

Salaries, wages and related benefits in January-June 2011 compared to January-June 2010

Payments in January-June 2011 reached LL1,828 billion, higher by LL 199 billion compared to January-June 2010, as a result of the following factors:

© A LL151 billion increase in basic salaries from LL1,229 billion in January-June 2010 to LL1,380 billion in January-June 2011 mainly driven by higher payments to the military and security forces (+LL115 billion) and the education personnel (+LL44 billion), which was slightly offset by a decrease in payments to civilian personnel (-LL8 billion).

The increase in basic salaries paid to the military personnel was mainly due to the fourth payment of the 1996-1998 retroactive to military and security personnel which is expected to be paid in 6 disbursements over the 2009-2011 period¹ and the one-off payment of field service indemnities that accrued between June 2008 and February 2011 to them². Field service indemnities are additional benefits to which military personnel in service are entitled exclusively in the public sector.

The increase in basic salaries paid to the education personnel was due to an estimated (1) LL14 billion increase in payments to primary and intermediate education, (2) LL16 billion in secondary education and (3) LL9 billion for payment to teachers hired on a contractual basis. This is explained by the recruitment and appointment of 2,835 primary teachers³ and 755 secondary teachers⁴ for 2010 and 2011. It is also the result of the reclassification in the 2011 National Budget Proposal of payments made to contracted primary teachers from transfers (Article 14) to salaries and wages (Article 13).

¹ Following the adoption of Law 63 dated December 31st, 2008 which legislates the inclusion of the required budget allocations in the 2009-2011 Budgets to cover the 1996-1998 retroactive amount due. For more information, please refer to the 2009 Annual Report, pages 18-19.

² As per Annex 6 of Law 718 dated November 5th, 1998 which was amended by Decree 90 dated January 13th 1999. It should be noticed that the decision to make this payment was retroactively confirmed by Parliament through the issuance of Law 151 dated August 17th, 2011 whereby Annex 6 was formally integrated into Law 63/2008. This integration implied that the calculation of field service indemnities should take into account the LL200,000 monthly salary increase granted through Law 63 starting May 1st, 2008. For more information, please refer to the forthcoming QII 2011 Public Finance report.

³ As per Decree 4057 dated May 20th, 2010, Decree 3634 dated March 20th, 2010 and Decree 3127 dated January 30th, 2010.

⁴ As per Decree 2542 dated July 31st, 2009 and Decree 4427 dated July 21st, 2010.

⊗ A LL 68 billion increase in allowances from LL195 billion in January-June 2010 to LL263 billion in January-June 2011 mainly as a result of higher payments to the Army (+LL55 billion) and the Internal Security Forces (+LL12 billion). This increase was mainly due to higher payments of maternity and sickness allowances (+LL7 billion) and health allowances (+LL52 billion). Health allowances paid to the Military personnel have been increasing as a result of the Council of Ministers' decision to unify the hospitalization tariffs reimbursed by all insuring schemes sponsored that has started to have a significant impact starting February 2011 ⁵ by the State and,

⊗ A LL 3 billion increase in indemnities from LL98 billion in January-June 2010 to LL101 billion in January-June 2011 as a result of higher payments to civil (+LL2 billion) and education (+LL2 billion) personnel,

⊗ A LL24 billion decrease in "other⁶" as only a LL45 billion transfer was made to Civil Servants Cooperative in January-June 2011 compared to LL71 billion in January-June 2010. This is due to payment timing factors.

⁵ The increase in military allowances as a result of the tariff harmonization policy decided by the Council of Ministers first appeared in the 2009 Budget Proposal (an extra LL42 billion), then in the 2010 Budget Proposal (an extra LL4 billion) and in the 2011 Budget Proposal (an extra LL27 billion). On a cash basis, this is translated by a modest impact in 2010 (an increase of LL2 billion per month in 2010 compared to 2009) followed by a significant impact that appears starting February 2011 (an estimate of LL11 billion increase per month).

⁶ Other includes (i) payments for bonuses, (ii) State contributions to the Civil Servants Cooperatives, (iii) State contributions to the Mutual Funds covering Member of Parliaments, employees of the Lebanese Parliament, judges, judges' aides and Islamic tribunal judges and (iv) State contributions (as an employer) to the National Social Security Fund public sector employees that are not covered by the Civil Servant Cooperative and the Mutual Funds.

Table 1. Breakdown of Article 13: Salaries, Wages and Related Items

(LL billion)	Basic Salaries		Indemnities 6/		Allowances 7/		Other 8/		Total	
	2010 Jan- June	2011 Jan- June	2010 Jan- June	2011 Jan- June	2010 Jan- June	2011 Jan- June	2010 Jan- June	2011 Jan- June	2010 Jan- June	2011 Jan- June
Military Personnel	793	908	36	35	193	261	1	1	1,024	1,206
• Army	535	607	24	23	107	162	0	0	666	793
• Internal Security Forces 1/	206	239	10	10	69	80	0	0	285	330
• General Security Forces /2	40	46	1	2	13	13	1	1	56	62
• State Security Forces 3/	12	15	1	1	4	5	0	0	17	22
Education Personnel	269	313	30	32	0	0	0	0	299	345
Civilian Personnel 4/, of which:	167	159	32	34	1	2	86	62	287	257
• Employees Cooperative							71	45	71	45
Customs Salaries 5/									21	21
Total	1,229	1,380	98	101	195	263	88	63	1,630	1,828

Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)

1/ Includes allowance and 1996-1998 retroactive payments made to Internal Security Forces from Guarantees account,

2/ Includes 1996-1998 retroactive payments made to General Security Forces from Guarantees account,

3/ Includes allowance and 1996-1998 retroactive payments made to State Security Forces from Guarantees account,

4/Includes salaries payments made to Ministry of Public Health from Guarantees account.

5/Includes salaries and wages and indemnities payment from guarantees account but excludes payments for allowances which are made from Customs Cashiers and can only be reclassified once Customs has sent the supporting document to the Directorate General of Finance. Battlefield indemnity in March 2011 paid to Customs officers were included as well.

6/Includes payments for family, transportation, overtime as well as various indemnities.

7/Includes payments for maternity and sickness, marriage, birth, death, hospital, education, medical and various social allowances.

8/ Other includes payments for bonuses, contributions to various public sector mutual funds and contribution of the State as an employer for the National Social Security Fund.



For further information please contact:

Ministry of Finance

UNDP Project

Tel: 961 1 981057/8

Fax: 961 1 981059

E-mail: infocenter@finance.gov.lb

Website: www.finance.gov.lb

