

MR. SPEAKER, HONOURABLE MEMBERS

Mr. Speaker, I rise to move that the bill entitled “An Act to Provide for the Services for Sierra Leone for the Financial Year 2007” be read for the first time.

2. Mr. Speaker, the war ended in January 2002, and as a nation we have spent the last four years recovering from its devastating effects. As a Government we have embarked primarily on addressing the challenges of the transition from war to peace. Some of these include: consolidating peace, strengthening security, promoting transparent and inclusive governance, reconstructing and rehabilitating schools, hospitals and health centres and restoring social services countrywide. These activities were and remain absolutely vital in securing socioeconomic security for our people. While there is a continued need for rehabilitation and recovery, recent events, however, have demonstrated that our people are now increasingly looking ahead to much stronger economic growth and public service delivery that will help them exit from massive poverty. There is in particular an urgent need to improve the infrastructure of our nation, in order to create the environment in which the private

sector can thrive. This represents by far the most stable way of creating jobs and wealth, and will allow the country to move down the path towards a productive and modern economy. To this end, there is need for a shift in focus from recurrent to development expenditures. The theme of this budget therefore is “Improving Infrastructure to Support Rapid Economic Growth, Job Creation and Poverty Reduction”.

3. Mr. Speaker, this does not mean that vital social expenditures in health and education will be marginalised. On the contrary, the Government has recently implemented a range of institutional measures to protect expenditures on poverty-related budget lines. But social expenditures themselves will never create a situation whereby we can free ourselves from the need for international aid, achieve the Millennium Development Goals and become truly independent as a nation. More rapid growth supported by sound infrastructure enhances government’s ability to raise revenues and finance social programmes. The complementarity between social spending and economically productive expenditures, then, reflects the theme of the 2007 budget.

4. Mr. Speaker, the implementation of our Poverty Reduction Strategy Paper is now well into its second year, and remains the document around which all development efforts revolve. I will therefore report on progress achieved towards our poverty reduction goals this year. Before doing so, let me briefly outline recent developments in the world economy, followed by a review of the domestic economy including budgetary performance.

I. World Economic Situation

5. Mr. Speaker, global output is expected to grow by slightly over 5 percent for 2006, compared to 4.8 percent in 2005 and will continue to grow at close to this rate in 2007. Combined with a continued strong increase in global trade, this presents significant opportunities for national economic growth, employment creation and poverty reduction. There are however considerable downside risks to the global economic outlook. These include rising inflationary pressures in major economies, and further jumps in oil prices to new highs due to demand and supply conditions. Other sources of uncertainty for the global economic outlook include a slowdown in the US economy and the potential increase in protectionist pressures in the face of the apparent deadlock of the Doha trade negotiations.

6. The outlook for Sub-Saharan Africa continues to be favourable, underpinned by improved macroeconomic policies, implementation of structural reforms as well as a supportive external environment. Regional growth is expected to moderate slightly to 5.2 percent in 2006 from 5.8 percent in 2005, before accelerating to 6.4 percent in 2007. While rising oil prices have contributed to economic growth in oil producing countries in the region, performance is also strong in oil-importing countries, supported by high commodity prices due to strong global demand as well as the reduction in the number of conflicts across the continent. Nevertheless, if the downside risks to the world economy materialize, it could have great repercussions for the African region. Therefore our countries need to be aware of external developments and remain strongly committed to implementing growth enhancing policies, and strengthening structural reforms.

II. Regional and Sub-Regional Integration

7. Mr. Speaker, Government considers regional integration especially among ECOWAS member states as a key factor in widening the economic space for accelerated growth, employment creation and poverty reduction. Therefore, despite the difficult economic environment, Government endorses the call of the new management of the West African Monetary Institute (WAMI) for member states to implement all the relevant protocols, while pursuing appropriate macroeconomic policies and reforms to facilitate the attainment of the convergence criteria for the introduction of the common currency on the new target date of December 1, 2009.

8. The Mano River Union between Sierra Leone, Guinea and Liberia continues to develop, and plays a vital role in sustaining peace in the sub-region. A new Secretary General was appointed in February 2006 and a Ministerial Council meeting was held on the 19th October, 2006 in Conakry, Guinea. Government awaits the outcome of ongoing consultations with special reference to the provision of an emergency budget that the Secretariat will shortly submit to member countries for consideration.

III. Review of Economic and Budgetary Performance in 2006

9. Mr. Speaker, following the successful conclusion of the final review of the previous Poverty Reduction and Growth Facility (PRGF) arrangement with the IMF in June 2005, the Executive Board of the Fund approved a successor three year PRGF arrangement for our country on May 10th 2006. The approval of this programme demonstrates both to our nation and to our donor partners that our commitment to a sound macroeconomic environment is genuine and sustained.

10. In September 2006, the IMF in collaboration with Government carried out a review of performance under this new arrangement for the first half of the year. I am pleased to report that financial performance through end June 2006 was considered broadly satisfactory. Government met all but two quantitative performance criteria relating to the overruns in the wage bill and under spending in poverty-related activities. Despite delays, Government also made progress in the implementation of structural performance criteria slated for end June 2006. We have since taken corrective measures to meet all structural benchmarks by the end of October this year. A successful conclusion of this first review will enhance prospects for reaching HIPC completion point this year.

11. Mr. Speaker, economic growth in Sierra Leone remained strong in 2005 and has continued to be robust in 2006, reflecting buoyant activities in the agriculture, mining, construction and services sectors. Economic growth in 2006 is estimated at 7.5 percent in real terms. In spite of the higher international oil prices, annual national inflation declined dramatically from 13.1 percent in December 2005 to 6.3 percent in September 2006, as both food and non food prices fell during the year. This in turn reflected the improved supply situation for basic commodities, slow growth in money supply and a relatively stable exchange rate.

12. Monetary policy during the year 2006 has focused on the attainment of a low and stable rate of inflation consistent with government's policy of fostering pro-poor growth. The conduct of monetary policy was confronted with daunting challenges due to external shocks from higher world market prices of petroleum products and the unavailability of securities for monetary operations. However, with prudent fiscal management and the realization of substantial external budgetary support, there was a significant reduction in domestic liquidity.

13. As a consequence, the rate of growth of money supply reduced, with the aggregates remaining within programme targets. Relative to end December 2005, broad money increased by 12.7 percent to end August. The three-month treasury bills rate decreased from 20.4 percent at the end of December 2005 to 19.7 percent in August 2006, the prime and general overdraft lending rates remained unchanged at 24 percent and 30 percent, respectively, as at August 2006. Commercial banks' credit to the private sector expanded 11.5 percent between end December 2005 and end August 2006, and was mainly directed at the commerce and finance sectors.

14. Mr. Speaker, external sector developments during the first half of 2006 were encouraging. Export performance continued to improve with the resumption of rutile and bauxite mining. Total exports amounted to US\$ 136.1 million as at end July 2006, of which mineral exports totaled US\$ 99.4 million. Of the total mineral exports, diamonds amounted to US\$ 77.0 million, rutile US\$ 3.6 million and bauxite US\$ 2.9 million. At the same time, imports remained high at US\$ 238.3 million at end July 2006, due partly to high oil prices. Gross international reserves stood at US\$ 172.4 million, equivalent to more than three months of import cover. The official nominal exchange rate remained relatively stable, depreciating by only 1.5 percent from Le 2927.5 per US dollar in December 2005 to Le 2968.4 per US dollar in August 2006.

15. Mr. Speaker, Sierra Leone's stock of disbursed outstanding debt stood at US\$ 1.72 billion as at end June 2006, comprising mainly debts owed to the multilateral creditors, which account for 61 percent of the total stock of external debt.

16. In terms of fiscal outcomes, total domestic revenue to be collected in the 2006 financial year is estimated at Le 554.0 billion or 12.7 percent of GDP, compared to Le 416.0 billion or 11.8 percent of GDP in 2005. The improved revenue performance was mainly due to better collections of Customs and Excise duties. Customs and Excise duties are estimated at Le 306.8 billion or 7.1 percent of GDP. Income taxes are expected to amount to Le 152.6 billion or 3.6 percent of GDP. Revenue from the Mines Department, comprising royalties and licenses is estimated at Le 17.8 billion or 0.4 percent of GDP. Royalties on fisheries are estimated at Le 8.4 billion or 0.2 percent of GDP. Dividends from parastatals and revenues from other government departments are estimated at Le 8.5 billion and Le 16.4 billion respectively. Road User charges and vehicle licence fees are expected to amount to Le 33.7 billion or 0.8 percent of GDP. Receipts from privatisation are estimated to be Le 12.9 billion for the year.

17. Total grants for 2006 are estimated at Le 377.4 billion. Of this, total programme grants are estimated at Le 239.2 billion, including Le 48.9 billion of interim HIPC Debt Relief Assistance and Le 190.2 billion in direct budget support from our key budget support donors. Project grants are estimated at Le 138.2 billion.

18. Total expenditure and net lending for the 2006 financial year is estimated at Le 899.9 billion or 21.0 percent of GDP. Recurrent expenditure is estimated at Le 681.1 billion or 15.9 percent of GDP. Of this, Wages and Salaries are expected to amount to Le 268.0 billion or 6.2 percent of GDP. Non-interest,

non-salary recurrent expenditure is estimated at Le 301.0 billion or 7.0 percent of GDP. Of this, Le 197 billion is allocated for Goods and Services, Le 34.3 billion for Transfers to Local Councils and Le 27.8 billion as Grants to tertiary educational institutions. Total interest payments on our external and domestic debt are estimated at Le 112.1 billion or 2.6 percent of GDP, with domestic interest payments accounting for 74.0 percent of the total interest bill.

19. Total Development expenditure in 2006 is estimated at Le 218.9 billion or 5.1 percent of GDP, of which 81.5 percent represents foreign grants and loans.

20. The overall budget deficit, excluding grants, is estimated at Le 355.9 billion or 8.3 percent of GDP in 2006 compared to Le 412.3.0 billion or 11.7 percent of GDP in 2005. For the year as a whole, the deficit is expected to be largely funded from foreign sources.

IV. Progress in PRSP Implementation

21. Mr. Speaker, having reviewed economic performance in 2005 and 2006, I will now outline developments under the three pillars of the PRSP.

Pillar 1: Good Governance, Peace and Security

Security

22. Mr. Speaker, the first pillar of our PRSP is the promotion of good governance, peace and security. Since the end of the war, the Government has faced many challenges including the need

to transform the Security Sector to ensure that it responds adequately to threats facing the State and its citizenry, and to provide an enabling environment for poverty reduction. The underlying tenet is that security is the umbrella under which peace and development can thrive: “Development needs security just as security needs development”. A secure, peaceful and stable society provides the bedrock for investment, productive economic growth and the implementation of pro-poor programmes.

23. Mr. Speaker, in 2006, the capacity of the Office of National Security (ONS) effectively to coordinate and ensure a civilian-led security coordinating architecture has been significantly strengthened. The ONS is developing and equipping the intelligence services to support Sierra Leone’s current security architecture.

24. With assistance from the International Military Advisory and Training Team, the restructuring of the Republic of Sierra Leone Armed Forces (RSLAF) into a smaller, more flexible and robust force continues. This has led to increasing confidence in the RSLAF as a professional and disciplined force.

25. Mr. Speaker, the capacity of the Sierra Leone Police to operate effectively throughout the country has been greatly strengthened. With the provision of equipment, rehabilitation of infrastructure and increased recruitment and training of new policemen and women, the degree of public confidence in the SLP has increased, and crime levels have not exploded following the end of the UN peacekeeping presence like many had envisaged.

26. Mr. Speaker, the Prisons Department is also being overhauled. A prison warden training school has been constructed in Waterloo; the Bo prison has been refurbished; and repairs have been undertaken to prisons nationwide. Under the Justice Sector Development Programme, Government has constructed water wells in Bo, Moyamba and Pujehun prisons. Quarters for officers have also been constructed in Moyamba and a pilot project launched in the classification, rehabilitation and reintegration of prisoners.

27. In addition and as part of the general reconstruction of public services, the National Fire Force has been significantly upgraded; five fire stations in Bo, Kenema, Makeni, Kissy and Aberdeen have been constructed, six fire engines and assorted fire fighting equipment have been commissioned, and seventy-eight officers and men have been recruited and trained.

28. Mr. Speaker, we have now been a nation at peace for several years. Although the risk of a return to war is now remote, we see the need for continued reconciliation. The United Nations Integration Office in Sierra Leone (UNIOSIL) is assisting Government in the development of a Peace Consolidation Strategy to address the immediate threats to the consolidation of peace.

Governance

29. Mr. Speaker, after security, the capacity to plan and deliver on key policy measures is the most critical factor underpinning the support Government gives to the economy. Good governance gives confidence to donors that we are serious about poverty reduction, and encourages a higher inward flow of foreign resources. Most crucial however is the role good governance plays in Government's social contract with our own people.

30. Government's commitment to governance reforms has recently been manifested at the highest political level by the signing of the Improved Governance and Accountability Pact (IGAP). The IGAP is a statement of intent on the part of the Government of Sierra Leone and the four development partners providing direct budget support to take forward critical governance and accountability reforms, during the year up to July 2007. This pact includes a series of undertakings in the following areas: Anti-corruption; Auditor General and Public Accounts Committee Reports; Procurement; Civil Service Reform; Improving Service Delivery; Extractive Industries Transparency Initiative (EITI); Decentralisation; Non-state actors; Anti-money laundering; and the Conduct of Free and Fair Elections in July 2007.

31. I will now report on progress made so far in some of these areas:

Public Service Reform

32. Mr. Speaker, effective Government rests crucially on having a motivated civil service. Major efforts have been ongoing in public service reform in enhancing the effectiveness of Government. Ten Ministries have had full management and functional reviews and six of these reports have been approved by Cabinet. A further four Ministries are currently undertaking reviews. An overall review of the architecture of Government was completed in March 2006 and the results are being used to inform individual Ministry reviews.

33. Work towards the goal to convert the Establishment Secretary's Office into a properly funded Human Resources Management Office continues following Cabinet approval in February, 2006.

34. Mr. Speaker, producing a fully motivated staff depends not only on morale and pride, but also on remuneration. With funding from the World Bank, a comprehensive remuneration package and grading reform strategy has been produced, and a draft pay policy is awaiting submission to Cabinet. Meanwhile in 2006, surveys have been undertaken on market salary rates, and on the poverty and social impact of minimum wage policy. Government will utilize the findings of these studies to determine an appropriate civil service remuneration policy.

35. Mr. Speaker, a successful civil service is best led from the top, and the goal of providing a highly committed and competent leadership is vital. To this end, Government is introducing a Senior Executive Service (SES). The SES policy document and implementation framework has been circulated to all MDAs and development partners. DfID has indicated its willingness to support the implementation of the SES over a two-year pilot to the tune of \$5 million, and Government is now looking for a multi-donor funding arrangement. Negotiations continue on the selection process, performance management, financial implications and sustainability issues.

Anti-Corruption

36. Mr. Speaker, a competent and well paid civil service will be a major factor in reducing the attraction to corruption, but that is only one strand of a very complex problem. Corruption is now widely recognized as a key obstacle to development. Corruption impedes economic growth, limits the amount of resources that reach those on the ground, and undermines the social contract. Government's anti-corruption drive includes continued efforts by the anti-corruption commission to reduce the opportunities for corruption.

37. In 2005, a total of fifty corruption cases were investigated, and twenty-two of these were referred to court. Of this, seven convictions were made. To ensure further transparency in the prosecution of corruption cases, a three-person committee has been set up comprising two Special Prosecutors attached to the ACC and a State Counsel. The decision to prosecute cases is now being determined by this committee.

Public Financial Management

38. Mr. Speaker, one key component of efforts to shut down the space for corruption is sound public financial management (PFM). Financial controls represent a vital component of our drive to increase the amount of resources that reach those who need public services the most.

39. Mr. Speaker, following the installation of the Integrated Financial Management Information System (IFMIS) in 2005, the following additional modules of IFMIS were installed on the 1st of January 2006: revenue, fixed assets, procurement and performance budgeting. Furthermore, the services of IFMIS were extended to the Ministry of Finance and the Sierra Leone Police, and prospects for its successful uptake are good.

40. Mr. Speaker, the Accountant General's Department has been significantly strengthened, with the hiring of a professionally qualified Accountant-General and Deputy Accountant-General. Five qualified accountants have also been recruited with EC support. This has facilitated the completion of public accounts for 2002 and 2003. In accordance with the Government Budgeting and Accountability Act, a statement of receipts into and the payments out of the Consolidated Fund for the first half of 2006 has been published.

41. Mr. Speaker, progress has also been made in strengthening internal audit capacity in MDAs by establishing functional internal audit units in nine key MDAs, including the Ministries of Finance, Education, Health and Defence, as well as the SLP and SLRA. The target is to have a minimum of 10 and 13 MDAs in 2006 and 2007, respectively, with functional Internal Audit units.

Medium Term Expenditure Framework (MTEF)

42. Mr. Speaker, an integral component of good public financial management is effective budgeting and planning. Since the introduction of the Medium Term Expenditure Framework (MTEF) in 2001, significant efforts have been made in strengthening the process. This has led to better prioritisation and planning with the aim of improving financial discipline and efficient service delivery.

43. As part of PFM reform, Government has ensured that the MTEF approach to policy, planning and budgeting is also adopted at the local government level. To this end, all nineteen Local Councils have been rigorously trained on how to plan and

execute their budgets using the MTEF system. During the year, extensive training was carried out for the District Budget Oversight Committees and Civil Society Organisations to promote transparency and participation in the budget process.

44. Mr. Speaker, in the year 2007, we hope to deepen the MTEF process by integrating the development and recurrent budgets in terms of their functionality, administration and economic classification. In conformity with the new Government Budgeting and Accountability Act and the recommendations of the functional reviews of the Ministry of Finance and the Ministry of Development and Economic Planning, the preparation and execution of the recurrent and development budgets will be the responsibility of the Budget Bureau under the supervision of the Financial Secretary. In addition, manpower planning and budgeting is now a major and integral part of the MTEF process.

Cost Recovery Programmes

45. Mr. Speaker, the efficient utilization of public funds is a key objective of the Ministry of Finance. The Ministry of Finance notes with grave concern that cost recovery funds are being poorly managed and not properly accounted for by the implementing Ministries. With effect from 2007, all MDAs implementing cost recovery programmes are required to provide complete financial accounts on the collection, utilization and management of such funds to the Ministry of Finance.

Procurement

46. Mr. Speaker, without effective national public procurement systems, money can easily be wasted or diverted in the course of purchasing goods and services. Since the enactment of the Public

Procurement legislation in 2005, procurement units have been established in all MDAs. Of these, nine have produced acceptable procurement plans for 2006. All MDAs will be required to produce procurement plans in 2007. To promote transparency in public procurement, contracts above Le 300 million for Goods and Services and Le 600 million for Works are being gazetted.

Public Expenditure Tracking Survey

47. Mr. Speaker, while all the above initiatives contribute to the efficient use of public resources, the end test is to check whether the goods and services so funded reach the intended recipients. The regular conduct of Public Expenditure Tracking Surveys (PETS) continues to be a key instrument to monitor the flow of public resources from the Central Ministry to Districts and service delivery facilities at the community level. The PETS Report on Financial Year 2004 selected expenditures in Health, Education and Agriculture and the accompanying Action Plan was approved by Cabinet in August 2006.

48. Mr. Speaker, given the significance of this instrument and its potential to assist in improving accountability of the use of public resources, Government and the donors agreed in 2005 that PETS should be implemented twice in a given year. Accordingly, two PETS surveys were conducted in 2006 with support from DfID and the UNDP.

49. The PETS reports have motivated corrective actions that have led to substantial improvements in public resource management and public service delivery. The PETS report on primary education, for example, led to a significant reduction in leakages in the school fees subsidy. The PETS report on the distribution of essential drugs has motivated changes in record

keeping and in the way such drugs are distributed. Public advertisements have been placed by the Ministry in newspapers since 2005 informing the public about the values of drugs distributed to hospitals and public health units, helping to improve accountability and reduce misappropriation.

Records Management

50. Mr. Speaker, one of the key findings emerging from the PETS reports is the existence of poor records management at all levels. A critical component of efforts to prevent the diversion of public resources is the maintenance of proper records on public sector workers and public financial transactions.

51. With support from DfID, efforts are being made to improve personnel records management. Government intends to develop a Records Management Law and a Scheme of Service for a proposed new cadre of records management staff.

52. Mr. Speaker, another area of concern is the improper recording of and accounting for resources received by service delivery facilities such as hospitals, health centres and schools. Government is determined to instil transparency and accountability in the use of public resources at district and community levels. In this regard, with effect from January 2007, all schools, health centres and other service delivery facilities are required to post on their notice boards the quantum and value of resources (cash and or in kind) received from the central and local governments. District Councils are also required to publish the quantum and value of resources transferred to facilities in their respective districts.

Decentralisation

53. Mr. Speaker, the Government has been actively engaged in the implementation of a comprehensive decentralisation programme to increase the level, scope and quality of public services across the country. Government with assistance particularly from the World Bank, DfID and the EU has been supporting the establishment of the Local Councils to ensure that they are fully functional.

54. Mr. Speaker, a cardinal element of decentralisation is the successful implementation of functional devolution involving the effective and efficient roll out of functions previously performed by selected MDAs.

55. The devolution process which started in earnest in 2005 with two Ministries continued in 2006 with an additional sixteen. Functional devolution has been accompanied by the transfer of assets and the transitional assignment of technical professional staff of MDAs to Local Councils to facilitate service delivery. Local Councils and local communities provide oversight and supervision. In 2007, more functions are slated for devolution, with the process scheduled to conclude in 2008.

56. Mr. Speaker, in line with political and administrative decentralization, this Government is pursuing an intensive fiscal decentralization programme with clearly mapped out revenue and expenditure allocations based on a formula-based equitable intergovernmental fiscal transfer scheme. This also addresses the inherent vertical and horizontal fiscal imbalances.

57. The Ministry of Finance and the Ministry of Local Government will continue to monitor the process to ensure that activities slated for the utilization of grants transfers are implemented. Local Councils are expected to support the process through effective reporting mechanisms.

Pillar 2: Economic Growth for Job Creation and Food Security

58. Mr. Speaker, the second pillar of our PRSP is the promotion of pro-poor sustainable growth. It is a fact that although the Millennium Development Goals are primarily concerned with individual rights to welfare and social protection, they cannot themselves be achieved without broad-based systemic economic growth. Against this background, let me briefly review the performance of the key productive sectors of our economy.

Agriculture

59 Mr. Speaker, agriculture is the largest sector in the economy, producing over 30 percent of official GDP and providing employment for around three-quarters of the population. Over the past five years, significant gains have been made in crop production and diversification.

60. Government has played a critical role in promoting increases in production. The tractor fleet has increased from 20 in 2002 to 135 in 2006, and as of July 2006, the target of 350 acres of cultivable land ploughed by tractor per year has been achieved for 62 percent of these tractors. Seed rice distribution to farmers

by Government over the period increased from 62,000 bushels in 2002 to 100,000 bushels in 2006. All farmers are now considered self-sufficient in seed rice. In addition, high yielding potato, cowpea and groundnut varieties were also distributed and are contributing to and crop diversification.

61. Projections for the harvest in 2006 suggest further increases in rice, maize and cassava production, with the rice yield in particular continuing to increase due to better farming methods. The key perennial challenges in the drive to attain food security include high post harvest losses and the limited extension services provided to farmers.

Mining

62. Mr. Speaker, the mining sector is another key driver of economic growth and employment creation in our country. This year has been a good one for the industry, following the resumption of rutile and bauxite mining. As at August this year, the company had exported 30,000 metric tons of rutile. It is envisaged that by the end of next year the company will have achieved its pre-war production level of 100,000 metric tons per year. In the medium term, production is expected to increase to 220,000 metric tons per year. Present employment by the company stands at 1,000 workers and this is expected to increase as operations expand. Bauxite production commenced in March this year and as at August exports have reached close to 400,000 metric tons. The company plans to export up to one million tons by the end of 2006. The company currently employs 300 workers.

63. Mr. Speaker, effective regulation of the diamond industry is vital if proceeds are to benefit the people involved, especially in alluvial mining. The Ministry of Mines, in collaboration with the Law Reform Commission and the Attorney General's Office, have drafted and submitted for Cabinet Approval and Parliamentary Ratification, the Diamond Cutting and Polishing Act; this will help Sierra Leone move up the value chain.

64. Ongoing implementation of the Kimberley Process will enhance transparency in the diamond market and ensure that our diamonds receive a fair market price. Our commitment to the Extractive Industries Transparency Initiative (EITI) has also been guaranteed through commitment at the highest political level. In collaboration with our development partners, Government will develop an EITI Implementation Framework by July 2007. Work on the EITI will be supported by a dedicated trust fund.

65. The cadastre system, which started last year as a pilot project in Kono for artisanal mining and in Freetown for industrial mining, is now fully operational. The system provides records of geographic location and ownership of mineral rights as well as enhancing compliance with payment fees and other requirements to keep the concession valid.

66. The pilot extension service is currently in operation in Kono district; this provides services to artisanal miners to improve the identification of the best reserve areas, enhance mine planning and processing activities, and improve mine safety, minerals marketing and adherence to labour and environmental standards. The number of mining accidents has reduced considerably and artisanal miners can now negotiate better prices for their diamonds.

Marine Resources

67. Mr. Speaker, Government's short and medium term objective in the fisheries sector is to increase supply of fish to the domestic market and for export. The strategy is to support fishermen and women engaged in the artisanal sub-sector with essential inputs and skills training in processing.

68. In 2005, the Government in collaboration with donors trained 2,500 fish processors in fishing communities nationwide. In addition, 12 fish smoke houses were constructed. A Comprehensive Fisheries Policy was also developed and adopted. This has led to increases in both Industrial and Artisanal fish production levels, which have consistently risen since the end of the war.

69. Key challenges, however, remain in the sector. There is currently inadequate monitoring and surveillance of our inshore waters, resulting in illegal fishing and transshipment. There is also currently no fishing harbour for industrial vessels.

Road Construction and Maintenance

70. Mr. Speaker, an improved road network is a vital component of Government's poverty reduction strategy. Without good feeder and trunk roads the cost of transportation prevents free and fair trade both within and between the provinces and Freetown. This constraint also encourages the smuggling of crops and minerals and lowers incomes of transporters, traders, farmers and consumers alike.

71. In 2006, with the assistance of our donor partners, the Masiaka-Makeni road was comprehensively upgraded and spot regravelling of the Pendembu-Kailahun-Koindu and Panlap-Kamakwie roads were also completed, whilst that of the Koidu-Kurubola is 99 percent complete. However, with the very heavy rains, the improvements made are being rapidly reversed. Work on the Masiaka-Bo road is to start very soon, and bids have been opened on the pavement rehabilitation of the Songo-Moyamba-Moyamba Junction road. Realignment and gravel pavement of 93 kilometres of the Freetown-Conakry highway is also 50 percent complete as of today. Work is due to start soon on the peninsular road from Lumley-Tokeh and on the Hillside road.

72. From domestic resources, urban and rural roads and bridges are being rehabilitated in Freetown (including Circular Road and Kissy Mess Mess – Wellington), and in the areas surrounding Mile 91, Bo, Makeni, Port Loko and Kenema. Routine maintenance works – that is brushing, ditch cleaning, pothole patching and related activities – are ongoing in all the regions, as is the rehabilitation and construction of rural feeder roads.

Energy and Power

73. Mr. Speaker, the energy situation in the country is currently poor, but in 2007 will begin to improve as our medium to long-term plans for enhanced power generation begin to reach fruition. Currently, total power output in Freetown is below 10 megawatts against a demand of 40 megawatts, while most of the 12 administrative districts have no operational power stations.

74. Mr. Speaker, the Bumbuna hydroelectric project is almost 90 percent complete. What now remains is the completion of the transmission lines. When operational, the Bumbuna plant will

have a peak capacity of 50 megawatts during the rainy season, falling to as low as 18 megawatts during the dry season. The outlook includes increased power generation from a number of donor funded projects including BADEA, Saudi Fund and JICA. In the meantime, Government is making arrangements to engage an independent power provider (IPP) for additional power supply in the Western Area as soon as possible.

75. At the provincial level, the Dodo mini hydroelectric dam is being expanded with assistance from the Government of China as the Bo-Kenema Power Station (BKPS) is also rehabilitated to extend electricity to towns and villages in and around Bo and Kenema. Furthermore, a 500 kilowatt generating plant with associated transmission and distribution network has been installed and commissioned in Pujehun district. Plans are underway to install and commission a 1 megawatt generating plant to provide electricity for residents in Makeni.

76. In the water sector, Government continues to receive assistance from donor partners, especially UNICEF and the Japanese Government, along with international NGOs, which are active in some of the poorest districts in the country. Devolution of rural water supply functions and personnel to Local Councils commenced in the current fiscal year and is slated to continue into the next fiscal year. The roles of the Water Supply Division of the Ministry of Energy and Power and SALWACO will now be restricted to supervision and technical backstopping.

Petroleum Strategic Stocks

77. Mr. Speaker, in previous years, vagaries in the world oil market have led to serious fuel shortages in Sierra Leone. To counter this situation, on the 3rd of July 2006, Government introduced a plan for the establishment of a National Petroleum Product Strategic Stocks programme. This will create a 6-8 week buffer stock for all grades of petroleum products, and is already being funded through the current pump price. In addition, the pump prices of petrol, diesel and kerosene have been harmonized to prevent product contamination. Pump prices have also been equalised across the country to prevent arbitrary pricing, particularly in the provinces. Pump prices continue to be set according to a transparent formula, depending principally on changes in the world price of oil and movements in the exchange rate. The recent changes in the pump price illustrate the flexibility of this pricing formula to accommodate upward and downward adjustments.

Youth Employment

78. Mr. Speaker, although these and other reforms will accelerate the rate of job creation in our economy, we are acutely aware of the high unemployment situation in the country, particularly among the youths. In the area of youth employment and job creation, Government has launched a youth employment project on the 9th of October this year. This project, now under implementation, has the objective of creating jobs for over 20,000 youths, both in the capital Freetown and in the Provinces.

Pillar 3: Promoting Human Development

79. Mr. Speaker, the third pillar of our PRSP is the promotion of human development. Pro-poor and sustainable growth depends critically on a well-educated and healthy population. At the root however, the benefits to individual and social wellbeing from improved healthcare and education are hugely significant, particularly in a country like Sierra Leone, which lies in the lower end of the UN Human Development Index.

Health

80. Mr. Speaker, improving the health status of Sierra Leoneans is perhaps the biggest challenge facing our nation. In order to improve access to quality health care for all, Government embarked upon the construction of peripheral health units (PHUs), rehabilitation and construction of secondary hospitals in the districts and referral hospitals in Freetown. During the 2006 financial year, Government in collaboration with its development partners has constructed and rehabilitated a total of 35 peripheral health units nationwide. With support from the African Development Bank, three tertiary hospitals were recently reopened after extensive rehabilitation, namely, the Connaught Hospital, the Children's Hospital and the Ola During Maternity Hospital. With funding from the World Bank, Government is also constructing a new hospital in Makeni, which is expected to be completed in December 2007. Government district hospitals in Kono, Kabala and Moyamba are also undergoing major rehabilitation to be completed in 2007. The rehabilitation of 12 additional peripheral health units is also expected to be completed in 2007.

81. Clearly, the provision of health infrastructure is only part of the challenge. While we are also faced with an acute shortage of trained staff, there is the additional problem of retaining even the few that are with us. This situation is worse for doctors trained at our medical school. Nonetheless, our training efforts are such that in 2006, a total of 526 Maternal and Child Health Aide trainees completed training and were posted to work in peripheral health centres throughout the country. Training for a new batch will commence later in the year. The continued increase in the number of trained staff will soon make it possible to have at least two trained staff working in each PHU in the country.

82. To increase the affordability of drugs and services, Government has made it a priority to provide free drugs for treatment of the vulnerable population, namely children under 5 years, pregnant women, women of childbearing age and the destitute. Fees for surgical operations have been reduced, and registration fees for outpatients have been reduced by two thirds.

83. Mr. Speaker, malaria remains the leading public health problem in Sierra Leone. The eradication of malaria is therefore a top priority for Government. This year, a total of 300,000 insecticide-treated mosquito nets have been distributed to pregnant women and children under five years. In collaboration with its partners, Government will also be conducting a joint measles-malaria campaign in November 2006, during which a total of 830,000 insecticide-treated mosquito nets will be distributed to pregnant women and children nationwide.

84. Mr. Speaker, Government has also made great gains in increasing vaccine coverage. The percentage of children that are fully immunized against polio increased from 29 percent in July 2005 to 45 percent in July 2006. As a result of increases in coverage, there has been no new registered polio case since 2001, and Government is now on the verge of eradicating polio in Sierra Leone. To build on this success and to provide further protection for our children, Government will be introducing a new pentavalent vaccine in 2007 that will protect children from Hepatitis B and new Hemophilus Influenza type B.

85. Mr. Speaker, Sierra Leone has a very low rate of HIV / AIDS in comparison with many African countries but that is no reason for complacency. Government is making every effort to ensure that this situation continues. In collaboration with the National HIV / AIDS secretariat, Government provides free anti-retroviral drugs to those living with the virus as well as voluntary confidential counseling and testing services nationwide.

86. Mr. Speaker, in its effort to reduce maternal mortality in the country the Government has in the past few months developed a policy on reproductive health that will serve as the roadmap for improving the reproductive health of Sierra Leoneans. Government has also educated more than 60 district health sisters and maternal and child health aide coordinators and community health officers as trainers on emergency obstetric care, family planning and management of sexually transmitted infections.

Education

87. Mr. Speaker, Government's main priority in the education sector is to expand access and quality of basic education with focus on the girl child.

88. Government, with support from development partners, continues to make great efforts in the construction of new schools and the rehabilitation of those damaged during the war. In 2005, Government constructed 200 primary schools, 30 Junior Secondary Schools and 30 Technical Vocational institutes.

89. In addition, the Government provided over 100,000 sets of teaching and learning materials and trained 1000 unqualified and untrained teachers. Government continues to pay fees for students taking national examinations (NPSE, BECE and WASCE) and fees subsidy for those in primary schools as well as for all female pupils in the Eastern and Northern provinces.

90. Consequently, net primary enrolment has increased to 87 percent. The number of pupils passing the NPSE exams has also increased. Correspondingly, the number of girls passing NPSE has increased from 5,176 in 2004 to 24,135 in 2006. This shows the tremendous success of the girl child programme.

91. Government is currently preparing a 10-year Education Master Plan which will facilitate our access to additional resources under the global education-for-all Fast Track Initiative. An Education Management Information System is being established to meet information needs in planning, monitoring and evaluation of the education system.

V. Financial Performance of Public Enterprises and Plans for 2007

92. Mr. Speaker, a review of the performance of Government would be incomplete without a report on the performance of public enterprises given their critical role in providing key public services. With sound financial management and sufficient incentives, there is no reason why the often poor performance of these enterprises cannot be reversed. As a new initiative, from this year onwards the financial performance of parastatals will be reported as part of the budget statement to ensure accountability and transparency in their operations.

Rokel Commercial Bank (Sierra Leone Limited)

93. Mr. Speaker, the Rokel Commercial Bank (Sierra Leone) Limited projects a gross profit of Le 10.1 billion for 2006. At the end of August this year, the bank had made a gross accumulated profit of Le 8.5 billion. Staff numbers have tripled since 1999. The Congo Cross branch was opened on the 1st of April 2006, and is having a significant positive impact on business in the west end of Freetown. On the advice of the Bank of Sierra Leone, the bank will be raising its minimum capital by Le 6 billion by the end of the year. This will be funded from accumulated reserves.

Sierra Leone Commercial Bank Limited

94. Mr. Speaker, the Sierra Leone Commercial Bank registered a gross profit of Le 12.0 billion for the 2005 financial year against a budgeted profit of Le 14.6 billion. For the first half of the 2006 financial year, the bank registered a gross profit of Le 5.1 billion against a budgeted profit of Le 8.2 billion. However,

the projected gross profit for the second half of the year is higher at Le 11.8 billion. The bank is well placed to continue with branch and other operational developments in 2006 and beyond.

National Social Security and Insurance Trust (NASSIT)

95. Mr. Speaker, at the end of July 2006, the National Social Security and Investment Trust (NASSIT) had 123,066 insured employees, with contribution income of Le 26.5 billion collected. Projected income from investment for 2006 is Le 13.0 billion, and this is expected to increase to Le 14.3 billion in 2007. The total Reserve Fund is expected to reach Le 145.3 billion by the end of the year. The number of NASSIT pensioners is expected to increase quickly in the coming years, from 92 as at end July 2006 to 720 by end 2006 and accelerating to 1,468 by end 2007; this is both because of the validation of past services for public sector workers, and the free credit under the ongoing grandfathering provision for private sector workers.

96. Ongoing investment activities by NASSIT include residential housing estate development in Goderich and Yams Farms, and the production of various types of concrete products by at Angola Town on the peninsular road. Planned activities for 2007 include joint partnerships with private sector operators to establish a first-class medical centre and a Mortgage Finance Institution as well as the construction of a tourist resort at Lumley Beach and houses at Hill Top.

National Insurance Company (NIC)

97. Mr. Speaker, the National Insurance Company made a net profit before taxation of Le 420 million in 2005. In the first half of 2006 the NIC made a profit before taxation of Le 335 million against a projected profit of Le 130 million.

Sierra Leone State Lottery

98. Mr. Speaker, the Sierra Leone State Lottery Company made a gross profit of Le 1.8 billion in 2005. For the period January to September 2006, the company recorded a gross profit of Le 1.1 billion. In the remainder of 2006, the company forecasts a gross profit of Le 680 million.

Sierra Leone Telecommunications Company (Sierratel)

99. Mr. Speaker, Sierra Leone Telecommunications Company Limited (Sierratel) is expected to install a new international gateway switch, a mobile network, based on the GSM standard, and a broadband internet service, as well as a fixed wireless network for servicing customers in rural and sub-urban areas. These projects will be financed by soft loans from the China Export-Import bank and the ECOWAS bank.

National Power Authority

100. Mr. Speaker, the performance of the National Power Authority over the years has been far from satisfactory. However, with the change in management and the expected signing of a management contract with Government as well as the coming on stream of the Bumbuna hydroelectric plant in 2007, this record

is set to change. The NPA projects a net profit in 2007 as a result of a progressive increase in power generation and associated revenues, including Bumbuna hydroelectric project and the installation of new thermal generators across the country.

Sierra Leone Postal Services (SALPOST)

101. Mr. Speaker, SALPOST recorded a gross profit of Le 47 million in 2005, based on revenues of Le 1.0 billion and expenditures of Le 984 million. In the six months from January to June 2006, SALPOST recorded a gross profit of Le 20 million. For the second half of the year, SALPOST projects income of Le 1.62 billion and expenditures of Le 1.59 billion.

Sierra Leone Road Transport Corporation (SLRTC)

102. Mr. Speaker, the Sierra Leone Road Transport Corporation received income totaling Le 939.6 million in the first six months of 2006, and made expenditures of Le 1.0 billion, giving a net loss of Le 90 million. For the period of July to December 2006, SLRTC projects a gross profit of Le 92 million.

Sierra Leone Ports Authority (SLPA)

103. Mr. Speaker, the Sierra Leone Ports Authority recorded a profit of Le 1.6 billion in 2005 and Le 418 million in the first six months of 2006. The company projects a profit of Le 635 million for 2007. For the first time in many years, SLPA has paid dividends to Government while making significant progress in defraying all outstanding statutory tax and non tax obligations. This follows the recruitment of an expatriate General Manager under a technical assistance programme with the Government of Ghana.

Sierra Leone Airport Authority (SLAA)

104. Mr. Speaker, in 2005 the Sierra Leone Airport Authority (SLAA) generated income totaling Le 13.2 billion and expended a total of Le12.5 billion, making a net profit of Le 848 million. For 2006, receipts are estimated at Le19.8 billion and expenses are projected at Le17.3 billion with a net profit of Le 2.5 billion.

105. Mr. Speaker, having reviewed economic performance and progress towards our poverty reduction goals in 2006, I will now move on to outline our medium term macroeconomic policy framework and the outlook for 2007.

VI. Medium-Term Macroeconomic Framework

106. Mr. Speaker, our key macroeconomic objectives underlying the medium-term strategy include the maintenance of sustained high real growth and a stable macroeconomic environment. In this regard, two economic sectors, namely, agriculture and mining, are central to driving Sierra Leone's development. Agricultural expansion is a key medium-term objective, given its importance for food security and job creation. Similarly, our considerable mineral endowments will continue to support output growth and job creation.

107. The medium-term macroeconomic framework projects that output growth will stabilize in the range of 6–7 percent a year by 2009, underpinned by broad-based sectoral growth. Inflation is expected to converge to single digits by the end of the period, supported by prudent macroeconomic policies. The gross official reserves are expected to stabilize at 3 months of import cover.

108. Mr. Speaker, fiscal policy in the medium term will be geared towards containing the primary fiscal deficit at around 2 percent of GDP. This will assist monetary policy in lowering inflation and ensuring that the domestic public debt would remain at a sustainable level. Lower public sector borrowing would also provide scope for expanding private sector credit and contribute to lower domestic interest rates.

VII. Macroeconomic Policies and Outlook for 2007

109. Mr. Speaker, the macroeconomic framework for 2007 projects further expansion in domestic output and lower inflation. Real GDP is expected to grow by 6.5 percent, underpinned by the continued expansion in agriculture, mining, manufacturing, construction and services sectors. Annual average inflation is projected to remain at the lower double digit level of 11 percent while end year inflation is projected to fall sharply to the upper single digit level of 8.5 percent on account of prudent monetary and fiscal policies, combined with the expected stabilization of fuel prices. The external current account deficit, excluding official transfers, is projected to increase slightly to 10.5 percent of GDP in 2007 from 10.3 percent in 2006, owing to the anticipated growth in imports as fuel prices stabilize at higher levels.

Monetary and Financial Sector Policies in 2007

110. Mr. Speaker, monetary policy in 2007 will aim at maintaining a single digit inflation rate. This will be achieved through the continued use of market-based indirect instruments, primarily open market operations. To support monetary policy, Government will enhance the Bank of Sierra Leone's operational

capacity through recapitalization to the tune of Le 50 billion in 2007. Also, the Bank of Sierra Leone's capacity to conduct monetary operations will be strengthened by providing it with interest-bearing securities amounting to Le 50 billion in 2006 and another Le 50 billion worth of securities in 2007.

111. The government will continue to actively pursue reform of the financial sector, aimed at ensuring a competitive and vibrant financial environment. The central bank will intensify the supervision and regulation of the commercial banks and strengthen prudential controls, including the establishment of a regulatory framework for microfinance services. Implementation of the Anti-money laundering act will be vigorously pursued in 2007, with the Bank of Sierra Leone ensuring that financial institutions comply with its provisions. The establishment of a Financial Intelligence Unit at the central bank is expected to be completed in 2007 so as to provide the necessary institutional support.

112. The central bank, in collaboration with the private sector, will be putting in place both the administrative and regulatory structures for the commencement of a fully-fledged Stock Exchange in 2007. This will entail the enactment of a Securities law and Collective Investment Schemes (CIS) to provide an appropriate legal framework for the effective operation of the Stock Exchange and the drafting of the Bankruptcy bill.

Public Debt Policy in 2007

113. Mr. Speaker, the Government will continue to pursue the policy of not contracting non-concessional loans. Preparations for the second debt buyback operation to address commercial creditors are far advanced, and will be implemented once we reach HIPC Completion Point in December this year.

Public Enterprise Divestiture Plans in 2007

114. Mr. Speaker, privatisation is a crucial way of improving service delivery in a situation where public enterprises are not capable of performing. The National Commission for Privatisation will continue the privatisation of Rokel Commercial Bank and finalise arrangements for management contracts for NPA and the SLRTC in 2007. It will also conclude privatisation of non-core activities and commence due diligence studies for private sector participation into the core activities at the port, while completing the sale of the assets of the Sierra Leone Produce Marketing Board, as well as privatizing the Government Printing Department.

115. The NCP will also divest of Government shares in the Mining and General Services Limited and the Sierra Leone Shipping Company; and continue institutional reform of the Guma Valley Water Company, Sierra Leone Road Transport Corporation, Sierra Leone Telecommunications Company, Sierra Leone Postal Services and the Sierra Leone Housing Corporation. Furthermore, the Commission will continue the search for a franchise for the Sierra Leone State Lottery, as well as complete the process of corporatisation of the Sierra Leone Broadcasting Service.

XIII. The Budget for the Financial Year 2007

116. Mr. Speaker, having outlined the macroeconomic environment within which the 2007 budget is formulated, I will now provide details of the budget itself. The main objectives of the 2007 budget are to ensure fiscal sustainability and further consolidate macroeconomic stability, while channeling

substantial resources to growth inducing and poverty reduction activities. Sierra Leone is expected to reach the Highly Indebted Poor Countries Initiative Completion Point by the end of 2006 and will therefore become eligible for additional debt relief under the enhanced HIPC Initiative and the new Multilateral Debt Relief Initiative (MDRI). However, as a contingency arrangement, the 2007 budget has been formulated in the context of the projected domestic revenue and the external budgetary support indicated by our major donors, excluding the expected debt relief from HIPC and MDRI. A supplementary budget will be presented to this Honourable House when our country finally reaches the HIPC Completion Point and accesses the stock of debt relief under HIPC and additional relief under MDRI.

Expenditure Proposals for 2007

117. Mr. Speaker, the most critical element in our drive to end poverty is the movement towards expanding the productive base of the economy as we move forward into sustainable economic growth and poverty reduction. This will involve a gradual shift from recurrent to capital expenditures in the budget. To reflect this vision, total expenditures and net lending are hence projected to increase sharply to Le 1.22 trillion or 24.3 percent of GDP in 2007, from Le 900 billion or 21.0 percent of GDP in 2006, reflecting the substantial increase in capital expenditures. This is consistent with government's policy of strengthening infrastructure to support private sector activities.

118. At Le 446.9 billion, Capital expenditures are projected to increase from 5.1 percent of GDP in 2006 to 8.9 percent of GDP in 2007. Up to Le 365.0 billion of capital expenditures will be financed through foreign project loans and grants, and Le 81.9

billion from domestic resources. Current expenditures, on the other hand, are expected to shrink slightly in terms of GDP, from 15.9 percent of GDP in 2006 to 15.4 percent of GDP in 2007. Wages and salaries and non-wage, non-interest current expenditures will be maintained at their current ratios to GDP. The total recurrent non-salary, non-interest allocation will amount to Le 357.8 billion, of which Le 225.2 is allocated for goods and services.

119. Interest payments are also projected to increase slightly to finance the interest cost associated with the conversion of the non-interest bearing securities held by the BSL into interest bearing securities to support monetary policy operations.

Transfers to Local Councils

120. Mr. Speaker, key functions in the areas of Agriculture, Health and Education have been devolved. The law provides for several sources of financing for local government service delivery. However, during the 2007-2009 MTEF period, all local government financing from central government will largely be in the form of conditional grants tied to specific expenditure assignments relating to devolved functions.

121. Following the devolution of functions, fiscal devolution in the 2007 fiscal year will build considerably on the previous years' budgets of Local Councils. Government will transfer to Local Councils in 2007 the total amount of Le 47.1 billion as non-salary recurrent grants for devolved functions, representing 13.2 percent of the national non-salary, non-interest recurrent expenditure. The local government development grant will increase to Le 11.2 billion in 2007 from Le 9.0 billion last year, with a fivefold increase in the domestic contribution, from Le 1.0 billion in 2006 to Le 5.0 billion in 2007.

122. Mr. Speaker, to facilitate timely and effective planning and budgeting by the Local Councils, and adhere to the principles of transparency and accountability which underlie the intergovernmental transfer system, I hereby, for the first time, present to Parliament as Annex 5 to this budget the horizontal equitable allocation of the vertical transfers to each Local Council for the financial year 2007 as recommended by the Local Government Finance Committee (LGFC).

123. The objectives of each grant for each devolved function will be clearly spelled out with measurable output in the formula-based equitable grant distribution system. The conditions underpinning the grants focus specifically on principles of good governance, and will be published in the Sierra Leone Gazette prior to the transfer of any funds to the Local Councils.

Wages and Salaries

124. Mr. Speaker, the Government wage bill is budgeted to increase by Le 36 billion to Le 304.6 billion. The increase will cover the cost of a 10 percent cost of living adjustment to wages and salaries, 5.0 percent annual salary increment; and the cost of recruiting additional 2000 teachers and 374 police, recruitment of additional health personnel, provision for severance pay and administrative cost for implementing the Senior Executive Service (SES). It also covers pensions, gratuities and allowances, as well as contributions towards social security.

Security

125. Mr. Speaker, in light of the primary importance of security to providing a conducive environment for the implementation of Government's poverty reduction strategy, an amount of Le 43.7 billion is allocated to defence, Le 19.8 billion to police and Le 7.7 billion to prisons. An amount of Le 1.0 billion is also allocated to defence from the development budget for the rehabilitation of military barracks.

Governance

126. Mr. Speaker, in order to further pursue our good governance agenda, Le 343 million is allocated to the Law Reform Commission, Le 903 million to Audit Services and Le 500 million to the National Public Procurement Authority. To help ensure the conduct of free and fair elections in July 2007, Le 15.1 billion is allocated to the Electoral Commission of Sierra Leone and Le 252 million to the registration of political parties. An amount of Le 2 billion is assigned to Statistics Sierra Leone to enhance the development of our national statistical system. In addition, I would like to note that funds have been provided in the budgets of key MDAs including Agriculture, Health and Education, for the conduct of surveys to generate information for monitoring the PRSP. These funds cannot be accessed without the concurrence of Statistics Sierra Leone. I would like to encourage the relevant MDAs to produce plans for the use of these funds and to submit these plans to SSL for approval. Government will also support the Sierra Leone Association of Journalists (SLAJ), just as it is supporting the Institute of Chartered Accountants and other professional bodies.

127. Mr. Speaker, Government's anti-corruption agenda in the medium term is to promote accountability and transparency with greater emphasis on public institutions. In order to pursue this objective, Le 844 million is allocated to the Anti-Corruption Commission.

128. Mr. Speaker, I move on now to the individual allocations for key productive and social expenditure categories.

Infrastructure

129. Mr. Speaker, provision for infrastructure is the critical component of this year's budget. On electricity, the implementation of Phase I of the Western Area Generation Project with funding from BADEA will see the installation and commissioning at Kingtom of a 7.56 megawatt generating set. With the addition of the two 25 megawatt Bumbuna generator sets, combined total generation by the end of 2007 is expected to exceed 50 megawatts. Safe transportation of this minimum capacity along our transmission network is assured with the rehabilitation of the 33 kilo Volt Kingtom-Wilberforce-Blackhall Road transmission line under the currently active World Bank-funded Power and Water Project.

130. To support these programs, Le 33.8 billion is assigned from the development budget to the electricity division of the Ministry of Energy and Power, of which Le 23.8 billion represents domestic commitments and Le 10 billion foreign funds. This includes Le 11.3 billion for the restoration of electricity in three provincial districts, one each in the Northern, Eastern and Southern regions. Furthermore, Le 7.4 billion is assigned from the development budget for the provision of water services including Le 2.6 billion for the rehabilitation and reconstruction of rural water facilities. This is in addition to Le 2.8 billion assigned from the recurrent budget, of which Le 2.6 billion is assigned to SALWACO for the provision of rural water supplies.

131. Mr. Speaker, Le 144.4 billion is assigned to the Ministry of Works and Technical Maintenance for road construction, of which Le 16.2 billion is from the domestic development budget.

This is for the construction, rehabilitation and reconstruction of trunk and feeder roads including Makeni-Mototoka, the Bo-Kenema road, the Goderich-Waterloo rural coastal road, the Freetown-Conakry highway, the Freetown Hillside Bye Pass road and Le 26.5 billion for the Masiaka-Bo road. It also includes Le 12.1 billion for the rehabilitation of rural roads and Le 14.4 billion for the rehabilitation and reconstruction of rural feeder roads.

Agriculture

132. Mr. Speaker, progress in agricultural development remains a critical determinant of poverty reduction, job creation and income generation, particularly with regard to the 2007 Food Security pledge. To this end, Government is allocating Le 16.5 billion to Agriculture, of which Le 2.6 billion is for devolved agricultural services. In addition, Le 7.3 billion is assigned from the domestic development budget to complement foreign funding for agricultural projects.

Education

133. Mr. Speaker, as I have indicated elsewhere in this statement, Government's main priority in the education sector is to continue to expand access to and improve the quality of basic education with a focus on the girl child, to facilitate the attainment of the education and gender equality MDGs. Government will also support the development of tertiary education including technical and vocational institutions. In order to achieve these goals, for 2007, Government is allocating Le 81.3 billion from the recurrent budget for education services. Of this, Le 20.9 billion is allocated to the Local Councils for primary education services and Le 4.4 billion for secondary education services devolved to the

Local Councils. In addition, Le 32.1 billion is allocated as grants to tertiary education institutions including the Eastern Polytechnic. In addition, from the domestic development budget, Le 1.5 billion is allocated for the rehabilitation of Njala University, Le 400 million to Fourah Bay College, Le 400 million to College of Medicine and Allied Health Services and Le 200 million to Eastern Polytechnic. In addition, Le 200 million is allocated to support secondary education. This complements foreign funding from the World Bank, the ADB, the IDB and BADEA to the sector.

Health

134. Mr. Speaker, Government's primary objectives in the health sector remain the reduction of under five and maternal mortality rates by expanding access to and quality of health services. In this respect, Government will intensify the training of health workers including traditional birth attendants, expand immunization coverage and provide Insecticide Treated Bed Nets in order to achieve the health MDGs.

135. For these purposes, Government is allocating Le 46.3 billion to health, of which Le 10.7 billion is assigned to Local Councils for District Peripheral Health Care Services, Le 6.4 billion to tertiary health care services (national and referral hospitals) and Le 2.8 billion for the procurement of drugs and medical supplies. In addition, Le 1.4 billion is allocated from the domestic development budget to complement foreign funding of the Health sector support project and for the strengthening of District Health Services.

Youth Employment

136. Mr. Speaker, Government is highly committed to youth development. An amount of Le 1.4 billion is allocated in support of youth activities nationwide, including Le 562 million for sports competitions and Le 382 million for youth development programmes. In addition, Le 500 million is allocated from the domestic development budget for the Youth Empowerment Programme.

Procedures for Protecting Poverty Expenditures

137. Mr. Speaker, having outlined the major expenditure categories, I would like to return to the subject of expenditures directly targeting poverty reduction. It is essential to protect expenditure lines that most closely target the reduction of poverty in our country. Government now has a fully operational fiscal priority framework, which specifies well-identified resources and ensures that these can cover priority expenditure in the event of shortfalls in domestic and foreign revenue.

138. This and other measures have reduced the variation between planned spending and actual expenditure outturn, particularly for health and education, where spending came very close to budget in 2005. In addition government revised the list of priority pro-poor expenditures for 2007 in line with the PRSP.

139. Consistent with the Government Budgeting and Accountability Act (2005) and the National Public Procurement Act (2004), revised procedures have been drawn up by the Ministry of Finance to help implement the framework for protecting poverty related expenditure. These procedures will be fully implemented in 2007.

140. The following expenditure categories are classified as priority spending:-

- * wages and salaries of all government employees;
- * statutory transfers to the National Revenue Authority and Road User Fund;
- * debt service payments and the budgeted repayment of arrears;
- * spending on the organisation of the elections;
- * most poverty and security-related outlays (including all transfers to Local Councils);
- * and key utility spending costs for all MDAs.

141. Non-Priority spending comprises the expenditure of the remaining MDAs not covered in the priority spending definition. The breakdown of poverty expenditure can be seen in Annex 6 of this budget speech.

142. We hope that as a result of these procedures being put in place, whenever domestic or foreign revenue does not arrive as expected, we can at least ensure that the effect on priority government spending is not adverse.

Revenue Projections

143. Mr. Speaker, total domestic revenue is projected to increase to Le 674.9 billion (13.4 percent of GDP) in 2007 from Le 544.0 billion (12.7 percent of GDP) in 2006. Total revenue including grants will increase to Le 1.2 trillion (23.4 percent of GDP) in 2007 from Le 921.4 billion (21.5 percent of GDP) in 2006.

144. Of the total domestic revenue, Income taxes are expected to contribute Le 198.1 billion (3.9 percent of GDP). Of these, Company taxes and Personal Income taxes will amount to Le 90.8 billion and Le 83.4 billion, respectively. Customs and Excise Duties will contribute Le 364.5 billion (7.2 percent of GDP). Of this amount, Import duties are projected at Le 256.6 billion or 5.1 percent of GDP, and Excise duties on petroleum products are projected to amount to Le 77 billion or 1.5 percent of GDP. Domestic Sales Taxes are projected at Le 19.0 billion or 0.4 percent of GDP. Revenue from the Mines Department, mainly royalties on rutile, bauxite and diamond mining licenses, will amount to Le 30.0 billion or 0.6 percent of GDP. Royalties and licenses from the fisheries sector are projected at Le 11.6 billion or 0.2 percent of GDP. Revenue from other Government departments is expected to amount to Le 21.8 billion or 0.4 percent of GDP. Dividends from parastatals are projected at Le 11.7 billion. Road user charges and vehicle licenses will amount to Le 37.3 billion or 0.7 percent of GDP. Receipts from the privatization of public enterprises are projected at Le 25 billion.

145. Total grants are programmed at a level of Le 503.7 billion or 10 percent of GDP. Of this amount, external budgetary support from our key donors (DFID, the European Commission and the World Bank) is projected at Le 197.7 billion. Interim debt relief under the enhanced HIPC Initiative is projected at Le 47.2 billion or 0.9 percent of GDP. Project grants will amount to Le 258.9 billion or 5.1 percent of GDP.

Revenue Measures

146. Mr. Speaker, Government continues to undertake structural reforms in the tax system in order to enhance its efficiency. The National Revenue Authority has continued to institute measures aimed at maximizing revenue collection and improving organizational performance. In general, the reforms

have been motivated by the desire to create a more competitive fiscal environment that encourages investment, risk-taking and entrepreneurship, as well as providing enhanced incentives for labour effort.

147. Despite these reforms, the tax effort remains low at 12.7 percent of GDP in 2006, compared to other post conflict countries at a similar stage of development, where the tax effort is estimated at an average of 18.0 percent of GDP. An evaluation of the factors responsible for this situation indicates that there remains substantial untapped potential for expanding the tax base and considerably increasing revenue collection. The revenue policies I am going to announce are therefore aimed at further expanding the revenue base, facilitating taxpayer compliance, and minimising revenue leakages.

148. Mr. Speaker, one of the main reasons for the resource constraint in our budget is the proliferation of various revenue streams that are currently administered off-budget by several MDAs. In most cases, the quantum of resources involved is far in excess of the operational requirements of the MDAs concerned. Due to existing administrative inefficiencies in collection, the actual revenues collected from some of these off-budget revenue streams is far below what is collectible under existing legislation. There is therefore an urgent need to institute efficiency, transparency and accountability in the management of these resources. To achieve this objective, we need to consolidate all off-budget revenue streams into the Consolidated Revenue in order to enhance expenditure efficiency and optimize the allocation of resources to priority areas of public service delivery. With this in mind, my Ministry will be presenting appropriate proposals for legislative amendments to this House.

149. Mr. Speaker, there are also certain generous tax and duty concessions, embedded in bilateral agreements between Government and private sector entities, which continue to undermine revenue collection. Most of these agreements were negotiated and agreed by Government from a relatively weak position, especially immediately after the war when economic conditions in the country were still precarious and fraught with uncertainties. Both the conditions under which these agreements were entered into and the assumption on which certain concessions were granted have changed substantially over the past few years. In addition, it has become clear that some of the concessions have had a distorting effect on the investment environment, while some are being abused in various ways. In view of the above, therefore, my Ministry, in collaboration with the relevant line ministries, will in the coming months initiate action with a view to reviewing these agreements to ensure a level playing field in the investment environment, and to reflect best practice and existing realities.

150. Another area of serious concern over the years has to do with the behaviour of certain tax-exempt organizations with respect to their privileges and obligations under our domestic tax laws. We have observed over time that some of the exemptions conferred on international organizations have been subjected to varying degrees of misapplication, leading to abuse of privileges and revenue leakages. To minimize these abuses, the NRA will be instituting mandatory tax audits of organizations that are statutorily exempt from taxation, starting January 2007. Even though these organizations may be exempt from import duties and other taxes, this does not in any way exempt them from certain responsibilities. These include the responsibility to withhold certain taxes, including PAYE, in accordance with the

Income Tax Act. In this regard, Mr. Speaker, from now on, NRA will link the granting of privileges, including tax waivers, to compliance with the provisions of existing protocols and international agreements regarding the obligations of these institutions under our domestic laws.

151. Furthermore, the NRA will continue to ensure the granting of tax and duty waivers is limited within the bounds of statutory entitlements. Following the transfer of the administration of duty waivers to the NRA, duties waived fell significantly, from Le 27.4 billion in the first half of 2005 to Le 20.9 billion in the same period in 2006. This trend is set to continue.

152. Honourable Members would recall that Government had announced its intention to introduce a system of taxation of goods and services, which is called Value Added Tax or VAT in some countries, or the easier-to-understand Goods and Services Tax or GST in other countries, with the aim of further rationalizing the tax structure and expanding the tax base. I am pleased to announce that preparation for the introduction of the GST is well underway and on schedule. My Ministry and NRA, with support from DFID, has been working in close collaboration with the private sector to ensure that the process is participatory.

153. Mr. Speaker, it would be recalled that in the Budget Speech and Statement of Economic and Financial Policies for Financial Year 2006, I announced that the NRA would take steps to include Local Councils and private sector participants in the anti-smuggling effort. In this regard, I am happy to announce that NRA has initiated a programme of close collaboration with the councils and other relevant stakeholders including the navy and the police to intensify the fight against smuggling.

154. Honourable Members would also recall that as a country, we started the implementation of the ECOWAS Common External Tariff (CET) in 2005. The NRA will continue the implementation of the CET in 2007 as it has done in 2006.

155. The illegal importation of cigarettes represents a major problem for our domestic revenue effort, mainly due to the disparity between the import duty rates on cigarettes applicable in Sierra Leone and those in neighbouring countries. To ameliorate this problem, I am proposing a lowering of the import duty rate on cigarettes as a temporary measure. The new rate will be communicated to stakeholders in the Financial Year 2007 Finance Bill. I am aware that a lower rate will be ultimately inconsistent with the CET rate. However, unless implementation is uniform among neighbouring countries, our economy will be unduly affected. I must stress that implementation of the revised tariff will be predicated on clear terms and conditions to be determined by NRA and to be complied with strictly by all cigarette importers.

156. Mr. Speaker, it would be recalled that sales tax was extended to certain selected services at the rate of 10 percent, effective January 2005. I have proposed a further extension of that tax in the Finance Bill for 2007, to include hotel and guest house accommodation at the same rate to reflect international best practice.

157. Mr. Speaker, in view of the presentations made by key stakeholders on the levying of a processing fee of 1.25 percent of the CIF value of imported goods for which duty waiver is sought, I hereby replace the *ad valorem* fee with a flat processing fee of Le 500,000 per application. This is to defray the cost of duty waivers.

158. Mr. Speaker, Honourable Members, in a bid to encourage investment in the telecommunications sector of our country in the immediate aftermath of the war, Government adopted a policy of granting import duty waivers on setting up and expansion equipment and infrastructure to facilitate the growth of communication services throughout the country. However, this facility has been misinterpreted to be open-ended and of unlimited coverage by some of the beneficiaries. In this regard, I have decided to bring the facility to a closure, effective January the 1st 2007. The NRA will not, therefore, entertain any further requests for duty-free importation of any telecommunications equipment whatsoever beyond fiscal year 2006. Furthermore, license fees for mobile phone service providers are now increased to US\$1 million for new companies and renewal fees to US\$500,000 annually. The renewal fees must be paid by January the 1st 2007.

159. Mr. Speaker, mining is a complex and specialized sector. Its contribution to domestic revenue has remained far below its potential, despite our unique natural endowment in mineral resources. To address the problem of elusiveness of the mining sector, especially the diamond industry, I have proposed an amendment to the Income Tax Act to extend the provisions therein regarding the withholding of taxes to that sector as well as to change the tax structure applicable to mining. NRA will further review its tax administration methods to reflect the need to fully bring the mining sector within the tax net.

160. In the meantime, the National Revenue Authority will continue to deepen reforms and modernization of tax administration. In particular, pre-shipment inspection of certain categories of imported goods is being replaced with destination inspection and this will be extended to all eligible goods in the medium term. This is expected to reduce transactions cost for importers and hence improve tax compliance.

Fiscal Deficit

161. Mr. Speaker, on the basis of the projected revenues and expenditures, the overall fiscal deficit (excluding grants) is projected to rise to 10.9 percent of GDP in 2007 from 8.3 percent of GDP in 2006. Including grants, the deficit is expected to increase to 0.9 percent of GDP in 2007, from a surplus of 0.5 percent in 2006. The primary deficit will shrink slightly to 1.4 percent of GDP from 1.5 percent in 2006. The deficit will be largely financed from foreign sources. Thus, Government is expected to make a net repayment to the domestic banking system in 2007.

IX. Relations with Donors

162. Mr. Speaker, Honourable Members, as a developing country, Sierra Leone relies greatly on development assistance provided by the international community. Government and wider society continues to receive substantial assistance from development partners in a wide range of areas from rehabilitation to institutional support to direct budget support. I would like to take this opportunity to give a warm vote of thanks from the Government, this House and our nation for the support given to us in recent years and for the future help as we continue to move forwards.

163. It is a fact however that aid can have negative as well as positive effects, and how we deal with the contradictions and complexities involved will determine to a large extent our success in the coming years. In recent years, budget support from our development partners has been tied to different sets of benchmarks by the different donors with varying timeframes. This has led not only to increasing the transaction costs for the purpose of reporting and accommodating donor missions, but has also engendered unpredictability and volatility in donor inflows, resulting in difficulties in planning and budgeting.

164. However, as the donors have become aware of this problem themselves, since the beginning of 2006, a Multi Donor Budgetary Support (MDBS) Progress Assessment Framework (PAF) has been under test. This is a single set of benchmarks belonging to the World Bank, DFID, European Commission and the African Development Bank agreed with Government. I have included the 2007 indicative benchmarks of the MDBS PAF as Annex 7 to this budget statement, which when approved by this Honourable House will become fully binding on all concerned.

165. Mr. Speaker, this specific initiative should be seen as part of a broader agenda within the aid industry and within Sierra Leone. It follows the Paris Declaration in 2005, where the international community pledged to work to emphasize country ownership and government leadership in development policy, to attach importance to capacity building, and to recognize diverse aid modalities. In Sierra Leone, this ongoing sequence of reforms includes ongoing harmonization of monitoring and evaluation systems in the country using the PRSP monitoring and evaluation framework. It also includes harmonizing procurement procedures through the recently enacted National Procurement Law, producing a consistent and mutually-reinforcing set of reporting practices for donor aid, and preparing a common agreement for governance reforms through the Improved Governance and Accountability Pact (IGAP) that has already been outlined.

X. Conclusion

166. Mr. Speaker, Honourable Members, this year marks the beginning of a major Government effort to shift the focus of expenditure towards investment in the productive infrastructure of our nation. I am convinced that this is the most sustainable way

to promote economic growth and job creation, without which our poverty reduction targets will be difficult to achieve. The implementation of the programmes announced in this Budget will henceforth continue to make a significant impact on the living standards of all Sierra Leoneans.

167. Mr. Speaker, I would like to extend my gratitude to my colleague Ministers and the Management and Staff of the Ministry of Finance and especially to recognise the hard work, commitment and support the Ministry enjoyed from the outgoing Financial Secretary, Dr. Samura Kamara. I also wish to appreciate the contributions of other MDAs; Management and Staff of the Bank of Sierra Leone; Members of Budget Oversight Committees; the Government Printer and his Staff; and, above all, the Chairman and Honourable Members of the Parliamentary Finance Committee, for helping me to present this budget complete and on time.

168. Mr. Speaker, I commend the Budget for the fiscal year 2007 to the House.

**I THANK YOU FOR YOUR ATTENTION AND WISH YOU THE
BEST OF LUCK AS YOU DEBATE THE LAST FULL BUDGET
IN THE LIFE OF THIS PARLIAMENT.**



GOVERNMENT OF SIERRA LEONE

GOVERNMENT BUDGET

and

Statement of Economic and Financial Policies

For the Financial Year, 2007

DELIVERED BY

MR. JOHN O. BENJAMIN

Minister of Finance

in the Chamber of Parliament

TOWER HILL, FREETOWN

ON

Friday, 27th October, 2006

**“Improving Infrastructure to Support
Rapid Economic Growth, Job Creation
and Poverty Reduction”**

GOVERNMENT OF SIERRA LEONE
ANNEX 1–BUDGET PROFILE FOR FY2006–2009
In millions of Leones (Le'm)

PARTICULARS	FY2006	FY2006	FY2007	FY2007	FY2008	FY2008	FY2009	FY2009
	Est.	% of GDP	Budget	% of GDP	Indicative	% of GDP	Indicative	% of GDP
	Q1 - 4 Jan - Dec	Le4,294.8b	Q1 - 4 Jan - Dec	Le5,029.9b	Q1 - 4 Jan - Dec	Le5,773.1b	Q1 - 4 Jan - Dec	Le6,581.9b
Total Revenue and Grants	921,435	21.5%	1,178,639	23.4%	1,344,031	23.3%	1,457,993	22.2%
Domestic Revenue	544,037	12.7%	674,908	13.4%	785,944	13.6%	950,568	14.4%
Income Tax Department	152,578	3.6%	198,100	3.9%	224,212	3.9%	286,025	4.3%
Company Tax	68,994	1.6%	90,822	1.8%	102,794	1.8%	131,132	2.0%
Personal Income Tax-incl. Govt PAYE	63,354	1.5%	83,413	1.7%	94,407	1.6%	120,436	1.8%
Other Taxes	20,230	0.5%	23,865	0.5%	27,011	0.5%	34,457	0.5%
Customs and Excise Department	306,818	7.1%	364,500	7.2%	417,668	7.2%	499,987	7.6%
Import Duties	212,134	4.9%	256,609	5.1%	294,038	5.1%	351,991	5.3%
Excise Duties on Petroleum Products	62,566	1.5%	77,638	1.5%	88,963	1.5%	106,497	1.6%
Other Excise Duties	18,473	0.4%	11,227	0.2%	12,865	0.2%	15,401	0.2%
Domestic Sales Tax	13,645	0.3%	19,026	0.4%	21,802	0.4%	26,098	0.4%
Mines Department	17,774	0.4%	30,003	0.6%	38,029	0.7%	37,622	0.6%
Royalty on Rutile	1,816	0.0%	2,000	0.0%	3,300	0.1%	4,500	0.1%
Royalty on Bauxite	2,024	0.0%	4,200	0.1%	5,324	0.1%	4,267	0.1%
Licences etc.	13,935	0.3%	23,803	0.5%	29,405	0.5%	28,855	0.4%
Other Departments	33,182	0.8%	45,027	0.9%	56,748	1.0%	67,932	1.0%
Royalties etc. on Fisheries	8,353	0.2%	11,550	0.2%	14,887	0.3%	17,821	0.3%
Parastatals	8,467	0.2%	11,707	0.2%	15,090	0.3%	18,064	0.3%
Other Revenues	16,362	0.4%	21,770	0.4%	26,771	0.5%	32,047	0.5%
Road User Charges and Vehicle Licences	33,685	0.8%	37,278	0.7%	49,287	0.9%	59,002	0.9%
Grants	377,398	8.8%	503,731	10.0%	558,086	9.7%	507,425	7.7%
Programme	239,159	5.6%	244,847	4.9%	323,609	5.6%	332,181	5.0%
o/w HIPC Debt Relief Assistance	48,941	1.1%	47,164	0.9%	123,000	2.1%	124,000	1.9%
o/w External Donors Budgetary Support 4/	190,218	4.4%	197,683	3.9%	200,609	3.5%	208,181	3.2%
o/w UK DFID - \$' m	\$22.56		\$37.38		\$37.60		\$37.81	
o/w EU - \$' m	\$15.34		\$19.18		\$19.27		\$19.35	
o/w World Bank - \$' m	\$10.00		\$10.00		\$10.00		\$10.00	
o/w African Dev. Bank - \$' m	\$16.00		\$0.00		\$0.00		\$0.00	
Project - Other Projects	138,239	3.2%	258,884	5.1%	234,478	4.1%	175,244	2.7%
Total Expenditure and Lending minus Repayments	899,934	21.0%	1,222,472	24.3%	1,462,260	25.3%	1,315,606	20.0%
Recurrent Expenditure	681,054	15.9%	775,610	15.4%	898,924	15.6%	1,003,128	15.2%
Wages and Salaries	268,038	6.2%	304,602	6.1%	353,666	6.1%	388,399	5.9%
o/w Pensions, Gratuities and Other Allowances	16,847	0.4%	17,369	0.3%	16,520	0.3%	18,640	0.3%
o/w Contributions to Social Security	11,152	0.3%	15,754	0.3%	19,571	0.3%	22,313	0.3%

GOVERNMENT OF SIERRA LEONE
ANNEX 1-BUDGET PROFILE FOR FY2006-2009
In millions of Leones (Le'm)

PARTICULARS	FY2006	FY2006	FY2007	FY2007	FY2008	FY2008	FY2009	FY2009
	Est. Q1 - 4 Jan - Dec	% of GDP Le4,294.8b	Budget Q1 - 4 Jan - Dec	% of GDP Le5,029.9b	Indicative Q1 - 4 Jan - Dec	% of GDP Le5,773.1b	Indicative Q1 - 4 Jan - Dec	% of GDP Le6,581.9b
Non-Salary, Non-Interest Recurrent Expenditure	300,940	7.0%	357,772	7.1%	432,583	7.5%	501,959	7.6%
Goods and Services	196,936	4.6%	225,227	4.5%	288,452	5.0%	333,120	5.1%
o/w Social and Economic	74,113	1.7%	91,014	1.8%	109,585	1.9%	129,397	2.0%
General and Others	55,685	1.3%	62,991	1.3%	72,309	1.3%	82,241	1.2%
o/w National Revenue Authority	15,035	0.4%	19,129	0.4%	22,100	0.4%	26,747	0.4%
Statistics - Sierra Leone	1,500	0.0%	2,000	0.0%	2,280	0.0%	3,000	0.0%
Defence Expenditure	41,596	1.0%	43,732	0.9%	66,147	1.1%	75,414	1.1%
Police	18,354	0.4%	19,841	0.4%	29,166	0.5%	33,250	0.5%
Prisons	7,188	0.2%	7,649	0.2%	11,245	0.2%	12,819	0.2%
Transfers to Local Councils	34,338	0.8%	47,083	0.9%	56,510	1.0%	66,132	1.0%
Grants for Admin. Expenses	1,224	0.0%	1,285	0.0%	1,552	0.0%	1,832	0.0%
Grants for Devolved Functions	33,114	0.8%	45,798	0.9%	54,957	1.0%	64,300	1.0%
Grants to Educational Institutions	27,781	0.6%	31,626	0.6%	36,300	0.6%	41,385	0.6%
Transfer to Road Fund	33,685	0.8%	37,278	0.7%	49,287	0.9%	59,002	0.9%
Socially Oriented Outlays	200	0.0%	1,468	0.0%	1,684	0.0%	1,920	0.0%
Elections and Democratisation	8,000	0.2%	15,090	0.3%	350	0.0%	400	0.0%
o/w Domestic contribution	8,000	0.2%	15,090	0.3%	350	0.0%	400	0.0%
Total interest payments	112,077	2.6%	113,237	2.3%	112,675	2.0%	112,769	1.7%
Domestic Interest	82,982	1.9%	84,258	1.7%	82,248	1.4%	80,820	1.2%
Foreign Interest	29,095	0.7%	28,979	0.6%	30,428	0.5%	31,949	0.5%
Capital Expenditure and Net Lending	218,880	5.1%	446,862	8.9%	563,336	9.8%	312,478	4.7%
Development Expenditure	218,880	5.1%	446,862	8.9%	563,336	9.8%	312,478	4.7%
Foreign Loans and Grants	178,431	4.2%	364,997	7.3%	457,449	7.9%	178,594	2.7%
Loan	40,192	0.9%	106,113	2.1%	222,971	3.9%	3,350	0.1%
Grants	138,239	3.2%	258,884	5.1%	234,478	4.1%	175,244	2.7%
Domestic	40,449	0.9%	81,865	1.6%	105,887	1.8%	133,884	2.0%
Lending minus Repayment	0	0.0%	0	0.0%	0	0.0%	0	0.0%
OVERALL DEFICIT/SURPLUS (-) (+)								
(on commitment basis) including grants	21,501	0.5%	(43,833)	-0.9%	(118,229)	-2.0%	142,387	2.2%
excluding grants	(355,897)	-8.3%	(547,564)	-10.9%	(676,315)	-11.7%	(365,038)	-5.5%
basic primary balance 1/ 2/	(65,389)	-1.5%	(69,330)	-1.4%	(106,191)	-1.8%	(73,674)	-1.1%

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GOVERNMENT OF SIERRA LEONE
ANNEX 1–BUDGET PROFILE FOR FY2006–2009
In millions of Leones (Le'm)

PARTICULARS	FY2006	FY2006	FY2007	FY2007	FY2008	FY2008	FY2009	FY2009
	Est.	% of GDP	Budget	% of GDP	Indicative	% of GDP	Indicative	% of GDP
	Q1 - 4		Q1 - 4		Q1 - 4		Q1 - 4	
	Jan - Dec	Le4,294.8b	Jan - Dec	Le5,029.9b	Jan - Dec	Le5,773.1b	Jan - Dec	Le6,581.9b
Contingency Expenditure	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Change in Arrears:	(1,699)	0.0%	(2,135)	0.0%	(2,135)	0.0%	(2,135)	0.0%
Domestic Suppliers	(282)	0.0%	(354)	0.0%	(500)	0.0%	(500)	0.0%
Govt. Arrears to Parastatals	(582)	0.0%	(731)	0.0%	(800)	0.0%	(800)	0.0%
Wages Arrears 3/	(835)	0.0%	(1,050)	0.0%	(835)	0.0%	(835)	0.0%
Others	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<i>OVERALL DEFICIT (CASH BASIS)</i>								
Including grants	19,802	0.5%	(45,968)	-0.9%	(120,364)	-2.1%	140,252	2.1%
<i>TOTAL FINANCING</i>	(19,802)	-0.5%	45,968	0.9%	120,364	2.1%	(140,252)	-2.1%
Foreign	(35,132)	-0.8%	31,189	0.6%	109,949	1.9%	(130,986)	-2.0%
Borrowing (Loans)	40,192	0.9%	106,113	2.1%	222,971	3.9%	3,350	0.1%
Project	40,192	0.9%	106,113	2.1%	222,971	3.9%	3,350	0.1%
Programme	0	0.0%	0	0.0%	0	0.0%	0	0.0%
External Debt Amortisation	(75,324)	-1.8%	(74,924)	-1.5%	(113,022)	-2.0%	(134,336)	-2.0%
Debt Relief	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Domestic Financing 2/	2,472	0.1%	(10,221)	-0.2%	(77,584)	-1.3%	(117,266)	-1.8%
Bank	(4,086)	-0.1%	(12,221)	-0.2%	(60,000)	-1.0%	(93,082)	-1.4%
Non-Bank	6,558	0.2%	2,000	0.0%	(17,584)	-0.3%	(24,184)	-0.4%
Privatisation receipts	12,859	0.3%	25,000	0.5%	88,000	1.5%	108,000	1.6%
Float	(1)	0.0%	(0)	0.0%	0	0.0%	0	0.0%
o/w: Cheques payable	(0)		0		0		0	
Unaccounted	(0)		0		0		0	
Financing Gap	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Memorandum Items:								
Public Debt Charges	187,401	4.4%	188,160	3.7%	225,698	3.9%	247,105	3.8%
o/w External Debt Payments (incl. HIPC Debt Relief)	104,419	2.4%	103,902	2.1%	143,450	2.5%	166,285	2.5%
External Budgetary Support (excl. HIPC Debt Relief)	190,218		197,683		200,609		208,181	
Nominal GDP Figure	4,294,759	100.0%	5,029,874	100.0%	5,773,128	100.0%	6,581,866	100.0%

1/ Domestic revenue less total expenditure and net lending, excluding interest payments and externally financed capital expenditure

2/ Fiscal Targets

3/ Wages Arrears - this is usual provision made to reduce stock of wage arrears

4/ External Budgetary Support - this includes performance tranches from both DFID and EC of GBP10 million and Euro7 million respectively in FY2007. These could only be disbursed if the assessment of the PAF related benchmarks agreed upon between Government and the donors is satisfactory.

ANNEX 2–NON SALARY, NON INTEREST RECURRENT BUDGETARY ALLOCATIONS FOR FY 2007 - 2009

Details		FY 2007 Budget Le' m	% of Total Non Int/Sal Recurr Exp	FY 2008 Indicative Le' m	% of Total Non Int/Sal Recurr Exp	FY 2009 Indicative Le' m	% of Total Non Int/Sal Recurr Exp
1	GENERAL SERVICES	71,847.5	20.1%	65,346.3	15.1%	74,419.1	14.8%
105	Ministry of Political and Parliamentary Affairs	197.0	0.06%	224.5	0.05%	244.8	0.05%
106	Ministry of Presidential Affairs	400.0	0.11%	456.0	0.11%	497.0	0.10%
107	Ministry of Local Government and Community Development	884.9	0.25%	1,008.8	0.23%	1,099.6	0.22%
	Office of the Permanent Secretary	285.0	0.08%	324.9	0.08%	354.2	0.07%
	Southern Province, Bo	200.0	0.06%	228.0	0.05%	248.5	0.05%
	Eastern Province, Kenema	200.0	0.06%	228.0	0.05%	248.5	0.05%
	Northern Province, Makeni	200.0	0.06%	228.0	0.05%	248.5	0.05%
110	Office of the President	5,305.9	1.48%	6,048.7	1.40%	6,593.1	1.31%
	Office of the Secretary to the President	2,900.7	0.81%	3,306.7	0.76%	3,604.4	0.72%
	National Assets Commission	132.3	0.04%	150.8	0.03%	164.4	0.03%
	National Policy Advisory Committee	120.2	0.03%	137.0	0.03%	149.4	0.03%
	Presidential Spokesman	125.5	0.04%	143.1	0.03%	155.9	0.03%
	Anti-Corruption Commission	843.6	0.24%	961.7	0.22%	1,048.2	0.21%
	Office of the Ombudsman	205.0	0.06%	233.7	0.05%	254.7	0.05%
	Independent Media Commission	108.5	0.03%	123.7	0.03%	134.8	0.03%
	Registration of Political Parties	252.5	0.07%	287.9	0.07%	313.8	0.06%
	Law Reform Commission	343.1	0.10%	391.1	0.09%	426.3	0.08%
	Sierra Leone Insurance Commission	112.4	0.03%	128.1	0.03%	139.6	0.03%
	Local Government Service Commission	162.3	0.05%	185.0	0.04%	201.6	0.04%
112	Office of the Vice President	967.6	0.27%	1,103.1	0.26%	1,202.4	0.24%
116	Parliament	2,550.0	0.71%	2,907.0	0.67%	3,168.6	0.63%
117	Cabinet Secretariat	340.3	0.10%	388.0	0.09%	422.9	0.08%
118	Supreme Court	212.3	0.06%	242.0	0.06%	263.8	0.05%
119	Court of Appeal	249.2	0.07%	284.1	0.07%	309.6	0.06%
120	High Court	912.2	0.25%	1,039.9	0.24%	1,133.5	0.23%
121	Audit Services	903.4	0.25%	1,029.9	0.24%	1,122.6	0.22%
122	Establishment Secretary's Office	393.1	0.11%	448.1	0.10%	488.5	0.10%

ANNEX 2–NON SALARY, NON INTEREST RECURRENT BUDGETARY ALLOCATIONS FOR FY 2007 - 2009

Details		FY 2007	% of Total	FY 2008	% of Total	FY 2009	% of Total
		Budget Le' m	Non Int/Sal Recurr Exp	Indicative Le' m	Non Int/Sal Recurr Exp	Indicative Le' m	Non Int/Sal Recurr Exp
123	Public Service Commission	252.8	0.07%	288.2	0.07%	314.2	0.06%
124	Law Officers' Department	1,044.3	0.29%	1,190.5	0.28%	1,297.7	0.26%
	Office of the Solicitor General	783.1	0.22%	892.7	0.21%	973.0	0.19%
	Administrator and Registrar General	261.3	0.07%	297.8	0.07%	324.6	0.06%
125	Ministry of Development and Economic Planning	2,371.8	0.66%	2,703.8	0.63%	2,947.1	0.59%
	Office of the Development Secretary	2,151.6	0.60%	2,452.9	0.57%	2,673.6	0.53%
	National Authorising Office	220.1	0.06%	250.9	0.06%	273.5	0.05%
128	Ministry of Foreign Affairs and International						
	Co-operation	9,073.5	2.54%	10,343.8	2.39%	11,274.7	2.25%
	Office of the Permanent Secretary	2,606.0	0.73%	2,970.9	0.69%	3,238.3	0.65%
	High Commission, London	460.0	0.13%	524.4	0.12%	571.6	0.11%
	U.N. Delegation	460.0	0.13%	524.4	0.12%	571.6	0.11%
	High Commission, Lagos	373.7	0.10%	426.0	0.10%	464.3	0.09%
	Embassy, Monrovia	339.5	0.09%	387.0	0.09%	421.8	0.08%
	Embassy, Conakry	388.9	0.11%	443.3	0.10%	483.2	0.10%
	Embassy, Washington	450.7	0.13%	513.8	0.12%	560.0	0.11%
	Embassy, Moscow	415.8	0.12%	474.0	0.11%	516.6	0.10%
	Embassy, Addis Ababa	458.2	0.13%	522.3	0.12%	569.3	0.11%
	Embassy, Beijing	435.9	0.12%	496.9	0.11%	541.6	0.11%
	High Commission, Banjul	406.1	0.11%	462.9	0.11%	504.6	0.10%
	Embassy, Brussels	383.5	0.11%	437.1	0.10%	476.5	0.09%
	Embassy, Saudi Arabia	335.1	0.09%	382.0	0.09%	416.4	0.08%
	Embassy, Bonn	433.4	0.12%	494.1	0.11%	538.5	0.11%
	Embassy, Iran	323.6	0.09%	368.9	0.09%	402.1	0.08%
	Embassy, Accra	466.2	0.13%	531.5	0.12%	579.3	0.12%
	Embassy, Libya	337.1	0.09%	384.3	0.09%	418.9	0.08%
129	Ministry of Finance	4,300.0	1.20%	4,902.0	1.13%	5,343.2	1.06%
130	National Revenue Authority	19,128.9	5.35%	22,099.7	5.11%	26,747.0	5.33%
131	Revenue Appellate Board	52.5	0.01%	59.9	0.01%	65.2	0.01%
132	Accountant General's Department	800.8	0.22%	912.9	0.21%	995.1	0.20%
133	Ministry of Information and Broadcasting	569.3	0.16%	649.0	0.15%	707.4	0.14%
134	Electoral Commission of Sierra Leone	15,090.0	4.22%	350.0	0.08%	400.0	0.08%

ANNEX 2–NON SALARY, NON INTEREST RECURRENT BUDGETARY ALLOCATIONS FOR FY 2007 - 2009

Details		FY 2007 Budget Le' m	% of Total Non Int/Sal Recurr Exp	FY 2008 Indicative Le' m	% of Total Non Int/Sal Recurr Exp	FY 2009 Indicative Le' m	% of Total Non Int/Sal Recurr Exp
137	National Commission for Democracy	312.4	0.09%	356.1	0.08%	388.1	0.08%
138	Statistics - Sierra Leone	2,000.0	0.56%	2,280.0	0.53%	3,000.0	0.60%
139	National Commission for Privatisation	1,062.5	0.30%	1,211.3	0.28%	1,320.3	0.26%
140	Mass Media Services	562.9	0.16%	641.7	0.15%	699.5	0.14%
141	Government Printing Department	1,102.4	0.31%	1,256.8	0.29%	1,369.9	0.27%
142	National Public Procurement Authority	500.0	0.14%	570.0	0.13%	621.3	0.12%
143	Justice and Legal Service Commission	152.5	0.04%	173.9	0.04%	189.5	0.04%
144	National Commission for Human Rights	155.0	0.04%	176.7	0.04%	192.6	0.04%
	2 SECURITY SERVICES	74,887.4	20.9%	110,736.3	25.6%	126,036.3	25.1%
201	Ministry of Defence	43,732.0	12.22%	66,147.3	15.29%	75,413.7	15.02%
205	Ministry of Internal Affairs	448.0	0.13%	510.7	0.12%	556.6	0.11%
	Office of the Permanent Secretary	297.9	0.08%	339.6	0.08%	370.1	0.07%
	National Registration Secretariat	150.1	0.04%	171.1	0.04%	186.5	0.04%
206	Police	19,841.0	5.55%	29,166.3	6.74%	33,249.5	6.62%
207	Prisons Department	7,649.4	2.14%	11,244.6	2.60%	12,818.8	2.55%
208	National Fire Authority	1,415.1	0.40%	1,613.2	0.37%	1,758.4	0.35%
210	National Security Adviser's Office	746.7	0.21%	851.2	0.20%	927.8	0.18%
211	Immigration Department	660.5	0.18%	752.9	0.17%	820.7	0.16%
212	National Drugs Secretariat	394.9	0.11%	450.2	0.10%	490.7	0.10%

ANNEX 2–NON SALARY, NON INTEREST RECURRENT BUDGETARY ALLOCATIONS FOR FY 2007 - 2009

Details		FY 2007	% of Total	FY 2008	% of Total	FY 2009	% of Total
		Budget Le' m	Non Int/Sal Recurr Exp	Indicative Le' m	Non Int/Sal Recurr Exp	Indicative Le' m	Non Int/Sal Recurr Exp
3	SOCIAL SERVICES	95,128.6	26.6%	112,793.9	26.1%	131,936.1	26.3%
301	Ministry of Education, Science and Technology	52,117.4	14.57%	61,258.0	14.16%	71,689.4	14.28%
	Office of the Permanent Secretary	7,418.7	2.07%	8,902.5	2.06%	10,415.9	2.08%
	<i>of which: Grants-in-Aid</i>	5,017.1	1.40%	6,020.5	1.39%	7,044.0	1.40%
	<i>of which: Sierra Leone Library Board</i>	519.6	0.15%	623.6	0.14%	729.6	0.15%
	Planning and Development Services	986.3	0.28%	1,183.5	0.27%	1,384.7	0.28%
	Pre-primary and Primary Education	1,605.9	0.45%	1,927.1	0.45%	2,254.7	0.45%
	<i>of which: Grants to Handicapped Schools</i>	752.3	0.21%	902.8	0.21%	1,056.3	0.21%
	Secondary Education	6,271.2	1.75%	7,525.4	1.74%	8,804.8	1.75%
	<i>of which: Grants in Aid to Government Boarding Schools</i>	2,410.6	0.67%	2,892.7	0.67%	3,384.4	0.67%
	<i>of which: Examination Fees to WAEC for WASCE</i>	2,068.9	0.58%	2,482.7	0.57%	2,904.8	0.58%
	<i>of which: Girl Child</i>	1,815.0	0.51%	2,178.0	0.50%	2,548.3	0.51%
	Tertiary and Teachers Education	32,110.7	8.98%	37,250.0	8.61%	43,600.0	8.69%
	<i>of which: Grants to Tertiary Institutions</i>	31,626.0	8.84%	36,300.0	8.39%	41,385.0	8.24%
	Technical/Vocational Education	2,334.4	0.65%	2,801.3	0.65%	3,277.5	0.65%
	Physical and Health Education	281.4	0.08%	337.7	0.08%	395.1	0.08%
	Inspectorate Division	313.1	0.09%	375.7	0.09%	439.6	0.09%
	Non Formal Education	289.6	0.08%	347.5	0.08%	406.5	0.08%
	Higher Education, Science and Technology	331.9	0.09%	398.2	0.09%	465.9	0.09%
	Science and Technology Committee	174.2	0.05%	209.0	0.05%	244.6	0.05%
302	Ministry of Youth and Sports	1,436.7	0.40%	1,724.1	0.40%	2,017.2	0.40%
	<i>of which: Sports Competitions</i>	562.0	0.16%	674.4	0.16%	789.1	0.16%
	<i>of which: Youth Development Programmes</i>	382.3	0.11%	458.8	0.11%	536.8	0.11%
303	Ministry of Tourism and Culture (Culture Division)	483.7	0.14%	580.4	0.13%	679.1	0.14%
304	Ministry of Health and Sanitation	35,554.3	9.94%	42,665.2	9.86%	49,918.2	9.94%
	Administration Division	3,777.7	1.06%	4,533.3	1.05%	5,303.9	1.06%
	Human Resources Management	1,728.6	0.48%	2,074.3	0.48%	2,427.0	0.48%
	Primary Health Care Services	6,520.7	1.82%	7,824.9	1.81%	9,155.1	1.82%
	<i>of which: Maternal and Child Health/EPI</i>	2,128.9	0.60%	2,554.7	0.59%	2,989.0	0.60%
	National School Health Programme	528.6	0.15%	634.3	0.15%	742.2	0.15%
	Malaria Prevention and Control	797.4	0.22%	956.9	0.22%	1,119.5	0.22%
	STI/HIV/AIDS Prevention and Control Programme	878.7	0.25%	1,054.5	0.24%	1,233.7	0.25%
	Secondary Health Care Services (District Hospitals)	11,982.7	3.35%	14,379.2	3.32%	16,823.6	3.35%
	Tertiary Health Care Services (National and Referral Hospitals)	6,373.9	1.78%	7,648.7	1.77%	8,949.0	1.78%
	Support Services	5,170.7	1.45%	6,204.8	1.43%	7,259.6	1.45%
	<i>of which: Drugs and Medical Supplies</i>	2,816.0	0.79%	3,379.2	0.78%	3,953.6	0.79%

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ANNEX 2–NON SALARY, NON INTEREST RECURRENT BUDGETARY ALLOCATIONS FOR FY 2007 - 2009

Details		FY 2007 Budget Le' m	% of Total Non Int/Sal Recurr Exp	FY 2008 Indicative Le' m	% of Total Non Int/Sal Recurr Exp	FY 2009 Indicative Le' m	% of Total Non Int/Sal Recurr Exp
305	Ministry of Social Welfare, Gender and Children's Affairs	1,134.0	0.32%	1,360.8	0.31%	1,592.1	0.32%
	<i>of which:</i> Grants to Welfare Institutions	88.9	0.02%	106.7	0.02%	124.8	0.02%
	<i>of which:</i> Diets for Approved School and Remand Home	113.5	0.03%	136.2	0.03%	159.3	0.03%
	<i>of which:</i> Social Development Programmes	85.6	0.02%	102.8	0.02%	120.2	0.02%
306	Ministry of Lands, Country Planning and the Environment	1,726.0	0.48%	2,071.2	0.48%	2,423.4	0.48%
	<i>of which:</i> Rent and Rates	760.7	0.21%	912.8	0.21%	1,068.0	0.21%
307	Gender and Children's Affairs Division	1,038.5	0.29%	1,246.2	0.29%	1,458.0	0.29%
	Office of the Permanent Secretary	136.8	0.04%	164.2	0.04%	192.1	0.04%
	Gender and Children's Affairs	287.9	0.08%	345.5	0.08%	404.2	0.08%
	<i>of which:</i> Gender and Children's Programmes	214.9	0.06%	257.9	0.06%	301.7	0.06%
	National Commission for War Affected Children	613.7	0.17%	736.5	0.17%	861.7	0.17%
	<i>of which:</i> Reintegration of Street Children	566.7	0.16%	680.0	0.16%	795.6	0.16%
308	National Commission for Social Action	170.0	0.05%	204.0	0.05%	238.7	0.05%
∞	340 Socially Oriented Outlays	1,468.0	0.41%	1,684.0	0.39%	1,920.0	0.38%
	4 ECONOMIC SERVICES	66,257.0	18.5%	84,062.2	19.4%	99,767.6	19.9%
401	Ministry of Agriculture and Food Security	13,879.6	3.88%	16,655.5	3.85%	19,486.9	3.88%
	Office of the Permanent Secretary	813.6	0.23%	976.3	0.23%	1,142.3	0.23%
	Crop Division	961.8	0.27%	1,154.1	0.27%	1,350.3	0.27%
	Food Security Division	7,445.9	2.08%	8,935.1	2.07%	10,454.1	2.08%
	Livestock Division	391.0	0.11%	469.2	0.11%	548.9	0.11%
	Land and Water Development Division	633.3	0.18%	760.0	0.18%	889.2	0.18%
	Planning, Evaluation, Monitoring and Statistics Division (PEMSD)	1,173.4	0.33%	1,408.1	0.33%	1,647.5	0.33%
	Support to Agricultural Institutions	2,460.6	0.69%	2,952.7	0.68%	3,454.7	0.69%
402	Ministry of Marine Resources	610.1	0.17%	732.1	0.17%	856.6	0.17%
403	Ministry of Mineral Resources	1,461.7	0.41%	1,754.1	0.41%	2,052.3	0.41%
	Office of the Permanent Secretary	269.8	0.08%	323.8	0.07%	378.8	0.08%
	Mines Division	447.7	0.13%	537.2	0.12%	628.6	0.13%
	Geological Surveys	744.2	0.21%	893.0	0.21%	1,044.9	0.21%
	<i>of which:</i> Mining Cadastre	338.3	0.09%	405.9	0.09%	474.9	0.09%
404	Ministry of Transport and Communications	1,513.9	0.42%	1,816.6	0.42%	2,125.5	0.42%
	Office of the Permanent Secretary	889.2	0.25%	1,067.1	0.25%	1,248.5	0.25%
	<i>of which:</i> Vehicles	569.3	0.16%	683.1	0.16%	799.3	0.16%
	Civil Aviation Department	323.4	0.09%	388.1	0.09%	454.1	0.09%
	Meteorological Department	301.2	0.08%	361.4	0.08%	422.9	0.08%

ANNEX 2–NON SALARY, NON INTEREST RECURRENT BUDGETARY ALLOCATIONS FOR FY 2007 - 2009

	Details	FY 2007 Budget Le' m	% of Total Non Int/Sal Recurr Exp	FY 2008 Indicative Le' m	% of Total Non Int/Sal Recurr Exp	FY 2009 Indicative Le' m	% of Total Non Int/Sal Recurr Exp	
405	Ministry of Tourism and Culture (Tourism Division)	602.7	0.17%	723.2	0.17%	846.1	0.17%	
	<i>of which:</i> Grant to National Tourist Board	77.4	0.02%	92.9	0.02%	108.7	0.02%	
406	Ministry of Energy and Power	3,424.5	0.96%	4,109.4	0.95%	4,808.0	0.96%	
	Office of the Permanent Secretary	371.3	0.10%	445.6	0.10%	521.4	0.10%	
	Water Services	2,843.0	0.79%	3,411.6	0.79%	3,991.5	0.80%	
	<i>of which:</i> Grant to SALWACO	2,646.4	0.74%	3,175.7	0.73%	3,715.6	0.74%	
	Radiation Protection Unit	210.2	0.06%	252.2	0.06%	295.1	0.06%	
407	Ministry of Labour, Industrial Relations and Social Security	1,081.1	0.30%	1,297.3	0.30%	1,517.9	0.30%	
	<i>of which:</i> Social Safety Net	382.9	0.11%	459.4	0.11%	537.5	0.11%	
6	408	Ministry of Works, Housing and Technical Maintenance	3,690.1	1.03%	4,428.1	1.02%	5,180.9	1.03%
	Office of the Permanent Secretary	568.7	0.16%	682.5	0.16%	798.5	0.16%	
	Architectural, Design, Construction and Maint. Div.	2,398.4	0.67%	2,878.1	0.67%	3,367.4	0.67%	
	<i>of which:</i> Government Buildings	1,847.0	0.52%	2,216.4	0.51%	2,593.1	0.52%	
	Civil Engineering Works Division	302.6	0.08%	363.1	0.08%	424.8	0.08%	
	Mechanical Division	186.4	0.05%	223.7	0.05%	261.7	0.05%	
	Housing Division	234.0	0.07%	280.8	0.06%	328.6	0.07%	
409	Ministry of Trade and Industry	1,542.2	0.43%	1,850.7	0.43%	2,165.3	0.43%	
	Office of the Permanent Secretary	1,302.0	0.36%	1,562.4	0.36%	1,828.0	0.36%	
	<i>of which:</i> Sierra Leone Standards Bureau	177.7	0.05%	213.3	0.05%	249.5	0.05%	
	<i>of which:</i> SLEDIC	240.9	0.07%	289.1	0.07%	338.3	0.07%	
	Department of Co-operatives	240.2	0.07%	288.2	0.07%	337.2	0.07%	
410	National Commission on Environment and Forestry	973.2	0.27%	1,167.8	0.27%	1,366.3	0.27%	
411	Transfer to Road Fund	37,278.0	10.42%	49,287.4	11.39%	59,002.1	11.75%	
412	National Telecommunications Commission	200.0	0.06%	240.0	0.06%	359.8	0.07%	

ANNEX 2–NON SALARY, NON INTEREST RECURRENT BUDGETARY ALLOCATIONS FOR FY 2007 - 2009

Details	FY 2007 Budget Le' m	% of Total Non Int/Sal Recurr Exp	FY 2008 Indicative Le' m	% of Total Non Int/Sal Recurr Exp	FY 2009 Indicative Le' m	% of Total Non Int/Sal Recurr Exp
5 MISCELLANEOUS SERVICES	2,568.2	0.72%	3,134.7	0.72%	3,667.6	0.73%
Miscellaneous Services	2,568.2	0.72%	3,134.7	0.72%	3,667.6	0.73%
501001 Miscellaneous Services - Secretary to the President	652.0	0.18%	782.4	0.18%	915.5	0.18%
501002 Miscellaneous Services - General	1,338.0	0.37%	1,658.4	0.38%	1,940.3	0.39%
501003 Miscellaneous Services - Accountant-General's Office	370.0	0.10%	444.0	0.10%	519.5	0.10%
501004 Miscellaneous Services - Vice-President's Office	208.2	0.06%	249.9	0.06%	292.3	0.06%
7 TRANSFERS TO LOCAL COUNCILS	47,083.1	11.5%	56,509.7	11.4%	66,132.4	11.5%
Grants for General Administrative Expenses	1,285.2	0.36%	1,542.2	0.36%	1,804.4	0.36%
Local Government Grants	1,285.2	0.36%	1,552.2	0.36%	1,832.1	0.36%
Grants for Devolved Functions	45,797.9	11.15%	54,957.5	11.06%	64,300.2	11.16%
Sensitisation on Fire Prevention Services	200.0	0.06%	239.9	0.06%	280.7	0.06%
Education Services	29,221.2	6.60%	35,065.4	6.55%	41,026.6	6.60%
Administration	1,000.0	0.28%	1,200.0	0.28%	1,404.0	0.28%
Pre-primary and Primary Education	20,864.8	5.83%	25,037.7	5.79%	29,294.2	5.84%
<i>of which:</i> Examination Fees to WAEC for NPSE	3,290.4	0.92%	3,948.5	0.91%	4,619.7	0.92%
<i>of which:</i> Govt. and Govt. Assisted Schools	17,574.4	4.91%	21,089.2	4.88%	24,674.4	4.92%
School Fees Subsidy	8,871.1	2.48%	10,645.3	2.46%	12,455.0	2.48%
Textbooks	5,442.2	1.52%	6,530.7	1.51%	7,640.9	1.52%
Teaching and Learning Materials	3,261.0	0.91%	3,913.3	0.90%	4,578.5	0.91%
Secondary Education	4,356.4	0.77%	5,227.7	0.76%	6,116.4	0.77%
<i>of which:</i> Examination Fees to WAEC for BECE	2,744.8	0.77%	3,293.7	0.76%	3,853.6	0.77%
<i>of which:</i> Textbooks	1,611.7	0.45%	1,934.0	0.45%	2,262.8	0.45%
School Supervision	320.0	0.09%	384.0	0.09%	449.3	0.09%
Government Libraries	680.0	0.19%	816.0	0.19%	954.7	0.19%
Education Development	2,000.0	0.56%	2,400.0	0.55%	2,808.0	0.56%

ANNEX 2–NON SALARY, NON INTEREST RECURRENT BUDGETARY ALLOCATIONS FOR FY 2007 - 2009

Details	FY 2007	% of Total	FY 2008	% of Total	FY 2009	% of Total
	Budget Le' m	Non Int/Sal Recurr Exp	Indicative Le' m	Non Int/Sal Recurr Exp	Indicative Le' m	Non Int/Sal Recurr Exp
Youths and Sports Services	283.2	0.04%	339.8	0.04%	397.5	0.04%
Sports Competitions	100.7	0.03%	120.8	0.03%	141.3	0.03%
Sports Equipment	49.5	0.01%	59.4	0.01%	69.5	0.01%
Youths Division	133.0	0.04%	159.6	0.04%	186.7	0.04%
Solid Waste Management Services	1,552.0	0.43%	1,862.4	0.43%	2,179.0	0.43%
Health Care Services	10,700.5	2.99%	12,840.6	2.97%	15,023.5	2.99%
District Peripheral Health Care Services (PHCs)	10,700.5	2.99%	12,840.6	2.97%	15,023.5	2.99%
Social Welfare, Gender and Children's Affairs	370.3	0.10%	444.3	0.10%	519.9	0.10%
Social Welfare Division	213.3	0.06%	255.9	0.06%	299.5	0.06%
Gender and Children's Affairs Division	157.0	0.04%	188.4	0.04%	220.4	0.04%
Agriculture and Food Security Services	2,615.8	0.68%	3,139.0	0.68%	3,672.6	0.68%
Crop Division	1,966.8	0.55%	2,360.1	0.55%	2,761.4	0.55%
Livestock Division	481.0	0.13%	577.2	0.13%	675.4	0.13%
Land and Water Development Division	168.0	0.05%	201.6	0.05%	235.9	0.05%
Fisheries and Marine Resources	85.0	0.02%	102.0	0.02%	119.3	0.02%
Water services	770.0	0.22%	924.0	0.21%	1,081.1	0.22%
Rural Water Services	770.0	0.22%	924.0	0.21%	1,081.1	0.22%
Total Non Salary, Non Interest Recurrent Expenditure Provisions	357,771.9	100.0%	432,583.1	100.0%	501,958.9	100.0%
Goods and Services	225,226.8	62.95%	288,452.0	66.68%	333,119.5	66.36%
Social and Economic	91,013.6	25.44%	109,584.7	25.33%	129,396.6	25.78%
General and Others	62,990.8	17.61%	72,309.2	16.72%	82,240.9	16.38%
<i>o/w National Revenue Authority</i>	19,128.9	5.35%	22,099.7	5.11%	26,747.0	5.33%
<i>Statistics - Sierra Leone</i>	2,000.0	0.56%	2,280.0	0.53%	3,000.0	0.60%
Defence Expenditure	43,732.0	12.22%	66,147.3	15.29%	75,413.7	15.02%
Police	19,841.0	5.55%	29,166.3	6.74%	33,249.5	6.62%
Prisons	7,649.4	2.14%	11,244.6	2.60%	12,818.8	2.55%
Transfers to Local Councils	47,083.1	13.16%	56,509.7	13.06%	66,132.4	13.17%
Grants for Admin. Expenses	1,285.2	0.36%	1,552.2	0.36%	1,832.1	0.36%
Grants for Devolved Functions	45,797.9	11.15%	54,957.5	11.06%	64,300.2	11.16%
Grants to Educational Institutions	31,626.0	8.84%	36,300.0	8.39%	41,385.0	8.24%
Transfer to Road Fund	37,278.0	10.42%	49,287.4	11.39%	59,002.1	11.75%
Socially Oriented Outlays	1,468.0	0.41%	1,684.0	0.39%	1,920.0	0.38%
Elections and Democratiation	15,090.0	4.22%	350.0	0.08%	400.0	0.08%

ANNEX 3: DEVELOPMENT EXPENDITURE ESTIMATES BY MINISTRY AND PROJECT THE MTEF PERIOD 2007 - 2009

MINISTRIES AND PROJECTS	TYPE OF FINANCE L=LOAN G=GRANT	Major Donors	2007		2008		2009	
			Foreign Le 'm	Domestic Le 'm	Foreign Le 'm	Domestic Le 'm	Foreign Le 'm	Domestic Le 'm
MINISTRY OF PRESIDENTIAL AND PUBLIC AFFAIRS			3,200.0	500.0	2,000.0	900.0	9,600.0	1,300.0
Governance Reform Project II	G	UK-DFID	3,200.0	100.0	2,000.0	200.0	9,600.0	300.0
African Peer Review Mechanism (APRM)			-	400.0	-	700.0	-	1,000.0
MINISTRY OF LOCAL GOVERNMENT AND COMMUNITY DEVELOPMENT			12,054.0	300.0	7,219.6	800.0	7,219.6	1,000.0
Decentralization and Capacity Building (IRCBP)	G	IDA/EC	12,054.0	-	7,219.6	-	7,219.6	-
Coordination and Monitoring of Local Councils		GOSL	-	300.0	-	800.0	-	1,000.0
OFFICE OF THE PRESIDENT			2,500.0	2,600.0	2,500.0	3,900.0	3,000.0	4,700.0
Expansion of Anti-Corruption Commission		GOSL	-	300.0	-	900.0	-	1,200.0
Support to Anti-Corruption Commission	G	DFID	2,500.0	-	2,500.0	-	3,000.0	-
HIV/AIDS Response Project	L	IDA	-	300.0	-	500.0	-	800.0
Rehabilitation of State House and Presidential Lodge		GOSL	-	2,000.0	-	2,500.0	-	2,700.0
OFFICE OF THE VICE-PRESIDENT			4,900.0	3,900.0	2,000.0	1,600.0	2,500.0	2,200.0
Reconstruction of the Office of the Vice President		GOSL	-	2,900.0	-	-	-	-
Development Assistance Coordinating Office (DACO)	G	MULTI	4,900.0	500.0	2,000.0	800.0	2,500.0	900.0
Youth Empowerment Programme		GOSL	-	500.0	-	800.0	-	1,300.0
ESTABLISHMENT SECRETARY'S OFFICE			-	500.0	-	1,000.0	-	1,500.0
Rehabilitation of Civil Service Training College		GOSL	-	500.0	-	1,000.0	-	1,500.0
Development Learning Centre - (IRCBP)	G	IDA	-	-	-	-	-	-
MINISTRY OF DEVELOPMENT AND ECONOMIC PLANNING			2,402.8	1,700.0	4,927.8	1,875.0	3,036.3	2,200.0
Project Planning and Plan Implementation		GOSL	-	600.0	-	600.0	-	800.0
New Partnership for African Development (NEPAD)		GOSL	-	60.0	-	75.0	-	90.0
Support to Population Implementation Project	G	UNFPA	-	60.0	-	75.0	-	90.0
Support to NGO Coordination Unit	G	UNDP	-	60.0	-	75.0	-	90.0
Commonwealth and UNDP Funded Small and Medium Scale Programme	G	C/WTH/UNDP	-	160.0	-	75.0	-	90.0
Support to the NAO	G	EC	2,084.8	-	3,790.6	-	2,236.5	-
Housing and Population Census	G	EC	318.0	-	1,137.2	-	799.8	-
West African Monetary Zone WAMZ		GOSL	-	60.0	-	75.0	-	90.0
Strategic Planning and Action Process (SPP)		GOSL	-	700.0	-	900.0	-	950.0

ANNEX 3: DEVELOPMENT EXPENDITURE ESTIMATES BY MINISTRY AND PROJECT THE MTEF PERIOD 2007 - 2009

MINISTRIES AND PROJECTS	TYPE OF FINANCE L=LOAN G=GRANT	Major Donors	2007		2008		2009	
			Foreign Le 'm	Domestic Le 'm	Foreign Le 'm	Domestic Le 'm	Foreign Le 'm	Domestic Le 'm
OFFICE OF THE ATTORNEY GENERAL AND MINISTER OF JUSTICE			5,500.0	-	6,000.0	-	6,500.0	-
Justice Sector Development Project	G	DFID	5,500.0	-	6,000.0	-	6,500.0	-
MINISTRY OF FOREIGN AFFAIRS			-	600.0	-	700.0	-	850.0
Rehabilitation and Refurbishing of Foreign Missions		GOSL	-	600.0	-	700.0	-	850.0
MINISTRY OF FINANCE			15,700.2	1,700.0	17,852.9	1,950.0	13,538.2	2,150.0
Medium Term Expenditure Framework (MTEF)		GOSL	-	700.0	-	750.0	-	850.0
Public Expenditure Tracking Survey (PETS)		GOSL	-	400.0	-	450.0	-	500.0
Capacity Building, Governance and Poverty Reduction Institutional Strengthening of the Ministry of Finance	G	ADF/TAF	2,800.0	100.0	2,800.0	200.0	3,000.0	200.0
Technical Assistance for PRBS	G	EC	4,169.7	100.0	1,516.2	-	-	-
Technical Assistance for Capacity Building	G	EC	3,032.5	-	3,032.5	-	-	-
Institutional Reform and Capacity Building Project (IRCBP)-PCU	G	IDB	-	100.0	-	-	-	-
Fiscal Decentralization and Local Government Financing	G	IDA	-	100.0	1,133.0	200.0	1,133.0	200.0
Public Financial Management Reform - IRCBP	G	IDA	5,698.0	-	1,424.0	-	1,424.0	-
Civil Society Capacity Building and Local Accountability Mechanisms Project	G	EC	-	-	7,581.2	100.0	7,581.2	200.0
MASS MEDIA SERVICES			-	1,000.0	-	1,500.0	-	-
Expansion of Media Services Project		GOSL	-	1,000.0	-	1,500.0	-	-
DEFENCE			-	1,000.0	-	1,000.0	-	1,500.0
Reconstruction/Rehabilitation of Military Barracks		GOSL	-	1,000.0	-	1,000.0	-	1,500.0
SIERRA LEONE POLICE			-	2,000.0	-	1,000.0	-	1,000.0
Reconstruction of Criminal Investigations Department Headquarter		GOSL	-	1,000.0	-	-	-	-
Rehabilitation and Reconstruction of Police Stations		GOSL	-	1,000.0	-	1,000.0	-	1,000.0

ANNEX 3: DEVELOPMENT EXPENDITURE ESTIMATES BY MINISTRY AND PROJECT THE MTEF PERIOD 2007 - 2009

MINISTRIES AND PROJECTS	TYPE OF FINANCE L=LOAN G=GRANT	Major Donors	2007		2008		2009		
			Foreign Le 'm	Domestic Le 'm	Foreign Le 'm	Domestic Le 'm	Foreign Le 'm	Domestic Le 'm	
PRISON'S DEPARTMENT									
Construction of Prisons Headquarters		GOSL	-	250.0	-	-	-	-	-
NATIONAL DRUGS SECRETARIAT									
Rehabilitation and Reconstruction of the National Drugs Agency H/Q		GOSL	-	250.0	-	-	-	-	-
MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY									
			8,480.0	3,700.0	17,600.0	3,600.0	-	1,400.0	
Construction and Reconstruction of Primary Schools	L	IDB	1,280.0	300.0	-	-	-	-	-
Illetracy Eradication Project (IDB)	G	IDB	-	400.0	-	350.0	-	400.0	-
Rehabilitation of Bunumbu Teachers College		GOSL	-	200.0	-	250.0	-	-	-
Rehabilitation of Njala University College of Sierra Leone	L	BADEA	1,600.0	1,500.0	1,600.0	1,500.0	-	-	-
Rehabilitation of Basic Education Project (SABABU Education Project)	G	IDA/ADF	5,600.0	300.0	16,000.0	500.0	-	-	-
Support to Secondary and Tertiary Education		GOSL	-	1,000.0	-	1,000.0	-	1,000.0	-
MINISTRY OF HEALTH AND SANITATION									
			46,009.6	1,420.0	31,166.2	880.0	31,030.5	800.0	
Health Sector Reconstruction and Development Project	G	IDA	18,000.0	500.0	900.0	300.0	7,500.0	100.0	-
Health Sector Support Project	G	EC	7,657.0	-	11,371.8	-	3,790.6	-	-
Strengthening of District Health Services Project	G	ADB	14,879.0	920.0	16,620.0	580.0	18,000.0	700.0	-
Transitional Support - Health Sector (Health LRRD)	G	EC	5,473.6	-	2,274.4	-	1,739.9	-	-
MINISTRY OF LANDS, FORESTRY AND ENVIRONMENT									
			-	200.0	-	500.0	-	500.0	
State Land Management Project		GOSL	-	200.0	-	500.0	-	500.0	-
NATIONAL COMMISSION FOR SOCIAL ACTION (NaCSA)									
			49,950.0	3,100.0	25,500.0	2,000.0	-	-	
National Social Action Programme(NSAP)	L	IDA	18,000.0	1,300.0	15,000.0	1,500.0	-	-	-
Social Action Support Programme I (SASP I)	L	ADB	15,000.0	950.0	10,500.0	500.0	-	-	-
Social Action Support Programme II (SASP II)	L	IDB	4,500.0	450.0	-	-	-	-	-
The Rural Infrastructure Dev Project	L	IDB	12,450.0	400.0	-	-	-	-	-

ANNEX 3: DEVELOPMENT EXPENDITURE ESTIMATES BY MINISTRY AND PROJECT THE MTEF PERIOD 2007 - 2009

MINISTRIES AND PROJECTS	TYPE OF FINANCE L=LOAN G=GRANT	Major Donors	2007		2008		2009	
			Foreign Le 'm	Domestic Le 'm	Foreign Le 'm	Domestic Le 'm	Foreign Le 'm	Domestic Le 'm
MINISTRY OF AGRICULTURE AND FOOD SECURITY			43,277.9	7,340.0	34,696.2	2,400.0	15,185.0	2,800.0
Seed Multiplication Project	G	GTZ/FAD	2,940.0	300.0	2,500.0	150.0	2,400.0	200.0
NERICA Rice Project	G	ADB	3,840.0	600.0	1,350.0	550.0	135.0	500.0
Agricultural Sector Rehabilitation Project	L	ADB	3,500.0	400.0	4,000.0	500.0	450.0	600.0
Rehabilitation and Community Based Poverty Reduction ProjectI -IFAD	G	IFAD	2,250.0	400.0	4,000.0	500.0	3,500.0	400.0
Rhombe-Rolako Swamp Development Studies	G	ADB	2,850.0	-	3,500.0	200.0	3,000.0	500.0
Capacity Building for Oil Palm Production and Processing	G	IDB	2,850.0	500.0	5,700.0	500.0	5,700.0	600.0
Transitional Support LRRD (Food Security Component)	G	EC	15,192.3	-	7,581.2	-	-	-
Agricultural STABEX Project	G	EC	9,855.6	4,590.0	6,065.0	-	-	-
JICA Project		GOSL	-	100.0	-	-	-	-
Rehabilitation of Teko Livestock Training Centre		GOSL	-	100.0	-	-	-	-
Up Scaling of Operation Feed The Nation - Farmer Field Schools		GOSL	-	250.0	-	-	-	-
Food Security and Vulnerability Survey and Mapping Project		GOSL	-	100.0	-	-	-	-
MINISTRY OF MARINE RESOURCES			6,585.9	500.0	3,982.5	700.0	3,653.4	800.0
Artisanal Fisheries Development Project	L	ADF	900.0	500.0	950.0	700.0	1,000.0	800.0
Fish Stock Assessment Project	G	EC	5,685.9	-	3,032.5	-	2,653.4	-
MINISTRY OF MINERAL RESOURCES			1,667.8	500.0	758.1	1,500.0	758.1	2,000.0
Re-opening of Sierra Rutile Mines	G	EC	303.2	-	-	-	-	-
Technical Assistance - Mineral Resources	G	EC	1,364.6	-	758.1	-	758.1	-
Reconstruction of Regional Mines Offices and Quarters			-	500.0	-	1,500.0	-	2,000.0
MINISTRY OF TRANSPORT AND COMMUNICATIONS			4,830.0	500.0	9,138.0	500.0	9,138.0	600.0
Infrastructure Development Project	G	IDA	4,830.0	500.0	9,138.0	500.0	9,138.0	600.0
MINISTRY OF TOURISM AND CULTURE			-	200.0	-	500.0	-	800.0
TOURISM DIVISION			-	200.0	-	500.0	-	800.0
Tourism Development Project		GOSL	-	200.0	-	500.0	-	800.0

ANNEX 3: DEVELOPMENT EXPENDITURE ESTIMATES BY MINISTRY AND PROJECT THE MTEF PERIOD 2007 - 2009

MINISTRIES AND PROJECTS	TYPE OF FINANCE L=LOAN G=GRANT	Major Donors	2007		2008		2009	
			Foreign Le 'm	Domestic Le 'm	Foreign Le 'm	Domestic Le 'm	Foreign Le 'm	Domestic Le 'm
MINISTRY OF ENERGY AND POWER			15,398.1	25,805.0	3,745.3	27,900.0	1,900.0	37,500.0
WATER SERVICES DIVISION			5,398.1	2,000.0	3,745.3	3,500.0	1,900.0	4,500.0
Rehabilitation and Construction of Rural Water Facilities	L	IDB	1,600.0	1,000.0	1,850.0	1,500.0	1,900.0	2,000.0
Transitional Support LRRD (WATSAN Component)	G	EC	3,798.1	-	1,895.3	-	-	-
Sierra Leone Power and Water Project (Water Component)		GOSL	-	1,000.0	-	2,000.0	-	2,500.0
ELECTRICITY DIVISION			10,000.0	23,805.0	-	24,400.0	-	33,000.0
Bumbuna Hydro Electric Project	G	ADF/Italy	10,000.0	10,000.0	-	-	-	-
Bumbuna Hydro Electric Project Implementation Unit (PIU)		GOSL	-	500.0	-	450.0	-	200.0
Power Generation and Distribution Project (Western Area)		GOSL	-	1,500.0	-	1,500.0	-	2,000.0
Rehabilitation of Bo/Kenema Power Services		GOSL	-	500.0	-	700.0	-	800.0
Rural Electrification Project		GOSL	-	11,305.0	-	21,750.0	-	30,000.0
MINISTRY OF WORKS AND TECHNICAL MAINTENANCE			134,855.3	16,200.0	286,846.1	36,950.0	73,051.2	50,384.0
ROADS			134,855.3	9,500.0	286,846.1	24,300.0	70,018.8	36,384.0
Makeni-Matotoka Road	L	IDA	7,314.0	-	4,875.0	-	-	-
Bo-Kenema Road	L	IDA	15,555.0	-	10,371.0	-	-	-
Freetown-Monrovia Highway	L	ADB	-	-	-	-	-	-
Kenema-Koindu Road Rehabilitation	L	KFAED	-	-	125,000.0	-	-	-
Construction of Goderich-Waterloo Rural Coastal Road:								
Waterloo-Kent Junction-Tokeh - Lumley (Peninsular) Road	L	MULTI	13,614.0	-	27,225.0	-	-	-
Freetown-Conakry Highway (Rogbere-Pamelap)	G	EC	15,542.1	-	39,722.4	-	18,953.1	-
Road Infrastructure Programme	G	EC	6,823.1	-	7,581.2	-	7,581.2	-
Rehabilitation of Rural Roads	G	EC	12,130.0	-	11,371.8	-	11,371.8	-
SLRA Support Programme	G	EC	8,907.9	-	-	-	-	-
Construction of Freetown Hillside By-pass Road	L	OPEC/BADEA	10,800.0	-	21,600.0	-	-	-
New Lungi Airport Road	L	ADB	-	-	-	-	-	-
Masiaka-Bo Road Construction	G	EU	26,534.3	-	26,155.2	-	26,155.2	-
Songo-Moyamba Road Construction	G	EU	3,259.9	-	3,032.5	-	3,032.5	-
Rehabilitation and Reconstruction of Trunk Roads		GOSL	-	6,000.0	-	12,300.0	-	16,384.0
Rehabilitation and Reconstruction of Feeder Roads	G	EC/IDA/IDB	14,375.0	1,000.0	9,912.0	7,000.0	2,925.0	12,000.0
Rehabilitation of City and District Head Quarter Town Roads		GOSL	-	2,000.0	-	5,000.0	-	8,000.0
Rehabilitation of Rural Jetties		GOSL	-	500.0	-	-	-	-

ANNEX 3: DEVELOPMENT EXPENDITURE ESTIMATES BY MINISTRY AND PROJECT THE MTEF PERIOD 2007 - 2009

MINISTRIES AND PROJECTS	TYPE OF FINANCE L=LOAN G=GRANT	Major Donors	2007		2008		2009	
			Foreign Le 'm	Domestic Le 'm	Foreign Le 'm	Domestic Le 'm	Foreign Le 'm	Domestic Le 'm
BUILDINGS			-	6,700.0	-	12,650.0	-	14,000.0
Rehabilitation of Government Buildings		GOSL	-	500.0	-	650.0	-	1,500.0
Construction of Treasury Building		GOSL	-	2,000.0	-	-	-	-
Refurbishment of Parliament Building		GOSL	-	300.0	-	-	-	-
Reconstruction of Town and City Halls		GOSL	-	2,900.0	-	6,000.0	-	6,500.0
Shelter Development Project		GOSL	-	1,000.0	-	6,000.0	-	6,000.0
MINISTRY OF TRADE AND INDUSTRY			1,516.2	300.0	1,516.2	500.0	1,516.2	600.0
Growth Centre Programme		GOSL	-	100.0	-	200.0	-	250.0
Support to Standard Bureau		GOSL	-	200.0	-	300.0	-	350.0
Technical Assistance - Trade	G	EC	1,516.2	-	1,516.2	-	1,516.2	-
MISCELLANEOUS			-	800.0	-	1,232.0	-	1,500.0
Unallocated Development Expenditure		GOSL	-	800.0	-	1,232.0	-	1,500.0
LOCAL COUNCILS			6,168.7	5,000.0	-	10,500.0	-	15,800.0
Local Government Development Grants	G	IDA	-	5,000.0	-	10,500.0	-	15,800.0
Rural Development - RRP	G	EC	6,168.7	-	-	-	-	-
TOTAL			364,996.5	81,865.0	457,448.9	105,887.0	178,594.1	133,884.0
Total Foreign Loans			106,113.0		222,971.0		3,350.0	
Total Foreign Grants			258,883.5		234,477.9		175,244.1	
GOSL				81,865.0		105,887.0		133,884.0
GRAND TOTAL			364,996.5	81,865.0	457,448.9	105,887.0	178,594.1	133,884.0

ANNEX 4 - RESOURCE ENVELOPE AND EXPENDITURE PROFILE, 2006 - 2009 - IN MILLIONS OF LEONES

	2006 Est.	2007 Budget	2008 Indicative	2009 Indicative
Total Budgetary Resources	901,634.1	1,224,607.0	1,464,395.4	1,317,740.5
Domestic Resources	559,368.0	689,687.0	796,360.4	941,302.1
Domestic Revenue	544,037.0	674,908.0	785,944.4	950,568.1
Domestic Financing (net)	2,472.0	(10,221.0)	(77,584.0)	(117,266.0)
of which: Bank Financing	(4,086.0)	(12,221.0)	(60,000.0)	(93,082.0)
Privatisation Receipts	12,859.0	25,000.0	88,000.0	108,000.0
External Resources	342,266.1	534,920.0	668,035.0	376,438.5
Grants	377,398.0	503,730.6	558,086.4	507,424.6
HIPC Debt Relief	48,941.0	47,163.9	123,000.0	124,000.0
Programme Grants (Direct Budgetary Support)	190,218.0	197,683.2	200,608.5	208,180.5
Loans	40,192.0	106,113.0	222,971.0	3,350.0
of which: Programme Loans (Direct Budgetary Support)	-	-	-	-
Amortisation + Change in Foreign Arrears + Debt Relief	(75,323.9)	(74,923.6)	(113,022.4)	(134,336.1)
	-	-	-	-
Total Expenditure	901,634.1	1,224,607.0	1,464,395.4	1,317,740.5
Recurrent Expenditure	681,054.5	775,610.3	898,924.0	1,003,127.5
Wages and salaries	268,037.5	304,601.6	353,665.7	388,399.4
Non-salary, non-interest recurrent expenditure	300,940.0	357,771.9	432,583.1	501,958.9
Interest payments	112,077.0	113,236.8	112,675.2	112,769.2
Development Expenditure	218,880.0	446,861.5	563,335.9	312,478.1
of which: Domestic Development	40,449.0	81,865.0	105,887.0	133,884.0
Net Lending	-	-	-	-
Change in Arrears	1,699.0	2,135.0	2,135.0	2,135.0
Others (Unaccounted for)	0.6	0.2	0.5	0.1
Nominal GDP	4,294,759.0	5,029,874.0	5,773,127.7	6,581,866.0
Memorandum Items				
% of Recurrent to Total Expenditure	75.5%	63.3%	61.4%	76.1%
% of Development to Total Expenditure	24.3%	36.5%	38.5%	23.7%
% of Domestic Revenue to Recurrent Expenditure	79.9%	87.0%	87.4%	94.8%
% of Domestic Revenue to Total Expenditure	60.3%	55.1%	53.7%	72.1%
% of Wages and Salaries to Domestic Revenue	49.3%	45.1%	45.0%	40.9%
% increase in Domestic Revenue	24.1%	24.1%	16.5%	20.9%
% increase in Total Expenditure	35.8%	35.8%	19.6%	-10.0%
% of Domestic Revenue to Nominal GDP	12.7%	13.4%	13.6%	14.4%
% of Recurrent Expenditure to Nominal GDP	15.9%	15.4%	15.6%	15.2%
% of Development Expenditure to Nominal GDP	5.1%	8.9%	9.8%	4.7%

ANNEX - 5 SUMMARY OF GRANTS ALLOCATED TO LOCAL COUNCILS, FY 2007 In Leones

Council	Non-Salary Recurrent Expenditure						Development Expenditure			Total Vertical Allocation for 2007
	Administration	Health	Education	Agriculture	Solid Waste Management	Rural Water Services	Others	Local Govt. Development Grant	Road Grant	
Bo District	255,244,251	881,253,359	1,159,659,657	150,881,556	28,522,758	49,742,931	42,721,362	382,984,110	167,099,357	3,118,109,343
Bo Town	114,204, 879	253,167,526	1,330,544,951	24,296,388	130,848,852	-	39,312,071	282,343,157	128,723,133	2,303,440,956
Bombali District	191,478,774	805,448,918	2,142,273,763	221,589,310	6,431,756	92,519,095	43,450,496	408,502,710	174,412,267	4,086,107,089
Makeni Town	106,867,939	252,769,995	501,499,890	25,256,895	72,284,181	-	25,317,594	216,584,360	117,983,028	1,318,563,882
Bonthe District	145,865,733	274,174,694	689,612,586	70,738,458	6,717,089	36,945,453	27,712,103	228,133,983	123,977,721	1,603,877,820
Bonthe Town	96,542,701	17,930,566	117,877,101	8,037,232	8,498,888	12,000,000	13,515,100	120,000,000	100,000,000	494,401,588
Freetown	229,396,290	817,546,784	4,220,349,905	9,368,157	674,390,291	-	142,113,013	938,732,055	198,691,997	7,230,588,493
Kailahun District	229,399,567	852,627,849	1,637,677,100	290,535,586	80,893,014	54,053,670	66,650,298	471,331,787	188,047,695	3,871,216,566
Kambia District	165,080,837	538,329,992	1,557,347,811	208,838,723	44,155,827	72,017,133	53,676,409	353,004,888	171,836,207	3,164,287,828
Kenema District	293,846,897	957,949,840	1,773,944,009	380,576,965	61,800,182	57,152,520	52,131,159	466,137,193	191,551,442	4,235,090,207

ANNEX - 5 SUMMARY OF GRANTS ALLOCATED TO LOCAL COUNCILS, FY 2007 In Leones

Council	Non-Salary Recurrent Expenditure					Development Expenditure				Total Vertical Allocation for 2007
	Administration	Health	Education	Africulture	Solid Waste	Rural Water Services Management	Others	Local Govt. Development Grant	Road Grant	
Kenema Town	112,521,220	244,183,917	1,308,197,256	43,406,852	112,040,480	-	26,922,041	263,394,559	129,513,322	2,240,179,647
Koinadugu District	166,479,168	486,514,392	1,548,177,086	198,482,131	26,802,039	59,505,375	41,880,048	362,879,728	149,207,143	3,039,927,109
Kono District	204,878,295	534,909,821	1,089,489,671	186,163,077	54,629,354	55,124,139	39,412,845	360,784,998	175,818,788	2,701,210,989
Koidu/New Sembehun	108,808,717	126,146,820	392,537,923	21,492,410	69,827,880	0	14,014,736	214,667,456	122,992,278	1,070,488,221
Moyamba District	253,757,516	1,170,234,324	1,957,191,794	164,922,031	9,675,993	53,456,454	47,041,440	346,562,733	161,136,503	4,163,978,787
Port Loko District	288,849,713	1,116,333,797	3,195,218,269	210,732,490	66,713,657	86,253,883	81,259,078	529,229,564	215,882,167	5,790,472,618
Pujehun District	168,152,409	588,135,315	1,183,188,478	137,601,435	14,621,753	36,615,541	54,613,359	317,530,417	159,641,424	2,660,100,130
Tonkolili District	174,614,519	461,012,988	2,416,417,606	188,426,563	40,046,867	64,037,416	53,402,240	449,298,880	190,665,712	4,037,922,792
Western Area Rural District	124,810,575	321,829,103	999,995,145	74,453,741	43,099,137	40,576,391	73,354,607	287,897,423	132,819,814	2,098,835,936
Total	3,430,800,000	10,700,500,000	29,221,200,000	2,615,800,000	1,552,000,000	770,000,000	938,500,000	7,000,000,000	3,000,000,000	59,228,800,000

ANNEX 6 - POVERTY EXPENDITURE - 2007 BUDGET

In Millions of Leones

Head	Details	2007 Budget		Poverty Expenditures		
		Non-Interest Non-Salary	Domestic Development	Non-Interest Non-Salary	Domestic Development	Total
101	Charged Emoluments	0.0				
105	Ministry of Political and Parliamentary Affairs	197.0				
106	Ministry of Presidential Affairs	400.0	500.0			
107	Ministry of Local Government and Community Development	884.9	300.0			
110	Office of the President	5,305.9	2,600.0			
	Recurrent and Devt: Anti-Corruption Commission (1100701)	843.6	300.0	843.6	300.0	1,143.6
	Devt: HIV/AIDS Response Project (1101001)		300.0		300.0	300.0
	All Other	4,462.3	2,000.0			
112	Office of the Vice President	967.6	4,000.0			
116	Parliament	2,550.0				
117	Cabinet Secretariat	340.3				
118	Supreme Court	212.3				
119	Court of Appeal	249.2				
120	High Court	912.2				
121	Audit Service	903.4				
122	Establishment Secretary's Office	393.1	500.0			
123	Public Service Commission	252.8				
124	Law Officers' Department	1,044.3				
125	Ministry of Development and Economic Planning	2,371.8	1,600.0			
128	Ministry of Foreign Affairs and International Co-operation	9,073.5	600.0			
129	Ministry of Finance	4,300.0	1,700.0			
	Devt: MTEF and PETS (1290002)		1,100.0		1,100.0	1,100.0
	All Other	4,300.0	600.0			
130	National Revenue Authority	19,128.9				
131	Revenue Appellate Board	52.5				
132	Accountant General's Department	800.8				
133	Ministry of Information and Broadcasting	569.3				
134	Electoral Commission of Sierra Leone	15,090.0		15,090.0		15,090.0
137	National Commission for Democracy	312.4		312.4		312.4
138	Statistics - Sierra Leone	2,000.0		2,000.0		2,000.0
139	National Commission for Privatisation	1,062.5				

ANNEX 6 - POVERTY EXPENDITURE - 2007 BUDGET

In Millions of Leones

Head	Details	2007 Budget		Poverty Expenditures		
		Non-Interest Non-Salary	Domestic Development	Non-Interest Non-Salary	Domestic Development	Total
140	Mass Media Services	562.9	1,000.0			
141	Government Printing Department	1,102.4				
142	National Public Procurement Authority	500.0				
143	Justice and Legal Service Commission	152.5				
144	National Commission for Human Rights	155.0		155.0		155.0
201	Ministry of Defence	43,732.0	1,000.0			
	Recurrent: Medical Support Services	8,346.3		8,346.3		8,346.3
	All Other	35,385.7	1,000.0			
205	Ministry of Internal Affairs	448.0				
206	Police	19,841.0	2,000.0	19,841.0	2,000.0	21,841.0
207	Prisons Department	7,649.4	250.0	7,649.4	250.0	7,899.4
208	National Fire Authority	1,415.1		1,415.1		1,415.1
210	National Security Advisor	746.7				
211	Immigration Department	660.5				
212	National Drugs Secretariat	394.9	250.0			
301	Ministry of Education, Science and Technology	52,117.4	3,700.0	52,117.4	3,700.0	55,817.4
302	Ministry of Youth and Sports	1,436.7		1,436.7		1,436.7
303	Ministry of Tourism and Culture (Culture Division)	483.7				
304	Ministry of Health and Sanitation	35,554.3	1,420.0	35,554.3	1,420.0	36,974.3
305	Ministry of Social Welfare, Gender and Children's Affairs	1,134.0		1,134.0		1,134.0
306	Ministry of Lands, Country Planning and the Environment	1,726.0	200.0			
307	Gender and Children's Affairs Division	1,038.5		1,038.5		1,038.5
308	National Commission for Social Action	170.0	3,100.0	170.0	3,100.0	3,270.0
340	Socially Oriented Outlays	1,468.0		1,468.0		1,468.0
341	Pensions	0.0				
342	Government Contribution to Social Security	0.0				
401	Ministry of Agriculture and Food Security	13,879.6	7,340.0	13,879.6	7,340.0	21,219.6
402	Ministry of Marine Resources	610.1	500.0			
	Dev't: Artisanal Fisheries Development Project (4020002)		500.0		500.0	500.0
	All Other	610.1	0.0			

ANNEX 6 - POVERTY EXPENDITURE - 2007 BUDGET

In Millions of Leones

Head	Details	2007 Budget		Poverty Expenditures		
		Non-Interest Non-Salary	Domestic Development	Non-Interest Non-Salary	Domestic Development	Total
403	Ministry of Mineral Resources	1,461.7	500.0			
	Recurrent: Mining Cadastre (4030203)	338.3		338.3		338.3
	All Other	1,123.5	500.0			
404	Ministry of Transport and Communications	1,513.9	500.0			
405	Ministry of Tourism and Culture (Tourism Division)	602.7	200.0			
406	Ministry of Energy and Power	3,424.5	25,805.0			
	Recurr: Grant to SALWACO (406002-2411)					
	Dev: Const. Rural Water Facilit. (406002-0641000)	2,646.4	1,000.0	2,646.4	1,000.0	3,646.4
	Dev: Bumbuna Hydro (4060002-08610000)	0.0	10,500.0		10,500.0	10,500.0
	All Other	778.1	14,305.0			
407	Ministry of Labour, Industrial Relations and Social Security	1,081.1				
	Recurrent: Social Safety Net (4070000-2421)	382.9		382.9		382.9
	All Other	698.2				
408	Ministry of Works, Housing and Technical Maintenance	3,690.1	16,200.0			
	Dev: Road Development Only (4080202-03910000 and 03920000)		9,500.0		9,500.0	9,500.0
	All Other	3,690.1	6,700.0			
409	Ministry of Trade and Industry	1,542.2	300.0			
410	National Commission on Environment and Forestry	973.2				
411	Transfer to Road Fund	37,278.0				
412	National Telecommunications Commission	200.0				
501	Miscellaneous Services	2,568.2	800.0			
509	Domestic Arrears	0.0				
701	Transfers to Local Councils	47,083.1	5,000.0	47,083.1	5,000.0	52,083.1
	GRAND TOTAL	357,771.9	81,865.0	212,901.7	46,010.0	258,911.7

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