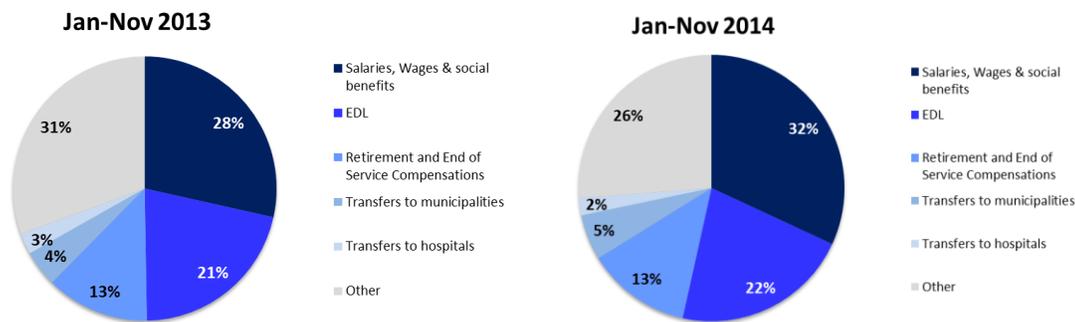


I. Introduction

Payments for salaries, wages and related benefits, which mainly include the cost of basic salaries, indemnities, allowances, and other payments, rose by LL 237 billion (6 percent) from LL 3,793 billion in Jan-Nov 2013 to LL 4,031 billion in Jan-Nov 2014. The reason behind this rise is mainly due to (a) a LL 101 billion rise in basic salaries payment to military personnel, (b) higher payments to government subscription and contributions to the Employees Cooperative by LL 82 billion, and (c) an increase in allowances to military personnel by LL 42 billion. These were slightly counterbalanced by a LL 5 billion decline in indemnities.

Salaries, wages and related benefits represent the largest component of total primary spending, accounting for 28 percent of primary expenditure during Jan-Nov 2013 and increasing to 32 percent during Jan-Nov 2014. The following figures present the primary spending breakdown by component during the period under review.

Figure 1. Primary Spending Breakdown by Component during Jan-Nov 2013 and Jan-Nov 2014



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

N.B.: Other expenditures mainly include transfers to hospitals, transfers to public institutions to cover salaries, contributions to non-public sectors, VAT refund, and medicaments.

Table 1. Salaries, Wages and Related Benefits Breakdown – Jan-Nov 2013 and Jan-Nov 2014

(LL billion)	Basic Salaries		Indemnities 4/		Allowances 5/		Other 6/		Total	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Military Personnel	1,795	1,897	72	74	490	531	2	2	2,359	2,504
Army	1145	1206	44	45	300	315	0	1	1,489	1,567
Internal Security Forces	520	535	22	23	150	167	0	0	693	725
General Security Forces	99	122	3	3	29	37	1	1	132	163
State Security Forces	31	33	3	3	11	13	0	0	45	49
Education Personnel	751	761	57	52	0	0	0	17	808	829
Civilian Personnel 1/	319	311	63	62	4	4	35	36	421	412
Government contribution to employees cooperative 2/							164	246	164	246
Customs Salaries 3/									40	35
Total	2,865	2,968	192	187	493	535	202	302	3,793	4,031

1/Includes salaries payments made to Ministry of Public Health from Guarantees account.

2/ Government contribution to employees cooperative is provided to both the education and civil personnel. However, the allocation between the two types of personnel is not available and therefore is presented in a separate line item.

3/Includes salaries and wages and indemnities payment from guarantees account but excludes payments for allowances which are made from Customs Cashiers and can only be reclassified once Customs has sent the supporting document to the Directorate General of Finance.

4/Includes payments for family, transportation, overtime as well as various indemnities (including committee compensation and tax returns).

5/Includes payments for maternity and sickness, marriage, birth, death, hospital, education, medical and various social allowances, and provided to military personnel only.

6/ Other is given to non-military bodies and includes (i) payments for bonuses, (ii) State contributions to the Mutual Funds covering Member of Parliaments, employees of the Lebanese University, judges, judges' aides and Islamic tribunal judges and (iii) State contributions (as an employer) to the National Social Security Fund public sector employees that are not covered by the Civilian Servant Cooperative.

II. Breakdown of Salaries, Wages, and Related Benefits

Out of total salaries, wages and related benefits, basic salaries reached LL 2,968 billion in Jan-Nov 2014, compared to LL 2,865 billion paid in the same period of 2013, increasing by LL 103 billion (4 percent). This rise was the result of increases in military personnel and education personnel basic salaries by LL 101 billion (6 percent) and LL 10 billion (1 percent), respectively. These increases were slightly offset by a drop in civilian cost by LL 8 billion (3 percent).

II.A. Basic Salaries of Military Personnel

The 6 percent increase in basic salaries of military personnel is primarily attributed to (a) the increase in payments made to permanent employees of the Army by LL 40 billion, General Security Forces by LL 16 billion, and Internal Security Forces by LL 8 billion owing to the recruitment of new personnel or the promotion of current personnel, (b) increases in overseas missions and clothing indemnities by LL 14 billion and LL 7 billion respectively, and (c) a rise in trainees and contractors salaries by LL 7 billion each.

II.B. Basic Salaries of Education Personnel

Basic salaries to education personnel increased by LL 10 billion in Jan-Nov 2014 compared to Jan-Nov 2013. The 1 percent increase was mainly the result of the following:

- A LL 9 billion rise in basic salaries of contractual teachers at the Directorate of General Education, due to an increase in the number of contractual teachers in Jan-Nov 2014 compared to Jan-Nov 2013;
- A LL 7 billion increase in basic salaries of secondary education teachers; mainly due to higher number of teachers in this category by end-November 2014, compared to 2013.

The abovementioned increases were partly counterbalanced by a LL 9 billion decrease in basic salaries of primary education teachers; due to a decrease in the number of teachers in this category in Jan-Nov 2014 compared to Jan-Nov 2013.

II.C. Basic Salaries of Civilian Personnel

Payments to civilian personnel dropped by LL 8 billion by end-November 2014, compared to the same period in 2013. In terms of ministerial distribution, the Ministry of Foreign Affairs and Emigrants (MOFA) represent the largest wage bill, accounting for 20 percent of total salaries and wages to civilian personnel during Jan-Nov 2014. This was followed by the Ministry of Justice with a share of 18 percent and Parliament comprising 10 percent of total civilian wage bill (*For further details, kindly refer to table 2*).

In detail, basic salaries and wages to employees in the Ministry of Foreign Affairs and Emigrants witnessed the most notable decrease of 13.3 percent during Jan-Nov 2014, mainly due to a decline of LL 9 billion in basic salaries of diplomats in Lebanese overseas missions. This was chiefly attributed to lower retroactive payments whereby these amounted to LL 19 billion in Jan-Nov 2013, compared to only LL 9 billion in the same period of 2014.

Table 2. Civilian Salaries and Wages Breakdown by Ministry - Jan-Nov 2013 and Jan-Nov 2014

(LL million)	Jan-Nov 2013	Jan-Nov 2014	% change 2014/2013
Ministry of Foreign Affairs and Emigrants	70,497	61,130	-13.3%
Ministry of Justice	53,993	57,212	6.0%
Parliament	29,327	30,102	2.6%
Presidency of the Council of Ministers	26,450	27,247	3.0%
Ministry of Finance	26,738	26,418	-1.2%
Ministry of Public Health	20,386	19,356	-5.1%
Ministry of Public Works and Transportation	16,361	15,524	-5.1%
Ministry of Agriculture	12,999	12,808	-1.5%
Ministry of National Defense	11,023	9,851	-10.6%
Ministry of Interior	9,514	9,470	-0.5%
Other	42,392	41,607	-1.9%
Total	319,682	310,724	-2.8%

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

III. Payment of Allowances

Allowances rose by 8 percent (LL 42 billion) to reach LL 535 billion in Jan-Nov 2014, mirroring higher allowances to military personnel. This increase is chiefly the result of higher payments to the Internal Security Forces by LL 17 billion, alongside a LL 16 billion to the army, and an LL 8 billion to the General Security forces.

More specifically, the increase in allowances to the Internal Security Forces was chiefly attributed to (i) a rise in social allowances by LL 7 billion, (ii) an increase in hospital expenses by LL 6 billion, and (iii) higher school allowances of LL 4 billion.

The LL 16 billion increase in allowances to the Army by end-November 2014 was mainly driven by an LL 11 billion rise in hospital expenses and a LL 5 billion increase in marriage allowances. These increases were slightly counterbalanced by a LL 6 billion decrease in sickness & maternity allowances.

Allowances to the General Security Forces increased by LL 8 billion mostly due to higher payments for hospital expenses and sickness & maternity allowances by LL 3 billion each.

IV. Government subscription and contributions in the Employees Cooperative

Payments to government subscription and contributions in the Employees Cooperative increased by LL 82 billion in Jan-Nov 2014; reaching LL 246 billion of which LL 104 billion represented payments relating to the year 2013. During Jan-Nov 2013, government subscription and contributions totaled LL 164 billion, whereby LL 59 billion represented payments pertaining to the year 2012.



V. Payments to Customs

Payments to Customs witnessed a decrease of 14 percent (LL 5 billion) in Jan-Nov 2014 compared to the same period of 2013. This is mainly due to a LL 3 billion payment for school allowances relating to the academic year 2011-2012 and a LL 2 billion to maternity and sickness allowances, which were paid in Jan-Nov 2013 and were quasi nil in the corresponding period of 2014.

For further information please contact:

Ministry of Finance

UNDP Project

Tel: 961 1 981057/8

Fax: 961 1 981059

Email: infocenter@finance.gov.lb

Website: www.finance.gov.lb