

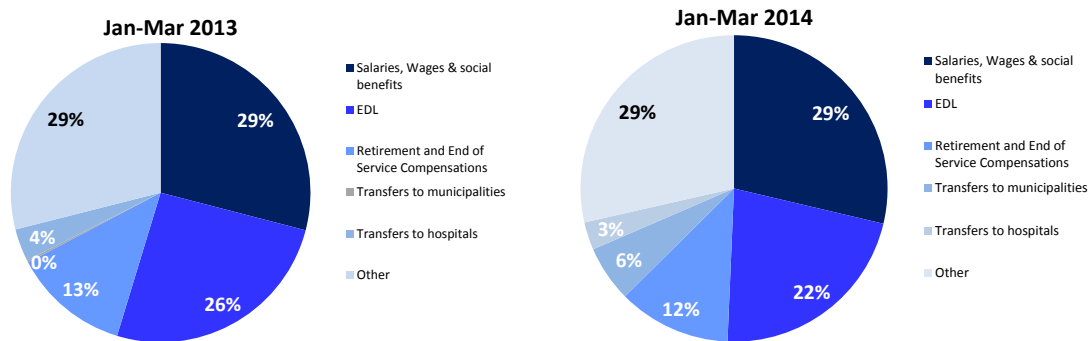


I. Introduction

Payments for salaries, wages and related benefits, which mainly include the cost of basic salaries, indemnities, allowances, and other payments increased by LL 57 billion (6 percent), from LL 976 billion in Jan-Mar 2013 to LL 1,033 billion in Jan-Mar 2014. The reason behind the 6 percent growth is mainly due to an increase in a) basic salaries by LL 50 billion, b) allowances by LL 13 billion, and c) Other expenses by LL 6 billion, largely composed of the Government contribution to Employee's Cooperative. These increases were slightly offset by a LL 9 billion decline in indemnities and a LL 3 billion decrease in salaries to custom employees.

Salaries, wages and related benefits represent the largest component of total primary spending, accounting for 29 percent of primary expenditure during both Jan-Mar 2014 and Jan-Mar 2013 (for more information, kindly refer to figure 1):

Figure 1: Primary Spending breakdown by component during Jan-Mar 2013 and Jan-Mar 2014



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

Table 1. Salaries, Wages and Related Benefits Breakdown – Jan-Mar 2013 and Jan-Mar 2014

(LL billion)	Basic Salaries		Indemnities 4/		Allowances 5/		Other 6/		Total	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Military Personnel	489	515	19	20	105	119	0	1	614	655
Army	315	323	12	12	83	62	0	0	410	397
Internal Security Forces	138	151	6	6	18	41	0	0	162	198
General Security Forces	28	33	1	1	3	13	0	1	32	47
State Security Forces	8	9	0	1	1	3	0	0	10	12
Education Personnel	188	212	23	17	0	0	0	1	211	230
Civilian Personnel 1/	87	86	19	16	0	0	12	12	119	114
Government contribution to employees cooperative 2/							20	24	20	24
Customs Salaries 3/									13	9
Total	764	814	62	53	105	119	32	38	976	1,033

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

2/ Government contribution to employees cooperative is provided to both the education and civil personnel. However, the allocation between the two types of personnel is not available and therefore is presented in a separate line item.

3/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.



4/Includes payments for family, transportation, overtime as well as various indemnities (including committee compensation and tax returns).

5/Includes payments for maternity and sickness, marriage, birth, death, hospital, education, medical and various social allowances, and provided to military personnel only.

6/ Other is given to non-military bodies and includes (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 Civilian Servant Cooperative.

II. Breakdown of Salaries, Wages, and Related Benefits

Out of total salaries, wages and related benefits, basic salaries reached LL 814 billion in Jan-Mar 2014, compared to LL 764 billion paid in the same period of 2013. The main reason behind the 6 percent increase observed in Jan-Mar 2014 is due to the rise in military and education cost by LL 26 billion and LL 24 billion respectively, while payment to civil personnel remained quasi the same year on year for Q1.

II.A. Basic Salaries of Military Personnel

The 5 percent (LL 26 billion) growth in basic salaries of military personnel is primarily attributed to an increase in (a) basic salaries to the Internal Security Forces by LL 13 billion induced by either the enlistment of new recruits or the promotion of current personnel, (b) overseas missions and trainings indemnities to military personnel by LL 5 billion, reflecting mainly higher payments to the Army, and (c) spending on clothing indemnities by LL 3 billion.

II.B. Basic Salaries of Education Personnel

Payments to education personnel rose by LL 24 billion (13 percent) during the period Jan-Mar 2014 mainly explained by the following:

- LL 18 billion increase in basic salaries to primary, intermediate and secondary contractual teachers at the Directorate General of Education, chiefly due to a difference in the timing of payment whereby basic salaries pertaining to the first quarter of 2014 were paid in March 2014, while the bulk of basic salaries relating to the first quarter of 2013 were settled in April 2013.
- LL 9 billion growth in basic salaries of contractual teachers at the Directorate General of Vocational and Technical education, mainly due to a difference in the timing of payment. More specifically, basic salaries pertaining to the academic year 2012/2013 were paid in one-shot during the month of October 2013 and totaled LL 71 billion, compared to LL 8 billion paid in February 2014 and representing payments for basic salaries of the 2013/2014 academic year.
- LL 3 billion rise in basic salaries of primary and secondary trainee teachers induced by either the enlistment of new teachers or the promotion of current personnel.

The above mentioned increases were partly offset by a LL 6 billion decline in basic salaries to primary teachers at the Directorate General of Education mainly attributed to a decrease in the number of primary teachers.



III. Payment of Allowances

Allowances increased by 13 percent (LL 13 billion), from LL 105 billion in Jan-Mar 2013 to LL 119 billion in the comparable period of 2014, mainly as a result of higher payments to the Internal Security Forces (LL 23 billion) and the General Security Forces (LL 9 billion).

More specifically, allowances to the Internal Security Forces increased mainly as a result of a LL 15 billion and an LL 8 billion rise in hospital expenses and social allowances respectively. As for allowances to General Security Forces, the reason behind the increase is mainly attributed to hospital expenses.

The aforementioned increases were slightly counterbalanced by a LL 21 billion decline in payments made to the Army, mainly due to a LL 26 billion decrease in hospital expenses and a LL 3 billion drop in sickness and maternity allowances. The latter was partly offset by a LL 4 billion increase in marriage allowances, coupled with a LL 2 billion rise in each of death and social allowances.



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