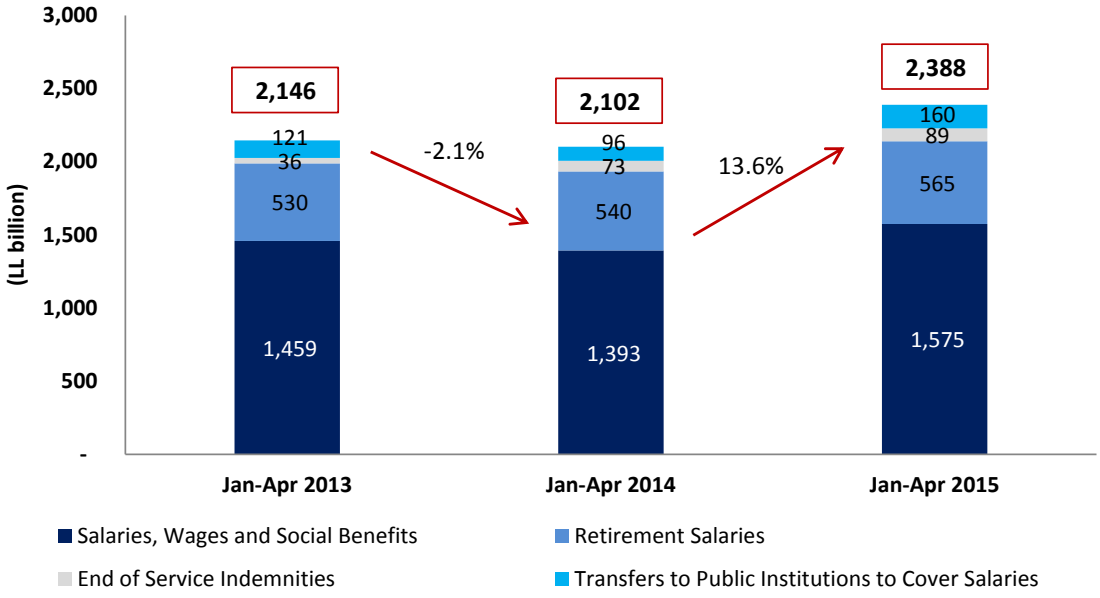
I. Personnel Cost

I.A. General Overview

Personnel cost includes payments for (a) salaries, wages and related benefits, (b) retirement, (c) end of service indemenities, and (d) transfers to public institutions to cover salaries.

Personnel cost increased by LL 286 billion (14 percent) from LL 2,102 billion in Jan-Apr 2014 to LL 2,388 billion in Jan-Apr 2015, as a result of an increase in (i) salaries, wages and related benefits by LL 182 billion (13 percent), (ii) transfers to public institutions to cover salaries by LL 64 billion (66 percent) mainly due to a LL 65 billion rise in payments to Lebanese University, (iii) retirement salaries by LL 25 billion (5 percent), and (iv) end of service indemnities by LL 16 billion (22 percent).

Figure 1. Personnel Cost Breakdown by Component in Jan-Apr 2013, Jan-Apr 2014 and Jan-Apr 2015



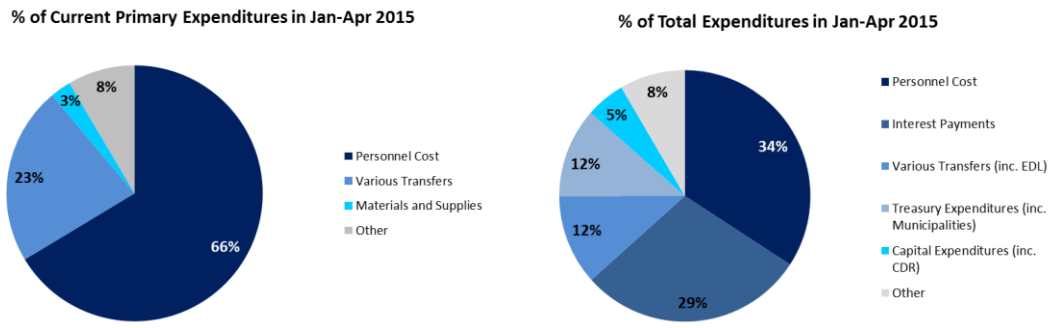
Source: Ministry of Finance, Directorate General of Finance

I.B. Composition of Personnel Cost

Personnel cost constitutes the highest share of current primary expenditure[1], comprising 51 percent in Jan-Apr 2013, 55 percent in Jan-Apr 2014 and 66 percent during the same period of 2015. As a percent of total epxenditures, personnel cost comprised 31 percent of the total by end-April 2013 and 2014, increasing to 34 percent by end-April 2015. The following figures represent personnel cost as a percentage of current primary expenditures and total expenditures in Jan-Apr 2015:

[1] Current primary expenditures represent current expenditures excluding "Interest Payments" and "Foreign Debt Principal Repayment".

Figure 2. Personnel Cost as a Percentage of Current Primary Expenditures and Total Expenditures in Jan-Apr 2015



Source: Ministry of Finance, Directorate General of Finance

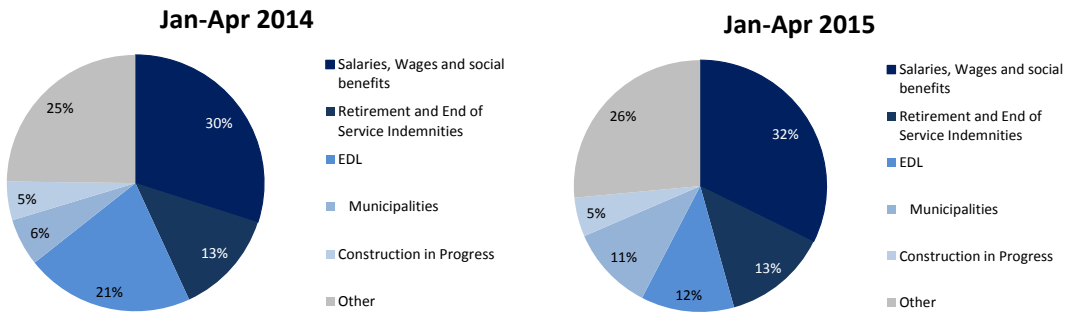
II. Salaries, Wages, and Related Benefits

Payments for salaries, wages and related benefits increased by LL 182 billion (13 percent), from LL 1,393 billion in Jan-Apr 2014 to LL 1,575 billion in Jan-Apr 2015. The reason behind this rise is mainly due to a LL 162 billion increase in allowances to the Army personnel alongside a LL 25 billion increase in their respective basic salaries, which were slightly counterbalanced by a LL 55 billion decrease in allowances to the Internal Security Forces.

In terms of composition, cost of basic salaries accounted for 71 percent of payments for salaries wages and related benefits by end-April 2015, followed by allowances (19 percent), other payments (6 percent), and employment benefits (5 percent).

As a percentage of total primary spending, salaries, wages and related benefits accounted for 30 percent in Jan-Apr 2014 and increased to 32 percent in Jan-Apr 2015. The following figures present the primary spending breakdown by component during the period under review.

Figure 3. Primary Spending Breakdown by Component during Jan-Apr 2014 and Jan-Apr 2015



Source: Ministry of Finance , Directorate General of Finance
N.B.: Other expenditures mainly include transfers to CDR, transfers to public institutions to cover salaries, contributions to non-public sectors, VAT refund, and medicaments.

Table 1. Salaries, Wages and Related Benefits Breakdown – Jan-Apr 2014 and Jan-Apr 2015

(LL billion)	Basic Salaries		Employment Benefits 4/		Allowances 5/		Other 6/		Total	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Military Personnel	**683**	**715**	**27**	**28**	**181**	**291**	**1**	**1**	**892**	**1,035**
Army	430	455	16	17	63	225	0	0	510	697
Internal Security Forces	199	199	8	9	90	35	0	0	297	242
General Security Forces	43	48	1	1	24	24	1	1	69	74
State Security Forces	12	13	1	0	4	8	0	0	16	21
Education Personnel	**272**	**276**	**23**	**21**	**0**	**0**	**1**	**0**	**296**	**297**
Civilian Personnel 1/	**112**	**120**	**23**	**23**	**0**	**2**	**14**	**18**	**149**	**163**
Government contribution to employees cooperative2/							**44**	**67**	**44**	**67**
Customs Salaries 3/									**13**	**12**
Total	**1,067**	**1,111**	**73**	**72**	**181**	**293**	**60**	**87**	**1,393**	**1,575**

1/Includes salaries payments made to Ministry of Public Health from Guarantees account.
2/ Government contribution to employees cooperative is provided to both the education and civil personnel. However, the allocation between the two types of personnel is not available and therefore is presented in a separate line item.
3/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.
4/Includes payments for family, transportation, overtime as well as various indemnities (including committee compensation and tax returns).
5/Includes payments for maternity and sickness, marriage, birth, death, hospital, education, medical and various social allowances, and provided to military personnel only.
6/ Other is given to non-military bodies and includes (i) payments for bonuses, (ii) State contributions to the Mutual Funds covering Member of Parliaments, employees of the Lebanese University, judges, judges' aides and Islamic tribunal judges and (iii) State contributions (as an employer) to the National Social Security Fund public sector employees that are not covered by the Civilian Servant Cooperative.

II.A. Basic Salaries and Wages

Out of total salaries, wages and related benefits, basic salaries reached LL 1,111 billion by end-April 2015 increasing by LL 44 billion (4 percent) from the same period in 2014. This rise was the result of an increase in basic salaries of all subcategories, namely to the military body, civil personnel, and education personnel by LL 32 billion (5 percent), LL 8 billion (7 percent), and LL 4 billion (2 percent) respectively.

II.A.a. Basic Salaries of Military Personnel

The 5 percent rise in basic salaries of military personnel is primarily the result of an increase in payments made to permanent employees of the Army by LL 24 billion and the General Security forces by LL 4 billion, owing to the recruitment of new personnel or the promotion of current personnel. Moreover, basic salaries of trainees and contractors employees increased by LL 3 billion and LL 1 billion respectively by end-April 2015 compared to Jan-Apr 2014. These increases were partially offset by a LL 2 billion drop in clothing indemnity.

II.A.b. Basic Salaries of Education Personnel

Basic salaries of education personnel increased by LL 4 billion by end-April 2015, compared to the same period in 2014. The 2 percent rise was mainly due to an increase in basic salaries of primary, intermediate and secondary contractual teachers by LL 12 billion mainly due to higher primary contractual teachers, which was partly counterbalanced by a drop in (i) salaries of trainees in the primary and secondary education by LL 3 billion, and (ii) salaries to secondary education teachers by LL 3 billion.

II.A.c Basic Salaries of Civilian Personnel

Payments to civilian personnel increased by LL 8 billion in Jan-Apr 2015 compared to Jan-Apr 2014. At the level of ministries, the Ministry of Foreign Affairs (MoFA) represents the largest wage bill, with a share of 24 percent of total salaries and wages to civilian personnel during Jan-Apr 2015 followed by the Ministry of Justice (18 percent) and Parliament (9 percent) (*for further details, kindly refer to table 2*).

In detail, basic salaries and wages to employees in the MoFA witnessed the most notable increase of 39 percent by end-April 2015, mainly due to a rise in basic salaries of diplomats in Lebanese overseas missions, in turn, owing to higher retroactive payments by LL 9 billion.

Table 2. Civilian Salaries and Wages Breakdown by Ministry - Jan-Apr 2014 and Jan-Apr 2015

(LL million)	Jan-Apr 2014	Jan-Apr 2015	% from Total Civilian Personnel
Ministry of Foreign Affairs and Emigrants	20,875	28,989	24%
Ministry of Justice	20,386	21,019	18%
Parliament	10,958	11,111	9%
Presidency of the Council of Ministers	10,001	9,618	8%
Ministry of Finance	9,615	9,548	8%
Ministry of Public Health	7,115	6,612	6%
Ministry of Public Works and Transportaion	6,079	6,225	5%
Ministry of Agriculture	4,636	5,099	4%
Ministry of National Defense	3,532	3,527	3%
Ministry of Interior	3,034	3,304	3%
Other	15,426	14,609	12%
Total	**111,658**	**119,660**	**100%**

Source: Ministry of Finance , Directorate General of Finance

II.B. Payment of Allowances

Allowances rose by LL 112 billion (62 percent) to reach LL 293 billion in Jan-Apr 2015, mainly attributed to higher payments to the Army by LL 162 billion, which was slightly offset by a LL 55 billion decrease in allowances to the Internal Security Forces.

More specifically, allowances to the Army were mainly driven by increases (i) in school allowances by LL 98 billion, (ii) in hospital expenses by LL 58 billion, and (iii) in sickeness & maternity allowances by LL 7 billion. These increases were slightly counterbalanced by a LL 5 billion decrease in marriage allowances.

Allowances to the Internal Security Forces decreased mainly due to (i) a LL 36 billion drop in school allowances, (ii) a LL 13 billion decrease in hospital allowances, and (iii) a LL 7 billion decline in social expenses. These decreases were partially counterbalanced by an increase in sickness & maternity by LL 4 billion.

II.C. Government subscription and contributions in the Employees Cooperative

Payments to government subscription and contributions to the Employees Cooperative increased by LL 23 billion to reach LL 67 billion in Jan-Apr 2015, compared to LL 44 billion in Jan-Apr 2014, mainly due to a discrepancy in the timing of payment in the month of April 2015.

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