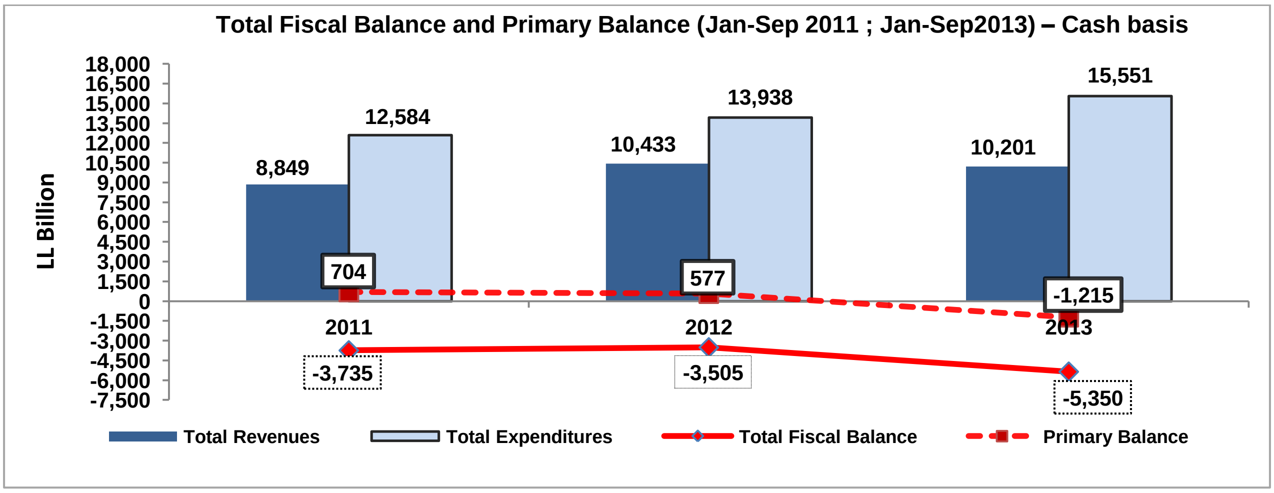
The total fiscal balance registered a deficit of LL 4,959 billion in Jan-Sep 2013, increasing by LL 1,855 billion (60 percent) from the LL 3,104 billion deficit registered in the same period of 2012 (Table 1). Meanwhile, the primary balance reverted to a deficit of LL 824 billion in 2013 from a surplus of LL 979 billion in 2012. This deterioration in public finances mainly resulted from a LL 1,613 billion (12 percent) hike in expenditures and a LL 242 billion (2 percent) drop in revenues.

Table 1. Summary of Fiscal Performance

(LL billion)	2011 Jan-Sep	2012 Jan-Sep	2013 Jan-Sep	% Change 2013/2012
Total Budget and Treasury Receipts[1]	**10,480**	**10,834**	**10,592**	**-2%**
Total Budget and Treasury Payments, of which	**12,584**	**13,938**	**15,551**	**12%**
• *Interest Payments*	*4,191*	*3,868*	*3,925*	*1%*
• *Concessional loans principal payment*[2]	*248*	*215*	*210*	*-2%*
• *Primary Expenditures*[3]	*8,145*	*9,856*	*11,416*	*16%*
Total Deficit/Surplus	**-2,103**	**-3,104**	**-4,959**	**60%**
Primary Deficit/Surplus	**2,336**	**979**	**-824**	**-184%**

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 actual transfers from the telecom surplus – rather than expected amounts - are accounted for in the first nine months of 2012 and 2013[1], the fiscal deficit widens from LL 3,505 billion in Jan-Sep 2012 to LL 5,350 billion in the same period of 2013. For the same period of time, the primary balance regresses from a surplus of LL 577 billion in 2012, to a deficit of LL 1,215 billion in 2013.



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

[1] Actual transfers from the Telecom surplus amounted to LL 1,206 billion and LL 972 billion in Jan-Sep 2012 and Jan-Sep 2013 respectively. Transfer expectations provided by the Telecom Ministry had been LL 1,607 billion in Jan-Sep 2012 and LL 1,364 billion in Jan-Sep 2013.

Total revenues[2] summed up to LL 10,592 billion in the first nine months of 2013, decreasing by 2 percent annually from the LL 10,834 billion collected in the same period of 2012. On a cash basis, these revenues declined from LL 10,433 billion in Jan-Sept 2012, to LL 10,201 billion in the same period of 2013.

Tax revenues reached LL 7,787 billion by the end of September 2013, decreasing by around LL 119 billion (2 percent) from the same period in 2012. Excluding the modest rise in domestic taxes on goods and services, collections from all major tax categories decreased in 2013, mainly driven by the overall slowdown in economic activity and a change in tax policy:

- *Taxes on international trade* decreased by LL 58 billion (3 percent) year-on-year to reach LL 1,619 billion in Jan-Sep 2013. In detail, excise revenues declined by LL 85 billion, largely due to a LL 78 billion (21 percent) dive in tobacco excises (imported quantities of tobacco dropped by 19 percent), following an exceptional LL 82 billion (28 percent) year-on-year increase during Jan-Sep 2012. Moreover, gasoline excises declined by LL 9 billion over the period, offsetting the minor LL 2 billion increase in car excises. The drop in excises was partially offset by a LL 27 billion (5 percent) higher receipts from Customs, owing to a 7 percent growth in non-fuel imports during the period under consideration[3]. It is worth mentioning that imports of "Food products[4], "Pharmaceutical products", and "Engines, appliances & other machinery" increased by 5, 13 and 14 percent over the period under consideration.

- *Taxes on income, profits, and capital gains* dropped by LL 36 billion (2 percent) to reach LL 2,118 billion in Jan-Sep 2013 from LL 2,154 billion in Jan-Sep 2012. Income tax on capital gains and dividends plunged by LL 62 billion (23 percent) to LL 206 billion over the same period, reflecting the non-recurrent rise of this component in Jan-Sep 2012[5]. Income Tax on Profits dropped by LL 44 billion (5 percent) year-on-year to reach LL 930 billion in Jan-Sep 2013, owing to lower company profits in 2012[6] . On the more positive side, income tax on salaries and wages rose by LL 61 billion (16 percent) to reach LL 450 billion by end-September 2013, mostly attributed to the increase in private sector wages and the cost of living adjustment in the public sector[7].

- *Taxes on property* diminished by LL 19 billion (2 percent) to reach LL 857 billion in the first nine months of 2013, explained by the LL 32 billion drop in "Real Estate Registration Fees". Lower real estate registration fees outline a 5 percent drop in the total value of property sales in Jan-Sep 2013, reflecting a 5 percent decline in the number of properties sold during the same period. In contrast, "Inheritance Tax" grew by 11 percent to reach LL 129 billion, mainly due to the handling of high value files and the fact that Ministry of Finance is speeding up the collection of pending payments.

- *Stamp fees* declined by LL 12 billion (3 percent) to reach LL 344 billion in Jan-Sep 2013, compared to LL 356 billion in Jan-Sep 2012.

- *Domestic taxes on goods and services* slightly increased by LL 7 billion year-on-year to reach LL 2,849 billion in Jan-Sep 2013. In detail, private car registration rose by LL 5 billion and passenger departure tax inched up by LL 4 billion over the period. Collections from the value-added tax were almost unchanged, standing at LL 2,480 billion in Jan-Sept 2013, compared to LL 2,477 billion in the same period of 2012;VAT collected internally rose by LL 84 billion , nearly counterbalancing an LL 81 billion drop in VAT collected at customs, as a direct consequence of the Parliament's policy decision to lift VAT on gasoil[8].

---

[2] On an expected basis

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

[4]Including live animals, animal products, vegetable products, fats and oils, prepared foodstuffs, beverages and tobacco. Kindly note that some of these categories fall under a protectionist policy, and are subject to higher customs rate.

[5] 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 268 billion in Jan-Sep 2012, from LL 212 billion in Jan-Sep 2011.

[6] kindly note that this tax is collected on the previous year's earnings.

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

Non-tax revenues[9] decreased by LL 264 billion (11 percent) year-on-year, amounting to LL 2,171 billion in Jan-Sep 2013. On a cash basis, non-tax revenues dropped by LL 254 billion (12 percent) to reach LL 1,780 billion as actual transfers from the Telecom surplus dropped to LL 972 billion, from LL 1,206 billion in Jan-Sep 2012, due to a discrepancy in the timing of payments. Other drops in non-tax revenues included: (i) Revenues from Casino du Liban (by LL 26 billion[10]) (ii) rent of Rafic Hariri International Airport (by LL 25 billion) (iii) vehicle control fees (by LL 19 billion) (iv) and, budget surplus of the National Lottery(by LL 11 billion). Lower collections from the aforementioned items outweighed the higher transfers from Port of Beirut[11]**,** which amounted to LL 30 billion by end-Sep 2013, compared to *nil* in same period of 2012. It is worth mentioning that passport fees were also up by LL 15 billion, over the period under consideration.

Treasury receipts increased by LL 140 billion (28 percent) annually to reach LL 635 billion in the first nine months of 2013 as a result of rises in "Other Accounts" and "Deposits" by LL 93 billion and LL 32 billion, respectively (*for more information, kindly refer to the August 2013 Public Finance Monitor)*.

Total expenditures recorded an upsurge of 12 percent or LL 1,613 billion, standing at LL 15,551 billion during Jan-Sep 2013 compared to LL 13,938 billion during the same period of 2012. **Current primary expenditures**[12] climbed by LL 906 billion (11 percent) to reach LL 9,177 billion in Jan-Sep 2013, compared to LL 8,271 billion in 2012, maintaining the same trend since the beginning of the year. In fact, the deterioration was mainly the result of the following:

- A LL 98 billion rise in salaries and wages and related benefits which experienced a slowing down in the increase when compared to Jan-Aug 2013 due to the fact that the cost of living adjustment to public sector employees was gradually introduced in September 2012 (first, it was provided to military personnel; the full impact of the cost of living started in October 2012).
- A LL 193 billion increase in retirement and end of service indemnity due to the combined effect of a LL 350 billion rise in retirement and a LL 156 billion decline in end of service indemnity. Retirement jumped by 42 percent as a result of (i) a discrepancy in the timing of payment whereby retirement salaries for the month of September 2012 were paid in October 2012; (ii) the impact of the cost of living adjustment starting in October 2012; (iii) the disbursement of the one-time payment of LL 14 billion of 1996-1998 retroactive to military retirees - March 2013; and (iv) the additional 3,000 retirees during Jan-Sep 2013 compared to Jan-Sep 2012. The significant increase in retirement during Jan-Sep 2013 salaries is expected to smoothen during Jan-Oct 2013. As for the end of service indemnity, the reason behind the large figure observed in 2012 is due to the additional benefits for early retirement for military personnel;
- An increase of LL 307 billion in various transfers, mainly driven by (i) a LL 200 billion increase in payments to NSSF, amounting to LL 250 billion in Jan-Sep 2013 compared to LL 50 billion in 2012 (due to discrepancies in the timing of annual payments), (ii) a LL 51 billion growth in contributions to non-public sector[13] mostly as a result of an increase in the cost per assisted individual, a LL 22 billion payment to finance the national project targeting poor families in Lebanon[14], and a clearing of the 2012 backlog, (iii) a LL 37 billion rise in transfers to Directorate General of Cereals and Beetroot, totalling LL 60 billion during Jan-Sep 2013 (of which LL 19 billion represent administrative expenses and LL 41 billion correspond to wheat subsidy) compared to LL 23 billion for wheat subsidy during Jan-Sep 2012, and (iv) a LL 24 billion payment to IDAL representing administration fees[15] for the years 2010-2013 allocations. These increases were slightly offset

[9] On an expected basis
[10] During September 2013, Casino du Liban transferred LL 11 billion from its share of profits pertaining to the month of August 2013. Due to a time discrepancy, the latter amount was however registered as a cash entry for October 2013.
[11] 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.
[12] Current primary expenditures represent current expenditures excluding interest payment and debt service.
[13] 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.
[14] As per decree 8070 dated 4 May 2012, the total treasury advance is LL 42.3 billion and the purpose is to finance the national program assisting poor families in Lebanon.
[15] 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.

by an LL 80 billion decrease in transfers to Electricité du Liban[16], which amounted to LL 2,541 billion in Jan-Sep 2013. Transfers to EDL mainly declined as the volume of fuel oil imports pertaining to reimbursements in the first three quarters of 2013 dropped by 13 percent, outweighing the effect of a 6 percent rise in the volume of gasoil imports. In addition, the average price of crude oil, weighted by corresponding volume of gasoil and fuel oil shipments, retracted by 3 percent to US$ 109.5 per barrel from US$ 113.4 per barrel;

- Higher payments for materials and supplies by LL 147 billion (74 percent), chiefly due to an increase in transfers for medicaments to military personnel as well as several contracts of mutual consent between the Ministry of Public health and several medicament suppliers; and
- A growth in other current expenditures by LL 80 billion, mainly pushed by an increase in transfers to hospitals by LL 35 billion due to a discrepancy in the timing of payment and a rise in secret expenditures by LL 14 billion mostly spent by military.

Interest payments increased by LL 58 billion to reach LL 3,925 billion in Jan-Sep 2013, owing to a LL 90 billion rise in interest payments in foreign currency. **Foreign debt principal repayments** amounted to LL 210 billion in Jan-Sep 2013, less by LL 5 billion compared to the same period in 2012.

Capital expenditures increased by 87 percent or LL 382 billion to reach LL 822 billion in Jan-Sep 2013, up from LL 440 billion in Jan-Sep 2012, chiefly as a result of:

- An increase of LL 181 billion in payments to CDR, namely: (i) a LL 50 billion additional payments for the construction of: the connecting road Batroun-Bajderfil (LL 31 billion), Nakoura road (LL 13 billion), and Tripoli highway (LL 7 billion), (ii) a LL 40 billion transfer for different development projects in Beirut and its peripheries, mainly consisting of roads' reconstruction[17], (iii) a LL 30 billion increase in payment relating to maintenance work of Rafic Hariri International Airport and (iv) LL 25 billion transfer for different types of construction works such as the construction of the Olympic Swimming pool in Naccach (LL 16 billion), the development of the Lebanese University Faculty of Science in Tripoli (LL 6 billion), and the maintenance of the Lebanese University in Hadath (LL 3 billion).
- Higher spending by LL 31 billion by the Ministry of Public Works and Transportation on roads' maintenance and reconstruction,
- Amplified payments (LL 15 billion) for relief assistance, including payments for Syrian refugees[18] and reconstruction of damaged houses following several conflicts that took place in different Lebanese regions, and
- Higher payments for equipment (LL 22 billion) mainly due to a LL 7 billion increase in transfers to the Ministry of Finance , and LL 8 billion to other ministries and institutions[19].

Treasury expenditures[20] amounted to LL 1,177 billion in Jan-Sep 2013, up from LL 975 billion recorded in Jan-Sep 2012, or an increase of 21 percent, mainly resulting from higher (i) VAT Refund, which grew by LL 82 billion, (ii) deposits by LL 70 billion, and (iii) guarantees by LL 39 billion. *(For further information about the rise in deposits and guarantees, kindly refer to the August 2013 Public Finance Monitor.)*

Gross public debt reached LL 94,061 billion at end-September 2013, up from LL 86,959 billion at end-2012.

Local currency debt registered an increase of LL 4,052 billion (8.1 percent) in the first three quarters of 2013 to reach LL 54,250 billion, accounting for almost 58 percent of total debt by end-September. In September alone,

[16] Additional details on EDL transfers in Jan-Sep 2013 will be available in the September issue of Transfers to Electiricité Du Liban, a monthly snapshot.
[17] As per decree 10284 dated 30 April 2013, the total treasury advance is LL 40 billion and the purpose is for different development projects in Beirut and its peripheries, namely roads reconstruction, noting that this treasury was not present in previous years.
[18] Transfers to HRC to assistant Syrian refugees totaled LL 7 billion during the period Jan-Sep 2013, as per decree 9055 dated 9 Oct 2012 (Total TA LL 2 billion) and decree 9502 dated 12 Dec 2012 (total TA LL 5 billion).
[19] Ministry of Energy and Water (LL 3 billion), Ministry of Public Work and Transportation (LL 2 billion), General Security Forces (LL 2 billion), and Ministry of Education (LL 1 billion).
[20] 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.

the stock of local currency debt climbed by LL 2,620 billion led by MoF's issuance of LL 569 billion in 10-year Treasury Bonds and LL 1,904 billion in 12-year Treasury Bonds at rates of 8.24 percent and 8.74 percent respectively in the September 26 weekly auction. This marked the first-time issuance of 12YR LBP Treasury Bonds by the Treasury. BDL's local currency debt portfolio amounted to LL 16,786 billion by end-September, up by LL 1,737 billion (11.5 percent) from end-December. Commercial Banks' local currency debt ended September at LL 28,362 billion, compared to LL 27,267 billion as at end-2012, while TBs held by public entities climbed by LL 574 billion (9 percent) to reach LL 7,053 billion.

Foreign currency debt grew by LL 3,050 billion (8.3 percent) from end-2012, amounting to LL 39,811 billion by the end of September 2013, and constituting around 42 percent of gross public debt. This increase mainly resulted from an 11.1 percent jump in market issued Eurobonds to LL 32,681 billion, following two Eurobond transactions in April carrying a face value of US$ 1.1 billion each, a transaction in June, comprising a US$ 600 million 6.15 percent coupon Eurobond issuance[21], and a US$ 175 million transaction in September. This fourth transaction, conducted on September 4 2013, was undertaken in the context of an "LL/FX Debt Replacement Agreement" between the Ministry of Finance and BDL, where MoF Issued to BDL US$ 175 million 5.00 percent Notes due October 2017 at a yield of 5.75 percent, whereas BdL redeemed to MoF 5-year Treasury bonds with a coupon of 6.74 percent from its existing portfolio at an aggregate discounted value of LL 262 billion. Paris II and Paris III-related debt (Eurobonds and loans) diminished by 13.2 percent and 7.4 percent respectively in the first nine months of 2013, mainly as a result of amortized principal repayments. Bilateral, multilateral, and foreign private sector loans declined by LL 69 billion to reach LL 2,515 billion, whereas accrued interest on Eurobonds added LL 324 billion to reach LL 724 billion. Special T-bills in foreign currency were up by LL 24 billion from end-2012 at LL 136 billion by the end of September, due to the issuance of US$ 16,878,370.95 worth of contractor bonds in February 2013.

[21] More information on debt transactions in April, June and September 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-Sep	2013 Jan-Sep	% Change 2013/2012
Budget Revenues, of which	**10,340**	**9,958**	**-3.7%**
Tax Revenues	*7,905*	*7,787*	*-1.5%*
Non-Tax Revenues	*2,435*	*2,171*	*-10.8%*
Treasury Receipts	**495**	**635**	**28.3%**
Total Revenues	**10,834**	**10,592**	**-2.2%**

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

Table 3. Tax Revenues

(LL billion)	2012 Jan-Sep	2013 Jan-Sep	% Change 2013/2012
Tax Revenues:	**7,905**	**7,787**	**-1.5%**
Taxes on Income, Profits, & Capital Gains, of which	**2,154**	**2,118**	**-1.7%**
Income Tax on Profits	*975*	*930*	*-4.5%*
Income Tax on Wages and Salaries	*389*	*450*	*15.7%*
Income Tax on Capital Gains & Dividends	*268*	*206*	*-23.1%*
Tax on Interest Income (5%)	*488*	*494*	*1.3%*
Penalties on Income Tax	*33*	*37*	*11.2%*
Taxes on Property, of which:	**876**	**857**	**-2.2%**
Built Property Tax	*144*	*144*	*0.3%*
Real Estate Registration Fees	*616*	*584*	*-5.2%*
Domestic Taxes on Goods & Services, of which:	**2,842**	**2,849**	**0.2%**
Value Added Tax	*2,477*	*2,480*	*0.1%*
Other Taxes on Goods and Services, of which:	*258*	*266*	*3.4%*
Private Car Registration Fees	*151*	*156*	*3.6%*
Passenger Departure Tax	*105*	*109*	*3.6%*
Taxes on International Trade, of which:	**1,677**	**1,619**	**-3.5%**
Customs	*592*	*619*	*4.6%*
Excises, of which:	*1,085*	*1,000*	*-7.8%*
Gasoline Excise	*372*	*362*	*-2.5%*
Tobacco Excise	*375*	*297*	*-20.8%*
Cars Excise	*332*	*334*	*0.7%*
Other Tax Revenues (namely fiscal stamp fees)	**356**	**344**	**-3.3%**

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

Table 4. Non-Tax Revenue

(LL billion)	2012 Jan-Sep	2013 Jan-Sep	% Change 2013/2012
Non-Tax Revenues	**2,435**	**2,171**	**-10.8%**
Income from Public Institutions and Government Properties, of which	**1,908**	**1,633**	**-14.4%**
Income from Non-Financial Public Enterprises, of which:	1,769	1,518	-14.2%
Revenues from Casino Du Liban	*109*	*83*	*-23.5%*
Revenues from Port of Beirut	*0*	*30*	-
Budget Surplus of National Lottery	*51*	*40*	*-21.9%*
Transfer from the Telecom Surplus [1/]	*1,607*	*1,364*	*-15.2%*
Transfer from Public Financial Institution (BDL)	60	61	1.1%
Property Income (namely rent of Rafic Hariri International Airport)	75	49	-33.7%
Other Income from Public Institutions (interests)	4	5	7.7%
Administrative Fees & Charges, of which:	**419**	**423**	**0.9%**
Administrative Fees, of which:	345	340	-1.4%
Notary Fees	*22*	*23*	*1.6%*
Passport Fees/ Public Security	*91*	*106*	*16.1%*
Vehicle Control Fees	*167*	*148*	*-11.3%*
Judicial Fees	*21*	*19*	*-9.1%*
Driving License Fees	*14*	*14*	*0.4%*
Administrative Charges	16	22	41.2%
Sales (Official Gazette and License Number)	3	2	-19.4%
Permit Fees (mostly work permit fees)	47	48	2.7%
Other Administrative Fees & Charges	9	10	11.1%
Penalties & Confiscations	**8**	**7**	**-16.3%**
Other Non-Tax Revenues (mostly retirement deductibles)	**100**	**109**	**9.2%**

Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)
1/Out of the expected LL 1,607 billion in Jan-Sep 2012, LL 1,206 billion was effectively transferred from the Telecom surplus.
Out of the expected LL 1,364 billion in Jan- Sep 2013, LL 972 billion was effectively transferred from the Telecom Surplus.

Section 2: Expenditure Outcome

Table 5. Expenditure by Economic Classification

(LL billion)	2012 Jan-Sep	2013 Jan-Sep	% Change 2013/2012
1. Current Expenditures	**12,353**	**13,312**	**7.8%**
1.a Personnel Cost, *of which*	4,467	4,795	7.3%
Salaries, Wages and Related Items (Article 13)	*3,044*	*3,142*	*3.2%*
Retirement and End of Service Compensations, of which:	*1,186*	*1,379*	*16.3%*
Retirement	*837*	*1,186*	*41.8%*
End of Service	*349*	*193*	*-44.8%*
Transfers to Public Institutions to Cover Salaries 1/	*237*	*274*	*15.5%*
1.b Interest Payments, *of which: 2/*	3,868	3,925	1.5%
Domestic Interest Payments	*2,470*	*2,437*	*-1.3%*
Foreign Interest Payments	*1,397*	*1,488*	*6.5%*
1.c Foreign Debt Principal Repayment	215	210	-2.1%
1.d Materials and Supplies, *of which:*	200	347	73.6%
Nutrition	*44*	*54*	*23.3%*
Fuel Oil	*37*	*11*	*-70.6%*
Medicaments	*68*	*194*	*182.9%*
Accounting Adjustments for Treasury advances 3/	*26*	*26*	*2.4%*
1.e External Services	88	112	27.3%
1.f Various Transfers, *of which:4/*	3,122	3,428	9.8%
EDL 5/	*2,621*	*2,541*	*-3.0%*
NSSF	*50*	*250*	*400.0%*
Higher Council of Relief	*74*	*82*	*11.5%*
Contributions to non-public sectors	*176*	*227*	*28.7%*
Treasury advances for diesel oil subsidy	*19*	*0*	-
Transfers to Directorate General of Cereals and Beetroot 6/	*23*	*60*	*161.4%*
Contributions to water authorities	*18*	*3*	*-81.7%*
Gasoline subsidy for taxi drivers	*5*	*1*	*-73.8%*
IDAL	*0*	*23*	-
1.g Other Current, *of which:*	262	343	30.6%
Hospitals	*215*	*250*	*16.3%*
Others(judgments & reconciliations, mission costs, other)	*46*	*92*	*100.9%*
Accounting Adjustments for Treasury advances 3/	*1*	*0*	*-97.8%*
1.h Reserves	131	152	15.4%
Interest subsidy	*131*	*152*	*15.4%*
2. Capital Expenditures	**440**	**822**	**86.9%**
2.a Acquisitions of Land, Buildings, for the Construction of Roads, Ports, Airports, and Water Networks	0	14	4942.5%
2.b Equipment	37	59	60.6%
2.c Construction in Progress, *of which:*	280	491	75.2%
Displaced Fund	*48*	*0*	*-100.0%*
Council of the South	*30*	*28*	*-8.3%*
CDR	*106*	*287*	*171.8%*
Ministry of Public Work and Transport	*83*	*114*	*37.3%*
Other of which:	*14*	*53*	*287.8%*
Higher Council of Relief	*0*	*15*	-
2.d Maintenance	117	231	96.6%
2.e Other Expenditures Related to Fixed Capital Assets	3	28	935.7%
2.f Parliamentary Equipment and Maintenance 7/	3	0	
2.g Accounting Adjustments for Treasury advances 3/	0	0	-6.3%
3. Budget Advances 8/	**140**	**202**	**45.0%**
4. Customs Administration (exc. Salaries and Wages) 9/	**30**	**33**	**7.0%**
5. Treasury Expenditures 10/	**975**	**1,177**	**20.7%**
Municipalities	569	571	0.3%
Guarantees	37	77	105.7%

Deposits 11/	74	145	94.3%
Other, *of which:*	294	385	30.9%
VAT Refund	*182*	*264*	*45.1%*
6. Unclassified Expenditures	**0**	**5**	**1138.9%**
7. Total Expenditures (Excluding CDR Foreign Financed)	**13,938**	**15,551**	**11.6%**

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/ *Transfers to Directorate General of Cereals and Beetroot include both administrative expenses and payments for wheat subsidy.*
7/ 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.
8/ 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.
9/ 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.
10/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.
11/ 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-Sep	2013 Jan-Sep	% Change 2013/2012
Transfer to Council of the South	5	6	30.3%
Transfer to Council for Development and Reconstruction (CDR)	23	24	3.8%
Transfer to the Displaced Fund	5	4	-4.0%
Transfer to the Lebanese University	197	229	16.2%
Transfer to the Educational Center for Research and Development	8	11	33.3%

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

Table 7. Details of Debt Service Transactions

(LL billion)	2012 Jan-Sep	2013 Jan-Sep	% Change 2013/2012
Interest Payments	**3,868**	**3,925**	**1.5%**
Local Currency Debt	2,470	2,437	-1.3%
Foreign Currency Debt, of which:	1,397	1,488	6.5%
*Eurobond Coupon Interest**	*1,311*	*1,394*	*6.4%*
*Special bond Coupon Interest**	*4*	*5*	*37.4%*
Concessional Loans Interest Payments	*83*	*88*	*6.6%*
Concessional Loans Principal Repayments	**215**	**210**	**-2.1%**

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-Sep	2013 Jan-Sep	% Change 2013/2012
EDL *of which:*	**2,621**	**2,541**	**-3.0%**
Debt Service *of which:*	**77**	**62**	**-18.8%**
- C-Loans, *of which:*	40	33	-19.1%
Principal Repayments	*33*	*27*	*-19.4%*
Interest Payments	*7*	*6*	*-17.7%*
- BDL Guaranteed Loan payments	36	30	-18.6%
Reimbursement for purchase of Natural Gas, Fuel & Gas Oil:	**2,545**	**2,479**	**-2.6%**
- KPC & SPC	2,545	2,479	-2.6%
- 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-Sep 2013

(LL billion)	Dec-10	Dec-11	Dec-12	Sep-13	Change Dec 12 -Sep 13	% Change Dec 12-Sep 13
Gross Public Debt	**79,298**	**80,887**	**86,959**	**94,061**	**7,102**	**8.2%**
Local Currency Debt	**48,255**	**49,340**	**50,198**	**54,250**	**4,052**	**8.1%**
a. Central Bank (Including REPOs	13,130	16,374	15,049	16,786	1,737	11.5%
b. Commercial Banks	27,214	25,177	27,267	28,362	1,095	4.0%
c. Other Local Currency Debt (T-bills), *of which:*	7,911	7,789	7,882	9,102	1,220	15.5%
Public Entities	*6,268*	*6,538*	*6,479*	*7,053*	*574*	*8.9%*
Contractor bonds(1)	-	*41*	*134*	*134*	*0*	*0.0%*
** Accrued Interest Included in Debt*	*867*	*788*	*789*	*827*	*38*	*4.8%*
Foreign Currency Debt (2)	**31,043**	**31,547**	**36,761**	**39,811**	**3,050**	**8.3%**
a. Bilateral, Multilateral and Foreign Private Sector Loans	2,624	2,566	2,584	2,515	-69	-2.7%
b. Paris II Related Debt (Eurobonds and Loans)(3)	4,137	3,512	2,925	2,539	-386	-13.2%
c. Paris III Related Debt (Eurobonds and Loans)(4)	1,855	1,723	1,313	1,216	-97	-7.4%
d. Market-Issued Eurobonds	21,870	23,259	29,427	32,681	3,254	11.1%
e. Accrued Interest on Eurobonds	483	407	400	724	324	81.0%
f. Special T-bills in Foreign Currency(5)	74	80	112	136	24	21.4%
Public Sector Deposits	**11,419**	**10,984**	**12,916**	**15,442**	**2,526**	**19.6%**
Net Debt	**67,879**	**69,903**	**74,043**	**78,619**	**4,576**	**6.2%**
Gross Market Debt(6)	**51,308**	**50,192**	**58,623**	**63,963**	**5,340**	**9.1%**
% of Total Debt	**65%**	**62%**	**67%**	**68%**	**1%**	**0.9%**

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 61-73
Public Finance Monitor Monthly Update, January-August 2013
Public Finance Monitor Monthly Update, November-December 2012
Public Finance Annual Review, 2012
Public Finance Quarterly Review, QI 2013
Public Finance Quarterly Review, QII 2012 and QIII 2012
Transfers to EDL: A Monthly Snapshot, January-August 2013
Transfers to EDL: A Monthly Snapshot, November-December 2012
Salaries and Wages and Related Benefits-The Article 13 Monthly Bulletin, January-August 2013
Salaries and Wages and Related Benefits-The Article 13 Monthly Bulletin, October-December 2012
Debt and Debt Markets Quarterly, QI 2013, QII 2013 and QIII 2013
Debt and Debt Markets Quarterly, QIV 2012

2012

Aid Coordination Monthly Newsletter, Issues 50-60
Public Finance Monitor Monthly Update, January-October 2012
Public Finance Annual Review, 2011
Public Finance Quarterly Review, QI 2012
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 38-49
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