

## the non-stop trip

The success of any microfinance institution rests on its ability to establish a long-term relationship with its customer and this is what AEP has accomplished in all its areas of intervention. AEP's micro-credit program began in 1984 when small businesses that found themselves impoverished were unable to use the financial services of local Commercial banks.

AEP's Microcredit Program provided an excellent opportunity for people to contract loans to start or expand a small business and generate the potential to improve the lives of their families. The creation of new programs of Microcredit in Lebanon has also generated strong competition in the industry but AEP, with its strong model of development and the dynamism of its team, continues to reach more customers than ever.

AEP has a 30 years history of achievements and development to take on promising opportunities and assist the neediest entrepreneurs.

 **Hussein Balshi**

Consultant to AEP

## - We are loving



destined to oblivion, why do we build and why did our ancestors build? (...) When my grandfather, in the late 1880s, had the courage to disobey his parents to go to continue his studies in a distant school, it is to me that he was to open the paths of knowledge."

This passage confirmed my idea that the effect of our actions today is not limited in time and place. What we do here and now has a horizontal impact in space and a vertical one in time. Every act of love directed to a person travels as a wave beyond the object of attention. The beloved becomes a carrier of a potential love which he shares in turn. And this phenomenon spreads throughout society and is transmitted from one generation to another. AEP's actions and those of its members derive from the same generosity and professionalism to help thousands of people out of dependency and become productive. AEP will assist a worker to equip his workshop and to manage his finances, changing his life, his future and that of his descendants.

The efforts of AEP are measured not only in figures, statistics and the annual goals that it strives to achieve. It is also seen in the restitution of dignity, love of self and of others and a confidence in life.

Only love can change the world and AEP is here to help.

**Let us love.**

 **Adel Moubarak**

Member of the General Assembly of AEP

## AEP News

### — Our borrowers return the favor!

For the tenth consecutive year, AEP beneficiaries have taken the leading positions in the contest for the best borrower organized by YMCA and City Group.

The 4 winners from different regions and activity sectors are:

- **Raed Nasreddine**,  
winning \$ 2,000 in the category of Commerce and Services, Batroun region.
- **Najwa Daoud Abdel-Ahad**,  
winning \$ 2,000 in the category of Trade and Services center, Bekaa region
- **Antoinette Matar**,  
winning \$ 1,500 in the category of Agricultural Transformation, Bekaa region.
- **Najwa Béchara Aoun**,  
winning \$ 1,000 in the category of female pioneer in Beirut.



► Najwa Béchara Aoun

### — Recovery

To improve the rate of reimbursement loans and avoid late payment, the Association named Ramzi Abu Zaki - recovery coordinator for the different regions of Lebanon.

There are plans to hire a new credit officer for the region of Beirut.

## Employment market in Lebanon and credit policy

Since 2010, the Lebanese economy has been subject to an economic growth cycle very different from that which prevailed during the period 2007-2010, when the annual growth was around 9% and accompanied by a net capital flow from outside approaching \$60 billion. But the events in the Arab world, especially in Syria, reversed the trend, lowering the rate of growth to 1 or 2%.


The report of the World Bank in September 2013 estimated economic losses of around 7.5 billion dollars for the period 2012-2014, with an estimated 200,000 residents of Lebanon living below the poverty line, to which a further newly unemployed 170,000 must be added.

It must be said that historically, a significant gap has always existed in Lebanon between supply and demand for jobs. Recently new entrants were estimated on the work market at a rate of 35000 or 45000 a year, two thirds of whom were university graduates. But the Lebanese economy absorbs only 30% to 40% of the labor supply work, all sectors and all activities combined. The proportion that remains must either find solutions outside of Lebanon or further swell the ranks of the unemployed.

Creating new jobs becomes an almost impossible task, even in the new order. Certainly banks play an indirect but important role in job creation through loans to various sectors of the national economy but many obstacles limit their intervention: first the State, in order to cover its deficits and service its debt, monopolizes about half of total bank credits, and secondly, the lending policy practiced by banks tends to exclude significant segments of society, despite the record level of banking penetration in the Lebanese economy, where total bank deposits exceeds three times the country's GDP. With their affluent clients, the banks' credit policy tends to be characterized by the excessive concentration of loans in the Greater Beirut area and in construction in particular.

Hence, the importance of microcredit organizations in the creation of new jobs, targeting the excluded and insecure members of society who have neither the means to ensure a capital contribution nor the ability to provide the necessary guarantees. These groups are often composed of men, but especially women in informal trade, in urban and rural environment.

It is all the more essential that AEP's efforts go beyond loans and immediate concerns, to include the social inclusion of the poor, technical assistance and training offered to beneficiaries. Our personal support is an essential aspect of the mission of the Association, a guarantee for the beneficiary to move from borrower status to that of micro-entrepreneur.

 **Kamal Hamdan**

Head of the Economic Division - Consultation and Research Institute



## The Lebanese economy in 2014 - 2015: Better current situation but distant rumblings



› Roger Melki

- **Despite a build up of internal and regional political tensions, with the loud sound of boots on Lebanese-Syrian borders, the products of the Lebanese economy for 2014 are acceptable enough. This is all the more satisfactory since the year began in a not particularly encouraging atmosphere, with no government and doubts in the country's ability to meet the deadlines for Presidential and Parliamentary elections. In August, the crisis was pushed to the limit with the attacks of Syrian Islamist fighters against the Lebanese army in the area of Aarsal and the hostage-taking that followed.**

Paradoxically, this worsening military tension has resulted in the adoption of a security plan for almost all of Lebanon's territory, greatly benefiting several sectors of the national economy.

At the end of the period, the forecasts for economic growth were even revised upwards to exceed the 2.5% mark, while the most optimistic had seen seeing this rate as likely to be less than 1.5% earlier in the year. However, it remains well below rates recorded in 2009 and 2010 and many observers believe this improvement is more to do with technical adjustments after three disappointing years.

### Crisis Growth Sectors

	2014*	2013	2012	2011	2010	2009	2008
› Nominal GDP (billion USD)	46,000	44,511	42,900	40,100	38,100	35,100	28,200
› Real annual growth rate (%)	2.6%	1.8%	2.3%	2.0%	8.0%	10.3%	9.1%

\*Estimations

Indeed, annual growth remains fragile in the current political context, especially if one integrates negative developments from the first quarter of the current fiscal year, notably in Syria and Libya and the Yemen, not to mention internal political obstacles.

Furthermore, the mild improvements of 2014 are far from uniform or felt in all regions and sectors of the economy. So while the number of tourists increased by 6.3% in 2014 compared to 2013, it remained two thirds of its level in 2010. In addition, the hotel sector did not take advantage of this recovery and the occupancy rate of hotels in 2014 was 3% lower than that of 2013, itself down 32% compared to 2010.

In the field of real estate, another flagship sector of the Lebanese economy, some indices are higher, notably licences granted in 2014 which account for 13.5 million m<sup>2</sup> against 12.9 million in 2013, an annual growth of 4.8%, but this swallow does not make a economic summer! Indeed, it is still

far from the 17.2 million m<sup>2</sup> of 2010 and does not reflect the sharp decline in sales transactions, or the slowdown in property prices.

Commercial activities are improving somewhat in 2014, seen more in small trading, while the luxury trade, previously another dynamic sector of the national economy is at a virtual standstill.

### Positive portents: Falls in the Euro and petrol prices


The fall in oil prices on the international market and the depreciation of the Euro compared to the Lebanese pound, have had very positive effects on the monetary and imbalances of the Lebanese economy.

A barrel of oil was trading at more than \$100 earlier this year and that it is today at less than \$50 has allowed the Lebanese government to reduce its budget deficit by over \$ 600 million per year (deficit EDL),

effecting a saving of \$1.6 billion to the balance of the national debt.

These cyclical corrections, however, can have adverse effects, since a rise in the pound risks handicapping already weakening national exports. The decline of oil revenues in the Gulf countries limit the opportunities for active Lebanese nationals in these countries to remit funds.

The slight improvement in 2014 should be consolidated in 2015 and not only based on highly volatile phenomena. In fact, economic growth must come from a consolidation of internal and regional policy and an economic reform that has been lacking for many years. For now, we have to manage the crisis, to work for a long-term vision.

 **Roger Melki**  
Member of the Board

## AEP News

### Team meetings

The meeting of the Regional Teams was held on Sunday, November 23, 2014 at Batroun Village Club in a friendly atmosphere and with a useful exchange of ideas. A number of new participants, interested in social affairs, gave their views, enriching the debate.



> meeting of the regional team

### Good trip

To improve the productivity of our field teams, the Admin committee decided to equip their cars with GPS.

### Cautious ambitions

The Association Committee has devised an action plan with future objectives which take into consideration the general state of the country and the principle of reasonable risk, both essential in assessing loan applications and managing available cash.

### AEP's chocolates a best seller !

As usual, the sale of chocolates over the holidays was a great success, resulting in the distribution of 2,000 kg of our chocolates to the Créneaux exhibition and the Solidaire market of the Lebanese French Institute.



> Christmas' arrangement

## AEP News

### Under the auspices of the LMI

- AEP received \$129,000 from USAID under the LMI (Lebanese Microfinance Investment) program. Much of this money has been allocated to agricultural projects. Mr. Hussein Balshi, our consultant and training officer, followed the work of AEP during the months of March and April, focusing on the regions of Saida and Tripoli.
- Also under the patronage of LMI, our expert in agronomy Hassan Stétié conducted a tour of the regions of Zahle, Batroun, Jbeil and Akkar, to track our beneficiaries' agricultural projects and study them with our credit officers in order to improve the quality of production.
- Also with LMI, two microcredit specialists visited AEP in June and schooled Lena Sayad and Lara Hassoun in risk management, discussing the current program of loans and how to improve it.
- Finally, our various discussions with LMI representatives have resulted in the following recommendations :
  1. Resort to a policy of "disbarment".
  2. Increase interest rates to 12% in order to achieve self-sufficiency.
  3. Provide bonuses to employees when merited.
- A Lebanese microfinance network was formed under the patronage of LMI: the number of founder members is 8. Following a vote for the distribution of roles, Accounting was assigned to our Association, represented by Lena Sayad.



### Each his territory

- It was decided to split the northern region as follows:
  - Akkar and Tripoli under the responsibility of Ali Zeidane
  - Batroun, Koura and Zgharta under the responsibility of Suzanne Tablieh .
- AEP is preparing to rent a new office for the Zahle region, replacing our present use of the Social Development Centre that we have been using in the Ksara region since 2001.

## AEP News

# Plan W / DIAGEO

### Diageo and women

The British alcohol and spirits giant allocated the sum of \$45,000 to our training plan for the empowerment of women. Five hundred Lebanese ladies were able to enjoy training courses on accounting, communication and leadership in the Bekaa, Batroun, Zghorta and Jbeil areas.

The project was well received and the women were keen to receive more internships.

On 4 April 2014, a launching ceremony was held to present the plan to the media and Lebanese press. At the end of the training sessions in the Bekaa, a graduation ceremony was held, during which the women received their certificates in the presence of Mr. Gilbert Ghostine, former president of Diageo Asia.



> Diageo Program



> Diageo Program

## Emmaus International Activities:

- A meeting of Emmaus International councilors for Asia was held in Lebanon from 14 to 17 March. It focused, among other things, on the organization's projects around water, micro-finance, ecotourism...
- Quentin Herada, from Emmaus International, organized a training session on the values of Emmaus International. Finally, counselors were taken on a field visit to see borrowers' projects in the Kesrouan region.
- Lena Sayad participated from 15 to 21 June at a training course in France under the direction of Emmaus International.



## Objectives for 2015

- > To organize and put into action the work of AEP, especially training courses.
- > To come up with a plan to penetrate new regions and develop them more widely .
- > To study in detail the question of personal loans, taking into consideration whether these are for immediate use or for future development.
- > To find new sources of finance, to satisfy the growing demand for loans.

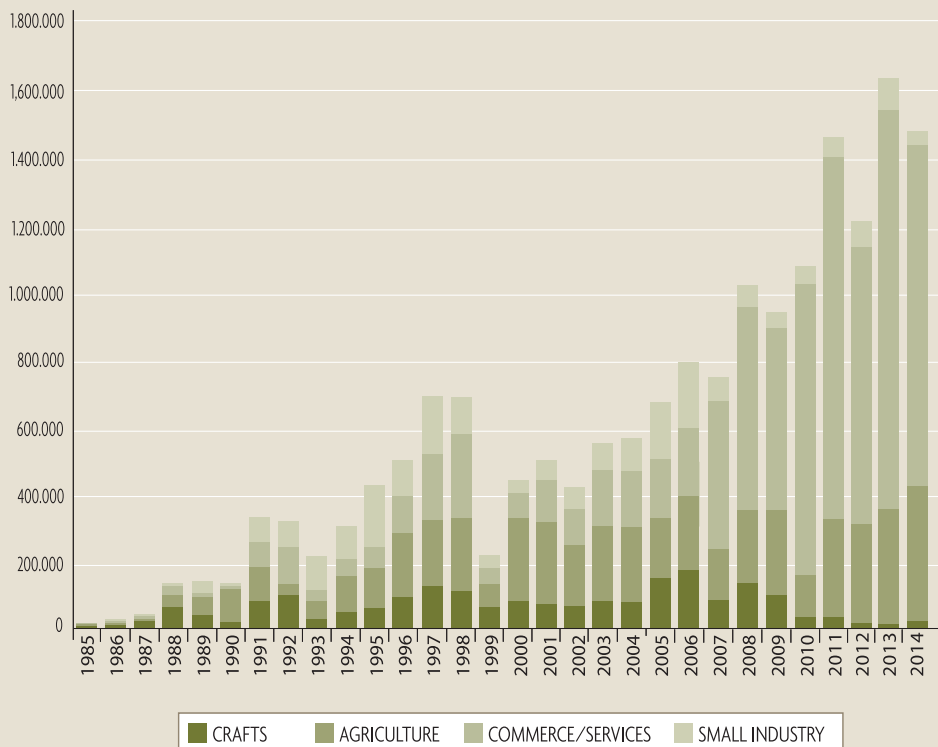
## Réalisations

— Ever since its foundation in October 1984 until the 31<sup>st</sup> of december 2014, the “Parabank” has granted **4 094 loans** for a sum of **18 147 647 US\$** among which :

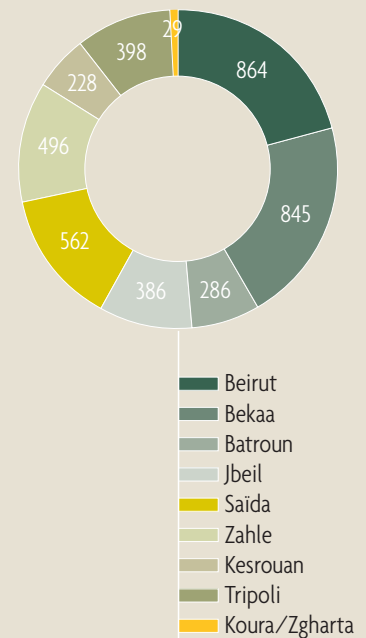
Coverage rate :  
**92%**

→ **3 990 prêts familiaux** for a sum of **15 687 322 US\$**  
 → **97 prêts collectifs** for a sum of **703 529 US\$**  
 → **7 prêts coopératifs** for a sum of **132 962 US\$**

### ▼ Répartition des prêts accordés par année et par secteur



### ▼ Prêts depuis la fondation



► Year 2014  
**Granted loans :**  
 → Number **316**  
 → Amount **1 440 300 US\$**  
**Average outstanding loans :**  
 → Number **988**  
 → Amount **3 389 797 US\$**

Operating/outstanding  
**9%**

### ADMINISTRATIVE COMMITTEE :

<b>President :</b> Antoine Eid	<b>Vice-President :</b> Chady Rached	<b>Secretary :</b> Camille Chedid	<b>Treasury :</b> Samira Khoury
<b>Members :</b>	Bassam Chami Roger Melki	Dolly Haddad Walid Osseirane	Iskandar Khoury

### AEP's Address

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 Website : [www.aep.org.lb](http://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 800.000L.L 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

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