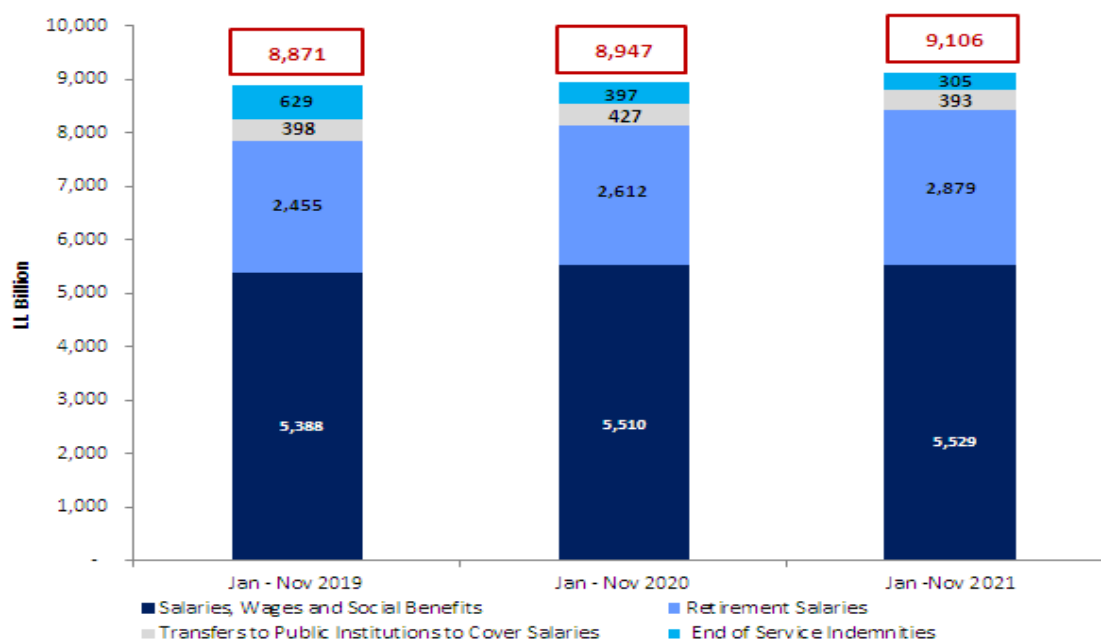


I. Personnel Cost

I.A. General Overview

Personnel cost¹ increased by LL 159 billion (1.8 percent) year-on-year during Jan-Nov 2021 to reach LL 9,106 billion compared to LL 8,947 billion during the same period of 2020². This rise was due to a considerable year-on-year increase in the payments related to retirement compensations by LL 267 billion (10.2 percent) along with a less pronounced rise in salaries, wages and social benefits by LL 19 billion (0.3 percent). In contrast, the other components witnessed a year-on-year drop, with end of service indemnities declining by LL 92 billion (23.2 percent) and transfers to Public Institutions to cover salaries decreasing by LL 35 billion (8.1 percent).

Figure 1. Personnel Cost Breakdown by Component in Jan-Nov 2019, Jan-Nov 2020 and Jan-Nov 2021



Source: Ministry of Finance, Directorate General of Finance

I.B. Share of Personnel Cost from Expenditures

Personnel cost constituted the main bulk of the current primary expenditures³ as it contributed to 71.8 percent in Jan-Nov 2019, rising up to 72.3 percent in Jan-Nov 2020, and hiking up to 77.0 percent during Jan-Nov 2021⁴. Compared to total expenditures, personnel cost averaged 39.0 percent of total expenditures during Jan-Nov 2019, rising to 51.0 percent during Jan-Nov 2020, before hiking up to reach 55.6 percent during Jan-Nov 2021. The main reason behind the changes in the personnel cost as a share of total expenditures in 2020 and

¹ Personnel cost includes payments for salaries, wages and related benefits; retirement; end of service indemnities; and transfers to public institutions to cover salaries.

² The figures used are those published in the Public Finance Monitor report – November 2021.

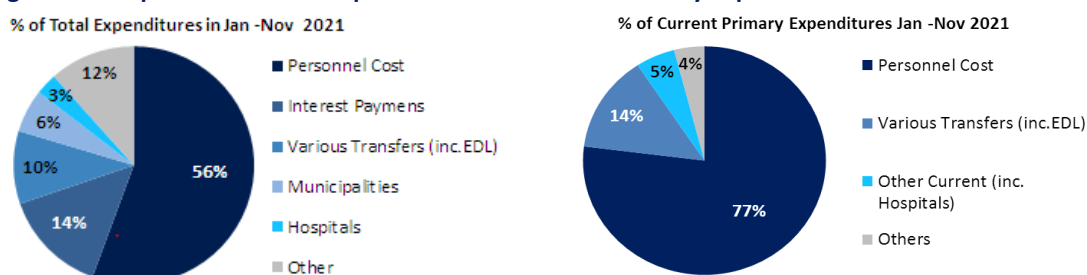
³ Current primary expenditures represent current expenditures excluding "Interest Payments" and "Foreign Debt Principal Repayment".

⁴ This rise was due to an increase in the personnel cost during Jan-Nov 2021 by 1.8 percent compared to a 4.4 percent y-o-y drop in the current primary expenditures.

2021 lies in substantial changes in the expenditure base registering considerable year-on-year drops of 22.8 percent and 6.7 percent during Jan-Nov 2020 and Jan-Nov 2021 respectively.

The following figures represent the composition of total expenditures and current primary expenditures during Jan-Nov 2021:

Figure 2. Composition of Total Expenditures and Current Primary Expenditures in Jan-Nov 2021



Source: Ministry of Finance, Directorate General of Finance

N.B.: Other expenditures mainly include payments to hospitals, judgments and reconciliation, mission costs, accounting adjustments and external services.

II. Salaries, Wages, and Related Benefits

Payments for salaries, wages and related benefits increased slightly by LL 20 billion year-on-year to reach LL 5,530 billion in Jan-Nov 2021⁵.

Overall, this was mainly due to a rise in total payments covering “salaries and wages” by LL 40 billion (1.0 percent), as those paid to the Internal Security Forces and the Army increased by LL 73 billion (11.2 percent) and LL 8 billion (0.4 percent) respectively. This hike was offset by a decline in the amounts paid to the education and civilian personnel by LL 21 billion (2.1 percent) and LL 15 billion (3.3 percent) respectively.

In addition, “allowances” hiked by LL 36 billion (5.2 percent), resulting from an increase in payments to the civilian and education personnel by LL 66 billion and LL 32 billion respectively, against a LL 62 billion (9.1 percent) decline in payments to the military personnel.

In terms of composition, “salaries and wages” constituted 76.6 percent⁶ of total payments for salaries, wages and related benefits to public sector employees in Jan-Nov 2021, followed by “allowances” (13.0 percent)⁷ and “employment benefits” (3.2 percent), while “other payments” and “unclassified allowances” represented the remaining 7.1 percent of the total.

Furthermore, salaries, wages and related benefits increased as a share from total primary spending from 37.0 percent in Jan-Nov 2020 to 39.8 percent in Jan-Nov 2021.

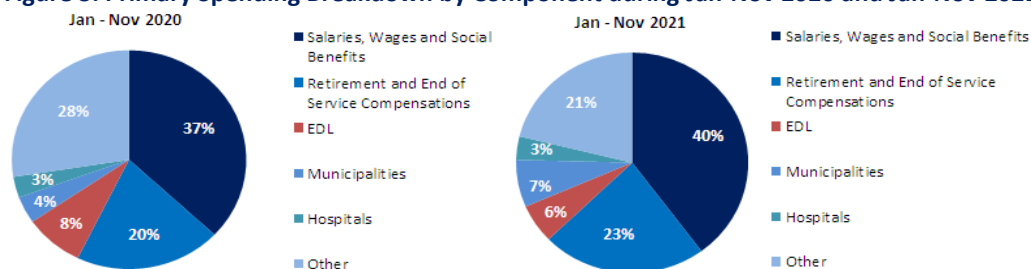
The following figures represent the primary spending breakdown by component during the period under review.

⁵ Figures slightly differ from the aggregated ones in the Public Finance Monitor due to the rounding effect.

⁶ Up from 76.2 percent during Jan-Nov 2020.

⁷ Compared to a share of 12.4 percent in Jan-Nov 2020.

Figure 3. Primary Spending Breakdown by Component during Jan-Nov 2020 and Jan-Nov 2021



Source: Ministry of Finance, Directorate General of Finance

N.B.: Other expenditures mainly include transfers to CDR, transfers to public institutions to cover salaries, contributions to non-public sectors, VAT refund, and medicaments.

Table 1. Salaries, Wages and Related Benefits Breakdown – Jan-Nov 2020 and Jan-Nov 2021

(LL billion)	Basic Salaries		Employment Benefits 4/		Allowances 5/		Other 6/		Total	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Military Personnel	2,744	2,821	94	96	683	621	2	2	3,523	3,540
Army	1,836	1,843	61	62	409	345	1	0	2,306	2,252
Internal Security Forces	654	727	24	24	221	209	2	2	900	962
General Security Forces	191	187	4	5	38	50	0	0	233	242
State Security Forces	64	63	5	5	15	17	0	0	84	85
Education Personnel	989	968	40	44	0	32	38	16	1,066	1,059
Civilian Personnel 1/	465	450	43	38	2	69	43	39	554	595
Government contribution to employees cooperative 2/							314	285	314	285
Customs Salaries 3/									53	51
Unclassified									1	0
Total	4,198	4,238	176	178	685	721	398	342	5,510	5,530

1/Includes salaries payments made to the Ministry of Public Health from the Guarantees account.

2/Government contribution to employees cooperative is provided to both the education and civil personnel. However, the allocation between the two types of personnel is not available and therefore is presented in a separate line item.

3/Includes salaries and wages and indemnities payment from guarantees account but excludes payments for allowances which are made from Customs Cashiers and can only be reclassified once Customs has sent the supporting document to the Directorate General of Finance.

4/Includes payments for family, transportation, overtime as well as various indemnities (including committee compensation and tax returns).

5/Includes payments for maternity and sickness, marriage, birth, death, hospital, education, medical and various social allowances, which are provided to military personnel only.

6/Amounts given to non-military bodies and includes (i) payments of bonuses, (ii) State contributions to the Mutual Funds covering Member of Parliaments, employees of the Lebanese University, judges, judges' aides and Islamic tribunal judges and (iii) State contributions (as an employer) to the National Social Security Fund public sector employees that are not covered by the Civilian Servant Cooperative.

II.A. Salaries and Wages

Salaries and wages of public sector employees, excluding indemnities, allowances and other benefits, increased by LL 40 billion (1.0 percent) year-on-year to reach LL 4,238 billion in Jan-Nov 2021. This was driven by the LL 77 billion (2.8 percent) increase in salary payments for the military personnel mostly counterbalanced by decreases in payments to the education personnel and the civilian personnel.

II.A.a. Salaries and Wages of Military Personnel

Salaries and wages to the military personnel increased by LL 77 billion (2.8 percent) in Jan-Nov 2021 compared to the same period of 2020. In details, salaries and wages paid to the Internal Security Forces increased by LL 73 billion (11.2 percent), driven by the LL 75 billion hike in basic salaries paid in Jan-Nov 2021. In addition, salary payments to the Army witnessed a year-on-year increase of LL 8 billion (0.4 percent), following a rise of LL 10 billion in basic salaries paid over the covered period. As for the salary payments to the General Security Forces and the State Security Forces, they decreased by LL 3 billion (1.7 percent) and LL 1 billion (1.5 percent) respectively.

II.A.b. Salaries and Wages of Education Personnel

Salaries and wages of the education personnel decreased by LL 21 billion (2.1 percent) year-on-year and stood at LL 968 billion in Jan-Nov 2021. The main driver for this drop was the considerable decrease of LL 40 billion witnessed in the salary payments to the permanent personnel at the primary education, partly counterbalanced by higher payments to contractuels at the Directorate General of Vocational and Technical education by LL 28 billion.

II.A.c. Salaries and Wages of Civilian Personnel

Salaries and wages to the civilian personnel decreased by LL 15 billion (3.3 percent) year-on-year, to reach LL 450 billion in Jan-Nov 2021. At the level of the ministries, the Ministry of Foreign Affairs and Emigrants (MoFA) represented the largest wage bill during the covered period, with a share of 16.7 percent from total salaries and wages paid to the civilian personnel, followed by the Ministry of Justice (16.5 percent from total) and the Ministry of Finance (12.4 percent from total). (For further details, kindly refer to table 2)

In details, the Ministry of Foreign Affairs and Emigrants witnessed a year-on-year drop in salary expenditures by LL 9.2 billion (10.9 percent), as payments covering overseas missions dropped by LL 4.7 billion and those related to salaries of diplomats and permanent personnel declined by LL 4.1 billion.

Table 2. Civilian Salaries and Wages Breakdown by Ministry – Jan-Nov 2020 and Jan-Nov 2021

(LL million)	Jan-Nov 2020	Jan-Nov 2021	% from Total Civilian Personnel in Jan-Nov 2021
Ministry of Foreign Affairs and Emigrants	84,409	75,211	16.7%
Ministry of Justice	74,859	74,321	16.5%
Ministry of Finance	55,986	55,956	12.4%
Presidency of the Council of Ministers	43,924	43,096	9.6%
Parliament	39,093	36,951	8.2%
Ministry of Public Works and Transportation	26,840	26,856	6.0%
Ministry of Agriculture	23,396	23,228	5.2%
Ministry of Public Health	21,948	21,890	4.9%
Ministry of Interior & Municipalities	16,151	16,187	3.6%
Ministry of National Defense	15,210	15,207	3.4%
Other	63,013	60,759	13.5%
Total	464,829	449,663	100%

Source: Ministry of Finance, Directorate General of Finance

II.B. Payment of Allowances

The cumulative payment of allowances to public sector employees increased by LL 36 billion (5.2 percent) to reach LL 721 billion in Jan-Nov 2021. This hike was mainly due to a LL 66 billion rise in allowances paid to the civilian personnel to reach LL 69 billion and also a LL 32 billion increase in allowances disbursed to educational personnel from nil in Jan-Nov 2020⁸. These rises were partly counterbalanced by respective decreases of LL 63 billion and LL 12 billion in allowances paid to the Army and the Internal Security Forces.

In details, allowances paid to the Army witnessed a sharp drop of LL 63 billion (15.4 percent) as hospital expenses drastically decreased year-on-year by LL 149 billion (68.8 percent) and sickness and maternity expenses dropped by LL 6.5 billion (14.4 percent). In contrast, social aid allowance paid to the Army reached LL 101 billion over the covered period.

In addition, allowances paid to the Internal Security Forces dropped by LL 12 billion (5.6 percent), with respective declines of LL 41 billion (34.8 percent), LL 8 billion (38.5 percent) and LL 6 billion (38.1 percent) in hospital expenses, payments covering sickness and maternity expenses and also treatments in different medical centers, over the covered period. These declines were partly counterbalanced by the hike due to the payment of the social allowance reaching a total of LL 41 billion.

As for the allowances paid to the General Security Forces, they increased by LL 12 billion (30.9 percent) in Jan-Nov 2021 compared to Jan-Nov 2020, mainly as payments covering the social aid allowance registered LL 11 billion during Jan-Nov 2021, along with respective increases in payments covering treatments in different medical centers and school allowances by LL 3.1 billion and LL 0.9 billion respectively.

Lastly, allowances paid for the State Security Forces increased slightly by LL 1 billion (9.8 percent) over the covered period, as social aid allowance reached LL 4 billion against a LL 2 billion drop in hospital expenses.

II.C. Government subscription and contributions in the Employees Cooperative

Payments covering the government subscription and contributions to the Employees Cooperative decreased by LL 29 billion to reach LL 285 billion in Jan-Nov 2021 compared to a total of LL 314 billion registered a year earlier.

⁸ These increases were mostly due to the payment of a social assistance to all the public administration employees regardless of their job titles and retirees benefiting from a pension as per decree #8118 dated August 25, 2021



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