

Fiscal Performance Report for the Month of August 2000

Overall budget and treasury performance

The negative developments in the treasury operations were offset by an improvement in budgetary operations, leading to a decrease in the ratio of the total deficit (budget + treasury) to total expenditures from 60% and 55.4% in June and July 2000 respectively, to 37% in August 2000. As for the ratio for the first 8 months in 2000, it decreased from 53.4% to 51%. The Ministry of Finance expects this trend in the total deficit to persist due to the positive developments expected to continue in the budget operations and especially on the revenue side.

Budget operations

A. The budget deficit

The budget deficit as of the end of August, decreased from 26.9% to 23.9% of budget expenditures, with the Ministry of Finance expecting this decreasing trend to continue in the coming months. As a result of these developments, the primary surplus amounted to LL142 billion, increasing from 5.40% of budget expenditures in August 1999 to 22.23% of budget expenditures in August of this year.

B. Detailed performance of budget revenues

Budget revenues for August 2000 amounted to LL 493.5 billion compared to LL 372.6 billion in August 1999. The lengthening exemption period from penalties set by Parliament, and especially law No. 218 that had made possible to defer tax payments till the end of August 2000 without bearing any penalty had, for the first seven months of the year, a large negative impact on revenues operations. The expiration of this period provided the treasury with long awaited revenues. As a result, budget deficit in August was 23% of budget expenditures compared to 53% and 52% in June and July 2000 respectively, and 27% in August 1999.

It is also worth noting, that budget revenues as of the end of August 2000 increased by 4.2% when compared to the same period of last year, despite all the negative factors that were in place and that were specified in previous fiscal performance reports.

Treasury Operations

As for treasury operations, Electricité du Liban (EDL) once more withdrew an amount of LL 172.5 billion to finance its deficit, debt service, and fuel purchases. The total amount of transfers to EDL since the beginning of the year amounted to LL 348.3 billion, this in addition to LL 190 billion transferred from the treasury to municipalities. Due to these developments, LL 1,305 billion was transferred this year compared to LL 808 billion for the same period of last year, representing an increase of 19%.

Summary of Fiscal Performance August 1999-2000

(In million of L.L.)

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	Aug -99	Aug -00	Jan - Aug '99	Jan - Aug '00	Difference	% Change
1. Budget Transactions						
1.1 Revenues	372,562	493,512	2,690,359	2,802,351	111,992	4.16 %
1.1.1 Tax Revenues	274,779	393,493	2,140,990	2,066,228	-74,762	-3.49 %
<i>of which customs revenues *</i>	195,213	167,715	1,313,642	1,184,616	-129,026	-9.82 %
1.1.2 Non - Tax Revenues	97,783	100,019	549,369	736,123	186,754	33.99 %
1.2 Expenditures	509,857	640,998	4,280,862	4,991,731	710,869	16.61 %
1.2.1 Expenditures excluding debt service	342,013	351,049	2,031,281	2,374,216	342,935	16.88 %
1.2.2 Debt Service	167,844	289,949	2,249,581	2,617,515	367,934	16.36 %
1.2.1.1 Domestic Debt	160,900	283,481	1,996,100	2,287,627	291,527	14.60 %
1.2.1.2 Foreign Debt	6,944	6,468	253,481	329,888	76,407	30.14 %
Budget Total Deficit /Surplus	-137,295	-147,486	-1,590,503	-2,189,380	-598,877	
In % of total expenditure	-26.93 %	-23.01 %	-37.15 %	-43.86 %		
Budget Primary Deficit /Surplus	30,549	142,463	659,078	428,135	-230,943	
In % of total budget expenditure	5.99 %	22.23 %	15.40 %	8.58 %		
2. Treasury Transactions						
2.1 Receipts	43,858	75,643	272,130	281,662	9,532	
2.1.1 Trust accounts / guarantees	5,289	17,440	48,248	73,166	24,918	
2.1.2 Municipalities	32,597	14,673	160,984	117,580	-43,404	
2.1.3 Deposits	854	980	10,897	7,573	-3,324	
2.1.4 Other	5,118	42,550	52,001	83,343	31,342	
2.2 Payments	59,217	258,152	808,566	1,305,519	496,953	
2.2.1 Trust accounts /Guarantees	17,633	215,210	110,252	330,084	219,832	
2.2.2 Municipalities	1,592	9,382	66,820	189,489	122,669	
2.2.3 Deposits	11,152	4,952	100,924	65,621	-35,303	
2.2.4 Expenditures from previous years appropriations	348	980	203,333	210,092	6,759	
2.2.5 Expenditures from previous years /Guarantees	24,738	13,271	238,138	317,238	79,100	
2.2.6 Other	3,754	14,357	89,099	192,995	103,896	
Total Treasury Deficit /Surplus	-15,359	-182,509	-536,436	-1,023,857	-487,421	
In % of total treasury expenditure	-25.94 %	-70.70 %	-66.34 %	-78.43 %		
3. Total Budget and Treasury Receipts	416,420	569,155	2,962,489	3,084,013	121,524	4.10 %
4. Total Cash Budget and Treasury Payments	569,074	899,150	5,089,428	6,297,250	1,207,822	23.73 %
5. Total Cash Deficit /Surplus	-152,654	-329,995	-2,126,939	-3,213,237	-1,086,298	
In % of Total Expenditures	-26.82 %	-36.70 %	-41.79 %	-51.03 %		

* Receipts from excise taxes are included within customs revenues for comparative reasons