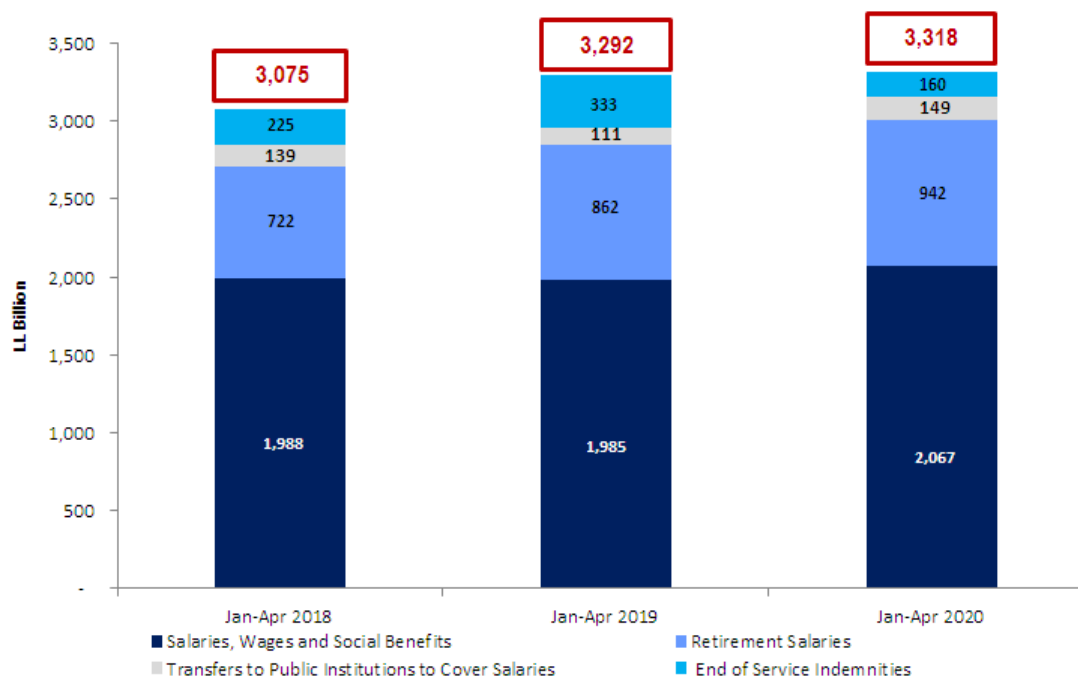


I. Personnel Cost

I.A. General Overview

Personnel cost¹ increased by LL 27 billion (0.8 percent) year-on-year during Jan-Apr 2020 to reach LL 3,318 billion compared to LL 3,292 billion during the same period of 2019². The increase during Jan-Apr 2020 was due to higher (i) payments of salaries, wages and social benefits by LL 81 billion (4.1 percent), (ii) retirement salaries by LL 80 billion (9.2 percent), and (iii) transfers to public institutions to cover salaries by LL 38 billion (34.5 percent). However, the rise in personnel cost during the first four months of 2020 was mitigated by a sharp drop in end of service indemnities by around half of its amount (51.8 percent) compared to the same period a year earlier, reaching LL 160 billion.

Figure 1. Personnel Cost Breakdown by Component in Jan-Apr 2018, Jan-Apr 2019 and Jan-Apr 2020



Source: Ministry of Finance, Directorate General of Finance

I.B. Share of Personnel Cost from Expenditures

Personnel cost constituted the main bulk of current primary expenditures³, as it contributed to 64.8 percent in Jan-Apr 2018, rising up to 73.3 percent in Jan-Apr 2019 before dropping down to 67.7 percent in Jan-Apr 2020. The reason behind this decrease lies in a larger expenditure

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

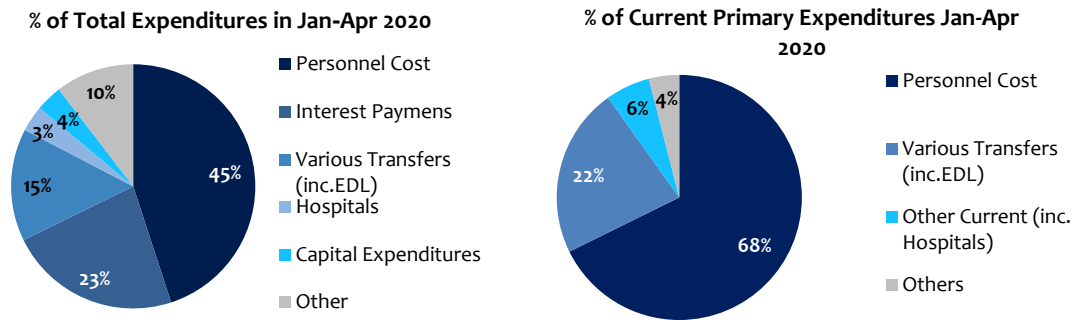
² The figures used are those published in the Public Finance Monthly Monitor report – Apr 2020.

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

base with a 9.1 percent year-on-year hike during Jan-Apr 2020, mainly driven by higher payments for hospitals and transfers by LL 194 billion and LL 176 billion, respectively. Personnel cost, as a percentage of total expenditures, was almost the same in Jan-Apr 2020 compared to the same period in 2019, representing 45 percent.

The following figures represent the composition of total expenditures and current primary expenditures in Jan-Apr 2020:

Figure 2. Composition of Total Expenditures and Current Primary Expenditures in Jan-Apr 2020



Source: Ministry of Finance, Directorate General of Finance

N.B.: Other expenditures mainly include payments to hospitals, judgments and reconciliation, mission costs, accounting adjustments and external services.

II. Salaries, Wages, and Related Benefits

Payments for salaries, wages and related benefits increased by LL 81 billion year-on-year to reach LL 2,067 billion in Jan-Apr 2020. Overall, this growth was mainly the result of a LL 101 billion increase in allowances paid for the military personnel, that was partly offset by the drop of (i) LL 54 billion in salaries and wages to the education personnel and (ii) LL 12 billion in salaries and wages paid to the military personnel.

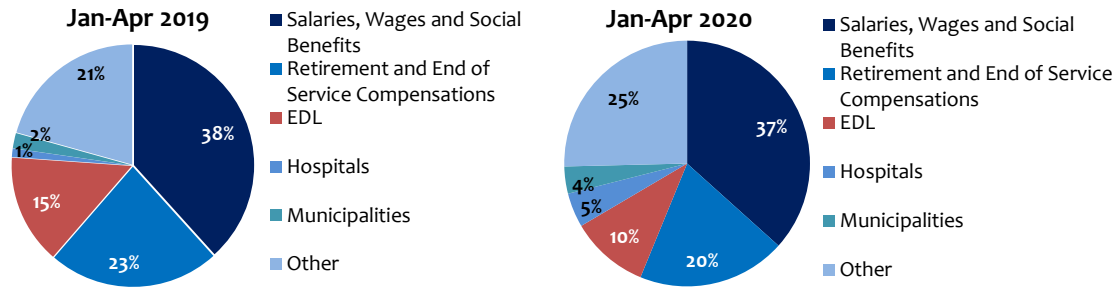
In terms of composition, "salaries and wages" constituted 71.6 percent of total payments for salaries, wages and related benefits to public sector employees in Jan-Apr 2020, followed by "allowances" (17.3 percent) and "employment benefits" (3.7 percent), while "other payments" and "unclassified allowances" represented the remaining 7.5 percent of the total.

Furthermore, salaries, wages and related benefits increased as a share from total primary spending from 31.6 percent in Jan-Apr 2018 to 38.3 percent in Jan-Apr 2019, and dropped back to 36.6 percent in Jan-Apr 2020.

The following figures represent the primary spending breakdown by component during the period under review⁴.

⁴ The main reason behind the decrease in the share of salaries, wages and related benefits from primary expenditures compared to Jan-Apr 2019, is rooted in a significantly higher base level of total primary expenditures in Jan-Apr 2020, increasing by 8.8 percent year-on-year, driven mainly by higher transfers and payments for hospitals.

Figure 3. Primary Spending Breakdown by Component during Jan-Apr 2019 and Jan-Apr 2020



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-Apr 2019 and Jan-Apr 2020⁵

(LL billion)	Basic Salaries		Employment Benefits 4/		Allowances 5/		Other 6/		Total	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Military Personnel	1,007	996	36	35	255	356	5	2	1,304	1,389
Army	661	655	25	24	196	214	0	0	882	893
Internal Security Forces	252	253	9	9	49	120	4	2	314	384
General Security Forces	73	65	2	1	6	17	1	0	81	83
State Security Forces	22	23	1	1	4	5	0	0	26	29
Education Personnel	368	314	23	25	0	0	0	14	391	353
Civilian Personnel 1/	169	170	21	17	0	0	13	18	203	204
Government contribution to employees cooperative 2/							65	96	65	96
Customs Salaries 3/									23	24
Total	1,545	1,480	80	77	255	357	82	130	1,986	2,067

1/Includes salaries payments made to the Ministry of Public Health from the 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, which are provided to military personnel only.

6/Amounts given to non-military bodies and includes (i) payments of 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.

⁵ Figures slightly differ from the aggregated ones in the Public Finance Monitor due to rounding effect.

II.A. Salaries and Wages

Salaries and wages of public sector employees, excluding indemnities, allowances and other benefits, dropped by LL 65 billion (4.2 percent) to reach LL 1,480 billion in Jan-Apr 2020. This decline was primarily the result of a contraction in salary payments for the education and military personnel.

II.A.a. Salaries and Wages of Military Personnel

Salaries and wages to the military personnel decreased by LL 12 billion (1.1 percent) in Jan-Apr 2020 compared to the same period of 2019. This was mainly attributed to a drop in salary payments to the General Security Forces and the Army which fell by LL 8 billion and LL 6 billion respectively. In details, clothing indemnities allocated to the General Security Forces witnessed a year-on-year decline of LL 8 billion, while the basic salaries paid for the Army dropped by LL 5 billion compared to the same period last year.

II.A.b. Salaries and Wages of Education Personnel

Salaries and wages of the education personnel significantly decreased by LL 54 billion (14.6 percent) year-on-year and stood at LL 314 billion in Jan-Apr 2020. The drop was due to lower salary payments to contractuels at the Directorate General of Vocational Training by LL 48 billion⁶, coupled with an LL 8 billion drop for each of the permanent personnel and contractuels at the primary education along with a LL 5 billion decrease in the salaries of trainees at the secondary education. This was slightly offset by an LL 18 billion rise in payments for the permanent personnel at the secondary education.

II.A.c Salaries and Wages of Civilian Personnel

Salaries and wages to civilian personnel slightly increased by LL 0.4 billion (0.2 percent) year-on-year compared to the same period a year earlier, to reach LL 170 billion in Jan-Apr 2020. At the level of the ministries, the Ministry of Foreign Affairs and Emigrants (MoFA) represented the largest wage bill during the covered period, with a share of 18.3 percent of total salaries and wages paid to civilian personnel, followed by the Ministry of Justice (16.1 percent of the total) and the Ministry of Finance (12.0 percent of the total). (For further details, kindly refer to table 2)

Table 2. Civilian Salaries and Wages Breakdown by Ministry – Jan-Apr 2019 and Jan-Apr 2020

(LL million)	Jan-Apr 2019	Jan-Apr 2020	% from Total Civilian Personnel in 2020
Ministry of Foreign Affairs and Emigrants	29,581	30,984	18.3%
Ministry of Justice	27,175	27,252	16.1%
Ministry of Finance	20,229	20,309	12.0%
Presidency of the Council of Ministers	16,153	15,834	9.3%
Parliament	14,916	14,247	8.4%
Ministry of Public Works and Transportation	9,464	10,606	6.3%

⁶ In January 2019, an exceptional payment of LL 48 billion was made to contractuels at the DGVT covering 30 percent of their fees pertaining to the academic year 2017/2018 according to decisions # 221, 222, 243, 244 dated 21/12/2018.



Ministry of Agriculture	8,616	8,449	5.0%
Ministry of Public Health	8,258	7,570	4.5%
Ministry of Interior & Municipalities	5,852	5,889	3.5%
Ministry of National Defense	5,345	5,451	3.2%
Other	23,614	22,985	13.6%
Total	169,204	169,577	100%

Source: Ministry of Finance, Directorate General of Finance

II.B. Payment of Allowances

The cumulative payment of allowances to public sector employees increased significantly by LL 101 billion (39.6 percent) to reach LL 357 billion during Jan-Apr 2020. The hike was mainly due to a LL 71 billion rise in allowances paid to the Internal Security Forces reaching LL 120 billion, and a LL 18 billion increase in allowances disbursed to the Army reaching LL 214 billion by the end of the fourth month of 2020. Also, allowances disbursed to the General Security Forces increased by LL 11 billion during the covered period to reach LL 17 billion in Jan-Apr 2020.

In details, allowances paid to the Internal Security Forces witnessed a sharp hike of LL 71 billion mostly due to a LL 55 billion rise in hospital expenses, followed by an increase in treatment costs in medical centers and sickness and maternity expenses by LL 6 billion each.

In addition, allowances paid to the Army increased by LL 18 billion, mainly as a result of a rise of LL 13 billion in hospital expenses along with a LL 4 billion increase in sickness and maternity expenses.

Lastly, allowances paid to the General Security Forces rose by LL 11 billion in Jan-Apr 2020 relative to the same period 2019, given a LL 9 billion rise in hospital expenses.

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

Payments to government subscription and contributions to the Employees Cooperative reached LL 96 in Jan-Apr 2020 compared to LL 65 billion a year earlier.



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