



Quarterly Newsletter

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Letter from the Managing Director

Dear Partners,

I write to you today with a heavy heart, as I had hoped that this letter would find you at a time when the war had ended, innocent lives had been spared, and the situation has improved.

Despite these challenging circumstances, EPCGF remains firm in its commitment to supporting the Palestinian Economy. We have continued to guarantee loans, providing support to businesses and individuals trying to cope with the current challenging situation and the economic consequences of the war.

EPCGF has played a crucial role in mitigating economic distress, even as the lending environment has become more challenging. While other guarantee agencies/ programs paused their activities during the initial stages of the war, EPCGF remained operational, fostering confidence amongst our partner financial institutions (PFIs). By supporting the MSME sector and facilitating the operations of financial institutions, EPCGF is working to alleviate the pressure imposed by the current situation. EPCGF has further demonstrated its commitment to its role by promptly honoring numerous claims received recently from several PFIs due to a number of defaulting loans in the West Bank and Gaza. We remain committed to our mission of promoting economic growth and resilience in Palestine.

Key Highlights:

- **Loan Guarantees:** EPCGF approved 88 SME loan guarantees totaling USD 11,041,437 in Q2 2024, a decrease of approximately 52% compared to Q2 of the previous year.
- **Non-Performing Loans:** NPLs rose to 27.90% in Q2 2024, up from 2.81% in Q2 2023. The NPL rate for the West Bank is currently 18.90%, while in Gaza it stands at 80.51%.
- **Outstanding Portfolio:** The outstanding portfolio decreased slightly from USD 67,476,577 in Q2 2023 to USD 66,725,913 in Q2 2024.

We anticipate further declines as claim requests from partner FIs are being addressed/ processed.

EPCGF remains committed to providing the required support to our partner FIs, even in the face of these challenges. We will continue to monitor the situation closely and adapt our strategies as needed.

Istidama+ Program: EPCGF is in the process of teaming up with the PMA and partner financial institutions to provide guarantee facilities that expand their offerings and target new/ larger groups of beneficiaries under the Istidama+ program, launched by the PMA towards the end of 2023. This fund offers low-interest financing with favorable terms to benefit the targeted economic sectors. These sectors primarily include SMEs affected by the current economic conditions, such as health, agriculture, renewable energy financing, and environmental conservation.

Diploma Program: We have made significant progress since the launch of the diploma program in October 2023. We have successfully completed one program in the West Bank, and three more groups will be finishing by the end of September, totaling 82 trainees. Unfortunately, the war and its associated challenges disrupted the committed training of 200 participants in the first year. However, we intend to conduct future training sessions later this year/ early next year to make up for the shortfall of 200 participants as much as possible as our goal is to train a total of 600 participants by 2026. On the same note, we are delighted to report that our Diploma Program has been a resounding success. The positive feedback we have received from both participants and their respective financial institutions is a testament to its value. We are committed to building upon this success by continuously evaluating and improving the program, addressing areas where enhancements can be made to ensure its ongoing relevance and effectiveness.

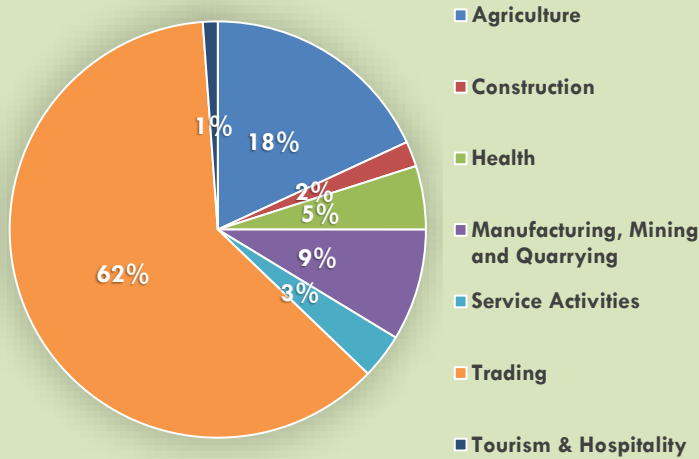
We hope for a brighter future and better conditions for our next communication.

Thank you for your invaluable partnership and shared commitment.

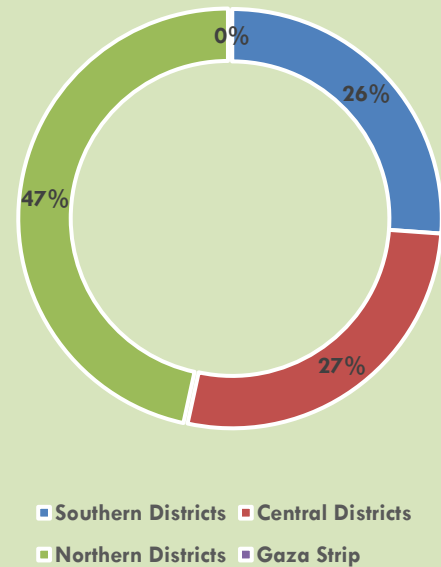
Sincerely,
Hussein Habbab

EPCGF's Figures for Q2/2024

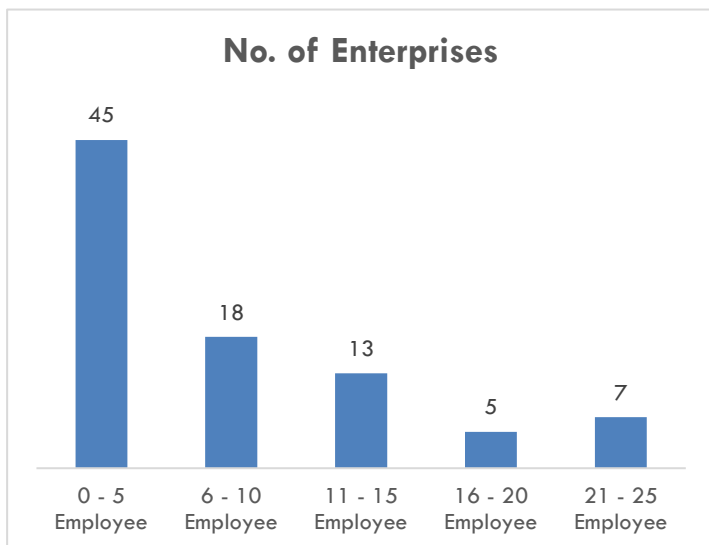
Sectoral Distribution



Geographical Distribution



SME Profile



Market Penetration

#	Client's Type	Number
1	Unbanked	9
2	Rescheduling client	2
3	New Credit Relation	12
4	Existing Credit Relation	65
Total		88

News & Publications

EPCGF Celebrates Successful Diploma Program Graduation

Ramallah, West Bank — EPCGF held a small graduation ceremony on July 17, 2024, at the Center for Continued Education (CCE) at Birzeit University to honor the accomplishments of 21 participants from various partner financial institutions in the Ramallah area.

Despite the challenging circumstances, the participants successfully completed the Diploma Program, demonstrating their dedication and commitment to professional development. The ceremony was attended by representatives from the European Union (EU), the Palestinian Monetary Authority (PMA), CCE, and EPCGF.

The EU funding made this program possible, providing a valuable opportunity for participants to enhance their skills and contribute to the growth of the financial sector. EPCGF expressed its gratitude to the EU for their continued support.

