



BUDGET LAW 2003

A BRIEF NOTE

The success of the Paris II meeting held on November 23, 2002, which secured Lebanon with over US\$ 4 billion in low cost funding, has immediately triggered a steady decline in local interest rates and has opened a unique window of opportunity to improve the country's general economic conditions. During the conference, Lebanon presented participants with a medium-term economic program, aimed at decreasing the debt to GDP ratios over the period extending from 2003 to 2007. As such, the cornerstones of the program consist of (a) fiscal discipline and adjustment through a variety of expenditure and revenue measures, (b) debt reduction measures through privatization and securitization transactions, and (c) proceeds from friendly countries obtained at lower costs of funding (compared to Lebanon's traditional borrowing rates). Following the Paris II meeting, capital markets reacted positively with an immediate drop in interest rates, a rise in deposits at commercial banks, an improvement in the secondary market performance of Eurobonds, and an inflow of funds resulting in a substantial improvement in the balance of payments.

Accordingly, after five months of discussions, Parliament ratified the 2003 Budget in a slightly different form than the original proposal. In its resolve to abide by the deficit targets presented at the Paris II conference, the Council of Ministers proposed alternative revenue measures and capital expenditure cuts. Those suggestions were approved by Parliament on January 28, 2003, and the deficit targets of the plan were preserved, with a 7 percentage point reduction in the deficit to GDP and a 4 percentage point increase in the primary budget surplus to GDP¹.

This medium term strategy should in turn reverse debt dynamics, additionally lessening the cost of deficit financing and triggering an increase in economic activity. Ultimately, the objective of the new Budget Law is to achieve continuous and sustainable growth that would positively reflect on fiscal, economic, and social conditions.

The main figures of FY 2003 Budget Law:

In compliance with the deadline stipulated by the Public Finance Law, the FY 2003 budget proposal was distributed to the Council of Ministers on August 25, 2002 and was approved on September 5, 2002. After introducing a number of amendments to the original proposal, which included

¹ As per latest IMF data, GDP 2002 equals LL 26,068 billion, and GDP 2003 equals LL 27,387 billion

administrative reform measures (please refer to information regarding proposed amendments in the document entitled "Budget Proposal 2003 – A Brief Note" on www.finance.gov.lb), Parliament ratified the FY 2003 Budget Law on January 28, 2003, with the following main expenditure and revenue figures:

- ☒ **Budget revenue** is expected to increase from an actual level of LL 5,399 billion in FY 2002 to LL 6,475 billion in the FY 2003 Budget Law (or by 20%), reflecting a rise from an actual level of 21% of GDP in FY 2002 to around 24% of GDP in the FY 2003 Budget Law. This will be accomplished through the introduction of new revenue measures such as the increase in local fixed line phone call and monthly subscription fees, the 5% tax on interest generated income, the decrease in the current VAT threshold, the ratification of the Seashore Violation Law, and the implementation of a Large Tax Payer's unit and a Deduction At Source on Salaries system for better revenue collection. In addition, VAT proceeds will be collected for the full-year, as opposed to 2002 when the VAT Law was only ratified and applied starting February².
- ☒ **Budget expenditure** will decrease from LL 9,375 billion in the FY 2002 Budget Law to LL 8,600 billion in the FY 2003 Budget Law (or by 8%), or from a level of 36% of GDP in the FY 2002 Budget Law to 31% of GDP in the FY 2003 Budget Law, mainly through limiting recurrent (*excluding personnel cost*) and capital spending to their minimum possible levels and decreasing the cost of debt service. While expenditure items of the various public administrations' budgets were reduced and rationalized, the Government increased social spending (consisting of health, education, and other social transfers) by 4% compared to the FY 2002 Budget Law (please refer to Table 6).

Consequently, the **budget deficit** is projected to decrease from LL 3,875 billion in the FY 2002 Budget Law to LL 2,125 billion in the 2003 Budget Law or from 15% of GDP in the 2002 Budget Law to 8% of GDP in the 2003 Budget Law. The **primary budget surplus** (the budget deficit excluding debt service) will, therefore, increase from a level of LL 625 billion in the FY 2002 Budget Law (or around 2% of GDP) to LL 1,875 billion in the FY 2003 Budget Law (or around 7% of GDP) - (please refer to Table 1).

Table 1. Comparison of FY 2002 Budget Law and FY 2003 Budget Law

<i>(LL billion)</i>	2002 Budget Law	2003 Budget Law	Magnitude of change over Budget '02	Percentage of change over Budget '02
Budget Revenue	5,500	6,475	975	18
1. Tax revenue	4,036	4,726	690	17
2. Non-tax revenue	1,464	1,749	285	20
Budget Expenditure	9,375	8,600	(775)	(8)
1. Current expenditure	8,551	8,203	(348)	(4)
a. Debt service bill	4,500	4,000	(500)	(11)
b. Other current	4,051	4,203	152	4
2. Capital expenditure	824	397	(427)	(-52)
Budget Deficit	(3,875)	(2,125)	(1,750)	(-45)
Primary Deficit /Surplus	625	1,875	1,250	200

² For further details, please refer to www.finance.gov.lb

In the absence of data on national accounts, **real growth rate** is estimated to be equivalent to **1.5%-2%** in FY 2003. The **inflation rate** is expected to be 2% under a stable exchange rate and tight monetary policy environment, and **interest rates** are expected to remain relatively stable, after reaching 10 year lows following the Paris II conference on November 23, 2002 (interest rates on Treasury bills of all maturities declined by more than 40%). As a result of the declines, new borrowing will now take place at the new yields, as illustrated in the table below:

Table 2. Comparison of Treasury bill yields (primary market)

	Pre-Paris II	Post-Paris II
3-months Treasury bills	11.18%	6.96%
6-months Treasury bills	12.12%	8.18%
12-months Treasury bills	13.43%	9.13%
24-months Treasury bills	16.64%	9.20%

The same **macroeconomic** assumptions for real growth rate and inflation rate were used to estimate the revenue portion of the FY 2003 Budget Law. Most non-wage related expenditures, on the other hand, were diminished regardless of the rates of inflation and growth.

Main reasons behind the changes in revenue and expenditure:

The FY 2003 Budget Law aims at decreasing the budget deficit by a series of reductions in expenditure and increases in revenue. The main assumptions behind the modifications on the expenditure and revenue fronts are spelled out below:

I. On the budget revenue front:

Budget revenue is expected to amount to LL 6,475 billion, representing an increase of 3% of GDP over the 2002 actual outcome (please refer to Table 3). This increase is primarily attributed to the following factors:

I. a Tax revenue

1. The **tax on income, profits, and capital gains** is expected to amount to LL 1,000 billion, up from LL 727 billion in the FY 2002 actual outcome (representing a 38% increase), and resulting mainly from the following:

- (a) The imposing of a new 5% tax (through Article 51 in the 2003 Budget Law) on interest generating income in all currencies and including non-resident accounts. Specifically, the tax is applicable to interest income, including deposit accounts (current and savings), fund management accounts, Certificates of Deposit, debt securities issued by private sector entities, and Treasury bill accounts. Treasury bills bought before the date of issuance of this law are exempted from this tax, as are accounts opened in the name of the government,

municipalities, public enterprises, and diplomatic and consulate missions. Proceeds from this new tax will be transferred by commercial banks on a monthly basis to the Treasury.

- (b) The improvement in the assessment and expanding of the audit capacity at the Ministry of Finance. This is to be achieved through an increase of capacity at the Revenue Department, and through a centralization of taxpayer's assessment (through Article 44 in the 2003 Budget Law). This article entitles the Minister of Finance to designate different declaration centers for separate income taxes, enabling the Ministry of Finance to allocate a Large Taxpayers Unit (LTU), in order to audit and review large taxpayers' income tax declarations, therefore resulting in better management, service, and efficiency of the system.
- (c) The modernization of the Deduction At Source on Salaries (DASS, Title II of the Income Tax Law) administration by creating a reliable and exhaustive database covering the active and retired labor force in both the private and public sectors. This will also be coupled with an increase in the frequency of the payment of income tax on salaries and wages from semi-annually to quarterly, resulting in lower tax arrears (through Article 21 in the 2003 Budget Law).
- (d) The payment of the outstanding tax regularization dues through installments to be made throughout 2003. The Tax Regularization Law, which was ratified by Parliament end of FY 2001, already resulted in collected proceeds amounting to LL 94 billion during FY 2002. According to the total tax regularization assessment of LL 162 billion, remaining collection dues during FY 2003 should amount to LL 68 billion.

2. The **tax on property** is anticipated to amount to LL 400 billion, up from an actual outcome of LL 300 billion, and representing an increase of LL 100 billion (or by 33%). This increase shall be achieved through:

- (a) The anticipated ratification by Parliament of the Seashore Violations Law, resulting in LL 35 billion in annual rents to be paid by the occupants of the properties. This annual rent payment will only ensue following the enactment of the law.
- (b) The collection of the property tax dues for 1999 and 2000, whose assessment schedules were only issued in 2002. This will result in a LL 23 billion approximate increase in taxes on built property.
- (c) The continued progressive improvement of the property tax revenue already reflected in the 2002 outcome (mainly in registration fees), primarily caused by the new Real Estate Law, which was put into effect in March 2001. This Law has decreased foreigners' real estate registration fees and facilitated the procedures for foreigners to acquire real estate during an improved tourism season, which in turn has also positively affected the real estate sector.

3. **Domestic taxes on goods and services** are expected to amount to LL 2,296 billion, up from LL 2,185 billion, representing a rise of LL 111 billion compared to FY 2002 actual figures, mainly due to the following reasons:

- a) **VAT** is projected to yield an income of LL 1,100 billion, an increase of LL 107 billion (or 10%) compared to FY 2002 year-end outcome, mainly due to (i) the collection of VAT proceeds for the entire FY 2003, compared to the eleven-months collection basis that occurred in 2002, and (ii) the lowering of the mandatory VAT threshold from the current minimum annual turnover of LL 500 million to LL 300 million starting April 2003 (as per Article 22 of the 2003 Budget Law). The threshold is to be further lowered to LL 150 million starting the first of January 2004.
- b) **Excise taxes on gasoline** are expected to yield LL 660 billion in the 2003 Budget Law, compared to the 2002 actual outcome of LL 703 billion, recording a decrease. Indeed,

because the FY 2003 Budget was drafted using the outcome of 7 month figures for 2002, the higher than expected outcome by year-end 2002 comes as a positive and unexpected development which may alter actual FY 2003 year-end outcomes. In turn, this has rendered 2003 Budget Law figures quite conservative and somewhat underestimated. Also, the year-end 2002 higher-than expected outcome was partly due to the switching from the environment-harming diesel fuel that was recently prohibited, and a conversion of most customs duties on gasoline to excises.

- c) **Excise taxes on tobacco products** are expected to amount to LL 160 billion in the 2003 Budget Law, recording a LL 6 billion decrease (or 4%) from the FY 2002 year-end figure of LL 166 billion. This also renders Budget 2003 data quite underestimated since it was based on the 7-month outcome, whereas the year-end turned out to be higher than originally envisaged, partly owing to the shift of customs revenue from tobacco to excise revenue. As a result, FY 2003 eventual outcomes may be altered.
- d) **Excise taxes on cars** are projected to amount to LL 180 billion, recording a LL 29 billion increase (of 19%) over the FY 2002 actual outcome, and representing a return-to-normal level of activity in the car market, following a disruption witnessed in end 2001 and 2002 due to the introduction of the VAT.

4. **Taxes on international trade** (custom tariffs) are anticipated to reach to LL 780 billion, up from LL 596 billion, representing a LL 184 billion increase over the FY 2002 outcome, mainly due to two factors:

- a. The return to a normal level of imports compared to a disruption in 2002 resulting from the introduction of the VAT in February.
- b. The economy's projected nominal growth rate of around 3.5%-4% for FY 2003.

5. **Other tax revenue** is expected to amount to LL 250 billion, rising from LL 189 billion and exhibiting a 32% increase compared to the FY 2002 actual outcome, mainly owing to the following reasons:

- a) Stamp fees are expected to amount to LL 203 billion, up from LL 187 billion, representing a 9% increase over FY 2002 year-end outcome.
- b) Proceeds from the professional tax are projected to amount to LL 45 billion. These payments will be made in 2003 since the deadline for the declaration of the professional flat tax has been postponed until the end of September 2002.

I. b Non-tax revenue

Non-tax revenue is expected to amount to LL 1,749 billion in the FY 2003 Budget, up from LL 1,404 billion in the FY 2002 actual outcome, and representing an increase of LL 345 billion (or 25%), primarily attributed to the following factors:

1. **Income from public institutions and government property** is projected to amount to LL 1,180 billion, up from LL 933 billion, and representing an increase of LL 247 billion over the FY 2002 outcome. This is mainly due to:

- a) Revenue from the surplus of **Post and Telecommunications**' budget is projected to amount to LL 1,050 billion (*LL 654 billion from the fixed line and LL 396 billion from the mobile line*), up from LL 799 billion in the 2002 outcome, and representing an increase of LL 251 billion (or 31%). This is mainly due to: (i) the increase in local fixed line phone call fees

from LL 40 to LL 49 per minute (or by 23%), (ii) the increase in monthly fixed line subscription fees from LL 12,000 to LL 20,000, and (iii) an anticipated increase in the number of fixed line subscribers during 2003 by 100,000 (generating extra revenues of LL 31.5 billion in subscription fees, local call fees, and new services). Transfers from mobile phone operators are based on the assumption of the 20% government share of 2001 revenues (LL 318 billion) compounded by a growth rate of 10.7% during both 2001 and 2002.

- b) Transfers from the Central Bank are projected to amount to LL 20 billion, unchanged from FY 2002 actual outcome.
- c) Revenue from Lottery operations is expected to yield LL 25 billion, representing an LL 3 billion increase (or 14%) over the FY 2002 year-end outcome. This is due to the award of a management and operations contract to a new company, "La Libanaise des Jeux" (LDJ), which was conducted through an international bidding. LDJ is expected to manage the instant lottery and the "lotto". The government's share of gross income from these two operations will amount to 38% and 32%, respectively. On the other hand, the sales and distribution processes of the national lottery will be managed by a Lebanese company, namely "The Traditional Company", where the government's share of gross income will amount to 92%.
- d) Revenue from Beirut International Airport is expected to amount to LL 35 billion, up from LL 33 billion, exhibiting an increase of LL 2 billion (or 6%) over the FY 2002 outcome. This is mainly due to the witnessed enhanced trend in tourism activity and the improvement in aircraft traffic at Beirut International Airport during FY 2002.
- e) Transfers from Casino du Liban are projected to amount to LL 30 billion, slightly lower than the 2002 outcome of LL 34 billion. This is due to the fact that the Budget Law 2003 was drafted using only 7 month figures, and thus reflecting a better than previously expected performance for year-end 2002 and rendering the 2003 Budget rather conservative and underestimated.
- f) Revenue from the Port of Beirut is expected to amount to LL 10 billion, unchanged when compared to the 2002 end-year performance.

2. **Administrative fees and charges** will amount to LL 415 billion, up from LL 373 billion, recording an increase of LL 42 billion (or by 11%) over the FY 2002 actual outcome, mainly due to:

- a. Road usage fees ("mecanique") are expected to amount to LL 175 billion compared to LL 129 billion in the FY 2002 year-end outcome, and representing an increase of LL 46 billion (36%), which is directly a result of the increase in the rate of road usage fees as per "Schedule number 9" in the FY 2003 Budget Law.
- b. Work permit fees, judicial fees, notary fees, and driving license fees are all expected to amount to LL 86 billion, rising from LL 84 billion, and representing a LL 2 billion increase (or 2%) over the FY 2002 outcome.
- c. Passport fees are expected to rise from LL 93 billion to LL 100 billion in the FY 2003 Budget Law, marking an 8% increase from FY 2002 year-end outcome.

3. **Revenues from penalties and confiscations** are expected to amount to LL 27 billion in the FY 2003 Budget Law compared to LL 22 billion for the FY 2002 figures, representing an increase of LL 5 billion (or 19%).

4. **Other non-tax revenue** is projected to yield LL 127 billion in the FY 2003 Budget, up from LL 75 billion, and exhibiting a LL 52 billion increase over the FY 2002 outcome mainly due to the anticipated LL 45 billion in proceeds coming from penalties from the Seashore Violation Bill, and the increase in retirement deductibles from LL 73 billion in FY year-end 2002, to LL 75 billion in 2003 Budget Law.

Table 3. Actual FY 2002 versus FY 2003 Budget Law – Revenue Classification

<i>(LL billion)</i>	Actual Outcome 2002	2003 Budget Law	Magnitude of change over Budget '02	Percentage of change over actual '02
Tax Revenue	3,997	4,726	730	18
1. Tax on income, profits & capital gains	727	1,000	273	38
2. Tax on property	300	400	100	33
3. Domestic tax on goods & services	2,185	2,296	111	5
4. Tax on international trade	596	780	184	31
5. Other tax revenue	189	250	61	32
Non-tax Revenue	1,403	1,749	346	25
1. Income from public institutions & government property	933	1,180	247	26
2. Administrative fees & charges	373	415	42	11
3. Penalties & confiscations	22	27	5	23
4. Other non-tax revenue	75	127	52	69
Grand Total	5,399	6,475	1,076	20

II. On the budget expenditure front (please refer to tables 1 and 4):

Budget expenditure is expected to amount to LL 8,600 billion compared to LL 9,375 billion in the FY 2002 Budget Law, representing a decrease of LL 775 billion. When measured excluding debt service, current expenditures are expected to amount to LL 4,203 billion compared to LL 4,051 billion in the FY 2002 Budget Law, representing a 4% increase. This is due to a LL 100 billion increase in retirement and end of service indemnities, and a LL 117 billion increase in wages, salaries, and related benefits.

Debt service expenditures are expected to amount to LL 4,000 billion in the FY 2003 Budget Law compared to LL 4,500 billion in the FY 2002 Budget Law. In addition to the LL 500 billion cut in debt service expenditures, capital expenditures were reduced by LL 427 billion in the FY 2003 Budget Law, from LL 824 billion in the 2002 Budget Law to LL 397 billion.

Table 4. FY 2002 Budget Law versus FY 2003 Budget Law - Economic Classification of Expenditures

Code	(LL billion)	2002 Budget Law	2003 Budget Law	Magnitude of change over Budget '02	Percentage of change over Budget '02
11	Materials and supplies	132	124	(8)	(6)
12	External services	112	105	(7)	(6)
13	Salaries and wages	2,062	2,179	117	6
14	Subsidies and transfers	1,397	1,471	74	5
16	Other expenses	245	239	(6)	(2)
17	Interest payments and financial charges	4,500	4,000	(500)	(11)
18	Unallocated general reserves	103	86	(17)	(16)
	Total Current Expenditures (including debt service)	8,551	8,203	(347)	(4)
	Total Current Expenditures (excluding debt service)	4,051	4,203	152	4
221	Acquisitions of land	0.43	0.13	0.30	(71)
222	Acquisitions of buildings	2.55	0.50	(2.05)	(80)
223	Acquisitions for the construction of roads, ports, and airports	2.76	2.15	(0.61)	(22)
224	Acquisitions for the construction of water networks	8.29	5.00	(3.29)	(40)
226	Equipment	38.67	40.87	2.2	6
227	Construction in progress	677.2	260.8	(416.4)	(62)
228	Maintenance	63.65	51.72	(11.93)	(19)
229	Other expenditures related to fixed capital assets	30.40	35.43	5.03	17
	Total Capital Expenditures	824	397	(427)	(52)
	Grand Total	9,375	8,600	(775)	(8)

1. **Materials and supplies** are expected to amount to LL 124 billion in the FY 2003 Budget Law, down from LL 132 billion in the FY 2002 Budget Law, mainly due to the following:

- a. A decrease of 12% in administrative overhead,
- b. A decline of 10% in transportation costs, and
- c. A decrease of 23% in the cost of uniforms.

2. **External services** (rents, postal services, insurance, advertisement & public relations) are projected to amount to LL 105 billion in the 2003 Budget, compared to LL 112 billion in the FY 2002 Budget Law, and exhibiting a 7% decrease mainly due to the decrease in the cost of advertising, publications, and public relations, and an 8% drop in office rents.

3. **Wages, salaries, and related benefits** (please refer to Table 5) are anticipated to amount to LL 2,178 billion in the 2003 Budget Law, up from LL 2,061 billion in the 2002 Budget Law, mainly due to the following reasons:

- a) The enlistment of 2,000 new recruits into Internal Security Forces in mid 2002, resulting in a LL 12 billion (or 5%) increase in the cost of wages, salaries, and related benefits of the Internal Security Forces.
- b) The rise in the cost of teachers' salaries and wages caused by the expected conversion of the contracts of a group of teachers from short-term to permanent (the resulting impact amounts to LL 20 billion).
- c) The early implementation of a law adjusting the grade level of teachers (based on qualifications) and resulting in salary increases. The law, which is being implemented a year before its premeditated date (2004) is retroactive, with compensation from mid-2001 applying to the FY 2003 Budget. Expenditures related to this item will entail additional outlays of LL 50 billion for FY 2003.
- d) The rise in the Government's contribution to the Public Employees' Cooperative by LL 10 billion.

Table 5. FY 2002 Budget Law versus FY 2003 Budget Law - Personnel Cost Details

<i>(LL billion)</i>	2002 Budget Law	2003 Budget Law	Magnitude of change over '02 Budget	Percentage change over '02 Budget
Personnel Cost	3,155	3,365	210	7
1. Wages, salaries, and related benefits (Article 13)	2,061	2,178	117	6
2. Transfers for personnel cost (from Article 14)	194	187	(7)	(4)
-Transfers to Council of the South	6	6	0	0
-Transfers to CDR	12	21	9	75
-Transfers to Displaced Fund	7	6	(1)	(14)
-Transfers to Lebanese University	159	147	(12)	(8)
-Transfers to the educational center of R&D	10	7	(3)	(30)
3. Retirement and end of service (from Article 14)	900	1,000	100	11
- End of service indemnities	300	350	50	17
- Retirement wages	600	650	50	8

4. **Subsidies and transfers** are expected to amount to LL 1,471 billion in the FY 2003 Budget Law, up from LL 1,397 billion in the FY 2002 Budget Law, and representing an increase of 5%. This increase is mainly due to the LL 100 billion rise in retirement pensions, and the increase in the contribution to social security, from LL 20 billion in FY 2002 to LL 50 billion in the FY 2003 Budget Law (a LL 30 billion increase).

5. **Other current expenditures** are expected to amount to LL 239 billion, compared to LL 245 billion in the FY 2002 Budget Law, exhibiting a LL 6 billion decrease, mainly due to the decline in allocations for delegations and conferences.

6. **Interest payments** are expected to amount to LL 4,000 billion in the new Budget Law, decreasing from LL 4,500 billion in the FY 2002 Budget Law, due to the following reasons:

- a) The interest rate declines resulting from the success of the Paris II conference.
- b) The impact of the LL 1,875 billion primary budget surplus on interest rates and on economic activity.
- c) The effect of the anticipated privatization of utilities such as the ongoing privatization of the telecom sector.
- d) The potential utilization of certain advanced financing techniques such as securitization, privatization bonds, and Islamic "sukuks".

7. **Capital expenditure** is to decrease from LL 824 billion in the FY 2002 Budget Law to LL 397 billion in the 2003 Budget Law. Broken down into its components, capital expenditures part II (a) (mainly maintenance and equipment) decreased by LL 156 billion, from LL 391 billion in the FY 2002 Budget Law to LL 235 billion in the FY 2003 Budget Law. The second part of capital expenditures, part II (b), (medium-term investment projects) also decreased by LL 271 billion, from LL 433 billion in the FY 2002 Budget Law to LL 162 billion in the FY 2003 Budget Law. As part of this process, capital spending of various entities such as the Council for Development and Reconstruction, the Displaced Fund, and the Council of the South were affected (please refer to Table 6).

Table 6. FY 2002 Budget Law versus FY 2003 Budget Law– Allocations to Main Councils and Funds*

<i>(LL billion)</i>	2002 Budget Law	2003 Budget Law	Magnitude of change over '02 Budget	Percentage change over '02 Budget
Council for Development and Reconstruction	353	148	(205)	(58)
Council of the South	155	21	(134)	(86)
Displaced Fund	67	21	(46)	(69)
Grand Total	575	190	(385)	(67)

*Figures include administrative budgets which amount to LL 21 billion for the CDR, and LL 6 billion each for the Council of the South and Displaced Fund in the 2003 Budget Law.

As noted so far, streamlining expenditures has affected all administrations, councils, and funds, while social spending recorded a 4% increase compared to FY 2002 Budget Law (please refer to Table 7).

Table 7. FY 2002 Budget Law versus the FY 2003 Budget Law – Main Social Expenditure

<i>(LL billion)</i>	2002 Budget Law	2003 Budget Law	Magnitude of change over '02 budget	Percentage change over '02 budget
Health				
Hospitalization in the private sector	212	212	0	0
Purchase of medication	42	42	0	0
Hospitalization of public sector employees in the private sector	76	73	(3)	(4)
Maternity and sickness allowance	15	13	(2)	(13)
Other	52	47	(5)	(9)
Sub-Total	397	387	(10)	(3)
Education				
Ministry of Education and Higher Learning	792	810	18	2
Education allowance in private sector	102	95	(7)	(7)
Sub-Total	894	905	11	1
Other social spending				
Ministry of Social Affairs	106	100	(6)	(6)
Ministry of Displaced	7	6	(1)	(14)
Transfers to employees' cooperative	135	135	0	0
Pensions	900	1,000	100	11
NSSF	50	50	0	0
Sub-Total	1,198	1,291	93	8
Grand-Total	2,489	2,583	94	4

III. Treasury expenditure and revenue

Treasury revenues are expected to amount to LL 400 billion, while **treasury expenditures** are projected to amount to LL 800 billion in the FY 2003 Budget Law.