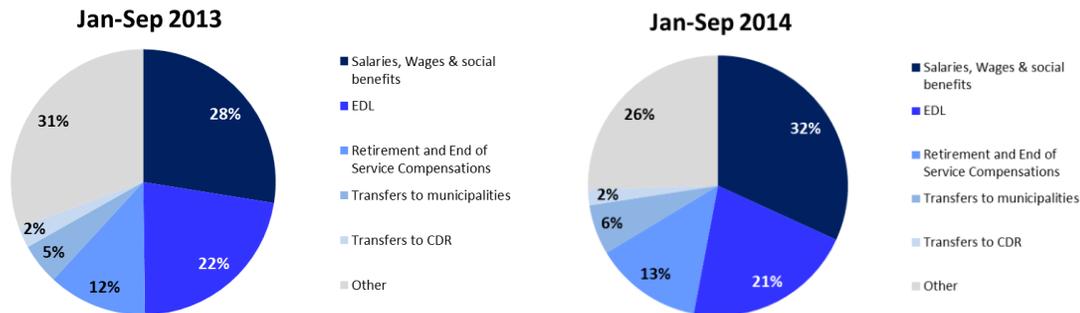


I. Introduction

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 (7.5 percent) to LL 3,379 billion in Jan-Sep 2014 from LL 3,142 billion in Jan-Sep 2013. The reason behind this rise is mainly due to (a) a LL 77 billion increase in basic salaries payment to military personnel, (b) higher basic salaries payments to education personnel by LL 73 billion, (c) an increase in allowances by LL 45 billion, and (d) a LL 42 billion higher payments to Government subscription and contributions in the Employees Cooperative.

Salaries, wages and related benefits represent the largest component of total primary spending, accounting for 28 percent of primary expenditure during Jan-Sep 2013 and increasing to 32 percent during Jan-Sep 2014 (for more information, kindly refer to figure 1).

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



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

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

(LL billion)	Basic Salaries		Indemnities 4/		Allowances 5/		Other 6/		Total	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Military Personnel	1,466	1,543	59	61	441	486	2	2	1,968	2,092
Army	937	983	36	37	283	296	0	0	1,256	1,318
Internal Security Forces	424	440	18	19	126	149	0	0	569	608
General Security Forces	80	93	2	3	25	31	1	1	108	127
State Security Forces	25	27	3	3	8	10	0	0	35	40
Education Personnel	613	686	50	44	0	0	0	12	663	742
Civilian Personnel 1/	257	253	50	50	3	3	29	31	340	338
Government contribution to employees cooperative 2/							137	179	137	179
Customs Salaries 3/									34	28
Total	2,337	2,482	159	156	445	489	168	223	3,142	3,379

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 2,482 billion in Jan-Sep 2014, compared to LL 2,337 billion paid in the same period of 2013. The latter rise was the result of an increase in military and education personnel basic salaries by LL 77 billion (5.2 percent) and LL 73 billion (11.9 percent) respectively, which were slightly offset by a drop in civilian personnel cost by LL 4 billion (1.6 percent).

II.A. Basic Salaries of Military Personnel

The 5 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 29 billion and the Internal Security Forces by LL 16 billion owing to the recruitment of new personnel or the promotion of current personnel, (b) increases in overseas missions and trainings indemnities by LL 14 billion, and (c) a rise in salaries to trainees and contractors by LL 5 billion each.

II.B. Basic Salaries of Education Personnel

The 12 percent higher payments to education personnel was mainly the result of:

- A LL 68 billion increase in basic salaries of contractual teachers at the Directorate General of Vocational Education (DGVE), as a result of a discrepancy in timing of payments since the bulk payment of the basic salaries was paid during the month of September 2014, compared to almost nil in the same period of 2013, noting that a LL 70 billion payment was made in October 2013.
- A LL 9 billion increase in basic salaries of contractual teachers at the Directorate of General Education, due to an increase in the number of contractual teachers in Jan-Sep 2014 compared to 2013.

The abovementioned increases were partly counterbalanced by an LL 11 billion decrease in basic salaries of permanent primary education teachers at the Directorate of General Education.

II.C. Basic Salaries of Civilian Personnel

Payments to civilian personnel decreased by LL 4 billion during the period Jan-Sep 2014, compared to the same period in 2013. In terms of salaries and wages distribution by ministry, the Ministry of Foreign Affairs and Emigrants (MOFA) represent the largest wage bill accounting for 19 percent of total salaries and wages to civilian personnel during Jan-Sep 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. (*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 7 percent during Jan-Sep 2014, mainly due to a decline of LL 4 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-Sep 2013, compared to only LL 9 billion in the same period of 2014. The LL 4 billion drop was, however, slightly counterbalanced by a LL 3 billion increase in payments to the Ministry of Justice.

Table 2. Civilian salaries and wages breakdown by ministry- Jan-Sep 2013 and Jan-Sep 2014

(LL million)	Jan-Sep 2013	Jan-Sep 2014	% change 2014/2013
Ministry of Foreign Affairs and Emigrants	52,611	48,892	-7.1%
Ministry of Justice	43,761	46,521	6.3%
Parliament	23,973	24,648	2.8%
Presidency of the Council of Ministers	22,339	22,285	-0.2%
Ministry of Finance	22,130	21,588	-2.4%
Ministry of Public Health	16,733	15,902	-5.0%
Ministry of Public Works and Transportation	13,664	12,841	-6.0%
Ministry of Agriculture	10,660	10,420	-2.3%
Ministry of National Defense	8,643	8,059	-6.8%
Ministry of Interior	7,903	7,740	-2.1%
Other	34,893	34,199	-2.0%
Total	257,310	253,094	-1.6%

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

III. Payment of Allowances

Allowances rose by 10 percent (LL 45 billion) by end-September 2014, from LL 445 billion in 2013, mirroring higher allowances to military personnel. This increase is chiefly the result of higher payments to the Internal Security Forces by LL 23 billion, alongside the LL 14 billion and LL 6 billion increases in allowances to the Army and General Security Forces, respectively.

More specifically, the increase in allowances to the Internal Security Forces was chiefly attributed to (i) a rise in school allowances by LL 9 billion, (ii) an increase of LL 7 billion in social allowances, and (iii) higher medical, hospital and marriage allowances of LL 2 billion each.

Also, allowances to the Army increased by LL 14 billion by end-September 2014, mainly driven by a LL 10 billion rise in hospital expenses and a LL 5 billion increase in marriage allowances. However, these increases were slightly counterbalanced by a decrease in sickness and maternity allowances (LL 6 billion).

Moreover, allowances to General Security Forces increased by LL 6 billion due to higher payments for school and sickness and maternity allowances by LL 4 billion and LL 1 billion, respectively.

IV. Government subscription and contributions in the Employees Cooperative

Payments to government subscription and contributions in the Employees Cooperative reached LL 179 billion in Jan-Sep 2014 (of which LL 74 billion related to 2013), compared to LL 137 billion in Jan-Sep 2013 (of which LL 60 billion related to the year of 2012).



V. Payments to Customs

Payments to Customs witnessed a decrease of 16 percent (LL 6 billion) in Jan-Sep 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 in maternity and sickness allowances, which were paid in Jan-Sep 2013 and were quasi nil in the corresponding period of 2014.

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