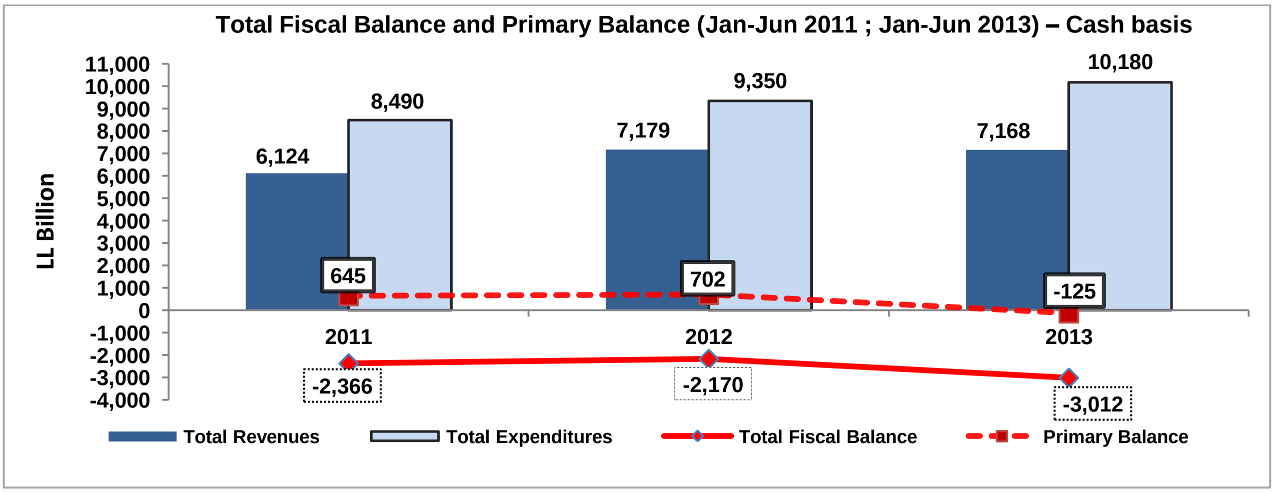
The total fiscal balance recorded a deficit of LL 2,862 billion in the first half of 2013, an increase of LL 1,154 billion (68 percent) over the LL 1,708 billion deficit registered in the first half of 2012 (Table 1). In parallel, the primary surplus dropped to LL 25 billion by end-June 2013, from LL 1,164 billion in the comparable period of 2012. This deterioration in public finances mainly resulted from a surge in expenditures of LL 830 billion (9 percent) and a LL 324 billion (4 percent) drop in revenues.

Table 1. Summary of Fiscal Performance

(LL billion)	2011 Jan-Jun	2012 Jan-Jun	2013 Jan-Jun	% Change 2013/2012
Total Budget and Treasury Receipts[1]	**7,186**	**7,642**	**7,318**	**-4%**
Total Budget and Treasury Payments, of which	**8,490**	**9,350**	**10,180**	**9%**
• *Interest Payments*	*2,867*	*2,737*	*2,771*	*1%*
• *Concessional loans principal payment[2]*	*144*	*135*	*116*	*-14%*
• *Primary Expenditures[3]*	*5,480*	*6,477*	*7,293*	*13%*
Total Deficit/Surplus	**-1,304**	**-1,708**	**-2,862**	**68%**
Primary Deficit/Surplus	**1,706**	**1,164**	**25**	**-98%**

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-Jun of 2012 and 2013[1], the fiscal deficit widens from LL2,170 billion in the first half of last year to LL 3,012 billion in the same period of 2013. Meanwhile, the primary balance reverts from a surplus of LL 702 billion in the first half of 2012 to a deficit of LL 125 billion in 2013.



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

[1] Actual transfers from the Telecom surplus amounted to LL 603 billion and LL 754 billion in H1 2012 and H1 2013 respectively. Transfer expectations provided by the Telecom Ministry had been LL 1,066 billion in H1 2012 and LL 903 billion in H1 2013.

Total revenues[2] amounted to LL 7,318 billion in H1 2013, compared to LL 7,642 billion in the same period in 2012, representing a 4 percent annual decrease. On cash basis, the decline was much more contained at LL 11 billion - from LL 7,179 billion in H1 2012 to LL 7,168 billion in H1 2013.

Tax revenues collected in H1 2013 reached LL 5,426 billion, dropping by around 220 billion (4 percent) from the same period in 2012, owing to a decline in all major tax categories as a result of two main reasons, namely the economic slowdown and the policy to lift VAT on gasoil.

- *Domestic taxes on goods and services* declined by LL 64 billion (3 percent) year-on-year to reach LL 1,848 billion in H1 2013, mainly as a result of a LL 56 billion (3 percent) drop in VAT collections to LL 1,620 billion. The decrease in VAT was the direct consequence of the Parliament's policy decision to lift VAT on gasoil[3], which led to a LL 114 billion decline in VAT collected at customs. This drop was only partially compensated by the LL 58 billion year-on-year increase of internally collected VAT to LL 588 billion over the same period. In contrast, private car registration fees climbed by a modest LL 3 billion year-on-year to reach LL 103 billion in H1 2013.

- *Taxes on income, profits, and capital gains* dropped by LL 63 billion (4 percent) to reach LL 1,731 billion in H1 2013 from LL 1,794 billion in H1 2012. "Income Tax on Profits" dropped by LL 56 billion (6 percent) annually to reach LL 895 billion in H1 2013, owing to lower company profits in 2012 - this tax is collected on the previous year's earnings. Income tax on capital gains and dividends plunged by LL 51 billion (23 percent) to LL 171 billion over the same period, reflecting the non-recurrent rise of this component in H1 2012[4]. In contrast, income tax on salaries and wages jumped by LL 43 billion (16 percent) to reach LL 311 billion in H1 2013, mostly owing to the rise private sector wages and the cost of living adjustment in the public sector[5].

- *Taxes on property* dropped by LL 55 billion (9 percent) to reach LL 551 billion in H1 2013, from LL 606 billion in H1 2012. This result is explained mainly by the 7 percent drop in the number of sold properties, which reflected in a LL 43 billion (10 percent) dip in "Real Estate Registration Fees".

- *Taxes on international trade* decreased by LL 28 billion (3 percent) year-on-year to reach LL 1,065 billion in H1 2013. Despite a modest improvement of LL 6 billion in tariffs, this drop resulted from a LL 34 billion decline in excises, mainly explained by lower tobacco excises (by LL 38 billion) due to weakening tobacco imports (by 11 percent).

- *Stamp fees* diminished by LL 11 billion (4 percent) year-on-year to reach LL 230 billion in H1 2013.

Non-tax revenues[6] declined by LL 200 billion (12 percent) year-on-year, amounting to LL 1,486 billion in H1 2013. On a cash basis, non-tax revenues added LL 113 billion (9 percent) to reach LL 1,337 billion as actual transfers from the Telecom surplus increased to LL 754 billion from LL 603 billion in H1 2012. Other major changes in non-tax revenues in the same period included: (i) Rent of Rafic Hariri international Airport dropped by LL 35 billion to LL 23 billion (ii) Vehicle control fees fell by LL 25 billion (iii) budget surplus of the National Lottery, declined by LL 11 billion, and (iv) Revenues from Casino du Liban diminished by LL 10 billion. Lower collections from the said items outweighed transfers from Port of Beirut[7]**,** which amounted to LL 30 billion in H1 2013, compared to *nil* in H1 2012.

Treasury receipts increased by LL 96 billion (31 percent) annually to reach LL 406 billion in Jan-Jun 2013 as a result of annual rises in "Other Accounts" and "Deposits" by LL 59 billion and LL 35 billion, respectively. The former owed to the reimbursement of LL 21 billion worth of treasury advances by the Ministry of Economy and

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[2] On an expected basis
[3] As per Law 207, dated March 5, 2012.
[4] 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 221 billion in H1 2012, from LL 145 billion in H1 2011.
[5] 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.
[6] On an expected basis
[7] 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.

Trade in the first six months of 2013, compared to nil in the same period of 2012 (*for more information, kindly refer to box #1)*. The latter rise 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.

Box #1: Wheat Subsidy in Jan-June 2013

In line with its policy to subsidize wheat, the Government subsidized wheat imports by providing the Directorate General of Cereals and Beetroot (which is part of the Ministry of Economy and Trade) with a treasury advance of LL 41 billion reflected in expenditures, to purchase wheat at international price and then sell it to the mills at a lower price. For the period Jan-June 2013, proceeds from wheat sales equivalent to the above stated LL21billion were reimbursed to the Treasury, with the net fiscal impact equivalent to the subsidy (*For more information kindly refer to the Thematic Report on "Wheat and Bread Subsidy", available on the Ministry's website).* This description may change in the coming months in case the DG of Cereals and Beetroot continues to reimburse the Treasury.

Total expenditures registered a jump of 9 percent or LL 830 billion, standing at LL 10,180 billion in the first half of 2013 compared to LL 9,350 billion the previous year.

Current primary expenditures[8] climbed by LL 600 billion (11 percent) to reach LL 5,841 billion in H1 2013, mainly as a result of (i) an increase of LL 200 billion in transfers to NSSF, amounting to LL 250 billion in H1 2013 compared to LL 50 billion in 2012 - *discrepancies in the timing of annual payments are behind this performance*, (ii) a larger personnel cost bill by LL 166 billion (6 percent) - *mostly driven by cost of living adjustments*, (iii) swelled contributions to the item entitled "non-public sector" by LL 67 billion - *largely due to the settlement of a backlog in 2012 allocations to various social ministries*, (iv) a rise in social transfers for physically and mentally challenged individuals following the revision of the cost per assisted individual, and (v) a higher transfer to subsidize wheat[9] - *the average international wheat prices increased throughout the period Jan-Jun 2013*. In contrast, transfers to Electricité du Liban temporarily diminished by LL 59 billion (4 percent) to reach LL 1,420 billion, resulting from a 27 percent plunge in the volume of fuel oil imports outpacing a 9 percent rise in the volume of gasoil imports in the corresponding periods[10].

Interest payments increased by LL 34 billion to reach LL 2,771 billion in H1 2013, owing to a LL 101 billion rise in interest payments in foreign currency. **Foreign debt principal repayments** amounted to LL 116 billion in the first half of 2013, less by LL 19 billion compared to the same period in 2012.

Capital expenditures increased by 90 percent or LL 288 billion to LL 607 billion in H1 2013, up from LL 319 billion in H1 of 2012, mainly as a result of (i) higher expenses for the construction 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 for Syrian displaced 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 Displaced Fund and Council of the South dropped by LL 48 billion and LL 13 billion respectively over the considered period.

Treasury expenditures[11] amounted to LL 747 billion in Jan-Jun 2013, down by 4 percent from LL 781 billion recorded in Jan-Jun 2012. The LL 34 billion decline mainly resulted from lower payments to "municipalities", LL

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[9] Current primary expenditures represent current expenditures excluding interest payment and debt service.
[9] As per decree 9967 dated February 28, 2013.
[10] Payments made to EDL in H1 2013 correspond to petroleum imports made between May-Dec 2012.
[11] 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.

352 billion in the first half of 2013, compared to LL 512 billion in the same period of 2012, when the decree allocating 2010 revenues accrued to municipalities[12] was implemented. The decrease in payments to municipalities was slightly offset by increases in (i) deposits by LL 41 billion, (ii) VAT Refund, which grew by LL 32 billion, and (iii) guarantees by LL 29 billion due to acquisitions relating to the development of a dam and a lake in Bekata region in the amount of LL 21.5 billion paid through MOF cashiers. It is worth noting that this transaction is also reflected under the "guarantees" account on the revenues' side, implying a nil net impact on the total fiscal deficit.

Gross public debt stood at LL 90,473 billion at the end of June 2013, up from LL 86,959 billion at end-2012.

Local currency debt registered an increase of LL 869 billion (1.7 percent) to reach LL 51,067 billion in the first six months of the year. BDL's local currency debt portfolio increased by LL 1,299 billion (8.6 percent)–, amounting to LL 16,348 billion, and TBs held by public entities climbed by LL 536 billion (8.3 percent) to reach LL 7,015 billion, counterbalancing the drop commercial banks' Treasury Bill holdings to LL 25,797 billion by end-June 2013 from LL 27,267 billion as at end-2012. On June 13th 2013, the Ministry of Finance settled with Banque du Liban an 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 a significant LL 2,645 billion (7.2 percent) from end-2012, amounting to LL 39,406 billion by the end of June 2013. This increase mainly resulted from a 10.1 percent rise in market issued Eurobonds to LL 32,386 billion, boosted by two Eurobond transactions conducted in April of US$ 1.1 billion each. On 20 June 2013, MoF issued a US$ 600 million 6.15 percent coupon Eurobond due 2020 that was subscribed by BDL. [13] Paris II and Paris III-related debt (Eurobonds and loans) declined in H1 2013 by 10.3 percent and 6.2 percent respectively since end-2012, mainly as a result of amortized principle repayments. In H1 2013, bilateral, multilateral, and foreign private sector loans slid by LL 23 billion to reach LL 2,561 billion; accrued interest on Eurobonds added LL 67 billion over the same period to reach LL 467 billion by end-June 2013; and, special T-bills in foreign currency climbed by LL 24 billion to reach LL 136 billion due to the issuance of US$ 16,878,370.95 worth of contractor bonds issued on 7 February 2013 at a rate of 4.04 percent, coming due in February 2018 (pursuant to Law #69 dated April 23, 2009 and amended by Law #226 date October 22, 2012).

[12] Decree 7374 dated January 13, 2012.

[13] 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" and "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-Jun	2013 Jan-Jun	% Change 2013/2012
Budget Revenues, of which	**7,332**	**6,912**	**-5.7%**
Tax Revenues	*5,646*	*5,426*	*-3.9%*
Non-Tax Revenues	*1,687*	*1,486*	*-11.9%*
Treasury Receipts	**310**	**406**	**31.1%**
Total Revenues	**7,642**	**7,318**	**-4.2%**

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

Table 3. Tax Revenues

(LL billion)	2012 Jan-Jun	2013 Jan-Jun	% Change 2013/2012
Tax Revenues:	**5,646**	**5,426**	**-3.9%**
Taxes on Income, Profits, & Capital Gains, of which	**1,794**	**1,731**	**-3.5%**
Income Tax on Profits	*951*	*895*	*-5.9%*
Income Tax on Wages and Salaries	*269*	*311*	*16.0%*
Income Tax on Capital Gains & Dividends	*221*	*171*	*-22.9%*
Tax on Interest Income (5%)	*325*	*326*	*0.2%*
Penalties on Income Tax	*26*	*28*	*7.2%*
Taxes on Property, of which:	**606**	**551**	**-9.1%**
Built Property Tax	*118*	*121*	*2.5%*
Real Estate Registration Fees	*412*	*369*	*-10.4%*
Domestic Taxes on Goods & Services, of which:	**1,912**	**1,848**	**-3.3%**
Value Added Tax	*1,676*	*1,620*	*-3.3%*
Other Taxes on Goods and Services, of which:	*170*	*173*	*1.7%*
Private Car Registration Fees	*100*	*103*	*3.1%*
Passenger Departure Tax	*69*	*69*	*-0.1%*
Taxes on International Trade, of which:	**1,093**	**1,065**	**-2.6%**
Customs	*397*	*404*	*1.6%*
Excises, of which:	*696*	*662*	*-4.9%*
Gasoline Excise	*235*	*237*	*0.8%*
Tobacco Excise	*236*	*198*	*-16.0%*
Cars Excise	*221*	*222*	*0.5%*

Other Tax Revenues (namely fiscal stamp fees)	**241**	**230**	**-4.4%**

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

Table 4. Non-Tax Revenue

(LL billion)	2012 Jan-Jun	2013 Jan-Jun	% Change 2013/2012
Non-Tax Revenues	**1,687**	**1,486**	**-11.9%**
Income from Public Institutions and Government Properties, of which	**1,302**	**1,114**	**-14.4%**
Income from Non-Financial Public Enterprises, of which:	1,181	1,027	-13.0%
Revenues from Casino Du Liban	*73*	*63*	*-13.4%*
Revenues from Port of Beirut	*0*	*30*	-
Budget Surplus of National Lottery	*41*	*30*	*-26.8%*
Transfer from the Telecom Surplus [1/]	*1,066*	*903*	*-15.3%*
Transfer from Public Financial Institution (BDL)	60	61	1.1%
Property Income (namely rent of Rafic Hariri International Airport)	58	23	-60.5%
Other Income from Public Institutions (interests)	3	3	5.4%
Administrative Fees & Charges, of which:	**303**	**290**	**-4.3%**
Administrative Fees, of which:	251	230	-8.2%
Notary Fees	*15*	*15*	-0.2%
Passport Fees/ Public Security	*58*	*66*	13.1%
Vehicle Control Fees	*131*	*106*	-19.3%
Judicial Fees	*16*	*13*	-21.9%
Driving License Fees	*9*	*10*	1.2%
Administrative Charges	13	19	51.1%
Sales (Official Gazette and License Number)	2	1	-25.6%
Permit Fees (mostly work permit fees)	30	31	1.9%
Other Administrative Fees & Charges	7	8	10.3%
Penalties & Confiscations	**6**	**5**	**-21.6%**
Other Non-Tax Revenues (mostly retirement deductibles)	**76**	**78**	**2.6%**

Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)
1/Out of the expected LL 1,066 billion in Jan-Jun 2012, LL 603 billion was effectively transferred from the Telecom surplus.
Out of the expected LL 903 billion in Jan- June 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-Jun	2013 Jan-Jun	% Change 2013/2012
1. Current Expenditures	**8,113**	**8,727**	**7.6%**
1.a Personnel Cost, *of which*	2,964	3,130	5.6%
Salaries, Wages and Related Items (Article 13)	*1,915*	*2,098*	*9.6%*
Retirement and End of Service Compensations, of which:	*885*	*879*	*-0.7%*
Retirement	*622*	*791*	*27.1%*
End of Service	*262*	*88*	*-66.5%*
Transfers to Public Institutions to Cover Salaries 1/	*164*	*153*	*-6.7%*
1.b Interest Payments, *of which: 2/*	2,737	2,771	1.2%
Domestic Interest Payments	*1,716*	*1,648*	*-3.9%*
Foreign Interest Payments	*1,021*	*1,123*	*9.9%*
1.c Foreign Debt Principal Repayment	135	116	-14.2%
1.d Materials and Supplies, *of which:*	132	168	26.6%
Nutrition	*36*	*27*	*-25.9%*
Fuel Oil	*35*	*8*	*-78.4%*
Medicaments	*26*	*81*	*208.8%*
Accounting Adjustments for Treasury advances 3/	*16*	*13*	*-20.7%*
1.e External Services	59	69	16.6%
1.f Various Transfers, *of which:4/*	1,806	2,170	20.2%
EDL 5/	*1,479*	*1,420*	*-4.0%*
NSSF	*50*	*250*	*400.0%*
Higher Council of Relief	*39*	*44*	*13.9%*
Contributions to non-public sectors	*99*	*166*	*68.1%*
Treasury advances for diesel oil subsidy	*0*	*0*	-
Transfers to Directorate General of Cereals and Beetroot	*12*	*41*	*247.6%*
Contributions to water authorities	*18*	*3*	*-81.7%*
Special Tribunal for Lebanon	*0*	*0*	-
Gasoline subsidy for taxi drivers	*4*	*1*	*-66.2%*
Accounting Adjustments for Treasury advances 3/	*0*	*0*	*-94.9%*
1.g Other Current, *of which:*	189	200	6.0%
Hospitals	*159*	*128*	*-19.6%*
Others(judgments & reconciliations, mission costs, other)	*28*	*71*	*156.7%*
Accounting Adjustments for Treasury advances 3/	*1*	*0*	*-97.8%*
1.h Reserves	90	103	14.1%
Interest subsidy	*90*	*103*	*14.1%*
2. Capital Expenditures	**319**	**607**	**90.3%**
2.a Acquisitions of Land, Buildings, for the Construction of Roads, Ports, Airports, and Water Networks	0	14	4970.0%
2.b Equipment	17	42	149.3%
2.c Construction in Progress, *of which:*	213	375	75.6%
Displaced Fund	*48*	*0*	*-100.0%*
Council of the South	*30*	*18*	*-41.7%*
CDR	*55*	*210*	*281.7%*
Ministry of Public Work and Transport	*73*	*92*	*25.8%*
Other of which:	*7*	*47*	*542.8%*

Higher Council of Relief	*0*	*15*	*-*
2.d Maintenance	84	150	78.6%
2.e Other Expenditures Related to Fixed Capital Assets	2	27	1389.0%
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/	**115**	**74**	**-35.3%**
4. Customs Administration (exc. Salaries and Wages) 8/	**22**	**23**	**5.5%**
5. Treasury Expenditures 9/	**781**	**747**	**-4.4%**
Municipalities	512	352	-31.3%
Guarantees	28	57	104.4%
Deposits 10/	44	85	93.9%
Other, *of which:*	197	253	28.4%
VAT Refund	*135*	*166*	*23.6%*
6. Unclassified Expenditures	**0**	**1**	**368.9%**
7. Total Expenditures (Excluding CDR Foreign Financed)	**9,350**	**10,180**	**8.9%**

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-Jun**	**2013 Jan-Jun**	**% Change 2013/2012**
Transfer to Council of the South	3	4	24.5%
Transfer to Council for Development and Reconstruction (CDR)	14	18	34.9%
Transfer to the Displaced Fund	3	2	-46.0%
Transfer to the Lebanese University	139	123	-11.4%
Transfer to the Educational Center for Research and Development	6	7	12.0%

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

Table 7. Details of Debt Service Transactions

(LL billion)	**2012 Jan-Jun**	**2013 Jan-Jun**	**% Change 2013/2012**
Interest Payments	**2338**	**2401**	**2.7%**
Local Currency Debt	1,432	1,432	0.0%
Foreign Currency Debt, of which:	906	968	6.9%
*Eurobond Coupon Interest**	*855*	*914*	7.0%
*Special bond Coupon Interest**	*2*	*3*	31.9%

Concessional Loans Interest Payments	*49*	*51*	3.8%
Concessional Loans Principal Repayments	**123**	**105**	**-14.0%**

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-Jun	2013 Jan-Jun	% Change 2013/2012
EDL *of which:*	**1,479**	**1,420**	**-4.0%**
Debt Service ***of which:***	**45**	**40**	**-9.6%**
- C-Loans, *of which:*	19	14	-23.7%
Principal Repayments	*15*	*12*	*-24.6%*
Interest Payments	*3*	*3*	*-19.7%*
- BDL Guaranteed Loan payments	26	26	*0.6%*
Reimbursement for purchase of Natural Gas, Fuel & Gas Oil:	**1,434**	**1,379**	**-3.8%**
- KPC & SPC	1,434	1,379	-3.8%
- 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-Jun 2013

(LL billion)	Dec-10	Dec-11	Dec-12	Jun-13	Change Dec 12 -Jun 13	% Change Dec 12-Jun 13
Gross Public Debt	**79,298**	**80,887**	**86,959**	**90,467**	**3,508**	**4.0%**
Local Currency Debt	**48,255**	**49,340**	**50,198**	**51,067**	**869**	**1.7%**
a. Central Bank (Including REPOs and Loans to EDL to Finance Fuel Purchases)(1)	13,130	16,374	15,049	16,348	1,299	8.6%
b. Commercial Banks	27,214	25,177	27,267	25,797	-1,470	-5.4%
c. Other Local Currency Debt (T-bills), *of which:*	7,911	7,789	7,882	8,922	1,040	13.2%
Public Entities	*6,268*	*6,538*	*6,479*	*7,015*	*536*	*8.3%*
Contractor bonds(2)	*-*	*41*	*134*	*134*	*0*	*0.0%*
** Accrued Interest Included in Debt*	*867*	*788*	*789*	*781*	*-8*	*-1.0%*
Foreign Currency Debt (3)	**31,043**	**31,547**	**36,761**	**39,400**	**2,639**	**7.2%**
a. Bilateral, Multilateral and Foreign Private Sector Loans	2,624	2,566	2,584	2,555	-29	-1.1%
b. Paris II Related Debt (Eurobonds and Loans)(4)	4,137	3,512	2,925	2,624	-301	-10.3%
c. Paris III Related Debt (Eurobonds and Loans)(5)	1,855	1,723	1,313	1,232	-82	-6.2%
d. Market-Issued Eurobonds	21,870	23,259	29,427	32,386	2,959	10.1%
e. Accrued Interest on Eurobonds	483	407	400	467	67	16.8%
f. Special T-bills in Foreign Currency(6)	74	80	112	136	24	21.4%
Public Sector Deposits	**11,419**	**10,984**	**12,916**	**13,739**	**823**	**6.4%**
Net Debt	**67,879**	**69,903**	**74,043**	**76,728**	**2,685**	**3.6%**
Gross Market Debt(7)	**51,308**	**50,192**	**58,623**	**60,705**	**2,082**	**3.6%**
% of Total Debt	**65%**	**62%**	**67%**	**67%**	**0%**	**-0.5%**

Source: Ministry of Finance, Banque du Liban

(1) *In November 2003 and July 2004, BDL extended two loans to EDL, of amount LL 300 billion and LL 150 billion respectively, to finance the payment of electricity bought from Syria.These loans are listed as public debt as they are government guaranteed.*

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

(3) *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.*

(4) *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.*

(5) *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.*

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

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

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