REPUBLIC OF LEBANON
MINISTRY OF FINANCE

Public Finance Monitor

The Monthly Statistical Bulletin of the Ministry of Finance

September 2004

Section 1: Fiscal Overview

Highlights:

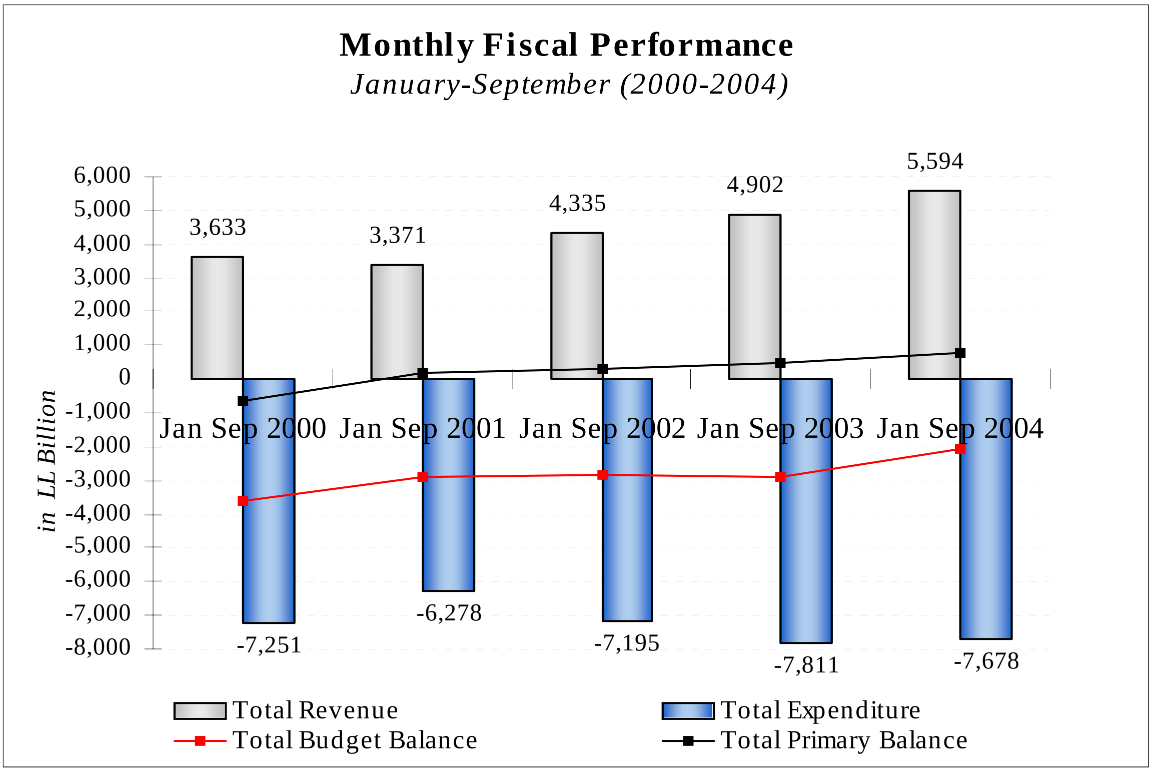
By the end of September 2004, the total primary surplus summed up to LL 763 billion, representing a 54 percent improvement compared to the LL 494 billion observed at the end of September 2003. At the same time, the total fiscal deficit decreased by 28 percent with respect to January-September 2003 amounting to LL 2,083 billion by the end of September 2004.

Table 1. Summary of Fiscal Performance

(LL billion)	2003 September	2004 September	2003 Jan-Sep	2004 Jan-Sep	Change 2003-2004	% Change
Budget Revenues	480	543	4,560	5,279	719	15.77%
Budget Expenditures *of which:*	648	752	6,411	6,086	-325	-5.07%
Debt Service	310	339	3,402	2,847	-556	-16.34%
Budget Deficit/Surplus	**-168**	**-209**	**-1,851**	**-807**	**1,044**	**-56.40%**
in % of Budget Expenditures	-25.92%	-27.78%	-28.88%	-13.26%		
Budget Primary Deficit/Surplus	**142**	**130**	**1,551**	**2,039**	**488**	**31.49%**
in % of Budget Expenditures	21.97%	17.33%	24.19%	33.51%		
Treasury Receipts	28	30	343	315	-27	-7.94%
Treasury Payments	74	101	1,399	1,592	192	13.74%
Total Budget and Treasury Receipts	508	574	4,902	5,594	692	14.11%
Total Budget and Treasury Payments	722	853	7,811	7,678	-133	-1.70%
Total Cash Deficit/Surplus	**-214**	**-280**	**-2,908**	**-2,083**	**825**	**-28.36%**
in % of Total Expenditures	-29.64%	-32.76%	-37.23%	-27.14%		
Primary Deficit/Surplus	**96**	**60**	**494**	**763**	**269**	**54.42%**
in % of Total Expenditures	13.32%	7.01%	6.33%	9.94%		

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

Chart 1.



Source: MOF, DGF

Section 2: Revenue Outcome

Highlights:

Between January and September 2004, total revenues reached LL 5,594 billion, increasing by 14 percent compared to the LL 4,902 billion collected in January September 2003.
For the same period of time, total tax revenues had reached LL 3,855 billion, improving by 17 percent compared to the LL 3,306 billion observed in the first nine months of 2003 due to a better performance on all tax revenue fronts.
Total non tax revenues picked up by 14 percent between January September 2003 and January September 2004 totaling LL 1,424 billion for the first three quarters of 2004, mainly on account of higher transfers from the telecom surplus.

Table 2. Total Revenue

(LL billion)	2003 September	2004 September	2003 Jan-Sep	2004 Jan-Sep	% Change
Budget Revenues, of *which:*	**480**	**543**	**4,560**	**5,279**	**15.77%**
Tax Revenues	*308*	*360*	*3,306*	*3,855*	*16.60%*
Non-Tax Revenues	*172*	*184*	*1,253*	*1,424*	*13.58%*
Treasury Receipts	**28**	**30**	**343**	**315**	**-7.94%**
Total Revenues	**508**	**574**	**4,902**	**5,594**	**14.11%**

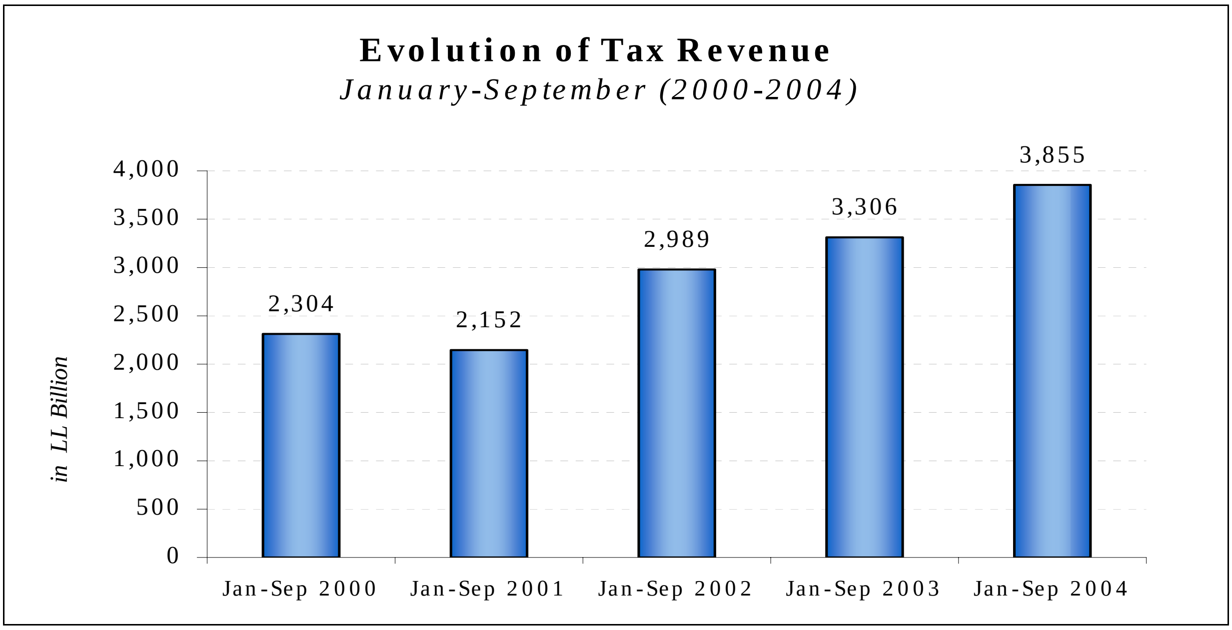
Source: MOF, DGF

Table 3. Tax Revenue

(LL billion)	2003 September	2004 September	2003 Jan-Sep	2004 Jan-Sep	% Change
Tax Revenues:	**308**	**360**	**3,306**	**3,855**	**16.60%**
Taxes on Income, Profits, & Capital Gains, *of which:*	**28**	**30**	**649**	**761**	**17.14%**
Income Tax on Profits	*7*	*9*	*362*	*386*	6.61%
Income Tax on Wages and Salaries	*3*	*2*	*136*	*120*	-11.81%
Income Tax on Capital Gains & Dividends	*1*	*2*	*45*	*65*	46.73%
Tax on Interest Income (5%)	*16*	*16*	*95*	*171*	80.45%
Penalties on Income Tax	*1*	*2*	*9*	*15*	66.17%
Taxes on Property, *of which:*	**24**	**33**	**222**	**284**	**27.95%**
Built Property Tax	*4*	*6*	*60*	*81*	35.34%
Real Estate Registration Fees	*18*	*24*	*137*	*174*	26.41%
Domestic Taxes on Goods & Services, *of which:*	**98**	**131**	**1,077**	**1,390**	**29.05%**
Value Added Tax	*83*	*105*	*953*	*1,241*	30.29%
Other Taxes on Goods and Services, of which:	*14*	*21*	*115*	*135*	17.28%
Private Car Registration Fees	*9*	*10*	*69*	*81*	18.24%
Passenger Departure Tax	*5*	*10*	*45*	*53*	17.45%
Taxes on International Trade, *of which:*	**141**	**141**	**1,200**	**1,217**	**1.38%**
Customs	*42*	*49*	*337*	*385*	14.35%
Excises, of which:	*100*	*92*	*863*	*831*	-3.68%
Petroleum Tax	*69*	*51*	*612*	*509*	-16.78%
Tobacco Tax	*14*	*21*	*135*	*150*	10.80%
Tax on Cars	*17*	*20*	*114*	*169*	48.64%
Other Tax Revenues, *of which:*	**16**	**25**	**158**	**204**	**29.26%**
Fiscal Stamp Fees	*16*	*25*	*157*	*203*	29.35%

Source: MOF, DGF

Chart 2.



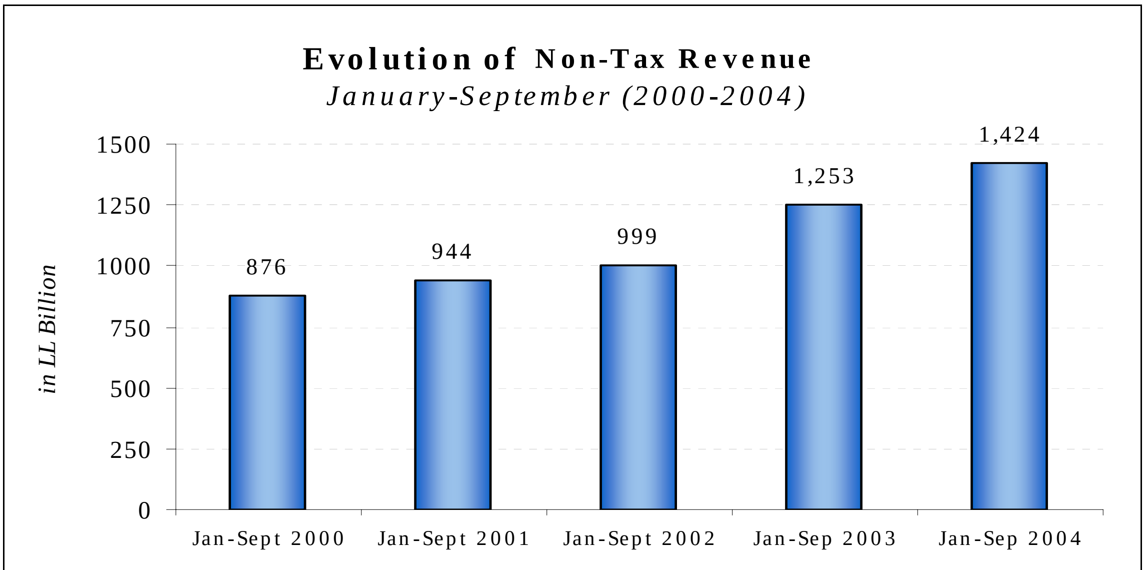
Source: MOF, DGF

Table 4. Non-Tax Revenue

(LL billion)	2003 September	2004 September	2003 Jan-Sep	2004 Jan-Sep	% Change
Non-Tax Revenues	**172**	**184**	**1,253**	**1,424**	**13.58%**
Income from Public Institutions and Government Properties, *of which***:**	**136**	**146**	**899**	**1,099**	**22.14%**
Income from Non-Financial Public Enterprises, *of which*:	133	143	845	1,054	24.65%
Revenues from Casino Du Liban	*4*	*0*	*32*	*29*	-8.70%
Budget Surplus of National Lottery	*3*	*7*	*26*	*30*	15.38%
Transfer from the Telecom Surplus	*127*	*136*	*786*	*993*	26.30%
Other Income from Public Institutions (Interests)	0	0	*8*	*7*	-18.36%
Property Income (namely rent of Beirut International Airport)	2	3	46	38	-17.04%
Administrative Fees & Charges, *of which***:**	**28**	**29**	**294**	**262**	**-11.02%**
Administrative Fees, *of which*:	23	24	237	209	-11.92%
Notary Fees	*2*	*2*	*12*	*13*	9.70%
Passport Fees/ Public Security	*7*	*8*	*65*	*68*	3.92%
Vehicle Control Fees	*9*	*11*	*123*	*92*	-25.15%
Judicial Fees	*2*	*1*	*16*	*16*	-2.16%
Driving License Fees	*2*	*2*	*10*	*11*	8.91%
Administrative Charges	0	1	14	14	2.48%
Permit Fees (mostly work permit fees)	3	3	30	30	-0.62%
Other Administrative Fees & Charges	0	1	7	6	-9.17%
Penalties & Confiscations	**1**	**0**	**4**	**4**	**-7.25%**
Other Non-Tax Revenues (mostly retirement deductibles)	**6**	**7**	**56**	**59**	**6.82%**

Source: MOF, DGF

Chart 3.



Source: MOF, DGF

Section 3: Expenditure Outcome

Highlights:

By the end of September 2004, total expenditures had declined by 2 percent compared to January September 2003, reaching LL 7,678 billion mainly as a result of the 16 percent decrease in interest payments.
Non interest expenditures increased by 9.6 percent, amounting to LL 4,831 billion in the first three quarters of 2004, compared to LL 4,408 billion in 2003, reflecting larger capital expenditures as well as larger transfers to municipalities and EDL.

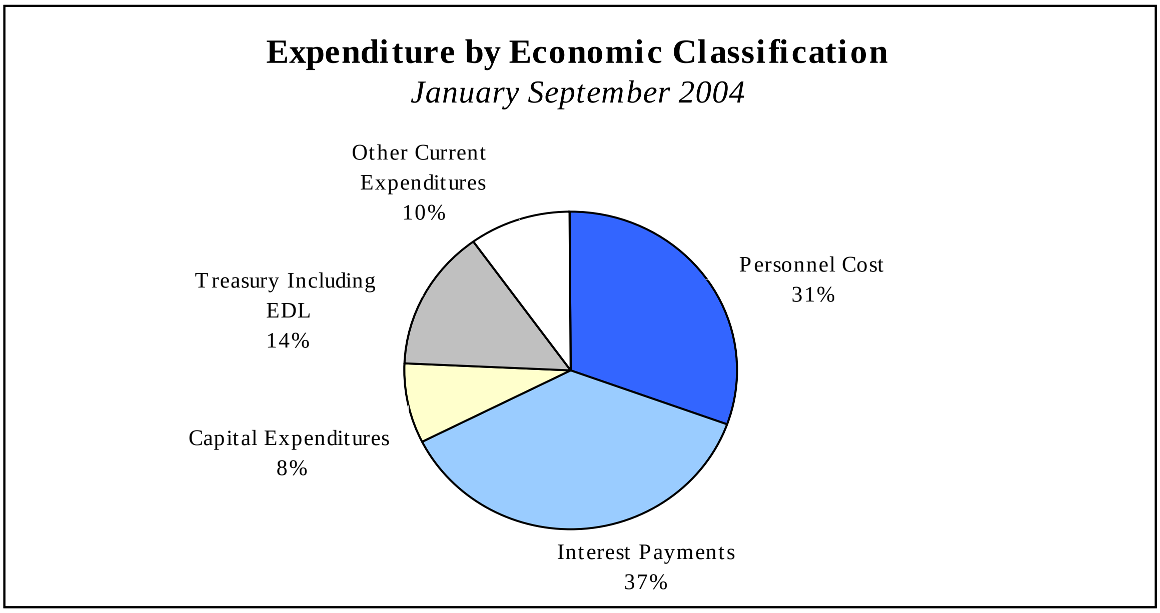
Table 5. Expenditures by Transaction Classification

(LL billion)	2003 September	2004 September	2003 Jan-Sep	2004 Jan-Sep	% Change
Total Expenditures	**722**	**853**	**7,811**	**7,678**	**-1.70%**
Budget Expenditures	**648**	**752**	**6,411**	**6,086**	**-5.07%**
Expenditures Excluding Debt Service	337	413	3,009	3,240	7.67%
Debt Service, *of which*:	310	339	3,402	2,847	-16.34%
Domestic Debt	*127*	*152*	*2,203*	*1,670*	-24.19%
Foreign Debt 1/	*184*	*187*	*1,199*	*1,176*	-1.92%
Treasury Expenditures , *of which*:	**74**	**101**	**1,399**	**1,592**	**13.74%**
Municipalities	*15*	*54*	*129*	*334*	159.1%
Previous Years' Appropriations	*8*	*4*	*512*	*413*	-19.41%
EDL	*39*	*39*	*371*	*450*	*21.29%*
Non-Interest Expenditures (Total Expenditures minus Debt Service)	**412**	**514**	**4,408**	**4,831**	**9.60%**

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-Sep	2004 Jan-Sep	% Change
1. Current Expenditures	**6,418**	**5,865**	**-9%**
1.a Personnel Cost, *of which:*	2,351	2,341	0%
Article 13: Salaries and Wages	*1,545*	*1,555*	*1%*
Retirement and End of Service Compensations	*662*	*625*	*-6%*
1.b Debt Service	3,402	2,847	-16%
1.c Materials and Supplies	88	93	5%
1.d External Services	65	84	29%
1.e Various Transfers, *of which:*	213	273	28%
NSFF		*59*	*100%*
1.f Other Current, *of which:*	249	174	-30%
Hospitals	207	*145*	*-30%*
Others	*43*	*29*	*-32%*
1.g Reserves, *of which:*	49	53	8%
Interest Subsidy	*49*	*53*	8%
2. Capital Expenditures	**532**	**622**	**17%**
2.a Acquisitions of Land, Bldgs, for the Construction of Roads, Ports, Airports, and Water Networks	11	5	-57%
2.b Equipment	49	36	-27%
2.c Construction in Progress	411	497	21%
2.d Maintenance	45	42	-5%
2.e Other Expenditures Related to Fixed Capital Assets	15	42	174%
3. Other Treasury Expenditures	**825**	**1,109**	**35%**
Municipalities	129	334	159%
EDL	371	450	21%
4. Unclassified Expenditures	**17**	**14**	**-17%**
5. Customs Cashiers	**19**	**67**	**244%**
6. Total Expenditures	**7,811**	**7,678**	**-2%**

Sources: MOF

1/Figures are subject to change because cashier spending classification was estimated for the months of July, August and September 2004.
Please note that previous budget expenditures are classified according to their economic classification.

Table 7. Transfers to EDL

Table 6. Transfers to EDL*

(LL billion)	2003 Jan-Sep*	2004 Jan-Sep	% Change
EDL *of which:*	**371**	**451**	**21.6%**
Debt service, of which:	**296**	**301**	**1.7%**
C-Loans and Eurobonds	196	164	-16%
Loans for Fuel Oil Payment	99	33	-66%
BDL Guaranteed Loan Payment	0	103	100%
Treasury Advance for Fuel Purchase	**75**	**150**	**100.0%**
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 52,543 billion by the end of September 2004 or a 4.4 percent increase since December 2003 with domestic debt representing 52 percent of total public debt and foreign debt representing the remaining 48 percent.

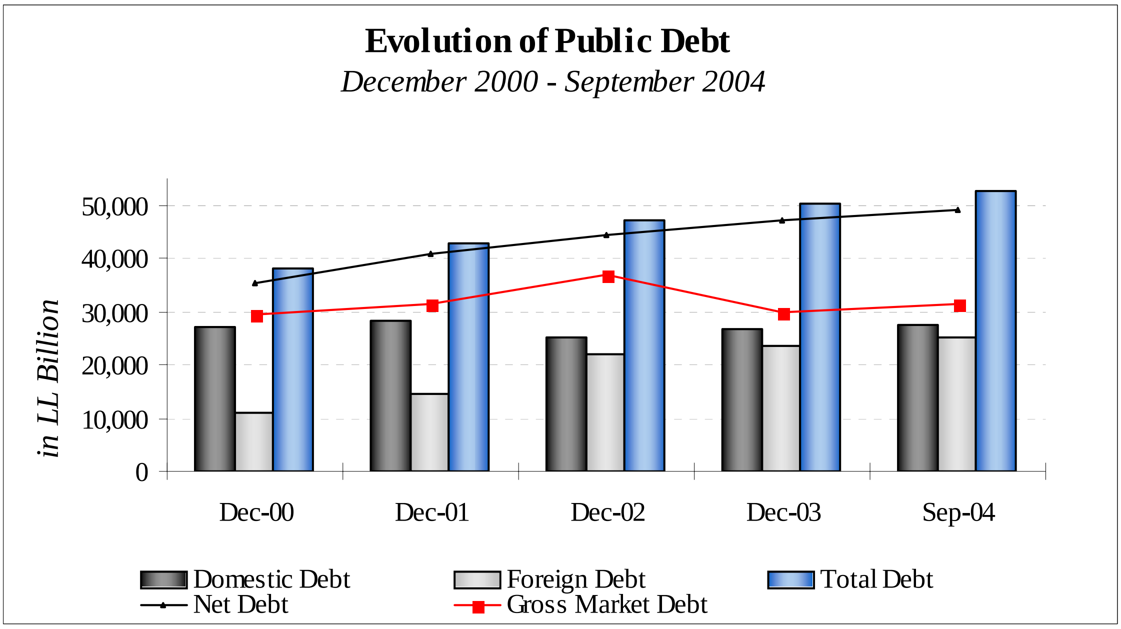
Table 8. Public Debt

(in LL Billion)	Dec-01	Dec-02	Dec-03	Sep-04	Jan-Sep Change	% Change Jan-Sep
Total Debt (1)	**42,644**	**47,291**	**50,323**	**52,543**	**2,220**	**4.4%**
Domestic Debt	**28,214**	**25,302**	**26,844**	**27,311**	**467**	**1.7%**
a. Central Bank, *of which:*	6,251	723	8,938	10,042	**1,104**	**12.4%**
Zero Interest T-bills (2)			*3,508*	*3,508*	**0**	**0.0%**
Special T-bills at Four Percent			*4,299*	*4,299*	**0**	**0.0%**
b. Commercial Banks, *of which:*	15,830	17,211	12,303	13,128	**825**	**6.7%**
Zero Interest T-bills			*880*	*880*	**0**	**0.0%**
c. Other Domestic Debt (T-bills), *of which:*	6,133	7,368	5,603	4,141	**-1,462**	**-26.1%**
Public Entities (NSSF and DGA)	*3,055*	*3,221*	*2,564*	*2,088*	**-476**	**-18.6%**
Foreign Debt	**14,430**	**21,989**	**23,479**	**25,232**	**1,753**	**7.5%**
a. Bilateral and Multilateral Loans	2,104	2,289	2,590	2,623	**33**	**1.3%**
b. Paris II Related FX Debt		1,432	3,731	3,719	**-12**	**-0.3%**
c. BDL Eurobonds		2,819	2,819	2,819	**0**	**0.0%**
d. Market Eurobond	11,477	14,611	13,673	15,281	**1,608**	**11.8%**
e. Other Foreign Debt (3)	849	838	666	790	**124**	**18.6%**
Public Sector Deposits	**1,913**	**2,964**	**3,019**	**3,370**	**351**	**11.6%**
Net Debt (4)	**40,731**	**44,327**	**47,304**	**49,173**	**1,869**	**4.0%**
Gross Market Debt (5)	**31,234**	**36,807**	**29,681**	**31,252**	**1,571**	**5.3%**

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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