

EPCCGF



STICHTING EUROPEAN PALESTINIAN
CREDIT GUARANTEE FOUNDATION

Quarterly Newsletter

June 2021

Issue No.54

info@cgf-palestine.com

www.cgf-palestine.com

Inside this Issue:	Page
Letter from the Managing Director	3
Figures	
Sector Distribution	4
Geographical Distribution	4
Market Penetration	5
SME Profile	5
News and Updates	6

Letter from the Managing Director

As we are halfway into the year, I am delighted to present EPCGF's Q2 Newsletter. During this period, the demand on SME loans continued to increase compared to the same reporting period of 2020. As of 30 June 2021, EPCGF approved a total of 133 SME loan guarantees for total amount of USD 11.2 million compared to 103 for total amount of USD 7.9 million as in 30 June 2020. This represents an increase of around 30% in terms of number and 40% in terms volume between the two reporting periods. Despite of the hurdles also this year in terms of loan management the quality of loans portfolio improved and sitting at 8.28% as of 30 June 2021, compared to 10.11% as in the same reporting period of 2020.

In the course of the coming two quarters, EPCGF expects that the demand on loans would increase due to the continuous implications of the pandemic and the cashflow pressure that MSMEs currently encounter. Of course, that in turn should increase the demand on SME loan guarantees by the financial institutions because of the associated risk. The Estidama II Fund recently launched by the PMA will encourage banks to extend SME loans under EPCGF guarantees. Additionally, with the EPCGF guarantee in place, the allocation of micro loans portfolio under the Fund focusing more on women and youth entrepreneurs should also help the banks penetrate the market further by reaching the most neglected market segment and ultimately create and maintain more jobs.

To stimulate the development of renewable energy in the country and encourage SMEs to use the renewable energy. EPCGF launched the renewable energy loan product to encourage banks to support the SME sector deemed interested in the solar system and energy efficiency. Additionally, EPCGF is determined to continue its support to MFIs in terms of bridging the financing gap when borrowing from the commercial banks. The commercial borrowing product is offered with its tailored mechanism to ease the MFIs' access to finance and mitigate the banks' risk exposure.

Due to the pandemic, many technical assistance (TA) activities were put on hold and only resumed this year, catering to the needs of the microfinance sector and EPCGF. Going forward, the TA activities will continue to focus on supporting; (1) microfinance sector through Sharakeh (2) specific MFIs with tailored TA projects (3) banking sector with capacity building programs (4) internal capacity of EPCGF.

Despite of all the challenges presented by the coronavirus, we have been able to mitigate the impact of this crises on our performance, however, that is not to say our portfolio remained unaffected. Our partners, donors and staff have been working so hard to make a difference in these difficult times, I am so proud of their endless dedication. Given the continuing demand across the MSME sector, EPCGF is confident that it is well positioned to pursue its role and mission to support this sector in Palestine.

Managing Director

Raed Kafity

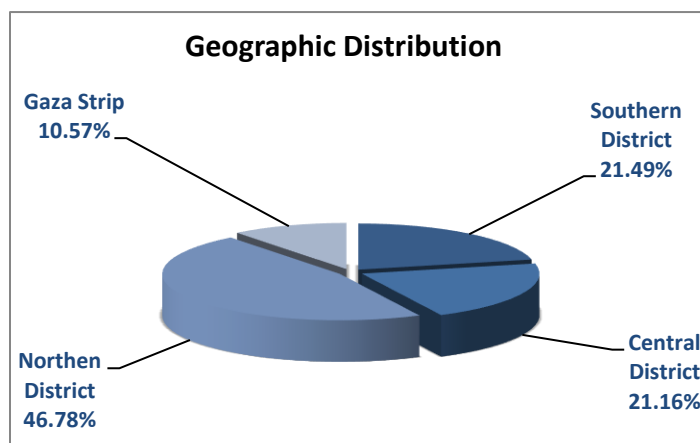
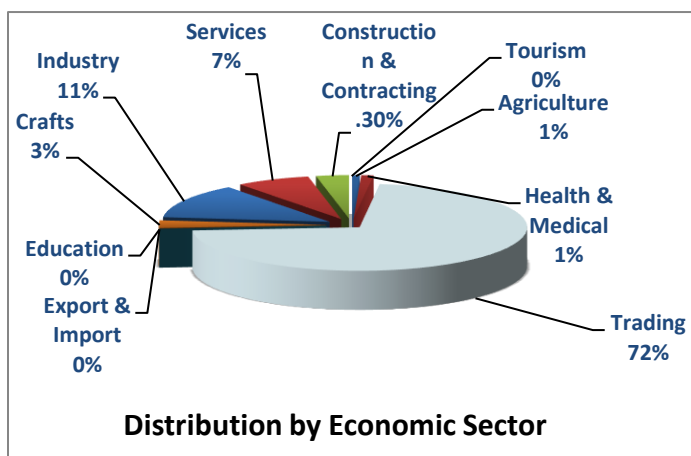
SECTOR DISTRIBUTION

Economic Sector	Amount USD
Agriculture	81,384
Health & Medical	133,000
Trading	8,038,642
Export & Import	0
Education	0
Crafts	319,830
Industry/Light Industry	1,451,250
Services	798,767
Construction & contracting	354,000
Tourism	0
TOTAL	11,176,873

GEOGRAPHICAL DISTRIBUTION

Region	Amount USD	No. of Loans
Southern Districts	2,401,646	24
Central Districts	2,364,682	31
Northern Districts	5,229,043	60
Gaza Strip	1,181,502	18
TOTAL	11,176,873	133

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

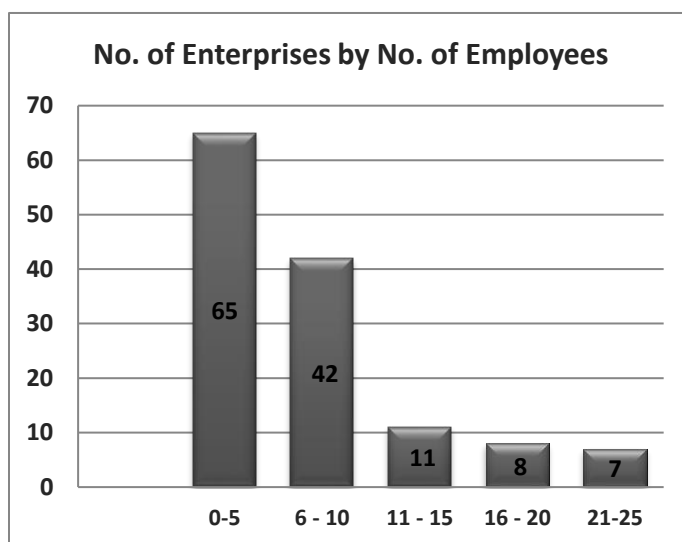


MARKET PENETRATION

Code	Client's Type	Number
001	New Clients	39
002	Existing Clients with No Credit	19
003	Existing Borrowers with No Credit	16
004	Existing Borrowers	49
005	Borrowers with Arrears	2
006	New Client for Bank (with Credit History)	5
007	Existing Client (Credit Relationship with EPCGF)	3
Total		133

SME PROFILE

No. of Employees	No. of Enterprises
1-5	65
6-10	42
11-15	11
16-20	8
21-25	7
TOTAL	133



News and Updates

On June 09th, EPCGF signed an agreement with PMA for the permanent Fund, Estidama II, to pursue its mandate in supporting the MSMEs access to finance; i.e., existing and startup SME enterprises and existing micro enterprises, and help in reviving the Palestinian economy and avoid macroeconomic instability as a result of the Covid-19.

Following this agreement; EPCGF signed the MoUs of this initiative with its' partner banks to encourage the banks to extend more MSME loans under this Program in accordance to the risk sharing set criteria.