

**Republic of Lebanon**  
**Ministry of Finance**

**Fiscal Performance Report for July 2002**

Overall fiscal performance - budgetary and treasury operations

Total expenditures (budgetary and treasury) for the period Jan – July 2002 amounted to LL 5,614 billion, compared to LL 4,753 billion during the same period last year, indicating an increase of LL 861 billion or 18.1%. The total deficit since the beginning of the year amounted to LL 2,184 billion, equivalent to 38.9 % of total expenditures compared to LL 2,140 billion or 45.02% during the same period in 2001. The total primary surplus, hence amounted to LL 371 billion during Jan – July 2002 compared to LL 186 billion during the same period last year, despite the LL 632 billion increase in expenditures (excluding debt service) during Jan-July 2002.

Budget operations

The budget deficit for Jan –July 2002 amounted to LL 1,382 billion, equivalent to 30.31 % of budget expenditures compared to LL 1,788 billion or 42.56% during Jan – July 2001. In addition, the budget primary surplus increased by 117.6 % amounting to LL 1,173 million compared to a primary surplus of LL 539 billion during the same period last year.

As for budget revenue during the first seven months of 2002, it increased by LL 766 billion, of which LL 755 billion or 31.77 % is due to the increase in tax revenue compared to the same period last year. This increase was partly due to the introduction of the VAT (LL 517 billion), whereas the remaining amount (LL 249 billion) was due to enhancement in tax collection. This enhancement could be distributed as follows: 1) LL 177 billion was due to the increase in income tax collection including tax regularization, 2) taxes on property equivalent to LL 38 billion, 3) custom revenue equivalent to LL 47 billion. On the other hand, non-tax revenue during the first seven months of the year increased by LL 11 billion compared to the same period last year.

Treasury operations

As for treasury operations during the period Jan –July 2002, they resulted in a deficit of LL 802 billion, equivalent to 76.06 % of treasury expenditures compared to LL 353 billion, or 63.69% during the same period in 2001.

Note:

Budget revenues and expenditures are not equally distributed among the months of the year. Therefore, upon the execution of the budget, revenue and expenditure figures from both the budget and treasury accounts will differ among the months of the year and with it the deficit ratio and amount.

## Summary of Fiscal Performance July 2002

Republic of Lebanon - Ministry of Finance

(In million of L.L.)	Jul-01	Jul -02	Jan- Jul 2001	Jan- Jul 2002	Change	% Change
<b>1. Budget Transactions</b>						
<b>1.1 Revenues</b>	<b>327,939</b>	<b>560,872</b>	<b>2,411,583</b>	<b>3,177,736</b>	<b>766,153</b>	<b>31.77%</b>
1.1.1 Tax Revenues	262,189	463,372	1,692,058	2,446,907	754,849	44.61%
<i>of which customs revenue*</i>	130,270	155,007	868,060	915,365	47,305	5.45%
<i>of which VAT revenue</i>		161,756	0	516,943	516,943	
1.1.2 Non-Tax Revenues	65,750	97,500	719,525	730,829	11,304	1.57%
<b>1.2 Expenditures</b>	<b>660,361</b>	<b>734,110</b>	<b>4,198,416</b>	<b>4,559,945</b>	<b>361,529</b>	<b>8.61%</b>
1.2.1 Expenditures excluding debt service	334,198	436,844	1,872,579	2,005,017	132,438	7.07%
1.2.2 Debt Service	326,163	297,266	2,325,837	2,554,928	229,091	9.85%
1.2.1.1 Domestic Debt	317,700	285,800	2,000,195	1,935,700	-64,495	-3.22%
1.2.1.2 Foreign Debt	8,463	11,466	325,642	619,228	302,049	95.23%
<b>Budget Total Deficit/Surplus</b>	<b>-332,422</b>	<b>-173,238</b>	<b>-1,786,833</b>	<b>-1,382,209</b>	<b>404,624</b>	
<b>In % of total budget expenditures</b>	<b>-50.34%</b>	<b>-23.60%</b>	<b>-42.56%</b>	<b>-30.31%</b>		
<b>Budget Primary Deficit/Surplus</b>	<b>-6,259</b>	<b>124,028</b>	<b>539,004</b>	<b>1,172,719</b>	<b>633,715</b>	
<b>In % of total budget expenditures</b>	<b>-0.95%</b>	<b>16.90%</b>	<b>12.84%</b>	<b>25.72%</b>		
<b>2. Treasury Transactions</b>						
<b>2.1 Receipts</b>	<b>34,440</b>	<b>46,823</b>	<b>201,324</b>	<b>252,336</b>	<b>51,012</b>	
2.1.1 Trust accounts / guarantees	4,253	12,768	37,935	68,556	30,621	
2.1.2 Municipalities	11,188	23,040	86,721	80,959	-5,762	
2.1.3 Deposits	13,337	4,746	41,644	37,152	-4,492	
2.1.4 Other	5,662	6,269	35,024	65,669	30,645	
<b>2.2 Payments</b>	<b>82,640</b>	<b>117,436</b>	<b>554,419</b>	<b>1,053,869</b>	<b>499,450</b>	
2.2.1 Trust accounts/Guarantees	12,535	60,597	259,689	143,453	-116,236	
2.2.2 Municipalities	1,549	10,801	12,775	221,455	208,680	
2.2.3 Deposits	11,500	12,643	69,364	59,643	-9,721	
2.2.4 Expenditures from previous years appropriations	300	330	51,399	358,627	307,228	
2.2.5 Expenditures from previous years/Guarantees	25,912	24,794	79,755	58,661	-21,094	
2.2.6 Other	30,844	8,271	81,437	212,030	130,593	
<b>Total Treasury Deficit/Surplus</b>	<b>-48,200</b>	<b>-70,613</b>	<b>-353,095</b>	<b>-801,533</b>	<b>-448,438</b>	
<b>In % of total treasury expenditure</b>	<b>-58.33%</b>	<b>-60.13%</b>	<b>-63.69%</b>	<b>-76.06%</b>		
<b>3. Total Budget and Treasury Receipts</b>	<b>362,379</b>	<b>607,695</b>	<b>2,612,907</b>	<b>3,430,072</b>	<b>817,165</b>	<b>31.27%</b>
<b>4. Total Cash Budget and Treasury Payments</b>	<b>743,001</b>	<b>851,546</b>	<b>4,752,835</b>	<b>5,613,814</b>	<b>860,979</b>	<b>18.12%</b>
<b>5. Total Cash Deficit/Surplus</b>	<b>-380,622</b>	<b>-243,851</b>	<b>-2,139,928</b>	<b>-2,183,742</b>	<b>-43,814</b>	
<b>In % of Total Expenditures</b>	<b>-51.23%</b>	<b>-28.64%</b>	<b>-45.02%</b>	<b>-38.90%</b>		
<b>6. Primary Deficit/Surplus</b>	<b>-54,459</b>	<b>53,415</b>	<b>185,909</b>	<b>371,186</b>	<b>185,277</b>	
<b>In % of total expenditures</b>	<b>-7.33%</b>	<b>6.27%</b>	<b>3.91%</b>	<b>6.61%</b>		

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