I. Introduction

Payments for salaries, wages and related benefits, which mainly include the cost of basic salaries, indemnities, allowances, and other payments, hiked by LL 125 billion (5.2 percent), from LL 2,405 billion in Jan-Jul 2013 to LL 2,529 billion in Jan-Jul 2014. The reason behind this rise is mainly due to (a) higher basic salaries payments by LL 55 billion, (b) a LL 42 billion rise in allowances, and (c) a LL 37 billion increase in “other” payments driven by higher Government subscription and contributions in the Employees Cooperative by LL 22 billion. However, these increases were slightly offset by a LL 6 billion decline in customs’ salaries and a LL 4 billion decrease in indemnities.

Salaries, wages and related benefits represent the largest component of total primary spending, accounting for 28 percent of primary expenditure during Jan-Jul 2013 and 31 percent during Jan-Jul 2014 (for more information, kindly refer to figure 1).

Figure 1. Primary Spending breakdown by component during Jan-Jul 2013 and Jan-Jul 2014

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

<table>
<thead>
<tr>
<th></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>1,139</td>
<td>1,195</td>
<td>44</td>
<td>47</td>
<td>306</td>
</tr>
<tr>
<td>Army</td>
<td>728</td>
<td>758</td>
<td>28</td>
<td>29</td>
<td>179</td>
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<tr>
<td>Internal Security Forces</td>
<td>329</td>
<td>344</td>
<td>14</td>
<td>14</td>
<td>100</td>
</tr>
<tr>
<td>General Security Forces</td>
<td>62</td>
<td>73</td>
<td>2</td>
<td>2</td>
<td>21</td>
</tr>
<tr>
<td>State Security Forces</td>
<td>19</td>
<td>20</td>
<td>1</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Education Personnel</td>
<td>472</td>
<td>483</td>
<td>44</td>
<td>39</td>
<td>0</td>
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<tr>
<td>Civilian Personnel 1/</td>
<td>208</td>
<td>196</td>
<td>41</td>
<td>40</td>
<td>2</td>
</tr>
<tr>
<td>Government contribution to employees cooperative 2/</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>97</td>
</tr>
<tr>
<td>Customs Salaries 3/</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,818</td>
<td>1,873</td>
<td>130</td>
<td>125</td>
<td>309</td>
</tr>
</tbody>
</table>

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

Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)
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 Parlaments, 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 1,873 billion in Jan-Jul 2014, compared to LL 1,818 billion paid in the same period of 2013. The latter rise was the result of an increase in military and education personnel costs by LL 56 billion (5 percent) and LL 11 billion (2 percent) respectively, which were slightly counterbalanced by a drop in civilian personnel cost by LL 12 billion (6 percent).

II.A. Basic Salaries of Military Personnel

The 5 percent growth in basic salaries of military personnel is primarily attributed to increases in payments made to (a) the Army by LL 30 billion induced by a rise in salaries of permanent personnel by LL 17 billion as well as increases in overseas missions and trainings indemnities by LL 11 billion, (b) Internal Security Forces by LL 14 billion owing to the recruitment of new personnel or the promotion of current personnel, and (c) General Security Forces by LL 11 billion, as a result of a LL 7 billion rise in salaries of trainees.

II.B. Basic Salaries of Education Personnel

The LL 11 billion increase in payments to education personnel was mainly the result of:

- A LL 21 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-Jul 2014 compared to 2013.

- A LL 3 billion rise in basic salaries to trainees at the Directorate General of Vocational Education owing to a discrepancy in the timing of payments.

The mentioned increases were slightly counterbalanced by a LL 14 billion decrease in basic salaries of primary education teachers, mostly due to lower number of primary teachers.

II.C. Basic Salaries of Civilian Personnel

Payments to civilian personnel dropped by LL 12 billion during the period Jan-Jul 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 18 billion in Jan-Jul 2013, compared to only LL 8 billion in the same period of 2014.
III. Payment of Allowances

Allowances surged by 14 percent (LL 42 billion) by end-July 2014, from LL 309 billion in 2013, mirroring the rise in allowances to military personnel. This increase is chiefly the result of higher payments to (i) the Internal Security Forces by LL 26 billion, (ii) the Army by LL 8, and (iii) the General Security Forces by LL 6 billion.

More specifically, the increase in allowances to the Internal Security Forces was chiefly attributed to an increase in school allowances (LL 9 billion), hospital expenses (LL 8 billion) and social allowances (a LL 7 billion).

As for the increase in allowances to the Army, it was mainly driven by a LL 35 billion rise in school allowances and by LL 17 billion increase in death allowances. This was slightly counterbalanced by lower payments for hospital expenses by LL 46 billion and sickness and maternity by LL 4 billion.

The rise in allowances to General Security Forces was mainly due to higher payments for school allowances (LL 2 billion), hospital expenses (LL 2 billion) and sickness and maternity (LL 1 billion).
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