



REPUBLIC OF LEBANON
MINISTRY OF FINANCE

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Citizen Budget

Lebanon 2018

Financial and Fiscal Awareness Series

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Distributed free of charge

Citizen Budget

**Lebanon
2018**



Citizen Budget 2018



This first edition of the “Citizen's Budget” for the year 2018 was published under the guidance of H.E. Minister of Finance, Mr. Ali Hassan Khalil.

It was prepared, by the Institut des Finances Basil Fuleihan in cooperation with the General Directorate of Finance - Directorate of Budget and Expenditure Control.

It is part of the financial and fiscal guides series, addressed to citizens, that aims to raise their awareness on their rights and obligations, to facilitate their administrative transactions and to promote transparency and fiscal citizenship.

Message from the Minister

As part of its commitment to facilitate communication with the citizen and build a relationship of trust, the Lebanese Ministry of Finance has pledged to enhance financial and budgetary transparency and to ensure citizens have a fair understanding of how the budget affects their lives, specifically in what concerns employment, education, health, housing and purchasing power.

The Budget is the official document that presents the government's action plan and its financial, economic and social policies for the coming year. For this year's exercise, the Ministry of Finance committed to issuing the "Citizens Budget", as part of its pledge to promote dialogue and citizens' engagement in key issues related to government's priorities and policies, public spending, and revenues. The "Citizen Budget" is a key document allowing civil society to be well informed, to participate to decision making and to hold the government accountable.

We call on everyone to contribute to the dissemination of this booklet, and hope to have this "Citizen Budget" become an annual exercise at the Ministry of Finance. We seize this opportunity to renew our commitment to enhancing transparency and achieving public service and good governance.

Lebanese Minister of Finance
Ali Hassan Khalil

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Selected technical terms

Public money

Money that belongs to all citizens and that has been collected by the state to fund its missions such as Defense, law enforcement, building infrastructures, providing social services and others.

Government budget

A legislative document (budget law) that summarizes the government's economic and social policies and its financial plan for the upcoming year.

Inflation

Inflation is the rate at which the general level of prices for goods and services is rising and, consequently, the purchasing power is falling.

Gross domestic product - GDP

GDP is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

Economic growth

Economic growth is an increase in the capacity of an economy to produce goods and services, compared from one period of time to another.

Real economic growth

The economic growth adjusted for inflation.

Public debt

Funds borrowed by the government to cover the fiscal deficit.

Fiscal deficit

A fiscal deficit occurs when a government's total expenditures exceed the revenue that it generates, excluding money from borrowings.

Total fiscal balance

The difference between the government's total expenditures and its revenues.

Primary balance

The difference between the government's total expenditures (excluding debt service) and its revenues.

Macroeconomics

Macroeconomics studies how the aggregate economy behaves. It examines a variety of phenomenon such as, inflation, price levels, rates of growth, gross domestic product and changes in unemployment...

Annexed budgets

The annexed budgets are designed to take into account the special conditions applying to some public agencies/utilities which are of a commercial character, enjoying financial independence but which have not been granted an autonomous status.

Treasury advances

Funds temporarily held outside the treasury and expected to be reimbursed from

1

The "Citizen Budget"

a

What is the "Citizen Budget"?

This booklet summarizes key information contained in the Lebanese government budget 2018 as approved by the Lebanese parliament. It presents the most important financial orientations of the government, in addition to the main reform measures.

Information is presented in a transparent and straightforward manner in order to raise awareness on the fiscal situation and enable citizens to compare and analyze public expenditures, deficit estimates and debt figures.

b

Why does the Ministry of Finance issue the "Citizen Budget"?

- To facilitate citizens' access to financial information;
- To promote citizens' engagement in the public debate concerning the way government is approaching vital issues with fundamental impact on their daily lives;
- To provide them with the tools that allow them to assess how far this budget meets their demands and expectations;
- To familiarize them with the government's most important financial and economic policies.



What does it include?

- Main objectives and underlying assumptions of the 2018 budget;
- Expected expenditures;
- Expected tax and non-tax revenues;
- Public debt figures;
- Projects and programs;
- Approved tax amendments;
- Selected reform measures.

The definition of the budget

Article 3 of the Public Accounting Law in Lebanon defines the budget as “a legislative instrument in which the national revenues and expenditures are estimated for the upcoming year, and by which the levy of taxes and spending is allowed”.

The definition indicates that the budget follows an administrative classification or the so-called “line item budget”.

The line item budget is based on the principle of allocating expenditures and revenues annually according to the government units at the State level, such as the Ministries, Administrations and Institutions (administrative classification) and according to the purposes of disbursement for goods, services and works required and implemented by the various units (functional classification).

The line item budget is presented in the form of a simple table showing the total revenues on one side and the total expenditures on the other side.

It is difficult, in the framework of a line item budget or an administrative classification, to enhance transparency and evaluate the performance of the administrative units pertaining to the implementation of programmes and projects, and subsequently to enable citizens to practice accountability measures.

How did the concept of budgeting evolve around the world?

- The outlook for State budgets had evolved since the beginning of the 20th century, especially concerning their economic and social role as a foresight, planning and accountability tool.
- This resulted into the change of the budget’s content and classification method (by functions / projects, missions, programmes and actions instead of items) and of the methods used in the preparation, implementation and control of the budget, by setting performance indicators, annual performance plans and annual performance reports.

3

Main orientations

a

What are the government main orientations in 2018 budget?

- Cost rationalization of public expenditures;
- 20% budget decrease for all public administrations and institutions excluding salaries and wages;
- Reducing the fiscal deficit and stabilizing public debt;
- Undertaking specific reform measures.

b

What are the economic assumptions underlying the budget?

	2018	2019	2020
Growth rate of real GDP (%)	2.13	2.91	3.10
Growth rate of nominal GDP (%)	3.43	3.91	4.60
Inflation rates (%)	1.69	1.72	2.02
Gross domestic product (LBP billions)	86 087	89 456	93 567
Gross domestic product (USD millions)	57 106	59 341	62 068
Total expenditures (% of GDP)	27.40	27.01	26.30
Budget revenues (% of GDP)	17.79	17.86	17.91
Fiscal Balance (% of GDP)	-8.36	-7.90	-7.14

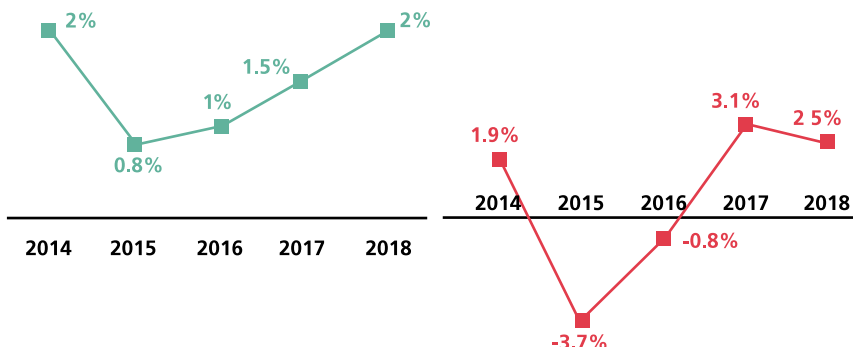
Macroeconomic assumption for 2018 budget

Source: Circular no 1420/s1 on 2018 budget preparation

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General overview

General overview of the economic outlook

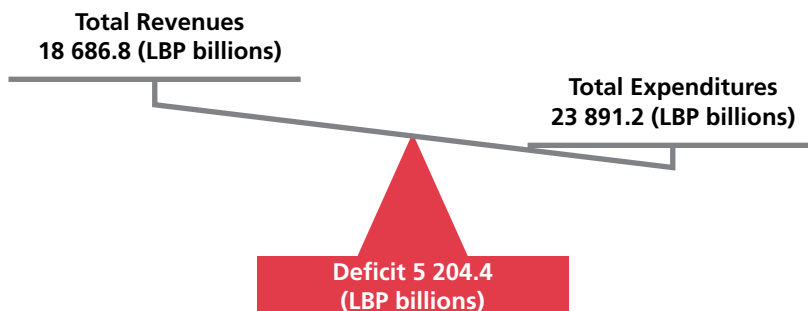


Real GDP growth between 2014 and 2018 (%)

Inflation rate, average consumer prices between 2014 and 2018 (%)

Remark: 2018 figures are estimations

Source: International Monetary Fund database - April 2018



Fiscal overview

Remark: The above mentioned deficit does not include appropriation to EDL. The article 13 of the budget law stipulates an allocation of 2 100 (LBP billions) of treasury advance. If included, the fiscal deficit will reach 7 304.4 (LBP billions)

Source: 2018 budget law

5

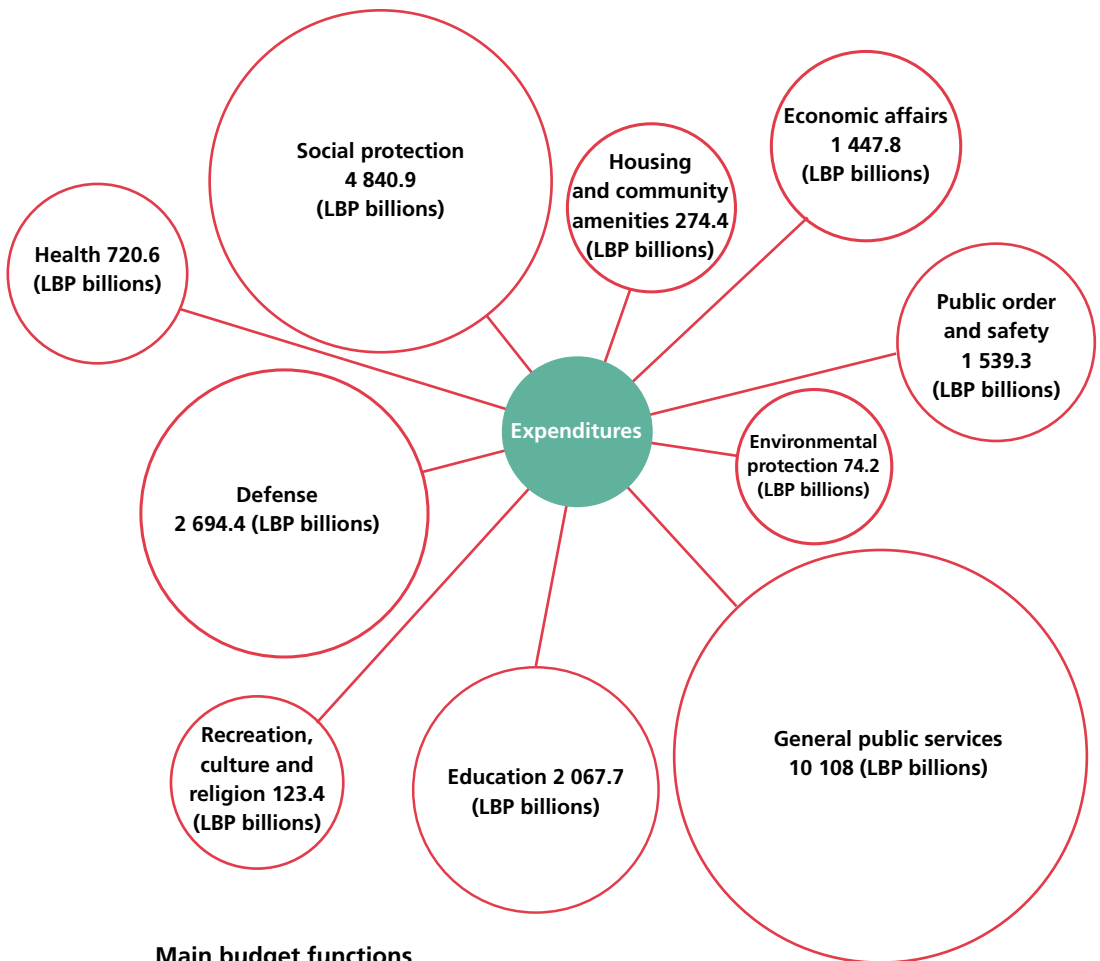
Expenditures

a

Expenditures by functional classification

23 891 (LBP billions)

is the amount of the total 2018 budget expenditures excluding the annexed budgets and treasury advances



Main budget functions

| Source: 2018 budget law

Expenditures

Of which:

Defense	2 694.4 (LBP billions)
Of which: Infrastructure and equipment for military 271.5 (LBP billions) Clearance of cluster bombs 2.5 (LBP billions)	

Public order and safety	1 539.3 (LBP billions)
Of which: Police services 995.7 (LBP billions) Law courts 119 (LBP billions) Prison 20.3 (LBP billions)	

Economic affairs: Fuel and energy	2 188 (LBP billions)*
Of which: Conventional sources of energy 27.6 (LBP billions) New sources of energy 4.7 (LBP billions) Treasury advance to EDL 2 100 (LBP billions)	

Economic affairs: Transport	482.4 (LBP billions)
Of which: Road constructions 395 (LBP billions) Harbors and ports construction 16.5 (LBP billions)	

Health	720.6 (LBP billions)
Of which: Hospital services 497 (LBP billions) Purchase of medication 158 (LBP billions) Transfers to non-profit organizations 15 (LBP billions) of which 2 (LBP billions) are included in hospital services	

Education	2 067.7 (LBP billions)
Of which: Primary and secondary education 1 445.7 (LBP billions) Tertiary education 435.4 (LBP billions)	

**Economic affairs:
Agriculture and R&D
related to agriculture**

95.6 (LBP billions)

Of which: Fodder farming 9.8 (LBP billions)
Green Plan 2.4 (LBP billions)
Scientific research related to agriculture 15 (LBP billions)

**Environmental
protection**

74.2 (LBP billions)

Of which: Waste management 35.4 (LBP billions)
Funds for environmental projects 960 (LBP millions)

The process of estimating the line item budget expenditures

The Minister of Finance issues the budget circular which includes the government's general orientations.

Then, every ministry and public administration estimates its own expenditures based on the budget circular and the previous year's figures and its plans and submits its draft budget to the Budget Directorate at the Ministry of Finance.

The Budget Directorate examines the administrations' proposal, taking into account the expenditures of the previous year and the government's directives and priorities published in the circular. After completing the discussion sessions with each administration, the Budget Directorate prepares a preliminary vision of the draft budget, including the figures, the summary of discussions held with the different administrations and the appropriations subject to dispute, of which the final decision will be issued by the Minister of Finance and the competent Minister.

In case the discussion between the Ministry of Finance and the concerned administration was not fruitful, the dispute shall be referred to the Council of Ministers for decision.

In light of the outcome, and after consideration of all suggestions, the draft budget is compiled by the Ministry of Finance and submitted to the Council of Ministers.

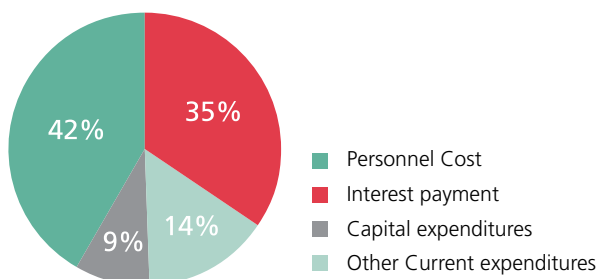
* This number includes the treasury advance of 2 100 (LBP billions) allocated to fund EDL deficit, and which does not figure in the budget appropriations.

Expenditures

b

Budget expenditures and annexed budgets

<p>23 891 (LBP billions) is the amount of total expenditures in the 2018 budget distributed as follows:</p>	<p>21 720.7 (LBP billions) Current expenditures Expenditure on goods and services consumed within the current year including salaries and others.</p>
	<p>2 170.5 (LBP billions) Capital expenditures Such as building infrastructures, roads constructions, acquisitions and others.</p>



<p>2 827 (LBP billions) Total expenditure figures of the Annexed budgets distributed as follows:</p>	<p>96.8 (LBP billions) Directorate General of National Lottery</p>
	<p>30.4 (LBP billions) Directorate General of Grains and Sugar Beetroot</p>
	<p>2 700.3 (LBP billions) Telecom</p>

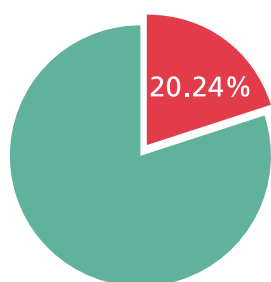
2 100 (LBP billions)
treasury advance to fund EDL deficit (not allocated in the budget)

Source: 2018 budget law



Share of social protection expenditures in the budget 2018

4 840.9 (LBP billions) is the total amount of social protection expenditures in 2018, of which:



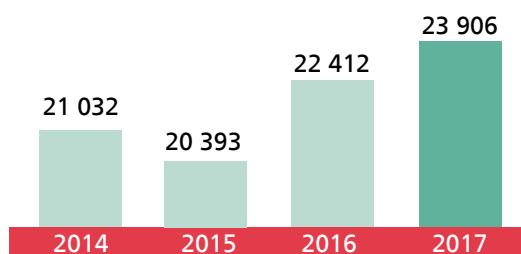
■ Social protection expenditures

Sickness 698.3 (LBP billions)
Disability 8.8 (LBP billions)
End of Service Indemnities & Retirement Wages 2 808.6 (LBP billions)
Family allowances 156 (LBP billions)
Protection and Promotion of Women's Rights 1.3 (LBP billions)
Social protection not elsewhere classified 1 037 (LBP billions)

Source: 2018 budget law



The Evolution of public expenditures



Total public expenditures between 2014 and 2017

Remark: the above illustrates the evolution of total expenditures as per the reports published by the ministry of finance, except for the year of 2017 where the number was taken from the 2017 budget law

Source: Public Finance Monitor 2016 - Ministry of Finance

Expenditures



Budget expenditures by administrative classification

		Budget expenditures (LBP billion) of 2017 budget law	Expenditures shares to total 2017 budget (%)	Budget expenditures (LBP billion) of 2018 budget law	Expenditures shares to total 2018 budget (%)
1	Presidency of the Republic	20.38	0.085%	18.10	0.076%
2	Lebanese Parliament	71.68	0.300%	84.79	0.355%
3	Presidency of the Council of Ministers	1 544.07	6.459%	1 523.51	6.377%
4	The Constitutional Council	1.87	0.008%	1.84	0.008%
5	Ministry of Justice	107.37	0.449%	116.64	0.488%
6	Ministry of Foreign Affairs and Emigrants	175.11	0.732%	179.15	0.750%
7	Ministry of Interior and Municipalities	1 517.86	6.349%	1 670.17	6.991%
8	Ministry of Finance	630.26	2.636%	727.33	3.044%
9	Ministry of Public Works and Transportation	465.30	1.946%	441.94	1.850%
10	Ministry of Defense	2 813.40	11.769%	3 198.87	13.389%
11	Ministry of Education and Higher Education	1 708.69	7.148%	2 091.63	8.755%
12	Ministry of Public Health	708.54	2.964%	728.84	3.051%
13	Ministry of Economy and Trade	29.59	0.124%	26.14	0.109%
14	Ministry of Agriculture	74.45	0.311%	96.54	0.404%
15	Ministry of Post and Telecommunications	7.08	0.030%	6.69	0.028%
16	Ministry of Labor	416.22	1.741%	389.26	1.629%

17	Ministry of Information	45.33	0.190%	47.63	0.199%
18	Ministry of Energy and Water	387.09	1.619%	327.82	1.372%
19	Ministry of Tourism	25.71	0.108%	23.72	0.099%
20	Ministry of Culture	46.49	0.194%	48.64	0.204%
21	Ministry of Environment	14.02	0.059%	14.02	0.059%
22	Ministry of Displaced	7.04	0.029%	8.15	0.034%
23	Ministry of Youth and Sports	15.51	0.065%	14.53	0.061%
24	Ministry of Social Affairs	226.67	0.948%	228	0.954%
25	Ministry of Industry	8.16	0.034%	9.78	0.041%
26	Common expenses	11 450.00	47.896%	11 022.64	46.137%
27	Budget reserve	1 388.04	5.806%	844.73	3.536%
	Total Budget	23 906.04		23 891.22	
108	Directorate General of National Lottery	115.80		96.80	
113	Directorate General of Grains and Sugar Beetroot	45.26		30.49	
115	Telecom	2 615.99		2 700.32	
	Total of annexed budgets	2 777.06		2 827.62	
	Total	26 683.10		26 718.84	

Budget expenditures breakdown by ministries

Source: 2017 and 2018 budget law

Budget revenues estimated for 2018

18 686 (LBP billions)

is the total amount of estimated tax revenues and non-tax revenues

14 276 (LBP billions)

Tax revenue

Tax revenue is defined as the revenues collected from taxes on income and profits, social security contributions, taxes levied on goods and services, payroll taxes, taxes on the ownership and transfer of property, and other taxes.

4 410 (LBP billions)

Non-tax revenue

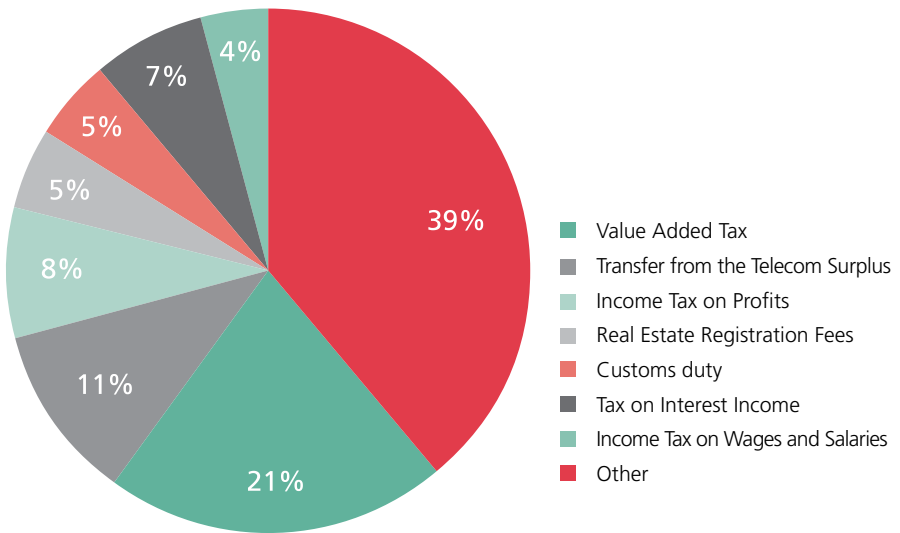
Revenue arising from state-owned enterprises and from public institutions making profits.

Tax and Non-tax revenues

| **Source:** 2018 budget law



Revenue distribution in 2018 budget law



Revenues distribution

Source: 2018 budget law

How are the budget's revenues estimated?

The Budget Directorate estimates the revenues expected for the coming year, taking into consideration the Government's directives and the objectives set in the circular (tax increase, tax reduction...), as well as the country's economic outlook (expected growth rates, inflation rates...).

Revenues

c

Main tax revenues estimated in 2018 budget

Value Added Tax 3 958 (LBP billions)	Tax on Interest Income 1 301 (LBP billions)	Customs duty 863 (LBP billions)
Real Estate Registration Fees 886 (LBP billions)	Income Tax on Profits 1 493 (LBP billions)	Income Tax on Wages and Salaries 780 (LBP billions)

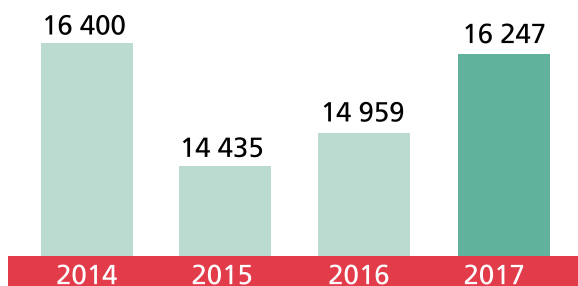
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Main non-tax revenues estimated in 2018 budget

Transfer from the Telecom Surplus 2 071 (LBP billions)	Revenues from Casino Du Liban 118 (LBP billions)	Revenues from Port of Beirut 214 (LBP billions)
Transfer from Public Financial Institution (BDL) 61 (LBP billions)	Property Income 105 (LBP billions)	Administrative Fees 817 (LBP billions)



The evolution of the government revenues for the past years



Evolution of total revenues between 2014 and 2017 (LBP billion)

Remark: The above illustrates the evolution of total revenues as per the reports published by the ministry of finance, except for the year of 2017 where the number was taken from the comparison table included in the 2018 budget law

Source: Public finance monitor 2016 - Ministry of Finance

Revenues



Revenue comparison between 2017 and 2018

		2017 budget law (LBP billion)	Effective revenues 2017 (LBP billion)	2018 budget law (LBP billion)
111	Taxes on income, profits and capital gains	4 224.17	4 200.24	3 997.75
119	Other income taxes	0.68	1.07	1 040.93
121	Built property tax	272.28	282.62	220.9
122	Inheritance tax	173.39	166.42	176.85
123	Non recurrent taxes on property	1 355.42	964.05	886.75
124	Taxes on maritime property	0	0	0
129	Other taxes on property	0	0	0
131	Domestic Taxes on Goods	1 428.07	1 428.27	1 762.30
132	Regie profits	105.75	130.73	126.36
133	Taxes on services	3.87	3.35	3.96
134	Sales tax	0.509	0.35	0.406
135	Value added tax	3 441.03	3 475.60	3 958.19
139	Other taxes on goods and services	446.98	461.48	508.49
141	Taxes on imported goods	867.79	742.22	863.14
142	Taxes on exports	0	0	0
149	Other taxes on international trade and transactions	0	0	0
151	Fiscal stamp fees	523.70	524.20	730.09
152	Fixed fees	0	0	0
159	Unclassified taxes	0	0	0
261	Income from non-financial public Enterprises	2 348.62	2 315.33	2 478.40

262	Transfers from public financial institutions	61.14	60.68	61.75
263	Property income	103.05	266.21	105.12
264	Transfers from public investment management institutions	0	0	0
269	Other Income from public institutions	6.01	6.8	6.13
271	Administrative fees	731.32	746.03	817.06
272	Administrative charges	31.84	32.96	33.06
273	Sales	3.41	3.44	3.48
274	Permit fees	77.15	85.15	81.59
279	Other administrative fees & charges	21.72	15.20	19.85
281	Fines and penalties	30.15	38.18	38.80
282	Confiscations and forfeits	0.007	0.034	0.008
283	Sanctions	0.283	0.403	0.311
291	Retirement deductibles	155.54	221.37	311.09
292	Transfers from postal services	0	0.904	0
294	Internal current grants	0	0	0
295	External current grants	0	60.91	0
299	Extraordinary non-tax revenues	2.08	12.77	454
	Total Revenues	16 416.07	16 247.07	18 686.86

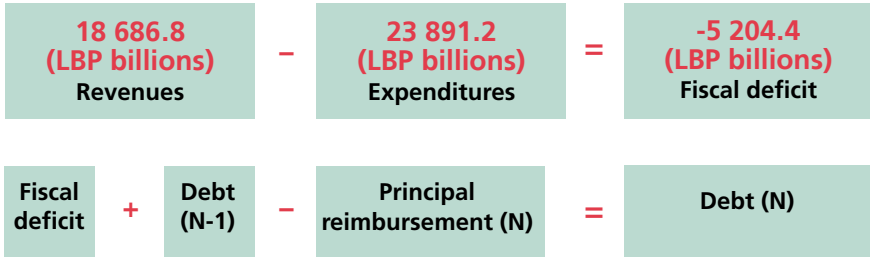
Revenue comparison between 2017 and 2018

| Source: 2018 budget law

7 Public debt

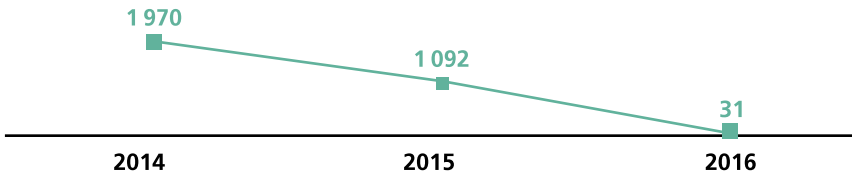
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Expected fiscal deficit



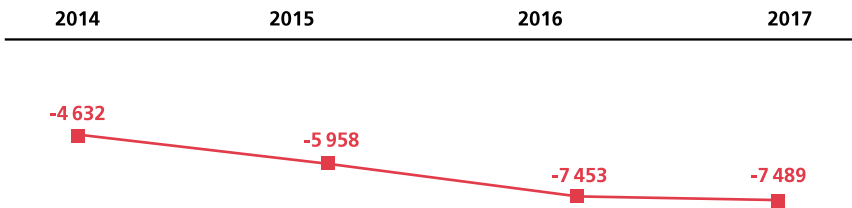
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The evolution of fiscal balance



Primary balance between 2014 and 2016 (LBP billion)

| Source: Public finance Monitor 2016 - Ministry of Finance



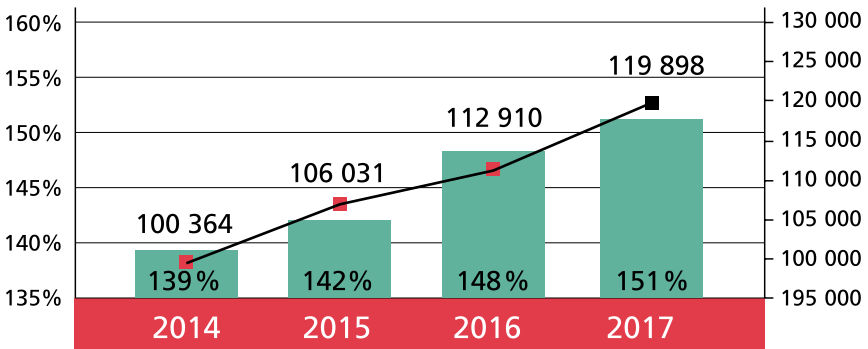
Total fiscal balance between 2014 and 2017 (LBP billion)

Remark: The above illustrates the evolution of total revenues as per the reports published by the ministry of finance, except for the year of 2017 where the number was taken from the 2017 budget law

Source: Public finance Monitor 2016 - Ministry of Finance



The evolution of public debt in the past years



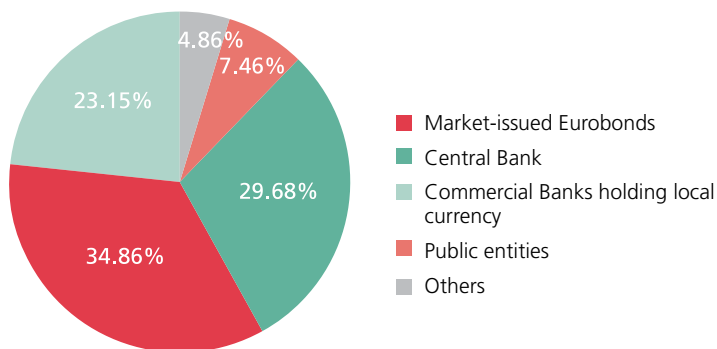
Debt evolution between 2014 and 2017

Source: Debt and Debt market report 2017 - Ministry of Finance

Public debt

d

Debt distribution by debt holder

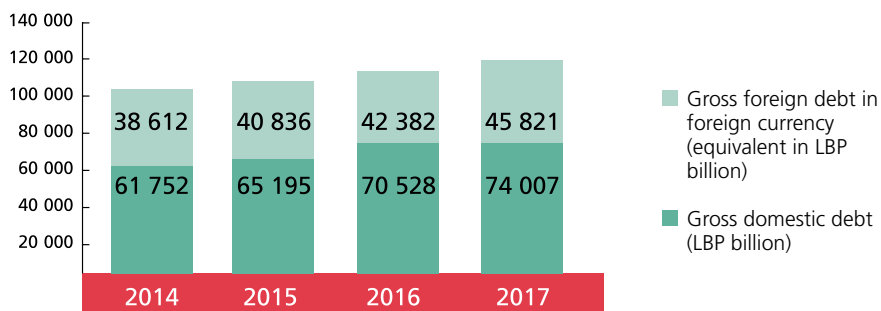


Debt distribution by currency

Source: Debt and Debt market report 2017 - Ministry of Finance

e

Debt distribution by currency



Debt distribution in local and foreign currency

Source: Debt and Debt market report 2017 - Ministry of Finance



Tax amendments

Tax reductions on

- Verification and collection fines collected by the Ministry of Finance (reduction between 90% and 100%);
- Fines resulting from late applications of tax collection orders issued by public administrations, institutions, municipalities, and legal entities of public law officials at large (reduction of 90%);
- Fines resulting from late payments of motor vehicle inspection "Mécanique" fees (reduction of 90%);
- Fines resulting from payments delay of municipality fees (reduction of 90%);
- Fines resulting from payments delay of municipality fees on touristic institutions (reduction of 90%);
- Fines on payments delays for the National Social Security Fund (reduction of 90%);

All reduced fines shall be paid within six months following the publication of the budget law in the official gazette.

Extension of deadlines for objections

- The deadline for objecting on taxes or fines imposed by the Directorate of Public Finance shall be extended to six months following the publication of the budget law in the official gazette.

Tax exemptions

- Hired staff, workers, and employees working in multiple institutions or who are also leading activities that are subject to the tax on profits (title 1) are exempt of verification and collection fines related to the year 2016 and prior;
- Tax exemptions from the insurance fee and the insurance waiver fee;
- Companies and institutions that have ceased operations prior to 1/1/2013 and were not withdrawn from the commercial register, along with civil companies that have not withdrawn from the civil registry, are exempt from fines and from the stamp duty fee and related fines;
- Contracts for the hiring of Lebanese employees are exempt from the stamp duty fee.

Tax payments through installment agreement

- It is possible to settle, by installments, taxes paid at source as well as the value added tax due until 31/12/2016.

Tax amendments

Tax settlements

- Possibility of tax settlement for the irregular fiscal situation of taxpayers with outstanding payments of the income tax prior to 2016 (included);
- Possibility of tax settlement for tax imposition related to the income tax and to the value added tax presented before the Objections Committee;
- Possibility of tax settlement for landowners with irregularities pertaining to construction.

Fiscal stimulus

- Institutions hiring Lebanese employees are exempt from the payment of National Social Security Fund contributions for 2 years as per the conditions stated in the 2018 budget law.

Amendments of the built property tax brackets

New brackets	Tax rate
From 1 to 40 000 000 LBP	4%
From 40 000 001 to 80 000 000 LBP	6%
From 80 000 001 to 120 000 000 LBP	8%
From 120 000 001 LBP to 200 000 000 LBP	11%
More than 200 000 000 LBP	14%

Brackets prior to modification	Tax rate
From 1 to 20 000 000 LBP	4%
From 20 000 001 to 40 000 000 LBP	6%
From 40 000 001 to 60 000 000 LBP	8%
From 60 000 001 LBP to 100 000 000 LBP	11%
More than 100 000 000 LBP	14%

Permit extension

- The Ministry of Labor is allowed to grant work permits to non-Lebanese workers for a period of two-years at twice the fee required to obtain a one-year work permit.
- The General Directorate of Security is allowed to grant residency permits for non-Lebanese workers holding a work permit for a period of two years instead of one at twice the fee required to obtain a one-year residency permit.
- The General Directorate of Security is allowed to adjust the validity periods of passports and their due fees, as per the following:
 - For one year: 60 000 LBP;
 - For five years: 300 000 LBP;
 - For ten years: 500 000 LBP.

Reductions on

- The tax on real property rights donation related to residential units owned by Lebanese; the new rate is calculated as follow:
 - 3% for the part not exceeding LBP 375 million;
 - 5% for the part that exceeds LBP 375 million.
- The stamp duty fee on the warrants for the use of public domain.

Tax exemptions

- Arab and foreign players contracted by first and second class sport clubs (of any sport) are exempted from National Social Security Fund contributions as well as from fees related to transit, residency, and work permits.

Selected reform measures

- Dissolution of several public institutions and entities of which the continuation does not result into economic or service-related value, and the merger of institutions that perform similar tasks or provide similar services;
- Rationalization of compensations and benefits received by civil servants asked to serve on committees;
- Setting a maximum limit for granting annual rewards to civil servants and workers in public administrations and institutions, municipalities and other public entities;
- Prohibiting the transfer of additional appropriations from the salaries and wages budget line to the rewards and extra works line;
- Excluding the families of martyrs and the injured persons with disabilities in the military forces from the instalment set forth in Article 18 of the Law No. 46 dated 21/08/2017;
- Extending to spouses of martyrs the entirety of the retirement salary, end of service indemnity, and mutual assistance benefits of the deceased, regardless of his/her financial situation;
- Granting a residence permit to every Arab or foreign nationals who purchase a residential unit in Lebanon, provided that the value of the housing unit is not less than 750 million Lebanese Pounds in Beirut and 500 million Lebanese Pounds in the rest of the regions;
- Modifying the weekly working hours from 32 to 34 hours, to be distributed over the week based on a ministerial decree taking into account that Friday's schedule should be from 8:00 am to 11:00;
- Setting the annual judicial holiday for judges to one month and a half that is to be taken between July 15 and September 30;

- Exempting the environment-friendly vehicles from some fees including customs duty and registration fees;
- Currently employed judges alongside those who are either trainees or recently appointed by the date this law enters into force, shall be granted a promotion of three exceptional grades;
- Revoking some articles related to judges and Lebanese University professors.

Selected projects and programs being implemented

	Project's Cost	Appropriations in 2018 Budget
Construction of new buildings for the Ministry of Finance and the unified building for the Customs	71.28 (LBP billions)	8.64 (LBP billions)
Construction of a tourist port at Jounieh Bay	60 (LBP billions)	16.5 (LBP billions)
Projects of Construction and Completion of Roads		
• Expansion and rehabilitation of Al Sultania - Sidon Road	32 (LBP billions)	8.5 (LBP billions)
• Completion of Kfar Reman - Marjeyoun Road	63 (LBP billions)	7.25 (LBP billions)
• Construction of the Saints Road (Byblos - Batroun)	30 (LBP billions)	5 (LBP billions)
• Completion of the Northern Highway (Tripoli - Northern Borders)	50 (LBP billions)	5 (LBP billions)
• Completion and rehabilitation of Tawfiqia Road (Ras Baalbeck - Al Qaa)	50 (LBP billions)	5 (LBP billions)
Cluster bombs removal programme	50 (LBP billions)	2.5 (LBP billions)
Programme for the provision of equipment, devices and infrastructure development for the Lebanese Army	1 348.2 (LBP billions)	271.5 (LBP billions)
Construction and equipment of school buildings	20 (LBP billions)	2.5 (LBP billions)
Expansion of the telecommunications network	450 (LBP billions)	75 (LBP billions)
Construction of buildings for General Departments in view of relieving the State of the buildings' rents	750 (LBP billions)	10 billion (LBP billions)
Pollution treatment of the Litani River region from source to estuary (Law No. 63 off-budget). Amount distributed between Ministry of Agriculture, Ministry of Energy and Water, Ministry of Environment, Ministry of Industry	1 100 (LBP billions)	97.8 (LBP billions)
Settlement of debts and indemnity for expropriation	850 (LBP billions)	97 (LBP billions)

11

Did you know?

- The Ministry of Social Affairs provides LBP 2 million per family for the cost of milk in case of multiple births;
- The Ministry of Social Affairs also provides meals to the elderly and to children through designated associations;
- The National Council for Scientific Research awards scholarships to the top five public secondary school graduates, in collaboration with national universities. Students choose the specialization and university of preference, while the Council awards them a yearly scholarship of LBP 10 million;
- The National Employment Office extends contributions to private professional training associations to improve the skills of 750 to 1 000 trainees in fields that are on high demand on the job market;
- The Ministry of Public Health ensures the provision of medication for chronic conditions through purchasing licenses or through its regional healthcare centers, and ensures as well the provision of medication for terminal illness and cancer;
- The Ministry of Social Affairs offers through its centers, the services of general medicine and internal medicine physicians as well as dentists, cardiologists, and pediatricians... and provides medication free of charge in case of availability;
- It is possible to obtain, from the Ministry of Social Affairs, a “Poverty Card” that allows its holder to benefit from the program targeting the poorest families (education, hospitalization, food supplies upon availability);
- The Investment Development Authority of Lebanon (IDAL) provides free legal consultations to newly established companies in Lebanon;
- You can obtain fruit and tree seedlings from the Ministry of Agriculture.

12 The budget process in 5 questions

1

Is the budget composed of one or many documents?

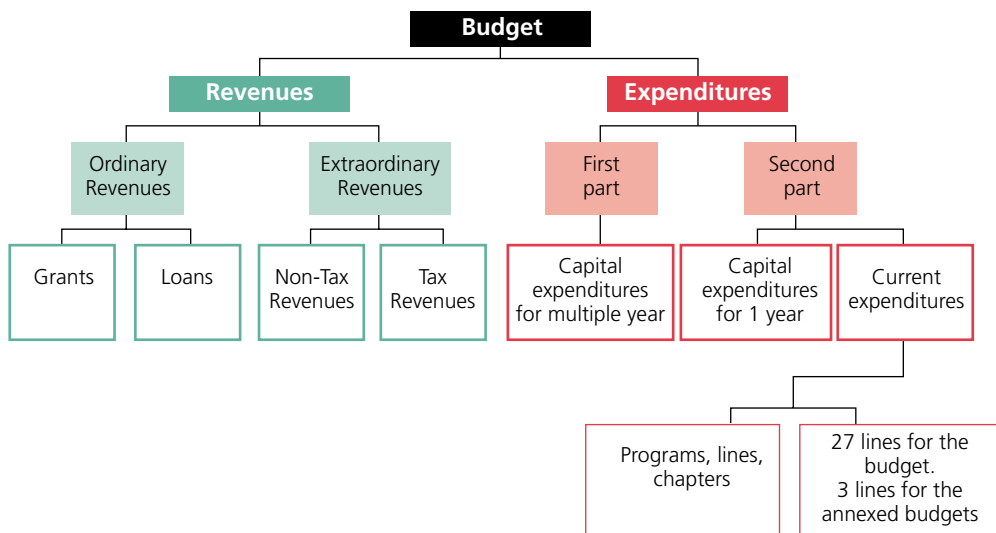
1 Budget

2 Annexed budgets

The current budget does not include extraordinary budgets, independent budgets and municipal budgets; therefore it does not reflect the overall financial outlook of the country.

2

What is the budget composed of?



3

What are the five key legal principles of the budget?

Five key principles of sound budget management		Exceptions
The principle of annuality	All budgetary operations shall be committed in one financial year, which coincides with the calendar year, starting on 1 January and ending on 31 December.	<ol style="list-style-type: none"> 1- Programs; 2- Appropriation transferred to upcoming year; 3- The system of provisional twelfths; 4- The additional appropriations.
The principle of unity	There should be only one budget including all central government revenue and expenditure.	<ol style="list-style-type: none"> 1- Extraordinary budgets; 2- Independent budgets; 3- Annexed budgets; 4- Special accounts in the treasury.
The principle of universality	All revenues shall be used to cover all expenditures. It means that all revenue and expenditure should be accounted for in full without any adjustments against each other.	<ol style="list-style-type: none"> 1- The relation between annexed budgets, independent budgets and the budget; 2- The use of netting instead of gross budgeting is computing specific fees.
The non-assignment rule	Budget revenues must not be assigned to specific expenditures.	<ol style="list-style-type: none"> 1- The assignment of some revenues to cover specific expenditures for practical considerations; 2- The assignment of some revenues to cover specific expenditures for considerations for trust related considerations; 3- The assignment of some revenues to cover related expenditures; 4- The assignment of some revenues to the account of the independent municipal fund; 5- The assignment of revenues to the account of specific public entities with independent budgets; 6- Conditional grants.
The principle of equilibrium	The total ordinary revenues in the budget must cover the total expenditures.	Deficit or surplus.

The budget process in 5 questions

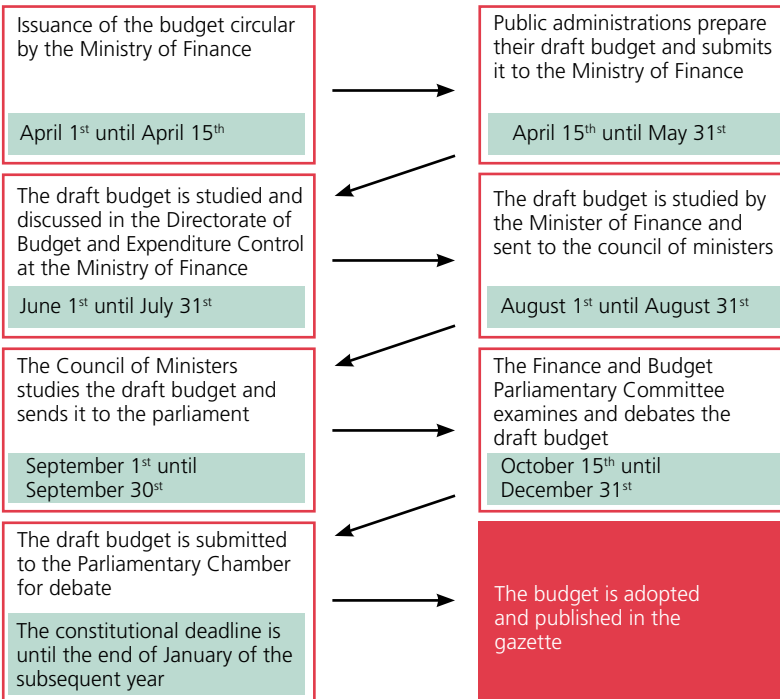
4

What are the four steps for budget preparation and voting and who is responsible for each step?

1	2	3	4
Budget preparation	Budget compilation and draft budget	Approval of draft budget	Budget approval
Entity in charge: respective public administrations and institutions	Entity in charge: the ministry of finance	Entity in charge: the council of ministers	Entity in charge: the parliament

5

What are the main milestones and deadlines for budget preparation and voting?



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