Fiscal Overview

For the year 2008, total fiscal balance registered a deficit of LL 4,404 billion compared to a deficit of 3,838 billion in 2007, a 15 percent larger deficit, resulting from an increase in payments by LL 2,370 billion, higher than the LL 1,804 billion rise in receipts.

The primary balance over this period, registered a surplus of LL 900 billion compared to a surplus of LL 1,102 billion achieved in 2007, a decrease of 18 percent.

In details, the 21 percent increase in 2008 total revenues is explained by a higher collection in tax revenues (by 29 percent), non-tax revenues (by 4 percent) and treasury receipts (by 16 percent).

- All the components of tax revenues have witnessed an improvement in collection, mainly (i) 20 percent higher income tax on profits as well as (ii) 53 percent increase in Real Estate registration fees, and (iii) 29 percent rise in VAT receipts. On the international trade front, only the Petroleum Tax witnessed a cumulative year on year decrease of 39 percent1 while custom duties, excises on cars and on Tobacco were up by 22, 89 and 17 percent respectively.

- On the other hand, the increase in non tax revenues is mainly justified by LL 62 billion higher Administrative Fees and Charges collected and by LL 26 billion higher entrepreneurial income, which in turn is explained by LL 78 billion and LL 74 billion higher transfers from Casino de Liban and the budget surplus of Telecom respectively, offsetting the zero transfer from Port of Beirut and the LL 72 billion drop in BDL transfer.

- By the end of 2008, treasury receipts were LL 103 billion higher than receipts in 2007 explained mainly by LL 52 billion higher revenues for the Independent Municipal Fund, and LL 68 billion higher receipts under "other Treasury revenues" behind which stand an amount of LL 73 billion of wheat subsidy refund, and LL 12 billion higher amount of grants for budgetary support

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1 Note that on the gasoline excise front, the collection during the months of November and December 2008 witnessed a significant change in performance, as the Treasury was able to collect LL 38 billion and LL 67 billion respectively, whereas it only collected LL 5 billion during the first three quarters of the year. This is explained by the sharp drop in oil prices, while maintaining the price cap on Gasoline. It is further interesting to note that while QIV 08 has resumed collection of gasoline excise, QIV 07 was the beginning of the deterioration in the collection trend to nearly zero revenues.
received in 2008 (LL 200 billion grants received in 2008 compared to LL 188 billion received in 2007\(^2\)).

In 2008, total expenditures increased by LL 2,370 billion. This rise resulted from increases in current primary expenditures, foreign debt principal repayment, domestic interest payments and other treasury expenditures, by 13 percent, 41 percent, 13 percent and 62 percent respectively, offsetting the decline in foreign Interest Payments (by 3 percent) and capital expenditures by (7 percent). Current primary expenditures increased by LL 613 billion mainly due to (a) a LL 203 billion increase in salaries, wages and related items mainly due to the LL 200,000 raise in basic salaries approved by the Council of Ministers, (b) a LL 198 billion increase in retirement and end of service compensations mainly due to the resuming of end of service payments to the military after the temporary halt that followed the Nahr el Bared events and to the increase of LL 170,000 on the retirement salaries , (c) a LL 111 billion increase in treasury advance to the General Directorate of Cereals and Sugar to subsidize wheat and maintain the price of 1.12 kg of bread capped at LL 1,500, and (d) a LL 117 billion increase in hospitalization bills which offset the LL 120 billion lower transfers to NSSF. Interest payments registered a LL 263 billion rise in 2008 when compared to 2007: payments on domestic debt registered an increase of LL 332 billion while payments on foreign debt registered a decrease of LL 69 billion. Also, foreign debt principal payment increased by LL 101 billion. The increase in treasury expenditures by LL 1,430 billion is mostly due to higher payments to/on behalf of EDL by LL 951 billion as well as additional payments to municipalities by LL 221 billion, diesel oil subsidy by LL 29 billion and other treasury expenditures by LL 227 billion. The main increase in this last item comes mainly from (a) an increase in VAT refunds by LL 106 billion, (b) provision of treasury advances to i) the Higher Relief Council (up by LL 19 billion), ii) the Rafic Hariri International Airport for maintenance (up by LL35 billion), the Rafic Hariri University Hospital (up by LL14 billion) and c) higher budget advances by LL49 billion. Budget advances reached LL 126 billion in 2008. This amount has not been fully settled yet but it should be noted that LL73 billion out of it was settled as materials and supplies.

By the end of December 2008, gross public debt reached LL 70,874 billion, registering an increase of LL 7,510 billion (11.85 percent) since the end-December 2007 debt level. As in previous months, most of this increase came from a rise in domestic currency debt due to higher subscriptions of Treasury Bills mainly by commercial banks. This led the commercial banks’ LL 7,472 billion increase in holding of domestic currency debt compared to December 2007. This rise in debt offset the decrease of the BDL portfolio and Paris II related debt (Eurobonds and loans) by LL 271 billion and LL 607 billion respectively over the same period. The increase of public sector deposits of LL 3,755 billion mostly reflects the surplus in the commercial banks subscriptions for LL T-bills.

\(^{2}\) The LL 188 billion received in 2007 account mainly for LL 151 billion from Kingdom of Saudi Arabia, Euro 100,000 from Slovenia, $ 10 million from Oman, and LL 21 billion US dollar equivalent from USA, whereas the LL 200 billion received in 2008 account mainly for LL 165 billion US equivalent from USA, LL 32 billion Euro equivalent from EU, and LL 3 billion from Iraq to be spent on Iraqi refugees.
Table 1. Summary of Fiscal Performance

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total Budget and Treasury Receipts</td>
<td>592</td>
<td>717</td>
<td>1,056</td>
<td>7,316</td>
<td>8,749</td>
<td>10,553</td>
<td>20.6%</td>
</tr>
<tr>
<td>Total Budget and Treasury Payments, of which</td>
<td>1,281</td>
<td>950</td>
<td>1,555</td>
<td>11,879</td>
<td>12,587</td>
<td>14,957</td>
<td>18.8%</td>
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<tr>
<td>Interest Payments</td>
<td>434</td>
<td>329</td>
<td>391</td>
<td>4,334</td>
<td>4,695</td>
<td>4,957</td>
<td>5.6%</td>
</tr>
<tr>
<td>Concessional loans principal payments 1/</td>
<td>43</td>
<td>42</td>
<td>35</td>
<td>223</td>
<td>246</td>
<td>347</td>
<td>41.3%</td>
</tr>
<tr>
<td>Primary Expenditures 2/</td>
<td>803</td>
<td>579</td>
<td>1,129</td>
<td>7,323</td>
<td>7,647</td>
<td>9,652</td>
<td>26.2%</td>
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<tr>
<td>Total Cash Deficit/Surplus</td>
<td>-689</td>
<td>-233</td>
<td>-500</td>
<td>-4,564</td>
<td>-3,838</td>
<td>-4,404</td>
<td>14.8%</td>
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<tr>
<td>Primary Deficit/Surplus</td>
<td>-211</td>
<td>138</td>
<td>-73</td>
<td>-7</td>
<td>1,102</td>
<td>900</td>
<td>-18.3%</td>
</tr>
</tbody>
</table>

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

1/ Includes only Principal repayments of concessional loans earmarked for project financing
2/ Primary expenditures exclude debt related payments (Interest payments and Concessional loans principal repayment)

Section 2: Revenue Outcome

Table 2. Total Revenue

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Revenues, of which:</td>
<td>562</td>
<td>649</td>
<td>907</td>
<td>6,888</td>
<td>8,094</td>
<td>9,795</td>
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<tr>
<td>Tax Revenues</td>
<td>383</td>
<td>410</td>
<td>591</td>
<td>4,943</td>
<td>5,583</td>
<td>7,182</td>
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<tr>
<td>Non-Tax Revenues</td>
<td>179</td>
<td>238</td>
<td>316</td>
<td>1,945</td>
<td>2,511</td>
<td>2,613</td>
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<tr>
<td>Treasury Receipts</td>
<td>30</td>
<td>68</td>
<td>149</td>
<td>427</td>
<td>655</td>
<td>758</td>
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<tr>
<td>Total Revenues</td>
<td>592</td>
<td>717</td>
<td>1,056</td>
<td>7,316</td>
<td>8,749</td>
<td>10,553</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)
### Table 3. Tax Revenue

(LLL billion)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Tax Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Taxes on Income, Profits, &amp; Capital Gains,</strong> of which:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Income Tax on Profits</td>
<td>17</td>
<td>32</td>
<td>18</td>
<td>442</td>
<td>501</td>
<td>616</td>
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<tr>
<td>Income Tax on Wages and Salaries</td>
<td>3</td>
<td>8</td>
<td>18</td>
<td>196</td>
<td>219</td>
<td>273</td>
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<tr>
<td>Income Tax on Capital Gains &amp; Dividends</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>98</td>
<td>140</td>
<td>170</td>
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<tr>
<td>Tax on Interest Income (5%)</td>
<td>29</td>
<td>32</td>
<td>32</td>
<td>415</td>
<td>437</td>
<td>485</td>
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<td>Penalties on Income Tax</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>13</td>
<td>10</td>
<td>20</td>
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<tr>
<td><strong>Taxes on Property,</strong> of which:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Built Property Tax</td>
<td>15</td>
<td>9</td>
<td>15</td>
<td>94</td>
<td>103</td>
<td>130</td>
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<tr>
<td>Real Estate Registration Fees</td>
<td>36</td>
<td>51</td>
<td>73</td>
<td>281</td>
<td>380</td>
<td>580</td>
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<td><strong>Domestic Taxes on Goods &amp; Services,</strong> of which:</td>
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<tr>
<td>Value Added Tax</td>
<td>127</td>
<td>136</td>
<td>161</td>
<td>1,659</td>
<td>2,003</td>
<td>2,584</td>
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<tr>
<td>Other Taxes on Goods and Services, of which:</td>
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<td></td>
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</tr>
<tr>
<td>Private Car Registration Fees</td>
<td>7</td>
<td>11</td>
<td>18</td>
<td>109</td>
<td>130</td>
<td>197</td>
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<tr>
<td>Passenger Departure Tax</td>
<td>9</td>
<td>7</td>
<td>17</td>
<td>64</td>
<td>84</td>
<td>107</td>
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<tr>
<td><strong>Taxes on International Trade,</strong> of which:</td>
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<tr>
<td>Customs</td>
<td>43</td>
<td>46</td>
<td>60</td>
<td>461</td>
<td>561</td>
<td>686</td>
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<td>Excises, of which:</td>
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<tr>
<td>Petroleum Tax</td>
<td>35</td>
<td>67</td>
<td>67</td>
<td>230</td>
<td>185</td>
<td>112</td>
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<td>Tobacco Tax</td>
<td>16</td>
<td>16</td>
<td>23</td>
<td>162</td>
<td>211</td>
<td>246</td>
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<tr>
<td>Tax on Cars</td>
<td>15</td>
<td>30</td>
<td>55</td>
<td>217</td>
<td>286</td>
<td>539</td>
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<td><strong>Other Tax Revenues</strong>, (Namely Fiscal Stamp Fees)</td>
<td>17</td>
<td>19</td>
<td>24</td>
<td>259</td>
<td>271</td>
<td>350</td>
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</table>

Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)
<table>
<thead>
<tr>
<th>Table 4. Non-Tax Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>(LL billion)</td>
</tr>
<tr>
<td>Non-Tax Revenues</td>
</tr>
<tr>
<td>Income from Public Institutions and Government Properties, of which:</td>
</tr>
<tr>
<td>Income from Non-Financial Public Enterprises, of which:</td>
</tr>
<tr>
<td>Revenues from Casino Du Liban</td>
</tr>
<tr>
<td>Revenues from Port of Beirut</td>
</tr>
<tr>
<td>Budget Surplus of National Lottery</td>
</tr>
<tr>
<td>Transfer from the Telecom Surplus</td>
</tr>
<tr>
<td>Transfer from Public Financial Institution (BDL)</td>
</tr>
<tr>
<td>Property Income (Namely Rent of Rafic Hariri International Airport)</td>
</tr>
<tr>
<td>Other Income from Public Institutions (Interests)</td>
</tr>
<tr>
<td>Administrative Fees &amp; Charges, of which:</td>
</tr>
<tr>
<td>Administrative Fees, of which:</td>
</tr>
<tr>
<td>Notary Fees</td>
</tr>
<tr>
<td>Passport Fees/ Public Security</td>
</tr>
<tr>
<td>Vehicle Control Fees</td>
</tr>
<tr>
<td>Judicial Fees</td>
</tr>
<tr>
<td>Driving License Fees</td>
</tr>
<tr>
<td>Administrative Charges</td>
</tr>
<tr>
<td>Sales (Official Gazette and License Number)</td>
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<tr>
<td>Permit Fees (Mostly Work Permit Fees)</td>
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<tr>
<td>Other Administrative Fees &amp; Charges</td>
</tr>
<tr>
<td>Penalties &amp; Confiscations</td>
</tr>
<tr>
<td>Other Non-Tax Revenues (Mostly Retirement Deductibles)</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)
### Section 3: Expenditure Outcome

#### Table 5. Expenditure by Economic Classification

<table>
<thead>
<tr>
<th>(LL billion)</th>
<th>2006 Jan-Dec</th>
<th>2007 Jan-Dec</th>
<th>2008 Jan-Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Current Expenditures</strong></td>
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</tr>
<tr>
<td>1.a Personnel Cost, of which</td>
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<td></td>
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<tr>
<td>Salaries, Wages and Related Items</td>
<td>3,307</td>
<td>3,583</td>
<td>3,970</td>
</tr>
<tr>
<td>(Article 13)</td>
<td>2,188</td>
<td>2,473</td>
<td>2,676</td>
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<tr>
<td>Retirement and End of Service</td>
<td>927</td>
<td>889</td>
<td>1,087</td>
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<tr>
<td>Compensations, of which:</td>
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<tr>
<td>Retirement</td>
<td>744</td>
<td>778</td>
<td>893</td>
</tr>
<tr>
<td>End of Service</td>
<td>182</td>
<td>111</td>
<td>195</td>
</tr>
<tr>
<td>Transfers to Public Institutions</td>
<td>192</td>
<td>221</td>
<td>206</td>
</tr>
<tr>
<td>to Cover Salaries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.b Interest Payments, of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Interest Payments</td>
<td>2,368</td>
<td>2,515</td>
<td>2,847</td>
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<tr>
<td>Foreign Interest Payments</td>
<td>1,966</td>
<td>2,179</td>
<td>2,110</td>
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<tr>
<td>1.c Foreign Debt Principal</td>
<td>223</td>
<td>246</td>
<td>347</td>
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<tr>
<td>Repayment</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1.d Materials and Supplies, of which:</td>
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<tr>
<td>Nutrition</td>
<td>140</td>
<td>198</td>
<td>273</td>
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<tr>
<td>Fuel Oil</td>
<td>15</td>
<td>28</td>
<td>37</td>
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<tr>
<td>Medicaments</td>
<td>61</td>
<td>68</td>
<td>94</td>
</tr>
<tr>
<td>Accounting Adjustments for Treasury</td>
<td>18</td>
<td>52</td>
<td>57</td>
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<tr>
<td>1.e External Services</td>
<td>87</td>
<td>84</td>
<td>106</td>
</tr>
<tr>
<td>1.f Various Transfers, of which:</td>
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<tr>
<td>NSSF</td>
<td>498</td>
<td>563</td>
<td>568</td>
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<tr>
<td>Treasury Advance for Wheat Subsidy</td>
<td>200</td>
<td>220</td>
<td>100</td>
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<td>1.g Other Current, of which:</td>
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<tr>
<td>Hospitals</td>
<td>223</td>
<td>172</td>
<td>289</td>
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<tr>
<td>Others</td>
<td>35</td>
<td>34</td>
<td>40</td>
</tr>
<tr>
<td>1.h Reserves</td>
<td>80</td>
<td>83</td>
<td>85</td>
</tr>
<tr>
<td>Interest subsidy</td>
<td>80</td>
<td>83</td>
<td>85</td>
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<tr>
<td><strong>2. Capital Expenditures</strong></td>
<td>551</td>
<td>558</td>
<td>514</td>
</tr>
<tr>
<td>2.a Acquisitions of Land, Buildings</td>
<td>12</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td>for the Construction of Roads</td>
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<td></td>
</tr>
<tr>
<td>Ports, Airports, and Water Networks</td>
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</tr>
<tr>
<td>2.b Equipment</td>
<td>25</td>
<td>41</td>
<td>33</td>
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<tr>
<td>2.c Construction in Progress, of</td>
<td>435</td>
<td>416</td>
<td>366</td>
</tr>
<tr>
<td>which:</td>
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<td></td>
<td></td>
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<tr>
<td>Displaced Fund</td>
<td>119</td>
<td>76</td>
<td>49</td>
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<tr>
<td>Council of the South</td>
<td>75</td>
<td>40</td>
<td>40</td>
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<tr>
<td>CDR</td>
<td>356</td>
<td>214</td>
<td>210</td>
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<tr>
<td>Ministry of Public Work and Transport</td>
<td>84</td>
<td>39</td>
<td>33</td>
</tr>
<tr>
<td>Other</td>
<td>81</td>
<td>47</td>
<td>33</td>
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<tr>
<td>2.d Maintenance</td>
<td>48</td>
<td>48</td>
<td>72</td>
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<tr>
<td>2.e Other Expenditures Related to</td>
<td>32</td>
<td>35</td>
<td>36</td>
</tr>
<tr>
<td>Fixed Capital Assets</td>
<td></td>
<td></td>
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<tr>
<td><strong>3. Other Treasury Expenditures</strong></td>
<td>2,368</td>
<td>2,319</td>
<td>3,757</td>
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<tr>
<td>Municipalities</td>
<td>405</td>
<td>305</td>
<td>527</td>
</tr>
</tbody>
</table>

*Public Finance Monitor December 2008*
Guarantees
Deposits, of which:
  NSSF
Other, of which:
  VAT Refund
  Higher Council of Relief
EDL 4/
  Treasury Advances for Diesel Oil Subsidy
Other,
of which:
VAT Refund
Higher Council of Relief
EDL 4/
Treasury Advances for Diesel Oil Subsidy

4. Unclassified Expenditures

5. Customs Cashiers

6. Total Expenditures (Excluding CDR Foreign Financed)

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

<table>
<thead>
<tr>
<th>(LL billion)</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
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</thead>
<tbody>
<tr>
<td>Transfer to Council of the South</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Transfer to Council for Development and Reconstruction (CDR)</td>
<td>18</td>
<td>38</td>
<td>21</td>
</tr>
<tr>
<td>Transfer to the Displaced Fund</td>
<td>5</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Transfer to the Lebanese University</td>
<td>152</td>
<td>161</td>
<td>162</td>
</tr>
<tr>
<td>Transfer to the Educational Center for Research and Development</td>
<td>13</td>
<td>10</td>
<td>10</td>
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</tbody>
</table>

Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)
Table 7. Details of Debt Service Transactions

<table>
<thead>
<tr>
<th>(LL billion)</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec</td>
<td>Dec</td>
<td>Dec</td>
<td>Jan- Dec</td>
<td>Jan-Dec</td>
<td>Jan-Dec</td>
</tr>
<tr>
<td>Interest Payments 1/</td>
<td>434</td>
<td>374</td>
<td>391</td>
<td>4,334</td>
<td>4,695</td>
<td>4,957</td>
</tr>
<tr>
<td>Local Currency Debt</td>
<td>276</td>
<td>152</td>
<td>231</td>
<td>2,368</td>
<td>2,515</td>
<td>2,847</td>
</tr>
<tr>
<td>Foreign Currency Debt, of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eurobond Coupon Interest*</td>
<td>158</td>
<td>222</td>
<td>161</td>
<td>1,966</td>
<td>2,179</td>
<td>2,110</td>
</tr>
<tr>
<td>Special bond Coupon Interest*</td>
<td>145</td>
<td>214</td>
<td>145</td>
<td>1,838</td>
<td>2,039</td>
<td>1,950</td>
</tr>
<tr>
<td>Concessional Loans Interest Payments</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>13</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>Concessional Loans Principal Payments</td>
<td>13</td>
<td>8</td>
<td>8</td>
<td>116</td>
<td>127</td>
<td>144</td>
</tr>
<tr>
<td>Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1/ Please note that the classification of debt service expenditures is now broken into two separate categories as follows: Interest Payments (as per GFS classification) and repayment of principal on concessional loans earmarked for project financing.

* Includes general expenses related to the transaction

Table 8. Transfers to EDL

<table>
<thead>
<tr>
<th>(LL billion)</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jan-Dec</td>
<td>Jan-Dec</td>
<td>Jan-Dec</td>
<td></td>
</tr>
<tr>
<td>EDL of which:</td>
<td>1,370</td>
<td>1,479</td>
<td>2,430</td>
<td>951</td>
</tr>
<tr>
<td>Debt Service of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C-Loans and Eurobonds, of which:</td>
<td>249</td>
<td>297</td>
<td>155</td>
<td>-134</td>
</tr>
<tr>
<td>Principal repayments</td>
<td>228</td>
<td>272</td>
<td>115</td>
<td>-157</td>
</tr>
<tr>
<td>Interest Payments</td>
<td>181</td>
<td>84</td>
<td>94</td>
<td>9</td>
</tr>
<tr>
<td>Principal Repayment of Eurobonds</td>
<td>47</td>
<td>37</td>
<td>22</td>
<td>-16</td>
</tr>
<tr>
<td>BDL Guaranteed Loan payments</td>
<td>151</td>
<td>151</td>
<td>-151</td>
<td></td>
</tr>
<tr>
<td>Repayment of loans for fuel oil and gas oil purchase (principal and interest)</td>
<td>5</td>
<td>25</td>
<td>40</td>
<td>23</td>
</tr>
<tr>
<td>Reimbursement of KPC and Sonatrach agreements</td>
<td>17</td>
<td>67</td>
<td>0</td>
<td>-67</td>
</tr>
<tr>
<td>Repayment of oil suppliers arrears</td>
<td>903</td>
<td>1,114</td>
<td>2,275</td>
<td>1,153</td>
</tr>
<tr>
<td>Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Section 4: Public Debt

### Table 9. Public Debt Outstanding by Holder as of End-Dec 08

<table>
<thead>
<tr>
<th></th>
<th>Dec-05</th>
<th>Dec-06</th>
<th>Dec-07</th>
<th>Nov-08</th>
<th>Dec-08</th>
<th>Change Dec-07-Dec-08</th>
<th>% Change Dec-07-Dec-08</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Public Debt</strong></td>
<td>57,985</td>
<td>60,851</td>
<td>63,364</td>
<td>70,589</td>
<td>70,874</td>
<td>7,510</td>
<td>11.85%</td>
</tr>
<tr>
<td><strong>Local Currency Debt</strong></td>
<td>29,141</td>
<td>30,204</td>
<td>31,373</td>
<td>38,766</td>
<td>39,006</td>
<td>7,633</td>
<td>24.33%</td>
</tr>
<tr>
<td>a. Central Bank (Including REPOs and Loans to EDL to Finance Fuel Purchases)(^1)</td>
<td>11,686</td>
<td>9,588</td>
<td>9,052</td>
<td>8,725</td>
<td>8,781</td>
<td>-271</td>
<td>-2.99%</td>
</tr>
<tr>
<td>b. Commercial Banks</td>
<td>14,130</td>
<td>16,487</td>
<td>16,847</td>
<td>24,036</td>
<td>24,319</td>
<td>7,472</td>
<td>44.35%</td>
</tr>
<tr>
<td>c. Other Local Currency Debt (T-bills), of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Entities</td>
<td>3,325</td>
<td>4,129</td>
<td>5,474</td>
<td>6,005</td>
<td>5,906</td>
<td>432</td>
<td>7.89%</td>
</tr>
<tr>
<td>* Accrued Interest Included in Debt</td>
<td>517</td>
<td>685</td>
<td>754</td>
<td>932</td>
<td>1,001</td>
<td>247</td>
<td>32.76%</td>
</tr>
<tr>
<td><strong>Foreign Currency Debt (2)</strong></td>
<td>28,844</td>
<td>30,647</td>
<td>31,991</td>
<td>31,823</td>
<td>31,868</td>
<td>-123</td>
<td>-0.38%</td>
</tr>
<tr>
<td>a. Bilateral, Multilateral and Foreign Private Sector Loans</td>
<td>2,789</td>
<td>2,855</td>
<td>2,963</td>
<td>2,764</td>
<td>2,789</td>
<td>-174</td>
<td>-5.89%</td>
</tr>
<tr>
<td>b. Paris II Related Debt (Eurobonds and Loans)(^3)</td>
<td>6,501</td>
<td>6,540</td>
<td>6,063</td>
<td>5,577</td>
<td>5,456</td>
<td>-607</td>
<td>-10.01%</td>
</tr>
<tr>
<td>c. Paris III Related Debt (Eurobonds and Loans)(^4)</td>
<td>1,357</td>
<td>1,820</td>
<td>1,849</td>
<td>492</td>
<td>36.29%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Market-Issued Eurobonds</td>
<td>18,729</td>
<td>20,399</td>
<td>20,780</td>
<td>20,827</td>
<td>20,925</td>
<td>146</td>
<td>0.70%</td>
</tr>
<tr>
<td>e. <strong>Accrued Interest on Eurobonds</strong></td>
<td>406</td>
<td>434</td>
<td>410</td>
<td>416</td>
<td>430</td>
<td>20</td>
<td>4.88%</td>
</tr>
<tr>
<td>f. Special T-bills in Foreign Currency(^5)</td>
<td>419</td>
<td>419</td>
<td>419</td>
<td>419</td>
<td>419</td>
<td>0</td>
<td>4.88%</td>
</tr>
<tr>
<td><strong>Public Sector Deposits</strong></td>
<td>5,590</td>
<td>4,444</td>
<td>4,527</td>
<td>8,561</td>
<td>8,282</td>
<td>3,755</td>
<td>82.95%</td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
<td>52,395</td>
<td>56,407</td>
<td>58,837</td>
<td>62,028</td>
<td>62,592</td>
<td>3,755</td>
<td>6.38%</td>
</tr>
<tr>
<td><strong>Gross Market Debt(^6)</strong></td>
<td>34,721</td>
<td>38,670</td>
<td>39,221</td>
<td>46,618</td>
<td>46,990</td>
<td>7,770</td>
<td>19.81%</td>
</tr>
<tr>
<td>% of Total Debt</td>
<td>60%</td>
<td>64%</td>
<td>62%</td>
<td>66%</td>
<td>66%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Finance, Banque du Liban

\(^1\) The BDL has extended loans to EDL for the equivalent amount of US$ 300 million to purchase fuel oil. These loans are listed as public debt as they are government guaranteed.

\(^2\) Figures for Dec 05 - Dec 07 may differ from previously published data due to updated information regarding bilateral and multilateral loans in the DMFAS system.

\(^3\) Paris II related debt (Eurobonds and Loans) including a Eurobond of USD 1,870 billion originally issued to BDL in the context of the Paris II conference

\(^4\) Issued to Malaysia as part of its Paris III contribution, IBRD loans, UAE loan, first tranche of the French loan received in February 2008, and IMF loans.

\(^5\) Special T-bills in foreign currency (expropriation bonds).

\(^6\) Gross market debt equals gross debt less the portfolios of the BDL, NSSF, bilateral and multilateral loans, Paris II and Paris III related debt.