

Extracted from the Acceptance Speech of Lesotho Prime Minister Samuel Matekane October 28 2022

The text has been significantly edited by P. Herbert for the purpose of sharing key points with Help Lesotho supporters.

My remarks this morning form the basis for holding accountable the Government of Lesotho under my leadership.

Recent research shows that Lesotho's macroeconomic position has been deteriorating since 2015. Our economy has been in recession since 2017. Lesotho's public spending has increased over the last few years, and has reached 65% of GDP in this financial year. Today 86% of Lesotho's national budget is absorbed by government consumption, particularly public wages that are estimated at 32% of our GDP. Public procurement, which is roughly 35 percent of GDP, is key in determining the effectiveness of government in delivering essential services, programmes and projects; but it is arguably the worst managed.

Government's income depends quite heavily on revenues from the Southern African Customs Union (SACU), which are declining. In 2022/23 they are expected to decline by 22% of GDP. Our economy is driven by government spending, which itself depends on debt-financed public investments. The inability of the private sector to play its part in creating employment has led to a situation in which the public sector has become a critical source of employment for our people. Yet, as indicated above, the public sector itself does not have a dependable income, a situation which is likely to get worse, going forward. Sadly, even the high spending in the public sector has not translated into satisfactory performance and high productivity. Ours is, all in all, a very unsustainable model of economic growth.

Additionally, the manner in which we spend the meagre resources that we have, also leaves a lot to be desired.

Our capital budget is a tiny 27% of the total budget, compared to the whopping 73% in the recurrent budget. In real numbers Lesotho spends only M6.7 billion a year on its development agenda, and M18 billion on consumption, largely wages. This is not a good investment model.

Distinguished Guests, Ladies and Gentlemen

It would be remiss of me if I did not mention the importance of climate change, and the risks which it poses for Lesotho's economic growth efforts. Lesotho is highly exposed to climate change hazards; including droughts, floods, storms, strong winds, heavy snowfall, and severe frost. Floods from extreme rainfall in Lesotho occur relatively frequently; and they adversely impact the population, economic activity, and the environment. Existing climate hazards pose substantial risk to water infrastructure and service delivery.

Climate change will further stress our water reserves, which as you know, is one of Lesotho's most valuable resources, contributing no less than 8 to 10 percent to our GDP. Predictably, this will destabilise farming systems, decrease agricultural productivity and raise the level of food insecurity for thousands of our people who rely for survival on subsistence farming. The quality and quantity of water generated in Lesotho's wetlands will decline overtime, ultimately impacting the volume of water Lesotho has for domestic consumption and for export. Land degradation, soil erosion and bad land management practices can only worsen this situation.

Another challenge we have had over the years is that Lesotho has failed to tap and realize the potential economic returns on the existing positive investment environment. The Government of Lesotho maintains a strong commitment to private investment and is generally open to Foreign Direct Investment. The Government of Lesotho welcomes foreign direct investments that:

1. Create jobs and opens new markets and industries in accordance with the national objective of diversifying Lesotho's industrial base;
2. Improve skills and productivity of the workforce and nurtures local business suppliers and partners;
3. Support knowledge and technology transfer and diffusion and
4. Improve the quality and accessibility of infrastructure.

The following are potential investment sectors in Lesotho:

1. RENEWABLE ENERGY which includes Hydro power, Wind energy and solar energy
2. AGRO INDUSTRY which includes crop farming, aquaculture, livestock farming, and horticulture,
3. MANUFACTURING which includes textile and garments industry, leather and footwear, consumer electrical and electronic appliances, packaging materials and accessories and automotive components
4. INFRASTRUCTURE AND CONSTRUCTION which includes opportunities in the development of commercial and industrial property development, opportunities in Information and Communication Technology particularly the development of a shared broad band infrastructure company to support the Information and Communication Technology services industry and opportunities in the Lesotho Highlands Water Project
5. MINING which includes diamond mining and sandstone quarrying and water bottling
6. TOURSIM which includes accommodation facilities, Health and wellness resorts, water and sports recreation and high altitude training facilities.

I call on our investors and friends to visit, explore and invest in this beautiful country.

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Editor's note: Accountability promises for the first 100 days in office:

1. Prepare my performance contract and those of Honourable Ministers and ensure that they are signed in 30 days. Then make those contracts public.
2. Prepare and sign performance contracts with Principal Secretaries in 30 days, and make those contracts public.
3. Develop tools and a standardised system of performance reporting and reflection for the whole of government, including District Administrators and Local Authorities in the first 100 days.
4. Develop a system through which citizens can monitor and report on the performance of the public sector and through which their inputs can be recorded and responded to, in the first 100 days.
5. Use appropriate public service legislation and policies and deploy relevant public officials to the authority of District Administrators, and District, Urban and Community Councils in 100 days, and make sure that District Administrators and Councils are accountable for the government's programme of action and service delivery in their respective districts.
6. Develop and implement a plan to cut unnecessary government spending on fleet management and fuel consumption in the first 100 days.
7. Develop a plan of how government should capacitate the Institution of Chieftainship for improved service delivery, accountability and good governance, targeting chiefs who serve their communities on a daily basis for twenty-four hours.
8. In 100 days take stock of all government vehicles, rationalise them and provide each local authority in Lesotho with at least one vehicle to enable them to conduct the business of government.
9. In 30 days, provide a report on budget monitoring for all ongoing capital projects. The reports should 20 clearly state what projects should be closed down, which should continue and which should be redesigned for maximum impact.
10. Develop a plan for improving aid and donor coordination and organise a meeting for my office with all partners and donors in 10 days.
11. Pay outstanding allowances for all village health workers in 100 days.
12. Develop a reporting plan for all state-owned enterprises in 30 days and make the reporting plan public.
13. Organise a meeting between my office and all District Administrators and Council Chairpersons in 10 days.
14. Organise a meeting between my office and all Media Institutions in Lesotho and Civil Society Organisations in 15 days.
15. Take action on the M6.1 billion indicated in the Auditor General's queries and make the action public in 15 days.
16. Develop, publish and implement a crime control programme in the first 15 days.
17. Establish and publicise a corruption, theft and embezzlement amnesty programme in 30 days.
18. In 30 days prepare a report on all companies in which Government has shares, explaining which companies are paying their due dividends and which are not and why.
19. In 30 days prepare a list of all people who are owed money by Government and make your recommendations accordingly.
20. In 60 days identify all areas of public financial wastage and make your recommendations accordingly.

Distinguished Guests, Ladies and Gentlemen

Over the years our country has benefitted generously from our development partners, who have always been willing to part with the little that they had to assist us in our developments efforts. We are truly thankful; and we request you not to lose heart; seeing that some of you have been with us for many years, without realising the achievements that you expected. We are getting there. There is light at the end of the tunnel.