Early Warning System

AFDB-P-LS-KF0-004

Lesotho - Supplemental Financing of the Lesotho Tax Modernization Project (LTMP)

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Quick Facts

Countries	Lesotho
Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	U
Voting Date	2021-06-30
Borrower	The Kingdom of Lesotho
Sectors	Finance, Law and Government
Investment Type(s)	Loan
Investment Amount (USD)	$ 4.33 million

Project Description

According to bank provided information, the overarching development objective of the Project is to promote economic growth and poverty reduction by improving effectiveness of tax administration to create fiscal space (i.e. increased tax revenues) to finance the country's development plan. The specific objective is to strengthen tax administration capacity by expanding the tax base, modernizing collection and compliance procedures, amending, and consolidating the legal framework, and strengthening the institutional framework.

The proposed intervention is an ADF Loan of UA 3 million to the Kingdom of Lesotho for the supplementary financing to the Lesotho Tax Modernisation Project (LTMP) approved in 2017 for an original estimated cost of UA 5.0 million. The Project is aligned to (a) Lesotho's long-term development agenda as laid out in the National Strategic Development Plan II (NSDP II, 2018/19-2022/23), which places renewed emphasis on addressing the challenges of unemployment and poverty through promoting an inclusive and sustainable economic growth. The LTMP activities are advancing well with several contracts having been signed. Notwithstanding the progress, the Project is faced with a financing gap due to cost overrun. Some activities, especially e-taxation, VAT compliance solution, and data analytic capacity were under budgeted and during project implementation, the actual costs for the such activities (both for goods and consulting services) have been determined. The supplementary financing proposal seeks to enhance the realization of the Project development objective. These additional resources are provided to finance existing shortfalls under e-Taxation and VAT compliance which are the backbone of the project. The Project components remain the same as approved under the on-going LMTP and are as follows: (i) Enhancing tax modernization, (ii) Institutional strengthening, and (iii) Project Management Support. It is anticipated that all the activities will be completed by 30th June 2023.

Investment Description

- African Development Bank (AFDB)

U.A 3,000,000

Contact Information

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ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.afdb.org/en/disclosure-and-access-to-information/request-for-documents. Under the AfDBÕs Disclosure and Access to Information policy, if you feel the Bank has omitted to publish information or your request for information is unreasonably denied, you can file an appeal at https://www.afdb.org/en/disclosure-and-access-to-information/appeals-process

ACCOUNTABILITY MECHANISM OF AfDB

The Independent Review Mechanism (IRM), which is administered by the Compliance Review and Mediation Unit (CRMU), is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an African Development Bank (AfDB)-financed project. If you submit a complaint to the IRM, it may assist you by either seeking to address your problems by facilitating a dispute resolution dialogue between you and those implementing the project and/or investigating whether the AfDB complied with its policies to prevent environmental and social harms. You can submit a complaint electronically by emailing crmuinfo@afdb.org, b.kargougou@afdb.org, b.fall@afdb.org, and/or s.toure@afdb.org. You can learn more about the IRM and how to file a complaint at: https://www.afdb.org/en/independent-review-mechanism/

Bank Documents

- Appraisal Document [Original Source]