GOVERNMENT OF SAMOA

FISCAL STRATEGY STATEMENT
BUDGET 2012/2013

MINISTRY OF FINANCE

31 MAY 2012

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FISCAL STRATEGY STATEMENT
BUDGET 2012/13 – 2014/15

I. REPORTING REQUIREMENTS

The Public Finance Management Act 2001 specifies principles of responsible fiscal management and sets out reporting requirements for the Minister of Finance and the Ministry of Finance. The reporting requirements include, under Section 18, the budget address, and a statement of the projection of estimated revenues and expenditures for the budget year and the two following years – forward estimates. The reporting requirements also include, under Section 19, the Fiscal Strategy Statement to be submitted to the Legislative Assembly as part of the budget address.

The Fiscal Strategy Statement includes an assessment of the extent to which the budget statement is consistent with the "Strategy for the Development of Samoa" (SDS), an explanation of the reasons for any significant differences between the current economic and financial situation of the State and the information and intentions in the SDS, projections of movements in economic and fiscal data which demonstrate intended progress towards achieving the SDS objectives, and the significant assumptions on which the projections are based.

The SDS must be published no later than 31 May of the year the statement becomes effective, and an updated report (the SDS Update) must be published no later than half way through the period covered by the SDS. At present, the SDS is for a period of four years – *Strategy for the Development of Samoa, 2008/09-2011/12: Ensuring Sustainable Economic and Social Progress.* The Fiscal Strategy straddles the current SDS period and the new SDS (2012-2016.

II. ECONOMIC AND FISCAL OBJECTIVES

Samoa's economic performance has been recovering slowly from the sharp declines which followed the impact of the global economic crises in 2008 and 2009. In 2010 and 2011 the growth rate was positive, averaging 1.6% per annum and delivering a very small increase in GDP per capita. A broadly based macroeconomic policy mix has been applied to revive the economy. Prudent fiscal measures have been taken to build the investors' confidence with the aim of influencing the level of development investment expenditure. Supporting the fiscal measures, monetary policy was loosened to boost the availability of credit and stimulate economic activity. However, with the continuing problems in the EU economies and elsewhere, Samoa's economic growth for 2011/12 is anticipated to be only approximately 1.5%. The celebration of the 50th anniversary of Samoa's independence is expected to provide a short-term boost to the domestic economy, as tourist numbers are expected to rise and this will have a positive impact on all sectors of the economy.

Recovery to the average growth rate of 2.5% projected for the economy over the medium term remains an uncertain target. This is due to the fact that the rising debt crisis in the euro area economy will inevitably continue to affect the Samoan economy through its major trading partners, tourism, inflation and remittances. Dealing with these considerable downside risks will be challenging and it is an essential part of the government's overall economic strategy. The government will continue to be prudent in balancing the need to provide a continuing fiscal stimulus to the economy while at the same time ensuring fiscal consolidation through a rationalization of development projects and that debt is maintained at a sustainable and manageable level. Monetary policy will need to ensure that the exchange rate remains competitive and reserves are maintained at a prudent level, while at the same time making available sufficient credit for the private sector and protecting against inflation.

Attention will also continue to be focused on ways in which the domestic economy can be stimulated to provide additional employment for those young people entering the labour market each year. The short-term overseas employment schemes now being offered by New Zealand and Australia provide a safety-valve but they cannot be relied upon to be the only solution to Samoa's employment-creating challenges.

Agriculture and fishing in all their facets, offer great potential for increased exports, domestic consumption of local produce and employment creation throughout the country. Innovative and sustainable policies for promoting these sectors have been identified and targeted at reversing the steady decline in sector production over recent years.

Renewed growth at a rate necessary to meet the SDS targets can only be achieved if sound fiscal and monetary policy measures are supported by structural reforms, not only in the public sector, but also in the private sector and amongst communities where traditional structures may need to be modernized through technological innovation to support economic development for the benefit of all.

To ensure macroeconomic stability is achieved in the medium to long term, Government will continue to uphold the achievement of the following fiscal targets and objectives:

a) Aggregate current expenditure to be maintained within a range of 35 – 38% of GDP over the forward estimate cycle, to ensure liquidity in the economy is sufficient to support private sector growth and employment;
b) Net Public Debt outstanding at less than 50% of GDP;
c) Personnel costs as a percentage of total expenditure to be constrained to a range of 40 - 41% so as to reflect government's commitment to improve service delivery associated with the implementation of performance budgeting;
d) Budget Balance to be maintained at a rate not below -3.5% of GDP.
e) Prioritized spending with regard to the development of economic infrastructure as outlined in the NISP with a focus on linkages to the key sectors contributing to growth
f) Improved performance of SOE's to avoid extra burden on Government budget through default loans.
g) Promote greater efficiencies in revenue collection

h) Fiscal consolidation through a rationalization of development projects and restraining current expenditure

III. REVIEW OF FISCAL AND ECONOMIC PERFORMANCE IN THE LAST 5 YEARS, 2007/08 TO 2011/12

Since the onset of the global financial and economic crisis in 2007, the economy of Samoa has experienced a period of volatile and generally poor economic performance.

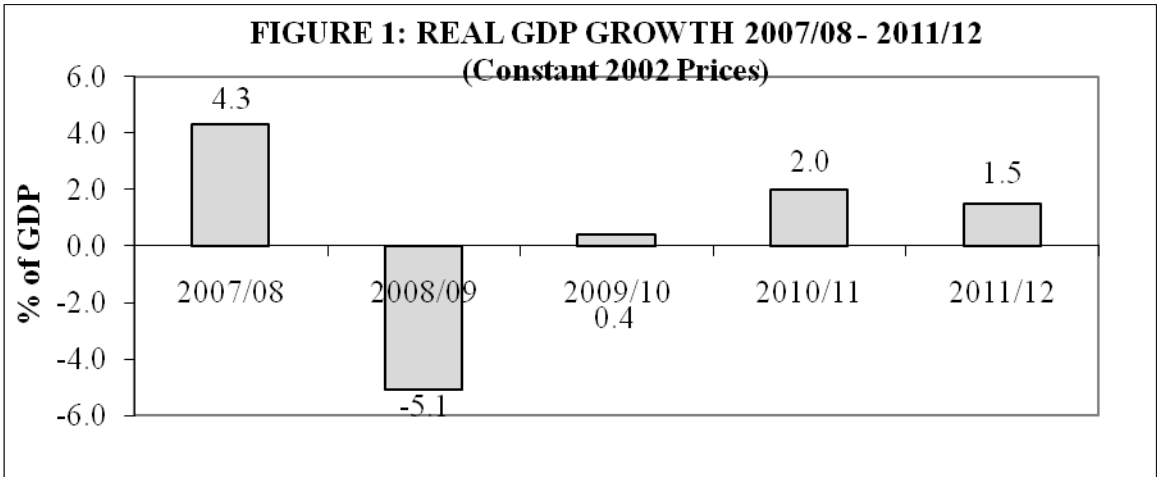
The strong growth of 4.3% achieved in 2007/08 reflected the positive impact of a number of short-term factors. In particular, it reflected the increase in construction, telecommunications and transport, tourism and commerce activities which were associated with the hosting of the South Pacific Games in 2007/08. This year of strong performance was however immediately followed by the adverse impact of the global recession on Samoa’s tourism and manufacturing industry as well as on the level of remittances. These adverse influences resulted in an overall economic decline of -5.1% in 2008/09. Yazaki was strongly affected by the global financial and economic crisis as the demand for new vehicles fell sharply reducing the demand for automotive wire harnessing.

The impact of the global situation on the Samoan economy was exacerbated at the end of the first quarter of fiscal year 2009/10 by the devastation and loss-of-life resulting from the tsunami. However, the fiscal stimulus generated by the rehabilitation work which commenced almost immediately after the tsunami, helped the economy to rebound from the effects of the global financial crisis. This resulted in the improvement of economic growth from -5.1% in 2008/09 to a positive 0.4% in 2009/10.

Transport and telecommunications, electricity and water infrastructure were all damaged in the tsunami affected areas. More generally tourism was adversely affected across the country. In response the government with the support of its development partners increased spending for reconstruction of these sectors as well as for rebuilding family homes that had been devastated by the tsunami. Other major construction works which contributed significantly to growth during this period included the widening and maintenance of roads, drainage and sanitation and the construction of several government buildings. The Other Manufacturing industry, based around Yazaki, also made a strong contribution to growth in 2009/10 as the global demand for new cars recovered.

The economy continued to recover with an estimated growth rate of 2.0% in 2010/11 largely driven by the construction industry, which included the ongoing tsunami rehabilitation effort. The commerce industry, together with transport, communications and hotels & restaurants also recorded positive contributions to growth during this period. These industries all benefited from the surge of international support for the government’s recovery plan.

In 2011/12, the growth rate in the economy was forecasted to weaken to only around 1.5% as major construction programmes are completed and recovery programs wind down. However, it is expected that expenditure on preparations for the celebration of Samoa's 50th anniversary independence will partly balance these declines. It is also hoped that the additional flow of tourists and visitors over the period of the celebrations will carry the benefits through into the first quarter of 2012/13.

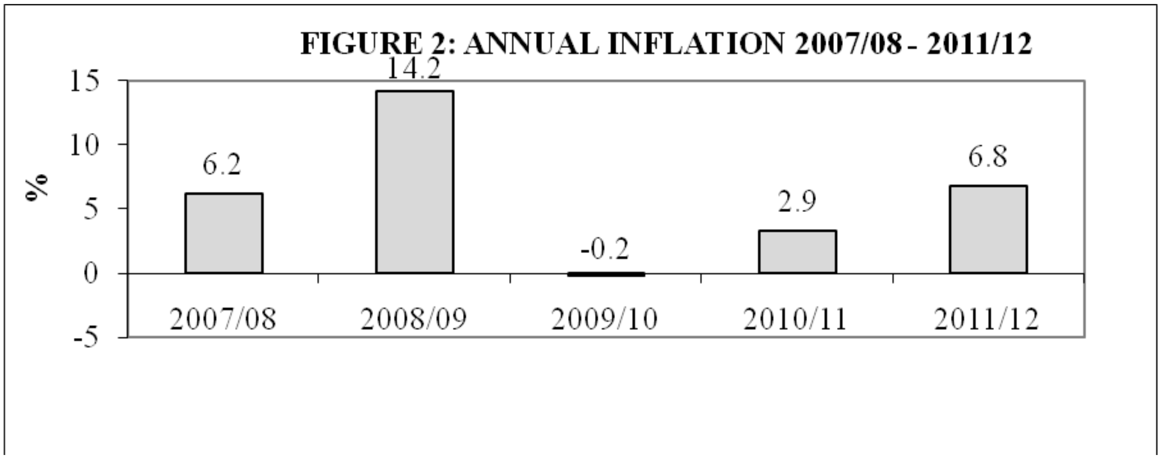


Source: Ministry of Finance and Samoa Bureau of Statistics

The inflation rates from 2007/08 – 2008/09 exceeded the target inflation rates of 3 – 4% due to high oil prices and rising imported food prices, which also caused local food prices to increase. Over this two-year period the annual inflation rate averaged 10.2%.

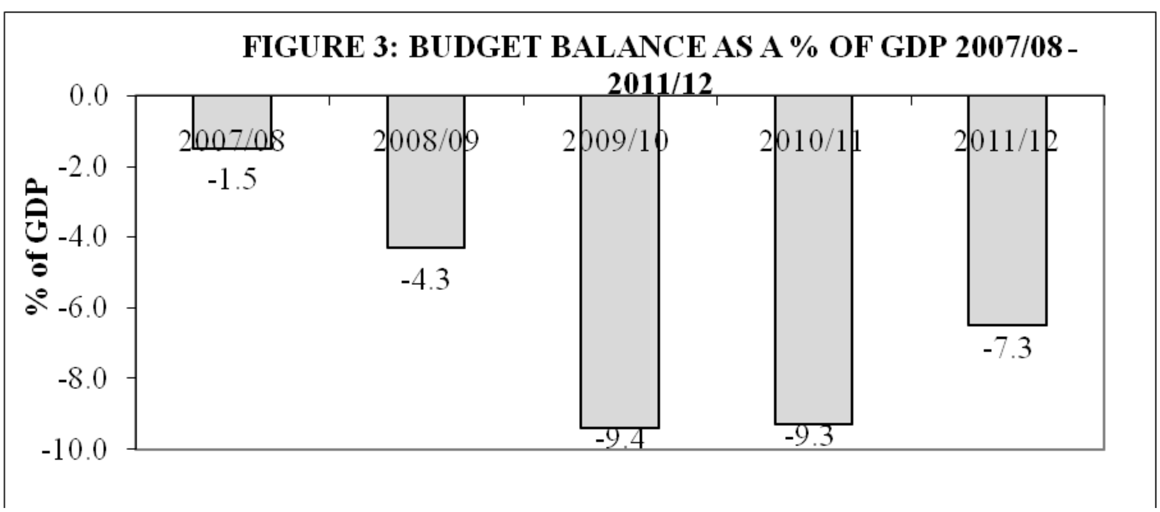
The inflation rate dropped to -0.2% in 2009/10. This represented a decline by 14.2 percentage points from the rate in 2008/09. The overall result has shown that food prices had largely driven the decline in the annual average inflation rate throughout this period. This outcome was a reflection of the decline of world food prices, which also caused local food prices to drop. The annual average rate of inflation at end June 2010/11 was 2.9%, an increase by 3.1 percentage points from end June 2009/10. The overall increase in the annual average inflation rate during the period 2009/10 and 2010/11 was largely driven by the rise of 12.5 percentage points in housing, water, electricity, gas and other fuel prices category of the Consumer Price Index (CPI). The increase in electricity prices, which was caused by the rising fuel prices, as well as an increase in water rates had both filtered through to household consumption expenditure.

At end March 2011/12, annual average inflation rate stood at 5.6%, increased of 3.7 percentage points from end March 2010/11. This result was caused mainly by the increase of 16.1 percentage points in local food prices largely due to the reduction of agricultural produce available at the Fugalei market. The inflationary outlook for end June 2011/12 is forecast to be an increase to an annual rate of 6.8%. This increase will be due to several factors including continuing rising fuel prices, unfavourable weather conditions and global economy uncertainties.



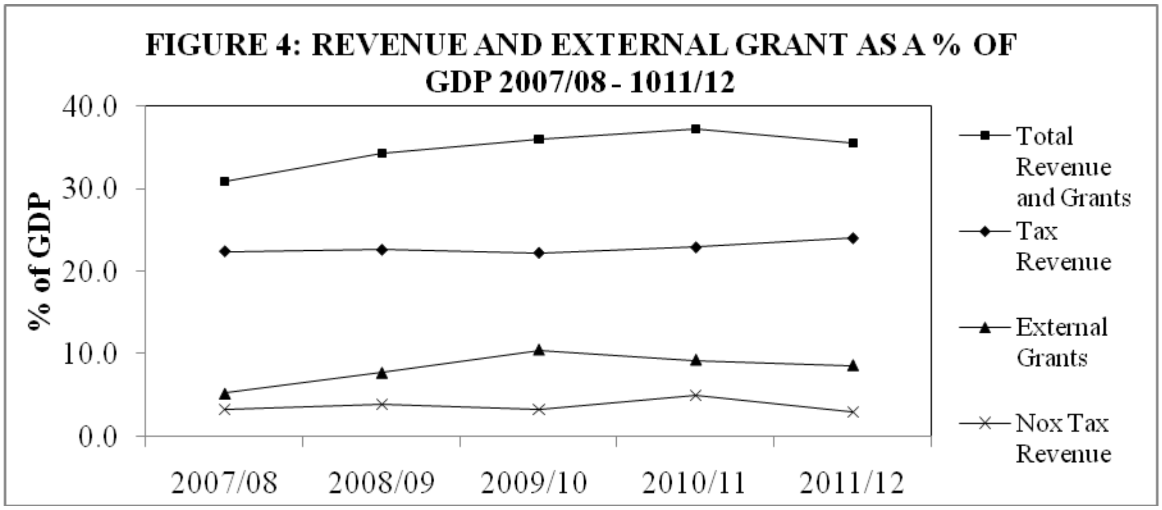
Source: Ministry of Finance and Samoa Bureau of Statistics

The overall budget deficit was within the target level of less than 3.5% of GDP in 2007/08. However, it was above target in 2008/09 at 4.3% of GDP. The overall deficits increased significantly in 2009/10 and 2010/11 (to 9.4% and 9.3% of GDP respectively) as a result of government's fiscal stimulus measures in response to the impact of the global economic crisis and the tsunami reconstruction expenditure. These deficits were largely funded by grants and loans on concessional terms mainly from World Bank, ADB, Japan, EU, New Zealand, Australia and China. The winding down of rehabilitation efforts linked to the tsunami led to a decline in the overall budget deficit to 7.3% of GDP in 2011/12.



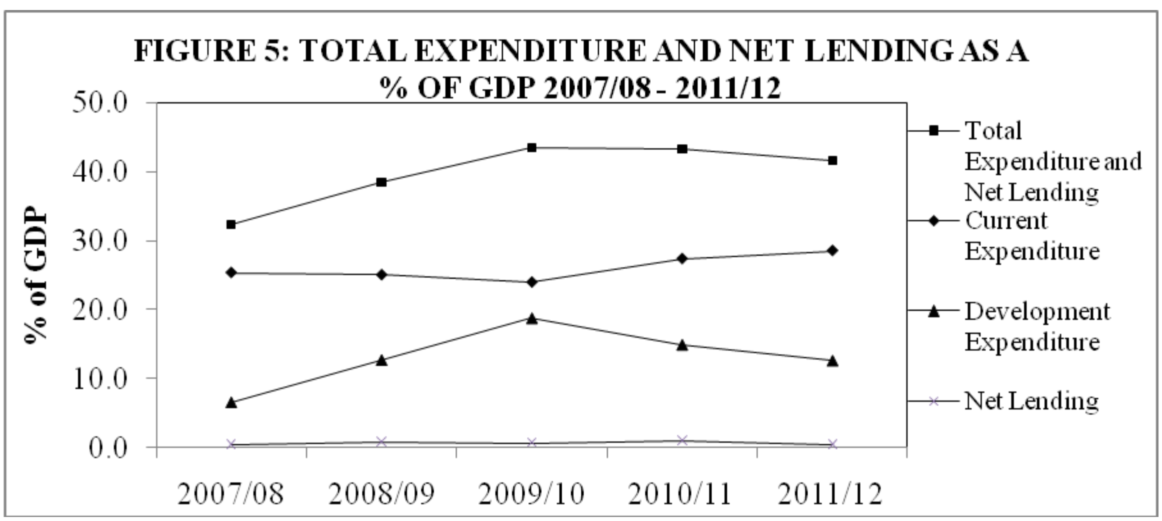
Source: Ministry of Finance and Samoa Bureau of Statistics

Tax Revenue as a percentage of GDP increased slightly from 2007/08 to 2008/09, it then declined slightly in 2009/10 but has gradually increased again in both 2010/11 and 2011/12. Non Tax Revenue as a percentage of GDP continued to vary each year between 2007/08 to 2011/12, increasing on some years and falling in others. External grants as a percentage of GDP increased from 2007/08 to 2009/10 then gradually declined in 2010/11 and 2011/12. The recent decline was largely driven by the winding down of rehabilitation works for tsunami reconstruction.



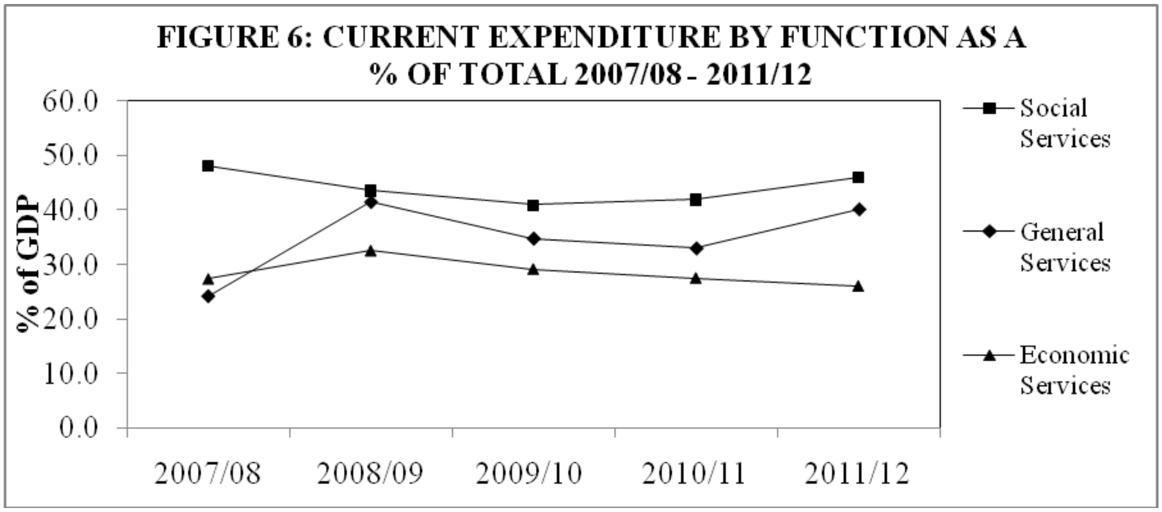
Source: Ministry of Finance and Samoa Bureau of Statistics

Current expenditure as percentage of GDP declined steadily from 2007/08 to 2009/10 as government reduced the recurrent budget in the face of the global economic situation. As recovery began to take hold the ratio of current expenditure to GDP then increased again up to 2011/12. Development expenditure as percentage of GDP increased from 2007/08 to 2009/10 due to the tsunami rehabilitation efforts for tsunami as well as to counter the impacts of the global financial crisis. However, development expenditure declined from 2009/10 to 2011/12 as the result of the completion of tsunami reconstruction projects.



Source: Ministry of Finance and Samoa Bureau of Statistics

Current expenditure by function showed that allocations to social services declined slightly from 2007/08 to 2009/10 then increased again to 2011/12. General services expenditure increased from 2007/08 to 2008/09, declined up to 2010/11 and is expected to rise again in 2011/12. Expenditure on economic services increased in 2008/09, declined steadily up to 2010/11 and is anticipated to continue to decline in 2011/12.



Source: Ministry of Finance and Samoa Bureau of Statistics

Official foreign reserves were below the target range of 4.0 to 6.0 months of import cover in 2007/08. This was due to the preparation for the South Pacific Games and the increase of commerce activities during this period. However, import cover was in the target range from 2008/09 to 2010/11 and is expected to continue to fall within the target range in 2011/12.

Source: Ministry of Finance and Samoa Bureau of Statistics

IV. FISCAL PERFORMANCE IN THE FIRST SIX MONTHS (JUL-DEC) OF 2011/12

At the end of the first six months (July – December 2011/12) period, the overall fiscal outturn recorded an overall deficit of $63.39 million. At this level, a $16.72 million was registered above pro-rata estimates and equivalent to 8.1% of GDP. This result is above the target budget deficit of 3.5% of GDP. At the current level, a deficit of $5.66 million was recorded with a decline of $6.80 million from the budget deficit estimate of $12.46 million.

The increase in the overall deficit was caused mainly by the rise of $8.70 million in total expenditure as well as the shortfall in total revenue and grants of $8.00 million when compared to the pro rata estimates of the first six months (July-December) of 2011/12 fiscal year. On the other hand, the decline in current deficit was largely driven by a decline of $14.75 million in current expenditure when compared to the budget estimates of July to December (2011/12) period.

When compared to July-December of 2010/11 fiscal year, overall deficit had declined by $42.05 million. This result was mainly driven by the decline of $34.88 million in total expenditure and net lending as well as the increase of $7.17 million in total revenue and grants. Current deficit had declined by $8.59 million from July-December of 2010/11 to stand at a deficit of $5.66 million in the reviewing period. This outcome was largely caused by the increase of $12.24 in revenue, which more than offsetting the increase of $3.70 million in current expenditure.

Total Revenue and grants collected for the first six months of the 2011/12 fiscal year stood at $266.49 million, which consisted of $199.84 million of current receipts and $66.65 million of external grants. At this level it was $8.00 million below the pro-rata estimate for the reviewing period. This result was mainly due to the shortfall of $11.36 million in tax revenue. On the contrary, non tax revenue had increased by $3.37 million. In comparison to the same 2010/11 period, total revenue and grants had increased by $7.17 million. This rise was largely driven by an increase of $12.24 million in current receipts whilst external grants had declined by $5.07 million. The categories of current receipts are tax revenue and non tax revenue, which both recorded increases of $8.33 million and $4.08 million respectively from the comparable 2010/11 period.

Tax revenue collected throughout the period of July to December of 2011/12 fiscal year stood at $173.92 million, $11.36 million below the pro rata estimate. This result was driven strongly by the net decline of $12.23 million in Taxes on Goods and Services followed by the net decline in Taxes on International Trade of $3.35 million whilst Taxes on Income and All Other Taxes registered net increases of $4.11 million and $0.09 million respectively.

Non-tax revenue collected during the reviewing period (Jul-Dec 2011/12) valued at $26.00 million. At this level, it was $3.68 million above the budgeted amount. The favorable outcome was mainly driven by the increase of $2.05 million in Property and

Investment Income category. Cost recoveries, licenses and fines also recorded a $1.62 million above the pro-rata estimate.

Total expenditure and Net Lending for July to December of 2011/12 was $329.88 million, recorded a total of $8.68 million below the pro-rata estimate. This was caused largely by the decline of $14.75 million in current expenditure whilst development expenditure and net lending had increased by $20.77 million and $2.70 million respectively. When compared to the corresponding 2010/11 period, Total expenditure and Net lending had registered a downward trend of $34.88 million. This was strongly driven by the decline of $37.21 million in development expenditure followed by a drop of $1.36 million in net lending whilst current expenditure had recorded an increase of $3.70 million respectively.

Current expenditure for the period stood at $205.55 million, $14.75 million below the budget estimate. This result was due mainly to the fall of $10.84 million in salaries and wages followed by the declines of $2.58 million and $1.33 million in expenditure on goods and services and interest payments on external and domestic debts respectively.

Development expenditure at $118.13 million was $20.77 million above the pro rata estimate for the reviewing period. This is reflected in the phased construction of the new hospital as well as the ongoing maintenance and construction of roads in Apia and around the country. When compared to same period (Jul-Dec) of the previous year (2010/11), development expenditure had declined by $37.21 million with the completion of the new government buildings.

Net Lending stood at $6.20 million in the reporting period (July – December 2011/12), increased by $2.70 million below the pro-rata estimate.

Table 1: Government Finance (2007/08 – 2011/12)

	Provisional Actual					**Budget (incl 1st supp)**	**Provisional**	**Pro-rata**
	2007/08	**2008/09**	**2009/10**	**2010/11**	**Jul-Dec 2010/11**	**2011/12**	**Jul-Dec 2011/12**	**Jul-Dec 2011/12**
Revenue and Grants	**454.9**	**492.0**	**525.2**	**567.2**	**259.2**	**549.0**	**266.5**	**274.5**
Total revenue	378.0	381.4	372.4	423.8	187.4	415.7	199.8	207.8
Tax	330.2	324.7	324.8	346.0	165.6	370.6	173.9	185.3
Non Tax	47.8	56.7	47.6	77.8	21.8	45.1	25.9	22.6
External Grants	76.9	110.7	152.8	143.4	71.7	133.3	66.7	66.7
Expenditure	**476.5**	**552.5**	**633.8**	**664.6**	**364.8**	**642.3**	**329.9**	**321.2**
Current expenditure	372.4	358.8	349.1	374.8	201.9	440.6	205.5	220.3
Development expenditure	96.2	182.1	273.8	272.9	155.3	194.7	118.1	97.4
Other (capital and net lending	7.8	11.7	10.9	16.8	7.6	7.0	6.2	3.5
Current balance	**5.6**	**22.6**	**23.3**	**49.0**	**-14.4**	**-24.9**	**-5.7**	**-12.5**
Overall balance	**-21.6**	**-60.5**	**-108.6**	**-97.4**	**-105.6**	**-93.9**	**-63.4**	**-46.7**

Financing:								
Net External Borrowing	12.5	44.6	144.8	82.7	72.7	90.3	69.4	45.2
Domestic	9.1	15.9	-36.1	14.7	33.4	3.0	-6.0	1.5
Overall Balance as % of GDP	-1.5	-4.2	-7.5	-6.4	14.0	-5.7	8.1	5.7
Nominal GDP	1458.9	1425.7	1452.2	1514.4	752.3	1,604.4	786.5	815.1

Source: Ministry of Finance and Samoa Bureau of Statistics

External Debt

Official external debt as a percentage of GDP had remained below the target of no more than 50.0% of GDP from 2007/08 to 2010/11. It is anticipated to increase slightly in 2011/12 to 52.3.% of GDP due to the contracting of new loans which were planned for in FY 2010/11 for the National Medical Centre Phase II,as well as the ADB Budget Support Subprogram 2.

Table 2: Official External Debts

Years	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Official External Debts (Million Tala)	490.0	585.3	695.5	737.7	825.0
Total Debt Servicing	19.4	22.0	24.3	26.5	27.6
Official External Debts as % of GDP	34	41	48	49	52

Source: Ministry of Finance and Samoa Bureau of Statistics

V. ECONOMIC AND FISCAL OUTLOOK

According to the International Monetary Fund (IMF) World Economic Outlook edition in April 2012, global growth is projected to drop from about 4.0% in 2011 to about 3.5% in 2012. The IMF noted that the reacceleration of activity during the course of 2012 is expected to return global growth to about 4.0% in 2013. The euro area is still projected to go into a mild recession in 2012 as a result of the sovereign debt crisis and a general loss of confidence, and the impact of fiscal consolidation in response to market pressures. Because of the problems in Europe, activity will continue to disappoint for the advanced economies as a group, expanding by only about 1.5% in 2012 and by 2.0% in 2013. Job creation in these economies will likely remain sluggish, and the unemployed will need further income support and help with skills development, retraining, and job searching. Real GDP growth in the emerging and developing economies is projected to slow from 6.3% in 2011 to 5.8% in 2012 but then to reaccelerate to 6.0% in 2013, helped by easier macroeconomic policies and strengthening foreign demand.

Samoa’s major trading partners are New Zealand, Australia and the United States. Collectively these countries are unlikely to see significant economic recovery and growth in the immediate future. As noted by the IMF the continued Euro-zone debt crisis will act as drag on global recovery. Unemployment is likely to remain an issue for many Samoan’s in these countries and this will most likely affect the level of remittances.

Uncertainty about the future may also tend to constrain the number of visitors to Samoa in the coming year or two.

In the domestic economy, GDP growth in 2011/12 is expected to reach only 1.5% but is projected to increase to a rate of 2.3% in 2012/13. Looking further ahead the projections for economic growth in 2013/14 and 2014/15 are 1.9% and 2.1% respectively. However, this economic outlook remains highly uncertain because of the possibility of Samoa being affected by the euro area crisis and the impact of other exogenous factors through tourism, inflation, remittances and major trading partners.

Domestic consumption expenditure is projected to vary slightly over the forecast period from 2.1% in 2011/12, 1.6% in 2012/13, 1.9% in 2013/14 and 2.1 in 2014/15. This is in line with the sluggish recovery of remittances and tourism. Private sector investment across several industry sectors of the economy expected to provide additional employment opportunities and will therefore contribute to the forecast growth of domestic consumption over the medium term. The Samoa Agriculture Competitiveness Enhancement Project (SACEP) funded by the World Bank is expected to boost the agriculture sector over the medium term, raising production and the incomes of farmers and increasing rural consumption. This will contribute to alleviating hardship and poverty in the rural parts of Samoa.

Private investment is expected to decline by 4.7% of GDP in 2011/12 from 46.0% in 2010/11. This fall is largely driven by the completion of rebuilding family houses and tourism resorts destroyed by the tsunami. Projections for the subsequent years suggest that the level of investment will vary between 4.8% - 3.5% per annum. The expected investments by foreign and domestic investors for manufacturing, commerce, tourism and energy sectors are anticipated to contribute to the forecast growth over the medium term.

Exports are expected to increase by 2.3% in 2011/12 with expected moderate growth of 1.3%, 1.2% and 1.1% in 2012/13, 2013/14 and 2014/15 respectively. The forecast increase in export revenues in 2011/12 is anticipated because of the inflow of tourists for the celebration of Samoa's 50th anniversary of independence in June 2012. One of the government's priorities in the Strategy for the Development of Samoa 2012-2016 is to revitalize commodity exports which will steadily reverse the downward trend in monetary agricultural output seen over the past years.

Imports are projected to decline by -3.2% in 2011/12, this follows an increase of 5.6% in 2010/11. The decrease is projected on the basis of the completion of tsunami reconstruction projects, which will result in a fall in the demand for building materials. Further ahead, imports are forecast to increase by 2.0% in 2012/13, 1.1% in 2013/14 and 1.5% in 2014/15 reflecting the forecast recovery in the growth of commerce activities and the expected expansion of the communications, manufacturing, agriculture, tourism and energy sectors.

Government expenditure is forecast to decline by -9.5% in 2011/12 following a small (0.1%) increase in 2010/11. This projection is based on the completion of the large government building funded by China and the completion of the infrastructure works that were linked to the tsunami reconstruction. Government spending is projected to increase by 3.4% in 2012/13 as a result of the implementation of further planned infrastructure works. Forward projections indicate a small decline of -0.1% followed by an increase of 1.2% for 2013/14 and 2014/15 respectively.

Inflation is projected to increase to 6.8% in 2011/12 due to the rise in fuel prices, unfavourable weather conditions and uncertainties with the global recovery. Inflation is forecast to remain between 3 – 4% from 2012/13 to 2014/15.

Table 3: Growth of GDP Expenditure Components (constant 2002 prices)

	2011/12	2012/13	2013/14	2014/15
Consumption	2.1	**1.6**	1.9	2.1
Private Investment	4.7	**4.8**	4.8	3.5
Government	-9.5	**3.4**	-0.1	1.2
Exports	2.3	**1.3**	1.2	1.1
Imports	-3.2	**2.0**	1.1	1.5
Gross Domestic Product	1.5	**2.3**	1.9	2.1

Source: Ministry of Finance

Several loans and grants are expected to start and continue in 2012/13. These are the World Bank of US$13.0 million for the agriculture sector, the Organization of Petroleum Exporting Countries (OPEC) of US$12.0 million for tank farms, the Huawei Broadband network of US$21.0 million and Phase II of US$32.1 million for the National Medical Centre.

The macroeconomic target rates and its implications are as follows:

1) The budget deficit has exceeded 3.5% of GDP to ensure economic development and growth is attained in the long term for the benefit of all. However, this has steadily declined as the forecast level of spending is planned to decline over the medium term, which is consistent with the restraining of new loans in the near future;

2) The current expenditure as percentage of GDP has projected to be below the target rate over the medium term. This is driven by the forecast declines in all components of current expenditure, which are the expenditure programs, statutory payments and unforeseen expenditure over the medium term;

3) Personnel costs as percentage of total current expenditure has projected to be above the target rate over the medium term. This is due to the fact of the reclassification of allowances and Board fees under personnel costs that were previously under the operating expenditure category

4) The level of External Debt as a percentage of GDP is anticipated to rise above 50.0% of GDP threshold in the medium term. The bulk of the debt is multilateral and provided on concessional terms by the multilateral financial institutions. The

cost of debt servicing will rise above the current 2% of GDP but would be manageable, until stabilization. Samoa's external debt has been used primarily to finance development programs for social and economic infrastructure. Projects funded by external debt have remained focused on the priority areas highlighted in the Strategy for the Development of Samoa. In the medium term there should be restraint on new loans, and where the need persists, only new loans with a 35% grant element should be contracted. As much as possible the emphasis should be on the utiisation of grants ahead of loans and/or a mix of grants and loans.

Table 4: Macroeconomic Framework 2011/12-2014/15

	Target	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Real GDP (% change)	3.0%-4.0%	1.5%	**2.3%**	1.9%	2.1%
Inflation (%)	3.0%-4.0%	6.8%	**3.6%**	3.6%	3.6%
Budget Balance (% of GDP)	Deficit: Not more than 3.5% of GDP	-7.3%	**-6.1%**	-6.1%	-5.5%
Current Expenditure (% of GDP)	35%-38%	33.7%	**32.2%**	28.9%	27.2%
Personnel Costs (% of current expenditure)[2]	40%-41%	38.6%	**38.3%**	39.8%	39.7%
Disbursed Outstanding Debt (% of GDP)[1]	Less than 50%	52%	**54%**	56%	58%
Current Account Balance (%of GDP)		-2.6%	**-2.6%**	-2.3%	-2.5%
Import Cover (months)	4.0-6.0 months	5.0	**4.7**	4.6	4.4
Nominal GDP ($ million)		1,604.4	**1,694.9**	1,781.8	1,876.3

Source: Ministry of Finance

1. This debt consists largely of concessional loans.
2. Personnel costs as a % of current expenditure include wages and salaries of all ministries and public beneficiary bodies.