



# BDL's Contribution to the SDGs

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## **I. Introduction**

Ever since the early nineties, and long before the Millennium Development Goals were put in place in the year 2000 (ancestors of the SDGs), Banque Du Liban (BDL) has been working towards achieving very similar targets.

In fact, a closer look to the strategic policies of BDL and the circulars it has been putting in place to implement these policies and direct the key players of the banking and financial sectors, shows that BDL has played, and continues to play, a major role in attaining ten SDGs that are relevant to its scope of work.

In my speech today, I will outline some of the SDGs that are of relevance to BDL's scope of work and present what the Central Bank has done in order to attain them.

## **II. Goal 1: End poverty in all its forms everywhere.**

In Lebanon 47% of adults have an account at a formal financial institution, compared to an Arab rate of 14% and a global rate of 62%<sup>i</sup>; and Lebanon scores 25 branches of commercial banks per 100,000 adults, compared to a global rate of 13<sup>ii</sup>. In parallel, lending activity registered 5.4% growth during 2016, with total credit to the private sector exceeding USD 58 billion in December 2016. Moreover, 44% of Lebanese adults are considered financially literate, compared to a global rate of 33%<sup>iii</sup>.

BDL has put in place an action plan for financial inclusion and financial literacy, for which it has established an internal committee in order to achieve substantial outcomes. On the financial inclusion perspective, it is championing the efforts on the national level with the concerned stakeholders, from both the public and the private sectors and in collaboration with the civil society. One of the major objectives is to make sure that people from all the regions and from all the educational, social, and health/physical backgrounds and conditions have equal rights and access to financial services regardless of their age or gender. On the financial literacy perspective, BDL strives to ensure that all these people, especially the poor and vulnerable, have the necessary knowledge and understanding of the financial matters that are essential for their daily and future lives.

Additionally, BDL is working on reducing the exposure of the whole economy to financial shocks and crises by adopting prudential measures and issuing directives to fight financial crimes and ensuring that banks and financial institutions operate in a sound way.

BDL has also created in the premises of the Banking Control Commission a unit for protecting the consumers of banking products and services. It has also issued circulars to make sure that disclosure and transparency requirements are observed when loans are granted.

**III. Goal 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.**

**IV. Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.**

In light of these goals, BDL has given incentives to the banks to promote the agricultural and industrial sectors and activities by giving its actors facilities with minimal interest rates. Hence, loans financed by BDL have reached a cumulative value of USD 11 billion over the past five years. If the subsidized loans from the state are added, the total funds allocated to developing the productive sectors and housing will reach USD 14 billion, of which 60% is for housing and 40% is for other productive sectors.

For instance, agricultural and industrial projects already benefit from:

- The medium and long term credits granted to the productive sectors and those granted to the enterprises that produce locally Information and Communication Technology (ICT) equipment and that offer services related to ICT equipment, programs, and technologies.
- The credits given in LBP to the SMEs working in the agricultural, industrial, and high-tech sectors and benefiting from the support of Kafalat and the government interest-subsidy program.
- The microcredits in LBP (of 20 Million LBP max) that are approved by the microfinance institutions and granted to individuals or to small enterprises of four people or less to help them establish or develop productive projects.
- The credits in LBP that are granted for the establishment of new projects or for the development of existing ones, and that do not benefit from the government interest-subsidy program.
- The loans in LBP given in the context of the small enterprises guaranty program.
- The loans in LBP granted for R&D in the context of productive sectors that are a joint effort between the private sector and the universities or any other research center or incubator, aiming to create new products or develop existing ones.
- The credits in LBP granted to entrepreneurs to start new projects related to knowledge and innovation.

**V. Goal 5: Achieve gender equality and empower all women and girls**

BDL's initiatives for financial inclusion are not subject to any form of social or gender discrimination, thus it contributes in curbing any cultural and social obstacles and encourage women to access financial services.

Also, BDL has been working on empowering women to ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making at BDL. There are quite a few women directors and heads of units in BDL, but BDL is aiming at more gender equality.

## **VI. Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all**

In that respect, BDL is collaborating with the World Bank, the UNDP, the European Investment Bank and the AFD (Agence Francaise de Developpement), to avail eco-friendly loans in the energy sectors through banks with minimal interest rates. In that regard, the value of the Lebanese banks' environmental loans to consumers in Lebanon have exceeded USD 600 million.

## **VII. Goal 8: Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all**

Having maintaining economic stability as one of BDL's mandates, BDL has been working on maintaining the inflation rates between zero and 4%, and it has surged growth rates by promoting productive sectors, enabling MSMEs' access to finance, reducing unemployment rates, and creating new jobs. The enhancement of growth is realized through:

- Subsidizing interest rates,
- Giving banks incentives to grant loans with minimal interest rates through offering them partial exemptions from reserve requirements,
- launching the annual stimulus packages since 2013, mounting to an annual average of USD one billion.

Additionally, and with the aim of promoting the Knowledge Economy through encouraging and financing creativity, innovation, new technologies, and research and development, new financing schemes were created for this purpose, on the basis of equity financing, so as to avoid the burdens of debt financing (Circular 331). In this matter, BDL has authorized the commercial banks to invest, with BDL's guarantee, up to 4% of their own funds, mounting to around USD 600 million.

## **VIII. Goal 10: Reduce inequality among and within countries**

BDL's action plan for financial inclusion and financial literacy mentioned earlier serves this goal. Moreover, the BDL has established, in 2002, a committee for financial stability and financial vulnerability indicators, and it has established in 2008 a unit for financial stability which was replaced in 2014 by the unit in charge of monitoring the stability of the banking and financial sectors.

On the other hand, BDL is lobbying with all Arab members of the AMF, for an enhanced representation and voice of these countries in decision-making within global international economic and financial institutions such as the World Bank and the International Monetary Fund, in order for these institutions to be more effective, credible, accountable and representative.

**IX. Goal 11: Make cities and human settlements inclusive, safe, resilient, and sustainable**

BDL has created nine secondary branches distributed in Jounieh, Bikfaya, Zahle, Aley, Saida, Tyr, Nabatieh, Tripoli, and Baalbek, so as to cover all Lebanese territory.

Furthermore, BDL has prospective projects to support positive economic, social, and environmental links between projects urban, per-urban, and rural areas by strengthening national and regional development planning through these branches.

**X. Goal 12: Ensure sustainable consumption and production patterns**

BDL is an active member in the National Steering Committee for Sustainable Public Procurement, which was established by an initiative of the Ministry of Finance (Bassil Fuleihan Institute of Finance) for promoting Sustainable Public Procurement (SPP) practices and principles. In addition, BDL has been applying the internationally-recognized best practices in SPP to its own procurements even before the adoption of the SPP practices on the national level.

**XI. Goal 16: Promote peaceful and inclusive societies for sustainable development; provide access to justice for all; build effective, accountable, and inclusive institutions at all levels**

BDL has called, since 2001, for the adoption by the parliament of a law that prohibits money laundering and terrorism financing. This law was amended in 2015 in accordance with international best practices, principles, and guidelines in this field. The said law considers illicit financial and arms flows, as well as organized crimes as underlying crimes for money laundering.

Moreover, Lebanon has adopted in 2015 a law that addresses the declaration of the cross-border transportation of money, which reduces significantly the illicit financial flows, in addition to a law on the exchange of information for tax purposes.

On the other hand, the Special Investigation Commission, along with the other concerned Lebanese authorities, cooperate with foreign authorities for the recovery and return of stolen assets under the StAR initiative (Stolen asset recovery initiative), that was a joint effort between the World Bank, the United Nations Office on Drugs and Crime, and other related bodies.

**Conclusion**

In conclusion, BDL has already started implementing most of the SDGs that are of relevance to its scope of work. The real sustainable achievement to be attained is BDL's ability to inspire and lead-by-example all the concerned stakeholders, whether from the public, private, or civil-civic sectors.

Thank you.

## References

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<sup>i</sup> Global Findex, 2014. The World Bank.

<sup>ii</sup> <http://data.worldbank.org/indicator/FB.CBK.BRCH.P5?page=4>

<sup>iii</sup> Standard & Poor's Global Financial Literacy Survey, 2015.