



PARLIAMENT OF THE KINGDOM OF LESOTHO

**Managing Public Finances in Challenging Economic Times
(*Seeking Self-sufficiency and Governing with Practicality*)**

**BUDGET SPEECH TO PARLIAMENT FOR THE 2016/2017 FISCAL
YEAR**

BY

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MINISTER OF FINANCE

MASERU

19 FEBRUARY 2016

Madam Speaker,

Let me start by paying 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, and
the First lady The Honourable President of the Senate

Her Ladyship The Chief Justice

The Honourable Deputy Prime Minister and Leader of the House

My Colleagues, Honourable Ministers and Deputy Ministers

Honourable Judges of the High Court

Excellencies, Heads of Diplomatic Missions and International
Organisations

Honourable Attorney General

Honourable Deputy President of Senate

Honourable Deputy Speaker of The National Assembly

Honourable Members of both Houses of Parliament

The Mayoress of Maseru

Government Secretary

Chairpersons and Members of Government Commissions

Senior Government Officials

Heads of State-Owned Enterprises

Chief Executives of Private Sector Entities

Heads of Academic Institutions

Church Leaders

The Media

The entire Basotho nation here in Lesotho and abroad

Ladies and Gentlemen

Madam Speaker/ Mr. President/ Honourable Members,

1. I stand before this joint sitting of the National Assembly and the Senate to deliver the Budget Speech for the fiscal year 2016/17, which is the second since the coming into power of this Coalition Government. As I do so, I am wiser than I was last year when I presented my maiden budget. When I presented the 2015/16 Budget in May 2015, I had just assumed office and had grand aspirations. This time around, I am more pragmatic in my approach because I now know the level of human and material resources at Government's disposal.

This budget has been prepared with the involvement of all ministries at both the technical and political levels.

Madam Speaker/ Mr. President/ Honourable Members,

2. My presentation this morning is divided into seven sections; namely, the introduction; macro fiscal stability; global, regional and local economic developments and prospects; performance of the 2015/16 budget; proposed 2016/17 estimates; proposed expenditure curbs; and conclusions.

Introduction

3. I present this budget against the backdrop of a severe drought that has crippled our country. In December last year, The Rt. Hon. the Prime Minister declared a state of drought emergency. A couple of weeks ago on the 5th February 2016, he further made a clarion call to both Basotho and our development partners to contribute towards alleviating this devastation. In his call for assistance, the Rt. Hon the Prime Minister indicated that as a country we need Five Hundred and Eighty Four Million, Seventy Nine Thousand, One Hundred and Thirty One Maloti (M584, 079,131.00) to curb this scourge. He indicated that, of this amount, the Government of Lesotho has reallocated One Hundred and Fifty Five Million Maloti (M155 million) from the 2015/16 budget to provide financing towards this emergency, leaving a shortfall of Four Hundred and Twenty Nine Million, and Seventy Nine Thousand, One Hundred and Thirty One Maloti (M 429,079,131.00).

4. This budget is also being presented under a heavy cloud hanging over Government in relation to outstanding payments that are due to the private sector. When I called upon all service providers to come forward, it had come to my realisation that part of the 2015/16 budget was being spent to off-set bills dating from as far back as 2012. Our call that service providers should come forward has revealed that Government is indebted to an amount estimated around Forty Eight Million Maloti. We need to find ways of clearing this debt and recommitting ourselves to never place Government in this precarious situation again.

5. You will recall, Honourable Members, that last year I did indicate that in the medium-term, the Government will face some daunting challenges posed by growing fiscal pressure, as revenues decline and recurrent expenditures rapidly grow. This is still a challenge that poses a serious threat to development, as the prospect of growing the development expenditure has become increasingly difficult, thus compromising the ability of Government to fully implement the National Strategic Development Plan (NSDP).

Madam Speaker/ Mr. President/ Honourable Members,

6. I present the 2016/17 budget in challenging economic times globally, and under severe fiscal stress regionally and at home. However, this should not dissuade us from governing firmly and delivering services, and continuing to invest in our people in order to attain the development goals espoused in the NSDP. You will recall that the NSDP focuses on the following key areas: economic growth, infrastructure development, human development, well-being and social development, environmental protection and the rule of law and good governance. I believe that these goals can be achieved if we all work together.
7. Let me recall an African proverb:

“If you want to go fast, go alone. If you want to go far, go together.”

Another statement of wisdom says, *“A chain is as strong as its weakest link”*.

We have no option but to traverse this road together. This is the only Lesotho we have, and it will either flourish or perish under our watch. The choice is ours. We have to ask ourselves what kind of legacy we wish to leave for our children and grandchildren.

I therefore invite all of us to play our part in these challenging times.

Madam Speaker/ Mr. President/ Honourable Members,

Having made these rather gloomy introductory remarks, let me briefly comment on the macro fiscal stability of our country.

Macro-fiscal stability

8. Macro-fiscal stability continues to be at the centre of Government's development agenda. Furthermore, the Coalition Agreement signed at the onset of the current Government continues to bear relevance in attaining this stability. Our actions as a nation should be geared towards achieving faster economic growth through institutional reforms, effective use of our natural resources, infrastructure development, and foreign and domestic private sector investment. This we hope to achieve despite a projected decline in SACU revenues which are expected to drop to about 17 percent of GDP, down from 23 percent in the current financial year. This source of revenue has been extremely important in providing fiscal room for the country. I will come back to this point later to indicate how we hope to mitigate the effects of this reduction in our major revenue source.

Madam Speaker/ Mr. President/ Honourable Members,

Global and Regional Economic Developments and Prospects

Allow me now to briefly reflect on economic developments and prospects in the world and regionally, and what impact they have on Lesotho's economic outlook.

9. According to the latest IMF World Economic Outlook (WEO) update report released in January 2016, global economic growth projections for 2016 have been marginally revised upwards, from 3.1 percent in October 2015 to 3.4 percent, mainly due to resilient activities in the United States of America, supported by the easing of financial conditions and strengthening of the housing and labour market, coupled with lower oil prices.
10. In the Euro zone, lower oil prices and easy financing conditions have led to stronger private consumption. In the Far East, most notably in Japan, accommodative financing conditions, rising income and lower oil prices support its firm growth in 2016.
11. Growth in emerging markets and developing economies is projected to increase marginally to 4.3 percent in 2016 from 4.0 percent in 2015, due to the expected gradual pickup in growth in sub-Saharan Africa. In China, growth is expected to slow down, reflecting weaker investment growth as the economy continues to rebalance. Higher growth is projected in the Middle East even though growth is overshadowed by geopolitical tension and domestic frictions.

Madam Speaker/Mr. President/ Honourable Members,

Regional Performance and Prospects

12. Turning to regional performance and prospects, data indicate that most sub-Saharan countries are expected to experience a gradual pickup in growth in 2016, whilst at the same time it is expected that commodity prices will be lower than expected. The transmission of the commodity price shock will be through the current account. Thus, lower oil prices will reduce export earnings of oil exporters, and put pressure on the current account balance and the exchange rate. Conversely, lower oil prices will reduce pressure on the current account of oil importers. A decline in commodity prices is expected to worsen the outlook of the already fragile commodity production. Nonetheless, if the nominal exchange rate continues to depreciate, other exports will become more competitive and boost activity in the tradable goods sector.
13. Coming closer to home, the South African economy is expected to be directly affected by lower commodity prices, slow growth among major trading partners and capital outflows, for the foreseeable future. The likely weakness of the Euro will limit South Africa's currency competitiveness and weaker commodity demand from China in particular, is expected to have a negative effect on South Africa's exports.
14. The depreciation of the Rand against the United States Dollar will, in turn, raise the prices of imported goods, pushing up inflation.

The implications for second-round effects of higher prices of imported goods will depend on our monetary policy. Lower oil prices will reduce pressure on the current account. The Loti depreciated against the US Dollar from M11.77 at the beginning of 2015/16 to M16.37 at the beginning of 2016. This depreciation is attributed to emerging market currencies, which suffered as investors moved their money from emerging countries' financial markets back into developed countries such as the United States, as well as weakening commodity prices.

15. More importantly, the SACU economies are expected to experience positive growth, mainly supported by growth in consumer demand. This growth is also supported by accommodative macroeconomic policies, and structural reforms. Four of the SACU Member States, including Lesotho, are also members of the Common Monetary Area (CMA) and to some extent, have pursued similar monetary policies. Consequently, inflation rates remained stable. The main challenge confronting the SACU economies is the higher price of imported goods due to the Rand's depreciation against major currencies and weaker commodity demand from China. Furthermore, domestic revenue mobilisation remains a challenge, especially in the smaller members of the Customs Union.

Price Developments in Lesotho

16. Price developments in Lesotho are expected to continue to move in line with those in South Africa over the short to medium-term. The inflation rate rose to 5.1 percent in December 2015, up from 4.8 percent in the preceding month. A year earlier, the inflation rate was 3.6 percent. The increase in the inflation rate in December 2015 was mainly due to the rise in the price of food and non-alcoholic beverages (9.3 percent up from 5.2 percent in December 2014). On average, prices increased by 0.3 percent between November 2015 and December 2015. Inflation is expected to reach the level of 5.1 percent in 2016/17, and forecasts are that it will average 4.5 percent through the medium-term.

17. Lesotho's monetary policy targets the maintenance of adequate Net International Reserves (NIR) to defend the Loti/Rand peg and cushion against external shocks. The country is therefore committed to keeping adequate reserves, above 5 months of import cover, to cater for the peg and external shocks. In order to maintain the peg between the Loti and the Rand, the NIR target is set at a minimum of 600 Million US Dollars.

National Economy

18. On the domestic front, the desired Real GDP growth target of 5 – 7 percent per annum, which is stipulated in the NSDP, will not be attained as quickly as we had all hoped. This growth target was set

as the minimum level that was deemed necessary to boost employment and reduce poverty.

19. Real GDP growth slowed down to 3.7 percent in 2014/15 following a growth of 4.2 percent in 2013/14. The slowdown in economic performance could be attributed to corrosion in secondary industries ensuing from a decline in the manufacturing sector (down by 10.9 percent) and construction (down by 10 percent). In addition, tertiary industries registered a low growth in 2014/15 affected by a slowdown in financial intermediation and health services. The primary industries on the other hand, recorded a higher growth of 9.7 percent from 4.2 percent in 2013/14 attributed to a major growth of 15.5 percent in the mining and quarrying industries.
20. Growth in Real GDP is expected to decelerate further at the end of 2015/16 to 1.0 percent, before improving to 2.2 percent in 2016/17. This is mainly due to the expected deterioration in agricultural output as a result of the recent drought, which is expected to affect the 2015/16 and 2016/17 harvests. The anticipated corrosion in the manufacturing and construction sectors has also contributed to the sluggish growth.
21. The projected recovery in 2016/17 is expected to result from the mining and quarrying sector due to the anticipated operation of Storm Mountain Diamonds, whose production is intended to start during the last quarter of 2016. This will be coupled with beneficiation, which the Ministry of Mining is planning to introduce

during the 2016/17 fiscal year. The Ministry also plans to establish a diamond centre that will assess the value of our diamonds before they leave the country.

22. We also anticipate an improvement in construction activities, a point I will refer to when addressing the issue of domestic resource mobilisation. Wholesale and retail trade, transport and communication and real estate and business services are also expected to boost growth in 2016/17 through the medium-term.
23. The medium-term prospects depict a recovery in the domestic economy with real GDP growth projected to register an average annual growth of 4.3 percent, mainly boosted by the primary and tertiary industries, while the secondary industries are expected to continue to struggle due to a number of factors including the volatility in the manufacturing sector.

The Primary Sector

24. In 2014/15, primary industries recorded a growth of 9.7 percent, making it the largest growth in the sector since 2008/09. Forestry, Mining and Quarrying played a significant role by contributing 28.3 and 15.5 percent growth respectively. Despite this major growth in forestry, agriculture in total realised a modest growth of only 5.4 percent, owing to the persistent decline experienced in crop production. Crop production has been declining since 2010/11, and with the current record drought it is not expected to improve until 2017/18. The severity of the weather patterns are expected to

hit hard in 2016/17, contributing to a further drop in agricultural production to 13.3 percent.

Madam Speaker/Mr. President, Honourable Members,

The Secondary Sector

25. In 2014/15, secondary industries declined by 2.5 percent, while manufacturing as well as electricity and water grew by 1.8 and 1.5 percent respectively. The massive 10 percent decline suffered in construction had a net declining effect on the secondary industries.
26. After a period of strong growth due to significantly large projects including those of the Millennium Challenge Account (MCA) and Metolong dam, the construction sector suffered a decline due to their completion.
27. Secondary industries are expected to remain subdued in 2015/16 through to 2016/17 due to the anticipated declining performance of mainly the manufacturing sector. However, there is optimism in this sector as the electricity and water sectors are expected to maintain growth in 2016/17 and throughout the medium-term, due to new connections and productivity in both sectors.
28. As has been widely acknowledged Lesotho has had a very successful track record in the apparel sector and it is this sector that forms the backbone of Lesotho's export trade to the US

market primarily under the African Growth and Opportunity Act (AGOA).

29. As Honourable members will recall, AGOA was recently extended for a ten year period in 2015 thus ensuring continued preferential market access for Lesotho exports into the US market, which as we all know is still the largest export market in the world.

30. It is worth highlighting that once again Lesotho is included among the African countries that will continue to benefit from AGOA. Government continues to engage actively with the US government on AGOA eligibility issues and as recent as September 2015, the Honorable Deputy Prime Minister led a high level delegation to Washington DC to consult with US Congress and the US Government on how the US can enhance its support to Lesotho on AGOA. I am happy to report that our trade relationship with the US remains strong and that there is no threat to Lesotho's continued AGOA eligibility.

31. At the same time we are fully aware that AGOA is continuously being eroded by multilateral and bilateral trade developments and thus its opportunities will be substantially reduced at the end of this current ten year period. A good example is the recently concluded Trans Pacific Partnership Agreement (TPP) between the US and a number of Pacific Rim countries some of which are our strongest and fiercest competitors in the US market.

32. The Trans-Pacific Partnership (TPP) Agreement has opened concessions similar to those afforded AGOA countries to countries in the Pacific Rim. These countries have an advantage over Lesotho due to their cheap labour costs and favourable exchange rates, amongst others.
33. In the medium-term, the secondary industries are projected to improve slightly at an average of 0.8 percent. It is envisaged that construction will boost the sector due to expected intensification of the NSDP as well as other major upcoming projects.

Madam Speaker/ Mr. President/ Honourable Members,

The Tertiary Sector

34. Tertiary industries have experienced a slowdown in growth from 6.0 percent in 2013/14 to 4.4 percent in 2014/15 owing to the health and social work sector. This sector declined substantially from 15.7 percent in 2013/14 to 4.1 percent in 2014/15, due to a reduction of self-referrals to Queen 'Mamohato Memorial Hospital, and due to the improved facilities and services of the filter clinics (a double edged sword indeed). The partial re-opening of Queen Elizabeth II Hospital has also contributed to this state of affairs.
35. Financial intermediation also weakened significantly from a growth of 12.1 percent in 2013/14 to a lower growth of 3.1 percent in 2014/15. This followed a move by the banks to diversify their loan books from unsecured to secured lending after experiencing an

increasing number of non-performing loans. On the contrary, wholesale and retail trade, transport and communication, real estate and business services, continued to grow in 2014/15.

36. During 2015/16 and 2016/17, the tertiary sector is projected to register a growth of 4.9 percent, boosted by an anticipated growth in Wholesale and Retail Trade, Transport and Communications, Financial Intermediation and Real estate and business services.
37. Medium-term forecasts stipulate an average growth of 4.8 percent between 2017/18 and 2018/19, resulting from continued momentum in wholesale and retail trade, transport and communication, and real estate and business services.

Madam Speaker/ Mr. President/ Honourable Members,

Performance of the 2015/16 Budget

Allow me to provide a brief performance of the 2015/16 budget.

38. The 2015/16 budget was prepared under unusual circumstances, which led to delays in government spending. This was especially true for the capital budget. This was brought about by the snap elections held on 28th February 2015, a period within which under normal circumstances, the budget would have been finalised. As a result, budget appropriation was delayed whilst awaiting the new Parliament and Government. This had an impact on Government

spending as the Government had to operate with an interim budget for the first quarter.

39. The total revenue target for 2015/16 was M14, 405.7 million, of which SACU recorded M6, 398.2 million, tax revenue of M5, 793.2 million and other non-tax revenue of M2, 210.8 million. The projected outturn based on 9 months collection is M 14, 034.2 million, which indicates a 3 percent shortfall as against the initial target. This shortfall is linked to the weak controls, which need to be addressed in the management of revenue collection.
40. As at December 2015, the actual recurrent expenditure was M8, 209.3 million, which is projected to increase to M10, 945.7 million at the end of this financial year, as against an approved budget of M11, 993.0 million. This projected outturn reflects 91.2 percent spending of the recurrent budget to the end of 2015/16 fiscal year.
41. Additional provision had to be made to compensate for the initially allocated funds for fleet provision. Following the expiration of the fleet services contract that Government had with Seahlolo Fleet Services, a transitional short-term agreement was entered into with Bidvest. This increased expenditure was unavoidable but will be mitigated by a new fleet provision contract, which will start in April 2016. On the other hand, it had been anticipated that Queen 'Mamohato Memorial Hospital would expend within budget. However, this did not materialize. Consequently there was an additional allocation to pay for increased additional services.

42. Since 2013/14, compensation of employees' expenses continued to account for a large proportion of the total recurrent expenditure. It was 36 percent in 2014/15 and 47% in 2015/16.
43. Upon this realization, the Government sought the assistance of the World Bank to undertake a civil service review through a rationalization programme termed "The Public Sector Modernisation Project". This project is expected to commence in March 2016. I will talk about in more detail later on.
44. Another project that the Government is negotiating with the World Bank is the Social Protection Project. The aim of which is to improve the efficiency and equity in the following social assistance programmes: Child Grants programme; OVC Bursary Scheme; Post Primary Bursary Scheme; Public Assistance Programme and the Old Age Pension Scheme.
45. Regarding capital expenditure, there was a lot of under spending in some ministries. Therefore, a reallocation of M230Million from lower spending projects had to be effected to those ministries that had depleted their allocations. This reallocation financed road infrastructure, rural electrification, and water and sanitation programmes. Utilization of the Government of Lesotho's contribution to the capital expenditure was M1, 782.0 million which is 63 percent of the approved budget of M2, 844.3 million, as at the end of December 2015. This status will change based on the reallocations alluded to above.

46. The overall Government expenditure as at December 2015 (recurrent and capital expenditure) was M9, 991.3 million, which is 67.3 percent of the overall Government of Lesotho's approved contribution to the budget of M14, 837.3 million.
47. It is crucial for the Government to ensure an optimal mix of recurrent and capital expenditures, to obtain an improvement in public service delivery, while meeting the demands for growth in public investment.

Turning now to the 2016 /17 proposals

Revenue

48. The 2016/17 budget proposes a total projected revenue of M15, 473.8 million, of which Government revenue is M13, 370.8 million. Of this amount SACU receipts account for M4, 593.8 million, domestic taxes M6, 251.1 million, whilst non-tax revenue accounts for M2, 525.8 million. Donor grants and loans account for the difference between the total revenue and government's contribution.
49. Revenue performance remains vulnerable to external shocks, largely due to the country's dependence on SACU receipts, which constitute 32 percent of Government's revenue. The deterioration in the country's share of SACU receipts is as a result of a combination of lower than projected performance in 2014/15, which will result in a negative adjustment of about M1, 075.1

million in 2016/17, and a projected decline in economic performance in the Customs Union in 2016/17.

50. Tax revenue, which contributes 47 percent of total revenue, is projected at M6, 251.1 million, an 8 percent growth compared to the M5, 793.2 million budgeted for 2015/16. The growth in tax revenue will primarily result from an anticipated growth in Company Income Tax (CIT) and Value Added Tax (VAT) collections. In the medium-term, tax revenue is projected to record an average of M8, 017.3 million.
51. Although tax revenue is projected to continue to grow in the medium-term, the growth is not sufficient to offset the declines in SACU revenue. This consequently poses a threat to macro-fiscal stability and debt sustainability, and Government's ability to provide a consistent and predictable support to growth. The changing global economic environment therefore calls for intensified efforts to promote domestic revenue mobilisation – both tax and non-tax revenue.
52. In an effort to mobilise domestic revenue, Government introduced a new Integrated Revenue Management System under the administration of the Lesotho Revenue Authority (LRA) in 2013/14. In addition, the LRA undertook a restructuring exercise to improve its administrative capacity and client focus.

53. Other proposed domestic revenue sources are as follows:
- a. The Ministry of Public Works and Transport will introduce personalised number plates, which, of course, will cost more than ordinary number plates.
 - b. The Ministry of Public Works and Transport will also revise the cost of registering vehicles, obtaining drivers' licences, and other payments made in the ministry.
 - c. All ministries have been asked to review the various fees and fines by at least the inflation rate, and rates should be automatically increased annually by the inflation rate to mitigate huge increases. This will be gazetted through regulations by each ministry. These revised fees will be published during the first quarter of the 2016/17 financial year.
 - d. The oil levy will be increased by 2 cents.
 - e. Government will also explore modalities of increasing the Border toll fee to differentiate fees paid by local and foreign registered vehicles. This will be done in alignment with the formula that was agreed to by SADC. SADC engaged Dr. Ben Gericke of the World Bank to determine the formula and Lesotho has not taken advantage of this consultancy report.
54. Another way of providing impetus to domestic revenue is to provide a conducive platform for the private sector to thrive. As a starting point, Government has decided that the construction industry has to be revitalised. To this end, government will earmark some of its sites on prime land in Maseru, to begin with, which will

be made available to the private sector to develop on behalf of Government. This will not only generate many jobs, but will also generate revenue for both government and the private sector. More importantly, this will improve the landscape of the city, removing the eyesore of the many dilapidated buildings that are dotted around the city.

55. Another proposed method of generating revenue without resorting to borrowing, will be to ring-fence a portion of the royalties that government receives from the mining and/or water sectors, and use these to raise funding that can be used exclusively for capital projects. This again will reduce the burden of debt whilst creating jobs for the private sector.
56. A third effort to revitalise the private sector is through a soon to be signed Memorandum of Agreement between the Government of Lesotho and BADEA. This agreement will enable BADEA to lend money to the private sector without demanding any government guarantee. An amount of US\$450 million has been set aside by the Board of BADEA for this project. An announcement of how the private sector can access this funding will be made in due course.
57. The Central Bank of Lesotho recently launched the Maseru Securities Market as a vehicle to create domestic investment avenues. It is Government's hope that the private sector will take advantage of this avenue. Details of how one can participate can be accessed on the Maseru Securities website www.MSM.org.ls

Madam Speaker/ Mr. President/ Honourable Members,

Priorities for 2016/17

Let me turn to expenditure priorities for 2016/17

58. The proposed expenditure is based on the following priorities listed in the NSDP, Strategic Development Goals, and Vision 2020:

- Increasing economic growth towards a sustainable level of between 5 and 7 percent per annum, and creating 10 000 jobs per year on average;
- Reducing food insecurity by increasing production at an average of 16 Ha per year;
- Reducing child mortality by $\frac{2}{3}$ and maternal mortality by $\frac{3}{4}$ by 2017/18;
- Reducing the incidence of HIV by 25% by 2016/17 and increasing coverage for anti-retroviral treatment (ART) by 80%

Madam Speaker/ Mr. President/ Honourable Members,

59. Whilst addressing the above mentioned priorities, Government has identified the following four ministries as key in addressing the issues raised above:

- a. The Ministry of Home Affairs in respect of the national ID and registration process;
- b. The Ministry of Energy and Meteorology;
- c. The Ministry of Local Government and Chieftainship; and

d. The Ministry of Mining;

These four ministries account for 12% of the total expenditure allocation. I will elaborate on issues affecting these ministries when I get to their specific sectors.

Madam Speaker/ Mr. President/ Honourable Members,

Expenditure

60. Allow me now, based on the above Government policies, to propose that Total Expenditure Estimates for 2016/2017 be M17, 423.7 million.

61. The Total Recurrent Expenditure Estimates (including Statutory Expenditure and Administration Account) is proposed to be M11, 495.8 Million. Capital Expenditure is proposed at M5, 064.7 million.

62. Public Debt has increased to M867.0 million in 2016/2017. The increase in public debt comes primarily from the increased Loti value of foreign currency denominated debt as a result of the sharp depreciation of Loti.

Let me turn to the proposed allocations per sector.

Economic Sector

63. This budget proposes M3, 416.3 million for the **economic sector**, of which M1, 321.4 million is proposed for development projects and M2, 094.9 million is for recurrent expenditure. There will be provision of appropriate infrastructure development that will promote both local and foreign investment, and this budget proposes an allocation of M40.0 million for Tikoe Phase III and Belo industrial infrastructure, under the Ministry of Trade and Industry. For ease of doing business, an allocation of M5.0 million is being proposed for rolling out the One-Stop Business Facilitation Centres to major industrial centres such as Maputsoe and Mafeteng.
64. **Agriculture** continues to be the main source of employment and income in rural areas of Lesotho, and the Ministry of Agriculture and Food Security's proposed budget is M429.1 million. This indicates Government's continued commitment to subsidising agriculture until such time that local farmers are adequately developed, and local food reserves are stocked with sufficient grain crops. There are, however, factors, which constrain agricultural growth, these range from a decline in income due to unfavourable weather and soil infertility. Agricultural methods need to be improved to help farmers to migrate from subsistence farming to commercial farming.

65. **Micro, Small, and Medium Enterprises (MSMEs)** have the potential of being the backbone of our growing economy. To this end, M150.7 million is being proposed for the Ministry of Small Business, Cooperatives and Marketing. Cabinet has recently approved the MSME policy, which will enable the ministry to coordinate the work of MSMEs. The Ministry of Small Business Cooperatives and Marketing is also revising the Cooperatives Societies Act, which is intended to provide a strategy through which cooperatives and MSMEs will be capacitated such that they will eventually contribute to economic growth and development.
66. **The tourism sector** continues to play a crucial role towards economic growth. This budget proposes M158.4 million to fund amongst others, the development of the National Tourism Master Plan, a Tourism Strategy, as well as drafting of the Tourism Levy Regulations. The Ministry of Tourism, Environment and Culture will conserve and protect the culture of Basotho through the construction of a National Museum and Art Gallery and by designing and installing exhibitions at the Sehlabathebe Museum and Environmental Centre.
67. Attracting investment in the **mining sector** depends on many factors, chief of which is the availability of mineral resources information. In an effort to grow the mining sector, an allocation of M39.9 million is proposed for the Ministry of Mining; of which M3.2 million is earmarked for Geochemical Mapping and M4.5 million towards the construction of a Geoscience Laboratory. These efforts will enhance government revenue collection, as well as

employment creation in the future. A sum of M5 million is proposed for establishing a diamond centre. This facility will enable the ministry to value diamonds before they leave the country. It will also be utilised to introduce beneficiation in the diamond industry.

Madam Speaker / Mr. President/ Honourable Members,

68. In an effort to manage the enormous wage bill mentioned earlier, the **Ministries of Finance, of Development Planning and of the Public Service** will jointly implement a Public Sector Modernisation Project which I referred to earlier. This project will tackle the alarming wage bill. It will strengthen the strategic level of fiscal and human resource management for better service delivery. This project, to be financed by the World Bank in an amount of US\$10 million, will achieve the following:
- a. integration and reconciliation between the approved establishment list; personnel records, and payroll data;
 - b. validity of the payroll;
 - c. eliminating the discrepancy between the HR, payroll and establishment list head count.
69. In January 2016, the **Credit Information Sharing (CIS)**, commonly known as the Credit Bureau was launched. This is one of the several initiatives that the **Ministry of Finance, the Ministry of Trade and Industry, and the Central Bank of Lesotho** are implementing in collaboration with development partners to improve and harmonise the operations of the financial market. The CIS will be useful in reducing the over indebtedness brought about

by irresponsible borrowing and lending by the people and credit issuing institutions, respectively. It will also help the unbanked to have access to finance more easily.

70. Technical assistance from the World Bank on **Tobacco and Alcohol Taxation Policy** will support Government to foster and implement tobacco and alcohol tax reforms that will reduce tobacco and alcohol affordability and consumption, and control illicit trade on these items.

71. The Ministry of Finance, in collaboration with the World Bank and other stakeholders, is drafting the Pensions Bill 2016. This bill, when it becomes law will regulate the pensions industry and broaden the mandate of the Central Bank of Lesotho by making it the regulator of Pension Funds. The law is intended to:
 - a. Ensure protection of the rights and interests of members of pension funds by imposing certain obligations on those who manage pension funds;
 - b. Ensure that pension funds are properly governed in line with modern principles of governance, in particular; reporting requirements, risk management, and investment of pension moneys; and
 - c. Provide for the segregation and definition of duties and responsibilities of key players in the pension industry such as administrators, asset managers, and custodians.

72. **Towards infrastructure development**, Government proposes to commit M2, 088.4 million, of which M1, 229.3 million is earmarked for the Ministry of Public Works and Transport for the design, supervision and maintenance of public assets. Proper management of public assets is fundamental to development efforts that are being made to ensure durability, efficiency and effectiveness. It has come to the realisation of Government that there is need to review the composition and functions of the Building Design Services Department (BDS), which could be achieved through a thorough organisational review and restructuring.

Madam Speaker,

73. **Road transport** remains the number one killer on the African continent, and Lesotho is no exception. However, the Government remains steadfast in its commitment to the road Safety campaigns to reduce accidents. Both the Ministry of Public Works and Transport and of Local Government are committed to improving urban and rural road infrastructure. Road accidents place a heavy burden on our health sector budget. If we can reduce the number of road accidents, the majority of which are caused by careless driving, drunk driving and the use of vehicles that are not road worthy, then the health budget can be used for preventative medicine and primary health care. There has been an outcry that the Village Health Workers need to be incentivized. We cannot do this if we are unable to reduce unnecessary spending in other sectors.

74. **To modernise our airport,** Government has received funding from several development partners, led by Kuwait Fund, to improve Moshoeshe I International Airport. A financing agreement between Kuwait Fund and the Government of Lesotho, amounting to US\$15million will be signed on 22nd February. The total project cost is US\$63.2million. The project will increase the handling capacity of the airport by extending the runway to handle larger aircraft; constructing a new VIP terminal building; renovating the existing terminal building, installing navigation aids and generally improving the quality of service at the airport. This expansion will meet existing and forecast demands for passenger and cargo facilities.
75. **Local Governance:** In an effort to improve service delivery and good governance at the grassroots level, Government will intensify the decentralisation reform initiatives and as such M200.0 million is proposed for conducting the local government elections. This budget also proposes that a total budget of M859.1 million be allocated to the Ministry of Local Government for the upgrading and/or construction of urban roads, construction of rural roads and local government infrastructure which includes council offices, offices for Principal Chiefs, and the construction of Pitso houses, among others.

Madam Speaker/ Mr. President/ Honourable Members,

76. **To protect our environment and aligning ourselves with issues of global warming**, Government recommends an allocation M1, 670.2 million for environmental protection. It is in our best interest to keep a clean environment for our benefit and future generations. An E-waste collection system will be piloted in order to control the accumulation of electrical and electronic waste, which is hazardous to human life if mismanaged.
77. **The Ministry of Energy and Meteorology** will be developing a climate change policy which includes a response strategy and guidelines for integration of climate change in sectoral climate change activities. The ministry will continue to monitor weather and implement measures to control the use and importation of ozone depleting substances in the country. Furthermore, the ministry encourages the use of indigenous renewable energy resources in the pursuit of climate resilient development. Electricity connections remain a top priority for this ministry. It is worth mentioning that the Ministry of Energy and Meteorology was the only ministry that utilised all its capital allocation in the current year, and an additional M15 million was appropriated to the ministry for electrification projects. To this end, it is proposed that ministry be allocated a sum of M394 million.
78. **In the water sector**, an allocation of M1, 059.4 million is proposed. A significant portion of this allocation of M106.0 million is proposed for the LHDA; whilst M521.9 million is earmarked for

the Lowlands Water Supply Scheme. We were all witnesses late last year when His Majesty inaugurated the Metolong Dam, which is a fast-tracked component of the Lowlands Water Supply Scheme. The Ministry of Water plans to undertake a detailed design of the remaining components of the lowlands water supply project, including a feasibility study of the next multipurpose dams. In other departments, the ministry will be engaged in the preparation of the Integrated Catchment Management Plan. This plan will be to control catchments (wetlands) degradation for the sustainability of water resources.

Madam Speaker/ Mr. President/ Honourable Members,

79. This budget proposes a M1, 977.1 million allocation for the **Ministry of Health**. I would like to remind you, Honourable Members, that our HIV prevalence rate is ranked second in the world. Prevalence rate means that more people who are infected with the HI virus are living longer, which is a good thing. It is estimated that 360,000 people in Lesotho are living with HIV, and about 16,000 people died due to AIDS related illnesses in 2013. What is of grave concern now are new infections, which stand at 100 per week. Most disturbing is that most of the new infections are in the youth population. The Government is committed to the 90:90:90 campaign which says we will eliminate HIV by 2030 if 90% of Basotho know their status, 90% of those who are positive are put on treatment and 90% maintain viral suppression. It can be done!!!

80. All Government Ministries, Departments and Agencies have been instructed to again commit 2 percent of their operational budget towards HIV and AIDS related activities. This had a positive impact when it was implemented a few years back.
81. The Government of Lesotho has once again demonstrated political leadership and commitment towards tackling the HIV/AIDS scourge by resuscitation the National Aids Commission, which was inaugurated on 10th December 2015. Government has also adopted an integrated approach to the implementation of the prioritised programmes that will ensure efficiency and effectiveness of the response to enhance rationalisation of resources that are directed to HIV/AIDS and TB. A new Supply Chain Coordinating Directorate has been established in the Ministry of Health to address the supply of various commodities, and the ministry is committed to improving coordination and procurement of ARVs.
82. **It is proposed that The Ministry of Social Development** be allocated M253.1 million. The ministry has realised that people cannot graduate out of poverty by getting grants, but they should be assisted with projects to raise money for basic needs and other economic activities to push them out of poverty. The intention is to train people in the communities regarding income generating projects and to provide start-up capital. As a result the ministry has developed a Community Development model which will assist in implementing income generating projects.

83. The European Union and the World Bank are partnering with the Ministry of Social Development to assess current grant recipient lists and assess the efficiency of the grants programme by removing recipients who access more than one social grant. At the end of the project, social grant recipients will have been registered and given special IDs. This project will also help document old age pension recipients. During last year's budget presentation, I declared a fight against those who have corrupted the old age pension scheme. I have to admit that at that point I did not fathom the magnitude of the "rot" that has befallen this scheme. The remedial actions I had envisaged were akin to "filling an ocean using a teaspoon". During 2015/16 we took anecdotal assessments of the scheme and the results are alarming; thus the intention is to take a more robust approach to this assignment; details of which will be made public in the second quarter of the 2016/17 financial year.
84. **M108.9 million is being proposed for The Ministry of Gender, Youth, Sports and Recreation.** The Ministry remains committed to equipping youth with entrepreneurship skills. To this end, the Ministry will reopen the 'Matheko Vocational Training Centre. On the other hand, an allocation of M5 million is being proposed to finance the "Social Compact" programme which assists youth groups with equipment that will enable them to start businesses. The Ministry also plans to study options of establishing a National Youth Service programme to complement the already existing Volunteer scheme.

Madam Speaker/ Mr. President/ Honourable Members,

85. On **Human Development**, Government proposes an allocation of M2, 381.9 million to the Ministry of Education and Training. This will be utilised to strengthen and decentralise school inspections; to continue construction and renovation of school infrastructure; funding the school feeding programme; procuring free primary education teaching and learning materials; localizing senior secondary education and revamping technical and vocational training.
86. **The Ministry of Development Planning** will undertake a comprehensive reform of the National Manpower Development Secretariat (NMDS) at a cost of M1.2 million. The reform is intended to review and enhance the mandate of NMDS, In this regard, the reform will address, among others, the following key issues:
- Improvement of governance and management practices that will establish a financially viable and sustainable organization;
 - Targeting of students, particularly those experiencing socio-economic disadvantages and deserving assistance,
 - Establishing of cost sharing mechanisms between parents and Government; due to the ever increasing costs of higher education.
 - Financial instability of the Loan Bursary Fund - due to low repayment ratios.

87. In the fiscal year 2016/17, the Ministry of Development Planning will carry out a formal assessment and evaluation of the implementation of the NSDP 2012/13–16/17 and the development of the second NSDP at a proposed cost of M3.5 million. The review will determine how far we, as a country, are from achieving the NSDP's goals, which were intended to address the key challenges of poverty, inequality, unemployment, poor health and high mortality. The review will also assess the impact of the proposed strategies for the attainment of the NSDP's goals and suggest new strategies to improve on the existing ones.
88. This review will also guide the process of developing a new medium-term plan, NSDP II. The NSDP II will provide a strategic roadmap for the period 2017/18 – 2021/22, which will enable Government to operationalise interventions that contribute to poverty reduction and sustained achievements of long-term national development priorities. The plan will integrate emerging issues, national, regional and international policy commitments and programmes, particularly the Sustainable Development Goals (SDGs), the African Union (AU) Agenda 2063, and the SADC Regional Indicative Strategic Development Plan (RISDP). The plan will contain indicative costing of proposed activities and expansion of existing programmes, an analysis of the implications for sectoral resource allocation and mechanisms for effective monitoring and evaluation.
89. **Information technology** is at the heart of knowledge management. After the completion of the digital network

infrastructure which was done in the 2015/2016 Financial Year, the Ministry of Communications, Science and Technology will shift focus to content development. This is also a potential area for the private sector to contribute to the economy by developing and selling content to the national broadcaster. The ministry intends to broadcast 80 percent of local content and only 20 percent of foreign content. This will also create private sector jobs. The Ministry will also continue to expand the Wide Area Network so that telephony becomes more affordable.

Madam Speaker/ Mr. President/ Honourable Members,

90. **The Rule of law** is the cornerstone of any nation's governance. Government proposes an allocation of M2, 781.0 million to the governance, rule of law and security cluster. An efficient delivery of justice, maintenance of the rule of law and the upholding of the Constitution ranks very high among the factors that create an investor-friendly environment. These will have an invaluable result of ensuring that the already existing and flourishing peace in the country is maintained. Although money had been set aside in the current fiscal year to begin constitutional, parliamentary and security reforms, these have started at a very slow rate due to the unfortunate incidents that befell our country in the last year. It is Government's intention to vigorously implement these reforms during this financial year.

It is proposed that a budget allocation of M295.9 million be made to the Ministry of Home Affairs. M145.0 million is earmarked for the

registration of both people and livestock. These two projects will be decentralised by taking the services to the people. The Ministry is on the verge of acquiring mobile registration units to enable it to do the registration at the local level. Included in the recurrent budget of this ministry, an allocation has been made towards Lesotho's 50th independence anniversary celebrations. A call will soon be made to the public regarding these celebrations.

91. **The fight against corruption** remains a challenge in Lesotho. Achieving economic and social development requires strong and concerted efforts to address this scourge. A successful fight against corruption is necessary for improved investment climate in the country; that will grow the economy, and create more opportunities for development.

Financing Gap

92. The above revenue and expenditure proposals leave the Government with a resource shortfall of M1, 949.9 million. It is recommended that it be filled through a combination of domestic borrowing and drawing down of reserves. The Government currently holds reserves worth 6.1 month of import cover, which slightly exceeds the desired policy target of 5 months of import cover; this level of reserves leverages the Government to fully finance the deficit in the budget. However, the conventional fiscal balance that excludes donor loans from the revenue, and loan repayments from the expenditure, translates into a deficit of about 9 percent of GDP, which is contrary to government's policy of maintaining a budget deficit not exceeding 3 percent of GDP.

Expenditure Curbs

93. In view of the above, government intends to effect more expenditure cuts and impose strict monitoring of the budget. I, therefore present a list of several cost cutting measures that will be introduced in this coming fiscal year to cut expenditure to levels below the ones set in the proposals made above:

- a. A major cost driver continues to be international travel. To this end, Cabinet has directed that international travel be limited to those statutory meetings that government has no option but to attend. However, delegations to these meetings will be set at the barest minimum. Furthermore, travel by Business class will be restricted to Principal Secretaries and officers of comparable standing.
- b. Each ministry has been directed to purchase no more than five publications per week. Again the number of copies of each publication should not exceed four per ministry. Relating to the cost, the price at which ministries buy these publications from vendors must not exceed 20% of the face value of the publication.
- c. Likewise, refreshments and other commodities bought for ministries shall not be bought at a price that is more than 20% of the wholesale value of the item.
- d. Another cost driver is rent that government pays for office space. Government has decided to explore options of building a new office complex that will house those ministries that are located in rented space.

e. A serious cause for concern is on the manner in which revenue is collected and accounted for. Government will, as part of the PFM project, computerise receipting of revenue and linking this to the IFMIS platform.

These may look like small token reductions, but in Sesotho we say “Noka e tlatsoa ke linokana”.

Madam Speaker/ Mr. President/ Honourable Members,

Conclusion

94. Let me conclude by reiterating Government’s commitment to ruling justly, seeking self-sufficiency and governing with practicality. I can only urge the civil servants who will be tasked with implementing this budget to do so with diligence.
95. Annexed to this statement are the detailed figures for revenue, recurrent and capital estimates for the various ministries.
96. Government is cautions of the fact that the wage bill continues to be an albatross. However, Government cannot, on the other hand, turn a blind eye to the reality of the rising cost of living facing the public. To this end, it is proposed that in 2016/17 salaries and wages across board (including old age pensions, ACP and LLA pensions) be adjusted by a 4% inflation rate. Adjustments will be factored in after parliament’s approval of these budget estimates. If need be, income tax adjustments will be made to ensure that the increase does not erode buying power.

97. I wish to thank the staff of the Ministry of Finance, and indeed of other ministries, departments, and other public institutions, for the hard work they put in preparing this budget. My cabinet colleagues in the budget committee under the chairmanship of the Hon Deputy Prime Minister, worked for weeks on end to shape this budget; the entire cabinet under the stewardship of the Rt. Hon the Prime Minister made insightful comments, of which we are highly appreciative.
98. Last, but not least, let me thank our Development Partners who continue to walk this development road with us.

Madam Speaker/Mr. President/ Hon. Members

I thank you for your attention.

KHOTSO! PULA! NALA!

Annex 1
2016/2017 SUMMARY OF REVENUE TARGETS BY MINISTRY

Ministry	Approved Target 2015/2016	Projected Collection 2015/2016	Proposed Target 2016/2017	Projection 2017/2018	Projection 2018/2019
Agriculture and Food Security	36,481,952	7,413,268	40,593,512	50,027,194	58,994,782
Health	11,026,416	24,224,967	21,420,163	23,026,675	24,633,188
Education and Training	12,586,034	16,781,375	14,358,461	14,494,388	14,560,388
Finance	12,707,098,510	12,565,378,889	11,413,398,289	12,865,579,610	14,356,695,622
Trade and Industry	6,996,815	6,541,906	13,944,610	22,640,566	23,773,906
Development Planning	37,000	19,726	37,000	38,850	40,823
Justice and Correctional Services	299,000	95,284	369,380	387,849	407,241
Home Affairs	27,140,000	27,140,000	23,116,000	28,660,000	29,050,000
Communication, Science and Technology	4,652,000	6,202,667	7,439,100	7,730,505	7,989,808
Law and Constitutional Affairs	489,710	669,551	818,077	858,982	901,931
Foreign Affairs And International Relations	520,000	0	520,000	520,000	520,000
Public Works and Transport	13,883,690	10,412,768	15,498,113	16,272,966	10,933,367
Forestry, Range and Soil Conservation	35,990	0	0	0	0
Energy and Meteorology	161,198,223	161,198,223	174,380,051	184,749,297	196,763,140
Labour and Employment	3,510,900	4,001,327	3,871,500	4,065,075	4,268,329
Tourism, Environment and Culture	3,381,567	2,621,486	3,410,915	3,581,460	3,760,535
Auditor General's Office	754,950	1,333	351,000	312,000	327,600
Defence and National Security	949,627	1,067,783	1,614,660	970,393	1,026,413
Local Government and Chieftainship	1,839,382	1,584,288	1,794,214	1,883,925	1,978,121
Gender, Youth, Sports and Recreation	75,278	17,067	48,000	48,240	48,481
Public Service	6,779,397	9,039,196	8,402,000	8,822,100	9,263,205
Judiciary	4,244,311	1,702,637	3,150,047	3,310,699	3,476,234
Social Development	0	12,000	262,000	286,000	306,000
Mining	599,918,491	395,302,195	844,542,381	549,844,748	601,476,179
Police and Public Safety	2,821,500	3,387,400	3,847,620	4,040,001	4,242,002
Small Business Development, Cooperatives and Marketing	902,898	215,733	476,600	500,430	525,452
Water	789,138,145	789,138,145	773,087,883	814,442,856	857,850,024
Total	14,396,761,785	14,034,169,212	13,370,751,577	14,607,094,808	16,213,812,771

Annex 2
2016/2017 SUMMARY OF RECURRENT ESTIMATES BY MINISTRY

Ministry/Head	Approved Budget 2015/2016	Projected Outturn 2015/2016	Proposed Budget 2016/2017	Projection 2017/2018	Projection 2018/2019
Agriculture and Food Security	173,502,185	168,171,806	179,992,170	190,834,104	195,626,820
Health	1,780,984,494	1,590,134,540	1,776,493,710	2,191,610,779	2,233,345,233
Education and Training	2,249,847,463	2,152,335,491	2,243,667,341	2,387,937,638	2,445,817,565
Finance	506,956,432	607,437,149	503,895,302	525,759,176	569,648,116
Trade and Industry	55,137,007	48,535,859	46,646,640	48,592,828	51,049,519
Development Planning	817,074,657	669,480,145	815,587,180	821,258,552	817,800,212
Justice and Correctional Services	194,974,551	195,666,068	217,308,800	235,741,712	246,350,086
Home Affairs	154,753,342	1,192,669	150,918,745	270,813,291	316,003,684
Prime Minister's Office	121,259,828	112,464,255	152,316,650	170,530,009	178,002,164
Communications, Science and Technology	139,523,592	100,578,463	121,918,980	138,229,634	143,603,733
Law and Constitutional Affairs	74,749,688	76,653,772	76,902,550	83,457,184	87,529,745
Foreign Affairs and International Relations	363,226,142	206,357,980	361,900,760	370,240,911	384,081,862
Public Works and Transport	156,972,182	164,547,744	160,606,157	176,973,586	185,822,266
Forestry Range and Soil Conservation	56,744,773	54,270,347	58,675,090	59,848,592	65,449,357
Energy and Meteorology	56,112,378	29,092,015	40,739,700	39,105,782	39,988,322
Labour and Employment	51,553,613	68,021,420	50,132,765	57,219,259	60,080,226
Tourism, Environment & Culture	96,269,507	74,029,495	90,352,570	94,075,563	118,895,587
Auditor General's Office	27,410,624	27,061,349	29,175,282	30,985,566	36,960,000
His Majesty's Office	6,190,077	7,104,215	7,177,835	6,917,218	7,153,985
Public Service Commission	7,781,844	6,912,880	7,905,830	8,755,833	9,289,764
Principal Repayment	468,695,692	468,695,692	544,325,000	591,230,111	1,493,641,155
Interest Charges	283,589,458	283,589,458	322,625,700	323,004,803	340,382,716
Pensions and Gratuities	1,381,752,560	1,381,752,560	1,404,137,500	1,428,126,000	1,452,830,000
Statutory Salaries & Gratuities	39,279,850	39,279,850	41,915,592	48,203,524	50,316,942
Subscriptions to International Financial Organisations	35,523,269	35,523,269	77,836,074	81,727,879	88,023,954
Refund to Erroneous Receipts	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Centralised Items	133,275,496	0	0	0	0
Contingencies	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Defence and National Security	560,529,274	570,664,891	607,888,258	671,264,162	694,289,038
National Assembly	80,729,079	77,639,545	81,741,640	87,623,137	91,013,795
Senate	18,126,851	15,533,774	19,480,120	20,285,309	20,999,319
Ombudsman	6,524,486	6,107,132	7,675,920	7,956,117	8,442,347
Independent Electoral Commission	50,861,152	32,124,714	248,289,050	92,303,300	90,714,220
Local Government and Chieftainship Affairs	465,463,499	449,184,437	474,256,750	496,286,114	522,309,856
Gender & Youth, Sports & Recreation	83,897,596	84,777,973	87,618,240	86,813,183	88,298,008
Public Service	36,506,404	30,853,981	35,550,900	40,305,788	41,569,106
Judiciary	99,686,123	77,606,905	102,089,130	109,179,161	114,643,120
Social Development	196,925,218	167,556,026	197,427,960	290,450,841	320,775,806
Directorate on Corruption & Economic Offences	23,414,320	18,459,878	23,364,500	23,186,769	22,958,215
Mining	26,200,595	20,598,012	29,959,710	40,669,965	42,464,378
Police and Public Safety	661,626,709	418,335,620	618,552,620	656,248,788	688,971,948
Small Business Development, Cooperatives and Marketing	51,864,910	55,180,265	66,584,050	74,308,297	77,773,738
Water	94,402,723	74,529,881	172,367,790	156,190,342	157,814,149
TOTAL	11,992,899,644	10,771,041,526	12,359,000,561	13,337,250,806	14,703,730,055

Annex 3
2016/2017 SUMMARY OF CAPITAL ESTIMATES BY MINISTRY AND SOURCE OF FUNDING

MINISTRY/HEAD	APPROVED BUDGET	PROPOSED BUDGET	DONOR GRANTS	DONOR LOANS	ALL SOURCES
Agriculture and Food Security	153,000,000	158,900,000	8,240,992	81,920,517	249,061,509
Health	50,147,253	44,800,000	155,776,003	0	200,576,003
Education and Training	28,000,000	31,400,000	106,840,000	0	138,240,000
Finance	378,509,000	248,400,000	378,659,556	93,011,700	720,071,256
Trade and Industry	36,020,000	71,125,000	32,728,477	0	103,853,477
Development Planning	47,631,158	79,500,000	6,917,355	0	86,417,355
Justice and Correctional Services	54,000,000	60,000,000	0	0	60,000,000
Home Affairs	120,000,000	145,000,000	0	0	145,000,000
Communications, Science and Technology	188,368,740	139,311,000	14,574,940	0	153,885,940
Law and Constitutional Affairs	0	20,000,000	0	0	20,000,000
Public Works and Transport	613,300,000	638,700,000	330,000,000	100,000,000	1,068,700,000
Forestry Range and Soil Conservation	150,000,000	150,000,000	0	0	150,000,000
Energy and Meteorology	93,000,000	142,819,010	39,826,291	170,691,921	353,337,222
Tourism, Environment and Culture	62,000,000	68,000,000	0	0	68,000,000
His Majesty's Office	72,000,000	20,000,000	0	0	20,000,000
Defence and National Security	16,000,000	34,500,000	0	0	34,500,000
Local Government and Chieftainship Affairs	314,800,000	379,555,000	5,250,000	0	384,805,000
Gender, Youth and Sports	48,000,000	20,492,000	857,850	0	21,349,850
Public Service	3,000,000	5,000,000	0	0	5,000,000
Judiciary	40,000,000	10,000,000	0	0	10,000,000
Social Development	10,000,000	5,000,000	36,000,000	0	41,000,000
Mining	4,000,000	9,900,000	0	0	9,900,000
Police and Public Safety	53,000,000	50,000,000	0	0	50,000,000
Small Business Development, Cooperatives and Marketing	21,000,000	84,100,000	0	0	84,100,000
Water	278,517,910	345,129,300	53,825,699	487,954,393	886,909,392
TOTAL	2,834,294,061	2,961,631,310	1,169,497,163	933,578,531	5,064,707,004