

Fiscal Performance Report for the Month of October 2000

Overall budget and treasury performance

The developments of budget and treasury operations resulted in a decline in the level of the overall deficit for the month of October, with the ratio of total deficit to total expenditures decreasing from 57.9% in 1999 to 54.8% in 2000. As for the total deficit (budget + treasury) during the first ten months, it increased from 44.8% in 1999 to 51.2 % this year.

The primary budgetary surplus^[1] in October 2000 amounted to LL46 billion or 6% of budget expenditures, compared to a primary budget deficit of LL105 billion, or 12% of budget expenditures in October 1999. The primary budget surplus for the period January to October 2000 amounted to LL528 billion or 8% of budget expenditures, compared to LL538 billion or 9% of budget expenditures for the same period of last year.

Budget operations

A. The budget deficit

The budget deficit for October 2000 amounted to LL434 billion or 54.9% of budget expenditures compared to LL309 billion, or 45% of budget expenditures in September 2000, and to LL 537 billion or 59.5% of budget expenditures in October 1999.

B. Detailed performance of budget revenues

Budget revenues for October 2000 decreased by LL8 billion or 2% over total revenues in October 1999. On the other hand, budget expenditures also decreased by LL111 billion or 12% during the same period.

- **Tax revenues**, (excluding customs receipts) declined by 24% from October 1999 to October 2000, from LL95 billion in October 1999 to LL72 billion in October 2000.
- **Customs revenues** increased by 8% from October 2000 to October 1999, from LL167 billion in 1999 to LL180 billion in 2000. This development in customs revenues occurred concurrently with the stabilization of the exchange rate of major European currencies against the Lebanese Pound. The increase in the level of customs revenues indicates an increase in the volume of imports when calculated at constant prices.
- **Non-tax revenues** increased by 1% from LL103 billion in October 1999 to LL105 billion in October 2000, despite the decrease in the transfers from the surplus of the Ministry of Post and Telecommunications which amounted to LL55 billion in October 2000, compared to LL60 billion in October 1999.

C. Detailed performance of budget expenditures

Total budget expenditures (excluding debt service) declined by 34%, from LL470 billion in October 1999 to LL310 billion in October 2000. On the other hand, debt service costs increased from LL431 billion in October 1999 to LL480 billion in October 2000. This increase is mainly due to interest payments on maturing treasury bills issued in foreign currency, of which approximately LL87 billion matured in October 2000. It is to note that interest payments on

contractual treasury bonds issued in foreign currency are made either annually or semiannually.

Treasury operations

As for treasury operations, its deficit in October 2000 increased by more than LL75 billion over the same period of last year. This was due to the increase in treasury outlays by LL113 billion, whereas treasury inflows increased by only LL38 billion.

Summary of Fiscal Performance October 1999-2000

(In million of L.L.)

	Oct -99	Oct -00	Jan - Oct '99	Jan - Oct '00	Difference	% Change
1. Budget Transactions						
1.1 Revenues	364,924	356,831	3,425,400	3,536,698	111,298	3.25 %
1.1.1 Tax Revenues	261,745	252,260	2,697,527	2,555,846	-141,681	-5.25 %
<i>of which customs revenues</i> *	167,072	180,369	1,631,235	1,513,508	-117,727	-7.22 %
1.1.2 Non - Tax Revenues	103,179	104,571	727,873	980,852	252,979	34.76 %
1.2 Expenditures	901,813	790,661	5,851,533	6,468,832	617,299	10.55 %
1.2.1 Expenditures excluding debt service	470,355	310,449	2,886,946	3,008,235	121,289	4.20 %
1.2.2 Debt Service	431,458	480,212	2,964,587	3,460,597	496,010	16.73 %
1.2.2.1 Domestic Debt	365,300	326,645	2,582,000	2,912,011	330,011	12.78 %
1.2.2.2 Foreign Debt	66,158	153,567	382,587	548,586	165,999	43.39 %
Budget Total Deficit /Surplus	-536,889	-433,830	-2,426,133	-2,932,134	-506,001	
In % of total budget expenditures	-59.53 %	-54.87 %	-41.46 %	-45.33 %		
Budget Primary Deficit /Surplus	-105,431	46,382	538,454	528,463	-9,991	
In % of total budget expenditures	-11.69 %	5.87 %	9.20 %	8.17 %		
2. Treasury Transactions						
2.1 Receipts						
2.1.1 Trust accounts / guarantees	32,944	70,574	341,603	410,526	68,923	
2.1.2 Municipalities	10,721	9,740	73,705	90,966	17,261	
2.1.3 Deposits	19,095	31,468	198,587	177,774	-20,813	
2.1.4 Other	1,468	1,142	13,670	11,417	-2,253	
	1,660	28,224	55,641	130,369	74,728	
2.2 Payments	43,087	155,897	973,312	1,615,156	641,844	
2.2.1 Trust accounts /Guarantees	14,884	95,506	158,027	513,246	355,219	
2.2.2 Municipalities	15,684	34,187	139,049	272,157	133,108	
2.2.3 Deposits	4,250	6,505	123,898	78,673	-45,225	
2.2.4 Expenditures from previous years appropriations	5,291	143	456,154	210,761	-245,393	
2.2.5 Expenditures from previous years /Guarantees	2,978	12,872	96,184	337,430	241,246	
2.2.6 Other		6,684		202,889	na	
Total Treasury Deficit /Surplus	-10,143	-85,323	-631,709	-1,204,630	-572,921	

Total Treasury Deficit /Surplus	-10 ,143	-85 ,323	-631 ,709	-1,204 ,630	-572 ,921	
In % of total treasury expenditure	-23 .54 %	-54 .73 %	-64 .90 %	-74 .58 %		
3. Total Budget and Treasury Receipts	397 ,868	427 ,405	3 ,767 ,003	3 ,947 ,224	180 ,221	-42 .16 %
4. Total Cash Budget and Treasury Payments	944 ,900	946 ,558	6 ,824 ,845	8 ,083 ,988	1,259 ,143	-364 .37 %
5. Total Cash Deficit /Surplus	-547 ,032	-519 ,153	-3 ,057 ,842	-4 ,136 ,764	-1,078 ,922	
In % of Total Expenditures	-57 .89 %	-54 .85 %	-44 .80 %	-51 .17 %		

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

[1] The primary budget surplus/deficit is the difference between budget revenues and expenditures excluding debt service.