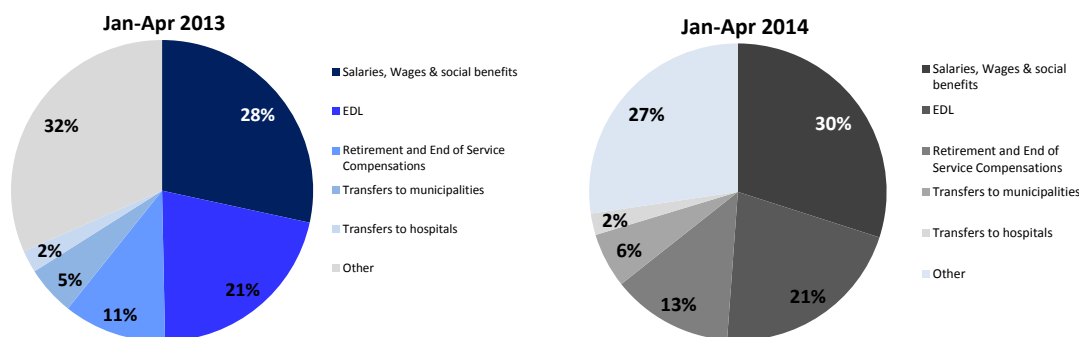


I. Introduction

Payments for salaries, wages and related benefits, which mainly include the cost of basic salaries, indemnities, allowances, and other payments declined by LL 66 billion (5 percent), from LL 1,459 billion in Jan-Apr 2013 to LL 1,393 billion in Jan-Apr 2014. The reason behind the 5 percent decline is mainly due to drops in allowances by LL 59 billion, and “other expenses” by LL 26 billion, the later largely composed of the Government contribution to Employee’s Cooperative. These decreases were slightly offset by a LL 28 billion increase in basic salaries.

Salaries, wages and related benefits represent the largest component of total primary spending, accounting for 28 percent of primary expenditure during Jan-Apr 2013 and 30 percent during Jan-Apr 2014 (for more information, kindly refer to figure 1).

Figure 1: Primary Spending breakdown by component during Jan-Apr 2013 and Jan-Apr 2014



Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)

Table 1. Salaries, Wages and Related Benefits Breakdown – Jan-Apr 2013 and Jan-Apr 2014

(LL billion)	Basic Salaries		Indemnities 4/		Allowances 5/		Other 6/		Total	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Military Personnel	652	683	26	27	239	181	1	1	917	892
Army	419	430	16	16	153	63	0	0	588	510
Internal Security Forces	185	199	8	8	67	90	0	0	261	297
General Security Forces	37	43	1	1	13	24	1	1	51	69
State Security Forces	11	12	0	1	6	4	0	0	17	16
Education Personnel	270	272	28	23	0	0	0	1	299	296
Civilian Personnel 1/	117	112	25	23	2	0	15	14	158	149
Government contribution to employees cooperative 2/							70	44	70	44
Customs Salaries 3/									16	13
Total	1,039	1,067	78	73	240	181	86	60	1,459	1,393

1/Includes salaries payments made to Ministry of Public Health from 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, and provided to military personnel only.

6/ Other is given to non-military bodies and includes (i) payments for bonuses, (ii) State contributions to the Mutual Funds covering Member of Parliaments, employees of the Lebanese Parliament, 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. Breakdown of Salaries, Wages, and Related Benefits

Out of total salaries, wages and related benefits, basic salaries reached LL 1,067 billion in Jan-Apr 2014, compared to LL 1,039 billion paid in the same period of 2013. The main reason behind the 3 percent increase observed in Jan-Apr 2014 is due to the rise in military personnel cost by LL 32 billion (5 percent), which was slightly offset by a LL 5 billion (5 percent) drop in payments to civilian personnel. It is worth mentioning that payments to education personnel remained quasi the same over the period under review.

II.A. Basic Salaries of Military Personnel

The 5 percent (LL 32 billion) growth in basic salaries of military personnel is primarily attributed to an increase in payments made to (a) the Internal Security Forces by LL 14 billion induced by either the enlistment of new recruits or the promotion of current personnel, (b) the Army by LL 11 billion, mainly driven by a rise in overseas missions and trainings indemnities by LL 7 billion, and (c) the General Security Forces by LL 6 billion, due to an increase in salaries of both permanent personnel and trainees by LL 3 billion each.

II.B. Basic Salaries of Education Personnel

Payments to education personnel rose by merely LL 1 billion during the period Jan-Apr 2014 mainly explained by the combined results of following:

- LL 9 billion increase in basic salaries to contractual personnel at the Directorate General of Vocational and Technical Education, due to a discrepancy in the timing of payments, whereby the bulk of payments for the academic year 2012-2013 were made during the month of October 2013.
- LL 4 billion rise in basic salaries to trainees of the primary and secondary education.
- The above mentioned increases were partly offset by an LL 8 billion decline in basic salaries to teachers of the primary education mainly related to a decrease in the number of primary teachers.

III. Payment of Allowances

Allowances dropped by LL 59 billion (25 percent), from LL 240 billion in Jan-Apr 2013 to LL 181 billion in the comparable period of 2014, mainly as a result of lower payments to the Army (LL 90 billion), counterbalanced by increases in allowances to Internal Security Forces (LL 23 billion) and the General Security Forces (LL 12 billion).

More specifically, the decline in allowances to the Army was mainly driven by a decrease in school allowance category by LL 69 billion and hospital expenses by LL 42 billion, which was partially counterbalanced by a LL 16 billion rise in death allowances.

As for the Internal Security Forces, the LL 23 billion increase was chiefly attributed to the rise in hospital expenses by LL 16 billion, social allowances by LL 7 billion, and medical

expenses by LL 3 billion. It is noteworthy that a LL 3 billion decline was registered in school allowances to Internal Security Forces.

The increase in allowances to General Security Forces (LL 12 billion) was mainly due to higher payments for hospital expenses by LL 6 billion, school allowances LL 3 billion, and sickness and maternity by LL 2 billion.

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