



Disclaimer: This assessment is based exclusively on cash-flow data reported by the Ministry of Finance's Cash Management Unit (CMU) and Customs Directorate and reflects actual liquidity movements rather than accrual-based fiscal performance. Figures are subject to subsequent reconciliation, reclassification, and adjustment once audited accounts are finalized. Importantly, while aligning with the PFM classification, revenues and expenditures components are not fully reflective of overall revenues and expenditures. Unclassified amounts under "other" categories such as "Other revenues" and "Treasury expenditures" are yet to be reclassified under the specific revenue or expenditure items to which they pertain pending reconciliation with the Accounting Department. Consequently, this analysis reflects cash flow fiscal trends and does not represent a statement of the government's final fiscal position (PFM).

General overview

Given the extraordinary circumstances arising from the outbreak of regional hostilities and the escalation of the war in Lebanon in late February 2026, this review incorporates an assessment on the second quarter on top of the first half of 2026. Although the fiscal position strengthened further in the first half of 2026, the overall performance masks a substantial loss of momentum regarding tax revenues during the second quarter. Despite the adverse conditions, the overall balance recorded a large cash surplus on the back of contained expenditures and robust non-tax revenues.

Lebanon's fiscal performance continued to strengthen during the first half of 2026, supported by strong growth in government revenues. In nominal terms, total revenues and grants increased by 24.8 percent year-on-year to LL 304,335 billion, while total expenditures rose by 27.7 percent to LL 195,636 billion. Although expenditures recorded a slightly higher growth rate in percentage terms, the increase in revenues and grants in absolute terms (LL 60,532 billion) exceeded the rise in expenditures (LL 42,443 billion), contributing to an improvement in the fiscal position. As a result, both the overall balance and the primary balance increased by 20.0 percent and 16.1 percent respectively, compared to the corresponding period of 2025, reaching LL 108,698 billion and LL 115,213 billion.

Corporate Income Tax (CIT) data extracted from the tax collection system, while not directly comparable with CMU fiscal data, show a significant increase in collections in June 2026, broadly consistent with the strong increase in other revenues recorded in the fiscal report during the same month. This increase may partly reflect the successive extensions¹ of the deadline for filing the annual income tax declaration for 2025 and settling the related tax liabilities. These extensions may have shifted and concentrated part of the related tax payments into June. Taking this timing effect into account, part of the strong revenue performance recorded in June may reflect deferred tax payments rather than an improvement in the underlying revenue trend.

¹ Minister of Finance Decisions No. 522/1 dated 22 May 2026, No. 551/1 dated 8 June 2026, and No. 571/1 dated 15 June 2026 successively extended the deadline from 31 May to 8 June, 15 June, and ultimately 30 June 2026, respectively.

Overall, while H1 revenue performance remained relatively strong, the results should be considered in the context of these timing effects and the developments observed during Q2.

However, the H1 revenue performance masks a marked slowdown during the second quarter, with non-tax revenues compensating for an overall decrease in YoY tax revenues during Q2. Total revenues and grants increased by 47.5 percent year-on-year in Q1 2026, but growth slowed substantially to 9.7 percent in Q2:

- **The deceleration was particularly pronounced for tax revenues, which increased by 45.1 percent in Q1 but declined by 12.7 percent in Q2.** Among the major tax revenue components, domestic VAT revenues, which recorded exceptionally strong growth of 126.3 percent in Q1², declined by 45.9 percent in Q2, while excise revenues continued to increase but at a slower rate (30.4 percent in Q2 compared to 194.2 percent in Q1) largely supported by a 120.1 percent increase in Fuel Excise in Q2, reflecting the higher applicable rate rather than overall resiliency. Excluding fuel and beverage, excise revenues declined by 16.6% in Q2.
- **On the other hand, non-tax revenues remained resilient, recording an 11.8 percent increase YoY in Q2 2026** after a significant 76.3 percent in Q1 2026, driven notably by buoyant revenues from the Lebanese Regie for Tobacco (34.7 percent).

Concomitantly, the overall H1 increase in spending follows a pattern similar to revenues, expenditure growth moderated significantly during the second quarter of 2026, following a sharp increase in Q1. Total expenditures increased by 46.5 percent year-on-year in Q1 2026, before slowing to 12.1 percent in Q2. The moderation was mainly driven by current expenditures and personnel costs, while capital expenditures and hospitalization spending continued to record strong increases.

The slowdown was particularly pronounced for current expenditures, which increased by 34.0 percent in Q1 but by only 6.0 percent in Q2. Personnel costs, the largest component of current spending, increased by 40.7 percent in Q1 but declined slightly by 0.9 percent in Q2. This largely reflected an 11.5 percent YoY decline in salaries, wages and social benefits during Q2, following a 31.0 percent increase in Q1. By contrast, retirement expenditures remained elevated, increasing by 38.6 percent in Q2, although at a slower pace than the 69.9 percent recorded in Q1. Interest payments continued to decline, falling by 20.9 percent in Q2 after a 30.6 percent decrease in Q1.

Other expenditure components recorded stronger growth in Q2. Other transfers increased by 95.9 percent YoY in Q2, reversing a 17.6 percent decline in Q1. Hospitalization expenditures also accelerated markedly, increasing by 85.9 percent in Q2 compared to 13.9 percent in Q1, while other current expenditures remained high, rising by 119.3 percent in Q2 after an increase of 160.8 percent in Q1.

² Pursuant to Minister of Finance Decision No. 484/1 dated 20 May 2025, the deadline for filing & paying the periodic VAT for the fourth quarter of 2024 (Q4 2024), was extended until 20 June 2025. This extension shifted part of the related VAT collections beyond Q1 2025, contributing to lower domestic VAT revenues recorded in Q1 2025 compared with Q1 2026, when no similar deadline extension was granted.

Capital expenditures continued to expand strongly and accelerated further during the second quarter. Capital spending increased by 394.0 percent YoY in Q2, compared to 112.9 percent in Q1. Budget advances also remained elevated, increasing by 56.1 percent in Q2 following a 75.2 percent increase in Q1. Treasury expenditures, meanwhile, increased by 17.9 percent in Q2, significantly below the 112.1 percent growth recorded in Q1. This moderation largely reflected municipalities transfers, which declined by 16.7 percent in Q2 after increasing by 129.3 percent in Q1.

Overall, primary expenditure growth slowed from 50.6 percent in Q1 to 14.3 percent in Q2 2026, indicating a significant moderation in expenditure growth during the second quarter, despite continued pressures from hospitalization, other transfers and capital spending.

Figure 1. Recent fiscal developments (LL Billion)

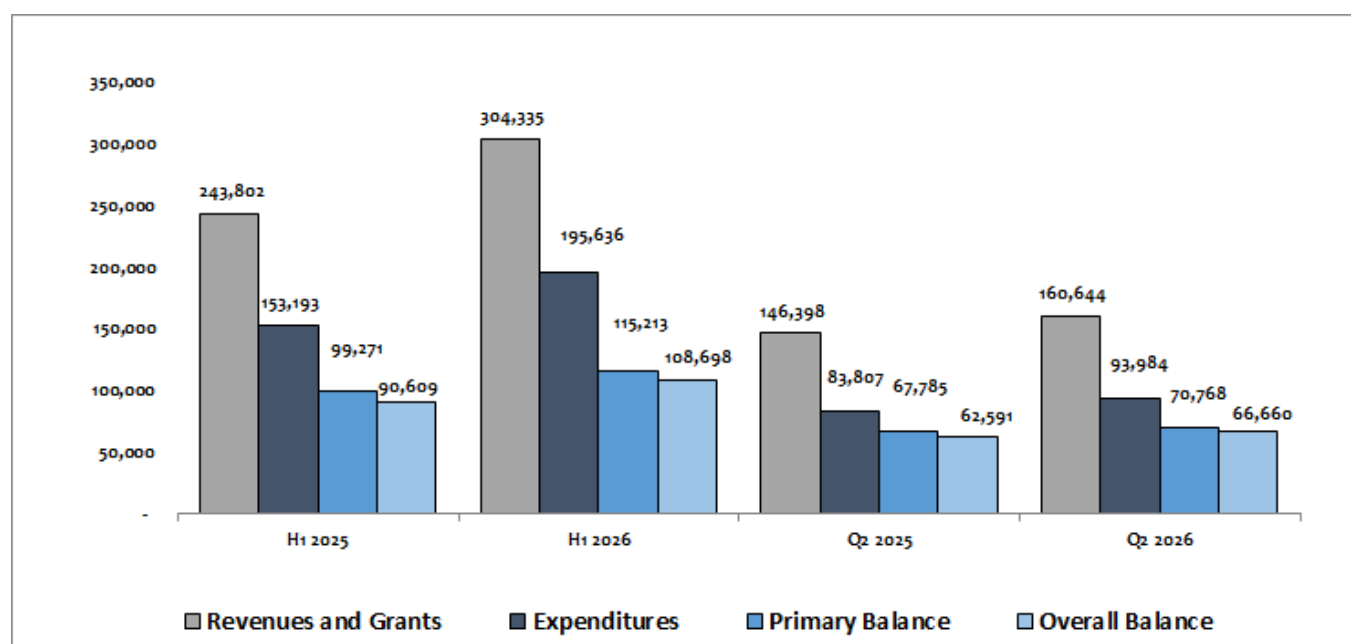


Table 1. Summary of Cash Performance

(LL billion)	Q2 2025	Q2 2026	% Change 2026/2025	H1 2025	H1 2026	% Change 2026/2025
Revenues and grants	146,398	160,644	9.7%	243,802	304,335	24.8%
Expenditures	83,807	93,984	12.1%	153,193	195,636	27.7%
Primary Deficit/Surplus	67,785	70,768	4.4%	99,271	115,213	16.1%
Total Cash Deficit/Surplus	62,591	66,660	6.5%	90,609	108,698	20.0%

Source: MoF – DG Treasury – CMU Cash flow statement

Revenues

Total revenues increased by LL 60,532 billion (24.8 percent) year-on-year to reach LL 304,335 billion during the first half of 2026.

Tax revenues reached a total of LL 147,570 billion in the first half of 2026, accounting for 48.5 percent of total revenues. This performance reflects an increase of LL 11,101 billion (8.1 percent) compared to a total of LL 136,469 billion during the same period last year, mainly driven by a rise in Taxes on international trade, which were partly offset by a drop in Domestic tax on goods and services.

Taxes on international trade increased by LL 12,621 billion (31.9 percent) to reach LL 52,202 billion, accounting for 17.2 percent of total revenues. This increase was mainly driven by excises (specifically fuel³ and car excises⁴), Customs⁵ and Customs guarantees (3%) that increased by LL 9,904 billion (69.2 percent), LL 1,785 billion (10.5 percent) and 931 billion (11.3 percent) respectively.

Meanwhile, **Tax on domestic goods and services (VAT)**, which remained the largest source of government revenues, declined by 2.5 percent to reach LL 80,856 billion during the first half of 2026, compared to the same period of 2025, accounting for 26.6 percent of total revenues. This outcome reflected contrasting trends in VAT components. VAT on imports increased by LL 1,285 billion (2.5 percent) to reach LL 52,731 billion, representing 17.3 percent of total revenues and accounting for the majority of total VAT receipts. In contrast, Domestic VAT collections declined by LL 3,389 billion (10.8 percent) to reach LL 28,125 billion, equivalent to 9.2 percent of total revenues partially offsetting the gains in import-related VAT collections. The decline in domestic VAT collections coincided with a significant contraction in passenger flows during the same period. According to data provided by Banque du Liban (BdL), arrivals declined by 37.0 percent year-on-year, from 1.6 million passengers in H1 2025 to 1.0 million in H1 2026, while departures fell by 27.4 percent, from 1.40 million to 1.0 million. The sharp decline in traffic, particularly arrivals, likely affected tourism and consumption-related activity and therefore the domestic VAT base. This provides additional context for the weakness in domestic VAT collections, despite the increase in VAT collected on imports.

³ Fuel excise revenues increased by 180.6 percent in January–June 2026 compared with the corresponding period of 2025. In 2025, higher excise duties on gasoline and diesel were introduced pursuant to Higher Customs Council Decision No. 49/2025 of 2 June 2025. These amendments were subsequently annulled by Council of State Decision No. 219/2024-2025 of 15 July 2025, and therefore remained in effect only from 2 June to 15 July 2025. In 2026, fuel excise duties were increased again pursuant to Council of Ministers Decision No. 2 of 16 February 2026, raising the excise duty to LL 16,022 per liter for 95-octane gasoline and LL 16,000 per liter for 98-octane gasoline. The significant year-on-year increase in fuel excise revenues therefore mainly reflects the higher excise rates applicable during most of the first half of 2026, compared with their limited period of application in the corresponding period of 2025, despite a 28.1 percent decline in import volumes of 95- and 98-octane gasoline during the first half of 2026 compared with the same period in 2025 partly attributable to disruptions to imports following higher gasoline prices, as well as the outbreak of the war in late February 2026.

⁴ Vehicle excise collections increased by 21.2 percent during the first half of 2026 compared with the corresponding period of 2025 reflecting a 28.5 percent increase in the value of vehicle imports over the same period.

⁵ The increase during the first half of 2026 compared with the corresponding period of 2025 is partly attributable to a 10.5 percent increase in the value of imports (Excl. Gold & Fuel), as well as to strengthened monitoring and inspection activities following the introduction of scanner equipment, which enhanced compliance and contributed to higher revenue collection.

Tax on Property, representing 4.8 percent of total revenues, namely, Real estate registration fees, declined by LL 257 billion (2.0 percent⁶) to reach LL 12,281 billion during the first half of 2026, compared to LL 12,538 billion in the same period of 2025. This contraction reflects continued weakness in real estate market activity, driven by both demand and supply-side factors. On the demand side, constrained purchasing power among low and middle-income households, coupled with the limited availability of mortgage financing, continues to weigh on housing affordability. On the supply side, the decline in real estate transactions—exacerbated by the ongoing conflict and its impact on market activity in affected regions—has reduced the volume of registered property transfers, resulting in lower registration fee collections.

Non-tax revenues increased by LL 11,177 billion (30 percent) to reach LL 48,376 billion during the first half of 2026, representing 15.9 percent of total revenues. In details, Income from Public Institutions and Government Properties witnessed a year-on-year increase of LL 11,590 billion (34.7 percent) over the covered period, mainly reflecting higher revenues from the Lebanese Régie for Tobacco, which rose by LL 8,242 billion (56.8 percent) to reach LL 22,763 billion, equivalent to 7.5 percent of total revenues, followed by transfers from Telecom (Mobile companies), which increased by LL 1,699 billion (16.2 percent) to reach LL 12,193 billion. In addition, revenues from Beirut International Airport, Port of Beirut and Casino du Liban increased by LL 701 billion (33.2 percent), LL 627 billion (23.0 percent), and LL 322 billion (9.0 percent) respectively, respectively. These increases were partly offset by a decline in Administrative Fees and Charges, which fell by LL 413 billion (10.9 percent) to reach LL 3,365 billion, mainly reflecting lower collections from Passenger Departure Fees, which decreased by the same amount and percentage over the covered period, reflecting the fall in passengers outflows by 27.4 percent in the covered period compared to the same period last year.

The increasing contribution of non-tax revenues is particularly notable in Q2, when revenue performance became increasingly reliant on a limited number of non-tax sources, most prominently the Lebanese Régie for Tobacco. Non-tax revenues amounted to LL 48,376 billion, equivalent to approximately 15.9 percent of total revenues during H1 2026, highlighting their growing importance relative to the traditional revenue structure, which is predominantly tax-based.

In parallel, **Other Revenues**⁷ increased by LL 35,978 billion (53.1 percent) to reach LL 103,718 billion during the first half of 2026, accounting for 34.1 percent of total revenues. **Cashiers' Revenues**⁸ also registered a year-on-year increase of LL 2,069 billion (86.5 percent), reaching LL 4,462 billion over the covered period. Meanwhile, **Grants and Donations**⁹ amounted to LL 209 billion, compared to nil during the corresponding period of 2025.

⁶ Real estate transactions and contracts declined by 25.5 percent during January–June 2026. The slight decline in registration fee collections by 2.5 percent mainly reflects the adoption of the official exchange rate of LBP 89,500 per US dollar for fee calculations. Transaction activity was also affected by the suspension of operations at the Nabatieh Land Registry Office.

⁷ "Other revenues" comprise receipts that have not yet been classified under either tax or non-tax revenue categories.

⁸ "Cashiers' revenues" are Treasury receipts collected through the cashier offices of the Ministry of Finance and other public administrations, which are not classified under the regular budget revenue headings at the time of reporting.

⁹ Grants and donations are recorded based on the statements of the Banque du Liban (BDL).

Figure 2. Revenue Composition and Dynamics (LL billion)

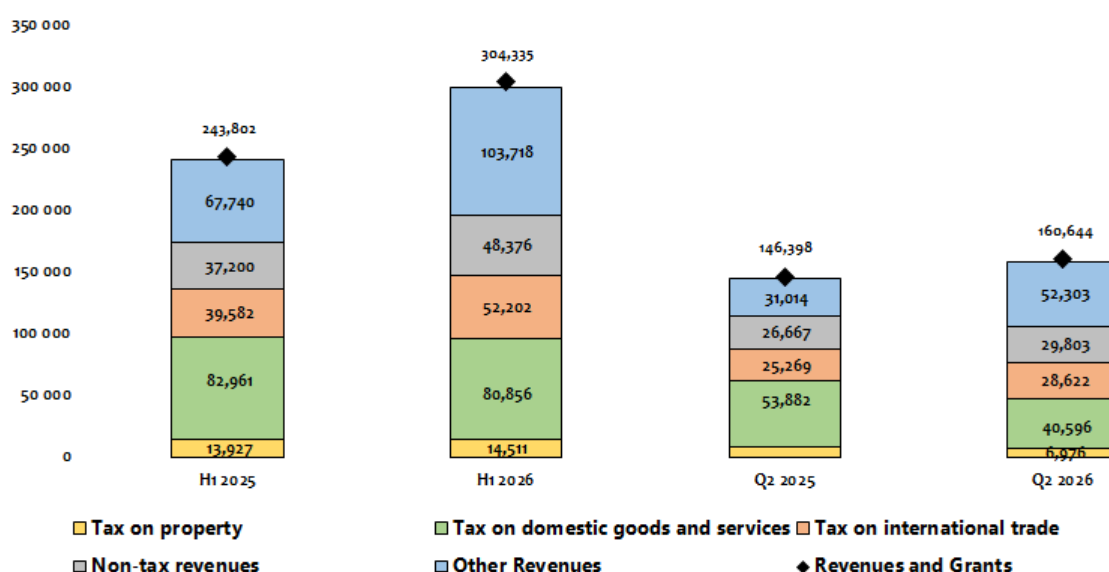


Table 2. Summary of Revenue Performance

Billions LBP	Quarterly YoY			H1 YoY		
	Q2 2025	Q2 2026	% Change	H1 2025	H1 2026	% Change
Revenues and Grants	146,398	160,644	9.7%	243,802	304,335	24.8%
Revenues	146,398	160,459	9.6%	243,802	304,126	24.7%
Tax revenues	87,284	76,194	-12.7%	136,469	147,570	8.1%
Tax on property	8,133	6,976	-14.2%	13,927	14,511	4.2%
Real estate registration fees	7,014	5,878	-16.2%	12,538	12,281	-2.0%
Built on property tax	1,119	1,097	-1.9%	1,389	2,230	60.5%
Tax on domestic goods and services	53,882	40,596	-24.7%	82,961	80,856	-2.5%
Domestic VAT	25,081	13,567	-45.9%	31,514	28,125	-10.8%
Import VAT	28,801	27,029	-6.2%	51,447	52,731	2.5%
Tax on international trade	25,269	28,622	13.3%	39,582	52,202	31.9%
Tariff revenues	14,352	14,384	0.2%	25,276	27,993	10.7%
Customs	9,654	9,708	0.6%	17,006	18,791	10.5%
3% fees	4,698	4,676	-0.5%	8,270	9,201	11.3%
Excise revenues	10,917	14,238	30.4%	14,306	24,210	69.2%
Fuel excise	3,727	8,202	120.1%	4,506	12,642	180.6%
Tobacco excise	1,494	1,469	-1.7%	2,467	2,646	7.3%
Car excise	5,566	4,417	-20.6%	7,134	8,645	21.2%
Beverage excise	130	150	15.3%	199	277	38.9%
Non-tax revenues	26,667	29,803	11.8%	37,200	48,376	30.0%
Income from Public Institutions and Government Properties	24,524	28,591	16.6%	33,421	45,011	34.7%
Transfer from Telecom	6,556	6,932	5.7%	10,494	12,193	16.2%
Revenues from Port of Beirut	1,701	1,924	13.2%	2,730	3,356	23.0%
Revenue from Casino du Liban	1,894	1,880	-0.7%	3,562	3,884	9.0%
Revenues from Lebanese Regie for Tobacco	12,910	17,393	34.7%	14,521	22,763	56.8%
Revenues from Beirut International Airport	1,463	462	-68.4%	2,114	2,816	33.2%
Administrative fees and charge	2,143	1,212	-43.4%	3,778	3,365	-10.9%
Passenger departure fees	2,143	1,212	-43.4%	3,778	3,365	-10.9%
Other Revenues	31,014	52,303	68.6%	67,740	103,718	53.1%
Cashiers revenues	1,433	2,159	50.7%	2,393	4,462	86.5%
Grants	0	185	-	0	209	-

Expenditures

Total expenditures increased by LL 42,443 billion (27.7 percent) to reach LL 195,636 billion during the first half of 2026, compared to LL 153,193 billion in the corresponding period of 2025. Personnel cost remained the largest expenditure category, accounting for 61.3 percent of total expenditures.

Current expenditures remained the predominant component of the expenditure profile during the first half of 2026, accounting for 77.2 percent of total expenditures. They increased by LL 22,864 billion (17.8 percent) to reach LL 151,023 billion, compared to LL 128,159 billion during the corresponding period of 2025. The increase was mainly driven by higher personnel cost, other current expenditures, hospitalization expenditures, and other transfers.

Personnel cost increased by LL 16,124 billion (15.5 percent) to reach LL 119,864 billion during the first half of 2026, compared to LL 103,741 billion in the corresponding period of 2025. They accounted for 61.3 percent of total expenditures and approximately 79.4 percent of current expenditures, remaining by far the largest expenditure component. The increase was primarily driven by higher retirement benefit payments¹⁰, which rose by LL 12,775 billion (54.3 percent), in addition to increases in salaries, wages and social benefits by LL 3,050 billion (4.2 percent) and transfers to public institutions to cover salaries by LL 452 billion (5.9 percent). These increases were partially offset by a decline in end-of-service compensation, which fell by LL 154 billion (42.0 percent).

Other current expenditures increased by LL 5,986 billion (141.4 percent) to reach LL 10,217 billion during the first half of 2026, compared to LL 4,232 billion in the corresponding period of 2025, accounting for 5.2 percent of total expenditures. The increase reflects higher expenditures across various operational and administrative activities during the period.

Hospitalization expenditures increased by LL 2,381 billion (60.6 percent) to reach LL 6,311 billion during the first half of 2026, compared to LL 3,930 billion in the corresponding period of 2025. The increase primarily reflects higher budget allocations to the Ministry of Public Health to cover the rising cost of healthcare goods and services.¹¹

Interest payments decreased by LL 2,147 billion (24.8 percent) to reach LL 6,515 billion during the first half of 2026, compared to LL 8,661 billion in the corresponding period of 2025. The decline primarily reflects the continued absence of new domestic debt issuances and the repayment of maturing debt, which contributed to a reduction in the outstanding stock of domestic debt.

¹⁰ The increase in retirement and end-of-service compensation mainly reflects the implementation of Law No. 18 of 11 July 2025, which granted an additional monthly raise of LBP 14 million to active military personnel and LBP 12 million to military retirees, effective 1 July 2025. It also reflects the implementation of Law No. 26 of 30 December 2025, which granted civilian retirees an additional monthly raise of LBP 12 million, effective 1 August 2025. The fiscal impact of the latter measure was primarily reflected in 2026, following the issuance of Decree No. 2386 of 21 January 2026.

¹¹ The increase in hospitalization expenditures mainly reflects higher healthcare costs amid inflationary pressures, compounded by increased demand for medical services and higher treatment needs in response to the war and its repercussions.

Other transfers¹² increased by LL 521 billion (6.9 percent) to reach LL 8,116 billion during the first half of 2026, compared to LL 7,595 billion in the corresponding period of 2025. The increase mainly reflects higher transfers to public institutions¹³ and entities during the period.

Table 3. Other transfers

(LL billion)	Jan-June 2025	Jan-June 2026	%Change 2026/2025
Various Transfers, of which:	7,595	8,116	6.9%
Foreign Financing / Loan	225	896	298.8%
Foreign Financing / Grants	26	132	411.4%
Local Financing, of which:	7,344	7,088	-3.5%
NSSF	1,203	0	-100%
Higher Council of Relief	795	0	-100%
Council of South	1,591	0	-100%
Public Hospitals	334	1,138	240.2%
Public Schools	0	1,862	NA
Aman ¹⁴	0	1,229	NA
Contributions to non-public sectors	78	487	NA

Capital expenditures¹⁵ rose by LL 9,510 billion (158.8 percent) to reach LL 15,500 billion during the first half of 2026, compared to LL 5,990 billion in the corresponding period of 2025, accounting for 7.9 percent of total expenditures. The increase underscores the continued ramp-up in capital spending in line with the implementation of Budget 2026.

Table 4. Capital expenditures

(LL billion)	Jan-June 2025	Jan-June 2026	%Change 2026/2025
Capital Expenditures	5,990	15,500	158.8%
a. Acquisitions of Land, Buildings, for the Construction of Roads, Ports, Airports, and Water Networks	0	0	0
b. Equipment	54	277	413.8%
c. Construction in Progress, of which:	1,426	7,591	432.2%
Council of the South	225	5,219	2219.3%
CDR	1,199	120	-90.0%
Higher Council of Relief	2	2,040	NA
d. Maintenance, of which:	4,509	7,569	67.9%
Local Financing	3,879	7,569	95.1%
FX Funded Maintenance Expenditures / Loans	630	0	-100%
e. Other Expenditures Related to Fixed Capital Assets	1	64	NA

¹² Other transfers comprise budget-financed current transfers to public sector entities and contributions to non-public sector entities, including non-profit organizations (NGOs). The category also includes expenditures financed by foreign grants and loans, such as the AMAN cash transfer program implemented by the Ministry of Social Affairs (MoSA). In accordance with the economic classification of expenditures, transfers to public institutions intended to finance salaries and wages are classified under Personnel Cost rather than under Various Transfers.

¹³ The increase in transfers to public institutions mainly reflected higher contributions in H1 2026 to operating expenses "excluding social affairs" by LL 4,252 billion, notably transfers to public hospitals by LL 1,138 billion and the AMAN cash transfer program by LL 1,229 billion.

¹⁴ In 2025, Aman was foreign financed and the installments were paid in H2.

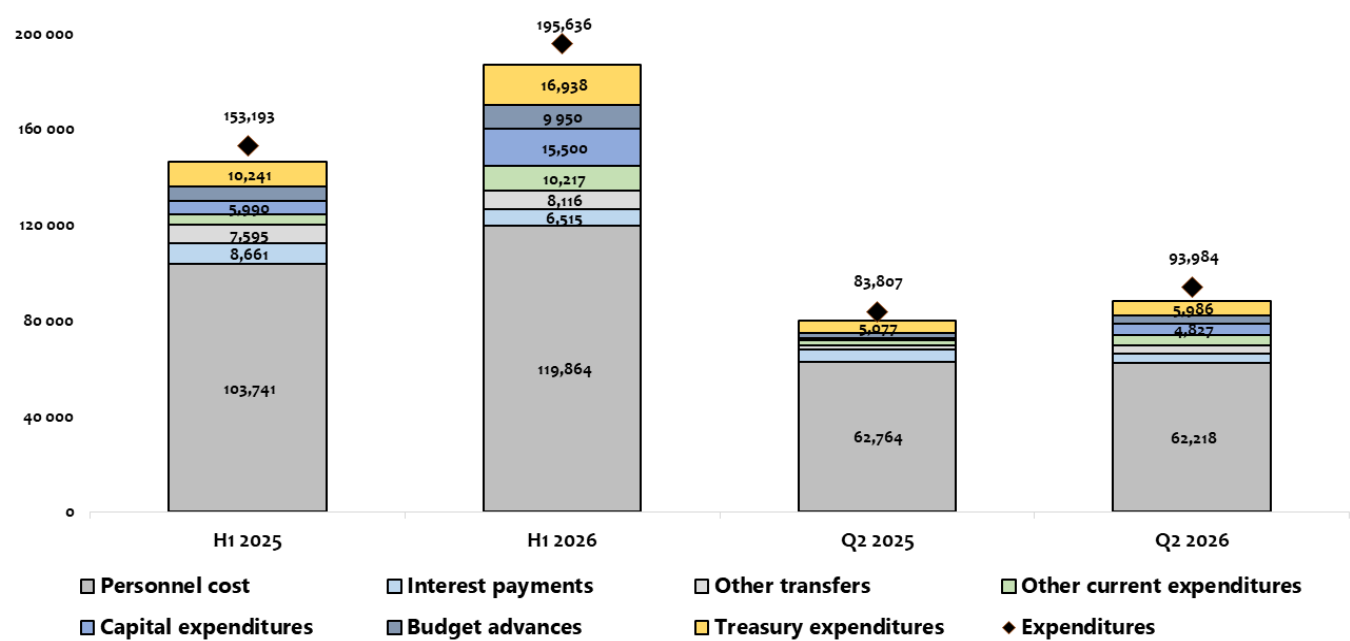
¹⁵ The increase in capital expenditures mainly reflects higher spending on construction in progress (under implementation), (particularly by the Council for Development and Reconstruction (CDR), in addition to increased expenditures on maintenance "especially road maintenance" and "equipment", in line with the implementation of Budget 2026.

Budget advances¹⁶ increased by LL 4,038 billion (68.3 percent) to reach LL 9,950 billion during the first half of 2026, compared to LL 5,912 billion in the corresponding period of 2025, equivalent to 5.1 percent of total expenditures, reflecting higher budget advances extended during the period.

Treasury expenditures increased by LL 6,697 billion (65.4 percent) to reach LL 16,938 billion during the first half of 2026, compared to LL 10,241 billion in the corresponding period of 2025, accounting for 8.7 percent of total expenditures. The increase was primarily driven by transfers to municipalities, which increased by LL 3,286 billion¹⁷ (63.3 percent) to reach LL 8,482 billion during the period.

Cashiers' expenditures decreased by LL 665 billion (23.0 percent) to reach LL 2,226 billion during the first half of 2026, compared to LL 2,891 billion in the corresponding period of 2025. The decrease reflects lower cash disbursements related to government operational activities during the period.

Figure 3. Expenditure Composition and Dynamics (LL billion)



¹⁶ Budget advances consist of urgent advances from the Budget allocations provided to cover expenditures pending regular budget appropriations. These advances include, among others, expenditures related to the military and security forces, notably fuel oil, hospitalization, maintenance, and other operational requirements, for which a detailed breakdown is not available.

¹⁷ The increase in transfers to municipalities is mainly attributable to higher distributions of mobile phone revenues. Transfers amounted to approximately LL 2,647 billion in H1 2026, compared with approximately LL 811 billion in H1 2025.

Table 5. Summary of Expenditure Performance

Billions LBP	Quarterly YoY			H1 YoY		
	Q2 2025	Q2 2026	% Change	H1 2025	H1 2026	% Change
Expenditures	83,807	93,984	12.1%	153,193	195,636	27.7%
Primary Expenditures	78,614	89,876	14.3%	144,532	189,122	30.9%
Current expenditures	74,117	78,601	6.0%	128,159	151,023	17.8%
Personnel cost	62,764	62,218	-0.9%	103,741	119,864	15.5%
Salaries, wages and social benefits	45,559	40,341	-11.5%	72,234	75,284	4.2%
Transfers to Public Institutions to cover salaries	5,320	5,511	3.6%	7,607	8,058	5.9%
Retirements	11,756	16,299	38.6%	23,534	36,309	54.3%
End of service	129	67	-48.3%	366	212	-42.0%
Interest payments	5,194	4,108	-20.9%	8,661	6,515	-24.8%
Other transfers	1,637	3,206	95.9%	7,595	8,116	6.9%
Hospitalization	2,547	4,735	85.9%	3,930	6,311	60.6%
Other current expenditures	1,975	4,333	119.3%	4,232	10,217	141.4%
Capital expenditures	977	4,827	394.0%	5,990	15,500	158.7%
Budget advances	2,141	3,342	56.1%	5,912	9,950	68.3%
Treasury expenditures	5,077	5,986	17.9%	10,241	16,938	65.4%
Municipalities	2,351	1,959	-16.7%	5,195	8,482	63.3%
Cashiers spending	1,495	1,228	-17.8%	2,891	2,226	-23.0%
Primary Balance	67,785	70,768	4.4%	99,271	115,213	16.1%
Overall Balance	62,591	66,660	6.5%	90,609	108,698	20.0%

From a functional classification perspective, the analysis of government expenditure requires monitoring trends in social spending.

Social expenditures cover public and private sector social protection, including health, education, transfers to the National Social Security Fund (NSSF), retirement pensions and end-of-service indemnities, social allowances, social assistance programs, and other areas of intervention in which the Government provides social support.

Social expenditures increased by 37.9 percent during the first half of 2026, rising by LL 23,861 billion from LL 62,982 billion in the first half of 2025 to LL 86,843 billion in the first half of 2026. The substantial increase reflects higher government spending on social protection and other social interventions during the period under review, as presented in Table 6 below.

Public Sector Social Protection

Social expenditures related to **public sector social protection** increased by LL 7,319 billion (15.3 percent) during the first half of 2026 compared to the same period in 2025, reaching LL 55,146 billion. The increase was mainly driven by the following developments:

a) Expenditures on **end-of-service indemnities and retirement pensions** increased by LL 12,621 billion (52.8 percent) to LL 36,524 billion, mainly reflecting a LL 12,776 billion

increase (54.3 percent) in **retirement pension payments**, which more than offset the LL 155 billion decline (42.1 percent) in **end-of-service indemnities**.

b) **Social allowances for military and security personnel** increased by LL 515 billion (3.8 percent) to LL 14,230 billion, mainly due to higher **hospitalization expenditures**, which rose from LL 122 billion to LL 2,420 billion, as well as increases in **marriage, birth, and death allowances** and **other social benefits**. These increases were partly offset by declines in **education allowances** of LL 2,196 billion (17.1 percent) and **maternity and sickness allowances** of LL 96 billion (12.5 percent).

c) **Contributions to mutual funds** declined by LL 5,817 billion (57.0 percent) to LL 4,393 billion, mainly reflecting the absence of transfers to the **Civil Servants' Cooperative (CSC)**, compared to LL 7,200 billion during the first half of 2025. This decline was partly offset by higher contributions to the **Lebanese University Mutual Fund**, the **Judges' Mutual Fund**, and **other mutual funds**.

Private Sector Social Protection

Social expenditures related to private sector social protection more than doubled, increasing by LL 16,542 billion (109.2 percent) to LL 31,696 billion during the first half of 2026, compared to LL 15,154 billion during the same period in 2025. The increase was mainly driven by the following developments:

a) Expenditures related to **health** increased by LL 9,381 billion (127.5 percent) to LL 16,740 billion. The increase was mainly driven by a LL 5,082 billion surge (182.7 percent) in **purchases of medicines**, a LL 2,461 billion increase (57.4 percent) in **private-sector hospitalization expenditures**, and a LL 845 billion rise (288.4 percent) in **transfers to public hospitals**. In addition, expenditures under **foreign-financed health programs** within the Ministry of Public Health (MoPH) amounted to LL 994 billion during the first half of 2026, compared to no spending during the same period in 2025.

b) Expenditures related to **education** rose by LL 1,533 billion (55.3 percent) to LL 4,302 billion. The increase was mainly attributable to a LL 541 billion rise (28.5 percent) in **transfers to the Lebanese University (LU)** and a significant increase in **public school funds**, from LL 15 billion to LL 1,862 billion. These increases were partly offset by the LL 854 billion decline in **foreign-financed education programs**, which recorded no expenditures during the first half of 2026, compared to LL 854 billion during the same period in 2025.

c) Expenditures under the **Ministry of Social Affairs (MoSA)** increased by LL 1,493 billion (934.7 percent) to LL 1,653 billion, mainly reflecting a LL 1,121 billion increase in **locally financed social programs** and a LL 372 billion rise in **contributions to non-profit organizations**.

d) The **AMAN Project** recorded expenditures of LL 1,229 billion during the first half of 2026, compared to no expenditures during the corresponding period of 2025. The 2026 amount was entirely locally financed.

e) **Emergency relief and assistance** expenditures increased by LL 4,157 billion (114.9 percent) to LL 7,773 billion. This increase was mainly driven by higher expenditures by the **Council of the South**, which rose by LL 3,812 billion (198.4 percent), and the **Higher Relief Council**, which increased by LL 1,245 billion (156.6 percent). These increases were partly offset by the absence of transfers to **municipalities**, compared to LL 900 billion during the first half of 2025.

These increases were partly counterbalanced by the absence of transfers to the **National Social Security Fund (NSSF)** during the first half of 2026, compared to LL 1,203 billion during the corresponding period of 2025. In addition, **subsidies with a social impact** decreased by LL 48 billion (100.0 percent), reflecting the absence of **wheat and bread subsidies** during the first half of 2026.

In terms of spending allocation, **public sector social protection** accounted for 63.5 percent of **total social spending** during the first half of 2026, compared to 75.9 percent during the corresponding period of 2025, while the share of **private sector social protection** increased to 36.5 percent from 24.1 percent.

End-of-service indemnities and retirement pensions remained the largest expenditure component, accounting for 42.1 percent of **total social spending** during the first half of 2026, compared to 37.9 percent during the same period of 2025. This was followed by **health expenditures**, which accounted for 19.3 percent, and **social allowances for military and security personnel**, which accounted for 16.4 percent. The share of **health expenditures** increased substantially from 11.7 percent in the first half of 2025 to 19.3 percent in the first half of 2026, reflecting significant increases in **purchases of medicines, private-sector hospitalization expenditures, and transfers to public hospitals**.

Table 6. Main Social Expenditures¹⁸ - Functional Classification

(LL billion)	Jan-June 2025	Jan-June 2026	% Change 2026/2025
1. Public Sector Social Protection	47,827	55,146	15.3%
1.a Social Allowances for Military & Security Personnel	13,715	14,230	3.8%
Hospitalization	122	2,420	NA
Maternity and sickness allowance	764	668	-12.5%
Education allowance	12,803	10,607	-17.1%
Marriage allowance	8	9	17.4%
Birth allowance	7	8	8.5%

¹⁸ All social expenditures from the budget, treasury advances, and foreign-financed spending channeled through budgetary central government. Classification follows Lebanon's Economic & Administrative budget codes.

Death allowance	10	13	36.8%
Other Social Benefits	1	505	NA
1.b Contributions to Mutual Funds	10,210	4,393	-57.0%
Transfers to Civil Servants' Cooperative (CSC)	7,200	-	-100.0%
Contribution to the Lebanese University Mutual Fund	2,226	2,652	19.1%
Contribution to the Judges' Mutual Fund	453	854	88.8%
Contributions to Other Mutual Funds	332	887	167.3%
1.c End-of-Service Indemnities & Retirement Pensions	23,903	36,524	52.8%
Retirement Pensions	23,536	36,311	54.3%
End-of-Service Indemnities	367	213	-42.1%
2. Non Public Sector Social Protection	15,154	31,696	109.2%
2.a Health	7,359	16,740	127.5%
Private-Sector Hospitalization	4,285	6,746	57.4%
Purchases of Medicines	2,781	7,863	182.7%
Transfers to Public Hospitals	293	1,138	288.4%
Foreign-Financed Health Programs within MoPH:	-	994	NA
Loans	-	896	NA
Grants	-	98	NA
Transfers to Non-Profit Health Organizations	-	-	NA
2.b Education	2,769	4,302	55.3%
Contributions to Non-Profit Schools	2	1	-35.9%
Scholarships for students	-	-	NA
Transfers to the Lebanese University (LU)	1,898	2,439	28.5%
Public School Funds	15	1,862	NA
Foreign-Financed Education Programs/Loans	854	-	-100.0%
2.c NSSF	1,203	-	-100.0%
Transfers to the National Social Security Fund (NSSF)	1,203	-	-100.0%
2.d Ministry of Social Affairs — MoSA	160	1,653	934.7%
Contributions to non-profit organizations	62	434	600.1%
Locally Financed Social Programs	98	1,219	NA
Foreign-Financed Social Programs	-	-	NA
2.e AMAN Project	-	1,229	NA
AMAN – Locally Financed	-	1,229	NA
AMAN – Foreign Financed	-	-	NA
2.f Subsidies with Social Impact	48	-	-100.0%
Wheat and Bread Subsidies	48	-	-100.0%
Fuel Subsidies	-	-	NA
Medicine Subsidies	-	-	NA
2.g Emergency Relief & Assistance	3,616	7,773	114.9%
Higher Relief Council	795	2,040	156.6%
Council of the South	1,921	5,733	198.4%
Municipalities	900	-	-100.0%
Grand-Total Social Spending	62,982	86,843	37.9%

ANNEX: TRADE FIGURES BY VALUE AND VOLUME

Table 7: Trade activity by value (US\$ million)

	Jan-June 2025	Jan-June 2026	% Change 2026/2025
Imports	9,610	10,149	6%
of which mineral and fuel oil	2,218	2,408	9%
of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals	1,628	1,371	-16%
Exports	1,744	1,498	-14%
of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals	631	397	-37%
Trade Balance	-7,865	-8,652	10%

Source: Lebanese Customs Administration

Table 8: Trade activity by volume (million kg)

	Jan-June 2025	Jan-June 2026	% Change 2026/2025
Imports	7,537	6,147	-18%
of which mineral and fuel oil	3,024	2,464	-18%
of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (kg)	1,477,484	1,046,169	-29%
Exports	901	688	-24%
of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (kg)	31,973	12,858	-60%
Trade Balance	-6,636	-5,459	-18%

Source: Lebanese Customs Administration

Table 9: Top 10 Imports by Value (US\$ million)

Description	Jan-June 2025	Share %	Jan-June 2026	Share %	Value change	% Change 2026/2025
Mineral fuels, mineral oils and products of their	2,218	23%	2,408	24%	190	9%
Natural or cultured pearls, precious or semi-precious stones	1,628	17%	1,371	14%	-257	-16%
Vehicles other than railway or tramway	523	5%	672	7%	149	28%
Pharmaceutical products	428	4%	592	6%	164	38%
Nuclear reactors, boilers, machinery and mechanical appliances	421	4%	529	5%	108	26%
Electrical machinery and equipment	325	3%	380	4%	55	17%
Plastics and articles thereof	254	3%	252	2%	-2	-1%
Iron and steel	240	2%	214	2%	-26	-11%
Live animals	175	2%	191	2%	16	9%
Dairy produce; birds' eggs; natural honey;	145	2%	191	2%	45	31%
Other	3,252	34%	3,349	33%	97	3%
Total	9,610	100%	10,149	100%	540	6%

Source: Lebanese Customs Administration

Table 10: Top 10 Exports by Value (US\$ million)

Description	Jan-June 2025	Share %	Jan-June 2026	Share %	Value change	% Change 2026/2025
Natural or cultured pearls, precious or semi-precious stones	631	36%	397	27%	-233	-37%
Nuclear reactors, boilers, machinery and mechanical appliances	62	4%	92	6%	30	48%
Electrical machinery and equipment and parts there	72	4%	87	6%	15	21%
Copper and articles thereof	79	5%	77	5%	-2	-3.0%
Iron and steel	87	5%	67	4%	-20	-23%
Preparations of vegetables, fruit, nuts	57	3%	59	4%	2	3%
Aluminium and articles thereof	47	3%	56	4%	10	21%
Plastics and articles thereof	41	2%	44	3%	3	7%
Miscellaneous edible preparations.	39	2%	40	3%	1	1%
Essential oils and resinoids; perfumery, cosmetic	33	2%	39	3%	6	17%
Other	597	34%	540	36%	-56	-9%
Total	1,744	100%	1,498	100%	-247	-14%

Source: Lebanese Customs Administration