

FINANCE EXTERNAL CIRCULAR NOTICE NO. 4 OF 2024

Ministry of Finance and
Development Planning
P.O. Box 395
Maseru 100

14th November 2024

FIN/EXPDT/S.1 (2024/25)

**TO: SENIOR PRIVATE SECRETARY TO HIS MAJESTY
SENIOR PRIVATE SECRETARY TO THE PRIME MINISTER
CLERK TO THE SENATE
CLERK TO THE NATIONAL ASSEMBLY
REGISTRAR - JUDICIARY SERVICES
ALL PRINCIPAL SECRETARIES
DIRECTOR GENERAL -IEC
SECRETARY TO THE PUBLIC SERVICE COMMISSION
DIRECTOR GENERAL - DCEO
DEPUTY OMBUDSMAN
CHIEF EXECUTIVE OFFICER – DMA**

COPY: GOVERNMENT SECRETARY

BUDGET CALL CIRCULAR 2025/2026 - 2027/2028 BUDGET ESTIMATES

I. INTRODUCTION

1. The Ministry of Finance and Development Planning as mandated by section 112(1) of the Constitution has commenced the budget preparation process for the Financial Years 2025/26 - 2027/28. In this regard, the Chief Accounting Officers are requested to submit to the Ministry of Finance and Development Planning, estimates of revenue and expenditure for the Financial Year 2025/26 -2027/28 and projections of revenue and expenditure, in accordance with the ceilings in Appendices 1 and 2. The estimates must be submitted to the office of the Budget Controller by 20th December 2024.
2. It is important that the deadlines for submissions and budget discussions are observed, to enable the minister of Finance and Development Planning to submit the draft estimates to Cabinet and Parliament on schedule as proposed in table 1 below:

I. BUDGET CALENDER

Table 1: Proposed 2025/26 Budget Estimates Timetable

Budget Estimates Call Circular	19 th November 2024
Submission of Budget Estimates	20 th December 2024
Budget Estimates discussions with Spending Units	6 th January 2025
Presentation of Budget Estimates with Minister	20 th January 2025
Presentation of Budget Estimates to Cabinet	11 th February 2025
Presentation of Budget Estimates to Parliament	12 th February 2025

II. THE NATIONAL GROWTH AND BUDGET STRATEGY POLICIES FOR 2025/26 TO 2027/2028

1. Tax revenues are showing slow growth and are increasingly being supplemented by external revenue funds (SACU Revenue). There has been a 4.0 percent shortfall from the projected 27.8 percent of GDP in 2023/24, with only 23.3 percent being disbursed. This is because of the revenue agency's failure to meet targets, mainly due to legislative inaction and economic uncertainties. As a result, the forecast remains constant at approximately 24.0 percent of GDP, giving foreign financing an advantage in funding government operations. The SACU and Water royalties showed strong performance, overcoming deficit years and entering a surplus era. Nevertheless, the challenge of domestic revenue mobilization persists.
2. Throughout the fiscal year 2023/24, expenses persistently exerted a substantial influence on the economy, contributing 42.6 percent of the GDP. Among these expenses, the wage bill retained its position as the primary contributor to operating expenses, constituting 17.8 percent of the GDP. Nevertheless, this showcases a positive decline compared to the initially budgeted figure of 18.2 percent of the GDP, signifying the government's commendable efforts in managing the growth of the wage bill. Looking ahead, factoring in wage drift and the Cost-Of-Living Adjustment (COLA), it is projected that the wage bill will experience a 1 percent increase, ultimately reaching 18.7 percent of the GDP.
3. Over the past decade, capital expenditure has experienced a consistent decline, both in relation to GDP and total expenditure. Starting from its peak in 2013/14 at 30.2 percent of GDP and approximately 17.6 percent of expenditure, it has gradually decreased to 10.2 percent of GDP and around 19.3 percent of expenditure by 2023/24. This decline in capital expenditure can be attributed to the decrease in overall revenues, compounded with rigid current expenditures. Additionally, the development of viable projects aligned with national priorities has been hindered by capacity issues within line ministries, leading to an

inconsistent quality of project appraisal. Furthermore, concerns have been raised regarding the long-term costs associated with current expenditure for donor-financed capital projects.

III. KEY PRIORITY AREAS AND OBJECTIVES

1. Strengthening Human Capital

Key Priority Area II seeks to support the priority sectors by enabling the improvement of the country's productivity and innovation capacity through strengthening human capital. The key priority areas and objectives for the 2025/26 - 2027/28 budgets are as follows:

- a) Nurturing education and skills, fortifying social safety nets, embracing opportunities within migration, and strengthening healthcare system.
- b) The sector will implement interventions that will enable,
 - i) Strengthening of primary healthcare, healthcare systems and enhancing efficiency and effectiveness of education delivery at all levels,
 - ii) Ensuring equitable access of education service delivery and
 - iii) Delivery of relevant quality education and training will be implemented by this sector.
- c) strengthen partnerships for improved migration governance, labour migration governance and diaspora engagement.

2. Building Enabling Infrastructure

- a) Creating an enabling infrastructure is crucial for fostering innovation, improving quality of life, enhancing productivity, and promoting sustainable development. This year, sizeable government's investments in sustainable infrastructure will be prioritized and sequenced to support economic development and to meet the evolving needs of Basotho.
- b) The energy sector is entrusted with the vital task of meeting the Nation's requirements for petroleum, electrical, and thermal energies, while also enhancing the reliability, technological efficiency, and overall security of the energy supply
- c) The water sector's primary focus is to enhance access to safe drinking water, promote hygiene practices, and combat waterborne diseases.
- d) The transport sector is responsible for the construction, maintenance, and management of road networks, ensuring connectivity between urban and rural areas, as well as neighbouring countries.
- e) Built environment sector encompasses urban planning, architecture, and civil engineering, focusing on the planning, design, construction, and maintenance of buildings and infrastructure.

- f) The solid waste management sector is pivotal in addressing indiscriminate dumping in public spaces and markets and advocating for proper waste management practices to safeguard human health and the environment.

3. Strengthening National Governance and Accountability

- a) Promoting good governance is essential for driving sustainable economic growth and social progress. To execute this budget effectively, the government will focus on restoring public trust and fostering a supportive environment for private investment by prioritizing good governance principles.
- b) Addressing challenges such as corruption, high public debt, and limited public participation in budgetary processes, the government is committed to enhancing public financial management systems to improve transparency, efficiency, and effectiveness in public spending.
- c) To strengthen the effectiveness of oversight bodies, the government will work on strengthening these agencies to ensure accountability and respect for human rights.
- d) To improve public service delivery and address issues related to professionalism, performance management, and centralization, the government will enhance service delivery and decentralize public sector services.
- e) In response to national security concerns, including transnational threats, rising criminal activities, and illegal firearms, the government is committed to supporting initiatives that will enhance security and promote peace.
- f) To improve the efficiency of the judicial system, the government will focus on enhancing transparency, equity, and effectiveness, improving access to justice, and strengthening justice institutions.
- g) To address labour market governance challenges, the government will work on increasing awareness among all workers and employers, promoting peace and stability in the workplace, and ensuring decent work and the protection of all workers' rights, with particular attention to gender equity and inclusivity.
- h) To improve national planning and coordination, the government will strengthen data management, monitoring, and evaluation systems, ensuring that these processes are inclusive and consider the diverse needs of all communities, promoting equitable participation in decision-making.
- i) Recognizing the need for enhanced diplomatic expertise, the government is committed to increasing regional and global integration and cooperation to effectively manage international negotiations and engagements.

4. Cross-Cutting

- a) The cross-cutting themes are overarching, have multiplier effects and seek to promote inclusivity, build resilience, and accelerate growth across all sectors. Lesotho's commitment to achieving inclusive growth hinges upon the interconnectedness of social, economic, and environmental sustainability aspects.
- b) The Environment and Climate Change theme aims to safeguard the country's abundant natural resources and mitigate environmental degradation by conserving biodiversity, managing ecosystems, combating climate change, and promoting sustainable development practices.
- c) Gender is a fundamental concept that highlights the importance of understanding and addressing the disparate power relations and equality of opportunity between men, women, girls and boys.
- d) Basotho youth are key in driving social, economic, and political progress. The government through employment of youth inclusion strategies will strive to improve youth participation in development.
- e) Vulnerable groups in Lesotho include children, people with disabilities and the elderly.
- f) Disaster risk management entails measures that are designed to address vulnerability brought about by disasters, with focus on preparedness, mitigation, response, and recovery.
- g) Lack of finance has been identified as one of the major deterrents to growth by all sectors.
- h) Technology and innovation foster the acceleration of service delivery and opens new avenues for effective service delivery.
- i) The government is committed to enhancing transparency and accountability as key pillars of good governance.

IV. GUIDELINES FOR BUDGET ESTIMATES FOR 2025/26– 2027/28

The Government will continue to implement the Medium-Term Expenditure Framework (MTEF) approach to budgeting.

1. MTEF is a budget that extends beyond a single year's revenue and expenditure allocations to include credible revenue and expenditure projections for three years. Therefore, in preparation for the 2025/2026-2027/28 National Budget, Ministries are urged to strictly adhere to the full implementation of MTEF budgeting. The Central Budget Management System (CMBS) is enhanced to fully reflect the Spending Units' budgetary requirements in the medium term.
2. Ministries should make sure to include their objectives, targets and activities in the strategy part matching with national development documents, such as the Sustainable Development Goals (SDGs) and the National Strategic Development Plan (NSDP), which take into consideration issues of poverty eradication, quality education, gender, climate action and inclusion.

3. **The MTEF Budget user manual gives more elaborative guidance on MTEF budgeting.** It is important to take into consideration the Chart of Accounts string while budgeting in the CBMS. This is to avoid misallocating activities in the wrong cost centres, sub-cost centres and location; <https://www.budgetportal.gov.ls:7024/guidelinesDocs>.
4. **Principles to guide the 2025/26-2027/2028 budget.**
 - i) Adopt a budget that is affordable, sustainable, and yet responsive to the needs of the country over the medium-term.
 - ii) Achieve consistency of the Medium-Term Fiscal Framework (MTFF) and Medium-Term Expenditure Framework (MTEF) to the national priorities, efficiency, effectiveness, and value for money in public expenditure.
 - iii) Adopt austerity measures to control and curb expenditure waste.
 - iv) Improve monitoring, transparency, and accountability mechanisms to ensure expenditure efficiency.
 - v) Prioritise the elimination of expenditure arrears by transparent disclosure and budgeting.
 - vi) Expand domestic revenue mobilization to reduce reliance on volatile and shrinking transfers from the Southern African Customs Union (SACU).

V. REVENUE ESTIMATES

1. **All revenue collecting agencies must ensure that they submit realistic and achievable revenue estimates.** Given the weak fiscal situation of the Government, ministries, and agencies responsible for collecting resources are instructed and encouraged to put extra efforts to collect and close loopholes in the collection systems and book-in revenues in the IFMIS and mobilise them promptly. All relevant policy issues should be covered, including:
 - a) The need to increase rates on fees and charges to keep them in line with inflation; and the identification of possible new tax and non-tax revenue items to compensate for a decline in revenue from traditional sources.
 - b) Revenue estimates should include actual collection for 2023/24; projected outturn for 2024/25 based on actual collection in the first six months of 2024/25; and targets for the financial year- 2025/26 and projections for 2026/27 and 2027/28.

VI. RECURRENT ESTIMATES

1. Due to the prevailing economic conditions, MDAs are urged to budget realistically for both Personal Emoluments and Other Charges, and adhere to the following:

- a) Spending Units should ensure that in the strategy module their priority areas are linked to the government priorities.
- b) Submissions must include all commitments already made by the Government which will have the effect of incurring expenditure over the coming years.
- c) Regarding vehicles under Full Maintenance Lease, the latest hire rates must be used.
- d) Appropriate authority must accompany a request for purchase of new vehicles.
- e) Spending Units providing subsidies/subventions to other organisations should submit a complete and detailed budget for such institutions, including audited accounts and annual reports for 2023/24. Parent ministries should discuss the requested subvention with relevant institutions and agree on the level of support proposed.
- f) Spending Units' submissions should include realistic estimates to meet the recurrent costs arising from projects which are scheduled for completion in 2025/26 - 2027/28 as well as for the maintenance of existing assets.
- g) Before including new creations in the manpower module, MDAs should seek approval from the Ministry of Public Service.
- h) Spending Units should provide information on the status of filling of vacant positions.
- i) Ministries should ensure that the Sub-Programmes totals for Personal Emoluments estimates match those contained in the payroll system.

VII. CAPITAL BUDGET ESTIMATES

1. The need for more efficient public investment cannot be overemphasised, hence the need to plan suitable levels of investment across the public sector, allocate investment to pro-growth sectors/projects and implement projects on time and on budget. The following principles should be noted.
 - a) The Capital Budget Estimates must include all projects funded through Governments, grants and loans.
 - b) No new projects will be funded unless they have been appraised by the Public-Sector Investment Committee (PSIC). In view of the prevailing aggregate resource constraints, all new project submissions should be aligned to government priority areas.
 - c) Ministries are urged to ensure that projects are completed over the planned period to give space for new initiatives.
 - d) Spending units should build and submit a logic framework for the projects.

- e) The submissions must also demonstrate that they include policy measures and/or resource allocations required to satisfy agreements with Development Partners.
- f) According to the PFMA Act 2011, 14(3) Ministries should note that the balances in the bank accounts (in respect of GOL funds) should be retired at the end of the financial year and should not be part of the budget for the subsequent year.
- g) In respect of donor funded projects, planned activities whose funding has already been disbursed and are envisaged to be implemented in the coming fiscal year should be included in the 2025/26 budget for appropriation so that they do not constitute unauthorized expenditure.

VIII. Budget Estimates Discussion

1. Discussions on both the Budget Framework Paper (BFP) and the Budget Estimates will highlight government's goals and priorities and build consensus on the resource allocation based on those priorities and look at allocations made to programmes and sub-programmes.
2. The discussions are not meant to result in increased aggregate ministerial ceilings. They are meant to provide valuable information to assist the Ministry of Finance and Development Planning and the Cabinet Budget Committee to make more informed decisions about budget priorities. Discussions also increase the focus on ways of improving effectiveness and efficiency with limited resources by identifying issues to be addressed for improvement of service delivery and areas where reallocations and savings can be made within ministries. The discussion should also capture the amount of estimated expenditure arrears to be carried forward, its causes, and what remedial action is taken to prevent further accumulation.

IX. SPECIAL FUNDS AND TRADING ACCOUNTS

1. Ministries operating special funds and trading accounts are expected to submit their budgets along with the parent ministry's budget for approval by the Minister of Finance and Development Planning. Ministries should further note that Trading Accounts/Special Funds without audited financial and non-financial reports as well as approved budget estimates will not be allowed to operate.

X. 2025/26 Pre-budget Consultations

1. In preparation for the 2025/26 – 2027/28 Budget Strategy Paper (BSP), the Ministry of Finance and Development Planning - conducted Pre-Budget

Consultations in ten administrative districts. The aim of the consultations was to seek policy direction from the grassroots, make the budget process transparent and inclusive to all stakeholders as well as the general citizens. The district consultations report is publicly available on the Ministry of Finance and Development Planning website.

XI. CENTRAL BUDGET MANAGEMENT SYSTEM (CBMS) – BUDGET ENTRY PROCESS

1. **For the 2025/26 – 2027/28 budget, all ministries will prepare their revenue and expenditure budget estimates for both BFP and Budget Estimates using the Programme Budgeting approach, in the MTEF entry forms in CBMS.** Only Officers with user rights will be able to input data and adjust according to the ceiling allocations in CBMS. Ministries should take advance action to ensure that relevant officers have the appropriate user access rights to CBMS.
2. Ministries should note that during their budget estimates input, they are already building their annual execution plans which will be used to release 1st quarter warrants. These plans will still need quarterly adjustments for subsequent quarters, to facilitate adequate release of funds.
3. The price catalogue is uploaded in the system to guide ministries on prices
4. Ministries are required to ensure that financial implications of decisions they make over the medium term are properly analysed and included in the budget estimates.
5. MDA's must submit **A SIGNED HARD COPY** the budget estimates, with **SIGNATURES FROM BOTH THE CHIEF ACCOUNTING OFFICER AND THE MINISTER**; and the submission is considered complete when the following are attached:
 - i) Summary of Revenue estimates by Programmes
 - ii) Revenue estimates by line items
 - iii) Summary of Recurrent estimates by Programmes
 - iv) Summary of Recurrent estimates by items
 - v) Recurrent estimates by activities
 - vi) Summary of capital estimates by programmes
 - vii) Summary of capital estimates by project and items
 - viii) Capital estimates by activities.
 - ix) **Contributions to the 2025/26 Budget Speech.**

- a. The contribution should include: an assessment of expected performance in 2024/25 and an outline of the Ministry's planned objectives and activities for 2025/26 and two subsequent years. The contribution should be brief and specific, focusing on core goals, objectives and achievements of the Spending Units and be aligned with the key priorities.



BUDGET CONTROLLER

f MALESHOANE LEKOMOLA-DANZIGER (MRS)

APPENDIX 1: 2025/26 – 2027/28 RECURRENT BUDGET CEILINGS

2025/26 – 2027/28 PROPOSED RECURRENT BUDGET CEILINGS			
Head/Sub Head	Proposed Ceiling 2025/26	Projection Ceiling 2026/27	Projection Ceiling 2027/28
301 - Agriculture, Food Security and Nutrition	583,147,593	609,069,337	633,784,536
Compensation of Employees	202,595,847	207,660,743	212,852,262
Other Charges	380,551,746	401,408,594	420,932,274
302 - Health	2,386,449,210	2,491,805,074	2,602,079,566
Compensation of Employees	558,663,871	572,630,468	586,946,230
Other Charges	1,827,785,339	1,919,174,606	2,015,133,336
303 - Education and Training	2,989,048,708	3,077,367,011	3,168,572,876
Compensation of Employees	2,445,365,281	2,506,499,413	2,569,161,898
Other Charges	543,683,427	570,867,598	599,410,978
304 - Finance and Development Planning	2,819,075,919	2,954,067,507	3,095,659,620
Compensation of Employees	238,488,284	244,450,491	250,561,753
Other Charges	2,580,587,635	2,709,617,017	2,845,097,867
305 - Trade, Industry and Business Development	113,310,321	117,577,654	122,023,399
Compensation of Employees	55,927,326	57,325,509	58,758,647
Other Charges	57,382,995	60,252,144	63,264,752
306 - Gender, Youth and Social Development	1,384,190,405	1,451,359,313	1,521,835,652
Compensation of Employees	81,624,473	83,665,084	85,756,712
Other Charges	1,302,565,932	1,367,694,229	1,436,078,940
307 - Law and Justice	372,248,923	397,240,093	406,947,194
Compensation of Employees	271,643,870	288,684,895	295,902,017
Other Charges	100,605,053	108,555,198	111,045,177
308 - Local Government, Chieftainship, Home Affairs and Police	1,833,038,231	1,885,675,784	1,885,675,784
Compensation of Employees	1,560,574,310	1,599,588,668	1,599,588,668
Other Charges	272,463,921	286,087,117	286,087,117
309 - Prime Minister's Office	318,079,969	332,493,968	347,591,418
Compensation of Employees	59,599,963	61,089,962	62,617,211
Other Charges	258,480,006	271,404,006	284,974,206
310 - Information, Communications, Technology and Innovation	250,068,354	566,222,118	580,957,054
Compensation of Employees	87,049,920	104,184,720	106,789,338
Other Charges	163,018,434	231,018,699	237,083,858
311 - Directorate on Corruption and Economic Offences	71,454,041	71,100,672	74,655,705
Compensation of Employees	30,521,973	32,048,072	33,650,475
Other Charges	40,932,068	39,052,600	41,005,230

2025/26 – 2027/28 PROPOSED RECURRENT BUDGET CEILINGS

Head/Sub Head	Proposed Ceiling 2025/26	Projection Ceiling 2026/27	Projection Ceiling 2027/28
312 - Foreign Affairs and International Relations	485,447,006	507,315,074	516,850,163
Compensation of Employees	348,203,647	356,696,419	362,130,744
Other Charges	137,243,360	150,618,656	154,719,419
313 - Public Works and Transport	222,332,467	290,000,000	292,000,000
Compensation of Employees	96,292,940	100,000,000	100,000,000
Other Charges	126,039,527	190,000,000	192,000,000
314 - Environment and Forestry	141,425,274	146,245,905	151,251,303
Compensation of Employees	90,025,282	92,275,914	94,582,812
Other Charges	51,399,991	53,969,991	56,668,491
315 - Natural Resources	702,551,321	736,133,507	771,356,169
Compensation of Employees	61,815,181	63,360,561	64,944,575
Other Charges	640,736,140	672,772,946	706,411,594
316 - Labour and Employment	82,273,401	85,368,234	88,592,339
Compensation of Employees	40,753,460	41,772,297	42,816,604
Other Charges	41,519,940	43,595,937	45,775,734
317 - Judiciary	164,760,987	168,088,764	172,290,981
Compensation of Employees	109,302,936	112,035,510	114,836,397
Other Charges	55,458,051	56,053,255	57,454,583
318 - Independent Electoral Commission	140,665,283	147,026,522	153,689,022
Compensation of Employees	26,881,006	27,553,031	28,241,857
Other Charges	113,784,277	119,473,491	125,447,166
319 - His Majesty's Office	15,794,497	23,261,132	23,441,115
Compensation of Employees	9,152,376	9,351,528	9,585,316
Other Charges	6,642,121	6,954,802	6,927,899
320 - Public Service Commission	15,426,524	15,887,816	16,255,736
Compensation of Employees	6,631,040	6,796,816	6,966,736
Other Charges	8,795,485	9,091,000	9,289,000
321 - Public Debt	3,193,022,778	3,352,673,917	3,520,307,612
Interest	1,081,560,369	1,135,638,388	1,192,420,307
Repayment of Domestic Liabilities	1,102,413,600	1,157,534,280	1,215,410,994
Repayments of Foreign Liabilities	1,009,048,808	1,059,501,249	1,112,476,311
323 - Pensions and Gratuities	1,601,480,628	1,761,504,659	196,213,892
Compensation of Employees	1,599,000,000	1,758,900,000	193,479,000
Transfers	2,480,628	2,604,659	2,734,892

2025/26 – 2027/28 PROPOSED RECURRENT BUDGET CEILINGS

Head/Sub Head	Proposed Ceiling 2025/26	Projection Ceiling 2026/27	Projection Ceiling 2027/28
324 - Statutory Salaries and Allowances	47,140,824	44,857,245	46,753,666
Compensation of Employees	19,857,955	20,067,404	20,556,853
Other Charges	27,282,869	24,789,841	26,196,813
325 - Subscriptions to International Organisations	305,383,272	320,652,436	336,685,057
Other Charges	67,950,000	71,347,500	74,914,875
Transfers	153,433,272	161,104,936	169,160,182
Acquisition of Financial Assets	81,000,000	85,050,000	89,302,500
Acquisition of Monetary Gold and Special Drawing Rights	3,000,000	3,150,000	3,307,500
326 - Refunds to Erroneous Receipts	2,268,000	2,268,000	2,268,000
330 - Centralised Items	150,000,000	281,840,000	283,627,500
331 - Contingencies Fund	300,000,000	400,000,000	400,000,000
335 - National Security Services	131,204,350	968,718,632	138,845,356
Compensation of Employees	81,743,023	911,118,366	100,500,290
Other Charges	49,461,327	57,600,266	38,345,066
336 - Disaster Management Authority	81,441,776	81,358,512	82,080,828
Compensation of Employees	11,536,004	11,824,404	12,120,014
Other Charges	69,905,772	69,534,108	69,960,814
337 - Defence	735,017,480	1,071,671,346	975,095,499
Compensation of Employees	532,487,821	524,392,264	524,392,264
Other Charges	202,529,659	547,279,082	450,703,235
338 - National Assembly	123,988,259	328,053,607	328,557,507
Compensation of Employees	95,527,963	216,342,647	221,751,213
Other Charges	28,460,296	111,710,960	106,806,294
339 - Senate	30,560,232	31,573,088	32,623,709
Compensation of Employees	20,606,204	21,121,359	21,649,393
Other Charges	9,954,028	10,451,729	10,974,316
340 - Ombudsman	13,182,047	13,674,636	14,187,691
Compensation of Employees	6,660,533	6,827,046	6,997,722
Other Charges	6,521,514	6,847,589	7,189,969
341 - Energy	25,486,132	26,411,380	27,374,164
Compensation of Employees	13,962,347	14,311,406	14,669,191
Other Charges	11,523,785	12,099,974	12,704,972

2025/26 – 2027/28 PROPOSED RECURRENT BUDGET CEILINGS

Head/Sub Head	Proposed Ceiling 2025/26	Projection Ceiling 2026/27	Projection Ceiling 2027/28
342 - Tourism, Sports, Arts and Culture	97,020,016	101,110,468	105,386,429
Compensation of Employees	30,421,965	31,182,514	31,962,077
Other Charges	66,598,051	69,927,954	73,424,352
343 - Public Service	76,491,553	77,407,000	79,395,500
Compensation of Employees	33,099,609	35,567,000	35,768,000
Other Charges	43,391,944	41,840,000	43,627,500
Grand Total	22,004,475,779	24,937,080,413	23,194,912,041

APPENDIX 2: 2025/26 – 2027/28 CAPITAL BUDGET CEILINGS

2025/26 – 2027/28 PROPOSED CAPITAL BUDGET CEILINGS			
Head/Sub Head	Proposed Ceiling 2025/26	Projectio n Ceiling 2026/27	Projectio n Ceiling 2027/28
301 - Agriculture, Food Security and Nutrition	35,400,000	29,700,000	25,000,000
302 - Health	218,415,773	12,500,000	362,500,000
303 - Education and Training	15,000,000	8,500,000	9,500,000
304 - Finance and Development Planning	116,807,000	207,607,000	259,807,000
305 - Trade, Industry and Business development	116,000,000	47,250,000	43,250,000
307 - Law and Justice	25,000,000	40,000,000	20,000,000
308 - Local Government, Chieftainship, Home Affairs and Police	447,399,999	695,000,000	650,000,000
310 - Information, Communications, Technology and Innovation	68,807,700	103,807,700	153,807,700
313 - Public Works and Transport	1,059,000,000	1,001,700,000	1,555,787,000
314 - Environment and Forestry	2,400,000	2,900,000	2,900,000
315 - Natural Resources	265,933,988	74,000,000	79,000,000
319 - His Majesty's Office	20,000,000	150,000,000	200,000,000
339 - Senate	94,000,000	-	-
341 - Energy	401,928,832	351,300,000	354,765,000
342 - Tourism, Sports, Arts and Culture	30,000,000	32,000,000	-
Grand Total	2,916,093,292	2,956,264,700	3,716,316,700

APPENDIX 3: CHART OF ACCOUNTS

1. Overview

Kindly observe the Chart of Accounts captured within the CBMS and EPICORE-10 as illustrated in the summarised table below. Familiarity with these account codes and descriptions is essential for effective financial management

Epicor 10.2 COA

Head	Cost Centre	Sub Cost Centre	Programme	Sub Programme	Account Type	Fund Source	Donor	Project	Activity	Economic Indicator	Location
XXX	XX	XX	XX	XX	XX	X	XXX	XXXX	XXXXXX	XXXXXX	XX

2. Head

The Ministry or Head code has three digits.

3. Cost Centre and Sub-Cost Centre

Cost Centre and Sub-Cost Centre are administrative part of an organization to which costs may be charged for accounting purposes. Cost Centre and Sub-Cost Centre codes are each two digits long. Each Ministry must have at least one Cost Centre, and at least one Sub-Cost Centre. The numbering of Cost Centres must start from 01. The numbering of Sub-Cost Centres must also commence from 01. The coding is assigned by the Budget Department.

4. Programme and Sub Programme

Programmes are defined as the broad functions of government, e.g., Strengthening Human Capital. **Sub-Programmes** are on the other hand defined as the more specific areas of functions (intermediate outcomes) within a Programme (sub function) e.g., reduced malnutrition. Programme and Sub- Programme codes are each two-digits long.

5. Account Type

The Account Type is a single-digit component that must be utilised in accordance with its designated description.

<i>Account Type Code</i>	<i>Account Type Description</i>
1	Recurrent Expenditure
2	Development Expenditure
3	Recurrent Revenue
4	Development Revenue
5	Below the Line
6	Contingency Fund
7	Supplementary Expenditure

6. Fund Source

The chart of accounts requires that a source of finance or Fund Source be defined for every item of expenditure. At this stage, there are six possible Fund Sources:

<i>Fund Source Code</i>	<i>Fund Source Description</i>
1	Government of Lesotho
2	Donor Grant Funding
3	Donor Loan Funding
4	Government of Lesotho Counterpart Contributions
5	Commercial Loan Funding
6	Budget Support

7. Donor and Project Codes

Projects and Donor codes use 4 and 3 digits, respectively. These codes are assigned by the Ministry of Finance and Development Planning, Budget Department, and cannot be changed by line Ministries. In the cases of recurrent (i.e., Personal Emoluments) and revenue, where there is no project or donor, these fields must be coded as Donor 000, and Project 0000.

8. Targets and Activities

The MTEF reforms incorporates the delineation of Objectives, Outputs (targets) and Activities. These are uniquely defined by each Ministry. Their codes are system generated and are later used to denote a six-digit alpha-numeric string incorporating the Ministerial Cluster.

9. Location

01	-	Maseru
02	-	Butha-Buthe
03	-	Leribe
04	-	Berea
05	-	Mafeteng
06	-	Mohale's Hoek
07	-	Quthing
08	-	Qacha's Nek
09	-	Thaba-Tseka
10	-	Mokhotlong
21	-	United States of America
22	-	United Kingdom
23	-	Ethiopia
24	-	Canada
25	-	Germany
26	-	Belgium
27	-	Switzerland
28	-	Italy
29	-	The People's Republic of China
30	-	Republic of South Africa
31	-	Ireland

- 32. - India
- 33. - Japan
- 34. - Malaysia
- 35. - State of Kuwait

10. Data Entry and Printing of Budget Estimates Reports

The CBMS platform will automatically close on the submission date stipulated under table 1; Proposed 2025/26 Budget Estimates Timetable. The link for budgeting and printing of budget estimate report is IFMIS PORTAL (<http://ifmis.gov.ls>)

- **IFIMIS URL for both budget estimates and reports**
- For Budget Estimates.
 - **CLICK on CBMS** to login using your credentials
 - **Username - User email address**
 - **Password - User Password**
- **Budget Reports**
 - **Username: Budget2023**
 - **Password: \$admin12**

APPENDIX 4: 2025/26 BUDGET STRATEGY PAPER (BSP)

Ministries, Departments and Agencies are kindly advised to take note that the Cabinet has granted approval for the Budget Strategy Paper for the forthcoming budget. It is strongly recommended that all MDAs align their plans and budgetary allocations with the overarching government strategy. The comprehensive BSP report is accessible on the Ministry of Finance and Development Planning website for your consideration. <https://www.budgetportal.gov.ls:7024/strategyDocs/5>.

APPENDIX 5: 2025/26–2027/28 BUDGET ESTIMATES TECHNICAL DISCUSSIONS TIMETABLE

2025/26–2027/28 BUDGET ESTIMATES TECHNICAL DISCUSSIONS TIMETABLE					
CODE	HEAD	CHAIRPERSON	DATE	TIME ALLOCATION	BUDGET OFFICERS
311	Directorate of Corruption and Economic Offences	Mrs M Mpobole	06-Jan-25	09:00 - 10:30	Ms L. Moremoholo
339	Senate	Mrs M Macheli	06-Jan-25	09:00 - 10:30	Mr L. Sepetla
312	Foreign Affairs and International Relations	Mrs M Mpobole	06-Jan-25	10:30 - 12:30	Mr M. Seeiso
338	National Assembly	Mrs M Macheli	06-Jan-25	10:30 - 12:30	Ms. P Selikane
318	Independent Electoral Commission	Mrs M Macheli	06-Jan-25	02:30 - 16:30	Ms L. Moremoholo
309	Prime Minister's Office	Mrs M Mpobole	06-Jan-25	02:30- 16:30	Ms K. Mokhahla
308	Local Government, Chieftainship, Home Affairs and Police	Mrs M Mpobole	07-Jan-25	09:00 - 12:30	Ms M Mohale
340	Ombudsman	Mrs M Macheli	07-Jan-25	09:00 - 10:30	T. Machoba
319	His Majesty's Office	Mrs M Macheli	07-Jan-25	10:30 - 12:30	Mrs M. Thokoa
317	Judiciary	Mrs M Mpobole	07-Jan-25	14:30 - 16:30	Mrs M. Thokoa
342	Tourism, Sports, Arts and Culture	Mrs M Macheli	07-Jan-25	14:30 - 16:30	Ms N. Makhorole
303	Education and Training	Mrs M Mpobole	08-Jan-25	09:00 - 12:30	Mrs M. Kompfi
341	Energy	Mrs M Macheli	08-Jan-25	09:00 - 11:00	Ms M. Motjamela
316	Labour and Employment	Mrs M Macheli	08-Jan-25	11:00 - 12:30	Mr T. Machoba
305	Trade, Industry and Business Development	Mrs M Macheli	08-Jan-25	14:30 - 16:30	Ms N. Makhorole
307	Justice and Law	Mrs M Mpobole	08-Jan-25	14:30 - 16:30	Ms. P. Selikane
302	Health	Mrs M Mpobole	09-Jan-25	09:00 - 12:30	Ms K. Mokhahla
343	Public Service	Mrs M Macheli	09-Jan-25	09:00 - 10:30	Mr. N. Ranthimo
335	National Security Services	Mrs M Macheli	09-Jan-25	10:30 - 12:30	Mrs Mosito
313	Public Works and Transport	Mrs M Macheli	09-Jan-25	14:30 - 16:30	Mr L. Sepetla
337	Defence	Mrs M Mpobole	09-Jan-25	14:30 - 16:30	Mrs Mosito
301	Agriculture Food Security and Nutrition	Mrs M Mpobole	10-Jan-25	09:00 - 12:00	Mrs. M. Mei
306	Gender, Youth, and Social Development	Mrs M Macheli	10-Jan-25	09:00 - 12:00	Ms M. Mokhoro
315	Natural Resource	Mrs M Macheli	10-Jan-25	02:30 - 16:00	Ms M. Kalebe
314	Environment and Forestry	Mrs M Mpobole	10-Jan-25	02:30 - 16:00	Ms. M. Lekoatsa
310	Information, Communications, Technology and Innovation	Mrs M Macheli	13-Jan- 25	09:00 – 12:30	Mr N. Ntaote
304	Finance and Development Planning	Mrs M Mpobole	13-Jan- 25	09:00 – 12.30	Ms. M. Molejane
320	Public Service Commission	Mrs M Macheli	13-Jan- 25	14.30 – 16.00	Mr P. Ranthimo
336	Disaster Management Authority	Mrs M Mpobole	13-Jan- 25	14.30 – 16.00	Ms. M. Lekoatsa