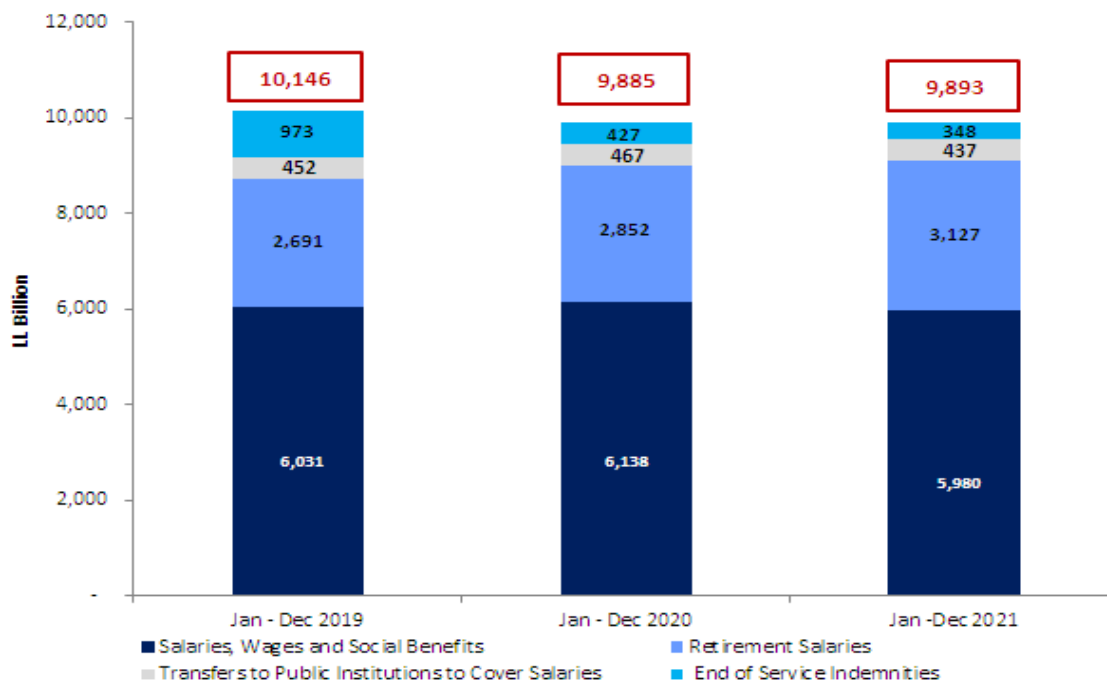


## I. Personnel Cost

### I.A. General Overview

Personnel cost<sup>1</sup> increased slightly by LL 9 billion (0.1 percent) year-on-year during Jan-Dec 2021 to reach LL 9,893 billion compared to LL 9,885 billion during the same period of 2020<sup>2</sup>. This rise was due to a considerable year-on-year increase in the payments related to retirement compensations by LL 275 billion (9.6 percent). In contrast, the other components witnessed a year-on-year drop, with salaries, wages and social benefits shrinking by LL 157 billion (2.6 percent), end of service indemnities declining by LL 79 billion (18.6 percent) and transfers to Public Institutions to cover salaries decreasing by LL 30 billion (6.4 percent).

**Figure 1. Personnel Cost Breakdown by Component in Jan-Dec 2019, Jan-Dec 2020 and Jan-Dec 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 71.6 percent in Jan-Dec 2019, rising up to 72.1 percent in Jan-Dec 2020, and hiking up to 77.2 percent during Jan-Dec 2021<sup>4</sup>. Compared to total expenditures, personnel cost averaged 39.8 percent of total expenditures during Jan-Dec 2019, rising to 50.9 percent during Jan-Dec 2020, before hiking up to reach 54.8 percent during Jan-Dec 2021. The main reason

<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 – December 2021.

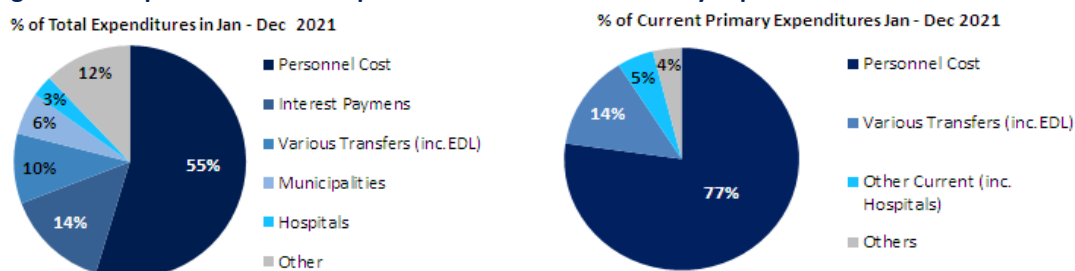
<sup>3</sup> Current primary expenditures represent current expenditures excluding “Interest Payments” and “Foreign Debt Principal Repayment”.

<sup>4</sup> This rise was due to a slight increase in the personnel cost during Jan-Dec 2021 by 0.1 percent compared to a 6.6 percent y-o-y drop in the current primary expenditures.

behind the changes in the personnel cost as a share of total expenditures in 2020 and 2021 lies in substantial changes in the expenditure base registering considerable year-on-year drops of 23.8 percent and 7.0 percent during Jan-Dec 2020 and Jan-Dec 2021 respectively.

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

**Figure 2. Composition of Total Expenditures and Current Primary Expenditures in Jan-Dec 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 by LL 157 billion year-on-year to reach LL 5,980 billion in Jan-Dec 2021.

Overall, this was mainly due to a drop in total payments covering “salaries and wages” by LL 18 billion (0.4 percent), as those paid to the education and civilian personnel dropped by LL 18 billion (1.7 percent) and LL 15 billion (3.1 percent) respectively. This drop was offset by a rise in the amounts paid to the Internal Security Forces and the Army by LL 12 billion (1.5 percent) and LL 7 billion (1.5 percent) respectively.

In addition, “allowances” dropped considerably by LL 108 billion (12.6 percent), resulting from a decrease in payments to the military personnel by LL 206 billion (24.2 percent), against a LL 58 billion and LL 40 billion respective increases in payments to the education and civilian personnel.

In terms of composition, “salaries and wages” constituted 76.7 percent<sup>5</sup> of total payments for salaries, wages and related benefits to public sector employees in Jan-Dec 2021, followed by “allowances” (12.5 percent)<sup>6</sup> and “employment benefits” (3.4 percent), while “other payments” and “unclassified allowances” represented the remaining 7.5 percent of the total.

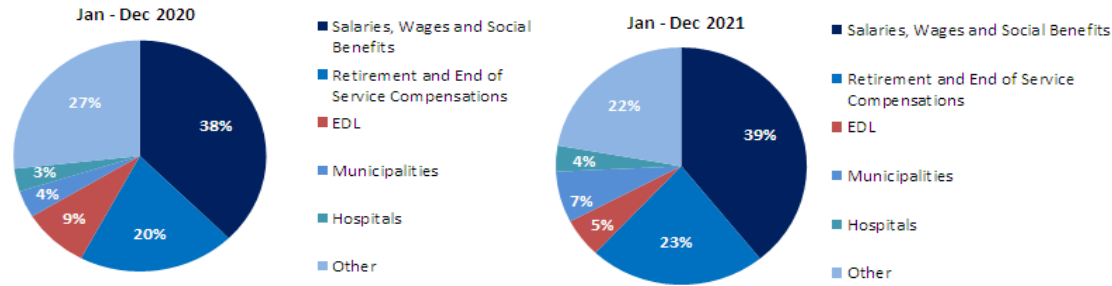
Furthermore, salaries, wages and related benefits increased as a share from total primary spending from 37.6 percent in Jan-Dec 2020 to 39.2 percent in Jan-Dec 2021.

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

<sup>5</sup> Up from 75.0 percent during Jan-Dec 2020.

<sup>6</sup> Compared to a share of 13.9 percent in Jan-Dec 2020.

**Figure 3. Primary Spending Breakdown by Component during Jan-Dec 2020 and Jan-Dec 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-Dec 2020 and Jan-Dec 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>3,045</b>	<b>3,061</b>	<b>102</b>	<b>109</b>	<b>850</b>	<b>644</b>	<b>3</b>	<b>2</b>	<b>3,999</b>	<b>3,816</b>
Army	1,991	1,999	66	71	566	361	1	0	2,624	2,431
Internal Security Forces	777	789	26	26	228	214	2	2	1,033	1,032
General Security Forces	207	205	4	6	39	51	0	0	251	262
State Security Forces	70	69	6	6	16	17	0	0	91	92
<b>Education Personnel</b>	<b>1,054</b>	<b>1,037</b>	<b>42</b>	<b>53</b>	<b>0</b>	<b>58</b>	<b>38</b>	<b>24</b>	<b>1,134</b>	<b>1,172</b>
<b>Civilian Personnel 1/</b>	<b>504</b>	<b>488</b>	<b>47</b>	<b>42</b>	<b>3</b>	<b>42</b>	<b>46</b>	<b>40</b>	<b>599</b>	<b>612</b>
<b>Government contribution to employees cooperative 2/</b>							<b>344</b>	<b>315</b>	<b>344</b>	<b>315</b>
<b>Customs Salaries 3/</b>									<b>56</b>	<b>60</b>
<b>Unclassified</b>									<b>6</b>	<b>6</b>
<b>Total</b>	<b>4,603</b>	<b>4,585</b>	<b>190</b>	<b>204</b>	<b>852</b>	<b>745</b>	<b>430</b>	<b>381</b>	<b>6,138</b>	<b>5,980</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, decreased slightly by LL 18 billion (0.4 percent) year-on-year to reach LL 4,585 billion

in Jan-Dec 2021. This was driven by the LL 18 billion (1.7 percent) and 15 billion (3.1 percent) decreases in salary payments for the education personnel and the civilian personnel respectively, mostly counterbalanced by an increase in payment to the military personnel.

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

Salaries and wages to the military personnel increased by LL 15 billion (0.5 percent) in Jan-Dec 2021 compared to the same period of 2020. In details, salaries and wages paid to the Internal Security Forces increased by LL 12 billion (1.5 percent), driven by the LL 13 billion hike in basic salaries paid in Jan-Dec 2021. In addition, salary payments to the Army witnessed a year-on-year increase of LL 7 billion (0.4 percent), following a rise of LL 9 billion in basic salaries paid over the covered period. As for the salary payments to the General Security Forces and the State Security Forces, they decreased by LL 3 billion (1.4 percent) and LL 1 billion (1.6 percent) respectively.

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

Salaries and wages of the education personnel decreased by LL 18 billion (1.7 percent) year-on-year and stood at LL 1,037 billion in Jan-Dec 2021. The main driver for this drop was the considerable decrease of LL 39 billion witnessed in the salary payments to the permanent personnel at the primary education, partly counterbalanced by higher payments to contractuels at the Directorate General of Vocational and Technical education by LL 28 billion.

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

Salaries and wages to the civilian personnel decreased by LL 15 billion (3.1 percent) year-on-year, to reach LL 488 billion in Jan-Dec 2021. At the level of the ministries, the Ministry of Justice 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 Foreign Affairs and Emigrants (MoFA) (16.4 percent from total) and the Ministry of Finance (12.5 percent from total). (For further details, kindly refer to table 2)

In details, the Ministry of Justice witnessed a slight year-on-year drop in salary expenditures by LL 0.6 billion (0.8 percent), while the Ministry of Foreign Affairs and Emigrants witnessed a year-on-year drop in salary expenditures by LL 8.8 billion (9.9 percent), as payments covering overseas missions dropped by LL 4.3 billion and those related to salaries of diplomats and permanent personnel declined by LL 4.1 billion.

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

(LL million)	Jan-Dec	Jan-Dec	% from Total Civilian Personnel in Jan-Dec 2021
	2020	2021	
Ministry of Justice	81,657	81,044	16.6%
Ministry of Foreign Affairs and Emigrants	88,945	80,104	16.4%
Ministry of Finance	61,126	61,029	12.5%
Presidency of the Council of Ministers	47,895	47,062	9.6%
Parliament	42,448	40,370	8.3%
Ministry of Public Works and Transportation	29,109	28,797	5.9%
Ministry of Agriculture	25,507	25,613	5.2%
Ministry of Public Health	23,997	23,678	4.9%
Ministry of Interior & Municipalities	17,626	17,633	3.6%

Ministry of National Defense	16,620	16,583	3.4%
Other	68,629	66,179	13.6%
<b>Total</b>	<b>503,558</b>	<b>488,093</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 by LL 108 billion (12.6 percent) to reach LL 745 billion in Jan-Dec 2021. This drop was mainly due to a LL 205 billion drop in allowances paid to the Army to reach LL 361 billion and also a LL 13 billion decrease in allowances disbursed to the Internal Security Forces from 228 in Jan-Dec 2020. These drops were partly counterbalanced by respective increases of LL 58 billion and LL 40 billion in allowances paid to the education personnel and the civilian personnel<sup>7</sup>.

In details, allowances paid to the Army witnessed a sharp drop of LL 205 billion (36.3 percent) as hospital expenses drastically decreased year-on-year by LL 299 billion (81.5 percent), sickness and maternity expenses dropped by LL 4 billion (7.9 percent) and school allowances by LL 4 billion (3.4 percent). In contrast, social aid allowance paid to the Army reached LL 101 billion over the covered period.

In addition, allowances paid to the Internal Security Forces dropped by LL 13 billion (5.8 percent), with respective declines of LL 44 billion (35.9 percent), LL 7 billion (33.0 percent) and LL 5 billion (30.5 percent) in hospital expenses, payments covering sickness and maternity expenses and also treatments in different medical centers, over the covered period. These declines were partly counterbalanced by the hike due to the payment of the social allowance reaching a total of LL 41 billion.

As for the allowances paid to the General Security Forces, they increased by LL 12 billion (29.6 percent) in Jan-Dec 2021 compared to Jan-Dec 2020, mainly as payments covering the social aid allowance registered LL 11 billion during Jan-Dec 2021, along with respective increases in payments covering treatments in different medical centers and school allowances by LL 3 billion and LL 1 billion respectively compared to a decrease of LL 4 billion (30.4 percent) in hospital expenses.

Lastly, allowances paid for the State Security Forces increased slightly by LL 1 billion (7.8 percent) over the covered period, as social aid allowance reached LL 4 billion against a LL 3 billion drop in hospital expenses.

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

Payments covering the government subscription and contributions to the Employees Cooperative decreased by LL 29 billion to reach LL 315 billion in Jan-Dec 2021 compared to a total of LL 344 billion registered a year earlier.

<sup>7</sup> These increases were mostly due to the payment of a social assistance to all the public administration employees regardless of their job titles and retirees benefiting from a pension as per decree #8118 dated August 25, 2021



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