



الجمهورية اللبنانية
وزارة المالية

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Citizen Budget

Executive's Budget Proposal 2023-2024

A summary of the budget proposal as sent by the Government of Lebanon to Parliament for review, discussion and approval

Financial and Fiscal Awareness Series



This booklet was published in partnership with UNICEF, under the project “Enhancing Budget Transparency, Accountability and Inclusiveness in Lebanon”

This booklet is a summarized and simplified version of the general budget proposals formulated by the Government for the years 2023 and 2024. It was developed by the Institut des Finances Basil Fuleihan, in cooperation with the Directorate of Budget and Expenditure Control at the Ministry of Finance and the NGO Financially Wise.

It is part of the financial and fiscal awareness series, which aims at raising the awareness of citizens on their rights and obligations, and hence facilitating administrative transactions and promoting transparency and fiscal citizenship.

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ISBN 978-9953-9043-2-0

Preamble

- Since 2018, the Institut des Finances Basil Fuleihan at the Ministry of Finance has been committed to issuing a simplified version of the budget law known as the “Citizen’s Budget.”
- For the second year, we are pleased to make available a booklet that explains, in an easy and simplified way, the general budget draft law, as sent by the Council of Minister to the Parliament, prior to its discussion, amendment and ratification.
- This guide provides the figures for the 2023 and 2024 budgets drafts as released by the Ministry of Finance.
- Drafts for both years were combined into one document, as they were submitted at short intervals to Parliament.

About the “Citizen’s Budget” and its importance

What is the Citizen Budget for the Executive’s Budget Proposal? And why is it important?

- The "Citizen Budget" is a simplified version of the budget law or budget proposal that aims to facilitate citizens’ access to and understanding of fiscal information as their constitutional right.
- The document enables citizens and experts alike to familiarize themselves with the content of the general budget law and to read and analyze expenditure and revenue figures, estimates of the deficit, and other policy decisions that are included in the budget and have a direct impact on their lives.
- International standards specify the need to publish at least two types of documents: the first is the simplified version of the general budget law, and the second is the simplified version of the draft budget law, also known as the Executive’s Budget Proposal.
- The Citizen Budget for the Executive’s Budget Proposal explains to citizens the content of the “General Budget Proposal” as drawn up by the Government and prior to its review by Parliament. This facilitates tracking changes made by the legislator to the budget and holding both the executive and legislative authorities accountable on the basis of arguments and evidence.

- Facilitating access to budget-related information during its study and discussion by the Parliament and before its ratification contributes to the policy-making process, in addition to developing the public's understanding of fiscal issues as citizens are provided with the opportunity to form a clear and comprehensive picture of how public money is managed.
- The publication of a simplified version of the Executive's budget proposal enhances communication between the government and citizens. It allows them to understand the government's policy plan and priorities for the year(s) ahead and how revenues will be allocated. It can enhance inclusiveness in policy-making as it gives way to citizens to lobby for changes before the budget is approved. This can positively impact resource management and improve the quality of public service provision.



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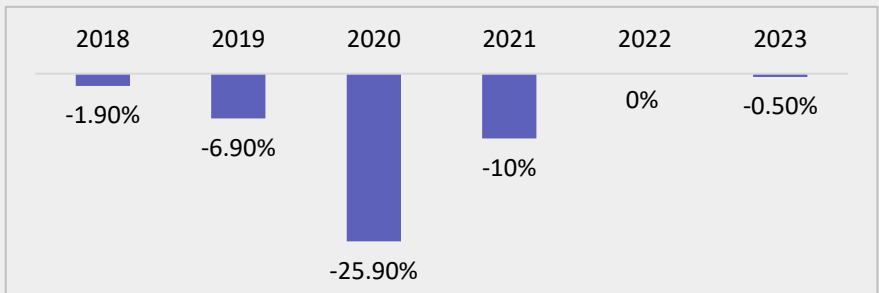
Estimated revenues for 2023 & 2024

Estimated deficit for 2023 & 2024

Fundamentals and assumptions underlying the 2023 and 2024 budget proposals

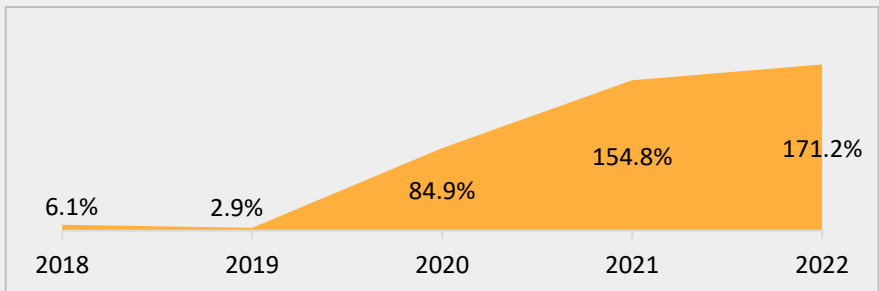
The following macroeconomic indicators are not included in the budget. They are provided to offer context and a better understanding of the country's economic and financial situation underlying budget preparation.

Real Economic Growth - Percentage (%)



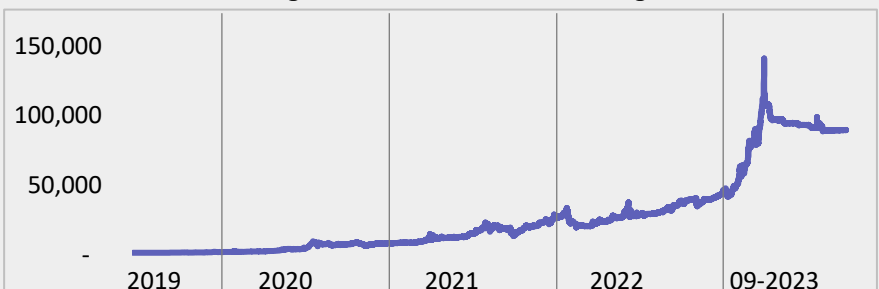
Source: International Monetary Fund (2023), Lebanon: 2023 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Lebanon, URL: <https://bit.ly/3Zpvmn4>

Annual Inflation Rate - Percentage (%)



Source: Central Administration of Statistics (CAS), URL: <https://bit.ly/3LqZoRq>

Evolution of the exchange rate of the Lebanese lira against the US dollar



Source: Lira Rate

Measures proposed in the 2024 budget proposal that impact citizens' lives

Tax measures

Article No.

- Taxing individuals or entities that organize artistic, musical, entertainment, or similar types of events prior to any revenue generation; 18
- Enabling taxpayers to settle their taxes from their bank accounts in foreign currency (from pre-October 2019 deposits), with calculations based on 50% of the US dollar exchange rate as per the Central Bank approved platform; 21
77
- Imposing a 2% tax on revenues generated within Lebanon by any natural or legal person engaged in activities outside of Lebanon, specifically those related to the transfer of money or the provision of services directly or indirectly through the Internet or any other electronic platform. This tax is collected in the same currency as the generated revenues; 125
- Applying an extraordinary tax to all revenues generated by individuals and entities as a result of financial transactions made on the "Sayrafa" platform.

Amendment and increase of fees

- Introducing a fee to expedite emergency administrative transactions at public administrations. This fee will be settled by citizens wishing to accelerate their paperwork in public administrations; 20
- Increasing the fees for the Patent Law, the Literary and Artistic property law, as well as for the commercial and industrial trademarks (some of them multiplied by 40 times their initial amount); 29
- Imposing a new fee for obtaining a license to invest in a touristic establishment, get a confirmation certificate for the continuity of the investment, and to acquire a tourist guide card; 44
- Modifying the minimum fee rates for the property's rental value, which is set at 5% for residential properties and 7% for non-residential properties. However, the annual fee must not fall below 300,000 LBP for residential properties and 1,000,000 LBP for non-residential properties; 47
- Increasing the lumpsum licensing fee to 1,000,000 LBP, instead of 10,000 LBP, required for each restoration or repair that doesn't involve the construction of a steel structure, such as bearing and roof walls, roof columns, and bridges. 49

Measures proposed in the 2024 budget proposal that impact citizens' lives

Amendment and increase of Fees

Article No.

- Increasing selected municipal fees and fixing a fee of 500,000 LBP for each inspection of real estate carried out by the municipality upon the owner's or occupant's request, or in response to complaints received by the municipality; 51
- Subjecting new types of judicial cases to a fixed fee of 50,000 LBP, encompassing claims for separation, divorce, proof of marriage, annulment, and other related matters; 53
- Amending and increasing fees collected by the Ministry of Labor (e.g. on preapprovals, work permits, certification of internal bylaws for companies and syndicates, labor laws violation reports etc.); 54
- Introducing new fees at the General Directorate of Education (e.g. equivalent for education certificates, endorsements, certifications and in lieu of lost, etc.); 63 96
- Revising the exit fee on passengers traveling by air or sea, and the entry fee on non-Lebanese, by which the General Directorate of State Security is responsible for printing the required stamps at its own cost and benefiting from the associated fees.

Other measures

- Increasing the value of the Mukhtar stamp to 50,000 LBP to contribute to the Cooperative Fund of Mukhtars; 55
- Increasing the fines specified in the laws by 40, excluding traffic fines, with a minimum of 250,000 LBP; 60
- Multiplying traffic fines by 10, with a minimum of 250,000 LBP; 61
- Imposing fines (ranging from 10,000 to 35,000 US dollars), on individuals who violate maritime properties and the corresponding decrees issued by the Council of Ministers. The violator is required to promptly rectify the violation; 64
- Opening Government properties to rent through public bidding; 82
- Exempting cars, vehicles, and machinery that have no environmental impact from customs duties when imported within a 5-year period. Additionally, exempting from the consumption fee and from 70% of the initial registration fee, as well as from traffic fees (mecanique) upon their first-time registration. 100

Reference: Budget Proposal 2024

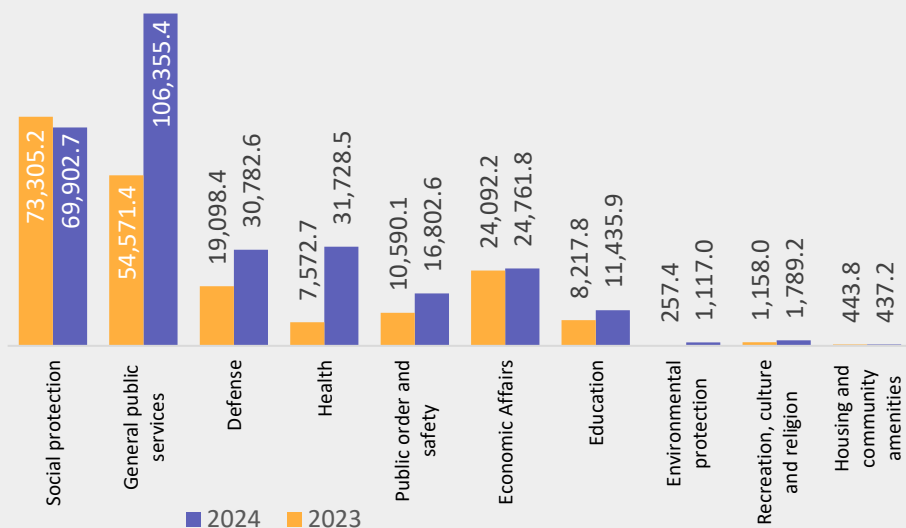
Estimated expenditures for 2023 & 2024

The budget in Lebanon is a “line-item budget” which means budget expenditures are classified annually according to 3 types of classification:

- 1) Functional classification: This includes categories such as health, education, and environmental protection, according to the International Monetary Fund.
- 2) Economic classification: Specifically divided into types of expenditure, such as current expenditures (salaries and wages, goods and services, debt interests ...) and capital expenditures (building bridges, infrastructure...).
- 3) Administrative Classification: This category specifies the unit responsible for budget spending (the Ministry of Health, Council for Development and Reconstruction...).

Expenditures estimated in the draft budget 2024 are 295.113 billion LBP compared to 181,923 billion LBP In 2023

Budget expenditures according to the ten main functions – LBP billion



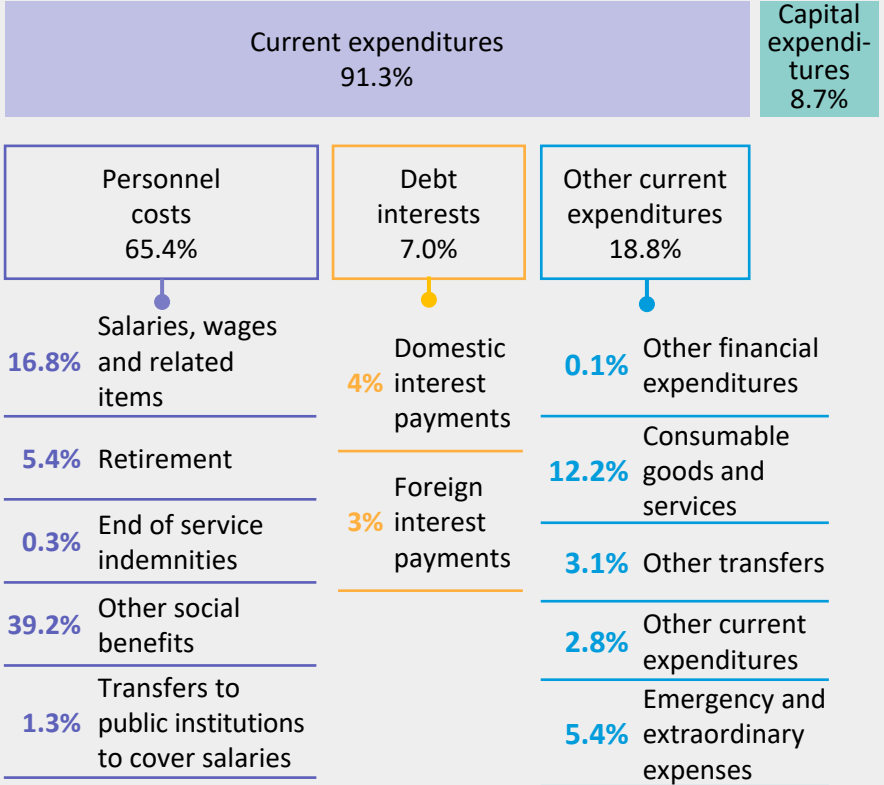
Reference: Budget Proposal 2023 and Budget Proposal 2024

Note: General public services includes Executive and legislative institutions (such as Presidency of the Republic, Presidency of the Council of Ministers, Parliament, the Constitutional Council, the Court of Audit, etc.), Financial and fiscal affairs (Management of public funds, Customs etc.), External affairs, Public debt transactions, Transfers of a general character between different levels of government, Basic research, etc.

Estimated expenditures for 2023 & 2024

Budget expenditures according to type (economic classification)

2023

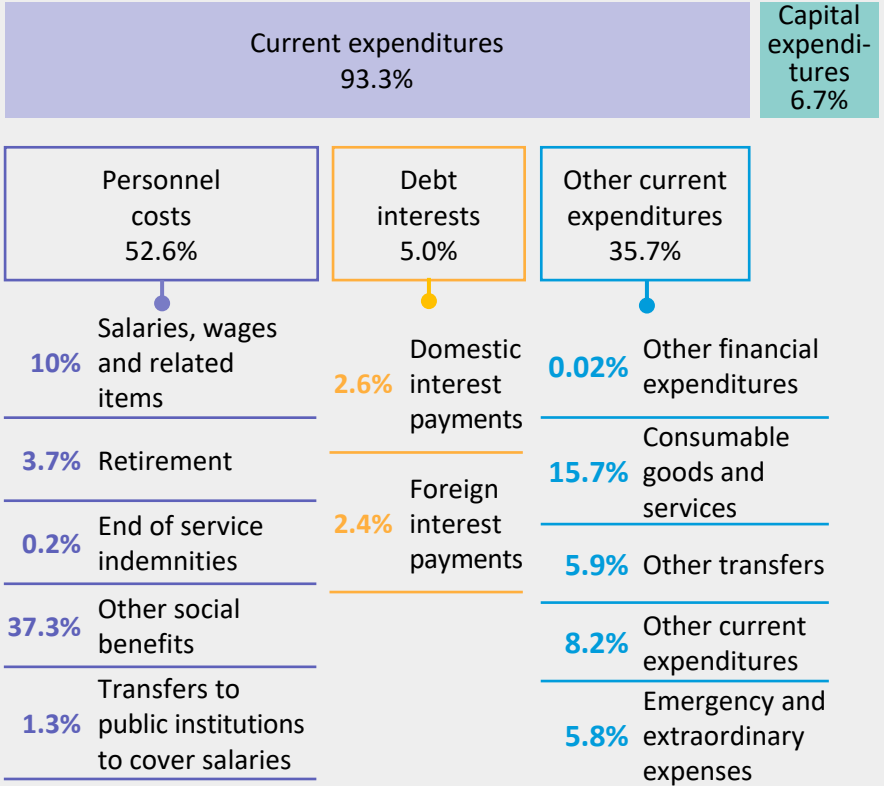


Reference: Budget Proposal 2023

Estimated expenditures for 2023 & 2024

Budget expenditures according to type (economic classification)

2024



Reference: Budget Proposal 2024

Estimated expenditures for 2023 & 2024

Budget expenditures according to governmental entities (administrative classification)

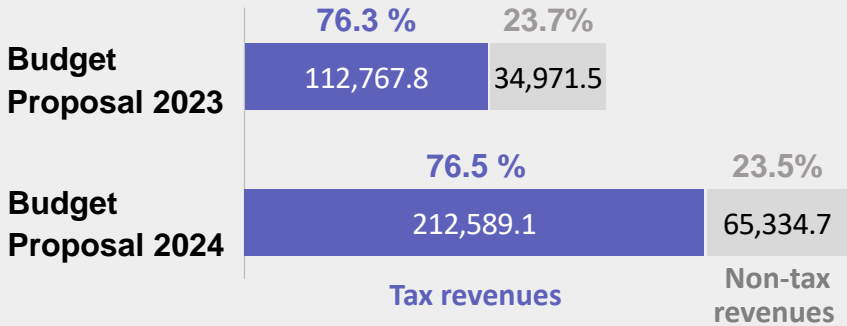
	2022 Budget	% from total budget 2022	2023 Budget Proposal	% from total budget 2023	2024 Budget Proposal	% from total budget 2024	Change 2023
	LBP billion		LBP billion		LBP billion		
Presidency of the Republic	18.0	0.04	272.6	0.15	323.8	0.11	↓
Lebanese Parliament	183.8	0.40	955.1	0.53	1,199.5	0.41	↓
Presidency of the Council of Ministers	2,599.2	5.53	8,141.2	4.48	23,167.6	7.85	↑
Constitutional Council	2	0.00	6.6	0.004	20.0	0.01	↑
Ministry of Justice	202.8	0.47	853.6	0.47	1,177.9	0.40	↓
Ministry of Foreign Affairs & Emigrants	1,686.5	3.57	7,121.6	3.91	6,628.3	2.25	↓
Ministry of Interior and Municipalities	4,112.0	9.22	11,645.7	6.40	27,411.0	9.29	↑
Ministry of Finance	2,493.5	5.33	48,407.5	26.61	4,739.7	1.61	↓
Ministry of Public Works & Transportation	533.5	1.14	5,282.8	2.90	8,962.2	3.04	↑
Ministry of Defense	6,630.9	15.09	20,838.3	11.45	48,522.6	16.44	↑
Ministry of Education and Higher Education	3,620.6	6.81	8,443.1	4.64	14,243.0	4.83	↑
Ministry of Public Health	2,903.3	6.15	7,502.1	4.12	31,576.9	10.70	↑
Ministry of Economy & Trade	173.3	0.37	1,375.6	0.76	1,404.3	0.48	↓
Ministry of Agriculture	190.6	0.42	601.9	0.33	876.3	0.30	↓
Ministry of Telecommunications	1,335.8	2.84	7,973.9	4.38	8,736.1	2.96	↓
Ministry of Labor	1,323.3	2.80	1,814.3	1.00	3,231.6	1.10	↑
Ministry of Information	61.2	0.14	414.9	0.23	430.0	0.15	↓
Ministry of Energy & Water	355.4	0.75	1,153.7	0.63	944.4	0.32	↓
Ministry of Tourism	22.3	0.05	79.0	0.04	96.9	0.03	↓
Ministry of Culture	66.7	0.15	562.7	0.31	1,130.9	0.38	↑
Ministry of Environment	20.2	0.04	71.8	0.04	61.1	0.02	↓
Ministry of Displaced	9.5	0.02	27.9	0.02	37.0	0.01	↓
Ministry of Youth and Sports	15.4	0.03	69.3	0.04	101.1	0.03	↓
Ministry of Social Affairs	572.7	1.21	1,021.1	0.56	5,482.	1.86	↑
Ministry of Industry	17.3	0.04	50.0	0.03	66.3	0.02	↓
Common expenses	8,950.0	22.18	23,110.9	12.70	26,201.1	8.88	↓
Budget reserve	2,764.5	15.20	24,102.3	13.25	78,302.3	26.53	↑
Agencies and independent government bodies	7.6						
Total Budget	40,873.0		181,923.0		295,113.4		

Reference: 2022 Budget law, Budget Proposal 2023 and Budget Proposal 2024

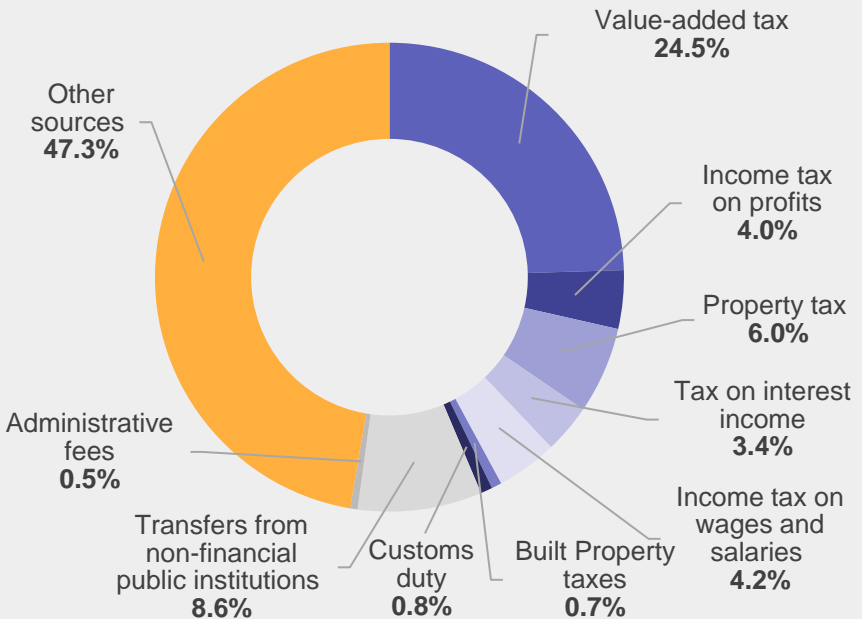
Estimated revenues for 2023 & 2024

The total estimated revenues in the 2024 budget proposal are 277,923 billion LBP, compared to 147,739 billion LBP in the 2023 budget proposal.

Main sources of revenue in the budget – LBP billion

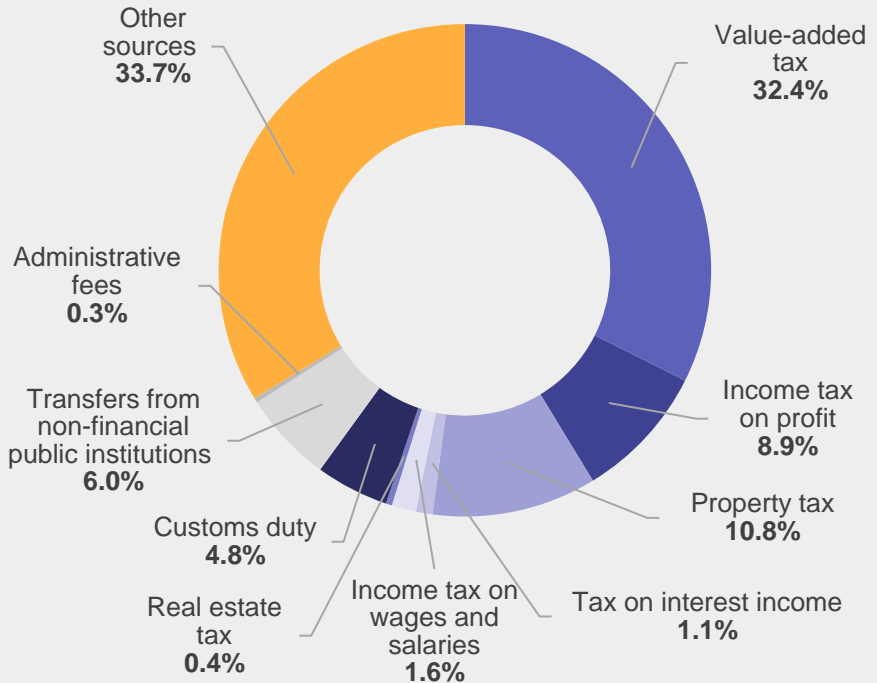


Main sources of revenue for the year 2023



Estimated revenues for 2023 & 2024

Main Revenue sources for the year 2024

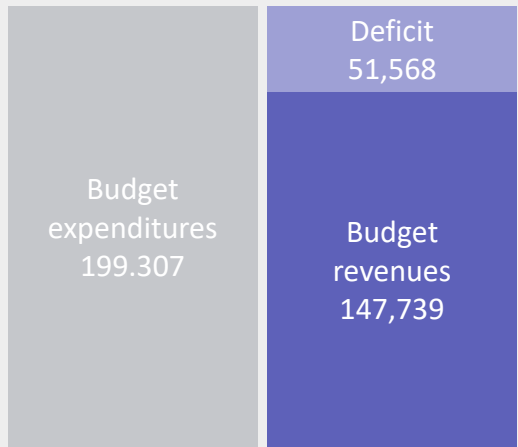


Reference: Budget Proposal 2024

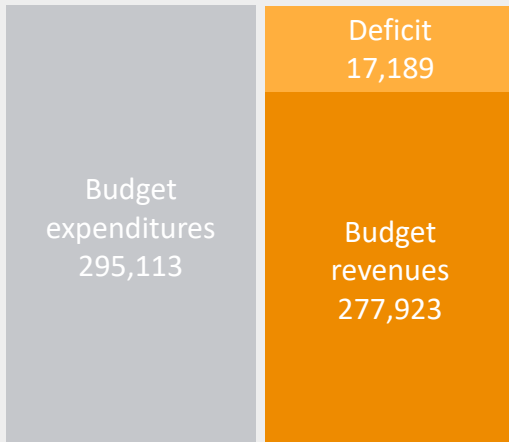
Estimated deficit for 2023 & 2024

Budget deficit for 2023

(billions of LBP)



Reference: Budget Proposal 2023



Budget deficit for 2024

(billions of LBP)

Reference: Budget Proposal 2024

However, these figures do not take into account:

- Treasury advances to Electricité du Liban;
- Balance of other treasury income;
- Balance of other treasury expenses;
- Treasury advances to cover for the temporary compensation to public sector employees and retirees.

Budget expenditures include allocations to reimburse past treasury advances. These amount to 60,000 billion LBP in 2023 budget proposal, and approximately to 3,500 billion LBP in 2024. These allocations were included in the deficit.

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