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NEWSLETTER

LESOTHO JOINT SDG FUND



ABOUT THE JOINT SDG FUND

To support the Government of Lesotho (GoL) to establish a functional and sustainable integrated planning and PFM ecosystem that contributes to the accelerated achievement of the SDGs targets and the NSDP, the Joint Programme on Economic and Financial Management Integration for the Achievement of SDGs (JP-EFMIS) was signed in October 2020 and will run until March 2023.

The UN agencies supporting the GoL are UNICEF, UNDP and IOM.

IN THIS ISSUE



Workshop on Integrated National Financing Frameworks (INFF)

Lesotho participates in a Workshop on Integrated National Financing Frameworks (INFF) and Open Budgets for sustainable Development in Africa 2022.

Lesotho undertakes the SDG investor map

The SDG Investor Map is a UNDP-developed market intelligence tool which is used by different UN Member States to put together their respective market information on an online platform accessible to investors worldwide.



Knowing you're Diaspora and Nurturing Partnerships for Investment



The International Organization for Migration (IOM) is supporting the Ministry of Foreign Affairs Diaspora Directorate to establish and nurture partnerships with the diaspora. On August 20th, 2022, IOM facilitated a hybrid Basotho diaspora forum. The forum was attended by diaspora across the globe.

Lesotho takes an important step towards more public participation in the budget process.

With thanks to the SDG fund, UNICEF supported the Government of Lesotho in the development of preliminary guidelines for Public Participation. The guidelines outline international best practices in public participation and examples from other countries in designing and implementing public participation along the budget cycles.



Lesotho Participates in Workshop on Integrated National Financing Frameworks (INFF)



The United Nations Economic Commission for Africa (ECA), United Nations Development Programme (UNDP), United Nations Department of Economic and Social Affairs (UNDESA), United Nations Children's Fund (UNICEF) and International Budget Partnership have joined forces to organise a 4-day workshop in Abuja, Nigeria from the 27th to 30th September 2022.

The workshop had three main goals:

- To strengthen the capacities of government officials, UN staff and other stakeholders with special focus on setting up SDG Financing Dialogues, developing Financing Strategies and promoting budget openness;
- To promote knowledge-sharing among countries, including brainstorming around lessons learned and the dos and the don'ts; and
- To generate a regional dialogue around emerging trends and issues that affect the rollout of INFFs and open budget reforms.

The workshop brought together African INFF community and senior decision makers to share INFF experiences and learn about the advantages and challenges in setting up SDG-aligned integrated financing strategies, with a particular focus on SDG financing dialogues and open budget reforms. The workshop also discussed emerging topics – disaster risk management and the green/climate agenda, fiscal decentralisation, fostering a human-centered and green recovery amidst multiple shocks (the pandemic, climate events, conflict, macroeconomic volatility, fiscal austerity).





Integrated National Financing Frameworks (INFFs) are an approach to help countries formulate risk-informed and SDG-aligned integrated financing strategies for a sustainable recovery. United Nations Member States introduced the concept of an INFF in the 2015 Addis Ababa Action Agenda to align financing policies with long-term development plans and the SDGs and to create an enabling environment for better contribution from public and private actors. Today, more than 40 countries in Sub-Saharan Africa (SSA), are using the INFF approach.

The first two days of the workshop were therefore dedicated to discussions on the INFF landscape in Africa and the outcomes of the assessments and diagnostics carried out by the different countries as well as development financing outlook in Africa. Country representatives also shared their experiences on the INFF inception phase and INFF roadmap development and showcased their countries' INFF processes, summarizing key steps taken and milestones achieved.

On the other hand, the concept of open budgets was introduced as a means of ensuring that governments enhance participation, transparency, accountability, equity and quality of public investment. The Open Budget Survey (OBS), which is carried out by International Budget Partnership (IBP) is one of the tools used to measure the extent of Government's success or otherwise in achieving openness in budget processes.

The last two days of the workshop therefore focused on Open Budgets and how they can contribute towards achievement of SDGs. The International Budget Partnership (IBP) provided an overview on the processes or steps followed in conducting the Open Budget Survey (OBS), and on regional budget openness and good practices for Africa.

Participants were required to develop draft action plans to improve open budget practices and their linkages to ongoing INFF processes. The action plans will be used to provide a basis for mobilization of financial and technical support in country processes.

Lesotho was represented at the workshop by a representative of the Ministry of Finance and Development Planning, UNDP, and UNICEF.

At the end of the workshop, the Ministry, in collaboration with the participating UN Agencies, prepared an Action Plan that outlines reforms to be implemented by the Government to: (i) improve resource mobilisation for SDG financing; (ii) Implement SDG-aligned planning and budgeting; and (iii) promote transparency, participation and accountability in the National Budget process.



Lesotho undertakes the SDG investor map



Private sector development is very central to Lesotho's development aspirations. According to the NSDP II, the government wishes to achieve an export-oriented and private sector-led economic growth and employment creation. As a result, the Government of Lesotho (GOL) through the Ministry of Finance is undertaking a Sustainable Development Goals (SDG) Investor Map with the assistance of the United Nations Development Program (UNDP) Country Office.

The SDG Investor Map is a UNDP-developed market intelligence tool which is used by different UN Member States to put together their respective market information on an online platform [1] accessible to investors worldwide.

This is to provide private investors with critical information on the investment opportunities in the Member States to help facilitate investment decisions and complement governments in accelerating attainment of the SDGs and national priorities. When completed, the SDG Investor Map become a vital resource for the national investment agencies providing investment opportunities as well as market analysis on the country.

For Lesotho, this process could not have come at a better time. The country is facing development finance challenges, which include a LSL 200million projected decline of SACU revenue, and a budget deficit of 7.7% in the current fiscal year.

ODA has also been declining in the recent years and in the post COVID-19 pandemic period. In 2021, Lesotho has received US\$313.28million ODA, which is 20 percent[1] below the pre-pandemic levels. In the similar period, other development financing sources for Lesotho, that include grants and tax revenue are expected to decline, i.e the total revenue is projected to decline by 7 percentage points in 2021/22 lower than the previous year, recording 47 percent of GDP while private sector contributes only 20 per cent to the national economic activities.

In this regard, the Lesotho SDG Investor Map is aimed at catalysing proliferation of the private sector, to enable Lesotho to mobilize both domestic and foreign investment into the strategic development sectors in Lesotho. The SDG Investor Map becomes an opportunity for Lesotho to establish avenues mobilizing and channeling private investment, that include private sector investments, private remittances, foundations, and philanthropies towards development. It provides a curated directory on investment opportunities in Lesotho, providing information on existing investible sectors, indicative investment and perceived impact on development and SDGs.

The SDG Investor Map methodology is an 8-step process that involves identifying national needs and priorities, private sector challenges and reform proposals, and collation of Government policy priorities with the view to generating priority sectors and sub-sectors where there is alignment between development needs and enabling policy frameworks.

The prioritized sectors are aimed at providing investment opportunities that can advance the SDGs and identified development needs. The selected Lesotho SDGs investor map has prioritized the following sectors to advance the achievement of SDGs:



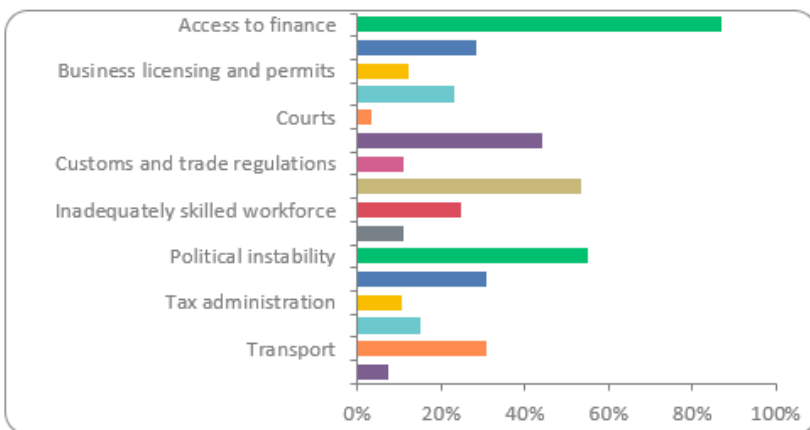
- Agriculture, Food and Beverages
- Consumer Goods
- Renewables & Alternative Energy
- Healthcare
- Financials

THE PRIVATE SECTOR CAPABILITIES ASSESSMENT PROCESS TO FACILITATE PARTICIPATION OF THE LOCAL PRIVATE SECTOR IN THE SUSTAINABLE DEVELOPMENT AGENDA.

Lesotho’s private sector is very small, comprising largely of MSMEs (80%). In this regard, a private sector capabilities assessment has been conducted to complement this investor map, to determine investment and collaboration readiness for development.

The Lesotho SDG investor map process has been complemented with the private sector capabilities assessment that was meant to establish a foundational overview of local private sector actors and their current capabilities to contribute to national development objectives. The process is meant to identify the bottlenecks to local private investment and propose mechanisms through which private sector capabilities can be enhanced.

The assessment was undertaken through a nation-wide consultation process covering all 10 districts of Lesotho to engage with the private sector players at the local level. The assessment identified sectors and economic activities that the local private sector invests in and thrashed out issues that negatively affect private sector growth in the respective areas of interest.



Access to finance, political instability, inadequate skills are some of the main issues identified by the local private sector as obstacles to growth of their businesses. The private sector assessment has revealed that the majority of Basotho private sector invest in Agriculture, Manufacturing and the services sectors while the SDG investor map prioritized Agriculture, Food and Beverages; Consumer Goods / manufacturing; Renewables & Alternative Energy; Healthcare; Financials that were derived from the synthesis of development needs and policy priorities.

There are clear complementarities that are coming out of the two processes, (SDG investor map and Private sector assessment) which will enable Government of Lesotho to address limitations to private sector growth and explore opportunities to promote linkages between external and local private sector for strategic business partnerships and improved productive capacity of Lesotho.

Knowing your Diaspora and Nurturing Partnerships for Investment



Contributions of diaspora to development of countries of origin go beyond sending remittances back home. Diaspora communities play an important role in growing the economy through investments, philanthropic activities, skills transfer and participating in cross border trade. Diaspora could be Ambassadors for Lesotho for tourism promotion or promoting made-in Lesotho products. Diaspora contributions require providing an enabling environment and continuous as well as purposeful engagement. To formulate an appropriate approach to engage diaspora for investment, the first step is 'Know Your Diaspora' and build trust as you nurture partnerships for investment.

The International Organization for Migration (IOM) is supporting the Ministry of Foreign Affairs Diaspora Directorate to establish and nurture partnerships with the diaspora. On August 20th, 2022, IOM facilitated a virtual Basotho diaspora forum. The forum was attended by diaspora across the globe. The purpose was to introduce the newly appointed Director of the Diaspora Affairs, Mr. Molefi Nyaka and to have a focused dialogue on what the needs of the diaspora are and how best to serve them. When addressing the forum, Mr. Nyaka informed those present that his office has an open-door policy with a mandate to attend to diaspora issues presented in a coordinated approach, through the BDA.

The forum was followed by a dialogue on 21st August 2022 in Midrand Johannesburg South Africa with Basotho Diaspora Association (BDA) to share progress on diaspora engagement program by the Government of Lesotho (GoL) in collaboration with IOM, and to deliberate further on how the GoL intends to engage Diaspora towards accelerating SDGs (remittance, diaspora investment finance, skills transfer, tourism, etc.)

Soon after the two events, an online survey profiling Basotho diaspora was launched. The survey comes after a labor market skills gap assessment and development of Occupations in Demand List (ODL). The purpose of the survey is to gather information on the interests of the diaspora, where they are, their professional expertise, aspirations, expectations, and perceived barriers to investment at home. The initiative is in line with the SDG investor map undertaken by UNDP aimed at channeling private sector investment and diaspora capital for sustainable development.

Government of Lesotho takes an important step towards more public participation in the budget process.



Not only is fiscal transparency and public participation in the national budget process important from an accountability perspective in a democratic country, but there are also wide-reaching benefits. These benefits of fiscal transparency and public participation have been well documented. Studies have shown that fiscal transparency and public participation are associated with better quality budgets, governance, and development outcomes. It is under these understandings that the Joint Programme under the Sustainable Development Goals (SDG) Fund has included a public participation component which will ultimately contribute to the financing and attainment of the SDGs.

With thanks to the SDG fund, UNICEF supported the Government of Lesotho in the development of preliminary guidelines for Public Participation. The guidelines outline international best practices in public participation and examples from other countries in designing and implementing public participation along the budget cycles. Based on the guidelines, a capacity building session was held for key officials from the then-Ministry of Finance (MoF), who brainstormed on the possible entry points for enhanced public participation in Lesotho.

Two further workshops were hosted by the MoF for Civil Society Organisations (CSOs), Local Government officials and citizens including academia and youth. Like the one for the key Ministry officials, the workshops took the participants through the national budget process, gave examples of public participation from other countries along the budget cycle, reviewed the current public participation initiatives in Lesotho. It also provided an opportunity for all stakeholders to brainstorm on possible entry points of public participation in Lesotho openly with the officials of MoF.

Public participation in the budget process in Lesotho is still at a very early stage. Lesotho scored 2 out of 100 on public participation in the 2021 Open Budget Survey.[1] This was an improvement from 0 in 2019.

The Ministry has been conducting pre-budget consultation at the districts level, gathering input from district councilors to be reflected in ministerial budgets. The Ministry had also disseminated the results of the 2021 Open Budget Survey (OBS) which serves as a barometer for the status of transparency, public participation and oversight of the country's budget and budget process. The dissemination took the form of a 2-days workshop, with the first targeting Government stakeholders such as line ministries, Auditor General, the Central Bank of Lesotho as well as Development Partners, and the second day targeted Local Government and Civil Society.

There was also a lively brainstorming discussion on the way forward in improving the OBS score, including ways to increase meaningful public participation. The pre-budget consultation and dissemination of the OBS results were supported by UNICEF. The workshops were hosted with the support of UNICEF and the Global Initiative for Fiscal Transparency (GIFT).

[1] For more details of the results, see here: <https://internationalbudget.org/open-budget-survey/country-results/2021/lesotho>

