

Republic of Lebanon
Ministry of Finance

Fiscal Performance Report for May 2002

Overall fiscal performance - budgetary and treasury operations

Total expenditures (budgetary and treasury) for the period January – May 2002 amounted to LL 3,777 billion, compared to LL 3,300 billion during the same period last year, indicating an increase of LL 477 billion. Total revenues (budgetary and treasury), on the other hand, amounted to LL 2,212 billion during January – May 2002, compared to LL 1,894 billion during the same period last year. Hence, the total deficit since the beginning of the year amounted to LL 1,565 billion, equivalent to 41.43% of total expenditures compared to LL 1,406 billion or 42.60% during the same period in 2001. The total primary surplus, hence amounted to LL 322 billion during January – May 2002 compared to LL 256 billion during the same period last year.

Budget operations

On the budget execution front, budget expenditures during the January – May 2002 amounted to LL 3,063 billion and budget revenues amounted to LL 2,043 billion, compared to budget expenditures of LL 2,887 billion and budget revenues of LL 1,752 billion during the same period last year. Value Added Tax collected during February - May 2002 amounted to LL 295 billion.

The LL 321 billion increase in tax revenue during the first five months of 2002 over the comparable period in 2001 was partly due to the introduction of the VAT (LL 295 billion), whereas the remaining amount (LL 26 billion) was due to enhancement in tax collection. It is to note that this result was achieved despite the postponement of the deadline for corporate income tax collection till June 10, 2002. Delayed transfers from the Ministry of Post and Telecommunications and the abolition of diplomatic fees were the main underlying reasons for the LL 30 billion decline in non-tax revenues during first five months of 2002 compared to the outcome of the first five months in 2001.

The budget deficit for January – May 2002 amounted to LL 1,020 billion, equivalent to 33.3% of budget expenditures compared to LL 1,134 billion or 39.3% during January – May 2001. In addition, a budget primary surplus of LL 867 billion was achieved during the first five months of 2002 compared to LL 527 billion during the same period in 2001.

Treasury operations

As for treasury operations during the period January – May 2002, they resulted in a deficit of LL 545 billion, equivalent to 76.32% of treasury expenditures compared to LL 271 billion, or 65.62% during the same period in 2001.

Note:

Budget revenues and expenditures are not equally distributed among the months of the year. Therefore, upon the execution of the budget, revenue and expenditure figures from both the budget and treasury accounts will differ among the months of the year and with it the deficit ratio and amount.

Summary of Fiscal Performance May 2002

Republic of Lebanon - Ministry of Finance

(In million of L.L.)	May-01	May -02	Jan- May 2001	Jan- May 2002	Change	% Change
1. Budget Transactions						
1.1 Revenues	408,216	464,551	1,752,078	2,043,031	290,953	16.61%
1.1.1 Tax Revenues	367,044	365,931	1,183,947	1,505,304	321,357	27.14%
<i>of which customs revenue*</i>	128,339	118,453	617,442	639,521	22,079	3.58%
<i>of which VAT revenue</i>		63,632	0	295,162	295,162	
1.1.2 Non-Tax Revenues	41,172	98,620	568,131	537,727	-30,404	-5.35%
1.2 Expenditures	767,051	599,585	2,886,572	3,063,078	176,506	6.11%
1.2.1 Expenditures excluding debt service	384,539	230,690	1,225,184	1,176,530	-48,654	-3.97%
1.2.2 Debt Service	382,512	368,895	1,661,388	1,886,548	225,160	13.55%
1.2.1.1 Domestic Debt	364,300	312,100	1,444,797	1,424,700	-20,097	-1.39%
1.2.1.2 Foreign Debt	18,212	56,795	216,591	461,848	245,257	113.24%
Budget Total Deficit/Surplus	-358,835	-135,034	-1,134,494	-1,020,047	114,447	
In % of total budget expenditures	-46.78%	-22.52%	-39.30%	-33.30%		
Budget Primary Deficit/Surplus	23,677	233,861	526,894	866,501	339,607	
In % of total budget expenditures	3.09%	39.00%	18.25%	28.29%		
2. Treasury Transactions						
2.1 Receipts	44,468	32,762	142,206	168,995	26,789	
2.1.1 Trust accounts / guarantees	5,070	15,732	27,119	42,496	15,377	
2.1.2 Municipalities	26,285	8,533	65,144	48,250	-16,894	
2.1.3 Deposits	4,522	5,170	24,075	29,895	5,820	
2.1.4 Other	8,591	3,327	25,868	48,354	22,486	
2.2 Payments	137,277	50,211	413,571	713,699	300,128	
2.2.1 Trust accounts/Guarantees	106,621	7,852	225,489	42,493	-182,996	
2.2.2 Municipalities	1,238	6,252	10,087	90,857	80,770	
2.2.3 Deposits	7,619	7,123	35,378	35,093	-285	
2.2.4 Expenditures from previous years appropriations	140	10,923	50,770	355,597	304,827	
2.2.5 Expenditures from previous years/Guarantees	18,773	581	54,300	13,175	-41,125	
2.2.6 Other	2,886	17,480	37,547	176,484	138,937	
Total Treasury Deficit/Surplus	-92,809	-17,449	-271,365	-544,704	-273,339	
In % of total treasury expenditure	-67.61%	-34.75%	-65.62%	-76.32%		
3. Total Budget and Treasury Receipts	452,684	497,313	1,894,284	2,212,026	317,742	16.77%
4. Total Cash Budget and Treasury Payments	904,328	649,796	3,300,143	3,776,777	476,634	14.44%
5. Total Cash Deficit/Surplus	-451,644	-152,483	-1,405,859	-1,564,751	-158,892	
In % of Total Expenditures	-49.94%	-23.47%	-42.60%	-41.43%		
6. Primary Deficit/Surplus	-69,132	216,412	255,529	321,797	66,268	
In % of total expenditures	-7.64%	33.30%	7.74%	8.52%		

* Receipts from excise taxes are included within customs revenues for comparative reasons