

– Mutual aid, solidarity, fraternity



Mutual aid is at the heart of AEP's mission; indeed its very purpose in society. For the founding fathers of our Association, what the dictionary defines as “mutual assistance motivated by a sentiment of solidarity” was the only possible course of action during the dark days of the war. To pull the Lebanese out of their economic paralysis and isolation, it was necessary to help them to find an effective network of links, an array of influential connections. In place of what had been destroyed, AEP cast out lines and built bridges between the different parts of society.

But even today, the Lebanese are confronted by dissension, with socio-economic insecurity and exclusion. They huddle among themselves or in their own little communities, hoping without much conviction that the sword of Damocles will not fall on them.

Once again AEP is working to build and consolidate links of real multi-dimensional cooperation, which will allow the creation of a “meeting house”, where disagreements can be solved by dialogue. The absence of a culture of working together and a misreading of fraternity can only result in flagrant inequality, poverty and injustice. And yet, everyday selfishness kills with more certainty than war.

AEP would therefore wish to insist on the fact that solidarity and social justice are duties; proofs of good citizenship. To recognize a brother in another, in all others, whatever his beliefs, his economic status and his roots is the cornerstone of building a durable peace, built on solid foundations.

Mutual aid, working together in real life, a reliable brotherhood.... Three markers on the road to peace. It may be unrealistic to believe that but was it not because we had the strength to believe that one day we would walk on the moon, that we eventually set foot there?

**So let us dream and act
On behalf
of AEP**

AEP News

— And that makes 9!

AEP has been honored for the 9th year in succession at the Awards for best Borrower Lender 2013, patronised by the YMCA and the foundation City Group. Not only have we been declared best organization for granting microcredits and follow up of its beneficiaries, but four of our borrowers have also been rewarded.



► YMCA

Coming from different regions of Lebanon and working in the sectors of agriculture, commerce and small industry, the winners were:

- **Estephan Badaoui**, farmer in the region of Lehfed, \$1,500
- **Malek el Kurdi**, Plexi manufacturer in Beirut, \$1,500
- **Boulos Dib**, farmer in the North Bekaa, \$1,000
- **Rita Freiha**, mobile telephone dealer in the Bekaa, \$750

Bravo to the winners and see you next year!



► A borrower

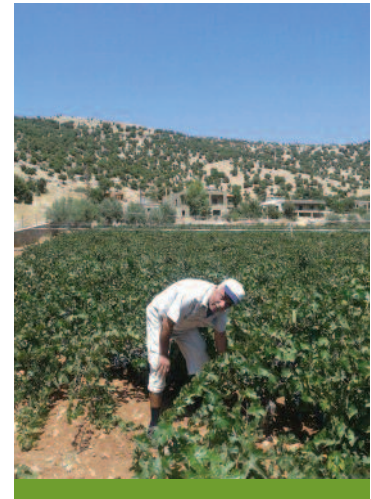
AEP News

— LIM is there

AEP continues its cooperation with the agency USAID through its program LIM (Lebanese Investment in Microfinance), which grants small loans to farmers, information services and rural tourism. Two hundred and twenty seven loans have already been distributed in regions across Lebanon.

But this is not all. The help that LIM offers also includes:

- training sessions intended for our Executive Team
- follow up meetings for the creation of our Credit Office
- assistance to establish a Lebanese network of small loan facilities
- follow up visits by LIM experts to beneficiaries in different regions
- the preparation of dossiers for obtaining new finance from USAID through the LIM program



The LIM program gave our association the opportunity to participate in Women's World Microcredit, an international microcredit conference for women, held in Amman on 18th November 2013. This conference – at which AEP was represented by Lena Sayad – tackled a variety of subjects, from women's emancipation to diverse sources of finance around the world. The gathering gave us the opportunity to publicize AEP and build relations with other associations and financial institutions.

— San Zeno in Lebanon

Representatives of the Italian Foundation San Zeno came to meet AEP and visited various regions in Lebanon, to follow up on projects to which they had given finance. They also expressed a wish to participate in a new program of financial aid designed for women. Our director hastened to prepare a plan and we hope that it will soon see the light of day....

— AEP market before long?

Lena Sayad and Roger Melki met to discuss a new project to commercialize the products of our borrowers. The first step will be to list all the small businesses, the nature and the quantity of their goods. Next, with the advice of specialists they will improve the proposed product list, take the views of potential clients and look for the best opportunities to sell. Perhaps we should dedicate a special place to the sale of our borrowers' produce? **Watch this space...**



► Products from shop



► Products from shop

The Lebanese economy in 2013 – 2014

Short-term difficulties and gloomy prospects

- **The Lebanese economy is feeling the effects of a regional and internal political crisis, which is hindering the anticipated recovery. To different degrees, all regions of the country and the majority of sectors seem to be affected by this state of affairs.**

The uneasiness extends to all economic traders, since the prospects for a political solution in Syria are far from near and so official Lebanese institutions are all seized up. Political events in 2014, notably the presidential election and the renewal of the House, also seem very uncertain.



› Roger Melki

The economic resilience that Lebanon has always exhibited has been sorely tested over the last three years, with growth significantly degraded and struggling to exceed 2% a year, as against 8% for the second half of the years 2000-10.

The principal macro-economic indicators confirm the slow growth over the last three years.

	2013	2012	2011	2010	2009	2008
› Nominal GDP (billions US\$)	43.5	42.9	40.1	38.1	35.1	28.8
› Actual annual growth rate (%)	1.8%	2.3%	2.0%	8.0%	10.3%	9.1%

Negative prospects for 2014

With a lack of prospects for regional and domestic political improvement, Lebanese economic expectations for 2014 are bleak and the negative effects of recent years may well increase. Indeed, the current malaise is not from a major shock, whose consequences might fade in the short term, but rather they arise from a creeping and insidious crisis which has eroded economic activity and opportunities since early 2011.

What are the principal elements of this danger over the course of the next few months?

Dangerous political divisions

High exposure of the country to regional political tensions is amplifying internal political divisions, which unfortunately are being made primarily on the basis of religious criteria, maintaining a freeze on public institutions and the deteriorating security situation, with even a latent risk of "turf wars".

Political and social risks of the displacement of Syrian refugees

Internal partisan tensions are compounded by the difficulties caused by waves of refugees entering Lebanon. The official number of displaced Syrians registered on the records of international organizations operating in Lebanon has reached over one million, to which must be added 'resident' Syrian nationals in Lebanon, who for

various reasons are not officially registered and are estimated at another 400,000.

The economic and social cost of these refugees, who represents more than 30% of the resident population, was estimated by a recent report of the World Bank at more than US\$12 billion for the period 2010-2014, US\$1 billion in direct operational costs, US\$7.2 billion in lost growth, US\$ 1.4 billion in lost tax revenue and US\$ 2 billion for the upgrading of public infrastructure, which has extensively depreciated with its over-use by displaced Syrians.

Escalating budgets

In this unfavorable political environment for any development of the Lebanese economy, it is no surprise that Treasury finances have been substantially reduced. Public expenditure in 2012 reached US\$ 13.2

billion, an increase of over 14% compared to 2011 and in 2013 first estimates predict a further increase of 7% to reach a total of over US\$14.1 billion.

This escalation originated with a strong increase in wages and social spending, and higher deficits in the electricity sector of the economy. These two situations are likely to worsen, or in the best scenario, to remain the same in 2014.

As opposed to expenditure, revenues into the Treasury slowed sharply and have now been at around US\$9.3 billion for the last three years. Between falling incomes and rising expenses, the budgetary imbalance can only increase. The deficit in 2014 should reach 10.3% of GDP in 2013, against less than 6% in 2011.

Public debt burst through the US\$63 billion barrier at the end of 2013 and this trend will only increase in the coming months.

Année	2008	2009	2010	2011	2012	2013
> Public debt (millions USD)	47,024	51,091	52,602	53,644	57,684	63,100
> Public debt as % of GDP	158%	147%	142%	136%	138%	142%

Decline in economic opportunities

The two main pillars of economic growth in Lebanon over the last decade, to wit real estate and tourism, are both today in crisis.

- If developers are managing to keep work moving on their building sites, they are nevertheless not launching many new projects. All regions are affected and the banks are somewhat reluctant to finance new projects.
- The other major sector in crisis is tourism. Indeed, the number of tourists in 2013 was 25% less than in 2010 and for the first time the number of European tourists exceeded the number of Arab tourists. It should be said that internal and regional political disputes and an increase in security incidents and army

presence on the streets put off the more timid, including the Lebanese abroad, more and more concerned about the “situation” back home.

Quid good news?

Lebanon still has positive assets that can be set up very quickly. Of course, their execution would be dependent on the economic and political environment and the chances of regional solutions. The main advantages of any recovery would be based primarily on:


- Wide margins for limiting any escalation in public finances, notably with a gradual reduction of deficits in GDP and a limitation of salary increases in the public sector.

- The existence of an active expatriate community that asks only for improved political conditions in order for them to invest in Lebanon.
- The mining of significant quantities of hydrocarbons discovered along the Lebanese coast. This project must be investigated and implemented with the utmost professionalism and away from political interference and fruitless debates.

(Milliards LBP)	2013	2012	2011	2010	2009	2008
> Public debt nominal	67,100	64,672	60,451	57,285	52,913	43,416
> Growth rate	2.1%	1.6%	1.9%	9.1%	8.6%	7.5%
> Budgetary expenditure	21,300	20,081	17,600	17,047	17,167	14,957
> As % of public debt	31.7%	31.1%	29.1%	29.8%	32.4%	34.5%
> Budgetary revenue	14,100	14,164	14,070	12,684	12,705	10,553
> As % of Growth rate	21.0%	21.9%	23.3%	22.1%	24.0%	24.3%

And AEP in all this?

In this sluggish economy, it is not surprising to find that the demand for microcredits is constantly growing, since it is the best way of helping the more disadvantaged. AEP therefore welcomes an increasing number of borrowers, to whom it offers qualitative and sustainable support, not only financially but professionally and in friendship.

 Roger Melki

Member of the Board of Directors

AEP News

Plan W / DIAGEO

A gift from Diageo

Following the report prepared by AEP on the program of emancipation of women through education, our association has received the sum of US\$ 45,000 from the spirits distributor Diageo, which donates some of its profits to financing institutions in civil society through its foundation Plan W. The program starts in 2014.



> Diageo Program



> Diageo Program

Tresmed – helping the marginalized

Lena Sayad took part in Tresmed who brought together the economic institutions of the region of the Mediterranean, at the Economic Council of Beirut in February 2013, in order to help marginalized classes such as women and youth.

Live from Emmaüs International

Lena Sayad and Chadi Rached sat on the Board of Directors of Emmaüs International in March 2013. Chadi Rached was the chairperson of the meeting in Roubaix, during which the board discussed inter alia the right to water for all and finance ethics.

Lena Sayad in turn took part in a meeting of Emmaüs delegates for Asia, in New Delhi, India on 18th September 2013.



Action for 2014

- > Improve the terms of the loan programs
- > Take action to move into other regions: Akkar, Koura, west Bekaa
- > Find the means to sell borrowers' produce
- > Find new sources of finance

AEP News

Team meetings

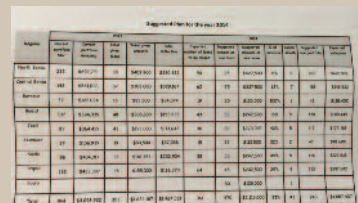
A Regional Team meeting was held on Sunday, 10 November 2013 at the Colibri Hotel in Baabdat. It was a fruitful get-together during which each team had the time to talk about his or her region.



> meeting of the regional team

Road map

For the first time the Board of Directors of AEP have put forward a road map to the Executive Committee, giving them precise tasks and financial objectives concerning the monitoring of loans, collection and credit risk management.



Région	2013				2014			
	Produit	Charges	Excédent	Produit	Charges	Excédent	Produit	
Liban	1000000	800000	200000	1200000	900000	300000	1500000	
Israël	500000	400000	100000	600000	500000	100000	700000	
Jordanie	300000	250000	50000	350000	300000	50000	400000	
Yémen	200000	150000	50000	250000	200000	50000	300000	
Total	2000000	1600000	400000	2400000	1900000	500000	3200000	

> Objectifs

AEP and chocolate

Chocolate confectionary was a great success this year with 2,500 kg sold. Our Association has taken part in Christmas exhibitions that are held at the Créneaux, at the French Cultural Center and in the crypt of St Joseph, USJ.



> Christmas' arrangement

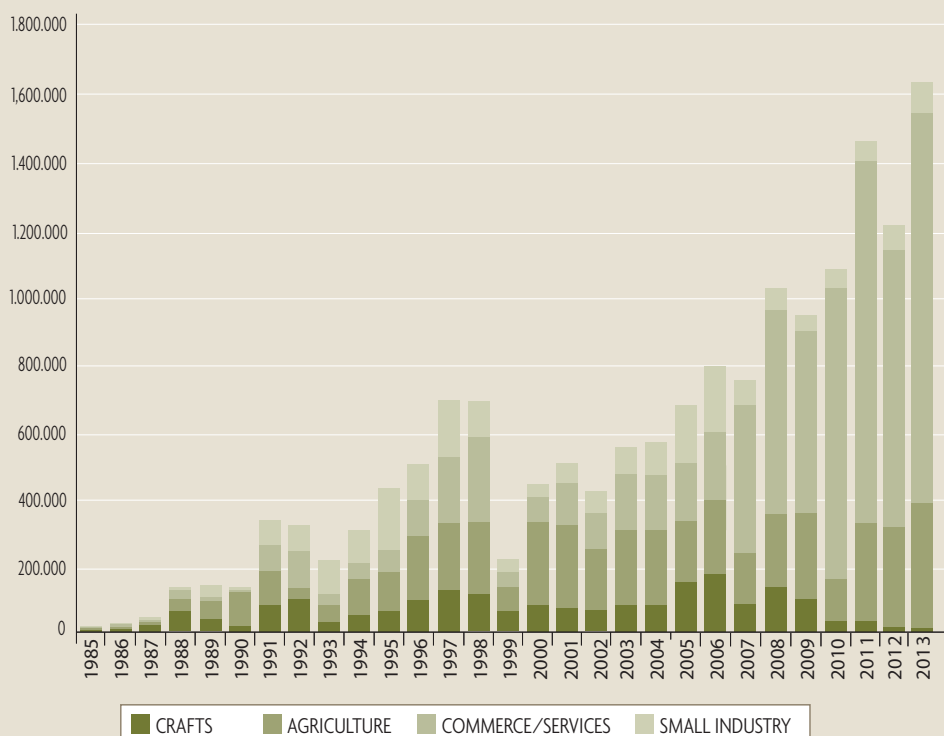
Achievements

— Ever since its foundation in October 1984 until the 31th of december 2013, the “Parabank” has granted **3 778 loans** for a sum of **16 707 347 US\$** among which:

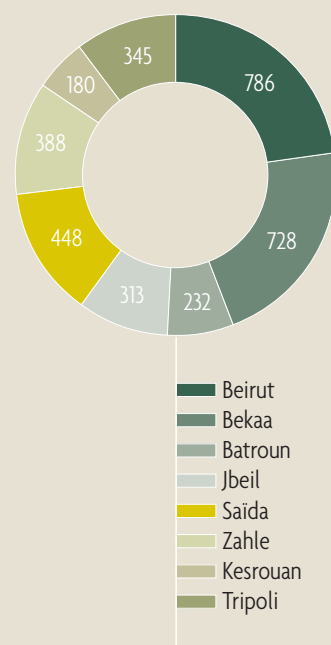
Coverage rate :
93%

→ **3 674 familial loans** for a sum of **14 247 022 US\$**
 → **97 collective loans** for a sum of **703 529 US\$**
 → **cooperative loans** for a sum of **132 962 US\$**

▼ Distribution of the granted loans per year and per sector



▼ Loans since the foundation



► **Year 2013** **Granted loans :**

- Number **353**
- Amount **1 624 187 US\$**

Average outstanding loans :

- Number **904**
- Amount **3 138 606 US\$**

Operating/outstanding
9%

ADMINISTRATIVE COMMITTEE :

President : Antoine Eid	Vice-President : Chady Rached	Secretary : Dolly Haddad	Treasury : Samira Khoury
Members :	Bassam Chami Roger Melki	Camille Chedid Roula Salloum	Iskandar Khoury

AEP's Address

144, El Alam street, Horsh Kfoury,
 Badaro, Beirut
 Tel. / Fax (961) 1 382610
 P.O.Box : 116-5439 Museum 1106/2040 Beirut, Lebanon
 E- mail: aep@inco.com.lb
 Website : www.aep.org.lb

Planning and coordination : Léna Sayad



How to help the AEP?

The AEP needs your financial and/or technical solidarity and support. If you are convinced with the efficiency of its socio-economic action, many participation options are proposed to you: donations, loans, professional advice for the creditors or informing your neighborhood about the goals and actions of the AEP

YES, I WISH TO HELP THE AEP

Name and family name (Mrs., Ms, and M.)

Complete address

Postal code

Tel

Fax

E-Mail

BY DONATING

I wish to pay the annual subscription :

75 000LL

or 50 Euros

or 50 US\$

I wish to make a donation to support the AEP in its action :

Amount of the donation

L.L. or

Euros. or

US\$

The donations are paid to the AEP via : check, postal check, cash,

Bank transfer: Bank Med Ashrafieh, Beirut, Lebanon Account N°: AEP-0242112219500

BY LOANING

I wish to participate to the operation "Savings and Solidarity" by loaning money to an entrepreneur through the AEP, for a sum of:

(the loan unit is 800.000LL or 500 US\$)

BY ADVISING

I wish, depending on my competences, to advise the creditors in their professional activity.

Field

available time

BY INFORMING

I wish to inform about the goals and actions of the AEP.

Number of required bulletins

- Check the mentions that interest you and send this page to the AEP address.

The team of the AEP is at your complete disposal for any information on this number: 01/382610 from 8h till 16h from Monday to Friday

AEP's Address

144, El Alam Road, Horsh Kfoury, Badaro, Beirut. Tel/Fax: (961) 1382610 - P.O. Box: 116-5439 Museum 1106/2040 Beirut, Lebanon
E- mail: aep@inco.com.lb • Website : www.aep.org.lb