

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

Payments in January-May 2011 reached LL1,574 billion, higher by LL 196 billion compared to January-May 2010, as a result of the following factors:

© A LL160 billion increase in basic salaries from LL1,011 billion in January-May 2010 to LL1,171 billion in January-May 2011 mainly driven by higher payments to the military and security forces (+LL132 billion) and the education personnel (+LL40 billion), which was slightly offset by a decrease in payments to civilian personnel (-LL12 billion). The increase in basic salaries 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 May 2008 and February 2011 to them. Field service indemnities are additional benefits to which military personnel in service are entitled exclusively in the public sector²,

© A LL 3 billion increase in indemnities from LL81 billion in January-May 2010 to LL84 billion in January-May 2011 as a result of higher payments to civil (+LL1 billion) and education (+LL2 billion) personnel,

© A LL 64 billion increase in allowances from LL185 billion in January-May 2010 to LL250 billion in January-May 2011 mainly as a result of higher payments to the Army (+LL54 billion) and the Internal Security Forces (+LL8 billion). This increase was due to higher payments of maternity and sickness allowances (+LL8 billion) and health allowances (+LL49 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 by the State and,

© A LL35 billion decrease in "other"³ as only a LL35 billion transfer was made to Civil Servants Cooperative in January-May 2011 compared to LL71 billion in January-May 2010. This is due to payment timing factors.

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. For more information, please refer to the forthcoming Q1 2011 Public Finance report.

³ 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- May	2011 Jan- May	2010 Jan- May	2011 Jan- May	2010 Jan- May	2011 Jan- May	2010 Jan- May	2011 Jan- May	2010 Jan- May	2011 Jan- May
Military Personnel	653	785	29	29	184	248	1	1	868	1,063
• Army	451	523	19	20	103	157	0	0	573	700
• Internal Security Forces 1/	162	209	8	8	66	74	0	0	236	290
• General Security Forces /2	32	40	1	1	12	12	1	1	45	54
• State Security Forces 3/	9	13	1	1	4	5	0	0	14	19
Education Personnel	226	266	24	26	0	0	0	0	250	292
Civilian Personnel 4/, of which:	132	120	28	29	1	2	85	50	246	200
• Employees Cooperative							71	35	71	35
Customs Salaries 5/									14	18
Total	1,011	1,171	81	84	185	250	86	51	1,378	1,574

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

1/ Includes allowances 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 allowances 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.