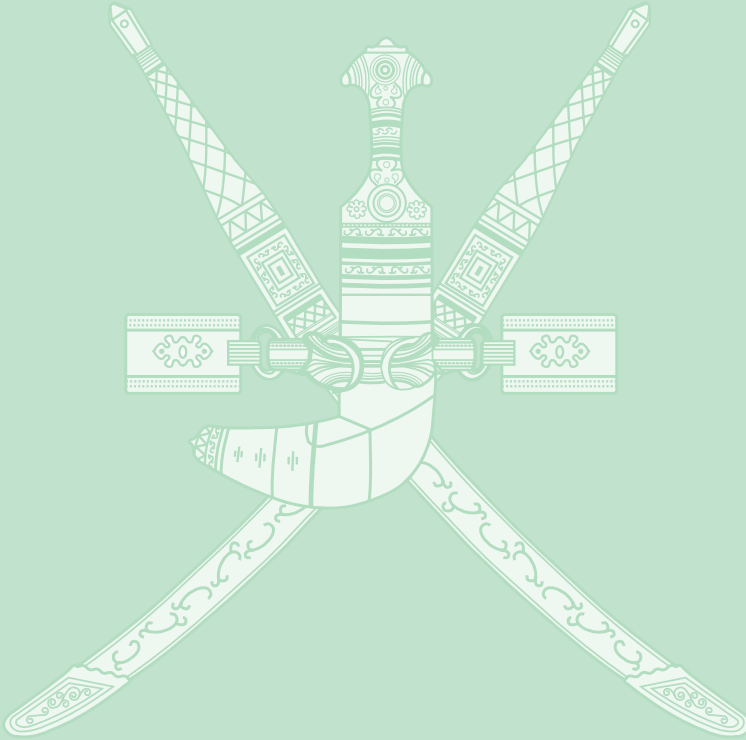


SULTANATE OF OMAN
MINISTRY OF FINANCE



The State's General Budget
for the Financial Year 2007

GENERAL BUDGET 2007

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 2007**

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



His Majesty Sultan Qaboos Bin Said

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**ROYAL DECREE NO. (1/2007)
Approving the State's General Budget
for the Financial Year 2007**

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 2007 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 2007.

**Qaboos bin Said
Sultan of Oman**

Issued on:-

12th of Dhu'l-heja 1427 H.

-1st January 2007

Schedule No. (1)
State's General Budget for the Financial Year 2007

(Rial Omani in Millions)

| Particulars | Budget Estimates | |
|---|------------------|--------------|
| <u>First : Revenues:</u> | | |
| 1) Net Oil Revenues | 3 015 | |
| 2) Gas Revenues | 550 | |
| 3) Current Revenues (Schedule No. 2) | 890 | |
| 4) Capital Revenues (Schedule No. 3) | 22 | |
| 5) Capital Repayments (Schedule No. 3) | 13 | |
| Total Revenues | | 4 490 |
| <u>Second : Public Expenditures:</u> | | |
| <u>A) Current Expenditures:</u> | | |
| 6) Defense and Security Expenditures | 1 235 | |
| 7) Civil Ministries Expenditures (Schedule No. 4) | 1 603 | |
| 8) Oil Production Expenditures | 175 | |
| 9) Gas Production Expenditures | 55 | |
| 10) Interest on Loans | 75 | |
| Total Current Expenditures | | 3 143 |
| <u>B) Investment Expenditures:</u> | | |
| 11) Development Expenditures for Civil Ministries | 500 | |
| 12) Capital Expenditure for Civil Ministries (Schedule No. 4) | 17 | |
| 13) Oil Production Expenditures | 575 | |
| 14) Gas Production Expenditures | 400 | |
| Total Investment Expenditures | | 1 492 |

Schedule No. (1) Cont'd
State's General Budget for the Financial Year 2007

(Rial Omani in Millions)

| Particulars | Budget Estimates | |
|--|------------------|------------|
| C) Participation and Subsidies to the Private Sector: | | |
| 15) Subsidy for the Interest on Development and Housing Loans | 18 | |
| 16) Participation in Domestic, Regional and International Institutions | 102 | |
| 17) Subsidy to the electricity sector | 135 | |
| Total Participation & Subsidies to the Private Sector | | 255 |
| Total Public Expenditures | | 4 890 |
| Third : Deficit (First-Second) | | (400) |
| Fourth : Financing: | | |
| 18) Net Grants | | 0 |
| 19) Net Borrowing: | | |
| -Loans Receivable: | 160 | |
| -Loans Payable: | (60) | |
| | | 100 |
| 20) Net Domestic Borrowing: | | |
| -Loans Receivable: | 30 | |
| -Loans Payable: | (130) | |
| | | (100) |
| 21) Financing from Reserves | | 400 |
| Total Financing | | 400 |

Schedule No. (2)
Estimates of Current Revenues by Civil Ministries, Government Units
& Public Authorities for the Financial Year 2007

(Rial Omani in Thousands)

| Budget Number | Particulars | Revenues Estimates |
|---------------|--|--------------------|
| 10100 | Diwan of Royal Court | 21 372 |
| 10300 | Office of HM's Personal Representative | 1 |
| 15300 | Office of the Deputy Prime Minister for the Council of Ministers | 1 |
| 10400 | Ministry of Legal Affairs | 302 |
| 10500 | Ministry of Finance | 182 826 |
| 10600 | Ministry of Foreign Affairs | 2 172 |
| 10700 | Ministry of Interior | 96 |
| 10800 | Ministry of Information | 949 |
| 10900 | Ministry of Commerce & Industry | 4 648 |
| 11000 | Ministry of Oil & Gas | 38 894 |
| 11100 | Ministry of Agriculture & Fisheries | 3 644 |
| 11200 | Ministry of Justice | 1 638 |
| 11300 | Ministry of Health | 10 388 |
| 11400 | Ministry of Education | 595 |
| 11500 | Ministry of Social Development | 500 |
| 11600 | Ministry of Heritage & Culture | 104 |
| 11700 | Ministry of Transport and Communications | 30 818 |
| 11900 | Ministry of Housing, Electricity & Water | 58 588 |
| 12100 | Ministry of Regional Municipalities, Environment & Water Resources | 6 790 |
| 12200 | High committee for National Day | 1 |
| 12300 | Office of Minister of State & Governor of Dhofar | 6 184 |
| 12400 | Office of Minister of State & Governor of Muscat | 2 |
| 12700 | Tender Board | 671 |
| 13000 | Shuraa Council | 6 |
| 13100 | Ministry of Civil Service | 5 |
| 13300 | Secretariat of Supreme Committee for Town Planning | 15 |
| 13700 | Sultan Qaboos University & Educational Hospital | 1 119 |
| 14000 | Ministry of Finance (Ministers & Under Secretaries Appropriations) | 19 |
| 14200 | Surplus & Subsidies Budgets | 36 300 |
| 15000 | Ministry of Sports Affairs | 155 |
| 15500 | Ministry of Higher Education | 88 |
| 15700 | Ministry of National Economy | 10 |
| 15900 | Ministry of Awqaf and Religious Affairs | 100 |
| 16000 | State's Council | 3 |
| 16100 | State's Audit Institution | 3 |
| 16200 | Public Prosecution | 654 |
| 16500 | Public Authority of Handicrafts Industries | 42 |
| 16700 | Ministry of Tourism | 4 419 |
| 17600 | Ministry of Manpower | 80 672 |
| 20400 | Ministry of Defense | 850 |
| 20600 | Royal Oman Police | 135 593 |
| 40500 | Ministry of Finance (Financing of other institutions) | 249 763 |
| 19000 | Specified Allocation | 9 000 |
| TOTAL | | 890 000 |

Schedule No. (2/1)

Estimates of Current Revenues Functionwis for Civil Ministries,
Government Units & Public Authorities for the Financial Year 2007

(Rial Omani in Thousands)

| Budget Number | Particulars | Revenues Estimates |
|--|--|--------------------|
| (1) Public Services Sector: | | |
| 10300 | Office of HM's Personal Representative | 1 |
| 15300 | Office of the Deputy Prime Minister for the Council of Ministers | 1 |
| 10400 | Ministry of Legal Affairs | 302 |
| 10500 | Ministry of Finance | 182 826 |
| 10600 | Ministry of Foreign Affairs | 2 172 |
| 12200 | High Committee for National Day | 1 |
| 12700 | Tender Board | 671 |
| 13000 | Shuraa Council | 6 |
| 14000 | Ministry of Finance (Ministers & Undersecretaries Appropriations) | 19 |
| 16000 | State's Council | 3 |
| 16100 | State's Audit Institution | 3 |
| Total of Public Services Sector | | 186 005 |
| (2) Defense Sector: | | |
| 20400 | Ministry of Defense | 850 |
| Total of Defense Sector | | 850 |
| (3) Public Order and Security Sector: | | |
| 10114 | Diwan of Royal Court (Administrative Court) | 20 |
| 10700 | Ministry of Interior | 96 |
| 11200 | Ministry of Justice | 1 638 |
| 12400 | Office of Minister of State & Governor of Muscat | 2 |
| 16200 | Public Prosecution | 654 |
| 20600 | Royal Oman Police | 135 593 |
| Total of Public Order and Security Sector | | 138 003 |
| (4) Education Sector: | | |
| 11400 | Ministry of Education | 595 |
| 13700 | Sultan Qaboos University & Educational Hospital | 1 119 |
| 15500 | Ministry of Higher Education | 88 |
| 15902 | Ministry of Awqaf and Religious Affairs (Institute of Sharia Sciences) | 1 |
| 17604 to 17618 | Ministry of Manpower (Technical Education And Vocational Training) | 85 |
| Total of Education Sector | | 1 888 |

Schedule No. (2/1) Cont'd
**Estimates of Current Revenues Functionwise for Civil Ministries,
Government Units & Public Authorities for the Financial Year 2007**

(Rial Omani in Thousands)

| Budget Number | Particulars | Revenues Estimates |
|---|--|--------------------|
| | <u>(5) Health Sector:</u> | |
| 11300 | Ministry of Health | 10 388 |
| Total of Health Sector | | 10 388 |
| | <u>(6) Social Security and Welfare Sector:</u> | |
| 11500 | Ministry of Social Development | 500 |
| 13100 | Ministry of Civil Service | 5 |
| 17601 to 17603 & 17619 | Ministry of Manpower (Labour) | 80 587 |
| Total of Social Security and Welfare Sector | | 81 092 |
| | <u>(7) Housing Sector:</u> | |
| 10100 | Diwan of Royal Court including: | |
| 10103 | - Muscat Municipality | 21 352 |
| 10107 | - Sohar Development Office | |
| 11901 & 11904 | Ministry of Housing, Electricity & Water (Housing) | 18 530 |
| 11903 & 11908 | Ministry of Housing, Electricity & Water (Water) | 40 058 |
| 12100 | Ministry of Regional Municipalities, Environment & Water Resources Including: | |
| 12101 to 12104 | - Regional Municipalities Sector | 6 446 |
| 12105 & 12106 | - Environment Sector | 344 |
| 12301 to 12306 & 12308 | Office of Minister of State & Governor of Dhofar | 4 884 |
| 12307 | Office of Minister of State & Governor of Dhofar (Dhofar Municipality) | 1 300 |
| 13300 | Secretariat of Supreme Committee for Town Planning | 15 |
| Total of Housing Sector | | 92 929 |
| | <u>(8) Cultural & Religious Affairs Sector:</u> | |
| 10800 | Ministry of Information | 949 |
| 11600 | Ministry of Heritage & Culture | 104 |
| 15000 | Ministry of Sports Affairs | 155 |
| 15901 | Ministry of Awqaf and Religious Affairs | 99 |
| 16500 | Public authority of Handicrafts Industries | 42 |
| Total of Cultural & Religious Affairs Sector | | 1 349 |

Schedule No. (2/1) Cont'd
Estimates of Current Revenues Functionwise for Civil Ministries,
Government Units & Public Authorities for the Financial Year 2007

(Rial Omani in Thousands)

| Budget Number | Particulars | Revenues Estimates |
|--|--|--------------------|
| | <u>(9) Energy and Fuel Sector :</u> | |
| 11000 | Ministry of Oil & Gas | 38 894 |
| Total of Energy and Fuel Sector | | 38 894 |
| | <u>(10) Agriculture, Forestry and Fisheries Sector:</u> | |
| 11100 | Ministry of Agriculture & Fisheries | 3 644 |
| Total of Agriculture, Forestry and Fisheries Sector | | 3 644 |
| | <u>(12) Transportation and Communications Sector:</u> | |
| 11703 to 11711 | Ministry of Transport & Communications (Transportation) | 26 883 |
| 11712 to 11714 | Ministry of Transport & Communications (Communications) | 3 935 |
| 14222 | Telecommunications Regulatory Authority | 36 300 |
| Total of Transportation and Communications Sector | | 67 118 |
| | <u>(13) Other Economic Affairs :</u> | |
| 10900 | Ministry of Commerce & Industry | 4 648 |
| 15700 | Ministry of National Economy | 10 |
| 16700 | Ministry of Tourism | 4 419 |
| Total of Other Economic affairs | | 9 077 |
| | <u>(14) Others:</u> | |
| 40501 | Ministry of Finance (Financing of other Institutions) | 249 763 |
| Total of Others | | 249 763 |
| 19000 | Specified Allocation | 9 000 |
| TOTAL | | 890 000 |

Schedule No. (2/2)
Estimates of Current Revenues Itemwise
for the Financial Year 2007

(Rial Omani in Thousands)

| Account Number | | | Particulars | Revenues |
|---|---------|------|---|----------------|
| Chapter | Section | Item | | Estimates |
| (A) Taxes and Fees Revenues: | | | | |
| 1 | 101 | 21 | Income Tax on Companies and Establishments | 132 000 |
| 1 | 103 | 11 | Fees on Non Omani Labour Licenses | 80 460 |
| 1 | 104 | 11 | Municipality Fees on Property Renting Contracts | 6 466 |
| 1 | 104 | 41 | Fees on Real Estate Transactions | 16 200 |
| 1 | 105 | 51 | Business Licenses | 3 140 |
| 1 | 105 | 52 | Transportation Licenses | 19 000 |
| 1 | 105 | 53 | Fees from Hotels and Other Facilities | 8 923 |
| 1 | 105 | 54 | Fees on Concessionary Facilities | 4 100 |
| 1 | 105 | 55 | Domestic Miscellaneous Fees | 5 977 |
| 1 | 105 | 61 | Fees on vehicles Crossing Land Borders | 3 719 |
| 1 | 106 | 11 | Customs Duties | 80 300 |
| Total of Taxes and Fees Revenues | | | | 360 285 |
| (B) Other Than Tax Revenues: | | | | |
| 1 | 108 | 13 | Revenues from Sales of Water | 48 000 |
| 1 | 108 | 14 | Other Water Revenues | 349 |
| 1 | 108 | 15 | Postal Revenues | 3 611 |
| 1 | 108 | 16 | Airports Revenues | 22 000 |
| 1 | 108 | 17 | Ports Revenues | 250 |
| 1 | 108 | 18 | Telecommunications Facility Revenues | 32 100 |
| 1 | 108 | 21 | Surplus from Public Authorities | 4 200 |
| 1 | 108 | 31 | Rent from Government Real Estates | 6 577 |
| 1 | 108 | 41 | Income from Government Investments | 244 000 |

Schedule No. (2/2) Cont'd
Estimates of Current Revenues Itemwise
for the Financial Year 2007

(Rial Omani in Thousands)

| Account Number | | | Particulars | Revenues |
|---|---------|------|---|----------------|
| Chapter | Section | Item | | Estimates |
| 1 | 108 | 42 | Interest on Bank Deposits and Lending | 43 806 |
| 1 | 109 | 11 | Passport and Immigration Fees | 7 746 |
| 1 | 109 | 12 | Miscellaneous Administrative fees and Charges | 16 375 |
| 1 | 110 | 11 | Compensations, Fines and Forfeitures | 20 633 |
| 1 | 112 | 11 | Mining Revenues | 2 103 |
| 1 | 112 | 21 | Sales of Food Stuff | 106 |
| 1 | 112 | 22 | Miscellaneous Agricultural Revenues | 99 |
| 1 | 112 | 23 | Fisheries Revenues | 978 |
| 1 | 112 | 24 | Medical Revenues | 9 022 |
| 1 | 112 | 26 | Miscellaneous Revenues | 21 760 |
| 1 | 100 | 12 | Other Oil Revenues | 37 000 |
| Total of Other Than Tax Revenues | | | | 520 715 |
| C) Specified Allocation | | | | 9 000 |
| TOTAL (A+B+C) | | | | 890 000 |

Schedule No. (3)
Estimates of Capital Revenues & Capital Repayments
Functionwise for Civil Ministries for the Financial Year 2007

(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) | 900 |
| 11901 & 11904 | Ministry of Housing, Electricity and Water (Housing) | 20 950 |
| Total of Housing Sector | | 21 850 |
| Total Estimates of Capital Revenues | | 22 000 |
| | <u>Capital Repayments :</u> | |
| | <u>Others :</u> | |
| 40501 | Ministry of Finance (Financing of Other Institutions) | 13 000 |
| Total of Others Sector | | 13 000 |
| Total Estimates of Capital Repayments | | 13 000 |

Schedule No. (3/1)
Estimates of Capital Revenues & Capital Repayments
Itemwise for the Financial Year 2007

(Rial Omani in Thousands)

| Account Number | | | Particulars | Revenues Estimates |
|--|---------|------|--|-----------------------|
| Chapter | Section | Item | | |
| 1 | 213 | 11 | <u>Capital Revenues:</u> Revenues from Sale of Social Houses & Govt. Buildings | 1 594 |
| 1 | 215 | 11 | Revenues from Sale of Government Land | 20 406 |
| Total Estimates of Capital Revenues | | | | 22 000 |
| 1 | 430 | 11 | <u>Capital Repayments :</u> <u>Repayment of Loan Installments :</u> Repayment of Loans by Public Authorities, Institutions and Others | 13 000 |
| Total Estimates of Capital Repayments | | | | 13 000 |

Schedule No. (4)
Estimates of Current & Capital Expenditures
by Civil Ministries, Government Units & Public
Authorities for the Financial Year 2007

(Rial Omani in Thousands)

| Budget Number | Particulars | Expenditures | | Total Expenditure |
|---------------|--|--------------|---------|-------------------|
| | | Current | Capital | |
| 10100 | Diwan of Royal Court | 57 841 | 276 | 58 117 |
| 16600 | Royal Court Affairs | 96 074 | 609 | 96 683 |
| 10200 | Cabinet Secretariat | 1 093 | 14 | 1 107 |
| 10300 | Office of HM's Personal Representative | 577 | 5 | 582 |
| 15300 | Office of the Deputy Prime Ministers for Council of Ministers | 540 | 13 | 553 |
| 16400 | Office of The Representative of HM, The Sultan | 439 | - | 439 |
| 10400 | Ministry of Legal Affairs | 1 393 | 32 | 1 425 |
| 10500 | Ministry of Finance | 9 941 | 50 | 9 991 |
| 10600 | Ministry of Foreign Affairs | 27 100 | 124 | 27 224 |
| 10700 | Ministry of Interior | 16 757 | 84 | 16 841 |
| 10800 | Ministry of Information | 15 879 | 93 | 15 972 |
| 10900 | Ministry of Commerce & Industry | 7 889 | 17 | 7 906 |
| 11000 | Ministry of Oil & Gas | 3 896 | 15 | 3 911 |
| 11100 | Ministry of Agriculture & Fisheries | 21 049 | 149 | 21 198 |
| 11200 | Ministry of Justice | 17 783 | 12 | 17 795 |
| 11300 | Ministry of Health | 200 803 | 7 418 | 208 221 |
| 11400 | Ministry of Education | 435 444 | 1 571 | 437 015 |
| 11500 | Ministry of Social Development | 39 697 | 33 | 39 730 |
| 11600 | Ministry of Heritage & Culture | 3 780 | 10 | 3 790 |
| 11700 | Ministry of Transport & Communications | 20 688 | 175 | 20 863 |
| 11900 | Ministry of Housing, Electricity & Water | 40 513 | 1 316 | 41 829 |
| 12100 | Ministry of Regional Municipalities, Environment & Water Resources | 40 308 | 471 | 40 779 |
| 12200 | High Committee for National Day | 293 | 5 | 298 |
| 12300 | Office of Minister of State & Governor of Dhofar | 35 718 | 501 | 36 219 |
| 12400 | Office of Minister of State & Governor of Muscat | 1 770 | 14 | 1 784 |
| 12700 | Tender Board | 688 | 6 | 694 |
| 12800 | Office of Advisor to His Majesty, the Sultan for Economic Planning Affairs | 189 | - | 189 |

Schedule No. (4) Cont'd
Estimates of Current & Capital Expenditures
by Civil Ministries, Government Units & Public
Authorities for the Financial Year 2007

(Rial Omani in Thousands)

| Budget Number | Particulars | Expenditures | | Total Expenditure |
|---------------|---|------------------|---------------|-------------------|
| | | Current | Capital | |
| 12900 | Office of Advisor to His Majesty, the Sultan for External Liaison | 180 | 1 | 181 |
| 13000 | Shuraa Council | 3 517 | 29 | 3 546 |
| 13100 | Ministry of Civil Service | 2 721 | 14 | 2 735 |
| 13300 | Secretariat of Supreme Committee for Town Planning | 471 | 2 | 473 |
| 13700 | Sultan Qaboos University & Educational Hospital | 91 513 | 2 529 | 94 042 |
| 14000 | Ministry of Finance (Ministers & Undersecretaries Appropriations) | 6 730 | 348 | 7 078 |
| 14200 | Surplus & Subsidies Budgets | 5 747 | - | 5 747 |
| 15000 | Ministry of Sports Affairs | 8 836 | 25 | 8 861 |
| 15200 | Institute of Public Administration | 479 | - | 479 |
| 15500 | Ministry of Higher Education | 29 567 | 168 | 29 735 |
| 15600 | Contribution towards Pensions of the Omani Government Employees | 57 000 | - | 57 000 |
| 15700 | Ministry of National Economy | 4 217 | 10 | 4 227 |
| 15800 | Pensions and after service gratuities Budget | 9 500 | - | 9 500 |
| 15900 | Ministry of Awqaf and Religious Affairs | 14 939 | 82 | 15 021 |
| 16000 | State's Council | 2 265 | 64 | 2 329 |
| 16100 | State Audit Institution | 3 147 | - | 3 147 |
| 16200 | Public Prosecution | 5 259 | 24 | 5 283 |
| 16500 | Public Authority of Handicrafts Industries | 1 464 | 45 | 1 509 |
| 16700 | Ministry of Tourism | 3 318 | 151 | 3 469 |
| 16800 | The Research Council | 50 | - | 50 |
| 17200 | The Council of Higher Education | 150 | - | 150 |
| 17600 | Ministry of Manpower | 42 088 | 495 | 42 583 |
| 19000 | Specified Allocations | 211 700 | - | 211 700 |
| TOTAL | | 1 603 000 | 17 000 | 1 620 000 |

Schedule No. (4/1)
Estimates of Current & Capital Expenditures Functionwise
for Civil Ministries, Government Units & Public
Authorities for the Financial Year 2007

(Rial Omani in Thousands)

| Budget Number | Particulars | Expenditures | | Total Expenditure |
|---------------|--|----------------|--------------|-------------------|
| | | Current | Capital | |
| | <u>(1) Public Services Sector:</u> | | | |
| 10100 | Diwan of Royal Court | 36 398 | 109 | 36 507 |
| 16600 | Royal Court Affairs | 96 074 | 609 | 96 683 |
| 10200 | Cabinet Secretariat | 1 093 | 14 | 1 107 |
| 10300 | Office of H.M's Personal Representative | 577 | 5 | 582 |
| 16400 | Office of The Representative of HM, The Sultan | 439 | - | 439 |
| 15300 | Office of the Deputy Prime Minister for Council of Ministers Affairs | 540 | 13 | 553 |
| 10400 | Ministry of Legal Affairs | 1 393 | 32 | 1 425 |
| 10500 | Ministry of Finance | 9 941 | 50 | 9 991 |
| 10600 | Ministry of Foreign Affairs | 27 069 | 111 | 27 180 |
| 12200 | High Committee for National Day | 293 | 5 | 298 |
| 12700 | Tender Board | 688 | 6 | 694 |
| 12900 | Office of Advisor to His Majesty, the Sultan for External Liaison | 180 | 1 | 181 |
| 13000 | Shuraa Council | 3 517 | 29 | 3 546 |
| 14000 | Ministry of Finance (Ministers & Undersecretaries Appropriations) | 6 730 | 348 | 7 078 |
| 16000 | State's Council | 2 265 | 64 | 2 329 |
| 16100 | State Audit Institution | 3 147 | - | 3 147 |
| | Total of Public Services Sector | 190 344 | 1 396 | 191 740 |
| | <u>(3) Public Order and Security Sector:</u> | | | |
| 10114 | Diwan of Royal Court (Court of Administrative Judicature) | 1 138 | 12 | 1 150 |
| 10700 | Ministry of Interior | 16 757 | 84 | 16 841 |
| 11200 | Ministry of Justice | 17 783 | 12 | 17 795 |
| 12400 | Office of State Minister & Governor of Muscat | 1 770 | 14 | 1 784 |
| 16200 | Public Prosecution | 5 259 | 24 | 5 283 |
| | Total of Public Order & Security Sector | 42 707 | 146 | 42 853 |

Schedule No. (4/1) Cont'd
Estimates of Current & Capital Expenditures
Functionwise for Civil Ministries, Government
Units & Public Authorities for the Financial Year 2007

(Rial Omani in Thousands)

| Budget Number | Particulars | Expenditures | | Total Expenditure |
|------------------------|--|----------------|--------------|-------------------|
| | | Current | Capital | |
| | <u>(4) Education Sector:</u> | | | |
| 10690 | Ministry of Foreign Affairs (Diplomatic Institute) | 31 | 13 | 44 |
| 11300 | Ministry of Health (Health Institutions & General Directorate of Education and Training) | 9 135 | 245 | 9 380 |
| 11400 | Ministry of Education | 435 444 | 1 571 | 437 015 |
| 13700 | Sultan Qaboos University and Educational Hospital | 91 513 | 2 529 | 94 042 |
| 14223 | Oman College for Tourism | 1 681 | - | 1 681 |
| 15200 | Institute of Public Administration | 479 | - | 479 |
| 15500 | Ministry of Higher Education | 29 567 | 168 | 29 735 |
| 15902 | Ministry of Awqaf & Religious Affairs (Institute of Sharia Sciences) | 997 | 3 | 1 000 |
| 16800 | The Research Council | 50 | - | 50 |
| 17200 | The Council of Higher Education | 150 | - | 150 |
| 17604 to 17618 | Ministry of Manpower (Technical Education and Vocational Training) | 34 722 | 418 | 35 140 |
| | Total of Education Sector | 603 769 | 4 947 | 608 716 |
| | <u>(5) Health Sector</u> | | | |
| 11300 | Ministry of Health | 191 668 | 7 173 | 198 841 |
| | Total of Health Sector | 191 668 | 7 173 | 198 841 |
| | <u>(6) Social Security & Welfare Sector:</u> | | | |
| 11500 | Ministry of Social Development | 39 697 | 33 | 39 730 |
| 13100 | Ministry of Civil Service | 2 721 | 14 | 2 735 |
| 14214 | Subsidies to Households and Other Institutions | 1 055 | - | 1 055 |
| 15600 | Contribution Towards Pensions of the Omani Government Employees | 57 000 | - | 57 000 |
| 15800 | Pensions & After Service Gratuities Budget | 9 500 | - | 9 500 |
| 17601 to 17603 & 17619 | Ministry of Manpower (Labour) | 7 366 | 77 | 7 443 |
| | Total of Social Security & Welfare Sector | 117 339 | 124 | 117 463 |

Schedule No. (4/1) Cont'd
Estimates of Current & Capital Expenditures
Functionwise for Civil Ministries, Government
Units & Public Authorities for the Financial Year 2007

(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 | 14 745 | 90 | 14 835 |
| 10105 | - Advisor for Environment Preservation Office | 1 359 | 40 | 1 399 |
| 10107 | - Sohar Development Office | 2 784 | 3 | 2 787 |
| 10111 | - Office of the Advisor to HM, the Sultan for Environmental Affairs | 199 | 2 | 201 |
| 11901&11904 | Ministry of Housing, Electricity & Water (Housing) | 17 051 | 1 030 | 18 081 |
| 11903 &11908 | Ministry of Housing, Electricity & Water (Water) | 23 462 | 286 | 23 748 |
| 12100 | Ministry of Regional Municipalities, Environment & Water Resources including: | | | |
| 12101 to12104 | - Regional Municipalities Sector | 35 671 | 386 | 36 057 |
| 12105 &12106 | - Environment Sector | 2 554 | 47 | 2 601 |
| 12107 | - Water Resources Sector | 2 083 | 38 | 2 121 |
| 12301 to 12306 &12308 | Office of Minister of State & Governor of Dhofar | 27 836 | 403 | 28 239 |
| 12307 | Office of Minister of State & Governor of Dhofar (Municipality of Dhofar) | 7 882 | 98 | 7 980 |
| 13300 | Secretariat of Supreme Committee for Town Planning | 471 | 2 | 473 |
| Total of Housing Sector | | 136 097 | 2 425 | 138 522 |
| | <u>(8) Cultural and Religious Affairs Sector:</u> | | | |
| 10115 | Diwan of Royal Court (Office of the Advisor to HM, the Sultan for Cultural Affairs) | 1 218 | 20 | 1 238 |
| 10800 | Ministry of Information | 15 879 | 93 | 15 972 |
| 11600 | Ministry of Heritage & Culture | 3 780 | 10 | 3 790 |
| 14204 | Oman Establishment for Press, News Publication & Advertising | 270 | - | 270 |
| 14219 | National Organization for Scouts & Guides | 515 | - | 515 |
| 15000 | Ministry of Sports Affairs | 8 836 | 25 | 8 861 |
| 15901 | Ministry of Awqaf & Religious Affairs | 13 942 | 79 | 14 021 |
| 16500 | Public Authority of Handicraft Industries | 1 464 | 45 | 1 509 |
| Total of Cultural and Religious Affairs Sector | | 45 904 | 272 | 46 176 |

Schedule No. (4/1) Cont'd
Estimates of Current & Capital Expenditures
Functionwise for Civil Ministries, Government
Units & Public Authorities for the Financial Year 2007

(Rial Omani in Thousands)

| Budget Number | Particulars | Expenditures | | Total Expenditure |
|---------------|--|------------------|---------------|-------------------|
| | | Current | Capital | |
| | <u>(9) Energy & Fuel Sector:</u> | | | |
| 11000 | Ministry of Oil and Gas | 3 896 | 15 | 3 911 |
| | Total Energy and Fuel Sector | 3 896 | 15 | 3 911 |
| | <u>(10) Agriculture, Forestry & Fisheries Sector:</u> | | | |
| 11100 | Ministry of Agriculture & Fisheries | 21 049 | 149 | 21 198 |
| | Total of Agriculture, Forestry & Fisheries Sector | 21 049 | 149 | 21 198 |
| | <u>(11) Transportation & Communications Sector:</u> | | | |
| 11703 to11711 | Ministry of Transport and Communications (Transportation) | 15 558 | 167 | 15 725 |
| 11712 to11714 | Ministry of Transport and Communications (Communications) | 5 130 | 8 | 5 138 |
| 14224 | Information Technology Authority (ITA) | 1 107 | - | 1 107 |
| | Total of Transportation and Communications Sector | 21 795 | 175 | 21 970 |
| | <u>(12) Other Economic Affairs:</u> | | | |
| 10900 | Ministry of Commerce and Industry | 7 889 | 17 | 7 906 |
| 12800 | Office of the Advisor to His Majesty, the Sultan for Economic Planning Affairs | 189 | - | 189 |
| 14202 | Public Authority for Stores and Food Reserves | 270 | - | 270 |
| 14220 | The Omani Centre for Investment Promotion and Export Development | 849 | - | 849 |
| 15700 | Ministry of National Economy | 4 217 | 10 | 4 227 |
| 16701 | Ministry of Tourism | 3 318 | 151 | 3 469 |
| | Total of Other Economic Affairs | 16 732 | 178 | 16 910 |
| 19000 | | 211 700 | - | 211 700 |
| | Total of Other Economic Affairs | 1 603 000 | 17 000 | 1 620 000 |

Schedule No. (5)
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 |
|--|--|---|------------------------------|
| <u>A) Commodity Production Sector:</u> | | | |
| Ministry of Oil & Gas: Oil | 3 028 | 403 | 3 431 |
| Ministry of Oil & Gas: Gas | 40 409 | 23 | 40 432 |
| Ministry of Commerce and Industry: Minerals | 39 | 996 | 1 035 |
| Ministry of Commerce and Industry: Industry | 65 | 1 427 | 1 492 |
| Public Establishment for Industrial Estates | 4 148 | 6 516 | 10 664 |
| Public Authority of Handicraft Industries | 416 | 1 704 | 2 120 |
| Ministry of Agriculture & Fisheries: Agriculture | 1 572 | 3 841 | 5 413 |
| Ministry of Agriculture & Fisheries: Fisheries | 4 824 | 16 572 | 21 396 |
| Ministry of Agriculture & Fisheries: Irrigation and Water Resources | 92 | 416 | 508 |
| The Omani Center for Investment Promotion and Export Development | 0 | 380 | 380 |
| Subtotal | 54 593 | 32 278 | 86 871 |
| <u>B) Service Producing Sector:</u> | | | |
| Ministry of Commerce and Industry: Trade | 3 436 | 2 009 | 5 445 |
| Ministry of Tourism | 15 800 | 71 922 | 87 722 |
| Ministry of Housing, Electricity & Water: Housing. | 24 019 | 61 384 | 85 403 |
| Ministry of Housing, Electricity & Water: Electricity. | 400 | 0 | 400 |
| Ministry of Housing, Electricity & Water: Water. | 73 741 | 171 717 | 245 458 |
| Ministry of Transport & Communications: Communications | 1 032 | 0 | 1 032 |
| The Public Authority for Stores & Food Reserves | 599 | 90 | 689 |
| Telecommunications Regulatory Authority | 2 190 | 0 | 2 190 |
| Subtotal | 121 217 | 307 122 | 428 339 |
| <u>C) Social Structure Sector:</u> | | | |
| Ministry of Information | 7 435 | 9 724 | 17 159 |
| Ministry of Justice | 2 034 | 9 207 | 11 241 |
| Ministry of Health | 24 750 | 54 074 | 7882411 |

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 | 48 854 | 61 409 | 110 263 |
| Ministry of Sports Affairs | 8 868 | 15 376 | 24 244 |
| Ministry of Social Development | 3 535 | 3 404 | 6 939 |
| Ministry of Heritage & Culture | 28 353 | 3 121 | 31 474 |
| Ministry of Civil Service | 666 | 239 | 905 |
| Sultan Qaboos University | 10 821 | 7 890 | 18 711 |
| Ministry of Manpower | 27 188 | 23 046 | 50 234 |
| Office of the Advisor to H.M. the Sultan for Cultural Affairs | 33 | 1 105 | 1 138 |
| Ministry of Higher Education | 14 565 | 44 546 | 59 111 |
| Ministry of Awqaf & Religious Affairs | 1 580 | 1 939 | 3 519 |
| The Research Council | 0 | 10 198 | 10 198 |
| Subtotal | 178 682 | 245 278 | 423 960 |
| <u>D) Infrastructure Sector:</u> | | | |
| Diwan of Royal Court: General Diwan | 9 959 | 15 306 | 25 265 |
| Diwan of Royal Court: Muscat Municipality | 119 330 | 99 046 | 218 376 |
| Diwan of Royal Court: Sohar Development Office | | | |
| Royal Court Affairs | 2 205 | 9 168 | 11 373 |
| Office of the Deputy Prime Minister for the Council of Ministers | 69 629 | 63 002 | 132 631 |
| | 132 | 620 | 752 |
| Office of the Personal Representative of H.M. The Sultan | 148 | 0 | 148 |
| Ministry of Legal Affairs | 98 | 3 315 | 3 413 |
| Ministry of Foreign Affairs | 37 920 | 28 539 | 66 459 |
| Ministry of Interior | 7 473 | 3 366 | 10 839 |
| Ministry of Transport & Communications: Roads | 121 727 | 106 389 | 228 116 |
| Ministry of Transport & Communications: Airports | 10 875 | 40 648 | 51 523 |
| Ministry of Transport & Communications: Ports | 79 744 | 120 476 | 200 220 |

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 Regional Municipalities, Environment & Water Resources (Regional Municipalities) | 61 071 | 48 852 | 109 923 |
| Ministry of Regional Municipalities, Environment & Water Resources (Environment) | 388 | 9 271 | 9 659 |
| Ministry of Regional Municipalities, Environment & Water Resources (Water Resources) | 10 880 | 30 085 | 40 965 |
| High Committee for the National Day | 17 | 45 | 62 |
| Office of the Minister of State and Governor of Dhofar | 6 780 | 20 827 | 27 607 |
| Office of the Minister of State and Governor of Muscat | 569 | 696 | 1 265 |
| Supreme Committee for Town Planning | 1 135 | 31 444 | 32 579 |
| Ministry of Finance | 3 775 | 4 952 | 8 727 |
| Majlis As'shura | 46 | 500 | 546 |
| State's Council | 0 | 175 | 175 |
| Ministry of National Economy | 9 137 | 81 160 | 90 297 |
| State Audit Institution | 2 500 | 1 975 | 4 475 |
| Public Prosecutor | 140 | 1 250 | 1 390 |
| Information Technology Authority | 2 424 | 20 045 | 22 469 |
| Specified allocation | 12 541 | 16 028 | 28 569 |
| Subtotal | 570 643 | 757 180 | 1 327 823 |
| TOTAL (A,B,C,D) | 925 135 | 1 341 858 | 2 266 993 |
| Estimate of Actual Expenditure for 2007 | 500 000 | | |

Schedule No. (5/1)
Development Budget for the Financial Year 2007
(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 | 2 604 | 354 | 2 958 |
| Natural Gas | 40 409 | 23 | 40 432 |
| Minerals and Quarries | 39 | 996 | 1 035 |
| Agriculture | 3 645 | 2 911 | 6 556 |
| Fisheries | 4 824 | 16 572 | 21 396 |
| Converting industries | 4 221 | 14 328 | 18 549 |
| Total Commodity Production Sector | 55 742 | 35 184 | 90 926 |
| <u>2- Service Producing Sector :</u> | | | |
| Housing | 32 379 | 59 404 | 91 783 |
| Trade | 2 480 | 944 | 3 424 |
| Electricity | 661 | 169 | 830 |
| Water | 80 640 | 186 133 | 266 773 |
| Posts, Telegraph &Telephones | 3 238 | 0 | 3 238 |
| Tourism | 16 671 | 67 884 | 84 555 |
| Total Services Producing Sector | 136 069 | 314 534 | 450 603 |
| <u>3) Social Structures Sector :</u> | | | |
| Education | 72 802 | 114 142 | 186 944 |
| Vocational Training | 32 399 | 17 259 | 49 658 |
| Health | 24 815 | 65 029 | 89 844 |
| Information, Culture and Religious Affairs | 82 527 | 24 942 | 107 469 |
| Communitcy Centers | 3 243 | 3 390 | 6 633 |
| Youth Centers | 9 071 | 15 154 | 24 225 |
| Total Social Structures Sector | 224 857 | 239 916 | 464 773 |

Schedule No. (5/1) Cont'd
Development Budget for the Financial Year 2007
(Sector-wise Allocations)

(Rial Omani in Thousands)

| Sector | Allocations for on-going Projects | Allocations for new Projects | Total Allocations |
|---|---|------------------------------------|----------------------|
| 4) Infrastructure Sector : | | | |
| Roads | 260 591 | 238 165 | 498 756 |
| Airports | 10 801 | 40 449 | 51 250 |
| Ports | 81 485 | 176 724 | 258 209 |
| Irrigation & Water Resources | 7 995 | 32 465 | 40 460 |
| Town Planning & Municipal Services | 47 030 | 54 883 | 101 913 |
| Government Administration | 96 393 | 183 725 | 280 118 |
| Environment & Pollution Control | 4 172 | 25 813 | 29 985 |
| Total Infrastructure Sector | 508 467 | 752 224 | 1 260 691 |
| Total | 925 135 | 1 341 858 | 2 266 993 |
| Estimate of Actual Expenditure during 2007 | 500 000 | | |

Schedule No. (5/2)
Development Budget for the Financial Year 2007
(Region-wise Allocations)

(Rial Omani in Thousands)

| Region | Allocations for on-going Projects | Allocations for new Projects | Total Allocations |
|---|--|---|------------------------------|
| Muscat Governorate | 256 251 | 326 013 | 582 264 |
| Al-Batinah Region | 156 394 | 202 097 | 358 491 |
| Musandam Governorate | 7 532 | 11 356 | 18 888 |
| Al-Buraimi | 11 851 | 45 961 | 57 812 |
| ADhahira Region | 30 408 | 1 071 | 31 479 |
| ADakhliya Region | 39 618 | 91 005 | 130 623 |
| ASharqiya Region | 50 559 | 95 172 | 145 731 |
| AlWusta Region | 68 396 | 47 599 | 115 995 |
| Dhofar Governorate | 83 195 | 217 280 | 300 475 |
| National Projects | 178 334 | 278 265 | 456 599 |
| Projects Abroad | 42 597 | 26 039 | 68 636 |
| Total | 925 135 | 1 341 858 | 2 266 993 |
| Estimate of Actual Expenditure during 2007 | 500 000 | | |

**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'S GENERAL BUDGET FOR THE YEAR 2007**

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

First : The International economy and the international oil prices :

During 2006 the global economy has been characterized by a strong performance and is expected to achieve a growth rate of (5.1%) according to the forecast of the International Monetary Fund (IMF) .This is due to the decline of the energy prices on the one hand and the strong demand on the other hand .

However , in 2007 the growth rate of the international economy is expected to decrease to (4.9%) .Such decline is attributable to the increasing current account deficit in USA and the expected rise of the energy prices, in addition to the increase in the cost of borrowing. However the growth rate of the international groups are expected to vary due to the decline in growth rate of the advanced countries to about (2.5%) due to the impact of the US economy's performance. Yet some countries, like China and India are expected to continue recording high growth rates ranging between 9 and 10% .

The International markets forecasts indicate that oil prices will remain stable in 2007 at their current levels .The forecasts are based on the assumption of stable geopolitical conditions and moderate weather as well as the assumption that OPEC intervenes to ensure balance between supply and demand .

Second :Main features of the national economy's performance in 2006 :

* Preliminary estimates of GDP indicate that the national economy will achieve a growth rate of (16.8%) continuing its characteristic increasing growth in the recent years .Such performance is due on one hand to the increase in oil prices and on the other hand to the appropriate climate 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 noticeable expansion in the production capacities of the LNG industry, the petrochemical industries, the strong local demand together with the improvement in the non-oil exports performance .

* One of the positive features of the national economy's performance in 2006 is that all of the main economic activities contributed to this growth .The value added of the oil activities, in spite of the fall in oil production by (5%) compared to 2005 , will grow by (17.9%) as result of the increase in the oil prices and increase in the demand for natural gas .

However, the non-oil activities are expected to grow by (15.6%) which is strengthened by the actual growth rate in both LNG industry and tourism sector by (60.7%) and (22.4%) respectively .

* Regarding the foreign trade , the expectations indicate an increase of the gross proceeds of exports in 2006 by (15.4%) compared with 2005 . The oil exports are expected to grow by (8.2%) and the non-oil exports of Omani origin are expected to increase by (11.4%) by virtue of the increase in the exported quantities of LNG and its high prices which are linked with the oil prices in addition to commencing the export of fertilizers . The proceeds from re-export operations are expected to increase by (21.6%) .

* The imports are expected to increase in 2006 compared to 2005, by (15.5%) as a result of the increase in the commodity prices in the international markets and the drop in the exchange rate of the US\$ versus the other foreign currencies .This will result in increasing the surplus of the balance of trade in 2006 by (15.4%)compared with 2005 .

* Regarding Muscat securities market the trading volume during 2006 reached about R.O (1.1) billion representing (8%) of the Sultanate's GDP .The market value of securities listed in the market , at the end of the year , totaled R.O (5.9) billion compared with R.O(6.2) billion in 2005 .The positive performance of the national economy in 2006 was reflected positively on the performance of the market as its general indicator increased by (14%) .

The fiscal and monetary Policies , provisions and laws regulating the capital market have a positive impact on its performance and contributed effectively towards avoiding the obstacles facing the neighbouring countries markets .

* In continuation to the good performance of the national economy during 2006 , it is expected that it continues its growth rate at the level of all sectors and activities thereof particularly the non-oil activities which are expected to achieve a growth by (12.5%).

* In respect of the development programme of the civil ministries approved under the Seventh Five-Year Development Plan which is considered as the main driver of the Plan and its implementation tool, the original total appropriations thereof amounted to R.O(3016) million . During 2006 a number of projects were added in response to Royal Directives which were issued during the annual Royal Tours and which instructed finding the urgent needs of citizens in wilayats and regions and work towards satisfying same , together with many of the infrastructure projects. The total of these additions reached R.O (612) million , thus the appropriations for the development programme increased by (20.3%) to reach R.O (3628.3) million . Of this R.O (364.1) million are the cost of the new projects which are planned to be implemented during this year .

Following is a summary of these additions per sector :-

First : Roads sector by R.O (225) million :

Includes the following projects :

- a) Dualization of Amrat - Quraiat road in the amount of R.O (66) million.
- b) Dualization of Salalah - Thumreit road in the amount of R.O (48) million .
- c) Dualization of Sohar - Al Buraimi road (Wadi Al-Jizi road) in the amount of R.O (46) million.
- d) Construction of Seeb international airport intersection in the amount of R.O (6) million.
- e) Interior roads projects in the different regions in the amount of R.O (75) million .

Second : Ports sector by R.O (148) million :

Includes the following projects :

- a) Construction of docks for the third phase of Sohar industrial port in the amount of R.O(66) million .
- b) Purchasing five ferry vessels for R.O (46) million .Two for north of the Sultanate, two for the south of the Sultanate and one for Musiera island.

Third : Housing sector by R.O (43) million :

It includes the following projects :

- Building of (2703) new housing units for citizens in the different regions of the Sultanate as follows :
 - ❑ Construction of (1410) new housing units in a number of Wilayats in the amount of R.O(21) million .
 - ❑ Enhancing the construction costs of 1293 existing housing units in order to face the increase in cost between the approved funds and the tenders results in the amount of R.O(6) million .

In addition to this , H.M the Sultan ordered the building of (1000) housing units in the different Wilayats of the Sultanate under the housing assistance progammme provided by the Ministry of Housing , Electricity and Water in addition to that approved in the Plan . Coordination is currently underway regarding these units whereas the distribution thereof is expected to start at the beginning of this year 2007 .

Forth : Airports sector by R.O (41) million :

Includes the following projects :

- a) Filling up and leveling works for the new Seeb international airport grounds in the amount of R.O (13.5) million .
- b) Consultancy services for Seeb and Salalah airports in the amount of R.O (7.6) million .
- c) Consultancy studies for the construction of Ras Alhad and Al Duqum airports projects in the amount of R.O (5) million .

Fifth : Health sector by R.O (37) million :

It includes the following projects :

- a) The integrated unit project for heart diseases in Sultan Qaboos Salalah Hospital in the amount of R.O (11) million
- b) Al Buraimi poly-clinic project with CT scanning unit in the amount of R.O (3) million.
- c) Purchasing medical equipments in the amount of R.O (5) million.

During this year the construction of a psychiatric hospital will begin with capacity of (200) beds in the amount of R.O (20) million.

Sixth : Town planning and municipalities services by R.O (49) million

Includes the following projects :

- ❑ Lightening of a number of roads in the length of 200Km in Wilayats Al Buraimi and Muhda for R.O (2.8) million
- ❑ Strengthening the sewage networks for nine cities (first phase) against R.O (6.5) million
- ❑ Modernization of the cleaning vehicles and equipments of the Ministry of regional municipalities , environment and water resources , and Dhofar municipality for R.O (5) million

Seventh : Education sector by R.O (27) million :

Includes the following projects :

- ❑ Approving allocations for (70) annual scholarships to Oman medical college for batches four to eight in the amount of R.O (4.2) million.
- ❑ Enhancing the annual scholarships projects (partial and full) for the study of medicine , pharmacy and dentistry by R.O (4.5) million.
- ❑ Construction of class rooms and lecture theatres and establishing residential units for female students in Sultan Qaboos University against R.O (4.8) million.
- ❑ Regarding the water sector , which is of priority during this Plan , the total amended appropriations amounted to R.O (363) million for implementation of a number of water projects in different regions of the Sultanate .
- ❑ For the privatization programme , Sohar electricity and desalination station was established and is about to be completed whereas production is expected to start during the first quarter of this year . Also , tenders were invited for the construction of a desalination station in Sur and during the coming period the implementation agreement will be signed .The second phase of Barka electricity station is started and in this regard , the Rusayl electrical station was sold as part of the approved programme for privatization of the electricity stations owned by the government .In addition to this , a study is currently going on for establishing AL Dugum electricity station and another study for the strategy of restructuring the water and sewage sector in order to prepare

Regarding the selling of the government share in some companies and establishments, a study is currently underway for selling the Seeb hotel (near the airport).

Third : Public finance :

Before reviewing the main features of the general budget , I would like to mention briefly the actual expected results for the fiscal year 2006 :

1) THE ACTUAL PERFORMANCE OF THE PUBLIC FINANCE IN 2006 :

The state general budget for 2006 was approved as follows :

| | R.O million |
|---------------------|-------------|
| - Total revenues | 3587 |
| - Total expenditure | 4237 |
| Deficit | 650 |

The oil prices , for the budget purposes, were based upon the assumption of US\$(32). In spite of the additional projects approved during the year and the financial appropriations which were allocated to cover the different aspects of public expenditure , yet thanks to the stability witnessed by the international prices of oil at high levels , it is expected that the actual budget realizes a financial surplus after deficit coverage in the range of R.O (2400) million . This will be used for enhancing the government fiscal reserves and payment of some of the receivables of the retirement funds .

2) The main features of the general state budget for the year 2007 :

First : revenues:

The state's public revenues for fiscal year 2007 are estimated at about R.O (4490) million against R.O (3587) million for fiscal year 2006 , an increase by R.O (903) million or (25%) . The oil and gas revenues represent (79%) of the overall revenues whereas the current and capital revenues represent (21%) .

The oil revenues were estimated at an average price of US\$(40) per barrel and a daily production rate of (730) thousand barrels . Based on these assumptions , it is expected that the oil revenues reach about R.O (3015) million and its contribution to the overall revenues will be (67%) .The gas revenues will total about R.O (550) million which is (12%) of the overall revenues .The current and capital revenues are estimated at R.O (925) million , i.e. an increase by (37%) from that of 2006 budget.

Second : Expenditure :

The total public expenditure for fiscal year 2007 is estimated at about R.O (4890) million against R.O (4237) million for fiscal year 2006 , an increase by R.O (653) million or (15%) . This is to cover the following expenditure elements and components :

- 1) The current expenditure of the civil ministries and units of the government is estimated at about R.O (1620) million , i.e. an increase by R.O (220) million or (16%) from last year estimates . The current expenditure represents (33%) of the overall public expenditure .

The allocations cover the basic government services and operating expenditure of the government ministries and units , the growth in the education and health services and the operating expenses of the new projects.

It is worth to mention that the share of education and health sectors constitutes (50%) of the gross current expenditure , as follows :

a) The current allocations for the education sector amount to R.O (609) million i.e (38%) of the overall current expenditure of the civil ministries and an increase by R.O (84) million or (16%) over the approved budget of 2006 .This in addition to the development expenditure allocated for this sector estimated at about R.O (242) million .

b) The health sector share amounts to R.O (199) million i.e (12%) of the overall current expenditure of the civil ministries. This means an increase by R.O (12) million or (6%) over the approved budget for the year 2006 .

c) R.O (30) million are allocated for social security to cover the cases under the social security umbrella which are (48926) cases .

2) The oil and gas production expenditures are estimated at R.O (1205) million representing (25%) of the gross public expenditure i.e an increase by (32%) over the approved budget of 2006 .

3) The allocations for the development budget are estimated at R.O (500) million , an increase by (33%) compared with the approved budget for 2006. This is to cover the expenditure of the on- going as well as the new development projects listed in the different sectors under the Seventh Five-Year Plan (2006-2010) .

4) Estimates of the subsidy allocated to the electricity sector amount to R.O(135) million , i.e. an increase by (7%) over the approved budget of 2006 .

5) The budget allocated to participations is estimated at R.O (102) million .This includes completion of the payment of the capital of Oman company for wastewater services and Salalah company for wastewater services in the amount of R.O (80) million . The remaining part is allocated for payment of the government share in the capital of some government companies and other companies in whose ownership the government participates .

Third : Deficit

Based on the approved estimates of revenues and expenditure of the public budget , the deficit for 2007 on the assumption of US\$(40) for oil is estimated at about R.O (400) million i.e (9%) of the revenues and (3%) of the GDP .It is lower than the deficit estimated for the last year 2006 budget by (38%) . Hence it is considered relatively low in relation to revenues or the GDP . It is presumed that this deficit will be covered by withdrawal from the contingencies reserve allocation .

Lastly , it is noteworthy that the growth rate in the volume of the general budget for this year which is (15%) reflects the keenness of the government to pursue encouragement and promotion of the national economy to continue its growth rate realized during the recent years and also to promote the comprehensive development in the various sectors as well as expansion of the government services to be reflected on the living standards of the citizens and realize prosperity for the society .

On this occasion we pray to Almighty Allah to grant our beloved country and devoted people everlasting prosperity in this bright era under the wise leadership of H.M Sultan Qaboos , Sultan of Oman . We also pray that this year shall be an year of peace , security and welfare to all Mankind .

Ahmed bin Abdul Nabi Macki
Minister of National Economy and
Supervisor of the Ministry of Finance.