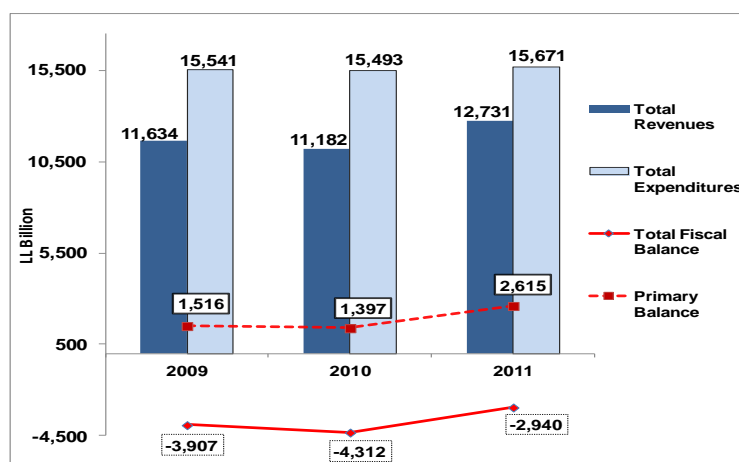


**The total fiscal balance** registered a deficit of LL 2,940 billion in January-November 2011 compared to a deficit of LL 4,312 billion in the same period in 2010. As for the **primary balance**, it recorded a surplus of LL 2,615 billion in the first eleven months of 2011 compared to a surplus of LL 1,397 billion in the corresponding period of 2010. These figures are the result of a 14 percent increase in revenues (generated by the inclusion of the LL 1,992 billion in expected revenues from the Ministry of Telecommunications), and a 1 percent (LL 177 billion) increase in expenditures.

On a cash basis, the Ministry of Finance received in November 2011 LL 1,055 billion as a transfer from the telecom surplus. When these revenues are included, **the fiscal deficit** drops to LL 3,876 billion in January-November 2011 when compared to the same period of 2010, while **the primary surplus** improves to LL 1,678 billion, compared to the same period of 2010, mainly due to a 5 percent increase in total receipts.



**Total revenues** for the eleven-month period ended November 30, 2011 amounted to LL 12,731 billion, as compared to LL 11,182 billion for the corresponding period in 2010. Although tax revenues fell by 2 percent, total revenues over the said-period increased by 14 percent due to the inclusion of the expected revenues from the Ministry of Telecommunications accrued for the period. When the actual revenues from telecom surplus of LL 1,055 billion are included – instead of the expected revenues, total revenues would increase by LL 612 billion, as compared to the same period of the previous year, due to an increase in non-tax revenues of 57 percent, more than counterbalancing the decline in tax revenues of 2 percent.

**Tax revenues** dropped to LL 9,127 billion in the first eleven months of 2011 compared to LL 9,268 billion in 2010, mainly driven by a slowdown in taxes on international trade by LL 587 billion - explained by a LL 555 billion (30 percent) decrease in excises. This drop in excises is attributed to two main causes: (a) the sharp reduction in the gasoline excise (by LL 456 billion) due to the Higher Council of Customs' decision on February 26, 2011 to reduce the excise on gasoline by LL 5,000 per 20 liters and (b) the deterioration in excises on cars by LL 151 billion, mirroring the decline in car imports. In parallel, customs revenues also witnessed a downturn (LL 32 billion or 4 percent), despite higher imports in January-November 2011 compared to the same period of 2010.

Meanwhile, other components of "tax revenues" witnessed a better performance:

- *Taxes on Income, Profits and Capital Gains* increased by 18 percent (LL 345 billion) from LL 1,955 billion in January-November 2010 to LL 2,300 billion in January-November 2011, mainly due to an increase in *income tax on profits* (LL 217 billion) - explained by higher profits realized in 2010.
- *Domestic taxes on goods and services* improved by 2 percent (LL 73 billion) owing to an increase in VAT receipts by LL 78 billion, mainly from VAT collected internally<sup>1</sup>. On the other hand, collection

<sup>1</sup> VAT collected internally increased by LL 69 billion in the first eleven months of 2011, while VAT receipts from customs increased by only LL 10 billion during the same period.

from *private car registration fees* and *passenger departure tax* dropped by LL 33 billion and LL 2 billion respectively.

With the inclusion of expected revenues from the Ministry of Telecommunications (LL 1,992 billion), **non-tax revenues**<sup>2</sup> increased by 128 percent over the period, from LL 1,304 billion in 2010 to LL 2,980 billion in 2011. However, with the inclusion of actual revenues received from the Ministry of Telecommunications in November 2011 (i.e. LL 1,055 billion), non-tax revenues would become LL 2,043 billion in January-November 2011, thus increasing by 57 percent from the 2010 level.

**Treasury receipts** amounted to LL 624 billion, which is LL 14 billion higher than the January-November 2010 level. The major component of treasury receipts has historically been revenues collected for the Independent Municipal Fund which reached LL 243 billion in 2011.

**Total expenditures** in January-November 2011 increased from LL 13,388 billion in 2010 to LL 14,121 billion in 2011.

**Current primary expenditures** increased by LL 888 billion as a result of a number of reasons summarized below:

- LL 177 billion rise in salaries, wages, and related items (Article 13)<sup>3</sup>,
- LL 750 billion increase in transfers to EDL due to more payments for fuel and gas oil by LL 749 billion reflecting higher international oil prices and higher volumes of fuel oil and gas oil<sup>4</sup>
- LL 20 billion increase in transfers to NSSF representing the government's remaining contribution to the maternity and sickness fund from the 2010 Budget Proposal
- LL 15 billion payment for the wheat subsidy as a result of the wheat price crisis which began in the third quarter of 2010 and which continued until the first half of 2011
- LL 55 billion increase in materials and supplies mainly as a result of an increase in payments on medicaments due to the Ministry of Public Health and higher fuel oil payments to the army.

**Interest payments** amounted to LL 5,225 billion falling by 3 percent (equivalent to LL 182 billion) due to lower debt service payments mainly on domestic currency debt:

- On the **local currency debt**, interest payments totaled LL 3,236 billion for the January-November 2011 period and witnessed a drop of LL 180 billion (or 5 percent) over the same period in 2010.
- On the **foreign currency debt**, interest payments totalled LL 1,989 billion in January-November 2011, a stable level as compared to payments in 2010, due to 19 percent or LL 29 billion lower concessional loans interest payments and 2 percent or LL 37 billion higher Eurobond coupon interest payments.

**Concessional loan principal payment** amounted to LL 329 billion, 9 percent higher than principal payments on concessional loans in January-November 2010.

**Capital expenditures** decreased by LL 51 billion to reach LL 609 billion for January-November 2011, mainly due to a drop of LL 68 billion in "construction-in-progress" (mainly the Displaced Fund, the Council of Development and Reconstruction, the Council of the South, and the Ministry of Public Works and Transport) and a LL 40 billion decrease in expenditures related to fixed capital assets, due to an absence of transfers to IDAL's Export Plus Program in 2011.

Meanwhile, spending on maintenance shot up by LL 45 billion (or 39 percent), mainly for roads.

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<sup>2</sup> Kindly note that the Ministry of Finance received from the Ministry of Telecommunications four transfers in 2011 totaling LL 1,960 billion, of which LL 1,055 billion in November and LL 905 billion in December.

<sup>3</sup> For details, kindly refer to the October 2011 issue of the publication "Salaries and Wages and Related Benefits-The Article 13 Monthly Bulletin".

<sup>4</sup> For details, refer to the November 2011 issue of the publication "Transfers to EDL – A Monthly Snapshot".

**Other treasury expenditures** decreased by LL 500 billion to reach LL 727 billion following the slowdown of VAT refunds paid in the first eleven months of 2011. VAT refunds reached only LL 158 billion compared to LL 381 billion in January-November 2010.

**Gross public debt** increased by LL 2,205 billion from the end-December 2010 level, to LL 81,503 billion in November 2011.

**Local currency debt** increased by LL 1,477 billion to reach LL 49,732 billion as at end November 2011 as compared to the end-December 2010 level. While BDL's holdings of domestic currency debt increased by LL 3,235 billion by end-November 2011 compared to end-2010, commercial banks' holdings were LL 1,654 billion lower than end-2010, reaching LL 25,560 billion. The change in the LBP-denominated debt portfolio takes into account the impact of the following transactions:

- The Debt Replacement Agreement between the Ministry of Finance and Banque du Liban in January 2011.<sup>5</sup>
- The issuance of 7.90 percent 7yr LL bonds that took place on March 24<sup>th</sup>, 2011.<sup>6</sup>
- The issuance of 7.90 percent 7yr LL bonds on April 21<sup>st</sup>, 2011.<sup>7</sup>
- The issuance of 7.60 percent 7yr LL bonds on September 15<sup>th</sup>, 2011.<sup>8</sup>
- The issuance of 6.00 percent 5yr LL contractor bonds on November 28th, 2011. This LL 40,603,989,608.55 issuance to settle the changes in the cost of construction materials marked the first LL-denominated contractor bonds (usually issued in US dollars). The transaction is pursuant to Law # 69 dated April 23rd, 2009.

**Foreign currency debt** witnessed an increase of LL 728 billion, mainly as a result of a LL 1,431 billion increase in market-issued Eurobonds. On the other hand, Paris II and Paris III related debt decreased by LL 424 billion and LL 110 billion respectively. The change in the market-issued Eurobonds pertains to:

- US\$ 265 million issuance on January 18th, 2011 undertaken through a Debt Replacement Agreement between the Ministry of Finance and Banque du Liban.
- US\$ 1 billion dual-tranche issuance on May 20th, 2011.<sup>9</sup>
- US\$ 1.2 billion dual-tranche issuance on August 2nd, 2011.<sup>10</sup>
- US\$ 1.47 billion voluntary debt exchange transaction and issuance of new notes. The first series consisted of a US\$ 500 million 5.45% percent coupon Eurobond due November 2019 the second series a US\$ 375 million 6.60 percent coupon Eurobond due November 2026 while the third series consisted of a €445 million 5.35% Eurobond due November 2018. The aggregate participation in the exchange was 64.3 percent. In sum, the new notes issued via the voluntary exchange offer amounted to US\$1,229,625,215 while the additional notes for cash amounted to US\$238,337,385. The new cash portion was almost three times oversubscribed, with international orders accounting for 19 percent of these subscriptions. The proceeds of the issue were utilized for refinancing operations.<sup>11</sup>

Special T-bills in foreign currency increased by LL 6 billion. This pertains to US\$ 4,269,798.27 worth of contractor bonds that were issued on 19 September 2011 at a rate of 6 percent, coming due in September 2016, pursuant to Law #69 dated April 23, 2009.

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<sup>5</sup> For details, refer to the corresponding note published on [www.finance.gov.lb](http://www.finance.gov.lb)

<sup>6</sup> For details, refer to the March 2011 PFM.

<sup>7</sup> For details, refer to the April 2011 PFM.

<sup>8</sup> For details, refer to the September 2011 PFM.

<sup>9</sup> For details, refer to the May 2011 PFM.

<sup>10</sup> More details can be found in the related transaction brief note here <http://www.finance.gov.lb/en-US/finance/PublicDebt/Pages/DebtTransactions.aspx>

<sup>11</sup> For further information, refer to the transaction brief note found here

<http://www.finance.gov.lb/en-US/finance/PublicDebt/Pages/DebtTransactions.aspx>

**Table 1. Summary of Fiscal Performance<sup>1</sup>**

<b>(LL billion)</b>	<b>2010 Nov</b>	<b>2011 Nov</b>	<b>2010 Jan-Nov</b>	<b>2011 Jan-Nov</b>	<b>% Change 2011/2010</b>
<b>Total Budget and Treasury Receipts</b>	<b>764</b>	<b>893</b>	<b>11,182</b>	<b>12,731</b>	<b>13.6%</b>
<b>Total Budget and Treasury Payments, of which</b>	<b>1,294</b>	<b>1,551</b>	<b>15,493</b>	<b>15,671</b>	<b>-0.6%</b>
• <i>Interest Payments</i>	452	474	5,407	5,225	-4%
• <i>Concessional loans principal payments<sup>2</sup></i>	30	41	302	329	6%
• <i>Primary Expenditures<sup>3</sup></i>	812	1,036	9,785	10,116	1%
<b>Total Cash Deficit/Surplus</b>	<b>-530</b>	<b>-658</b>	<b>-4,312</b>	<b>-2,940</b>	<b>-40%</b>
<b>Primary Deficit/Surplus</b>	<b>-48</b>	<b>-143</b>	<b>1,397</b>	<b>2,615</b>	<b>91%</b>

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

<sup>1</sup> The results for the first eleven months of 2011 are not necessarily indicative of the actual results for the full year.

<sup>2</sup> Includes only Principal repayments of concessional loans earmarked for project financing

<sup>3</sup> Primary expenditures exclude debt related payments (Interest payments and Concessional loans principal repayment)

## Section 1: Revenue Outcome

Table 2. Total Revenue

(LL billion)	2010	2011	2010	2011	% Change 2011/2010
	Nov	Nov	Jan-Nov	Jan-Nov	
<b>Budget Revenues, of which</b>	<b>711</b>	<b>854</b>	<b>10,572</b>	<b>12,107</b>	<b>15%</b>
Tax Revenues	630	628	9,268	9,127	-2%
Non-Tax Revenues <sup>1,2</sup>	81	227	1,304	2,980	128%
<b>Treasury Receipts</b>	<b>53</b>	<b>39</b>	<b>610</b>	<b>624</b>	<b>2%</b>
<b>Total Revenues</b>	<b>764</b>	<b>893</b>	<b>11,182</b>	<b>12,731</b>	<b>14%</b>

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

<sup>1</sup> Non-tax revenues, and thus Budget Revenues and Total Revenues, for January-November 2011 include anticipated transfers of LL 1,992 billion from the Ministry of Telecommunications, representing revenues accrued for the benefit of Ministry of Finance during the period from January 1, 2011 to November 30, 2011, which are currently held in the Ministry of Telecommunications' account at BDL. Non-tax revenues for the period January 1 to November 30, 2010 include the amount of LL 331 billion actually transferred by the Ministry of Telecommunications to the Ministry of Finance during the period.

<sup>2</sup> Please note that the Ministry of Telecommunications made four transfers in 2011 totaling LL 1,960 billion, of which LL 1,055 billion in November and LL 905 billion in December.

Table 3. Tax Revenue

(LL billion)	2010	2011	2010	2011	% Change 2011/2010
	Nov	Nov	Jan-Nov	Jan-Nov	
<b>Tax Revenues:</b>	<b>630</b>	<b>628</b>	<b>9,268</b>	<b>9,127</b>	<b>-2%</b>
<b>Taxes on Income, Profits, &amp; Capital Gains, of which</b>	<b>80</b>	<b>93</b>	<b>1,955</b>	<b>2,300</b>	<b>18%</b>
Income Tax on Profits	13	24	787	1,004	28%
Income Tax on Wages and Salaries	3	3	372	428	15%
Income Tax on Capital Gains & Dividends	7	9	195	234	20%
Tax on Interest Income (5%)	56	56	583	604	4%
Penalties on Income Tax	1	1	17	29	73%
<b>Taxes on Property, of which:</b>	<b>70</b>	<b>89</b>	<b>961</b>	<b>989</b>	<b>3%</b>
Built Property Tax	5	5	135	119	-12%
Real Estate Registration Fees	60	64	754	733	-3%
<b>Domestic Taxes on Goods &amp; Services, of which:</b>	<b>226</b>	<b>239</b>	<b>3,351</b>	<b>3,424</b>	<b>2%</b>
Value Added Tax	192	195	2,999	3,077	3%
Other Taxes on Goods and Services, of which:	34	34	344	308	-10%
Private Car Registration Fees	18	15	215	182	-16%
Passenger Departure Tax	16	19	127	124	-2%
<b>Taxes on International Trade, of which:</b>	<b>223</b>	<b>177</b>	<b>2,584</b>	<b>1,998</b>	<b>-23%</b>
Customs	65	62	742	710	-4%
Excises, of which:	158	115	1,842	1,287	-30%
Gasoline Excise	81	38	957	501	-48%
Tobacco Excise	31	39	324	373	15%
Cars Excise	46	36	555	404	-27%
<b>Other Tax Revenues (namely fiscal stamp fees)</b>	<b>31</b>	<b>30</b>	<b>417</b>	<b>417</b>	

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

**Table 4. Non-Tax Revenue**

(LL billion)	2010 Nov	2011 Nov	2010 Jan-Nov	2011 Jan-Nov	% Change 2011/2010
<b>Non-Tax Revenues<sup>1,2</sup></b>	<b>81</b>	<b>227</b>	<b>1,304</b>	<b>2,980</b>	<b>128%</b>
<b>Income from Public Institutions and Government Properties, of which</b>	<b>25</b>	<b>169</b>	<b>734</b>	<b>2,381</b>	<b>225%</b>
Income from Non-Financial Public Enterprises, of which:	20	167	608	2,238	268%
<i>Revenues from Casino Du Liban</i>	15	13	155	155	0%
<i>Revenues from Port of Beirut</i>	0	0	65	48	-26%
<i>Budget Surplus of National Lottery</i>	5	0	54	40	-27%
<i>Transfer from the Telecom Surplus</i>	0	154	331	1,992	502%
Transfer from Public Financial Institution (BDL)	0	0	60	60	1%
Property Income (namely rent of Rafic Hariri International Airport)	5	2	61	77	26%
Other Income from Public Institutions (interests)	0	0	4	7	60%
<b>Administrative Fees &amp; Charges, of which:</b>	<b>46</b>	<b>47</b>	<b>463</b>	<b>475</b>	<b>3%</b>
Administrative Fees, of which:	36	37	378	383	1%
<i>Notary Fees</i>	2	2	27	27	1%
<i>Passport Fees/ Public Security</i>	8	8	107	114	7%
<i>Vehicle Control Fees</i>	20	20	168	170	1%
<i>Judicial Fees</i>	1	3	21	23	10%
<i>Driving License Fees</i>	1	1	20	15	-24%
Administrative Charges	4	4	22	22	0%
Sales (Official Gazette and License Number)	0	0	5	3	-36%
Permit Fees (mostly work permit fees)	5	5	48	56	15%
Other Administrative Fees & Charges	1	1	10	11	18%
<b>Penalties &amp; Confiscations</b>	<b>1</b>	<b>1</b>	<b>7</b>	<b>9</b>	<b>29%</b>
<b>Other Non-Tax Revenues (mostly retirement deductibles)</b>	<b>10</b>	<b>10</b>	<b>100</b>	<b>114</b>	<b>13%</b>

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

<sup>1</sup> Non-tax revenues, and thus Budget Revenues and Total Revenues, for January-November 2011 include anticipated transfers of LL 1,992 billion from the Ministry of Telecommunications, representing revenues accrued for the benefit of Ministry of Finance during the period from January 1, 2011 to November 30, 2011, which are currently held in the Ministry of Telecommunications' account at BDL. Non-tax revenues for the period January 1 to November 30, 2010 include the amount of LL 331 billion actually transferred by the Ministry of Telecommunications to the Ministry of Finance during the period.

<sup>2</sup> Please note that the Ministry of Telecommunications made four transfers in 2011 totaling LL 1,960 billion, of which LL 1,055 billion in November and LL 905 billion in December.

## Section 2: Expenditure Outcome

**Table 5. Expenditure by Economic Classification**

(LL billion)	2010 Jan-Nov	2011 Jan-Nov	%Change 2011/2010
<b>1. Current Expenditures</b>	<b>13,388</b>	<b>14,121</b>	5.5%
1.a Personnel Cost, of which	4,585	4,791	4.5%
<i>Salaries, Wages and Related Items (Article 13)</i>	3,037	3,214	5.8%
<i>Retirement and End of Service Compensations, of which:</i>	1,275	1,297	1.8%
<i>Retirement</i>	994	1,090	9.7%
<i>End of Service</i>	281	207	-26.1%
<i>Transfers to Public Institutions to Cover Salaries 1/</i>	273	279	2.2%
1.b Interest Payments, of which: 2/	5,407	5,225	-3.4%
<i>Domestic Interest Payments</i>	3,416	3,236	-5.3%
<i>Foreign Interest Payments</i>	1,991	1,989	-0.1%
1.c Foreign Debt Principal Repayment	302	329	9.2%
1.d Materials and Supplies, of which:	259	314	21.1%
<i>Nutrition</i>	63	49	-21.7%
<i>Fuel Oil</i>	8	19	157.9%
<i>Medicaments</i>	121	140	15.9%
<i>Accounting Adjustments for Treasury Advances 3/</i>	35	38	9.7%
1.e External Services	94	127	34.7%
1.f Various Transfers, of which:	2,216	2,879	29.9%
<i>EDL 4/</i>	1,598	2,348	46.9%
<i>NSSF</i>	100	120	20.0%
<i>Treasury advances for diesel oil subsidy</i>	61	0	-100.0%
<i>Wheat Subsidy</i>	42	58	35.8%
<i>Special Tribunal for Lebanon</i>	41	0	-100.0%
<i>Accounting Adjustments for Treasury Advances 3/</i>	2	18	1073.6%
1.g Other Current, of which:	416	316	-24.1%
<i>Hospitals</i>	328	244	-25.6%
<i>Others (judgments &amp; reconciliations, mission costs, other)</i>	75	62	-17.2%
<i>Accounting Adjustments for Treasury Advances</i>	10	7	-32.4%
1.h Reserves	109	141	28.9%
<i>Interest subsidy</i>	109	141	28.9%
<b>2. Capital Expenditures</b>	<b>660</b>	<b>609</b>	-7.8%
2.a Acquisitions of Land, Buildings, for the Construction of Roads, Ports, Airports, and Water Networks	1	1	35.5%
2.b Equipment	37	49	32.3%
2.c Construction in Progress, of which:	444	375	-15.4%
<i>Displaced Fund</i>	120	73	-39.6%
<i>Council of the South</i>	46	34	-24.8%
<i>CDR</i>	157	145	-7.3%
<i>Ministry of Public Work and Transport</i>	99	84	-15.0%
<i>Other, of which</i>	21	38	77.8%
<i>Higher Council of Relief</i>	0	13	
2.d Maintenance	116	161	38.9%
2.e Other Expenditures Related to Fixed Capital Assets	53	13	-76.2%
2.f Parliamentary Equipment and Maintenance 5/	9	9	0.1%
<b>3. Budget Advances 6/</b>	<b>171</b>	<b>178</b>	3.7%
<b>4. Customs Administration (exc. Salaries and Wages) 7/</b>	<b>43</b>	<b>34</b>	-21.1%
<b>5. Other Treasury Expenditures</b>	<b>1,227</b>	<b>727</b>	-40.7%
Municipalities	590	296	-49.8%
Guarantees	63	50	-20.3%
Deposits 8/	84	85	1.3%
Other, of which:	490	273	-44.2%
<i>VAT Refund</i>	381	158	-58.5%
<i>Higher Council of Relief</i>	0	0	-100.0%
Treasury advances for water authorities	0	23	
<b>6. Unclassified Expenditures</b>	<b>4</b>	<b>1</b>	-66.5%
<b>7. Total Expenditures (Excluding CDR Foreign Financed)</b>	<b>15,493</b>	<b>15,671</b>	1.1%

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

1/ For a detailed breakdown of these transfers, kindly refer to Table 6.

2/ For a detailed breakdown of interest payments, kindly refer to Table 7.

3/ The expenditure figures as published by the Ministry of Finance include the regularization from the budget allocations of treasury advances previously

These regularizations are included on both the revenue and expenditure side for accounting purposes and do not constitute an actual spending that affects the d

4/ For a detailed breakdown of transfers to EDL, kindly refer to table 8. EDL has been reclassified to various transfers from "other treasury expenditures", fol the 2009 Budget Proposal and in line with the Fiscal Performance.

5/ These are reclassifications of payments made from the guarantees under Law 123 dated 23 July 2010, that opened, in the 2010 Budget, a LL20 billion allo maintenance of the House of Parliament. The law allowed the provision of an emergency advance issued by a Decision from the Speaker of Parliament sp duration of the advance. The advance is to be regularized based on invoices certified by the Secretariat of the Office of Parliament and submitted to the Minist

6/ Budget Advances were previously classified under "other". Given their growth, and in line with the Ministry of Finance's efforts to ensure transparency separate line. They will be regularized at a later stage, and it is only after their regularization that they can be classified according to their economic nature in th

7/ Customs administration include payments - excluding salaries and wages - made to customs and paid from customs cashiers. They can only be classifi supporting documents to the Directorate General of Finance

8/ Deposit payments are payments made by the Treasury to public administrations, institutions, municipalities, funds, from revenues it has collected on their b

**Table 6. Breakdown of Transfers to Public Institutions for the Coverage of Salaries**

(LL billion)	2010 Jan-Nov	2011 Jan-Nov	%Change 2011/2010
Transfer to Council of the South	12	9	-26%
Transfer to Council for Development and Reconstruction (CDR)	29	27	-5%
Transfer to the Displaced Fund	5	5	8%
Transfer to the Lebanese University	216	226	5%
Transfer to the Educational Center for Research and Development	13	12	0%

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

**Table 7. Details of Debt Service Transactions**

(LL billion)	2010 Nov	2011 Nov	2010 Jan-Nov	2011 Jan-Nov	%Change 2011/2010
<b>Interest Payments<sup>1/</sup></b>	<b>452</b>	<b>474</b>	<b>5,407</b>	<b>5,225</b>	<b>-3%</b>
Local Currency Debt	234	238	3,416	3,236	-5%
Foreign Currency Debt, of which:	218	235	1,991	1,989	0%
Eurobond Coupon Interest*	197	220	1,824	1,861	2%
Special bond Coupon Interest*	2	0	13	4	-70%
Concessional Loans Interest Payments	19	15	154	125	-19%
<b>Concessional Loans Principal Repayments</b>	<b>30</b>	<b>41</b>	<b>302</b>	<b>329</b>	<b>9%</b>

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

1/ Please note that the classification of debt service expenditures is now broken into two separate categories as follows: Interest Payments (as per GFS classification) and repayment of principal on concessional loans earmarked for project financing.

\* Includes general expenses related to the transaction

**Table 8. Transfers to EDL<sup>1</sup>**

(LL billion)	2010	2011	%Change
	Jan-Nov	Jan-Nov	2011/2010
<b>EDL of which:</b>	<b>1,598</b>	<b>2,348</b>	<b>47%</b>
<b>Debt Service of which:</b>	<b>96</b>	<b>97</b>	<b>1%</b>
- C-Loans, of which:	62	57	-8%
Principal Repayments	52	48	-8%
Interest Payments	11	10	-12%
- BDL Guaranteed Loan payments	33	40	19%
<b>Reimbursement for purchase of Natural Gas, Fuel &amp; Gas Oil:</b>	<b>1,502</b>	<b>2,251</b>	<b>50%</b>
- KPC & SPC	1,502	2,196	46%
- EGAS <sup>2</sup>	-	55	-

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

<sup>(1)</sup> Prior to 2005, transfers to EDL were recorded under the line item "treasury expenditures", because they were paid through treasury advances based on decrees issued by the Council of Ministers. Starting 2005, transfers to EDL were included in the yearly budget as an allocation classified as a loan. In 2009, the said budget item was reclassified to become a subsidy to the electricity company rather than a treasury. In the fiscal performance, transfers to cover EDL's gas and fuel oil remained classified under "treasury expenditures" until August 2010 when it was reclassified under "budget expenditures". This reclassification, however, was not reflected in the 2010 PFM issues to avoid a disruption in the series and in order to keep the figures published in the PFM throughout 2010 consistent and comparable. Since January 2011, EDL transfers are reclassified under "budget expenditures".

<sup>(2)</sup> The sum of LL 42 billion was paid to EGAS in May 2011, bringing the total to LL 55 billion during the first nine months of 2011. The April 2011 PFM issue did not detail the category "Reimbursement for purchase of Natural Gas, Fuel & Gas oil", which in fact included a LL 13 billion payment to EGAS

## Section 3: Public Debt

**Table 9. Public Debt Outstanding by Holder as of End-November 2011**

(LL billion)	Dec-08	Dec-09	Dec-10	Nov-11	Change Dec 10 - Nov 11	% Change Dec 10-Nov 11
<b>Gross Public Debt</b>	<b>70,941</b>	<b>77,112</b>	<b>79,298</b>	<b>81,503</b>	<b>2,205</b>	<b>2.78%</b>
<b>Local Currency Debt</b>	<b>39,007</b>	<b>44,973</b>	<b>48,255</b>	<b>49,732</b>	<b>1,477</b>	<b>3.06%</b>
a. Central Bank (Including REPOs and Loans to EDL to Finance Fuel Purchases) <sup>(1)</sup>	8,781	10,334	13,130	16,365	3,235	24.64%
b. Commercial Banks	24,320	27,286	27,214	25,560	-1,654	-6.08%
c. Other Local Currency Debt (T-bills), of which:	5,906	7,353	7,911	7,807	-104	-1.31%
<i>Public Entities</i>	5,062	6,078	6,268	6,518	250	3.99%
* <i>Accrued Interest Included in Debt</i>	1,029	999	867	834	-33	-3.81%
<b>Foreign Currency Debt</b> <sup>(2)</sup>	<b>31,934</b>	<b>32,139</b>	<b>31,043</b>	<b>31,771</b>	<b>728</b>	<b>2.35%</b>
a. Bilateral, Multilateral and Foreign Private Sector Loans	2,855	2,713	2,624	2,577	-47	-1.78%
b. Paris II Related Debt (Eurobonds and Loans) <sup>(3)</sup>	5,456	4,819	4,137	3,713	-424	-10.24%
c. Paris III Related Debt (Eurobonds and Loans) <sup>(4)</sup>	1,849	1,963	1,855	1,745	-110	-5.93%
d. Market-Issued Eurobonds	20,925	21,736	21,870	23,302	1,431	6.54%
e. <i>Accrued Interest on Eurobonds</i>	430	460	483	354	-129	-26.71%
f. Special T-bills in Foreign Currency <sup>(5)</sup>	419	447	74	80	6	8.11%
<b>Public Sector Deposits</b>	<b>8,326</b>	<b>10,522</b>	<b>11,419</b>	<b>11,991</b>	<b>572</b>	<b>5.01%</b>
<b>Net Debt</b>	<b>62,615</b>	<b>66,590</b>	<b>67,879</b>	<b>69,512</b>	<b>1,633</b>	<b>2.41%</b>
<b>Gross Market Debt</b> <sup>(6)</sup>	<b>46,992</b>	<b>51,231</b>	<b>51,308</b>	<b>50,605</b>	<b>-704</b>	<b>-1.37%</b>
<b>% of Total Debt</b>	<b>66%</b>	<b>67%</b>	<b>65%</b>	<b>62%</b>		

Source: Ministry of Finance, Banque du Liban

- (1) The BDL has extended loans to EDL for the equivalent amount of US\$ 300 million to purchase fuel oil. These loans are listed as public debt as they are government guaranteed.
- (2) Figures for Dec 08 - September 11 may differ from previously published data due to updated information regarding bilateral and multilateral loans in the DMFAS system.
- (3) Paris II related debt (Eurobonds and Loans) including a Eurobond originally issued at USD 1,870 billion to BDL in the context of the Paris II conference.
- (4) Originally issued principal amounts Issued to Malaysia as part of its Paris III contribution, IBRD loan, UAE loan, first tranche of the French loan received in February 2008, IMF loans, first tranche EC/EU loan, and AMF loan disbursed in June 2009.
- (5) Special T-bills in foreign currency (expropriation and contractor bonds).
- (6) Gross market debt equals gross debt less the portfolios of the BDL, NSSF, bilateral and multilateral loans, Paris II and Paris III related debt.

## Ministry of Finance Publications

### 2011

*Aid Coordination Monthly Newsletter, Issues 38-51*  
*Car Imports and Related Government Revenues (1997-2010), March 2011*  
*Debt Management Framework 2010-2015, March 2011*  
*Lebanon's 2010 Citizen Budget, February 2011*  
*Public Finance Monitor Monthly Update, January-October 2011*  
*Public Finance Quarterly, QI and QII 2011*  
*Transfers to EDL: A Monthly Snapshot, Jan-November 2011*  
*Debt and Debt Markets Quarterly, QI, QII and QIII 2011*  
*Salaries and Wages and Related Benefits-The Article 13 Monthly Bulletin – Feb-October 2011*

### 2010

*Aid Coordination Monthly Newsletter, Issues 26-37*  
*Debt and Debt Markets Quarterly, QIV 2009, QI, QII, QIII, and QIV 2010*  
*Electricité du Liban: A Fiscal Perspective, April 2010*  
*Lebanon Country Profile 2010*  
*Public Finance Monitor Monthly Update, Jan-Dec 2010*  
*Public Finance Quarterly, QI & QII, and QIII 2010*  
*Public Finance Annual Review – 2010*  
*Transfers to EDL: A Monthly Snapshot, Jan-Dec 2010*  
*2010 Budget Proposal – A Detailed Report, Oct 2010*

### 2009

*Aid Coordination Monthly Newsletter, Issues 14-25*  
*Debt and Debt Markets Quarterly, QI-QIII 2009*  
*International Conference for Support to Lebanon – Paris III, Quarterly Progress Report, Issues 9-11*  
*Lebanon Country Profile 2009*  
*Public Finance Monitor Monthly Update, Jan-Dec 2009*  
*Public Finance Quarterly, QI-QIII 2009*  
*Public Finance Review 2009*  
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