



# **GOVERNMENT OF SOUTHERN SUDAN**

## **BUDGET SPEECH**

**FOR**

**FINANCIAL YEAR 2008**

**1<sup>st</sup> January – 31<sup>st</sup> December 2008**

**Presented to the Southern Sudan Legislative Assembly  
By H.E. Kuol Athian Mawein  
Minister of Finance & Economic Planning**

**10<sup>th</sup> December 2007**

## **Introduction**

1. Honourable Speaker, Honourable Members of the Assembly, Ladies & Gentlemen. It is an honour for me to stand here before you, to present the 2008 Budget of the Government of Southern Sudan. As you know, this is my first budget speech. I am acutely aware of the responsibility that has been entrusted to me, and of the weight of expectation that lies upon both me and my Ministry. The Ministry of Finance is the lifeblood of a Government. If it is not transparent, then transparency is weakened across Government. If it is not accountable, then the Government as a whole cannot be held to account. But even if the Ministry of Finance functions properly, it cannot function alone. To do its job effectively, it requires the support and co-operation of all the other organs of Government.

2. Honourable Speaker, it is not sufficient to expect the Ministry of Finance to be the custodian of transparency and accountability, while the rest of Government behaves anyhow. Transparency and accountability are a collective responsibility. The Ministry of Finance can, and must, set the standards, but the rest of Government must adhere to them. So it is my plea to you that we take this Budget as a collective responsibility. Collectively, we are responsible for ensuring that the Budget is realistic, and collectively, we are responsible for ensuring that public funds are spent according to the budget. Collectively, we are responsible to the people of Southern Sudan for spending the money of Southern Sudan in a way that benefits everybody. All of us were part of the struggle, and all of us should now be beneficiaries of the peace.

## **Overall Economic Outlook**

3. Honourable Speaker, it is normal in any Budget Speech for the Minister of Finance to present the overall economic outlook for the economy. As you know, in Southern Sudan, we have had a problem of data. But I am very pleased to inform you that from May this year, the Southern Sudan Commission for Census, Statistics and Evaluation has started computing a monthly inflation index. We hope that in the near future they will also start producing other economic data.

4. Between May and October 2007, the average monthly inflation rate has been one point three percent (1.3%). This hides large monthly differences. The lowest monthly rate has been minus ten point three percent (-10.3%) in July, and the highest has been seven point one percent (7.1%) in October, the latest month for which there is data. The low rate of July was driven by falling food prices as production rose with the onset of the rains and by the price of petrol falling by nearly half. Inflation has been rising since July as the roads to Juba have deteriorated in the rains, causing the prices of goods coming over the border from Uganda to increase.

### **Overall Development Goal**

5. The overall development goal of the Government is to reduce the incidence of poverty in Southern Sudan by providing a framework for sustainable economic growth and poverty reduction. The key elements of such a framework are as follows:

- i. Ensuring good governance and security
- ii. Increasing the ability of the poor to raise their incomes, by providing a conducive environment for private sector development
- iii. Improving the quality of life of the poor, by providing essential social services such as primary health care, primary education and access to clean water.

6. Some of these elements can be provided through non-monetary interventions, such as the provision of an appropriate legal framework for private sector investment. We are currently working on this. However, many of these interventions require financial allocations from the Government budget: to provide salaries for teachers, capital for schools construction, drugs for health centres, seeds for agriculture, construction of inter-state roads etc.

### **Current Challenges**

7. We must be realistic that this ideal pattern of spending cannot be achieved overnight. In fact, achieving a set of budgetary allocations which are unambiguously

geared towards reducing the incidence of poverty in Southern Sudan is a medium term objective. At present we face a series of challenges which we need to overcome before we can orient our budget towards achieving rapid growth and poverty reduction. These challenges include:

- i. Weakness in institutional & human capacity for delivery of quality public services
- ii. Huge unproductive manpower
- iii. Security problems in some areas of Southern Sudan
- iv. Low domestic resource mobilisation with the implications of either aid or oil dependency
- v. High Scale Corruption

8. All these challenges have implications for our budgetary allocations, and directly impact upon the pattern and effectiveness of our spending. Firstly, our weakness in institutional and human capacity for the delivery of quality public services means that a significant proportion of our budget to date has been spent in establishing our institutions, and training our personnel. In 2006, we spent almost \$30 million on training and office equipment. We have spent a further \$20 million on these items to date in 2007, and our budget allocations for them in 2008 amount to the equivalent of just over \$23 million. Even then, our efforts, and spending, in this area will need to be sustained for years to come, before we can be satisfied that we have the capacity to deliver public services efficiently.

9. Secondly, our huge, and largely untrained, manpower is a huge drain on our resources. In 2006, thirty three percent of our spending went on the salaries of GoSS employees. By the end of November 2007, this figure had risen to forty nine percent. For 2008, it is projected at fifty five percent. Page 16 of the Budget Book shows that in 2008, the GoSS budget will pay the salaries of over 112,000 personnel excluding the army. Sixty percent of these are in the Organised Forces, and fifty percent are either unclassified or rank and file.

10. Honourable Speaker, for as long as we face a problem of huge manpower, we will be limited in our ability to use our budget to deliver tangible results to our people. Moreover, even the efficiency of those institutions which have the most personnel, namely the army and the Organised Forces, is limited by their manpower, as it reduces the funds they have available to spend on operational and capital expenditures. But the problems of manpower cannot be solved overnight, and certainly not in one budget, which means that we will continue to live with a pattern of spending which is insufficiently oriented towards capital development for a while to come.

11. The third challenge we face is the continuing insecurity in some parts of Southern Sudan. It is inevitable that a continuing portion of our budget will continue to be allocated to security-related costs in the medium term, given our status as a post-conflict country, and the threats we continue to face. In 2006, we spent forty eight percent of our budget on the SPLA and the Organised Forces. In 2007, this figure has risen to fifty one percent. In 2008, it is estimated at forty four percent. We have managed to achieve a slight drop because we have equalised the salaries of the Organised Forces with that of the army. Nonetheless, given the limitations on our resources, spending on security will continue to constrain the funds available to us to allocate to other activities such as social service delivery for some time to come.

12. Our fourth challenge is related to the issue of resources, and our extremely low mobilisation of domestic revenues. The 2008 budget is ninety seven percent dependent on oil. Therefore, even when we want to spend more, we are constrained from doing so, because we have few alternative sources of revenue. The revenue generating potential of Southern Sudan is enormous, but our current revenue collecting capacity is extremely low. It will take time to develop a tax-paying culture, and to strengthen our administrative systems for tax collection. There is no point in imagining revenues that do not exist, and then allocating them in the budget. This does not help anyone, as it raises expectations for expenditure, and service delivery, that cannot be met. It is better to be realistic about the funds available to us, and to prioritise them as best we can, in light of both our medium term objectives, and the current challenges we face.

13. The final challenge which has implications for the efficiency and effectiveness of our budget is that of corruption. Corruption, by its nature, is very hard to measure in monetary terms. But its effects are obvious. Corruption diverts public funds from their intended purpose, and enriches a handful of people at the expense of the majority. Corruption can undermine even the best budgets, as it lowers the quality of public spending, and increases overhead costs. In Southern Sudan at present, our greatest problems with corruption relate to irregular procurement, inflated expenses, self-awarded allowances, nepotistic employment and illegitimate or non-existent workers.

14. Honourable Speaker, I am raising these issues because I want us to be realistic about the challenges we face, and their impact on the budget. We cannot move from where we currently are to a perfect budget in one year. It is a work of many years. But work at it we must, for the sake of the people of Southern Sudan, whose expectations are entrusted to us, their leaders, and the custodians of their resources. We must strive to ensure that each year's budget is better than the last, and that we continually keep in view our long-term objectives, while tackling the challenges that adversely affect the efficiency and distribution of our spending in the short-run.

#### **Lessons learned from 2006 and 2007**

15. I believe that the lessons we have learned in 2006 and 2007 should act as a guide to our budgeting, and the work programme we plan to undertake, in 2008.

#### ***Oil Dependency & Huge Manpower***

16. The first lesson I want to look at relates to our dependency on oil, and huge manpower. The past two years have already illustrated to us the risks we face in depending on oil as our only source of revenue. These risks are heightened when a significant proportion of our budget is committed to salary payments. When oil revenues fall short, as they did in the first few months of this year, we are left with little money to spend on anything except salaries. This situation can cripple the activities of Government. You will hear many references during the budget debate to 'the lack of

money in Finance'. Honourable Speaker, this lack of money has not been the result of any malicious policy by the Ministry of Finance to withhold funds from Spending Agencies which are duly entitled to them. It is the unfortunate outcome of our dependence on a single, volatile source of revenue, combined with the structural defects of a budget whose largest expenditure item is salaries.

17. Honourable Speaker, this problem was compounded in 2007 by the decision of this Honourable Assembly, during the 2007 budget debate, to raise the 2007 budget by \$159 million, even though we could not possibly collect this amount of local revenues, given our weak tax systems. Effectively, the Assembly approved a deficit budget in 2007, as the revenue estimates which were expected to finance the budget were unattainable. This raised expectations for spending, and in turn increased the frustrations experienced by Spending Agencies, as both oil revenues fell short and the unrealistic estimates for local revenue collections inevitably did not materialise.

18. What lessons can we learn from this for 2008? The first is that we do not help ourselves if we approve a budget that is based on unrealistic revenue estimates, or is a deficit budget. We cannot produce money out of thin air. If we increase our budget allocations on the basis of unrealistic revenue estimates, we raise expectations for spending which cannot be met. This in turn creates frustration amongst Spending Agencies, and increases the perception amongst the general public that Government is failing to deliver against its promises.

19. Honourable Speaker, there is no point in us making promises that we cannot keep. Let us learn to budget according to the resources available to us, so that we can achieve what we promise to do, however little it is. We also need to learn that, comparatively speaking, we actually have a lot of money. Uganda's budget spending is currently \$75 per person per year. Nigeria's budget spending is \$135 per person per year. In Southern Sudan, even if we assume that our population can reach twelve million, our budget spending is in the range of \$140 per person per year. Relatively speaking, we are well off. So let us learn to live within our means, and use our money properly.

20. The 2008 Budget I am presenting to you is a balanced budget, with a zero deficit, and it is my sincere request to you that the Honourable Assembly does not raise the level of this budget. I will not be able to produce the extra money, and instead, the credibility of our budget execution will be undermined. Instead of trying to budgeting for money that does not exist, the way forward must be to tackle the problems at the root of our budget over the medium term.

#### *Non-Oil Revenues*

21. Firstly, I want to talk about revenue. The Government of Southern Sudan must develop its non-oil revenues, because we cannot rely on oil revenue for ever. Many neighbouring countries are doing well without oil, because they manage their revenues properly. We know that revenue is being collected throughout the South, but we are receiving very little of it. This is a problem of remittance. In 2008, we are going to put our efforts into ensuring that the money that is collected is remitted to us. Knowing that our greatest source of non-oil revenue is currently from Customs, we have already deployed military police at all our border points, to ensure that there is discipline and law enforcement. We have put the Customs personnel onto double shift, so that we reduce the backlog of goods awaiting clearance, and we are now receiving weekly reports on collections. I have also sent auditors to Yei, to audit the books of the Taxation Department.

22. In 2008, we are going to continue our efforts to ensure that Customs revenues are properly collected and remitted to us, and I shall be providing you with regular reports on the amounts that are being collected. They can then be used as a basis for our Customs revenue estimates in 2009. In the 2008 Budget, we have estimated that SDG 120 million will be collected from Customs in 2008. This is a challenging target, as it implies that \$5 million per month can be collected from our four main border posts, which translates into revenue collections of just over \$1 million per week. Of course, under the terms of the CPA, only 50% of this revenue is due to us, and the other 50% belongs to the Government of National Unity. We are in the process of arranging

mechanisms for revenue sharing, including the operation of joint accounts with dual signatories.

23. We expect our other main source of non-oil revenue in 2008 to be Personal Income Tax. The Honourable Assembly has already approved the 2007 Personal Income Tax Order, which levies a flat rate of 10 percent on all monthly earnings above SDG 300. It is important to note that nobody, not even the army, is exempt from paying Personal Income Tax. Revenue generation is a collective responsibility, and we must all contribute. No one should consider themselves above the law, or a special case, when it comes to paying taxes. We estimate that in 2008, we can collect SDG 60 million from monthly PIT deductions from the Government payroll, based on our current salary numbers.

24. Beyond PIT and Customs, our other major revenue sources are VAT, Corporate Tax, airports, immigration, traffic dues, and other collections by GoSS institutions. At the moment, there is very poor collection and remittance of revenues from these sources, so we have made sure that our 2008 estimates for them are not too ambitious, and amount to just over SDG 30 million. In the meantime, we are intending to finalise the GoSS Revenue Bill in 2008 and present it to the Honourable Assembly. We will also continue strengthening our tax administration, which will include training personnel and issuing unique tax identification numbers. We also need to work with the States, to assist them to collect their own revenues, and prepare their own Revenue Bills. Moreover, we also, jointly, need to harmonise and co-ordinate our tax rates, to ensure that we are not placing a double burden on the tax payer. In addition, I have taken a policy decision that, for the foreseeable future, GoSS will not levy taxes from Small and Medium Enterprises, as it is entitled to do through the CPA. We will instead leave these taxes to the States, to enable them to boost their own revenue efforts. Revenues such as market dues, retail licenses and taxi and bus park fees should form the backbone of urban revenue collections, although the States must also make sure that they do not over-tax, and kill development.

### *Excess Personnel*

25. While the Ministry of Finance is putting its efforts into tackling the issues of revenue, the Ministry of Public Service, and the Council of Ministers as a whole, will be putting its efforts into tackling the problems of personnel. As I have already mentioned, our personnel costs take up a significant portion of our budget, and reduce the efficiency of our spending. We have already commissioned a study from external consultants, Adam Smith, to assess the retrenchment options available to GoSS. Their study evaluates the potential savings which could be realised if GoSS undertakes a number of steps to rationalise and professionalise personnel across all levels of Government, including the States, the army, the Organised Forces and the GoSS Public Service. These steps include developing a pensions policy, computerising the payroll, dismissing people who are illegally hired or receive salary from two different institutions, and providing attractive retrenchment packages to personnel who are not retrainable, or who are surplus to requirements.

26. We have already, on our own initiative, started to work on some of these issues. The Ministry of Public Service set up a salary payment committee, which has been overseeing the payment of salaries in GoSS institutions. This committee has withheld payment to personnel who do not have proper papers, and identified instances of double payment and ghost workers. The savings the Committee has achieved, which amount to over SDG 450,000 for just one month, are being remitted back to the Ministry of Finance. The Committee will now start to oversee the pay of the Organised Forces and the Ministry of Legal Affairs in the same way. The SPLA has already instituted its own audit process, and officials have been sent from the Ministry of Finance to assist. We hope the Judiciary will also institute a similar process. The Ministry of Education is undertaking a pilot project to register teachers, and set up an integrated teachers payroll for the whole of the South. And the SPLA, together with the DDR Commission, has already identified 25,000 personnel for demobilisation next year, with a further 18,000 expected to be identified in 2008. We have allocated SDG 100 million in the 2008 budget to provide social welfare payments to these demobilised personnel, at a rate of 50

percent of their final salaries for the whole year. These payments are to be channelled through the War Veterans Commission.

27. We are also in discussion with our donor partners on how they can assist us in this retrenchment exercise, based on the recommendations of Adam Smith. The main areas in which we are looking for assistance include technical support in areas such as the payroll, and employee identification, as well as funds for retrenchment packages and retraining of surplus personnel.

### ***Reserves***

28. The second lesson I want to look at from 2006 and 2007 is Reserves. If we had been disciplined in our budget allocations and our expenditure management over the past two years, we could have built up a substantial reserve by now. At the start of 2006, the Government of Southern Sudan had \$493 million in savings. My predecessor proposed allocating \$217 million of the 2006 Budget to reserves, to add to these savings. Instead, during the 2006 Budget debate, the Honourable Assembly allocated the proposed reserves to expenditures, and approved a \$73 million deficit in the budget. To make matters worse, the extremely poor expenditure discipline prevalent in GoSS as a whole during 2006, coupled with the almost non-existent systems for budget execution in the Ministry of Finance, meant that almost all the savings from 2005 were spent during the course of 2006, without the approval of the Assembly. As a result, we started 2007 with almost no reserves, which meant that when we experienced the shortfall in oil revenues, we had no cushion with which to manage our expenditures. In addition, the revenue shortfall has meant that we have been unable to put aside the reserve that was budgeted for in 2007.

29. Honourable Speaker, this is not prudent. We cannot operate without a Reserve. Without a Reserve, we expose ourselves one hundred percent to the risk of a downturn in our revenues. Without a Reserve, our expenditures become as volatile as our oil revenues. This makes proper planning and budget execution impossible. Therefore, in

2008, we must make a provision for a reserve, so that we start building up our savings, and protect ourselves from the risk of revenue shortfalls.

30. Honourable Speaker, I want to request the Assembly to respect our allocation of SDG 48 million to the Reserve in 2008, and not to redirect this money towards expenditure. On our side, we in Finance pledge to put away the reserve sum of SDG 4 million every month in 2008, whatever the expenditure pressures we face, to ensure that we build up our savings. In addition, we will also pay any surplus funds we receive, over and above our revenue estimates, into the Reserve.

31. There is another issue I want to mention with respect to the Reserve, and this relates to the practise of senior officials requesting for payments to be made 'against the Reserve'. This is unconstitutional. Payments can only be made against approved budget lines, and not against the reserve. Article 88 (3) of the Constitution makes this very clear. Funds can only be spent out of the legal reserve through a supplementary appropriation law. I wish to assure you that next year, I shall not entertain any payment request that is made against the Reserve.

### ***Budget Execution***

32. This brings me to the next area I feel we need to learn from for 2008, which is budget execution. To be frank with you, until recently, the cash management and budget execution systems in the Ministry of Finance have been very poor. We have not been prioritising payments against our cash availability, and the criteria for selecting which payments are to be made first are not transparent. We have not been in a position to track expenditure requests against the budget as they come in, and our Accounting Agent was not providing us with timely budget execution reports. This meant that we were not able to identify overspending as it took place. To date, ten Spending Agencies have overspent their 2007 budgets. This overspending is not legal without the approval of the Honourable Assembly, and it is for this reason that I am also presenting to you today a supplementary budget request for 2007, which asks for retrospective approval of the overspending that has taken place this year. Since we did not receive extra revenues in

2007, this overspending has unfortunately taken place at the expense of the budgets of other Spending Agencies.

33. We cannot allow this to happen again. It makes a nonsense of the budget process, and the effort we all put into it, if the budget is effectively ignored during budget execution. Next year, I am determined to ensure that the Government's budget execution adheres to the agreed budget frame, so that the desired budget outcomes are achieved, and sector expenditure ceilings are respected. We have already taken steps to ensure that all known expenditure commitments are included in the 2008 budget, so that people cannot come to us after the budget has been passed, requesting payment for items that were not budgeted for. This is essential. We have noticed the general lack of budgeting culture, and expenditure discipline across the Government of Southern Sudan. Officials do not pay attention to their budgets, and want to spend anyhow. They must be held to account, and must learn the importance of budgeting properly, and this is our intention in 2008. We hope the Public Financial Management Act, which is soon to be presented to you for approval, will also provide us with an additional tool in holding officials to account, and developing the culture of financial discipline.

#### *Procurement*

34. We also need to take steps in 2008 to get a handle on our Procurement processes. Although we have had interim Procurement Regulations in place since 2006, these have frequently been ignored, and ongoing irregularities in contracting are a serious concern to us. In addition, we do not yet have in place a system for restricting our contractual commitments according to the funds available in the budget. At the moment, it is perfectly possible for a Spending Agency to enter into a contract that far exceeds the money available to them in their budget. By the time it is presented for payment it is a legal obligation, which we cannot turn down. This has happened time and again in the past two years, and it undermines the execution of the budget. In 2008, we want to develop a process whereby we check the value of a proposed contract against the budget *before* it is approved and signed. This process is known as *Commitment Control*. At the

moment, the capacity in our Procurement Unit needs strengthening, so we will be requesting our donor partners to assist the Procurement Unit in developing this process.

#### *Payments System*

35. From the beginning of next year, the Ministry of Finance is going to take over responsibility from the Accounting Agent for entering payment requests into our financial management system. Our staff have already been trained so that they are ready for the task. We will track payment requests against the budget, and against the available funds, so that we do not approve payments which exceed the budget of the respective Spending Agency, or our ability to pay for them given our revenue flows. We will also be producing monthly reports which we will give to Spending Agencies, so that they can cross-check their own records against ours, and to the Council of Ministers. I also wish to present quarterly spending reports to the Honourable Assembly.

#### *Reports*

36. Honourable Speaker, I wish to dwell a little further on the issue of reports. Reports are essential to transparency, and transparency is essential to combating corruption. As you know, a multitude of sins can take place under the cover of darkness. We must ensure that we shine a strong light on the expenditures of the Government of Southern Sudan, and we can only do this if we produce timely and comprehensive reports, so that everyone is informed of the way in which money is being spent, and the responsible officials can be held to account. I am pleased to inform you that the 2008 Budget book includes details of actual expenditures for both 2006 and 2007. In addition, I shall be providing each of the Committee Chairs with the itemised details of every single expenditure of GoSS this year, to assist them during their Committee deliberations. I am committed to transparency. Even when you have nothing to hide, if you are not transparent, people will assume that you are hiding something. We owe it to the people of Southern Sudan to be as transparent as possible in the management of our expenditures. Transparency is the first step towards accountability.

### *Banking*

37. One final issue I want to mention in relation to transparency is that of bank accounts. The Ministry of Finance has now closed all GoSS bank accounts which were previously held in Khartoum. All our accounts are now held in the Bank of Southern Sudan here in Juba, apart from three accounts in Stanbic Nairobi, which we use when paying foreign contractors. My Ministry has drafted an amendment to the existing Memorandum of Understanding between BoSS and the Ministry of Finance, which clarifies the banking arrangements of the Government of Southern Sudan, and ensures that all foreign exchange is managed by BoSS. We will be presenting this Memorandum of Understanding to BoSS for signature shortly.

38. I am also concerned by the continuing use of cash in making Government payments, and have issued a media notice instructing all Suppliers to open bank accounts, so that we pay them through cheque or bank transfer, instead of in cash. I have also informed the States that they cannot continue receiving transfers in cash, and must instead make use of the banking system. Next year, we shall also be instructing all classified staff to open bank accounts, so that their salaries can be paid through the banking system, instead of in cash.

39. Honourable Speaker, I have taken a lot of time explaining to you the challenges we face and their impact on the budget. I have also explained to you the work plan we will follow next year, to help us overcome some of these challenges. The reason I have gone through these issues at such length is because I want the Honourable Assembly to understand me properly, and support both the budget I am presenting to them, and the reform path I have outlined.

### **Revenue & Expenditures in 2007**

40. Let me now turn to an overview of revenue and expenditures in 2007. Up to the end of October 2007, we had received one billion and forty nine million dollars (\$1,049m) in oil transfers. This figure translates on average into one hundred and four million dollars (\$104m) of oil transfers per month. It does not include forty four million

dollars (\$44m) of expenditures incurred directly by GoNU and charged against our oil revenues, nor does it include eighty six million dollars (\$86m) of transfer arrears currently owed to us by GoNU. Almost twenty million dollars (\$20m) of the direct expenditure deductions were on account of Customs Exemptions issued by the South. I wish to take this opportunity to point out to you that there is no such thing as a free tax exemption. Tax exemptions are charged against the budget of the South. We are therefore taking steps to limit our exemptions to humanitarian and diplomatic organisations, and the UN. Tax exemptions will not be given to individuals, Government, or the private sector.

41. Our remitted non-tax revenues up to the end of October amounted to just five million dollars (\$5m). So in total, our revenues up to the end of October amounted to one billion and fifty four million dollars in oil transfers (\$1,054m). These figures are still subject to reconciliation by our Accounting Agent.

42. Our expenditures up to the end of October amounted to one billion, one hundred and three million dollars (\$1,103m). Our expenditures were able to exceed our revenues because we used up most of the very little reserve of sixty four million dollars (\$64m) which remained to us at the beginning of the year.

43. Of our expenditures, five hundred and forty one million (\$541m) went for salaries, while four hundred and thirty one million (\$431m) went for operating costs, and just one hundred and thirty two (\$132m) went for capital. All these details are shown on Page 8 of the Budget Book. Page 8 also shows how much money has been spent by each Ministry, while Page 9 shows which Ministries have overspent their budgets.

44. The operating expenditures of four hundred and thirty one million dollars (\$431m) include seventy seven million dollars (\$77m) of suspense items. These are items for which payments have been made completely outside of the budget. One of the major items in this suspense list is the Aweil-Miriam Road, which was contracted outside of the budget in 2006. Eighty six million dollars (\$86m) of oil arrears were settled

against the road in 2006, and a further forty eight million dollars (\$48m) has been paid out for it in 2007, which is recorded against the suspense item. As I mentioned earlier, I am determined that in 2008, we will not be paying for things that are outside of the budget. Therefore, we have included an allocation of 60 million pounds (SDG 60m) for the Aweil Road and other Northern Bahr el Ghazal roads in the 2008 Budget, under the Ministry of Transport. We are currently making an assessment of the value of the works undertaken by the Aweil Road contractor, and will only make payments in 2008 against additional works done.

45. In spite of the high proportion of our 2007 expenditures which have gone on salaries and operating costs, we have managed to register a number of achievements.

#### **2007 Achievements**

46. In the Accountability Sector, an External Audit Agent, PKF, has been appointed to audit the GoSS accounts. The Auditor General's Chamber and the Anti Corruption Commission have also led an investigation into the misappropriation of public funds by senior staff in MoFEP. The Ministry of Finance, in addition to carrying out its normal duties, has, on the instructions of the Council of Ministers, provided four million dollars (\$4m) of support to Nile Commercial Bank and Ivory Bank.

47. In the Infrastructure sector, achievements include the renovation of Juba teaching hospital, and several Ministries, the rehabilitation of Juba Power network, the maintenance and construction of 1,200km of interstate roads and the up-grading of Juba International Airport.

48. In the Economic Functions Sector, there are now two Telecommunications service providers, Gemtel and Now, operating in Southern Sudan, and an increasing number of our people are getting connected. The MDTF Private Sector Development project has been approved, and will play a critical role over the next few years in assisting us to develop a best-practise regulatory environment for the private sector. It

will also help develop the micro-finance industry, make an assessment of our industrial potential, and develop a wholesale market here in Juba.

49. In Education, over 1,000,000 primary school pupils are now enrolled in school, up from 343,000 in 2005. In addition, 60,000 pupils are enrolled in secondary school. 1,299 teachers have been trained and 900 teachers with an Arabic background have undergone an Intensive English Course. In Health, over 1,000 health workers have been trained to run primary health care facilities, 60,000 treated bed nets have been distributed, and 936,375 people have been treated for river blindness. The Ministry of Health has taken responsibility for Juba, Wau and Malakal teaching hospitals from the State Governments and the HIV/Aids Commission has established sub-offices in all ten states.

50. In Natural Resources and Rural Development, the Ministry of Agriculture has opened Rejaf Horticulture Garden Project, rehabilitated the Aweil Rice scheme and opened three research and seed centres in Halima, Yei and Palotaka. Animal Resources and Fisheries has distributed veterinary drugs and vaccines across all ten states to support livestock disease control. The Wildlife Service has started anti-poaching controls and conducted an aerial wildlife survey to assess the extent Southern Sudan's animal wealth. Co-operatives and Rural Water has constructed 227 boreholes and analysed a further 206 for bacteria and pollution to ensure clean water supplies.

51. In the Security Sector, 25,000 DDR candidates were presented by the SPLA, and at least another 18,000 are registered for DDR in 2008. 4,300 kilometres of roads were assessed for mines and 1,720 kilometres cleared of mines. In Social & Humanitarian Affairs, the SSRRC, working with its partners facilitated the return of 70,949 IDPs from northern Sudan, and the Council has just approved another \$10 million for these activities in the remainder of this year. All these achievements, and others, are listed in the Budget Book, and I hope you will take time to read through them.

52. I now wish to turn to the 2008 Budget.

### **Key elements of the 2008 Budget**

53. Before I go into the details of the expenditure estimates, I wish to draw your attention to a number of key features of the 2008 Budget.

#### *Presentation of the Budget in Sudanese Pounds*

54. The first key feature of the 2008 Budget is that it is presented in the national currency, which is Sudanese Pounds.

#### *Zero Deficit*

55. The second key feature, as I have already explained, is that the budget is a zero deficit budget. The sum total of available resources, as shown on page 3 of the Budget Book, amounts to three billion, four hundred and fifteen million, eight hundred and sixty four thousand and seventy six Sudanese Pounds (SDG 3,415,864,076). This estimate is at the maximum of what can be considered realistic, and should on no account be increased.

56. Our main source of funding is oil revenues, which are estimated to amount to three billion, three hundred and thirty six million pounds for the year (SDG 3,330,000,000). This translates into oil revenues of one hundred and thirty nine million dollars (\$139m) per month. This estimate is based on current production volumes and prices, and therefore we have no scope to increase it. Our non-oil revenue estimates amount to just under one hundred and fifty two million pounds (SDG 152m), which can only be realised if we implement the measures on PIT and Customs which I have already outlined to you. We have netted seventy two million Sudanese Pounds (SDG 72m) out of our available resources, to cater for reserves, and any direct expenditures which may be deducted by Khartoum.

57. If the Honourable Assembly wishes to raise spending in a certain area of the budget, it should do so by cutting expenditure in another area of the budget, clearly indicating both the Spending Agency and item to be increased, and the Spending Agency

or Agencies and items to be reduced. This is essential for us to retain a balanced and realistic budget. There is no scope for increasing our revenue estimates.

#### *Budget Estimates by Activities*

58. The second key feature of the 2008 Budget is that it presents the budget estimates for each Spending Agency by activity, as well as by expenditure item. In the previous two budgets, we only presented budget estimates by expenditure item (utilities, purchase of vehicles etc). While this is extremely important for budget execution, it is of less use when it comes to understanding what our budgetary spending is expected to achieve. Therefore, this year, each Spending Agency has presented its budget both by activity and expenditure item. You will note that the total budget estimates for each Spending Agency come to the same amount by activity and expenditure item, which shows that this is simply two ways of looking at the same numbers.

59. The presentation of budget estimates by activities is the culmination of an extensive GoSS-wide planning process led by the Ministry of Finance. Each Spending Agency belongs to a GoSS Budget Sector Working Group, of which there are ten in total. You will notice that in the Budget Book, the Spending Agencies are organised by their Sectors. During 2007, each Sector jointly prepared a Budget Sector Plan for the period 2008-2010, in which they identified their objectives, and then identified the activities each Spending Agency in the Sector would undertake, to help achieve the objective. The Budget Book reflects how each Spending Agency has allocated their budget amongst their activities for 2008, and gives further details on what each activity will entail.

60. We hope you will scrutinise the intended activities in detail, and also that you will use the activity tables to monitor the delivery of Spending Agencies during the year. This is a key mechanism by which you can hold each Spending Agency to account on their performance.

61. We intend to request the Budget Sector Working Groups to prepare these tables every year, so that the presentation of budget estimates by activity is a permanent feature

of our budgets from now on. In addition, we intend to work with the Presidency in 2008 to consolidate the objectives of the ten Budget Sector Working Groups into a single Strategic Plan for GoSS, which can guide our overall budget allocations, and our prioritisation of funding between sectors, up to 2011.

62. As a further step towards accountability, we also intend to prepare a simplified version of the approved 2008 Budget, called 'Budget at a Glance', for dissemination in the media and to schools, so that we explain to our people what the budget is about, and what services will be delivered to them.

#### *Donor Book*

63. The third key feature of the 2008 Budget is that it is accompanied by a Donor Book, which details all the different donor projects that are going on in different sectors. This Donor Book can act as a reference for the Honourable Assembly, as it shows how the donor activities are supplementing our own budgetary allocations. The production of this Donor Book is a result of our Aid Strategy, which establishes the principle of Government-led Aid Co-ordination, and requests the donors to participate in the ten GoSS Budget Sector Working Groups, and provide information to each group on the projects they are undertaking in their Sector. It is important to note that the information in the Donor Book is only as good as the information provided to us by the donors, and I have to note that some donors have been better than others in sharing their data with us. This is an issue we will continue to work on.

64. As well as presenting the Donor Book, I am also presenting the GoSS Aid Strategy for your information. The Aid Strategy was approved by the Council of Ministers in December 2006, and was endorsed by the Donors in 2007. The Aid Strategy sets out a framework for aid co-ordination to enable Government to establish priorities for donor assistance, and engage donor partners in dialogue on planning and development for the South. The purpose is to ensure that the Government is aware of all the resources available to it, including donor assistance, and plans for them accordingly. The Aid Strategy also sets out the key principles for donor assistance to the South, so that

donor engagement is based on best practice, and enhances institutional development in Southern Sudan.

### **2008 Expenditures**

65. Finally, Honourable Speaker, I wish to turn to our proposed expenditures in 2008. As I have already mentioned, total proposed spending amounts to three billion, four hundred and fifteen million, eight hundred and sixty four thousand and seventy six Sudanese Pounds (SDG 3,415,864,076). Out of this, one billion, eight hundred and eighty million Sudanese Pounds (SDG 1,880m) is allocated for Salaries, seven hundred and ninety eight million Sudanese Pounds (SDG 798m) is allocated for Operating Costs, and seven hundred and thirty eight million Sudanese Pounds (SDG 738m) is allocated for Capital.

66. Page 11 of the Budget Book provides a breakdown of the budget estimates by expenditure item. I must say, I am rather concerned by the amount of money the Government of Southern Sudan continues to allocate to operating costs. Our budget for hospitality is almost the same as our budget for training, and our budget for rent actually exceeds our budget for training by ten million pounds. I wonder how we can develop like this. I am delighted that the Government of Southern Sudan has finally appointed an External Audit Agent to work alongside the Auditor General's Chamber to audit our expenditures, and I hope these audit reports will help bring people to their senses. We must learn to use money properly, for the most essential items, and for capital development.

67. As regards capital expenditures, almost three quarters of our capital allocations are for construction, renovation and contributions to MDTF projects. This is a significant step forward on previous years, where we have had a lot of expenditure on vehicles. Nonetheless, I am concerned that we already have too many cars, which place an expenditure burden on the budget, in terms of fuel, maintenance and insurance. We urgently need to develop a policy on the use of Government vehicles.

68. I now wish to explain in detail what activities the budget estimates have been allocated for.

69. First I wish to say a few words on the amounts allocated to States.

*Transfers to States*

70. Transfers to the states in 2008 will total SDG 501 million. SDG 318 million of this is block transfers made directly from the Ministry of Finance and Economic Planning to the States, to finance their budgets as they see fit. In line with the Council's decision earlier this year to support the Three Areas, we have also allocated SDG 10m to Abyei, Southern Blue Nile and Southern Kordofan.

71. The remainder of the transfers to the states are conditional transfers, determined by GoSS line Ministries and passed to State Governments for specific purposes. The majority of this, SDG 167 million, is from the Ministry of Education, to pay the salaries of 26,592 teachers. The Ministries of Health and Animal Resources are also providing SDG 14 million for salaries. The Ministries of Gender, Culture, Agriculture and Commerce are providing just over SDG 1 million for operating costs, and the Ministries of Agriculture and Co-operatives & Rural Development are providing SDG 720,000 for capital expenditures. All these transfers are set out on a State by State basis on page 12 of the Budget Book.

72. Honourable Speaker, you may hear complaints during the Budget debate that the States are not receiving enough money. But like every other institution in Southern Sudan, the States must budget according to the funds available to them. To help the States achieve this, my Ministry has already held a budgeting workshop with the ten State Ministries of Finance, at which the States presented their draft budgets for comments, and we explained the importance of having a balanced budget. In addition, UNDP has placed a planning and budgeting advisor in each of the State Ministries of Finance to help them prepare their 2008 budgets and, over the longer term, to increase their capacity for sound financial management.

73. If the States believe they need an increase in funds, they should concentrate on their own resource mobilisation, so they are not dependent solely on funding from GoSS. As I have said earlier, I have pledged that GoSS will not collect taxes from Small and Medium Enterprises, so that the States can develop their revenue base from sources such as market dues, retail licenses and bus park fees. In addition, in 2008, when the results of the Census are out, the Southern Sudan Fiscal & Financial Allocation & Monitoring Commission will lead the process of developing an equitable formula for the allocation of GoSS funds to the States. Our aim is that in 2009, we do not just divide the State transfers equally, but weight them according to a number of agreed factors, such as population size, land size and natural endowments.

*Budget Estimates by Sector*

74. Honourable Speaker, I will now present the expenditure allocated to each sector. These are based on the activities set out in the sector plans developed by the ten GoSS Budget Sector Working Groups. Spending agencies participated fully in these working groups.

75. As befits a society that is undergoing a major task of reconstruction after many years of war, our major expenditures are on Security, the Rule of Law, Infrastructure, Health and Education. And as a predominantly rural society, but one blessed with many natural resources, it is also fitting that Natural Resources and Rural Development is also a major area of expenditure.

76. However, let me start with the institutions which direct and co-ordinate GoSS as a whole. The Public Administration sector has the responsibility to establish functional and viable systems and structures of government, through which the people can be effectively and efficiently served and developed; to establish strong, inclusive policies, systems and oversight that foster responsive, transparent and accountable public administration at all levels of government; and to promote the exercise of good governance. This sector is allocated SDG 219 million.

77. The budget allocation to the President's Office has risen significantly, to SDG 67 million. This is to cater adequately for a number of key expenditures such as Presidential security, promoting mechanisms for the full implementation of the CPA, negotiations to ensure the complete withdrawal and redeployment of SAF and SPLA forces to the 1956 north-south border, and addressing security threats caused by armed groups which have failed to integrate into either SAF or SPLA. In addition, SDG 12 million has also been allocated for Presidential Donations.

78. The Vice-President's Office, Ministry of Presidential Affairs and Ministry of Cabinet Affairs also play crucial roles in providing executive oversight of the GoSS. The Vice-President is facilitating the negotiations between the Lord's Resistance Army and the Ugandan Government and as a member of the Southern Sudan Security Committee has exerted effort to bring stability to most parts of Southern Sudan. The budget of the Vice-President's Office amounts to SDG 10 million. The Ministry of Presidential Affairs supports the Presidency, especially on policy areas that cut across several Ministries, decentralisation, and intergovernmental relations, and also has a budget allocation of SDG 10 million. The Ministry of Cabinet Affairs provides crucial support to the Council of Ministers, and pays the salaries of members of the Council. Its budget amounts to SDG 18.2 million.

79. The Ministry of Labour and Public Service is responsible for regulating the pay of GoSS employees, and will continue to rehabilitate and provide training at the Juba, Malakal, Wau and Aluakluak Vocational Training Centres. It has allocated SDG 3 million for this activity, out of its budget of SDG 9.2 million.

80. The Ministry of Regional Co-operation represents Southern Sudan globally and it plans to have Missions Abroad in eighteen countries and in the European Union. Its budget is SDG 12 million. The budget for this Assembly is SDG 71.7 million, which includes SDG 39 million for the Constituency Development Fund. The Ministry of Parliamentary Affairs has a budget of SDG 11 million, out of which SDG 3 million is for the construction of a Ministry building.

81. Honourable Speaker, the Accountability Sector contains institutions which have the responsibility to execute, and to oversee the execution, of this Budget; to mobilise and manage resources efficiently and allocate them equitably to achieve sustainable service delivery and socio-economic development; to ensure accountability, transparency and zero tolerance of corruption; and to ensure public access to information on the use of public resources.

82. To ensure this Budget is executed in a proper manner, the Anti-Corruption Commission has a budget of SDG 7 million, out of which it will spend SDG 1.7 million on corruption investigation, asset tracing and recovery, and prosecution activities and strengthening of the legal framework to combat corruption. The Auditor General's Chamber, which also has a budget allocation of SDG 7 million, will work with the external audit agent, PKF, to audit GoSS's annual financial statement. The Ministry of Finance will continue to co-ordinate budget planning and execution, as well as the preparation of Government Accounts. My Ministry will also provide SDG 4 million of support to the Commercial Banks.

83. The Commission for Census, Statistics and Evaluation, apart from providing the inflation statistics with which I began, has been preparing for the census by providing publicity, training of personnel and will analyse and disseminate the results. Its budget is SDG 14 million.

84. Together, the Anti-Corruption Commission, the Auditor General's Chamber, the Centre for Census, Statistics and Evaluation, the Ministry of Finance and Economic Planning, the Fiscal and Financial Allocation and Monitoring Commission and the Reconstruction and Development Fund have been allocated SDG 53 million.

85. Within the Economic Functions Sector, the Ministry of Information and Broadcasting has a key role in promoting public access to information, necessary for the functioning of a democratic society. It is embarking on a large capital programme to

expand public broadcasting capacity, for which SDG 23 million is allocated out of its total budget of SDG 35 million.

86. But as well as promoting development of a democratic society, we must also promote the development of our economy. The Ministry of Energy, Industry and Mining will assume responsibility for re-invigorating the Anzara Industrial Complex. It will also spend SDG 3.5 million on feasibility studies for hydro-power projects, depots, refineries and factories. Its total budget is SDG 16.475 million.

87. A flourishing private sector must be at the heart of the development of our economy. The Ministry of Commerce has been allocated SDG 10 million to promote trade and private sector development, and the Investment Authority SDG 1 million to promote private sector investment. The private sector requires communications to function and the Ministry of Telecoms and Postal Services is allocated SDG 12 million to improve telecommunications and postal services.

88. Altogether, the Economic Functions sector is allocated SDG 74.5 million to advance and accelerate the balanced and sustainable economic development of Southern Sudan, and to provide the citizens with the necessary tools, infrastructure and information to participate effectively in political and economic development.

89. Promoting private sector development must rest upon an adequate infrastructure that allows firms, farms, and traders to take advantage of business opportunities. So we must rehabilitate and provide infrastructure that will stimulate investment, leading to economic growth and poverty reduction. The Infrastructure sector has been allocated SDG 518 million to take steps to achieve this.

90. The Ministry of Housing will invest SDG 18 million in completing the rehabilitation of Government ministries through the MDTF. It will also invest SDG 48 million in completing the rehabilitation of Government housing and spend SDG 8 million on a pilot housing scheme. To develop our urban centres, the Ministry of Housing will

spend SDG 30 million on road construction in Juba, and SDG 15 million on rehabilitating Juba's water and sanitation network through the MDTF. It will also complete the hydro feasibility studies for Fula & Bedden, and Lakki & Shukuli, and pay for transmission lines in Jebel Kajur, at a total cost of just over SDG 5 million. The Electricity Corporation and Urban Water Corporation will in total spend SDG 65 million to continue to operate and upgrade utilities in Juba, Wau, Malakal and other urban centres.

91. The Ministry of Transport and Roads will invest almost SDG 150 million in de-mining, rehabilitating and construction roads. Juba-Nimule road will be de-mined, financed by USAID. A new road will be constructed from Maridi to Yambio through MDTF, and the construction of Kajo Keji-Juba, Lanya-Jombo, Faraksika-Chukudum, Wau-Kwajok-Abyei, and Narus-Buma-Raad roads will be implemented by the World Food Programme and others. In addition bridges will be constructed at Juba and Mundri, and new Mvolo-Aluakluak-Akot road will be constructed. The Ministry of Transport is also upgrading airstrips in Yambio, Torit, Warrap, Wau, Bor and Aweil and renovating Juba airport, at a total cost of SDG 43 million, and investing SDG 8 million in Juba shipyard.

92. Infrastructure is also essential for the rural economy which, we must not forget, is the concern of most of the population of Southern Sudan. While roads bring necessary produce to market, adequate water supplies are essential for farming. The Ministry of Water Resources will spend SDG 3 million out of its total budget of SDG 13 million on irrigation schemes, dams and waterways. This will take the first steps to providing the infrastructure necessary for increasing rural productivity.

93. The aim of the Natural Resources and Rural Development sector is to improve the livelihoods and income, and ensure food security for all the people of Southern Sudan, through sustainable use of natural resources and the environment, and to increase access to land, safe water and improved sanitation for all. We have allocated SDG 197 million to the sector to take steps towards these goals.

94. The Ministry of Agriculture will provide seeds worth more than SDG 2.5 million to the farmers of Southern Sudan. It will also provide SDG 3.7m as counterpart funding for its recently approved MDTF project, which will help develop extension services in the rural areas. Its total budget is SDG 30 million. The Land Commission will develop land policies and laws and mediate land disputes. The Ministry of Animal Resources and Fisheries will spend nearly SDG 0.5m on livestock disease control and will transfer SDG 8 million to the States to ensure the presence of Animal Resources and Fisheries officers across all of Southern Sudan. It will also provide SDG 6 million as counterpart funding to its MDTF project, which will finance all its capital expenditures. Its total budget is SDG 24 million.

95. Southern Sudan's wildlife must be protected and conserved if it is going to provide a basis for a tourism industry. The Wildlife Service now has a workforce of 12,853 as a result of the demobilisation of SPLA soldiers. The vast majority of the Ministry of Environment, Wildlife and Tourism's budget is thus taken with paying SDG 75 million in salaries to the Wildlife Service. It will also spend 3.3 million on constructing tourism infrastructure. Its total budget allocation is SDG 106 million.

96. These activities will all help bolster the rural economy of southern Sudan, but it is also essential to provide the basic services that will improve the standard of living of the people of Southern Sudan. The Ministry of Co-operatives and Rural Development will contribute SDG 20 million out of its total budget of SDG 35 million for borehole construction through the Multi-Donor Trust Fund, to help improve access to clean water. In addition, donor partners will provide \$77 million dollars in funding to the Natural Resources Sector in 2008, excluding the MDTF.

97. Our aim for the Health sector is to establish and maintain a decentralised, accessible, affordable and quality countrywide health system based on primary healthcare, to improve the health status of people in Southern Sudan. Having now taken ownership of the three teaching hospitals, the Ministry of Health will spend SDG 28 million renovating, staffing and providing care in them. The MDTF Health project will

support the costs of developing a draft policy for secondary care, putting out tenders for equipment and maintenance, and providing training.

98. The Ministry of Health will in total contribute a total of SDG 40 million to the MDTF Health project, which will also allow for the installation of VSats in State Ministries of Health, the development of human resources, the establishment of Health Management Information and monitoring and evaluation systems, the improvement of reproductive health services, the procurement of drugs and the construction of warehouses for their stockpiling and distribution. The Ministry of Health is also constructing a quality assurance lab in Juba at the cost of SDG 16 million. Its total budget is SDG 140 million.

99. We will devote SDG 6.3 million to fighting HIV/Aids through both the Ministry of Health and HIV/Aids Commission. In total the Health Sector will receive SDG 145 million. The Health Sector is also well supported by its donor partners, which, excluding the MDTF, will be providing \$70 million in funding next year.

100. Honourable Speaker, we must also ensure that the next generation is equipped to take the opportunities available to them and to become more productive. We have allocated SDG 220 million to the Ministry of Education, Science and Technology to promote equitable access and deliver quality education services for sustainable development. In the last year over 1 million primary pupils were enrolled. Over half the Ministry's budget will be spent on paying the salaries of the 20,000 primary school teachers. And to ensure that an increasing number of these pupils have the school buildings they deserve, the Ministry will contribute to the construction or rehabilitation costs of over 150 schools through the MDTF in 2008.

101. SDG 32 million will be spent on the salaries for teachers of Alternative Education Systems programmes and SDG 22 million for secondary, technical, and vocational school teachers. SDG 15 million will be spent on the Universities. Donor partners will also provide \$59 million of funding for Education in 2008, outside of the MDTF.

102. Honourable Speaker, I have laid out our plans to ensure accountability, to improve our infrastructure, for promoting private sector and rural development and increasing the health and education of our people. In short, these are our major development expenditures. But without security, there cannot be development. To safeguard peace and security, the SPLA is allocated SDG 1 billion. This funding will also allow the SPLA to continue the process of transforming itself into an effective and efficient armed forces.

103. Two of the more immediate legacies of the decades of warfare that we still continue to face are the need to free Southern Sudan and transitional areas from Land Mines and explosive remnants of war, and to disarm, demobilise and reintegrate ex-combatants. The De-Mining Commission and the DDR Commission have been allocated SDG 3 million and SDG 6 million respectively to work on this. The cost of DDR is being supported by Donor partners.

104. To demonstrate our commitment, not just to those that continue to serve in the SPLA, but to those who have served with such honour, and been demobilised, we have allocated SDG 100 million to the War Veterans Commission so that we can continue to pay 43,000 demobilised veterans 50% of their salary throughout 2008.

105. The War Veterans Commission, together with the Ministries of Gender, Social Welfare and Religious Affairs and Culture, Youth and Sports, the War Disabled, Widows and Orphans Commission, the Peace Commission and SRRC make up the Social and Humanitarian Affairs Sector. To enable these organisations to make progress towards their aim of an inclusive, equitable and peaceful society, they have been allocated SDG 155 million.

106. The Ministry of Gender, Social Welfare and Religious Affairs will support improvements of burial sites in the States, construct Juba Women's Centre, maintain orphanages, and complete the construction of the Orthopaedic Rehabilitation Centre in

Juba and continue the production and fitting of artificial limbs. Its total budget is SDG 8 million. The Ministry of Culture, Youth and Sports will construct sports, culture and youth training centres and rehabilitate libraries, scout centres and youth hostels. Its total budget is also SDG 8 million. The War Disabled, Widows and Orphans Commission support the social and economic and welfare of war affected persons. The Peace Commission facilitate community dialogue and reconciliation.

107. There are still an estimated 3 million IDPs in Northern Sudan and more than 300,000 refugees in our neighbouring countries and SRRC will continue to co-ordinate and facilitate their return through its budget allocation of SDG 30 million.

108. Honourable Speaker, just as there can be no development without security, there can also be no real security for the people of Southern Sudan without the rule of law. It is thus crucial that we build and sustain efficient and effective accountable institutions, which promote and guarantee access to justice for all, and protect human rights for all. This is why we have allocated SDG 507 million to the Rule of Law sector.

109. The Ministry of Internal Affairs and its Police, Prisons, and Fire Services are providing productive employment for many demobilised SPLA troops. Most of its budget of SDG 420 million is taken with up the salaries for 54,000 staff. The Judiciary's Budget of SDG 57 million also provides for the salaries of the 286 Justices and Judges of Southern Sudan and their 1,749 legal assistants and support staff. Donor support will help provide training and emergency infrastructure.

110. The Ministry of Legal Affairs and Constitutional Development and the Human Rights Commission are the other institutions that make up this sector. The Ministry of Legal Affairs is responsible for providing legal services to the rest of GoSS and will build capacity to improve access to justice for the poor and vulnerable, and its budget amounts to just over SDG 25 million. The Human Rights Commission will deliver programmes to promote and protect human rights, including monitoring and reporting and complaints

and victim protection systems, and develop a human rights education programme. Its budget amounts to SDG 5 million.

#### *MDTF projects*

111. Honourable Speaker to complete my description of this year's Budget, we are allocating SDG 156 million to MDTF projects across eight sectors, from within the relevant Ministry budgets. This is a lot of money, and it adds on to the one hundred and twenty million dollars (\$120m) we have already contributed since the MDTF started. By the end of 2008, we will have completed almost all our counterpart contributions for Phase 1 of the MDTF, and over the course of next year, we will discuss Phase 2 with the donors.

112. Honourable Speaker, I am concerned that some people want to attribute the delays in the progress of MDTF projects on Government funding, by saying that we have delayed to give our money in time. I want to assure you that this is not true. Our contributions have not delayed, and we have always made our contributions according to the schedule agreed with the World Bank. In fact, we have often given money well in advance of when it is needed. The delays have more to do with the lengthy procurement procedures of the World Bank, and our initial lack of familiarity in GoSS on how to follow them. However, I am pleased to say that implementation is now speeding up.

#### **Conclusion**

113. Honourable Speaker, I want to conclude by asking all Southern Sudanese to unite and to work together on the path of peace and development. Together, we must work hard at achieving our vision, and overcoming the challenges we face.

114. I request the Honourable Assembly to approve the 2008 Budget as I have presented it to you. I thank you very much.