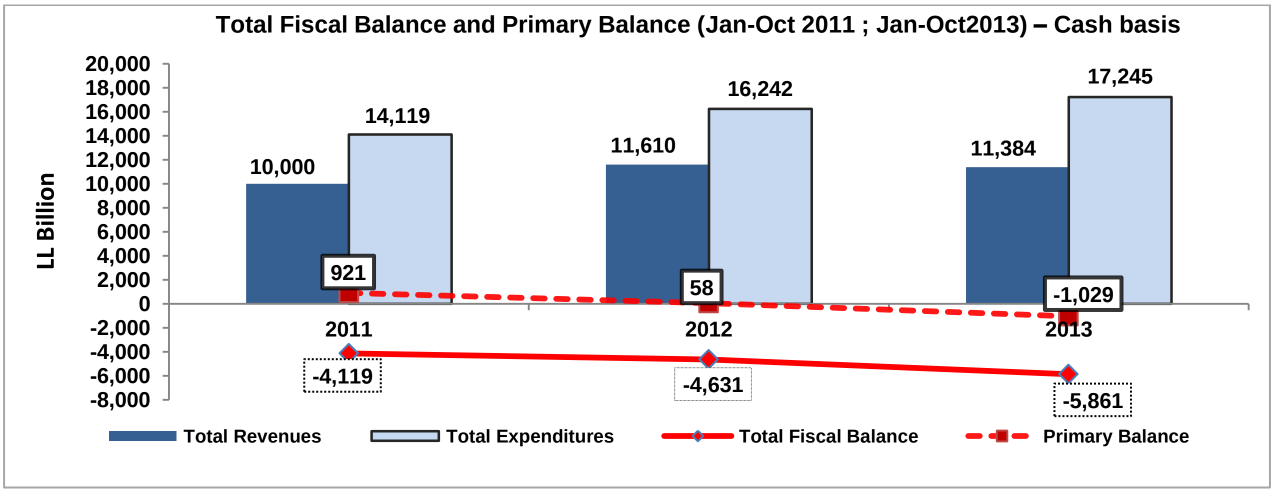
The total fiscal balance recorded a deficit of LL 5,304 billion in the first ten months of 2013, increasing by LL 1,269 billion (31 percent) from the LL 4,035 billion deficit registered in the same period of 2012 (Table 1). Meanwhile, the primary balance reverted to a deficit of LL 472 billion by end-October 2013, from a surplus of LL 654 billion in Jan-Oct 2012. This worsening in public finances mainly resulted from a LL 1,003 billion (6 percent) rise in expenditures and a LL 266 billion (2 percent) decline in revenues.

Table 1. Summary of Fiscal Performance

(LL billion)	2011 Jan-Oct	2012 Jan-Oct	2013 Jan-Oct	% Change 2013/2012
Total Budget and Treasury Receipts[1]	**11,838**	**12,207**	**11,941**	**-2%**
Total Budget and Treasury Payments, of which	**14,119**	**16,242**	**17,245**	**6%**
• *Interest Payments*	*4,752*	*4,440*	*4,589*	*3%*
• *Concessional loans principal payment[2]*	*288*	*249*	*243*	*-2%*
• *Primary Expenditures[3]*	*9,079*	*11,553*	*12,413*	*7%*
Total Deficit/Surplus	**-2,282**	**-4,035**	**-5,304**	**31%**
Primary Deficit/Surplus	**2,758**	**654**	**-472**	**-172%**

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 Jan-Oct 2012 and 2013[1], the fiscal deficit widens from LL 4,631 billion in the first ten months of 2012 to LL 5,861 billion in the same period of 2013. For the same period of time, the primary balance reverted from a surplus of LL 58 billion in 2012, to a deficit of LL 1,029 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-Oct 2012 and Jan-Oct 2013 respectively. Transfer expectations provided by the Telecom Ministry had been LL 1,802 billion in Jan-Oct 2012 and LL 1,529 billion in Jan-Oct 2013.

Total revenues[2] amounted to LL 11,941 billion in Jan-Oct 2013, compared to LL 12,207 billion in the same period in 2012, representing a 2 percent annual decrease. On a cash basis, these revenues declined from LL 11,610 billion in Jan-Oct 2012, to LL 11,384 billion in the same period of 2013.

Tax revenues collected in Jan-Oct 2013 reached LL 8,835 billion, decreasing by around LL 97 billion (1 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 due to the overall slowdown in economic activity and some change in tax policy:

- *Taxes on international trade* dropped by LL 84 billion (4 percent) to reach LL 1,797 billion in Jan-Oct 2013 from LL 1,882 billion in Jan-Oct 2012. In detail, excise revenues declined by LL 111 billion, largely due to a LL 107 billion (25 percent) plunge in tobacco excises (imported quantities of tobacco dropped by 21 percent), following an exceptional LL 102 billion (30 percent) year-on-year increase during Jan-Oct 2012. Moreover, gasoline excises decreased by LL 12 billion over the period (imported quantities of gasoline inched down by 3 percent); offsetting the LL 8 billion increase in car excises. The drop in excises was partially offset by a LL 26 billion (4 percent) higher receipts from Customs, owing to a 6 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 4, 14 and 16 percent over the period under consideration.

- *Taxes on income, profits, and capital gains* declined by LL 13 billion (1 percent) year-on-year to reach LL 2,326 billion in Jan-Oct 2013. Income tax on capital gains and dividends dropped by LL 58 billion (21 percent) to LL 218 billion over the same period, reflecting the non-recurrent rise of this component in Jan-Oct 2012[5]. Income Tax on Profits depleted by LL 32 billion (3 percent) year-on-year to reach LL 946 billion in Jan-Oct 2013, probably owing to lower company profits in 2012[6]. In contrast, income tax on salaries and wages jumped by LL 61 billion (12 percent) to reach LL 569 billion by end-October 2013, mostly attributed to the increase in private sector wages and the cost of living adjustment in the public sector[7]. Finally, tax on interest income was back on the rise following a LL 9 billion (2 percent) year-on-year decrease during Jan-Oct 2012, increasing by LL 13 billion (2 percent) in Jan-Oct 2013.

- *Taxes on property* diminished by LL 9 billion (1 percent) to reach LL 965 billion in the first ten months of 2013, as "Real Estate Registration Fees" dropped by LL 25 billion. Lower real estate registration fees outline a 4 percent decrease in the total value of property sales in Jan-Oct 2013, reflecting a 6 percent lower number of properties sold during the same period. On the more positive side, "Inheritance Tax" increased by 12 percent to reach LL 143 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* decreased by LL 4 billion (1 percent) to reach LL 406 billion in Jan-Oct 2013, compared to LL 410 billion in Jan-Oct 2012.

- *Domestic taxes on goods and services* summed up to LL 3,342 billion in Jan-Oct 2013, increasing by LL 13 billion annually from the LL 3,328 billion collected in the same period of 2012. In detail, private car registration rose by LL 11 billion and passenger departure tax inched up by LL 6 billion from Jan-Oct 2012. Nominal revenues from the value-added tax were almost unchanged, standing at LL 2,928 billion in Jan-Oct 2013, compared to LL 2,926 billion in the same period of 2012; VAT collected internally rose by LL 89 billion,

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[2] On an expected basis

[3] Kindly note that fuel imports slumped by 19 percent during Jan-Oct 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 276 billion in Jan-Oct 2012, from LL 225 billion in Jan-Oct 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.

counterbalancing an LL 86 billion drop in VAT collected at customs - a direct consequence of the Parliament's policy decision to lift VAT on gasoil[8].

Non-tax revenues[9] dropped by LL 298 billion (11 percent) year-on-year, amounting to LL 2,416 billion in Jan-Oct 2013. On a cash basis, non-tax revenues dropped by LL 259 billion (12 percent) to reach LL 1,859 billion as actual transfers from the Telecom surplus dropped to LL 972 billion, from LL 1,206 billion in Jan-Oct 2012, due to a discrepancy in the timing of payments. Other drops in non-tax revenues included: (i) rent of Rafic Hariri International Airport (by LL 24 billion), (ii) vehicle control fees (by LL 15 billion), (iii) Revenues from Casino du Liban (by LL 14 billion), (iv) retirement deductibles (LL 14 billion), and (v) budget surplus of the National Lottery (by LL 11 billion). Lower collections from the aforementioned items outweighed the higher transfers from Port of Beirut[10]**,** which amounted to LL 30 billion by end-Oct 2013, compared to *nil* in same period of 2012. It is worth mentioning that revenues from passport fees also fared better by LL 17 billion, over the period under consideration.

Treasury receipts increased by LL 129 billion (23 percent) annually to reach LL 689 billion in the first ten months of 2013 as a result of rises in "Other Accounts" and "Deposits" by LL 88 billion and LL 19 billion, respectively (*for more information, kindly refer to the August 2013 Public Finance Monitor)*.

Total expenditures recorded a rise of 6 percent or LL 1,003 billion, standing at LL 17,245 billion during Jan-Oct 2013 compared to LL 16,242 billion during the same period of 2012. **Current primary expenditures**[11] climbed by LL 413 billion (4 percent) to reach LL 10,094 billion in Jan-Oct 2013, compared to LL 9,681 billion in 2012, mainly the result of the following:

- A LL 175 billion rise in materials and supplies driven by a LL 146 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.
- An increase of LL 284 billion in various transfers, mainly driven by (i) a LL 200 billion increase in payments to NSSF, amounting to LL 250 billion in Jan-Oct 2013 compared to LL 50 billion in 2012 (due to discrepancies in the timing of annual payments), (ii) a LL 79 billion growth in contributions to non-public sector[12] mostly 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[13] and the project supporting the rights of mentally and physically challenged individuals, 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-Oct 2013 (of which LL 19 billion represent administrative expenses and LL 41 billion correspond to the wheat subsidy) compared to LL 23 billion as a wheat subsidy during Jan-Oct 2012, and (iv) a LL 24 billion payment to IDAL representing administration fees[14] for the years 2010-2013.
- A growth in other current expenditures by LL 140 billion, mainly caused by a LL92 billion increase in transfers to hospitals (discrepancy in the timing of payment) and a LL 49 billion increase in the "Others" account, which includes secret expenditures and judgements.

The above mentioned increases in current primary expenditure were offset by a decline in several accounts, namely the following:

[6] As per Law 207, dated March 5th, 2012.
[9] On an expected basis
[10] 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.
[12] 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.
[13] 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.
[14] Transfers to IDAL classified under Article 14 (various transfers) represent administrative fees, whereas those classified under Article 229 (other expenditures related to fixed capital assets) relate to Export Plus support.

- A LL 131 billion decrease in salaries and wages and related benefits mainly due to a number of exceptional payments during the Jan-Oct 2012 period: (a) the retroactive payment of the exceptional degrees for education personnel as per laws 159 and 102 (LL 120 billion), and (b) the 1996-1998 retroactive disbursement to military and civil personnel (LL 68 billion). If retroactive payments are excluded in both 2012 and 2013, salaries and wages would increase by LL 58 billion year on year during the period Jan-Oct 2013.
- A LL 46 billion drop in retirement and end of service indemnity due to the combined effect of a LL 142 billion decrease in end of service indemnity and a LL 96 billion rise in retirement. The latter grew by 8 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 during Jan-Oct 2013 compared to Jan-Oct 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;
- A LL 113 billion drop in transfers to Electricité du Liban[15], which amounted to LL 2,708 billion in Jan-Oct 2013, mainly due to a 4 percent decline in the average price of crude oil to US$ 109.1 per barrel when energy imports pertaining to Jan-Oct 2013 payments were made.

Interest payments increased by LL 149 billion to reach LL 4,589 billion in Jan-Oct 2013, owing to a LL 136 billion rise in interest payments in foreign currency. **Foreign debt principal repayments** amounted to LL 243 billion in Jan-Oct 2013, less by LL 6 billion compared to the same period in 2012.

Capital expenditures increased by 52 percent or LL 292 billion to reach LL 856 billion in Jan-Oct 2013, up from LL 564 billion in Jan-Oct 2012, chiefly as a result of:

- An increase of LL 101 billion in payments to CDR, namely (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 payment relating to 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).
- Higher spending by LL 30 billion by the Ministry of Public Works and Transportation on roads' maintenance and reconstruction,
- More payments for relief assistance (LL 13 billion), including payments for Syrian refugees[16] and reconstruction of damaged houses following several conflicts that took place in different Lebanese regions, and
- 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[17] amounted to LL 1,214 billion in Jan-Oct 2013, up from LL 1,092 billion recorded in Jan-Oct 2012, or an increase of 11 percent, mainly resulting from higher (i) VAT Refund by LL 79 billion, (ii) deposits by LL 65 billion, and (iii) guarantees by LL 40 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 94,124 billion at end-October 2013, up by 8 percent from LL 86,959 billion at end-2012, whereas Net debt rose by 7 percent due to a 16 percent rise in Public sector deposits.

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

[16] Transfers to HRC to assist Syrian refugees, totaled LL 7 billion during the period Jan-Oct 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).

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

Local currency debt registered an increase of LL 4,197 billion (8.4 percent) in Jan-Oct of 2013 to reach LL 54,395 billion, accounting for almost 58 percent of total debt by end-October. This increase was mostly driven by larger aggregate subscriptions in LL T-bills and bonds needed to finance higher primary deficits (especially given the legal constraints on the FX issuance front). The cumulative rollover ratio, or total TB subscriptions over total principal maturities, reached 163 percent by end-October 2013. BDL's local currency debt portfolio amounted to LL 16,854 billion by end-October, up by LL 1,805 billion (12.0 percent) from end-December, stemming from nearly 13 percent higher T-bills portfolio. Commercial Banks' local currency debt ended October at LL 28,289 billion, compared to LL 27,267 billion as at end-2012, representing almost 4 percent increase, while TBs held by public entities climbed by LL 742 billion (11 percent) to reach LL 7,221 billion.

Foreign currency debt grew by LL 2,968 billion (8.1 percent) from end-2012, amounting to LL 39,729 billion by the end of October 2013, and constituting around 42 percent of gross public debt. This increase mainly resulted from an 11.1 percent increase in the Eurobond portfolio to LL 32,690 billion, following: (i) two Eurobond transactions in April carrying a face value of US$ 1.1 billion each (namely a market issuance and an FX/LL debt replacement with BDL), (ii) a US$ 600 million market transaction in June[18], and (iii) a US$ 175 million FX/LL debt replacement transaction with BDL in September. Paris II and Paris III-related debt (Eurobonds and loans) diminished by 13.1 percent and 9.4 percent respectively in the first ten months of 2013, mainly as a result of amortized principal repayments. Bilateral, multilateral, and foreign private sector loans declined by LL 74 billion to reach LL 2,510 billion. Special T-bills in foreign currency were up by LL 24 billion from end-2012 at LL 136 billion by the end of October, due to the gross issuance of US$ 16,878,370.95 worth of contractor bonds in February 2013.

[18] 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-Oct	2013 Jan-Oct	% Change 2013/2012
Budget Revenues, of which	**11,646**	**11,251**	**-3.4%**
Tax Revenues	*8,932*	*8,835*	*-1.1%*
Non-Tax Revenues	*2,714*	*2,416*	*-11.0%*
Treasury Receipts	**560**	**689**	**23.0%**
Total Revenues	**12,207**	**11,941**	**-2.2%**

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

Table 3. Tax Revenues

(LL billion)	2012 Jan-Oct	2013 Jan-Oct	% Change 2013/2012
Tax Revenues:	**8,932**	**8,835**	**-1.1%**
Taxes on Income, Profits, & Capital Gains, of which	**2,339**	**2,326**	**-0.6%**
Income Tax on Profits	979	946	-3.3%
Income Tax on Wages and Salaries	509	569	11.9%
Income Tax on Capital Gains & Dividends	276	218	-21.0%
Tax on Interest Income (5%)	539	552	2.4%
Penalties on Income Tax	35	39	13.2%
Taxes on Property, of which:	**974**	**965**	**-0.9%**
Built Property Tax	151	152	0.5%
Real Estate Registration Fees	696	670	-3.7%
Domestic Taxes on Goods & Services, of which:	**3,328**	**3,342**	**0.4%**
Value Added Tax	2,926	2,928	0.1%
Other Taxes on Goods and Services, of which:	294	310	5.3%
Private Car Registration Fees	166	177	6.4%
Passenger Departure Tax	126	132	4.4%
Taxes on International Trade, of which:	**1,882**	**1,797**	**-4.5%**
Customs	658	685	4.0%
Excises, of which:	1,223	1,113	-9.0%
Gasoline Excise	416	404	-2.9%
Tobacco Excise	436	329	-24.5%
Cars Excise	364	373	2.3%
Other Tax Revenues (namely fiscal stamp fees)	**410**	**406**	**-1.0%**

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

Table 4. Non-Tax Revenue

(LL billion)	2012 Jan-Oct	2013 Jan-Oct	% Change 2013/2012
Non-Tax Revenues	**2,714**	**2,416**	**-11.0%**
Income from Public Institutions and Government Properties, of which	**2,116**	**1,825**	**-13.8%**
Income from Non-Financial Public Enterprises, of which:	1,974	1,705	-13.6%
Revenues from Casino Du Liban	*118*	*104*	*-11.9%*
Revenues from Port of Beirut	*0*	*30*	-
Budget Surplus of National Lottery	*51*	*40*	*-21.9%*
Transfer from the Telecom Surplus [1/]	*1,802*	*1,529*	*-15.1%*
Transfer from Public Financial Institution (BDL)	60	61	1.1%
Property Income (namely rent of Rafic Hariri International Airport)	78	54	-30.8%
Other Income from Public Institutions (interests)	5	6	14.9%
Administrative Fees & Charges, of which:	**462**	**471**	**1.8%**
Administrative Fees, of which:	380	380	-0.2%
Notary Fees	*25*	*25*	*1.3%*
Passport Fees/ Public Security	*101*	*118*	*16.5%*
Vehicle Control Fees	*182*	*166*	*-8.5%*
Judicial Fees	*25*	*21*	*-17.4%*
Driving License Fees	*16*	*16*	*1.4%*
Administrative Charges	17	23	39.1%
Sales (Official Gazette and License Number)	3	2	-19.5%
Permit Fees (mostly work permit fees)	53	55	3.4%
Other Administrative Fees & Charges	10	11	13.5%
Penalties & Confiscations	**9**	**7**	**-14.1%**
Other Non-Tax Revenues (mostly retirement deductibles)	**127**	**113**	**-11.2%**

Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)
1/Out of the expected LL 1,802 billion in Jan-Oct 2012, LL 1,206 billion was effectively transferred from the Telecom surplus.
Out of the expected LL 1,529 billion in Jan- Oct2013, LL 972 billion was effectively transferred from the Telecom Surplus.

Section 2: Expenditure Outcome

Table 5. Expenditure by Economic Classification

(LL billion)	2012 Jan-Oct	2013 Jan-Oct	% Change 2013/2012
1. Current Expenditures	**14,370**	**14,926**	**3.9%**
1.a Personnel Cost, *of which*	5,562	5,326	-4.2%
Salaries, Wages and Related Items (Article 13)	*3,622*	*3,491*	*-3.6%*
Retirement and End of Service Compensations, of which:	*1,582*	*1,536*	*-2.9%*
Retirement	*1,223*	*1,319*	*7.8%*
End of Service	*359*	*217*	*-39.6%*
Transfers to Public Institutions to Cover Salaries 1/	*358*	*300*	*-16.3%*
1.b Interest Payments, *of which: 2/*	4,440	4,589	3.4%
Domestic Interest Payments	*2,835*	*2,848*	*0.5%*
Foreign Interest Payments	*1,605*	*1,741*	*8.5%*
1.c Foreign Debt Principal Repayment	249	243	-2.5%
1.d Materials and Supplies, *of which:*	229	404	76%
Nutrition	*48*	*61*	*28.1%*
Fuel Oil	*37*	*12*	*-67.9%*
Medicaments	*84*	*230*	*173.1%*
Accounting Adjustments for Treasury advances 3/	*29*	*28*	*-4.3%*
1.e External Services	97	134	37.9%
1.f Various Transfers, *of which:4/*	3,361	3,645	8.4%
EDL 5/	*2,821*	*2,708*	*-4.0%*
NSSF	*50*	*250*	*400.0%*
Higher Council of Relief	*87*	*82*	*-6.0%*
Contributions to non-public sectors	*180*	*259*	*44.0%*
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*	*8*	*-53.1%*
Gasoline subsidy for taxi drivers	*7*	*1*	*-79.5%*
IDAL	*0*	*23*	*-*
1.g Other Current, *of which:*	281	422	49.9%
Hospitals	*228*	*321*	*40.5%*
Others(judgments & reconciliations, mission costs, other)	*51*	*100*	*95.2%*
Accounting Adjustments for Treasury advances 3/	*1*	*0*	*-94.7%*
1.h Reserves	150	163	8.7%
Interest subsidy	*150*	*163*	*8.7%*
2. Capital Expenditures	**564**	**856**	**51.9%**
2.a Acquisitions of Land, Buildings, for the Construction of Roads, Ports, Airports, and Water Networks	0	14	4943.1%
2.b Equipment	51	62	20.6%
2.c Construction in Progress, *of which:*	377	501	33.0%
Displaced Fund	*48*	*0*	-100.0%
Council of the South	*30*	*28*	-8.3%
CDR	*186*	*287*	54.3%
Ministry of Public Work and Transport	*89*	*119*	33.1%
Other of which:	*23*	*58*	156.9%
Higher Council of Relief	*3*	*15*	-
2.d Maintenance	130	251	93.3%
2.e Other Expenditures Related to Fixed Capital Assets	3	29	895.2%
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/	**179**	**208**	**16.3%**
4. Customs Administration (exc. Salaries and Wages) 9/	**36**	**35**	**-1.8%**
5. Treasury Expenditures 10/	**1,092**	**1,214**	**11.1%**
Municipalities	617	584	-5.3%
Guarantees	47	87	85.6%

Deposits 11/	82	147	80.1%
Other, *of which:*	347	396	14.1%
VAT Refund	*192*	*271*	*41.5%*
6. Unclassified Expenditures	**0**	**5**	**1029.5%**
7. Total Expenditures (Excluding CDR Foreign Financed)	**16,242**	**17,245**	**6.2%**

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-Oct	2013 Jan-Oct	% Change 2013/2012
Transfer to Council of the South	6	7	9.7%
Transfer to Council for Development and Reconstruction (CDR)	32	24	-24.3%
Transfer to the Displaced Fund	5	5	8.0%
Transfer to the Lebanese University	307	254	-17.4%
Transfer to the Educational Center for Research and Development	9	11	18.9%

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

Table 7. Details of Debt Service Transactions

(LL billion)	2012 Jan-Oct	2013 Jan-Oct	% Change 2013/2012
Interest Payments	**4,440**	**4,589**	**3.4%**
Local Currency Debt	2,835	2,848	0.5%
Foreign Currency Debt, of which:	1,605	1,741	8.5%
*Eurobond Coupon Interest**	*1,501*	*1,632*	*8.7%*
*Special bond Coupon Interest**	*5*	*6*	*31.7%*
Concessional Loans Interest Payments	*99*	*103*	*3.8%*
Concessional Loans Principal Repayments	**249**	**243**	**-2.5%**

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-Oct	2013 Jan-Oct	% Change 2013/2012
EDL *of which:*	**2,821**	**2,708**	**-4.0%**
Debt Service *of which:*	**107**	**63**	**-40.9%**
- C-Loans, *of which:*	42	33	-19.5%
Principal Repayments	*34*	*28*	*-19.6%*
Interest Payments	*7*	*6*	*-19.0%*
- BDL Guaranteed Loan payments	65	30	-54.5%
Reimbursement for purchase of Natural Gas, Fuel & Gas Oil:	**2,700**	**2,645**	**-2.0%**
- KPC & SPC	2,700	2,645	-2.0%
- EGAS	0	0	0.0%
Treasury Advance to EDL	**14**	**0**	**-**
- For VAT on Fuel Imports	14	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-Oct 2013

(LL billion)	Dec-10	Dec-11	Dec-12	Oct-13	Change Dec 12 -Oct 13	% Change Dec 12-Oct 13
Gross Public Debt	**79,298**	**80,887**	**86,959**	**94,124**	**7,165**	**8.2%**
Local Currency Debt	**48,255**	**49,340**	**50,198**	**54,395**	**4,197**	**8.4%**
a. Central Bank (Including REPOs	13,130	16,374	15,049	16,854	1,805	12.0%
b. Commercial Banks	27,214	25,177	27,267	28,289	1,022	3.7%
c. Other Local Currency Debt (T-bills), *of which:*	7,911	7,789	7,882	9,252	1,370	17.4%
Public Entities	*6,268*	*6,538*	*6,479*	*7,221*	*742*	*11.5%*
Contractor bonds(1)	-	*41*	*134*	*134*	*0*	*0.0%*
** Accrued Interest Included in Debt*	*867*	*788*	*789*	*787*	*-2*	*-0.3%*
Foreign Currency Debt (2)	**31,043**	**31,547**	**36,761**	**39,729**	**2,968**	**8.1%**
a. Bilateral, Multilateral and Foreign Private Sector Loans	2,624	2,566	2,584	2,510	-74	-2.9%
b. Paris II Related Debt (Eurobonds and Loans)(3)	4,137	3,512	2,925	2,540	-385	-13.1%
c. Paris III Related Debt (Eurobonds and Loans)(4)	1,855	1,723	1,313	1,190	-123	-9.4%
d. Market-Issued Eurobonds	21,870	23,259	29,427	32,690	3,263	11.1%
e. Accrued Interest on Eurobonds	483	407	400	663	263	65.8%
f. Special T-bills in Foreign Currency(5)	74	80	112	136	24	21.4%
Public Sector Deposits	**11,419**	**10,984**	**12,916**	**14,989**	**2,073**	**16.0%**
Net Debt	**67,879**	**69,903**	**74,043**	**79,135**	**5,092**	**6.9%**
Gross Market Debt(6)	**51,308**	**50,192**	**58,623**	**63,820**	**5,197**	**8.9%**
% of Total Debt	**65%**	**62%**	**67%**	**68%**	**0.4%**	**0.6%**

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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