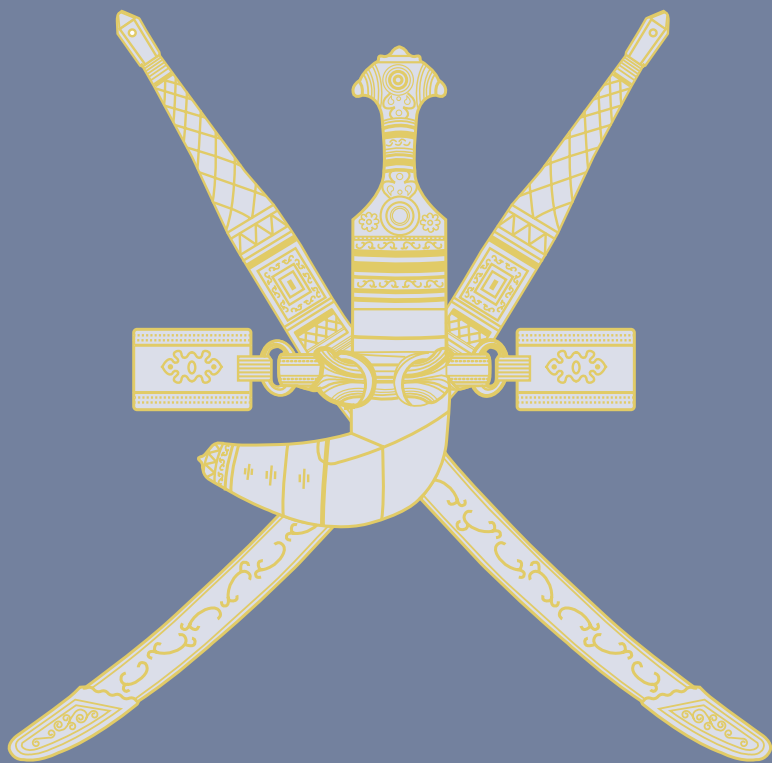




Sultanate Of Oman
Ministry Of Finance



The State's General Budget
for the Financial Year 2008

General Budget 2008

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



SULTANATE OF OMAN
MINISTRY OF FINANCE
Directorate General of Budget
and Contracts

**The State's General Budget
for the Financial Year 2008**

**Statement of the Minister of National Economy,
Supervisor of the Ministry of Finance about
the General Budget**



His Majesty Sultan Qaboos Bin Said

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ROYAL DECREE NO. (1/2008)
Approving the State's General Budget
for the Financial Year 2008

We, Qaboos bin Said, Sultan of Oman

After having perused the Basic Law of the State issued per Royal Decree No. 101/96 and the Financial Law issued per Royal Decree No. 47/98 and in the public interest.

We hereby Decree the following:

- Article 1 :** The State's General Budget for the Financial Year 2008 is here by approved according to the attached schedules.
- Article 2 :** All Ministries and Governmental units shall be required to implement this decree, each within its own competence.
- Article 3 :** This decree shall be published in the Official Gazette and shall be effective as from the first of January 2008.

Qaboos bin Said
Sultan of Oman

Issued on:-

23rd of Dhu'l-heja 1428 H.

1st January 2008

Schedule No. (1)
State's General Budget for the Financial Year 2008

(Rial Omani in Millions)

Particulars		Budget Estimates	
<u>First : Revenues:</u>			
1)	Net Oil Revenues	3 610	
2)	Gas Revenues	620	
3)	Current Revenues (Schedule No. 2)	1 130	
4)	Capital Revenues (Schedule No. 3)	32	
5)	Capital Repayments (Schedule No. 3)	8	
Total Revenues			5 400
<u>Second : Public Expenditures:</u>			
<u>A) Current Expenditures:</u>			
6)	Defense and Security Expenditures	1 360	
7)	Civil Ministries Expenditures (Schedule No. 4)	1 905	
8)	Oil Production Expenditures	180	
9)	Gas Production Expenditures	50	
10)	Interest on Loans	55	
Total Current Expenditures			3 550
<u>B) Investment Expenditures:</u>			
11)	Development Expenditures for Civil Ministries	725	
12)	Capital Expenditure for Civil Ministries (Schedule No. 4)	20	
13)	Oil Production Expenditures	670	
14)	Gas Production Expenditures	450	
Total Investment Expenditures			1 865

Schedule No. (1) Cont'd
State's General Budget for the Financial Year 2008

(Rial Omani in Millions)

Particulars		Budget Estimates	
<u>C) Participation and Subsidies to the Private Sector:</u>			
15)	Subsidy for the Interest on Development and Housing Loans	18	
16)	Participation in Domestic, Regional and International Institutions	249	
		118	
17)	Subsidy to the electricity sector		
Total Participation & Subsidies to the Private Sector			385
Total Public Expenditures			5 800
Third : Deficit (First-Second)			(400)
<u>Fourth : Financing:</u>			
18)	Net Grants		-
19)	Net Foreign Borrowing:		70
	-Loans Receivable:	116	
	-Loans Payable:	(46)	
20)	Net Domestic Borrowing:		(160)
	-Loans Receivable:	-	
	-Loans Payable:	(160)	
21)	Financing from Reserves		490
Total Financing			400

Schedule No. (2)
Estimates of Current Revenues by Civil Ministries, Government Units
& Public Authorities for the Financial Year 2008

(Rial Omani in Thousands)

Budget Number	Particulars	Revenues Estimates
10100	Diwan of Royal Court	26 457
15300	Office of the Deputy Prime Minister for the Council of Ministers	1
10400	Ministry of Legal Affairs	302
10500	Ministry of Finance	220 424
10600	Ministry of Foreign Affairs	2 184
10700	Ministry of Interior	176
10800	Ministry of Information	793
10900	Ministry of Commerce & Industry	5 304
11000	Ministry of Oil & Gas	31 773
11100	Ministry of Agriculture	2 991
11200	Ministry of Justice	1 672
11300	Ministry of Health	12 000
11400	Ministry of Education	797
11500	Ministry of Social Development	524
11600	Ministry of Heritage & Culture	105
11700	Ministry of Transport and Communications	32 050
11900	Ministry of Housing	24 713
12100	Ministry of Regional Municipalities & Water Resources	6 359
12200	High committee for National Day	1
12300	Office of Minister of State & Governor of Dhofar	6 455
12400	Office of Minister of State & Governor of Muscat	2
12700	Tender Board	822
13000	Shuraa Council	6
13100	Ministry of Civil Service	5
13300	Supreme Committee for Town Planning	16
13700	Sultan Qaboos University & Educational Hospital	1 155
14000	Ministry of Finance (Ministers & Under Secretaries Appropriations)	116
14200	Surplus & Subsidies Budgets	33 200
15000	Ministry of Sports Affairs	281
15500	Ministry of Higher Education	95
15700	Ministry of National Economy	10
15900	Ministry of Awqaf and Religious Affairs	134
16000	State's Council	3
16100	State's Audit Institution	3
16200	Public Prosecution	789
16500	Public Authority of Handicrafts Industries	55
16700	Ministry of Tourism	5 148
17600	Ministry of Manpower	86 730
17800	Ministry of Environment & Climate Affairs	335
17900	Ministry of Fisheries Wealth	838
18100	Public Authority for Electricity & Water	47 749
20400	Ministry of Defense	850
20600	Royal Oman Police	164 352
40500	Ministry of Finance (Financing of other institutions)	403 225
19000	Specified Allocation	9 000
TOTAL		1 130 000

Schedule No. (2/1)

Estimates of Current Revenues Functionwis for Civil Ministries,
Government Units & Public Authorities for the Financial Year 2008

(Rial Omani in Thousands)

Budget Number	Particulars	Revenues Estimates
	<u>(1) Public Services Sector:</u>	
10300	Office of the Deputy Prime Minister for the Council of Ministers	1
15300	Ministry of Legal Affairs	302
10400	Ministry of Finance	220 424
10500	Ministry of Foreign Affairs	2 184
10600	High Committee for National Day	1
12200	Tender Board	822
12700	Shuraa Council	6
13000	Ministry of Finance (Ministers & Undersecretaries Appropriations)	116
14000	State's Council	3
16000	State's Audit Institution	3
16100		
	Total of Public Services Sector	223 862
	<u>(2) Defense Sector:</u>	
20400	Ministry of Defense	850
	Total of Defense Sector	850
	<u>(3) Public Order and Security Sector:</u>	
10114	Diwan of Royal Court (Administrative Court)	40
10700	Ministry of Interior	176
11200	Ministry of Justice	1 672
12400	Office of Minister of State & Governor of Muscat	2
16200	Public Prosecution	789
20600	Royal Oman Police	164 352
	Total of Public Order and Security Sector	167 031
	<u>(4) Education Sector:</u>	
11400	Ministry of Education	10
13700	Sultan Qaboos University & Educational Hospital	797
15500	Ministry of Higher Education	1 155
15902	Ministry of Awqaf and Religious Affairs (Institute of Sharia Sciences)	95
17604 to 17618	Ministry of Manpower (Technical Education And Vocational Training)	1 101
	Total of Education Sector	2 159

Schedule No. (2/1) Cont'd
**Estimates of Current Revenues Functionwise for Civil Ministries,
Government Units & Public Authorities for the Financial Year 2008**

(Rial Omani in Thousands)

Budget Number	Particulars	Revenues Estimates
	<u>(5) Health Sector:</u>	
11300	Ministry of Health	11 990
	Total of Health Sector	11 990
	<u>(6) Social Security and Welfare Sector:</u>	
11500	Ministry of Social Development	524
13100	Ministry of Civil Service	5
17601 to 17603 & 17619	Ministry of Manpower (Labour)	86 629
	Total of Social Security and Welfare Sector	87 158
	<u>(7) Housing Sector:</u>	
10100	Diwan of Royal Court including:	
10103	- Muscat Municipality	22 586
10107	- Sohar Development Office	3 831
11900	Ministry of Housing	24 713
18100	Public Authority for Electricity & Water	47 749
12100	Ministry of Regional Municipalities & Water Resources Including:	
12101 to 12104	- Regional Municipalities Sector	4 195
12107	- Water Resources Sector	2 164
12301 to 12306 & 12308	Office of Minister of State & Governor of Dhofar	5 155
12307	Office of Minister of State & Governor of Dhofar (Dhofar Municipality)	1 300
13300	Supreme Committee for Town Planning	16
17800	Ministry of Environment & Climate Affairs	335
	Total of Housing Sector	112 044
	<u>(8) Cultural & Religious Affairs Sector:</u>	
10800	Ministry of Information	793
11600	Ministry of Heritage & Culture	105
15000	Ministry of Sports Affairs	281
15901	Ministry of Awqaf and Religious Affairs	133
16500	Public authority of Handicrafts Industries	55
	Total of Cultural & Religious Affairs Sector	1 367

Schedule No. (2/1) Cont'd
Estimates of Current Revenues Functionwise for Civil Ministries,
Government Units & Public Authorities for the Financial Year 2008

(Rial Omani in Thousands)

Budget Number	Particulars	Revenues Estimates
	<u>(9) Energy and Fuel Sector :</u>	
11000	Ministry of Oil & Gas	31 773
Total of Energy and Fuel Sector		31 773
	<u>(10) Agriculture, Forestry and Fisheries Sector:</u>	
11100	Ministry of Agriculture	2 991
17900	Ministry of Fisheries Wealth	838
Total of Agriculture, Forestry and Fisheries Sector		3 829
	<u>(12) Transportation and Communications Sector:</u>	
11703 to 11711	Ministry of Transport & Communications (Transportation)	28 362
11712 to 11714	Ministry of Transport & Communications (Communications)	3 688
14222	Telecommunications Regulatory Authority	33 200
Total of Transportation and Communications Sector		65 250
	<u>(13) Other Economic Affairs :</u>	
10900	Ministry of Commerce & Industry	5 304
15700	Ministry of National Economy	10
16700	Ministry of Tourism	5 148
Total of Other Economic affairs		10 462
	<u>(14) Others:</u>	
40501	Ministry of Finance (Financing of other Institutions)	403 225
Total of Others		403 225
19000	Specified Allocation	9 000
TOTAL		1 130 000

Schedule No. (2/2)
Estimates of Current Revenues Itemwise
for the Financial Year 2008

(Rial Omani in Thousands)

Account Number			Particulars	Revenues Estimates
Chapter	Section	Item		
			<u>(A) Taxes and Fees Revenues:</u>	
1	101	21	Income Tax on Companies and Establishments	166 000
1	103	11	Fees on Non Omani Labour Licenses	86 411
1	104	11	Municipality Fees on Property Renting Contracts	7 336
1	104	41	Fees on Real Estate Transactions	21 908
1	105	51	Business Licenses	3 329
1	105	52	Transportation Licenses	21 500
1	105	53	Fees from Hotels and Other Facilities	12 067
1	105	54	Fees on Concessionary Facilities	5 700
1	105	55	Domestic Miscellaneous Fees	6 711
1	105	61	Fees on vehicles Crossing Land Borders	3 647
1	106	11	Customs Duties	100 000
Total of Taxes and Fees Revenues				434 609
			<u>(B) Other Than Tax Revenues:</u>	
1	108	13	Revenues from Sales of Water	55 760
1	108	14	Other Water Revenues	355
1	108	15	Postal Revenues	3 613
1	108	16	Airports Revenues	22 000
1	108	17	Ports Revenues	250
1	108	18	Telecommunications Facility Revenues	27 200
1	108	21	Surplus from Public Authorities	6 000
1	108	31	Rent from Government Real Estates	6 574
1	108	41	Income from Government Investments	396 818

Schedule No. (2/2) Cont'd
Estimates of Current Revenues Itemwise
for the Financial Year 2008

(Rial Omani in Thousands)

Account Number			Particulars	Revenues
Chapter	Section	Item		Estimates
1	108	42	Interest on Bank Deposits and Lending	47 779
1	109	11	Passport and Immigration Fees	9 638
1	109	12	Miscellaneous Administrative fees and Charges	18 921
1	110	11	Compensations, Fines and Forfeitures	21 494
1	112	11	Mining Revenues	2 453
1	112	21	Sales of Food Stuff	91
1	112	22	Miscellaneous Agricultural Revenues	122
1	112	23	Fisheries Revenues	720
1	112	24	Medical Revenues	10 113
1	112	26	Miscellaneous Revenues	26 490
1	100	12	Other Oil Revenues	30 000
Total of Other Than Tax Revenues				686 391
<u>C) Specified Allocation</u>				9 000
TOTAL (A+B+C)				1 130 000

Schedule No. (3)
Estimates of Capital Revenues & Capital Repayments
Functionwise for Civil Ministries for the Financial Year 2008

(Rial Omani in Thousands)

Budget Number	Particulars	Revenues Estimates
	<u>Capital Revenues :</u>	
	<u>Public Services Sector :</u>	
10500	Ministry of Finance	150
Total of Public Services Sector		150
	<u>Housing Sector :</u>	
10107	Diwan of Royal Court (Sohar Development Office)	700
11900	Ministry of Housing	31 150
Total of Housing Sector		31 850
Total Estimates of Capital Revenues		32 000
	<u>Capital Repayments :</u>	
	<u>Others :</u>	
40501	Ministry of Finance (Financing of Other Institutions)	8 000
Total of Others Sector		8 000
Total Estimates of Capital Repayments		8 000

Schedule No. (3/1)
Estimates of Capital Revenues & Capital Repayments
Itemwise for the Financial Year 2008

(Rial Omani in Thousands)

Account Number			Particulars	Revenues Estimates
Chapter	Section	Item		
			<u>Capital Revenues:</u>	
1	213	11	Revenues from Sale of Social Houses & Govt. Buildings	1 665
1	215	11	Revenues from Sale of Government Land	30 335
Total Estimates of Capital Revenues				32 000
			<u>Capital Repayments :</u>	
			<u>Repayment of Loan Installments :</u>	
1	430	11	Repayment of Loans by Public Authorities, Institutions and Others	8 000
Total Estimates of Capital Repayments				8 000

Schedule No. (4)
Estimates of Current & Capital Expenditures
by Civil Ministries, Government Units & Public
Authorities for the Financial Year 2008

(Rial Omani in Thousands)

Budget Number	Particulars	Expenditures		Total Expenditure
		Current	Capital	
10100	Diwan of Royal Court	70 396	319	70 715
16600	Royal Court Affairs	119 717	868	120 585
10200	Cabinet Secretariat	1 335	27	1 362
10300	Office of HM's Personal Representative	499	5	504
15300	Office of the Deputy Prime Ministers for Council of Ministers	451	0	451
16400	Office of The Representative of HM, The Sultan	666	13	679
10400	Ministry of Legal Affairs	1 534	44	1 578
10500	Ministry of Finance	10 566	76	10 642
10600	Ministry of Foreign Affairs	33 908	162	34 070
10700	Ministry of Interior	19 550	104	19 654
10800	Ministry of Information	17 624	93	17 717
10900	Ministry of Commerce & Industry	8 711	17	8 728
11000	Ministry of Oil & Gas	4 130	20	4 150
11100	Ministry of Agriculture	17 091	84	17 175
11200	Ministry of Justice	20 837	22	20 859
11300	Ministry of Health	230 720	7 465	238 185
11400	Ministry of Education	510 984	1 583	512 567
11500	Ministry of Social Development	40 824	33	40 857
11600	Ministry of Heritage & Culture	4 428	10	4 438
11700	Ministry of Transport & Communications	23 788	236	24 024
11900	Ministry of Housing	19 070	778	19 848
12100	Ministry of Regional Municipalities & Water Resources	42 629	440	43 069
12200	High Committee for National Day	340	0	340
12300	Office of Minister of State & Governor of Dhofar	39 370	476	39 846
12400	Office of Minister of State & Governor of Muscat	2 007	14	2 021
12700	Tender Board	770	2	772
12800	Office of Advisor to His Majesty, the Sultan for Economic Planning Affairs	202	0	202

Schedule No. (4) Cont'd
Estimates of Current & Capital Expenditures
by Civil Ministries, Government Units & Public
Authorities for the Financial Year 2008

(Rial Omani in Thousands)

Budget Number	Particulars	Expenditures		Total Expenditure
		Current	Capital	
12900	Office of Advisor to His Majesty, the Sultan for External Liaison	194	1	195
13000	Shuraa Council	3 780	29	3 809
13100	Ministry of Civil Service	3 085	6	3 091
13300	Supreme Committee for Town Planning	848	2	850
13700	Sultan Qaboos University & Educational Hospital	104 079	2 720	106 799
14000	Ministry of Finance (Ministers & Undersecretaries Appropriations)	8 127	739	8 866
14200	Surplus & Subsidies Budgets	10 791	0	10 791
15000	Ministry of Sports Affairs	9 664	25	9 689
15200	Institute of Public Administration	538	0	538
15500	Ministry of Higher Education	32 943	169	33 112
15600	Contribution towards Pensions of the Omani Government Employees	70 000	0	70 000
15700	Ministry of National Economy	5 119	0	5 119
15800	Pensions and after service gratuities Budget	11 500	0	11 500
15900	Ministry of Awqaf and Religious Affairs	16 902	297	17 199
16000	State's Council	2 729	64	2 793
16100	State Audit Institution	4 035	0	4 035
16200	Public Prosecution	6 143	24	6 167
16500	Public Authority of Handicrafts Industries	1 932	60	1 992
16700	Ministry of Tourism	3 687	155	3 842
16800	The Research Council	50	0	50
17200	The Council of Higher Education	161	2	163
17600	Ministry of Manpower	53 523	2 291	55 814
17800	Ministry of Environment & Climate Affairs	2 813	68	2 881
17900	Ministry of Fisheries Wealth	6 309	12	6 321
18100	Public Authority for Electricity & Water	23 901	445	24 346
19000	Specified Allocations	280 000	0	280 000
TOTAL		1 905 000	20 000	1 925 000

Schedule No. (4/1)
Estimates of Current & Capital Expenditures Functionwise
for Civil Ministries, Government Units & Public
Authorities for the Financial Year 2008

(Rial Omani in Thousands)

Budget Number	Particulars	Expenditures		Total Expenditure
		Current	Capital	
	<u>(1) Public Services Sector:</u>			
10100	Diwan of Royal Court	44 367	154	44 521
16600	Royal Court Affairs	119 717	868	120 585
10200	Cabinet Secretariat	1 335	27	1362
10300	Office of H.M's Personal Representative	499	5	504
16400	Office of The Representative of HM, The Sultan	451	0	451
15300	Office of the Deputy Prime Minister for Council of Ministers Affairs	666	13	679
10400	Ministry of Legal Affairs	1 534	44	1 578
10500	Ministry of Finance	10 566	76	10 642
10600	Ministry of Foreign Affairs	33 860	160	34 020
12200	High Committee for National Day	340	0	340
12700	Tender Board	770	2	772
12900	Office of Advisor to His Majesty, the Sultan for External Liaison	194	1	195
13000	Shuraa Council	3 780	29	3 809
14000	Ministry of Finance (Ministers & Undersecretaries Appropriations)	8 127	739	8 866
16000	State's Council	2 729	64	2 793
16100	State Audit Institution	4 035	0	4 035
Total of Public Services Sector		232 970	2 182	235 152
	<u>(3) Public Order and Security Sector:</u>			
10114	Diwan of Royal Court (Court of Administrative Judicature)	1 427	15	1 442
10700	Ministry of Interior	19 550	104	19 654
11200	Ministry of Justice	20 837	22	20 859
12400	Office of State Minister & Governor of Muscat	2 007	14	2 021
16200	Public Prosecution	6 143	24	6 167
Total of Public Order & Security Sector		49 964	179	50 143

Schedule No. (4/1) Cont'd
Estimates of Current & Capital Expenditures
Functionwise for Civil Ministries, Government
Units & Public Authorities for the Financial Year 2008

(Rial Omani in Thousands)

Budget Number	Particulars	Expenditures		Total Expenditure
		Current	Capital	
	<u>(4) Education Sector:</u>			
10690	Ministry of Foreign Affairs (Diplomatic Institute)	48	2	50
11300	Ministry of Health (Health Institutions & General Directorate of Education and Training)	9 959	180	10 139
11400	Ministry of Education	510 420	1 583	512 003
13700	Sultan Qaboos University and Educational Hospital	104 079	2 720	106 799
14223	Oman College for Tourism	1 681	0	1 681
15200	Institute of Public Administration	538	0	538
15500	Ministry of Higher Education	32 943	169	33 112
15902	Ministry of Awqaf & Religious Affairs (Institute of Sharia Sciences)	1 063	3	1 066
16500	Public Authority of Handicrafts Industries, (Handicrafts Industries & Training Centers)	104	0	104
16800	The Research Council	50	0	50
17200	The Council of Higher Education	161	2	163
17604 to 17618	Ministry of Manpower (Technical Education and Vocational Training)	42 810	1 968	44 778
	Total of Education Sector	703 856	6 627	710 483
	<u>(5) Health Sector</u>			
11300	Ministry of Health	220 761	7 285	228 046
	Total of Health Sector	220 761	7 285	228 046
	<u>(6) Social Security & Welfare Sector:</u>			
11500	Ministry of Social Development	40 824	33	40 857
13100	Ministry of Civil Service	3 085	6	3 091
14214	Subsidies to Households and Other Institutions	5 299	0	5 299
15600	Contribution Towards Pensions of the Omani Government Employees	70 000	0	70 000
15800	Pensions & After Service Gratuities Budget	11 500	0	11 500
17601 to 17603 & 17619	Ministry of Manpower (Labour)	10 713	323	11 036
	Total of Social Security & Welfare Sector	141 421	362	141 783

Schedule No. (4/1) Cont'd
Estimates of Current & Capital Expenditures
Functionwise for Civil Ministries, Government
Units & Public Authorities for the Financial Year 2008

(Rial Omani in Thousands)

Budget Number	Particulars	Expenditures		Total Expenditure
		Current	Capital	
	<u>(7) Housing Sector:</u>			
10100	Diwan of Royal Court including:			
10103	- Municipality of Muscat	17 916	90	18 006
10105	- Advisor for Environment Preservation Office	1 589	36	1 625
10107	- Sohar Development Office	3 504	3	3 507
10111	- Office of the Advisor to HM, the Sultan for Environmental Affairs	232	2	234
11900	Ministry of Housing	19 070	778	19 848
18100	Public Authority for Electricity & Water	23 901	445	24 346
12100	Ministry of Regional Municipalities, & Water Resources including:			
12101 to 12104	- Regional Municipalities Sector	40 221	410	40 631
12107	- Water Resources Sector	2 408	30	2 438
12301 to 12306 & 12308	Office of Minister of State & Governor of Dhofar	30 131	378	30 509
12307	Office of Minister of State & Governor of Dhofar (Municipality of Dhofar)	9 239	98	9 337
13300	Supreme Committee for Town Planning	848	2	850
17800	Ministry of Environment & Climate Affairs	2 813	68	2 881
Total of Housing Sector		151 872	2 340	154 212
	<u>(8) Cultural and Religious Affairs Sector:</u>			
10115	Diwan of Royal Court (Office of the Advisor to HM, the Sultan for Cultural Affairs)	1 361	19	1 380
10800	Ministry of Information	17 624	93	17 717
11403	Ministry of Education (Directorate General for Scouts)	564	0	564
11600	Ministry of Heritage & Culture	4 428	10	4 438
14204	Oman Establishment for Press, News Publication & Advertising	571	0	571
15000	Ministry of Sports Affairs	9 664	25	9 689
15901	Ministry of Awqaf & Religious Affairs	15 839	294	16 133
16500	Public Authority of Handicraft Industries	1 828	60	1 888
Total of Cultural and Religious Affairs Sector		51 879	501	52 380

Schedule No. (4/1) Cont'd
Estimates of Current & Capital Expenditures
Functionwise for Civil Ministries, Government
Units & Public Authorities for the Financial Year 2008

(Rial Omani in Thousands)

Budget Number	Particulars	Expenditures		Total Expenditure
		Current	Capital	
	<u>(9) Energy & Fuel Sector:</u>			
11000	Ministry of Oil and Gas	4 130	20	4150
	Total Energy and Fuel Sector	4 130	20	4150
	<u>(10) Agriculture, Forestry & Fisheries Sector:</u>			
11100	Ministry of Agriculture	17 091	84	17 175
17900	Ministry of Fisheries Wealth	6 309	12	6 321
	Total of Agriculture, Forestry & Fisheries Sector	23 400	96	23 496
	<u>(12) Transportation & Communications Sector:</u>			
11703 to 11711	Ministry of Transport and Communications (Transportation)	18 196	229	18 425
11712 to 11714	Ministry of Transport and Communications (Communications)	5 592	7	5 599
14224	Information Technology Authority (ITA)	2 024	0	2 024
	Total of Transportation and Communications Sector	25 812	236	26 048
	<u>(13) Other Economic Affairs:</u>			
10900	Ministry of Commerce and Industry	8 711	17	8 728
12800	Office of the Advisor to His Majesty, the Sultan for Economic Planning Affairs	202	0	202
14202	Public Authority for Stores and Food Reserves	339	0	339
14220	The Omani Centre for Investment	877	0	877
15700	Promotion and Export Development	5 119	0	5 119
16701	Ministry of National Economy	3 687	155	3 842
	Ministry of Tourism	18 935	172	19 107
19000	Total of Other Economic Affairs	280 000	0	280 000
		1 905 000	20 000	1 925 000

Schedule No. (5)
Development Budget for the Financial Year 2008
(Ministry-wise Allocations)

(Rial Omani in Thousands)

Sector - Ministry	Allocations for on-going Projects	Allocations for new Projects	Total Allocations
<u>A) Commodity Production Sector:</u>			
Ministry of Oil & Gas: Oil	721	2 341	3 062
Ministry of Oil & Gas: Gas	40 066	205 608	245 674
Ministry of Commerce and Industry: Minerals	1	1 156	1 157
Ministry of Commerce and Industry: Industry	0	1 412	1 412
Public Establishment for Industrial Estates	2 879	6 482	9 361
Public Authority of Handicraft Industries	167	5 064	5 231
Ministry of Agriculture : Agriculture	577	10 985	11 562
Ministry of Agriculture : Irrigation and Water Resources	22	2 442	2 464
Ministry of Fisheries	5 607	26 301	31 908
The Omani Center for Investment Promotion and Export Development	0	835	835
Subtotal	50 040	262 626	312 666
<u>B) Service Producing Sector:</u>			
Ministry of Commerce and Industry: Trade	1 549	3 218	4 767
Ministry of Tourism	14 660	126 674	141 334
Ministry of Housing,	21 819	77 490	99 309
Public Authority Electricity & Water: Water.	55 952	162 494	218 446
Ministry of Transport & Communications:	834	120	954
Communications	508	210	718
The Public Authority for Stores & Food Reserves	722	500	1 222
Telecommunications Regulatory Authority	96 044	370 706	466 750
Subtotal			
<u>C) Social Structure Sector:</u>	6 069	28 051	34 120
Ministry of Information	1 124	15 155	16 279
Ministry of Justice	13 065	119 111	132 176

Schedule No. (5) Cont'd
Development Budget for the Financial Year 2007
(Ministry-wise Allocations)

(Rial Omani in Thousands)

Sector - Ministry	Allocations for on-going Projects	Allocations for new Projects	Total Allocations
Ministry of Education	26 765	121 718	148 483
Ministry of Sports Affairs	3 891	24 663	28 554
Ministry of Social Development	3 124	5 467	8 591
Ministry of Heritage & Culture	9 317	23 557	32 874
Ministry of Civil Service	282	656	938
Sultan Qaboos University	14 077	19 724	33 801
Ministry of Manpower	20 233	50 951	71 184
Office of the Advisor to H.M. the Sultan for Cultural Affairs	18	965	983
Ministry of Higher Education	3 988	67 539	71 527
Ministry of Awqaf & Religious Affairs	1 075	3 185	4 260
The Research Council	0	16 471	16 471
Subtotal	103 028	497 213	600 241
<u>D) Infrastructure Sector:</u>			
Diwan of Royal Court: General Diwan	9 891	13 219	23 110
Diwan of Royal Court: Muscat Municipality	95 012	283 032	378 044
Diwan of Royal Court: Sohar Development Office	1 344	23 763	25 107
Royal Court Affairs	99 802	198 886	298 688
Office of the Deputy Prime Minister for the Council of Ministers	122	987	1 109
Office of the Personal Representative of H.M. The Sultan	53	0	53
Office of the Representative of H.M. The Sultan	0	4 108	4 108
Ministry of Legal Affairs	37	3 870	3 907
Ministry of Foreign Affairs	29 749	46 318	76 067
Ministry of Interior	2 384	5 368	7 752
Ministry of Transport & Communications: Roads	92 679	279 091	371 770
Ministry of Transport & Communications: Airports	7 512	94 574	102 086

Schedule No. (5) Cont'd
Development Budget for the Financial Year 2008
(Ministry-wise Allocations)

(Rial Omani in Thousands)

Sector - Ministry	Allocations for on-going Projects	Allocations for new Projects	Total Allocations
Ministry of Transport & Communications: Ports	32 168	285 092	317 260
Ministry of Regional Municipalities, Water Resources (Regional Municipalities)	37 666	134 359	172 025
Ministry of Regional Municipalities, & Water Resources (Water Resources)	7 039 316	98 217 7 596	105 256 7 912
Ministry of Environment & Climate Affairs			
High Committee for the National Day	0	45	45
Office of the Minister of State and Governor of Dhofar	3 448	62 455	65 903
Office of the Minister of State and Governor of Muscat	95	637	732
Supreme Committee for Town Planning	896	74 082	74 978
Ministry of Finance	2 398	5 983	8 381
Majlis As'shura	0	58	58
State's Council	0	352	352
Ministry of National Economy	6 683	61 354	68 037
State Audit Institution	2 500	2 509	5 009
Public Prosecutor	70	2 297	2 367
Information Technology Authority	1 567	33 023	34 590
Specified allocation	9 294	24 028	33 322
Subtotal	442 725	1 745 303	2 188 028
TOTAL (A,B,C,D)	691 837	2 875 848	3 567 685
Estimate of Actual Expenditure for 2008	725 000		

Schedule No. (5/1)
Development Budget for the Financial Year 2008
(Sector-wise Allocations)

(Rial Omani in Thousands)

Sector	Allocations for on-going Projects	Allocations for new Projects	Total Allocations
<u>1. Commodity Production Sector :</u>			
Crude Oil	401	2 204	2 605
Natural Gas	40 066	205 608	245 674
Minerals and Quarries	1	1 157	1 158
Agriculture	838	10 732	11 570
Fisheries	5 607	25 244	30 851
Converting industries	2 914	21 652	24 566
Total Commodity Production Sector	49 827	266 597	316 424
<u>2- Service Producing Sector :</u>			
Housing	29 414	77 207	106 621
Trade	1 269	1 414	2 683
Electricity	361	5 878	6 239
Water	60 378	179 907	240 285
Posts, Telegraph & Telephones	1 572	120	1 692
Tourism	15 250	121 870	137 120
Total Services Producing Sector	108 244	386 396	494 640
<u>3) Social Structures Sector :</u>			
Education	44 415	197 952	242 367
Vocational Training	22 257	39 820	62 077
Health	13 086	135 057	148 143
Information, Culture and Religious Affairs	100 814	74 873	175 687
Community Centers	3 099	5 658	8 757
Youth Centers	3 730	24 638	28 368
Total Social Structures Sector	187 401	477 998	665 399

Schedule No. (5/1) Cont'd
Development Budget for the Financial Year 2008
(Sector-wise Allocations)

(Rial Omani in Thousands)

Sector	Allocations for on-going Projects	Allocations for new Projects	Total Allocations
4) Infrastructure Sector :			
Roads	198 195	660 375	858 570
Airports	7 489	94 512	102 001
Ports	33 948	302 987	336 935
Irrigation & Water Resources	4 864	105 236	110 100
Town Planning & Municipal Services	31 083	152 808	183 891
Government Administration	67 988	386 876	454 864
Environment & Pollution Control	2 798	42 063	44 861
Total Infrastructure Sector	346 365	1 744 857	2 091 222
Total	691 837	2 875 848	3 567 685
Estimate of Actual Expenditure during 2008	725 000		

Schedule No. (5/2)
Development Budget for the Financial Year 2008
(Region-wise Allocations)

(Rial Omani in Thousands)

Region	Allocations for on-going Projects	Allocations for new Projects	Total Allocations
Muscat Governorate	241 554	723 672	965 226
Al-Batinah Region	110 083	251 734	361 817
Musandam Governorate	6 936	22 258	29 194
Al-Buraimi	5 896	119 197	125 093
ADhahira Region	22 756	5 735	28 491
ADakhliya Region	30 307	165 579	195 886
ASharqiya Region	38 383	213 332	251 715
AlWusta Region	43 855	253 586	297 441
Dhofar Governorate	45 825	420 515	466 340
National Projects	115 156	658 148	773 304
Projects Abroad	31 086	42 092	73 178
Total	691 837	2 875 784	3 567 685
Estimate of Actual Expenditure during 2008	725 000		

PRESS STATEMENT OF H.E THE MINISTER OF NATIONAL ECONOMY AND SUPERVISOR OF MINISTRY OF FINANCE, DEPUTY CHAIRMAN FOR FINANCIAL AFFAIRS AND ENERGY RESOURCES COUNCIL ON THE STATE GENERAL BUDGET FOR THE YEAR 2008

It is my pleasure to meet with you today on the occasion of the issuance of the Royal Decree No (1/2008) ratifying the State's General Budget (SGB) for the fiscal year 2008 which is the third year of the Seventh Five-Year Development Plan (2006-2010) and review the main economic indicators for the national economy performance for 2007 and elucidate the major features of the SGB for 2008.

First : International economy and international oil prices:

During 2007 the global economy realized a strong growth rate of (5.2%) according to the forecasts of the International Monetary Fund (IMF). This is due to the continued high growth rates in the emerging markets in China, India and Russia where they contributed half of the international economy growth rate during 2007. Further, it is due to the high growth rates in the low-income countries in Africa and the oil exporting countries resulting from unprecedented high oil prices in the global markets.

The IMF is expecting the continuance of the international growth in 2008 but at lower rates reaching (4.8%). This decline is ascribed to the growing unrest in the financial markets due to the problem of the real estate mortgage market in USA , weakness of the US\$ and the increased inflationary pressures arising as a result of the increase in the oil and foodstuff prices.

It is also expected that oil prices will continue their current increase in 2008 as a result of the strong demand, which is linked, from one side, to the economic growth and to the congestions in the refining capacities, retraction of stock levels and other geopolitical factors .

Second: Main features of the national economy performance in 2007:

* Preliminary estimates of the GDP indicate that the national economy will achieve a growth rate of (11.6%) continuing its characteristic increasing growth in the recent years. The good performance of the national economy is due, from the one hand, to the increase in oil prices and, from the other hand, to the appropriate environment that is conducive to growth which was facilitated by the economic and monetary policies followed by the government. In addition, it was due to the strong local demand and improvement in the non-oil exports performance.

* One of the positive features of the national economy performance in 2007, was that all the main activities contributed to this growth. The value added to the oil activities, in spite of the decline in the production rates by (3.7%) compared with 2006, will grow at a rate of (5.5%) due to the increase in the oil prices and the increase in the demand for natural gas .

*The non-oil activities are expected to grow by (17%). The leading activities for this growth were the refined oil products (80%), mining and quarries (30%), wholesale and retail trade(30%), transportation , warehousing and communication (26%), and construction (25%).

* Regarding the foreign trade, the expectations indicate an increase of the overall proceeds of exports in 2007 by (4%) compared with to 2006. The oil exports are expected to grow by (0.7%), and the non-oil exports of Omani origin are expected to increase by (9%) by virtue of the increase in the exported quantities of LNG and the increase in its prices that are linked to the oil prices. Also the proceeds from re-export operations are expected to increase by (18%).

* Imports value is expected to increase by (46%) in 2007 compared with 2006 as a result of the increase in commodity prices in the international markets, retraction of US\$ exchange rate against the other foreign currencies, in addition to the strong domestic consumption and investment demand. In view of this, the balance of trade surplus will decrease in 2007 by (31%) compared with 2006.

* The inflation rate during the period (January-October 2007) amounted to about (5.3%) compared with the same period in 2006.This increase is mainly related to the group of foodstuff, and other consumer commodities. The increase in the inflation rate is attributed to the increase in the growth rates of the national economy and the rise of international prices of commodities, in addition to the retraction of the US\$ exchange rate against the other foreign currencies and the strong local demand.

* As to the privatization programme the work on its implementation is effectively progressing in a good way. The consultancy group appointed to evaluate the privatization experience in the electricity and water sector confirmed the success of the experience, in respect of restructuring the sector and motivating the private sector to invest therein. Thus subsidy to electricity decreased in the year 2007 from O.R (135) million to O.R (118) million.

* With regard to the tourism sector, upon which the Sultanate greatly counts on, in view of its several potentials, the preliminary data for 2007 indicate that the sector is expected to grow by a rate exceeding (8%). This is due to the increase in the accommodation capacities and the efforts exerted to promote the tourism in the Sultanate. It is noteworthy that the contribution of the tourism sector in the Gross Domestic Product (GDP) greatly exceeds the current estimates of about (1%), which is based on the performance of hotels and restaurants only. The Ministry of National Economy, in collaboration with the Ministry of Tourism is establishing an

integrated system for tourism sector accounts that reflects the Sector's real contribution in the national economy, as a number of statistical surveys are now being conducted for measuring the spending of the tourists incoming the Sultanate and the spending of the residents on the internal tourism. The results of these surveys shall constitute the necessary base for measuring the real contribution of the tourism sector in the national economy.

By looking at the private investment in the vast tourism projects, we will find out that the seventh five-year development plan witnessed the start of the real implementation of a number of these projects, which include the wave project, Salam Yetti, the tourism project in Shaa in Dhofar Governorate, the commercial tourism complex in Salalah and the tourism resort in Zighi in Musandam Governorate whose inauguration is expected during 2008. Preparations are effectively progressing for commencing on the implementation of another number of big tourism projects, such as Al Seefa resort, Bar Al Jassa, the Blue City and two tourism resorts in Musandam Governorate.

*With regard to Muscat Securities Market (MSM) during the period (January - November 2007), it recorded a distinguished performance compared with the same period in 2006. The general index of the market rose to (8443) points compared with (5467) points realizing gains of (54%). The market value of MSM increased to O.R (9) billion compared with O.R (6) billion, i.e. an increase by (50%).

* As to the performance of the national economy in the year 2008, and in the light of the expected increase in the growth rates of the oil production, the continuance of its high prices thereof and the rise in the growth rate of the government expenditure, in addition to the implementation of some projects as planned, the performance of the national economy will continue its growth at the level of all economic sectors and activities.

* The original total approbations for civil ministries development programme in the Seventh Five-Year Development Plan, which is considered the main mover of the Plan and its executive tool, amounted to about O.R (3016) million. Since the start of the implementation of the Plan and till the end of November 2007 a group of additional projects was approved in response to the Royal Directives during the annual Royal Tours, which emphasized defining the citizens urgent needs in the Wilayats and regions and working towards their realization. Also, to implement a number of developmental projects in light of the attention awarded by the government to the development programmes and the completion of the basic infrastructure projects. In addition to the additional allocations for the projects of repairing the infrastructure affected by the exceptional climatic conditions which struck the Sultanate . The total of these additions amounted to O.R (2357) million and

and therefore the development programme appropriations increased by (78%) to reach about O.R (5373) million, as a result of the additions approved under the Plan. Hereunder are the main sectors on which the additions were concentrated:

1: Additional appropriations for road sector by O.R (730) million :

Includes the following projects:

- O.R (68) million for paving Hasik / Al Shwimiah road.
- Al Amrat / Qurayyat dual-lane road by O.R (66) million .
- Salalah / Thumrait dual-lane road by O.R (48) million .
- Support of Muscat international airport flyover bridge project by O.R (6) million.
- Paving of internal roads in Salalah by O.R (20) million.
- The dual-lane road project of Al Rusail / Nizwa, the second phase, by O.R (15) million.
- O.R (50) million to tackle traffic congestions in Muscat Governorate and raise roads efficiency at contingency conditions of rainfall.
- Promoting the project of paving the express southern road Al Quraum / Al Naseem park by O.R (5) million.
- Promoting the project of Al Mulddah /Al Rustaq dual-lane road by O.R (7) million.
- An amount of O.R (285) million was allocated for the projects of repairing infrastructure affected by the exceptional climatic conditions which was approved by the Ministerial committee formed as per Royal Directives for repairing the affected infrastructure up to the end of this year. Another appropriations are expected to be approved at the beginning of the current year for the completion of repairing the infrastructure in this respect, especially the housing sector. The cost of the projects of repairing the damages incurred by roads, due to the exceptional climatic conditions, which struck the Sultanate against the amount of O.R (188) million as follows:
 1. The asphalt and unpaved roads in Al Battinah and Al Sharqiya regions by O.R (30) million.
 2. Repaving of Wadi Adai / Al Amrat road by O.R (57) million.
 3. Rehabilitation of Al Bahri road in A'Seeb and constructing bridges by O.R (30) million.
 4. Rehabilitation of Al Quraum /Al Sarooj road by O.R (4) million.
 5. Repairing and maintenance of the service roads, lighting and forestation by O.R (65) million.
- Paving internal (service) roads projects at the different regions of the Sultanate by O.R (212) million.

2: Additional appropriations for ports sector by O.R (365) million :**Includes the following projects:**

- Marine works project at Al Duqm port by O.R (199) million.
- Construction of quays for the third phase of Sohar industrial port by O.R (66) million.
- O.R (68) million for purchasing (5) ferry vessels: two for the north of Sultanate, two for the south and one for Masirah.
- Expansion and development of the general cargo quays and construction of one quay for fluids for Salalah methanol project in Salalah port by O.R (17) million.
- Establishment of Shannah harbor in Al Wusta region by O.R (10) million.

3: Additional appropriations for gas sector by O.R (290) million:**Includes the following projects:**

- Gas supply to al Duqm industrial estate by O.R (55) million.
- Purchasing compressors and construction of gas pumping stations in Al Buraymi and Fahud for gas supply to Sohar industrial area by O.R (76) million.
- Gas supply to the methanol plant and the new electricity station in Salalah by O.R (20) million.
- Purchasing and establishment of Nimr (Al Wusta) gas compression station by O.R (20) million.

4: Additional appropriations for housing sector by O.R (66) million :

Work commenced during 2007 on construction of about (1625) new housing units for the citizens in the different areas of the Sultanate, thus raising the housing units, in which work had started during the Seventh Plan , to about 4328.

5 : Additional appropriations for airports sector by O.R (134) million :**Includes the following projects:**

- O.R (111) million for consultancy studies, designing and supervision for improving, developing and renewing of Muscat international airport and Salalah airport.

Regarding the plan for developing Muscat and Salalah international airports, it is noteworthy that the Ministry of Transport and Communication and the Ministerial Committee commissioned for improving the two airports are now reviewing the designs and the detailed maps, and preparing the documentation according to the pre-set main plan. It is expected, during the first half of the current year, that tenders for the new runway will be invited. Drawing up the designs for the airport new building

is also underway, and we hope that its tender invitation will take place before the year end.

- O.R (17) million for the consultancy studies, designing and supervision for the construction of a number of regional airports.

Work is underway on the designs for construction of (6) regional airports in Sohar, Al Duqm, Ras Al Had, Adam, Haima and Shaleem.

6 : Additional appropriations for health sector by O.R (80) million :

Includes the following projects :

- Construction of buildings and additional expansions at the University Hospital by O.R (7) million.
- Construction of a hospital in Masirah by O.R (5) million .
- Furthering the polyclinics construction projects in A' Seeb , Sohar , Nizwa and Al Buraymi by O.R (9) million.
- Construction of (6) new health centers in Samail, Bid Bid, Wadi Bani Khalid, Al Mudhaybi and Sur by O.R (4) million.
- The integrated unit project for heart diseases in Sultan Qaboos Hospital in Salalah by O.R (11) million .
- Purchasing medical equipments and instruments by O.R (22) million.

7 : Additional appropriations for town planning and municipalities services sector by O.R (162) million :

Includes the following projects:

- Removal of residues , pumping water pools and opening the main and internal roads affected by the exceptional climatic conditions in Muscat by O.R (10) million.
- Rehabilitation and reforestation of parks affected by the exceptional climatic conditions in Muscat by O.R (10) million.
- Projects for internal roads lighting, beautification and development in a number of Wilayats by O.R (17) million.
- Supporting the development project for Al Hafa area in Salalah by O.R (11) million.
- O.R (8) million for the expansion of sewerage water treatment and rehabilitation of network in Sohar.
- Completion of lighting the internal roads in Salalah by O.R (5) million.
- Strengthening sewerage networks for nine cities - first phase- by O.R (7) million.
- Modernizing the vehicles and cleaning equipments of Muscat municipality by O.R (6) million .

- Construction of dual-lane roads and bridges in Salalah to facilitate traffic at a cost of O.R (53) million, the most important of which are:
- Implementation of the internal roads in the Wilayat of Mirbatt, Saddah city and Hadbeen city, which include the asphaltting, lighting, car parking lots, sidewalks, rainfall waters drainage at a cost of O.R (8) million.
- Implementation of the dual-lane of (22) main roads in Salalah city that include lighting and the car parking lots at a cost of O.R (9) million.
- Traffic tackling (bridges) for the intersections between Itteen and Al Rabat roads, and between Salalah-Muscat and Al Rabat roads (Um Al Quwarif roundabout) at a cost of O.R (8) million.
- Implementation of lighting and asphaltting works in the workshops area behind the municipality building with the necessary compensations for the workshops' owners so as to be shifted to the industrial workshop area at a cost of O.R (3) million.
- Completion of the ring road from Al Sinaiya to Raysoot at a cost of O.R (3) million.
- Transformation of the overhead electricity lines to underground cables and the completion the lighting of the internal roads in Salalah city at accost of O.R (10) million.
- Maintenance and changing the sidewalks on the main and sub roads in Salalah city at a cost of O.R (5) million.

8: Additional approbations for education sector by O.R (73) million:

Includes the following projects:

- Establishment and preparation of vocational guidance centers and development resources in the educational regions and schools by O.R (13) million.
- O.R (14) million for implementing the academic plan for post basic education for grades 11 and 12.
- Repairing damages in schools and educational facilities affected by the exceptional climatic conditions by O.R (8) million.
- Approval of the allocations for (70) annual scholarships in Oman Medical College for batches four to eight by O.R (6) million.
- O.R (8) million for constructing a number of new schools and strengthening the existing ones in the different regions of the Sultanate.

❑ The New projects to be implemented during 2008:

The total approbations for the new projects to be implemented during 2008 amounted to about O.R (425) million, so as to implement a number of development projects.

In addition to that a number of other service projects will be implemented during 2008, besides the completion of the ongoing projects.

Thirdly : The Public Finance:

Before reviewing the main features of the general budget, I would briefly refer to the anticipated actual results of the financial year 2007:-

1. Actual Performance of the Public Finance for the year 2007:-

The State's General Budget for the fiscal year 2007 was sanctioned as follows:-

	<u>R.O million</u>
- Total revenues	4490
- Total expenditure	4890
Deficit	(400)

For the purposes of the budget, estimates for the oil prices were based on (40) US dollars. Despite the additional projects which were sanctioned during the year and the financial appropriations which were allocated to cover the different elements of public expenditure, it is expected, in view of the high international oil prices, that the actual budget will achieve a financial surplus in the amount of O.R (1720) million after covering the deficit. This surplus shall be utilized to strengthen the financial reserves of the government as well as pay up some of the actuarial dues of the retirement funds.

2. Main Features of the 2008 State's General Budget:

The State's General Budget for the year 2008 was approved as follows:

	<u>R.O million</u>
- Total revenues	5400
- Total expenditure	5800
Deficit	(400)

Firstly : The Revenues:

The State's general revenues for the year 2008 were estimated by about O.R (5400) million against O.R (4490) million in the budget of the financial year 2007 i.e. an increase by O.R (910) million or (20%). Oil and gas revenues constitute (78%) of the total revenues whereas the current and capital revenues constitute (22%) thereof.

The oil revenues were estimated on the assumption of an average oil price of US\$ (45) per barrel and oil production of 790,000 barrels per day. According to these assumptions, the oil revenues are estimated to amount to about O.R (3610) million

amount of O.R (620) million shall constitute (11%) thereof. The current and capital revenues were estimated to reach about O.R (1170) million i.e. an increase by (26%) over 2007 budget or (22%) of the total revenues.

Secondly : The Expenditure:

The total expenditure during the financial year 2008 was estimated at about O.R (5800) million against O.R (4890) million in the financial year 2007 i.e. an increase by O.R (910) million or (19%). This total expenditure shall cover the following elements and constituents of expenditure:-

1.The current expenditures of the government civil ministries and units were estimated at about O.R (1925) million i.e. with an increase by O.R (305) million, which represents (19%) over the estimates of the previous year 2007. The current expenditures represent (33%) of the total general expenditures. These appropriations include coverage of the basic government services, the operational expenses of the government ministries and units, expansion of the educational and health services, expenses of operating the new projects and the cost of promoting the employees of the civil ministries who had been entitled to such promotion by the year 2002. It is worth mentioning that the share of the health and the educational sectors amounted to (49%) of the total current expenditures as follows:-

(A) The current appropriations for the educational sector amounted to O.R (710) million representing (37%) of the total current expenditures of the civil ministries i.e. an increase by O.R (101) million or (17%) over the approved budget for the year 2007. These appropriations are apart from the approbations allocated for this sector in the development budget in the amount of O.R (63) million.

(B) The share of the health sector amounted to O.R (228) million, which represents (12%) of the total current expenditures of the civil ministries, i.e. an increase by O.R (29) million or (15%) over the 2007 approved budget.

(C) An amount of O.R (30) million was allocated to cover the total of 48499 cases under the umbrella of the social security system.

2.Estimates for the expenses of the production of oil and gas amounted to O.R (1350) million, which represent (23%) of the total general expenditure or an increase by (12%) over the approved budget for the year 2007.

3.Allocations estimated under the development budget amounted to O.R (725) million. This includes an increase by (45%) over the 2007 approved budget. These allocations cover spending on the continuing as well as the new development projects listed in the 7th Development Plan (2006-2010) under the different sectors.

4. Estimates of subsidy to the electricity sector amount to O.R (118) million to cover subsidy allocated to the electricity sector against purchasing power from companies producing electricity. This subsidy constitutes the difference between the cost of purchasing power and the anticipated returns from electricity sales. This, in addition to the subsidy to the water sector in the amount of O.R (61) million to cover the value of the water purchase from Al Ghubra, Barka, Sur plants and others.
5. Estimates of the budget allocated for participations amounted to about O.R (249) million, of which an amount of O.R (236) million will be used for financing projects implemented by Oman Waste Water Company, Salalah Sanitary Drainage Services Company, Oman Oil Company, Oman Tourism Development Company, Majis Industrial Services Company and Salalah Free Zone Company.

Thirdly : The Deficit:

In the light of the revenues and expenditures estimates included in the general budget, the estimated deficit for the year 2008, based on the oil price of US\$ (45), amounts at about O.R (400) million, i.e. (7%) of the revenues and (3%) of the Gross Domestic Product (GDP), similar to the estimated deficit in the budget of the previous year 2007. However, the percentage of the deficit from the total revenues decreased to (7%) against (9%) in the year 2007. This is considered relatively low, as to its percentage from revenues or the domestic product. It is also considered among the economically reasonable and acceptable rates. However, the deficit may be covered through withdrawal from the contingencies reserves approbation, in case no excess over the budget estimated revenues is realized.

One of the positive indicators in the budget of the year 2008 is the decline in the percentage of the deficit from the total revenues and from the domestic product. In addition to that, the 2008 budget is taking into consideration the new obligations emerging from the expansion in the government services in the different sectors and areas of development. It also encourages and motivates the continuation of the good economic growth that has been achieved to the national economy during these years. The 2008 budget also reflects the government's commitment towards building a modern national economy with renewable competitive capabilities that can go along with the current fast transformations taking place in the international arena. This budget also shows the determination of the Sultanate to continue advancement towards providing all requirements of the present times and preparing for the future requisites.

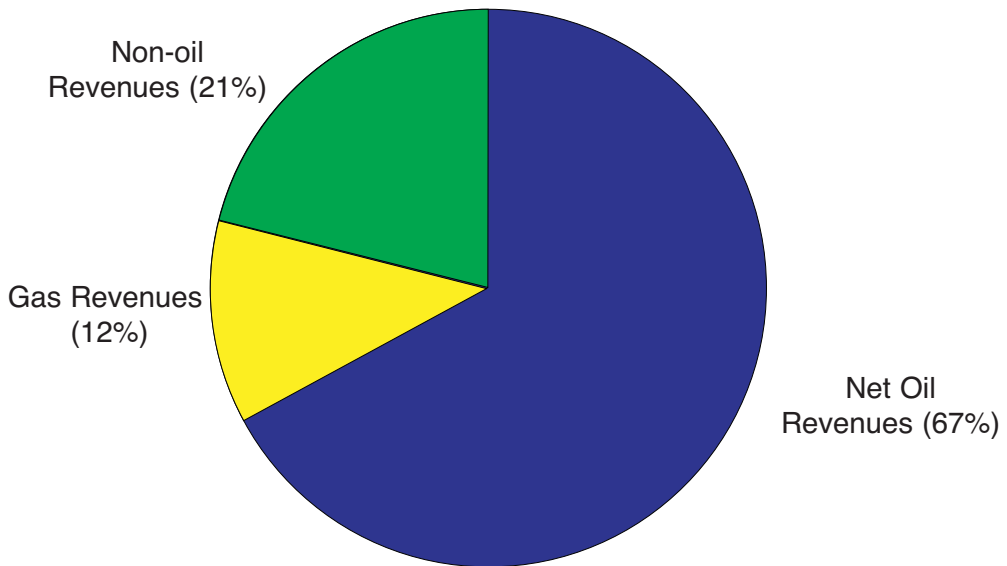
In conclusion, we pray to Almighty Allah to bestow prosperity upon our beloved country and its dear people and grant it enduring welfare and progress under the bright era of His Majesty Sultan Qaboos bin Said.

Ahmed bin Abdul Nabi Macki

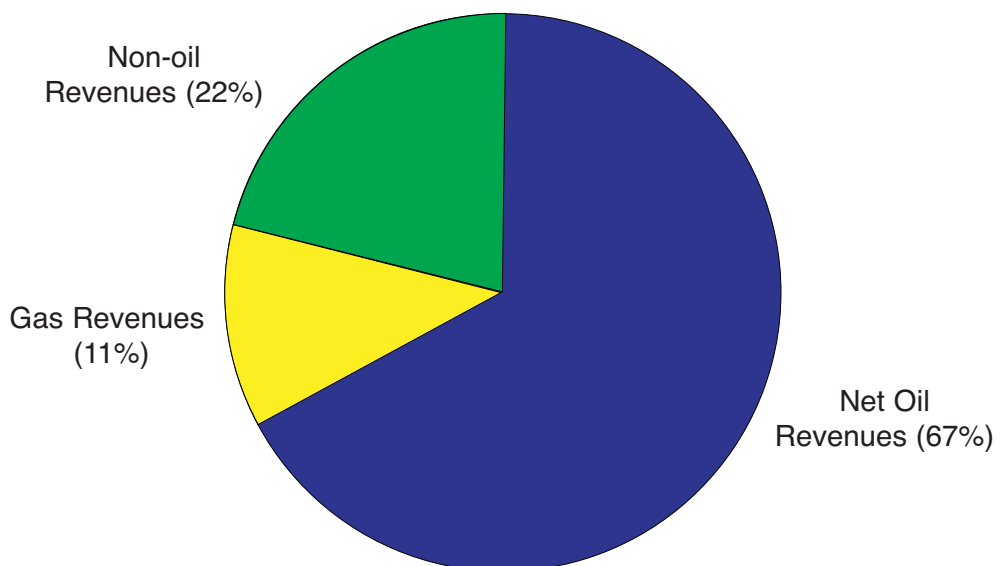
**Minister of National Economy and Supervisor of Ministry of Finance,
Deputy Chairman for Financial Affairs and Energy Resources Council**

Revenues

**Estimated Revenues for 2007, amounting
(OR 4490 million).**

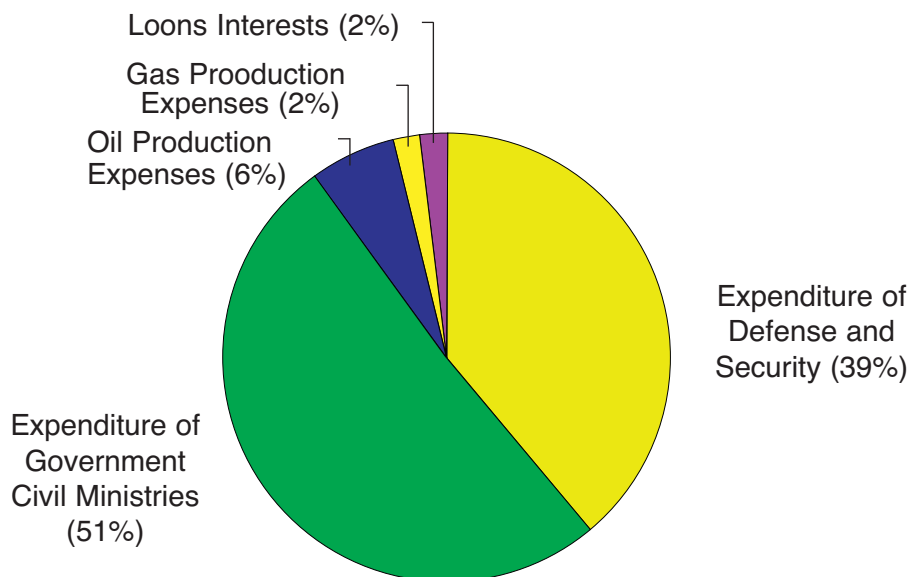


**Estimated Revenues for 2008, amounting
(OR 5400 million).**

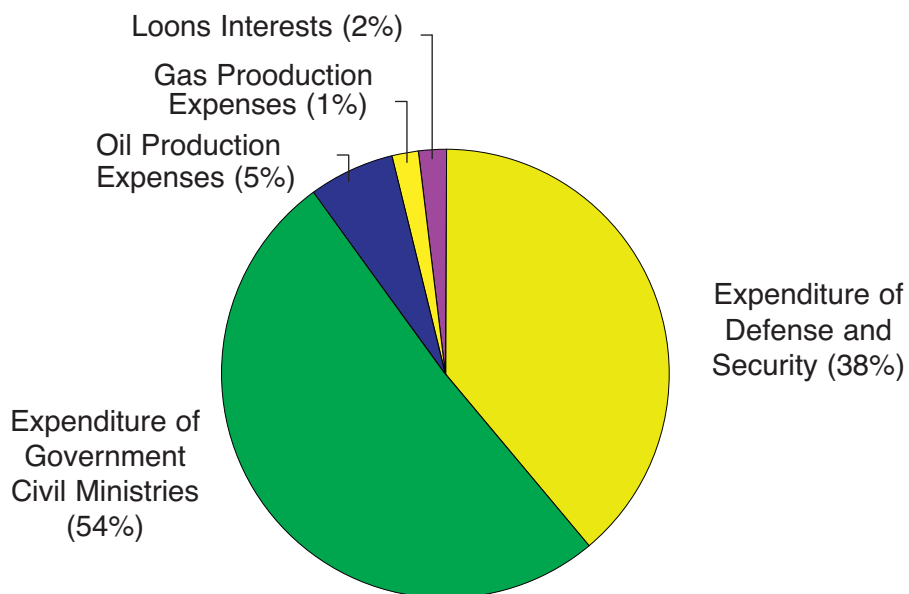


Expenditure

**The Current expenditure approud for the Year 2007
amounting to (OR 3143 million).**

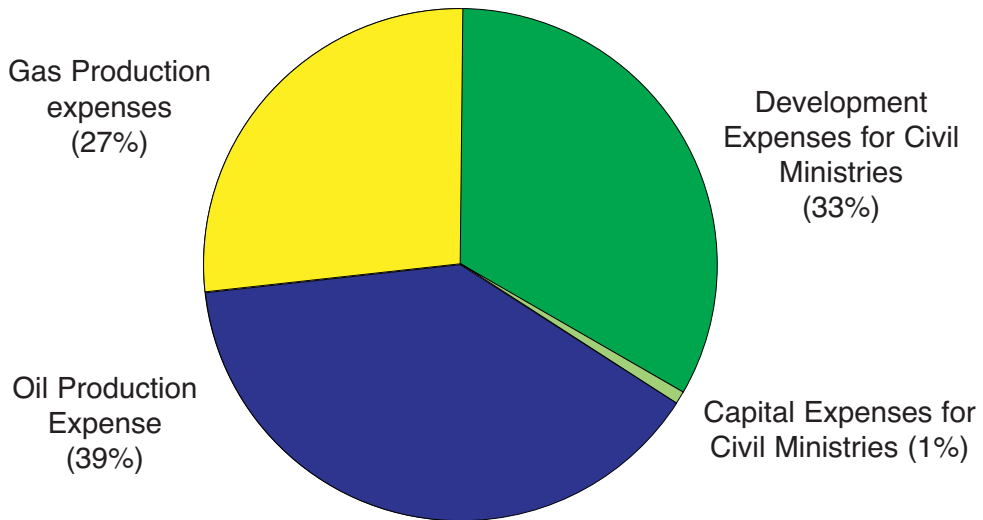


**The Current expenditure approud for the Year 2008
amounting to (OR 3550 million).**

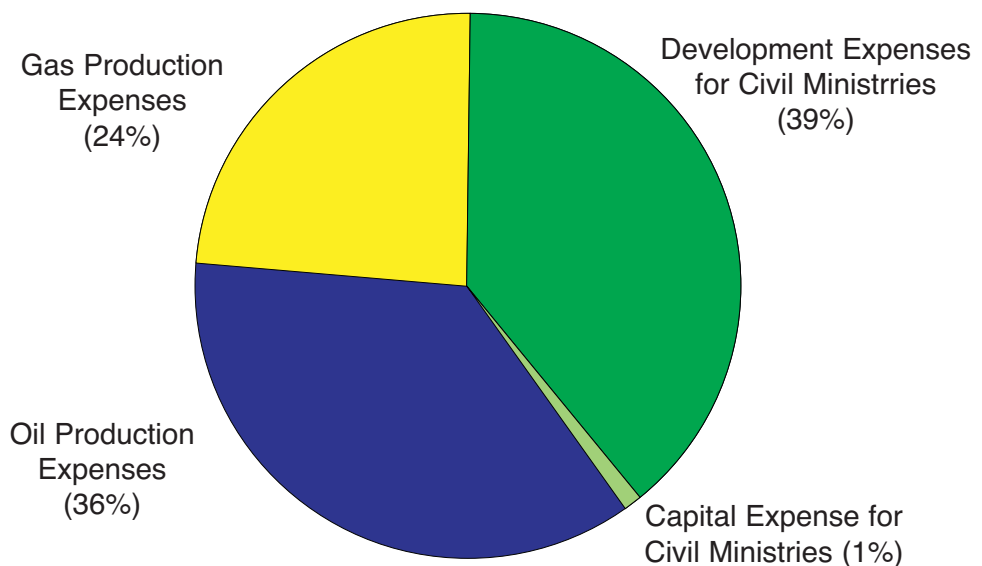


Expenditure

**Investment Expenses approved for the
Year 2007 amounting to (R.O 1492 million)**

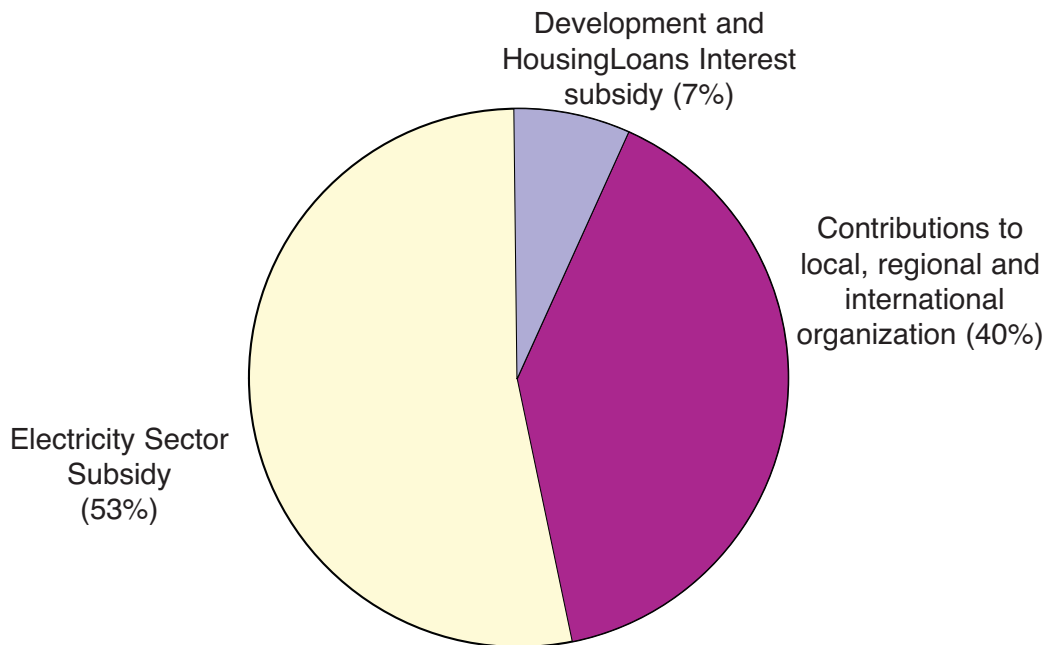


**Investment Expenses approved for the year 2008
amounting to (R.O 1865 million)**



Expenditure

**Contribution and Special Subsidies Approved
for the year 2007 Amonting to (R.O 255 million)**



**Contributions and Special Subsidies approved for 2008 ,
amounting to (O.R 385 million)**

