

Fiscal Performance Report for the Month of February 2000

The budget deficit for February 2000 amounted to LBP176 billion (43% of budget expenditures) compared to LBP66 billion in January 2000 and LBP86.5 billion during February 1999.

The increase in the February 2000 budget deficit is explained by 3 main factors:

1. The LBP34 billion rise in domestic debt service when compared to the same period of 1999.
2. The increase in budget expenditures in comparison with January 2000.
3. The decrease in revenues by LBP38 billion when compared to February 1999.

The consolidated budget deficit for 2000, as of February 29, is still below the budgeted figures: the actual budget deficit for the two months of January and February is 31% of expenditures compared to 37% as it appeared in the 2000 budget law. In the first two months of 1999, the budget deficit amounted to 19% of total expenditures due to the late approval of the 1999 budget (in July 1999) which caused expenditures, during that year, to be implemented according to the 1998 budget appropriations.

As for the Treasury operations during February 2000, the level of Treasury deficit is lower than in January but at the same level as in February 1999.

The total deficit (budget + treasury) during the first two months of the year registered 48.5% of expenditures mainly due to the level of deficit in Treasury operations for January 2000 (LBP.195 billions). The latter operations are subject to amplification in subsequent months due to the following:

1. The increase in “Electricité Du Liban” deficit following Israeli attacks on Lebanese infrastructure and the increase in oil prices.
2. The disbursement by the Treasury of municipalities due payments.

The primary surplus (budget execution) has reached 30% of budget expenditures. This indicator is expected to ameliorate in the following months. However its further improvement is closely linked to the following issues:

1. The enhancement of tax collection operations
2. The increase in Central Bank revenues
3. Transfers from the surplus of the Telecom.