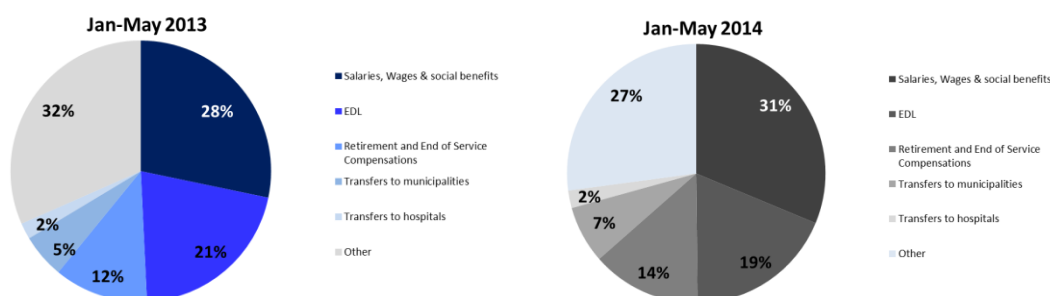


I. Introduction

Payments for salaries, wages and related benefits, which mainly include the cost of basic salaries, indemnities, allowances, and other payments, increased by LL 28 billion (2 percent), from LL 1,768 billion in Jan-May 2013 to LL 1,796 billion in Jan-May 2014. The reason behind this 2 percent growth is mainly higher payments to basic salaries by LL 34 billion; slightly offset by a LL 6 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-May 2013 and 31 percent during Jan-May 2014 (for more information, kindly refer to figure 1).

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



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

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

(LL billion)	Basic Salaries		Indemnities 4/		Allowances 5/		Other 6/		Total	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Military Personnel	812	854	32	33	268	271	1	1	1,114	1,159
Army	521	539	20	21	171	140	0	0	713	700
Internal Security Forces	232	247	10	10	77	99	0	0	319	356
General Security Forces	45	53	1	1	14	25	1	1	62	80
State Security Forces	14	15	1	1	6	8	0	0	20	24
Education Personnel	335	331	34	28	0	0	0	6	368	366
Civilian Personnel 1/	145	140	31	29	2	2	18	20	195	191
Government contribution to employees cooperative 2/							70	64	70	64
Customs Salaries 3/									21	16
Total	1,292	1,325	96	90	270	273	89	92	1,768	1,796

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 1,325 billion in Jan-May 2014, compared to LL 1,292 billion paid in the same period of 2013. The latter rise was the result of an increase in military personnel cost by LL 41 billion (5 percent), which was slightly offset by drops in civilian and education personnel costs by LL 4 billion (3 percent) and LL 3 billion (1 percent) respectively.

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 the (a) Army by LL 18 billion induced by a rise in overseas missions and trainings indemnities by LL 9 billion as well as increases in salaries of both permanent personnel and contractual employees by LL 8 billion and LL 3 billion respectively , (b) Internal Security Forces by LL 15 billion owing to the recruitment of new personnel or the promotion of current personnel, and (c) General Security Forces by LL 8 billion, as a result of a LL 5 billion rise in salaries of trainees.

II.B. Basic Salaries of Civilian Personnel

Payments to civilian personnel dropped by LL 4 billion during the period Jan-May 2014, compared to the same period in 2013. From an administrative classification¹ perspective, diplomats in Lebanese overseas missions recorded the most notable decrease during this period (- LL 3 billion) due to lower retroactive payments. These amounted to LL 12 billion in Jan-May 2013, compared to only LL 9 billion in the same period of 2014.

II.C. Basic Salaries of Education Personnel

The LL 3 billion decline in payments to education personnel was mainly the combined result of a LL 9 billion drop in basic salaries of primary education teachers, which was slightly counterbalanced by (a) a LL 4 billion rise in basic salaries to trainees at the Directorate General of Vocational Education owing to a discrepancy in the timing of payments, and (b) a LL 1 billion increase in basic salaries to contractual teachers at the Directorate General of Education.

III. Payment of Allowances

Allowances inched up by 1 percent (LL 3 billion) in Jan-May 2014, from LL 270 billion in Jan-May 2013, mainly as a result of higher payments to the Internal Security Forces and the General Security Forces by LL 22 billion and LL 11 billion respectively. These increases were nearly offset by a decrease in allowances to the Army by LL 32 billion.

¹ An administrative classification arranges public expenditures by recipient ministries and general directorates.

More specifically, the increase in allowances to the Internal Security Forces was chiefly attributed to a LL 16 billion rise in hospital expenses, a LL 7 billion increase in social allowances and a LL 2 billion rise in medical allowances.

The rise in allowances to General Security Forces was mainly due to higher payments for hospital expenses (+LL 5 billion), school allowances (+LL 3 billion) and sickness and maternity (+LL 2 billion).

As for the decline in allowances to the Army, it was mainly driven by a decrease in hospital expenses category by LL 46 billion and sickness and maternity by LL 12 billion, which was partially counterbalanced by a LL 15 billion rise in death allowances.

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