



AFRITAC
SOUTH MEETING
MASERU, LESOTHO

AFRITAC SOUTH ANNUAL STEERING COMMITTEE MEETING

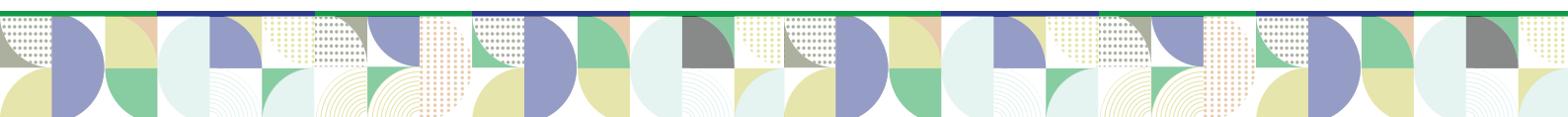
**Talking Points for Keynote Address by the
Hon. Minister of Finance and Development Planning,
Prof. Ntoi Rapapa**



**Lehakoe Recreational and Cultural Center,
Maseru, Lesotho**



27th June 2024



His Majesty King Letsie III
The Right Honourable the Prime Minister
Honourable President of the Senate
Honourable Speaker of the National Assembly
His Lordship the President of the Court of Appeal
His Lordship the Chief Justice
Honourable Deputy Prime Minister
**Honourable Ministers, Particularly the Honourable Minister of Finance and
Development Planning, in Whose Capacity I am Standing**
Governor of the Central Bank of Lesotho, Dr Emmanuel Maluke Letete
Executive Director of AFRITAC, Mr Suckwinder Singh
Acting Commissioner-General of the Revenue Services Lesotho, Mr Mosuoie Mapetla
Governors and Deputy Governors Here Present
Senior Government Officials
Distinguished Presenters and Participants
Members of the Media
Ladies and Gentlemen
Good Afternoon

1. Welcoming Remarks

I am deeply honoured and privileged to welcome you to the Kingdom of Lesotho to experience nice winter breezes of our great country. It is rather unfortunate that your visit only comes now thus denying you a rare opportunity to enjoy the beautiful experience of snowfall that happened a few weeks ago.

However, I am aware you will be granted an opportunity to visit some places of historical importance like Thaba-Bosiu, the fortress of the Basotho nation during the harsh realities of mfecane and other wars, and learn about the rich culture and history of the Basotho nation: the nation that is today celebrating 200 years since its formation. I implore you to take lessons on leadership, governance principles and humanity as you visit some of these places of historical importance.

Distinguished Guests

Ladies and Gentlemen

From the outset, allow me to extend a very warm welcome and our deep appreciation for your attendance of this august gathering. I also wish to convey the cordial greetings and best wishes of the **Government and the people of Lesotho to you all**. Despite the long distance separating our jurisdictions across Africa, and the International Monetary Fund (IMF), the friendship and cooperation between all participants gathered here and the Fund have not only remained strong and vibrant but have yielded fruitful results in areas such as fiscal and monetary policy across our different jurisdictions and overtime.

Executive Director, we are deeply honoured by the IMFs continued support to us as the Southern African Region as we continue to tackle individually and/or collectively the rather complex and dynamic challenges facing us in the advancement of our respective countries development. We hope that this seminal forum will allow us to redefine our strategic partnership to realise our shared vision to transform our respective countries' economies for the betterment of the lives of our people. The Fund's commitment in fostering international financial stability, shared prosperity and liberal trade order through policy advise, financial assistance and capacity development cannot be underrated.

2. Global Macroeconomic and Financial Landscape

Distinguished Guests

Ladies and Gentlemen

The current global macroeconomic and financial landscape continue to present daunting challenges to policy makers in the sub-Saharan Africa (SSA) region. These challenges include geopolitical fragmentation, and rising conflicts, mounting food insecurity, inflationary pressures. frequent climate shocks, and high sovereign debt vulnerabilities alongside limited fiscal space. The foregoing challenges require us to collectively build resilience, but such resilience calls for a bold decisions and medium- to long-term reforms. Such reforms should target restoring macroeconomic stability for shared prosperity. They should harness the potential of the green transition and digital technology.

Executive Director, it would be remiss of me if I cannot say that such reforms should include strengthening social safety nets, address infrastructure and education/heath gaps, and expedite interventions targeted at improving the business environment for private sector investment. And of course they should provide flexibility in labor and product markets. The growth dividend from such reforms is huge, but if youth and women continue being excluded financially or otherwise the dividend thereof will be less.

3. Tight External Financing Conditions

All these efforts require finance. Continuing tight external financing conditions and high global interest rates, and a secular decline in official development assistance, constrain the options for policy action. They highlight the need for renewed efforts on domestic revenue mobilization, improving spending efficiency, and strengthening work on debt management and managing fiscal risks. Credible medium-term fiscal anchors can be useful in guiding a path toward improved fiscal and debt sustainability. All this work needs to be underpinned by efforts to improve governance.

4. IMF's Capacity Building, Lending, and Advice

In addition to IMF policy advice, in the context of surveillance and programs, the Fund's work on capacity development (CD) to strengthen institutions and build human capital is critical if the large policy agenda is to be implemented. Here the regional centers are vital in providing hands on and timely, tailored Technical Assistance (TA) and training to Sub-Saharan Africa members. At this time of multiple policy challenges and the spectra of geo-economics fragmentation, it is critical that these centers have adequate financing to meet the large needs of the region. The financing gaps at a number of the AFRITAC South and the Africa Training Institute are thus of grave concern. This has prompted a small country such as Lesotho to show leadership and pledge \$1 million for Phase III of AFRITAC South, and we call upon all our colleagues in the region to take heed.

5. Adapting Capacity Development to Evolving Needs

Distinguished Guests

Ladies and Gentlemen

Turning to the Kingdom of Lesotho itself we deeply value the IMF's Capacity Development support we receive in areas such as public financial management, revenue administration, central bank operations, including banking supervision and payments system, statistics, and legal frameworks. The feedback from officials is very positive and we are working hard to ensure the support is well utilized and fully integrated within the macroeconomic agenda discussed with the IMF. We also welcome support in new priorities such as digitalization, climate, and Artificial Intelligence and some strides that have been made in these areas will be discussed at this meeting.

6. Lesotho: Recent Achievements, Policy Priorities, and Capacity Development Needs

Some Capacity Development achievements in recent times include improving the fiscal framework and reporting on fiscal risks, strengthening tax audit capacity, making progress on digitalizing Public Financial Management (PFM), strengthening internal controls, starting a long-awaited rebasing of Lesotho's national accounts, advancing the risk-based financial supervision framework, and building recovery planning and early intervention frameworks for banks.

7. AFRITAC SOUTH Capacity Development Plan for Lesotho, Fiscal Year 2025

In Fiscal Year 2025, we have prioritized training and Technical Assistance from AFRITAC South in multiple areas, including in the area of risk-based supervision, payment system, monetary policy implementation and operations, statistics (national accounts, government finance, and public sector debt statistics), Public Financial Management (PFM), and tax and customs administration as well as projects with focus on digitalization. These will, inter alia, help further strengthen PFM systems, promote digitalization and transparency, and facilitate financial inclusion.

8. Ensuring Capacity Development Flows in Phase III

Ladies and Gentlemen, it is evident that more needs to be done to address the financing challenges facing AFRITAC South to avoid disruptions in the flow of Capacity Development services. We hope other member countries will expedite contributions and/or review financing given the need to scale up Capacity Development services, especially in areas such as climate, gender, digitalization, cyber security, and to support much awaited structural reforms.

I wish you fruitful discussions and safe stay in the Kingdom of Lesotho.