



2014–15 Lesotho Budget Speech

Beyond stability towards economic
transformations that work

Civil Society budget speech dialogue
Lesotho Council of NGOs

Premise for 2014/15 Budget Speech

- ▶ Lesotho country context:
 - Life Expectancy of 48
 - 24% unemployment rate
 - Per Capita income of \$1,380.00
 - 23.6% HIV Prevalence Rate
 - 77% of the population live in rural areas
 - 58% of the population is under 19 years
 - Heavy reliance on SACU receipts
 - Agriculture sector characterised by smallholder subsistence farmers



2014–15 Budget – 4 policy priorities

1. Facilitating Job Creation, Inclusive Growth and Economic Diversification
2. Enabling Investment Climate and Regulatory Framework
3. Development of a Minimum Infrastructure Platform
4. Improving Public Sector Efficiency and effectiveness



snapshot – economic outlook

- ▶ Growth has rebounded:
 - 2011–12: 3.8% of GDP
 - 2012–13: 6.8% of GDP
 - 2013–14: No Projection given
- ▶ **Total expenditure: M15,465.2m**
 - Recurrent: M10,465.3m (19% increase on last year)
 - Capital: M5,001.6m (3.3% increase on last year)
- ▶ **Projected revenue: M15,754.0m**
 - Domestic tax: M6,361.2m
 - Non tax: M1,314m
 - SACU receipts: M7,034.1m
 - Donor grants and budget support: M1,043.9m
- ▶ **Government projected surplus: M284m***
 - *(subject to confirmation)



Critical programs and policies

- ▶ Midterm Budget Reviews
- ▶ Independent National Monitoring and Evaluation Authority
 - LCN strongly supports this initiative, however there are concerns over data availability and quality
- ▶ A general focus on implementation and the role of the public sector
 - This should also focus on the transaction costs of Government procurement



Education, women and children – 2014 Budget

- ▶ Total education spending: M2.3 billion, or 15% of total spending
- ▶ This is low in the context of poor sector performance, and less than the regional average of 20 to 25% of budget
- ▶ Lesotho is likely to meet its MDG education commitments
- ▶ No specific youth unemployment programs
- ▶ No clarity about funding to smooth the transition from the COSC to the LGCSE.



Education, women and children – LCN analysis

1. Need for specific allocations that address issues of numeracy and literacy in light of SACMEQ performance
2. Allocate funds to strengthen the inspectorate function
3. Consider the current distribution between secondary and tertiary education



Health and HIV/AIDS – 2014 Budget

- ▶ Reduce child and maternal mortality by at least 25% by 2017
- ▶ Reduce incidence of HIV by at least 15% and increase coverage for ART to at least 80% of the population that needs it by 2017
- ▶ Enhance capacity of satellite clinics to reduce burden on QMMH
- ▶ Intensify the provision of quality health services



Health and HIV/AIDS – LCN analysis

- ▶ Total Health spending: M1.83 billion, or 12% of the budget
- ▶ Lower than the 15% commitment under the Abuja Declaration
- ▶ The health sector has made steps in the past year to respond to issues of human resources in the rural areas
- ▶ The establishment of new health centers and the incentive scheme needs to be partnered with specific training & support; social education & enforcement of improved professional standards
- ▶ Silent on HIV & AIDS programming and coordination
- ▶ Will not meet maternal, child and infant mortality MDG's



Climate change, agriculture and food security – 2014 Budget

- ▶ Reduce food insecurity by 25% by 2017
- ▶ A renewed focus on development and support of commercial agriculture:
 - Increase agricultural productivity
 - Improve implementation of advanced technology
 - Diversify into higher value crops
 - Improve supply chains and marketing
- ▶ Funding:
 - M166m for farmer subsidies. To be extended to a broader range of sub-sectors
 - M11m to support irrigated agriculture and procurement of agricultural machinery
 - M56m for smallholder agriculture (M43.1m from development partners)



Climate change, agriculture and food security – LCN analysis

- ▶ Total agriculture spending: 0.375b, or 2.5% of the budget
- ▶ Much lower than the Government Maputo Declaration commitment of 10%
- ▶ Government should support household food security.
- ▶ How does the Government plan to facilitate a more self-sufficient agricultural sector? (necessary when subsidies are wound back)
- ▶ How has the Government planned for projected climate change impacts on food security and agriculture in Lesotho?
- ▶ Review current subsidy programs & learning from successful programs in the SADC region



Improving budget transparency and public accountability

- ▶ Public availability of budget documents should be improved – Budget book
- ▶ Publish medium term Budget policy statement
- ▶ Government should agree to increasing participatory budgeting through community parliaments
- ▶ Publish a citizen's budget printed in Sesotho focusing on accessible and clear communication
- ▶ This will raise budget awareness, and improve all Basotho's understanding of whether Government expenditure is in line with their priorities



LCN Conclusions

- ▶ The budget offers some positive signs in addressing Lesotho's most pressing issues
- ▶ The Government should follow through on its commitment to reduce the size and role of the public service
- ▶ The government needs to better explain how it will improve service delivery through a more effective public service
- ▶ Government needs to fully implement the local government decentralisation program
- ▶ Expand programming and funding for social development programs
- ▶ LNDC needs to more effectively mobilize local investment
- ▶ Strengthen the independence and capacity of the Auditor-General's office



What are your reactions to the 2014 budget?

- ▶ Does it responds to your sector's needs?
- ▶ What has the Government missed?
- ▶ How can civil society engage with government on the opportunities and gaps in the 2014 budget?

