



Public Finance Monitor

The Monthly Statistical Bulletin of the Ministry of Finance

March 2005

Section 1: Fiscal Overview

Highlights:

The January-March 2005 period was marked by a 19.8 percent improvement in the total balance, which registered a LL 464 billion deficit compared to LL 579 billion deficit in the first quarter of last year. This reduction in the total deficit occurred despite the 4.1 percent decrease in total receipts which were offset by the 8.1 decrease in total payments. In parallel, the primary balance witnessed a 4.2 percent amelioration, increasing from LL 221 billion during the first quarter of 2004 to LL 230 billion during the first quarter of 2005.

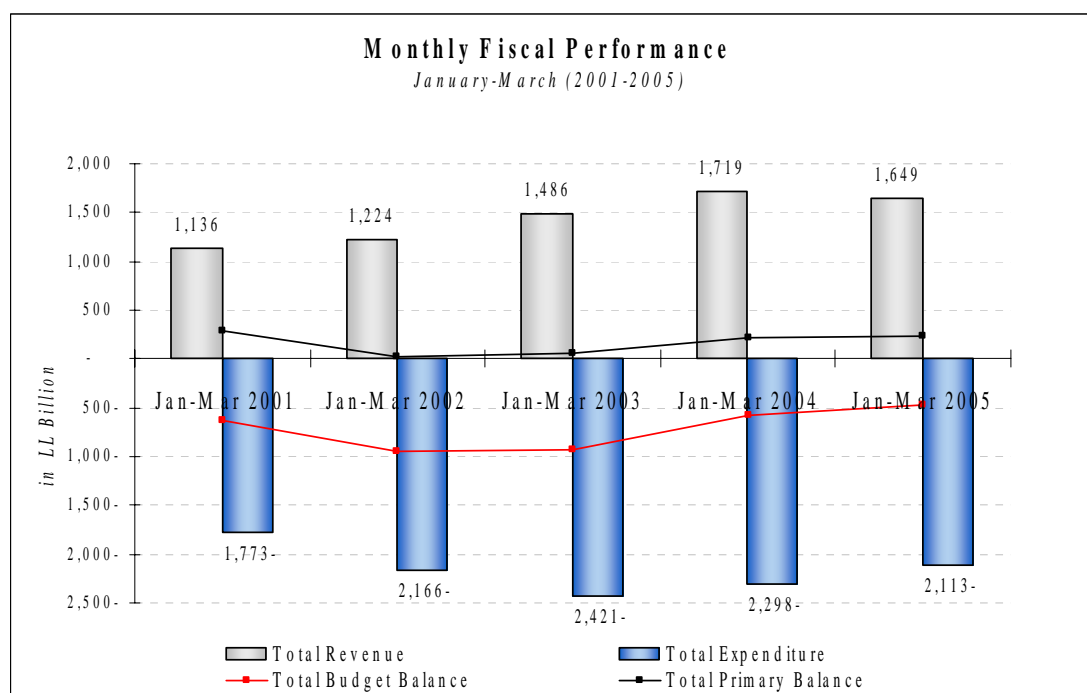
Table 1. Summary of Fiscal Performance

(LL billion)	2004	2005	2004	2005	Change	%
	March	March	Jan-Mar	Jan-Mar	2004- 2005	Change
Budget Revenue	582	584	1,634	1,585	-49	-3.0%
Budget Expenditures	628	659	1,550	1,426	-125	-8.0%
<i>o/w Debt Service</i>	277	320	800	694	-105	-13.2%
Budget Deficit/Surplus	-47	-75	84	159	75	89.7%
in % of Budget Expenditures	-7.4%	-11.3%	5.4%	11.1%		
Budget Primary Deficit/Surplus	230	246	883	853	-30	-3.4%
in % of Budget Expenditures	36.7%	37.3%	57.0%	59.8%		
Treasury Receipts	25	24	85	64	-21	-24.8%
Treasury Payments	168	177	748	687	-61	-8.1%
Total Budget and Treasury Receipts	607	608	1,719	1,649	-71	-4.1%
Total Budget and Treasury Payments	797	836	2,298	2,113	-185	-8.1%
Total Cash Deficit/Surplus	-189	-228	-579	-464	115	-19.8%
in % of Total Expenditures	-23.8%	-27.2%	-25.2%	-22.0%		
Primary Deficit/Surplus	88	93	221	230	9	4.2%
in % of Total Expenditures	11.00%	11.10%	9.60%	10.89%		

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 three months of 2005 witnessed a 4 percent decrease compared to the same period last year. This reduced performance is due to the following factors:

- Lower tax revenues by 2.7 percent mainly caused by a 14.5 percent decrease in taxes on international trade (custom duties and excises) and a 16 percent decrease in built property taxes (the recurrent component of the tax).
- Approximately 4 percent lower non tax revenues, caused by 13 percent lower level of transfers from the telecom budget surplus.

Table 2. Total Revenue

(LL billion)	2004	2005	2004	2005	%
	March	March	Jan-March	Jan-March	Change
Budget Revenues, of which:	582	584	1,634	1,585	-3.02%
<i>Tax Revenues</i>	372	357	1,163	1,131	-2.70%
<i>Non-Tax Revenues</i>	210	227	471	453	-3.84%
Treasury Receipts	25	24	85	64	-24.76%
Total Revenues	607	608	1,719	1,649	-4.10%

Source: MOF, DGF



Table 3. Tax Revenues

(LL billion)	2004	2005	2004	2005	%
	March	March	Jan-Mar	Jan-Mar	Change
Tax Revenues:	372	357	1,163	1,131	-2.70%
Taxes on Income, Profits, & Capital Gains, of which:	50	53	192	212	10.36%
Income Tax on Profits	27	25	68	68	0.04%
Income Tax on Wages and Salaries	3	4	43	52	22.58%
Income Tax on Capital Gains & Dividends	1	2	13	17	25.22%
Tax on Interest Income (5%)	16	20	60	70	16.54%
Penalties on Income Tax	2	1	7	4	-42.22%
Taxes on Property, of which:	45	38	98	82	-16.25%
Built Property Tax	21	20	44	28	-35.48%
Real Estate Registration Fees	21	16	45	46	1.96%
Domestic Taxes on Goods & Services, of which:	114	127	425	451	6.25%
Value Added Tax	97	110	380	410	7.98%
Other Taxes on Goods and Services, of which:	16	16	40	38	-5.61%
Private Car Registration Fees	10	7	23	21	-8.19%
Passenger Departure Tax	6	9	17	16	-1.53%
Taxes on International Trade, of which:	145	124	390	333	-14.54%
Customs	43	44	117	113	-3.13%
Excises, of which:	102	79	273	220	-19.45%
Petroleum Tax	71	45	188	130	-30.89%
Tobacco Tax	12	14	42	42	1.42%
Tax on Cars	19	20	42	47	9.85%
Other Tax Revenues, of which:	18	16	58	53	-8.99%
Fiscal Stamp Fees	17	15	58	53	-9.03%

Source: MOF, DGF

Chart 2.

Evolution of Tax Revenue
January-March (2001-2005)

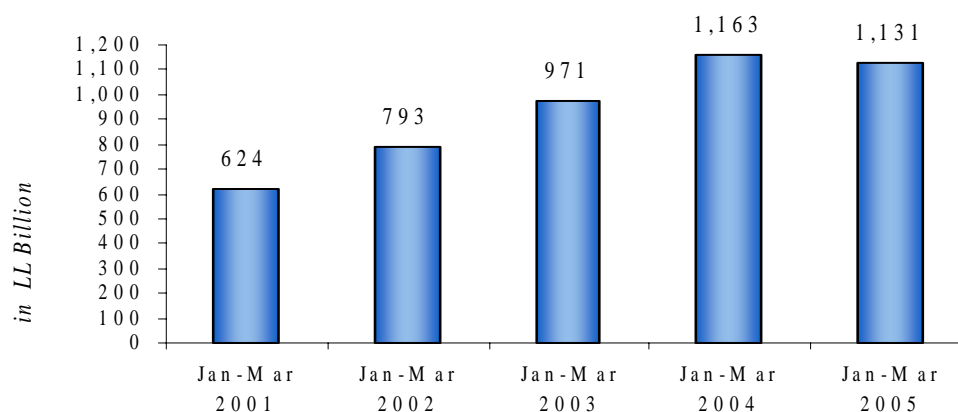
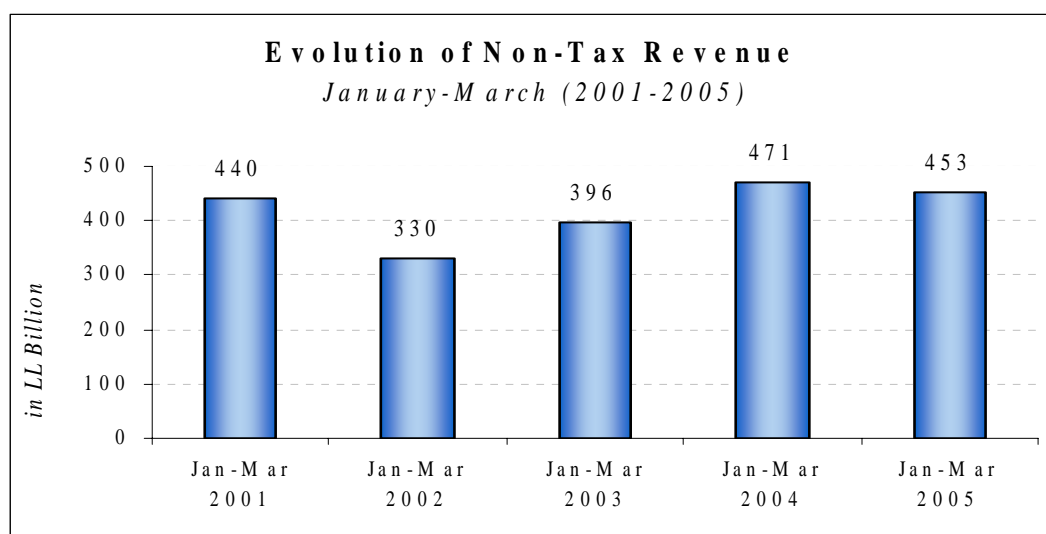


Table 4. Non-Tax Revenues

(LL billion)	2004	2005	2004	2005	%
	March	March	Jan-Mar	Jan-Mar	Change
Non-Tax Revenues	210	227	471	453	-3.83%
Income from Public Institutions and Government Properties, of which:	164	186	367	358	-2.43%
Income from Non-Financial Public Enterprises, of which:	160	181	347	344	-0.82%
<i>Revenues from Casino Du Liban</i>	7	2	13	19	45.98%
<i>Revenues from Port of Beirut</i>	0	33	0	33	
<i>Budget Surplus of National Lottery</i>	3	3	8	8	0.00%
<i>Transfer from the Telecom Surplus</i>	150	143	326	284	-12.86%
Property Income (namely rent of Beirut International Airport)	2	5	18	13	-12.85%
Other Income from Public Institutions (interests)	1	0	2	1	-28.20%
Administrative Fees & Charges, of which:	39	33	84	73	-12.85%
Administrative Fees, of which:	31	26	62	55	-10.14%
<i>Notary Fees</i>	1	1	4	4	-0.10%
<i>Passport Fees/ Public Security</i>	8	7	20	19	-1.67%
<i>Vehicle Control Fees</i>	18	14	26	22	-15.48%
<i>Judicial Fees</i>	2	2	6	4	-27.89%
<i>Driving License Fees</i>	1	1	3	3	-18.71%
Administrative Charges	4	2	10	6	-36.01%
Sales (Official Gazette and License Number)	0	0	1	1	-15.56%
Permit Fees (mostly work permit fees)	3	3	10	9	-6.63%
Other Administrative Fees & Charges	1	1	2	2	-9.71%
Penalties & Confiscations	0	0	1	1	-36.67%
Other Non-Tax Revenues (mostly retirement deductibles)	6	8	19	21	11.12%

Source: MOF, DGF

Chart 3.

Section 3: Expenditure Outcome

Highlights:

Total expenditures reached LL 2,113 billion by the end of March 2005, representing an 8 percent decrease compared to the first three months of 2004, when they amounted to LL 2,298 billion. This decline resulted mainly from a 13 percent decrease in interest payments, a 32 percent decrease in capital expenditures and a 37 percent decrease in treasury expenditures due to lower spending on municipalities and EDL.

Table 5. Expenditures by Transaction Classification

(LL billion)	2004	2005	2004	2005	%
	March	March	Jan-Mar	Jan-Mar	Change
Total Expenditures	797	836	2,298	2,113	-8.06%
Budget Expenditures	628	659	1,550	1,426	-8.03%
Expenditures Excluding Debt Service	351	338	751	731	-2.57%
Debt Service, of which:	277	320	800	694	-13.17%
<i>Domestic Debt</i>	98	97	467	318	-31.97%
<i>Foreign Debt</i>	179	223	332	377	13.25%
Treasury Expenditures , of which:	168	177	748	687	-8.10%
<i>Municipalities</i>	47	23	174	36	-79.55%
<i>Previous Years' Appropriations</i>	41	92	406	457	12.46%
Non-Interest Expenditures (Total Expenditures minus Debt Service)	520	515	1,499	1,419	-5.33%

Source: MOF, DGF



Chart 4.

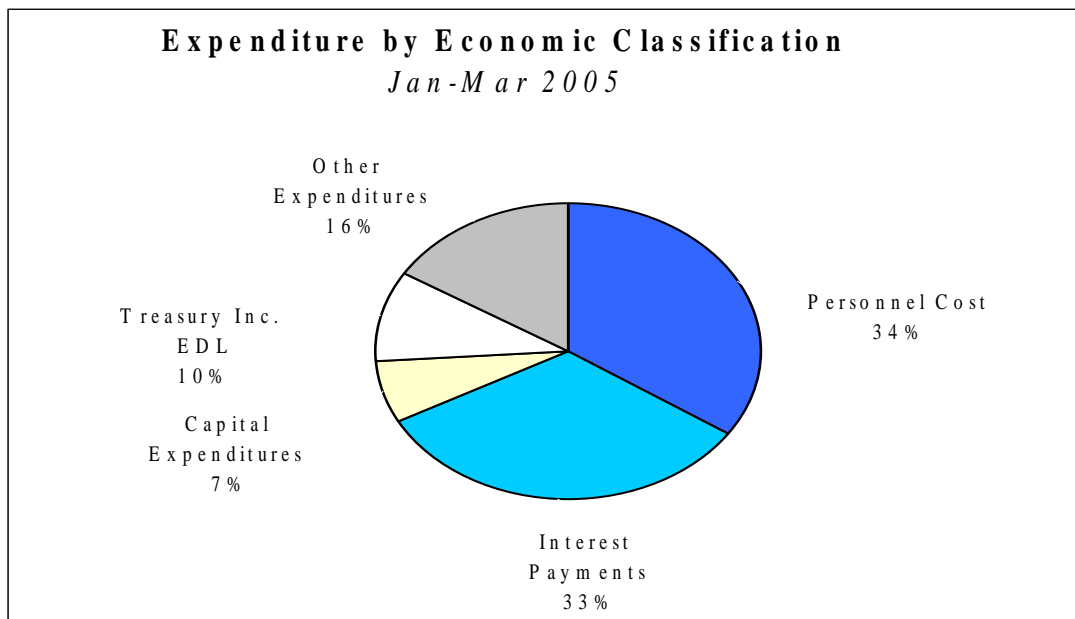


Table 6. Expenditures by Economic Classification

(LL Billion)	2004 Jan-Mar	2005 Jan-Mar	% Change
1. Current Expenditures	1,743	1,756	1%
1.a Personnel Cost , of which:	738	729	-1%
Article 13: Salaries and Wages 1/	486	489	1%
Retirement and End of Service Compensations	207	190	-8%
1.b Interest Payments	800	694	-13%
1.c Materials and Supplies	18	86	378%
1.d External Services	24	18	-25%
1.e Various Transfers, of which:	83	123	48%
NSFF	45	50	100%
1.f Other Current, of which:	65	87	34%
Hospitals	56	46	-18%
Others	9	41	356%
1.g Reserves, of which:	16	19	19%
Interest Subsidy	16	19	19%
2. Capital Expenditures	203	139	-32%
2.a Acquisitions of Land, Bldgs, for the Construction of Roads, Ports, Airports, and Water Networks	1	0	-100%
2.b Equipment	9	6	-33%
2.c Construction in Progress	154	109	-29%
2.d Maintenance	23	21	-9%
2.e Other Expenditures Related to Fixed Capital Assets	16	2	-88%
3. Other Treasury Expenditures	339	212	-37%
Municipalities	174	36	-79%
EDL	82	49	-40%
Treasury advance to Water Authorities	0	48	100%
Treasury Advance for Diesel Oil Subsidy	0	12	100%
4. Unclassified Expenditures	6	0	-100%
5. Customs Cashiers	8	5	-38%
6. Total Expenditures 2/	2,298	2,113	-8%

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 Jan-Mar	2005 Jan-Mar	% Change
EDL of which:	82	49	-40.4%
Debt service 1/, of which:	82	49	-40.4%
C-Loans and Eurobonds	49	49	0.4%
Loans for Fuel Oil Payment	33	0	-100.0%
BDL Guaranteed Loan Payment	0	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:

The first quarter of 2005 witnessed a LL 527 billion decrease in total debt that resulted from a LL 459 billion decrease in the domestic debt and a LL 68 billion decrease in the foreign debt.

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

(in LL Billion)					Change	%
	Dec-02	Dec-03	Dec-04	Mar-05	Dec-04- Mar-05	Change Dec-04- Mar-05
Total Debt (1)	47,276	50,284	54,047	53,520	-527	-1.0%
Domestic Debt	25,302	26,843	26,371	25,912	-459	-1.7%
a. Central Bank, of which:	723	8,938	10,652	15,236	4,584	43.0%
<i>Repurchase Agreements</i>	7	0	0	2,220		
b. Commercial Banks,	17,211	12,303	12,220	7,387	-4,832	-39.5%
c. Other Domestic Debt, of which:	7,368	5,603	3,500	3,289	-211	-6.0%
<i>Public Entities</i>	3,221	2,564	2,187	2,179	-8	-0.4%
Foreign debt	21,974	23,441	27,676	27,608	-68	-0.2%
a. Bilateral, Multilateral and Foreign Private Sector Loans	2,752	2,934	2,970	2,944	-26	-0.9%
b. Paris II Related FX Debt	1,432	3,731	3,815	3,766	-49	-1.3%
c. BDL Eurobonds issued in context of Paris II	2,819	2,819	2,819	2,819	0	0.0%
d. Market Eurobonds	14,569	13,631	17,685	17,591	-94	-0.5%
e. Accrued Interest on Foreign Currency Debt	402	327	388	488	101	26.0%
Public Sector Deposits	2,964	3,019	4,360	4,259	-100	-2.3%
Net Debt (2)	44,312	47,266	49,687	49,261	-427	-0.9%
Gross Market Debt (3)	36,765	29,637	31,874	26,843	-5,032	-15.8%
% of Total Debt	78%	59%	59%	50%		

Source: MOF, Banque du Liban

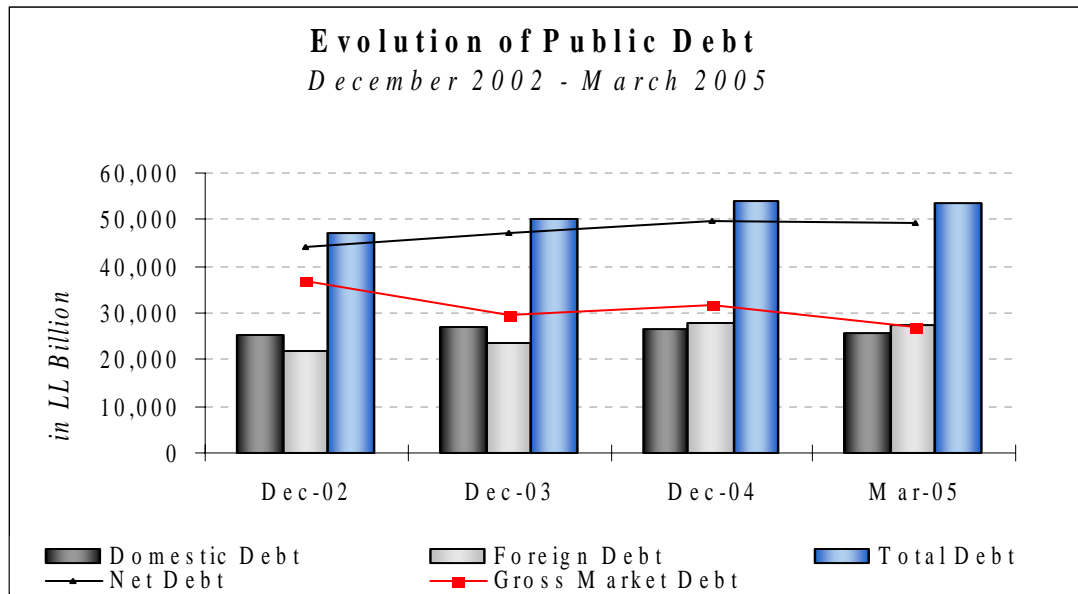
(1) Total debt equals domestic debt plus foreign debt

(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.





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