

# RAED CHARAFEDDINE

## First Vice- Governor of the Central Bank of Lebanon

On the level of the oil-exporting countries, we have seen sluggish growth, at the same time, we have stubborn budget deficits. As far as the MENA oil-importing countries are concerned, they suffer fiscal impotence and high public indebtedness, despite the projected rise in growth, [...] The structural socio-economic challenges encompass the lack of economic diversification and rentier economies; fiscal inefficiencies; unemployment and job market failures; weakness of intra-regional economic integration; retardation of technological innovation; weakness in financial inclusion. [...] As for the contemporary macroeconomic adversities, they too are mainly the outcome of regional political and security unrest and conflicts, accompanied by population displacement, in addition to resource price shocks. [...] We have two million refugees in Lebanon, among a population of a little over four million. [...] Lebanon did not actually suffer from the global financial crisis. [...] What we did was a lot of pre-emptive policies and measures that prevented the effects of the crisis from tackling Lebanon. [...] What the Central Bank did was actually stimulating the economy and at the same time, taking the precautions so as not to impact inflation. We targeted our inflation, but at the same time, back in 2013, we came up with a policy that we called a stimulus package, whereby we lent banks USD 1 billion, and we have been doing that since then. [...] This liquidity of USD 20 billion, out of the banks' total assets of over USD 200 billion, in addition to a deposit base in our banks of almost four times our GDP constitute substantial financial capacities. [...] The Central Bank stimulus package has contributed to 50% of the GDP growth since 2013. [...] Financial engineering, which is a multilevel swap that targeted several objectives in the Lebanese macroeconomic, financial, and monetary stability scenes. [...] We have launched a knowledge economy, whereby banks get involved in equity financing, rather than giving them loans.