

Republic of Lebanon
Ministry of Finance

Fiscal Performance Report for June 2002

Overall fiscal performance - budgetary and treasury operations

Total expenditures (budgetary and treasury) for the period Jan – June 2002 amounted to LL 4,762 billion, compared to LL 4,010 billion during the same period last year, indicating an increase of LL 752 billion. Total revenues (budgetary and treasury), on the other hand amounted to LL 2,822 billion during the first semester of 2002, compared to LL 2,251 billion during the same period last year. Hence, the total deficit since the beginning of the year amounted to LL 1,940 billion, equivalent to 40.73% of total expenditures compared to LL 1,756 billion or 43.87% during the same period in 2001. The total primary surplus, hence amounted to LL 318 billion during Jan – June 2002 compared to LL 240 billion during the same period last year.

Budget operations

On the budget execution front, budget expenditures during the first semester of 2002 amounted to LL 3,826 billion and budget revenues amounted to LL 2,617 billion, compared to budget expenditures of LL 3,538 billion and budget revenues of LL 2,084 billion during the same period last year. Value Added Tax collected during Feb - June 2002 amounted to LL 355 billion.

The LL 554 billion increase in tax revenue during the first six months of 2002 over the comparable period in 2001 was partly due to the introduction of the VAT (LL 355 billion), whereas the remaining amount (LL 199 billion) was due to enhancement in tax collection, of which LL 73 billion was due to the implementation of tax regularization, while the remaining amount of this increase is distributed among various tax receipts of which are Income taxes and taxes on property. Delayed transfers from the Ministry of Post and Telecommunications and the abolition of consulate fees were the main underlying reasons for the LL 20 billion decline in non-tax revenues during first five months of 2002 compared to the outcome of the first semester of 2001.

The budget deficit for Jan –June 2002 amounted to LL 1,209 billion, equivalent to 31.6% of budget expenditures compared to LL 1,454 billion or 41.1% during Jan – June 2001. In addition, a budget primary surplus of LL 1,049 billion was achieved during the half of 2002 compared to LL 545 billion during the same period in 2001.

Treasury operations

As for treasury operations during the period Jan –June 2002, they resulted in a deficit of LL 731 billion, equivalent to 78.05 % of treasury expenditures compared to LL 305 billion, or 64.63% 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 June 2002

Republic of Lebanon - Ministry of Finance

(In million of L.L.)	Jun-01	Jun -02	Jan- Jun 2001	Jan- Jun 2002	Change	% Change
1. Budget Transactions						
1.1 Revenues	332,113	574,700	2,083,644	2,616,864	533,220	25.59%
1.1.1 Tax Revenues	246,536	479,215	1,429,869	1,983,535	553,666	38.72%
<i>of which customs revenue*</i>	120,348	120,837	737,790	760,358	22,568	3.06%
<i>of which VAT revenue</i>		60,047	0	355,187	355,187	
1.1.2 Non-Tax Revenues	85,577	95,485	653,775	633,329	-20,446	-3.13%
1.2 Expenditures	651,483	762,762	3,538,055	3,825,835	287,780	8.13%
1.2.1 Expenditures excluding debt service	313,197	391,648	1,538,381	1,568,173	29,792	1.94%
1.2.2 Debt Service	338,286	371,114	1,999,674	2,257,662	257,988	12.90%
1.2.1.1 Domestic Debt	237,698	225,200	1,682,495	1,649,900	-32,595	-1.94%
1.2.1.2 Foreign Debt	100,588	145,914	317,179	607,762	290,583	91.61%
Budget Total Deficit/Surplus	-319,370	-188,062	-1,454,411	-1,208,971	245,440	
In % of total budget expenditures	-49.02%	-24.66%	-41.11%	-31.60%		
Budget Primary Deficit/Surplus	18,916	183,052	545,263	1,048,691	503,428	
In % of total budget expenditures	2.90%	24.00%	15.41%	27.41%		
2. Treasury Transactions						
2.1 Receipts	24,313	36,953	166,884	205,513	38,629	
2.1.1 Trust accounts / guarantees	6,560	13,292	33,682	55,788	22,106	
2.1.2 Municipalities	10,099	8,842	75,533	57,919	-17,614	
2.1.3 Deposits	4,164	2,415	28,307	32,406	4,099	
2.1.4 Other	3,490	12,404	29,362	59,400	30,038	
2.2 Payments	58,208	222,734	471,779	936,433	464,654	
2.2.1 Trust accounts/Guarantees	21,665	40,363	247,154	82,856	-164,298	
2.2.2 Municipalities	1,139	119,797	11,226	210,654	199,428	
2.2.3 Deposits	22,486	11,907	57,864	47,000	-10,864	
2.2.4 Expenditures from previous years appropriations	329	2,700	51,099	358,297	307,198	
2.2.5 Expenditures from previous years/Guarantees	118	20,692	53,843	33,867	-19,976	
2.2.6 Other	12,471	27,275	50,593	203,759	153,166	
Total Treasury Deficit/Surplus	-33,895	-185,781	-304,895	-730,920	-426,025	
In % of total treasury expenditure	-58.23%	-83.41%	-64.63%	-78.05%		
3. Total Budget and Treasury Receipts	356,426	611,653	2,250,528	2,822,377	571,849	25.41%
4. Total Cash Budget and Treasury Payments	709,691	985,496	4,009,834	4,762,268	752,434	18.76%
5. Total Cash Deficit/Surplus	-353,265	-373,843	-1,759,306	-1,939,891	-180,585	
In % of Total Expenditures	-49.78%	-37.93%	-43.87%	-40.73%		
6. Primary Deficit/Surplus	-14,979	-2,729	240,368	317,771	77,403	
In % of total expenditures	-2.11%	-0.28%	5.99%	6.67%		

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

