

Republic of Lebanon

Ministry of Finance

Fiscal Performance Report for December 2001

Overall fiscal performance - budgetary and treasury operations

Total expenditures (budgetary and treasury) in 2001 amounted to LL 8,878 billion compared to LL 10,622 billion in 2000, indicating a decrease of LL 1,744 billion. Total revenues amounted to LL 4,650 billion in 2001, compared to LL 4,750 billion in 2000, indicating a decrease of LL 100 billion. The total deficit for 2001 amounted to LL 4,228 billion, equivalent to 47.63% of total expenditures, compared to a deficit of LL 5,872 billion or 55.28% of total expenditures in 2000, representing an decrease of LL 1,644 billion. The total primary surplus in 2001 amounted to LL 83 billion compared to a total primary deficit of LL 1,675 billion in the corresponding period in 2000.

Budget operations

On the budget execution front, budget expenditures in 2001 amounted to LL 7,748 billion, compared to LL 8,387 billion, indicating a decrease of LL 639 billion, or LL 753 billion when debt service is excluded. Budget revenues, on the other hand, amounted to LL 4,291 billion in 2001 compared to LL 4,190 billion last year, indicating an increase of LL 101 billion. This increase in budget revenues was attained despite the decreases in the custom revenues in 2001 by LL 119 billion, indicating an increase in tax and non-tax revenues (other than customs revenues) by LL 219 billion when compared to the results achieved in 2000.

It is noteworthy that the LL 119 billion decrease in customs revenues is much less than what was anticipated when the large cuts in custom tariffs on primary and intermediary goods were introduced by the end of 2000. This is clearly evident in the improvement in external trade levels, which in turn positively impacted outcome of customs revenues.

Consequently, the budget deficit outcome for 2001 amounted to LL 3,457 billion, equivalent to 44.62% of budget expenditures, compared to LL 4,197 billion, or 50.04% of budget expenditures last year. Moreover, the primary surplus in the budget execution for 2001 amounted to LL 854 billion compared with a primary surplus of only LL 151 million in 2000, hence resulting in a net increase of LL 854 billion.

Treasury operations

The deficit resulting from treasury operations for the period January - December 2001 amounted to LL 771 billion, equivalent to 68.24% of treasury expenditures, compared to a deficit of LL 1,675 billion or 74.95% of treasury expenditures for the same period last year.

Finally, both the budget deficit, equivalent to 44.63% of budget expenditures, and the overall deficit, equivalent to 47.63% of total expenditures, were less than the deficit of 50.05% that was accounted for in Budget Law 2001.

Summary of Fiscal Performance December 2000-2001						
(LL million)						
	Dec-00	Dec-01	Jan-Dec 00	Jan-Dec 01	Change	% Change
1. Budget Transactions						
1.1 Revenues	295,405	483,544	4,189,978	4,290,964	100,986	2.41%
1.1.1 Tax Revenues	178,698	335,772	2,938,014	2,962,770	24,756	0.84%
of which customs revenues*	102,598	169,516	1,745,965	1,627,336	-118,629	-6.79%
1.1.2 Non-Tax Revenues	116,707	147,772	1,251,964	1,328,194	76,230	6.09%
1.2 Expenditures	1,039,645	593,080	8,387,241	7,748,258	-638,983	-7.62%
1.2.1 Expenditures excluding debt service	735,525	231,371	4,189,827	3,436,683	-753,144	-17.98%
1.2.2 Debt Service	304,120	361,709	4,197,414	4,311,575	114,161	2.72%
1.2.1.1 Domestic Debt	261,349	265,400	3,572,320	3,470,000	-102,320	-2.86%
1.2.1.2 Foreign Debt	42,771	96,309	625,094	841,575	216,481	34.63%
Budget Total Deficit/Surplus	-744,240	-109,536	-4,197,263	-3,457,294	739,969	
In % of total budget expenditures	-71.59%	-18.47%	-50.04%	-44.62%		
Budget Primary Deficit/Surplus	-440,120	252,173	151	854,281	854,130	
In % of total budget expenditures	-42.33%	42.52%	0.00%	11.03%		
2. Treasury Transactions						
2.1 Receipts	73,913	41,126	559,651	358,786	-200,865	
2.1.1 Trust accounts / guarantees	5,539	13,885	105,784	74,165	-31,619	
2.1.2 Municipalities	9,489	14,355	200,206	163,143	-37,063	
2.1.3 Deposits	2,541	984	51,158	60,873	9,715	
2.1.4 Other	56,344	11,902	202,503	60,605	-141,898	
2.2 Payments	562,474	253,032	2,234,423	1,129,752	-1,104,671	
2.2.1 Trust accounts/Guarantees	146,271	6,983	690,547	306,102	-384,445	

2.2.2 Municipalities	159,982	11,352	434,224	110,417	-323,807	
2.2.3 Deposits	11,747	10,830	99,754	108,622	8,868	
2.2.4 Expenditures from previous years appropriations	152,717	154,556	363,538	206,918	-156,620	
2.2.5 Expenditures from previous years/Guarantees	28,241	2,095	373,975	144,923	-229,052	
2.2.6 Other	63,516	67,216	272,385	252,770	-19,615	
Total Treasury Deficit/Surplus	-488,561	-211,906	-1,674,772	-770,966	903,806	
In % of total treasury expenditure	-86.86%	-83.75%	-74.95%	-68.24%		
3. Total Budget and Treasury Receipts	369,318	524,670	4,749,629	4,649,750	-99,879	-2.10%
4. Total Cash Budget and Treasury Payments	1,602,119	846,112	10,621,664	8,878,010	-1,743,654	-16.42%
5. Total Cash Deficit/Surplus	-1,232,801	-321,442	-5,872,035	-4,228,260	1,643,775	
In % of Total Expenditures	-76.95%	-37.99%	-55.28%	-47.63%		
6. Total Primary Deficit/Surplus	-928,681	40,267	-1,674,621	83,315	1,757,936	
In % of total expenditures	-57.97%	4.76%	-15.77%	0.94%		
* Receipts from excise taxes are included within customs revenues for comparative reasons						