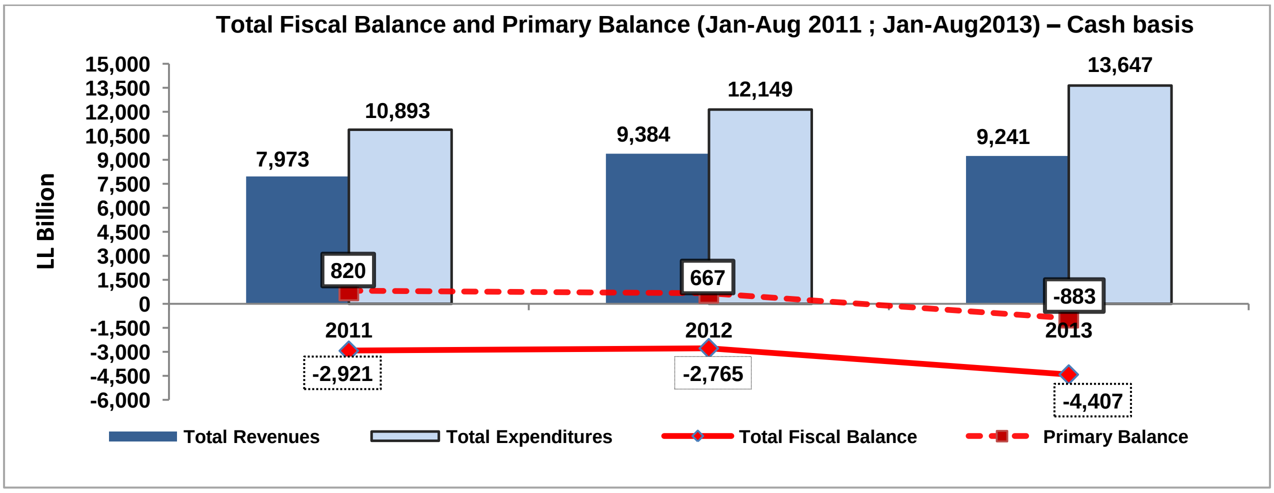
The total fiscal balance recorded a deficit of LL 3,952 billion in the first eight months of 2013, increasing by LL 1,707 billion (76 percent) from the LL 2,245 billion deficit registered in the comparable period of 2012 (Table 1). In parallel, the primary balance reverted to a deficit of LL 428 billion by end-August 2013, from a surplus of LL 1,187 billion in Jan-Aug 2012. This deterioration in public finances mainly resulted from a LL 1,498 billion (12 percent) surge in expenditures and a LL 209 billion (2 percent) fall in revenues.

Table 1. Summary of Fiscal Performance

(LL billion)	2011 Jan-Aug	2012 Jan-Aug	2013 Jan-Aug	% Change 2013/2012
Total Budget and Treasury Receipts[1]	**9,422**	**9,904**	**9,695**	**-2%**
Total Budget and Treasury Payments, of which	**10,893**	**12,149**	**13,647**	**12%**
• *Interest Payments*	*3,543*	*3,258*	*3,358*	*3%*
• *Concessional loans principal payment[2]*	*197*	*174*	*165*	*-5%*
• *Primary Expenditures[3]*	*7,153*	*8,717*	*10,124*	*16%*
Total Deficit/Surplus	**-1,471**	**-2,245**	**-3,952**	**76%**
Primary Deficit/Surplus	**2,269**	**1,187**	**-428**	**-136%**

Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)
[1] Includes the expected transfer from Telecom Surplus
[2] Includes only Principal repayments of concessional loans earmarked for project financing
[3] Primary expenditures exclude debt related payments (Interest payments and Concessional loans principal repayment)

On a cash basis, when the actual transfers from the telecom surplus – rather than the expected amounts - are accounted for in Jan-Aug of 2012 and 2013[1], the fiscal deficit widens from LL2,765 billion in the first eight months of 2012 to LL 4,407 billion in the same period of 2013. Meanwhile, the primary balance reverts from a surplus of LL 667 billion in the first eight months of 2012 to a deficit of LL 883 billion in 2013.



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

[1] Actual transfers from the Telecom surplus amounted to LL 905 billion and LL 754 billion in Jan-Aug 2012 and Jan-Aug 2013 respectively. Transfer expectations provided by the Telecom Ministry had been LL 1,425 billion in Jan-Aug 2012 and LL 1,208 billion in Jan-Aug 2013.

Total revenues[2] amounted to LL 9,695 billion in Jan-Aug 2013, compared to LL 9,904 billion in the same period in 2012, representing a 2 percent annual decrease. On a cash basis, these revenues declined from LL 9,384 billion in the first eight months of 2012, to LL 9,241 billion in the same period of 2013.

Tax revenues collected in Jan-Aug 2013 reached LL 7,180 billion, dropping by around LL 88 billion (1 percent) from the same period in 2012. Excluding the increase in domestic taxes on goods and services, collections from all major tax categories decreased in 2013 mainly due to the economic slowdown:

- *Taxes on income, profits, and capital gains* dropped by LL 56 billion (3 percent) to reach LL 2,028 billion in Jan-Aug 2013 from LL 2,084 billion in Jan-Aug 2012. Income tax on capital gains and dividends plunged by LL 63 billion (24 percent) to LL 199 billion over the same period, reflecting the non-recurrent rise of this component in Jan-Aug 2012[3]. Income Tax on Profits dropped by LL 49 billion (5 percent) annually to reach LL 914 billion in the first eight months of 2013, owing to lower company profits in 2012 (kindly note that this tax is collected on the previous year's earnings). In contrast, income tax on salaries and wages jumped by LL 60 billion (15 percent) to reach LL 445 billion by end-August 2013, mostly attributed to the rise in private sector wages and the cost of living adjustment in the public sector[4].

- *Taxes on international trade* dropped by LL 42 billion (3 percent) year-on-year to reach LL 1,448 billion in Jan-Aug 2013. In detail, excise revenues declined by LL 63 billion, mainly driven by a LL 64 billion (20 percent) slump in tobacco excises, which in contrast, rose by LL 79 billion (32 percent) in the same period of 2012. Moreover, gasoline excises inched down by LL 6 billion over the period, almost offsetting the slight LL 7 billion increase in car excises. The drop in excises was counterbalanced by a LL 21 billion rise in receipts from Customs, owing to a 7 percent growth in non-fuel imports during the period under consideration[5].

- *Taxes on property* diminished by LL 20 billion (3 percent) to reach LL 752 billion in the first eight months of 2013, as "Real Estate Registration Fees" dropped by LL 28 billion. Lower real estate registration fees outline a 3 percent drop in the total value of property sales in Jan-Aug 2013, which in turn reflect a 5 percent slide in the number of sold properties over the same period. In contrast, "Inheritance Tax" rose by 5 percent to reach LL 106 billion, owing to the handling of high value files and the fact that Ministry of Finance is speeding up the collection of pending payments.

- *Stamp fees* decreased by LL 11 billion (3 percent) year-on-year to reach LL 316 billion in the first eight months of 2013.

- *Domestic taxes on goods and services* increased by LL 41 billion (2 percent) year-on-year to reach LL 2,635 billion in Jan-Aug 2013, mainly as a result of a LL 35 billion rise in transfers from "Régie des Tabacs"[6]. Moreover, private car registration fees increased by LL 5 billion, while the passenger departure tax inched up by LL 4 billion. In contrast, VAT collections decreased by a minor LL 2 billion to LL 2,297 billion owing to an LL 86 billion decline in VAT collected at customs as a direct consequence of the Parliament's policy decision to lift VAT on gasoil[7]. This drop in VAT revenues was almost compensated by the LL 84 billion year-on-year increase of internally collected VAT to LL 875 billion in Jan-Aug 2013.

Non-tax revenues[8] declined by LL 255 billion (12 percent) year-on-year, amounting to LL 1,931 billion in Jan-Aug 2013. On a cash basis, non-tax revenues decreased by LL 189 billion (11 percent) to reach LL 1,477 billion as

---

[2] On an expected basis

[3] In 2012, the Revenues Directorate at the Ministry of Finance undertook inspections to audit the declaration forms presented by financial corporations, thus boosting the 2012 "income tax on capital gains and dividends" to LL 262 billion in Jan-Aug 2012, from LL 189 billion in Jan-Aug 2011.

[4] The increase in private sector minimum wage and cost of living adjustment for the public sector were both adopted in February 2012, although the latter started to be paid in September 2012 and the respective retroactive payments during QIV 2012.

[5] Kindly note that fuel imports slumped by 20 percent during Jan-Aug 2013, partly due to inconsistent registrations of EDL fuel oil and gasoil. These imports are however subject to low or zero tariff.

[6] Total transfers from Régie reached LL 60 billion in Jan-Aug 2012, compared to LL 95 billion in the same period of 2013. It is worth mentioning that the latter transfer was on behalf of profits made in 2012.

[7] As per Law 207, dated March 5, 2012.

[8] On an expected basis

actual transfers from the Telecom surplus dropped to LL 754 billion from LL 905 billion in Jan-Aug 2012. Other major changes in non-tax revenues in the same period included: (i) Rent of Rafic Hariri international Airport dropped by LL 38 billion (ii) Vehicle control fees fell by LL 20 billion (iii) budget surplus of the National Lottery, declined by LL 16 billion, and (iv) Revenues from Casino du Liban diminished by LL 13 billion. Lower collections from the said items outweighed the higher transfers from Port of Beirut[9]**,** which amounted to LL 30 billion by end-Aug 2013, compared to *nil* in same period of 2012.

Treasury receipts increased by LL 134 billion (30 percent) annually to reach LL 585 billion in Jan-Aug 2013 as a result of annual rises in "Other Accounts" and "Deposits" by LL 88 billion and LL 35 billion, respectively.

- The increase in "Other Accounts" is due to the reimbursement of LL 41 billion worth of treasury advances by the Ministry of Economy and Trade in the first eight months of 2013, compared to nil in the same period of 2012 (*for more information, kindly refer to box #1 of the June 2013 Public Finance Monitor)*. It is also due to LL 40 billion worth of accrued interest received in Treasury accounts on the settlement of the US$ 1.1 billion dual-tranche offering[10] on April 17th 2013. These are in fact transitory receipts, which will be netted out when the first coupon payments on those issued Notes come due.
- The rise in "Deposits"[11] is partly attributed to a LL 19 billion upward adjustment in deposits of the Ministry of Social Affairs, with this amount being allocated on the expenditure side as stoppings and leaving the fiscal balance unaffected.

Total expenditures registered a jump of 12 percent or LL 1,498 billion, standing at LL 13,647 billion during Jan-Aug 2013 compared to LL 12,149 billion during the same period of 2012.

Current primary expenditures[12] climbed by LL 892 billion (12 percent) to reach LL 8,168 billion in Jan-Aug 2013, compared to LL 7,276 billion in 2012. The jump was mainly the result of the following:

- A larger personnel cost bill by LL 270 billion (7 percent), mostly driven by cost of living adjustments and an increase in retirement salaries due to a rise in the number of retirees. However, the latter was counterbalanced by a decline in end of service indemnities. The reason behind the large end of service indemnities observed in 2012 is due to the additional benefits for early retirement for military personnel;
- An increase of LL 475 billion in various transfers, mainly driven by rises in (i) transfers to NSSF (LL 200 billion), amounting to LL 250 billion in Jan-Aug 2013 compared to LL 50 billion in 2012, chiefly due to discrepancies in the timing of annual payments, (ii) transfers to Electricité du Liban[13] (LL 104 billion) amounting to LL 2,276 billion in Jan-Aug 2013. This increase was mainly due to the timing of payments[14] for some gasoil imports, and is expected to subside in the following months (iii) contributions to non-public sector[15] (LL 55 billion) mostly as a result of an increase in the cost per assisted individual and a clearing of the 2012 backlog, and (iv) payments to IDAL (LL 24 billion) representing administration fees[16] for the years 2010-2013 allocations.
- Higher payments for materials and supplies by LL 103 billion (56 percent), chiefly due to an increase in transfers for medicaments to military personnel; and

[9] The transfer of LL 30 billion from the Port of Beirut revenues to the MoF is part of the share of revenues for the year 2011.
[10] For more information, kindly refer to the "Re-openings of 6.00 percent USD Notes due 2023 and of 6.75 percent USD Notes due 2027, issued 17 April 2013" note available on the Ministry's website.
[11] These revenues are collections made on behalf of public administrations, institutions, municipalities and funds, which are afterward settled.
[12] Current primary expenditures represent current expenditures excluding interest payment and debt service.
[13] Additional details on EDL transfers in Jan-Aug 2013 will be available in the August report of Transfers to Electiricité Du Liban, a monthly snapshot.
[14] Reimbursements for gasoil in Jan-Aug 2013 correspond to imports made between May 2012 and March 2013, while reimbursements for gasoil in Jan-Aug 2012 correspond to imports made between May 2011 and February 2012, representing a 14 percent lower volume of gasoil imported between the two periods.
[15] Contributions to non-public sector mainly represent transfers to social ministries, namely Ministry of Education (MOE), Ministry of Social Affairs (MOSA), Ministry of Public Health (MOPH), and Ministry of Youth and Sports.
[16] Transfers to IDAL classified under Article 14 (various transfers) represent administrative fees, whereas those classified under Article 229 (other expenditures related to fixed capital assets) relate to Export Plus support.

- A growth in other current expenditures by LL 45 billion, mainly pushed by an increase in secret expenditures to military personnel by LL 29 billion.

Interest payments increased by LL 100 billion to reach LL 3,358 billion in Jan-Aug 2013, owing to a LL 166 billion rise in interest payments in foreign currency. **Foreign debt principal repayments** amounted to LL 165 billion in Jan-Aug 2013, less by LL 8 billion compared to the same period in 2012.

Capital expenditures increased by 108 percent or LL 394 billion to LL 760 billion in Jan-Aug 2013, up from LL 366 billion in Jan-Aug 2012, mainly as a result of (i) higher expenses for the construction and maintenance of roads and highways in different Lebanese regions such as the connecting road between Batroun and Bajderfil, (ii) more transfers for the development of several governmental buildings such as the Palace of Justice in Tripoli, (iii) increased disbursements for realty transactions such as the acquisition of a real estate plot to develop a water treatment station in Keserwan, (iv) amplified payments for relief assistance, including payments for Syrian refugees and reconstruction of damaged houses following several conflicts that took place in different Lebanese regions, and (v) higher payments for the purchase of IT related equipment, such as the Oracle payroll system at the Ministry of Finance. Meanwhile, transfers to the Displaced Fund and Council of the South dropped by LL 48 billion and LL 3 billion respectively over the considered period.

Treasury expenditures[17] amounted to LL 1,034 billion in Jan-Aug 2013, up from LL 906 billion recorded in Jan-Aug 2012, or an increase of 14 percent, mainly resulting from higher (i) VAT Refund, which grew by LL 64 billion, (ii) deposits by LL 46 billion, and (iii) guarantees by LL 37 billion due to acquisitions relating to the development of a dam and lake in Bekaa region, which amounted to LL 21.5 billion and was paid from the Treasury Cashiers. It is worth noting that this transaction is also reflected in the guarantees account on the revenues side, implying a nil net impact. The increase in treasury expenditures was slightly offset by a decline in payments to municipalities (by LL 34 billion), reaching LL 517 billion in Jan-Aug 2013, down from LL 551 billion during the same period of 2012.

Gross public debt reached LL 91,197 billion at end-August 2013, up from LL 86,959 billion at end-2012.

Local currency debt registered an increase of LL 1,432 billion (2.9 percent) to reach LL 51,630 billion in the first eight months of 2013, accounting for almost 57 percent of total debt by end-August. BDL's local currency debt portfolio increased by LL 1,581 billion (10.5 percent), amounting to LL 16,630 billion, and TBs held by public entities climbed by LL 615 billion (9 percent) to reach LL 7,094 billion, counterbalancing the drop in commercial banks' Treasury Bill holdings to LL 25,951 billion by end-August 2013 from LL 27,267 billion as at end-2012. On June 13th 2013, the Ministry of Finance settled with Banque du Liban a LL/LL swap transaction, whereby it redeemed LL 1,240 billion worth of 2 and 3-year Treasury Bonds maturing in the second half of 2013, while issuing the counterpart value in 7YR LL Treasury bonds.

Foreign currency debt grew by LL 2,806 billion (7.6 percent) from end-2012, amounting to LL 39,567 billion by the end of August 2013, and comprising around 43 percent of gross public debt. This increase was mainly the result of a 10.1 percent jump in market issued Eurobonds to LL 32,400 billion, following two Eurobond transactions in April carrying a face value of US$ 1.1 billion each, and a third transaction in June, comprising of by a US$ 600 million 6.15 percent coupon Eurobond issuance[18]. Paris II and Paris III-related debt (Eurobonds and loans) diminished by 11.5 percent and 8 percent respectively in the first eight months of 2013, mainly as a result of amortized principal repayments. In the month of August, an equivalent of LL 7.3 billion was amortized from the IMF EPCA II Paris III loan- leaving one final payment for the loan to be completely redeemed. Bilateral, multilateral, and foreign private sector loans declined by LL 48 billion to reach LL 2,536 billion, whereas accrued interest on Eurobonds added LL 300 billion to reach LL 700 billion. Special T-bills in foreign currency were up by LL 24 billion from end-2012 at LL 136 billion by the end of August, due to the issuance of US$ 16,878,370.95 worth of contractor bonds issued in February 2013.

[17] Starting December 2011, the Treasury expenditures section in the monthly, quarterly and yearly reports and its corresponding figures differ from the same section appearing in the fiscal performance reports published by the Ministry of Finance because of the reclassification affecting certain payments from guarantees and treasury advances accounts, which are manually reclassified in their budgetary economic classification articles.

[18] More information on debt transactions in April and June 2013 can be found under *Debt Transactions* in the Public Debt Section at the Ministry of Finance Website, under the titles "Re-openings of 6.00 percent USD Notes due 2023 and of 6.75 percent USD Notes due 2027, issued 17 April 2013", "Dual-tranche: 4.50% USD Notes due 2016, and 5.50% Notes due 2019 in Debt Replacement Agreement with BDL, issued 23 April 2013" and "New Issue: US$ 600 million 6.15% USD note due 2020".

Section 1: Revenue Outcome

Table 2. Total Revenues

(LL billion)	2012 Jan-Aug	2013 Jan-Aug	% Change 2013/2012
Budget Revenues, of which	**9,454**	**9,111**	**-3.6%**
Tax Revenues	*7,268*	*7,180*	*-1.2%*
Non-Tax Revenues	*2,186*	*1,931*	*-11.7%*
Treasury Receipts	**450**	**585**	**29.8%**
Total Revenues	**9,904**	**9,695**	**-2.1%**

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

Table 3. Tax Revenues

(LL billion)	2012 Jan-Aug	2013 Jan-Aug	% Change 2013/2012
Tax Revenues:	**7,268**	**7,180**	**-1.2%**
Taxes on Income, Profits, & Capital Gains, of which	**2,084**	**2,028**	**-2.7%**
Income Tax on Profits	*963*	*914*	*-5.1%*
Income Tax on Wages and Salaries	*386*	*445*	*15.5%*
Income Tax on Capital Gains & Dividends	*262*	*199*	*-24.0%*
Tax on Interest Income (5%)	*442*	*437*	*-1.1%*
Penalties on Income Tax	*30*	*33*	*9.4%*
Taxes on Property, of which:	**771**	**752**	**-2.6%**
Built Property Tax	*133*	*136*	*2.5%*
Real Estate Registration Fees	*538*	*509*	*-5.3%*
Domestic Taxes on Goods & Services, of which:	**2,595**	**2,635**	**1.6%**
Value Added Tax	*2,299*	*2,297*	*-0.1%*
Other Taxes on Goods and Services, of which:	*228*	*237*	*3.7%*
Private Car Registration Fees	*135*	*140*	*3.5%*
Passenger Departure Tax	*92*	*96*	*4.2%*
Taxes on International Trade, of which:	**1,490**	**1,448**	**-2.8%**
Customs	*532*	*553*	*4.0%*
Excises, of which:	*958*	*895*	*-6.6%*
Gasoline Excise	*334*	*327*	*-1.9%*
Tobacco Excise	*327*	*263*	*-19.6%*
Cars Excise	*292*	*299*	*2.6%*
Other Tax Revenues (namely fiscal stamp fees)	**327**	**316**	**-3.4%**

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

Table 4. Non-Tax Revenue

(LL billion)	2012 Jan-Aug	2013 Jan-Aug	% Change 2013/2012
Non-Tax Revenues	**2,186**	**1,931**	**-11.7%**
Income from Public Institutions and Government Properties, of which	**1,703**	**1,449**	**-14.9%**
Income from Non-Financial Public Enterprises, of which:	1,569	1,353	-13.8%
Revenues from Casino Du Liban	*96*	*83*	*-13.5%*
Revenues from Port of Beirut	*0*	*30*	-
Budget Surplus of National Lottery	*46*	*30*	*-35.1%*
Transfer from the Telecom Surplus 1/	*1,425*	*1,208*	*-15.2%*
Transfer from Public Financial Institution (BDL)	60	61	1.1%
Property Income (namely rent of Rafic Hariri International Airport)	70	32	-54.3%
Other Income from Public Institutions (interests)	4	4	6.3%
Administrative Fees & Charges, of which:	**379**	**376**	**-0.9%**
Administrative Fees, of which:	313	301	-3.8%
Notary Fees	*20*	*20*	*1.8%*
Passport Fees/ Public Security	*81*	*92*	*13.2%*
Vehicle Control Fees	*153*	*132*	*-13.4%*
Judicial Fees	*19*	*17*	*-13.7%*
Driving License Fees	*13*	*13*	*-0.2%*
Administrative Charges	15	21	43.1%
Sales (Official Gazette and License Number)	2	2	-22.1%
Permit Fees (mostly work permit fees)	41	43	4.6%
Other Administrative Fees & Charges	8	9	11.1%
Penalties & Confiscations	**7**	**6**	**-18.7%**
Other Non-Tax Revenues (mostly retirement deductibles)	**97**	**101**	**3.2%**

Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)
1/Out of the expected LL 1,425 billion in Jan-Aug 2012, LL 905 billion was effectively transferred from the Telecom surplus.
Out of the expected LL 208 billion in Jan- Aug 2013, LL 754 billion was effectively transferred from the Telecom Surplus.

Section 2: Expenditure Outcome

Table 5. Expenditure by Economic Classification

(LL billion)	2012 Jan-Aug	2013 Jan-Aug	% Change 2013/2012
1. Current Expenditures	**10,707**	**11,691**	**9.2%**
1.a Personnel Cost, *of which*	3,984	4,254	6.8%
Salaries, Wages and Related Items (Article 13)	*2,576*	*2,802*	*8.8%*
Retirement and End of Service Compensations, of which:	*1,177*	*1,216*	*3.3%*
Retirement	*837*	*1,053*	*25.9%*
End of Service	*340*	*162*	*-52.3%*
Transfers to Public Institutions to Cover Salaries 1/	*231*	*236*	*2.1%*
1.b Interest Payments, *of which: 2/*	3,258	3,358	3.1%
Domestic Interest Payments	*2,117*	*2,051*	*-3.1%*
Foreign Interest Payments	*1,141*	*1,307*	*14.6%*
1.c Foreign Debt Principal Repayment	174	165	-4.8%
1.d Materials and Supplies, *of which:*	184	287	56.2%
Nutrition	*42*	*43*	*1.9%*
Fuel Oil	*36*	*10*	*-72.2%*
Medicaments	*61*	*156*	*153.5%*
Accounting Adjustments for Treasury advances 3/	*21*	*22*	*4.3%*
1.e External Services	79	98	24.6%
1.f Various Transfers, *of which:4/*	2,644	3,119	18.0%
EDL 5/	*2,172*	*2,276*	*4.8%*
NSSF	*50*	*250*	*400.0%*
Higher Council of Relief	*74*	*58*	*-21.1%*
Contributions to non-public sectors	*167*	*222*	*33.0%*
Treasury advances for diesel oil subsidy	*19*	*0*	
Transfers to Directorate General of Cereals and Beetroot	*23*	*41*	*78.6%*
Contributions to water authorities	*18*	*3*	*-81.7%*
Special Tribunal for Lebanon	*0*	*0*	
Gasoline subsidy for taxi drivers	*4*	*1*	*-64.9%*
Accounting Adjustments for Treasury advances 3/	*0*	*0*	*5.3%*
1.g Other Current, *of which:*	253	298	17.7%
Hospitals	*212*	*213*	*0.3%*
Others(judgments & reconciliations, mission costs, other)	*39*	*84*	*116.1%*
Accounting Adjustments for Treasury advances 3/	*1*	*0*	*-97.8%*
1.h Reserves	131	111	-15.2%
Interest subsidy	*131*	*111*	*-15.2%*
2. Capital Expenditures	**366**	**760**	**107.8%**
2.a Acquisitions of Land, Buildings, for the Construction of Roads, Ports, Airports, and Water Networks	0	14	4964.9%
2.b Equipment	24	50	112.2%
2.c Construction in Progress, *of which:*	227	454	99.4%
Displaced Fund	*48*	*0*	*-100.0%*
Council of the South	*30*	*28*	*-8.3%*
CDR	*55*	*264*	*380.3%*
Ministry of Public Work and Transport	*81*	*103*	*27.3%*
Other of which:	*13*	*50*	*276.9%*
Higher Council of Relief	*0*	*15*	-
2.d Maintenance	110	215	96.4%
2.e Other Expenditures Related to Fixed Capital Assets	2	28	1128.6%
2.f Parliamentary Equipment and Maintenance 6/	3	0	
2.g Accounting Adjustments for Treasury advances 3/	0	0	-6.3%
3. Budget Advances 7/	**136**	**128**	**-6.1%**
4. Customs Administration (exc. Salaries and Wages) 8/	**28**	**31**	**8.4%**
5. Treasury Expenditures 9/	**906**	**1,034**	**14.0%**
Municipalities	551	517	-6.2%

Guarantees	34	71	106.4%
Deposits 10/	70	116	66.7%
Other, *of which:*	251	330	31.2%
VAT Refund	*162*	*226*	*39.4%*
6. Unclassified Expenditures	**5**	**4**	**-16.8%**
7. Total Expenditures (Excluding CDR Foreign Financed)	**12,149**	**13,647**	**12.3%**

Source: Statement of Account 36, Cashier Spending, Public Debt Department Figures , Fiscal Performance Gross Adjustment Figures

1/ For a detailed breakdown of those transfers, kindly refer to table 6.

2/ For a detailed breakdown of interest payments, kindly refer to table 7.

3/ The expenditure figures as published by the ministry of finance include the regularization from the budget allocations of treasury advances previously paid from treasury accounts. These regularizations are included on both the revenue and expenditure side for accounting purposes and do not constitute an actual spending that affects the deficit.

4/ It should be noted that "Treasury advance for water authorities" (LL 23 billion in 2011) was removed from Treasury Expenditures and reclassified under Various Transfers as starting 2012 transfers to water authorities are included in the budget under article 14.

5/ For a detailed breakdown of transfers to EDL, kindly refer to table 8. EDL has been reclassified to various transfers from "other treasury expenditures", following the reclassification of the 2009 Budget Proposal and in line with the Fiscal Performance.

6/ These are reclassifications of payments made from the guarantees under Law 123 dated 23 July 2010, that opened, in the 2010 Budget, a LL20 billion allocation for the equipment and maintenance of the House of Parliament. The law allowed the provision of an emergency advance issued by a Decision from the Speaker of Parliament specifying the amount and the duration of the advance. The advance is to be regularized based on invoices certified by the Secretariat of the Office of Parliament and submitted to the Ministry of Finance.

7/ Budget Advances were previously classified under "other". Given their growth, and in line with the Ministry of Finance's efforts to ensure transparency, they will be published in a separate line. They will be regularized at a later stage, and it is only after their regularization that they can be classified according to their economic nature in the budget system.

8/ Customs administrations include payments - excluding salaries and wages - made to customs and paid from customs cashiers. They can only be classified after Customs submit the supporting documents to the Directorate General of Finance.

9/Starting December 2011, the Treasury expenditures section in the monthly , quarterly and yearly reports and its corresponding figures differ from the eponym section appearing in the Fiscal performance reports published by the Ministry of Finance because of the reclassification affecting certain payments from guarantees and treasury advances accounts which are manually reclassified in their budgetary economic classification articles.

10/ Deposit payments are payments made by the treasury to public administrations, institutions, municipalities, funds, from revenues it has collected on their behalf.

Table 6. Breakdown of Transfers to Public Institutions for the Coverage of Salaries

(LL billion)	2012 Jan-Aug	2013 Jan-Aug	% Change 2013/2012
Transfer to Council of the South	5	5	14.6%
Transfer to Council for Development and Reconstruction (CDR)	18	18	1.2%
Transfer to the Displaced Fund	5	4	-16.0%
Transfer to the Lebanese University	197	199	1.0%
Transfer to the Educational Center for Research and Development	7	10	37.9%

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

Table 7. Details of Debt Service Transactions

(LL billion)	2012 Jan-Aug	2013 Jan-Aug	% Change 2013/2012
Interest Payments	**3258**	**3358**	**3.1%**
Local Currency Debt	2117	2051	-3.1%
Foreign Currency Debt, of which:	1141	1307	14.6%
*Eurobond Coupon Interest**	*1062*	*1222*	*15.1%*
*Special bond Coupon Interest**	*3*	*5*	*44.6%*
Concessional Loans Interest Payments	*76*	*81*	*6.3%*
Concessional Loans Principal Repayments	**174**	**165**	**-4.8%**

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

* Includes general expenses related to the transaction

Table 8. Transfers to EDL[1]

(LL billion)	2012 Jan-Aug	2013 Jan-Aug	% Change 2013/2012
EDL *of which:*	**2,172**	**2,276**	**4.8%**
Debt Service ***of which:***	**77**	**62**	**-19.3%**
- C-Loans, *of which:*	40	32	-20.0%
Principal Repayments	*33*	*26*	*-20.3%*
Interest Payments	*7*	*6*	*-18.4%*
- BDL Guaranteed Loan payments	36	30	-18.6%
Reimbursement for purchase of Natural Gas, Fuel & Gas Oil:	**2,095**	**2,214**	**5.7%**
- KPC & SPC	2,095	2,214	5.7%
- EGAS	0	0	0.0%
Treasury Advance to EDL	**0**	**0**	**-**
- For VAT on Fuel Imports	0	0	-
- Payment for EDL contract with KARPOWERSHIP	0	0	-

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

(1) Prior to 2005, transfers to EDL were recorded under the line item "treasury expenditures", because they were paid through treasury advances based on decrees issued by the Council of Ministers. Starting 2005, transfers to EDL were included in the yearly budget as an allocation classified as a loan. In 2009, the said budget item was reclassified to become a subsidy to the electricity company rather than a treasury. In the fiscal performance, transfers to cover EDL's gas and fuel oil remained classified under "treasury expenditures" until August 2010 when it was reclassified under "budget expenditures". This reclassification, however, was not reflected in the 2010 PFM issues to avoid a disruption in the series and in order to keep the figures published in the PFM throughout 2010 consistent and comparable. Since January 2011, EDL transfers are reclassified under "budget expenditures".

Section 3: Public Debt

Table 9. Public Debt Outstanding by Holder as of End-Aug 2013

(LL billion)	Dec-10	Dec-11	Dec-12	Aug-13	Change Dec 12 -Aug 13	% Change Dec 12-Aug 13
Gross Public Debt	**79,298**	**80,887**	**86,959**	**91,197**	**4,238**	**4.9%**
Local Currency Debt	**48,255**	**49,340**	**50,198**	**51,630**	**1,432**	**2.9%**
a. Central Bank (Including REPOs	13,130	16,374	15,049	16,630	1,581	10.5%
b. Commercial Banks	27,214	25,177	27,267	25,951	-1,316	-4.8%
c. Other Local Currency Debt (T-bills), *of which:*	7,911	7,789	7,882	9,049	1,167	14.8%
Public Entities	*6,268*	*6,538*	*6,479*	*7,094*	*615*	*9.5%*
Contractor bonds[1]	-	*41*	*134*	*134*	*0*	*0.0%*
** Accrued Interest Included in Debt*	*867*	*788*	*789*	*937*	*148*	*18.8%*
Foreign Currency Debt [2]	**31,043**	**31,547**	**36,761**	**39,567**	**2,806**	**7.6%**
a. Bilateral, Multilateral and Foreign Private Sector Loans	2,624	2,566	2,584	2,536	-48	-1.9%
b. Paris II Related Debt (Eurobonds and Loans)[3]	4,137	3,512	2,925	2,587	-338	-11.5%
c. Paris III Related Debt (Eurobonds and Loans)[4]	1,855	1,723	1,313	1,208	-105	-8.0%
d. Market-Issued Eurobonds	21,870	23,259	29,427	32,400	2,973	10.1%
e. Accrued Interest on Eurobonds	483	407	400	700	300	75.0%
f. Special T-bills in Foreign Currency[5]	74	80	112	136	24	21.4%
Public Sector Deposits	**11,419**	**10,984**	**12,916**	**13,212**	**296**	**2.3%**
Net Debt	**67,879**	**69,903**	**74,043**	**77,985**	**3,942**	**5.3%**
Gross Market Debt[6]	**51,308**	**50,192**	**58,623**	**61,153**	**2,530**	**4.3%**
% of Total Debt	**65%**	**62%**	**67%**	**67%**	**0**	**-0.5%**

Source: Ministry of Finance, Banque du Liban

(1) Contractor bonds issued in LBP. Contractor bonds issued in USD are listed under "Special T-bills in foreign currency."

(2) Figures for Dec 10- Dec 12 may differ from previously published data due to updated information regarding bilateral and multilateral loans in the DMFAS system.

(3) Paris II related debt (Eurobonds and Loans) including a Eurobond originally issued at USD 1,870 billion to BDL in the context of the Paris II conference.

(4) Eurobonds issued to Malaysia as part of its Paris III contribution, IBRD loan, UAE loan, first tranche of the French loan received in February 2008 and part of second tranche received October 2012, IMF loans, first tranche EC/EU loan, and AMF loan disbursed in June 2009.

(5) Special T-bills in foreign currency (expropriation and contractor bonds).

(6) Gross market debt equals gross debt less the portfolios of the BDL, NSSF, bilateral and multilateral loans, Paris II and Paris III related debt.

Ministry of Finance Publications

2013

Aid Coordination Monthly Newsletter, Issues 61-71
Public Finance Monitor Monthly Update, November-December 2012, January-July 2013
Public Finance Annual Review – 2012
Public Finance Quarterly Review – Q3 2012
Transfers to EDL: A Monthly Snapshot, November-December 2012 and January-July 2013
Salaries and Wages and Related Benefits-The Article 13 Monthly Bulletin, October-December 2012 and January-August 2013
Debt and Debt Markets Quarterly, QIV 2012 and Q1 2013

2012

Aid Coordination Monthly Newsletter, Issues 50-60
Public Finance Monitor Monthly Update, January-October 2012
Public Finance Annual Review – 2011
Transfers to EDL: A Monthly Snapshot, January-October 2012
Debt and Debt Markets Quarterly, QI, QII, and QIII 2012
Debt and Debt Markets Quarterly, QIV 2011
Salaries and Wages and Related Benefits-The Article 13 Monthly Bulletin, January-September 2012
Salaries and Wages and Related Benefits-The Article 13 Monthly Bulletin, December 2011

2011

Aid Coordination Monthly Newsletter, Issues 38-52
Car Imports and Related Government Revenues (1997-2010), March 2011
Debt Management Framework 2010-2015, March 2011
Lebanon's 2010 Citizen Budget, February 2011
Public Finance Monitor Monthly Update, January-December 2011
Public Finance Quarterly, QI, QII and QIII 2011
Transfers to EDL: A Monthly Snapshot, Jan-December 2011
Debt and Debt Markets Quarterly, QI, QII and QIII 2011
Salaries and Wages and Related Benefits-The Article 13 Monthly Bulletin – Feb-November 2011

For a complete list of MoF Publications, go to www.finance.gov.lb

REPUBLIC OF LEBANON
MINISTRY OF FINANCE

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