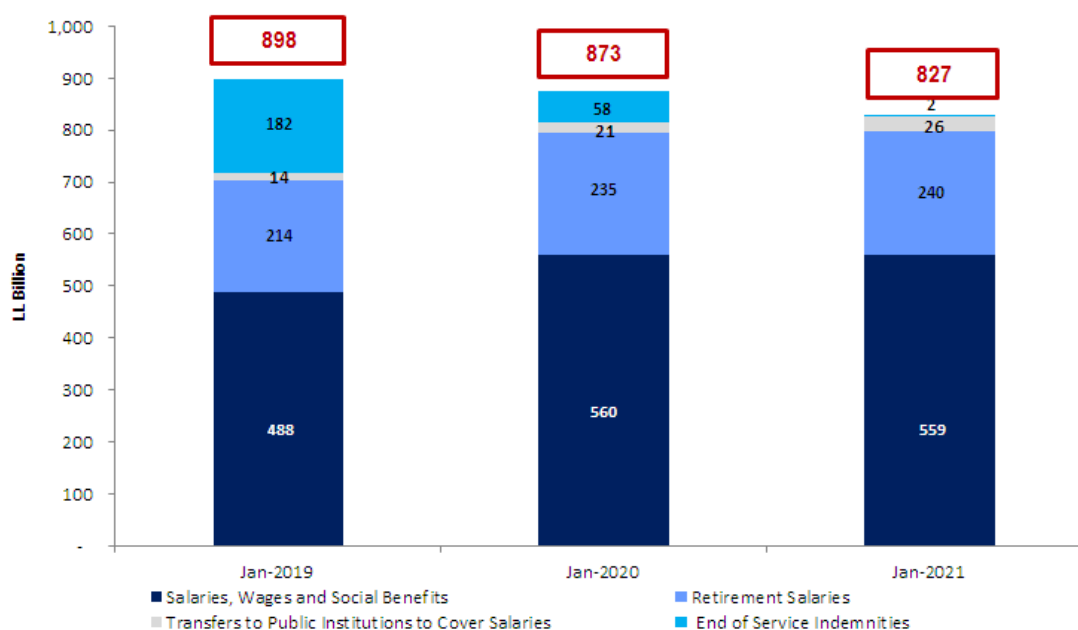


## I. Personnel Cost

### I.A. General Overview

Personnel cost<sup>1</sup> decreased by LL 46 billion (5.3 percent) year-on-year during January 2021 to reach LL 827 billion compared to LL 873 billion during the same month of 2020<sup>2</sup>. This was due to the large drop witnessed in the end of service indemnities by LL 56 billion (95.9 percent) reaching LL 2 billion during January 2021. This decrease was slightly counterbalanced by a year-on-year increase in the payments related to: (i) transfers to public institutions to cover salaries by LL 6 billion (27.5 percent) and (ii) retirement compensations by LL 5 billion (2.1 percent).

Figure 1. Personnel Cost Breakdown by Component in Jan 2019, Jan 2020 and Jan 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 expenditure<sup>3</sup> as it contributed to 78.9 percent in Jan 2019, remarkably shrinking to 50.1 percent in Jan 2020<sup>4</sup>, before hiking up again to 68.1 percent in Jan 2021<sup>5</sup>. Compared to total expenditures, personnel cost represented

<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 – January 2021.

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

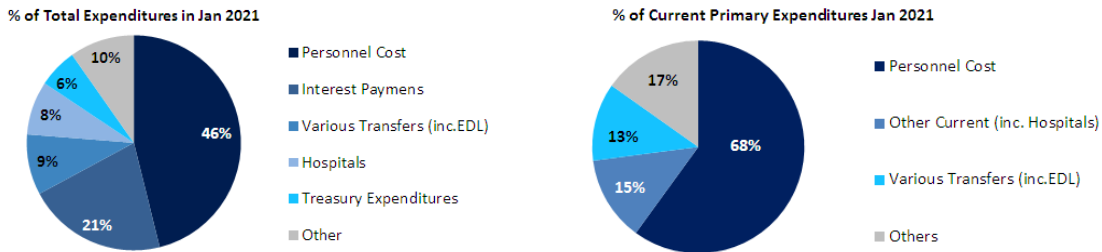
<sup>4</sup> This large share decrease was due to the double effect of a 2.8 percent y-o-y drop in personnel cost in January 2020, and a large increase in current primary expenditures by 53.1 percent, mainly as “Various transfers” increased by LL 524 billion, of which a LL 187 billion hike in the “transfers to EDL” in January 2020 compared to January 2019.

<sup>5</sup> This significant rise was due to the much faster decline in the current primary expenditures by 30.3 percent compared to a 5.3 percent y-o-y decrease in the personnel cost during January 2021. This in turn was mainly the result of the LL 501 billion drop witnessed in “Various transfers”, among which a LL 243 billion decline in “transfers to EDL”.

49.0 percent of total expenditures during January 2019, dropping to 34.2 percent of the total in January 2020, and then rising upward to 46.1 percent in 2021. The main reason behind the significant changes in the personnel cost as a share of total expenditures lies in substantial changes in the expenditure base registering a large year-on-year hike of 39.0 percent during January 2020, compared to a large drop of 29.6 percent during January 2021.

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

**Figure 2. Composition of Total Expenditures and Current Primary Expenditures in Jan 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 merely decreased by LL 2 billion year-on-year to reach LL 559 billion in January 2021. Overall, this was the result of various drops in (i) "other payments" by LL 42 billion (86.9 percent) – of which a LL 30 billion drop in the Government subscription and contributions in the Government employees Coop - (ii) "employment benefits" by LL 9 billion (29.0 percent) and (iii) "salaries & wages" by LL 8 billion (2.3 percent). These drops were mostly offset by a LL 57 billion (53.9 percent) increase in "allowances".

In terms of composition, "salaries and wages" constituted 63.4 percent<sup>6</sup> of total payments for salaries, wages and related benefits to public sector employees in January 2021, followed by "allowances" (29.2 percent)<sup>7</sup> and "employment benefits" (4.1 percent), while "other payments" and "unclassified allowances" represented the remaining 3.3 percent of the total.

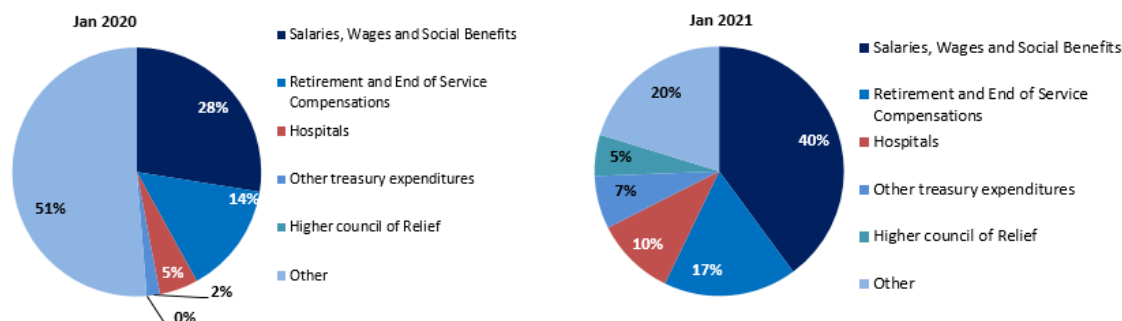
Furthermore, salaries, wages and related benefits increased as a share from total primary spending from 27.6 percent in January 2020 to 39.9 percent in January 2021.

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

<sup>6</sup> Down from 64.6 percent during January 2020.

<sup>7</sup> Compared to a share of 18.9 percent in January 2020.

**Figure 3. Primary Spending Breakdown by Component during Jan 2020 and Jan 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 2020 and Jan 2021<sup>8</sup>**

(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>249</b>	<b>249</b>	<b>10</b>	<b>14</b>	<b>106</b>	<b>163</b>	<b>2</b>	<b>2</b>	<b>367</b>	<b>428</b>
Army	163	162	7	10	17	96	0	0	187	268
Internal Security Forces	64	64	2	3	82	55	2	2	150	124
General Security Forces	16	17	0	1	5	11	0	0	22	29
State Security Forces	6	6	0	0	1	1	0	0	8	7
<b>Education Personnel</b>	<b>70</b>	<b>65</b>	<b>15</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>90</b>	<b>71</b>
<b>Civilian Personnel 1/</b>	<b>44</b>	<b>40</b>	<b>8</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>10</b>	<b>4</b>	<b>62</b>	<b>48</b>
<b>Government contribution to employees cooperative 2/</b>							<b>30</b>	<b>0</b>	<b>30</b>	<b>0</b>
<b>Customs Salaries 3/</b>									<b>12</b>	<b>12</b>
<b>Total</b>	<b>362</b>	<b>354</b>	<b>32</b>	<b>23</b>	<b>106</b>	<b>163</b>	<b>48</b>	<b>6</b>	<b>561</b>	<b>559</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 by LL 8 billion (2.3 percent) to reach LL 354 billion in January 2021. This

<sup>8</sup> Figures slightly differ from the aggregated ones in the Public Finance Monitor due to the rounding effect.

decline was primarily the result of a contraction in salary payments for the education and civilian personnel by LL 5 billion and LL 4 billion respectively.

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

Salaries and wages of the military personnel slightly increased by LL 0.5 billion (0.2 percent) in January 2021 compared to the same period of 2020. In details, salary payments to the General Security Forces increased by LL 0.6 billion (3.9 percent), in turn driven by a LL 0.2 billion year-on-year equal rise in each of basic salaries, nourishment and clothing. On the other side, salary payments for other military bodies witnessed slight year-on-year changes during January 2021, with a LL 0.1 billion decrease for each of the State Security Forces and the Army, while salary payments for the Internal Security Forces remained unchanged.

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

Salaries and wages of the education personnel decreased by LL 5 billion (6.5 percent) year-on-year and stood at LL 65 billion in January 2021. The drop was mainly due to lower salary payments to the permanent personnel at the primary education by LL 4 billion.

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

Salaries and wages to the civilian personnel decreased by LL 4 billion (9.7 percent) year-on-year, to reach LL 40 billion in January 2021. At the level of the ministries, the Ministry of Justice represented the largest wage bill during the covered period, with a share of 17.2 percent from total salaries and wages paid to the civilian personnel, followed by the Ministry of Foreign Affairs and Emigrants (MoFA) (13.3 percent from total) and the Ministry of Finance (12.9 percent from total). *(For further details, kindly refer to table 2)*

In details, employees at the Ministry of Foreign Affairs and Emigrants witnessed the largest drop in salary payments of LL 3.5 billion (39.8 percent) followed by the Ministry of Public Works and Transportation with LL 0.7 billion (25.1 percent).

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

(LL million)	Jan 2020	Jan 2021	% from Total Civilian Personnel in Jan- 2021
Ministry of Justice	6,858	6,810	17.2%
Ministry of Foreign Affairs and Emigrants	8,728	5,252	13.3%
Ministry of Finance	5,102	5,098	12.9%
Presidency of the Council of Ministers	4,038	3,989	10.1%
Parliament	3,503	3,134	7.9%
Ministry of Public Health	1,926	2,449	6.2%
Ministry of Agriculture	2,129	2,240	5.7%
Ministry of Public Works and Transportation	2,934	2,196	5.5%
Ministry of Interior & Municipalities	1,464	1,505	3.8%
Ministry of National Defense	1,409	1,308	3.3%
Other	5,755	5,614	14.2%
<b>Total</b>	<b>43,845</b>	<b>39,595</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 increased significantly by LL 57 billion (53.9 percent) to reach LL 163 billion in January 2021. This hike was mainly due to a LL 78 billion rise in allowances paid to the Army to reach LL 96 billion, and a LL 5 billion increase in allowances disbursed to the General Security Forces reaching LL 11 billion during January 2021. These increases were partly offset by a drop in the allowances disbursed to the Internal Security Forces by LL 27 billion to reach a total of LL 55 billion during January 2021.

In details, allowances paid to the Army witnessed a sharp hike of LL 78 billion (451.9 percent), mostly as hospital expenses and school allowances increased year-on-year by LL 63 billion and LL 21 billion, respectively.

In addition, allowances paid to the General Security Forces increased by LL 5 billion (97.2 percent), with sickness and maternity as well as hospital expenses rising by LL 2 billion each compared to January 2020.

Lastly, allowances paid to the Internal Security Forces dropped by LL 27 billion in January 2021 compared to January 2020, given a large decrease in hospital expenses by LL 22 billion.

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

Payments covering the government subscription and contributions to the Employees Cooperative were nil in January 2021 compared to LL 30 billion a year earlier.



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