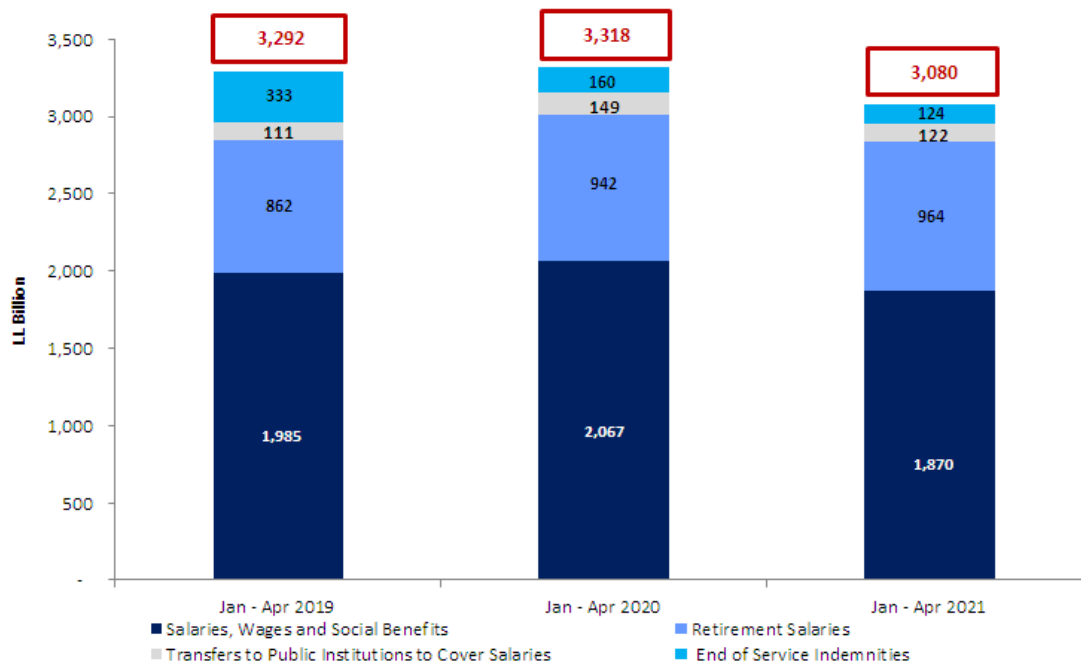


## I. Personnel Cost

### I.A. General Overview

Personnel cost<sup>1</sup> decreased by LL 238 billion (7.2 percent) year-on-year during Jan-Apr 2021 to reach LL 3,080 billion compared to LL 3,318 billion during the same period of 2020<sup>2</sup>. This was mainly due to the large year-on-year drop in the salaries, wages and social benefits by LL 196 billion (9.5 percent). In addition, end of service indemnities witnessed a decline by LL 37 billion (22.9 percent) reaching LL 124 billion during the first four months of 2021, along with a less pronounced decrease of LL 27 billion (18.3 percent) in the transfers to public institutions to cover salaries. In contrast, payments related to retirement compensations were the only component to register a year-on-year rise of LL 22 billion (2.4 percent).

**Figure 1. Personnel Cost Breakdown by Component in Jan-Apr 2019, Jan-Apr 2020 and Jan-Apr 2021**



Source: Ministry of Finance, Directorate General of Finance

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

Personnel cost constituted the main bulk of the current primary expenditures<sup>3</sup> as it contributed to 73.3 percent in Jan-Apr 2019, remarkably shrinking to 67.7 percent in Jan-Apr 2020<sup>4</sup>, before hiking up again to 71.7 percent in Jan-Apr 2021<sup>5</sup>. Compared to total expenditures,

<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 Monitor report – April 2021.

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

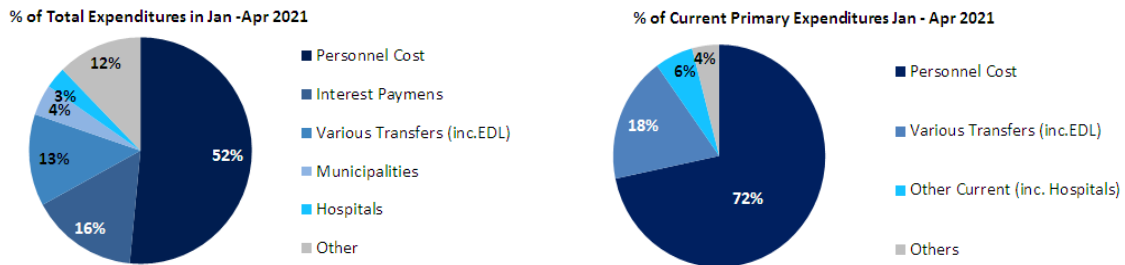
<sup>4</sup> Due to a much faster increase in the expenditure base, with current primary expenditures hiking up by 9.1 percent compared to a rise of only 0.8 percent in the personnel cost during Jan-Apr 2020.

<sup>5</sup> This significant rise was due to a faster decline in the current primary expenditures by 12.4 percent (LL 607 billion) compared to a y-o-y decrease of 7.2 percent (LL 238 billion) in the personnel cost during Jan-Apr 2021.

personnel cost averaged 45.1 percent of total expenditures during Jan-Apr 2019 and 45.0 percent in Jan-Apr 2020, rising upward to 51.5 percent in 2021. The main reason behind the significant change in the personnel cost as a share of total expenditures in 2021 lies in substantial changes in the expenditure base registering a considerable year-on-year drop of 19.0 percent during Jan-Apr 2021 compared to Jan-Apr 2020.

The following figures represent the composition of total expenditures and current primary expenditures during Jan-Apr 2021:

**Figure 2. Composition of Total Expenditures and Current Primary Expenditures in Jan-Apr 2021**



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 decreased significantly by LL 195 billion year-on-year to reach LL 1,872 billion in Jan-Apr 2021. Overall, this was mainly due to a significant decline in total “allowances” by LL 131 billion (36.8 percent), as those paid to the army and the internal security forces decreased by LL 105 billion and 32 billion respectively. In addition, “employment benefits” dropped by LL 17 billion, resulting from a decrease in payments for the education and civilian personnel by LL 14 billion and LL 6 billion respectively. Payments covering “salaries & wages” slightly dropped by LL 3 billion (0.2 percent), with the declines in payments for the education (LL 24 billion) and the civilian personnel (LL 4 billion) were mostly offset by a LL 25 billion rise in those paid to the military personnel.

In terms of composition, “salaries and wages” constituted 78.9 percent<sup>6</sup> of total payments for salaries, wages and related benefits to public sector employees in Jan-Apr 2021, followed by “allowances” (12.0 percent)<sup>7</sup> and “employment benefits” (3.2 percent), while “other payments” and “unclassified allowances” represented the remaining 5.9 percent of the total.

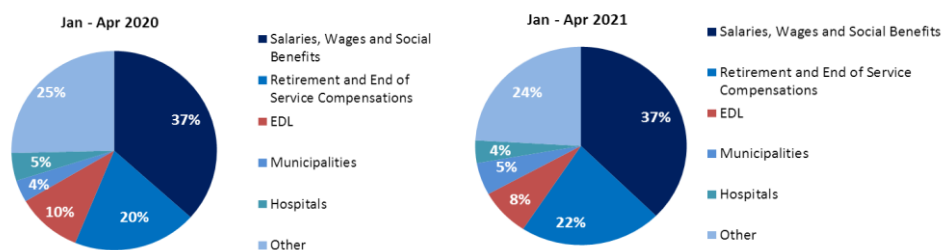
Furthermore, salaries, wages and related benefits increased as a share from total primary spending from 36.6 percent in Jan-Apr 2020 to 37.4 percent in Jan-Apr 2021.

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

<sup>6</sup> Up from 71.6 percent during Jan-Apr 2020.

<sup>7</sup> Compared to a share of 17.3 percent in Jan-Apr 2020.

**Figure 3. Primary Spending Breakdown by Component during Jan-Apr 2020 and Jan-Apr 2021**



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 2020 and Jan-Apr 2021**

(LL billion)	Basic Salaries		Employment Benefits 4/		Allowances 5/		Other 6/		Total	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
<b>Military Personnel</b>	<b>996</b>	<b>1,021</b>	<b>35</b>	<b>38</b>	<b>356</b>	<b>224</b>	<b>2</b>	<b>2</b>	<b>1,389</b>	<b>1,285</b>
Army	655	654	24	26	214	110	0	0	893	790
Internal Security Forces	253	272	9	9	120	88	2	2	384	371
General Security Forces	65	72	1	2	17	22	0	0	83	96
State Security Forces	23	23	1	1	5	5	0	0	29	28
<b>Education Personnel</b>	<b>314</b>	<b>291</b>	<b>25</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>353</b>	<b>301</b>
<b>Civilian Personnel 1/</b>	<b>170</b>	<b>166</b>	<b>17</b>	<b>11</b>	<b>0</b>	<b>1</b>	<b>18</b>	<b>11</b>	<b>204</b>	<b>189</b>
<b>Government contribution to employees cooperative 2/</b>							<b>96</b>	<b>76</b>	<b>96</b>	<b>76</b>
<b>Customs Salaries 3/</b>									<b>24</b>	<b>20</b>
<b>Total</b>	<b>1,480</b>	<b>1,477</b>	<b>77</b>	<b>60</b>	<b>357</b>	<b>225</b>	<b>130</b>	<b>90</b>	<b>2,067</b>	<b>1,872</b>

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.

## II.A. Salaries and Wages

Salaries and wages of public sector employees, excluding indemnities, allowances and other benefits, slightly decreased by LL 3 billion (0.2 percent) to reach LL 1,477 billion in Jan-Apr 2021. This decline came as a result of the contraction in salary payments for both the education and civilian personnel by LL 24 billion and LL 4 billion, respectively. These drops were mostly counterbalanced by an increase in the salary payments for military personnel by LL 25 billion during the period under consideration.

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

Salaries and wages of the military personnel increased by LL 25 billion (2.5 percent) in Jan-Apr 2021 compared to the same period of 2020. In details, salary payments to the Internal Security Forces increased by LL 19 billion (7.5 percent), as payments related to clothing hiked up by LL 21 billion over the covered period. Also, salary payments paid to the General Security Forces witnessed a year-on-year increase of LL 7 billion (10.4 percent), following a LL 6 billion rise in payments for clothing. As for the salary payments to the Army, they slightly dropped by LL 1 billion (0.1 percent), as the LL 4 billion drop in payments covering missions and trainings abroad almost offset by a similar increase in basic salaries paid during Jan-Apr 2021.

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

Salaries and wages of the education personnel decreased by LL 24 billion (7.5 percent) year-on-year and stood at LL 291 billion in Jan-Apr 2021. The drop was mainly due to lower salary payments to both permanent personnel and contractuels at the primary education by LL 14 billion and LL 9 billion respectively. It is worth mentioning that the only category that witnessed a noticeable year-on-year increase in its salary payments was the permanent personnel at the secondary education with a LL 2 billion rise in Jan-Apr 2021.

### **II.A.c. Salaries and Wages of Civilian Personnel**

Salaries and wages to the civilian personnel decreased by LL 4 billion (2.3 percent) year-on-year, to reach LL 166 billion in Jan-Apr 2021. 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 16.6 percent from total salaries and wages paid to the civilian personnel, followed by the Ministry of Justice (16.3 percent from total) and the Ministry of Finance (12.4 percent from total). (For further details, kindly refer to table 2)

In details, employees at the Ministry of Foreign Affairs and Emigrants witnessed a large drop in salary expenditures by LL 3.4 billion (11.1 percent), as payments covering basic salaries paid for diplomats significantly decreased by LL 3.8 billion during Jan-Apr 2021.

**Table 2. Civilian Salaries and Wages Breakdown by Ministry – Jan-Apr 2020 and Jan-Apr 2021**

(LL million)	Jan-Apr 2020	Jan-Apr 2021	% from Total Civilian Personnel in Jan- Apr 2021
Ministry of Foreign Affairs and Emigrants	30,984	27,552	16.6%
Ministry of Justice	27,252	27,047	16.3%
Ministry of Finance	20,309	20,508	12.4%
Presidency of the Council of Ministers	15,834	15,821	9.5%
Parliament	14,247	13,623	8.2%
Ministry of Public Works and Transportation	10,606	10,677	6.4%
Ministry of Public Health	7,570	8,780	5.3%
Ministry of Agriculture	8,449	8,525	5.1%
Ministry of Interior & Municipalities	5,889	5,922	3.6%
Ministry of National Defense	5,451	5,414	3.3%
Other	22,985	21,859	13.2%
<b>Total</b>	<b>169,577</b>	<b>165,726</b>	<b>100%</b>

Source: Ministry of Finance, Directorate General of Finance

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

The cumulative payment of allowances to public sector employees decreased significantly by LL 131 billion (36.8 percent) to reach LL 225 billion in billion in the first four months of 2021. This drop was mainly due to a LL 105 billion drop in allowances paid to the Army to reach LL 110 billion and a LL 32 billion decrease in allowances disbursed to the Internal Security Forces reaching LL 88 billion in Jan-Apr 2021. These decreases were slightly offset by a rise in the allowances disbursed to the General Security Forces by LL 5 billion to reach a total of LL 22 billion in Jan-Apr 2021.

In details, allowances paid to the Army witnessed a sharp drop of LL 105 billion (48.9 percent) as hospital expenses drastically decreased year-on-year by LL 125 billion (64.9 percent), despite a LL 21 billion rise in school allowances.

In addition, allowances paid to the Internal Security Forces dropped by LL 32 billion (26.7 percent), with hospital expenses and payments covering treatments in different medical centers decreasing by LL 27 billion and LL 4 billion respectively over the covered period.

Lastly, allowances paid to the General Security Forces increased by LL 5 billion (29.0 percent) in Jan-Apr 2021 compared to Jan-Apr 2020, with an increase in payments covering treatments in different medical centers and sickness and maternity expenses increasing by LL 3 billion each.

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

Payments covering the government subscription and contributions to the Employees Cooperative decreased by LL 20 billion to reach LL 76 billion in Jan-Apr 2021 compared to LL 96 billion registered a year earlier.



REPUBLIC OF LEBANON  
MINISTRY OF FINANCE



REPUBLIC OF LEBANON  
MINISTRY OF FINANCE

For further information, please contact:

Ministry of Finance

Macroeconomic Analysis and Studies Department

Tel: 961 1 956 000 Ext: 1731-1757

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