REPUBLIC OF LEBANON
MINISTRY OF FINANCE

Public Finance Monitor

The Monthly Statistical Bulletin of the Ministry of Finance

November 2004

Section 1: Fiscal Overview

Highlights:

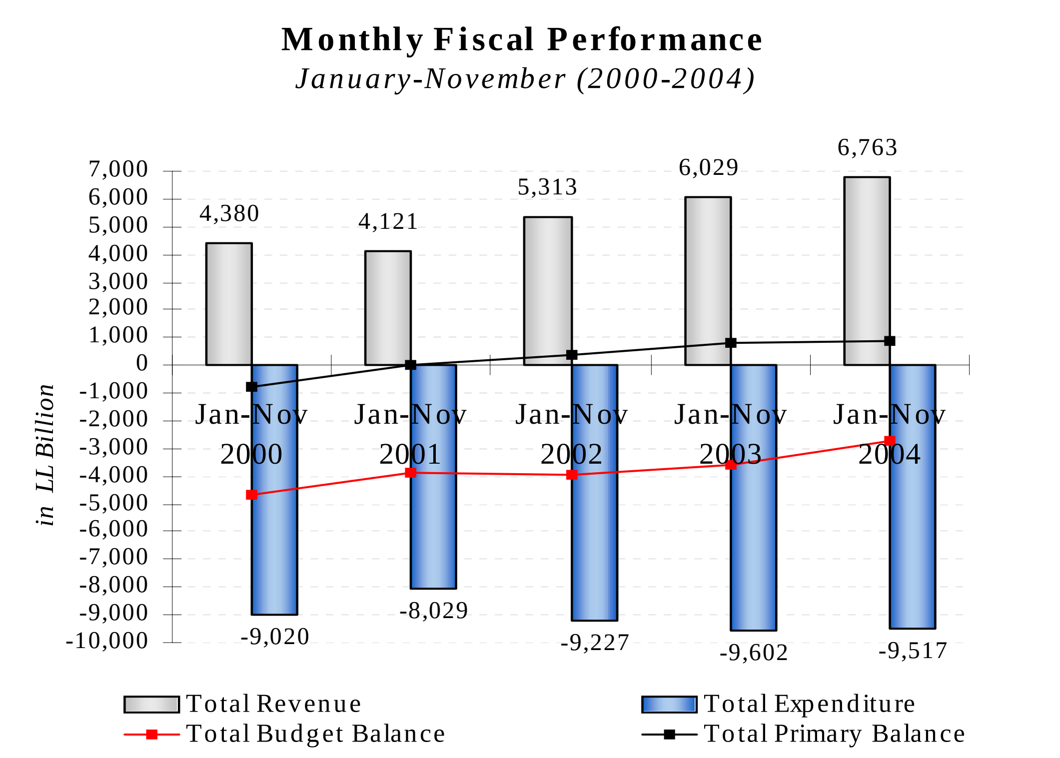
By the end of November 2004, the total primary surplus amounted to LL 877 billion, an approximate 8 percent improvement compared to the LL 814 billion cumulated at the end of November 2003. At a level of LL 2,755 billion by the end of November 2004, the total fiscal deficit decreased by 23 percent with respect to January-November 2003.

Table 1. Summary of Fiscal Performance

(LL billion)	2003 November	2004 November	2003 Jan-Nov	2004 Jan-Nov	Change 2003-2004	% Change
Budget Revenues	432	412	5,641	6,354	714	12.65%
Budget Expenditures *of which:*	661	726	8,077	7,668	-409	-5.07%
Debt Service	369	354	4,387	3,632	-755	-17.20%
Budget Deficit/Surplus	**-229**	**-314**	**-2,437**	**-1,314**	**1,123**	**-46.08%**
in % of Budget Expenditures	-34.63%	-43.28%	-30.17%	-17.13%		
Budget Primary Deficit/Surplus	**140**	**39**	**1,950**	**2,319**	**368**	**18.88%**
in % of Budget Expenditures	21.13%	5.39%	24.14%	30.24%		
Treasury Receipts	19	66	388	408	20	5.09%
Treasury Payments	55	109	1,525	1,849	325	21.29%
Total Budget and Treasury Receipts	451	478	6,029	6,763	733	12.16%
Total Budget and Treasury Payments	716	835	9,602	9,517	-85	-0.88%
Total Cash Deficit/Surplus	**-265**	**-357**	**-3,573**	**-2,755**	**818**	**-22.90%**
in % of Total Expenditures	-36.97%	-42.77%	-37.21%	-28.94%		
Primary Deficit/Surplus	**104**	**-4**	**814**	**877**	**63**	**7.79%**
in % of Total Expenditures	14.50%	-0.42%	8.48%	9.22%		

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

Chart 1.



Section 2: Revenue Outcome

Highlights:

With LL 6,763 billion collected, the first eleven months of the year achieved 12 percent higher revenues, compared to January-November 2003. This improved performance is mainly due to:

- Higher tax revenues by 14%, cumulating at LL 4,703 billion by November 2004, mainly on account of higher receipts from the 5% tax on interest, property tax, VAT, and fiscal stamps fees.
- Higher non tax revenues by 8%, cumulating at LL 1,651 billion collected during January-November 2004, mainly owing to higher telecom receipts.

Table 2. Total Revenue

(LL billion)	2003 November	2004 November	2003 Jan-Nov	2004 Jan-Nov	% Change
Budget Revenues, of *which:*	**432**	**412**	**5,641**	**6,354**	**12.65%**
Tax Revenues	*292*	*321*	*4,110*	*4,703*	*14.44%*
Non-Tax Revenues	*140*	*91*	*1,531*	*1,651*	*7.85%*
Treasury Receipts	**19**	**66**	**388**	**408**	**5.09%**
Total Revenues	**451**	**478**	**6,029**	**6,763**	**12.16%**

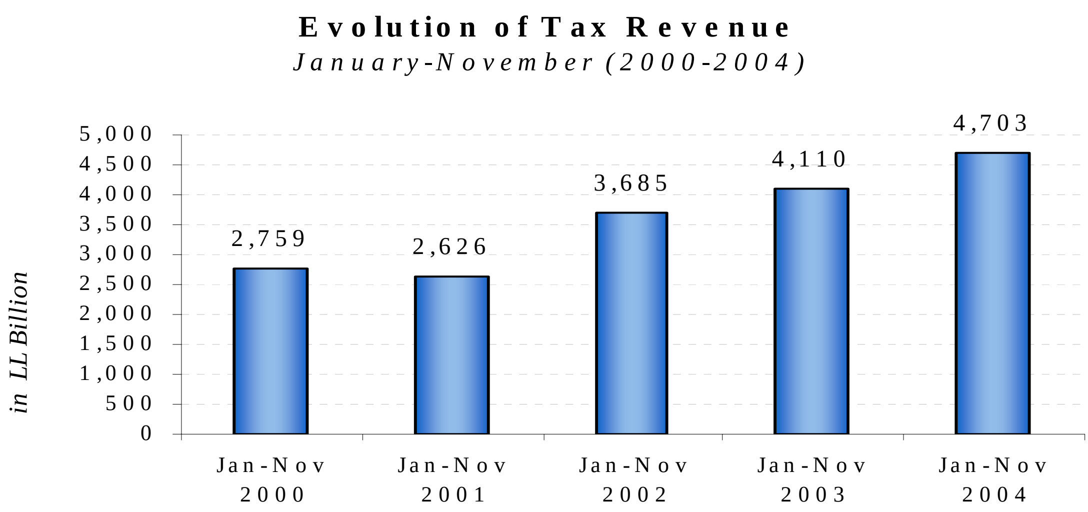
Source: MOF, DG

Table 3. Tax Revenue

(LL billion)	2003 November	2004 November	2003 Jan-Nov	2004 Jan-Nov	% Change
Tax Revenues:	**292**	**321**	**4,110**	**4,703**	**14.44%**
Taxes on Income, Profits, & Capital Gains, *of which*:	**26**	**36**	**731**	**856**	**17.20%**
Income Tax on Profits	*5*	4	*372*	*395*	6.12%
Income Tax on Wages and Salaries	*2*	2	*169*	*156*	-7.23%
Income Tax on Capital Gains & Dividends	*2*	9	*49*	*77*	57.17%
Tax on Interest Income (5%)	*17*	*19*	*128*	*209*	63.26%
Penalties on Income Tax	*1*	*1*	*10*	*16*	52.04%
Taxes on Property, *of which:*	**22**	**33**	**274**	**346**	**26.17%**
Built Property Tax	*5*	*8*	*72*	*93*	29.23%
Real Estate Registration Fees	*14*	*23*	*171*	*219*	28.08%
Domestic Taxes on Goods & Services, *of which:*	**96**	**114**	**1,419**	**1,786**	**25.83%**
Value Added Tax	*80*	*103*	*1,261*	*1,599*	26.76%
Other Taxes on Goods and Services, of which:	*15*	*11*	*148*	*174*	16.98%
Private Car Registration Fees	*6*	*8*	*82*	*98*	20.08%
Passenger Departure Tax	*9*	*3*	*64*	*73*	14.38%
Taxes on International Trade, *of which:*	**134**	**124**	**1,488**	**1,467**	**-1.36%**
Customs	*42*	*46*	*425*	*479*	12.64%
Excises, of which:	*92*	*78*	*1,063*	*989*	-6.97%
Petroleum Tax	*60*	*41*	*747*	*592*	-20.66%
Tobacco Tax	*17*	*15*	*168*	*182*	7.99%
Tax on Cars	*15*	*22*	*145*	*210*	45.25%
Other Tax Revenues, *of which:*	**15**	**14**	**198**	**248**	**25.13%**
Fiscal Stamp Fees	*15*	*14*	*197*	*247*	25.21%

Source: MOF, DGF

Chart 2.



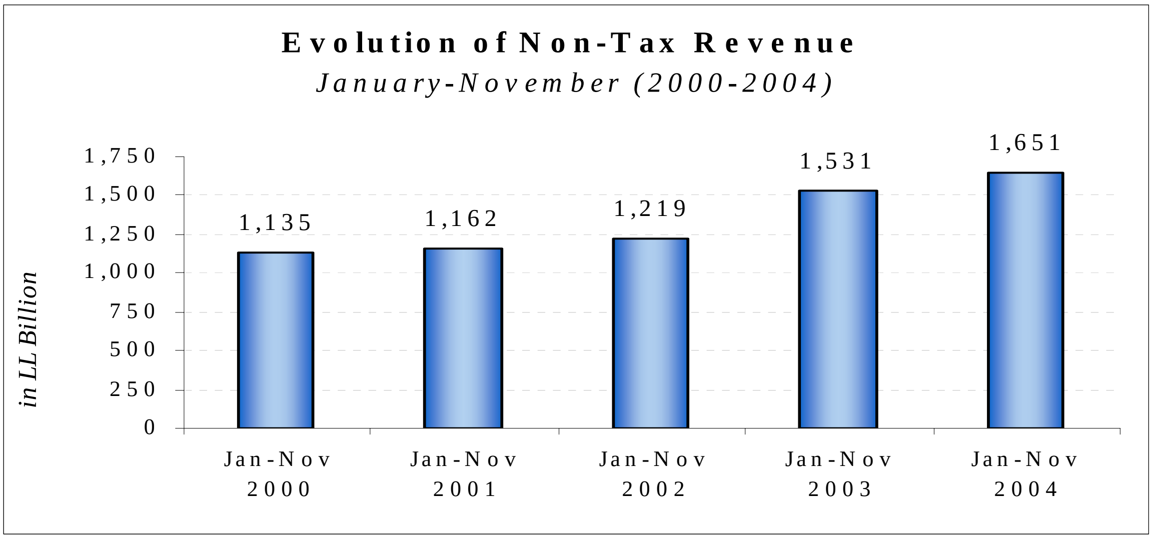
Source: MOF, DGF

Table 4. Non-Tax Revenue

(LL billion)	2003 November	2004 November	2003 Jan-Nov	2004 Jan-Nov	% Change
Non-Tax Revenues	**140**	**91**	**1,531**	**1,651**	**7.85%**
Income from Public Institutions and Government Properties, *of which*:	**109**	**58**	**1,110**	**1,243**	**11.92%**
Income from Non-Financial Public Enterprises, *of which*:	104	54	1,045	1,189	13.78%
Revenues from Casino Du Liban	2	1	*37*	*34*	-8.00%
Budget Surplus of National Lottery	2	2	*32*	*34*	4.69%
Transfer from the Telecom Surplus	100	52	*975*	*1,120*	14.86%
Other Income from Public Institutions (Interests)	1	1	*10*	*8*	-17.51%
Property Income (namely rent of Beirut International Airport)	4	2	*55*	*46*	-6.91%
Administrative Fees & Charges, *of which*:	**24**	**27**	**348**	**324**	**-6.91%**
Administrative Fees, *of which*:	16	20	275	252	-8.27%
Notary Fees	*1*	1	*14*	*16*	7.99%
Passport Fees/ Public Security	*6*	6	*79*	*82*	3.41%
Vehicle Control Fees	*6*	9	*137*	*112*	-18.60%
Judicial Fees	*1*	1	*18*	*18*	-1.26%
Driving License Fees	*1*	1	*13*	*14*	7.69%
Administrative Charges	3	4	20	24	15.95%
Permit Fees (mostly work permit fees)	3	3	37	37	-0.82%
Other Administrative Fees & Charges	0	1	8	8	-0.67%
Penalties & Confiscations	**1**	**0**	**5**	**4**	**-12.80%**
Other Non-Tax Revenues (mostly retirement deductibles)	**6**	**6**	**68**	**81**	**18.38%**

Source: MOF, DGF

Chart 3.



Source: MOF, DGF

Section 3: Expenditure Outcome

Highlights:

By the end of November 2004, total expenditures declined by nearly 1 percent compared to the first eleven months of 2003, reaching LL 9,517 billion mainly as a result of a 17 percent decrease in interest payments.
Non interest expenditures increased by almost 13 percent, totaling LL 5,885 billion by November 2004, compared to LL 5,215 billion for the same period in 2003. This is mainly explained by higher spending on the investment budget, municipalities, and EDL

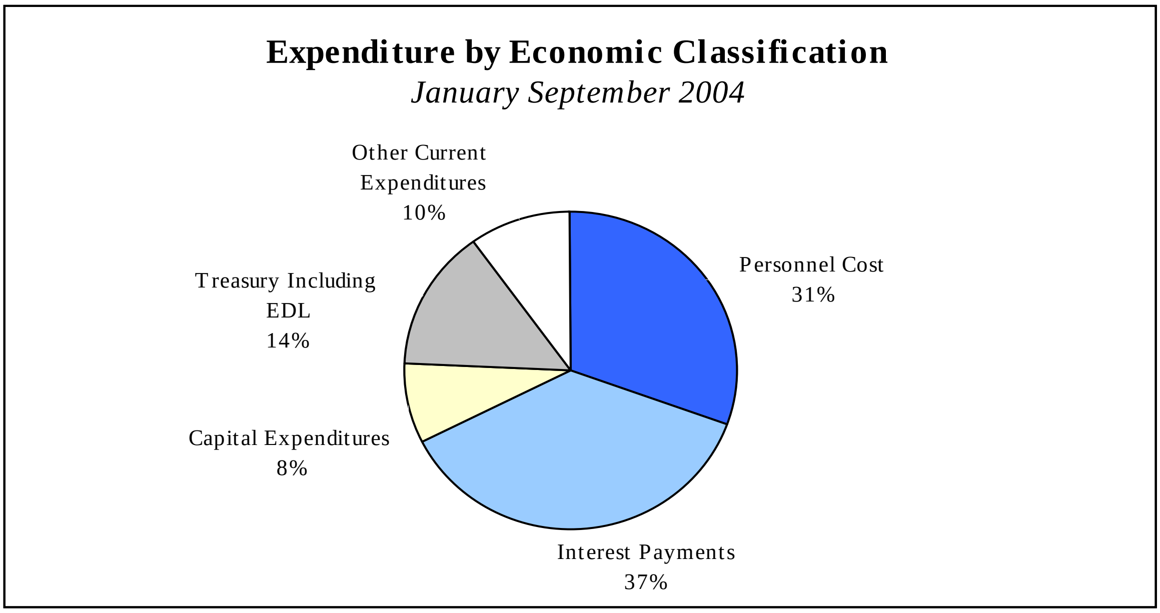
Table 5. Expenditures by Transaction Classification

(LL billion)	2003 November	2004 November	2003 Jan-Nov	2004 Jan-Nov	% Change
Total Expenditures	**716**	**835**	**9,602**	**9,517**	**-0.88%**
Budget Expenditures	**661**	**726**	**8,077**	**7,668**	**-5.07%**
Expenditures Excluding Debt Service	292	373	3,690	4,036	9.36%
Debt Service, *of which*:	369	354	4,387	3,632	-17.20%
Domestic Debt	*303*	*229*	*2,887*	*2,093*	-27.50%
Foreign Debt1/	*65*	*125*	*1,500*	*1,539*	2.62%
Treasury Expenditures , *of which*:	**55**	**109**	**1,525**	**1,849**	**21.29%**
Municipalities	*18*	*28*	*161*	*452*	180.70%
Previous Years' Appropriations	*14*	*3*	*567*	*446*	-21.31%
Non-Interest Expenditures (Total Expenditures minus Debt Service)	**347**	**481**	**5,215**	**5,885**	**12.85%**

Source: MOF, DGF

1/ Includes Payment of Principal of Concessional Loans.

Chart 4.



Source: MOF, DGF

Table 6. Expenditures by Economic Classification 1/

(LL Billion)	2003 Jan-Nov	2004 Jan-Nov	% change
1. Current Expenditures	**7,991**	**7,301**	**-9%**
1.a Personnel Cost, *of which:*	2,797	2,809	0%
Article 13: Salaries and Wages	*1,824*	*1,879*	*1%*
Retirement and End of Service Compensations	*782*	*753*	*-5%*
1.b Debt Service	4,387	3,632	-16%
1.c Materials and Supplies	108	109	6%
1.d External Services	76	114	36%
1.e Various Transfers, *of which:*	254	317	28%
NSFF	*0*	*69*	100%
1.f Other Current, *of which:*	303	249	-30%
Hospitals	*244*	*213*	*-30%*
Others	*58*	*34*	*-33%*
1.g Reserves, *of which:*	66	71	8%
Interest Subsidy	*66*	*71*	8%
2. Capital Expenditures	**659**	**746**	**16%**
2.a Acquisitions of Land, Bldgs, for the Construction of Roads, Ports, Airports, and Water Networks	11	5	-76%
2.b Equipment	53	48	-27%
2.c Construction in Progress	520	593	21%
2.d Maintenance	53	54	-7%
2.e Other Expenditures Related to Fixed Capital Assets	22	46	174%
3. Other Treasury Expenditures	**923**	**1,304**	**34%**
Municipalities	156	452	159%
EDL	373	454	21%
Treasury advance to Water Authorities	0	19	100%
4. Unclassified Expenditures	**3**	**92**	**-17%**
5. Customs Cashiers	**27**	**73**	**244%**
6. Total Expenditures	**9,602**	**9,517**	**-2%**

Sources: MOF

1/ Figures are subject to change because cashier spending classification was estimated for the month of September, October and November 2004.

2/ Includes the wages and salaries for the Council of the South, the Lebanese University, the Displaced Council, the Council for Reconstruction and Development, and the Educational Center for Research and Development.

3/ The unclassified expenditures includes: expenditures with no information on their economic classification, LL 22 billion of misclassified expenditure in November - expected to be reclassified in December, LL 38 billion representing the regularization of interest payments transactions - is also accounted for under treasury revenues.

4/ LL 45 billion of custom cashier expenditure are also recorded as VAT revenues in Jan-June 2004.

5/ Excluding foreign financed capital spending.

Table 7. Transfers to EDL

Table 6. Transfers to EDL*

(LL billion)	2003 Jan-Nov*	2004 Jan-Nov	% Change
EDL *of which:*	**373**	**454**	**21.9%**
Debt service, *of which:*	**298**	**303**	**1.8%**
C-Loans and Eurobonds	198	167	-16%
Loans for Fuel Oil Payment	99	33	-66%
BDL Guaranteed Loan Payment	0	103	100%
Treasury Advance for Fuel Purchase	**75**	**151.4**	**101.9%**
Expropriations	**0**	**0**	**0.0%**

Source: MOF, DGF

** Includes principal, LL 39 billion of which was paid in January 2003 to settle a maturing loan initially issued for fuel purchases.*

Section 4: Public Debt

Highlights:

Total public debt reached LL 53,993 billion by the end of November 2004 representing a 7.3 percent increase as of the stock of debt at end of December 2003. The main reason behind the rise was the higher foreign debt, mainly Eurobonds.

Tab le 8. Public Debt

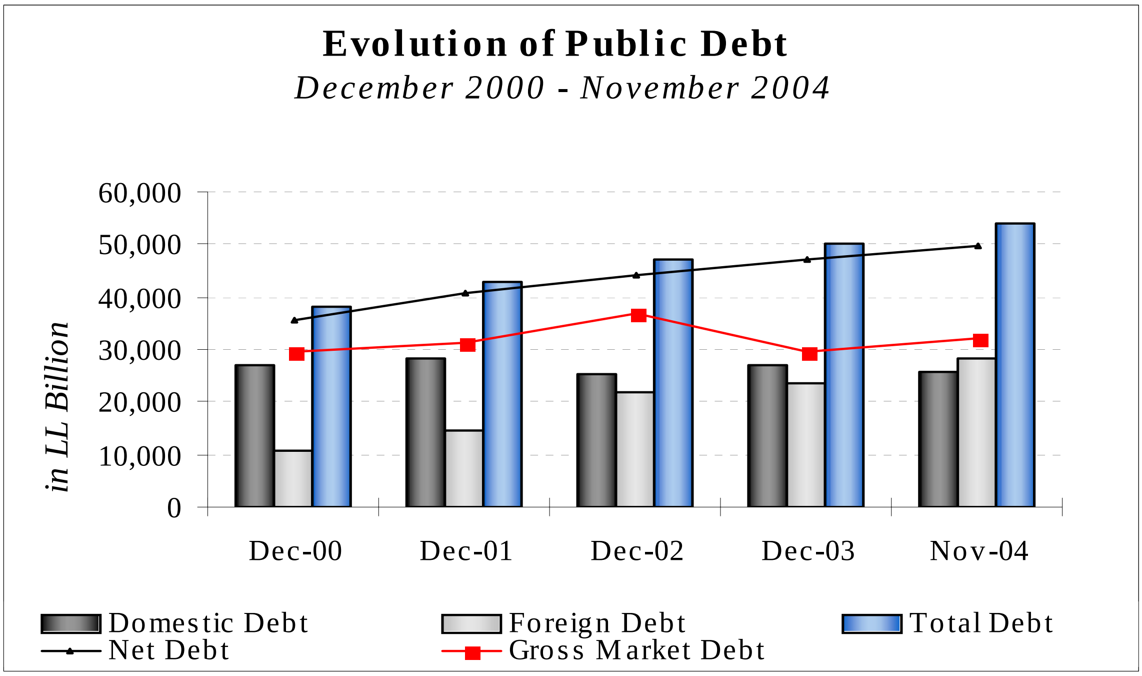
(in LL Billion)

	Dec-01	Dec-02	Dec-03	Nov-04	Change Jan-Nov	% Change Jan-Nov
Total debt	**42,644**	**47,291**	**50,322**	**53,993**	**3,671**	**7.3%**
Domestic debt	**28,214**	**25,302**	**26,843**	**25,706**	**-1,137**	**-4.2%**
a. Central Bank, *of which:*	6,251	723	8,938	10,622	**1,685**	**18.8%**
Zero Interest T-bills (1)			*3,508*	*3,508*	**0**	**0.0%**
Special T-bills Issued at 4 Percent			*4,299*	*4,299*	**0**	**0.0%**
b. Commercial Banks, *of which:*	15,830	17,211	12,303	11,258	**-1,045**	**-8.5%**
Zero Interest T-bills			*880*	*880*	**0**	**0.0%**
c. Other Domestic Debt, *of which:*	6,133	7,368	5,603	3,826	**-1,777**	**-31.7%**
Public Entities	*3,055*	*3,221*	*2,564*	*2,158*	**-406**	**-15.8%**
Foreign debt	**14,430**	**21,989**	**23,479**	**28,287**	**4,809**	**20.5%**
a. Bilateral and Multilateral	2,104	2,289	2,590	2,659	**69**	**2.7%**
b. Paris II Related FX Debt		1,432	3,731	3,792	**61**	**1.6%**
c. BDL Eurobonds		2,819	2,819	2,819	**0**	**0.0%**
d. Market Eurobonds	11,477	14,611	13,673	18,326	**4,653**	**34.0%**
e. Other Foreign Debt (2)	849	838	666	692	**26**	**3.9%**
Public Sector Deposits	**1,913**	**2,964**	**3,019**	**4,484**	**1,465**	**48.5%**
Net Debt	**40,731**	**44,327**	**47,303**	**49,509**	**2,206**	**4.7%**
Gross Market Debt (3)	**31,234**	**36,807**	**29,680**	**31,943**	**2,263**	**7.6%**

Source: MOF, DGF

(1) *Total debt equals domestic debt plus foreign debt.*
(2) *Zero interest T-bills in the portfolio of the Banque du Liban represents its intervention in the zero-interest scheme of commercial banks issued within the Paris II context.*
(3) *Includes accrued interest and foreign currency private sector loans..*
(4) *Net public debt is defined as the gross public debt less public sector deposits.*
(5) *Gross market debt is defined as gross public debt excluding the portfolios of the Banque du Liban, public institutions, bilateral and multilateral loans, and debt issued to the Paris II donor countries.*

Chart 5.



Source: MOF, DGF

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