

The total fiscal balance registered a deficit of LL 2,446 billion in Jan-May 2013, widening by LL 726 billion (42 percent) compared to the LL 1,720 billion deficit recorded in Jan-May 2012 (Table 1). In parallel, the primary balance showed a lower surplus of LL 60 billion in Jan-May 2013 compared to the LL 741 billion surplus recorded a year earlier. State finances deteriorated in Jan-May 2013 as expenditures jumped by LL 867 billion (11 percent) to LL 8,759 billion, dwarfing the modest LL 141 billion (2 percent) increase in revenues (totaling LL 6,313 billion).

Table 1. Summary of Fiscal Performance

(LL billion)	2011 Jan-May	2012 Jan-May	2013 Jan-May	% Change 2013/2012
Total Budget and Treasury Receipts¹	5,363	6,172	6,313	2%
Total Budget and Treasury Payments, of which	7,196	7,892	8,759	11%
• Interest Payments	2,418	2,338	2,401	3%
• Concessional loans principal payment ²	127	123	105	-14%
• Primary Expenditures ³	4,650	5,431	6,253	15%
Total Deficit/Surplus	-1,833	-1,720	-2,446	42%
Primary Deficit/Surplus	713	741	60	-92%

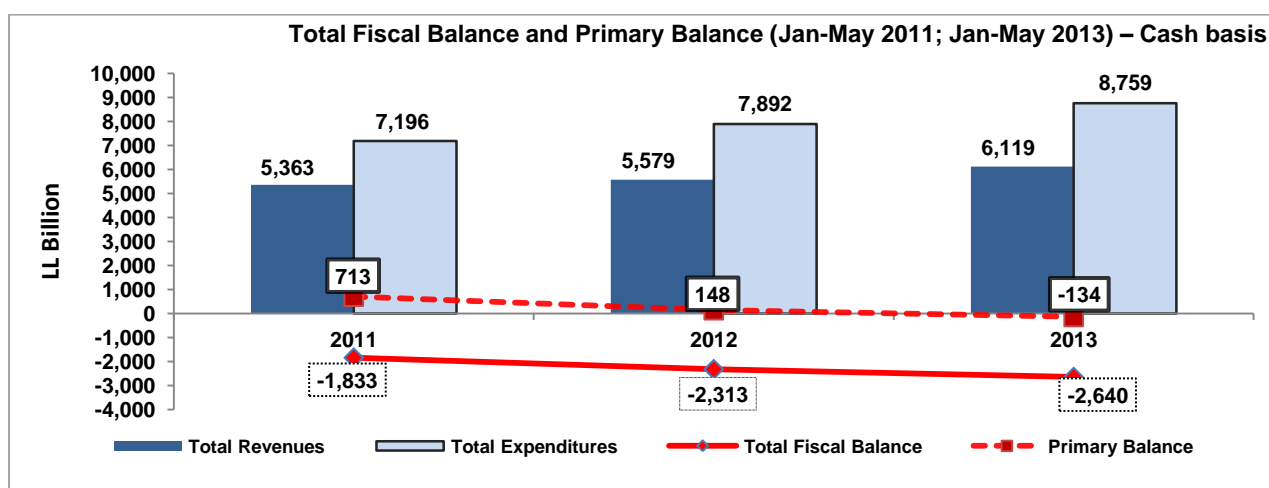
Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)

¹ Includes the expected transfer from Telecom Surplus

² Includes only Principal repayments of concessional loans earmarked for project financing

³ Primary expenditures exclude debt related payments (Interest payments and Concessional loans principal repayment)

On a cash basis, or when the actually transferred amounts from the telecom surplus – rather than the expected amounts - are accounted for in the first five months of 2012 and 2013¹, the fiscal deficit widens by a much smaller 14 percent year-on-year to reach LL 2,640 billion in Jan-May 2013 while the primary balance turns to a deficit of LL 134 billion in Jan-May 2013 from a surplus of LL 148 billion in Jan-May 2012.



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

¹ Actual transfers from the Telecom surplus amounted to LL 302 billion and LL 573 billion in Jan-May 2012 and Jan-May 2013 respectively. Transfer expectations provided by the Telecom Ministry had been LL 895 billion in Jan-May 2012 and LL 766 billion in Jan-May 2013.

Total revenues amounted to LL 6,313 billion in Jan-May 2013, compared to LL 6,172 billion during the same period in 2012, representing a 2 percent annual increase. On a cash basis, total revenues climbed almost 10 percent to reach LL 6,119 billion in Jan-May 2013, from LL 5,579 billion in Jan-May 2012.

Tax revenues collected in the first five months of 2013 reached LL 4,686 billion, rising by around 208 billion (5 percent) from the same period in 2012, despite registered declines in the domestic taxes on goods and services and taxes on property. This improvement was mostly owing to higher collections of taxes on income, profits, and capital gains, in addition to a modest increase in taxes on international trade.

- Taxes on income, profits, and capital gains surged by LL 316 billion (27 percent) to reach LL 1,501 billion in Jan-May 2013, mainly as a result of a LL 320 billion (73 percent) increase in “Income Tax on Profits”, as the usual bulk payment of the said tax was made in the month of May in 2013, while in 2012 it was made in June. Income tax on salaries and wages increased by LL 44 billion during the same period to reach LL 307 billion. This improvement was in tandem with the increase in private sector wages and the cost of living adjustment granted to the public sector². In contrast, “income tax on capital gains and dividends” dropped by LL 44 billion annually to reach LL 137 billion in Jan-May 2013, after the year 2012 had witnessed an irregular rise of this component owing to MoF collection efforts³.
- Domestic taxes on goods and services regressed by LL 56 billion (3 percent), mainly as a result of a LL 53 billion (4 percent) annual drop in VAT collections to LL 1,435 billion, and a LL 10 billion decline in Passenger Departure Tax. The drop in VAT is explained by the Parliament’s policy decision to lift VAT on gasoil⁴, which caused a LL 109 billion decline in VAT collected at customs in Jan-May 2013 from Jan-May 2012, while internally collected VAT added LL 56 billion to LL 579 billion. The recorded losses in domestic taxes on goods and services were slightly curbed by modest increases in transfers from “Régie Des Tabacs” (LL 5 billion), and private car registration fees (LL 3 billion).
- Taxes on property diminished by LL 42 billion (8 percent) to reach LL 454 billion in Jan-May 2013. This drop mostly resulted from a LL 40 billion (12 percent) dip in “Real Estate Registration Fees”, reflecting the 8 percent retraction in the number of **sold properties**, and the depreciation in the average declared value per property⁵ to LL 175 million in Jan-May 2013 from LL 176 million in Jan-May 2012.

Non-tax revenues retreated by LL 173 billion (12 percent) year-on-year to LL 1,266 billion in Jan-May 2013, although on a cash basis, they jumped by LL 226 billion (27 percent) to reach LL 1,072 billion. This mainly resulted from a LL 271 billion (90 percent) year-on-year surge in transfers from the Telecom surplus and the transfer of LL 30 billion from the Port of Beirut⁶, compared to *nil* in Jan-May 2012, which in turn overshadowed declines in (i) property income, namely “Rent of Rafic Hariri international Airport”, by LL 36 billion (ii) Vehicle control fees, by LL 22 billion (iii) budget surplus of the National Lottery by LL 16 billion, and (iv) Revenues from Casino Du Liban by LL 9 billion.

Treasury receipts added LL 106 billion (41 percent) year-on-year to reach LL 361 billion in Jan-May as a result of annual increases in other accounts, Deposits⁷ and Guarantees by LL 57 billion, LL 26 billion, and LL 21 billion respectively.

² The Increase in private sector minimum wage and cost of living adjustment for the public sector were both adopted in February 2012, although the latter became effective in September 2012.

³ In 2012, the Revenues Directorate at the Ministry of Finance undertook inspections to audit the declaration forms presented by financial corporations, thus boosting the 2012 “income tax on capital gains and dividends” figures, reaching LL 180 billion in Jan-May 2012, compared to LL 124 billion in Jan-May 2011.

⁴ As per Law 207, dated March 5, 2012.

⁵ Kindly note that the calculation method of the average declared value per property was changed in May 2013 to reflect average value of properties that were sold during the month. As such, previously published figures up to the April 2013 Public Finance Review are not directly comparable.

⁶ The transfer of LL 30 billion from the Port of Beirut revenues to the MoF is part of the share of revenues for the year 2011.

⁷ Deposits are mainly revenues collected on behalf of public administrations, institutions, municipalities, and funds, which when reimbursed are accounted for as expenditures.

Total expenditures registered an increase of LL 867 billion in the first five months of 2013, standing at LL 8,759 billion compared to LL 7,892 billion in Jan-May 2012.

Current primary expenditures⁸ climbed by LL 705 billion (16 percent) to reach LL 5,082 billion in Jan-May 2013, mostly due to increases in various transfers and personnel cost. **Various transfers** grew by LL 388 billion (25 percent) mainly as a result of the LL 250 billion payment to NSSF in the first five months of 2013, compared to *nil* in the same period in 2012, partly due to a discrepancy in the timing of the payment. Moreover, contributions to non-public sectors⁹ increased by LL 92 billion to reach LL 134 billion in Jan-May 2013, owing to a rise in two main items: (i) transfers to the Ministry of Education, for the subsidization of public school registrations and materials for displaced students from Syria, and for subsidized private schooling funds accrued between 2008 and 2012, and (ii) higher transfers to the Ministry of Social Affairs to cover the ministry's assessed inflation of aid expenses per assisted individual in 2013. Transfers to Electricité Du Liban diminished by LL 97 billion (7 percent) to LL 1,312 billion outlining the 27 percent drop in the volume of imported fuel oil in May-Dec 2012¹⁰, and slightly offsetting the rise in various transfers. **Personnel cost** increased by LL 194 billion (8 percent), amounting to LL 2,645 billion in Jan-May 2013, as a result of a LL 168 billion rise in salaries, wages, and related items and a LL 145 billion growth in retirement compensations, although the total amount was partially offset by a LL 135 billion drop in end of service indemnities. Other notable changes in current expenditures included a LL 36 billion rise in materials and supplies, mostly driven by a LL 41 billion (167 percent) annual increase in medicaments to LL 65 billion in Jan-May 2013. Medicament expenses mostly pertain to additional transfers made to military personnel and the Ministry of Public Health (MOH) in addition to two contracts of mutual consent between MOF and MOH for the purchase of specified generic medicines, valued at a total of LL 30 billion¹¹. This increase in materials and supplies was slightly counterbalanced by a LL 16 billion decline in fuel oil payments.

Interest payments scaled up by LL 63 billion to reach LL 2,401 billion, owing to a LL 62 billion rise in interest payments in foreign currency. **Foreign debt principal repayments** amounted to LL 105 billion in the first five months of 2013, diminishing by LL 17 billion from the same period in 2012.

Capital expenditures increased by LL 134 billion (46 percent) to LL 425 billion in Jan-May 2013, up from LL 291 billion in Jan-May 2012, mainly as a result of an LL 88 billion jump in payments to the Council of Development and Reconstruction, totalling LL 125 billion during Jan-May 2013. This significant rise in CDR transfers was mainly related to a LL 31 billion payment for the development of the road connecting Batroun and Bajdarfil areas, a LL 16 billion payment for overseeing the completion of the Olympic swimming pool in Nakkach area and imbursement of corresponding costs, and LL 10 billion for projects in water treatment. In addition, payments to maintenance¹² and other expenditures related to fixed capital assets increased by LL 38 billion and LL 20 billion respectively in Jan-May 2013, mainly due to higher payments to IDAL for the support of the export sector, whereas transfers to Displaced Fund and Ministry of Public Work and Transport dropped by LL 48 billion and LL 15 billion respectively over the considered period.

Treasury expenditures¹³ amounted to LL 661 billion in Jan-May 2013, down by less than 1 percent from the LL 667 billion recorded in Jan-May 2012. The LL 6 billion decline mainly resulted from lower payments to municipalities reaching LL 343 billion in the first five months of 2013, compared to LL 490 billion in the same period of 2012, when the decree allocating 2010 revenues accrued to municipalities¹⁴ was implemented. The decrease in payments to municipalities was offset by increases in (i) other payments, namely VAT Refund, which added LL 52 billion to reach LL 135 billion, (ii) Deposits by LL 35 billion as a result of a discrepancy in the timing of payments compared to the previous year, and (iii) Guarantees by LL 29 billion as penalties paid to MOF surged in 2013, boosting the percentage of the amount customarily paid out to civil servants.

⁸ Current primary expenditures represent current expenditures excluding interest payment and debt service.

⁹ Contributions to non-public sectors include: Contributions to nonprofit organizations (Ministry of Education-Subsidized Schools, Ministry of Youth and Sports, Ministry of Public Health, and Ministry of Social Affairs), Contributions to Private parties (Ministry of Justice, Ministry of Public Health, and Ministry of Culture), and Students Grants.

¹⁰ Payments made on EDL fuel oil imports are customarily made 180 days from import date.

¹¹ Contract of mutual consent number 18318, dated November 6, 2012, and Contract of mutual consent number 18538, dated November 9, 2012.

¹² The main payment relates to different development projects in various Lebanese regions, as per decree 9427. The total treasury advance is LL 450 billion.

¹³ Starting December 2011, the Treasury expenditures section in the monthly, quarterly and yearly reports and its corresponding figures differ from the same section appearing in the fiscal performance reports published by the Ministry of Finance because of the reclassification affecting certain payments from guarantees and treasury advances accounts, which are manually reclassified in their budgetary economic classification articles.

¹⁴ Decree 7374 dated January 13, 2012.

Gross public debt stood at LL 89,274 billion by the end of May 2013, up from 86,959 at end-2012.

Local currency debt registered a modest decrease of LL 83 billion (0.2 percent) to reach LL 50,115 billion in the five months of the year. BDL added LL 1,159 billion (7.7 percent) to its local currency debt portfolio from end-2012, amounting to LL 16,208 billion by end-May. Local currency debt held by commercial banks dropped by LL 2,253 billion (8.3 percent) to reach LL 25,014 billion, while TBs held by public entities climbed by LL 634 billion (9.8 percent) to reach LL 7,113 billion over the same period.

Foreign currency debt grew by LL 2,398 billion (6.5 percent) from end-2012, amounting to LL 39,159 billion by the end of May 2013. This mainly resulted from an 8.8 percent rise in market issued Eurobonds to LL 32,002 billion, boosted by two Eurobond transactions conducted in April and carrying a value of US\$ 1.1 billion each¹⁵. Paris II and Paris III-related debt (Eurobonds and loans) declined by 3.8 percent and 5.6 percent respectively since end-2012, mainly as a result of amortized principle repayments. Bilateral, multilateral, and foreign private sector loans slid by LL 23 billion to reach LL 2,561 billion; Accrued interest on Eurobonds inched up by LL 7 billion over the same period to reach LL 407 billion by end-May 2013; Special T-bills in foreign currency added LL 24 billion to reach LL 136 billion due to the issuance of US\$ 16,878,370.95 worth of contractor bonds that were issued on 7 February 2013 at a rate of 4.04 percent, coming due in February 2018, pursuant to Law #69 dated April 23, 2009 and amended by Law #226 date October 22, 2012.

¹⁵ More information on debt transactions in April 2013 can be found under *Debt Transactions* in the Public Debt Section at the Ministry of Finance Website, under the titles “Dual-tranche: 4.50% USD Notes due 2016, and 5.50% Notes due 2019 in Debt Replacement Agreement with BDL, issued 23 April 2013” and Re-openings of 6.00 percent USD Notes due 2023 and of 6.75 percent USD Notes due 2027, issued 17 April 2013

Section 1: Revenue Outcome

Table 2. Total Revenues

(LL billion)	2012 Jan-May	2013 Jan-May	% Change 2013/2012
Budget Revenues, of which	5,917	5,951	0.6%
<i>Tax Revenues</i>	4,477	4,686	4.7%
<i>Non-Tax Revenues</i>	1,439	1,266	-12.0%
Treasury Receipts	255	361	41.5%
Total Revenues	6,172	6,313	2.3%

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

Table 3. Tax Revenues

(LL billion)	2012 Jan-May	2013 Jan-May	% Change 2013/2012
Tax Revenues:	4,477	4,686	4.7%
Taxes on Income, Profits, & Capital Gains, of which	1,185	1,501	26.6%
<i>Income Tax on Profits</i>	440	760	72.7%
<i>Income Tax on Wages and Salaries</i>	263	307	16.7%
<i>Income Tax on Capital Gains & Dividends</i>	180	137	-24.4%
<i>Tax on Interest Income (5%)</i>	277	279	1.0%
<i>Penalties on Income Tax</i>	23	18	-24.3%
Taxes on Property, of which:	496	454	-8.5%
<i>Built Property Tax</i>	106	111	4.7%
<i>Real Estate Registration Fees</i>	331	291	-12.1%
Domestic Taxes on Goods & Services, of which:	1,686	1,630	-3.3%
<i>Value Added Tax</i>	1,489	1,435	-3.6%
<i>Other Taxes on Goods and Services, of which:</i>	147	140	-4.9%
<i>Private Car Registration Fees</i>	82	85	3.8%
<i>Passenger Departure Tax</i>	64	54	-15.8%
Taxes on International Trade, of which:	899	902	0.3%
<i>Customs</i>	327	337	3.2%
<i>Excises, of which:</i>	572	565	-1.4%
<i>Gasoline Excise</i>	193	198	2.6%
<i>Tobacco Excise</i>	194	175	-9.8%
<i>Cars Excise</i>	181	187	3.3%
Other Tax Revenues (namely fiscal stamp fees)	211	199	-5.7%

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

Table 4. Non-Tax Revenue

(LL billion)	2012 Jan-May	2013 Jan-May	% Change 2013/2012
Non-Tax Revenues	1,439	1,266	-12.0%
Income from Public Institutions and Government Properties, of which	1,110	950	-14.4%
Income from Non-Financial Public Enterprises, of which:	993	869	-12.5%
<i>Revenues from Casino Du Liban</i>	62	53	-15.3%
<i>Revenues from Port of Beirut</i>	0	30	-
<i>Budget Surplus of National Lottery</i>	36	20	-44.4%
<i>Transfer from the Telecom Surplus ^{1/}</i>	895	766	-14.3%
Transfer from Public Financial Institution (BDL)	60	61	1.1%
Property Income (namely rent of Rafic Hariri International Airport)	54	18	-66.4%
Other Income from Public Institutions (interests)	2	2	-19.5%
Administrative Fees & Charges, of which:	260	247	-4.8%
Administrative Fees, of which:	216	196	-8.9%
<i>Notary Fees</i>	12	12	-0.5%
<i>Passport Fees/ Public Security</i>	48	54	13.1%
<i>Vehicle Control Fees</i>	115	93	-19.2%
<i>Judicial Fees</i>	14	11	-22.2%
<i>Driving License Fees</i>	8	8	2.2%
Administrative Charges	12	18	50.1%
Sales (Official Gazette and License Number)	1	1	-24.6%
Permit Fees (mostly work permit fees)	25	26	2.0%
Other Administrative Fees & Charges	6	7	10.4%
Penalties & Confiscations	5	4	-22.0%
Other Non-Tax Revenues (mostly retirement deductibles)	65	64	-0.1%

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

^{1/}Out of the expected LL 895 billion in Jan-May 2012, LL 302 billion was effectively transferred from the Telecom surplus.

Out of the expected LL 766 billion in Jan- May 2013, LL 573 billion was effectively transferred from the Telecom Surplus.

Section 2: Expenditure Outcome

Table 5. Expenditure by Economic Classification

(LL billion)	2012 Jan-May	2013 Jan-May	% Change 2013/2012
1. Current Expenditures	6,838	7,588	11.0%
1.a Personnel Cost, of which	2,451	2,645	7.9%
Salaries, Wages and Related Items (Article 13)	1,599	1,767	10.5%
Retirement and End of Service Compensations, of which:	720	730	1.4%
Retirement	516	661	28.0%
End of Service	204	69	-66.1%
Transfers to Public Institutions to Cover Salaries 1/	132	148	12.0%
1.b Interest Payments, of which: 2/	2,338	2,401	2.7%
Domestic Interest Payments	1,432	1,432	0.0%
Foreign Interest Payments	906	968	6.9%
1.c Foreign Debt Principal Repayment	123	105	-14.0%
1.d Materials and Supplies, of which:	98	133	36.3%
Nutrition	26	21	-20.6%
Fuel Oil	20	4	-80.5%
Medicaments	24	65	166.7%
Accounting Adjustments for Treasury advances 3/	12	7	-39.1%
1.e External Services	50	59	18.4%
1.f Various Transfers, of which:4/	1,572	1,960	24.7%
EDL 5/	1,409	1,312	-6.9%
NSSF	0	250	
Higher Council of Relief	38	23	-38.4%
Contributions to non-public sectors	42	134	222.3%
Treasury advances for diesel oil subsidy	0	0	-
Transfers to Directorate General of Cereals and Beetroot	0	28	-
Contributions to water authorities	0	3	-
Special Tribunal for Lebanon	0	0	-
Gasoline subsidy for taxi drivers	3	1	-67.5%
Accounting Adjustments for Treasury advances 3/	0	0	-94.9%
1.g Other Current, of which:	129	191	47.5%
Hospitals	105	126	20.6%
Others(judgments & reconciliations, mission costs, other)	23	64	177.4%
Accounting Adjustments for Treasury advances 3/	1	0	-97.8%
1.h Reserves	77	94	22.3%
Interest subsidy	77	94	22.3%
2. Capital Expenditures	291	425	46.2%
2.a Acquisitions of Land, Buildings, for the Construction of Roads, Ports, Airports, and Water Networks	0	14	4970.0%
2.b Equipment	16	29	84.7%
2.c Construction in Progress, of which:	196	248	26.6%
Displaced Fund	48	0	-100.0%
Council of the South	30	18	-41.7%
CDR	37	125	236.0%
Ministry of Public Work and Transport	73	58	-20.4%
Other of which:	7	41	469.3%
Higher Council of Relief	0	15	-
2.d Maintenance	75	113	50.8%
2.e Other Expenditures Related to Fixed Capital Assets	2	21	1209.7%
2.f Parliamentary Equipment and Maintenance 6/	2	0	-100.0%
2.g Accounting Adjustments for Treasury advances 3/	0	0	-6.3%
3. Budget Advances 7/	77	64	-17.3%
4. Customs Administration (exc. Salaries and Wages) 8/	19	20	6.1%
5. Treasury Expenditures 9/	667	661	-0.9%
Municipalities	490	343	-29.9%

Guarantees	22	51	132.5%
Deposits 10/	30	65	113.7%
Other, of which:	125	201	61.0%
VAT Refund	83	135	63.2%
6. Unclassified Expenditures	0	1	480.7%
7. Total Expenditures (Excluding CDR Foreign Financed)	7,892	8,759	11.0%

Source: Statement of Account 36, Cashier Spending, Public Debt Department Figures, Fiscal Performance Gross Adjustment Figures

1/ For a detailed breakdown of those transfers, kindly refer to table 6.

2/ For a detailed breakdown of interest payments, kindly refer to table 7.

3/ The expenditure figures as published by the ministry of finance include the regularization from the budget allocations of treasury advances previously paid from treasury accounts. These regularizations are included on both the revenue and expenditure side for accounting purposes and do not constitute an actual spending that affects the deficit.

4/ It should be noted that "Treasury advance for water authorities" (LL 23 billion in 2011) was removed from Treasury Expenditures and reclassified under Various Transfers as starting 2012 transfers to water authorities are included in the budget under article 14.

5/ For a detailed breakdown of transfers to EDL, kindly refer to table 8. EDL has been reclassified to various transfers from "other treasury expenditures", following the reclassification of the 2009 Budget Proposal and in line with the Fiscal Performance.

6/ These are reclassifications of payments made from the guarantees under Law 123 dated 23 July 2010, that opened, in the 2010 Budget, a LL20 billion allocation for the equipment and maintenance of the House of Parliament. The law allowed the provision of an emergency advance issued by a Decision from the Speaker of Parliament specifying the amount and the duration of the advance. The advance is to be regularized based on invoices certified by the Secretariat of the Office of Parliament and submitted to the Ministry of Finance.

7/ Budget Advances were previously classified under "other". Given their growth, and in line with the Ministry of Finance's efforts to ensure transparency, they will be published in a separate line. They will be regularized at a later stage, and it is only after their regularization that they can be classified according to their economic nature in the budget system.

8/ Customs administrations include payments - excluding salaries and wages - made to customs and paid from customs cashiers. They can only be classified after Customs submit the supporting documents to the Directorate General of Finance.

9/ Starting December 2011, the Treasury expenditures section in the monthly, quarterly and yearly reports and its corresponding figures differ from the eponym section appearing in the Fiscal performance reports published by the Ministry of Finance because of the reclassification affecting certain payments from guarantees and treasury advances accounts which are manually reclassified in their budgetary economic classification articles.

10/ Deposit payments are payments made by the treasury to public administrations, institutions, municipalities, funds, from revenues it has collected on their behalf.

Table 6. Breakdown of Transfers to Public Institutions for the Coverage of Salaries

(LL billion)	2012 Jan-May	2013 Jan-May	% Change 2013/2012
Transfer to Council of the South	2	2	54.3%
Transfer to Council for Development and Reconstruction (CDR)	9	15	69.0%
Transfer to the Displaced Fund	2	2	8.0%
Transfer to the Lebanese University	115	123	6.9%
Transfer to the Educational Center for Research and Development	5	6	14.3%

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

Table 7. Details of Debt Service Transactions

(LL billion)	2012 Jan-May	2013 Jan-May	% Change 2013/2012
Interest Payments	2338	2401	2.7%
Local Currency Debt	1,432	1,432	0.0%
Foreign Currency Debt, of which:	906	968	6.9%
Eurobond Coupon Interest*	855	914	7.0%
Special bond Coupon Interest*	2	3	31.9%
Concessional Loans Interest Payments	49	51	3.8%
Concessional Loans Principal Repayments	123	105	-14.0%

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

* Includes general expenses related to the transaction

Table 8. Transfers to EDL¹

(LL billion)	2012 Jan-May	2013 Jan-May	% Change 2013/2012
EDL of which:	1,409	1,312	-6.9%
Debt Service of which:	43	40	-6.3%
- C-Loans, of which:	17	14	-16.7%
Principal Repayments	14	12	-17.6%
Interest Payments	3	3	-13.1%
- BDL Guaranteed Loan payments	26	26	0.6%
Reimbursement for purchase of Natural Gas, Fuel & Gas Oil:	1,366	1,271	-6.9%
- KPC & SPC	1,366	1,271	-6.9%
- EGAS	0	0	-
Treasury Advance to EDL	0	0	-
- For VAT on Fuel Imports	0	0	-
- Payment for EDL contract with KARPOWERSHIP	0	0	-

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

⁽¹⁾ Prior to 2005, transfers to EDL were recorded under the line item "treasury expenditures", because they were paid through treasury advances based on decrees issued by the Council of Ministers. Starting 2005, transfers to EDL were included in the yearly budget as an allocation classified as a loan. In 2009, the said budget item was reclassified to become a subsidy to the electricity company rather than a treasury. In the fiscal performance, transfers to cover EDL's gas and fuel oil remained classified under "treasury expenditures" until August 2010 when it was reclassified under "budget expenditures". This reclassification, however, was not reflected in the 2010 PFM issues to avoid a disruption in the series and in order to keep the figures published in the PFM throughout 2010 consistent and comparable. Since January 2011, EDL transfers are reclassified under "budget expenditures".

Section 3: Public Debt

Table 9. Public Debt Outstanding by Holder as of End-May 2013

(LL billion)	Dec-10	Dec-11	Dec-12	May-13	Change Dec 12 -May 13	% Change Dec 12-May 13
Gross Public Debt	79,298	80,887	86,959	89,274	2,315	2.7%
Local Currency Debt	48,255	49,340	50,198	50,115	-83	-0.2%
a. Central Bank (Including REPOs and Loans to EDL to Finance Fuel Purchases) ⁽¹⁾	13,130	16,374	15,049	16,208	1,159	7.7%
b. Commercial Banks	27,214	25,177	27,267	25,014	-2,253	-8.3%
c. Other Local Currency Debt (T-bills), of which:	7,911	7,789	7,882	8,893	1,011	12.8%
Public Entities	6,268	6,538	6,479	7,113	634	9.8%
Contractor bonds ⁽²⁾	-	41	134	134	0	0.0%
* Accrued Interest Included in Debt	867	788	789	740	-49	-6.2%
Foreign Currency Debt⁽³⁾	31,043	31,547	36,761	39,159	2,398	6.5%
a. Bilateral, Multilateral and Foreign Private Sector Loans	2,624	2,566	2,584	2,561	-23	-0.9%
b. Paris II Related Debt (Eurobonds and Loans) ⁽⁴⁾	4,137	3,512	2,925	2,813	-112	-3.8%
c. Paris III Related Debt (Eurobonds and Loans) ⁽⁵⁾	1,855	1,723	1,313	1,240	-74	-5.6%
d. Market-Issued Eurobonds	21,870	23,259	29,427	32,002	2,575	8.8%
e. Accrued Interest on Eurobonds	483	407	400	407	7	1.8%
f. Special T-bills in Foreign Currency ⁽⁶⁾	74	80	112	136	24	21.4%
Public Sector Deposits	11,419	10,984	12,916	12,769	-147	-1.1%
Net Debt	67,879	69,903	74,043	76,505	2,462	3.3%
Gross Market Debt⁽⁷⁾	51,308	50,192	58,623	59,351	728	1.2%
% of Total Debt	65%	62%	67%	66%	-1%	-1.4%

Source: Ministry of Finance, Banque du Liban

(1) In November 2003 and July 2004, BDL extended two loans to EDL, of amount LL 300 billion and LL 150 billion respectively, to finance the payment of electricity bought from Syria. The amortization schedule ends in June 30, 2013. These loans are listed as public debt as they are government guaranteed.

(2) Contractor bonds issued in LBP. Contractor bonds issued in USD are listed under "Special T-bills in foreign currency."

(3) Figures for Dec 10- Dec 12 may differ from previously published data due to updated information regarding bilateral and multilateral loans in the DMFAS system.

(4) Paris II related debt (Eurobonds and Loans) including a Eurobond originally issued at USD 1,870 billion to BDL in the context of the Paris II conference.

(5) Eurobonds issued to Malaysia as part of its Paris III contribution, IBRD loan, UAE loan, first tranche of the French loan received in February 2008 and part of second tranche received October 2012, IMF loans, first tranche EC/EU loan, and AMF loan disbursed in June 2009.

(6) Special T-bills in foreign currency (expropriation and contractor bonds).

(7) Gross market debt equals gross debt less the portfolios of the BDL, NSSF, bilateral and multilateral loans, Paris II and Paris III related debt.

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For further information please contact:

Ministry of Finance

UNDP Project

Tel: 961 1 981057/8

Fax: 961 1 981059

E-mail: infocenter@finance.gov.lb

Website: www.finance.gov.lb