

The Lebanese economy in 2016 - 2017: Positive end-of-year fluctuations, uncertain outlook.



Roger Melki

After a difficult start to the year, 2016 ended on a positive note with the election of a new President of the Republic, the appointment of a Government of 'National Union' and the decline of military operations in Syria.

This new political environment was reflected almost immediately in a lowering of internal security tensions, the gradual return of nationals of the Gulf countries and Lebanese diaspora, and the marked improvement in economic indicators in many sectors, particularly related to tourism. The demographic and social pressures of displaced Syrians have also reduced, with the recent flow of returns to Syria.

A wind of optimism is all the more justified, given that 2016 had started with no Presidency for the third consecutive year, a quasi-government, paralyzed Parliament and increasing doubts about the possibility of a solution in Syria.

An essentially political détente has of course been welcomed in the world of business, but the situation is not blissfully optimistic. The economic crisis that started in 2011 was induced not only by the deterioration of the political situation, but also by a weakening of activity in different

sectors at home, as well as in the Arabian Gulf, where Lebanese operators suffered from the oil-price crisis that forced public authorities to scrap infrastructure projects. Emigration failed to relieve social pressures, such as unemployment, because of the prevailing harsh conditions.

The aforementioned weakening of activity was also the result of structural changes in different industries internationally and turmoil introduced by technical changes, both difficult to keep up with for Lebanese producers.

Poor public governance is also seen as a serious economic factor, with a sharp rise in the public deficit since 2012. Such an imbalance weakens the monetary situation and uses available public funds, so removing them from potential investment in productive sectors. The annual deficit of the Treasury narrowly missed the 10% mark with a cumulative debt of over \$ 77 billion, in excess of 150% of GDP.

	2016*	2015	2014	2013	2012	2011	2010
> Nominal GDP (millions USD)	51,500	50,800	49,800	47,200	44,100	40,100	38,000
> Annual Growth Rate (%)	1.5%	1.5%	2.6%	1.8%	1.7%	2.0%	8.0%

*Estimated

Although depressed at the beginning of the year, anticipated growth has been revised upwards for 2016 and the 3% mark could be attained in 2017. Nevertheless, this remains significantly lower than rates recorded in 2009 and 2010 and observers believe that it represents a technical adjustment rather than a return to real growth, following six very disappointing years.

In addition, the improvement in 2016 is far from uniform or applicable to all regions and sectors of the national economy. So if the number of tourists has increased by more than 8% in 2016, compared with 2015, it remains at less than 75% of that in 2010.

Roger Melki
Advisor

AEP News



Meeting of Regional Teams

A friendly meeting of Northern District AEP Teams was held on 6th June 2016, to get to know each other and discuss regional activities over a friendly brunch. This should be done more often and in all regions !!

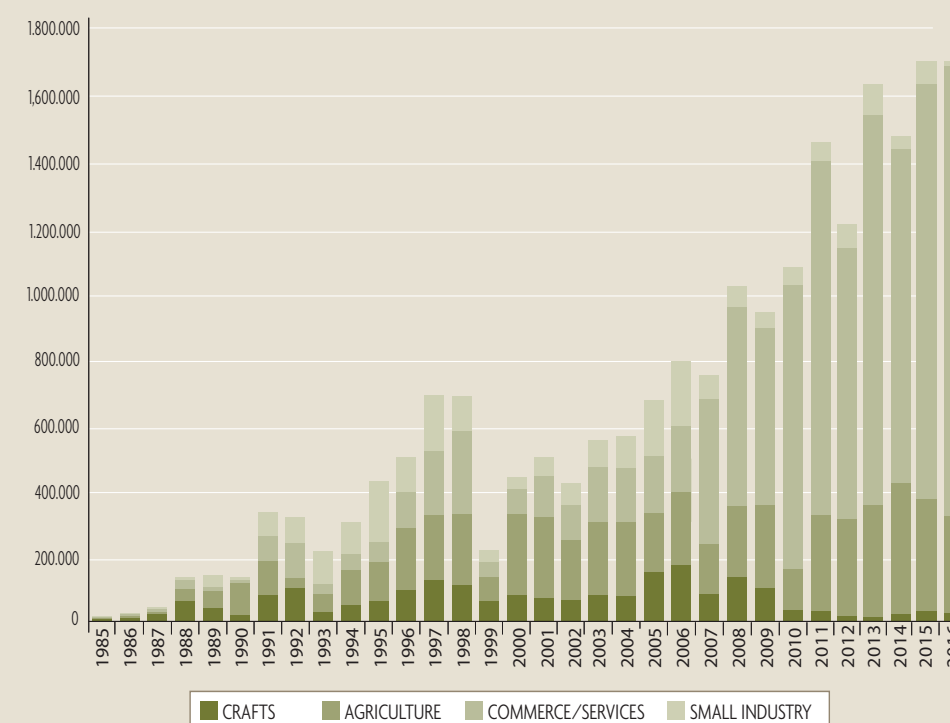
Achievements

Ever since its foundation in October 1984 until the 31st of December 2016, the "Parabank" has granted **4 810 loans** for a sum of **19 606 019 US\$** among which:

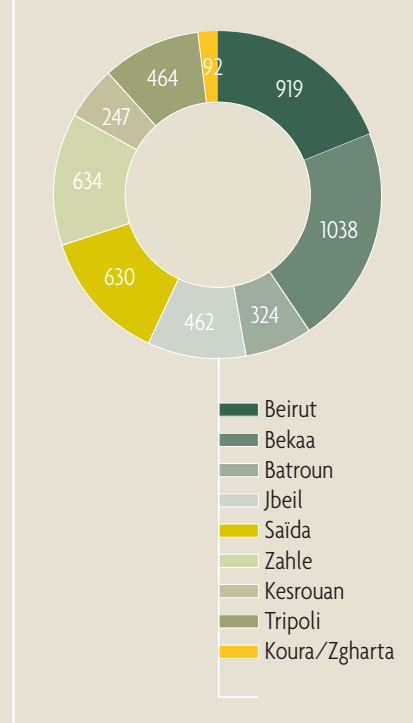
Coverage rate:
99%

- **4 706 familial loans** for a sum of **18 769 528 US\$**
- **97 collective loans** for a sum of **703 529 US\$**
- **7 cooperative loans** for a sum of **132 962 US\$**

▼ Distribution of the granted loans per year and per sector



▼ Loans since the foundation



► Year 2016

- Granted loans: → Number **348**
- Amount **1 401 206 US\$**
- Average outstanding loans: → Number **1 113**
- Amount **3 765 969 US\$**

Operating/outstanding
9%

ADMINISTRATIVE COMMITTEE :

President : Chady Rached	Vice-President : Camille Chedid	Secretary : Dolly Haddad	Treasury : Samira Khoury
Members :	Antoine Eid Wafaa Abou Charaf	Dolly Hérou Walid Osseirane	Iskandar Khoury

Planning and coordination : Léna Sayad

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AEP Liban



Beyond help... The right for economical initiative

AEP, already 33 years old ...

And on a relay race of endurance in which our volunteers pass the baton to each other, to continue to serve Civil Society.

Today, at a time when voluntary work no longer elicits resounding cheers, AEP remains an example to the world of non-profit organizations and of microcredit.

But as with any institution, in order to sustain itself AEP must evolve and adapt to the upheavals and challenges of the day. It has started three new projects that respect its values and purpose, so as to extend its message and strengthen its plan of action:

- The modification of its Statutes in order to adapt to new challenges and expectations
- The adoption of a new Communication and Marketing strategy for the audiovisual media and social networks
- The injection of new blood into the Association through new members and a revamping of the Regional Teams

These projects have already been initiated, and with the efforts of the Executive Committee, our voluntary members, employees and not least, our donors, AEP will continue to remain an active and dynamic movement at this critical time for our country.

While values often tend to lose their appeal, AEP will remain faithful to the spirit of its founders and continue its unflinching march forward.

Yours truly,

Chady Rached
President

– Communication ... a necessity and a means



The world is currently witnessing remarkably fast development in all domains, facilitating individual exchanges and making everyone more open. The most significant advance undoubtedly remains that in audio-visual communication. Indeed, easy means of conversation are no longer the prerogative of individuals but are now the privilege of members of a family, associations and businesses, large corporations and governmental agencies. Geographical distances have effectively been reduced and the ends of the world brought closer together.

The importance of modern means of exchanging information stems from their requirement in our daily life. The most important impact has been in the field of knowledge, where erudition and expertise have grown at a remarkable pace. Data is now widely available and accessing it has become increasingly easy.

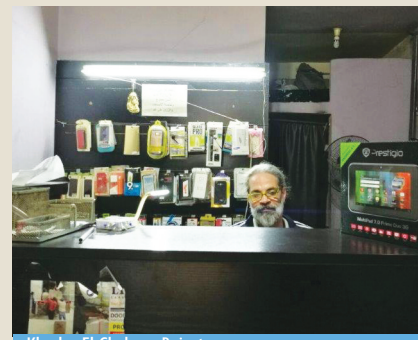
To accompany this development, AEP is improving its communication tools so as to reach a wider social sphere and to keep everybody well informed of new activities and the overall work of the Association. With this in mind, AEP has recently put in place several measures:

- Creation of a Facebook page explaining the activities of the Association in various regions and presenting all our projects.
- Implementation of communication plans with Regional and Executive Teams around the various regions, to maintain links with the national body of the society and expand our network of friends.
- Implementation of a media plan at both a central and regional level, with programs and interviews that increase awareness of the Association and its activities.
- Organization of annual regional activities, in cooperation with beneficiaries and borrowers, inviting Representatives of local communities and so publicize the Association.

L'Association d'Entraide Professionnelle (AEP) works for development at all levels. What we have recently undertaken with Social networks, using them to disseminate the spirit and mission of AEP, will soon encompass all other endeavors, starting with an improvement in the performance level of work teams. We will then be able to offer the best service possible to beneficiaries of the Association.

Camille Chedid
Vice-president

Testimonials



› Khodor El Chaher - Beirut

› Khodor El Chaher

Business: Telephone store and accessories
Location: Mkaless, Beyrouth

Khodor, a middle-aged Lebanese, is divorced with two young children. In 2010, he had a serious accident that almost completely paralyzed him. With medical treatment and physiotherapy sessions, he gradually recovered some of his mobility and today he lacks only the use of his legs.

After meeting with the AEP credit officer, Khodor was given a loan to start his small business and in his shop, we now find phones, accessories and other food and make-up products. The element that has contributed most to the shop's newfound success is an international phone-line. We are always welcomed with a big smile, as Khodor has an excellent relationship with AEP. He has applied for a further loan of \$5,000 to acquire further goods to secure and increase customer loyalty.

Khodor has worked hard to recover his former dignity and AEP is proud to have helped his business succeed.



› Leila Ammar - Saïda

› Leila Ammar

Trade: Sandwich shop
Location: Saïda

Leila and her single daughter, Samira, manage their sandwich shop on their own. Leila contracted a \$3,000 loan from AEP to install a countertop, hood and work surface to meet safety and health standards.

Thanks to AEP, their trade is now increasing and they will be able to repay the loan comfortably from their income.



› Charbel Saliba - Jbeil

› Charbel Saliba

Trade: Saj
Location: Jbeil

Charbel owns a Saj, operating from the center of Jbeil. Married and the father of financially independent children, he is borrowing from AEP for the second time to expand his trade by buying a new Saj.

Charbel's small business works so well that he caters for outdoor events and invitations, arriving in his van to delight the guests' taste buds. To meet demand, he now employs six people, two full-time and four half-time. He is always on the lookout for new products to improve his business and when he wanted to acquire a food-truck to expand to new regions, Charbel obtained a loan of \$5,000 from AEP.

Charbel is a model borrower, so AEP will gladly help him again.

AEP News

— Social networking

Having prepared a detailed media plan, Camille Chédid, Vice-President of AEP, outlined the main components of the communication program, together with a timetable for each department: Council Administration, Executive Team, Credit Officers, Regional Teams ...

He stressed the need to develop communication through TV interviews and interventions on Social networks: Facebook, WhatsApp ...

Without forgetting to organize regular Team meetings Teams and to set up an annual workshop and meetings with the Executive Team.

— Le Chocolat brings in cash!

As usual, sales of chocolate were successful, with nearly 1700kgs sold to the Royal Hotel, the French Institute and loyal customers of AEP.



› Christmas arrangement



› Georges Zogheib

Occupation: Farmer
Location: Jouret El Qattine

This borrower is a classic illustration of why AEP was created.

Georges, his wife Najat and three school children started from scratch when they began farming, to stabilize their domestic situation. Located on the slope of a mountain, sheltered from the wind and very sunny, the location of the project seemed ideal, albeit that the soil was rather poor and rocky.

Georges called on AEP to help him flatten the terrain and add new earth to make it suitable for greenhouse installation and cultivation. The work to be undertaken was costly and by the end of 2016, the farm had borrowed from us four times! Each time the credit allowed him to develop further. Georges' vegetable fields now allow him to sell parsley, spinach, broccoli, tomato and beans ... each depending on the season.

Georges had recourse to a Syrian and an Egyptian family to help mid-season in two of the greenhouses. Moreover, on the land he has a well, from which the water is bottled and marketed.

When he repaid the last loan Georges had other ambitions: a new greenhouse at the top of his land and a small house with a view of the valley and the farm!



› Solange El Kass - Zahlé

› Solange El Kass

Trade: Baker
Location: Zahlé

Solange is married and the mother of two young children. Three years ago she opened a snack bar on the main street of Zahlé. In order to improve and decorate the site, AEP lent her \$4,000. However a large company opened up next door, causing acute parking problems and blocking access to customers of the snack bar! Sales became difficult as her clientele, previously numerous, diminished.

Solange found herself forced to change direction and invest in a bakery, for which there was a need in the neighborhood. She prepares consumables on-site, for direct sale or home delivery. She is also in demand for large orders and has reconnected with her large clientele.

Solange is justly proud of her flexibility and our loans have allowed her to stand up to her difficulties and become a model of small business success.

AEP News

— USAID : always something new!

The US development agency USAID has kicked off LIFE (Livelihoods and Inclusive Finance Expansion), a new financing project under the leadership of the Palladium Society. AEP was invited to participate in this project, which aims to:

- Facilitate access to more beneficiaries in rural, remote, marginalized areas, including women, young people and those with disabilities.
- Support the Lebanese microcredit network.
- Create a Risk Center.

Emmaüs International News

Léna Sayad and Camille Chédid participated in the Emmaüs World Assembly, held in April 2016 at Jésole in Italy, after which Patrick Atohoun from Benin was elected president of Emmaüs International.

As usual, AEP has distinguished itself...

Léna Sayad participated at the first meeting of the Executive Committee of Emmaüs International in July 2016, as a member of the Board of Directors and Treasurer. The meeting was chaired by Patrick Atohoun, the new president of the movement. Léna Sayad participated in two further meetings: the Executive Committee of the Movement, held in Paris, and that of the Regional Advisers, Emmaüs Asia, which took place in Delhi in October 2016.



Project Life



On Friday, 18 November 2016, as part of USAID's Livelihoods and Inclusive Finance Expansion (LIFE) project, the AEP premises in Zahlé hosted a group from the region, all of whom work in small trades. The objective was to better understand the expectations and difficulties encountered when borrowing from banks or private institutions.

The different approach to genres and in particular the place of women were also addressed. The main difficulties in borrowing were seen as guarantees, high interest rates, rigid repayment and corruption.

Objectives for 2017

- › Implementation and participation of all in a communication plan
- › Continue the dynamic of the Association's work at all levels, including the General Assembly, through the invitation of new members
- › Seek additional funding to develop the Loans program
- › Reinforced programs of mutual aid and loans in the social domain

AEP News

— YMCA and City Group Competition

AEP won "Best Borrower of the Year" for the twelfth consecutive year!

Four borrowers from different regions received the following awards:

- Fadi Louis Abdel Ahad, chocolate shop in the northern region of Bekaa: **2000\$**
- Charbel Subhi Keyrouz, farmer in northern Bekaa: **1500\$**
- Nabil Ahmed Youssef Haidar, perfumery in Jbeil: **1000\$**
- Wadih El Khalil Sukkar restorer in the central region of Bekaa: **1500\$**



› The Borrowers

— Network Treasurer



Léna Sayad, Director of AEP, has been appointed Treasurer of the Lebanese Micro-Finance

Association. AEP is one of the founding and more active members of the Association, participating in meetings for the development of Microfinance in Lebanon and the founding of a Risk Center.

— Communication Seminar

President Chady Rached, invited members of the Administrative Committee, Regional and Executive Teams of AEP to attend a very successful seminar on communication and media, moderated by Nicolas Sbeih and Charbel Ghosn, experts in social affairs and marketing.

The seminar closed with Iftar, on the occasion of the month of Ramadan. Following the seminar, it was decided to draw up a media plan to be presented to all AEP members.