

**Mr. Vice President,
Mr. Speaker and Members of the House of Representatives,
Mr. President Pro Tempore,
Mr. Ad Hoc Chief Justice, Ad Hoc Associate Justices, and Members of
the Judiciary,
Mr. Doyen and Members of the Diplomatic Corps,
Chiefs, Elders, and Traditional Leaders,
Heads of Political Parties Here Present,
Prelates and Members of Religious Organizations,
Our International and Local Partners
Members of the Fourth Estate,
Ladies and Gentlemen,
Fellow Liberians:**

Let us firstly give thanks to Almighty God who has guided our nation in the past 12 months – and continues to guide us.

I therefore enjoin all of us to observe a moment of silent prayer in acknowledgement of God's manifold blessings bestowed on our nation throughout our history of our nation – and especially in the past twelve months.

Barely eight days ago, I stood on the grounds of the Capital and swore to the constitutional oath to defend, protect and uphold the Constitution and Laws of our nation.

Honorable Ladies and Gentlemen:

This afternoon, I appear before you to reaffirm the Oath to which I subscribed – and to report to you on the activities of Government for the year 2005 in compliance with Article 58 of our Constitution.

Honorable Ladies and Gentlemen:

The Constitution of Liberia requires the President in January of each year to report on the state of the nation and present her legislative agenda. This is a duty which, like the organic document embodying it, I take very seriously. Yet, because I have been in office for only a week, it is difficult to provide a comprehensive report of the nation for the year under review. This report is therefore general a retrospective review of the activities of year final year of the National Transitional Government.

Similarly, I shall be able to present a full legislative agenda in this speech. I shall however submit a comprehensive legislative program in the intervening week.

Honorable Ladies and Gentlemen: I want to report to you that the state of our nation is fair and hopeful, for several reasons: We participated in a relatively peaceful legislative and presidential election campaign. We voted in an internationally judged free, fair, peaceful, and democratic ever in the history of our country. A week ago today, we conducted the most successful inauguration which was by leaders from our sub-region, continent, and the world led for the first time by the First Lady of the United States, accompanied by a high-powered delegation, the Chairman of the ECOWAS, the Chairman of the African Union, the President of South Africa, and Representatives of our international partners. We thank all of our distinguished guests who honored us with their presence.

The elections and our recent inauguration provide only small steps to national recovery and healing. Building and sustaining peace across this nation is tough but realistic challenge. Creating jobs, building roads, making our youth and children feel appreciated and empowered, establishing and expanding the writ of democracy, and giving life and meaning to our Constitution through respect for rule of law and social justice are also critical goals that my Administration Accordingly, it is the obligation of every Liberia to provide conditions of real peace and commitment to peaceful co-existence, where and whenever the need may arise. Real peace is voluntary; it is from within and it is spontaneous.

Furthermore, it is also obligatory that the promotion of Peace is enhanced with concurrent reciprocal respect for human rights, Justice, and mutual respect for all.

The State of the Economy

As we all know our post conflict economy has not registered any significant strides. The general economic environment remains constricted, making life difficult for the average person.

Notwithstanding stop gap measures put in place by the erstwhile NTGL, unemployment remains at an all time high, and inflation continues to depreciate our currency. The Ministry of Finance reports that the prolonged crisis destroyed economic structures and undermined the government's capacity to implement stringent economic policies.

Sanctions on the country, which continue to affect key revenue generating sectors, have also made it difficult for achieving economic recovery.

Notwithstanding, donor activities have been very helpful in resuscitating the economy, particularly areas where there is visible presence of UNMIL and the retrained National Police.

In addition, the government took measures to boost revenue, restore an orderly budget process and address key governance issues, including the centralization of revenue collection; transfer of GOL accounts to the Central bank of Liberia; Liberalization of importation of rice and petroleum products; abolition of issuance of drawback certificate and prepaid revenue receipts; and prohibition of unlawful granting of tax exemptions to certain companies and individuals.

The Ministry of Finance, during the period January 1 through December 31, 2005 actual revenue collected amounted to U\$80.499 Million, while expenditure stood at U\$74 Million.

Actual Revenue collected per category shows Customs and Excise netting U\$29.7 Million, Direct Taxation U\$25.9 Million, Maritime Revenue U\$10.699 Million, Forestry Sub-sector 0.0 Million, Indirect Taxation U\$9.4 Million, Petroleum Sales Tax U\$0.8 Million, and Grant from People's Republic of China U\$4.0 Million.

The Ministry of Finance reports that Government of Liberia accounts closed at the end of the year with a net budgetary surplus.

We must note the progressive decline of our annual budget over the post several decades in order to appreciate the enormity of our debilitating fiscal environment. We recall that our budget stood at 600 Million United States in 1979, and by 1989, ten years later, it climbed down to 400 Million Dollars. As we all know, the last NTGL budget, part of which my Government has inherited, was put at 80 Million Dollars a considerable drop from what our country used to boast of by way of national budgets a long time ago.)

Governance

Under the CPA, several Commissions were established. Among these is the Governance Reform Commission, which is aimed at addressing the issue of good governance. In particular, improve the effectiveness and efficiency of the Civil Service Agency, and facilitate the full participation of the Liberian people in the governance and development processes of our country.

Certainly, the workforce in our Ministries and Agencies is heavily bloated and ever expanding, even as our budgetary performance has dwindled over the years.

You may agree with me, that in addition to this, many of our government institutions lack clarity in mandate and little or no linkages to our national policies and goals.

Accordingly, our administration will embark on a process of rationalizing our agencies to make them lean, efficient and responsive to public service delivery.

In this vein, we also intend to undertake a comprehensive Civil Service Reform Agenda aimed at ensuring an efficient workforce based on merit and performance.

Ladies and gentlemen,

As we move to achieve the goals of economic recovery, we must be prepared to take on corruption as a major impediment to our ongoing economic reform agenda.

As we stated in our inaugural speech, we will spare no effort in combating this cancerous national vice. We shall begin this process in earnest by according high priority to the formulation and passage into law of a National Code of Conduct that will govern the activities of our public servants.

In our endeavor to show transparency and accountability on the part of our administration, we will support and promote the goals and objectives of the Governance and Economic Management Program (GEMAP), which the successor Government worked with our donor partners to establish.

As you know, the UN ban on timber and diamonds export have not helped our economic recovery.

It is therefore our hope and expectation that as we fulfill our obligations under GEMAP and as we reflect transparency and accountability in our actions in the ensuing months, sanctions will be lifted to allow us access much needed revenue from both domestic and external sources.

Foreign Policy

We recall that before the Comprehensive Peace Accord, our country had lost total international credibility. In fact, Liberia had become a pariah state and exporter of terror in the sub region. Nearly all diplomatic relations with Liberia had been severed, and all foreign embassies near our capital had been closed down. A travel ban was imposed on some key Liberia officials.

Today, we are pleased to report, that, as demonstrated at our inauguration ceremony, Liberia is once more a respected member of the comity of nations. Attending the occasion were several dignitaries from our continent as well as beyond.

In this regard, we wish to again recognize the participation at our inauguration, of such prominent African leaders as His Excellencies Mamadou Tanja of the Republic of Niger and also Head of ECOWAS; Chief Olusegun Obasanjo of Nigeria; Thambo Mbeki of South Africa, Amadou Toumani Toure of Mali, John Kufuor of Ghana, Tejan Kabbah of Sierra Leone, Blaise Campaore of Burkina Faso; Faure Gnassingbe of Togo, and Prime Minister Dialo of Guinea Conakry.

Also worthy of recognition was the presence of the United States Delegation headed by Her Excellency Mrs. Laura Bush, wife of the President of the United

States of America; Her Excellency Condoleeza Rice, Secretary of State of the United States.

We are also delighted to have noticed the presence of Ms. Frechette, the Deputy Secretary of the United Nations; His Excellency Cellou Diallo, Prime Minister of the sisterly Republic of Guinea; His Excellency Li Zhaoxing, Foreign Minister of the People's Republic of China; His Excellency Hans Dahlgren, Special Representative of the European Union to the Mano River Union; His Excellency Louis Michel, Commissioner of the European Union for Development and Humanitarian Aid; His Excellency Alan Doss, Special Representative of the Secretary General of the United Nations in Liberia; His Excellency Dr. Ali Abdusalam Tiki, Special Representative of the President of Libya and Minister of the African Union; and all other distinguished delegates to this inaugural ceremony.

Indeed, the attendance of these distinguished personalities and delegations at that august occasion was a demonstration of the renewed commitment to, and confidence in Liberia on the part of the international community.

We intend to maintain and promote this cordial international cooperation, which we certainly need as we embark on the enormous task of rebuilding our war ravaged country. In particular, we will work tirelessly to ensure good neighborliness and stability in the sub region.

In this respect, we remain hopeful that the ongoing political difficulties in neighboring La Cote d'Ivoire will soon be successful resolved, so that our brothers and sisters in that sisterly country will also live in peace.

We also hope to work assiduously in reviving and strengthening the Mano River Union, and in complying with all the protocols of the Economic Community of West Africa States.

Security Sector Reform

The ongoing security sector reform is a vital component of our post-conflict national recovery effort. In consonance with the CPA, the Armed Forces of Liberia and the Liberia National Police are being restructured.

We wish to thank the United States Government, South Africa, People's Republic of China, Federal Republic of Nigeria, and the Republic of Ghana for their direct assistance in the ongoing security sector reform.

National Reconciliation

As we made it very clear in our inaugural address, if there is one single factor that must claim the attention and focus of all Liberians, it is the urgent task of National Healing. It is no secret that the prolonged period of struggle for democracy, and its attendant conflict has bred all kinds of tensions in our society. Now that we have opened up a new chapter in our history, we must all work together to bury the ghost of the past and move as one people united under one flag and one destiny.

In this regard, we are pleased to note, as required by the CPA, that the Truth and Reconciliation Commission was established by law sometime last year for the purpose of guiding us in our committed search for justice, forgiveness and lasting peace. We look forward to having this Commission start its work in earnest as quickly as possible.

Repatriation, Resettlement and Reintegration

As our country becomes whole again, the issue of having all our people return home from refugee camps and resettled in their respective communities, must continue to claim our full attention. In this regard, we wish to report that out of 271,545 refugees by the UNHCR, 40,879 have thus far been repatriated and resettled in their counties of origin.

Similarly, out of 314,000 registered Internally Displaced Persons (IDPs), 232,574 have thus far been reintegrated. However, we should also report, that giving the complex process that it entails, reintegration is ongoing, and we look forward to more donor assistance in getting this vital aspect of our post-conflict reconstruction agenda program successfully completed.

While some successes have been achieved in the reintegration of ex-combatants into normal life, Liberia's absorptive capacity at this time is limited in this regard. We therefore appeal to the international community to remain engaged with us in addressing this critical aspect of our national recovery program.

EDUCATION

During the period under review, the Ministry of Education established 39 community, educational and vocational skills training centers nation-wide to prove illiteracy and skills training to war affected women and youth—with particular emphasis on former combatants and women in difficult circumstances. About 7,800 persons are expected to benefit from this program.

This Ministry also designed and developed, in collaboration with UNICEF to place girls in protective social environment, thereby creating equal participation in all spheres of human coexistence.

The Ministry benefited from the RFTF implementation, through the rehabilitation of 107 schools and the renovation of others.

The Ministry also approved the hiring of 4000 teachers as of June 2005 in support of the Free Primary Education Program and resumed the administration of the Sixth Grade National Examination.

Health

We are pleased to note that in the period under review, the Ministry, working with 15 health teams, commenced full implementation of the Global Trust Fund activities for Malaria, Tuberculosis and HIV/AIDS.

The Ministry also completed the immunization of over three million children under the age of five during 4 rounds of the polio vaccination campaign in 2005. Overall average for immunization of all Liberian children below the age of five against all preventable childhood diseases has now risen to over 61 percent, as compared to 23 percent in October 2003.

To increase access to health care for the rural population, we rehabilitated 265 health services, hospitals, health center and clinics.

AGRICULTURE

It is clear that a nation cannot speak seriously about sovereignty in the absence of food self sufficiency or food security. Against this background, the Ministry of Agriculture has been engaged in capacity building and the implementation of programs for improved production and management of agricultural materials.

The Ministry also made significant achievements to enhance food production under the year in review.

With assistance from UASID, the Ministry is reportedly developing 250 acres of swamp rice for the people of Zleh town, Grand Gedeh. A dam to supply this area with water during the dry season has been approved and funds appropriated for implementation.