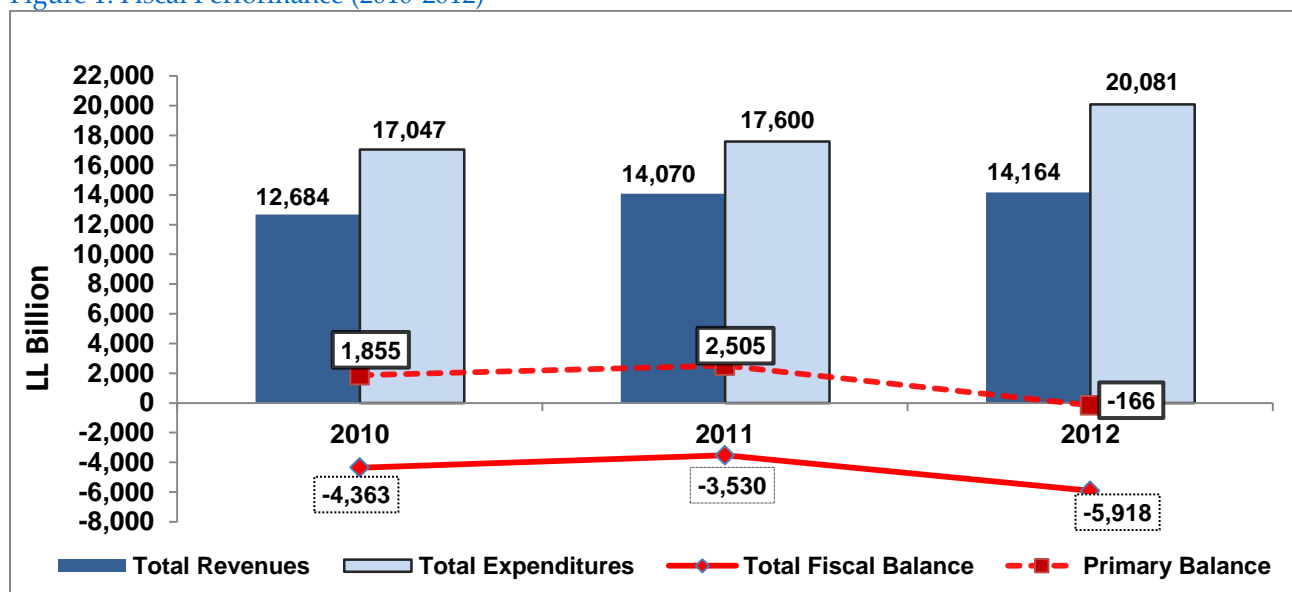


The total fiscal balance registered a deficit of LL 5,918 billion in 2012, compared to a deficit of LL 3,530 billion in 2011 (Table 1). In parallel, the primary balance ended 2012 at a LL 166 billion deficit, sliding into negative territory for the first time since 2006, while the 2011 primary balance had registered a surplus of LL 2,505 billion. Accordingly, the percentage of the fiscal deficit in terms of GDP¹ rose to 9.4 percent in 2012 from 6 percent in 2011, while the primary account to GDP ratio reverted from a surplus of 4.26 percent to a deficit of 0.26 percent. This performance was a result of a 14 percent (LL 2,481 billion) increase in expenditures, compared to a less than 1 percent (LL 93 billion) improvement in revenues.

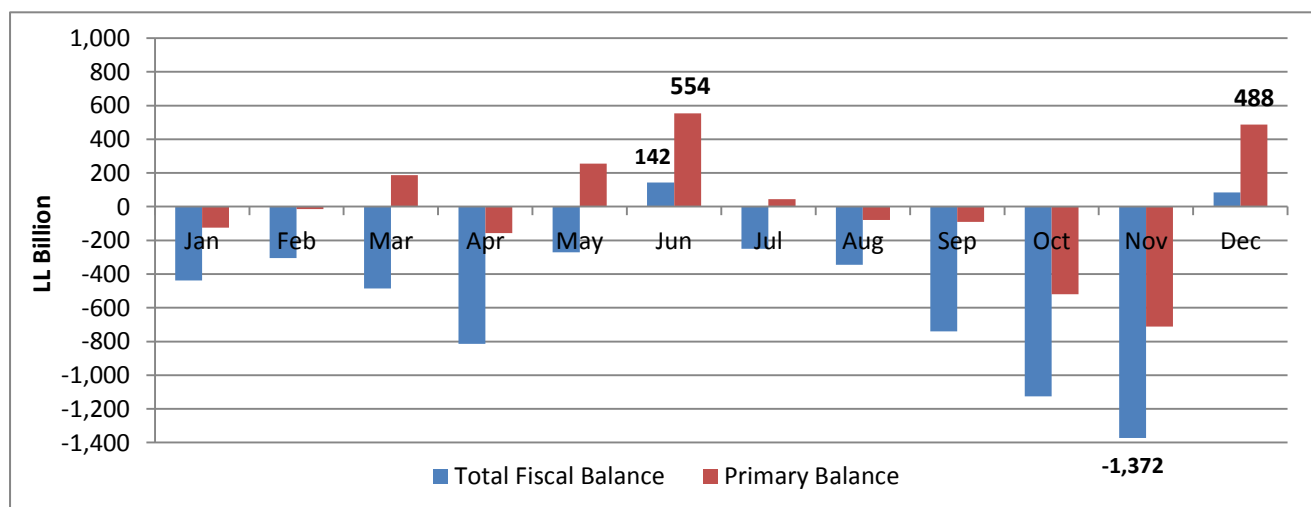
Figure 1. Fiscal Performance (2010-2012)



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

Notes: Revenues include actual transfer from Telecom Surplus

Figure 2. Monthly Fiscal Evolution in 2012



Note: The above graph reflects revenue figures including actual cash transfers from the telecom surplus in 2012

¹ The nominal GDP estimate used for 2012 is LL 62,963 billion. Nominal GDP in 2011 is estimated at LL 58,851 billion.

Total revenues reached LL 14,164 billion in the fiscal year 2012, increasing by 1 percent from 2011, when revenues were LL 14,070 billion.

Tax revenues increased by LL 303 billion (3 percent) year-on-year, ending 2012 at LL 10,187 billion.

- **Taxes on income, profits and capital gains** increased the most, or by LL 93 billion to LL 2,516 billion, as a result of the minimum wage increase in the private sector and the cost of living adjustment in the public sector². (i) Income tax on wages and salaries thus increased by LL 68 billion to reach LL 523 billion. (ii) Income tax on capital gains and dividends increased by LL 53 billion (22 percent) following field inspections on corporations' declaration forms, undertaken by the Ministry of Finance. (iii) Income tax on profits diminished by LL 26 billion (2.6 percent), and (iv) tax on interest income - which accounts for 26 percent of overall taxes on income, profits and capital gains – decreased by LL 5 billion (1 percent).
- **Domestic taxes on goods and services** rose by 2 percent to LL 3,749 billion, despite a LL 24 billion (1 percent) slide in VAT receipts. This was mostly due to higher "Regie des Tabacs" transfers and "Passenger Departure Tax". Regie transfers reached LL 100 billion in 2012, compared to LL 40 billion in 2011, following a policy decision to raise the price of a pack of cigarettes by 250 LL³. Receipts from the Passenger Departure Tax improved by 17 percent to reach LL 161 billion, despite lower tourism and most likely due to the increased usage of the Rafic Hariri International Airport following the events in Syria. In contrast, the drop in VAT receipts resulted from a LL 90 billion decline in VAT at customs, following the Parliament's decision to lift VAT on gasoil⁴, inflicting substantial losses for the Treasury. Internally collected VAT, however, increased by LL 66 billion when compared to 2011.
- **Taxes on international trade** climbed by LL 72 billion (3 percent), owing to a notable LL 111 billion rise in tobacco excises, which counterbalanced the drop in excise on gasoline (by LL 47 billion) and cars (LL 11 billion). In fact, the 28-percent improvement in tobacco excises stems from higher tobacco imports, which rose by 26 percent, owing in turn to a rise in volume (26 percent). The deterioration in excise on gasoline came despite a 3-percent increase in import volume, due to the Higher Council of Customs' decision (February 26, 2011) to reduce the excise on gasoline by LL 5,000 per 20 liters, leaving 2011 with an advantage over 2012 of two months of higher excise rate. As for excise on cars, the 2-percent decline mirrors a rather stable import level, in terms of both value and volume.

Non-tax revenues diminished by LL 182 billion (5 percent) to reach LL 3,286 billion in 2012, mainly driven by lower "income from public institutions and government properties", which in turn resulted from lower transfers from the Telecom surplus, Casino du Liban and Port of Beirut, despite higher income from lottery surplus and Rafic Hariri International Airport.

- **Transfers from the Telecom surplus**, which represent the main component of "income from public institutions and government properties", amounted to LL 2,156 billion in 2012, down from LL 2,261 billion in 2011 – noting that of the 2011 figure, LL 302 billion were actually made in January 2012 (on behalf of 2011). In this respect, if this sum was kept as a 2012 transfer (hence considering the timing of the transfer, rather than on behalf of which year it was made), Telecom transfers in 2011 and 2012 would have been LL 1,960 billion and LL 2,457 billion respectively, thus registering a growth in 2012 compared to the previous year.
- **Revenues from Casino du Liban** declined by LL 32 billion to reach LL 136 billion, partly owing to the fact that the 2011 figure includes the LL 14 billion dues (representing the fourth and last instalment of the dispute settlement between Casino management and the Government), and partly paralleling the disturbance of the tourism activity as evidenced by the 17 percent decline in the number of tourists in 2012 – after reaching a peak in 2010.

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.

³ Decision number 1018/1 dated October 1, 2011

⁴ As per Law 207, dated March 5, 2012

- Lastly, no transfers were made from the **Port of Beirut** in 2012, compared to LL 48 billion in 2011. In fact, the Port administration first allocates a portion of its annual revenues for investing in reconstruction and development, and then deducts its expenses, before transferring the remaining sum to the Ministry of Finance⁵. Hence, transfers in a given year are a function of the Port's previous year's activity, yet without a one-to-one relationship. In this respect, the absence of transfers of 2012 mirrors the relatively weakened activity at the Port, in terms of lower number of both ships and containers – and thus revenues, in 2011 over 2010, as per published data.

Treasury receipts amounted to LL 691 billion in 2012, down from LL 718 billion in 2011.

Total expenditures amounted to LL 20,081 billion in 2012 and was LL 2,481 billion (14 percent) higher than the LL 17,600 billion recorded in 2011.

Current primary expenditures⁶ increased by LL 2,172 billion (22 percent) year-on-year to reach LL 12,001 billion, mainly due to the following changes:

- Personnel cost⁷ increased by LL 1,190 billion (22 percent), amounting to LL 6,723 billion in 2012, on account of:
 - The cost of living adjustment in public sector salaries⁸.
 - The increase in retirement and end-of-service compensation, which was mostly driven by a 4 percent increase in the number of retirees⁹ from 78,235 in 2011 to 81,000 in 2012, especially those pertaining to military personnel who received additional benefits¹⁰.
 - A LL 101 billion increase in Transfers to public institutions due to an LL 86 billion rise in payments to the Lebanese University following the issuance of their new salary scale effective November 1, 2011¹¹.
- Transfers to EDL¹² increased by LL 783 billion (30 percent) to reach LL 3,408 billion, due to higher fuel oil and gasoil prices at the time the letters of credit were made, in addition to a LL 180 billion Treasury advance to cover the first of three payments for a contract between EDL and Turkish owner of electricity production barges, "Karpowership", and a LL 40 billion treasury advance to EDL to cover its VAT payments¹³.
- The LL 185 billion increase in transfers to the Higher Council of Relief, of which LL 175 billion were paid as indemnity for destructed properties during the 2006 July war¹⁴.

Interest payments decreased by LL 198 billion to reach LL 5,457 billion as the value of local currency debt service decreased by LL 219 billion, while foreign currency debt service was up by only LL 21 billion from 2011.

Foreign debt principal repayments amounted to LL 295 billion, down by 22 percent from 2011.

Capital expenditures rose by LL 84 billion (13 percent) to LL 760 billion as payments to CDR, Ministry of Public Work and Transport, and Council of South increased by LL 54 billion, LL 35 billion, and LL 13 billion respectively. Payments made to the Displaced Fund, and expenditure items of "Maintenance", and "Parliamentary Equipment and Maintenance declined by LL 25 billion, LL 9 billion, and LL 19 billion respectively.

⁵ For more information about Port of Beirut transfers, kindly refer to the April 2011 Public Finance Monitor.

⁶ Current primary expenditures represent current expenditures excluding interest payment and debt service.

⁷ More details will be available in the "Salary and Wages and Related Benefits-Article 13 Report" for December 2012.

⁸ As per decree 8851 dated September 7, 2012.

⁹ The figures excludes those who receive exclusively the end of service indemnity

¹⁰ As per Law 169 dated 29 August 2011, providing military personnel additional incentives for early retirement such as exceptional echelons

¹¹ As per Law 206 dated March 5, 2012

¹² More details will be available in the "Transfers to EDL Monthly Snapshot" for December 2012.

¹³ As per decrees 9094 and 9095 dated October 18, 2012

¹⁴ As per decree 7474 dated February 6th, 2012

Treasury expenditures¹⁵ reached LL 1,304 billion by the end of 2012, increasing by LL 460 billion (54 percent), mainly due to a 82 percent increase in payments to Municipalities, which amounted to LL 669 billion, after the implementation of the decree allocating the 2010 revenues accruing to municipalities¹⁶.

Gross public debt rose by LL 6,072 billion (8 percent) to reach LL 86,959 billion by the end of December 2012, recording the largest annual increase since 2009. Correspondingly, the debt-to-GDP ratio climbed to an estimated 138.1 percent, from 137.4 percent in 2011.

Local currency debt increased by LL 858 billion (1.7 percent) to reach LL 50,198 billion. While commercial banks continued to raise their holdings, adding LL 2,090 billion in local currency debt to their portfolios, the Central Bank sought to replace a large volume of its domestic currency TB holdings for Eurobonds, undertaking two debt replacement agreements with the Ministry of Finance, in June 2012 and December 2012 for an equivalent US\$ 2 billion and US\$ 1 billion respectively. The value of BDL's local TB holdings thus dropped by LL 1,241 billion to reach LL 14,994 billion. Local TB holdings held by public entities slid by LL 59 billion whereas TBs held by contractors increased by LL 93 billion. Demand for local currency debt in 2012, was refreshed especially starting September, due to a first-time issuance of LBP 10-year Treasury bonds valued at LL 1,151 billion at a rate of 8.24 percent in the auction week of 20 September 2012, and (ii) a first-time issuance of 8-year Treasury bonds, valued at LL 1,916 billion and at a 7.8 percent rate in the auction week of 18 October, 2012, and (iii) an issuance of 7-year treasury bonds, valued at LL 1,092 billion at a 7.5 percent rate in the auction week of 15 November, 2012.

Foreign currency debt increased by an equivalent of LL 5,214 billion (17 percent) between end-2011 and end-2012, to reach LL 36,761 billion. This was led by a LL 6,168 billion increase in market-issued Eurobonds due to (i) an issuance of US\$ 2 billion on June 12th through a debt replacement agreement between the MOF and BDL, (ii) US\$ 950 million which was issued on April 12th, and US\$ 1.525 billion of which was issued on November 29th in a voluntary exchange transaction including US\$ 824 million in new cash, and finally, (iii) US\$ 1 billion which was issued on December 20th, through a second debt replacement agreement between MOF and BDL in which BDL exchanged 3-year local currency TBs for a 5.4 percent yield Eurobond maturing in 2019. Paris II and Paris III-related debt (Eurobonds and loans) decreased by LL 588 billion and LL 410 billion respectively due to repayment of amortized principals. Bilateral, Multilateral, and Foreign Private Sector Loans increased by LL 18 billion. Special T-bills in foreign currency increased by LL 32 billion to reach LL 112 billion by end-December, as a result of expropriation bond issuances in January and December 2012.

⁷ 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.

⁸ Decree 7374 was published on January 13, 2012.

Section 1: Revenue Outcome

Table 1. Total Revenues

(LL billion)	2011 Jan-Dec	2012 Jan-Dec	% Change 2012/2011
Budget Revenues, of which	13,353	13,473	0.9%
<i>Tax Revenues</i>	<i>9,885</i>	<i>10,187</i>	<i>3.1%</i>
<i>Non-Tax Revenues</i>	<i>3,468</i>	<i>3,286</i>	<i>-5.3%</i>
Treasury Receipts	718	691	-3.8%
Total Revenues	14,070	14,164	0.7%

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

Table 2. Tax Revenues

(LL billion)	2011 Jan-Dec	2012 Jan-Dec	% Change 2012/2011
Tax Revenues:	9,885	10,187	3.1%
Taxes on Income, Profits, & Capital Gains, of which	2,423	2,516	3.9%
<i>Income Tax on Profits</i>	<i>1032</i>	<i>1006</i>	<i>-2.6%</i>
<i>Income Tax on Wages and Salaries</i>	<i>455</i>	<i>523</i>	<i>14.8%</i>
<i>Income Tax on Capital Gains & Dividends</i>	<i>243</i>	<i>296</i>	<i>21.9%</i>
<i>Tax on Interest Income (5%)</i>	<i>652</i>	<i>647</i>	<i>-0.7%</i>
<i>Penalties on Income Tax</i>	<i>40</i>	<i>42</i>	<i>5.9%</i>
Taxes on Property, of which:	1,144	1,193	4.2%
<i>Built Property Tax</i>	<i>139</i>	<i>171</i>	<i>23.2%</i>
<i>Real Estate Registration Fees</i>	<i>844</i>	<i>870</i>	<i>3.2%</i>
Domestic Taxes on Goods & Services, of which:	3,685	3,749	1.8%
<i>Value Added Tax</i>	<i>3,300</i>	<i>3,276</i>	<i>-0.7%</i>
<i>Other Taxes on Goods and Services, of which:</i>	<i>336</i>	<i>364</i>	<i>8.3%</i>
<i>Private Car Registration Fees</i>	<i>197</i>	<i>201</i>	<i>2.0%</i>
<i>Passenger Departure Tax</i>	<i>137</i>	<i>161</i>	<i>17.4%</i>
Taxes on International Trade, of which:	2,179	2,251	3.3%
<i>Customs</i>	<i>777</i>	<i>796</i>	<i>2.5%</i>
<i>Excises, of which:</i>	<i>1,402</i>	<i>1,455</i>	<i>3.8%</i>
<i>Gasoline Excise</i>	<i>542</i>	<i>495</i>	<i>-8.6%</i>
<i>Tobacco Excise</i>	<i>404</i>	<i>516</i>	<i>27.5%</i>
<i>Cars Excise</i>	<i>446</i>	<i>435</i>	<i>-2.4%</i>
Other Tax Revenues (namely fiscal stamp fees)	454	478	5.2%

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

Table 3. Non-Tax Revenue

(LL billion)	2011 Jan-Dec	2012 Jan-Dec	% Change 2012/2011
Non-Tax Revenues	3,468	3,286	-5.3%
Income from Public Institutions and Government Properties, of which	2,679	2,530	-5.6%
Income from Non-Financial Public Enterprises, of which:	2,529	2,355	-6.9%
<i>Revenues from Casino Du Liban</i>	168	136	-19.0%
<i>Revenues from Port of Beirut</i>	48	0	-100.0%
<i>Budget Surplus of National Lottery</i>	50	61	23.5%
<i>Transfer from the Telecom Surplus</i>	2,261	2,156	-4.7%
Transfer from Public Financial Institution (BDL)	60	60	-0.7%
Property Income (namely rent of Rafic Hariri International Airport)	82	106	28.8%
Other Income from Public Institutions (interests)	7	9	21.1%
Administrative Fees & Charges, of which:	570	587	2.9%
Administrative Fees, of which:	467	482	3.2%
<i>Notary Fees</i>	29	30	2.2%
<i>Passport Fees/ Public Security</i>	123	120	-2.8%
<i>Vehicle Control Fees</i>	236	245	3.7%
<i>Judicial Fees</i>	25	30	19.7%
<i>Driving License Fees</i>	17	19	16.7%
Administrative Charges	26	26	-0.9%
Sales (Official Gazette and License Number)	4	4	-0.1%
Permit Fees (mostly work permit fees)	61	63	4.0%
Other Administrative Fees & Charges	13	12	-2.7%
Penalties & Confiscations	10	10	2.9%
Other Non-Tax Revenues (mostly retirement deductibles)	208	159	-23.8%

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

Section 2: Expenditure Outcome

Table 4. Expenditure by Economic Classification

(LL billion)	2011 Jan-Dec	2012 Jan-Dec	%Change 2012/2011
1. Current Expenditures	15,841	17,753	12.1%
1.a Personnel Cost, of which	5,533	6,723	21.5%
<i>Salaries, Wages and Related Items (Article 13)</i>	3,818	4,409	15.5%
<i>Retirement and End of Service Compensations, of which:</i>	1,420	1,918	35.0%
<i>Retirement</i>	1,189	1,487	25.1%
<i>End of Service</i>	232	431	86.0%
<i>Transfers to Public Institutions to Cover Salaries 1/</i>	295	396	34.4%
1.b Interest Payments, of which: 2/	5,655	5,457	-3.5%
<i>Domestic Interest Payments</i>	3,552	3,333	-6.2%
<i>Foreign Interest Payments</i>	2,103	2,124	1.0%
1.c Foreign Debt Principal Repayment	379	295	-22.3%
1.d Materials and Supplies, of which:	329	305	-7.4%
<i>Nutrition</i>	61	62	2.2%
<i>Fuel Oil</i>	20	40	95.1%
<i>Medicaments</i>	156	121	-22.6%
<i>Accounting Adjustments for Treasury advances 3/</i>	40	38	-4.2%
1.e External Services	135	122	-9.5%
1.f Various Transfers, of which:4/	3,278	4,256	29.9%
<i>EDL 5/</i>	2,626	3,408	29.8%
<i>NSSF</i>	120	100	-16.7%
<i>Higher Council of Relief</i>	11	195	1708.6%
<i>Contributions to non-public sectors</i>	220	221	0.5%
<i>Treasury advances for diesel oil subsidy</i>	0	19	
<i>Transfers to Directorate General of Cereals and Beetroot</i>	58	65	12.9%
<i>Special Tribunal for Lebanon</i>	0	0	
<i>Gasoline subsidy for taxi drivers</i>	41	8	-80.0%
<i>Accounting Adjustments for Treasury advances 3/</i>	18	0	-99.7%
1.g Other Current, of which:	378	404	6.9%
<i>Hospitals</i>	301	334	11.0%
<i>Others(judgments & reconciliations, mission costs, other)</i>	67	67	-0.3%
<i>Accounting Adjustments for Treasury advances 3/</i>	7	1	-80.0%
1.h Reserves	155	192	24.0%
<i>Interest subsidy</i>	155	192	24.0%
2. Capital Expenditures	676	760	12.5%
2.a Acquisitions of Land, Buildings, for the Construction of Roads, Ports, Airports, and Water Networks	1	18	1388.1%
2.b Equipment	52	70	34.7%
2.c Construction in Progress, of which:	402	486	21.0%
<i>Displaced Fund</i>	73	48	-34.5%
<i>Council of the South</i>	49	63	26.6%
<i>CDR</i>	145	199	37.4%
<i>Ministry of Public Work and Transport</i>	92	127	38.1%
<i>Other of which:</i>	41	40	-3.2%
<i>Higher Council of Relief</i>	13	4	-68.0%
2.d Maintenance	186	180	-3.6%
2.e Other Expenditures Related to Fixed Capital Assets	13	3	-73.5%
2.f Parliamentary Equipment and Maintenance 6/	22	3	-88.0%
2.g Accounting Adjustments for Treasury advances 3/	0	0	
3. Budget Advances 7/	179	216	20.6%
4. Customs Administration (exc. Salaries and Wages) 8/	36	42	17.9%
5. Treasury Expenditures 9/	867	1,304	50.4%

Municipalities	368	669	81.7%
Guarantees	54	57	4.2%
Deposits 10/	97	107	10.2%
Other, of which:	325	472	45.1%
VAT Refund	195	239	22.3%
Other Tax Refund	52	35	-32.8%
6. Unclassified Expenditures	23	0	-100.0%
7. Total Expenditures (Excluding CDR Foreign Financed)	17,600	20,081	14.1%

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.

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 administration includes 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 5. Breakdown of Transfers to Public Institutions for the Coverage of Salaries

(LL billion)	2011 Jan-Dec	2012 Jan-Dec	%Change 2012/2011
Transfer to Council of the South	9	13	47.5%
Transfer to Council for Development and Reconstruction (CDR)	27	37	38.3%
Transfer to the Displaced Fund	6	7	10.0%
Transfer to the Lebanese University	240	327	36.0%
Transfer to the Educational Center for Research and Development	12	12	-3.0%

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

Table 6. Details of Debt Service Transactions

(LL billion)	2011 Jan-Dec	2012 Jan-Dec	%Change 2012/2011
Interest Payments	5,655	5,457	-3.5%
Local Currency Debt	3,552	3,333	-6.2%
Foreign Currency Debt, of which:	2,103	2,124	1.0%
Eurobond Coupon Interest*	1,971	2,004	1.6%
Special bond Coupon Interest*	4	5	23.4%
Concessional Loans Interest Payments	127	115	-9.4%
Concessional Loans Principal Repayments	379	295	-22.3%

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

* Includes general expenses related to the transaction

Table 7. Transfers to EDL¹

(LL billion)	2011 Jan-Dec	2012 Jan-Dec	%Change 2012/2011
EDL of which:	2,626	3,408	30%
Debt Service of which:	101	112	11%
- C-Loans, of which:	61	46	-23%
Principal Repayments	51	39	-23%
Interest Payments	10	8	-24%
- BDL Guaranteed Loan payments	40	65	64%
Reimbursement for purchase of Natural Gas, Fuel & Gas Oil:	2,525	3,076	22%
- KPC & SPC	2,470	3,076	25%
- EGAS	55	0	-100%
Treasury advance to EDL	0	220	100%
- VAT on fuel oil LC	0	40	100%
- Payment to EDL-contract with KARPOWERSHIP	0	180	100%

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".

⁽²⁾ A LL 40 billion Treasury advance was allocated to EDL in October 2012 as per decree 9094, specified for EDL's VAT payments on fuel oil.

Section 3: Public Debt

Table 8. Public Debt Outstanding by Holder as of End-December 2012

(LL billion)	Dec-09	Dec-10	Dec-11	Dec-12	Change Dec 12 - Dec 11	% Change Dec 12 - Dec 11
Gross Public Debt	77,112	79,298	80,887	86,959	6,072	7.5%
Local Currency Debt	44,973	48,255	49,340	50,198	858	1.7%
a. Central Bank (Including REPOs and Loans to EDL to Finance Fuel Purchases) ⁽¹⁾	10,334	13,130	16,374	15,049	-1,325	-8.1%
b. Commercial Banks	27,286	27,214	25,177	27,267	2,090	8.3%
c. Other Local Currency Debt (T-bills), of which:	7,353	7,911	7,789	7,882	93	1.2%
Public Entities	6,078	6,268	6,538	6,479	-59	-0.9%
Contractor bonds ⁽²⁾	-	-	41	134	93	226.8%
* Accrued Interest Included in Debt	999	867	788	789	1	0.1%
Foreign Currency Debt⁽³⁾	32,139	31,043	31,547	36,761	5,214	16.5%
a. Bilateral, Multilateral and Foreign Private Sector Loans	2,713	2,624	2,566	2,584	18	0.7%
b. Paris II Related Debt (Eurobonds and Loans) ⁽⁴⁾	4,819	4,137	3,512	2,925	-588	-16.7%
c. Paris III Related Debt (Eurobonds and Loans) ⁽⁵⁾	1,963	1,855	1,723	1,313	-410	-23.8%
d. Market-Issued Eurobonds	21,736	21,870	23,259	29,427	6,168	26.5%
e. Accrued Interest on Eurobonds	460	483	407	400	-7	-1.7%
f. Special T-bills in Foreign Currency ⁽⁶⁾	447	74	80	112	32	40.0%
Public Sector Deposits	10,522	11,419	10,984	12,916	1,932	17.6%
Net Debt	66,590	67,879	69,903	74,043	4,140	5.9%
Gross Market Debt⁽⁷⁾	51,231	51,308	50,192	58,623	8,431	16.8%
% of Total Debt	67%	65%	62%	67%	5%	8.7%

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 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 06- Dec 11 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) Originally issued principal amounts 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 in October 2012, IMF loan, 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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