

Public Finance Monitor

The Monthly Statistical Bulletin of the Ministry of Finance

February 2005

Section 1: Fiscal Overview

Highlights:

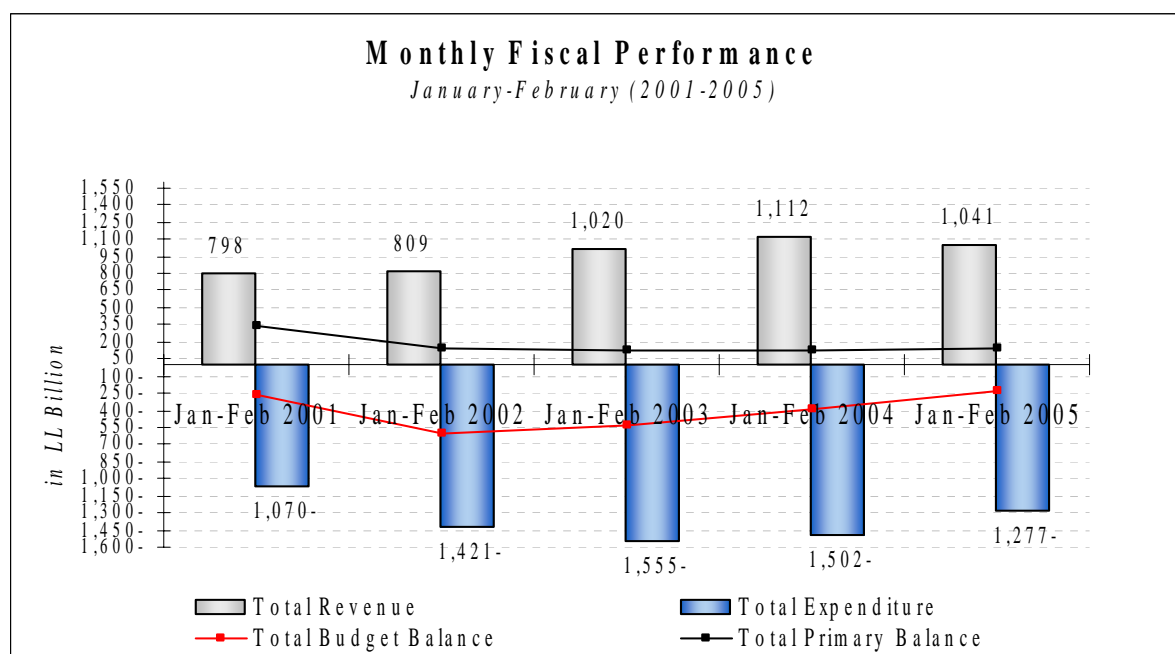
Total primary surplus amounted to LL 137 billion for the first two months of 2005, a 3 percent increase compared to the LL 133 billion cumulated at the end of February 2004. The total fiscal deficit decreased by 39 percent with respect to January-February 2004 reaching LL 237 billion for the period January-February 2005.

Table 1. Summary of Fiscal Performance (February)

(LL billion)	2004 February	2005 February	2004 Jan-Feb	2005 Jan-Feb	Change 2004- 2005	% Change
Budget Revenue	436	434	1,052	1000	52	-4.9%
Budget Expenditures	417	368	922	767	155	-16.8%
<i>o/w Debt Service</i>	216	169	523	393	129	-28.4%
Budget Deficit/Surplus	19	66	130	233	-103	44.1%
in % of Budget Expenditures	4.4%	17.9%	14.1%	30.4%		
Budget Primary Deficit/Surplus	234	235	653	607	46	-7.0%
in % of Budget Expenditures	56.1%	63.9%	70.8%	79.2%		
Treasury Receipts	24	16	60	40	-20	-32.8%
Treasury Payments	249	163	580	510	-69	-12.0%
Total Budget and Treasury Receipts	460	450	1112	1,041	71	-6.4%
Total Budget and Treasury Payments	666	531	1502	1,277	224	-14.9%
Total Cash Deficit/Surplus	-206	-81	-389	-237	153	-39.3%
in % of Total Expenditures	-30.9%	-15.3%	-25.9%	-18.5%		
Primary Deficit/Surplus	9	88	133	137	4	3.2%
in % of Total Expenditures	1.4%	16.56%	8.9%	10.8%		

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

Chart 1. Fiscal Performance



Section 2: Revenue Outcome

Highlights:

The total revenues collected by the Treasury over the last two months witnessed a decrease of 6% compared to the same period last year. This lowered performance is due to the following factors:

- Lower tax revenues by 2% mainly due to a decrease in international trade tax (custom duties) and property tax
- Lower non tax revenues in the order of 13%, mainly due to lower transfers from the telecom industry

Table 2. Total Revenue

(LL billion)	2004	2005	2004	2005	%
	February	February	Jan-Feb	Jan-Feb	Change
Budget Revenues, of which:	436	434	1,052	1,000	-4.93%
Tax Revenues	291	246	791	774	-2.12%
% of Total Revenues	63%	55%	71%	74%	4.60%
Non-Tax Revenues	144	187	262	226	-13.55%
Treasury Receipts	24	16	60	40	-32.76%
Total Revenues	460	450	1,112	1,041	-6.42%

Source: MOF, DGF



Table 3. Tax Revenues

(LL billion)	2004	2005	2004	2005	%
	February	February	Jan-Feb	Jan-Feb	Change
Tax Revenues:	291	246	791	774	-2.12%
Taxes on Income, Profits, & Capital Gains, of which:	42	37	143	159	11.19%
Income Tax on Profits	11	6	41	42	3.70%
Income Tax on Wages and Salaries	7	4	40	48	20.00%
Income Tax on Capital Gains & Dividends	2	2	12	15	25.00%
Tax on Interest Income (5%)	21	24	44	50	13.64%
Penalties on Income Tax	1	0.5	5	3	-40.00%
Taxes on Property, of which:	28	16	52	44	-15.38%
Built Property Tax	15	3	23	9	-63.09%
Real Estate Registration Fees	10	11	24	30	25.00%
Domestic Taxes on Goods & Services, of which:	93	87	310	324	4.52%
Value Added Tax	79	78	282	300	6.38%
Other Taxes on Goods and Services, of which:	12	9	24	22	-8.33%
Private Car Registration Fees	7	7	13	14	7.69%
Passenger Departure Tax	6	3	11	8	-27.27%
Taxes on International Trade, of which:	114	93	245	209	-14.52%
Customs	36.2	33	74	69	-6.76%
Excises, of which:	78	62	172	142	-17.44%
Petroleum Tax	54	40	117	86	-26.50%
Tobacco Tax	16	12	30	28	-6.67%
Tax on Cars	8	10	23	27	17.39%
Other Tax Revenues, of which:	14	12	41	38	-7.77%
Fiscal Stamp Fees	14	12	41	37	-9.76%

Source: MOF, DG

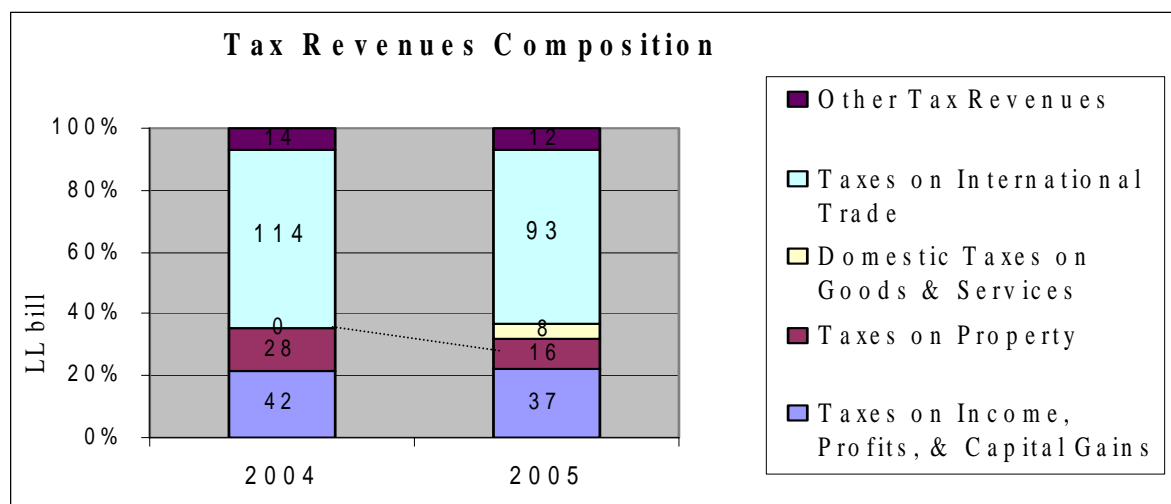
Chart 2.

Chart 3.

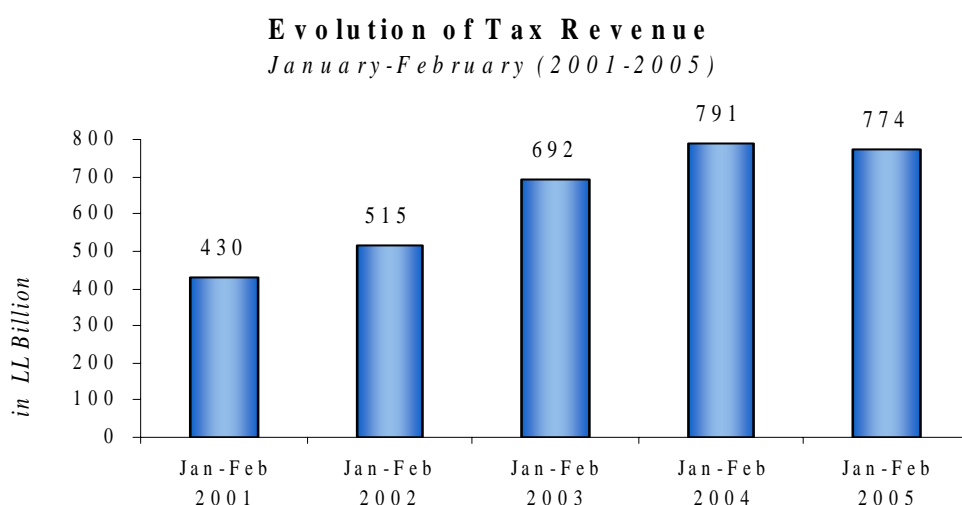


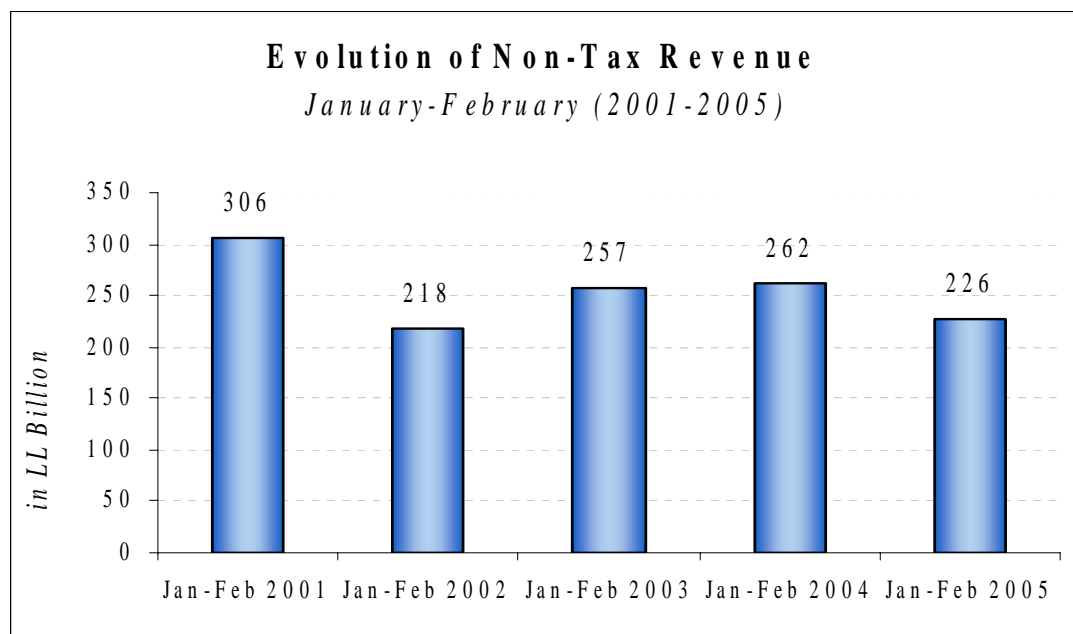
Table 4. Non-Tax Revenues

(LL billion)	2004	2005	2004	2005	%
	February	February	Jan-Feb	Jan-Feb	Change
Non-Tax Revenues	145	187	262	226	-13.54%
Income from Public Institutions and Government Properties, of which:	117	161	204	172	-15.37%
Income from Non-Financial Public Enterprises, of which:	106	155	187	163	-12.64%
<i>Revenues from Casino Du Liban</i>	3	14	6	17	166.33%
<i>Budget Surplus of National Lottery</i>	2	0	5	5	0.00%
<i>Transfer from the Telecom Surplus</i>	100	141	175	141	-19.64%
Property Income (namely rent of Beirut International Airport)	11	6	16	8	-10.73%
Other Income from Public Institutions (interests)	0.41	0.35	0.83	0.79	-51.26%
Administrative Fees & Charges, of which:	21	19	45	40	-10.73%
Administrative Fees, of which:	16	14	30	29	-4.26%
<i>Notary Fees</i>	1.15	1.14	3	3	4.80%
<i>Passport Fees/ Public Security</i>	5	6	12	12	1.67%
<i>Vehicle Control Fees</i>	7	4	8.3	8.2	-0.72%
<i>Judicial Fees</i>	1.38	1.19	4	2	-36.95%
<i>Driving License Fees</i>	0.9	0.8	2.2	1.8	-18.81%
Administrative Charges	1	2	6	4	-33.90%
Sales (Official Gazette and License Number)	0.22	0.16	0.4	0.3	-27.07%
Permit Fees (mostly work permit fees)	3.0	2.7	7	6	-12.38%
Other Administrative Fees & Charges	0.4	0.2	1	0.6	-42.84%
Penalties & Confiscations	0.37	0.22	0.76	0.56	-26.75%
Other Non-Tax Revenues (mostly retirement deductibles)	6.7	7.1	12.6	13.4	6.67%

Source: MOF, DGF



Chart 4.



Section 3: Expenditure Outcome

Total expenditures amounted to LL 1,277 billion by the end of February 2005, a 15% decrease, or LL 224 billion from January-February 2004. This is explained by two factors:

- A decrease of 28 percent in interest payments, or LL 149 billion compared to January-February 2004.
- Lower transfers to municipalities by 90 percent, amounting to LL 13 billion for January-February 2005 compared to LL 127 billion for the same period in 2004.

Table 5. Expenditures by Transaction Classification

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(LL billion)	2004	2005	2004	2005	%
	February	February	Jan-Feb	Jan-Feb	Change
Total Expenditures	666	531	1,502	1,277	-14.94%
Budget Expenditures	417	368	922	767	-16.80%
Expenditures Excluding Debt Service	201	199	399	393	-1.56%
Debt Service, of which:	216	169	523	374	-28.44%
<i>Domestic Debt</i>	125	79	369	220	-40.33%
<i>Foreign Debt</i>	90	90	153	153	0.23%
Treasury Expenditures , of which:	249	163	580	510	-12.02%
<i>Municipalities</i>	49	6	127	13	-90.01%
<i>Previous Years' Appropriations</i>	162	108	365	364	-0.11%
Non-Interest Expenditures (Total Expenditures minus Debt Service)	451	362	979	903	-7.73%

Source: MOF, DGF

Chart 5.

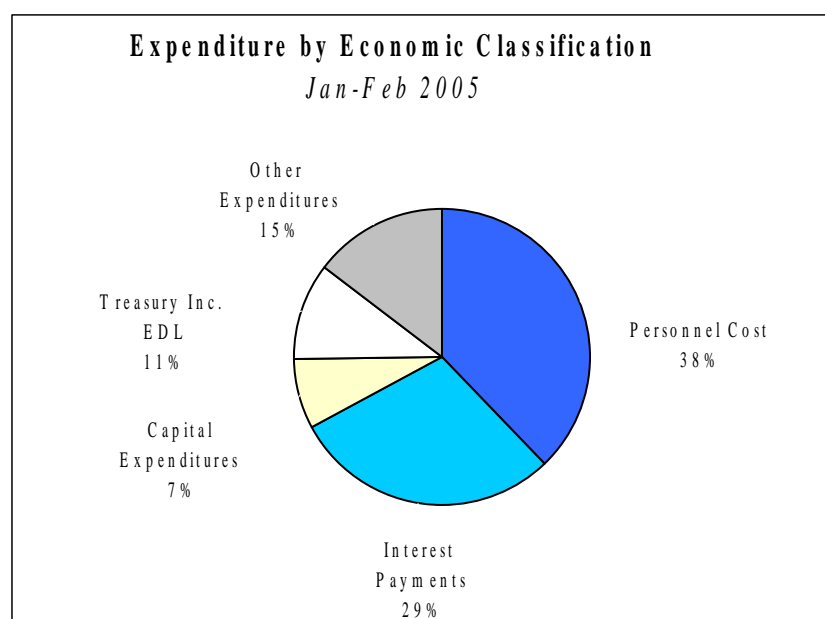


Table 6. Expenditures by Economic Classification

(LL Billion)	2004 Jan-Feb	2005 Jan-Feb	% Change
1. Current Expenditures	1,141	1,043	-9%
1.a Personnel Cost , of which:	469	484	3%
Article 13: Salaries and Wages 1/	321	334	4%
Retirement and End of Service Compensations	130	123	18%
1.b Interest Payments	523	374	-28%
1.c Materials and Supplies	12	12	0%
1.d External Services	11	8	-27%
1.e Various Transfers, of which:	51	66	29%
NSFF	25	25	100%
1.f Other Current, of which:	61	84	38%
Hospitals	55	44	-20%
Others	6	40	567%
1.g Reserves, of which:	15	15	0%
Interest Subsidy	15	15	0%
2. Capital Expenditures	149	95	-36%
2.a Acquisitions of Land, Bldgs, for the Construction of Roads, Ports, Airports, and Water Networks	1	0	-100%
2.b Equipment	8	4	-50%
2.c Construction in Progress	113	75	-34%
2.d Maintenance	20	13	-35%
2.e Other Expenditures Related to Fixed Capital Assets	8	2	-75%
3. Other Treasury Expenditures	205	135	-34%
Municipalities	127	13	-90%
EDL	25	24	-4%
Treasury advance to Water Authorities	0	48	100%
Treasury Advance for Diesel Oil Subsidy	0	10	100%
4. Unclassified Expenditures	1	0	-100%
5. Customs Cashiers	5	4	-20%
6. Total Expenditures 2/	1,502	1,277	-15%

Sources: MOF

1/ Includes the wages and salaries for the Council of the South, the Lebanese University, the Displaced Council, the Council for Reconstruction and Development, and the Educational Center for Research and Development.

2/ Excluding foreign financed capital spending.

Table 7. Transfers to EDL

(LL billion)	2004 Jan-Feb	2005 Jan-Feb	% Change
EDL of which:	25	24	-5.0%
Debt service 1/, of which:	25	24	-5.0%
C-Loans and Eurobonds	25	24	-5%
Loans for Fuel Oil Payment	0	0	0%
BDL Guaranteed Loan Payment	0	0	0%
Treasury Advance for Fuel Purchase	0	0	0.0%
Expropriations	0	0	0.0%

Source: MOF, DGF

1/ Includes principal and interest



Section 4: Public Debt

Highlights:

Gross public debt as of end February 2005 amounted to LL 54,518 billion registering an increase of LL 471 billion or 0.9 percent over the December 2004 level. A more accurate assessment of the growth of public debt would be performed by monitoring the *evolution of net public debt* which amounted to LL 51,199 billion, registering an decrease of LL 1,512 billion or 3 percent since end-December 2004.

Table 8. Public Debt Outstanding by Holder as of End-February 2005

(in LL Billion)	Dec-02	Dec-03	Dec-04	Feb-05	Change Dec-04- Feb-05	% Change Dec-04- Feb-05
Total Debt (1)	47,276	50,284	54,047	54,518	471	0.9%
Domestic Debt	25,302	26,843	26,371	25,891	-480	-1.8%
a. Central Bank, <i>of which:</i>	723	8,938	10,652	11,296	644	6.0%
b. Commercial Banks, <i>of which:</i>	17,211	12,303	12,220	11,260	-960	-7.9%
c. Other Domestic Debt, <i>of which:</i>	7,368	5,603	3,500	3,335	-165	-4.7%
<i>Public Entities</i>	<i>3,221</i>	<i>2,564</i>	<i>2,187</i>	<i>2,209</i>	22	1.0%
Foreign debt	21,974	23,441	27,676	28,627	951	3.4%
a. Bilateral, Multilateral and Foreign Private Sector Loans	2,752	2,934	2,970	2,944	-26	-0.9%
b. Paris II Related FX Debt	1,432	3,731	3,815	3,788	-26	-0.7%
c. BDL Eurobonds	2,819	2,819	2,819	2,819	0	0.0%
d. Market Eurobonds	14,569	13,631	17,685	18,521	836	4.7%
e. Accrued Interest on Foreign Currency Debt	402	327	388	555	168	43.2%
Public Sector Deposits	2,964	3,019	4,360	3,319	-1,041	-23.9%
Net Debt (3)	44,312	47,266	49,687	51,199	1,512	3.0%
Gross Market Debt (4)	36,765	29,637	31,874	31,728	-146	-0.5%
% of Total Debt	78%	59%	59%	58%		

Source: MOF, Banque du Liban

(1) Total debt equals domestic debt plus foreign debt

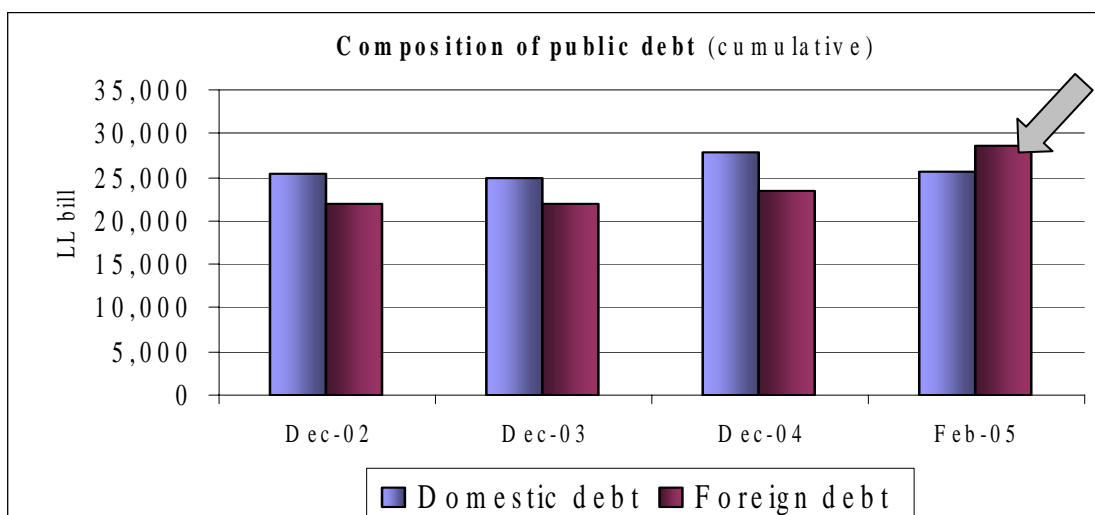
(2) Zero interest T-bills in the portfolio of the Banque du Liban represents its intervention in the zero-interest scheme of commercial banks issued within the Paris II context.

(3) Net public debt is defined as the gross public debt less public sector deposits.

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

Chart 6.





→ Increase in foreign debt as a percent of total debt.

Chart 7.

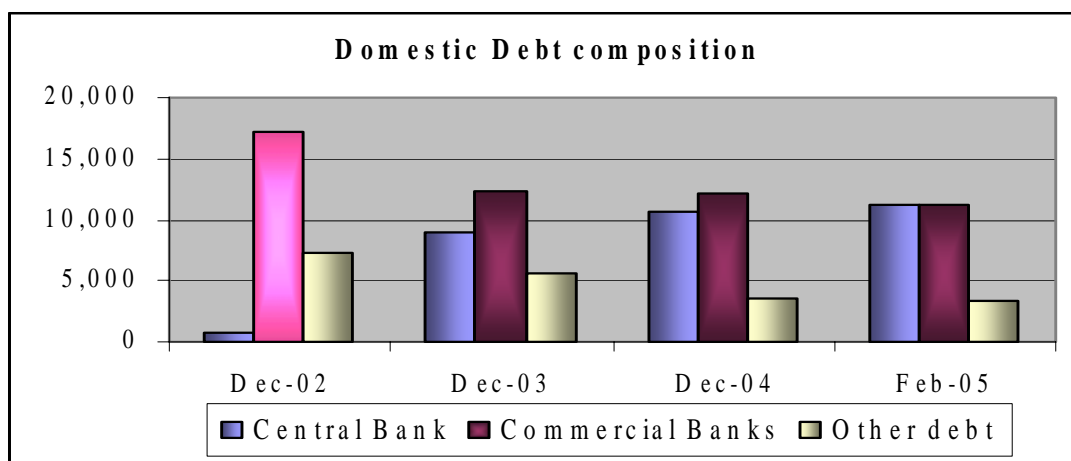
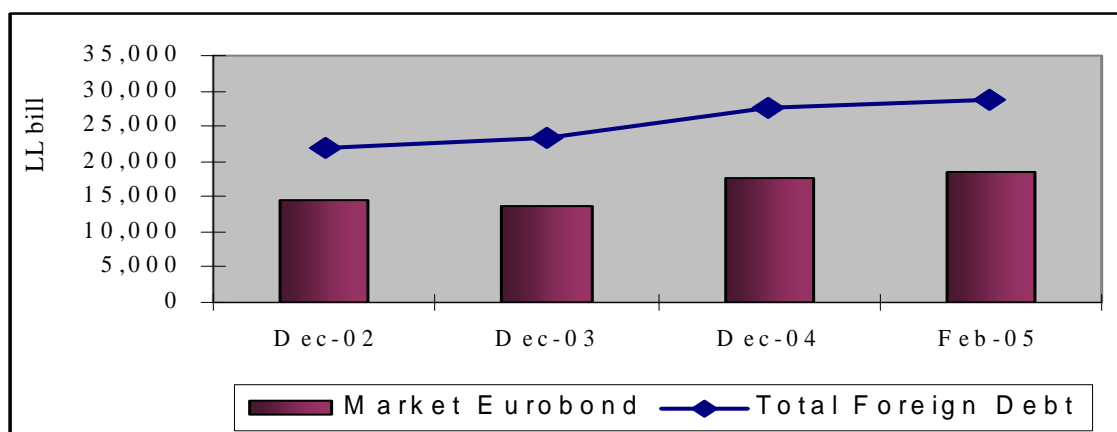


Chart 8.





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