

TABLE OF CONTENTS

Revenues

Page 1-2-3

Expenditures

Page 3

Public Debt Developments

Page 3-4

General Overview

Despite the ongoing economic and financial crisis, the fiscal balance witnessed a remarkable improvement in the first eleven months of 2021 compared to the same period in 2020, driven by a sizeable hike of 32.9 percent in revenues along with a 6.7 percent decrease in expenditures due to lower current and capital expenditures.

The **total fiscal balance** registered a surplus of LL 1,586 billion in Jan-Nov 2021 compared to a deficit of LL 4,038 billion during the same period of 2020. In addition, the **primary balance** posted a large surplus of LL 4,081 billion compared to a deficit of LL 1,375 billion a year earlier.

Table 1: Summary of Fiscal Performance

(LL billion)	Jan-Nov 2020	Jan-Nov 2021	% Change 2021/2020
Total Budget and Treasury Receipts	13,516	17,965	32.9%
Total Budget and Treasury Payments, of which	17,554	16,379	-6.7%
Interest Payments	2,488	2,317	-6.9%
Concessional loans principal payments ⁽¹⁾	176	178	1.4%
Primary Expenditures ⁽²⁾	14,890	13,884	-6.8%
Total (Deficit)/Surplus	-4,038	1,586	-
Primary (Deficit)/Surplus	-1,375	4,081	-

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

⁽¹⁾ Includes only Principal repayments of concessional loans earmarked for project financing

⁽²⁾ Primary expenditures exclude debt related payments (Interest payments and Concessional loans principal repayment)

Revenues

Total revenues increased by LL 4,449 billion (32.9 percent) year-on-year to reach LL 17,965 billion during Jan-Nov 2021.

Tax revenues reached a total of LL 13,497 billion in the first eleven ten months of the year, reflecting an increase of LL 4,128 billion (44.1 percent), compared to a total of LL 9,369 billion during the same period last year. This increase was driven by a rise in all the sub-categories mainly in domestic taxes on goods & services and taxes on income, profits and capital gains.

In fact, **taxes on income, profits and capital gains** were up by LL 684 billion (15.2 percent) year-on-year in Jan-Nov 2021, driven by an exceptional increase in the **income tax on profits** by LL 1,141 billion (172.7 percent) to reach LL 1,801 billion¹. Meanwhile, **tax on interest income** dropped by LL 861 billion (28.9 percent), as total private sector deposits declined by 8.6 percent between November 2020 and November 2021 from one side, and average interest rates on deposits witnessed a significant drop between Jan-Nov 2020 and Jan-Nov 2021² from the other side. It is worth mentioning that the year-on-year comparison of tax revenues was highly affected by the repetitive lockdowns imposed facing COVID-19 pandemic. In fact, tax collections witnessed a significant drop starting mid-March 2020 with the extension of most tax declaration and payment deadlines, compared to subdued collections during the first two months of 2021. These revenues

¹ Partly due to the settlement of the exceptional tax imposed on the commercial banks' turnover for 2019 (article #20 from 2020 Budget law).

² Average interest rate dropped from 4.37 percent to 1.78 percent for LL deposits, and from 1.97 percent to 0.39 percent for FX deposits between Jan-Nov 2020 and Jan-Nov 2021.

started to ameliorate starting March 2021 despite the deteriorating economic situation the country is still facing.

Taxes on property registered an increase of LL 458 billion (38.1 percent) in Jan-Nov 2021, as all its components witnessed considerable year-on-year hikes. In details, **real estate registration fees** increased by LL 206 billion (22.3 percent)³ during Jan-Nov 2021 compared to the same period of 2020. This was accompanied by respective increases of LL 199 billion (193.6 percent) and LL 54 billion (30.5 percent) in **inheritance fees** and **built property tax**.

Also, **domestic taxes on goods and services** hiked by LL 2,694 billion (127.9 percent) year-on-year in Jan-Nov 2021, driven by an increase of LL 2,663 billion (163.9 percent) in the **value added tax**, with repetitive extensions for the tax declarations deadlines related to the first and second quarters of 2021⁴. In details, both the VAT collected internally and the VAT collected at customs recorded respective year-on-year rises of 299.9 percent⁵ and 45.9 percent over the covered period. In contrast, transfers from **Régie profits** slightly declined by LL 13 billion (4.8 percent).

In addition, **taxes on international trade** increased by LL 237 billion (20.3 percent) as **cars excise** and **custom fees** increased by LL 213 billion (171.4 percent) and LL 146 billion (51.2 percent) respectively. On the other hand, **gasoline excise** went down by LL 140 billion (20.1 percent) indicating the contraction in gasoline consumption due to the price hike along with the exchange rate subsidy removal.

Other tax revenues (namely fiscal stamp fees) increased by LL 55 billion (13.4 percent) to reach LL 468 billion in Jan-Nov 2021.

Non-tax revenues rose by LL 515 billion (19.3 percent) to reach LL 3,186 billion during Jan-Nov 2021. In details, **income from public institutions and Government properties** witnessed a year-on-year hike of LL 437 billion (25.0 percent) over the covered period as **transfer from the telecom surplus** increased by LL 571 billion (48.2 percent), and **revenues from Casino du Liban** rose by LL 192 billion (223.1 percent). This was partly offset by a LL 150 billion (69.4 percent) decrease in the **revenues from Port of Beirut** to register LL 66 billion by November 2021, and a decline in the **transfer from public financial institution (BDL)** from LL 60 billion in Jan-Nov 2020 to nil in Jan-Nov 2021.

Also, **administrative fees and charges** increased slightly by LL 33 billion (5.4 percent) reaching LL 641 billion over the period under review, due to a rise in **passport fees** by LL 132 billion (89.2 percent), that was mostly counterbalanced by the drop in **vehicle control fees** and **permit fees (mostly work permit fees)** by LL 80 billion (32.2 percent) and LL 19 billion (28.7 percent) respectively.

In parallel, **other non-tax revenues (mostly retirement deductibles)** increased by LL 47 billion (15.7 percent) to reach LL 343 billion in Jan-Nov 2021, of which LL 48 billion collected from deductibles related to military salaries and retirement⁶. This increase was mainly driven by the hike in the **revenues from the settlement of building violations** that reached LL 67 billion during Jan-Nov 2021 compared to LL 8 billion a year earlier.

³ As per the data from the General Directorate of Land Registry and Cadastre, the number of sold properties significantly increased by 36.1 percent during the first eleven months of 2021 compared to the same period of 2020. This rise more than counterbalanced the 19.9 percent drop witnessed in the average price of these properties.

⁴ As per MoF decisions #322/1 dated 20 May 2021, #361/1 dated 01 June 2021, #462/1 dated 14 July 2021, #485/1 dated 30 July 2021 and #494/1 dated 06 August 2021.

⁵ Partly affected by the merchants' obligation to issue their receipts in LL (therefore implicitly taking into account the black market exchange rate) along with the relative tax collections as per notice #114 dated 15 January 2021 issued from the Minister of Finance.

⁶ New deductibles introduced as per 2019 Budget law #144 dated 31 July 2019.

Treasury receipts witnessed a decrease of LL 195 billion to reach LL 1,282 billion in Jan-Nov 2021 compared to LL 1,477 billion during the same period of the 2020. In fact, last year's exceptional figure was driven by a refund transaction of LL 644 billion executed during the month of April 2020 as the deal between the Central Bank and the Ministry of Finance to reverse the coupon payments related to Jan-Mar 2020 materialized. Also, it is worth mentioning that treasury receipts are transitory in nature and as such, variations in these collections are usually not reflective of the economic activity.

Expenditures

Total expenditures regressed by LL 1,175 billion (6.7 percent) to reach LL 16,379 billion in Jan-Nov 2021 compared to LL 17,554 billion in Jan-Nov 2020.

Current primary expenditures⁷ registered a drop of LL 542 billion (4.4 percent) reaching a total of LL 11,829 billion during the first eleven months of 2021. This decline was mainly driven by decreases in transfers to **Electricité du Liban (EDL)**, transfers to the **higher council of relief, contributions to non-public sectors** and **end of service indemnities** by LL 427 billion (34.9 percent), LL 149 billion (45.8 percent), LL 104 billion (44.7 percent) and LL 92 billion (23.2 percent), respectively. In contrast, other expenditure items witnessed a year-on-year increase in Jan-Nov 2021, mainly **retirement** expenses and **others (judgments & reconciliations, mission costs, other)** which rose by LL 267 billion (10.2 percent) and LL 55 billion (63.3 percent), respectively. Also, **transfers to NSSF** reached a total of LL 100 billion during Jan-Nov 2021 compared to LL 50 billion during Jan-Nov 2020.

Interest payments dropped by 171 billion (6.9 percent) in Jan-Nov 2021 as interest payments due on foreign currency debt decreased by LL 171 billion (74.2 percent) after the Government opted to default on its maturing Eurobonds in March 2020. Also, interest payments on domestic currency slightly decreased by LL 0.7 billion during the covered period.

Foreign debt principal repayment witnessed a slight increase of LL 2 billion (1.4 percent) to register a total of LL 178 billion during Jan-Nov 2021.

Capital expenditures significantly decreased by LL 203 billion (50.6 percent) to reach LL 198 billion in Jan-Nov 2021, as expenses related to **maintenance, construction in progress** and **equipment** dropped by LL 87 billion (70.7 percent), LL 65 billion (32.0 percent) and LL 43 billion (76.8 percent), respectively.

Treasury expenditures witnessed a decrease of LL 330 billion (18.7 percent) to reach LL 1,439 billion in Jan-Nov 2021, as **other treasury expenditures** payments dropped by LL 615 (64.3 percent) billion partly due to a decline in **VAT refund** by LL 54 billion (37.4 percent). This drop was partly counterbalanced by a hike in payments to **municipalities** by LL 369 billion (62.3 percent).

Public Debt

Gross public debt stood at LL 151,348 billion by the end of November 2021, increasing by LL 7,240 billion (5.0 percent) from end-2020. On the other hand, **net debt** rose at a slower pace by 2.4 percent to reach LL 132,105 billion as **public sector deposits** significantly increased by LL 4,110 billion (27.2 percent) during the first eleven months of 2021.

⁷ Current primary expenditures represent current expenditures excluding interest payment and debt service.

Local currency debt increased by LL 3,834 billion (4.3 percent) to register LL 93,596 billion as of end-November 2021, compared to LL 89,762 billion as of end-2020. In details, **local currency debt held by the Central Bank** increased by LL 2,647 billion (4.8 percent) to reach LL 57,726 billion by the end of November 2021, followed by a rise in other local currency debt holdings, with **TBs held by public entities** increasing by LL 2,144 billion (20.6 percent) to reach LL 12,537 billion. On the other hand, **TBs held by commercial banks** decreased by LL 849 billion (3.7 percent) to reach LL 22,308 billion by the end of November 2021.

The stock of **foreign currency debt** grew by LL 3,406 billion (6.3 percent) to reach LL 57,752 billion at end-November 2021, reflecting a significant increase of LL 2,942 billion in the **arrears in coupons**. On the other hand, **Paris III related debt** decreased by LL 105 billion compared to the end of 2020.

SECTION 1: REVENUE OUTCOME

Table 2: Total Revenues

(LL billion)	Jan-Nov 2020	Jan-Nov 2021	% Change 2021/2020
Budget Revenues, of which:	12,039	16,683	38.6%
Tax Revenues	9,369	13,497	44.1%
Non-Tax Revenues	2,670	3,186	19.3%
Treasury Receipts	1,477	1,282	-13.2%
Total Revenues	13,516	17,965	32.9%

Source: MOF, DGF

Table 3: Tax Revenues

(LL billion)	Jan-Nov 2020	Jan-Nov 2021	% Change 2021/2020
Tax Revenues:	9,369	13,497	44.1%
Taxes on Income, Profits, & Capital Gains, of which:	4,483	5,166	15.2%
Income Tax on Profits	660	1,801	172.7%
Income Tax on Wages and Salaries	686	890	29.9%
Income Tax on Capital Gains & Dividends	132	326	146.6%
Tax on Interest Income	2,980	2,119	-28.9%
Penalties on Income Tax	23	29	25.5%
Taxes on Property, of which:	1,203	1,661	38.1%
Built Property Tax	177	231	30.5%
Real Estate Registration Fees	923	1,129	22.3%
Domestic Taxes on Goods & Services, of which:	2,107	4,801	127.9%
Value Added Tax	1,625	4,288	163.9%
Other Taxes on Goods and Services, of which:	175	225	28.7%
Private Car Registration Fees	116	130	12.5%
Passenger Departure Tax	59	94	60.1%
Taxes on International Trade, of which:	1,164	1,401	20.3%
Customs	286	432	51.2%
Excises, of which:	878	968	10.3%
Gasoline Excise	698	557	-20.1%
Tobacco Excise	48	63	31.9%
Cars Excise	124	338	171.4%
Other Tax Revenues (namely fiscal stamp fees)	412	468	13.4%

Source: MOF, DGF

Table 4: Non-Tax Revenue

(LL billion)	Jan-Nov 2020	Jan-Nov 2021	% Change 2021/2020
Non-Tax Revenues	2,670	3,186	19.3%
Income from Public Institutions and Government Properties, of which:	1,745	2,183	25.0%
Income from Non-Financial Public Enterprises, of which:	1,524	2,121	39.2%
<i>Revenues from Casino Du Liban</i>	86	278	223.1%
<i>Revenues from Port of Beirut</i>	217	66	-69.4%
<i>Budget Surplus of National Lottery</i>	37	20	-44.1%
<i>Transfer from the Telecom Surplus</i>	1,184	1,755	48.2%
Transfer from Public Financial Institution (BDL)	60	0	-100.0%
Property Income (namely rent of Rafic Hariri International Airport)	157	51	-67.4%
Other Income from Public Institutions (interests)	5	11	112.7%
Administrative Fees & Charges, of which:	608	641	5.4%
Administrative Fees, of which:	498	551	10.7%
<i>Notary Fees</i>	44	45	3.5%
<i>Passport Fees/ General Security</i>	148	280	89.2%
<i>Vehicle Control Fees</i>	249	169	-32.2%
<i>Judicial Fees</i>	26	22	-14.9%
<i>Driving License Fees</i>	14	20	46.0%
Administrative Charges	17	24	38.6%
Sales (Official Gazette and License Number)	2	2	12.6%
Permit Fees (mostly work permit fees)	65	47	-28.7%
Other Administrative Fees & Charges	27	18	-32.5%
Penalties & Confiscations	21	20	-5.0%
Other Non-Tax Revenues (mostly retirement deductibles)	296	343	15.7%

Source: MOF, DGF

SECTION 2: EXPENDITURE OUTCOME

Table 5: Expenditure by Economic Classification

(LL billion)	Jan-Nov 2020	Jan-Nov 2021	% Change 2021/2020
1. Current Expenditures	15,035	14,324	-4.7%
1.a Personnel Cost, of which	8,947	9,106	1.8%
<i>Salaries, Wages and social benefits</i>	5,510	5,529	0.3%
<i>Retirement and End of Service Compensations, of which:</i>	3,009	3,184	5.8%
<i>Retirement</i>	2,612	2,879	10.2%
<i>End of Service</i>	397	305	-23.2%
<i>Transfers to Public Institutions to Cover Salaries</i>	427	393	-8.1%
1.b Interest Payments, of which: ⁽¹⁾	2,488	2,317	-6.9%
<i>Domestic Interest Payments</i>	2,258	2,258	0.0%
<i>Foreign Interest Payments</i>	230	59	-74.2%
1.d Foreign Debt Principal Repayment	176	178	1.4%
1.e Materials and Supplies, of which:	365	319	-12.5%
<i>Nutrition</i>	37	14	-63.7%
<i>Fuel Oil</i>	7	8	8.0%
<i>Medicaments</i>	258	259	0.4%
1.f External Services	138	112	-18.8%
1.g Various Transfers, of which:	2,288	1,624	-29.0%
<i>EDL ⁽²⁾</i>	1,222	795	-34.9%
<i>NSSF</i>	50	100	100.0%
<i>Higher Council of Relief</i>	325	176	-45.8%
<i>Contributions to non-public sectors</i>	232	128	-44.7%
<i>Transfers to Directorate General of Cereals and Beetroot ⁽³⁾</i>	0	0	-
1.h Other Current, of which:	554	622	12.3%
<i>Hospitals</i>	460	478	4.0%
<i>Others (judgments & reconciliations, mission costs, other)</i>	86	141	63.3%
1.i Other Financial expenses	0	0	-
1.j Interest subsidy	79	45	-42.5%
2. Capital Expenditures	401	198	-50.6%
2.a Acquisitions of Land, Buildings, for the Construction of Roads, Ports, Airports, and Water Networks	0	0	-
2.b Equipment	55	13	-76.8%
2.c Construction in Progress, of which:	204	139	-32.0%
<i>Displaced Fund</i>	0	0	-
<i>Council of the South</i>	30	22	-26.5%
<i>CDR</i>	79	95	20.3%
<i>Ministry of Public Work and Transport</i>	33	1	-98.0%
<i>Other of which:</i>	59	20	-65.6%
<i>Higher Council of Relief</i>	5	7	48.1%
2.d Maintenance	123	36	-70.7%
2.e Other Expenditures Related to Fixed Capital Assets	19	10	-45.8%
3. Budget Advances ⁽⁴⁾	260	292	12.2%
4. Customs Administration (exc. Salaries and Wages) ⁽⁵⁾	90	127	41.7%
5. Treasury Expenditures ⁽⁶⁾	1,769	1,439	-18.7%
Municipalities	592	961	62.3%
Guarantees	79	53	-32.8%
Deposits ⁽⁷⁾	141	83	-41.4%
Other, of which:	957	342	-64.3%
<i>VAT Refund</i>	145	91	-37.4%

6. Total Expenditures (Excluding CDR Foreign Financed)	17,554	16,379	-6.7%
---	---------------	---------------	--------------

Source: Statement of Account 36, Cashier Spending, Public Debt Department Figures, Fiscal Performance Gross Adjustment Figures

⁽¹⁾ For a detailed breakdown of interest payments, kindly refer to table 6.

⁽²⁾ For a detailed breakdown of transfers to EDL, kindly refer to table 7. EDL has been reclassified to various transfers from "other treasury expenditures", following the reclassification of the 2009 Budget Proposal and in line with the Fiscal Performance.

⁽³⁾ Transfers to Directorate General of Cereals and Beetroot include both administrative expenses and payments for wheat subsidy.

⁽⁴⁾ Budget Advances were previously classified under "other". Given their growth, and in line with the Ministry of Finance's efforts to ensure transparency, they will be published in a separate line. They will be regularized at a later stage, and it is only after their regularization that they can be classified according to their economic nature in the budget system.

⁽⁵⁾ Customs administrations include payments - excluding salaries and wages - made to customs and paid from customs cashiers. They can only be classified after Customs submit the supporting documents to the Directorate General of Finance.

⁽⁶⁾ Starting December 2011, the Treasury expenditures section in the monthly, quarterly and yearly reports and its corresponding figures differ from the eponym section appearing in the Fiscal performance reports published by the Ministry of Finance because of the reclassification affecting certain payments from guarantees and treasury advances accounts which are manually reclassified in their budgetary economic classification articles.

⁽⁷⁾ Deposit payments are payments made by the treasury to public administrations, institutions, municipalities, and funds, from revenues it has collected on their behalf.

Table 6: Details of Debt Service Transactions¹

(LL billion)	2020	2021	% Change
	Jan-Nov	Jan-Nov	2021/2020
Interest Payments	2,488	2,317	-6.9%
Local Currency Debt	2,258	2,258	0.0%
Foreign Currency Debt, of which:	230	59	-74.2%
Eurobond Coupon Interest*	157	0	-100.0%
Concessional Loans Interest Payments	72	59	-18.2%
Foreign Debt Principal Repayment	176	178	1.4%

Source: MOF, DGF

⁽¹⁾ Please note that the classification of debt service expenditures is now broken into two separate categories as follows: Interest Payments (as per GFS classification) and repayment of principal on concessional loans earmarked for project financing.

* Includes general expenses related to the transaction

Table 7: Transfers to EDL

(LL billion)	Jan-Nov	Jan-Nov	% Change
	2020	2021	2021/2020
EDL of which:	1,222	795	-34.9%
Debt Service	2.7	2.5	-8.6%
Reimbursement for purchase of Natural Gas, Fuel & Gas Oil	1,219	427	-35.0%

Source: MOF, DGF

SECTION 3: PUBLIC DEBT

Table 8: Public Debt Outstanding by Holder as of End-November 2021

(LL billion)	Dec-19	Dec-20	Nov-21	% Change Nov 21 / Dec 20
Gross Public Debt	138,150	144,108	151,348	5.0%
Local Currency Debt	87,279	89,762	93,596	4.3%
* <i>Accrued Interest Included in Debt</i>	1,294	1,338	1,589	18.8%
a. Central Bank	50,717	55,079	57,726	4.8%
b. Commercial Banks (Including REPOs)	25,316	23,157	22,308	-3.7%
c. Other Local Currency Debt (T-bills), of which:	11,246	11,526	13,562	17.7%
<i>Public Entities</i>	9,968	10,393	12,537	20.6%
<i>Contractor bonds⁽¹⁾</i>	120	120	120	0.0%
Foreign Currency Debt⁽²⁾	50,871	54,346	57,752	6.3%
a. Bilateral, Multilateral and Foreign Private Sector Loans	2,850	2,991	2,982	-0.3%
b. Paris III Related Debt (Eurobonds and Loans) ⁽³⁾	242	151	46	-69.5%
c. Market-Issued Eurobonds, of which:	47,206	47,206	47,206	0.0%
<i>Arrears in Principal</i>	0	3,769	6,923	83.7%
d. Accrued Interest on Eurobonds	570	587	465	-20.8%
e. Arrears in Coupons	0	3,142	6,084	93.6%
f. Accrued interest in Arrears	0	269	969	260.2%
g. Special T-bills in Foreign Currency ⁽⁴⁾	3	0	0	-
Public Sector Deposits	15,677	15,133	19,243	27.2%
Net Debt	122,473	128,975	132,105	2.4%
Gross Market Debt⁽⁵⁾	74,441	75,553	78,108	3.4%
% of Total Debt	54%	52%	52%	-

Source: MOF, DGF

⁽¹⁾ Contractor bonds issued in LBP. Contractor bonds issued in USD are listed under "Special T-bills in foreign currency".

⁽²⁾ Figures for Dec 19- Dec 20 may differ from previously published data due to updated information regarding bilateral and multilateral loans in the DMFAS system.

⁽³⁾ Eurobonds Issued to Malaysia as part of its Paris III contribution, IBRD loan, UAE loan, first and second tranches of the French loan received in February 2008 and October 2012 respectively.

⁽⁴⁾ Special TBs in foreign currency (expropriation and contractor bonds).

⁽⁵⁾ Gross market debt equals gross debt less the portfolios of the BDL, NSSF, bilateral and multilateral loans and Paris III related debt.

