



**PARLIAMENT OF THE KINGDOM OF LESOTHO
BUDGET SPEECH TO THE PARLIAMENT OF THE KINGDOM
OF LESOTHO FOR THE 2022/2023 FISCAL YEAR**

***“Building a Resilient, Sustainable and Innovative Economy:
Fiscal Consolidation amid COVID -19”***

BY

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MINISTER OF FINANCE

MASERU, LESOTHO

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MR SPEAKER,

Allow Me to Pay My Respects to:

His Majesty King Letsie III

The Right Honourable the Prime Minister and Head of Government

The Honourable President of The Senate

The Chief Justice and Judges of The High Court

The Honourable Deputy Prime Minister and Leader of The House

My Colleagues, Honourable Ministers of His Majesty's Government

Honourable Members of Both Houses of Parliament

Their Excellencies, Heads of Diplomatic Missions and

International Organisations Present Here

The Distinguished Members of The Media

The Entire Basotho Nation Here in Lesotho and Abroad

Ladies and Gentlemen

INTRODUCTION

1. **Mr. Speaker**, Lesotho like other countries, is still recovering from the scourge of COVID-19, which has deep negative socio-economic impacts. Therefore, the budget speech I am delivering today will present a mix of policies that will set a firm foundation of shifting the development trajectory to a sustainable one. At this stage, I would like to highlight that there have been some achievements over the last year, even though there are challenges that require continuing political courage and commitment in order to make meaningful advancements in achieving broad-based economic growth.
2. Such growth must hold noticeable developments in the livelihoods of the people. You will agree with me when I say: "***it is only when we observe and achieve this fundamental purpose that our national budgets become relevant***".
3. **Mr. Speaker**, as it has always been stressed in past budget speeches, the Government of Lesotho continues to consider macro-fiscal stability as a critical condition to attaining financial freedom and so inclusive growth as articulated in the NSPD II. **We will strive to achieve this objective**. Our efforts must focus on the promotion of private sector-led economic growth and job creation by building essential infrastructure and development of appropriate policy and legal frameworks. We should also build resilient health systems, reduce vulnerability and maintain peace and security. Lastly, we must build institutions to improve service delivery, fight corruption and crime.
4. **Mr Speaker**, it is with great pleasure that I announce to this Honourable House that the Government of Lesotho and Millennium Challenge Corporation concluded Compact II negotiations in

February 2022. This landmark agreement will transform Lesotho's economic landscape. We owe it to ourselves as a people, to ensure that the agreement comes to force, and we successfully implement the projects in the Compact, that is, Health Systems Strengthening project; Market Driven Irrigated Horticulture Project; Business Environment and Technical Assistance Project.

5. **Mr Speaker** let me provide highlights of economic developments and prospects on the global and regional front, and their impact on our domestic economy.

GLOBAL AND DOMESTIC ECONOMIC DEVELOPMENTS IN 2021/2022

Global Outlook

6. **Mr. Speaker**, the IMF projects global economy to slow to 4.4 percent in 2022 from 5.9 percent in 2021 before weakening further to 3.8 percent in 2023. Sub-Saharan Africa is forecasted to grow at 3.7 percent in 2022 before expanding to 4 percent in 2023. However, **high energy prices and elevated inflation are expected to carry along with them uncertainty in the medium-term global growth.**
7. **Growth in South Africa is expected to return to its pre-pandemic levels at 2.1 percent in 2022 before averaging 1.8 percent over the medium-term.** Meanwhile, inflation prospects for 2022 have been revised upwards to 4.8 percent from 4.5 percent. In 2023, inflation is expected to moderate at 4.5 percent.
8. These global developments may auger well for Lesotho's exports, especially diamonds, even though textiles and clothing industry is not expected to recover significantly in the medium term. However, efforts to diversify products and markets remain critical for Lesotho's exports growth.

Domestic Outlook

9. **Mr Speaker, domestic economic performance for 2021/22 was marked by recovery, though slower than the NSDP II target at 2.7 percent.** Growth for 2022/23 is projected to remain buoyant at 2.3 percent before expanding to 2.5 percent in 2023/24 and averaging 2.8 percent over the medium-term.

10. This growth in 2022/23 will be supported by higher output in mining, construction (particularly LHWP II) as well as wholesale and retail trade. These projections are however subject to risks relating to the future path of the pandemic and its impact on key sectors of the economy.

Balance of Payments

11. **Mr. Speaker, our economy is faced with persistent deterioration of external position, with our current account balance continuing to be in deficit.** Our estimates point that the current account balance widened in 2021/22 from a deficit of M688.9 million which is about 1.8 percent of GDP documented in 2020/21 to a deficit of M2 billion or 5.4 percent of GDP.

12. **Mr, Speaker,** Honourable Members, if one looks at our terms of trade as far back as 2012/13 and beyond, our exports have been increasing but at a very lower rate than what we import. Merchandise exports in 2021/22 increased by 14.8 percent to M15.6 billion against imports of M26.6 billion, largely driven by diamond and textile exports. Preliminary estimates show that the current account deficit for 2022/23 will widen to M2.2 billion from M2.1 billion in 2021/22. The widening of the deficit will on account of expected decline in SACU revenue share from M6 billion received in 2021/22 to M5.8 billion.

Inflation

13. **Mr. speaker, annual inflation for 2022/23 is projected to average 5 percent.** The inflation rate in South Africa is expected to increase from the currently moderate levels hence higher imported food inflation for Lesotho. Therefore, key inflationary pressures will coil from food prices as well as water and electricity, gas and other fuels through the medium-term.

Budget Performance

14. **Mr. Speaker,** Honourable Members, let me now for a moment elaborate on the Government's fiscal policy stance as well as budget performance for 2021/22 and proposed allocations for 2022/23.
15. **The several waves of COVID-19 and heavy rains are expected to continue to weigh heavily on our economy.** Both the pandemic and flooding have instigated extensive social and economic disturbances, deeply impacting many of our key sectors. The economic contractions together with the projected lesser SACU revenue have added weight on our external and fiscal positions.
16. **Mr. Speaker,** while we took swift actions to lessen the health and economic disasters, the pandemic has delayed economic development, disrupted education, exacerbated already existing inequalities, and unreasonably impacted on women and other vulnerable groups.
17. The current crisis has reaffirmed the need to steer the economy towards private sector-led growth and build economic resilience to deliver sustainable and inclusive development.
18. **It is at this juncture that I call for a major fiscal consolidation for the next few years.** This policy intervention will have to consist of a

revenue enhancement measures and containing expenditure so as to create adequate fiscal space for future financing investments in jobs, while at the same time ensuring enough foreign reserve shield against likely domestic and external shocks.

19. Mr. Speaker, in the absence of fiscal consolidation, the Government risks massive drawdown of deposits for the next fiscal year.

20. Having said all this, allow me to give you and this Honourable House, a snapshot of measures and assumptions used for the 2022/23 budget.

21. On the revenue collection side, Lesotho Revenue Authority maintained excellent performance in support of Government's drive to provide services to our people. In the previous financial year, LRA collected M7.2 billion against the estimate of M6.4 billion, amounting to a surplus of M745 million on tax revenue collection.

22. In the current financial year, tax revenue collection is projected to be M7.4 billion against the estimate of M6.6 billion, creating a tax revenue collection surplus of M702 million. This trend is very pleasing when viewed against the backdrop of the economic hardships occasioned by the COVID-19 pandemic.

23. Consistent with projected GDP growth of 2.3 percent and inflation rate of 5 percent, total revenue collection including SACU and grants is projected at M19.7 billion. Tax revenue will reach M9.5 billion, grants will average M2.3 billion, while non-tax revenue is estimated at 13 percent of the total revenue at M2.6 billion. SACU revenue is projected to fall below last year's collection by M608 million and total M5.4 billion.

24. At the same time, expenditure is projected to cover 53.9 percent of GDP at M23 billion. Recurrent expenditure is projected at M16.3 billion while capital budget is expected to make up 18 percent of GDP, which is about M6.8 billion.
25. **Mr. Speaker**, the outcome of the said outlays will result into net borrowing of M3.3 billion which is estimated to account for 7.7 percent of GDP. These Government financing gap will be financed through a mix of Treasury Bonds and Treasury Bills as well as draw down of reserves to the tune of M1.3 billion.

Debt Position

26. **Mr Speaker, total Government Debt as of February 2022 stands at M18.9 billion made up of external debt of M15.5 billion and domestic debt of M3.4 billion.** The main drivers of the increase in external debt are movements in major currency exchange rates such as the US Dollar, the Euro and other Basket of currencies against Loti, while the domestic debt is mainly driven by the persistent high budget deficits. Lesotho remains at the moderate level of debt distress with a limited borrowing space.
27. To deepen and continue a path of building a functionally vibrant domestic debt market and to finance the government financing gap estimated at M1.4 billion, a combination of treasury bonds estimated at M1 billion and Treasury-Bills amounting to M400 million will be auctioned to plug the financing gap to a total of M1.4 billion.

Monetary and Financial Performance 2021-2022

28. **Mr Speaker**, the implementation of the Financial Sector Development Strategy (FSDS), has resulted in notable successes,

including access to finance mainly to the Micro, Small and Medium Enterprises (MSMEs), a significant improvement in both financial literacy and inclusion, which was achieved through collaboration with financial sector players, development of a variety of products and services, which were also enhanced by technological advancement.

29. The main beneficiaries of these innovations are the previously unserved rural communities and other marginalised groups of our society. This has also facilitated the backward and forward linkages between the commercial banks and the non-bank financial institutions.

30. **Mr Speaker, Honourable Members,** on the capital market development, the Maseru Securities Market (MSM) has listed one company in December 2021. There is also an appetite for potential companies to list with the MSM in the medium-term.

ECONOMIC GROWTH STRATEGY IN 2022/23

31. **Mr. Speaker,** our economic strategy during this coming fiscal year has the twin objectives of restoring economic activity and accelerating the pace of Socioeconomic Transformation. This economic recovery will be achieved through boosting aggregate demand by restoring domestic consumption, renewing private and public investment, and enhancing export promotion.

32. Crucial to economic recovery is the mitigation of the COVID-19 pandemic by ensuring that all Basotho get vaccinated, and our health systems are strengthened to mitigate the COVID-19 pandemic and other ailments.

33. In 2022/23 through 2023/24, increasing the wealth of households and eliminating poverty is key for socioeconomic transformation. In

addition, diversifying the economy and Lesotho's exports, are key to returning to the planned economic growth trajectory. Our economic policy in the fiscal year 2022/23 and in the future, therefore, seeks to focus on the following:

- i) Promote macroeconomic sustainability
- ii) Accelerate the remaining Public Financial Management Reforms
- iii) Consolidate efforts to improve the investment climate, including access to finance
- iv) Develop supporting infrastructure for growth, including digital transformation and operationalisation of bureau of standards
- v) Harness the potential in the green economy
- vi) Promote entrepreneurship and employability, especially of youth
- vii) Mitigate the impact of the COVID-19 pandemic.
- viii) Promote locally made products
- ix) Increase food security
- x) Fight corruption and build effective and efficient institutions
- xi) Promote peace, stability and national security

BUDGET ALLOCATION

34. The Government of Lesotho total expenditure estimates is proposed at M24.8 billion of which the recurrent expenditure is M18.1 billion and capital expenditure is M6.8 billion. The recurrent expenditure has remained constant while capital expenditure increased by M1 billion.

SECTORAL ISSUES AND ALLOCATIONS FOR 2022/2023

35. **Mr Speaker**, let me now focus on the 2022/23 sectoral issues and proposed allocations.

ECONOMIC TRANSFORMATION AND JOB CREATION

36. **Mr Speaker**, in recent years we have experienced stagnation in our economy and to accelerate economic growth, we need a sustainable

public and foreign direct investment that will allow us to create sustainable jobs and reduce poverty. We also need a productive private sector investment for increased exports and value chain. The blending approach is essential to finance massive investment needs of this country and M1.7 billion has been allocated towards this sector.

Trade

37. **Mr Speaker, the Ministry of Trade and Industry has developed the National Trade Policy Framework together with its requisite strategy, the National Export Strategy, both spanning for the period 2021-2025.** The Strategy is meant to strengthen capacities of producers and service providers in strategic export potential sectors.
38. These include Horticulture; Textiles and Apparel; and Light Industries to take advantage of market access opportunities provided under arrangements such as AGOA, SADC, EU and African Continental Free Trade Area (AfCFTA). The implementation of the National Trade Facilitation Roadmap is ongoing to improve movement of goods and services across borders, thereby, reducing cost and time of doing business.
39. **Mr Speaker**, in pursuit of smooth investment and business climate, the Government through its online business licencing and registration has improved the time and costs of doing business. To date, 24 large manufacturing licences have been issued and a modest creation of 500 jobs attained. Online business registrations and licence renewals stand at 1,280 and 161,538 respectively.
40. An online platform has been developed to enable cross border traders to process import and export permits remotely. Furthermore, the Government in collaboration with other stakeholders will also

launch a National Single Window Platform. Also, the Draft Competition Bill has been presented to Parliament with an intention to regulate anti-competitive behaviour of firms and traders.

41. The Government is also in the process of developing MSME Policy which will create an enabling environment for development and growth of small businesses in the country. Furthermore, a data management system to register all MSMEs has been developed. The Government through the assistance of the African Development Bank has launched the Business Plan Competition where around 50 youth start-up businesses will be funded with M100,000 thousand each.

42. **Mr Speaker, in the coming fiscal year**, the Government of Lesotho shall continue to support the revival of our economy through supporting Private Sector Investment, and growing MSMEs especially women and youth. We should also continue to tap on the capabilities of the diaspora to promote investment and improve service delivery in health, education and other sectors.

43. Prior to the advent of COVID-19, MSMEs used to contribute significantly to employment and in sustaining the livelihoods of many Basotho. However, our MSMEs have been hit hard by COVID-19 and continue to face enormous challenges that inhibit their impact on growth.

44. To redress this situation, the Government is in the process of signing a loan agreement with International Development Association (IDA), and Global Risk Financing Facility to the tune of M725 million to support private sector investment and increase access to business services and financial products targeted at MSMEs. Of this amount, M435 million has been earmarked for scaling support for women and youth entrepreneurship.

45. This facility is targeted at enhancing Government to Business digital services, building private sector resilience, and scaling support for entrepreneurship and MSMEs. This will be attained through establishing an Entrepreneurship Hub and Seed Financing Facility, scaling the Lesotho Enterprise Assistance Program (LEAP) for MSMEs, and expanding MSMEs participation in High Potential Value Chains.
46. **Mr. Speaker**, let me indicate that the SEED Financing Facility will provide competitive matching grants for entrepreneurs with milestones for monitoring progress to the tune of M75,000 for new small start-up businesses, and M750,000 for larger investments in start-ups that demonstrate traction.
47. **Mohlomphehi Motsamaisi oa Lipuisano, ke ipiletsa ho basali le bacha ba naha ena ea Moshoeshe, ho nka monyetla le ho sebelisa chelete ena e limilione tse M435 ho iqalla, ho holisa le ho ntlafatsa likhoebo tsa bona, tse nyane le tse mahareng (MSMEs).**
48. **Mr. Speaker**, businesses flourish and create jobs in an environment that is stable, competitive and is characterized by predictable regulations and laws. The Government will therefore continue to amplify efficiency and security of Business Licensing and Registration systems and further enhance systems integration across Government ministries.
49. Government will implement Collateral Registry to expand Single Window access to finance, the Lesotho platform to facilitate cross border trade and will enhance efficiency of construction permits and land administration systems. **To this effect, the Government has set aside M255 million to pursue these Investment Climate Reforms.**

50. **Mr. Speaker,** COVID-19 has provided us with remarkable lessons, and we have adopted the new norm. It has taught us the value of technology and automated systems. Countries that have automated systems suffered less disruptions in workflows and those that did not, suffered immense productivity declines. The Government of Lesotho has taken COVID-19 as both a pandemic and an opportunity.
51. The Government has therefore prepared the Digital Transformation Strategy to be implemented in 2022/23. The strategy will guide Government Investments in digitalizing services and payments in order to enhance efficiency of public service delivery and minimise leakages. It will serve as a framework for the implementation of a government payment gateway that supports Government to People (G2P) and People to Government (P2G) digital payments. This will also require business processes re-engineering in Government.
52. **Mr. Speaker,** it is our intention to digitise our payment systems to enhance revenue collection and minimise leakages. To this extent, we have successfully piloted usage of digital pen in Maseru district Judicial Head Office. In 2022/23, we will roll out the use of digital pen to all Judicial offices which are not connected to IFMIS.
53. **Mr. Speaker,** COVID-19 has worsened our unemployment situation, and will potentially reverse the poverty reduction gains we had made during the past years. The Government has facilitated private sector investment to the tune of M267.4 million with different projects to start this financial year, and these projects are just awaiting completion of factory space at Ha-Belo which is expected to be completed in June 2022. If successfully implemented these projects will create over 6,000 jobs.

54. **Mr. Speaker**, as I had indicated earlier, our economic recovery will depend entirely on how quick our society gets vaccinated. Evidence has shown that vaccine access is the principal fault line along which the economies' recovery splits into two blocs: those economies that can look forward to further normalization of activity later this year and those that will still contend with prospects of rising infections and rising COVID-19 death tolls.

Mining

55. Mr Speaker and the Honourable House will recall that, in my Mid-term Budget Review, I indicated that a feasibility study of Artisanal and Small-scale Mining (ASM) on localisation of diamond trading was undertaken and completed where 9 sites were found to have potential. The public will now be invited to apply for licensing following the approval of the Mines and Minerals Act 2005 Amendment Bill.

56. Precious Stones Regulations 2021 were approved and are intended to create an enabling environment for declaration, collection and local sales of diamonds.

Agriculture and Range Management

57. **Mr Speaker**, as a way of addressing high inputs costs, the Government will continue to procure and subsidise agricultural inputs at the rate of 60:40 to farmers in continuing to address households and national food insecurity and enhancing commercial agriculture for block farmers. The subsidy initiative will cover both winter and summer cropping season for 2022/23 agricultural year.

58. Procurement and allocation of improved merino rams and angora bucks to beneficiaries under culling and exchange programme will continue. Under National Elite Stock, the Ministry will continue to

procure improved sheep and goats for the two Studs, Mokhotlong and Quthing, with national auctions anticipated for June and December every year. Both programmes will assist in improving production and productivity of small stocks which will improve quantity and value of fibre in international markets.

59. **Mr Speaker**, Smallholder Agriculture Development Project II (SADP II), which now operates in all districts will continue to award 400 matching grants, 200 youth and women to enhance private sector led job creation and economic growth: 1,130 nutrition sensitive grants. The project will also continue to rehabilitate and develop new irrigation schemes in addressing climate change induced drought and enhance commercial agriculture through irrigated crop production.

60. Agricultural Productivity Programme for Southern Africa will continue to enhance infrastructure development for improved, timely and reliable horticultural crops, maize and beans research and development services to be accessed by the farming community.

61. The Government in collaboration with Development Partners is implementing Regeneration of Landscapes and Livelihoods Project in 16 sub-catchments located in Berea, Leribe, Butha-Buthe, Thaba-Tseka, Qacha's Nek and Quthing. The project is intended to enhance climate resilient practices on 350,000 hectares of land, control bush on 10,000 hectares and benefit over 100,000 people.

Infrastructure Services

62. **Mr Speaker**, infrastructure is the live wire of every thriving economy and if well managed, has immediate effects in restoring productivity and growth. Adequate and well maintained infrastructure will provide our country with strong economic stimulus that will assist in

rebalancing our economic growth. M4.4 billion has been allocated to this sector.

Energy

63. **Mr Speaker,** to increase electricity connections in the country, around 5,407 households, businesses and government institutions have been connected with electricity and the Lesotho Renewable Energy Access Project will further supply 54 industries at Belo Industrial Zone with electricity. We also embark on distributing electricity to the southern region of the country and will undertake the Environmental and Social Impact Assessment for construction of Ha Mofoka to Qacha`s Nek 132KV Line in the coming fiscal year.

64. Lesotho Renewable Energy Access project has also been restructured to connect electricity to 30 additional villages, with about 12,500 households. The estimated cost for these households connections is equivalent to M215 million.

65. Lesotho has abundant potential for solar and hydropower generation. In order to increase local power generation, the Government of Lesotho signed a grant agreement with Japan International Cooperation Agency amounting to M189 million for the Katse Mini Hydropower Improvement in January 2022. Under this project, one new mini hydro will be installed and the current one will be rehabilitated with the aim of supplying stable power at the Katse dam and the surrounding areas. The total power output from the project is 1MW and it is expected to be completed in 2025. The project is expected to contribute to the development of renewable energy in Lesotho and the achievement of SDG 7.

Roads and footbridges

66. **Mr Speaker**, notable progress has been made in the rehabilitation of Northern Access Road between Pitseng and Katse, and it is expected to be completed by the end of 2022/23 fiscal year.
67. Under the continuing Transport and Connectivity Infrastructure Project, construction of 8 footbridges which were delayed due to COVID-19 are currently under construction in Mafeteng, Leribe and Quthing. In the 2022/23 fiscal year, the Government will construct 11 additional footbridges at Lepeli to Thakeli and Maliehe to Mpeli in Maseru. In Mohale's Hoek, the bridges will connect Mokhasi to Luka, Ramosokothoana to Ralimpe, Sefateng to Baruting, Ntlhasinye to Makhetheng, Ntja to Jobo as well as Thabantšo to Moiketsi. In Thaba-Tseka, construction will be at Kou to Motau while in Mokhotlong it will be at Nyokololi to Tiping and lastly at Pali to Leihloana in Quthing.
68. **Mr Speaker**, you will recall that in recent years, the Government had engaged contractors for routine maintenance of roads, however, the country's current economic status warrants a reconsideration of this approach. The Government will reinstitute labour-based system for routine maintenance.
69. The Government endeavours to renovate, rehabilitate and construct government buildings. In 2022/23, site inspections will be undertaken in all districts to develop a database on possible renovations and new developments. Preliminary works for construction of office park at Prison Garden in Maseru will also commence.
70. **Mr Speaker**, Phaumanyetse Operation continues through the Contingency Emergency Response Component where Khubelu river crossing structures are under rehabilitation on Tlokoeng to Molikaliko road. Works have commenced at Mahloenyeng to Gideone structure,

Selomo to Tsime road, Seaka to Phamong up to Ketane road, Mt. Moorosi to Makoae road as well as Mosala to Ha Raleqheka road structures.

71. To improve infrastructure at councils' level, the Ministry of Local Government and Chieftainship will design bus terminals in Hlotse, Mafeteng and Mohale's Hoek as well as designs for urban roads in Mafeteng and Teyateyaneng. The upgrading of Mpilo 7km road will commence this financial year.

Transport

72. **Mr Speaker**, we need to comply with International Civil Aviation Organisation standards to maintain services at Moshoeshoe I International Airport. Therefore, rehabilitation works will commence in full swing in the coming fiscal year. This follows the engagement of a Project Management Consulting Firm to oversee all aspects of the project.
73. **Mr. Speaker**, recently experienced flooding has washed away and destroyed several bridges and roads including footbridges that connect villages in the remote areas of the country. While the Government is working to mobilise resources for the reconstruction of damaged infrastructure, 30 drift boats will be procured to ease mobility in these areas.

Water Resources

74. **Mr Speaker**, the Government has a commitment of increasing access to drinking water to all Basotho both in rural and urban areas. The procurement of contractors to undertake construction of bulk water and distribution infrastructure under the Lesotho Lowland Water Development Project Phase II will commence in the coming fiscal year. The Lowland Water Development Project Phase II will supply water to Hlotse, Maputsoe, Mafeteng and Mohale's Hoek, and

villages around the pipelines routes. Financing Agreements for Lowland Water Development Project Phase III were concluded in November 2021 to support development of bulk water infrastructure and distribution networks in Butha-Buthe.

75. For reliable and sustainable water supply to the lowlands of Lesotho, the feasibility study for the envisaged multipurpose dam on Makhaleng River to supply Mafeteng and Mohale's Hoek and surplus water to the Republic of Botswana has commenced. Further feasibility studies for dams at Hlotse, Ngoajane and Maletsunyane Rivers will commence in 2022/23 fiscal year.
76. Construction works for distribution of water from the Metolong Dam, including household connections to the areas of Ha 'Mantšebo and Matsieng will be completed in the coming fiscal year. Further distribution to the areas of Mazenod (Machekoaneng, Ha Chaka, Ha Jimisi, Ha Malefane, Ha Tseka and Ha Au) as well as Rothe and Ha Mokhalinyane will commence in 2022/23 fiscal year.
77. **Mr Speaker**, the Government has started consultations with stakeholders on the review of the Lesotho Highlands Water Project Treaty. It is envisaged that these consultations will be completed by end of June 2022. This shall be followed by the public consultations throughout the country.
78. The Lesotho Highlands Water Project Phase II programme (Polihali Dam) is ongoing despite the COVID-19 pandemic which brought some delays. Construction of bulk power supply, sub-stations and access roads to Polihali site will continue despite significant delays experienced.

79. Construction for both the Polihali Dam and the tunnel is expected to commence around June 2022. This is expected to boost the economy through job creation and participation by Basotho. The feasibility study for the Oxbow Hydro Power station has been completed and the design stage will commence in the coming fiscal year.
80. In a similar note, the Government is planning to invite concessionaires for the construction of important buildings and other infrastructure including toll-gate plaza on the A1 road near 'Moteng in Butha-Buthe. Proceeds from this pilot project will be used for maintenance of the roads. The intention is to roll out the program country wide.

Human and Social Development

81. **Mr Speaker**, we are all aware that the success of every country is linked to the wellbeing of its citizens. The Government is thus committed to invest in every Mosotho to unleash their full potential. M7.2 billion has been allocated to this sector.
82. **Mr Speaker**, the long-awaited Persons with Disability Equity Act, 2021 has since been enacted and the first disability grants to the severely disabled and poor citizens were paid in February 2022. The Old Age Pension program has been migrated in the current fiscal year from Ministry of Finance to Ministry of Social Development as part of integrating all social benefits.

Education and Skills Development

83. **Mr Speaker**, this academic year has been the most challenging due to COVID-19 where a lot of children dropped out of schools due to loss of income of their parents and guardians. Global Partnership for Education (GPE) through **UNICEF** sponsored more than 3,500 students as part of COVID-19 relief. The Government therefore plans

to increase the number of supported children through Orphan and Vulnerable Children Bursary Scheme to 28,000 in 2022 academic year.

84. **Mr Speaker**, to address the long-standing poor service delivery in the Teaching Service Department, the Government will decentralise the functions of the department from April 2022 and thus, comprehensive services will be closer to teachers.
85. The skills audit will be undertaken in higher learning sectors in order to strive towards applicability of skills through quality assurance and accreditation of programmes. Furthermore, the programmes will be reviewed for relevance, wastefulness and cost containment through attention to radical programme articulation measures.

Health and Wellness

86. **Mr Speaker**, in the last two decades, Lesotho has seen a steady increase in Non-Communicable Diseases (NCDs). The most prominent NCDs are hypertension, diabetes mellitus and reproductive cancers such as cervical, breast and prostate. To address this challenge, at least 10 hospitals have been capacitated to conduct cervical cancer screening and treatment of pre-cancerous lesions. Cancer prevention and control policy is under development and will facilitate the availability of morphine among other needs for cancer patients and alleviate the suffering of terminally ill patients.
87. The Mental Health Policy has also been developed and will address how mental health services will be delivered by integrating mental health services in the existing primary health care platforms and strengthening the referral systems.
88. **Mr Speaker**, the Emergency Operations Centres have been established in two districts, as part of International Health Regulation

co-capacities. The Ministry of Health has also developed the Multi Hazard Response Plan, Guidelines and Standard Operation Procedures of the Public Health Emergency Operation Centre (PHEOC). These documents are meant to guide the response to public health emergencies including activation of the PHEOC and Incident Management System in case of a confirmed public health incident.

89. The construction of Maseru District hospital which commenced in 2021/22 is progressing well. Its completion will relief congestion at Queen 'Mamohato Memorial Hospital and health centres around Maseru. The Government is also looking at various hospital management options to run QMMH effectively and efficiently.

Governance, Rule of Law and Security

90. **Mr Speaker**, it is universally acknowledged that the rule of law is a corner stone for a secure and stable country. The Government is tirelessly working hard to ensure that every Mosotho is treated fairly and enjoys equal privileges. The Government will further continue to protect the country and its people against all forms of threats and injustice. This sector has been allocated M2.7 billion to this effect.

91. **Mr Speaker**, a modest level of achievement has been reached and efforts intensified to combat trafficking in persons in all its forms focusing mainly on prevention, protection and persecution. National Strategic Framework and Action Plan to Combat Trafficking in Persons (NSFAP), 2021-2026 has been endorsed and is ready for implementation. Subsequently the country has been upgraded from Tier 3, the Junk status, to Tier 2, the Watch list. The Government has earmarked funds to support operations of the Anti-Trafficking Secretariat for the implementation of the 2021–2026 NSFAP Victims of Trafficking as well as Internally Displaced Persons.

92. **Mr Speaker, as a pre-condition for free and fair elections, the Independent Electoral Commission is in the process of executing all its key electoral activities in preparation for 2022 National Assembly and Local Government elections.** The Commission is in the process of reviewing constituencies boundaries and the description of boundaries will be publicised once completed. Upon completion of the review of the boundaries, the Commission will review the electoral divisions. The pre re-registration activities have begun and the actual re-registration of voters will commence in April 2022. To undertake these elections, the government has set aside about M300 million.
93. To combat crime, the Government in collaboration with Vodacom has launched a toll-free number 112 "**Mokhosi**" to report incidences of serious crime in villages to the nearest Police Station. The aim of "Mokhosi" is to assist the Police in prevention, detection and to swiftly attend to crime incidences.

National Reforms

94. **Mr Speaker, the comprehensive national reforms process is firmly on course and there is no turning back; and notable progress is clearly visible.** A wide range of draft bills, policies and an Omnibus Constitutional Bill have been produced and tabled before Parliament. Meanwhile, National Reforms Authority (NRA) is working on finalising the constitutional provisions that are double entrenched.
95. Government is pursuing implementation of a peace process that encompasses transitional justice. We are convinced that peace, national unity, healing and reconciliation are the bedrock for the success of the ongoing reforms. Laws on their own are not going to solve our problems but a "**Change of Mindset Programme**", national healing and reparation process will go a long way towards

ensuring sustainability of the reforms. Public Sector productivity and efficient service delivery that is linked to decentralisation need to be a priority in the implementation of the reforms agenda.

Public Finance Reforms

96. **Mr Speaker,** in the coming fiscal year, the government will implement a Gender-Responsive Budgeting (GRB) by piloting with the four social sector ministries: Ministries of Health, Education and Training, Social Development and Gender and Youth, Sports and Recreation.
97. GRB is a strategy that will promote the goal of gender equity by allocating specific budget for both female and male beneficiaries in programmes. GRB is intended to promote accountability and transparency in fiscal planning; increase gender responsive participation in the budget process; and to advance gender equity agenda. Having gender equity in developmental or service delivery programmes requires intentional measures to incorporate a gender perspective in planning and budgeting frameworks and concrete investment in addressing gender gaps.
98. In GRB, we will not create separate sector budgets for women, but rather seek to ensure that the collection and allocation of resources are carried out in ways that are effective and contribute to advancing gender equity and reflected in programmes. It should be based on in-depth analysis that identifies effective interventions that advance women's rights.
99. **Mr. Speaker,** the Government is aware of the challenges surrounding the pension schemes. In the coming fiscal year, we commit to embark on reforms on pension schemes to address the discrepancies. We also

resolve to accord the retirees a dignified exit from the service by improving on timely pay-out of terminal benefits.

100. **Timely payment of government suppliers and the clearance of domestic arrears** for which funds have been provided in the budget for the fiscal year 2021/22 remain critical. This is to avoid stifling private sector investment and associated consequences such as the increase in rates of non-performing loans, which in turn increases the cost of borrowing and leads to distress, loss of employment and production.

101. IFMIS functionality is also being enhanced to reduce arrears, link debt, budget and cash management, as well as to introduce paperless payments and other enhancements to fight fraud and revenue leakages. We will implement new procurement legislation and instruments to better tendering processes and attain value for money plus more efficient pricing of services. Government should also target to purchase locally produced goods and services to enable expansion of the private sector investments. This will in turn increase production and employment opportunities for the population.

102. We are working with development partners such as the World Bank to increase capacity for budgeting, accounting, procurement and internal audit, including at local level to settle the ground for deeper fiscal decentralisation. We have also presented a clean audit roadmap which we are already implementing and require the support of all arms of Government to make it a reality.

103. **Mr Speaker**, the Government of Lesotho, is also working on a new National Economic Transformation Agenda for long term sustainable growth and Development, to take Lesotho on the desired path and espouse Se-Moshoeshoe. Extensive consultations will be undertaken

in the development and finalisation of the Agenda, which will inform medium-term plans. Lesotho being a member of the United Nations adopted the Agenda 2030 (Sustainable Development Goals – SDGs) and has therefore committed to voluntarily report annual progress towards achievement of selected goals, which will also inform the development agenda. The UN organises and holds the High-Level Political Forum for Sustainable Development, which is a central platform for follow-up and review of the Agenda 2030. As a commitment to the achievement of the SDGs, Lesotho is one of the countries that will be undertaking the Voluntary National Reviews of the SDGs in 2022 and will present its report at the High-Level Political Forum for Sustainable Development in July 2022.

104. The theme for the 2022 Voluntary National Reviews and High-Level Political Forum for Sustainable Development will be ***“Building back better from the COVID-19 while advancing the full implementation of the 2030 Agenda for Sustainable Development”***.

NEW POLICY PROPOSALS FOR THE 2022/23 BUDGET

105. **Mr Speaker**, the 2022/23 budget will be fully realised if the following legal frameworks are passed before the dissolution of the 10th Parliament. These are:

- i)** Value Added Tax (VAT) Amendment) Bill
- ii)** Income Tax (Amendment) Bill
- iii)** Tobacco and Alcoholic Products Levy Bill 2020
- iv)** Tax Administration Bill
- v)** Lesotho Revenue Authority (LRA) Amendment Bill
- vi)** Harmonisation Bill - As one of the conditions precedent for Compact II coming into force.

106. **I wish to emphasise the importance of passing these bills in order to increase the Government purse.** I, therefore, call upon this honourable house to resolve to make it a reality.

107. **Mohlomphehi Motsamaisi oa Lipuisano**, ke etsa kopo thapeli ho Ntlo ena e khabane ho itahlela ka setotsoana le ho sebetsa ka sekahla ho fetisa litsoantso tsena tsa melao ka hare ho bophelo ba Paramente ena ea Leshome, e le ho fihlela meoloane ka hare ho likhakanyo tsena tsa lichelete.

CONCLUSION

108. **Mr Speaker**, this budget is prepared amidst great uncertainty emanating from COVID-19 waves that may come and geopolitical tensions in Europe that could have dire socio-economic impact globally. This, therefore, implies that the expected recovery and reduction of vulnerability could come out muted. The budget I am presenting today, represents a policy mix that will serve as transition to a new democratic regime. We therefore need to build on the solid crises governance that we cultivated under the leadership of the Right Honourable The Prime Minister. In building resilience, innovation and setting the economy on a high and sustainable growth path we will focus on the following:

1. Facilitating investment for growth and employment
2. Reducing vulnerability and inequality
3. Revenue enhancing measures, which include:
 - i. Enactment of Tobacco and Alcoholic products Levy
 - ii. Value Added Tax Fiscalisation
 - iii. Abolishment of Zero ratings
 - iv. Enforcement of Export sales tax as well as Abolishment of accelerated Depreciation.
 - v. Increase Oil Levy by 15c per litre from April 2022.

- vi. Reduce leakages in revenue collection through digital solutions
4. Implement expenditure containment measures.
5. Securing peace and stability through implementation of prioritised National Reforms Agenda.
6. Improve access to basic services and enhance food security.
7. Tap the demographic dividend.

109. **Mr. Speaker**, in concluding this financial policy, I propose to this Honourable House that the salaries and wages be adjusted by 5 percent across-the-board to preserve the take home pay. This is consistent with the projected inflation rate of 5 percent. But given the already high wage bill, the Government can only afford a modest adjustment to restrain further growth of the wage bill.

110. To ensure that low-income earners remain outside the tax bracket, I propose that, the tax credit be adjusted upwards from M10,080 to M10,560 per annum. This will translate into an adjustment of the minimum annual taxable income from M64,200 to M67,440 per annum.

111. **Mr. Speaker**, in the same spirit that characterized the proposal on public servants, the Government proposes that the Old Age Pension be increased by M50 to M850 per month effective 1st April 2022.

112. These adjustments are becoming increasingly difficult in an environment of declining revenues and the rapidly growing wagebill.

113. **Mr Speaker**, as I conclude, I wish to express my sincere gratitude for the support I received from the Right Honourable the Prime Minister and the Honourable Deputy Prime Minister, as well as my colleagues in Cabinet during the preparation of this budget.

114. My appreciation and profound thanks go to my staff in the Ministry of Finance who spent sleepless nights working with me to put the Budget together. I will always remember your dedication, professionalism and sense of humour. Our gratitude goes to our Development Partners; without whose assistance we would not be able to implement some of the very important programmes proposed in this Budget. Finally, I thank my wife and family who have had to put up with my absences.

KHOTSO, PULA, NALA

ANNEXES

ANNEX I

GOVERNMENT BUDGET OPERATIONS FOR THE FISCAL YEAR 2020/2021 - 2024/2025					
Budget Item	Actual 2020/21	Projection 2021/22	Budget 2022/23	Projection 2023/24	Projection 2024/25
REVENUE	18 632,8	16 705,9	19 731,9	22 817,2	24 979,0
Tax revenue	6 778,6	7 422,5	9 511,8	12 224,3	13 259,2
Taxes on income, profits, and capital gains	3 722,1	4 181,3	4 855,7	6 117,4	6 570,2
Income tax - payable by individuals	2 532,8	2 220,0	2 702,0	2 769,6	2 838,8
Income tax - payable by corporations and	447,0	865,9	1 664,9	2 974,3	3 487,1
Income tax - other	742,4	820,6	948,8	967,2	1 012,7
Taxes on goods and services	3 056,4	3 766,9	4 655,0	6 106,1	6 686,4
Value-added tax	2 607,7	3 175,2	3 835,7	4 941,0	5 465,5
Excise taxes	420,1	543,7	801,6	1 147,5	1 203,2
Taxes on specific services	8,4	27,7	8,5	8,5	8,5
Taxes on the use of goods and on permis	20,3	20,3	9,2	9,2	9,2
Taxes on international trade and transaction					
Other taxes	0,0		1,1	0,8	2,7
Grants	1 049,0	1 540,7	2 260,9	1 149,7	1 289,7
Other revenue	1 824,7	1 734,9	2 559,7	2 445,0	2 624,6
Property income	624,5	516,0	922,5	784,4	833,9
Dividends	117,8	74,0	405,6	266,5	272,4
Rent	487,6	431,3	493,8	494,7	538,4
Sales of goods and services	1 199,4	1 400,6	1 633,7	1 657,4	1 787,5
Electricity Muela	50,7	62,9	58,0	58,0	58,0
Water Royalties - LHDA	1 073,7	1 303,2	1 381,6	1 395,6	1 515,4
Administrative fees	17,2	3,6	41,4	43,5	45,7
Incidental sales by nonmarket establishme	57,8	30,9	152,7	160,3	168,3
Fines & forfeits	0,7	0,5	3,3	3,3	3,3
Miscellaneous and unidentified revenue			0,2		
SACU	8 980,5	6 007,8	5 399,5	6 998,2	7 805,5
EXPENSE (Statutory + Non Statutory + Sa	14 632,4	14 219,4	16 250,6	17 461,8	18 213,8
 Compensation of Employees	6 029,7	6 365,4	7 887,0	8 698,3	9 030,7
Wages and salaries	5 501,6	5 744,5	7 549,8	7 849,8	8 149,8
 Use of goods and services	2 330,5	2 129,3	2 733,8	2 870,4	3 013,9
 Interest Payments	544,1	383,5	766,5	786,6	807,4
Nonresidents	262,1	260,5	415,7	432,4	449,7
Residents other than general government	282,0	123,1	350,7	354,2	357,8
 Subsidies	1 040,7	945,4	504,2	529,4	555,8
Grants to international organisations	43,1	59,6	50,8	53,4	56,0
Grants to other general government unit	1 871,7	1 385,2	1 382,2	1 451,3	1 523,8
 Social benefits	1 846,9	1 901,8	1 786,3	1 875,6	1 969,3
 Other expense	925,7	1 049,2	1 139,9	1 196,9	1 256,7
Student Grants	891,4	998,1	1 030,2	973,5	920,0
Other expense	34,3	51,0	109,7	42,6	44,8
Capital Budget	4 519,8	5 620,9	6 763,8	6 356,5	6 674,3
GoL	1 818,7	2 012,1	1 764,0	1 852,2	1 944,8
Donor Grants	844,1	1 327,4	2 114,2	1 474,4	1 548,1
Donor Loans	1 857,0	2 281,5	2 885,7	3 029,9	3 181,4
CASH SURPLUS / DEFICIT	86,7	-2 510,9	-3 282,5	-1 746,5	-691,7
% GDP	0,3%	-6,5%	-7,7%	-3,8%	-1,4%
GDP GROWTH	-4,5%	2,7%	2,3%	2,5%	2,9%
TRANSACTIONS IN FINANCIAL ASSE	9 538,3	2 510,9	3 282,5	1 746,5	691,7
FINANCIAL ASSETS	-2 307,4	-2 927,6	-2 708,2	-1 144,2	-88,3
Domestic (Change in Deposits)	-2 307,4	-2 927,1	-2 707,7	28,0	29,0
Foreign	-	-	-	-	-
LIABILITIES	-1 750,1	-416,7	574,4	602,4	603,4
Domestic	-2 210,0	-1 323,9	-1 338,4	-1 338,4	-1 338,4
Securities	-1 327,0	-840,9	-855,4	-855,4	-855,4
Loans	-83,0	-83,0	-83,0	-83,0	-83,0
Foreign	459,9	907,1	1 912,7	1 940,7	1 941,7
Loans	459,9	907,1	1 912,7	1 912,7	1 912,7
Disbursements	1 172,9	1 892,3	2 885,7	2 885,7	2 885,7
Repayments	-713,0	-985,1	-972,9	-972,9	-972,9

ANNEX II					
GOVERNMENT BUDGET OPERATIONS FOR THE FISCAL YEAR 2020/25 - 2024/2025 [% of GDP]					
Budget Item	Actual 2020/2 1	Projection 2021/22	Budget 2022/2 3	Budget 2023/2 4	Budget 2024/2 5
REVENUE	49,6	43,1	46,2	49,5	51,8
Tax revenue	18,1	19,1	22,3	26,5	27,5
Taxes on income, profits, and capital gains	9,9	10,8	11,4	13,3	13,6
Income tax - payable by individuals	6,7	5,7	6,3	6,0	5,9
Income tax - payable by corporations and other enterprises	1,2	2,2	3,9	6,5	7,2
Income tax - other	2,0	2,1	2,2	2,1	2,1
Taxes on goods and services	8,1	9,7	10,9	13,2	13,9
Value-added tax	6,9	8,2	9,0	10,7	11,3
Excise taxes	1,1	1,4	1,9	2,5	2,5
Taxes on specific services	0,0	0,1	0,0	0,0	0,0
Taxes on the use of goods and on permission to use or possess	0,1	0,1	0,0	0,0	0,0
Taxes on international trade and transactions	0,0	0,0	0,0	0,0	0,0
Other taxes	0,0	0,0	0,0	0,0	0,0
Grants	2,8	4,0	5,3	2,5	2,7
Other revenue	4,9	4,5	6,0	5,3	5,4
Property income	1,7	1,3	2,2	1,7	1,7
Dividends	0,3	0,2	0,9	0,6	0,6
Rent	1,3	1,1	1,2	1,1	1,1
Sales of goods and services	3,2	3,6	3,8	3,6	3,7
Electricity Muela	0,1	0,2	0,1	0,1	0,1
Water Royalties - LHDA	2,9	3,4	3,2	3,0	3,1
Administrative fees	0,0	0,0	0,1	0,1	0,1
Incidental sales by nonmarket establishments	0,2	0,1	0,4	0,3	0,3
Fines & forfeits	0,0	0,0	0,0	0,0	0,0
Miscellaneous and unidentified revenue	0,0	0,0	0,0	0,0	0,0
SACU	23,9	15,5	12,6	15,2	16,2
EXPENSE (Statutory + Non Statutory + Salary Increase)	39,0	36,7	38,0	37,9	37,8
Compensation of Employees	16,1	16,4	18,5	18,9	18,7
Wages and salaries	14,7	14,8	17,7	17,0	16,9
Use of goods and services	6,2	5,5	6,4	6,2	6,2
Interest Payments	1,4	1,0	1,8	1,7	1,7
Nonresidents	0,7	0,7	1,0	0,9	0,9
Residents other than general government	0,8	0,3	0,8	0,8	0,7
Subsidies	2,8	2,4	1,2	1,1	1,2
Grants to international organisations	0,1	0,2	0,1	0,1	0,1
Grants to other general government units	5,0	3,6	3,2	3,1	3,2
Social benefits	4,9	4,9	4,2	4,1	4,1
Other expense	2,5	2,7	2,7	2,6	2,6
Student Grants	2,4	2,6	2,4	2,1	1,9
Other expense	0,1	0,1	0,3	0,1	0,1
Capital Budget	12,0	14,5	15,8	13,8	13,8
GoL	4,8	5,2	4,1	4,0	4,0
Donor Grants	2,2	3,4	4,9	3,2	3,2
Donor Loans	4,9	5,9	6,8	6,6	6,6
CASH SURPLUS / DEFICIT % GDP	0,2	-6,5	-7,7	-3,8	-1,4
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES	25,4	6,5	7,7	3,8	1,4
FINANCIAL ASSETS	-6,1	-7,5	-6,3	-2,5	-0,2
Domestic (Change in Deposits)	-6,1	-7,5	-6,3	0,1	0,1
Foreign	0,0	0,0	0,0	0,0	0,0
LIABILITIES	-4,7	-1,1	1,3	1,3	1,3
Domestic	-5,9	-3,4	-3,1	-2,9	-2,8
Securities	-3,5	-2,2	-2,0	-1,9	-1,8
Loans	-0,2	-0,2	-0,2	-0,2	-0,2
<i>of which Pension Liabilities</i>	0,0	0,0	0,0	0,0	0,0
Foreign	1,2	2,3	4,5	4,2	4,0
Loans	1,2	2,3	4,5	4,1	4,0
Disbursements	3,1	4,9	6,8	6,3	6,0
Repayments	-1,9	-2,5	-2,3	-2,1	-2,0
Months of Import Coverage	4,9	4,4	5,1	5,4	5,6

ANNEX III			
ANNUAL % CHANGE IN REVENUES AND EXPENDITURES			
Budget Item	Budget 2021/22	Budget 2022/23	% Change
REVENUE	17 253,8	19 731,9	14,4
Tax revenue	7 340,1	9 511,8	29,6
Taxes on income, profits, and capital gains	3 595,9	4 855,7	35,0
Income tax - payable by individuals	2 199,3	2 702,0	22,9
Income tax - payable by corporations and other enterprises	737,6	1 664,9	125,7
Income tax - other	658,1	948,8	44,2
Taxes on goods and services	3 742,4	4 655,0	24,4
Value-added tax	3 040,0	3 835,7	26,2
Excise taxes	667,9	801,6	20,0
Taxes on specific services	3,0	8,5	182,6
Taxes on the use of goods and on permission to use or perform activities	25,5	9,2	-64,1
Taxes on international trade and transactions		-	
Other taxes	2,7		
Grants	1 590,1	2 260,9	42,2
Other revenue	2 315,8	2 559,7	10,5
Property income	912,8	922,5	1,1
Dividends	319,2	405,6	27,1
Rent	522,4	493,8	-5,5
Sales of goods and services	1 398,8	1 633,7	16,8
Electricity Muela	58,0	58,0	
Water Royalties - LHDA	1 174,1	1 381,6	17,7
Administrative fees	45,5	41,4	-8,9
Incidental sales by nonmarket establishments	121,2	152,7	26,0
Fines & forfeits	3,3	3,3	-0,3
Miscellaneous and unidentified revenue	1,0	0,2	
SACU	6 007,8	5 399,5	-10,1
EXPENSE (Statutory + Non Statutory + Salary Increase)	16 301,0	16 250,6	-0,3
Compensation of Employees	7 114,9	7 887,0	10,9
Wages and salaries	6 412,8	7 549,8	17,7
Use of goods and services	3 122,1	2 733,8	-12,4
Interest Payments	810,8	766,5	-5,5
Nonresidents	440,5	415,7	-5,6
Residents other than general government	370,4	350,7	-5,3
Subsidies	850,4	504,2	-40,7
Grants	894,1	1 433,0	60,3
Social benefits	2 460,7	1 786,3	-27,4
Other expense	1 047,8	1 139,9	8,8
Capital Budget	5 737,6	6 763,8	17,9
GoL	2 128,8	1 764,0	-17,1
Donor Grants	1 327,4	2 114,2	59,3
Donor Loans	2 281,5	2 885,7	26,5
CASH SURPLUS / DEFICIT	-4784,9	-2 510,9	-47,5
% GDP	-13,1	-6,5%	-99,5

ANNEX IV					
REVENUES AND EXPENDITURES AS % OF TOTAL FOR FISCAL YEARS 2020/21-2024/25					
Budget Item	Actual	Proj	Budget	Budget	Budget
	2020/2	2021/2	2022/2	2023/2	2024/2
	1	2	3	4	5
REVENUE	100,0	100,0	100,0	100,0	100,0
Tax revenue	36,4	44,4	48,2	53,6	53,1
Taxes on income, profits, and capital gains	20,0	25,0	24,6	26,8	26,3
Income tax - payable by individuals	13,6	13,3	13,7	12,1	11,4
Income tax - payable by corporations and other enterprises	2,4	5,2	8,4	13,0	14,0
Income tax - other	4,0	4,9	4,8	4,2	4,1
Taxes on goods and services	16,4	22,5	23,6	26,8	26,8
Value-added tax	14,0	19,0	19,4	21,7	21,9
Excise taxes	2,3	3,3	4,1	5,0	4,8
Taxes on specific services	0,0	0,2	0,0	0,0	0,0
Taxes on the use of goods and on permission to use or possess	0,1	0,1	0,0	0,0	0,0
Taxes on international trade and transactions					
Other taxes	0,0		0,0	0,0	0,0
Grants	5,6	9,2	11,5	5,0	5,2
Other revenue	9,8	10,4	13,0	10,7	10,5
Property income	3,4	3,1	4,7	3,4	3,3
Dividends	0,6	0,4	2,1	1,2	1,1
Rent	2,6	2,6	2,5	2,2	2,2
Sales of goods and services	6,4	8,4	8,3	7,3	7,2
Electricity Muela	0,3	0,4	0,3	0,3	0,2
Water Royalties - LHDA	5,8	7,8	7,0	6,1	6,1
Administrative fees	0,1	0,0	0,2	0,2	0,2
Incidental sales by nonmarket establishments	0,3	0,2	0,8	0,7	0,7
Fines & forfeits	0,0	0,0	0,0	0,0	0,0
Miscellaneous and unidentified revenue			0,0		
SACU	48,2	36,0	27,4	30,7	31,2
EXPENSE (Statutory + Non Statutory + Salary Increase)	100,0	100,0	100,0	100,0	100,0
Compensation of Employees	41,2	44,8	48,5	49,8	49,6
Wages and salaries	37,6	40,4	46,5	45,0	44,7
Use of goods and services	15,9	15,0	16,8	16,4	16,5
Interest Payments	3,7	2,7	4,7	4,5	4,4
Nonresidents	1,8	1,8	2,6	2,5	2,5
Residents other than general government	1,9	0,9	2,2	2,0	2,0
Subsidies	7,1	6,6	3,1	3,0	3,1
Grants to international organisations	0,3	0,4	0,3	0,3	0,3
Grants to other general government units	12,8	9,7	8,5	8,3	8,4
Social benefits	12,6	13,4	11,0	10,7	10,8
Other expense	6,3	7,4	7,0	6,9	6,9
Student Grants	6,1	7,0	6,3	5,6	5,1
Other expense	0,2	0,4	0,7	0,2	0,2
Capital Budget	100,0	100,0	100,0	100,0	100,0
GoL	40,2	35,8	26,1	29,1	30,6
Donor Grants	18,7	23,6	31,3	23,2	24,4
Donor Loans	41,1	40,6	42,7	47,7	50,0