



KINGDOM OF LESOTHO

MINISTRY OF FINANCE AND DEVELOPMENT PLANNING

BUDGET DEPARTMENT

2024/2025
SIMPLIFIED
VERSION
CITIZENS'
BUDGET
GUIDE

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KEY MESSAGES

KEY MESSAGES

Bicentennial Year Reflection: The budget acknowledges the significance of the Bicentennial year and emphasizes reflection and renewal.

Transition to Private Sector-led Growth: There's a shift from a government-centric growth model to one led by the private sector for sustainable and inclusive development.

Theme of Collaboration and Unity: The theme "Building on Resilience, Working Together, and Fostering Sustainable and Fair Growth" highlights the importance of collaboration in addressing challenges and seizing opportunities.

Prioritization of Entrepreneurship and Job Creation: The budget prioritizes creating a supportive environment for entrepreneurship and job creation, particularly focusing on youth, women, and vulnerable groups.

Macroeconomic Trends and Outlook: The overview of global, regional, and domestic economic situations indicates steady growth and moderate inflation, with a focus on remaining vigilant amidst external shocks.

Economic Priorities: These include enhancing inclusive and sustainable economic growth, building enabling infrastructure, human capital development, strengthening governance and accountability, and addressing cross-cutting issues such as climate resilience and inclusivity.

Medium-Term Fiscal Strategy: Emphasizes maintaining a sustainable fiscal path through fiscal consolidation, revenue diversification, and efficient expenditure management.

Sector Allocations: Allocations are made across various sectors such as agriculture, tourism, trade, labour, science and technology, health, education, social protection, roads, water resources, energy, and ICT.

WHAT IS BUDGET?

A government budget is a financial plan outlining anticipated revenue sources and proposed expenditures for a specific period, typically a fiscal year. It serves as a roadmap for allocating resources to various sectors and programs, reflecting the government's policies, priorities, and objectives. Key components include revenue sources like taxes and grants, planned spending across sectors such as education and healthcare, and whether there is a deficit or surplus. The budget guides financial management, decision-making, and policy implementation, aiming to meet the needs of citizens, promote economic growth, and ensure fiscal sustainability.

WHAT IS A CITIZENS' BUDGET?

A citizen budget is a user-friendly overview of a government's national budget, intended to help everyday people grasp how their tax dollars are utilized. It simplifies complex financial information, emphasizing revenue sources, spending allocations, and effects on public services.

These budgets strive to enhance transparency, accountability, and citizen involvement in fiscal choices.

GOVERNMENT COMMITMENTS

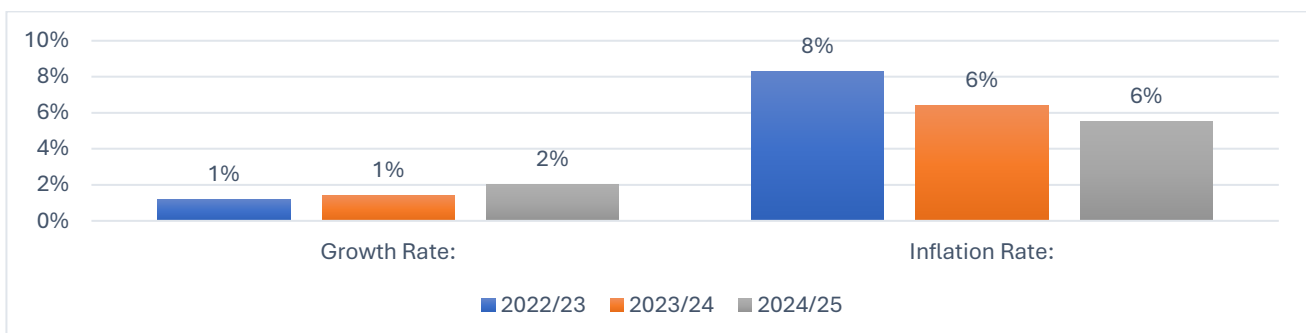
Transitioning	•Transitioning to a private sector-led growth model
Creating	•Creating a supportive environment for entrepreneurship and job creation
Enhancing	•Enhancing key sectors such as agriculture, tourism, and technology
Investing	•Investing in infrastructure development
Strengthening	•Strengthening human capital through health and education initiatives
Promoting	•Promoting good governance and accountability
Addressing	•Addressing cross-cutting issues like climate resilience and gender equity
Implementing	•Implementing reforms in sectors such as mining and public service
Emphasizing	•Emphasizing collaboration between the government, private sector, and civil society.

MACROECONOMIC TRENDS AND OUTLOOK

Overview of Current Economic Situation (Global and Regional)



Domestic Economic Developments



REVENUE STRATEGIES HIGHLIGHTS



Fiscal Consolidation:

Urgent need to expand the revenue base and streamline spending in both recurrent and capital programs.

Revenue Enhancement Measures:

Develop a medium-term revenue strategy and improve forecasting accuracy.

Digitization to facilitate tax collection and improve efficiency.

Consideration of outstanding tax bills by Parliament to enhance equity in the tax system.

Explore budget support options through grants and concessional financing.

Collaborate with academia for innovative financing avenues such as carbon trading and green bonds.

Policy Initiatives:

Develop a uniform policy for setting fees and charges to ensure cost recovery.

Revise oil levy to adequately cover motor vehicle assurance.

EXPENDITURE STRATEGIES HIGHLIGHTS:



Target Subsidies Through Means Testing.



Improve Asset and Fleet Management.



Establish E-payment Gateway For Cashless Transactions.



Reduce The Wage Bill And Enhance Public Sector Productivity.



Freeze Hiring Except For Critical Positions And Set Attrition Targets.



Restructure Ministries, Departments, And Agencies To Eliminate Redundant Positions.

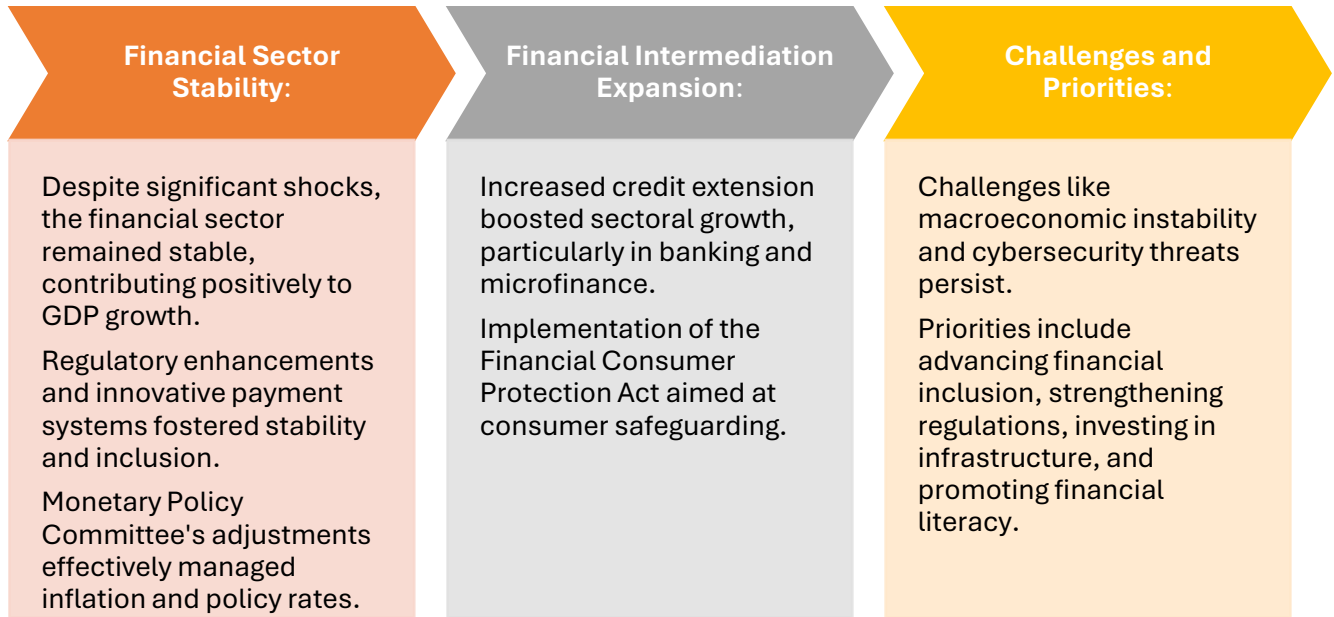


Implement Voluntary Separation Policy With Negotiated Exit Packages.





Aim To Reduce The Wage Bill From 18.5 Percent Of GDP To Around 14 Percent.

MONETARY POLICY



BUDGET PERFORMANCE (2023/2024)

-  Total revenue expected to decline due to nominal GDP slowdown and corporate losses.
-  Expenditure revised down due to effective procurement practices, resulting in a fiscal surplus.

DEBT STRATEGY



Total government debt at M22.9 billion, with external debt accounting for 83%.

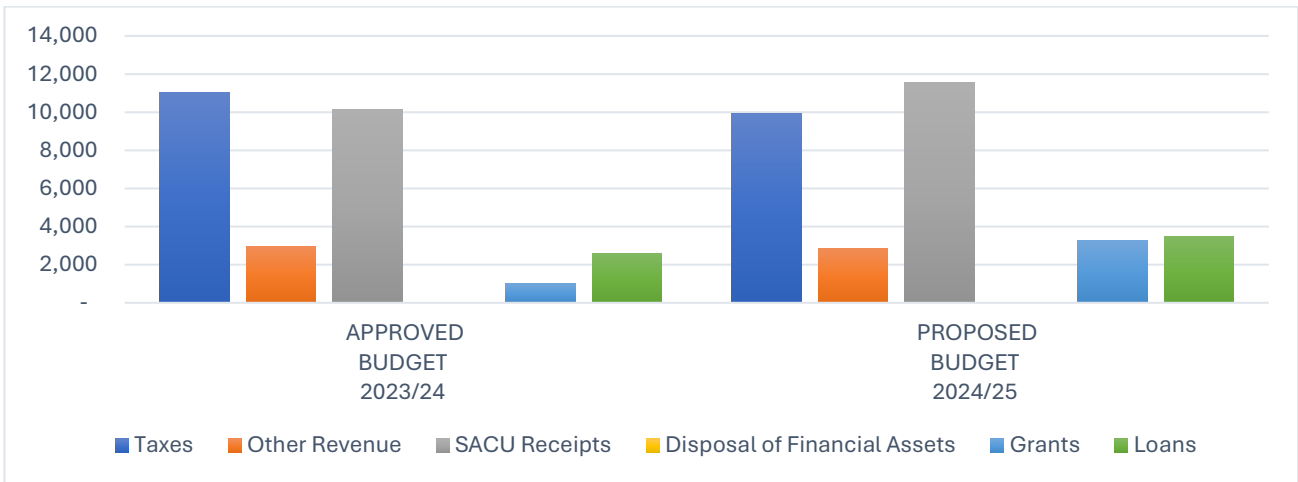


Moderate risk of debt distress with limited shock absorption capacity.



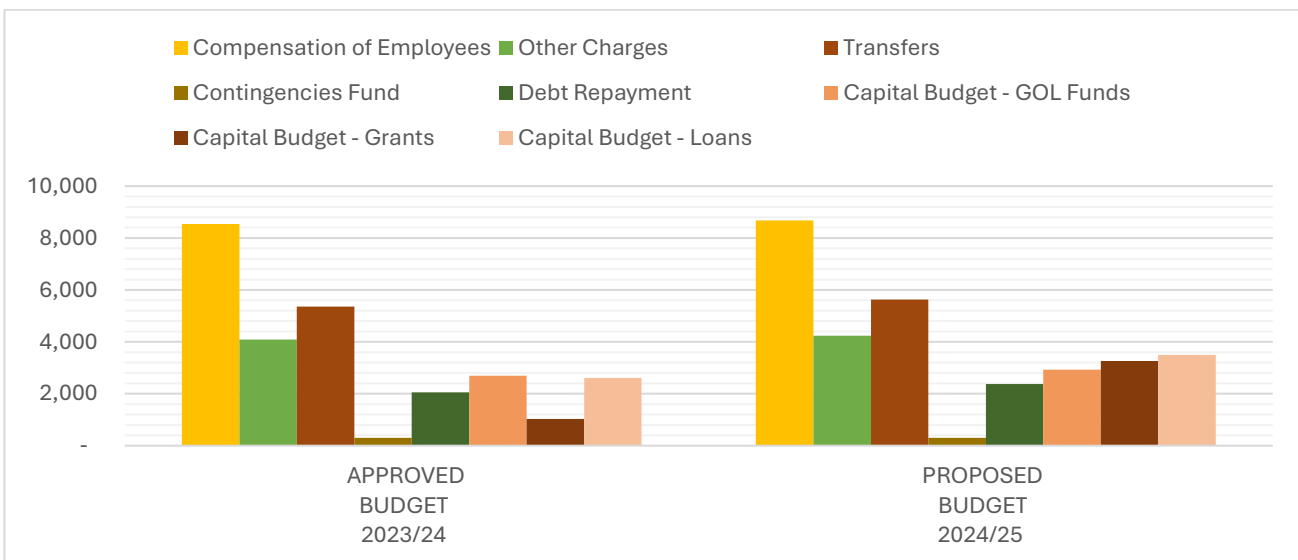
Plans to issue M500 million treasury bonds for infrastructure development.

RESOURCE ENVELOPE COMPOSITION



The proposed budget for 2024/25 sees a decrease in taxes and other revenue compared to the approved budget for 2023/24, while SACU receipts, grants, and loans show increases. Disposal of financial assets also sees a slight rise. Overall, total revenue is higher in the proposed budget, driven by the growth in SACU receipts, grants, and loans, despite decreases in taxes and other revenue sources.

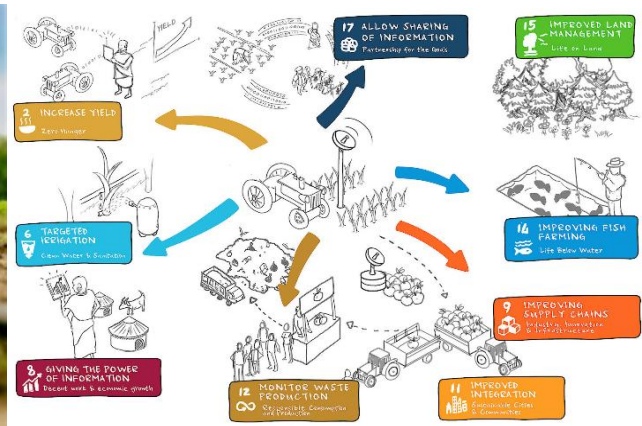
WHAT DOES GOVERNMENT SPEND THE MONEY ON?



The proposed budget for 2024/25 reflects increases in various expenditure categories compared to the approved budget for 2023/24. Compensation of employees, other charges, transfers, debt repayment, and capital budgets funded by government funds, grants, and loans all show increments. The total expenditure for 2024/25 is notably higher than the previous year, indicating an expansionary fiscal stance or increased investment in various sectors.

SECTORAL ALLOCATIONS

Enhancing Inclusive and Sustainable Economic Growth and Private Sector-Led Job Creation



Agricultural Development:

Enhance production and productivity through various initiatives.
Invest in commercial horticulture to create jobs and reduce import dependency.



Tourism Sector Development:

Improve tourism infrastructure and facilities.

Create jobs and boost economic activity through tourism packages and upgraded accommodations.
Enhance tourism by adjusting visa policies and promoting cultural sites.



Sports Development:

Commitment to developing five sporting codes to promote leisure, recreation, and socio-economic benefits.



Bicentenary Celebrations:

Introduction of a comprehensive policy framework to celebrate Lesotho's bicentenary, aiming to preserve cultural heritage and inspire future generations.



Trade and Industry Initiatives:

Construction of factory shells to attract investments and create jobs.
Empowerment programs for MSMEs through capacity building and funding support.
Introduction of investment policies and special economic zones to enhance exports and diversify products.



Labour and Employment Sector:

Engagement in bilateral labour migration agreements to diversify employment opportunities.
Enactment of progressive labour legislation and establishment of a National Social Security Scheme.



Science and Technology Advancement:

Facilitating collaboration in research and tech adoption.
Formalizing policies for economic diversification.
Introducing a National Program for Software Developers to boost digital workforce development.



Investment Management: Shift towards investment management and establishing an efficient investment pipeline.



Statistical Capabilities: Finalization of the Statistics Act and restructuring of relevant institutions to enhance statistical capabilities.



Risk Management: Development of comprehensive policies and strategies for fiscal and economic risk management.



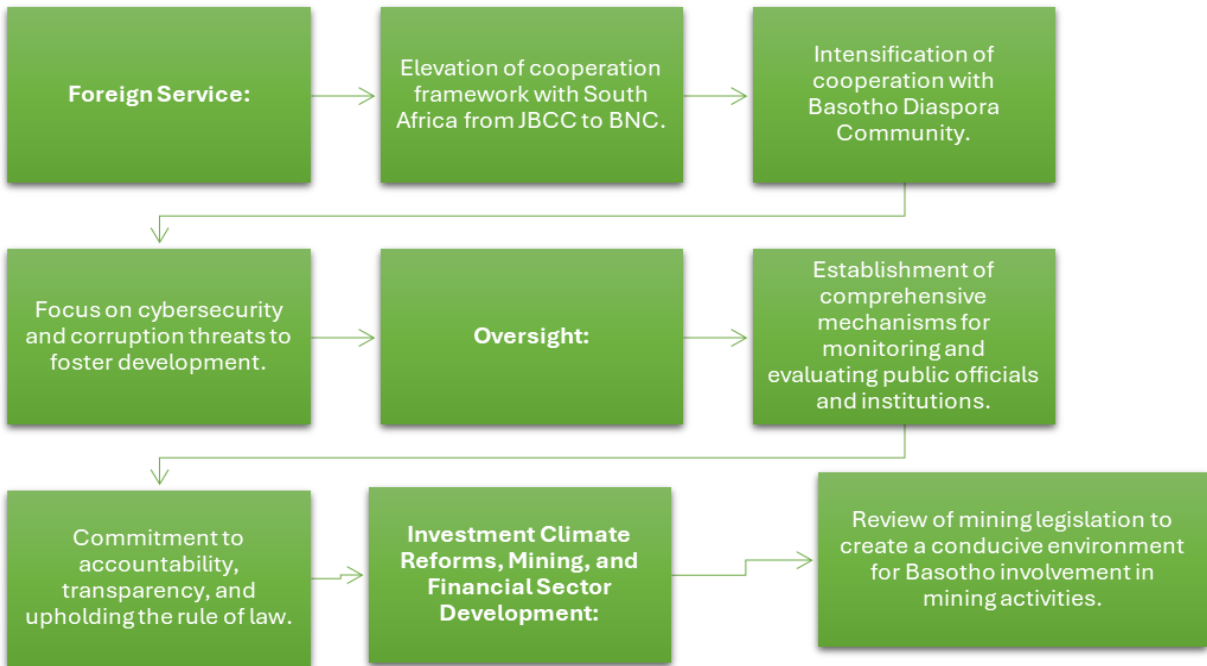
Public Private Partnership (PPP) Bill: Advancement of the PPP Bill to foster collaboration between public and private sectors.



Performance Management Policy: Finalization and readiness for full implementation in the upcoming financial year.



Human Resources Information Management System: Planned enhancements to strengthen human resources management systems and processes.



Cross Cutting Issues

Strategic Focus on Highly Degraded Lands

Prioritization of investment in locations with significant degradation yet high potential for full rehabilitation.

Targeting areas with the highest socioeconomic benefits for immediate action.

Estimated return on investment of \$6 for every \$1 invested in land rehabilitation efforts.



Combating Environmental Crimes and Promoting Cleanliness

Implementation of extensive public awareness campaigns on the importance of cleanliness and proper waste disposal.

Organization of regular community clean-up events to maintain clean streets, public spaces, and water bodies.

Strengthened enforcement of regulations related to littering, illegal dumping, and pollution.

Collaboration with communities, businesses, NGOs, and government agencies to develop and execute comprehensive cleanliness and pollution control initiatives.

Private Sector-Led Initiatives in Environment and Forestry

Encouragement of private sector-led job creation in the environmental sector.

Establishment of large-scale orchards and investment in modern irrigation systems.

Nationwide distribution of fruit seedlings to farmers to boost productivity and diversification.

Exploitation of climate advantages to diversify exports, with a particular focus on expanding the honey production sector.



Promotion of Gender Equity and Equality

Commitment to advancing gender equity and equality through evidence-based and customer-oriented programs.

Organization of the inaugural Youth Summit by the youth, aiming to educate, empower, and capacitate young individuals.

Participation of 500 youth from across Lesotho, including change-makers and young entrepreneurs, to share experiences and solutions.

Focus on fostering patriotism and addressing community issues through youth engagement and empowerment.

POLICY PROPOSALS

2024/25 POLICY PROPOSALS

While reducing the wage bill, we prioritize comprehensive public sector reforms to enhance staff welfare and capabilities.

A 2% salary adjustment will be applied across board.

Tax credits and brackets will be adjusted accordingly to accommodate these changes.

Additionally, the old age pension will increase by 50 maloti, effective April 1, 2024.

GLOSSARY AND ADDITIONAL RESOURCES

This section provides definitions for public finance terms and resources to learn more about the budget.

1. **Bicentennial Year Reflection:** Acknowledges the significance of the Bicentennial year and emphasizes reflection and renewal.
2. **Transition to Private Sector-led Growth:** Shift from a government-centric growth model to one led by the private sector for sustainable and inclusive development.
3. **Theme of Collaboration and Unity:** Highlights the importance of collaboration in addressing challenges and seizing opportunities.
4. **Prioritization of Entrepreneurship and Job Creation:** Focuses on creating a supportive environment for entrepreneurship and job creation, particularly for youth, women, and vulnerable groups.
5. **Macroeconomic Trends and Outlook:** Analysis of global, regional, and domestic economic situations indicating steady growth, moderate inflation, and vigilance amidst external shocks.
6. **Economic Priorities:** Include enhancing inclusive and sustainable economic growth, building enabling infrastructure, human capital development, strengthening governance and accountability, and addressing cross-cutting issues such as climate resilience and inclusivity.
7. **Medium-Term Fiscal Strategy:** Emphasizes maintaining a sustainable fiscal path through fiscal consolidation, revenue diversification, and efficient expenditure management.
8. **Sector Allocations:** Distribution of budgetary resources among sectors such as agriculture, tourism, trade, labour, science and technology, health, education, social protection, roads, water resources, energy, and ICT.
9. **Revenue Strategies Highlights:** Key strategies outlined by the government to generate revenue, including tax reforms, attracting foreign investment, optimizing natural resource exploitation, and enhancing revenue collection mechanisms.
10. **Expenditure Strategies Highlights:** Key approaches identified by the government to allocate and manage expenditures effectively, focusing on priority areas such as infrastructure development, social services, public administration, and debt servicing.
11. **Monetary Policy:** Central bank's strategy for controlling the money supply and interest rates to achieve macroeconomic objectives.
12. **Budget Performance (2023/2024):** Assessment of how well the government executed its budget for the specified fiscal year, evaluating factors such as revenue collection, expenditure management, debt levels, and adherence to fiscal targets.

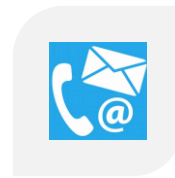
13. **Debt Strategy:** Government's plan for managing its debt obligations, involving strategies such as borrowing, debt restructuring, refinancing, and debt sustainability analysis.
14. **Macroeconomic Trends and Outlook:** Analysis of the broader economic environment, including factors such as GDP growth, inflation rates, unemployment levels, exchange rates, and external trade balances.
15. **Sectoral Allocations:** Distribution of budgetary resources among different sectors of the economy, reflecting government priorities and development objectives.



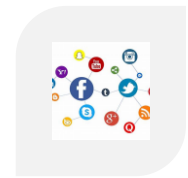
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