

EPCCGF



STICHTING EUROPEAN PALESTINIAN
CREDIT GUARANTEE FOUNDATION

Quarterly Newsletter

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Inside this Issue:	Page
Letter from the Chairman of the Board of Directors	3
Figures	
Sector Distribution	4
Geographical Distribution	4
Market Penetration	5
SME Profile	5
Updates	6

Letter from the Chairman of the Board of Directors

EPCGF ended 2019 by bidding farewell to Hanna Sahhar, Managing Director, after 14 years of dedicated service. Hanna joined EPCGF from the start and was one of its key pillars. The Board of Directors and staff are grateful for his contribution to the growth of EPCGF and the MSME sector in Palestine. His relentless efforts to position and ensure EPCGF as the leading credit guarantee scheme in Palestine and the region did not go unnoticed. Hanna was an active player in shaping the Palestinian MSME sector and facilitating its access to finance. We wish Hanna continued success in his new position. We will for sure miss him.

We welcome Raed Kafity as the new Managing Director. Raed comes to us with a diversified financial sector background where he worked at a number of financial institutions in Palestine, Jordan and the U.A.E. His extensive experience in the MSME sector is a perfect match with EPCGF's goals and objectives. Please join me in extending a welcoming hand to Raed who, in turn, looks forward to further develop a close working relationship with you, our Partner Financial Institutions and stakeholders.

As the old saying goes, "the calm before the storm" is a befitting phrase to describe the start of 2020. On the heels of year-end celebrations and the arrival of the New Year, a health crisis was already slowly brewing in Asia, soon to develop into a major pandemic. The Coronavirus, a.k.a. Covid-19, is a true black swan event in the real sense of the word, better described as "event or an incident that occurs randomly and unexpectedly and has wide-spread ramifications". The impact and the lockdowns that the world has witnessed thus far since March is only the tip of the iceberg of what is yet to come. Needless to say, our lives have already changed, so are the ways of how we do business in the future. Working from home, remote access, videoconferencing, Zoom meetings, etc. has become the norm.

Covid-19 exposed the weaknesses and dependencies of our economic existence. Businesses around the globe have been heavily impacted and, in Palestine, with our fragile economy and heavy reliance on external factors, we saw more than our share of economic devastation, particularly in our tourism and service industry. With the support of our stakeholders, EPCGF introduced new measures specifically targeting businesses severely impacted by the Covid-19 crisis. We hope that this initiative will go a long way in alleviating the harm experienced by the MSME sector, which we all value and consider the main engine of our economy.

Challenging times are on the horizon for many years to come. We look forward to working with all our partners in reviving the Palestinian economy, preserving employment and maintaining a decent and human standard of living.

John Khoury

Chairman of the Board of Directors

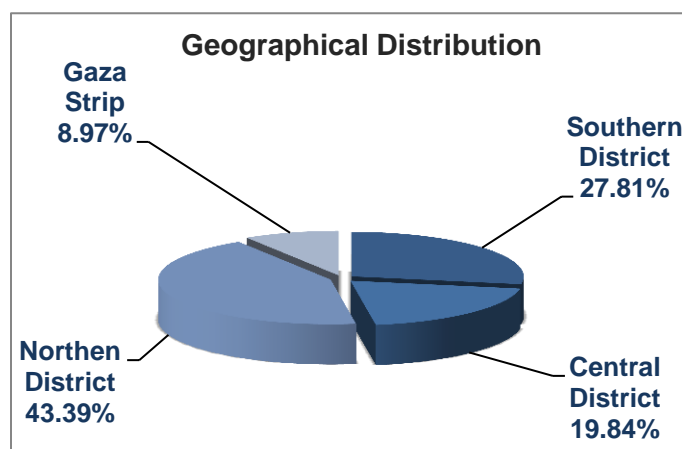
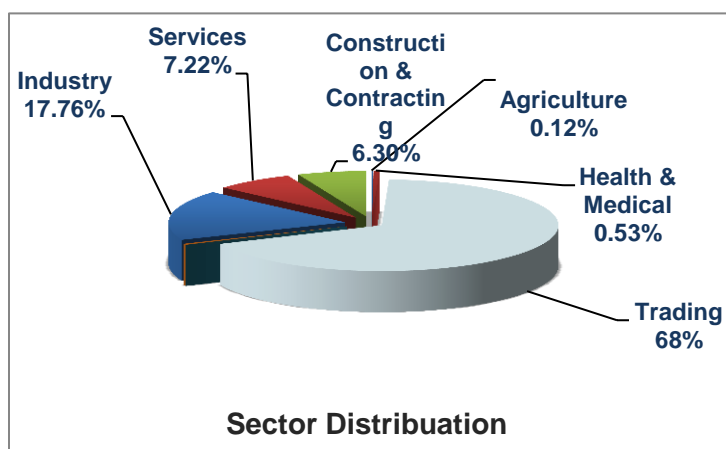
SECTOR DISTRIBUTION

Economic Sector	Amount USD
Agriculture	6,000
Health & Medical	25,740
Trading	3,255,777
Export & Import	0
Education	0
Crafts	20,000
Industry/Light Industry	854,564
Services	347,426
Construction & Contracting	303,300
Tourism	0
TOTAL	4,812,807

GEOGRAPHICAL DISTRIBUTION

Region	Amount USD	No. of Loans
Southern Districts	1,338,240	14
Central Districts	955,000	9
Northern Districts	2,088,067	32
Gaza Strip	431,500	7
TOTAL	4,812,807	62

South: Hebron, Bethlehem
Central: Ramallah, Bethany, Al Ram, Jericho, East Jerusalem
North: Nablus, Jenin, Tulkarem, Qalqelia



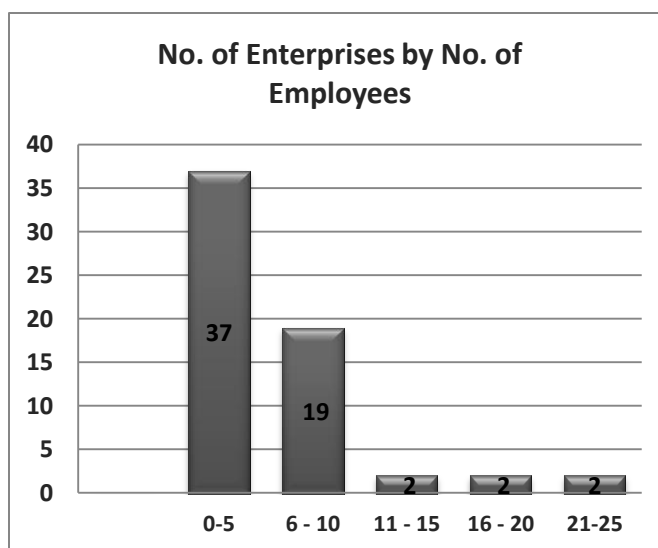
MARKET PENETRATION

Client's Type at Banks

Code	Client's Type	Number
001	New Clients	11
002	Existing Clients with No Credit	11
003	Existing Borrowers with No Credit	9
004	Existing Borrowers	25
005	Borrowers with Arrears	0
006	New Client for Bank (with Credit History)	3
007	Existing Client (Credit Relationship with EPCGF)	3
Total		62

SME PROFILE

No. of Employees	No. of Enterprises
1-5	37
6-10	19
11-15	2
16-20	2
21-25	2
TOTAL	62



Updates

The year started on track for EPCGF's plans to carry out some ambitious projects that can help the institution optimize its operations, compliance, MIS and IT infrastructure. The enhancements in operations aimed to benefit our partners in reaching out to the end beneficiaries across the MSMEs sector. In March, due to COVID-19 pandemic, EPCGF has faced quite some challenges that every other firm has also experienced in terms of the ways of which the operations can be sustained and how the scheduled projects are managed and its deadlines can be also met. Adapting to new norms suddenly became the biggest challenge around the world as businesses were faced with the concept of working from home. Social distancing was the mantra as we all retreated to the safety of our own homes. This has truly given EPCGF the opportunity to reassess its business needs and take the necessary actions for the areas of improvement.

At the outset, EPCGF was keen to continue with its daily operations and find ways to manage the new work style during challenging times. The team was determined to find the right ways to execute what can be remotely completed. This gave us the opportunity to test weaknesses in our delivery systems, primarily the MIS. EPCGF had already commissioned a Consultant to carry out an assessment of the MIS who met with our partner banks to hear what they had to say. The needs became more apparent during this hiatus and which are currently being addressed.

EPCGF had planned to carry out Environmental and Social training, a subject that has become more and more important and required by our stakeholders. International consultant was engaged to travel to Palestine for the training scheduled for end of March. These plans are on hold until travel restrictions are lifted again.

EPCGF has already set the plans, gradually started the execution process of customizing the MIS and its IT infrastructure, to be aligned with the best practices in terms of efficiency and security. The Environment and Social training will be carried out later this year.

You will soon receive from us details on the planned new initiative specifically designed to assist MSMEs that were affected by COVID-19. Final approvals are being obtained from our stakeholders.