

Salaries, wages and related benefits in January-September 2011 compared to January-September 2010

Payments in January-September 2011 reached LL2,682 billion, higher by LL 215 billion compared to January-September 2010. This rise is primarily the result of (a) difference in timing of payment between 2010 and 2011; (b) continuous recruitment policies and (c) the integration of contractual security forces as permanent elements.

Breakdown of Basic Salaries

Basic Salaries increased by LL144 billion, from LL1,837 billion in January-September 2010 to LL1,981 billion in January-September 2011 mainly driven by higher payments to the military and security forces (+LL129 billion) and the education personnel (+LL42 billion). This was slightly offset by a decrease in payments to civilian personnel (-LL26 billion).

Table 1. Breakdown of Basic Salaries

(LL billion)	Basic Salaries	
	2010 Jan-Sep	2011 Jan-Sep
Military Personnel	1,149	1,278
Army	772	851
Internal Security Forces	302	339
General Security Forces	58	65
State Security Forces	17	23
Education Personnel	432	474
Civil Personnel, of which:	256	229
Employees Cooperative		
Customs Salaries		
Total	1,837	1,981

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

Basic Salaries of Military Personnel

Similarly to the previous months, the increase in basic salaries of the military personnel can be explained by the following factors:

- The fourth payment of the *1996-1998 retroactive* to military and security personnel which is divided into 6 disbursements over the 2009-2011 period¹.
- The one-off payment of *field service indemnities* that accrued between May 2008 and February 2011 military and security personnel². It is worth mentioning that field service

¹ Following the adoption of Law 63 dated December 31st, 2008 which legislates the inclusion of the required budget allocations in the 2009-2011 Budgets to cover the 1996-1998 retroactive amount due. For more information, please refer to the 2009 Annual Report, pages 18-19.

indemnities are additional benefits to which military personnel in service are entitled exclusively in the public sector.

- The assignment of 10,637 elements enrolled on a contractual basis in Internal Security Forces (also known as “mujannadine” in Arabic) as permanent elements.³ It is worth noting that the conversion of the “ISF mujannadine” to permanent elements led to an increase in payments of “housing allowance”, which is a benefit only permanent members are entitled to. It also led to the payment of one additional salary in February 2011, which is the date of conversion⁴, since contractual elements cash out their remuneration at the end of the month contrary to permanent employees who cash out their pay one month in advance.
- The enlistment of 2,500 new volunteers⁵ in ISF.
- The enrollment of 1,250 new members between 2009 and 2011⁶ in the General Security Forces, out of which 750 elements were enlisted in 2009 whereas 250 members were recruited in 2010 and 2011, respectively.

Basic Salaries of Education Personnel

The rise in basic salaries paid to the education personnel is primarily due to the following reasons that are expected to have a permanent yearly impact:

- An estimated LL24.2 billion increase in payments to primary and intermediate education.
- An estimated LL4.3 billion increase in payments to secondary education.
- An estimated LL38.3 billion increase in payments to teachers hired on a contractual basis.

This is explained by the recruitment and appointment of 2,835 primary teachers⁷ and 755 secondary teachers⁸ during 2010 and 2011. It is also the result of the reclassification in the 2011 National Budget Proposal of payments made to contracted primary teachers from transfers (Article 14) to salaries and wages, which started to reveal its impact in April 2011 (Article 13).

Basic Salaries of Civilian Personnel

As for the general decrease in payments to civilian personnel, it is primarily due to payment timing factors, particularly the disbursements related to the retroactive payments made to this category.

² As per Annex 6 of Law 718 dated November 5th, 1998 which was amended by Decree 90 dated January 13th 1999. It should be noticed that the decision to make this payment was retroactively confirmed by Parliament through the issuance of Law 151 dated August 17th, 2011 whereby Annex 6 was formally integrated into Law 63/2008. This integration implied that the calculation of field service indemnities should take into account the LL200, 000 monthly salary increase granted through Law 63 starting May 1st, 2008.

³ As per Council of Ministers’ decision number 12 dated March 31st, 2010 legislating the assignment of 10,637 elements enrolled on a contractual basis (also known as “mujannadine”) as permanent elements. On a cash basis, this decision began to have a significant impact starting February 2011. It is worth noting that the precise number of contract-basis elements that have been converted to permanent members might have been subject to several amendments following the adoption of the COM decision.

⁴ This implies that the “ISF mujannadine” were paid between January and September 2011 their salaries for the months of January-October 2011, or ten months of salaries, whereas, they were paid only nine months of salaries in the respective period of 2010.

⁵ As per Council of Ministers’ decision number 12 dated March 31st, 2010 legislating the enlistment of a total of 4,000 new volunteers, out of which 2,500 members have been engaged to this date.

⁶ As per Council of Ministers’ decision number 79 dated May 13th, 2009, legislating the enrollment of a total of 1,250 new members, out of which 250 members were graded as second inspector.

⁷ As per Decree 4057 dated May 20th, 2010, Decree 3634 dated March 20th, 2010 and Decree 3127 dated January 30th, 2010.

⁸ As per Decree 2542 dated July 31st, 2009 and Decree 4427 dated July 21st, 2010.

Allowance of all public servants

Allowances increased by LL 60 billion, from LL304 billion in January-September 2010 to LL364 billion in January-September 2011 mainly as a result of higher payments to the Army (+LL33 billion) and the Internal Security Forces (+LL25 billion). This enlargement was mainly due to higher payments of maternity and sickness allowances (an estimated LL6 billion) and health allowances (an estimated LL29 billion). Health allowances paid to the Army and Internal Security Forces personnel have been rising as a result of the Council of Ministers' decision to assign the members enrolled on a contractual basis (also known as "mujannadine" in Arabic) as permanent elements in Internal Security Forces and the decision to unify the hospitalization tariffs reimbursed by all insuring schemes sponsored. It is noteworthy that both decisions started to have a significant impact starting February 2011⁹.

Payments to the Civil Servants' Cooperative

The item "other"¹⁰, which is mainly composed of payments to the employee's cooperative witnessed a return to normalization in payments during October 2011. More specifically, payments for this category were witnessing a downward trend since the beginning of this year, which was mainly the result of payment timing factors relating to transfers to Civil Servants Cooperative. However, as transfers to Civil Servants' Cooperatives gradually caught up with their 2010 level, the decrease in "other" was finally reversed and is now displaying a LL 3 billion increase over January-September 2011 up from LL 159 billion in January-September 2010.

⁹ The increase in army allowances as a result of the tariff harmonization policy decided by the Council of Ministers first appeared in the 2009 Budget Proposal (an extra LL42 billion), then in the 2010 Budget Proposal (an extra LL4 billion) and in the 2011 Budget Proposal (an extra LL27 billion). On a cash basis, this is translated by a rise of LL 2 billion per month in 2010 compared to 2009 and an increase of LL 2.25 billion per month in 2011 as compared to 2010.

¹⁰ The category entitled "Other" mainly includes State contributions to the Civil Servants Cooperatives. The remaining components of this category include (i) payments for bonuses, (ii) State contributions to the Mutual Funds covering Member of Parliaments, employees of the Lebanese Parliament, judges, judges' aides and Islamic tribunal judges and (iii) State contributions (as an employer) to the National Social Security Fund public sector employees that are not covered by the Civil Servant Cooperative and the Mutual Funds.

Table 2. Breakdown of Article 13: Salaries, Wages and Related Items

(LL billion)	Basic Salaries		Indemnities 6/		Allowances 7/		Other 8/		Total	
	2010 Jan- Sep	2011 Jan- Sep	2010 Jan- Sep	2011 Jan- Sep	2010 Jan- Sep	2011 Jan- Sep	2010 Jan- Sep	2011 Jan- Sep	2010 Jan- Sep	2011 Jan- Sep
Military Personnel	1,149	1,278	54	55	301	360	2	2	1,507	1,695
• Army	772	851	36	35	188	221	1	0	996	1,108
• Internal Security Forces 1/	302	339	15	16	89	114	0	0	406	470
• General Security Forces /2	58	65	2	2	17	18	1	1	79	86
• State Security Forces 3/	17	23	2	2	6	7	0	0	25	31
Education Personnel	432	474	38	43	0	0	0	0	470	517
Civilian Personnel 4/, of which:	256	229	47	49	3	4	157	160	462	441
• Employees Cooperative							134	135	134	135
Customs Salaries 5/									29	29
Total	1,837	1,981	139	146	304	364	159	162	2,467	2,682

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

1/ Includes allowance and 1996-1998 retroactive payments made to Internal Security Forces from Guarantees account,

2/Includes 1996-1998 retroactive payments made to General Security Forces from Guarantees account,

3/ Includes allowance and 1996-1998 retroactive payments made to State Security Forces from Guarantees account,

4/Includes salaries payments made to Ministry of Public Health from Guarantees account.

5/Includes salaries and wages and indemnities payment from guarantees account but excludes payments for allowances which are made from Customs Cashiers and can only be reclassified once Customs has sent the supporting document to the Directorate General of Finance. Battlefield indemnity in March 2011 paid to Customs officers were included as well.

6/Includes payments for family, transportation, overtime as well as various indemnities.

7/Includes payments for maternity and sickness, marriage, birth, death, hospital, education, medical and various social allowances.

8/ Other includes payments for bonuses, contributions to various public sector mutual funds and contribution of the State as an employer for the National Social Security Fund.