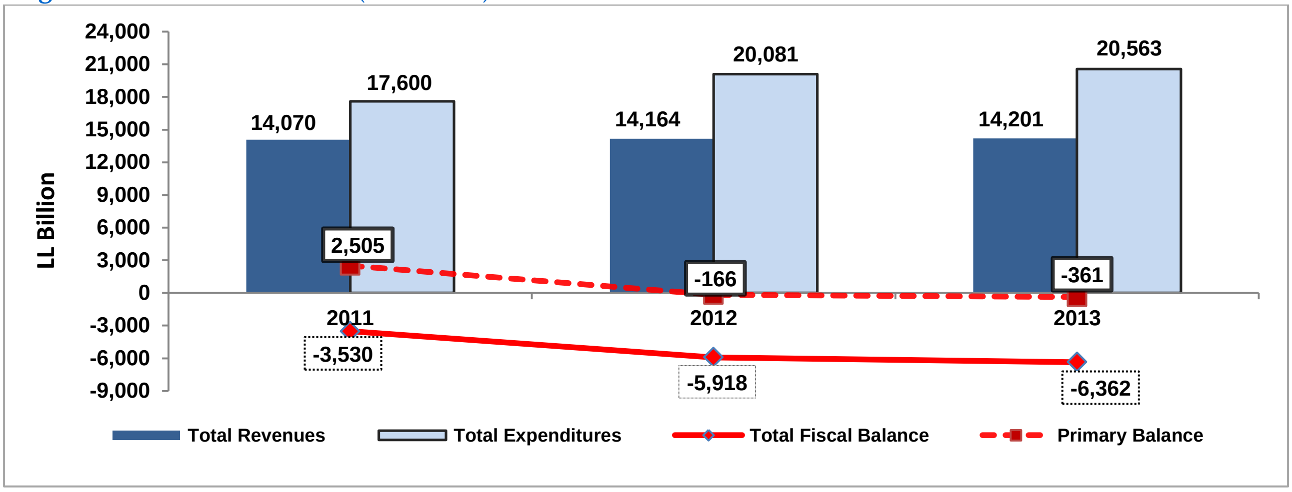
The total fiscal balance recorded a deficit of LL 6,362 billion in 2013, increasing by LL 444 billion (8 percent) from the LL 5,918 billion deficit registered by end-2012 (Figure 1). In parallel, the deficit in the primary balance increased from LL 166 billion in 2012 to LL361 billion by end 2013. As a percent of GDP[1], the fiscal deficit grew to 9.3 percent in 2013, up from 9.1 percent in 2012, while the primary deficit to GDP ratio increased from 0.3 percent in 2012 to 0.5 percent in 2013. This worsening in public finances is the result of a drop in total revenues from 21.9 percent of GDP in 2012 to 20.8 percent of GDP in 2013, partially counterbalanced by a tightening in total expenditure to 30.2 percent of GDP in 2013, compared to 31.0 percent in 2012. As a result of the rising deficit, the Debt-to-GDP ratio stood at 140.5 percent in 2013, compared to 134.3 percent in 2012. Meanwhile, net debt increased to 117.7 percent of GDP in 2013, from 114.3 percent in 2012.

Figure 1. Fiscal Performance (2011-2013) – Cash Basis



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

Total revenues grew by a minor LL 37 billion, to reach LL 14,201 billion (20.8 percent of GDP), despite a weakening of both tax and non-tax revenues and due to a rise of treasury receipts.

Tax revenues decreased by LL 71 billion (1 percent) year-on-year, reaching LL 10,116 by end-2013 due to the overall slowdown in economic activity and some change in tax policy:

- *Taxes on international trade* dropped by LL 93 billion (4 percent) to reach LL 2,158 billion in 2013. Excise revenues plunged by LL 114 billion, driven by the LL 121 billion (23 percent) decline in tobacco excises collections (imported quantities of tobacco dropped by 17 percent), following an exceptional LL 111 billion (28 percent) year-on-year increase during 2012. Additionally, gasoline excises decreased by LL 12 billion over the period (imported quantities of gasoline inched down by 3 percent), while car excises improved by LL 20 billion. The drop in excises was somewhat offset by LL 20 billion (3 percent) higher receipts from Customs, owing to a 5 percent growth in non-fuel imports during the period under consideration[2]. It is worth mentioning that imports of "Food products"[3] rose by 4 percent, while "Pharmaceutical products" and "Engines, appliances & other machinery" increased by 12 percent and 13 percent respectively.

[1] The nominal GDP estimate used for 2013 is LL 68,119 billion (IMF, WEO October 2013); this source was also used for the March 2014 Base Prospectus. Nominal GDP in 2012 is estimated at LL 64,752 billion (Central Administration of Statistics, CAS).
[2] Kindly note that fuel imports slumped by 15 percent during Jan-Dec 2013, partly due to inconsistent registrations of EDL fuel oil and gasoil. These imports are however subject to low or zero tariff.
[3] Including live animals, animal products, vegetable products, fats and oils, prepared foodstuffs, beverages and tobacco. some of these categories fall under a protectionist policy, and are subject to higher customs rate.

- *Taxes on income, profits, and capital gains* decreased by LL 14 billion by end-2013 from the LL 2,516 billion recorded in 2012. Income tax on capital gains and dividends dropped by LL 65 billion (22 percent) to LL 231 billion, reflecting the non-recurrent rise of this component in 2012. Income Tax on Profits depleted by LL 32 billion (3 percent) year-on-year to reach LL 974 billion 2013, possibly due to lower company profits in 2012[4]. In contrast, income tax on salaries and wages increased by LL 64 billion (12 percent) to reach LL 587 billion by end-2013, mostly attributed to the increase in private sector wages and the cost of living adjustment in the public sector[5]. Finally, tax on interest income was back on the rise following a LL 5 billion (1 percent) year-on-year decrease during 2012, increasing by LL 13 billion (2 percent) in 2013.

- *Stamp fees* inched down by LL 5 billion (1 percent) to reach LL 473 billion in 2013, compared to LL 478 billion in 2012.

- *Domestic taxes on goods and services* summed up to LL 3,782 billion by end-2013, rising by LL 33 billion annually from the LL 3,749 billion collected in 2012. In detail, VAT revenues grew by LL 20 billion to reach LL 3,296 billion by end 2013; VAT collected internally increased by LL 91 billion, offsetting a LL 71 billion drop in VAT collected at customs - a direct consequence of the Parliament's policy decision to lift VAT on gasoil[6]. Revenues from private car registration and passenger departure tax rose by LL 12 billion and LL 6 billion, respectively.

- *Taxes on property* rose by LL 8 billion to reach LL 1,201 billion by end 2013, as the "Inheritance Tax" increased by LL 24 billion, mainly due to the handling of high value files and the speeding up in collecting pending payments. Similarly, the Built Property Tax increased by LL 8 billion to reach LL 179 billion in 2013. However, these increases were slightly counterbalanced by the LL 23 billion drop in Real Estate Registration Fees, representing a 3 percent decrease in the total value of property sales in 2013 resulting from a 7 percent drop in the number of properties sold.

Non-tax revenues[7] decreased by less than 1 percent (LL 17 billion) to reach LL 3,269 billion in 2013, as transfers from the Telecom surplus remained unchanged over the period, standing at LL 2,156 billion. Major drops in non-tax revenues included: (i) Retirement Deductibles (LL 22 billion), (ii) rent of Rafic Hariri International Airport (by LL 19 billion), (iii) Revenues from Casino du Liban (by LL 11 billion), (iv) National Lottery (LL 11 billion) , and (v) Vehicle Control Fees (by LL 10 billion). Lower collections from the aforementioned items outweighed the higher transfers from Port of Beirut[8], which amounted to LL 30 billion by end- 2013, compared to *nil* in 2012. It is worth mentioning that revenues from Passport Fees also fared better by LL 20 billion.

Treasury receipts increased by LL 125 billion (18 percent) annually to reach LL 816 billion by the end of 2013, mainly as a result of a LL 91 billion rise in "Other Accounts" (*for more information, kindly refer to the August 2013 Public Finance Monitor)*.

Total expenditures scaled up by 2 percent or LL 481 billion, standing at LL 20,563 (30.2 percent of GDP) billion by end-2013 mainly on account of higher interest payments and capital spending.

Current primary expenditures[9] decreased by LL 36 billion to reach LL 11,965 billion in 2013 mainly as a the result of the following combined outcomes:

[4] Kindly note that this tax is collected on the previous year's earnings.
[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] As per Law 207, dated March 5th, 2012.
[7] On cash basis
[8] 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.
[9] Current primary expenditures represent current expenditures excluding interest payment and debt service.

- A LL 132 billion decrease in salaries and wages and related benefits, mainly due to a number of exceptional payments made in 2012, namely (i) the retroactive payment of the exceptional degrees for education personnel as per laws 159 and 102 (LL 144 billion), and (ii) the 1996-1998 retroactive disbursement to military and civil personnel (LL 68 billion).
- An LL 87 billion drop in retirement and end-of-service indemnity due to the combined effect of a LL 183 billion decrease in end-of-service indemnity and a LL 96 billion rise in retirement. The latter grew by 6 percent as a result of (i) the disbursement of the one-time payment of LL 14 billion of 1996-1998 retroactive to military retirees - March 2013; and (ii) the additional 3,000 retirees in 2013 compared to 2012. 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[10].
- A decrease of LL 83 billion in various transfers, mainly due to:

  (i) a LL 353 billion drop in transfers to Electricité du Liban[11], which amounted to LL 3,056 billion in 2013; this improvement took place as average prices of crude oil retracted by 4 percent year-on-year to US$ 109 per barrel, and as a result of the absence of treasury advances during the year (treasury advances to EDL in 2012[12] had amounted to LL 220 billion),

  (ii) a decline of LL 87 billion in transfers to the Higher Relief Council, from LL 195 billion in 2012 to LL 108 billion.

  These decreases were slightly offset by increases in:

  (i) payments to NSSF (LL 150 billion), amounting to LL 250 billion in 2013 compared to LL 100 billion in 2012; partly due to timing of payment *(in 2012 LL 50 billion were paid in June and LL 50 billion were paid in November, whereas in 2013, LL 100 billion were paid in January and LL 150 billion were paid in April)*;

  (ii) contributions to the non-public sector[13] (LL 69 billion) as a result of an increase in the cost per assisted individual, payments relating to different social projects, namely the national project targeting poor families in Lebanon[14] and the project supporting the rights of mentally and physically challenged individuals, and a clearing of the 2012 backlog; and,

  (iii) transfer to the special tribunal for Lebanon amounting to LL 58 billion.
- A LL 151 billion rise in materials and supplies driven by a LL 124 billion increase in medicaments, chiefly attributed to the transfer of a backlog relating to 2012, and an increase in the cost of new medicaments and treatments, which could be partially due to the 4 percent appreciation of the Euro against the US Dollar.
- A growth in other current expenditures by LL 98 billion, mainly caused by a LL 54 billion increase in transfers to hospitals (due to a discrepancy in the timing of payment) and a LL 44 billion increase in the "Others" account, which includes secret expenditures to military personnel and judgements.

Interest payments increased by LL 257 billion to reach LL 5,714 billion in 2013, owing to a LL 249 billion higher interest payments in foreign currency. **Foreign debt principal repayments** amounted to LL 287 billion in 2013, less by LL 8 billion compared to 2012.

Capital expenditures grew by 30 percent or LL 227 billion to reach LL 987 billion in 2013, up from LL 760 billion in 2012, chiefly as a result of:

- An risenof LL 85 billion in Construction in Progress mainly attributed to an increase in the following:

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[10] As per Law 169 dated 29 August 2011, providing military personnel additional incentives for early retirement such as exceptional echelons.

[11] Additional details on EDL transfers in Jan-Dec 2013 will be available in the December issue of Transfers to Electiricité Du Liban, a monthly snapshot.

[12] Treasury transfers to EDL in Jan-Dec 2012 included (i) LL 180 billion representing the first of three payments made on behalf of EDL, for a leasing contract between EDL and Karpowership on two electricity generation barges, and LL 40 billion made to EDL for VAT payments, as per Laws 9094 and 9095, issued in the National Gazette on October 18, 2012.

[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. For further details relating to the reasons behind the increase in this item, please refer to the October 2013 Public Finance Monitor.

[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.

- Payments to CDR by LL 105 billion, due to (i) a LL 90 billion additional payments for the construction of highways in Batroun, Tripoli and Zahrani regions, and different development projects in Beirut and its peripheries, mainly consisting of roads' reconstruction, (ii) a LL 33 billion increase in maintenance payments relating to the Rafic Hariri International Airport (LL 30 billion) and the Lebanese University in Hadath (LL 3 billion), and (iv) LL 21 billion transfer for different types of construction works such as the Olympic Swimming Pool in Naccach (LL 16 billion), and the development of the Lebanese University Faculty of Science in Tripoli (LL 6 billion);
- Transfers to the Ministry of Public Works and Transportation by LL 13 billion and these mainly relate to roads' maintenance and reconstruction; and
- Payments for relief assistance (LL 11 billion), including payments for Syrian refugees and reconstruction of damaged houses following several conflicts that took place in different Lebanese regions.

- An upsurge in maintenance payments by LL 118 billion mostly relating to transfers to the Ministry of Public Works and Transportation for maintenance and restoration of roads, in addition to LL 14 billion to CDR for the maintenance of Rafic Hariri University Campus – Hadath[15].
- Higher payments for "Other Expenditure related to Fixed Capital Assets" (LL 26 billion) mainly due to a LL 25 billion increase in transfers to Export Plus.

Treasury expenditures[16] amounted to LL 1,331 billion by end-2013, up from LL 1,304 billion recorded in 2012, mainly resulting from higher (i) VAT Refunds by LL 62 billion, (ii) deposits by LL 53 billion, and (iii) guarantees by LL 36 billion due to acquisitions relating to the development of a water dam and a lake in the Bekaa region, which amounted to LL 21.5 billion and were 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 78 billion), reaching LL 591 billion in 2013, down from LL 669 billion during 2012.

Gross public debt reached LL 95,692 billion (140.5 percent of GDP) by end-2013, up by 10.0 percent from LL 86,959 billion at end-2012 (134.3 percent of GDP), whereas net debt rose by a lower 8.3 percent as a result of a 20.0 percent jump in public sector deposits. Net debt increased to 117.7 percent of GDP in 2013, from 114.3 percent in 2012.

Local currency debt registered an increase of LL 6,114 billion (12.2 percent) in 2013 to reach LL 56,312 billion, accounting for almost 59 percent of total debt by end-December. This growth reflects a cumulative rollover ratio, or total TB subscriptions over total principal maturities in weekly auctions, of 174 percent by end-2013. Commercial Banks' local currency debt amounted to LL 29,905 billion, increasing by 9.7 percent, while BDL's local currency debt portfolio rose by 14.1 percent to reach LL 17,171 billion. TBs held by public entities climbed by LL 638 billion to reach LL 7,117 billion.

Foreign currency debt reached LL 39,380 billion by the end of 2013, increasing by LL 2,619 billion (7.1 percent) from end-2012, and accounted for around 41 percent of gross public debt. This growth in the stock of foreign currency debt was mainly the result an 11.1 percent increase in the Eurobond portfolio to LL 32,688 billion, following: (i) two Eurobond transactions in April carrying a face value of US$ 1.1 billion each (a market issuance and an FX/LL debt replacement with BDL), (ii) a US$ 600 million market transaction in June, and (iii) a US$ 175 million FX/LL debt replacement transaction with BDL in September. [17] Paris II and Paris III-related debt (Eurobonds and loans) diminished by 20.1 percent and 9.6 percent respectively in 2013, mainly as a result of

[15] As per decree 9892 dated 18 February 2013, the total treasury advance is LL 20.6 billion.

[16] 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.

[17] 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".

amortized principal repayments. Bilateral, multilateral, and foreign private sector loans added LL 3 billion to reach LL 2,588 billion. Special T-bills in foreign currency were up by LL 24 billion from end-2012 at LL 136 billion

Section 1: Revenue Outcome

Table 2. Total Revenues

(LL billion)	2012 Jan-Dec	2013 Jan-Dec	% Change 2013/2012
Budget Revenues, of which	**13,473**	**13,385**	**-0.7%**
Tax Revenues	*10,187*	*10,116*	*-0.7%*
Non-Tax Revenues	*3,286*	*3,269*	*-0.5%*
Treasury Receipts	**691**	**816**	**18.2%**
Total Revenues	**14,164**	**14,201**	**0.3%**

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

Table 3. Tax Revenues

(LL billion)	2012 Jan-Dec	2013 Jan-Dec	% Change 2013/2012
Tax Revenues:	**10,187**	**10,116**	**-0.7%**
Taxes on Income, Profits, & Capital Gains, of which	**2,516**	**2,502**	**-0.6%**
Income Tax on Profits	*1006*	*974*	*-3.2%*
Income Tax on Wages and Salaries	*523*	*587*	*12.3%*
Income Tax on Capital Gains & Dividends	*296*	*231*	*-21.9%*
Tax on Interest Income (5%)	*647*	*660*	*2.0%*
Penalties on Income Tax	*42*	*49*	*15.9%*
Taxes on Property, of which:	**1193**	**1201**	**0.7%**
Built Property Tax	*171*	*179*	*4.7%*
Real Estate Registration Fees	*870*	*847*	*-2.7%*
Domestic Taxes on Goods & Services, of which:	**3,749**	**3,782**	**0.9%**
Value Added Tax	*3,276*	*3,296*	*0.6%*
Other Taxes on Goods and Services, of which:	*364*	*382*	*5.0%*
Private Car Registration Fees	*201*	*213*	*6.1%*
Passenger Departure Tax	*161*	*167*	*3.9%*
Taxes on International Trade, of which:	**2,251**	**2,158**	**-4.2%**
Customs	*796*	*817*	*2.5%*

Excises, of which:	*1,455*	*1,341*	*-7.8%*
Gasoline Excise	*495*	*483*	*-2.5%*
Tobacco Excise	*516*	*395*	*-23.4%*
Cars Excise	*435*	*455*	*4.6%*
Other Tax Revenues (namely fiscal stamp fees)	**478**	**473**	**-1.0%**

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

Table 4. Non-Tax Revenue

(LL billion)	**2012 Jan-Dec**	**2013 Jan-Dec**	**% Change 2013/2012**
Non-Tax Revenues	**3,286**	**3,269**	**-0.5%**
Income from Public Institutions and Government Properties, of which	**2,530**	**2,518**	**-0.5%**
Income from Non-Financial Public Enterprises, of which:	2,355	2,362	0.3%
Revenues from Casino Du Liban	*136*	*125*	*-7.9%*
Revenues from Port of Beirut	*0*	*30*	*-*
Budget Surplus of National Lottery	*61*	*50*	*-18.5%*
Transfer from the Telecom Surplus	*2,156*	*2,156*	*0.0%*
Transfer from Public Financial Institution (BDL)	60	61	1.1%
Property Income (namely rent of Rafic Hariri International Airport)	106	87	-18.1%
Other Income from Public Institutions (interests)	9	8	-13.5%
Administrative Fees & Charges, of which:	**587**	**606**	**3.2%**
Administrative Fees, of which:	482	492	2.1%
Notary Fees	*30*	*30*	*0.8%*
Passport Fees/ Public Security	*120*	*140*	*16.8%*
Vehicle Control Fees	*245*	*235*	*-3.9%*
Judicial Fees	*30*	*25*	*-14.5%*
Driving License Fees	*19*	*19*	*1.0%*
Administrative Charges	26	32	23.8%
Sales (Official Gazette and License Number)	4	3	-17.9%
Permit Fees (mostly work permit fees)	63	65	2.6%
Other Administrative Fees & Charges	12	14	16.8%
Penalties & Confiscations	**10**	**9**	**-14.1%**
Other Non-Tax Revenues (mostly retirement deductibles)	**159**	**136**	**-14.0%**

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

Section 2: Expenditure Outcome

Table 5. Expenditure by Economic Classification

(LL billion)	2012 Jan-Dec	2013 Jan-Dec	% Change
1. Current Expenditures	**17,753**	**17,966**	**1.2%**
1.a Personnel Cost, of which	6,723	6,473	-3.7%
Salaries, Wages and Related Items (Article 13)	*4,409*	*4,276*	*-3.0%*
Retirement and End of Service Compensations, of which:	*1,918*	*1,831*	*-4.5%*
Retirement	*1,487*	*1,583*	*6.5%*
End of Service	*431*	*248*	*-42.5%*
Transfers to Public Institutions to Cover Salaries 1/	*396*	*366*	*-7.6%*
1.b Interest Payments, of which: 2/	5,457	5,714	4.7%
Domestic Interest Payments	*3,333*	*3,341*	*0.2%*
Foreign Interest Payments	*2,124*	*2,373*	*11.7%*
1.c Foreign Debt Principal Repayment	295	287	-2.8%
1.d Materials and Supplies, of which:	305	455	49.5%
Nutrition	*62*	*75*	*21.5%*
Fuel Oil	*40*	*13*	*-67.2%*
Medicaments	*121*	*245*	*102.7%*
Accounting Adjustments for Treasury advances 3/	*38*	*33*	*-13.9%*
1.e External Services	122	153	25.2%
1.f Various Transfers, of which:	4,256	4,173	-2.0%
EDL 4/	*3,408*	*3,056*	*-10.3%*
NSSF	*100*	*250*	*150.0%*
Higher Council of Relief	*195*	*108*	*-44.8%*
Contributions to non-public sectors	*221*	*290*	*31.0%*
Treasury advances for diesel oil subsidy	*19*	*0*	
Transfers to Directorate General of Cereals and Beetroot	*65*	*98*	*51.4%*
Contributions to water authorities	*18*	*12*	*-33.1%*
Special Tribunal for Lebanon	*0*	*58*	
Gasoline subsidy for taxi drivers	*8*	*1*	*-81.9%*
Accounting Adjustments for Treasury advances 3/	*0*	*0*	*52.7%*
1.g Other Current, of which:	404	502	24.3%
Hospitals	*334*	*388*	*16.2%*
Others(judgments & reconciliations, mission costs, other)	*67*	*111*	*66.4%*
Accounting Adjustments for Treasury advances 3/	*1*	*0*	*-90.8%*
1.h Reserves	192	209	9.1%
Interest subsidy	*192*	*209*	*9.1%*
2. Capital Expenditures	**760**	**987**	**29.9%**
2.a Acquisitions of Land, Buildings, for the Construction of Roads, Ports, Airports, and Water Networks	18	14	-22.6%

2.b Equipment	70	75	6.8%
2.c Construction in Progress, of which:	486	571	17.5%
Displaced Fund	*48*	*0*	*-100.0%*
Council of the South	*63*	*37*	*-40.4%*
CDR	*199*	*305*	*52.8%*
Ministry of Public Work and Transport	*127*	*139*	*10.1%*
Other of which:	*40*	*77*	*92.0%*
Higher Council of Relief	*4*	*15*	*282.9%*
2.d Maintenance	180	297	65.6%
2.e Other Expenditures Related to Fixed Capital Assets	3	29	771.6%
2.f Parliamentary Equipment and Maintenance 5/	3	0	
2.g Accounting Adjustments for Treasury advances 3/	0	0	-47.3%
3. Budget Advances 6/	**216**	**233**	**7.8%**
4. Customs Administration (exc. Salaries and Wages) 7/	**42**	**40**	**-4.7%**
5. Treasury Expenditures 8/	**1,304**	**1,331**	**2.0%**
Municipalities	669	591	-11.7%
Guarantees	57	93	63.8%
Deposits 9/	107	160	50.0%
Other, of which:	472	487	3.2%
VAT Refund	*239*	*301*	*26.0%*
6. Unclassified Expenditures	**5**	**5**	2.1%
7. Total Expenditures (Excluding CDR Foreign Financed)	**20,081**	**20,563**	**2.4%**

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/ 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.

5/ *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.*

6/ 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.

7/ Customs administration 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.

8/ 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..

9/Deposit payments are payments made by the treasury to public administrations, institutions, municipalities, funds, from revenues collected by them.

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

(LL billion)	2012 Jan-Dec	2013 Jan-Dec	% Change 2013/2012
Transfer to Council of the South	13	9	-33.6%
Transfer to Council for Development and Reconstruction (CDR)	37	30	-21.0%
Transfer to the Displaced Fund	7	6	-1.8%
Transfer to the Lebanese University	327	304	-7.0%
Transfer to the Educational Center for Research and Development	12	17	40.6%

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

Table 7. Details of Debt Service Transactions

(LL billion)	2012 Jan-Dec	2013 Jan-Dec	% Change 2013/2012
Interest Payments	**5,457**	**5,714**	**4.7%**
Local Currency Debt	3,333	3,341	0.2%
Foreign Currency Debt, of which:	2,124	2,373	11.7%
*Eurobond Coupon Interest**	*2,004*	*2,246*	*12.1%*
*Special bond Coupon Interest**	*5*	*7*	*31.1%*
Concessional Loans Interest Payments	*115*	*120*	*4.5%*
Concessional Loans Principal Repayments	**295**	**287**	**-2.8%**

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

* Includes general expenses related to the transaction

Table 8. Transfers to EDL

(LL billion)	2012 Jan-Dec	2013 Jan-Dec	% Change 2013/2012
EDL *of which:*	**3,408**	**3,056**	**-10.3%**
Debt Service *of which:*	**112**	**65**	**-41.5%**
Reimbursement for purchase of Fuel & Gas Oil:	**3,076**	**2,990**	**-2.8%**
Treasury Advance*	**220**	**0**	**-100.0%**

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

*****Legislated in Laws 9094 and 9095 dated 12/10/2012 for the amounts of LL 40 billion (VAT on Fuel oil) and LL 180 billion (First payment on contract with KARPOWERSHIP for leasing electricity production barges).

Section 3: Public Debt

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

(LL billion)	Dec-10	Dec-11	Dec-12	Dec-13	Change Dec 12 -Dec 13	% Change Dec 12-Dec 13
Gross Public Debt	**79,298**	**80,887**	**86,959**	**95,669**	**8,710**	**10.0%**
Local Currency Debt	**48,255**	**49,340**	**50,198**	**56,303**	**6,105**	**12.2%**
a. Central Bank (Including REPOs	13,130	16,374	15,049	17,171	2,122	14.1%
b. Commercial Banks	27,214	25,177	27,267	29,896	2,629	9.6%
c. Other Local Currency Debt (T-bills), *of which:*	7,911	7,789	7,882	9,236	1,354	17.2%
Public Entities	*6,268*	*6,538*	*6,479*	*7,117*	*638*	*9.8%*
Contractor bonds(1)	*-*	*41*	*134*	*134*	*0*	*0.0%*
** Accrued Interest Included in Debt*	*867*	*788*	*789*	*877*	*88*	*11.2%*
Foreign Currency Debt (2)	**31,043**	**31,547**	**36,761**	**39,366**	**2,605**	**7.1%**
a. Bilateral, Multilateral and Foreign Private Sector Loans	2,624	2,566	2,584	2,574	-11	-0.4%
b. Paris II Related Debt (Eurobonds and Loans)(3)	4,137	3,512	2,925	2,338	-587	-20.1%
c. Paris III Related Debt (Eurobonds and Loans)(4)	1,855	1,723	1,313	1,187	-127	-9.6%
d. Market-Issued Eurobonds	21,870	23,259	29,427	32,688	3,261	11.1%
e. Accrued Interest on Eurobonds	483	407	400	444	44	11.0%
f. Special T-bills in Foreign Currency(5)	74	80	112	136	24	21.4%
Public Sector Deposits	**11,419**	**10,984**	**12,916**	**15,397**	**2,481**	**19.2%**

Net Debt	**67,879**	**69,903**	**74,043**	**80,272**	**6,229**	**8.4%**
Gross Market Debt[(6)]	**51,308**	**50,192**	**58,623**	**65,377**	**6,754**	**11.5%**
% of Total Debt	**65%**	**62%**	**67%**	**68%**	**0**	**1.4%**

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.

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