



## MAIN STORIES

Mid-Term Budget  
Review

IMF on Fiscal  
Situation

EU-EOM Final Report

## HIGHLIGHTS

- Parliament will discuss a proposed motion on the ‘reclamation’ of some parts of South Africa after the Christmas break. According to a government notice of 12 December, the reclamation of Lesotho territory “will be pursued under the United Nations Resolution 1817 (XVII), which was passed by the General Assembly at its 196th Plenary Meeting of 18 December 1962.” The motion resolves to declare the whole of the Free State, parts of the Northern Cape, parts of the Eastern Cape, parts of Mpumalanga and parts of KwaZulu-Natal as comprising the territory of Lesotho.
- In November, Germany’s Frazer Solar said that a Belgian court had endorsed the €50 million damages award by a South African arbitrator for the Lesotho government’s alleged breach of a M1.7 billion tender awarded to Frazer Solar in 2018 for the supply of solar power to Lesotho. Frazer was awarded a garnishing order to seize Lesotho’s property in Brussels, Belgium, including the bank account of the Lesotho embassy in Brussels. In mid-December, the Belgian court reversed the order that Frazer Solar obtained against Lesotho. Instead of explaining, the court merely withdrew its decision.
- Minister of Finance Retšelisitsoe Matlanyane said in her 2022/23 Mid-Term Budget Review (MTBR), presented on 7 December, that domestic growth is projected to average 2.3% by the end of 2022/23, and expand to 2.7% in 2023/24 before averaging 4.0% between 2024/25 and 2025/26. It is expected that by the end of the 2022/23 fiscal year, tax revenue will be short of its budget target by M531.26 million. Total disbursed outstanding debt as of October 2022 was M22.2 billion, an increase of M3.3 billion in the first seven months of the year, Matlanyane said.
- The International Monetary Fund (IMF) said that a key challenge for Lesotho is the downward rigidity in public expenditure, which increases when Southern African Customs Union (SACU) transfers are buoyant but fails to be pared back when they fall. Total revenues have been on a declining trend since their peak of 66.5% of GDP in FY06/07.



- In its latest research note, Fitch said it expects Lesotho's real GDP growth will slow to 2.1% in 2022 from 2.2% in 2021. Fitch forecasts that economic growth will weaken further to 1.5% in 2023.
- Anti-Corruption investigators raided three Principal Secretaries allegedly implicated in a M100 million road repair scandal. The raids were part of a wider investigation into payments made by the Disaster Management Authority (DMA) to several companies that won tenders to repair roads damaged by heavy rains in early 2022. The Directorate on Corruption and Economic Offences (DCEO) suspects some of the tenders were rigged and dubious or inflated invoices were paid.
- The Independent Electoral Commission (IEC) announced Mampho Alina Tjabane from the Revolution for Prosperity (RFP) with 1611 votes as the winner of the elections for the Stadium Area No. 32 Constituency. Molefi Chapi of the Basotho Land Liberation Congress (BTLC) died before elections day on 7 October 2022, necessitating a re-run.
- Doctors at Motebang Hospital in Hlotse temporarily downed tools over the non-payment of on-call allowances for the past three years. Health Minister Selibe Mochoboroane rushed to Motebang Hospital in an attempt to placate the doctors.
- Annual inflation dropped from 9.2% in September to 8.5% in October and 8.1% in November.
- The World Bank pledged US\$120 million for new projects in Lesotho for the coming year, the Minister of Foreign Affairs Lejone Mpotjoane said.
- Prime Minister Sam Matekane demanded a report from the Ministry of Agriculture detailing how much wool and mohair farmers were owed and why they had not been paid.





- Lesotho's constitutional and legislative reforms were the main topics of Matekane's speech at the United States (US)-Africa Leaders' Summit held in Washington.
- Following a courtesy call from Southern African Development Community (SADC) executive secretary, Elias Magosi, Matekane committed Lesotho to SADC governance principles as well as maintaining peace in the country. Matekane stated that his government is ready to expedite implementation of ongoing national reforms with a view to restoring peace and collaborating with the Lesotho SADC oversight committee.
- The European Union Election Observation Mission (EU-EOM) said in its final report, published in December 2022, that the Independent Electoral Commission (IEC) conducted overall a well organised election. Election preparations were, however, negatively affected by legal uncertainty and limited funding; the latter affecting especially the voter registration and education processes.

