

# M3.2 billion bill haunts government

August 22, 2023



THE government is staring at a M3.2 billion bill should it lose lawsuits lodged by four private companies.

The stunning disclosure was made by Deputy Prime Minister Nthomeng Majara during a national address on Lesotho Television last week.

Justice Majara said the bulk of the cases came after the previous government got into disagreements with companies.

She cited the Public-Private-Partnership the government entered into with Tšepong (Pty) Ltd and Netcare to run Queen 'Mamohato Memorial Hospital.

She blamed the then government led by Pakalitha Mosisili for failing to consider the critical needs of Lesotho when it signed the agreement.

Justice Majara also criticised the government of Dr Moeketsi Majoro for failing to consider Lesotho's financial weaknesses when it terminated the contract for the running of the national referral hospital.

"Now the company is demanding M1.6 billion from the government for cutting its contract while it had six more years to go," Justice Majara said.

The 425-bed state-of-the-art hospital was built at a cost of at least US\$100 million (about M1.7 billion) and operated under an 18-year contract between the Ministry of Health and a consortium assembled by Netcare.

Under the contract the government was to pay Netcare's consortium a staggering US\$32.6 million annually for admitting 20 000 patients and 310 000 outpatients. The consortium could bill extra for each additional patient.

Also, the government had contributed nearly 40 percent towards the building of the hospital, while the Development Bank of Southern Africa (DBSA) paid 56 percent and Netcare four percent.

An investigation by Oxfam showed that the government of Lesotho did not have the skills to negotiate better terms for Lesotho, leading the country to spend about half of its annual budget towards the hospital.

By 2021, because of this, conflicts between Lesotho and the Netcare consortium had reached a boiling point leading to the government cancelling the contract abruptly.

The agreement also covered the running of three filter clinics, Likotsi, Mabote and Qoaling.

Justice Majara said the expenses in the project were M1.2 billion.

She said the government decided to cut ties with Ntecare or Tšepong in the middle of the contract and "now, we are at a point where Tšepong (is demanding) to be paid M1.6 billion".

She also said the money Tšepong claims is for the services rendered and to compensate them for the cancelled agreement.

"This agreement shows that the government entered into it without considering the financial situation."

The government's decision also came after the company fired 300 nurses who had been on strike for more than 40 days.

The government also accused the company of several other breaches.

The government had been paying Tšepong M500 million per year to manage the hospital.

Another agreement that Justice Majara complained about is the one between the Lesotho Communications

Authority (LCA) and G Global Voice Group, signed in 2020.

“G Global was to regulate and collect M-Pesa and Ecocash money given to the public as shares,” she said.

She added that according to the agreement G Global was to get M500 million in five years.

Last year, the Majoro-led government filed a High Court application seeking to nullify the M500 million tender awarded to Global Voice Group for the supply of a Compliance Monitoring and Revenue Assurance system.

The government argued that the Global Voice Group system would enable the LCA to venture into a realm of spying and surveillance “which would be more appropriate to the security and intelligence agencies”.

“They have entered the courts to demand the money, we will not discuss it more,” Justice Majara said.

She said the agreements were not signed following proper procedures.

“If the government loses the cases launched in the courts, Lesotho will lose a lot of money,” she said.

Among the others, she mentioned the Design Edge (Pty) Ltd agreement with the government, in which the company was to design and supervise a sports complex in Leribe.

"This is the 10th year after the agreement was signed, but this project is still at the planning stage," she said.

She also said the agreement looks similar to the one the government entered with Fraser Solar Gmb as they were "signed without considering the low finances of the government".

Justice Majara also spoke about another project between the government and MFT Lesotho (Pty) Ltd saying it was signed in 2019.

The Finance Ministry then issued loan guarantees to Property 2000 (Pty) Ltd on behalf of three companies namely NEPCO Two (Pty) Ltd for M760 million, Design Edge (Pty) Ltd for M898.3 million, and MFT Lesotho (Pty) Ltd for M785.2 million.

This was to enable the three companies to access financing to construct facilities for the hosting of the AUSC Region 5 Youth Games in Lesotho.

"This project was cancelled along the way and MFT has gone to court demanding M131 million (for) inconveniences," Justice Majara said.

## **Nkheli Liphoto**

Related Topics:

Advertisement

**You may like**