



PARLIAMENT OF THE KINGDOM OF LESOTHO

*Pursuing Job Creation and Restoring Fiscal Stability and Sustainability
(Through the Consolidation of Peace and Stability)*

BUDGET SPEECH TO THE PARLIAMENT OF LESOTHO FOR THE 2018/19 FISCAL YEAR

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MINISTER OF FINANCE

MASERU, LESOTHO

28 FEBRUARY 2018

Mr. Speaker,

Allow me to pay my respects to you and through you to:

His Majesty King Letsie III and Head of State

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

Excellencies, Heads of Diplomatic Missions and International Organisations present here

Senior Government Officials

Distinguished Members of the Media

The entire Basotho Nation here in Lesotho and abroad

Ladies and Gentlemen

Introduction

Mr Speaker,

1. Pursuant to Section 112(1) of the Constitution of Lesotho, I am privileged to table before this Honourable House, budget proposals for the Fiscal Year 2018/19.

The challenge

Mr. Speaker,

2. This is my second budget speech since I was granted this very important task to serve as Minister of Finance and in the last eight months I have appreciated more deeply the dire straits our country and economy are mired in. The anatomy of the crisis Lesotho faces is manifold, but the following statements characterises succinctly what the Government of Lesotho has to face:

- Poverty, hunger and joblessness are high and even higher amongst the youth;
- ill-health is pervasive and there is persistent mismatch between the skills needed and those that are produced;
- hundreds of our young people looking for jobs dropped out of school at end primary school when they were 12 years old or at Form E when they were only 17 years of age;
- The fiscal resources required to redress the situation are scarce and limit any meaningful participation by government.

Global Economic Performance and Prospects

3. This budget is being prepared amidst the tough fiscal position confronting the country. SACU revenue is significantly down in both nominal and real terms. Net international reserves are below the target we set for ourselves to maintain parity with the rand, while government deposits have finally run out and any fiscal deficit will now have to be financed through new borrowing. These are new times. Our government now has to bite the bullet and make decisions that would be painful, but which if not taken would impose political and economic chaos on Lesotho.

4. These challenges notwithstanding, Government is committed to create jobs in the private sector through a judicious mix of macroeconomic and structural policies that shall be outlined in detail below. Lesotho faces a mix of global, regional and domestic macroeconomic constraints, most of which it has no control over, as outlined below.

5. Global output is estimated to have grown by 3.7 percent in 2017, reflecting modest recovery in both advanced and emerging economies. Sub-Saharan African growth is estimated at 4.7 percent driven by increased agricultural and mining output. This global growth is expected to remain stable into 2020 and should stimulate both investment and increased demand for exports. Global oil prices have been recovered somewhat and are now sitting at \$60 per barrel, and this could continue to have a dampening effect on non-oil producing countries including Lesotho.

Mr Speaker

6. South Africa has a disproportionate impact on the economy of Lesotho, which is projected grow by a modest 1.5 percent in 2018, following a 1 percent growth in 2017. Significant job losses occurred in the mining and quarrying industry where most Basotho are employed. For its part, Lesotho growth is projected to have decelerated from 2.5 to 2.3 percent in 2017 on account of slowdown in mining, construction, banking, transport and telecommunication sectors, as well as the uncertainty brought about by the collapse in the rule of law during 2015-16.

Policy performance since July 2017

Mr Speaker

7. Lesotho's overall fiscal position remained weak for most of 2017/18, with sporadic spikes of shortages in cash and foreign reserves. Government revenue is projected to be M845.7 million below budget by the end of this fiscal year. SACU revenue recovered in part while expenditure maintained its steady path upward trajectory. The fiscal deficit is estimated at 5.7 percent of GDP, up from the budgeted 4.8 percent. The resulting deficit is being

financed through domestic borrowing and drawdown of deposits. On the other hand, the Lesotho Revenue Authority is likely to miss its tax collection target by about M684.4 million. Expenditure has kept close on target despite the shortfall in resources. The financing of this deficit has put considerable pressure on our foreign currency reserves.

8. At this stage, I would like to highlight performance on some of the policies we proposed in July 2017. Peace and stability are the bedrock on which to formulate successful development policies. In recognition, Lesotho's National Vision 2020 seeks to achieve peace and stability. The first priority of the current coalition government has been to seek to secure rule of law and justice so that reconciliation can begin, and along with it, peace and stability. Much has been achieved; victims of acts of aggression have reintegrated back into society and the LDF. Justice is being sought for others through the normal judicial process. The US Government and the Millennium Development Corporation have recognised government efforts and in return has re-selected Lesotho to develop its second compact. A team of senior MCC officials has just completed a visit to Lesotho to pave way for the development of a new compact. The threat of decertification facing AGOA on account of human rights violations have now abated. Likewise, the African Union and SADC are satisfied that the security situation has stabilised since the deployment of SAPMIL. That said, Government remains cautious that the task to unify society will take many years after the extreme polarisation pursued by Lesotho politicians. Government is also cautiously monitoring political stability to ensure that it retains the credibility and integrity to continue to govern effectively.

9. Efforts are underway to initiate the long-awaited inclusive political and constitutional reforms. A meeting of political leaders was held early this month to build consensus around reforms and begin to rebuild relations between politicians. It is still early days, but it is evident that all politicians would want Lesotho to reform and this is encouraging. The Leadership of the Christian Council of Lesotho is commended for its efforts to lead the political leaders' dialogue.

10. On the development side, government:
- has signed several financing agreements to support child grants, roll out road infrastructure, reticulate water to households, empower civil society in its function of mediation, and improve tax administration;
 - The Ha Belo Industrial Hub has been launched and contractor selected. When fully operational, the Hub will employ about 14,000 people. Government will also invite private property investors to build factory shells in an effort to start the property market and remove LNDC from provision of factory shells;
 - Government will soon conclude arrangements for the construction of Mpiti-Sekake to Sehlabathebe bitumen road and the 40MW solar power government investment at Ha Ramarothole. OnePower, a private investor, has also been selected to produce 20MW of solar electricity at the same area.
 - On **reducing costs of government**, the class of airline travel has been lowered from first to business class. A new and entitlement for cell phone benefits has been agreed and published, however it the extend of saving will be reviewed at the end of the financial year;
 - On **Public Financial Management Reforms**, the Central Budget Management System was implemented in December 2017. The system forces ministries to reflect carefully on their priorities before submitting their bids to the Ministry of Finance;
 - Under the **financial sector development strategy**, the Credit Bureau is now operational with about 137,000 individuals and 220,000 accounts registered in the bureau. Credit information enquiries, mostly by banks have risen to 13,000. Although the Maseru Securities Exchange has not yet listed any transactions, preparations are underway by Government and some private companies to list on the MSM. Cabinet is preparing legislation on the Secured Transaction Regime that would permit movable property to serve as collateral.

Domestic economic performance and outlook

Mr Speaker,

11. **Key real sector developments**—In 2017/18, agricultural output for the 2017/18 crop year is expected to rebound, and maize prices have fallen moderately, mostly on account of declining prices in South Africa. Mining and quarrying plays a significant role in promoting economic growth, but does not generate a lot of employment due to the high degree of mechanisation. The textile and apparel sector presently employs nearly 47,000 people of which 82 percent are women. It is noteworthy, however, that the sector has failed to diversify in terms of sources of investment (mostly Asia), markets (United States, AGOA) and product mix (mostly bulk garments). Also the number of people employed and their salaries has remained stagnant since the mid-2000s.

12. Monetary performance in 2016/17 remained subdued. The **Loti exchange rate** has remained under pressure, but has recovered somewhat on the back of political developments in South Africa. **Inflation** on the other hand has moderated to 5.4 percent on the back of improved agricultural output. **Net International Reserves** have dropped to a dangerous level of about 3½ months of imports riding on underperformance of revenues and subsequent depletion of government deposits. Lesotho's stock of **public debt** presently stands at M12.5 billion, of which domestic debt is M1.7 billion and the balance is external. Contracting public debt has been rising at the rate of 11 percent annually in the last four years and could accelerate if Government does not commit to painful austerity measures.

Fiscal Policy

2018/2019 Fiscal Policy Stance

Mr Speaker,

13. The FY2018/19 revenues are projected at M16,099.6 million or 43.3 percent of national output. SACU revenue for FY2018/19 has declined by M616.1 million from its FY2017/18 level. In real terms, this means that government would need nearly a billion maloti to cover the same programmes. Expenditure remains high, driven mainly by the wage bill and mostly transfers to Tšepong and CHAL.

14. The FY2018/19 fiscal deficit is estimated at 5.2 percent. It will be financed by a combination of domestic borrowing of M1.2 billion and M729.5 million in foreign financing. We do not expect the debt ratio to deteriorate much. The financing strategy is aimed to lighten pressure on international reserves and indeed begin to accumulate some modest amount of reserves.

Revenue mobilisation

15. The fiscal outlook presented here is clearly unsustainable. Consequently, government intends to implement the following revenue mobilisation initiatives:

- VAT will be raised to 15 percent to align with that of South Africa to prevent smuggling;
- The LRA will introduce a reverse charge mechanism to tax imported services;
- Government is introducing the Voluntary Disclosure Program which is estimated to yield M225 million in additional revenue;
- The LRA will also enhance tax administration measures, targeting improved compliance by major tax contributors. This is expected to yield an additional M350 million;
- A small business taxation is being introduced to simplify and improve tax compliance;
- A mining tax regime will be reviewed to cater for windfall taxation;
- Fringe Benefit Taxation will be reviewed to expand its base and compliance;
- VAT rates on telecommunications and electricity, which presently stand at 5 percent will gradually align to the unitary rate of 15 percent. The rates will be increased by 4 percent for telecommunications and 3 percent for electricity;
- All ministries, departments and agencies should review and set new rates for all non-tax revenues under their control;
- Government will, as soon as practicable, introduce the Government Lottery under the Lotteries Act 1975; the legislation will be modernised in tandem with the operation of the Lottery; and finally;
- Government will study the introduction of levies on alcohol and tobacco and will consider their introduction at a future time.

16. As a measure to curtail leakages in revenue collection, payment of all government services and collection of revenue will take place only at commercial banks and services will only be granted on the production of proofs of payment. The measure will enter into force in April 2018 and the design will be completed in March 2018.

Mr Speaker,

17. While mining may not contribute significantly to employment, it is valuable in two important ways, namely revenues and procurement. On revenues, Basotho's concern is whether Lesotho is maximising its value from its minerals. To safeguard its rights, Government will, during FY2018/19, review the entire handling of the process chain until the minerals have been sold. At bilateral level, government will consult with Belgium, International Monetary Fund and other experts in order to put in place a fail-safe mechanism for diamond handling. The new handling regime will probably introduce independent diamond valuation services and domestic off-taking for beneficiation.

18. The Ministry of Mines will focus on construction of Geoscience Laboratory, implementation of the Geochemical Mapping project, legal frameworks and development of capacity on valuation of diamonds. The geochemical Mapping project will assist in collection of mineral information which is important in attracting investors for mining and creating exploration sites.

19. Most of the companies Government of Lesotho holds shares in have declared profits and **dividends** in the last 5 years. This include the Lesotho National Insurance Group, Maloti Mountain Brewery, Standard Lesotho Bank, Aon Lesotho, and Letšeng Diamond Mine. The other companies, namely Lesotho Flour Mills, Econet Telecom and Avani Lesotho (previously Sun International of Lesotho) have not consistently declared profits nor dividends. Basotho are very concerned about this and have openly called for review of government's shareholding in these companies. It is also notable that companies that have struggled with profits happen to extensively use management contracts and buy services from their holding or sister companies. I am pleased to report that Avani Lesotho declared profits and a dividend of M7 million a few weeks ago.

Expenditure cutting measures

20. Government will implement the following austerity measures:

- International travel has been curtailed to levels below the allocations in 2017/18. There will be no virements into International Travel and Subsistence votes. Ministers will submit to the Rt Honourable the Prime Minister all trips for the full year that shall fit within the reduced budget;
- Transparency in the procurement of airline tickets including on commissions will be introduced and framework contracts will be signed with airline agencies. Details of this new approach will be communicated during the month of March;
- International training will be significantly curtailed and key competencies will be provided by a reformed LIPAM;
- Price caps on common goods procured by Government will be introduced;
- Revenue retention by Parastatals will be reviewed with a view to submitting surpluses to the consolidated fund;
- The Government fleet will be rationalised, while also transferring their supply to Basotho;
- Subscriptions to international organisations will be rationalised, retaining memberships to only critical ones;
- The Contributory Pension Scheme will be reviewed with a view to contain the cost overruns and costly decisions of the past;
- On the wage bill management, Government will continue its efforts to remove ghost workers, freeze new positions and limit hiring to critical positions only, link notch increases to performance, and introduce voluntary retirement;
- Government will also explore the feasibility of introducing liability insurance for each vehicle registered. This measure will extend automotive insurance to loss of property and will protect all the parties involved in the accident. Government will be in a position to claim for damage to street lights and guardrails.

Public Financial Management Reforms

21. Public financial management framework is critical to proper utilisation of public resources. The reform of the PFM will continue to make advances

in order to take charge of the problem of late payments of suppliers. During 2018, Government will introduce Electronic Funds Transfer to all ministries in order expedite the payment of suppliers. A new IFMIS system will be introduced on April 1, 2019 to provide better control and track transactions from the point of procurement.

22. **Public procurement** is governed by the 2007 Public Procurement Regulations which espouses the core principles of transparency, fairness, equal opportunity, and value for money. The institutions authorised to undertake procurement are well identified in the law and exclude Ministers and Cabinet. During FY2018/19, new procurement legislation will be introduced to pave way for improved direct procurement, public-private partnerships and unsolicited procurement. In the interim, an amendment of the 2007 regulations will be introduced to provide for shorter times in selective tendering, framework contracts, and price caps.

Catalysing the Private Sector to Create Jobs

Mr Speaker,

23. It is obvious that Lesotho is facing an extremely challenging fiscal and balance of payments problem. Government is proposing many difficult measures which are expected to deliver some respite in the near term. However, more will need to be done in the medium term including tackling the wage bill and other sources of overruns. With government policy stimulus limited, policy must necessarily depend inordinately on the private sector and investment.

24. In the following sections, I outline measures that government intends to implement in FY2018/19 to stimulate investment and job creation. While Lesotho is beset by many impediments to investment, Government is making extra effort to support investors. Many of these initiatives require political will rather than money, but will need a systematic approach to ensure that investment actually takes place.

25. With the benefit of the last eight months, Government has learned a lot about the economy of Lesotho and has taken steps to begin the transformation of economic management for the future of our people. Two critical lessons have come to the fore. First, Government ministries work in isolation and this has been the legacy of the past fifty years. Second, policy formulation and implementation is ineffective and does not learn from mistakes of the past nor good lessons. This budget begins the unavoidable path to correct these mistakes.

26. Government is divided into individual twenty-six ministries which work mostly as individuals, without collaboration and coordination of programmes. The rise of the number of ministries has over time come with fragmentation of government initiatives that has reduced impact. This has also increased competition between ministries and government work is done in silos. The ineffectiveness of government is thus in part due to this unwelcome and longstanding development. To take this head-on and begin a process of reversal, Cabinet has established the **Finance and Budget Committee** to not only formulate annual budgets, but to also specifically force ministries to work together and in constant dialogue with business.

27. While the committee is not new, its approach has drifted from past committees. Rather than interviewing twenty-six ministries one after the other, as is tradition, it divided ministries into two clusters, namely **growth, human development and infrastructure** on the one hand and **governance, security, and justice** on the other. Our country faces many problems, but the most overriding, and for which government must focus on, are the lack of peace and stability and lack of jobs. Peace and stability—which Lesotho has lacked for most of its 50-year history is the foundation on which creation of jobs must rest on. Focussing on only these two intertwined problems might be judged to be simplistic, but was a well-thought through strategy to deliver impact and to take cognisance of the capacity limitations of the Government of Lesotho.

28. The growth, social and infrastructure ministries cluster brought together the economic ministries of Agriculture and Food Security, Tourism, Environment and Culture, Trade and Industry, Small Business Development, Cooperatives and Marketing, Mining, Communications, Science and Technology, Forestry and Land Reclamation, Employment and Labour; social and human development ministries of Health, Education and Training, Gender and Youth, Sport and Recreation and Social Development, and infrastructure ministries of Water, Public Works and Transport, Energy and Meteorology and Local Government and Chieftainship. The **economic ministries** should have been on the forefront of working collectively to create jobs. The Committee observed however that they not only work in isolation, they also create business enterprises that are poorly thought through and often fail. The **social ministries** should prepare people for the jobs the economic ministries create through giving Basotho better health and job market skills. But these ministries have failed us; it is well established that Lesotho spends considerably more money than its peers on health and education, but for much less outcomes. In short, we are throwing too much resources after bad and we can no longer afford this kind of waste. The **infrastructure ministries**

should provide roads, energy and water infrastructure to assist both the economic and social ministries to create jobs. They indeed provide facilities at a very slow pace because its provision is very expensive. But in doing this, they make two mistakes; namely that their work is not coordinated with the need of the economic ministries to catalyse investment and job creation. Second, the construction of roads has focused too much on constructing new roads rather than maintaining existing ones. These common failures have indirectly contributed to the stubbornly high poverty and hunger rates and the rising demand for social grants.

29. Discussions with the governance cluster brought together Offices of His Majesty, Prime Minister, Senate, National Assembly, Home Affairs, Directorate on Corruption and Economic Offenses, Independent Electoral Commission, Justice and Correctional Services, Law and Constitutional Affairs, Judiciary, Police and Public Safety, and Defence and National Security. These agencies should be enjoined by the common objective to collectively achieve peace and stability which is so powerfully desired by this nation. But they don't; there is no clear recognition of this common objective that forms the pillar of Lesotho National Vision 2020. The cluster discussion succeeded in articulating the primacy of this purpose and how these ministries work collectively to deliver peace and stability and effective governance as the foundation on which to create jobs for our people. This government has now directed these ministries to begin to collaborate to restore governance effectiveness and achieve and sustain peace and stability.

30. Finally, the reorganisation classified the ministries of Development Planning, Finance, the Public Service, Public Service Commission, and Foreign Affairs and International Relations as support ministries that can hamper the progress of the other frontline ministries if they are ineffective. The structural transformation policies outlined in the paragraphs below derive from the extensive review of government organisation policies outlined above.

31. Cabinet has instructed the economic ministries to change course and devote their energies and efforts to catalyse domestic and foreign private investment. Each ministry has been instructed to report on businesses it has helped start or expand. Ministries should act to catalyse rather than to get into business themselves. To illustrate, instead of a ministry using public funds to construct slaughter houses, it should help serious private investors to invest even if using public money. The important consideration at all times should be the number of jobs that private investments can achieve.

32. For this strategy to work, ministries should pursue in earnest a formal and structured dialogue with the private sector, focussing on jobs to be created and needs by investors from Government relating to regulatory changes and targeted infrastructure. Investor needs should thus become part of the implementation plan for Government. I am happy to announce that Government has established the Investment Climate Reform Committee to be chaired by the Deputy Prime Minister and consisting of technical and policy layers from key investment ministries. This committee will during 2018 take forward various kinds of reforms to make it easy to invest in Lesotho. Amongst issues that will be addressed by this committee is the lack of capital for starting a business and for working capital.

33. As government we recognise that jobs will be increased by raising the **scale** of production of many of the products Lesotho is producing. Basotho are already in production of a diverse list of products, but many of these operate at sub-commercial scale. For example, foods, medicines, and creams produced from Lesotho's endemic plants are produced in small quantities that do not generate much employment or profit. One successful broiler producer in Lesotho has determined that the minimum size of a commercially viable broiler operation should start with at least 1,000 birds. Yet most of these operations have much smaller scales.

34. **As government, we encourage that investors target both domestic and foreign markets.** Lesotho's low effective demand for goods resulting from both low population and per capita income prescribe that investments must also target foreign markets. The launch of the Lesotho Standards Authority last week by the Ministry of Trade and Industry is exactly intended to support investors that are contemplating sales in South Africa and other parts of the world.

35. Through a process of consultation, Government has identified the following four sectors as priorities for accelerated employment generation. Key ministries will work collectively and jointly with the private sector investors to identify actions necessary to elicit investments across various value chains.

Commercial agriculture

Meat, hides, wool and mohair

36. Lesotho's rangeland supports the production of red meat, hides, wool and mohair. When well-managed, it also helps the protection of wetlands and the recharge of water sources. The *rehabilitation of rangelands* and widespread introduction of **management grazing** should stimulate the

livestock and deciduous fruit value chains, both of which are priority sectors for this government. Government has instructed the ministries of Forestry and Land Reclamation, Agriculture and Food Security, Trade and Industry, Small Business Development, Cooperatives and Marketing and Water to work collectively with private investors to rehabilitate rangelands and wetlands with the objective of stimulating investments in these two value chains. Investments in commercial red meat production, hides and related products, wool and mohair and related products, chicken broiler and egg production, and fruit tree production, and sale of water to Botswana and continued sale of water to the Republic of South Africa should be the outcome of collective work and the dialogue between the selected ministries and potential private investors.

Mr Speaker

37. Why could this work? The successful rehabilitation of rangelands together with improved grazing methods will not only improve the grazing resources; it would also protect the sources of water (wetlands) and help restore high water recharge rates across the country. The Ministry of Forestry and Land Reclamation is implementing a program to remove shrubs from rangelands and this seems to be promising, but it would take many years before full impact. In addition, Government intends to set up a Savoury Hub in Lesotho to help reverse desertification and intrusion of shrub species on the rangelands. Expansion of orchards together with irrigation are likely to benefit immensely from a successful program of rehabilitation of the foothill and mountain rangelands.

38. The Lesotho beef industry could be transformed by one single investment. Ketchin, a Chinese company has proposed a large beef investment in Lesotho for export to China and Europe. The investment will include construction of a large slaughterhouse and feedlots around the country to fatten cattle before slaughter. Government is in discussion with the company and in 2018 will conclude pre-investment discussions. When completed, the scale of this operation will not only place Lesotho on the international beef market, it will also foster the development of an industry in hides, and stimulate other products along the beef value chain.

39. Government will undertake feasibility studies to catalyse private sector investment to support construction of poultry and piggery abattoirs, upgrading of national abattoir to meet international standards as well construction of 50 feedlots throughout the country (5 per district). Government will continue to support improvement of wool and mohair and the associated value chain. M277.8 million has been set aside to pursue this

livestock economy investment. A further M100 million is proposed for the Ministry of Development Planning to support feasibility studies and designs.

Deciduous Fruits

40. A large part of Lesotho is suitable for deciduous fruit production. A suitability map produced by Government shows that fruit can be produced successfully from Botha Bothe, cutting across the western lowlands and running all the way to the southern foothills near Mphaki. Government will support the expansion of orchards and the development of a deciduous fruit industry as part of the strategy to create additional jobs. The Ministry of Forestry and Land Reclamation, Trade and Industry, Small Business and Cooperatives and the Ministry of Agriculture and Food Security working with banks, insurance companies, buyers, and investors will lead the roll out of fruit orchards. Their efforts will build on the successful operation of the Likhothola Orchard in Mahobong, Leribe.

41. Government is also attempting to lure Dutoit Agri (Pty) Ltd and other large fruit growers to take interest in investing in Lesotho's virgin fruit industry. Discussions on potential investment will advance in FY2018/19.

Other high value cash products

42. Basotho farmers could produce herbs, spices and aromatic plants for export to the United States under AGOA and Europe under Everything but Arms. Government through the ministries of Forestry and Land Reclamation, Trade and Industry, Small Business and Cooperatives, and Agriculture and Food Security, working with farmers and contract farming investors will during FY2018/19 explore the feasibility of this idea. This same approach will consider scaling up honey production and commercialising organic peaches and dried fruit.

Manufacturing

Mr Speaker,

43. Lesotho has a small internal market due to a small population and per capita income. Necessarily, its growth and jobs strategy much depend on exports and open global markets. Securing the domestic market for Basotho producers is well understood, but must be executed cautiously to ensure that Lesotho's exports do not encounter the same barriers we seek to impose on South Africa. Government's commitment to increasing investment and production will result in expanded output that would require outside markets and an open trade strategy.

44. Lesotho's textile industry successfully exploits the trade preferences offered under AGOA and benefits some 47,000 employees directly and many others indirectly through the services provided. That said, growth in this industry has remained stagnant in terms of employment and the volume of work contracted to the Lesotho production units. The industry remains mainly cut-make-and-trim with control of the business in Taiwan and other Asian capitals, linkages with the Lesotho economy limited, and participation by indigenous investors non-existent.

45. Displaced control of the industry, retention of operating surpluses in Asia and lack of Government policy are partly to blame for the lethargy in this sector. As Government, we want to see employment and wages grow and the industry diversity across its markets and product lines. Government would prefer that the industry stands by itself and never has to receive financial support from the public purse, as this creates unnecessary dependency. Government will enter into dialogue with the garment industry to explore deeper linkages with the Lesotho economy.

46. Government wants to be clear that after 40 years, the industry should move up the value chain into high value garments that could penetrate boutique markets in Europe. CGM seems to have transformed itself and left the AGOA market to focus on the large regional market for garments which has enabled it to establish links with the domestic economy and to mentor Basotho to enter the garment chain. There is a worthy lesson to learn from this transformation.

47. Beyond garment manufacturing, Government stands ready to encourage **manufacturing in other product lines** and has instructed key ministries to facilitate investment and resolve impediments encountered in the investment process. Investment roadshows are expected to diversify sources of investments and product lines.

Tourism and Creative Arts

Mr Speaker,

48. Tourism remains a top priority for creating jobs for our people. Although the sector has previously underperformed, hopeful signs are emerging that Lesotho is being recognised as an important tourist destination. Lesotho shares 2 percent of Africa's 58 million annual visitors and nearly all of them come from South Africa. With construction commencing soon of Marakabei-Monontša and Mpitse-Sehlabathebe roads as well as the Ha Belo Industrial Estate, the Northeast and Southeast areas of Lesotho will become tourist hotspots and come with opportunities for new

investments. The limiting factors will be availability of appropriate hospitality facilities such as those found in Clarence, Golden Gate, Qwaqwa, and the Drakensberg. Government will also work with the Free State, Kwazulu Natal and Eastern Cape to catalyse investment in facilities on both sides of the border. In addition, feasibility studies have been concluded for Sani Top, 'Maletsunyane Water Fall, and Letsa-la-Letsie. New brownfield investments should be possible at both Katse and Mohale Dams. Government commits to working with potential investors to catalyse large investments at the borders and also in these other areas.

49. Government will bring into operation the Botha-Bothe Tourist Centre, Sehlabathebe National Park, and Bokong Nature Reserve Chalets and conclude operating leases for Molimo-Nthuse Lodge and Pony Trekking and Liphofung Caves. Government will also review leases for its other facilities that are not working well including Victoria Hotel.

50. Government is also working with tertiary and vocational schools to lift up skills in the hospitality industry and will specifically collaborate with the Limkokwing University of Technology and Lerotholi Polytechnic in this endeavour. A tourism Development Fund will be established to be funded by a tourist levy during 2018/19 fiscal year.

51. Exploitation of works of creativity, collection, management and redistribution of royalties for the works of creativity is still a challenge. The Ministry in consultation with the concerned stakeholders is in the process of **establishing a Copyright Society Board of Artists and Authors** to enforce the copyright legislation and reduce the illegal distribution of works of art, which has up to now undermined the creative talent in the country. The Board shall be fully functional in April 2018. During FY2018/19, **The Copyright Order of 1989** will be modernised and replaced by new legislation.

Technology

Mr Speaker,

52. To increase product variability in manufacturing, Government will explore the establishment of science and technology innovation hub for stimulation of manufacturing of small day-to-day commodities such as detergents, and agro-processed products that are consumed by every Mosotho on the street. Government has taken note of entrepreneurial efforts with the National University of Lesotho and Limkokwing University and will seek to strengthen partnerships in order to promote innovation activities that are taking place such as the Egg-Chick Incubator, electric fruit drier, and others that can be easily assimilated in Lesotho and be used to stimulate

economic growth. With the local purchase program, some of the businesses coming from this incubation can graduate into products that can enter the mainstream market.

53. As a strategy to launch e-government, the Ministry of Communications, Science and Technology will begin a process to integrate all government systems that are presently running on separate platforms, including the systems for civil registry, human resource, payroll, pension system, visa, residency permits and working permits. The Ministry should assist the Ministry of Labour and Employment to implement an automated processing of work permits to improve efficiency and eliminate pervasive fraud under the current manual system. As a policy, no new government system will be procured to run separately.

Measures that support investment

Financing

54. Although there are many financial inclusion initiatives under the Financial Sector Development Strategy, financial exclusion remains pervasive in Lesotho. Credit extension has increased only moderately. In FY2018/19, focus will be on capital and financial markets development; financial institutions supervision and regulation; and non-bank financial institutions. As access to financial services begins to expand, the development of consumer protection will be critical. Government through the Central Bank of Lesotho is developing the consumer protection policy framework which will address undue collection methods by lenders, serial consumer complaints, abusive lending practices and high prices.

55. Payment Systems (Issuers of Electronic Payment Instruments) Regulations 2017 will focus on strengthening the mobile money regulation in the country. Consequently, all new and existing issuers of electronic payment instruments are expected to abide by these regulations thus resulting in the promotion of market confidence, protection of investors and management of risks.

56. Government has implemented many initiatives in the financial sector in the last twenty years, but impact has been limited. Financing of start-ups is nearly non-existent and working capital or bridging finance are extremely hard to come by. At the same time there is sufficient savings in the Lesotho economy that end up supporting investments in other CMA countries. It is evident that Government must step in to hedge a portion of the lending risk financial institutions are unprepared to face.

57. In this respect, Government is ready to explore additional measures to address the shortages of much needed capital. The Ministry of Small Business Development, Cooperatives and Marketing has since October been running the Partial Credit Guarantee Fund and is reporting rapid lending with 61 new guarantees amounting to M11.9 million in a space of only 5 months. The impact of this must be understood: 61 businesses have been able to undertake new investments, expand operations, and sustain their businesses. While we do not know how many new jobs have been created, it is encouraging to see the life coming back into this Fund. Following a rapid assessment of the scheme, Government will consider additional guarantees to the scheme.

58. For greenfield hospitality investments in property development in the Northeast and Southeast tourist corridors, Government will consider and negotiate transitional tax holidays. Government will also explore an appropriate vehicle for providing guarantees for diverse business ventures.

59. The Maseru Securities Market has been launched, but its potential is yet to be exploited. It can be a powerful vehicle for raising capital and also diluting Government's holding of shares in privatised companies. In the 1990s privatisation of government businesses, government retained partial shareholding in trust for Basotho. At that time and with the absence of a securities market, equity holding became the only avenue for retaining Basotho shareholding. During 2018, Government will finalise a plan to recapitalise the Lesotho PostBank directly through the Maseru Securities Market by allowing Basotho to buy shares that were initially held by Government. A broad assessment of an equity dilution strategy will be undertaken with a view to opening up direct shareholding to our people. I would like to confirm that there is at least one company that is considering a partial listing in the MSM.

Roadshows and joint ventures

60. Roadshows and joint ventures are the preferred method to catalyse foreign direct investment. These can help exploit the 6,400 product lines under AGOA and the completely untapped European preferential trade opportunities. Government will hold an investor roadshow in London in April on the margins of the Commonwealth Heads of Government Meeting (CHOGM). Basotho investors interested in linking with UK capital should make their views known.

61. In our quest for stimulating private investment, Government is working with USAID to increase the number of products Lesotho exports to the

United States. This will be done in two ways: a roadshow for US investors is planned to be held in Lesotho in October with the purpose of establishing links with Basotho investors. USAID will also help Lesotho brand food and medicinal products for export to the United States. I would also like to remind this Honourable House that the World Bank has since 2002 been working with the Government of Lesotho to promote fruit production and implement many investment climate reforms. I am pleased to announce that the African Development Bank has also joined Lesotho's private sector development journey.

Local Purchase

62. My colleague the Minister of Small Business Development, Cooperatives and Marketing has vigorously promoted **local purchase** of products produced by Basotho. Government fully embraces this policy.

- Working with WFP, Government provides nutritious meals to 390,000 students in primary and early childhood centres. Under the school feeding program, Government intends to procure from 3,000 small and medium farmers up to 2,500 metric tons of maize and 500 metric tons of beans in the coming years;
- Before the end of March 2018, Government will announce a program to procure vehicles on lease from Basotho. Various groups of Basotho including fleet operators, youth groups, disabled groups and others will be able to own and lease vehicles to Government. This decision will also provide opportunities for dealers and equipment manufacturers to set up businesses in Lesotho as Government will deal only with providers incorporated in the Kingdom. Additional services will include fleet services and maintenance.
- Cabinet has instructed the Ministries of Defence and National Security and of Police and Public Safety to buy their uniforms produced in Lesotho by Lesotho companies. Also departments in the rest of government should procure uniforms produced in Lesotho. Likewise, ministries with large catering needs should follow the path of buying their food needs from Basotho farmers.
- Finally, private corporations with large procurement needs should aim to buy Lesotho-produced supplies where possible and from Lesotho suppliers where not possible. Fronting should be avoided. Representatives of the Government of Lesotho in the Boards of Directors should also ensure that these policies are adhered to.

Skills development

63. Lesotho's enrolment statistics suggests that there are about 300,000 primary and high school dropouts. These are people who left school before they could acquire life skills needed for survival and employment. In the past, they would have gone to the South African mines, but today that door has been shut. Lesotho's technical and vocational education and training has too few slots for advancement and at any rate is too expensive. Clearly, there is a cohort of Basotho unemployed that need the skills necessary to be employed. The Ministry of Education and Training is revamping its TVET policy, but in doing so, it must engage with employers to ensure that its curriculum matches the jobs being created by employers.

Business support services

Mr Speaker,

64. The **Standards Institution** has been launched and will begin to provide services during FY2018/19. The purpose of the institution is to accredit and certify Lesotho products for safe entry into the domestic and international markets.

65. A three-year plan is proposed to develop industrial infrastructure at Ha Belo in the District of Botha Bothe. The total cost of the project is estimated at about M800 million over a three-year period. The requested M100 million is planned to fund 14 factory shells out of a total of 52 shells and advance infrastructure. The remaining 38 factory shells should be developed by the private sector. In this respect, prospective property investors must recognise this opportunity and work with LNDC and its pipeline of investors. The Belo Industrial Estate will cut time to the Durban Port and also take advantage of the planned Marakabei-Monontša road. Government will during 2018 and within the ambit of the Joint Bilateral Cooperation with South Africa explore the upgrading the Monontša border post and road passage to the main road to Durban. When complete, the industrial zone will employ nearly 14,000 people. Government is also augmenting its investment at the Tikoe Industrial Estate, with Formosa commendably building its own factory shell. At maximum capacity, nearly 19,000 people will be employed at Tikoe.

Market centres

66. As part of Government policy to eliminate obstacles endured by small businesses, the Ministry of Small Business Development, Cooperatives and Marketing will establish market centres in Tsikoane, Leribe, Tikoe, Maseru, and Mohale's Hoek. The Ministry will also facilitate the construction of two

slaughter houses to enable safe handling of meat and access to larger markets. M22.1 million is proposed to fund this initiative.

Infrastructure

Mr Speaker,

67. Infrastructure should be the backbone of our economy. To improve public sector efficiency and effectiveness, government will ensure that provision of services at the department of Traffic and Transport are enhanced and computerized so that they can be accessed online with the assistance of a national database. In FY2018/19 Marakabei-Monontša and Mpiti-Sehlabathebe Roads will commence and it is expected that manufacturing and tourism investments will see the opportunities from the infrastructure. Procurement for the contractors will follow the stipulation in the law and will guarantee transparency, value for money, and equal opportunity. It would also be wise to plan the roads with maintenance in mind. The Road Fund collects funding that is earmarked specifically for road maintenance, but in recent years, recipients have failed to utilise the funding provided by the Fund effectively.

68. In FY2018/19, the Ministry of Local Government and Chieftainship plans to achieve 198.4km of urban roads and 1,102km of rural community roads adding to 281.7 km and 37.9 km respectively achieved in the financial year FY2017/18. Construction of low income housing for 60 house units are already being built in Linakotseng, Maseru and Qacha's Nek. Bus terminals be constructed in Leribe, Mafeteng and Semonkong.

69. Water will continue to be provided for domestic, commercial agricultural production, industrial development, tourism and water sports and hydropower generation. Government will develop feasibility studies for Hlotse and Makhaleng Dams which are planned to supply the Maputsoe, Hlotse, some parts of Botha Bothe, Mafeteng, Mohale's Hoek and Republic of Botswana. This will generate and boost revenue for Lesotho and in this regard, feasibility studies are planned for April 2018. The ministry continues to oversee the implementation of the Lesotho Highlands Water Project which is moving into the next phase (Polihali Dam).

70. There are plans to construct a power plant at Ha Ramarothole in Mafeteng district that will generate power using solar. The work on this project will commence soon after an EIA is completed. The project is expected to commence around June 2018 and M60 million is earmarked for this project. The cost per Kwh should be no more than 6 US cents.

71. The country is faced with a maintenance backlog of infrastructure: i) **Water** pipelines are not maintained as a result they tend to burst on a regular basis leading to loss/shortage of the resource; ii) **Energy** power lines need to be replaced as they pose a problem to users especially during heavy storms as almost invariably they result in power outages; iii) there is no clear maintenance plan of the **roads** network across the country, which leads to washed out roads. To address the maintenance problem, Government is intending to engage private sector through framework contracts for maintenance.

Human development and Social Sector Proposals

Mr Speaker,

72. The Ministry of Health is looking to achieve universal health coverage and currently, life expectancy is at 56 years with health coverage of 67 percent. The target is to achieve 100 percent health coverage by 2020 and this will be achieved by improving accessibility and affordability of health services which will be achieved by decentralisation of Public Health Care. The focus is to build health posts across the country with the target of having at least one health post per electoral division. This will reduce long distance travel to health centres which is acute in the mountainous districts of Mokhotlong, Thaba Tseka, Qacha's Nek, Quthing and parts of Mophale's Hoek. Emergency services have also fallen behind and are beginning to reverse some of the gains made, therefore, the policy of emergency services will be drafted and approved during the 2018/19 fiscal year.

73. Establishment of a **Cancer Treatment Centre** will necessitate the establishment of a special institution to manage the radioactive materials generated by the Cancer Centre and its threat to the environment. The Government has already drafted a Radiation Protection Agency Bill, which will culminate in the establishment of a specialised agency that will oversee the operation of the Cancer Treatment Centre. The International Atomic Energy Agency (IAEA) will provide the necessary capacity building to ensure effective management of the Radiation Protection Agency. Towards this effect, it is worth mentioning that Lesotho will be hosting 12th Stop Cervical Cancer in Africa Conference (SCCA) in July 2018 through the Office of the First Lady in collaboration with Princess Nikky Cancer Foundation.

74. On maternal and child health, the intention is to reduce maternal mortality and this will be achieved by increasing immunisation coverage from 68 percent to 90 percent by 2020, increase the number of women giving birth in hospital from the current 77 percent to 90 percent by 2020. Other issues relate to malnutrition and obesity, which are negatively affecting the education sector.

75. Regarding HIV and AIDS, efforts will be stepped to focus more on TB and preventative measures by increasing the use of Post Exposure Prophylaxis (PEP), which has 80 percent strength to fortify the body from contracting HIV. On the coordination side, legislative changes will be done to move National AIDS Commission to National AIDS and TB Commission as these two are highly related.

76. On non-Communicable Diseases (cancer, hypertension, and injuries), the renal dialysis is already being offered at Motebang Hospital, but options are being assessed for kidney transplant which costs around M600,000 in South Africa, compared to M200,000 in India. Other measures being considered are alcohol and tobacco control measures.

Mr Speaker,

On **social grants** the Ministry of Social Development will increase the coverage of the National Information System for Social Assistance (NISSA) to all community councils and to cover over 350,000 households. The Child Grants Programme and the Public Assistance Programme will target to increase the benefit to at least 25 percent of consumption needs.

77. Government has also launched the Lesotho Youth Employment Grant which is a grant scheme/program that offers a comprehensive solution in tackling the issue of inaccessibility to finance by young entrepreneurs around the Kingdom of Lesotho. The grant will support the high potential, innovative and impactful start-up ideas and empower the existing youth and women-run enterprises to expand and access new markets and/or develop new products and services beyond their current limited capacities.

Governance, Peace and Stability

Mr Speaker,

78. Peace and stability is desired by all Basotho as evidenced in their national vision 2020. The political instability and insecurity we have experienced in recent years, while a throwback from the post-independence period, was made possible by the loopholes in our constitutional and political framework. Our government is therefore committed to inclusive reforms in which all groups of society should feel free to participate. The recent dialogue by political dialogue facilitated by the CCL and witnessed by civil society is testimony to commitment and openness to broad participation.

79. Government is pleased at the vigorous manner in which Parliament is currently executing its oversight mandate. We look forward to parliamentary reforms that would strengthen the capacity of parliament in this regard. The

judiciary should equally look forward to formulating judiciary reforms with vigour to restore confidence.

80. Government is concerned about the ineffectiveness of the civil service and is looking forward to public service reforms to restore professionalism and eliminate politicisation. Cabinet has directed the Minister of Local Government and Chieftainship affairs to draw up a plan to implement the new decentralisation policy and to devolve power from the central government.

Conclusion

Mr Speaker,

81. In July, I outlined measures aimed at reducing spending and promised to come back with more elaborate measures. Today, I have outlined elaborate revenue, expenditure cutting and investment plans for the 2018/19 financial year. At 5.2 percent, the fiscal deficit is high and will require more stringent control measures. At 4 percent across the board wage increase, the wage bill will remain high, but will have to be complemented by additional austerity plans in the medium term.

82. The measures announced here today bind the entire government and will succeed only if we pull together as a team. Each one of us should feel the compunction to do their part in this herculean task to restabilise the fiscus of Lesotho.

83. I wish to express profound gratitude to the Right Honourable the Prime Minister for the support he has provided me. The last eight months have not been easy and there are more hurdles ahead. I also wish to thank the Honourable Deputy Prime Minister, as the chairperson of the Budget Committee and my colleagues in the committee for the hard work and patience that has delivered this budget today. For the committee, it has been a journey of discovery.

84. I also wish to acknowledge with much appreciation the professional inputs of the management and staffs of the Ministry of Finance, of Development Planning, Central Bank of Lesotho and the LRA, as well as the rest of the public service. Without the support of the people of Thetsane #33 and my family, I would have not been able to endure the difficulties of the last few months.

Khotso, Pula Nala

ANNEX I

GOVERNMENT BUDGET OPERATIONS FOR THE FISCAL YEAR 2015/2016 - 2020/2021							
Budget Item	Actual 2015/16	Actual 2016/17	Budget 2017/18	Projection 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
REVENUE	15,321.1	14,051.2	16,035.0	15,189.2	16,099.6	16,043.6	17,371.9
Tax revenue	6,578.1	7,008.6	7,604.3	6,847.9	8,203.2	8,509.1	9,116.5
Taxes on income, profits, and capital gains	3,643.7	3,726.5	4,225.7	3,543.6	4,014.2	4,202.6	4,556.8
Income tax - payable by individuals	1,701.6	1,944.1	2,037.7	2,001.9	2,129.9	2,135.7	2,201.3
Income tax - payable by corporations and other entities	1,121.6	985.9	1,228.4	796.8	1,019.8	1,138.0	1,296.9
Income tax - other	820.5	796.4	959.7	745.0	864.5	928.9	1,058.6
Taxes on property		362.5	213.4	213.4	226.9	241.6	229.0
Taxes on goods and services	2,683.2	2,669.0	2,790.2	2,788.0	3,527.7	3,630.6	3,896.5
Value-added tax	2,210.2	2,254.0	2,362.7	2,362.9	2,847.3	2,912.4	3,148.1
Excise taxes	447.6	388.0	405.0	405.0	656.9	694.2	724.3
Taxes on specific services	9.0	9.1	8.7	6.2	8.4	8.2	8.2
Taxes on the use of goods and on permission to use	16.3	18.0	13.8	13.9	15.1	15.8	15.8
Taxes on international trade and transactions	250.0	248.7	373.5	301.5	432.7	432.7	432.7
Other taxes	1.2	1.9	1.5	1.4	1.6	1.5	1.5
Grants	966.1	866.5	793.4	793.4	829.1	876.2	921.2
Other revenue	1,378.3	1,657.2	1,483.1	1,393.7	1,529.2	1,652.1	1,773.3
Property income	449.2	601.6	373.6	290.3	322.6	339.9	350.6
Interest		184.5					
Dividends	401.5	361.5	341.2	259.8	282.3	297.9	307.3
Rent	47.8	55.6	32.5	30.5	40.3	42.0	43.2
Sales of goods and services	915.8	1,040.9	1,098.5	1,088.1	1,192.1	1,297.2	1,407.7
Electricity Muela	60.9	57.3	63.7	63.9	67.6	71.9	77.1
Water Royalties - LHDA	740.5	837.1	907.7	932.9	1,030.7	1,128.5	1,226.8
Administrative fees	40.2	52.4	47.8	36.3	38.4	40.8	43.8
Incidental sales by nonmarket establishments	74.2	94.0	79.4	55.1	55.4	56.0	60.0
Fines & forfeits	3.6	4.2	3.6	3.8	4.0	4.2	4.4
Miscellaneous and unidentified revenue	9.6	10.5	7.4	11.6	10.6	10.9	10.6
SACU	6,398.6	4,519.0	6,154.2	6,154.2	5,538.1	5,006.2	5,560.9
EXPENSE (Statutory + Non Statutory + Salary Inc)	-11,180.7	-12,262.8	-12,901.9	-12,987.1	-13,125.9	-13,223.9	-13,613.0
Compensation of Employees	-5,400.4	-5,786.7	-6,208.5	-6,216.7	-6,690.0	-6,775.1	-6,916.2
Wages and salaries	-4,591.9	-4,862.2	-5,223.1	-5,139.0	-5,667.3	-5,744.4	-5,873.2
Employer contributions	-808.5	-924.5	-985.4	-1,077.7	-1,022.7	-1,030.7	-1,043.0
Use of goods and services	-2,829.1	-3,412.2	-3,186.5	-3,316.1	-3,217.5	-3,188.4	-3,278.6
Interest Payments	-274.1	-254.6	-377.2	-349.2	-383.9	-397.2	-417.1
Nonresidents	-198.4	-210.0	-249.4	-230.4	-256.3	-273.0	-286.6
Residents other than general government	-75.7	-44.6	-127.8	-118.8	-127.6	-124.3	-130.5
Subsidies	-250.7	-415.1	-307.9	-307.8	-271.0	-284.5	-300.7
Grants	-764.4	-921.0	-989.2	-989.4	-678.7	-712.6	-748.3
To foreign governments	0.0	0.0	0.0	-39.0	0.0	0.0	0.0
To international organizations	-8.1	-5.0	-39.6	0.0	-35.7	-37.5	-39.3
Extra Budgetary Units	-725.4	-890.5	-926.1	-926.5	-621.9	-653.0	-685.6
Local Government	-31.0	-25.5	-23.5	-24.0	-21.2	-22.2	-23.3
Social benefits	-883.3	-884.1	-1,048.7	-1,044.9	-1,120.3	-1,095.8	-1,145.4
Other expense	-686.6	-544.2	-705.5	-698.8	-637.0	-668.8	-702.3
Student Grants	-661.6	-496.6	-641.1	-641.1	-577.0	-605.9	-636.2
Other expense	-25.1	-47.7	-64.4	-57.6	-60.0	-63.0	-66.1
NON FINANCIAL & FINANCIAL ASSETS	-92.1	-44.8	-78.4	-64.2	-127.5	-101.3	-104.4
Capital Budget	-4,726.3	-5,133.3	-5,202.6	-5,202.6	-5,503.2	-5,761.9	-5,970.5
<i>of which: Non-financial Assets</i>	<i>-3,594.1</i>	<i>-3,324.8</i>	<i>-3,392.3</i>	<i>-3,150.0</i>	<i>-3,533.0</i>	<i>-3,698.9</i>	<i>-3,832.3</i>
GoL	-2,844.3	-3,030.3	-3,423.1	-3,423.1	-3,434.8	-3,629.9	-3,787.2
Donor Grants	-951.8	-1,169.5	-1,072.2	-1,072.2	-1,120.4	-1,184.0	-1,235.3
Donor Loans	-930.2	-933.5	-707.3	-707.3	-948.0	-948.0	-948.0
CASH SURPLUS / DEFICIT	-395.7	-2,707.8	-1,597.7	-2,001.6	-1,929.5	-2,322.6	-1,576.6
% GDP	-1.3%	-8.1%	-4.8%	-5.7%	-5.2%	-5.9%	-4.2%
GDP	31,453.1	33,480.1	32,963.8	35,170.8	37,259.7	39,589.2	37,500.9
NET CASH INFLOW FROM FINANCING ABTIV	903.3	2709.4	1,597.7	2,001.6	1,929.5	2,322.6	1,576.6
FINANCIAL ASSETS	599.7	2472.5	848.5	1185.8	673.0	1529.2	714.0
Domestic (Change in Deposits)	599.7	2,471.5	848.5	1,185.8	673.0	1,529.2	714.0
Foreign	0.0	1.0	0.0	0.0	0.0	0.0	0.0
LIABILITIES	303.6	236.9	749.2	815.8	1,256.5	793.4	862.6
Domestic	145.9	82.2	447.8	514.4	850.0	500.0	500.0
Securities	107.2	82.2	447.8	447.8	850.0	500.0	500.0
Loans	38.7	0.0	0.0	66.6	0.0	0.0	0.0
<i>of which Pension Liabilities</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Foreign	157.7	154.7	301.5	301.5	406.5	293.4	362.6
Loans	157.7	154.7	301.5	301.5	406.5	293.4	362.6
Disbursements	594.7	590.1	940.0	940.0	948.0	948.0	948.0
Repayments	-437.0	-435.4	-638.6	-638.6	-541.5	-654.6	-585.4
<i>Statistical Discrepancy</i>	<i>507.6</i>	<i>1.6</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Months of Import Coverage	6.1	4.5	4.0	3.9	3.6	2.9	2.7

ANNEX II

REVENUES AND EXPENDITURES AS % GDP FOR FISCAL YEARS 2015/2016 - 2020/2021							
Budget Item	Actual 2015/16	Actual 2016/17	Budget 2017/18	Projection 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
REVENUE	48.7	42.0	48.6	43.2	43.2	40.5	46.3
Tax revenue	20.9	20.9	23.1	19.5	22.0	21.5	24.3
Taxes on income, profits, and capital gains	11.6	11.1	12.8	10.1	10.8	10.6	12.2
Income tax - payable by individuals	5.4	5.8	6.2	5.7	5.7	5.4	5.9
Income tax - payable by corporations and other ente	3.6	2.9	3.7	2.3	2.7	2.9	3.5
Income tax - unallocable	2.6	2.4	2.9	2.1	2.3	2.3	2.8
Taxes on property	0.0	1.1	0.6	0.6	0.6	0.6	0.6
Taxes on goods and services	8.5	8.0	8.5	7.9	9.5	9.2	10.4
Value-added tax	7.0	6.7	7.2	6.7	7.6	7.4	8.4
Excise taxes	1.4	1.2	1.2	1.2	1.8	1.8	1.9
Taxes on specific services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taxes on the use of goods and on permission to use	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Taxes on international trade and transactions	0.8	0.7	1.1	0.9	1.2	1.1	1.2
Other taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	3.1	2.6	2.4	2.3	2.2	2.2	2.5
Other revenue	4.4	4.9	4.5	4.0	4.1	4.2	4.7
Property income	1.4	1.8	1.1	0.8	0.9	0.9	0.9
Interest	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Dividends	1.3	1.1	1.0	0.7	0.8	0.8	0.8
Rent	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Sales of goods and services	2.9	3.1	3.3	3.1	3.2	3.3	3.8
Electricity Muela	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Water Royalties - LHDA	2.4	2.5	2.8	2.7	2.8	2.9	3.3
Administrative fees	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Incidental sales by nonmarket establishments	0.2	0.3	0.2	0.2	0.1	0.1	0.2
Fines & forfeits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous and unidentified revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SACU	20.3	13.5	18.7	17.5	14.9	12.6	14.8
EXPENSE (Statutory + Non Statutory + Salary Incre	-35.5	-36.6	-39.1	-36.9	-35.2	-33.4	-36.3
Compensation of Employees	-17.2	-17.3	-18.8	-17.7	-18.0	-17.1	-18.4
Wages and salaries	-14.6	-14.5	-15.8	-14.6	-15.2	-14.5	-15.7
Employer contributions	-2.6	-2.8	-3.0	-3.1	-2.7	-2.6	-2.8
Use of goods and services	-9.0	-10.2	-9.7	-9.4	-8.6	-8.1	-8.7
Interest Payments	-0.9	-0.8	-1.1	-1.0	-1.0	-1.0	-1.1
Nonresidents	-0.6	-0.6	-0.8	-0.7	-0.7	-0.7	-0.8
Residents other than general government	-0.2	-0.1	-0.4	-0.3	-0.3	-0.3	-0.3
Subsidies	-0.8	-1.2	-0.9	-0.9	-0.7	-0.7	-0.8
Grants	-2.4	-2.8	-3.0	-2.8	-1.8	-1.8	-2.0
To foreign governments	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
To international organizations	0.0	0.0	-0.1	0.0	-0.1	-0.1	-0.1
Extra Budgetary Units	-2.3	-2.7	-2.8	-2.6	-1.7	-1.6	-1.8
Local Government	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Social benefits	-2.8	-2.6	-3.2	-3.0	-3.0	-2.8	-3.1
Other expense	-2.2	-1.6	-2.1	-2.0	-1.7	-1.7	-1.9
Student Grants	-2.1	-1.5	-1.9	-1.8	-1.5	-1.5	-1.7
Other expense	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2
NON FINANCIAL & FINANCIAL ASSETS	-0.3	-0.1	-0.2	-0.2	-0.3	-0.3	-0.3
Capital Budget	-15.0	-15.3	-15.8	-14.8	-14.8	-14.6	-15.9
GoL	-9.0	-9.1	-10.4	-9.7	-9.2	-9.2	-10.1
Donor Grants	-3.0	-2.8	-2.1	-2.0	-2.5	-2.4	-2.5
Donor Loans	-3.0	-3.5	-3.3	-3.0	-3.0	-3.0	-3.3
CASH SURPLUS / DEFICIT	-395.7	-2,707.8	-1,597.7	-2,001.6	-1,929.5	-2,322.6	-1,576.6
% GDP	-1.3%	-8.1%	-4.8%	-5.7%	-5.2%	-5.9%	-4.2%
GDP	31,453.1	33,480.1	32,963.8	35,170.8	37,259.7	39,589.2	37,500.9
NET CASH INFLOW FROM FINANCING ACTIVI	2.9	8.1	4.8	5.7	5.2	5.9	4.2
FINANCIAL ASSETS	1.9	7.4	2.6	3.4	1.8	3.9	1.9
Domestic	1.9	7.4	2.6	3.4	1.8	3.9	1.9
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LIABILITIES	1.0	0.7	2.3	2.3	3.4	2.0	2.3
Domestic	0.5	0.2	1.4	1.5	2.3	1.3	1.3
Securities	0.3	0.2	1.4	1.3	2.3	1.3	1.3
Loans	0.1	0.0	0.0	0.2	0.0	0.0	0.0
of which Pension Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign	0.5	0.5	0.9	0.9	1.1	0.7	1.0
Loans	0.5	0.5	0.9	0.9	1.1	0.7	1.0
Disbursements	1.9	1.8	2.9	2.7	2.5	2.4	2.5
Repayments	-1.4	-1.3	-1.9	-1.8	-1.5	-1.7	-1.6
<i>Statistical Discrepancy</i>	<i>1.6</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>

ANNEX III

ANNUAL % CHANGE IN REVENUES AND EXPENDITURES			
Budget Item	Budget 2017/18	Budget 2018/19	% Change
REVENUE	16,035.0	16,099.6	0.4
Tax revenue	7,604.3	8,203.2	7.9
Taxes on income, profits, and capital gains	4,225.7	4,014.2	-5.0
Income tax - payable by individuals	2,037.7	2,129.9	4.5
Income tax - payable by corporations and other enterprises	1,228.4	1,019.8	-17.0
Income tax - unallocable	959.7	864.5	-9.9
Taxes on property	213.4	226.9	6.3
Taxes on goods and services	2,790.2	3,527.7	26.4
Value-added tax	2,362.7	2,847.3	20.5
Excise taxes	405.0	656.9	62.2
Taxes on specific services	8.7	8.4	-3.3
Taxes on the use of goods and on permission to use or perform activities	13.8	15.1	9.4
Taxes on international trade and transactions	373.5	432.7	15.9
Other taxes	1.5	1.6	6.2
Grants	793.4	829.1	4.5
Other revenue	1,483.1	1,529.2	3.1
Property income	373.6	322.6	-13.7
Interest	0.0	0.0	0.0
Dividends	341.2	282.3	-17.3
Rent	32.5	40.3	24.1
Sales of goods and services	1,098.5	1,192.1	8.5
Electricity Muela	63.7	67.6	6.2
Water Royalties - LHDA	907.7	1,030.7	13.5
Administrative fees	47.8	38.4	-19.5
Incidental sales by nonmarket establishments	79.4	55.4	-30.2
Fines & forfeits	3.6	4.0	12.1
Miscellaneous and unidentified revenue	7.4	10.6	43.0
SACU	6,154.2	5,538.1	-10.0
EXPENSE	-12,901.9	-13,125.9	1.7
Compensation of Employees	-6,208.5	-6,690.0	7.8
Wages and salaries	-5,223.1	-5,667.3	8.5
Employer contributions	-985.4	-1,022.7	3.8
Use of goods and services	-3,186.5	-3,217.5	1.0
Interest Payments	-377.2	-383.9	1.8
Nonresidents	-249.4	-256.3	2.8
Residents other than general government	-127.8	-127.6	-0.2
Subsidies	-307.9	-271.0	-12.0
Grants	-989.2	-678.7	-31.4
To foreign governments	0.0	0.0	0.0
To international organizations	-39.6	-35.7	-10.0
Extra Budgetary Units	-926.1	-621.9	-32.8
Local Government	-23.5	-21.2	-10.0
Social benefits	-1,048.7	-1,120.3	6.8
Other expense	-705.5	-637.0	-9.7
Student Grants	-641.1	-577.0	-10.0
Other expense	-64.4	-60.0	-6.8
Capital Budget	-5,202.6	-5,503.2	5.8
GoL	-3,423.1	-3,434.8	0.3
Donor Grants	-1,072.2	-948.0	-11.6
Donor Loans	-707.3	-1,120.4	58.4
CASH SURPLUS / DEFICIT	-1,597.7	-1,929.5	
% GDP	-4.8%	-5.2%	
GDP	32,963.8	37,259.7	13.0

ANNEX IV

REVENUES AND EXPENDITURES AS % OF TOTAL FOR FISCAL YEARS 2015/2016 - 2020/2021						
Budget Item	Actual 2015/16	Budget 2017/18	Projection 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
REVENUE	100.0	100.0	100.0	100.0	100.0	100.0
Tax revenue	42.9	47.4	45.1	51.0	53.0	52.5
Taxes on income, profits, and capital gains	23.8	26.4	23.3	24.9	26.2	26.2
Income tax - payable by individuals	11.1	12.7	13.2	13.2	13.3	12.7
Income tax - payable by corporations and other ente	7.3	7.7	5.2	6.3	7.1	7.5
Income tax - unallocable	5.4	6.0	4.9	5.4	5.8	6.1
Taxes on property	0.0	1.3	1.4	1.4	1.5	1.3
Taxes on goods and services	17.5	17.4	18.4	21.9	22.6	22.4
Value-added tax	14.4	14.7	15.6	17.7	18.2	18.1
Excise taxes	2.9	2.5	2.7	4.1	4.3	4.2
Taxes on specific services	0.1	0.1	0.0	0.1	0.1	0.0
Taxes on the use of goods and on permission to use	0.1	0.1	0.1	0.1	0.1	0.1
Taxes on international trade and transactions	1.6	2.3	2.0	2.7	2.7	2.5
Other taxes	0.0	0.0	0.0	0.0	0.0	0.0
Grants	6.3	4.9	5.2	5.1	5.5	5.3
Other revenue	9.0	9.2	9.2	9.5	10.3	10.2
Property income	2.9	2.3	1.9	2.0	2.1	2.0
Interest	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	2.6	2.1	1.7	1.8	1.9	1.8
Rent	0.3	0.2	0.2	0.3	0.3	0.2
Sales of goods and services	6.0	6.9	7.2	7.4	8.1	8.1
Electricity Muela	0.4	0.4	0.4	0.4	0.4	0.4
Water Royalties - LHDA	4.8	5.7	6.1	6.4	7.0	7.1
Administrative fees	0.3	0.3	0.2	0.2	0.3	0.3
Incidental sales by nonmarket establishments	0.5	0.5	0.4	0.3	0.3	0.3
Fines & forfeits	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous and unidentified revenue	0.1	0.0	0.1	0.1	0.1	0.1
SACU	41.8	38.4	40.5	34.4	31.2	32.0
EXPENSE (Statutory + Non Statutory + Salary Incre	100.0	100.0	100.0	100.0	100.0	100.0
Compensation of Employees	48.3	48.1	47.9	51.0	51.2	50.8
Wages and salaries	41.1	40.5	39.6	43.2	43.4	43.1
Employer contributions	7.2	7.6	8.3	7.8	7.8	7.7
Use of goods and services	25.3	24.7	25.5	24.5	24.1	24.1
Interest Payments	2.5	2.9	2.7	2.9	3.0	3.1
Nonresidents	1.8	1.9	1.8	2.0	2.1	2.1
Residents other than general government	0.7	1.0	0.9	1.0	0.9	1.0
Subsidies	2.2	2.4	2.4	2.1	2.2	2.2
Grants	6.8	7.7	7.6	5.2	5.4	5.5
To foreign governments	0.0	0.0	0.3	0.0	0.0	0.0
To international organizations	0.1	0.3	0.0	0.3	0.3	0.3
Extra Budgetary Units	6.5	7.2	7.1	4.7	4.9	5.0
Local Government	0.3	0.2	0.2	0.2	0.2	0.2
Social benefits	7.9	8.1	8.0	8.5	8.3	8.4
Other expense	6.1	5.5	5.4	4.9	5.1	5.2
Student Grants	5.9	5.0	4.9	4.4	4.6	4.7
Other expense	0.2	0.5	0.4	0.5	0.5	0.5
NON FINANCIAL & FINANCIAL ASSETS	100.0	100.0	100.0	100.0	100.0	100.0
Capital Budget	100.0	100.0	100.0	100.0	100.0	100.0
GoL	60.2	65.8	65.8	62.4	63.0	63.4
Donor Grants	20.1	20.6	20.6	20.4	20.5	20.7
Donor Loans	19.7	13.6	13.6	17.2	16.5	15.9

ANNEX V

Ministry	2017/18					2018/19				
	Recurrent Budget	Capital Budget				Recurrent Budget	Capital Budget			
		GoL	Donor Grants	Donor Loans	Total		GoL	Donor Grants	Donor Loans	Total
Agriculture and Food Security	174.5	155.9	41.7	107.5	305.1	285.3	41.7	32.3	49.8	123.8
Health	1,959.0	79.3	167.9	32.9	280.1	2,054.9	240.2	32.9	188.8	461.9
Education and Training	2,320.1	19.1	83.5	-	102.6	2,391.3	83.5	116.2	19.3	219.0
Finance	754.7	288.0	399.2	50.9	738.1	868.7	399.2	50.9	429.5	879.5
Trade and Industry	50.6	84.5	59.3	-	143.7	43.2	74.1	-	175.6	249.7
Development Planning	764.1	7.0	5.5	-	12.4	693.6	8.7	-	100.0	108.7
Justice, Human Rights & Rehabilitation	233.9	45.0	-	-	45.0	229.7	-	-	100.0	100.0
Home Affairs	225.3	150.0	-	-	150.0	165.8	-	-	285.8	285.8
Prime Minister's Office	128.9	-	-	-	-	117.7	-	-	-	-
Communications, Science and Technology	121.0	155.0	93.8	64.9	313.8	152.2	93.8	64.9	10.0	168.8
Law & Constitutional Affairs	74.9	20.0	-	-	20.0	66.0	-	-	20.0	20.0
Foreign Affairs & Intern Relations	351.1	-	-	-	-	328.6	-	-	20.0	20.0
Public Works & Transport	154.7	799.2	-	146.8	946.0	139.7	-	487.0	480.4	967.4
Forestry & Land Reclamation	57.0	157.0	-	-	157.0	193.2	-	-	-	-
Energy, Meteorology and Water Affairs	31.1	248.5	15.3	21.5	285.4	27.7	15.7	21.5	181.0	218.2
Labour & Employment	58.8	-	-	-	-	53.7	-	-	-	-
Tourism, Environment & Culture	90.1	118.7	12.0	-	130.7	87.6	17.5	-	93.6	111.1
Auditor General's Office	29.3	-	-	-	-	27.6	-	-	-	-
His Majesty's Office	7.8	100.0	-	-	100.0	6.9	-	-	300.0	300.0
Public Service Commission	12.1	-	-	-	-	13.4	-	-	-	-
Defence & National Security	665.7	56.8	-	-	56.8	614.0	-	-	47.0	47.0
National Assembly	80.8	-	-	-	-	80.3	-	-	-	-
Senate	22.5	40.0	-	-	40.0	18.2	-	-	42.0	42.0
Ombudsman	8.4	-	-	-	-	8.4	-	-	-	-
Independent Electoral Commission	274.6	-	-	-	-	70.5	-	-	-	-
Local Government & Chieftainship affairs	479.8	395.4	-	-	395.4	480.2	-	-	391.9	391.9
Gender, Youth, Sports & Recreation	85.1	18.3	1.0	-	19.2	90.3	1.0	-	65.0	66.0
Public Service	40.0	3.0	-	-	3.0	39.6	-	-	5.0	5.0
Judiciary	106.8	26.0	-	-	26.0	102.4	-	-	10.0	10.0
Social Development	228.2	6.0	57.2	-	63.2	248.7	30.0	130.0	3.0	163.0
DCEO	32.0	-	-	-	-	28.2	-	-	-	-
Mining	28.0	8.2	-	-	8.2	24.6	-	-	21.2	21.2
Police and Public Safety	646.4	50.0	-	-	50.0	643.5	-	-	72.5	72.5
Small Businesses Development	99.9	112.0	-	-	112.0	105.4	-	-	88.5	88.5
Water Affairs	193.3	280.3	135.9	282.8	699.0	165.3	135.9	282.8	350.5	769.2
Sub Total	10,590.5	3,423.1	1,072.2	707.3	5,202.6	10,666.6	1,141.3	1,218.5	3,550.4	5,910.1
Principal Repayment	638.6					748.5				
Interest Charges	357.2					382.2				
Pension & Gratuities	1,679.9					1,829.0				
Statutory Salaries & Allowances	47.7					35.1				
Subscriptions to International Organisations	80.2					72.2				
Refund to erroneous Receipts	3.0					2.7				
Centralised Items	9.7					83.7				
Administration Fund (Contingency)	100.0					100.0				
Total	13,506.7	3,423.1	1,072.2	707.3	5,202.6	13,920.0	1,141.3	1,218.5	3,550.4	5,910.1

ANNEX VI

Expenditure by Ministry as % of Total - Capital and Recurrent										
Ministry	2017/18					2018/19				
	Recurrent Budget	Capital Budget				Recurrent Budget	Capital Budget			
		GoL	Donor Grants	Donor Loans	Total		GoL	Donor Grants	Donor Loans	Total
Agriculture and Food Security	1.3	4.6	3.9	15.2	5.9	2.0	3.7	2.6	1.4	2.1
Health	14.5	2.3	15.7	4.7	5.4	14.8	21.0	2.7	5.3	7.8
Education and Training	17.2	0.6	7.8	0.0	2.0	17.2	7.3	9.5	0.5	3.7
Finance	5.6	8.4	37.2	7.2	14.2	6.2	35.0	4.2	12.1	14.9
Trade and Industry	0.4	2.5	5.5	0.0	2.8	0.3	6.5	0.0	4.9	4.2
Development Planning	5.7	0.2	0.5	0.0	0.2	5.0	0.8	0.0	2.8	1.8
Justice, Human Rights & Rehabilitation	1.7	1.3	0.0	0.0	0.9	1.7	0.0	0.0	2.8	1.7
Home Affairs	1.7	4.4	0.0	0.0	2.9	1.2	0.0	0.0	8.0	4.8
Prime Minister's Office	1.0	0.0	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0
Communications, Science and Technology	0.9	4.5	8.8	9.2	6.0	1.1	8.2	5.3	0.3	2.9
Law & Constitutional Affairs	0.6	0.6	0.0	0.0	0.4	0.5	0.0	0.0	0.6	0.3
Foreign Affairs & Intern Relations	2.6	0.0	0.0	0.0	0.0	2.4	0.0	0.0	0.6	0.3
Public Works & Transport	1.1	23.3	0.0	20.7	18.2	1.0	0.0	40.0	13.5	16.4
Forestry & Land Reclamation	0.4	4.6	0.0	0.0	3.0	1.4	0.0	0.0	0.0	0.0
Energy, Meteorology and Water Affairs	0.2	7.3	1.4	3.0	5.5	0.2	1.4	1.8	5.1	3.7
Labour & Employment	0.4	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0
Tourism, Environment & Culture	0.7	3.5	1.1	0.0	2.5	0.6	1.5	0.0	2.6	1.9
Auditor General's Office	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
His Majesty's Office	0.1	2.9	0.0	0.0	1.9	0.0	0.0	0.0	8.4	5.1
Public Service Commission	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Defence & National Security	4.9	1.7	0.0	0.0	1.1	4.4	0.0	0.0	1.3	0.8
National Assembly	0.6	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.0
Senate	0.2	1.2	0.0	0.0	0.8	0.1	0.0	0.0	1.2	0.7
Ombudsman	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Independent Electoral Commission	2.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0
Local Government & Chieftainship affairs	3.6	11.6	0.0	0.0	7.6	3.4	0.0	0.0	11.0	6.6
Gender, Youth, Sports & Recreation	0.6	0.5	0.1	0.0	0.4	0.6	0.1	0.0	1.8	1.1
Public Service	0.3	0.1	0.0	0.0	0.1	0.3	0.0	0.0	0.1	0.1
Judiciary	0.8	0.8	0.0	0.0	0.5	0.7	0.0	0.0	0.3	0.2
Social Development	1.7	0.2	5.3	0.0	1.2	1.8	2.6	10.7	0.1	2.8
DCEO	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Mining	0.2	0.2	0.0	0.0	0.2	0.2	0.0	0.0	0.6	0.4
Police and Public Safety	4.8	1.5	0.0	0.0	1.0	4.6	0.0	0.0	2.0	1.2
Small Businesses Development	0.7	3.3	0.0	0.0	2.2	0.8	0.0	0.0	2.5	1.5
Water Affairs	1.4	8.2	12.7	40.0	13.4	1.2	11.9	23.2	9.9	13.0
Principal Repayment	4.7					5.4				
Interest Charges	2.6					2.7				
Pension & Gratuities	12.4					13.1				
Statutory Salaries & Allowances	0.4					0.3				
Subscriptions to International Organisations	0.6					0.5				
Refund for Erroneous receipts	0.0					0.0				
Centralised Items	0.1					0.6				
Administration Fund (Contingency)	0.7					0.7				
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0