



Public Finance Monitor

The Monthly Statistical Bulletin of the Ministry of Finance

April 2005

Section 1: Fiscal Overview

Highlights:

The January-April 2005 period was marked by a 25.6 percent improvement in the total balance, which registered a LL 581 billion deficit compared to a LL 781 billion deficit in the first four months of 2004. This reduction in the total deficit occurred despite the 0.6 percent decrease in total receipts, and resulting from the 6.8 percent decrease in total payments.

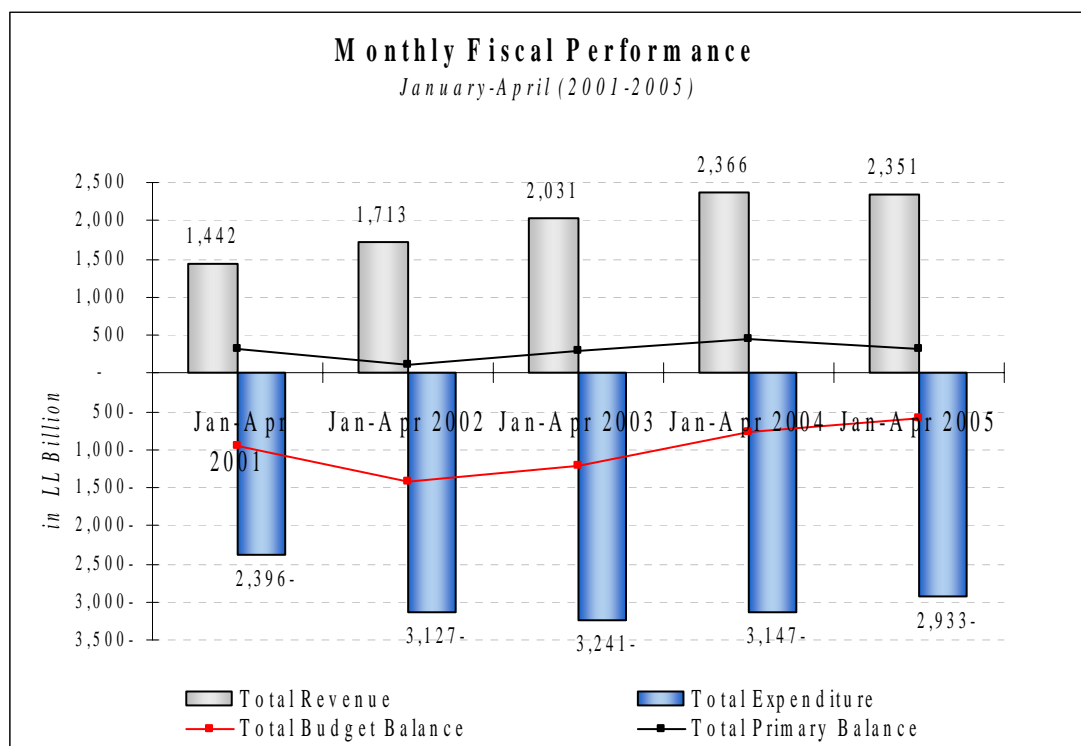
Table 1. Summary of Fiscal Performance

(LL billion)	2004	2005	2004	2005	Change	%
	April	April	Jan-Apr	Jan-Apr	2004- 2005	Change
Budget Revenue	612	611	2,246	2,195	-51	-2.3%
Budget Expenditures	793	658	2,343	2,084	-259	-11.1%
<i>o/w Debt Service</i>	427	218	1,226	912	-314	-25.6%
Budget Deficit/Surplus	-181	-48	-97	111	209	-214.4%
in % of Budget Expenditures	-22.8%	-7.3%	-4.1%	5.3%		
Budget Primary Deficit/Surplus	246	170	1,129	1,023	-106	-9.4%
in % of Budget Expenditures	31.0%	25.9%	48.2%	49.1%		
Treasury Receipts	35	92	120	156	36	30.0%
Treasury Payments	56	161	804	849	45	5.6%
Total Budget and Treasury Receipts	647	702	2,366	2,351	-15	-0.6%
Total Budget and Treasury Payments	849	819	3,147	2,933	-215	-6.8%
Total Cash Deficit/Surplus	-202	-117	-781	-581	200	-25.6%
in % of Total Expenditures	-23.8%	-14.3%	-24.8%	-19.8%		
Primary Deficit/Surplus	224	101	445	331	-114	-25.6%
in % of Total Expenditures	26.4%	12.3%	14.1%	11.3%		

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



Chart 1. Fiscal Performance



Section 2: Revenue Outcome

Highlights:

Total revenues collected by the Treasury over the first four months of 2005 witnessed a 0.63 percent decrease compared to the same period in 2004. This weaker performance is due to the following factors:

- Lower tax revenues by 1.3 percent mainly caused by a 18.9 percent decrease in taxes on international trade (custom duties and excises) and a 13.8 percent decrease in built property taxes (the recurrent component of the tax).
- Lower non tax revenues by approximately 4.8 percent, caused by a 13.2 percent decline in the level of transfers from the telecom budget surplus.

Table 2. Total Revenue

(LL billion)	2004	2005	2004	2005	%
	April	April	Jan-Apr	Jan-Apr	Change
Budget Revenues, of which:	612	611	2,246	2,195	-2.26%
Tax Revenues	461	471	1,624	1,603	-1.31%
Non-Tax Revenues	151	139	622	593	-4.76%
Treasury Receipts	35	92	120	156	29.97%
Total Revenues	647	702	2,366	2,351	-0.63%

Source: MOF, DGF



Table 3. Tax Revenues

(LL billion)	2004 April	2005 April	2004 Jan-Apr	2005 Jan-Apr	% Change
Tax Revenues:	461	471	1,624	1,603	-1.31%
Taxes on Income, Profits, & Capital Gains, of which:	71	125	264	338	28.12%
Income Tax on Profits	15	20	83	88	6.21%
Income Tax on Wages and Salaries	31	44	73	96	31.26%
Income Tax on Capital Gains & Dividends	6	4	19	21	8.28%
Tax on Interest Income (5%)	18	56	78	126	62.21%
Penalties on Income Tax	2	1	9	5	-45.84%
Taxes on Property, of which:	22	33	119	115	-3.40%
Built Property Tax	3	12	47	41	-13.81%
Real Estate Registration Fees	17	18	62	64	3.70%
Domestic Taxes on Goods & Services, of which:	204	192	629	643	2.26%
Value Added Tax	194	180	574	590	2.83%
Other Taxes on Goods and Services, of which:	10	12	50	50	-0.92%
Private Car Registration Fees	8	7	31	28	-7.92%
Passenger Departure Tax	2	5	19	21	10.77%
Taxes on International Trade, of which:	140	96	529	429	-18.89%
Customs	44	37	161	151	-6.26%
Excises, of which:	96	59	368	278	-24.45%
Petroleum Tax	64	31	252	161	-36.07%
Tobacco Tax	16	14	57	56	-2.63%
Tax on Cars	16	14	58	60	3.78%
Other Tax Revenues, of which:	24	24	83	77	-6.66%
Fiscal Stamp Fees	25	24	82	77	-6.67%

Source: MOF, DGF

Chart 2.**Evolution of Tax Revenue**

January-April (2001-2005)

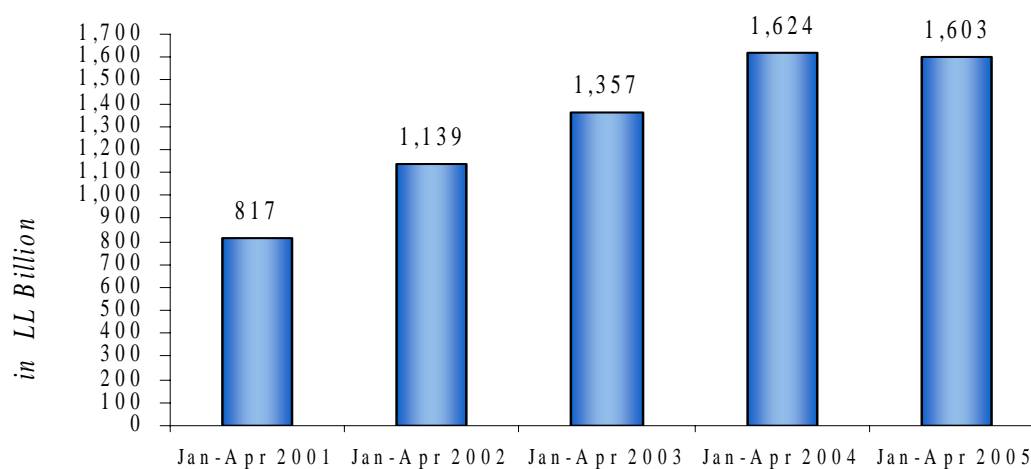
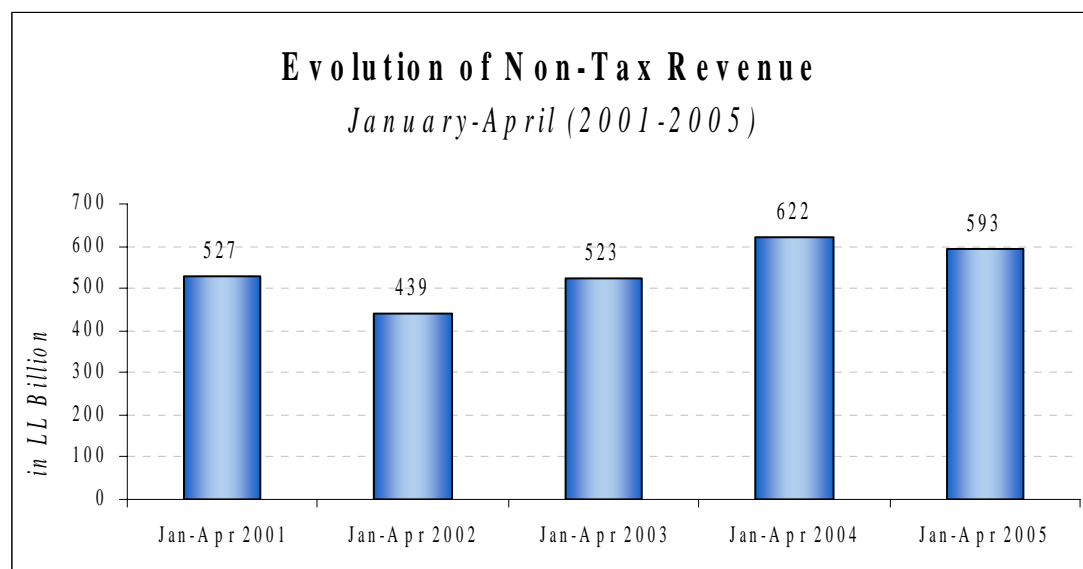


Table 4. Non Tax Revenues

(LL billion)	2004	2005	2004	2005	%
	April	April	Jan-Apr	Jan-Apr	Change
Non-Tax Revenues	151	139	622	593	-4.76%
Income from Public Institutions and Government Properties, of which:	117	102	484	460	-4.92%
Income from Non-Financial Public Enterprises, of which:	110	99	457	443	-3.13%
<i>Revenues from Casino Du Liban</i>	3	5	16	24	54.39%
<i>Revenues from Port of Beirut</i>	0	0	0	33	
<i>Budget Surplus of National Lottery</i>	2	3	10	11	10.00%
<i>Transfer from the Telecom Surplus</i>	105	91	431	374	-13.18%
Property Income (namely rent of Beirut International Airport)	5	3	23	16	-31.21%
Other Income from Public Institutions (interests)	2	0	4	2	-62.83%
Administrative Fees & Charges, of which:	28	29	112	103	-8.10%
Administrative Fees, of which:	23	24	84	79	-5.94%
<i>Notary Fees</i>	1	1	5	5	-1.26%
<i>Passport Fees/ Public Security</i>	7	6	26	26	-1.51%
<i>Vehicle Control Fees</i>	11	12	38	34	-9.94%
<i>Judicial Fees</i>	2	2	7	6	-17.55%
<i>Driving License Fees</i>	1	1	5	4	-11.05%
Administrative Charges	1	2	11	8	-28.18%
Sales (Official Gazette and License Number)	0	0	1	1	-12.05%
Permit Fees (mostly work permit fees)	3	3	13	13	-2.59%
Other Administrative Fees & Charges	1	1	3	2	-18.44%
Penalties & Confiscations	0	0	2	1	-37.74%
Other Non-Tax Revenues (mostly retirement deductibles)	6	8	25	29	15.26%

Source: MOF, DGF

Chart 3.

Section 3: Expenditure Outcome

Highlights:

Total expenditures reached LL 2,933 billion by the end of April 2005, representing a 6.82 percent decrease compared to the first four months of 2004. This decline resulted mainly from a 25.61 percent decrease in interest payments, a 23 percent decrease in capital expenditures and a 5.6 percent decrease in treasury expenditures due to lower spending on municipalities.

Table 5. Expenditures by Transaction Classification

(LL billion)	2004	2005	2004	2005	%
	April	April	Jan-Apr	Jan-Apr	Change
Total Expenditures	849	819	3,147	2,933	-6.82%
Budget Expenditures	793	659	2,343	2,084	-11.07%
Expenditures Excluding Debt Service	366	440	1,117	1,172	4.89%
Debt Service, <i>of which:</i>	427	218	1,226	912	-25.61%
<i>Domestic Debt</i>	291	82	758	400	-47.22%
<i>Foreign Debt, of which:</i>	136	136	468	512	9.3%
Eurobond coupon interest	132	132	400	439	9.9%
Concessional loans principal payments	2	2	33	36	9.3%
Concessional loans interest payments	2	2	35	36	3.0%
Treasury Expenditures , of which:	56	161	804	849	5.60%
<i>Municipalities</i>	2	75	176	110	-36.93%
<i>Previous Years' Appropriations</i>	6	17	411	474	15.18%
Non-Interest Expenditures (Total Expenditures minus Debt Service)	422	601	1,921	2,021	5.21%



Chart 4.

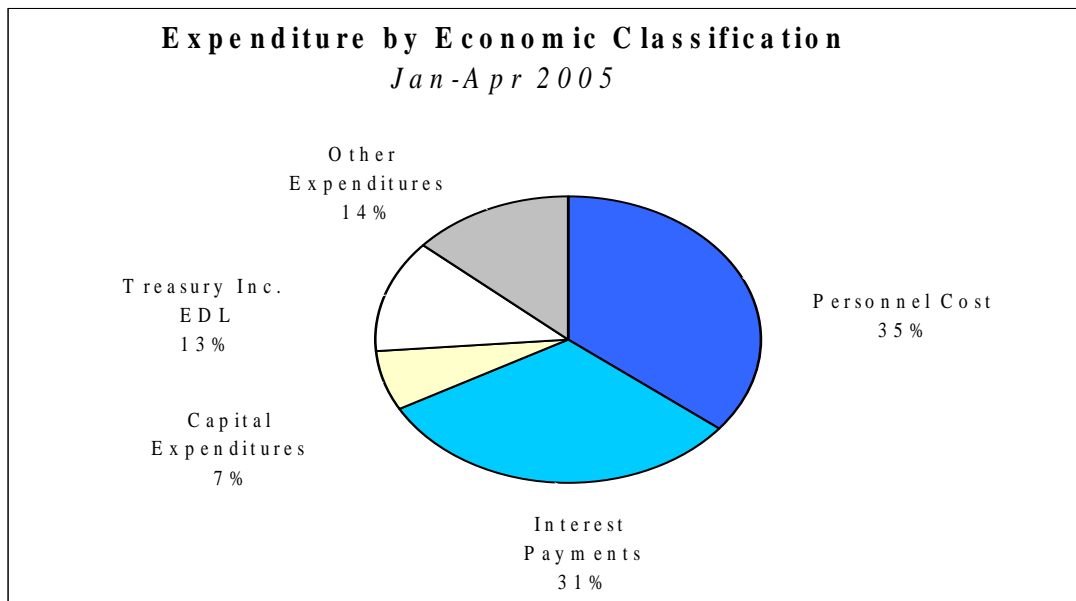


Table 6. Expenditures by Economic Classification

(LL Billion)	2004 Jan-Apr	2005 Jan-Apr	% Change
1. Current Expenditures	2,483	2,340	-6%
1.a Personnel Cost, of which:	987	1,040	5%
<i>Article 13: Salaries and Wages 1/</i>	649	711	10%
<i>Retirement and End of Service Compensations</i>	278	264	-5%
1.b Interest Payments	1,226	912	-26%
1.c Materials and Supplies	34	91	168%
1.d External Services	30	25	-17%
1.e Various Transfers, of which:	101	134	33%
<i>NSSF</i>	44	50	14%
1.f Other Current, of which:	76	106	39%
<i>Hospitals</i>	66	61	-8%
<i>Others</i>	10	45	350%
1.g Reserves, of which:	29	32	10%
<i>Interest Subsidy</i>	29	32	10%
2. Capital Expenditures	258	199	-23%
2.a Acquisitions of Land, Buildings, for the Construction of Roads, Ports, Airports, and Water Networks	1	2	100%
2.b Equipment	9	7	-22%
2.c Construction in Progress	208	159	-24%
2.d Maintenance	24	22	-8%
2.e Other Expenditures Related to Fixed Capital Assets	16	9	-44%
3. Other Treasury Expenditures of which:	391	374	-4%
Municipalities	176	110	-38%
EDL	86	84	-2%
Treasury Advances for Water Authorities	0	48	100%
Treasury Advances for Fuel Subsidy	0	12	100%
4. Unclassified Expenditures	5	13	160%
5. Customs Cashiers	10	7	-30%
6. Total Expenditures 2/	3,147	2,933	-7%

Sources: Statement of Account 36, Cashier Spending, Public Debt Department Figures, Fiscal Performance and Gross Adjustment Figures

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-Apr	2005 Jan-Apr	% Change
EDL of which:	86	84	-2.6%
Debt Service of which:	86	51	-40.4%
C-Loans and Eurobonds, of which:	52	51	-2.3%
<i>Principal Payment</i>	36	37	3.0%
<i>Interest Payment</i>	16	14	-14.0%
Loans for Fuel Oil Payment	33	0	-100.0%
BDL Guaranteed Loan Payment	0	0	0.0%
Treasury Advance for Fuel Purchase	0	32	100.0%
Expropriations	0	0	0.0%

Source: MOF, DGF



Section 4: Public Debt

Highlights:

The first four months of 2005 witnessed a LL 314 billion decrease in total debt that resulted from a LL 370 billion decrease in the domestic debt component.

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

(in LL Billion)	Dec-02	Dec-03	Dec-04	Apr-05	Change Dec-04-Apr-05	% Change Dec-04-Apr-05
Total Debt (1)	47,276	50,285	54,042	53,727	-314	-0.6%
Domestic Debt	25,302	26,843	26,371	26,001	-370	-1.4%
a. Central Bank, of which:	723	8,938	10,652	14,401	3,749	35.2%
<i>Repurchase Agreements</i>	7	0.5	0.0	1160		
b. Commercial Banks	17,211	12,303	12,220	8,413	-3,806	-31.1%
c. Other Domestic Debt, of which:	7,368	5,603	3,500	3,187	-313	-8.9%
<i>Public Entities</i>	3,221	2,564	2,187	2,174	-13	-0.6%
Foreign debt	21,974	23,442	27,671	27,726	56	0.2%
a. Bilateral, Multilateral and Foreign Private Sector Loan	2,752	2,934	2,963	2,921	-43	-1.4%
b. Paris II Related FX Debt	1,432	3,731	3,815	3,763	-52	-1.4%
c. BDL Eurobonds	2,819	2,819	2,819	2,819	0	0.0%
d. Market Eurobonds	14,569	13,632	17,686	17,742	56	0.3%
e. Accrued Interest on Foreign Currency Debt	402	327	388	482	94	24.4%
Public Sector Deposits	2,964	3,019	4,360	3,639	-720	-16.5%
Net Debt (2)	44,312	47,266	49,682	50,088	406	0.8%
Gross Market Debt (3)	36,765	29,638	31,861	27,881	-3,980	-12.5%
% of Total Debt	78%	59%	59%	52%		

Source: MOF, Banque du Liban

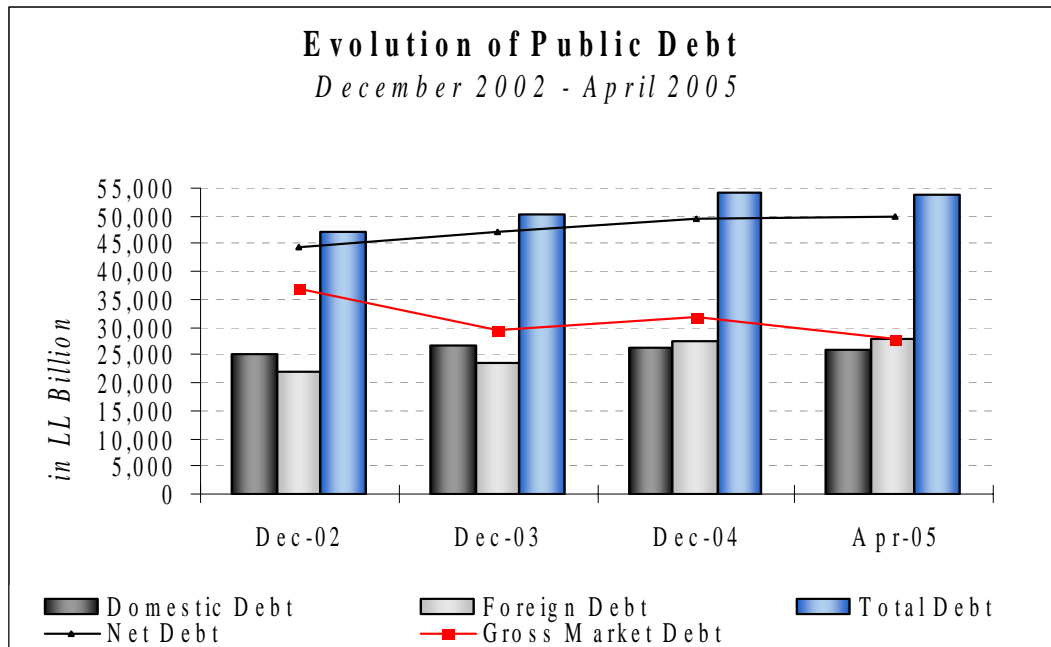
(1) Total debt equals domestic debt plus foreign debt

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

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



Chart 5.





For further information please contact:

Ministry of Finance

UNDP Project

Tel: 961 1 981057/8

Fax: 961 1 981059

E-mail: infocenter@finance.gov.lb

Website: www.finance.gov.lb