

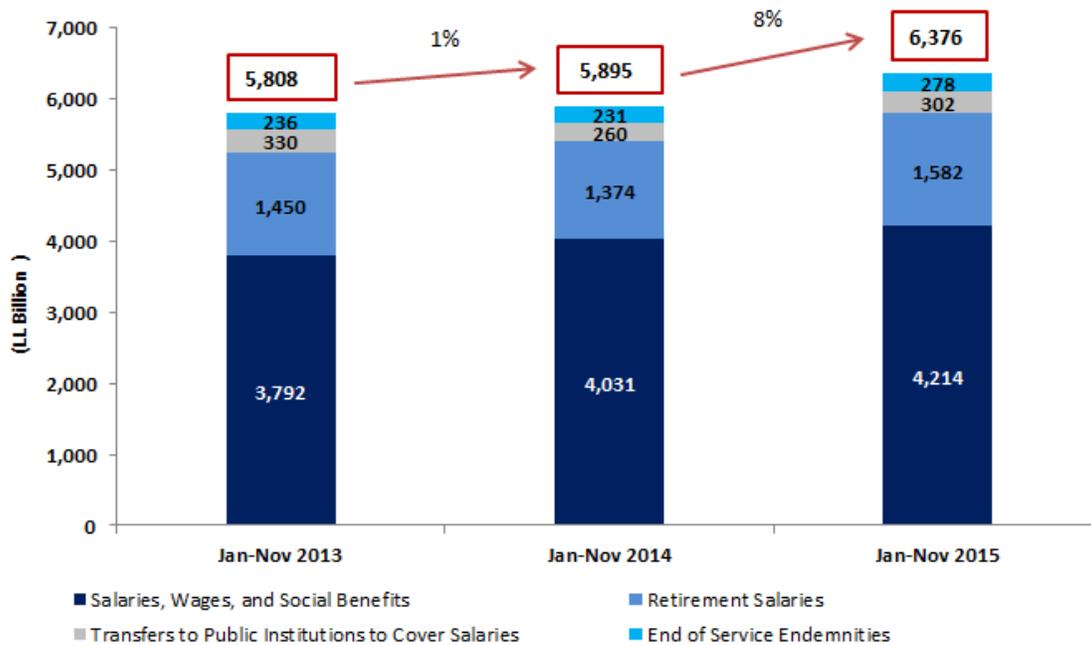
### I. Personnel Cost

#### I.A. General Overview

Personnel cost<sup>1</sup> witnessed a year-on-year hike of 8 percent (LL 480 billion) from LL 5,895 billion recorded in Jan-Nov 2014 to LL 6,376 billion in Jan-Nov 2015<sup>2</sup>, as a result of an increase in all sub-categories.

In detail, retirement salaries jumped by LL 209 billion (15 percent), alongside an increase of LL 183 billion (5 percent) in salaries, wages and related benefits. Moreover, end of service indemnities rose by LL 48 billion (21 percent) while transfers to public institutions to cover salaries increased by LL 41 billion (16 percent) mainly due to a LL 55 billion rise in payments to Lebanese University.

**Figure 1. Personnel Cost Breakdown by Component in Jan-Nov 2013, Jan-Nov 2014 and Jan-Nov 2015**



#### I.B. Share of Personnel Cost from Expenditures

Personnel cost constitutes the highest share of current primary expenditure<sup>3</sup>, comprising 54 percent, 57 percent, and 67 percent in Jan-Nov 2013, Jan-Nov 2014, and Jan-Nov 2015 respectively. In addition to the increase in hiring of military personnel, the lower base in current primary expenditure<sup>4</sup> which decreased by 12 percent from 2013 to 2015 mainly

<sup>1</sup> Personnel cost includes payments for salaries, wages and related benefits; retirement; end of service indemnities; and transfers to public institutions to cover salaries.

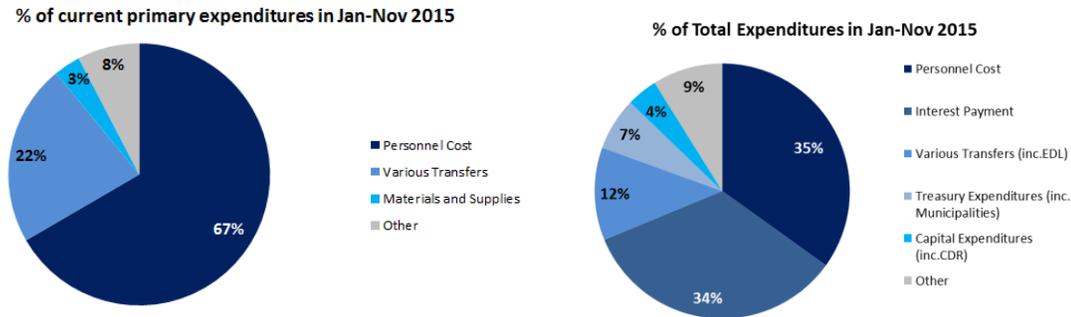
<sup>2</sup> The figures used are those published in the Public Finance Monthly Monitor report – November 2015.

<sup>3</sup> Current primary expenditures represent current expenditures excluding “Interest Payments” and “Foreign Debt Principal Repayment”.

<sup>4</sup> The drop in current primary expenditures is mainly due to the significant drop in transfers to EDL, as a result of lower international oil prices in Jan-Nov 2015.

contributed to the reason behind the jump from 54 percent in 2013 to 67 percent in 2015. As a percent of total expenditures, personnel cost represented 31 percent of the total by end-November 2013 and end-November 2014, increasing to 35 percent by end-November 2015. Similarly, the increase in the share of personnel cost from total expenditure from 2013 to 2015 is partly due to a decline in total expenditure by 3 percent. The following figures represent the current primary expenditure and total expenditure composition in Jan-Nov 2015:

**Figure 2. Composition of Current Primary Expenditures and Total Expenditures Composition in Jan-Nov 2015**



Source: Ministry of Finance, Directorate General of Finance

## II. Salaries, Wages, and Related Benefits

Payments for salaries, wages and related benefits rose by LL 185 billion (5 percent), from LL 4,031 billion in Jan-Nov 2014 to LL 4,216 billion in Jan-Nov 2015<sup>5</sup>. The reason behind this rise is mainly due to (i) a LL 136 billion increase in basic salaries due to increases in basic salaries of the Army and Education personnel by LL 62 billion and LL 51 billion respectively, and (ii) a LL 60 billion increase in allowances driven by a LL 77 billion rise in allowances to Army personnel. These increases were slightly offset by a LL 13 billion decrease in government subscription and contributions in the government Employees Cooperative.

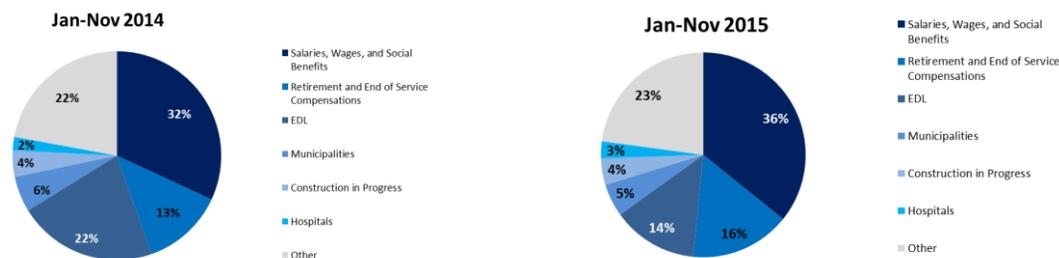
In terms of composition, cost of basic salaries accounted for 74 percent of total payments for salaries wages and related benefits by end-November 2015, followed by allowances (14 percent), other payments (7 percent), and employment benefits (5 percent).

As a percentage of total primary spending, salaries, wages and related benefits accounted for 28 percent in Jan-Nov 2013, 32 percent in Jan-Nov 2014, and increased to 36 percent in Jan-Nov 2015. The following figures present the primary spending breakdown by component during the period under review<sup>6</sup>.

<sup>5</sup> Figures slightly differ from those published in the Public Finance Monthly Monitor report – November 2015 due to the effect of rounding.

<sup>6</sup> The reason behind the increase in the share of salaries, wages and related benefits of primary expenditure is partly due to a lower base in total primary expenditure which decreased by 12 percent from 2013 to 2015.

**Figure 3. Primary Spending Breakdown by Component during Jan-Nov 2014 and Jan-Nov 2015**



Source: Ministry of Finance, Directorate General of Finance

N.B.: Other expenditures mainly include transfers to CDR, 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 2014 and Jan-Nov 2015<sup>7</sup>**

(LL billion)	Basic Salaries		Employment Benefits 4/		Allowances 5/		Other 6/		Total	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
<b>Military Personnel</b>	<b>1,897</b>	<b>1,983</b>	<b>74</b>	<b>77</b>	<b>531</b>	<b>591</b>	<b>2</b>	<b>2</b>	<b>2,504</b>	<b>2,653</b>
Army	1,206	1,268	45	49	315	392	1	1	1,567	1,709
Internal Security Forces	535	544	23	24	167	145	0	1	725	713
General Security Forces	122	135	3	3	37	43	1	1	163	183
State Security Forces	33	36	3	1	13	11	0	0	49	49
<b>Education Personnel</b>	<b>761</b>	<b>812</b>	<b>52</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>17</b>	<b>829</b>	<b>887</b>
<b>Civilian Personnel 1/</b>	<b>311</b>	<b>309</b>	<b>62</b>	<b>60</b>	<b>4</b>	<b>4</b>	<b>36</b>	<b>36</b>	<b>412</b>	<b>410</b>
<b>Government contribution to employees cooperative 2/</b>							<b>246</b>	<b>233</b>	<b>246</b>	<b>233</b>
<b>Customs Salaries 3/</b>									<b>35</b>	<b>34</b>
<b>Unclassified</b>									<b>4</b>	<b>0</b>
<b>Total</b>	<b>2,968</b>	<b>3,104</b>	<b>187</b>	<b>194</b>	<b>535</b>	<b>596</b>	<b>302</b>	<b>289</b>	<b>4,031</b>	<b>4,216</b>

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.A. Basic Salaries and Wages

Out of total salaries, wages and related benefits, basic salaries registered LL 3,104 billion by end-November 2015 increasing by LL 136 billion (5 percent) from the same period in 2014. This increase was mainly the result of a rise in basic salaries of military and education personnel by LL 86 billion and LL 51 billion respectively. Basic salaries of civil personnel remained almost unchanged in Jan-Nov 2015 in comparison with the same period in 2014.

<sup>7</sup> Figures differ than the ones used in the November 2014 Salaries, Wages and Related Benefits report due to a minor adjustment.

### **II.A.a. Basic Salaries of Military Personnel**

The 5 percent increase in basic salaries of military personnel is primarily the result of a jump in payments made to permanent employees of the Army by LL 60 billion, the General Security forces by LL 11 billion, the Internal security forces by LL 7 billion and the State security forces by LL 4 billion owing to the recruitment of new personnel or the promotion of current personnel. Moreover, basic salaries for trainees and contractors increased by LL 4 billion, and LL 2 billion respectively. These increases were partially offset by a LL 3 billion decrease in clothing indemnities and a LL 1 billion decrease in overseas missions.

### **II.A.b. Basic Salaries of Education Personnel**

Basic salaries of education personnel increased by 7 percent in Jan-Nov 2015 compared to the same period in 2014, standing at LL 812 billion. This was due to a rise in salaries of permanent employees in primary education<sup>8</sup>, and contractuels at the primary and intermediate education by LL 42 billion, and LL 16 billion respectively. Moreover, salaries of contractuels at the secondary education and of permanent employees at the Directorate General of Vocational Training, increased by LL 8 billion and LL 7 billion respectively. In contrast, salaries of trainees in primary and secondary education decreased by LL 17 billion, and salaries of contractuels at the Directorate General of Vocational training decreased by LL 8 billion.

### **II.A.c Basic Salaries of Civilian Personnel**

Payments to civilian personnel witnessed a minor decrease of LL 1 billion in 2015 standing at LL 309 billion . At the level of ministries, the Ministry of Foreign Affairs (MoFA) represents the largest wage bill, with a share of 22 percent of total salaries and wages to civilian personnel during Jan-Nov 2015, followed by the Ministry of Justice (17 percent) and Parliament (10 percent) (*for further details, kindly refer to table 2*).

In detail, basic salaries and wages to employees in the MoFA increased by LL 7 billion in Jan-Nov 2015 compared to the same period in 2014. The rise in salaries of MoFA employees is due to a rise in basic salaries of diplomats in Lebanese overseas missions, in turn, owing to higher retroactive payments by LL 9 billion. This increase was mainly offset by a LL 3 billion decrease in wages to employees in the courts of the Ministry of Justice, and a LL 2 billion decrease in wages to employees at the General Directorate of the Ministry of Public Health.

**Table 2. Civilian Salaries and Wages Breakdown by Ministry - Jan-Nov 2014 and Jan-Nov 2015**

(LL million)	Jan-Nov 2014	Jan-Nov 2015	% from Total Civilian Personnel in 2015
Ministry of Foreign Affairs and Emigrants	61,130	68,019	22%
Ministry of Justice	57,212	53,323	17%
Parliament	30,102	30,529	10%
Presidency of the Council of Ministers	27,247	26,850	9%
Ministry of Finance	26,418	26,758	9%
Ministry of Public Health	19,356	17,310	6%
Ministry of Public Works and Transportaion	15,524	14,646	5%
Ministry of Agriculture	12,808	14,046	5%

<sup>8</sup> Based on decree 3634 dated 20/03/2010, decree 3127 dated 30/01/2010, and decree 4057 dated 20/05/2010, in addition to decisions made by the Ministry of Education: decision 48 dated 02/02/2015, decision 348 dated 02/05/2015, decision 349 dated 02/05/2015, decision 380 dated 09/05/2015, decision 595 dated 24/06/2015, decision 625 dated 20/07/2015, decision 656 dated 03/08/2015 and decision 1070 dated 19/11/2015.



Ministry of National Defense	9,851	9,714	3%
Ministry of Interior	9,470	8,968	3%
Other	41,607	39,066	13%
<b>Total</b>	<b>310,724</b>	<b>309,229</b>	<b>100%</b>

Source: Ministry of Finance, Directorate General of Finance

## **II.B. Payment of Allowances**

Allowances increased by LL 60 billion (11 percent) to reach LL 596 billion in Jan-Nov 2015, mainly attributed to higher payments to the Army and General Security Forces by LL 77 billion and LL 6 billion respectively. Allowances to Internal Security Forces decreased by LL 22 billion, and allowances to State Security Forces by LL 2 billion.

More specifically, allowances to the Army were mainly driven by increases in (i) hospital expenses by LL 67 billion, (ii) school allowances by LL 14 billion, and (iii) social allowances by LL 1 billion. These increases were partially counterbalanced by a LL 4 billion decrease in marriage allowances.

Allowances to the General Security Forces increased mainly due to a LL 4 billion increase in both school and hospital allowances.

## **II.C. Government subscription and contributions in the Employees Cooperative**

Payments to government subscription and contributions to the Employees Cooperative decreased by LL 13 billion in Jan-Nov 2015 compared to the same period in 2014, standing at LL 233 billion.



REPUBLIC OF LEBANON  
MINISTRY OF FINANCE



REPUBLIC OF LEBANON  
MINISTRY OF FINANCE

For further information please contact:

**Ministry of Finance**

UNDP Project

Tel: 961 1 981057/8

Fax: 961 1 981059

Email: [infocenter@finance.gov.lb](mailto:infocenter@finance.gov.lb)

Website: [www.finance.gov.lb](http://www.finance.gov.lb)