

Fiscal Performance Report for the Month of September 2000

Overall budget and treasury performance

The developments of budget and treasury operations resulted in a slight decline in the ratio of the overall deficit to total expenditures for the month of September, with the ratio decreasing from 48.6% in 1999 to 48.1% in 2000. As for the total deficit (budget + treasury) during the first nine months, it increased from 42.7% in 1999 to 50.7 % this year.

The primary budgetary surplus^[1] in September 2000 amounted to LL 54 billion or 8% of budget expenditures, compared to a primary budget deficit of LL 15 billion, or 2% of budget expenditures in September 1999. The primary budget surplus for the period January to September 2000 amounted to LL 482 billion or 8% of budget expenditures, compared to LL 644 billion or 13% of budget expenditures for the same period of last year.

Budget operations

A. The budget deficit

The budget deficit for September 2000 amounted to LL 309 billion or 45% of budget expenditures compared to LL 147 billion, or 23% of budget expenditures in August 2000, and to LL 299 billion or 44.7% of budget expenditures in September 1999.

B. Detailed performance of budget revenues

Budget revenues for September 2000 increased by LL 7 billion or 2% over total revenues in September 1999. On the other hand, budget expenditures increased by LL18 billion or 3% during the same period.

- **Tax revenues**, (excluding customs receipts) declined by 38% from September 1999 to September 2000, from LL 144 billion in September 1999 to LL 89 billion in September 2000, mainly due to two factors:
 - Decline of **taxes on income, profits and capital gains** in September 2000 by LL 28 billion or 55% over its level in September 1999.
 - Decline of **taxes on property** by more than LL 26 billion or 54% over its level in September 1999.
- **Customs revenues** also declined, but by a smaller proportion than the two factors mentioned above, from LL 151 billion in September 1999 to LL 149 billion in September 2000, equivalent to 1%. This decline occurred mainly as a result of the depreciation of the major European currencies against the Lebanese Pound, keeping in mind that around 50% of Lebanese imports originate from Europe. This marginal decline in customs revenues also indicates an increase in the volume of imports when calculated at constant prices.
- **Non-tax revenues** increased by 86% from LL 75 billion in September 1999 to LL 140 billion in September 2000. Its main contributing factor is the transfers from the surplus of the Ministry of Post and Telecommunications, which amounted to LL 110 billion in September 2000, compared to LL 30 billion in September 1999.

C. Detailed performance of budget expenditures

Total budget expenditures (excluding debt service) declined from LL 385 billion in September 1999 to LL 324 billion in September 2000. This was mainly due to the decline in transfers and contributions over previous months.

On the other hand, debt service costs increased from LL 284 billion in September 1999 to LL 363 billion in September 2000. This increase is mainly due to the cost of replacing the maturity profile of domestic treasury bills in September in order to lengthen it, thus enabling the government to have a smoother monthly redemption schedule for domestic treasury bills.

Treasury operations

As for treasury operations, its deficit in September 2000 increased around LL 10 billion over the same period of last year. This was due to the increase in treasury outlays by LL 32 billion, accompanied by an increase in treasury inflows by only LL 22 billion.

Summary of Fiscal Performance September 1999-2000

(In million of L.L.)

	Sep -99	Sep -00	Jan -Sept '99	Jan -Sept '00	Difference	% Change
1. Budget Transactions						
1.1 Revenues	370 ,117	377 ,515	3 ,060 ,476	3 ,179 ,867	119 ,391	3 .90 %
1.1.1 Tax Revenues	294 ,792	237 ,358	2 ,435 ,782	2 ,303 ,586	-132 ,196	-5 .43 %
<i>of which customs revenues *</i>	150 ,521	148 ,523	1 ,464 ,163	1 ,333 ,139	-131 ,024	-8 .95 %
1.1.2 Non - Tax Revenues	75 ,325	140 ,157	624 ,694	876 ,281	251 ,587	40 .27 %
1.2 Expenditures	668 ,858	686 ,440	4 ,949 ,720	5 ,678 ,171	728 ,451	14 .72 %
1.2.1 Expenditures excluding debt service	385 ,310	323 ,570	2 ,416 ,591	2 ,697 ,786	281 ,195	11 .64 %
1.2.2 Debt Service	283 ,548	362 ,870	2 ,533 ,129	2 ,980 ,385	447 ,256	17 .66 %
1.2.1.1 Domestic Debt	220 ,600	297 ,739	2 ,216 ,700	2 ,585 ,366	368 ,666	16 .63 %
1.2.1.2 Foreign Debt	62 ,948	65 ,131	316 ,429	395 ,019	78 ,590	24 .84 %
Budget Total Deficit /Surplus	-298 ,741	-308 ,925	-1 ,889 ,244	-2 ,498 ,304	-609 ,060	
In % of total budget expenditures	-44 .66 %	-45 .00 %	-38 .17 %	-44 .00 %		
Budget Primary Deficit /Surplus	-15 ,193	53 ,945	643 ,885	482 ,081	-161 ,804	
In % of total budget expenditures	-2 .27 %	7 .86 %	13 .01 %	8 .49 %		
2. Treasury Transactions						
2.1 Receipts						
2.1.1 Trust accounts / guarantees	36 ,529	58 ,290	308 ,659	339 ,952	31 ,293	
2.1.2 Municipalities	14 ,736	8 ,060	62 ,984	81 ,226	18 ,242	
2.1.3 Deposits	18 ,508	28 ,726	179 ,492	146 ,306	-33 ,186	
2.1.4 Other	1 ,305	2 ,702	12 ,202	10 ,275	-1 ,927	
	1 ,980	18 ,802	53 ,981	102 ,145	48 ,164	
2.2 Payments	121 ,659	153 ,740	930 ,225	1 ,459 ,259	529 ,034	
2.2.1 Trust accounts /Guarantees	32 ,891	87 ,656	143 ,143	417 ,740	274 ,597	
2.2.2 Municipalities	56 ,545	48 ,481	123 ,365	237 ,970	114 ,605	

2.2.1	Trust accounts /Guarantees	54,891	81,000	145,145	417,140	274,897	
2.2.2	Municipalities	56,545	48,481	123,365	237,970	114,605	
2.2.3	Deposits	18,724	6,547	119,648	72,168	-47,480	
2.2.4	Expenditures from previous years appropriations	9,392	526	450,863	210,618	-240,245	
2.2.5	Expenditures from previous years /Guarantees	4,107	7,320	93,206	324,558	231,352	
2.2.6	Other		3,210		196,205	na	
	Total Treasury Deficit /Surplus	-85,130	-95,450	-621,566	-1,119,307	-497,741	
	In % of total treasury expenditure	-69.97 %	-62.09 %	-66.82 %	-76.70 %		
3.	Total Budget and Treasury Receipts	406,646	435,805	3,369,135	3,519,819	150,684	4.47 %
4.	Total Cash Budget and Treasury Payments	790,517	840,180	5,879,945	7,137,430	1,257,485	21.39 %
5.	Total Cash Deficit /Surplus	-383,871	-404,375	-2,510,810	-3,617,611	-1,106,801	
	In % of Total Expenditures	-48.56 %	-48.13 %	-42.70 %	-50.69 %		
* Receipts from excise taxes are included within customs revenues for comparative reasons							

[1] The primary budget surplus/deficit is the difference between budget revenues and expenditures excluding debt service.