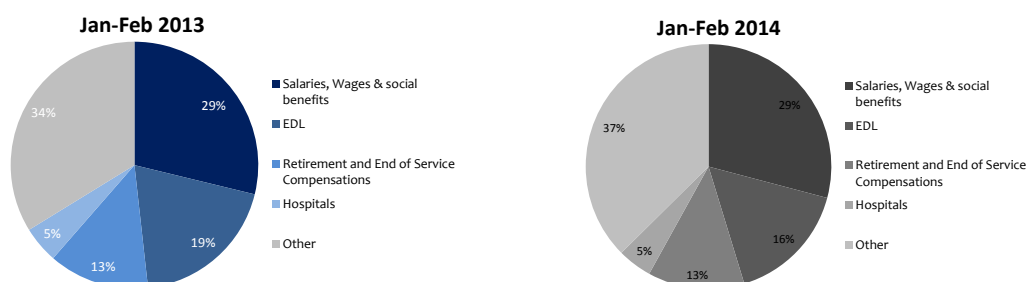


I. Introduction

Payments for salaries, wages and related benefits, which mainly include the cost of basic salaries, indemnities, allowances, and other payments increased by LL 22 billion (3 percent), from LL 646 billion in Jan-Feb 2013 to LL 667 billion in Jan-Feb 2014. This component represents the largest component of total primary spending, accounting for 29 percent of primary expenditure during both Jan-Feb 2014 and Jan-Feb 2013. The following figures represent primary spending composition during the period Jan-Feb 2013 and Jan-Feb 2014:

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



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

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

(LL billion)	Basic Salaries		Indemnities 4/		Allowances 5/		Other 6/		Total	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Military Personnel	325	346	13	14	64	73	0	0	402	433
Army	211	215	8	8	48	28	0	0	268	251
Internal Security Forces	89	102	4	4	12	34	0	0	105	140
General Security Forces	19	23	1	1	3	10	0	0	23	34
State Security Forces	6	6	0	1	1	1	0	0	7	8
Education Personnel	128	128	18	10	0	0	0	1	146	139
Civilian Personnel 1/	57	56	11	9	0	0	9	8	78	75
Government contribution to employees cooperative 2/							10	14	10	14
Customs Salaries 3/									10	6
Total	510	531	43	33	64	73	20	24	646	667

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 531 billion in Jan-Feb 2014, compared to LL 510 billion paid in the same period of 2013. The main reason behind the increase observed in Jan-Feb 2014 is due to the rise in military personnel cost by LL 21 billion, while payment to education and civil personnel remained quasi the same during Jan-Feb 2013 and Jan-Feb 2014. Allowances increased by LL 9 billion but were offset by a LL 9 billion decline in indemnities during Jan-Feb 2014.

Note #1: Salaries and wages monthly report

The format and content of this monthly bulletin have been changed for January and February 2014 as no major changes have been observed when compared to the previous year among the different categories, to the exception of salaries and wages of military personnel.

II.A. Basic Salaries of Military Personnel

The 6 percent (LL 21 billion) increase in basic salaries of military personnel is primarily attributed to (a) a LL 9 billion increase in basic salaries to the Internal Security Forces induced by either the enlistment of new recruits or the promotion of current personnel, (b) a LL 1.5 billion rise corresponding to the payment of moving up steps in the General Security Forces echelon, and (c) a LL 4 billion increase in overseas missions and trainings indemnities to military personnel, of which LL 3.5 billion were given to the Army in Jan-Feb 2014 compared to nil in Jan-Feb 2013.



Box #1: Government Contribution to Employees' Cooperative

Allowances are mainly provided to civil servants and education personnel through the Employees' Cooperative in exchange for 3 percent of their gross salary¹. The main allowances provided to employees working in the regular administration are listed below²:

- i. *Sickness allowance*: the amount is based on the Cooperative pricing;
- ii. *Maternity allowance*: the employee receives the equivalent of half her salary at the time of child birth;
- iii. *Birth allowance*: the employee receives the equivalent of half a salary for each new born child;
- iv. *Marriage allowance*: the amount is equivalent to 2 months' worth of salary. This allowance is provided only for 1 marriage; and
- v. *Death allowance*: if an employee is deceased, his family is entitled to receive 12 months' worth of salary if the death is work related and 5 months worth of salary if the death is non-work related. If the employee's parents are deceased, he / she receives 1 month worth of salary.

In order to cover the fund deficit, Employees' Cooperative receives a contribution from the Government. Typically, this contribution is used to pay the cost of the above mentioned allowances as well as to fund operating expenses.

However, in terms of nomenclature, the distribution of the contribution at the level of the end beneficiary (civil servants versus teachers) and the allocation by expenditure type (allowances versus operating expenses) is not available and therefore this line item is presented separately under "Other" in the Salaries, Wages and Related Benefits table.

It is worth noting that judges, Lebanese University professors, and Parliament members have separate funds allowing them to benefit from social benefits and allowances.

¹ As per decree 14273 dated 29 October 1963 – Article 7, modified by law 497 dated 30 January 2003 (2003 Budget)

² As per decree 112 dated 12 June 1959 and decree 14273 dated 29 October 1963

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