

REPUBLIC OF LIBERIA

MESSAGE TO THE NATIONAL LEGISLATURE
TRANSMITTING THE FISCAL YEAR 2007/08 NATIONAL
BUDGET

***“REPOSITIONING FOR NATIONAL RENEWAL,
POVERTY REDUCTION AND SUSTAINABLE DEVELOPMENT”***

MAY15, 2007

Introduction

Mr. Speaker, Honorable Members of the Legislature:

It is with a deep sense of honor and responsibility that I transmit to you the proposed National Budget of the Republic of Liberia for the fiscal period July 1, 2007 to June 30, 2008 in the amount of US\$182,549,050.00 (One Hundred Eighty Two Million Five Hundred Forty Nine Thousand Fifty United States Dollars). This second full-year Budget under my Administration sets out the fiscal framework for our Government over the coming twelve months. It also captures as much as is realistic and feasible, the key relevant policies and plans to accelerate the ongoing social and economic renewal and reconstruction of our nation with a view to further continuing improvements in the living conditions of our citizenry.

In order to ensure that the limited resources at our disposal are appropriately targeted towards efforts that have immediate impacts on the ordinary people, we have provided due emphasis in the preparation and allocation of the FY2007/2008 National Budget on clear development priorities that serve the needs of the poorest Liberians, including those at the community level. Thus, the preparation of the Budget is aligned with the ongoing implementation of the policies and programs set forth in our Interim Poverty Reduction Strategy (iPRS), whose end-date of June 30 next year, coincides with that of this Budget.

As an interim national development strategy, the iPRS is anchored by the following key operational goals within four strategic Pillars:

- Consolidation of the peace by advancing security sector reform through the development of sound overall policy and legislated institutional restructuring.
- Revitalizing the economy through agriculture, stimulation of traditional export sectors, laying the basis for national food security, and creating an enabling environment for expansion of private sector-led trade and investment, through reform of the tax and incentive systems and by minimizing red tape, and unnecessary regulations.
- Rebuilding of the economic and social infrastructure and services, with emphasis on the nation's road network.
- Promotion of good governance and the rule of law by enhancing public management systems, and strengthening the national Pillars of Integrity as a means of fighting corruption and improving systems of accountability.

The latter part of the iPRS implementation period coincides with the implementation phase of the FY2007/2008 National Budget, i.e. July 2007 to June 2008. The introduction of this first iPRS provides the initial framework for the creation of a national development strategy that will lead to a full-fledged Poverty Reduction Strategy to guide national programs, policies and budgets, beyond the coming fiscal year. This year two of the four Pillars of

the iPRS that encompass revitalization of our national agriculture and the rebuilding of our economic and social infrastructures, have been strongly targeted for increased Government spending.

State of the Economy

Mr. Speaker, Honorable Members of the Legislature:

The proposed Budget comes against the backdrop of a steadily improving economy which has benefited “inter alia” from our ongoing efforts at consolidating the peace, creating a better operating environment , and enhancing overall public financial management . In the first half of the current FY2006/2007 (July to December 2006), our Gross Domestic Product (GDP) reflected an annualized growth rate of 7.8%, compared to 5.7% in the comparable period of FY2005/06. This positive trend has continued into the second half of the current fiscal year. Much of this growth is driven by construction, recovery in the agricultural sector and a large donor presence. Over the medium term (2007-2012), growth is projected to average over 10 percent, with significant boosts provided by the revival of the forestry, mining and agricultural sectors.

Domestic price levels remained within manageable limits although careful monetary and remedial action may be required to minimize the effect on the poor of increases in prices of basic commodities. Consumer price inflation declined in 2006 to single digits (7.4%) compared to 11.1% in 2005. Though the exchange rate has remained fairly stable at about sixty Liberian dollars to one United States dollar, we are committed to maintaining a stable foreign exchange rate to mitigate the impact of exchange rate variability on our trade balance and consumer prices.

Despite the growth in the economy, Liberia continues to run a large trade deficit of around US\$309 million in 2006. This reflects the slow recovery of exports combined with rising imports associated with the expansion of demand in the economy. Imports of goods and services constitute around seventy five percent (75%) of GDP compared with about twenty five percent (25%) for exports. This situation is driven in the main by the lack of significant activity in the agricultural sector, especially with the decline in rubber production, due to ageing trees, low harvests in cocoa and coffee and the lack of activity in commercial logging, resulting from the sanctions in place for all of that period. With the renewed emphasis on agriculture in the iPRS, the now total lifting of sanctions on timber and diamonds, conclusion of the Mittal Steel Mineral Development Agreement, as well as anticipated conclusion of logging and other mining concessions, this unfavorable trade imbalance should be significantly narrowed by the end of the FY2007/2008 period. There are already good signs in the first quarter of 2007, which recorded a trade deficit of US\$63 million compared with US\$78 million in the first quarter of 2006.

The main objective of our macroeconomic policies during the FY 2007-2008 will be to promote rapid economic growth, to create jobs, and to reduce poverty. This is informed by our iPRS, and requires that we continue to strengthen our institutions of macroeconomic management and to implement prudent policies in order to attract substantial financial and technical donor support, as well as increased amounts of foreign direct investment.

As regards fiscal policy, we will continue to work within the framework of a cash budget, spending only to the extent that revenues collected allow, and seeking to go beyond only to the extent that we can mobilize grants from donors. Therefore, during the fiscal year 2007-2008 we will still not borrow domestically or from abroad. Rather we will further strengthen our efforts to increase efficiency in revenue collection and the use of public monies. With the necessary mechanism in place to assure transparency and accountability, we hope our donor partners will be encouraged to channel part of their assistance through the Budget in order to create more financial capacity for the Government to plan and implement efficiently its programs aimed at reducing poverty and revitalizing the economy.

1. Civil Service Reform and Management

In order to make the public sector a more efficient contributor to the growth of our GDP, through a more effective public-private sector partnership, a process of civil service reform and restructuring is underway, with assistance from our development partners, notably the Department for International Development (DFID) of the United Kingdom. Despite the fact that these reforms are still in the early stages, Government is committed to improving the lot of our civil servants, taking due cognizance of the normally positive relationship between improved compensation and productivity of the worker. However, Government's ability to significantly increase the compensation levels of the Civil Service is linked to overall growth in the economy and thus our revenue base, as well as through the streamlining of the size of the Civil Service. Evidently, we have made tremendous strides over the past year in revenue collection and have initiated the exercise of rationalizing the Civil Service. Without massive layoffs, but rather through normal retirements and a systematic process of removing "ghost" and absentee employees from the payroll, we have succeeded in scaling down the size of the Civil Service by nearly 5,000 in the last fiscal year, to around 37,500 now.

The accrued savings from this exercise have boosted Government's ability to once again this year increase the salary of bona fide civil servants. Accordingly, Mr. Speaker and Honorable Members of the Legislature, I am proposing that beginning July 1 2007, the minimum monthly salary of anyone working in the civil service will be US\$50, an increase of US\$20 or 67% over the current minimum salary of US\$30. However, unlike in FY2006/07 when every worker in the civil service benefited from a flat monthly increase of US\$15, the increase we are proposing for FY2007/08 will range from US\$20 per month to US\$60 per month depending on the civil service classification of an employee. It will be recalled that when we took

office, the lowest salary in the Service was US\$15 or about L\$870. The recommended increase in this Budget to US\$50 or L\$2900 means that we have been able to more than triple the minimum salary earned by civil servants in less than eighteen months.

But we have by no means reached our targeted goal in respect of civil servant salaries. As the economy improves, and as the civil service reform measures we have begun take deeper roots, our expectation is that we will be in a position to sustain improvements in the salaries of civil servants, provide better training for them, and improve their overall working conditions. This way we can better ensure effective and efficient service delivery to our people.

In addition to the salary increment for civil servants, we are committed in the draft Budget to continue to settle salary arrears of civil servants and other public sector employees inherited from past governments. We have accordingly included an envelope of US\$5.2M in the proposed Budget for that purpose.

You will also recall that in November 2006 we added one thousand Liberian dollars (L\$1000.00) to the monthly pension benefits of retirees. People who devote the greater part of their youth and adult life to serving our country should be able to retire with dignity and with benefits that can sustain them beyond retirement. Hence pension reform will continue to be a critical part of our comprehensive civil service reform initiatives. While overall compensation reform is the only sustainable means of increasing the adequacy of pension payments for the coming fiscal year we intend to supplement pensions by one-time lump-sum payments to those retiring during the year, in addition to the LD1000 already granted.

Domestic Debt and Arrears

Mr. Speaker, Honorable Members of the Legislature:

An independent verification was made of domestic debt and arrears, to allow the government to develop a strategy to start to address them in a responsible manner, ensuring that no tax payers' money will be used to pay bogus claims, and that once the claims have been verified and agreed to and the program for their settlement established, the Government will irrevocably honor them. The current administration considers this of particular importance for the revitalization of the economy and for the restoration of credibility in the Government and its financial instruments.

The available paper trail shows that claims against Government on account of commercial and salary arrears as well as debts owed to individuals (including civil servants), businesses, and financial institutions, amount to US\$914.0 million. The independent verification concluded that of this amount, US\$304.0 million are valid claims, recommended the rejection of claims amounting to US\$292.5 million, and considered that claims totaling

US\$317.5 million are contestable, meaning that unless the claimants are able to further substantiate their claims as per the requirements of the verification, they should be rejected.

Taking into account the findings and recommendations of the verification, the Government developed a strategy for the resolution of these domestic debt and arrears. The strategy is grounded on a set of fundamental principles that combine fairness and equal treatment of creditors, including in the sharing of the burden of the resolution of the problem of domestic debt. Clearly, the Government does not have the resources to pay within a foreseeable future all the debts it owes to domestic individuals, businesses, financial institutions and corporations. The Government will pay only those claims that have been considered valid or, if contestable, may become valid after due representations by the claimants. This is because the competing needs of reconstruction are overwhelming, particularly in the areas of health, education, public works, water, sanitation, agricultural infrastructure, energy and services.

A key objective of the strategy is to put the relationships between the Government and the citizens and domestic businesses on a new footing, where the Government wants to fully honor its obligations in a regular and irrevocable manner, thus breaking with the negative past of accumulating non-serviced debts and arrears.

The strategy is in the process of implementation, with the resources that have been appropriated for the ending fiscal year. For the fiscal year 2007-2008, US\$12.7 million is being proposed for appropriation, to allow the Government to continue to implement the strategy by servicing the arrears on salaries, rents, commercial suppliers and financial institutions, and obligations of Liberia's foreign missions.

Revenue Forecasts

Mr. Speaker, Honorable Members of the Legislature:

We are pleased to announce that the proposed Budget for FY2007/2008 is backed by a revenue projection of US\$182,549,050 (US\$179.5 million base revenue and US\$3 million revenue from Mittal Steel Liberia to pass through the Budget but earmarked for social and community development activities in Nimba, Bong and Grand Bassa Counties). This is an increase of US\$52.6 million or 40.4% over the aggregate revenue estimate of US\$129.9 million for FY2006/07 and US\$61.6 million or 50.9% over the base revenue of US\$120.9 million. It is also worthwhile to note that the thrust of our revenue growth strategy is not to overly burden the ordinary Liberian with more taxes. In fact, we intend to introduce legislation to your Honorable body aimed at reducing taxes. Our ability to upgrade the revenue base for the FY 2007/2008 Budget is the outcome of enforcing existing revenue policies, strengthening our collection mechanisms (including sealing the leakages), and being able to capture and track other hitherto untapped sources of taxes. We have also achieved this much through our commitment to the

expansion of the revenue base and with the support of international partners under the auspices of our ongoing partner-supported Governance and Economic Management and Assistance Program (GEMAP).

The projections for the FY2007/08 are classified under five (5) key revenue categories; namely, Tax, Non-Tax, Maritime, Extra-ordinary and Other Non-tax Revenues.

Projected at US\$137.3 million, Tax Revenue constitutes the single largest component of revenue estimates with 75%. This is a 15% growth over the annualized collection of US\$119.2 million for FY2006/2007 up to March 2007 and 40.4% over the US\$98 million projected at the start of that period. The main sources of taxes are expected to be International Trade and Transactions (37%), Taxes on Income and Profits (27%), Domestic Tax on Goods and Services (10%). Other taxes, including property and non-tax revenue and maritime constitute 26%.

The expected growth in tax revenue is largely driven by the anticipated uptake in production in the forestry and mining sectors and by international trade, mainly taxes on imports led by petroleum sales tax. The growth in petroleum taxes is expected to come from an expansion of imports and the anticipated sealing of leakages in this sector and the minimization of duty free privileges.

The projections for forestry revenue are underpinned by the Chain of Custody arrangement which is expected to be consummated before the start of the fiscal year. This arrangement essentially entails the tracking of the pre-felling and felling of trees to its final destination to ensure that revenue is securely captured. A key assumption of the Chain of Custody arrangement is that 100% of forestry revenue can be captured.

Non-Tax Revenue (excluding Maritime) is US\$29.3 million or 16% of total projection, and it includes Entrepreneur and Property Income of Government, Fees and Charges and Extraordinary Revenue. The main revenue drivers in this category are the US\$15.0M one-time contribution from Mittal Steel, which constitutes 51.2% and GSM license fees of US\$5.6M or 19.1%, predicated on the passage of the proposed Telecommunications Act currently before the Legislature.

Maritime Revenue is expected to contribute US\$13.0 million or 9.5% of total projection, an estimated increase of US\$2.0 million or 18% vis-à-vis the annualized actual collection of the first nine months of FY2006/2007. Maritime revenue projection is based on expected actual billings plus an increase of 300 ships. The expected expansion will be the result of a combination of several favorable factors: emerging markets in the Far East with China and Japan as the focal areas; the enhanced oversight of the management contract with a two-dimensional strategy of income growth complemented by cost containment; and the planned integration of Bureau of Maritime Affairs with the Ministry of Finance. These measures are

expected to improve oversight of the Agent and contribute to a significant revenue improvement in the shortest period of time.

The only contribution from Other Non-tax Revenue is US\$3.0M or 2% of total projection representing the recurrent Special County Development Fund expected from Mittal Steel to be shared among the three counties in which Mittal operates. The Ministry of Finance shall upon receipt immediately transfer these funds into the Special County Development Fund account to be disbursed in accordance with the terms and conditions of the ratified Mineral Development Agreement between the Government and Mittal.

Expenditure Distribution

1. Priority Spending

Mr. Speaker, Honorable Members of the Legislature:

The proposed FY 2007/08 Budget has given due recognition to certain cross cutting priorities that are essential to the actualization of the iPRS deliverables. Among these are US\$16.3 million (8.9% of the Budget) for civil servants' salary adjustments. This is a 77% increase over the US\$9 million budgeted in FY2006/2007. This amount will enable the increase of the minimum salary for civil servants from US\$30 to US\$50, or a 67% rise in minimum pay.

Next in rank is Domestic Arrears which is put at a total of US\$12.7M, US\$5.2M of which is for salary arrears inherited by our Government, US\$1.5M to arrears owed by Liberia's foreign missions, and the remaining US\$6M for other non-salary domestic arrears. The payment of domestic arrears is a strategy aimed at stimulating the domestic economy by increasing spending capacity of businesses and individuals.

As we continue to articulate the desire to decentralize not only the governance process, but also the fiscal flows of Government, the FY2007/2008 Budget not only maintains, but increases by 20% the allocation for County Development from the current US\$2.5 million to US\$3 million, or from about US\$167,000 to US\$200,000 per county, assuming that the current year's distribution methodology is applied. While this policy has received the overwhelming endorsement of all segments of society, including you, Honorable Members of the Legislature, we are also aware that there have been difficulties in the implementation of projects. The lack of capacity among county and district officials in budget implementation strategies such as the new procurement process, and cash planning has meant that most spending decisions were taken centrally, thereby creating delays in project implementation. It is therefore our plan to initiate capacity-building activities that will not only enable communities to take the lead in selecting the types of project, but also in expenditure of resources for the implementation of those projects. We may also explore the possibility of piloting a modest

amount of these allocations (say \$500,000 out of the \$3 million) as a result of specific performance-based initiatives on their part.

As international goodwill builds up towards the eventual elimination of our foreign debts, there are certain obligations that we must fulfill as pre-requisites, including continued strong progress on our reform agenda, and some token payments to the major creditors. Thus, the payments on external debts will be increased by 290% with the addition of US\$2.9 million to the US\$1.0 million in FY2006/2007 to settle external debts and other international obligations.

In addition to the aforementioned increases in strategic spending, other new items have been added to the list of priority spending. Among these are US\$300,000 for the Liberia Emergency Employment Program/Liberia Employment Action Program (LEEP/LEAP); US\$350,000 for the Kimberley diamond certification scheme and US\$1 million contingency envelope to help us respond to unforeseen national disasters and other state emergencies as befell us this past year.

2. iPRS Compliance

In specific policy terms there have been significant increases in the appropriations for certain Ministries and Agencies that are expected to deliver direct social services such as education, health, agriculture, public works, and water and sanitation outlined in the iPRS framework. Ministries and Agencies that have these community-focused poverty reduction deliverables have been allocated US\$42.5million, which represents a 39% increase over spending on the same programs in FY2006/07.

In education there is a 44% increase in allocation from US\$10.5 million in FY2006/2007 to US\$15.2 million in this Budget. Much of this additional funding is to sustain and add quality to the free and compulsory primary education program to which we have allocated nearly US\$4.3 million, and to make progress towards the target expected of us under the donor-financed Education-for-All/Fast Track Initiative. In the area of health, we intend to increase the expenditure by 28% from US\$10.8 million to US\$13.9 million. Public works spending is increased by 59% and that of water and sanitation by 82%, reflecting strong commitment to the provision of vital basic infrastructure throughout the nation.

Budget Implementation Policies

1. Fiscal Administrative Measures

Mr. Speaker, Honorable Members of the Legislature:

Our overall tax policy strategy is to increase revenue through effective expansion of the tax net resulting from economic expansion, strengthened tax compliance, and reduction of tax exemption. Hence the tax effort over the next year will focus on:

- The elimination of ad-hoc tax exemptions and restriction of tax incentives to only those provided for in the Liberia Revenue Code (LRC).
- The widening of the tax net for the purpose of capturing the vast majority of legitimate potential taxpayers throughout the country, including Liberians working with the international community and non-governmental community, and the collection of all applicable taxes under the LRC;
- Extension of the Tax Administration System (TAS) to counties in which the Central Bank of Liberia (CBL) has local branches, and utilization of commercial banks in counties where the CBL is not present. This is intended to minimize the problems associated with cash being held by revenue agents;
- Minimization of customs duty exemptions to NGOs, Corporations, Private Companies, Government, etc. through the amendment of various legislations, and the elimination of duty free privileges to profitable corporations and institutions.
- Continuation of efforts to seal revenue leakages and associated fraud perpetrated by businesses, citizens, foreign residents, and some civil servants through a strengthened risk management program namely, audit and inspection (including internal audit compliance) and a zero tolerance for corruption;
- Tax education aimed at ensuring compliance and enhanced enforcement methodology such as prosecution, seizure, sale, and closure as provided for by the LRC;
- Review of concession agreements where necessary in order to bring them into line with the Liberian Revenue Code; and
- Overall revision of the 2000 Revenue Code to reflect changed national and regional circumstances.

Expenditure Management

Mr. Speaker, Honorable Members of the Legislature:

The overall expenditure policy of the Government in FY2007/2008 is aimed at creating an atmosphere wherein the system of making payments to legitimate claimants on Government is not only fair, transparent and accountable, but can be verified to be so. A key strategy in achieving this objective is to set up a more efficient and expeditious expenditure mechanism. The Government will improve on the gains made in FY2006/2007 by making efforts to further reduce processing time for vouchers, checks and other instruments that facilitate the expenditure process. Particular facilitation efforts will be made for the other two branches of Government.

As a cash-based budget, the proposed FY2007/2008 Budget will maintain the existing policy whereby spending is authorized only on the basis of cash availability. Therefore all the usual controls such as the commitment control and cash management systems, and procurement processes will be kept in

place, but with improvements and enhanced capacity in line ministries so that what were meant as safeguards against fiscal improprieties do not unduly constrain spending.

As we strive to adequately fund targeted deliverables of various Ministries and Agencies through the mechanism of a cash-based budget, there still remain challenges in respect of the pace with which expenditure match revenue collection. The Ministry of Finance has reported that out of a total Budget of US\$129.9M for FY 2006/07, about US\$75M had been spent as at the end of the third quarter. Late submission and approval of that Budget itself, lack of capacity at the spending entities, bottlenecks in voucher processing, and difficulties in meeting the requirements of the Procurement Act, have been cited as principal sources of the wide gap. Over the past year, steps have been taken by the various fiscal agencies to enhance the process of Budget implementation.

The Bureau of the Budget has reduced the average time for allotment processing from an average of one and half weeks to a maximum of two days; the Ministry of Finance has re-organized its Bureau of General Accounting and the Office of the Comptroller-General so as to facilitate a more expeditious and hassle-free processing of vouchers; the Public Procurement & Concessions Commission has hosted a series of training workshops for procurement personnel of various Ministries and Agencies aimed at familiarizing the procurement personnel with the Procurement Law.

These measures have helped to narrow the gap, but more still needs to be done. We are committed to working with the various institutions and taking the necessary actions, including proposing the review and possible amendment to the Procurement Act. The pace with which all government entities process transactions and with which we disburse checks will therefore be critical to the speedy achievement of the goals set forth in their various budgets, including members of this honorable Legislature.

Additional expenditure management processes that will be employed in implementation of the FY2007/2008 Budget include:

Prioritized Cash plans: These will allow Ministries/Agencies to prioritize their spending plans in the event of revenue shortfalls.

- i. Streamlining payment process: The voucher processing time is being reduced from 8 days to 3 working days, a 60% reduction in processing time. Check processing now takes no more than 7 days, down by almost 60% from the previous 16 or 17 days. A one-stop technical support office has been set up in the Ministry of Finance's Expenditure Department to expedite the resolution of issues surrounding vouchers and other supporting documents.
- ii. Decentralization of salary disbursement: Acting in concert with the Central Bank of Liberia, the Ministry of Finance will expand the disbursement and encashment of salaries outside of Monrovia. This

program of paying Government employees on location is a pro-poor strategy that eliminates the strain imposed on the earnings of civil servants who in the past had to come to Monrovia. It also spurs economic activity in rural communities as civil servants and residents can predict the frequency or timing of salary payments.

Development Partnership

Mr. Speaker, Honorable Members of the Legislature:

In support of our own domestic efforts at economic revitalization, we have been greatly aided by the cooperation and support of the international partners, who at the February 2007 Partners Forum in Washington DC endorsed our emerging development strategy and reiterated their continuing broad support in partnership. Most of this support has traditionally come in the form of off-budget programs and technical assistance, with funds disbursed directly to national beneficiaries from the partners themselves or through local and international NGOs. This will continue to be the dominant channel of such support in FY2007/2008, details of which will be provided to you in a subsequent submission. Continuing efforts aimed at securing more funding channeled directly through our national Budget, thus endowing the Government with greater flexibility and enhancing the coverage of spending that can only be done through the Budget, we have begun discussions with our partners along these lines. Already we have had two concrete examples of such direct support to our national Budget: US\$1.2 million and US\$1.5 million from France and China respectively. These monies were appropriated in the Supplemental Budget to the FY2006/2007 Budget.

A number of our partners have also already agreed to waive over US\$700 million (some 19%) of our outstanding external debts of some US\$4 billion. Prominent among them are the United States of America (US\$391 million), Federal Republic of Germany (US\$300 million), United Kingdom (in excess of US\$70 million), People's Republic of China (US\$10 million), the African Union (US\$1.8 million). The bilateral portion of the relief will be done within the framework of the Highly Indebted Poor Countries (HIPC) initiative which we expect to begin benefiting from later this calendar year, after obtaining the needed financing assurances to clear our arrears with our key multilateral creditors (IMF, World Bank, and African Development Bank). We have already made significant progress in that direction.

These breakthroughs with the international community could not have occurred without synchronization of efforts from national and international actors. On the national side this Administration has demonstrated the political will towards transparent fiscal management and a commitment to higher standards of professional competence and efficiency on the part of financial managers. On the part of our development partners, they are

involved in the process of policy and institutional reforms and capacity building to make our financial management systems and processes meet acceptable international standards. The Governance Economic and Management Assistance Program (GEMAP), IMF Staff Monitored Program (SMP) and capacity building and capacity assessment initiatives of the World Bank, United Nations, United States Government, African Development Bank, African Capacity Building Fund, DFID-UK, European Union, Open Society Initiative of West Africa (OSIWA), among others, represent various partnership frameworks that are beginning to yield valuable results.

Conclusion

Mr. Speaker, Honorable Members of the Legislature:

As we put before you the proposed Budget of US\$182.5M, there is no gainsaying that the Budget cannot adequately address all the development priorities of our post-conflict nation, especially in light of the fact that the total demand on the FY 2007/08 Budget as collated by the Bureau of the Budget amounted to some US\$309M, contrasted with projected revenues of a mere US\$182.5 million. Thus, amidst the multiplicity of pressing demands, the FY 2007/08 Budget that we herewith propose can only accommodate the true priorities among the host of competing priorities within our emerging national reconstruction and development agenda. Therefore, we must all aim at maximizing the benefits from every dollar we propose to spend via the Budget, thus ensuring further steps towards more efficient mobilization and deployment of all our national resources, continued rebuilding of our national institutions and capacity, as well as expanding employment opportunities for our long suffering people.

The FY 2007/08 Budget which we today present for your consideration aims at repositioning our beloved country and its resilient people towards national renewal, poverty reduction and sustainable development. We are tabling the Budget before your Honorable body significantly in advance of the new fiscal year in order to give you adequate time to deliberate and pass it, hopefully before July 1, the start of the fiscal year. Such timely approval on your part will ensure that we avoid the lag in spending experienced this year in implementation of our many and varied poverty-reduction and other critical programs. It will ensure for us the lead preparation time for a scaling up of activities in the dry season. It will also ensure that our public sector facilitates and leads a strong national partnership for the re-stimulation and continued expansion of our national economy in the months ahead.

May God Bless US All as We Collectively Steer our Nation and its People to Prosperity and Continued Harmony.