



Public Finance Monitor

The Monthly Statistical Bulletin of the Ministry of Finance

January 2005

Section 1: Fiscal Overview

Highlights:

In January 2005, the total primary surplus amounted to LL 49 billion, a 60 percent decrease compared to the LL 124 billion cumulated at the end of December 2004. The total budget deficit decreased by 15 percent with respect to January 2004 reaching LL 155 billion for the month of January 2005.

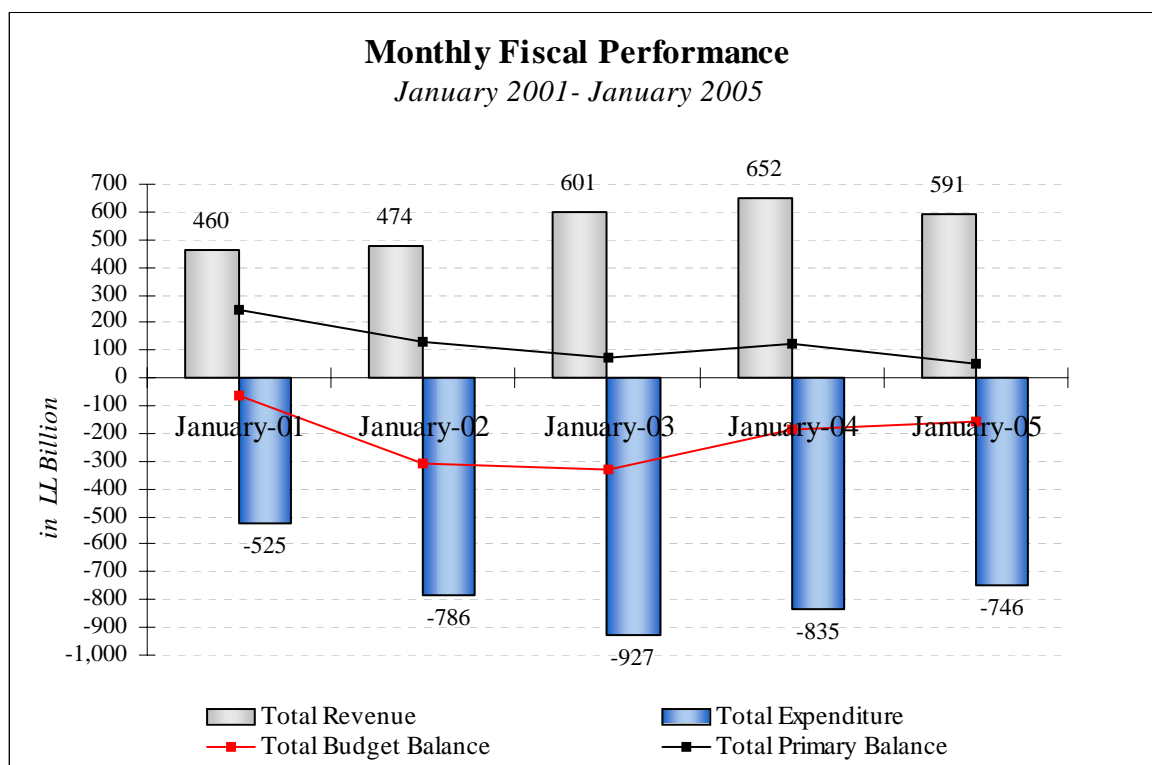
Table 1. Summary of Fiscal Performance

(LL billion)	2004	2005	Change	%
	January	January	2004- 2005	Change
Budget Revenues	617	567	-50	-8.13%
Budget Expenditures <i>of which:</i>	505	399	-106	-20.99%
<i>Debt Service</i>	307	205	-102	-33.36%
Budget Deficit/Surplus	112	168	56	49.89%
in % of Budget Expenditures	22.16%	42.03%		
Budget Primary Deficit/Surplus	419	372	-47	-11.13%
in % of Budget Expenditures	82.97%	93.32%		
Treasury Receipts	35	24	-11	-31.68%
Treasury Payments	331	347	17	5.00%
Total Budget and Treasury Receipts	652	591	-61	-9.41%
Total Budget and Treasury Payments	835	746	-89	-10.70%
Total Cash Deficit/Surplus	-183	-155	28	-15.32%
in % of Total Expenditures	-21.94%	-20.81%		
Primary Deficit/Surplus	124	49	-74	-60.10%
in % of Total Expenditures	14.80%	6.61%		

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



Chart 1.



Section 2: Revenue Outcome

Highlights:

- Total revenues for the first month of 2005 reached LL 591 billion compared to LL 652 billion in January 2004. The 9 percent decrease in revenues is mainly due to the 67 percent decrease in non tax revenues, which totaled LL 39 billion by the end of January 2005. The reason behind the decrease pertained to the absence of transfer from the Telecom Surplus.

Table 2. Total Revenue

(LL billion)	2004	2005	%
	January	January	Change
Budget Revenues, of which:	617	567	-8.13%
Tax Revenues	500	528	5.65%
Non-Tax Revenues	117	39	-66.94%
Treasury Receipts	35	24	-31.68%
Total Revenues	652	591	-9.41%

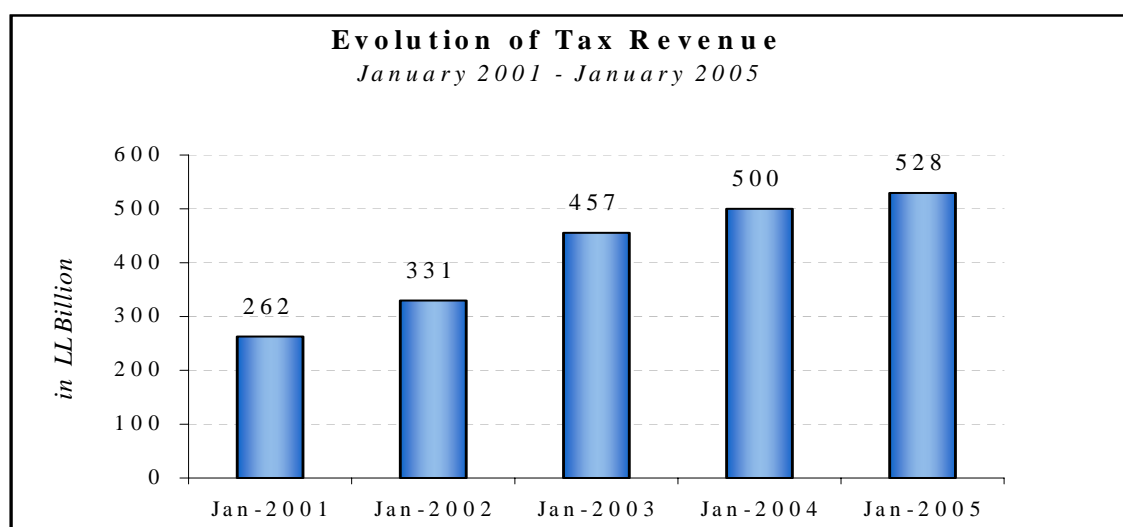
Source: MOF, DG



Table 3. Tax Revenue

(LL billion)	2004	2005	% Change
	January	January	
Tax Revenues:	500	528	5.65%
Taxes on Income, Profits, & Capital Gains, of which:	101	122	20.75%
<i>Income Tax on Profits</i>	30	36	18.35%
<i>Income Tax on Wages and Salaries</i>	33	44	31.60%
<i>Income Tax on Capital Gains & Dividends</i>	10	13	28.38%
<i>Tax on Interest Income (5%)</i>	23	26	15.45%
<i>Penalties on Income Tax</i>	4	3	-37.35%
Taxes on Property, of which:	24	28	15.58%
<i>Built Property Tax</i>	8	5	-34.10%
<i>Real Estate Registration Fees</i>	14	19	37.75%
Domestic Taxes on Goods & Services, of which:	217	237	9.27%
<i>Value Added Tax</i>	203	222	9.52%
<i>Other Taxes on Goods and Services, of which:</i>	12	13	8.69%
<i>Private Car Registration Fees</i>	6	7	16.03%
<i>Passenger Departure Tax</i>	5	5	0.63%
Taxes on International Trade, of which:	131	116	-11.60%
<i>Customs</i>	38	36	-3.59%
<i>Excises, of which:</i>	93	79	-14.86%
<i>Petroleum Tax</i>	63	46	-26.51%
<i>Tobacco Tax</i>	15	16	8.62%
<i>Tax on Cars</i>	15	17	10.32%
Other Tax Revenues, of which:	27	26	-5.29%
<i>Fiscal Stamp Fees</i>	27	25	-5.35%

Source: MOF, DGF

Chart 2.

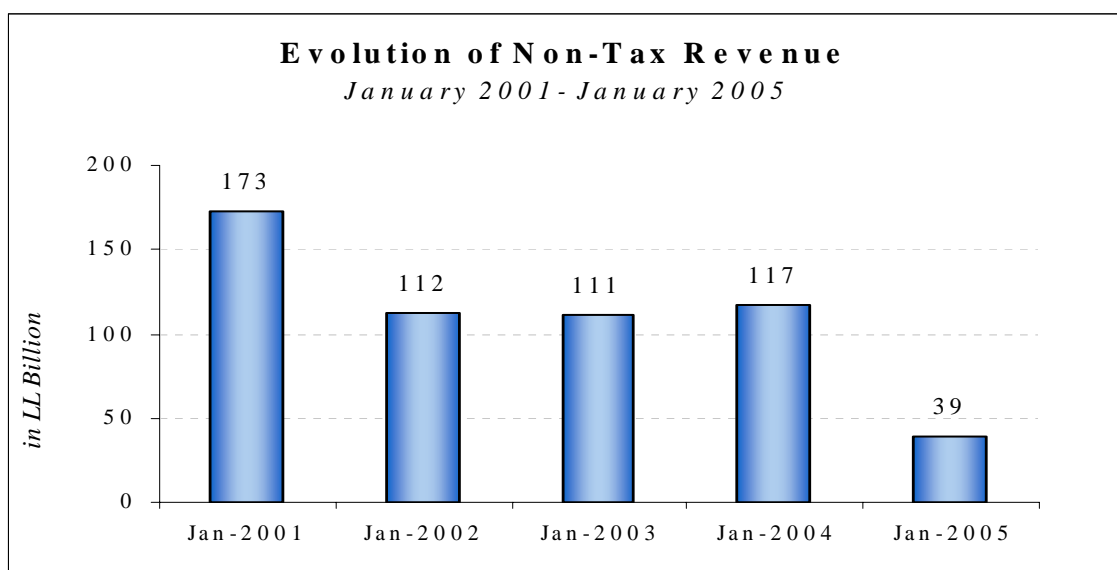
Source: MOF, DGF



Table 4. Non-Tax Revenue

(LL billion)	2004	2005	%
	January	January	Change
Non-Tax Revenues	117	39	-66.94%
Income from Public Institutions and Government Properties, of which:	87	11	-87.45%
Income from Non-Financial Public Enterprises, of which:	82	8	-89.87%
<i>Revenues from Casino Du Liban</i>	3	3	-8.83%
<i>Budget Surplus of National Lottery</i>	3	5	66.67%
<i>Transfer from the Telecom Surplus</i>	75	0	100.00%
Property Income (namely rent of Beirut International Airport)	5	2	-53.38%
Other Income from Public Institutions (interests)	0	0	2.34%
Administrative Fees & Charges, of which:	24	21	-12.09%
Administrative Fees, of which:	15	15	4.64%
<i>Notary Fees</i>	1	1	9.17%
<i>Passport Fees/ Public Security</i>	7	7	-2.94%
<i>Vehicle Control Fees</i>	2	4	114.70%
<i>Judicial Fees</i>	2	1	-49.70%
<i>Driving License Fees</i>	1	1	-22.93%
Administrative Charges	5	2	-53.81%
Sales (Official Gazette and License Number)	0	0	-28.82%
Permit Fees (mostly work permit fees)	4	3	-14.84%
Other Administrative Fees & Charges	1	0	-41.24%
Penalties & Confiscations	0	0	-13.59%
Other Non-Tax Revenues (mostly retirement deductibles)	6	6	6.06%

Source: MOF, DGF

Chart 3.

Source: MOF, DGF



Section 3: Expenditure Outcome

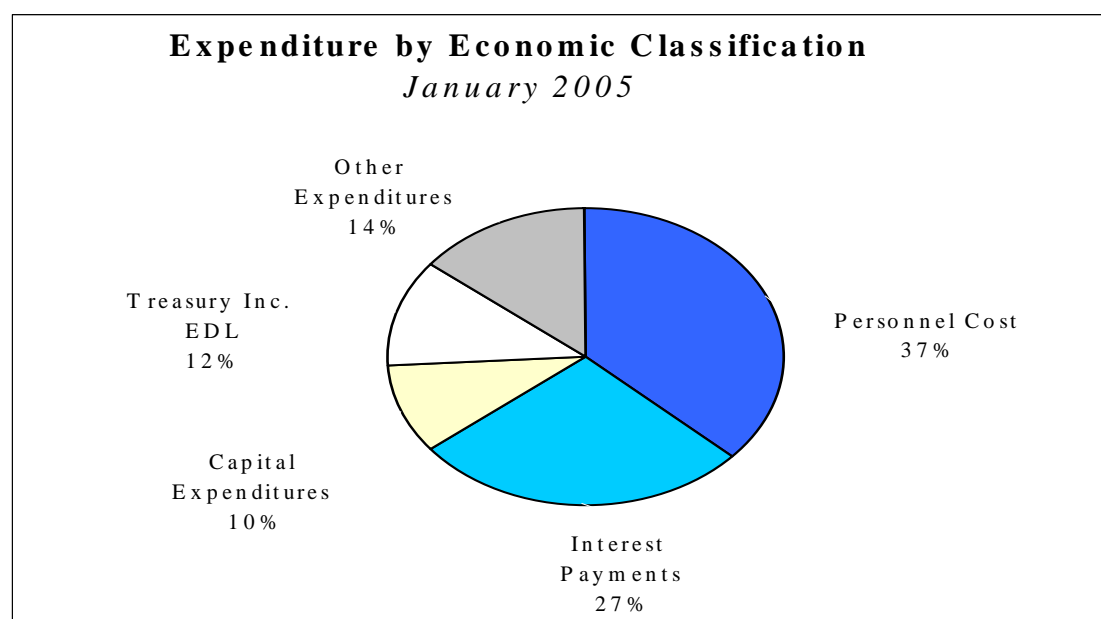
Total expenditures reached LL 746 billion by the end of January 2005, a 10.7% decrease compared to January 2004 when they amounted to LL 835 billion. This decline resulted mainly from a 33 percent decrease in the debt service.

Table 5. Expenditures by Transaction Classification

(LL billion)	2004	2005	%
	January	January	Change
Total Expenditures	835	746	-10.70%
Budget Expenditures	505	399	-20.99%
Expenditures Excluding Debt Service	198	194	-1.79%
Debt Service, of which:	307	205	-33.36%
<i>Domestic Debt</i>	244	141	-42.19%
<i>Foreign Debt</i>	63	63	0.99%
Treasury Expenditures , of which:	331	347	5.00%
<i>Municipalities</i>	78	7	-91.22%
<i>Previous Years' Appropriations</i>	203	256	26.21%
Non-Interest Expenditures (Total Expenditures minus Debt Service)	528	541	2.46%

Source: MOF, DGF

Chart 4.



Source: MOF, DGF



Table 6. Expenditures by Economic Classification

(LL Billion)	2004 January	2005 January	% Change
1. Current Expenditures	635	584	-8%
1.a Personnel Cost , of which:	241	274	14%
<i>Article 13: Salaries and Wages 1/</i>	166	189	14%
<i>Retirement and End of Service Compensations</i>	61	62	2%
1.b Interest Payments	307	205	-33%
1.c Materials and Supplies	7	6	-14%
1.d External Services	4	3	-25%
1.e Various Transfers, of which:	31	37	19%
<i>NSFF</i>	25	20	100%
1.f Other Current, of which:	30	46	53%
<i>Hospitals</i>	27	30	11%
<i>Others</i>	3	15	400%
1.g Reserves, of which:	15	13	-13%
<i>Interest Subsidy</i>	15	13	-13%
2. Capital Expenditures	74	73	0%
2.a Acquisitions of Land, Bldgs, for the Construction of Roads, Ports, Airports, and Water Networks	1	0	-100%
2.b Equipment	3	3	0%
2.c Construction in Progress	54	61	13%
2.d Maintenance	8	8	0%
2.e Other Expenditures Related to Fixed Capital Assets	7	2	-71%
3. Other Treasury Expenditures	116	86	-26%
Municipalities	78	7	-91%
EDL	4	1	-75%
Treasury advance to Water Authorities	0	48	100%
Treasury Advance for Diesel Oil Subsidy	0	8	100%
4. Unclassified Expenditures	8	0	-100%
5. Customs Cashiers	3	3	0%
6. Total Expenditures 2/	835	746	-11%

Sources: MOF

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 January	2005 January	% Change
EDL of which:	4	1	-73.9%
Debt service 1/, of which:	4	1	-73.9%
C-Loans and Eurobonds	4	1	-74%
Loans for Fuel Oil Payment	0	0	0%
BDL Guaranteed Loan Payment	0	0	0%
Treasury Advance for Fuel Purchase	0	0	0.0%
Expropriations	0	0	0.0%

Source: MOF, DGF

1/ Includes principal and interest



Section 4: Public Debt

Highlights:

Gross public debt as of end January 2005 amounted to LL 53,629 billion (USD 35.6 billion), registering an decrease of LL 419 billion or 0.8 percent over the December 2004 level. A more accurate assessment of the growth of public debt would be performed by monitoring the *evolution of net public debt* which amounted to LL 49,602 billion (USD 32.90 billion), registering an decrease of LL 86 billion or 0.2 percent since end-December 2004.

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

(in LL Billion)	Dec-02	Dec-03	Dec-04	Jan-05	Change Dec-04- Jan-05	% Change Dec-04- Jan-05
Total Debt (1)	47,276	50,284	54,048	53,629	-419	-0.8%
Domestic Debt	25,302	26,843	26,371	26,123	-249	-0.9%
a. Central Bank, <i>of which:</i>	723	8,938	10,652	10,545	-107	-1.0%
b. Commercial Banks, <i>of which:</i>	17,211	12,303	12,220	12,255	36	0.3%
c. Other Domestic Debt, <i>of which:</i>	7,368	5,603	3,500	3,322	-178	-5.1%
<i>Public Entities</i>	3,221	2,564	2,187	2,188	1	0.1%
Foreign debt	21,974	23,441	27,677	27,506	-171	-0.6%
a. Bilateral, Multilateral and Foreign Private Sector Loans	2,752	2,934	2,970	2,935	-35	-1.2%
b. Paris II Related FX Debt	1,432	3,731	3,815	3,771	-43	-1.1%
c. BDL Eurobonds	2,819	2,819	2,819	2,819	0	0.0%
d. Market Eurobonds	14,569	13,631	17,686	17,507	-179	-1.0%
e. Accrued Interest on Foreign Currency Debt	402	327	388	475	87	22.4%
Public Sector Deposits	2,964	3,019	4,360	4,026	-333	-7.6%
Net Debt (2)	44,312	47,266	49,688	49,602	-86	-0.2%
Gross Market Debt (3)	36,765	29,637	31,875	31,636	-240	-0.8%
% of Total Debt	78%	59%	59%	59%		

Source: MOF, Banque du Liban

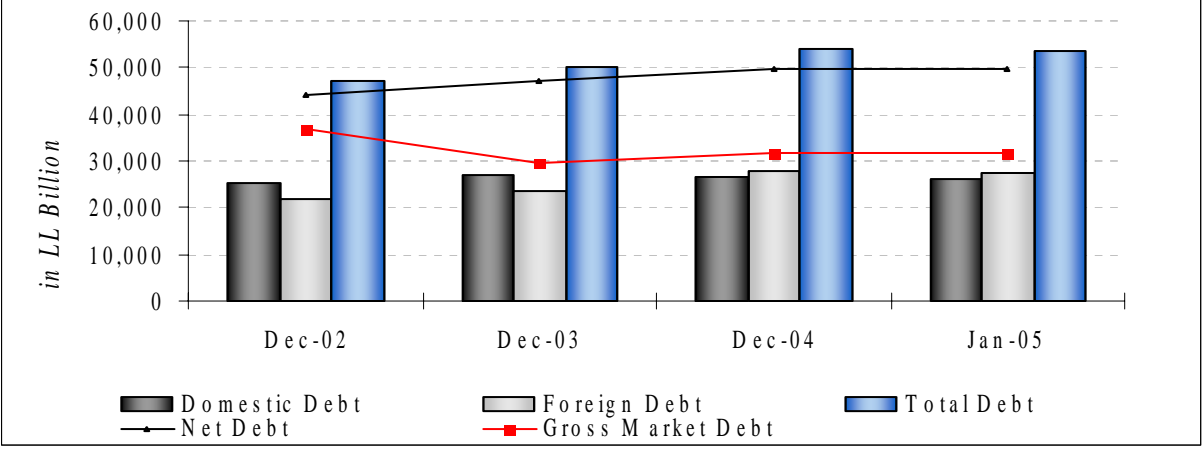
(1) Total debt equals domestic debt plus foreign debt

(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.



Evolution of Public Debt *December 2002 - January 2005*





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