I. Introduction

Payments for salaries, wages and related benefits, which mainly include the cost of basic salaries, indemnities, allowances, and other payments, rose by LL 66 billion (2.4 percent), from LL 2,803 billion in Jan-Aug 2013 to LL 2,869 billion in Jan-Aug 2014. The reason behind this rise is mainly due to (a) higher basic salaries payments to military personnel by LL 68 billion, and (b) a LL 36 billion increase in “other” payments mainly driven by higher Government subscription and contributions to the Employees Cooperative by LL 22 billion. However, these increases were slightly counterbalanced by a LL 21 billion decline in allowances, a LL 10 billion drop in basic salaries to civil personnel, and a LL 6 billion decrease in both indemnities and customs’ salaries.

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

Figure 1. Primary Spending Breakdown by Component during Jan-Aug 2013 and Jan-Aug 2014

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

<table>
<thead>
<tr>
<th>(LL billion)</th>
<th>Basic Salaries</th>
<th>Indemnities 4/</th>
<th>Allowances 5/</th>
<th>Other 6/</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military Personnel</td>
<td>1,303</td>
<td>1,371</td>
<td>51</td>
<td>53</td>
<td>405</td>
</tr>
<tr>
<td>Army</td>
<td>833</td>
<td>872</td>
<td>32</td>
<td>33</td>
<td>265</td>
</tr>
<tr>
<td>Internal Security Forces</td>
<td>377</td>
<td>392</td>
<td>16</td>
<td>16</td>
<td>111</td>
</tr>
<tr>
<td>General Security Forces</td>
<td>71</td>
<td>83</td>
<td>2</td>
<td>2</td>
<td>21</td>
</tr>
<tr>
<td>State Security Forces</td>
<td>22</td>
<td>23</td>
<td>1</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Education Personnel</td>
<td>538</td>
<td>543</td>
<td>48</td>
<td>41</td>
<td>0</td>
</tr>
<tr>
<td>Civilian Personnel 1/</td>
<td>234</td>
<td>224</td>
<td>46</td>
<td>45</td>
<td>3</td>
</tr>
<tr>
<td>Government contribution to employees cooperative 2/</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customs Salaries 3/</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,075</td>
<td>2,137</td>
<td>145</td>
<td>139</td>
<td>408</td>
</tr>
</tbody>
</table>

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 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. Breakdown of Salaries, Wages, and Related Benefits

Out of total salaries, wages and related benefits, basic salaries reached LL 2,137 billion in Jan-Aug 2014, compared to LL 2,075 billion paid in the same period of 2013. The latter rise was the result of an increase in military and education personnel basic salaries by LL 68 billion (5.2 percent) and LL 5 billion (0.9 percent) respectively, which were slightly offset by a drop in civilian personnel cost by LL 10 billion (4.4 percent).

II.A. Basic Salaries of Military Personnel

The 5 percent growth in basic salaries of military personnel is primarily attributed to (a) the increases in payments made to the permanent employees of the Army by LL 23 billion and the Internal Security Forces by LL 15 billion owing to the recruitment of new personnel or the promotion of current personnel, (b) increases in overseas missions and trainings indemnities by LL 13 billion, and (c) General Security Forces by LL 12 billion, as a result of an LL 8 billion rise in salaries of trainees.

II.B. Basic Salaries of Education Personnel

The LL 5 billion increase in payments to education personnel was mainly the result of:

- A LL 15 billion up surge in basic salaries of contractual teachers at the Directorate General of Education, mostly due to an increase in the number of contractual teachers in Jan-Aug 2014 compared to 2013.

- A LL 2 billion rise in basic salaries to trainees at the Directorate General of Vocational Education owing to a discrepancy in the timing of payments.

The abovementioned increases were slightly counterbalanced by a LL 15 billion decrease in basic salaries of permanent primary education teachers at the Directorate of General Education, mostly due to a decrease in the number of teachers in this category.

II.C. Basic Salaries of Civilian Personnel

Payments to civilian personnel dropped by LL 10 billion during the period Jan-Aug 2014, compared to the same period in 2013. From an administrative classification perspective, diplomats in Lebanese overseas missions recorded the most notable decrease during this period (LL 8 billion) due to lower retroactive payments. These amounted to LL 19 billion in Jan-Aug 2013, compared to only LL 9 billion in the same period of 2014.
III. Payment of Allowances

Allowances plunged by 5 percent (LL 21 billion) by end-August 2014, from LL 408 billion in 2013, mirroring the drop in allowances to military personnel. This decrease is chiefly the result of lower payments to the Army by LL 52 billion, overshadowing the LL 23 billion and LL 7 billion increases in allowance payments to the Internal Security Forces and the General Security Forces, respectively.

More specifically, the decrease in allowances to the Army was chiefly attributed to drop in hospital expenses (LL 56 billion) and in sickness and maternity (a LL 5 billion). This was slightly offset by higher payments for marriage allowance by LL 5 billion and death allowance by LL 2 billion.

However, this decrease was counterbalanced by an increase in allowances to the Internal Security Forces, mainly driven by a LL 9 billion rise in school allowances and by LL 7 billion increase in social allowances.

Also, allowances to General Security Forces increased by LL 7 billion due to higher payments for school allowances, hospital expenses and sickness and maternity by LL 2 billion each.

IV. Payments to Customs

Payments to Customs witnessed a decrease of 18 percent (LL 6 billion) in Jan-Aug 2014 compared to the same period of 2013. This is mainly due to a LL 3 billion payment for school allowances relating to the academic year 2011-2012, which was paid in Jan-Aug 2013.
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