

I. Transfers to EDL in 2011

► In May 2011, treasury transfers to EDL reached LL 195 billion, as follows:

⇒ Reimbursement of KPC and Sonatrach	LL 151.4 billion
⇒ Payments to EGAS	LL 41.5 billion
⇒ Debt service	LL 1.7 billion

► In 2011, treasury transfers to EDL reached LL 947 billion, as follows:

⇒ Reimbursement of KPC and Sonatrach	LL 853.3 billion
⇒ Payments to EGAS	LL 54.9 billion
⇒ Debt service	LL 38.4 billion

Table 1: Monthly transfers to EDL in 2011

(LL billion)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
EDL of which:	95	255	154	248	195								947
Debt service, of which:	2.0	14.3	0.5	19.9	1.7								38.4
• C-Loans and Eurobonds, of which:	2.0	14.3	0.5	1.0	1.7								19.4
– Principal payments	1.3	11.6	0.3	0.9	1.3								15.5
– Interest payments	0.7	2.7	0.2	0.1	0.3								3.9
• BDL Guaranteed Loan payments	0.0	0.0	0.0	19.0	0.0								19.0
Reimbursement for purchase of gas and fuel	92.5	240.6	153.6	228.5	192.9								908.2
• KPC & SPC	92.5	240.6	153.6	215.2	151.4								853.3
• EGAS	-	-	-	13.4	41.5								54.9

Source: Ministry of Finance

II. Transfers to EDL in 2011 in comparison with 2010

► Transfers to EDL in 2011 were LL 141 billion higher than the 2010 level

At almost the same level in the first quarter of 2011 compared to the same period of 2010, transfers in the first five months of 2011 registered an amount LL 141 billion higher than that of 2010, which stood at LL 806 billion. This is due to an increase in payments by LL 81 billion for fuel and gas oil purchases and a LL 55 billion payment for natural gas provided by EGAS. Additionally, payments to cover for debt service increased by LL 6 billion over this period.

Table 2: Transfers to EDL

(LL billion)	May 2010	May 2011	2010	2011	Change	% Change
EDL, of which:	155	195	806	947	141	18%
Debt Service, of which:	0	2	33	38	6	17%
• C-Loans and Eurobonds, of which:	0	2	23	19	(3)	-15%
– Principal Repayments	0	1	19	15	(3)	-18%
– Interest Payments	0	0	4	4	(0)	-1%
• BDL-Guaranteed Loan Payments	0	0	10	19	9	89%
Reimbursement for purchase of gas and fuel	155	193	773	908	136	18%
• KPC & SPC	155	151	773	853	81	10%
• EGAS	0	42	0	55	55	-

Source: Ministry of Finance

► *Payments to the two oil suppliers in 2011 were LL 81billion higher than their 2010 level*

The component “Reimbursement of KPC and Sonatrach Agreements” reached LL 853 billion in 2011. The 10 percent increase in payments primarily pertains to two reasons: (a) higher international oil prices associated with the 2011 payments (kindly rephrase – sentence needs clarification) and (b) higher volumes of fuel oil over the period under consideration.

- From a price perspective, the average oil price according to which the 2011 payments were made is 14 percent higher than that pertaining to 2010. In fact, the 2010 payments reflect consumption over the period May 2009 – January 2010, when the international crude oil price averaged US\$ 70 per barrel. The January-May 2011 payments reflect consumption over the period May - December 2010, when crude oil price averaged US\$ 81/barrel.
- From a quantity perspective, payments to the two oil suppliers in 2011 reflect around 9 percent higher quantities of fuel oil, on one hand, and 13 percent lower quantities¹ of gas oil, on the other. Payments for fuel oil in January-May 2011 pertain to quantities consumed between July-December 2010. The associated 9 percent increase is due to the fact that all power plants were operational during that period but were also operating at lower efficiency. The efficiency of power plants has been declining over time. Whereas the lower consumed quantities of gas oil are due to the flow of Egypt’s natural gas in the summer of 2010, which substitutes for gas. In fact, the January-May 2011 payments to KPC, reflect gas oil consumed between June-August 2010, at the time when Lebanon was still receiving natural gas from EGAS. The provision of natural gas stopped in November 2010.

► *Payments to EGAS for provision of natural gas*

Treasury payments to cover for the provision of natural gas amounted to LL 42 billion in May 2011, which constitutes the payment of the last bills sent to the Ministry of Finance by the Ministry of Energy and Water. The May 2011 payment covers for around 5 million MMBTU of natural gas provided over the June-November 2010 period. In sum, the treasury has paid LL 97 billion for natural gas provided by Egypt over the period September 2009-November 2010.

III. Contribution of EDL out of the total oil bill

► *EDL contributed to 7 percent of the total oil bill in 2011*

With a total oil bill of LL 976 billion paid in 2011, of which a treasury payment of LL 908 billion for “Reimbursement of KPC, Sonatrach and EGAS”, EDL contributed 6.9 percent to repaying the two oil suppliers compared to 11 percent contribution in 2010 out of a smaller oil bill of LL 871 billion. The 2010 and 2011 contributions, however, are higher than those of 2008 and 2009, which represented 6.1 percent and 5.7 percent, respectively.

¹ Quantity figures are calculated based on Letters of Credit (LCs) sent by EDL to the Ministry of Finance.