning that the tax rate is already high and increasing it further will negatively impact investment in the country. It is therefore imperative that the Ministry Finance and Development Planning work with the Ministry of Trade, Industry, Corporation and

Marketing to locate businesses which have not been paying tax and do so in due course.

The Committee agrees with the Ministry's initiative to reduce borrowing and focus more on building buffers in order to sustain the country during adverse situation.

It also agrees that borrowing should be meant to promote investment rather than for consumption through recurrent expenditure.

The Ministry of Finance and Development Planning should collect from Government Ministries and Departments, all documents necessary for reconciliation and recovery of arrears by Government to avoid growing backlog affecting Government spending.

4. THE 2024/2025 ANNUAL BUDGET

4.1. The Budget Process and Instruments Used to Develop the Budget

The Ministry of Finance and Development Planning briefed the Committee on the Budget process and the various instruments employed to formulate this year's Budget. They also outlined the fiscal and the monetary policies of the Government of Lesotho. This year's budget is themed: "Building on Resilience, Working Together, and Fostering Sustainable and Fair Growth."

The Ministry stated that through this year's budget, the Government intends to use a synergistic approach by creating an integrated planning and budgeting strategy that will enable a business environment to be inclusive, fair and productive. It also

intends to transform the existing situation to a conducive and friendly environment for the private sector to thrive.

4.2. The Economic Performance and Outlook

The Minister stated that Lesotho has to navigate the rapidly-evolving global economic dynamics as they present shocks and uncertainty to our environment, an atmosphere that this country has suffered before. She stated therefore that the country has to adapt to new parameters for the government strategies to remain relevant and impactful in the ever-evolving landscape of global economic dynamics.

Global economic indicators show a subdued to stable global growth and moderate inflation from the United States, China, Sub-Saharan Africa and the Republic of South African markets which Lesotho has economic ties with. It is therefore evident that this trend will influence a steady growth and moderate inflation of the Lesotho economy.

Lesotho's economic performance is aligned with that of South Africa due to Lesotho's close integration, interdependence and the Loti-Rand peg. Lesotho's economic growth is influenced mostly by the diamond mining activities, robust expansion in the construction sector driven by the Lesotho Highlands Water Project II (LHWP II) and growth across different sectors. This brings a projection of Lesotho's domestic economy to a growth rate of 2 percent in 2024/2025.

The inflationary pressures have abated too, marking a 6.4 percent by the end of 2023/2024, a decline from the 8.3 percent recorded in 2022/2023. The easing of these pressures align with the global and regional headline inflation outlook.

4.3. Fiscal Policy

To sustain the economic growth, the Minister stated that there must be a job creation increase, a resilient economy must be build, the fiscal gap must be controlled and savings made in order to build buffers for use in times of economic down-turns. For this to be achieved, the country needs to maintain a fiscal surplus when there is an economic growth (fiscal deficit below 3% and debt threshold not exceeding 60% of GDP).

The Minister stated that to implement the medium-term fiscal strategy, the Government will put in place a transparent Medium Term Expenditure Framework (MTEF) which will:

- i. Contain expenditure and eliminate wasteful spending, support and maintain macroeconomic stability in order to promote investor confidence and development partners;
- ii. Increase revenue sources and improve collection;
- iii. Wind down unproductive spending on projects that do not contribute to economic and private sector growth;
- iv. Draw and introduce a mutual agreement of separation as well as exit packages for civil servants, and
- v. Introduce fiscalization of VAT and other taxes through Revenue Services Lesotho.

During all these activities, the Government is observant of the recurrent expenditure, particularly the wage bill.

To translate this policy document into concrete actions, the Government intends to undertake the following measures:

4.3.1. Revenue

In addition to the existing revenue collection initiatives, the Ministry intends to:

- i. develop a medium-term revenue strategy and more efficient forecasting model to reduce forecasting errors;
- ii. Introduce fiscalization of VAT and other taxes to allow RSL and economic units to collect tax without hindrance;
- iii. Enact Tax bills to unlock general efficiency gains and equity in the tax system;
- iv. Work with the academia and other stakeholders to create new and innovative financing options;
- v. Develop a policy for setting Fees and Charges with a clear observation of the threshold for the less privileged; and
- vi. Revise oil levy to cater for motor Vehicle Assurance and have a Motor Vehicle Assurance Bill.

4.3.2. Expenditure

The Government is committed to improving cost saving and reducing leakages through improvement in targeting subsidies or grants through adoption of means testing mechanisms, improving asset and fleet management system, and migrating from cash payment to an e-payment system.

In order to reduce the wage bill and increase public sector productivity, the Government intends to freeze hiring expects for critical positions who are paid on contractual basis to save recurrent expenditure as well as reform ministries, departments and agencies.

In the previous years, the Government has been devising ways to downsize its workforce in order to address the wage bill problem. The reduction of the wage bill from 18.5 percent of GDP to acceptable levels of 14 percent will be a great achievement to the Government. It is against this backdrop to curb excessive spending on personal emoluments and other expenditure, that the Government will develop a policy for voluntary separation and provide negotiated exit packages for selected staff.

4.4. Monetary Policy

4.4.1. The Monetary Policy of Lesotho is managed by the Central Bank of Lesotho. Lesotho is part of the Common Monetary Area (CMA) with South Africa, Swaziland and Namibia. The CMA is a currency area in which the currencies of these countries are pegged to the South African Rand. Lesotho (together with Swaziland and Namibia) is therefore not able to conduct independent monetary policy. Monetary policy conduct of South Africa is for all intents and purposes that of the CMA sub-region. Monetary policy objectives of Lesotho, Namibia and Swaziland (LNS) are therefore not fundamentally different from that of South Africa.

4.4.2. Lesotho's monetary policy objectives of achieving and maintaining price stability are pursued through ensuring that the Loti is pegged

to the Rand. This is achieved by maintaining adequate level of reserves to back up its liabilities, particularly the currency in circulation. In this budget, the Central Bank of Lesotho continues to maintain price stability and confidence in the Loti.

5. THE 2024/2025 NATIONAL PRIORITIES

The Minister stated that to build a strong foundation for economic recovery and a sustainable fiscal path, the Government must identify key priority areas under National Strategic Development Plan II (NSDP II) goals. In addition, it should improve expenditure efficiency and effectiveness to continuously achieve much more with every Loti spent.

There should be a shift of efforts in order to promote and facilitate inclusive export and private sector led job creating economic growth. This will restore macro-fiscal sustainability, improve competitiveness of the investment climate and implement strategies to increase productivity and diversification of products and markets in key growth sectors namely agriculture, manufacturing, tourism & creative industries, and innovation & technology.

The Minister further stated through this budget, that the Government intends to build enabling infrastructure to support growth sectors to create viable public private partnerships and enhance the human capital development. There will further be strengthening of governance, accountability and building of effective institutions (enhance capacities of key institutions that fight corruption and crime, homicide, human trafficking and gender-based violence).

Additionally, the Government will invest in programs that promote a culture of excellence, ethical conduct and mutual respect amongst Basotho, build inclusivity by focusing on youth, women and empowering marginalized and vulnerable groups. Furthermore, it will strengthen service delivery, build effective disaster risk management frameworks, reduce land degradation, invest in keeping the country clean and green, revive communal institution and preserve our biodiversity and natural environment ecosystems.

There will be creation of jobs in various sectors including healthcare, education, infrastructure development, energy and mining. The Minister also puts an emphasis on local participation and employment opportunities in development projects.

6. THE 2024/2025 ANNUAL BUDGET PROPOSALS

The Minister stated that this year's budget is not only a financial plan but a testament to unwavering commitment to building a brighter and better future for our Nation.

6.1. Revenue

6.1.1. For this financial year, the total revenue is expected to increase by 10.4 percent from M24, 127,068,283.00 billion in 2023/2024 to M24, 344,251,132.00 billion. SACU revenue of M1,400,500. Additionally, there will be development revenue of M3, 264,689,866.00 accumulated from grants. The total revenue is therefore expected to be M27, 712.6 Billion.

6.1.2. The Committee further notes the good intentions of the Government to mobilize revenue through taxation by introducing new pieces of tax legislation that will assist in improving collection efficiency. It also notes and applauds Government for expanding the Revenue Services Lesotho's initiative to introduce a new method of collecting tax.

6.2. Recurrent budget

6.2.1. The recurrent budget for the current year is proposed to be M21, 224,054,421 billion and it is increased slightly from M20, 351,301,110 billion allocation for 2023/2024. However, recurrent expenditure continues to increase at the expense of capital expenditure.

6.2.2. Increment on the recurrent budget is significant in public works and transport, natural resources, subscription to International Organizations, centralized items, National Security Services and Defense. There is also deduction made for Directorate of Corruption and Economic Offences (DCEO), Ministry Labor and Employment and Independent Electoral Commission. (IEC).

6.3. Capital budget

6.3.1. The capital budget is estimated at M2, 934,332,146, an increase from M2, 690,545,974 that was allocated in the financial year 2023/2024. Despite the increase on the capital budget, most budget ceilings have

lowered except for Agriculture and Food Security, Trade, Industry, and Public Works and Transport.

6.3.2. Donor grants are projected at M3, 246,689,867, an increase from M1, 025,668,772. On the other hand, donor loans are projected from M2, 607,217,244 to M3, 496,137,283.

6.3.3. The total capital estimates for the year 2024/2025 is M9, 695,159,296.00.

7. OBSERVATIONS

- 7.1.** The Government has the potential of adding value to the products before being exported other than selling them as raw materials, significance is seen in the exporting of diamonds and wool and mohair;
- 7.2.** The Government must develop as sound comprehensive agricultural strategy entailing policies, soft & hard infrastructure and robust legal framework;
- 7.3.** The subsidies provided by the Ministry of Agriculture and Food Security is only limited to few commodities and it will be ideal to accommodate various farming sectors;
- 7.4.** Some Ministries raised concerns about the ceilings set by the Ministry of Finance and the cuts which are often made without consultations with the concerned Ministries and Departments;
- 7.5.** The presentation of the budget was

- 7.6.** The Committee observes that Lesotho Highlands Water Project (LHWP) tunnel needs repairs and maintenance and this should be done within this Financial Year;

8. RECOMMENDATIONS

- 8.1.** The country has the potential to diversify and export more products through the AGOA agreement. At present, Lesotho only exports textile products but there are several slots of items that can be exported out of Lesotho. The government must find ways to improve export of semi-processed finished good in order to maximize returns.
- 8.2.** There should be an agricultural programme that promotes resuscitation of activities such as horticulture and animal husbandry, Training Centers, irrigation scheme projects in order to enhance sustainable agricultural practices and production;
- 8.3.** There should be a spatial analysis or land zoning agricultural plan which includes extension services;
- 8.4.** There should be a dialogue desk for farmers and other relevant stakeholders in order to share ideas relating to agriculture investment;
- 8.5.** The Government must employ throughput analysis mechanism in its projects planning stage;
- 8.6.** Lesotho's manufacturing sector is mostly nominated by foreign direct investors. The Government should create an enabling environment in order to promote domestic investment;
- 8.7.** The government should build a local purchasing policy in order to enhance sustainability before importing products. Lesotho should look

forward to investing in agriculture, manufacturing (processing and selling), and tourism (internal and external);

- 8.8.** The government should resolve to improve its own expertise which will create, run and monitor systems used in the country. This will save the Government a high spending in contracting foreign experts to resolve internal affairs;
- 8.9.** The Ministries should, without fail collect revenue from Government properties rented for commercial and industrial purposes;
- 8.10.** The Government must enact Tax Bills and non-implementation of Laws meant to regulate tax administration and enhance collection of tax revenue;
- 8.11.** The Government must adopt a hybrid model entailing both programme/ceiling-based budgeting system;
- 8.12.** Priorities should be submitted before budgeting
- 8.13.** There is a critical case in the country of unbudgeted M108, 000,000 by the ministry of Health envisaged to cater for referrals of patients from Lesotho to the Republic of South Africa. This is over-above the pending debt of M211, 000,000 that the government has accumulated over the years.
- 8.14.** A number of Ministries and Departments have their budgets reduced this financial year. The Government is therefore urged to exercise caution when setting ceilings and applying budget cuts taking cognizance of the critical and essential components each Ministry's budget.
- 8.15.** The Committee is very doubtful about the validity of the lists of individuals qualifying for grants from the Ministry of Gender, Youth and

Social Development MOGYSD for Old Age Pension (OAP), Lesotho Liberation Army (LLA), African Pioneer Corp (APC) (World War II Veterans and Widows), Public Assistance in-cash, Public Assistance in-kind and make the following recommendations:

- Administration of OAP should be move from MOGYSD to Ministry of Finance and Development Planning;
- Administration of Orphaned and Vulnerable Children (OVC) Bursaries should be moved back to the Ministry of Education and Training;
- All payments for all grants should be paid electronically e.g through the bank, mpesa ecocash;
- All institutions that get subvention from the Government of Lesotho should report on quarterly basis to Parliament.

8.16. The Ministry has a shortfall amounting to M120 million for the following activities and must be given an additional budget to cover for:

- Principals (417)– M61 milliion or M31 million(staggered). The Government should not fill positions vacated by these 417 teachers
- School Feeding Programme – M26 million.
- Reception Class Teachers – M11 million (grants) + M3 million (wages).
- 3 Tier Model (curriculum) – M45 million or M8.7 million (staggered).
- District Resource Teachers (DRTs), Advisors – M4 million.

8.17. Under health related issues, the Committee recommends the following activities to be operated under the Ministry of Health:

Activity	Amount
Maseru District Hospital	M20 million
LMDA centralised funding	M250 million to Min of health
Queen Mamohato Memorial Hospital (QMMH) referrals to South Africa	M108 million (e ka finance kapa health) There should be a budget to relief arrears of M...incurred by referrals of patients from QMMH to Universitas and Pelonomi Hospital
Pay off a debt on referrals to South Africa	M211 million
Establishment of a Medical School	M14 million

8.18. The Government should urgently consider allocating funds to the Ministry of Environment and Forestry for the establishment of the National Environment Authority for coordinating, monitoring, regulating and supervising environment matters in the country;

8.19. The Committee has observed that Setsoto Football Stadium Setsoto has been banned from hosting international matches because it does not meet international standards set by FIFA. The Committee therefore recommends that the Government through the Ministry of Tourism, Sports, Arts and Culture expedite the revamping of the stadium to restore the dignity of the Kingdom regionally and internationally;

8.20. The Committee recommends that the budget allocation for National Assembly be revise by M5, 695,052.00 for National Assembly to perform its duties pertaining to:

- Subsistence Local
- Fares International
- Subsistence International
- Minor Works
- Office/Residential Furniture
- Non Office Equipment

8.21. The Committee recommends for the amendment of the National Assembly Electoral Act, 2011.

9. CONCLUSION

In conclusion the Committee recommends the approval of this budget only when the recommendations mentioned above have been effected. The Committee wishes to congratulate the Minister for formulating the Budget that attempts to address the job crisis which is facing the country. It is hoped that the additional revenue measures and the proposed spending cut plans will bear positive results. The Committee therefore urges the Government to ensure that the proposed measures are implemented without delay.

ANNEXURES

Annex 1: Portfolio Committee on the Economic and Development Cluster

Annex 2: Portfolio Committee on the Social Cluster

Annex 3: Portfolio Committee on Law and Public Safety

Annex 4: Portfolio Committee on Natural Resources, Tourism, and Land Cluster

Annex 5: Portfolio Committee on the Prime Minister's Ministries and Departments, Governance, Foreign Relations and Information

Annex 6: Submissions by Various Stakeholders:

6.1: Lesotho Chamber of Commerce and Industry (LCCI)

6.2: Lesotho National Farmers Forum (LENAFU)

ANNEX 1

**PORTFOLIO COMMITTEE ON THE ECONOMIC
AND DEVELOPMENT CLUSTER**

1. Introduction

On the 21st February, 2024, the Honourable Minister of Finance, pursuant to Standing Order No. 67 tabled the Budget Estimates for the year 2024/2025 before Parliament. The Budget Estimates were referred to the Portfolio Committee on the Economic and Development Cluster for scrutiny pursuant to Standing Order No. 68.

The Portfolio Committee on the Economic and Development Cluster with the help of other Portfolio Committees investigated the policy context, financial implications and contents and effects of the estimates for all government ministries and departments. The Portfolio Committee on Economic and Development Cluster specifically investigated the budget estimates of the following ministries and departments.

- Ministry of Finance and Development Planning,
- Ministry of Labour and Employment.
- Ministry of Agriculture, Food Security and Nutrition.
- Ministry of Trade, Industry and Business Development.

2. Methodology

The Committee relied mainly on Ministries' and departments' submissions and briefings which formed the basis for opinion making. The written and oral presentations of Ministries and Departments were considered and deliberated upon.

1. MINISTRY OF FINANCE AND DEVELOPMENT PLANNING

3.1 Previous Year's Performance – 2023/2024

3.1.1. Revenue performance

The Ministry of Finance and Development Planning had set a revenue target of **M 425,328,464.00** and made an over collection of **M288,085,673.11**, bringing a revenue collection to **M 713,414,137.11**.

The following activities contributed to over collection of revenue:

- An outstanding interest of **M 10,499,465** from the previous year that the Post Bank only made a payment of in 2023/2024; and
- On a budget of **M36,227,904.00**, there was a **M16,346,096.00** over collection of dividends from Standard Lesotho Bank and Central Bank of Lesotho bring to an overall collection of **M52,574,000.00**

The following items had a zero budget, but the following amounts were collected during the cause of the year:

Description	Amount
Application fees (Tribunal);	M 9,360.00
Payroll deduction fee;	M 299,279.02
Surcharges collected from Government losses	M 2,775,151.48
Repayment of Expenditure (Salary overpayments from gratuities from previous years)	M 21,357,751.36
Issuance of bonds	M 554,421,100.00

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Under Sales of Maps, there was no collection because maps were available online.

There was also an under collection in the following items:

- Principal repayments received from non-financial corporations,
- Tenants who delayed paying rent,
- Non-payment of dividends by the Letšeng Diamonds and Lesotho Post Bank,
- Gaming levy; and
- Sales of tender.

The government was also able to collect dividends amounting to M 67,032,520.57 from the following companies:

Company Name	Payment
Central Bank of Lesotho	M 28,449,000
Standard Lesotho Bank	M 24,125,000
AON	M 504,684.00
Maluti Mountain Brewery	M 6,570,255.30
Minor Hotel Group AVANI HOTELS	M 7,282,229.97
Coca Cola	M 101,351.30
TOTAL	M 67,032,520.57

3.1.2. Recurrent Budget.

The Ministry had **M2,159,744,319.00** released for its recurrent expenditure but only consumed **M 1,392,791,881.72**, leaving a balance of **M 767,704,507.31**.

The expenditure was meant to cover for personal emoluments, travel and transport, operating costs, transfers, and other expenses such as motor vehicle assurance, legal compensation, and student grants.

The variance of over **M 700 million** was due to the following:

- Fleet service contract that was not renewed.
- **M 22.6 million** that was not sufficient to cover costs on maintenance; and
- **M 8 million** that was not utilized for the removal of the Victoria Hotel asbestos roofing because the building was still occupied.

The following constraints were also established:

- Revision of the levy within the same fiscal year.
- Delay in obtaining cabinet approval of the policy document thus derailing implementation thereof.
- Training on IFMIS by system vendor inadequate.
- Delay of Financial Statements submission by MDA's and lack of ownership by Chief Accounting Officers.
- Delay and failure in capturing revenue.
- Non-reconciliation of some material foreign currency transactions.
- Incompatible CBL bank statement and other banks with the reconciling software (TMS); and

- Most ministries have old workstations, and they are not joined on government domain, and some rely on WIFI for connection.

The Committee acknowledges and comments the Ministry of Finance and Development Planning on the following:

- a) Lesotho was successfully peer reviewed and recommendations were provided.
- b) A fully operational Financial Programming and Policies (FPP) framework that is interconnected with the new macro econometric model to enhance the accuracy and efficiency of forecasts.
- c) A financial inclusion policy and remittances strategy was developed.
- d) There was a submission of **M3.5billion** for verification to the Auditor General from the **M6.1 billion** previously unaccounted for completion of the 2023/2024 Financial Statements.
- e) About 90% of Expenditure bank Accounts have been matched to date.
- f) Training conducted for all MDAs on Treasury Single Account (TSA).
- g) Implementation of Integrated Revenue Management System (IRMS) fully in 6 Ministries and partially in 3 Ministries, and 6 Ministries still awaiting vendor solution tailored for fluctuating prices.
- h) Improvement of efficiency for payments through implementation of the Electronic Funds Transfer (EFT) payment method for all MDA's and other best practices.
- i) Efforts to reduce expenditure particularly the wage bill.
- j) Finalized the extension of NSDP II and its supporting documentation, with the Labour Force Survey data collection nearing completion.

- k) Secured new financing through a combination of grants and loans.
- l) Developed crucial legal frameworks including the Debt Bill, Public Private Partnership Framework, reviewed Public Financial Management Act, and Tax Bills encompassing Administration, Value Added Tax, and Income Tax. Additionally, the Loan Bursary Fund Bill underwent a thorough review, along with the Market Value Added Bill.
- m) Formulated essential policies such as the State-Owned Enterprises policy, conducted a monitoring and evaluation review, and drafted concept notes on fiscal rules, fiscal risk statements, and risk policies.
- n) Successfully crafted a Global Fund request for financing through the Project Implementation Unit (PIU).
- o) Finalized the development of tax policy and structures for PPP units, including the creation of job descriptions in collaboration with the Ministry of Finance, Planning, and Development (MOPS).
- p) Facilitated the entry into force of Millennium Challenge Account II agreements.
- q) Extended the loan bursary program as planned, while identifying local priorities to determine quotas.
- r) Successfully hosted the African Association of Accountant Generals' Conference in Lesotho.
- s) Facilitated the development of inter-sectoral planning initiatives; and
- t) Coordinated the establishment of an inter-ministerial road map for the African Money Laundering Framework (AMLF) to address gaps identified after the Eastern and Southern Africa Anti-Money Laundering Group - Financial Action Task Force (ESAAMLG-FATF) country assessment.

3.1.3 Capital Budget

The Ministry released a budget of **M344, 963,137.32** to carry out the following projects:

- Infrastructure refurbishment for the Van Royens and Sani Pass boarders (GoL).
- Supporting HIV/AIDS and COVID 19 (Global Fund and GoL).
- Giving institutional support for debt and expenditure management (African Development Bank and GoL); and
- Conducting a Tax Modernization Program (African Development Bank and GoL).

However, only **M254, 644,172.74** was consumed during the 2023/2024 Financial Year.

During the implementation of its projects, the Ministry was challenged with the following:

- **The M16 Million** that was meant for feasibility study for the Van Royens boarder post and the boarder designs of the Sani Pass are still waiting approval certificates from the Ministry of Public Works.
- Under Institutional Support for Debt and Expenditure Management, **M1, 481,665.00** was not spent because payment claims are still being processed; and
- Under the Tax Modernization Program, the Government of Lesotho contributed **M15 million** and only **M7, 313,933.24** was spent on repayment of domestic arrears account. Under the same activity, an amount of **M 48,**

512,957.00 was approved by the African Development Bank but only **M 2, 000,385,02** of the budgets was utilized for the inception report. Due to a delay in procuring supplier for design and implementation, the balance will be used in 2024/2025 for e-invoicing solutions.

3.2 The Current Budget – 2024/2025

3.2.1 Revenue

The Ministry plans to collect a revenue of **M 21,065,750,284.00**.

- **M 9, 481,811,787.00** will be collected from taxation (personal income tax, company holding tax, value added tax, tobacco and alcohol levy, gaming levy and stamp duty tax).
- **M220,401,853.00** will be collected from other sources of revenue (dividends of non-financial public corporations, interests received from financial and public corporations, surface rent, rans and monetary compensation, application fees, rent from government property, sales of maps, books and other public, sales of tender, bidding and contract documents; and
- **M 11, 548,036,644.00** will be collected from the SACU receipts.

1.2.2 Grants

Under Grants, the Ministry seeks support for the following:

- **M 456,659,029.00** from Global fund and GoL for Stepping Up Universal Access: A Multi-Sectoral Partnership Response to TB/HIV.
- **M 16 million** from European Union for Cooperation facility; and

- **M923, 341,298.00** from Compact II and GoL for health systems strengthening, market driven irrigated horticulture, and business environment and technical assistance.

3.2.3 Recurrent Budget Estimates

The Ministry requests a recurrent budget of **M 2, 742,775,262.00** to cover for:

- Personal Emoluments (**M 216, 557,967.00**).
- Travel and Transport (**M 73, 717,026.00**).
- Operating Costs (**M 123, 318,709.00**).
- Transfers which shall be paid quarterly upon request to Revenue Services Lesotho (RSL), Financial Intelligence Unit (FIU), Lesotho National League of Visually Impaired Persons (LNIVP), DAG, Lesotho Institute of Accounts (LIA), Labour Survey, Cartography, and Economic Census.
- Other Expenses (**M 1, 340,000,000.00**).
- Losses (**M 75, 000,000.00**).
- Acquisition of Non-financial Assets (**M 2, 776,050.00**); and
- Repayment of Domestic Liabilities (**M 250, 000,000.00**).

3.2.4 Capital Budget Estimates

For the capital budget, the Ministry request a budget of M 1, 669,098,876.00 for the following:

Project Title	Source of Funding		
	Donor	Government of Lesotho (GoL)	Total

Boarder Post Infrastructure Refurbishment		M 8, 093,000.00 GoL	M 8, 093,000.00
Support for HIV/AIDS;	M441,659,029.00 Global Fund	M 15,000,000 GoL	M 456, 654, 029.00
Tax Modernization Program	40,517,482.00 African Development Bank	M 8,000,000.00 GoL	M 48,517,482.00
Institutional Support for Debt and Expenditure Management;	M 20,581,067.00 African Development Bank	M 3,007,000.00 GoL	M 23, 588, 067.00
Consultancies and Studies		M 65, 000,000.00 GoL	M 65, 000,000.00
Public Sector Foundations for Service Delivery;	M66,726,987.00 African Development Bank	M 1,900,000.00 GoL	M 68, 626, 987.00
Compact II	M 923,341,298.00 MCC	M 6,000,000.00	M 929, 341, 298.00
Cooperation Facility	European Union		M 16, 000, 000.00

GENERAL OBSERVATIONS

- Although the Ministry may have conducted extensive pre-budget discussions and devised the Medium-Term Expenditure Framework (MTEF) budget for the year 2024, the Committee feels that it should have been intensely involved during the budget formulation.
- The Committee appreciates the intention of the Ministry to reduce **M176,877,831.24** on arrears of all Ministries for the previous years and hopes that all arrears will be cleared off.

3.3 RECOMMENDATIONS

- The Committee recommends that the Ministry should establish Procurement and Tax Policing Units to have a close monitoring of Government financial activities.
- In general, the capital projects financed by GoL have been progressing slowly due to unanticipated validation and quality assurance requirements that needed to be done for the design component of border refurbishment project. The Committee urges the Government to accelerate the boarder refurbishment project. Upon its completion there will be increased revenue collection, improved monitoring of immigrants and reduction of human trafficking across the borders.

MINISTRY OF LABOUR AND EMPLOYMENT

Previous Year's Performance 2023/2024

The Ministry of Labour and Employment is dedicated to promoting:

- Social justice, sound labour and employment opportunities in conformity with national laws and international labour standards to enhance good governance of the labour market.

3.1. Revenue Performance

Other Sources of Revenue

The Ministry of Labour and Employment had an approved budget of **M11,483,230.00**. However, actual collection amounted to **M6,805,055.48** from the following activities:

- Application of Trade Union,
- Attestation Fees.
- Issue of Employment Certificate.
- Labour Agents Permits.

The Ministry's revenue collection is mainly dependent on the movement of migrants (Attestation fees, work permits, and Labour agents permits), rental on halls and crafts sale. All sources of revenue are unreliable and beyond the control of the Ministry.

3.1.1. Recurrent Budget

The Ministry's approved Recurrent Budget amounted to **M127, 095,747.00**; amount released was **M138,669,466.00**. Actual Expenditure was **M131, 049,184.00** with the variance amount of **M7,620,282.00**.

THE 2024/2025 BUDGET ESTIMATES

Ministry of Labour and Employment

The Ministry of Labour and Employment is dedicated to promoting:

- Social justice, sound labour and employment opportunities in conformity with national laws and international labour standards to enhance good governance of the labour market.

2.1.1. Revenue Budget Estimates

The Ministry has proposed budget estimate of **M23,680,675** as revenue collection which will be collected through:

- Application of Trade Union
- Attestation Fees
- Issue of Employment Certificate
- Labour Agents Permits
- Identity Photographs
- Crafts Centre
- Meals and Accommodation fees of Students at Ntlafatso Skills Training Centre

- Rent from Government Property
- Documents in custody of Registrar

2.1.2. Recurrent Budget Estimates

The recurrent budget estimates for the Labour and Employment amounts to **M 71,570,835.00** and will be used to undertake the following activities:

- **Wages and Salaries**
 - Payment of staff salaries for Established posts and Allowances -Non-Statutory-Posts.
- **Travel and Transport**
 - Maintenance of vehicles and repairs for **M483 964.00**
 - Subsistence Local amounting to **M871,504.00**
 - Short term hire of Vehicles amounting to **M2,332,800**; and
 - Subsistence International amounting to **M1,200,000.00** budgeted for payment of per diems for official trips outside the country.
- **Operating Costs**
 - Power -**M1,150,869.00**.
 - Communications - **M1,128, 800.00**.
 - Printing – **M255,002.00**
 - Stationery- **M326,476.00**
 - Maintenance of Public Assets - **M120,000.00**
 - Purchase/Production of Material or Services- **M3,344, 030.00**
 - Minor Works - **M338,944.00**
 - Dressing (protective clothing) - **M402,650.00**

- Books and Publications - **M50,000.00**
- Water Supply- **M260 000.00**
- Rent and Lease of Buildings for government use **M3,207,612.00**
- **Transfers**
 - Current Grants paid to extra Budgetary Units (subvention to DDPR)
M16,717, 252.00.
- **Acquisition of Non-Financial Assets**
 - Office Equipment **M748,000.00**

Observations

The Committee observed the following.

- Ministry of Labour and Employment operates in line with KPA I: *Enhancing Inclusive and Sustainable Economic Growth and Private Sector-led Job Creation* of the National Strategic Development Plan II (NSDP II).
- The Ministry should expedite the completion of the Labour Bill and Occupational Health and Safety Bill so that they may be passed by Parliament, which is a condition precedence to access Compact II funding.
- Lack of human and financial resources capacity in the departmental section of Inspectorate and DDPR.
- There is wasteful expenditure on office rental space by the Ministry at districts level.

- That work permits are given to Investors and Foreign nationals with skills that Basotho do not possess.
- The Ministry of Labour and Employment needs Data-Analyst Specialists.
- Directorate of Dispute Prevention and Resolution (DDPR) is beset with a challenge of lack of financial resources to operate effectively and smoothly because larger part of their budget pays rent for office space.

Recommendations

The Committee recommends:

- that Government should undertake skills audit exercise to reallocate resources appropriately and priority Ministry should be that of Ministry of Labour and Employment.

MINISTRY OF AGRICULTURE, FOOD SECURITY AND NUTRITION

Previous Year's Performance 2023/2024

3.1. Revenue Performance

Other Sources of Revenue

The Ministry of Agriculture, Food Security and Nutrition had an approved budget of **M34,356,535.00**. However, actual collection amounted to **M44,880,675.51** from the following activities.

- Importation,
- Permits.

- Rent from Government Commercial
- Sale of Fish, Poultry and Produce.
- Sale of services.
- Sale of Tender Documents.
- Sale of Goods or Products (Inputs and Drugs).
- Technical Operations Unit.
- Stud fees.
- School fees
- Laboratory Testing Services
- Farmers Training Centre (Thaba-Tseka Staff House)
- Crops and Livestock licenses
- Proceeds from sales of other machinery (e.g. Spare parts of machinery).

The over collection of the revenue is a result of revised rates that were approved after the budget was approved, for instance price per permit for meat products increased from **M100.00 to M200.00**. It was also due to Agro Chem and Mejametlana who paid their arrears after meeting with the legal team of the Ministry. Secondly, over collection was also due to supplementary budget of fertilizers contributed.

3.1.1. Recurrent Budget

The Ministry's approved Recurrent Budget amounted to **M557, 394,199.00**; amount released was **M557,394,199.00**. Actual Expenditure was **M511,995,777.82** with the variance amount of **M47,166,628.46**.

The Ministry's variance was caused by:

- The fact that outstanding balance will be used to pay salaries and allowances are yet to be paid.
- Savings accrued from diesel that was intended to be allocated to tractor operators for government blocks, some of the farmers bought fuel from their own pockets.

3.1.2. Capital Budget

The Ministry's approved Capital Budget for the Financial Year 2023/2024 amounted to **M69,969,400.00 with the variance of M16,854,571.00.**

However, the Ministry stated the following challenges:

- Delayed supply of fertilizer from Republic of South Africa manufacturer as they prioritized their local farmers.
- Multiple outbreaks of avian influenza in South Africa affecting local poultry production since the country fully rely on importation of fertile eggs, day old chicks and pullets from South Africa.
- Frequent outbreaks of foot and mouth diseases (FMD) in Republic of South Africa affecting sale of wool and mohair access to international markets.
- Climatic challenges- Erratic rainfall and heat wave which lead to reduced yields and soil loss.

THE 2024/2025 BUDGET ESTIMATES

Ministry of Agriculture, Food Security and Nutrition

The Ministry of Agriculture, Food Security and Nutrition is dedicated to promoting:

- Increased agriculture production, food, and nutrition security at national and household level through efficient and effective extension services.
- Enhanced farmers' engagement in commercial agriculture.

2.1.3. Revenue Budget Estimates

The Ministry has proposed budget estimate of **M89, 627,707.00** as revenue collection which will be collected through:

- Import and export permits livestock and livestock products.
- Sale of tender bidding and contract documents.
- Rent from government property commercial.
- Sale of goods and Products
- Sale of fish, poultry and produce.
- Sale of Service, e.g. Bull Services, Artificial Insemination, drugs
- Laboratory testing services
- Technical Operations Unit
- Crops and Livestock licenses
- Stud fees.

The improved collection of revenue of the Ministry of Agriculture, Food Security and Nutrition will be driven by the sale of fertilizers, seeds and pesticides and non-

participation of the Government in block farming, which will be reserved for private local farmers.

2.1.4. Recurrent Budget Estimates

The recurrent budget estimates for the Ministry of Agriculture, Food Security and Nutrition amounts to **M547,160,879.00** and will be used to undertake the following activities:

- **Wages and Salaries**
 - Payment of wages and salaries **M194,282,959,00**
- **Travel and Transport.**
 - Maintenance of vehicles, fuel and lubricants, short term hire of vehicles, subsistence local, fares international and subsistence international **M44,948,886.00**
- **Operating Costs**
 - Payment of power, communications, printing, stationery, maintenance of public assets, minor works, and water supply. Fertilizers, pesticides, and seeds **M296,994,034.00.**
- **Acquisition of Non-Financial Assets**
 - Under this item the Ministry catered for combine harvester, machines, round bailer, Slasher, Mower, Potato and Asparagus Ridger and Asparagus planter for **M10,935, 000.00.**

Capital Budget Estimates

The Ministry's capital budget amounts to **M798,739,167.00** sourced from donors and Government of Lesotho aimed at performing the following activities. Donor funding amounts to **M777,939,807.00** and Government of Lesotho funds = **M20,799,360.00**

- Capacity Building in Climate Smart Agriculture (CSA) Practices
- Rehabilitation and Modernization of Irrigation infrastructure (CSA)
- Construction of large new scheme in Seaka/Tsikoane.
- Support for the formation of alliances for service and market related activities.
- Awarding matching grants for Agri-Enterprises.
- Establishment of Wool and Mohair Value Chain Competitiveness Project (WAMCOP) project implementing unit.

Observations

The Committee observed the following.

- Basotho are reluctant to venture into commercial farming due to high risk involved in commercial farming because most farmers of Lesotho practice subsistence farming and inability to access funding from commercial banks.
- The Committee has observed that because of the immaturity of our agricultural practices, we still face several challenges like the technical know-how of both farmers and extension officers, financial constraints, hard and soft infrastructure.

- The Ministry has made a special request from the Ministry of Public Service and Ministry of Finance and Development Planning to fill-in critical positions which are of great significance in their operations.

Recommendations

- The Smallholder Agricultural Development Project (SADP II) should improve its services to farmers.
- The Ministry should develop a comprehensive strategy on how the country is going to establish a sustainable agricultural atmosphere.

MINISTRY OF TRADE, INDUSTRY AND BUSINESS DEVELOPMENT

Previous Year's Performance 2023/2024

3.1. Revenue Performance

Other Sources of Revenue

The Ministry of Trade, Industry, and Business Development had an approved budget of **M 10,836,261.00** However, actual collection amounted to **M7,727,205.15** from the following activities:

- Trading Licenses
- Industrial licenses
- Company registration and Licensing
- Registration fee
- Craft Centre

- Casino licenses
- Guest Houses
- Hotel and lodges
- Club Licenses
- Rent from Government Properties
- Permits
- There has been over collection of registration fees because the dormant licenses holders are no longer required to pay penalties and the relaxed licensing requirement act as an incentive to register businesses.
- Therefore, **71.3%** of the planned annual budget was collected.

3.1.1. Recurrent Budget

The Ministry's approved Recurrent Budget amounted to **M126,656,960.00**; amount released was **M82,993,691.44**. Actual Expenditure was **M81,204,775.58** with the variance amount of **M1,788,915.86**.

3.1.2. Capital Budget

The Ministry's approved Capital Budget for the Financial Year 2023/2024 amounted to **M87,187, 900.00 with the variance of M28,181,288.08**.

However, the Ministry stated the following challenges:

- The project experienced a significant implementation delay as most project activities were put on hold for evaluation by the Government.

- As there were no major climatic shocks in the previous financial year, the sub-component on MSMEs Resilience did not disburse any relief funds to the MSMEs.
- The negotiation and conclusion of substantial contracts, including those involving ILO and UNCTAD, required more time than initially anticipated, given their intricate complexities and substantial value.
- Basotho Enterprises Development Corporation (BEDCO) is beset with serious financial challenges because large portion of the subvention it receives from the Government of Lesotho goes to salaries of the officials working there. However, BEDCO is mandated to empower small-businesses or novice entrepreneurs, refurbishment of BEDCO estates is of pivotal importance.

Ministry of Trade, Industry and Business Development

THE 2024/2025 BUDGET ESTIMATES

The Ministry of Trade, Industry and Business Development is dedicated to:

- create and maintain an enabling environment for business development, trade, investment, cooperatives, and Industrialization for private sector led job creation and poverty reduction.
- improve manufacturing capacity by promoting industrial clusters and integrated value chains.
- strengthen investment and trade promotion.
- promote cooperatives, entrepreneurship, and ethical trading.
- improve Business Facilitation

- diversify products and improve market access.

2.1.5. Revenue Budget Estimates

The Ministry has proposed budget estimate of **M11,225,440.00** as revenue collection which will be collected through:

- Trading Licenses
- Industrial licenses
- Company registration and Licensing
- Registration fee
- Craft Centre
- Casino licenses
- Guest Houses
- Hotel and lodges
- Club Licenses
- Rent from Government Properties
- Course fees.

2.1.6. Recurrent Budget Estimates

The recurrent budget estimates for the Ministry of Trade, Industry and Business Development amounts to **M108,067,028.00** and will be used to undertake the following activities:

- **Wages and Salaries M52,950,827.00**
- **Allowances M550,689.00**
- **Travel and Transport M7,665,761.00**

- Vehicle maintenance
- Fuel and lubricants.
- Short term Hire
- Subsistence Local
- Fares International
- Subsistence International
- **Operating Costs M22,886,846.00**
 - Power
 - Communications
 - Printing
 - Stationery
 - Maintenance of public assets
- **Transfers 23,986,236.00**

Capital Budget Estimates

The Ministry's capital budget amounts to **M491,312,612.00** which is intended to perform the following activities.

- Belo Industrial Infrastructure. **M140 000,000.00**
- Tikoe Industrial Infrastructure **M150,000,000.00**
- New and Cashless Services for One Stop Business Facilitation Centre (OBFC)
M2,686,640.00
- Refurbishment of BEDCO Estates. **M5,000,000.00**
- Capacity Building of MSMEs **M2,650,000.00**

Observations

The Committee observed the following.

- The Ministry of Trade, industry and Business Development did not perform well in generating revenue for this country due to lack of funds for operating.
- The Ministry currently has two Principal Secretaries who are paid from the consolidated fund.
- Government does not generate revenue through charging licenses but through several and well-established businesses in Lesotho.
- Competitiveness and Financial Inclusion (CAFI) is a project funded by international development partners.
- The Training and Incubation Centre is in Mahobong, CAFI offers technical support to farmers.
- The Ministry intends to resuscitate Lesotho Cooperative College in this coming financial year of 2024/2025.
- Lesotho National Development Corporation (LNDC) on the projects of Belo and Tikoe Infrastructure did not get **M150,000, 000.00** that was approved in the 2020/2023 Financial Year that was budgeted for. In 2023/2024 the Ministry of Trade and Industry and Business Development budgeted for **M250,000, 000.00** for both projects and the funds were only released in July 2023. Therefore, the funds released paid for the arrears that were accumulated the previous financial year. The Ministry needs **M293 000,000** to finish off both projects.

Recommendations

- The Ministry should improve its revenue strategies and measures to enhance economic growth of the country.

List of Members of the Committee

- 1.** Hon. S. Hakane (Chairperson)
- 2.** Hon. M. Hloaele
- 3.** Hon. N. Moshoeshoe
- 4.** Hon. 'Manthabiseng Maea
- 5.** Hon. J. Lekunya
- 6.** Hon. H. Letšaba
- 7.** Hon. M. Mpeoa
- 8.** Hon. M. 'Muso
- 9.** Hon. L. Monaheng
- 10.** Hon. M. Seatile
- 11.** Hon. L. Mosoang
- 12.** Hon. I. Rantsho
- 13.** Hon. M. Motsoasele
- 14.** Hon. K. Motseki
- 15.** Hon. I. M. Monokoane
- 16.** Hon. V. Tsheka
- 17.** Hon. L. L. Lethole
- 18.** Hon. M. C. Tekane
- 19.** Hon. K. V. Pholosa
- 20.** Hon. T. Malataliana
- 21.** Hon. N. Seetsa
- 22.** Hon. M. Masoetsa

Annexure 2:

The Portfolio Committee on the Prime Ministers' Ministries and Departments, Governance, Foreign Relations and Information Cluster

1. INTRODUCTION

Pursuant to Section 112 (1) and Standing Order 67 (1), the Minister of Finance and Development Planning tabled Budget Estimates for the financial year 2023/2024 before Parliament. The presentation of the budget was on the 21st February, 2024; the Budget Estimates were subsequently referred to portfolio Committees for scrutiny in accordance to Standing Order number 68. The portfolio Committee on the Prime Minister's Ministries and Departments, Governance, Foreign Relations and Information Cluster reviewed the performance as well as proposals for all Ministries and Departments that fall under its purview; these are as follows:

- Office of the Prime Minister
- Ministry of Public Service
- Public Service Commission
- Ministry of Communications
- Ministry of Foreign Affairs
- Ministry of Defense
- National Security Service
- Disaster Management Authority (DMA)

2. METHODOLOGY

The afore-mentioned Ministries and Departments were invited to present their 2023/2024 budget performance and the 2024/2025 budget proposals before the Committee. This report covers interactions and comments that emanated from the deliberations.

3. MINISTRIES PRESENTATIONS TO THE PORTFOLIO COMMITTEE

PREVIOUS YEAR BUDGET-2023/2024

3.1 Head 309 - OFFICE OF THE PRIME MINISTER

The mandate of the Office of the Prime Minister is to:

- Provide strategic leadership, reforms and direction and coordinate execution of government functions.

3.1.1 Recurrent Budget Performance

- The Ministry was allocated **M116,587,180.00** to execute its day to day activities in order to fulfill its mandate,
- A variance of **M5,485,266.97** on Salaries was noted , it was as a result of failure to confirm some of the conterminous staff in the office of the Prime Minister since resumption of their duties a year ago;
- Some of these staff do not possess formal educational certificates but have gained work experience over the years which the Commission does not recognize;
- These staff still report at work and are assisted by the Rt. Honourable Prime Minister with his personal budget
- Negotiations between the office of the Prime Minister and Public Service Commission on this matter are on-going.
- Virement amounting to **M2,460,425.00** was made to purchase the Deputy Prime Minister's vehicle which was not initially budgeted for
- The Ministry's budget is negatively affected by the on-going Former Prime Ministers and Deputy Prime Ministers' salaries and benefits

- On Subsistence International, the Ministry realized savings as the Rt. Honourable Prime Minister often travel with his delegation on his personal plane free of charge. The only expenses incurred by the Ministry are accommodation and per diem.
- The budget that was supposed to be salaried to some of Prime Minister's staff has not been used because they have not yet been contracted by Public Service and therefore they are being compensated from the Prime Minister's pocket.

Grants

- Allocation of **M7,912,083.00** to National AIDS Commission. NAC has utilized this grant to develop a new HIV/AIDS strategic plan, pay operating costs and staff salaries; however there are no allocations for coordination and decentralization which are core areas in the effective running of its programs.
- A grant amounting to **M8,464,492.00** has been allocated to Poverty Reduction Program. This program has provided 1080 ewes and 108 rams to 108 Basotho in Berea, Leribe and Butha-Buthe respectively. However there are no supporting documents provided and no policies guiding this program; therefore it was not properly accounted for.

3.2 Head 343- Ministry of Public Service

The mandate of the Ministry of Public Service is to:

- Promote a professional public service administration through formulation of public service legal frameworks and coordination of human resource functions for improved service delivery.

3.2.1 Revenue

(a) Taxation

- There were no taxed based revenue collections.

b) Payment of Services and Fees

- The Ministry had an annual target of **M1,400,000** but collected **M297,700.00** for assessment fees, low collection is due to failure of Ministries to pay for assessment services due to low budget allocations.
- The assessment centre charges **M2,000** per session per person while profiling is charged **M1,000**.

c) Other Sources of Revenue

- A collection of **M5,335,748.00** from Rent (Government Properties) has been observed; the annual target was **M5,945.042.00**. The total number of residential houses is four hundred and eighty seven of which thirty are dilapidated and not tenanted.
- Due to limited resources, renovations of these properties cannot be carried out but the Ministry has allowed tenants to make necessary renovations and

provide receipts; the agreement is that tenants should not pay rent up to a certain period equivalent to the renovation expenses.

- For Tuition Fees (LIPAM), the annual target was **M426,900.00** while collection was **M208,604.00**; this is due to phasing out of some courses as well as students' failure to pay fees.
- A collection of **M10,000.00** from Other Fines, Penalties and forfeits has been noted. This collection is far below the annual target of **M116,666.00**, it is from bonding defaulters, the total number of defaulters is 122 and the outstanding amount is **M5,675,888.98**.

3.2.2 Recurrent Budget Performance

- The Ministry was allocated **M127,095,747.00** to execute its operations for the fiscal year 2023/2024
- An additional budget of **M7,499,261.00** has been requested to pay seventeen former Principal Secretaries and two Commissioners, they were paid **M3,000,310.00** and **M4,010,598.00** respectively. Payment has been processed for 12 Principal Secretaries while payment for five is being processed.
- Delay in processing payment for five Principal Secretaries was due to lawyer's failure to agree on the terms of separation; however the Ministry has advised itself process payment by issuing termination letters so that adjustments will be made when agreement has been reached or the courts have ruled.

- **M4,888,353.00** was used to pay salary arrears for Mr. Rantletse who has been appointed at Grade E when he was actually to be placed at Grade F as he possessed a diploma in Engineering.
- The variance of **M170,222.00** on allowances –Non Statutory will be used to pay acting allowances for three officers; two directors and the DPS respectively.
- Virements amounting to **M26,846.00** from Purchase/Production of Material and **M28,405.00** from Food Fodder were made to top up the February fuel bill.
- Virement from Vehicle Maintenance amounting to **M100,000.00** from Communications and **M1,076,982.00** from Rent was made to cater for shortage of funds under Short Term Hire.
- On the Printing vote, **M20,000.00** was vired to Purchase/Production of Material , **M144,103.00** is not yet released.
- **M30,000.00** from Food Fodder was vired to Purchases/Production of Materials while **M159,000.00** has not yet been released.
- An amount of **M8,025,425.00** was requested to cater for payment of software licenses.
- An additional budget of **M483,000.00** was requested to pay ten consultants who were engaged to interview Principal Secretaries; four international consultants were paid by UNDP and M50,000.00 is not yet released.

3.3 Head 310 - MINISTRY OF COMMUNICATIONS

The mandate of the Ministry of Communications is to:

- provide affordable ,accessible, sustainable and reliable communications services,
- Be a provider and reservoir of technological knowhow through research and development
- Coordination and innovation
- To accelerate economic growth and improve quality of life

3.3.1 Revenue

a)Taxation

b) Payment of Fees

- Annual revenue projections for the Ministry in 2023/24 were **M19,060,950**, actual collection was **M4,733,872**, leaving the variance of **M14,327,078**. This low performance is attributed to; a decline in newspaper adverts in the Lentsoe la Basotho newspaper, a tender for raw material used in the ATS department which did not attract bidders and government Ministries not placing adverts on radios and television due to budget constraints.

3.3.2 Recurrent Budget Performance

- The Ministry's allocation for the 2023/24 fiscal year was **M241,330,995**.
- A variance of **M7,304,797** on Salaries is due to vacant positions throughout the financial year, some of the positions have been re-advertised.
- Virement amounting to **M953,551** and **M356,449** were made on Fares International and Subsistence International respectively, to cover tickets and

perdiem for journalists who joined the Rt. Honourable Prime Minister on his trip to Ethiopia in February, 2024.

- An amount of **M5,729,999** under Software Licenses was vied to Maintenance of Public Assets vote to pay for management of data centers
- Allocations on Minor Works (253, 000), Drugs (2200) Dressings (15,540) and Training Costs (**M100,000**) were not utilized due to suppliers not responding to the Ministry's RQF.
- An amount of **M1,488,000.00** will be used to pay for Office Equipment; delivery of this equipment is yet to be completed. payment will be processed
- The use of temporary staff limits the Ministry from carrying out its mandate effectively; they use temporary staff for critical tasks
- Lack of content on Lesotho television is a limiting factor to attracting viewers , the Ministry operates with limited resources to produce quality programs
- Shortage of vehicles and working equipment hinders the Ministry from extending their coverage to other districts and outside Lesotho borders.
- Software Licenses are expensive and thus take a large portion of the Ministry's budget, they are also paid in dollars which often fluctuate on monthly basis.
- An amount of **M691.486.00** paid for Membership Subscription has been observed, this amount is paid in dollars and quite high.

3.3.3 Capital Budget Performance

- The Ministry was allocated a total of **M119,633,375,857** for its three capital projects; Digital Migration and e-government were allocated **M5,000,000.00** each while Infrastructure Project Phase II was sponsored

with the amount of **M109,633,857.00**; donors are Lesotho government and African Development Bank

- Inaccessibility of roads to the sites stalls progress in the Base Tower Stations (BTS) project; roads and bridges destroyed by heavy rainfall.
- Theft and vandalism of equipment at the Base Tower Stations and radio towers are the main challenges in the BTS project

4.1 Head 312 - MINISTRY OF FOREIGN AFFAIRS

The mandate of the Ministry of Foreign Affairs is to;

- Advance and protect Lesotho's National interests in the International arena
- To promote good relations with other countries for the benefit of Lesotho

4.1.1 Revenue

(a) Taxation

- There are no tax based revenue collections.

(b) Payment of fees

- There no fees to be paid.

(c) Other Sources of Revenue

- For the fiscal year 2023/24, the Ministry had set an annual target of **M396,000.00** for rent from government owned properties (Indent House) they collected **M121,489.18** with a variance of **M274,510.02**.
- This low collection is attributed to; tenants not honoring their tenacity contracts, and limited funds to carryout renovations

- The Ministry has paid six million for property rates
- The Ministry requests thirty-six million to start renovations
- Ministries that are engaged in this initiative are; Ministry of Foreign Affairs, Ministry of Public Works and Ministry of Finance.
- The Cabinet has resolved to dispose off this property but the Ministry believes that it can be renovated; that the ground floor could be rented for retailing while top floors could be offices.
- Most of the government properties globally are dilapidated and the Ministry intends to renovate all properties.

4.1.2 Recurrent Budget Performance

- The Ministry was allocated **M430,016,310**
- The ceiling set by the Ministry of Finance is a hindrance to the Ministry's performance
- Monthly allocations by the Ministry of Finance are too limited and cannot cover contractual obligations such as rent, insurance, utilities and communications; contractual obligations for the fourth quarter in Missions are still outstanding due to delay in release of funds.
- Foreign exchange rates fluctuate on the value of funds on monthly basis and this causes unnecessary expenditure
- Funds for remittances do not reflect a true picture as they have been delayed and shall be paid in the current budget
- A contingency amounting to **M2,764,753.00** was released to cater for vacant positions as well as Fares International and Subsistence International for the Ministry's delegation to New York for the General Assembly.

- Virement amounting to **M1,216,916.00** was made from Administration to cover shortage under Subsistence Local, Fares International and Subsistence International.
- Virement amounting to **M9,816,590.90** was made from Missions of Geneva,Tokyo,Ottawa,Kuwait New York to cover shortages in other Missions.

5.1 PUBLIC SERVICE COMMISSION

Public Service Commission intends to achieve the following objectives:

- To select persons to hold offices in the public service ; and
- To handle other human resources related matter such as appointments, confirmations and separations (retirements, resignations etc.)

5.1.1 Recurrent Budget

The Ministry's approved budget for the previous year 2023/2024 was **M13,573,431.00**, the total amount released was **M11,886,991.69**, the actual expenditure was **M3,480, 372.78** and the variance was **M728, 14.57**, which was caused by late release of warrants.

6.1 MINISTRY OF DEFENCE

The Ministry of Defence is mandated to:

- Protect the territorial integrity and sovereignty of the Kingdom of Lesotho and uphold the constitution;

- Achieve a high state of mission readiness, efficiency in administration, training and operations;
- Fight limited conventional war operations against any form of aggression;
- Provide policy direction, guidance and oversight to the military;
- Promote civil-military relations; and
- Enhance peace, security and stability locally and internationally at all times.

6.1.1 Revenue

The Ministry's approved budget for the financial year 2023/2024 was **M5,500,000.00**, the actual collection was **M583,103.00** and the variance of **M4,916, 897.00** was caused by the following:

- Most of the aircraft were grounded, affecting revenue for aircraft hire; and
- ceiling set by the Ministry of Finance and Development.

6.1.2 Recurrent Budget

- The Ministry's approved budget for the previous year 2023/24 **M652,327,506.00**, the total amount released was **M786,430,455.00** and the variance was **M2,810,816.00** which was caused by termination of the contract of the Principal Secretary in August, 2023. The contract was to expire in May, 2023.

The Ministry has budgeted **M963,579.50** for the Financial Year 2024/2025.

7.1 NATIONAL SECURITY SERVICE (NSS)

The mandate of the National Security Service under section 5 of the National Security Services Act No. 11 of 1998 is to protect the national security against the following:

- Threats of espionage, terrorism or sabotage which may infringe on the national security;
- Activities of agents of foreign powers and from actions of persons intended to overthrow or undermine democracy by political, industrial or violent means;
- The economic well-being of the state against threats posed by the actions or intentions or persons inside or outside Lesotho; and
- Any activity that may tend to operate undermine national security.

7.1.1 Recurrent Budget

The Ministry's total amount released is **M107,302,023.00**, actual expenditure is at 98%. The Ministry experienced the following challenges:

- Resignations, and dismissals of personnel;
- Promotions not honoured; and
- Late submissions of invoices by the supplier.

NSS has Budgeted **M128,611,03.00** for the Financial Year **2024/2025** which seems to be higher than the previous year's budget. However, the Ministry pointed out that for the current financial year 2024/2025, their budget will not be able to meet some of their needs, especially procurement of some intelligence gadgets that will fill the gap while the issue of the establishment of the service is being dealt with.

The ceiling was also lowered by the **M2,297,559.00** of the Personal emoluments which was not utilized in the Financial Year 2023/2024 due to unhonoured promotions.

7.1.2 Capital Budget

The total amount released was **M12,907,545.00**, actual expenditure was **M1,436,414.00** and the variance was **M11,471,131.00**. The variance was caused by the late submission of Certificates of Completion by the Ministry of Public Works and Transport.

8.1. DISASTER MANAGEMENT AUTHORITY

The Mandate of Disaster Management Authority (DMA) is to:

- Build National resilience against the effects of disasters;
- Deal with disasters, should they happen more effectively and expeditiously;
and
- Establish strategic alliance between DMA and local, regional and international DRM institutions.

8.1.1. Recurrent Budget

DMA'S approved budget for the previous year 2023/2024 was **M56,006,068.00**, the total amount released was **M43,349,494.75.00**, the actual expenditure was **M42,253,548.67** and the variance was **M1, 095,946.08**. DMA experienced the following challenges:

- The delay of the release of the first quarter warrant, causing a delay in the processing of requisitions; and
- Funds for fuel and lubricants not utilized due to the delay to open DMA's account.

The budget for the Financial Year 2024/2025 is **M128, 611, 03.00**.

9.1 Head 309- OFFICE OF THE PRIME MINISTER

THE CURRENT BUDGET

9.1.1 Recurrent Budget Estimates

- The Ministry proposes **M118,191,454.00** for the Financial Year 2024/2025.

9.1.2 Grants

- A fall off from **M7,912,083.00** to **M7,076,002.00** on NAC's allocation and from **M8,464,492.00** to **M4,523,335.00** on PREP's allocation has been observed. NAC plans to strengthen leadership and coordination and decentralization programs; however, fluctuating and low budget allocations are a hindrance to the implementation of its activities.
- PREP aims at implementing poverty reduction programs in the Mafeteng and Maseru districts.

9.2 Head 343- MINISTRY OF PUBLIC SERVICE

9.2.1 Revenue

- The Ministry has set an annual target of **M7,267,745.00** for the fiscal year 2024/25.

9.2.2 Recurrent Budget Estimates

- There is a notable decline from the previous year's allocation of **M127,095,747** to **M72,329,643.00** ; the current year's budget will be used to pay for the Ministry's expenditure such as; Salaries and Wages ,Travel and Transport .Operating Costs and Acquisition of Non- Financial Assets.
- The Ministry plans to improve LIPAM's training capacity ,infrastructure and curricula to deliver key training programs for government Ministries, in addition to design and update induction program for public service Commissioners and other high ranking officials.
- They aim at improving the service throughout public service by ensuring that all Ministries have citizen service charters and are displaced at service points
- The Ministry intends to improve working conditions of public officers through development of HR policies which will ultimately improve efficiency in human resources management systems,

10.1 Head 310- MINISTRY OF COMMUNICATIONS

- The Ministry has set an annual target of **M9,040,474.00**; collection will be from sale of airtime for adverts or programs television and radios, sale of goods or products and sale of advertising.
- The Ministry plans to move Lentsoe la Basotho Newspaper to a digital platform in order to generate more income.

10.1.1 Recurrent Budget

- The Ministry proposes an amount of **M239,227,326,00** for the fiscal year 2024/2025.

10.1.2 Capital Budget

- The Ministry proposes an amount of **M224,438,902** for the fiscal year 2024/2025.

11.1 Head 312 – MINISTRY OF FOREIGN AFFAIRS

11.1.1 Revenue

- The Ministry proposes an amount of **M360,000.00** for the fiscal year 2024/2025.

11.1.2 Recurrent Budget

- The Ministry of Foreign Affairs proposes an amount of **M440,082,625.00** for the financial year 2024/2025.

12.1 PUBLIC SERVICE COMMISSION

- The Ministry has budgeted **M669, 831, 310.00** for the Financial Year 2024/2025.

13.1 MINISTRY OF DEFENCE

- The Ministry had budgeted **M963,579.50** for the Financial Year 2024/25.

14.1 NATIONAL SECURITY SERVICE (NSS)

- NSS has budgeted **M128, 611, 03.00** for the Financial Year 2024/2025.

14.1.1 Capital Budget

- NSS has budgeted **M20, 000, 000.00** for the Financial Year 2024/2025

15.1 DISASTER MANAGEMENT AUTHORITY

The budget for the Financial Year 2024/2025 is **M128, 611, 03.00**.

OBSERVATIONS AND RECOMMENDATIONS

- There is no policy that guides poverty reduction programs in the Office of the Prime Minister; these programs were also not properly financially accounted for.

- Low budget allocations from the government are a hindrance to implementing NAC programs, the main funders for its activities are NAIDS, UNFPA, Global Fund and other UN agencies.
- The on-going salaries and benefits of the former Prime Ministers and deputy prime Ministers take a larger portion of the Ministry's budget; the Ministry should request a separate budget from the Ministry of Finance
- The issue of hiring of conterminous staff in the office of the Prime Minister needs urgent attention as these staff is budgeted for but the allocation was not utilized.
- Savings on both subsistence local and Fares international in the Office of the Prime Minister have been observed ; the Rt Honourable Prime Minister often travel with his delegation in his personal plane free of charge.
- The Committee has noted with concern the poor revenue performance of the Ministry of Public Service, annual targets are very high with a low collection; the Ministry should come up with new strategies that will assist them generate more income
- The Ministry of Communications should draw a detailed plan on how defaulters should be enforced to pay in order to increase revenue collection, the strategy of radio announcements is not yielding any results.
- The Assessment centre does not generate any income as it was initially planned by the Ministry of Public Service, marketing strategies need to be strengthened in order to generate more revenue.
- The Committee has observed so many virements throughout the Ministry of Public Service recurrent budget; budgeting processes need to be reviewed

- Settlement of former Principal Secretaries has a negative impact on the of Ministry of Public Service's budget, contracts of Principal Secretaries need to be reviewed as some contracts end in 2025.
- Due to limited resources, the Ministry of Communications cannot afford production equipment, the equipment they use is outdated
- Lack of content is the main challenge in the production of television programs ; the Ministry of Communications should maximize revenue collection in order to reduce production costs.
- The Ministry of Communications uses is temporary staff for critical tasks, this has resulted in numerous errors on television programs; the issue of temporary staff should urgently be addressed by relevant Ministries to
- Limited resources have compelled the LNBS to target the Rt Honourable Prime Minister's programs for coverage, the Ministry should find ways with which they can source news such as internet and social media platforms
- Software Licenses are costly and negatively affects the Ministry's budget, they are often paid in dollars however, the Ministry's initiative of training ten software developers will reduce costs.
- Renewable Energy research support will boost the Ministry in revenue collection as the Ministry will manufacture solar panels which will be sold locally and internationally, the Ministry of Finance is to sponsor this program with M15,000,000.00.
- The Committee is concerned that more funds will be lost on the renovation of Indent House, the Ministry of Foreign Affairs needs thirty six million for the renovations; the Committee is of a view that the amount wont be released within the current year

- The Ministry of Foreign Affairs has reported to have paid property rates amounting to six million maluti for the Indent House
- The Committee is concerned that there are no documents supporting how renovations would be carried out; the suggestion is that Ministries involved in such a project should give the Committee a detailed plan on how it is going to be implement
- The Ministry of Foreign Affairs needs to review the level of professionalism on the appointments to the Missions, otherwise the government will continue to lose funds on these appointments
- Generally late release of funds by the Ministry of Finance seem to affect operations of all Ministries , most of the Ministries activities commence in the second quarter; the Ministry of Finance should fast track releasing funds on time to Ministries to avoid hindering their operations
- Generally, revenue targets set by the Ministry of Finance are very high while Ministries collection is very low; the Ministry of Finance should engage Ministries before setting the targets or allow them to set their own targets.
- The Desk Officers of the ministries should be present during the presentation of the Budget Estimates;
- Members of Parliament should be included in the budget consultations at the community level;
- The primary role of the Ministry of Defense should be audited in order to assist with their day to day operations
- On the Capital Budget for the NSS, there was a delay in the issuing of the certificate of completion by the Ministry of Public Works and Transport, the

Committee therefore, recommends fast tracking of the process in order to avoid the escalating prices of the projects and to avoid hamper

- ring relations between the Ministries and the Contractors;
- Lack of the adoption of Institutional Regulatory Framework to enhance NSS's executive authority is highly important; therefore, the Ministry needs to speed up this process;
- There is a delay on the release of funds by the Ministry of Finance to other ministries, which causes under-expenditure; therefore, the Ministry should fast track the process;
- Boot camp hosted by the LDF should be formalised and be transformed into a national programme.
- There is dire need for the Ministry of Defence to be self-sufficient and therefore, the Ministry should fast track the process by including procurement of dairy cattle, farm fields and seeds in their budget for the next Financial Year 2025/2026; and
- Public Service Commission should include Recognition of Prior Learning during the interview process so that candidates without qualifications can be considered.
- The Committee noted with concern that the Accountability Unit and Public Service Effectiveness departments within the Office of the Prime Minister were established but their legality is questionable. However, they have been budgeted for. Further, both departments perform the same obligations. This duplication of work is being done despite the fact that the International Monetary Fund (IMF) has, for years raised a concern that the wage bill for the country is very high.

- The performance for personnel and projects should be monitored by the Ministries of Public Service and Development Planning respectively and should report accordingly to the Office of the Prime Minister.
- Lesotho should implement a project on Food and Nutrition Security Programmes to show the support and appreciation that His Majesty is AU Champion on Nutrition, FAO Special Ambassador for food and Nutrition and World Bank Human Capital Champion. 98

LIST OF MEMBERS OF THE COMMITTEE

- 1. Hon. K. Letlailana (Chairperson)**
- 2. Hon. S.M. Moshe**
- 3. Hon. M. Maliehe**
- 4. Hon. T. Nkoefoshe**
- 5. Hon. P. Kelane**
- 6. Hon. M.Mosoeunyane**
- 7. Hon. M. Taole**
- 8. Hon. M. Tjabane**
- 9. Hon. K. Mabeleng**
- 10.Hon. T. Makhalanyane**
- 11.Hon. M. Matsie**
- 12.Hon. L. Mafethe**
- 13.Hon. Dr. P. Manamolela**
- 14.Hon. S. Mosebetsane**
- 15.Hon. L. Makara**
- 16.Hon. N. Kabi**
- 17.Hon. I. Joseph**
- 18.Hon. M. Mokhothu**
- 19.Hon. M. Khati**
- 20.Hon. M. Mofomobe**
- 21.Hon. N. Moshoeshoe**
- 22.Hon. D. Jooma**

ANNEX 3

PORTFOLIO COMMITTEE ON LAW AND PUBLIC SAFETY CLUSTER

1. Introduction

On the 21st February, 2023, the Honourable Minister of Finance, pursuant to Standing Order No. 67 tabled the Budget Estimates for the year 2024/2025 before Parliament. The Budget Estimates were referred to the Portfolio Committee on the Economic and Development Cluster for scrutiny pursuant to Standing Order No. 68.

The Portfolio Committee on the Economic and Development Cluster with the help of other Portfolio Committees looked into the policy context, financial implications and contents and effects of the estimates for all government ministries and departments. The Portfolio Committee on Law and Public Safety Cluster specifically looked into the budget estimates of the following ministries and departments;

- Directorate on Corruption and Economic Offences;
- His Majesty's Office;
- Independent Electoral Commission;
- Judiciary;
- Ministry of Justice and Law;
- Ministry of Local Government ,Home Affairs and Police;
- National Assembly;
- Office of the Ombudsman;and
- Senate.

2. Methodology

The Committee relied mainly on Ministries' and departments' submissions and briefings which formed the basis for opinion making. The written and oral

presentations of Ministries and Departments were considered and also deliberated upon.

3. Considerations of Ministerial Budgets

3.1. Directorate on Corruption and Economic Offences (DCEO)

For the Financial Year 2024/2025 DCEO intends to enhance its operational efficiency and effectiveness by;

- Conducting public education awareness campaigns to all sectors of the society
- Developing and implementing the National Anti-Corruption Strategy and Action Plan (NACSAP) 11 framework
- Conducting an assessment of risks, trends and methods on emerging trends on corruption, Money Laundering and any related offences within the Public and Private Institutions to identify areas of vulnerability
- Prioritizing Investigations and prosecution, asset recovery and litigation
- Conducting Vulnerability Sector Management
- Developing the five (5) Organizational Strategy document

The 2023/2024 Budget Performance

3.1.1. Recurrent Budget

Out of the planned expenditure amounting to **M60, 162, 658.00** the Directorate consumed **M 48, 760, 753.00**. The variance to the amount budgeted for was due to;

- Cyber –attack on the financial systems
- Delay in the release of warrants
- Bills that are yet to be paid

The Current Budget Estimates- 2024/2025

3.1.2. Recurrent Budget

The Directorate proposes a total of **M74, 087,846**, for its recurrent budget activities and this include investigation and prosecution of corruption cases and public education.

3.1.3. Observations

The Committee made the following observations:

- The Directorate budget ceiling is the same as the last the last financial year.
- The warrants which were not released bear a negative impact on the performance of the Directorate.

- Delays in allocation of cases in the Courts have hindered the process of engaging Outside Counsel.
- Low remuneration benefits result in turnover of competent staff leaving to other institutions offering better compensation packages.

3.1.4. Recommendation

- The Committee recommends that the Directorate be fully autonomous so that it is able to function to its full capacity without any delays as presently is the case and decisions of the DCEO be final and legally binding in nature to ensure decisions are implemented.

3.2. His Majesty's Office

His Majesty's Office is assigned to promote a working relationship between His Majesty and the Government of Lesotho through strategies and mechanisms of regular consultations.

The 2023/2024 Budget Performance

3.2.1 Recurrent Budget

The initial approved recurrent expenditure for His Majesty's Office amounted to **M 15, 365, 123.00**, but the Office was granted additional budget amounting to **M 3,287,179.00** to cater for His Majesty's 60th Birthday Celebration. This resulted in the revised budget of **M 18, 651, 778.00** and for the Office to achieve its objectives **M14, 892,868.12** of the total budget was spent on various activities.

There was, however, the remaining balance of **M 2, 545, 274.02** which was due to 3 vacant positions that were not filled and the delay in releasing funds. The employees' salaries, allowances of State Council members and bills will be paid with the variance in March 2024.

3.2.2. Capital Budget

For its capital budget, His Majesty's Office was allocated **M210, 000,000.00** for the construction of the new Royal Palace for the year 2023/2024. **M199, 107,734.00** of the budget was reallocated to other ministries during the Financial Year 2023/2024 and that resulted in the revised budget of **M10, 892,266.00**. There was no expenditure under capital because there are still pending management issues relating to the project.

3.2.3. Observations

The Committee made the below observations:

- Delay and irregular release of warrants remain a big challenge as this results in delays in processing supplier payments.
- There has been a high sub-contractor turnover for the construction of the new Royal Palace.
- The Committee noted with great concern that the construction of Royal Palace has stopped since 2021 and it has been under construction for 13years due to internal issues of the Office as well as Building Department Services regarding the project.
- The Committee noted that the delay in completing the project was due to internal issues of the Office as well as Building Department Services. Further,

there was nobody assigned to oversee the progress made regarding the project.

- There has been no progress report in relation to the project since 2020.
- The Minister was expected to provide the Committee with the Financial, Technical and Structural Audit in relation to the Royal Palace building but to date that information has not yet been submitted.

3.2.4. Recommendation

His Majesty's Office should submit the Financial, Technical and Structural Audit related to the Construction of Royal Palace to the Committee.

3.3. Independent Electoral Commission (IEC)

3.3.1. Revenue

The Ministry had budgeted for **M304 000.00** and was able to collect **M 4 518 134.00** mostly collected from selling of tender documents and registration of political parties.

3.3.2. Recurrent Budget

Out of **M 371 061 825.00** which the Ministry had requested, **M 363 810 094.99** was released; Actual expenditure was M 257 734 120.96 with a variance of **M 106 075 974.03** which is due to the following:

- Salaries that are yet to be paid before the end of Financial Year
- Outstanding bills

The Current Budget Estimates -2024/2025

The Independent Electoral Commission contributes to a strong participatory and democratic electoral process in Lesotho, and it intends to achieve the following objectives:

- Review constituencies' boundaries, electoral laws, policies and procedures;
- Improve participation of stakeholders in electoral process;
- conduct credible, free, and fair elections; and
- Improve quality of electors' registration and ensure production of a more acceptable electors' register to mention a few.

3.3.3. Revenue Budget

IEC has proposed budget estimate of **M 962 000.00** as revenue collection which will be collected through sale of tender documents, interest and registration of new political parties.

3.3.4. Recurrent Budget

The Recurrent Budget Estimates for IEC amounts to **M 206 246 951.00** and will be used to undertake the following activities:

- Payment of staff salaries and allowances.

- Funding of all travel and transport activities, including maintenance of vehicles and payment for short-term hire of vehicles.
- Payment of administrative costs, such as Power and Rentals.
- Purchase of Organizational Vehicles.

3.3.5. Observations

The Committee observed the following;

- Some activities of IEC might be abandoned due to limited funds.
- Most of the rates for revenue collected by the IEC are very low and there is a need to revise them.
- There is a late release of funds by the treasury.
- Not filling some of the positions might lead to the IEC not realising its mandate or achieving its 2024/25 financial year objectives.

3.3.6. Recommendation

IEC is recommended to purchase a building with a surplus of **M 80,000,000.00** whilst doing necessary preparatory work to construct their own building.

3.4. Judiciary

Judiciary is mandated to:

- Deliver Justice to all, in accordance with the Constitution and the Laws of Lesotho; and
- Deliver accessible swift and quality Justice.

The 2023/2024 Budget Performance

3.4.1. Payment of Services and Fees

The Judiciary's approved budget for revenue collection was **M3, 111,500.00** but it has collected **M2, 107,790.45** which is less than the set target by **M1,003,709.55**

The underperformance was due to the following:

- Fewer cases opened,
- Less admission of certificates for newly qualified Practitioners issued,
- Less judgments with an option of fine,
- Judiciary is generally not a revenue collecting agency; it becomes therefore difficult to budget for revenue with precision. It is however, a requirement that this feature be part of Judiciary's budget at the risk of under or over performance.

3.4.2. Recurrent Budget

The Judiciary was initially allocated a budget of **M 126, 777, 683.00** and granted additional budget of **M2,205,294.00**. Its revised budget was therefore **M128,982,977.00** and the total expenditure was **M 131,443, 864.43** which was used on the activities that enable the Judiciary to achieve its obligations.

3.4.3. Recurrent Budget Estimates

3.4.4. Payment of Services and Fees

The Judiciary has budgeted to collect **M3, 119, 651, 00**. This revenue will be collected through Master's, judicial, court fees and sale of tender.

3.4.4. Recurrent Budget Estimates

The Judiciary has proposed a budget of **M128, 016, 359.00** for its salaries and wages, travel and transport as well as daily expenses.

3.4.5. Observations

The Committee made the following observations:

- The Committee noted that budget for fare international was only **M7, 059.00** and therefore the Judiciary compelled to attend only sponsored statutory international trips.
- The Committee observed that local courts are dilapidated.
- The Committee noted with great concern that Judges are provided with security (Bodyguards) only when they are at work and performing their personal duties not when they are at their residence.
- It was observed that backlog cases remain a challenge in Courts and that denies Basotho justice.
- The budget estimates for the financial year 2024/2025 is not sufficient.
- It was noted that the Judiciary is understaffed.
- The Committee noted that cases of murder are increasing daily due to affordable bail provided by Courts.

3.4.6. Recommendations

- There is a need for the establishment of a special fund for community sentencing to be reinstated.

- It is recommended that the budget be increased to allow the Judiciary to perform its duties fully.
- Minor cases should be completed speedily in order to reduce inmates in Lesotho Correctional Services.
- The Bail for murder cases should be increased.
- The Government should consider providing 24hrs security for Judges because their work is risky.

3.5. Ministry of Justice, Law, and Parliamentary Affairs

The Ministry of Justice, Law and Parliamentary Affairs wants to pursue the following objectives:

- To provide timely and efficient legal and justice services to the Government and the public with the aim of upholding the constitution and the rule of law as well as promoting good governance.
- To provide effective, transparent, efficient, and equitable legal services and justice system.

The 2023/2024 Budget Performance

3.5.1. Payment for Services and Fees

The Ministry's target for revenue collection amounted to **M3,908,685.00** for the Year 2023/2024 and it has managed to collect **M3,181, 384.28** from various sources of collection. It has collected below the set target because it was unable to access revenue reports in their system due to technical problems.

3.5.2. Recurrent Budget

The Ministry was allocated **M329,179,218.00** and the total spending of the budget was **M292,892,596.08** which was utilized on activities planned to assist the Ministry in fulfilling its obligations and objectives.

The budget balance of **M7, 164,624.55 37** will be used on paying salaries, wages, allowances, and bills before the end of March 2024.

3.5.3. Capital Budget

The Ministry's capital budget amounted to **M 5,000,000.00** and was intended to finance activities related to the implementation of Refurbishment of Correctional Institutions and Installation of new high security fence at Mohale's Hoek Correctional Facility. The total budget of **M4, 527, 210.70** was spent on the Installation of Mohale's Hoek Correctional Institutions security fence which is being finalised.

The Current Budget Estimates-2024/2025

3.5.4. Revenue

The Ministry has budgeted to collect **M 3,877,740.00**. This amount is an aggregate made up of fees from sale of tender documents, registering of associations, patent fees and others.

3.5.5. Recurrent Budget

In order to function effectively, efficiently and achieve its objectives, the Ministry will need **M 329,178,198.00**. This money will be used to pay salaries for established posts, allowances for non-statutory posts and other operational costs.

3.5.6. Capital Budget

The Ministry proposed to be allocated **M 15,000,000.00** as capital budget which is aimed at covering expenses related to the following activities for the implementation of Lesotho Correctional Services and Refurbishment of Correctional Institutions;

- Prison industries: Bricks and Block Molding,
- Repairs and procurement of tractors and farming implement,
- Procurement of irrigation systems and farming inputs,
- Borehole and water reticulation in Leribe prison,
- Renovation of the Maseru Central prison, and
- Renovation of Mohale's Hoek prison.

3.5.7. Observations

The committee observed the following:

- Having activated trading account, the Ministry plans to establish self-reliance projects for Lesotho Correctional Services and lessen the burden on the government, not only improving revenue collection but also improving the services for the rehabilitation of inmates.
- The Ministry of Finance has promised to provide the Ministry with an additional budget amounting to **M10,000,000.00**, and with that budget, the Ministry intends to revamp government printing in order to enable the government to be effective and efficient in terms of printing crucial documents such as receipts, passports, identity documents, ballot paper to mention the few. Thereto, the Ministry plans to maintain and repair the

already existing machines and equipment as well as the procurement and installation of new machinery and equipment in order to replace some absolute ones. This will ultimately improve the services offered by the department and thus increase revenue collection.

- Recruitment and Capacity Building of Legal Professional: the Ministries aims to conduct a lot of trainings for prosecutors and other legal professionals. This will eventually result in improving access to justice for all because a massive backlog of cases will be addressed.
- Justice and legal services remain highly centralized, and this prohibits service delivery especially in the southern region.
- There is a need to capacitate the Prosecution Office in order to stop the practice of outsourcing legal services in high profile cases as it's becoming implausible.
- For the next three years, the Ministry will ensure that a structure which will be responsible for the implementation of National Reforms is established. Further, it will guarantee the implementation of the Omnibus Bill after it has been passed.

3.5.8. Recommendations

- Unoccupied government properties be renovated and be used as government offices to avoid paying a lot of money for rent.
- The Ministry should make necessary arrangement in relation to remove and transfer the responsibility of collecting revenue from trademarks, births and deaths certificates to the Ministry of Home Affairs.

3.5.9. Ministry of Local Government, Chieftainship, Home Affairs and Police

Responsibilities of the Ministry:

- To promote urban and rural development for improved quality of service delivery.
- To improve protection and safety of life and properties of citizens and non-citizens and their movement by 2027.
- To strengthen capacity of Local Government and the Ministry for Improved access and delivery of services to citizens by 2030.
- Promote suitable living environment for sustainable national development by 2030. To promote urban and rural development for improved quality of service delivery

The 2023/2024 Budget Performance

3.6. Revenue

Revenue target from different sources was **M 35,382,479** and the Ministry had managed to collect revenue to the tune of **M 30,359,667.33** leaving a variance of **M 5,022,811.67**. Reasons for this shortfall are as follows:

- The public toilets are non-functional and not in a good condition to attract the public, in some cases there are no water and cleaning materials;
- Under collection due to Noncompliance;
- Firearm license registrations have been suspended;
- Collection from Police clearance was not done in June due to IFMIS problem

3.6.1. Recurrent Budget

The approved recurrent budget for the financial year 2023-2024 was **M 1,730,942,092** while the revised budget was M1,777,114,607.00 due to contingency amount of **M46,172, 516.00** of the given contingency, M40,568,283.00 was meant to purchase passport booklets, IDs and their consumables while M5,604,233.00 catered for Kings Birthday activities.

3.6.2. Capital Budget

The Ministry's approved budget was **M 457,800, 000.00**. Total amount released was **M169, 185,850.00; M107, 858,991.00** was actual expenditure while the variance was **M61, 308,219.45**. The following were noted;

- Project Implementation (Mpilo Boulevard Intersections Upgrading) has stopped and the contractor has been issued with the letter of termination;
- Mahlakeng Community Council office could not take off due to emerging conflict among councilors regarding the site for office construction
- Most planned activities(water maintenance were delayed as a result of late costing by the Department of rural water supply (DRWS) hence less expenditure

The Current Budget Estimates- 2024/2025

3.6.3. Payment for Services and Fees

The Ministry has budgeted to collect **M37, 774,962** as revenue from building permits, abattoir fees, insurance commission, and rent from Government properties as well as market fees among others.

3.6.4. Recurrent Budget

The Ministry proposes a total amount of **M1, 783,657 233** for the Financial Year 2024/2025. This money will be used to:

- Pay for personal emoluments
- Procure blank passports booklets, identity card and birth certificates.
- Pay for utilities, system maintenance, passports , Police uniform
- Pay for Court order claims
- Purchase vehicles for police and councils
- Procure office equipment for Local Government Service Commission and Tribunal.

3.6.5. Capital Budget

The Ministry estimates that it will need M 485,797,380.00 for its Capital expenditure, and this amount will be funded by the Government of Lesotho in its entirety. The capital budget estimates will be shared between the following projects.

- Urban Roads Upgrading M 97,302, 725.00.

- Local Climate Adaptive Living Facility Program (Local) M 7,194,655.00
- Construction of Principal Chiefs Offices (Construction of Botha-Bothe Principal Chief's Office) M 5,000,000.00.
- Local Government Infrastructure (Construction of Kanana D08 Community Council Office) M 4,800,000.00
- Construction of Bus Terminals in Mafeteng, Leribe and Berea M 60,000,000.00
- Construction of Thabana- Morena Police post M 20,000,000.00
- Upgrading of Urban Roads (Start Construction of Berea Urban Roads and continuation of Mpilo Boulevard Intersections Roads).M150,000,000.00
- Solid Waste Management (MCC) M 5,000,000.00.
- Waste Management for Urban Councils M 10,500,000.00.
- Development Fund for Councils M 26,000,000.00.
- Development of Rural Community Roads M 100,000,000.00

3.6.6. Observations

The Committee observed the following:

- The Ministry has an engineering department and owns yellow plant and trucks for roads construction therefore should easily achieve their plans.
- Delay in release of warrants by the Ministry of Finance poses a problem as they t stall completion of projects.

- The Ministry is facing some challenges in relation to revenue collection, such as unavailability of bylaws to enable Councils to collect revenue.
- The local councils face a challenge of unavailability of funds due to the absence of fiscal decentralization. All revenue collected is deposited in the Consolidated Fund and nothing is left at council level.
- The Ministry of Police did not submit policing plan on how to fight crime.
- The Committee noted that there is still a shortage of passports and there is a public outcry in relation to the said shortage and that has a negative impact on people as they lose their jobs.
- The Committee applauds the Ministry for purchasing vehicle for Police Posts.
- The solid waste budget has increased as compared to the last Financial Year.

3.6.7. Recommendations

The committee's recommendations are as follows;

- Ministry should make a deliberate effort to explore strategic ways and means of cutting unnecessary expenditure;
- The Ministry of Finance should release funds in time in order for other ministries to implement their activities without hindrance and to avoid under- expenditure.
- In line with meager resources that the country has and the tight budget, ministries budget proposals should only cover projects that are ready for implementation.
- Ministry should set clear, realistic and achievable goals that would ensure prudence in expenditure.

- The Ministry should create Separate votes for Councils.

3.7. National Assembly

National Assembly of Lesotho has set the following objectives to achieve:

- Enact the laws for the good governance of Lesotho;
- Enhance parliamentary oversight over the Executive with major focus on key National Strategic priorities;
- Increase parliamentary openness and involvement for citizens to participate in parliamentary business; and
- Enhance parliamentary independence through reforms

The 2023/2024 Budget Performance

3.7.1. Recurrent Budget

The National Assembly approved budget was a total of **M102,254,502.00** The total amount released was **M103 675 301.00** Actual Expenditure is **M77,959, 919.00**The Ministry submitted that the remaining recurrent budget will be fully utilized by the end of March, 2024

The Current Budget-Estimates-2024/2025

3.7.2. Recurrent Budget

National Assembly has the total amount of M **102,315,722** as Recurrent Budget for the Financial Year 2024/2025; to perform the following activities:

- Pay salaries and allowance for 2 Presiding Officers, 102 MPs, 116 parliamentary staff and 80 Constituency Secretaries.
- Fill 8 vacant positions.
- Pay allowances for Presiding Officers and MPs.
- Pay monthly bills.
- Maintain, repair and service ministerial fleet (9 vehicles)
- Fuel ministerial fleet (9 vehicles);
- Finance lodging and boarding for Committee trips
- Finance international official holidays for Presiding Officers and Leader of Opposition
- Replacement of a de-fleeted quantum for conveyance of committee members

3.7.3. Observations

The Committee observed that the budget is insufficient to cater for effective oversight function of the Portfolio Committees and other crucial activities of Parliament. The Parliament of Lesotho is a member of the international organizations such as Commonwealth Parliamentary Association (CPA), SADCOPAC and SADC PF to mention but few. The funds allocation is insufficient for the organization to attend and participate in crucial meetings and conferences of these bodies.

3.7.4. Recommendations

It is recommended that the Minister of Finance should revise budget allocation of National Assembly by **M 5,695,052 .00** to allow it to perform its duties pertaining to:

- Subsistence Local
- Fares International
- Subsistence International
- Minor Works
- Office/Residential Furniture
- Non -Office Equipment

3.8. Office of the Ombudsman

The Office of the Ombudsman is mandated to:

- Respond and effectively make resolution of complaints from the public against the public sector and parastatals and
- Protect and promote fundamental human rights.

The 2023/2024 Budget Performance

3.8.1. Recurrent Budget

The office was allocated a budget of **M11, 121, 132.00**. For the Office to be operational a total budget of **M9, 560,133.00**, was spent mainly on the activities required by the Office to achieve its objectives.

The Current Budget Estimates-2024/2025

3.8.2. Recurrent Budget

The Office of the Ombudsman has planned to incur expenses amounting to **M11,678,027.00** for the 2024/2025 financial year to mainly pay monthly salaries, local trips cater for operational costs and purchase a vehicle for the Ombudsman.

3.8.3. Observations

The committee observed the following:

- The Office intends to decentralize its services through 2 regions (North and South).
- It has been noted that a very large amount of money is spent on rent for the Office, leaving a very small room for day-to-day activities.
- The Committee noted with Concern that the Office of the Ombudsman is unable to carry out its activities due to budget constraints and thus unable to fulfill its mandate.
- The Office of the Ombudsman is under-staffed.

3.8.4. Recommendations

The committee recommends that:

- Unoccupied government properties be renovated and be used as government offices to curb paying rent.

The 2023/2024 Budget Performance

3.9. Senate

The Senate's strategic objectives are prgood and effective governance by ensuring that the national laws promote the welfare of the citizens and protect their rights and privileges; and that services provided by the Executive arm of Government serve the interests of the people of Lesotho.

3.9.1. Other Source of Revenue

The Senate is not a collecting revenue institution like other ministries, but in the Financial Year 2023/2024, a total amount of **M14,500.00** was collected from the Sale of Tender Documents for Public Address and TV Installation, Data and Telephone, Fire Alarm and Detection as well as CCTV and Access Control System for New Senate Office.

3.9.2. Recurrent Budget

- The Senate's approved funds amounted to **M24, 222,090.00**. However, it was provided with an additional budget amounting to **M2, 515, 051.00** by the Ministry of Finance and, therefore its revised budget amounted to **M26, 737,141.00**. The Senate has utilized **M23,714,109.20** of the total budget on financing various activities intended to enable the Institution to carry out its day-to-day duties.
- The Institution is hoping to use the budget balance of **M2, 878,723.12** to pay salaries, wages, allowances, and bills before the end of the 2023/2024 financial year. Its overall

3.9.3. Capital Budget

M183, 000,000.00 was earmarked for the construction of the new Senate, however, **M110,000,000.00** was reallocated to other ministries during the midterm review of the budget, thus the revised budget amounted to **M73, 000,000.00**. **M51, 212, 479.06** of the budgets was utilised for the payment of construction and electrical works as well as payment for the consultants for civil works and structural works. Senate was unable to access balance budget due to IFMIS technical problems and the Accountant General promised to solve that problem hence the Institution intends to use the unspent funds when money is accessible.

The Current Budget Estimates-2024/2025

3.9.4. Recurrent Budget

The Senate has proposed the recurrent expenditure of **M 26, 166, 292.00** which will be used on salaries, allowances, training, and short-term hire to mention the few. However, the Institution was allocated a ceiling of **M27, 261,313.00** for recurrent expenditure by the Ministry of Finance but in the budget, estimates is allocated the ceiling of the above-mentioned budget proposal. This will result in a budget fall of **M1, 095,017.00** for the next Financial Year.

3.9.5. Capital Budget

The Institution has proposed to be allocated **M140,000,000.00** as capital budget for the new Senate building and is planned to cover expenses related to the implementation of the below activities:

- Construction works,
- Lift installation,
- Air conditioning,
- Conference management,
- Public address and TV installation,
- Fire alarm and CCTV, and
- Access control system.

It is anticipated that the above-mentioned activities will be completed in December 2024.

- The Committee noted with concern that the delay in the completion of the new Royal Palace building has resulted in the escalation of the original price and therefore, the project is very expensive unnecessarily.
- It is an embarrassment for Lesotho to spent 13 years without completing the construction of the Royal Palace.
- The Committee raised concern that the contractor who has spent 13years constructing the Royal Palace, his contract will be renewed for the next Financial Year.

3.9.6. Recurrent Budget

For the Financial Year 2024/2025, His Majesty's Office requested to be allocated an amount of **M 15,176,299.00** to cover all its obligations which include wages and salaries, travel and transport and other operating expenses.

3.9.7. Capital Budget

For its Capital budget, His Majesty's Office proposed an allocation of **M20,000,000.00** for the Construction of the new Royal Palace building, precisely the construction of Chapel, interior and landscaping design of the new Royal Palace.

Members of the Committee

1. Hon. E. M. Ramakatsa- (Chairperson)
2. Hon. Rev.P.Masiu
3. Hon. L. Rakuoane
4. Hon. M. Senauoane
5. Hon. M. Maphathe
6. Hon. L. Moloi
7. Hon. M. Phiri
8. Hon. M. Leshota
9. Hon. R. Ramone
- 10.Hon. Dr. T. Lipholo
- 11.Hon. M. Metsing
12. Hon. M. Mohatonyane
13. Hon. M. J. Malothoane
- 14.Hon. Dr. T. Moroke
15. Hon. L Puseletso
16. Hon. N. Mohlalisi
- 17.Hon. Dr. M. Phamotse
18. Hon. S. Hakane
- 19.Hon. M. A. Ntšekhe
- 20.Hon. T. Makhalanyane
- 21.Hon. L. S. Phohleli

ANNEXURE 4

**PORTFOLIO COMMITTEE ON NATURAL RESOURCES,
TOURISM AND LAND CLUSTER.**

1. INTRODUCTION

The Honourable Minister of Finance presented the Annual Budget and Estimates of Revenue and Expenditure for the Financial Year 2023/2024 before Parliament in terms of section 112 (1) of the Constitution. The presentation was made on Monday the 21st February, 2024. Thereafter, the Annual Budget and Estimates were referred to the Portfolio Committee on the Economic and Development Cluster pursuant to Standing Order No. 67 (4).

In order to accelerate its work, the Portfolio Committee on the Economic and Development Cluster requested support from other Portfolio Committees to investigate, inquire into and make recommendations relating to budget estimates, from their respectively assigned Ministries. This report is therefore an appendix to the main report, to be compiled and submitted to the House by the Portfolio Committee on the Economic and Development Cluster.

3. METHODOLOGY

The Committee relied mainly on Ministries' and departments' submissions and briefings which formed the basis for opinion making. According to Standing Order No. 94 (d), the Portfolio Committee on Natural Resources, Tourism and Land Cluster is responsible for the Ministerial Portfolios of:

- Energy;
- Tourism, Sports, Arts and Culture;
- Environment and Forestry;
- Public Works and Transport; and
- Natural Resources.

This report is an outcome of the Honourable Minister of Finance's budget presentation and the Budget Scrutiny. It has been structured to reflect individual Ministry's strategic objectives, 2023/24 budget performances, as well as this year's Ministerial budget allocations and plans for the year 2024/25. The report also includes Committee's findings, observations and recommendations.

CONSIDERATIONS OF MINISTERIAL BUDGETS

MINISTRY OF ENERGY

Previous Year's Performance

Revenue Performance

- The approved revenue target from taxation was **M410, 400,000** and the Ministry has managed to collect revenue to the tune of **M364, 874.850** leaving a variance of **M45, 525,150**. The variance to the amount budgeted for was due to outstanding funds that are yet to be paid before the end of the financial year.
- On payment for services and fees, the Ministry's approved budget was **M85, 179,311**; there were no collections reflected due to technical issues that are yet to be sorted.

Recurrent Budget Estimates

- The Ministry's approved budget was **M31,934,116** on Administration; amount released was **M29,636,602**; actual expenditure is **M29,465,600**; and

variance to the amount budgeted is yet to be used before the end of the Financial year.

- For Energy the approved budget was **M7, 139,932**; actual expenditure amounted to **M6, 154, 660** leaving a variance of **M347, 171** that is also to be utilised before the end of the financial year.

Capital Budget

The Ministry had an approved budget of **M536, 146,708**; **M330, 720,846** was released; actual expenditure amounted to **M270, 396, 721** leaving a variance of **M60, 324, 125** which is yet to be paid by March.

The 2024/2025 Budget Estimates

Revenue

The proposed revenue target is **M482, 770,826** which will be collected from Motor Vehicle Assurance, Oil levy, 'Muela electricity sale among others.

Recurrent Budget Estimates

The Ministry estimates that **M26, 236, 835** will be required to cover all its recurrent obligations.

Capital Budget

The Ministry has a total budget of **M1,096, 262, 040** for its projections in **2024/25** which will be shared among its five projects, namely; Rural Electrification; Ramarothole 70MW Solar Generation; Lesotho Renewable and Energy Access

Project; Rehabilitation and Upgrading of Katse 1.1 MW Hydro Generational Plant; and National Electricity Infrastructure Development Project.

MINISTRY OF TOURISM, SPORTS, ARTS AND CULTURE

Previous Year's Budget

Revenue Performance

The Ministry budgeted **M10, 836, 261** and was able to collect **M7, 727, 205.15** leaving a variance of **M33, 109,055.85** which is due to the following: technical errors, dilapidated craft centres and lack of funds to carry out implementation plans.

Recurrent Budget

The Ministry's approved budget was **M34, 995, 316**. The total amount released was **M26, 272, 519.67**. Actual expenditure is **M26, 246, 670.27**. The variance to the amount budgeted for was due to outstanding funds that are yet to be paid before the end of the Financial year.

Capital Budget

The Ministry's approved budget for 2023/24 was **M126,656,950**; total expenditure was **M81,204, 775.58** with a variance of **M1,788,915.86**.

The 2024/2025 Budget Estimates

Revenue

The proposed revenue budget for this Financial year is **M**

Recurrent Budget

The Ministry estimates that it will require **M108, 067,028** to cover all its recurrent obligations.

Capital Budget

The Ministry estimates that **M50,000,000.00** will be required, the money will be used for internal finishes of the Museum.

MINISTRY OF ENVIRONMENT AND FORESTRY

2023/2024 Budget Performance

Revenue Performance

The Ministry had anticipated collecting revenue of **M154,500.00** and was able to collect **M443,097.00**.

Recurrent Budget

The Ministry's approved budget was **M157,904,947.00** The total amount released was **M144,611,480.00** The actual expenditure was **M124,362,134.30**.

Capital Budget

The Ministry's approved budget was **M176,013,426.83**, released funds for the period under review amounted to **M54,471,823.52** The Ministry managed to spent **M33,468,079.60**.

The 2024/2025 Budget

Revenue

The Ministry projects to collect revenue of **M406, 576** in 2024/25.

Recurrent Budget

The Ministry proposes a total amount of **M137, 813,392** for the financial year **2024/2025** to cover all its recurrent obligations.

Capital Budget

The Ministry has proposed a total of **M119, 661,952** for its projects which will include the following; Regeneration of livelihoods and Landscape projects; Improvement of Early Warning System 11 among others.

MINISTRY OF NATURAL RESOURCES

2023/24 Budget Performance

Revenue

The Ministry had an approved revenue collection of **M2, 223,241,767** and collected **M1, 601,996,441** as of the date of reporting. The collection of revenue is from Water royalties (LHDA), Royalties from diamond sales and Industrial minerals, dividends, Motor Vehicle Assurance, Oil levy, Diamond dealers' licenses, Surface rent, and Rent from Government Property among others. The Ministry believes it will collect more of the revenue until the end of the Financial Year reducing the

variance between the actual revenue collection and the budgeted collection estimate.

Recurrent Budget

The Ministry had an approved recurrent budget of **M186, 084,816** and **M345, 196,440** was released to the Ministry. The actual expenditure at the date of reporting is **M336, 224,825**. The recurrent budget was used for wages and salaries, subventions to LHWP, travel and transport, operating costs, acquisition of non-financial assets, and other expenses.

Capital Budget

The Ministry had an approved Capital Budget of **M1,613,170,251** with the Government of Lesotho contributing **M180,677,407**. **M156, 677,159.44** was the actual amount released to the Ministry as part of the Government of Lesotho's Contribution to the Ministry's Capital Budget. The Ministry spent **M155, 851,940.34** as of the date of reporting.

2024/25 Budget

Revenue

The Ministry's proposed revenue budget is **M3,330,267,267** to be derived mainly from Water royalties (LHDA), Royalties from diamond sales and Industrial minerals, dividends, Motor Vehicle Assurance, Oil levy, Diamond dealers' licenses, Surface rent, Rent from Government Property among others.

Recurrent Budget

The Ministry's proposed Recurrent Budget is **M301,757,022** which will be used for wages and salaries, subventions to LHWP, travel and transport, operating costs, acquisition of non-financial assets, and other expenses.

Capital Budget

The Ministry's proposed capital budget for **2023/2024** amounts to **M2, 424,885,180**. The funds are sourced as grants and loans from the GoL, GEF, OFID, EU, EIB, ADF, and BADEA among others.

The proposed capital budget aims to address various water supply challenges across critical areas in the country through a multifaceted approach. These include

- maintaining existing water supply systems, constructing new systems for reliable and clean water supply, and enhancing sanitation infrastructure such as VIP toilets for vulnerable households and institutions in specific communities.
- Drilling of high-capacity boreholes in several villages.
- Construction of rural water supply systems in designated areas and catchment management structures will be established and operationalized in 18 catchment areas nationwide.
- Extension of the water supply network in urban areas, improve water supplies in lowland settlements and develop new water sources and treatment plants.

- Procurement of consultancy services for design, construction supervision, and stakeholder engagement, including gender strategies, sanitation facility designs, and training programs for communities.
- Social safeguards and resettlement plans will also be implemented for persons affected by the project in identified regions.

MINISTRY OF PUBLIC WORKS AND TRANSPORT

2023/24 Budget Performance

Revenue

The Ministry had an approved revenue collection of **M32, 402,457**, and collected **M27, 083,577**. The revenue is collected from Driver's License fees, motor vehicle inspection, motor vehicle number plates, rent from Government properties, and others.

Recurrent Budget

The Ministry had an approved recurrent budget of **M209, 850,401** and **M204, 172,818.49** was released to the Ministry. The actual expenditure is **M191, 012,936.52**. The recurrent budget was used for personal emoluments, travel and transport, subventions to the Roads Directorate, and other operational costs.

Capital Budget

The Ministry had an approved Capital Budget of **M1, 822,665,479.13** with **M1, 112,615,745.81** released to the Ministry and **M1, 050,779,393.10** spent on projects. These projects include the construction of Mpiti-Sehlaba-Thebe Road,

Marakabei-Mononts'a road, pavement strengthening of paved and unpaved roads, refurbishment of Moshoeshoe 1 International Airport and Transport Infrastructure Connectivity Projects.

2024/25 Budget

Revenue

The proposed revenue budget for the Financial Year **2024/25** is **M36, 177,056** The revenue will be collected from the issuance and renewal of driver's licenses, motor vehicle inspection, airport service charges, issuance of motor vehicle number plates, rent from Government properties, and others.

Recurrent Budget

The Ministry's proposed Recurrent Budget is **M216, 802,997** which the Ministry will use for compensation of employees, travel and transport costs, subvention to the Roads Directorate, acquisition of non-financial assets, and other operating costs.

Capital Budget

The Ministry's proposed capital budget for **2023/2024** amounts to **M1, 244,003,220**. The capital budget is aimed at:

- Construction and maintenance of roads, involving payment to consultants and contractors.
- Rehabilitation, periodic, and routine maintenance of both paved and unpaved roads.

- Refurbishment tasks at Moshoeshoe I International Airport such as VIP lounge and toilet upgrades, roof resealing, transformer and generator replacements, and maintenance of electrical and plumbing systems.
- Rehabilitation of buildings including the Hlotse Traffic Office, Design Services offices, and residential structures for various courts.
- Construction of bus stop platforms.
- Preparatory works for road construction, including compensation processes.

5. OBSERVATIONS AND RECOMMENDATIONS

During the period under review **(2024/2025)**, the Committee noted and observed that the Ministries which fall under their purview administrate and regulate the most critical issues (social, economic and environmental) that can contribute to pillars of sustainable development if well managed and implemented efficiently and effectively.

Therefore, the Committee noted, observed, and recommended that:

- **M320, 000,000.00** should be allocated as subsidies for the Lesotho Highlands Water Project (LHWP) to address tunnel repairs and maintenance, as this is critically important for generating revenue through water royalties.
- The Committee is concerned with the status of Setsoto, the main football stadium in the country; it has noticed and observed that Setsoto has been banned from hosting international matches because it does not meet international standards set by FIFA; the fact which has brought shame to the country. Therefore, the Committee recommends that the Government

through the Ministry of Tourism, Sports, Arts and Culture expedite the revamping of the stadium; the Minister of Finance should consider re allocating **M20,000,000.00** for the rehabilitation of the of the stadium to restore the dignity of the Kingdom regionally and internationally.

- The Government should urgently consider allocating funds to the Ministry of Environment and Forestry for the establishment of the National Environment Authority for coordinating, monitoring, regulating and supervising environmental matters in the country.
- The Ministry of Environment with regard to revenue collection is advised to improve its means of collecting revenue and set clear strategies;
- On the Capital Budget, some of the funds allocated during the Fiscal Year 2023/24 have not been utilized due to delay in procurement processes, design and feasibility studies; therefore, it is recommended that the Ministries should fast track implementation process in order to avoid the escalating prices of the projects and to avoid hampering relations between the Government and funding Agencies;
- Lack of the adoption of Institutional Regulatory Framework to enhance Lesotho's Energy Supply Security is highly important; therefore, the Ministry of Natural Resource needs to speed up this process;
- Most of the Government's property is highly dilapidated; therefore, in order for the Ministry of Public Works and Transport to invest in clean and resilient infrastructure, the Government should revise the Ministry's budget and

capacitate staff to produce quality and efficient work. The Ministry should strive to promote and develop inclusive, resilient, and sustainable industrialization and infrastructure;

- There is a delay on the release of funds by the Ministry of Finance to other ministries, which causes under-expenditure and delays in payments. The Ministry of Finance should release warrants on time and the allocated budget as appropriated.
- At the end of each Financial Year, any unused funds are remitted to the Ministry of Finance. A specific provision should be established to allow ongoing capital projects to retain their allocated funds beyond the conclusion of the financial year and the Economic and Development Cluster should follow up on this.
- Ministries are required to provide comprehensive details of capital projects to the Ministry of Finance. This will ensure that the Ministry of Finance can disburse funds for these projects as needed and in a timely manner.
- Ministries should be allowed to source out their own expertise on capital projects since Building Design Services Department (BDS) in the Ministry of Public Works and Transport lacks capacity and takes too long to implement capital projects, therefore, the Government of Lesotho should establish effective systems of developing, upgrading and maintaining its infrastructure in order to generate more revenue.
- The public is unaware of the danger of the use of PCB oil, therefore, the Ministry of Environment should budget for public awareness campaigns on climate change and environmental issues especially on the use of

Transformer oil, mercury and the impact of dump sites on the health of affected livelihoods;

- There is need for coordinated integrated planning on residential sites for water, roads and electricity by the Ministries. The Ministries should also introduce legal frameworks governing decentralisation of services;
- Department of Mining, under the Ministry of Natural Resources as a custodian of mining companies should review its laws and policy, so that mining companies are of benefit to the Government through revenue collection. This will safeguard the interests of Lesotho and this process needs to be fast tracked;
- Lack of coordination between Ministries has resulted in high soil degradation in the Ramarothole project as there is now high impact of soil erosion which is going to affect nearby villages. The Ministry of Natural Resources is advised to follow proper procedures before engaging in projects that will have impact on land and environment;
- There is dire need for the construction of roads connecting all the districts within the country and therefore, the Ministry of Public Works and Transport should fast track the process.
- The estimated dividend collection of **M150,000,000.00** has not been realized because Let'seng Diamonds (Pty)Ltd has not declared a dividend.
- New legislation that requires five quotations delays the process of procuring goods and services.
- Insufficient budget allocation and delays in releasing warrants for ongoing projects lead to implementation delays and contractor indebtedness.

MEMBERS OF THE COMMITTEE

1. Hon. Moeketsi Motsoane (Chairperson)
2. Hon. L. Makara
3. Hon. T. Notsi
4. Hon. T. Kibane
5. Hon. T. Lekitla
6. Hon. L. S. Phohleli
7. Hon. M. Hlalele
8. Hon. L. Hlapisi
9. Hon. Dr. T. Moroke
10. Hon. M. Lehata
11. Hon. L. Hlaele
12. Hon. T. Abinyane
13. Hon. R. Nalane
14. Hon. M. Ramakalima
15. Hon. C. Mdlokovana
16. Hon. A. Tsoanamatsie
17. Hon. M. Mabote
18. Hon. M. Tsatsanyane
19. Hon. M. Maretlane
20. Hon. M. Khaahloe
21. Hon. M. Moleleki
22. Hon. R. Ramaisa
23. Hon. T. Mojabela
24. Hon. T. Mapesela

ANNEX 5

PORTFOLIO COMMITTEE ON THE SOCIAL CLUSTER

3. Introduction

On the 21st February, 2024, the Honourable Minister of Finance, pursuant to Standing Order No. 67 tabled the Budget Estimates for the year 2024/2025 before Parliament. The Budget Estimates were referred to the Portfolio Committee on the Economic and Development Cluster for scrutiny pursuant to Standing Order No. 68.

The Portfolio Committee on the Economic and Development Cluster with the help of other Portfolio Committees looked into the policy context, financial implications and contents and effects of the estimates for all government ministries and departments. The Portfolio Committee on Social Cluster specifically looked into the budget estimates of the following ministries;

- **Ministry of Gender; Youth and Social Development;**
- **Ministry of Education and Training;**
- **Ministry of Health.**

4. Methodology

The Committee relied mainly on Ministries' and departments' submissions and briefings which formed the basis for opinion making. The written and oral presentations of Ministries and Departments were considered and also deliberated upon.

5. COMMENTS BY THE PORTFOLIO COMMITTEE

Previous Year's Performance 2023/2024

MINISTRY OF GENDER, YOUTH AND SOCIAL DEVELOPMENT

3.1. Revenue Performance

The Ministry of Gender, Youth, Sports, Arts, Culture and Social Development had an approved budget of **M425, 670.00**. However, actual collection amounted to **M219, 626.00** from the following activities:

- Hire of Buildings and structures,
- Sale of tender, binding and contracts documents;
- Entry Fees; and
- Royalties.

The under collection on the revenue was due to the fact that the Setsoto Stadium is under construction, therefore not operational.

3.1.1. Recurrent Budget

The Ministry's approved Recurrent Budget amounted to **M1, 395,991,863.00**; amount released was **M1, 373,593,569.00**. Actual Expenditure was **M1, 188,871,694.00** with the variance amount of **M184, 721,875.00**.

The Ministry's variance was caused by the following:

- Pending remunerations and grants for the month of March; and
- Installation of turf and renovation of Setsoto Stadium under construction.

3.1.2. Capital Budget

The Ministry's approved Capital Budget for the Financial Year 2023/2024 amounted to **M19, 400,353.00 with the variance of M16, 903,526.00** caused by the following issues:

- Renewal of contract for National Museum and Art Gallery is ongoing; and

- Delayed Orphans and Vulnerable Children’s project by adverse audit opinion as activities are ongoing.

However, the Ministry stated the following challenges:

- Delayed project progress due to the statutory processes for contracts;

6. THE 2024/2025 BUDGET ESTIMATES

The Ministry of Gender, Youth and Social Development is dedicated to promote:

- Gender-responsive and inclusive programming, that address gender inequalities and inequities;
- Empower Basotho youth economically, socially and politically;
- Effective and coordinated response to the needs of the vulnerable; and
- Empower families, institutions and communities to protect, care for, and support the vulnerable.

6.1.1. Revenue Budget Estimates

The Ministry has proposed budget estimate of **M1, 008,218.00** as revenue collection which will be collected through:

- Course fee – ‘Matheko
- Sales of fish and poultry – ‘Matheko
- Sales of goods and products – ‘Matheko and Ithuseng Vocational Rehabilitation Center

6.1.2. Recurrent Budget Estimates

The recurrent budget estimates for the Ministry of Gender, Youth, and Social Development amounts to **M1,383,670,347.00** and will be used to undertake the following activities:

Wages and Salaries M77, 246, 161.00

- Payment of staff salaries, wages, stipend in post, vacant and new posts;

Travel and transport M24, 659, 579.00

- Maintenance of vehicles, fuel, subsistence local and international;
- Subsistence Local amounting to M14,061,928.00
- Short term hire (Payment of old age pension) amounting to M1,297,000; and
- Subsistence International amounting to M1,367,359.00 budgeted for Youth Connect meeting in Rwanda

Operating Costs M48, 190, 575.00

- Payment of rent, M13,220,828.00, Headquarters offices and at districts level;
- Purchases of goods and services; Sebatso, expenditure of office security, cash in transit security amounting to M17, 563, 822.00;
- Food fodder – M4,691,864.00; and
- Ithuseng Vocational Rehabilitation Centre, Lapeng Centre, Mmatheko Vocational School and water supply.

Old Age Pension M917, 768, 400.00

- Under this item, there are currently 81, 310 beneficiaries paid on monthly basis through cash on transit mode or manual.

African Pioneer Corp (APC) Pension

- The Ministry has requested M2, 131, 500.00 for 447 beneficiaries of APC who are World War II veterans and widows. However, the Committee discovered that there are only 10 beneficiaries eligible to the tune of M42, 000.00. This implies a M2, 089, 500.00 fraudulent request for the year 2024/25.

Public Assistance in Cash M46, 812, 000.00

- Assistance of Vulnerable people

Child Grants M118, 493, 256.00

- Provision of Child Grants up to 47,011 households caring for vulnerable children.

OVC Bursary M94,800,000 for 32,000 beneficiaries

- Payment of post primary bursaries for orphans;
- New applications for bursaries;

Disability Grants M22, 060, 800.00

- Provision of disability grants to more than 2,700 persons with severe disability

Public Assistance in kind M13, 348, 873.00

- This includes in-kind support to the destitute formula, clothes for babies, assistive devices like hearing aid and wheelchairs.

Lesotho Liberation Army (LLA) Pension M3, 750,600.00

- Under this item, 331 members currently benefit

Other expenses M10, 053.000.00

- Provision of subventions to institutions and care facilities for vulnerable people;
- Community development projects;

Acquisition of Non-Financial Assets M3, 518, 203.00

- Office Equipment

4.1.3 Capital Budget Estimates

The Ministry's capital budget amounting to **M98, 353,000** sourced from donors (World Bank and European Union) and are aimed at performing the following activities;

- Assessment of people with disability for provision of assistive devices especially children;
- Community development project; and
- Focus on updating National Information for Social Assistance (NISSA) and system improvement.

4.1.4 Observations

The Committee observed the following:

- The MOGYSD has lot of discrepancies in payments of social grants and seem to be deliberately and fraudulently over-budgeting on most of its line items

hence the Committee is sceptical about the authenticity/genuinity of the requested budget;

- Rentals are too costly hence it leaves a lot to be desired;
- Delay in funds release which affects implementation at district level specifically payments of social grants;
- There is no advocacy strategy for youth unemployment, both locally and internally;
- Youth Resource Centres are under-utilised.
- Lack of maintenance at Lapeng Care Centre, Youth Centres and Vocational schools;
- Delay in filling the vacant positions; and
- The Ministry has deliberately misled the Committee on the number of beneficiaries on APC, giving false and fictitious names of 447 beneficiaries per year instead of 10, defrauding the Government of M2,089, 500 instead 42,000.00

4.1.5 Recommendations

The Committee recommends as follows:

- That DCEO must investigate with immediate effect the observations of the Committee on all payments within this Ministry;
- That an internal and forensic audit of all grants paid by the Ministry be done ;

- That MOGYSD and MOET meet and agree on a plan to use in order to avoid any future expulsions of school children and report back by April 30th 2024; and
- That the Ministry prepare a detailed presentation to bring the Committee up to speed on the Sebatso Initiative by April 30th 2024.
- The committee recommends the budget be reduced to M42, 000 for APC that cater for only 10 eligible beneficiaries.

5. MINISTRY OF EDUCATION AND TRAINING

Previous Year's Performance 2023/2024

5.1 Revenue Performance

Other Sources of Revenue

The Ministry of Education and Training had an approved revenue budget of **M4, 691,125.00**. However, actual collection amounted to **M2, 372,610.50** from the following activities:

- Sales of Tender, Bidding and contract documents;
- Examination fees (TVET Institutions);
- Sale of Services (Trade Tests);
- School Fees (TTI) inclusive of boarding and meals;
- Registration Fee (Private HEIs);
- Insurance Commission; and
- Tuition Fees (Government levy).

The under collection on the revenue was due to the following:

- Reduced number of students staying in the boarding;
- Collection process underway following opening of schools; and
- Only two Intuitions applied for full registration.

5.1.1 Recurrent Budget

The Ministry's approved Recurrent Budget amounted to **M2,730,081,529.00**; Actual Expenditure was **M2,489,534,474.86** with the variance amount of **M240,547,054.14** which will be fully utilized at the end of the Financial Year 2023/2024.

5.1.2. Capital Budget

The Ministry's approved Capital Budget for the Financial Year 2023/2024 amounted to **M20, 200,000.00** sourced from the Government of Lesotho to perform the following activities:

- Construction of classrooms and toilets (Primary Schools); and
- Construction of classrooms (Secondary Schools).

The variance of **M7, 671,325.32** will be fully utilized by the end of the Financial Year 2023/2024.

The Capital Budget of **M110, 422,478.00** was sourced from GPE, JICA and UNICEF to perform the following activities:

- Basic Education Strengthening Project;
- Improvement of Inclusive Secondary Schools; and

- Basic Education and Adolescents Development (EduAids).

However, the Ministry stated the following challenges:

- The challenge of ill-treatment at other Institutions, is still on-going resulting in reduction in number of students enrolled.

6. THE 2024/2025 BUDGET ESTIMATES

The Ministry of Education and Training is dedicated to:

- Have a literate and productive society with well-grounded moral and ethical values;
- Enhance the system that will deliver relevant and inclusive quality education to all Basotho effectively, efficiently and equitably;
- Ensure equitable access of education service delivery;
- Ensure delivery of relevant quality education and training; and
- Enhance efficiency and effectiveness of the education delivery at all levels.

6.1.1 Revenue Budget Estimates

The Ministry has proposed budget estimate of **M3, 992, 000.00** as revenue collection which will be collected through:

- Examination fees;
- Insurance Commission;
- Sales of Services (Trade Tests);
- Sales of Tender, Bidding and Contract Documents;
- Tuition fees; and

- Registration fees (Newly established HEIs).

6.1.2 Recurrent Budget Estimates

The Recurrent Budget Estimates for the Ministry of Education and Training amounts to **M2, 720,872,150.00** and will be used to undertake the following activities:

- **Wages and Salaries**
 - Payment of staff salaries, wages, allowances for teachers and staff;
- **Travel and Transport**
 - Maintenance of vehicles, site visits and school inspection;
 - Subsistence Local amounting to **M4,796,600.00**;
 - Short term hire amounting to **M8,955,328.00**; and
 - Subsistence International amounting to **M413, 278.00**.
- **Operating Costs**
 - Procurement of teaching and learning materials;
 - Power and water etc;
 - Payment of membership subscriptions;
- **Transfers / Subsidies**
 - Subventions to Higher Education Institutions, ECOL, Special Schools (Primary and Secondary);
 - Utility Grants; and
 - School Feeding Programmes.

- **Special Expenditure**

- Vehicles, cycles and equine hire, office equipment, non-office equipment.

6.1.3 Capital Budget Estimates

The Ministry's capital budget amounts to **M10, 199,999.00** sourced from the Government of Lesotho for the following activities;

- Free Primary Education (Construction of Classrooms and procurement of furniture in selected school);
- Secondary Schools (Construction of classrooms and procurement of furniture in selected schools); and
- Improvement of Inclusive Secondary Schools (Counterpart contribution for utilities and bank charges).

The Ministry's capital budget amounts to **M123, 979,672.00** sourced from GPE, JICA and UNICEF and the Grant amount of **M113, 779,672.00** to achieve the following activities:

- Basic Education Strengthening Project;
- Improvement of Inclusive Secondary Schools; and
- Basic Education and Adolescents Development (Eduaids).

6.1.4 Observations

The Committee observed the following;

- Delay in the payment of Teachers and Principals;
- About 851 schools operating without Principals;
- Acting Principals have not been paid their allowances for past few years;

- Delay in filling the vacant positions of Principals;
- Institutions that get subventions from Government of Lesotho do not report on quarterly basis to Parliament;
- The Ministry has developed a 3 Tier curriculum model and policy since 2019 that has been not been implemented due to budget constraints; and
- Due to Moratorium on hiring and payment temporary workers, ECCD teachers were hired hence the need to budget for this year.

6.1.5 Recommendations

- The Ministry of Education be allocated an amount of M61, 000,000.00 to fast-track payments of Allowances for Principals.
- The Committee recommends that the 3 Tier curriculum model be allocated budget of M45 million to implement this project.
- That DRTs be allocated M4 million to exercise oversight over schools.
- All Institutions that get subvention from the Government of Lesotho should submit quarterly assessment reports to the Ministry of Education and Parliament.
- The Ministry should align its budget with the school calendar to avoid fees' payments and students being expelled from school, and
- The committee recommends the allocation of requested budget for the Ministry.

7. MINISTRY OF HEALTH

Previous Year's Performance 2023/2024

7.1 Revenue Performance

Other Sources of Revenue

The Ministry of Health had an approved revenue budget of **M29, 587,656.00**. However, actual collection amounted to **M5, 683,881.62**, meaning a budget performance of 19%:

The under collection on the revenue was due to the following:

- When Queen 'Mamohato Memorial Hospital (QMMH) opened its own bank account, all in-patient and out-patient budget had to be moved;
- Non-renewal of cannabis licences and there were also no new registration; and
- Most of the applications and registrations at NHTC are happening in the last quarter of the year hence the performance to date.

7.1.1 Recurrent Budget

The Ministry's approved Recurrent Budget amounted to **M2, 248,313,323.59**. Actual Expenditure was **M1, 505,534,474.86** with the variance amount of **M742, 748, 066, 20** which will be fully utilized at the end of the Financial Year 2023/2024.

7.1.2. Capital Budget

The Ministry's approved Capital Budget for the Financial Year 2023/2024 amounted to **M1, 156, 638 909**, with total expenditure of **M1, 007, 3003,793.14**.

The variance of M **149,335, 116.74** will be fully utilized by the end of the Financial Year 2023/2024.

However, the Ministry stated the following challenges:

- The challenge of exhausted funds for HIV/AIDS while TB still have two projects pending.
- A pending review of the Memorandum of Understanding between Government of Lesotho and Christian Health Association of Lesotho (CHAL).

7.2. THE 2024/2025 BUDGET ESTIMATES

The Ministry of Health dedicated to:

- Ensure equity in access to good quality health services at all levels of care.
- To ensure availability of equitably distributed, well-trained and motivated health workforce to deliver effective health services.
- To improve ICT and e-Governance systems and infrastructure for timely, relevant, accurate and complete health information and health research development.
- To increase access to quality and safe health technologies, including medical devices, laboratories, medicines and vaccines.

- To ensure an equitable, efficient and sustainable health financing system that protects people from financial catastrophe and impoverishment because of using health services.
- To strengthen leadership and governance partnerships and improve community ownership and participation.

The Ministry's priorities for the financial year 2024/25 are listed as:

- Strengthening of Primary Health care;
- Strengthening of referral system;
- Strengthening of QMMH (Tertiary Hospital)
- Construction of Cancer Treatment and Management Centre; and
- Establishment of a Medical School.

7.2.1 Revenue Budget Estimates

The Ministry has proposed budget estimate of **M21, 320,566.00** as revenue collection which will be collected through registration and licensing, fees and tendering among others.

7.2.2 Recurrent Budget Estimates

The Recurrent Budget Estimates for the Ministry of Health amounts to **M2, 246,221,949.00** and will be used to undertake the following activities:

- **Wages and Salaries**
 - Payment of staff salaries, wages, allowances for teachers and staff;
- **Travel and Transport**
 - Maintenance of vehicles, site visits and school inspection;

- Subsistence Local;
 - Subsistence International.
- **Operating Costs**
 - Includes subventions
- **Transfers**
 - Constitutes QMMH budget

7.2.3 Capital Budget Estimates

The Ministry's capital budget amounts to **M1, 366, 287,765.69** sourced from the Government of Lesotho and Development Partners to cover the following activities;

- Strengthening primary healthcare – M25, 194, 204.00; and
- Control and management of non-communicable diseases – M182, 816, 988 (Cancer Treatment and Management Centre).

7.2.4 Observations

The Committee observed the following;

- The Ministry does not monitor and follow up on progress on their capital projects hence the delayed payments resulting in slow progress and increased costs;
- An amount of M250 million from LMDA still centralised at the Ministry of Finance and Development Planning (MOFDP);
- An amount of M20 million for the Maseru District Hospital still centralised at MOFDP;

- M211 still owed to South Africa on referrals preventing all referrals to South Africa is not paid. This amount like to increase in this last quarter;
- An additional M108 million requested to accommodate referrals for 20024/25;and
- The cost of referrals to South Africa and other countries is too expensive hence the accelerated construction of the much needed Cancer Treatment and Management Centre is critical.

7.2.3 Recommendations

The Committee recommends the following:

- Projects should be closely monitored and evaluated to meet timelines and initiate payments on time.

8. GENERAL RECOMMENDATIONS

The Committee made the following General Recommendations:

8.1 MINISTRY OF GENDER, YOUTH AND SOCIAL DEVELOPMENT (MOGYSD)

- That forensic and internal audits of all grants administered by the MOGYSD be carried out before the end of June 2024.
- Thata administration OAP should be move from MOGYSD to Ministry of Finance and Development Planning.
- That administration of OVC Bursaries should be moved back to the Ministry of Education and Training.

- That all payments for all grants should be paid electronically e.g through the bank, mpesa ecocash.
- That all institutions that get subvention from the Government of Lesotho should report on quarterly basis to Parliament.

8.2 MINISTRY OF EDUCATION AND TRAINING

The Ministry has a shortfall amounting to M120 million for the following activities, which the Committee recommends that they are allocated budget in order to effectively achieve their mandate:

- Principals to be hired – M61 million (if implemented in full) or M31 million (if implemented in parts) (staggered).
- School Feeding Programme – M26 million.
- Reception Class Teachers – M11 million (grants) + M3 million (wages).
- 3 Tier Model (curriculum) – M45 million (if implemented in full) or M8.7 million (if implemented in parts) (staggered).
- District Resource Teachers (DRTs), Advisors – M4 million.

8.3 MINISTRY OF HEALTH

The Committee recommends that Ministry of Health be allocated additional funding and assistance on the following:

- Release of M20 million from the Ministry of Finance and Development Planning from Maseru District Hospital;
- Release of M250 million LMDA centralised funding;

- Queen Mamohato Memorial Hospital (QMMH) referrals to South Africa to the tune of M108 million;
- To pay off a debt of M211 million on referrals to South Africa; and
- M14 million for the establishment of a Medical School.

LIST OF MEMBERS OF THE PORTFOLIO COMMITTEE ON THE SOCIAL CLUSTER

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3. Hon. H. Van Rooyen
4. Hon. M. Mpobole
5. Hon. M. Busa
6. Hon. M. Tota
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