



Quarterly Newsletter

Issue No. 62

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Letter from the Managing Director

Dear Partners,

I write to you today under challenging circumstances amidst the ongoing war in Gaza. The war has undoubtedly caused immense hardship and suffering and our hearts go out to the innocent lives affected. We pray for a swift resolution that brings peace and stability to Gaza, and Palestine. While I had hoped to address you under more favorable conditions, I am writing to you today to provide an overview of EPCGF's activities during the second and third quarters of 2023.

We have remained steadfast in our commitment to supporting the Palestinian private sector through our valued partner financial institutions and have achieved notable milestones that are worth mentioning.

In accordance with the abovementioned observations, we are pleased to share some significant updates and achievements that highlight the positive impact of our collaborative efforts. In the second and third quarters of 2023, EPCGF successfully approved 187 SME loan guarantees in the second quarter and 216 in the third quarter, amounting to a considerable USD 23,112,179 million and USD 25,709,338 respectively. These numbers represent a substantial increase of approximately 32% and 45% respectively in the number of approvals compared to the same period of last year. In addition, there has been a notable decrease in non-performing loans (NPLs), falling from 2.73% in Q3 2022 to 2.49% in Q3 2023. These figures demonstrate our dedication to supporting SMEs and encouraging their growth, particularly following the launch of the EU Mandate with its favorable terms and competitive fee structure.

Another notable milestone we have achieved is the remarkable growth of our MSME guaranteed portfolio. In the third quarter of 2023, the outstanding portfolio reached a significant USD 67,476,577 (up from USD 45,305,700 in Q3 2022), marking the highest recorded size since EPCGF's inception. This growth is a testament to our collective efforts and impact, and it underscores the meaningful transactions and relationships that are contributing to a stronger and more resilient MSME sector in the West Bank and Gaza, inclusive of East Jerusalem.

EU Mandate Program: A Resounding Success

One of the key accomplishments of this period is the continued success of the EU Mandate Program. This program, which runs parallel to our regular program/scheme, has demonstrated remarkable growth in loans guaranteed in both the second and third quarters. This achievement is a testament to the dedication and keenness of our partner financial institutions in expanding their customer base and

catering to their evolving needs in a progressive and attentive manner. Your unwavering commitment has been the driving force behind the program's success.

Technical Advisory (TA) Initiatives: Support and Empowerment

EPCGF has actively embarked on several strategic technical advisory initiatives designed to develop the overall capacity of our partner institutions. These initiatives are tailored to address the specific needs and requirements of the institutions involved by identifying and recognizing the challenges and competition they encounter. By providing targeted technical assistance, EPCGF aims to enhance the operational efficiency and effectiveness of our partner institutions and their respective functions/ departments of interest.

Banking Retreats: Fostering Collaboration and Knowledge Sharing

We further strengthened our partnership with our partner banks by conducting two-day banking retreats for five of our esteemed financial institutions. These retreats aimed to familiarize participating banks with our respective roles in the market, foster mutual understanding, and exchange valuable expertise. We are committed to extending these retreats to all our partner banks in the near future/ when the situation permits.

Diploma Program: Sharpening Skills for a Thriving Financial Sector

In early October, we launched the "Success and Excellence Diploma" program, designed to enhance the skills of professionals in the financial sector. While the program commenced successfully, we were compelled to pause it due to the outbreak of the war in Gaza. The safety and well-being of our participants remain our top priority. We remain hopeful for a swift cessation to this war and look forward to resuming the program as soon as conditions permit.

Looking Ahead with Hope

Despite the ongoing challenges, EPCGF remains steadfast in its support of the financial sector through our loan guarantees. We are committed to providing the necessary resources and assistance to help our partners navigate these difficult times.

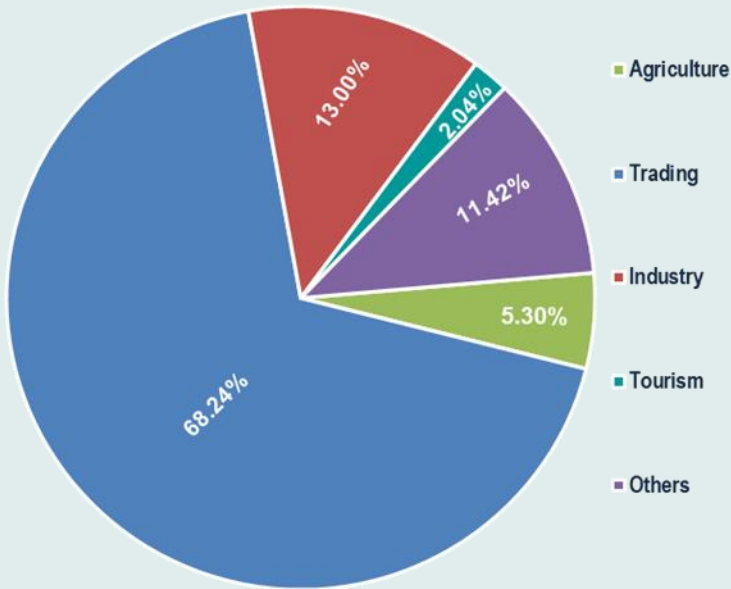
We remain hopeful that peace will eventually prevail and innocent lives are spared. We do also hope that the end to this war will allow for the speedy reconstruction and economic recovery of Gaza, and Palestine.

Finally, we express our deepest gratitude to each one of you for your continued collaboration and commitment to our shared goals. Together, we are and will continue to make a difference.

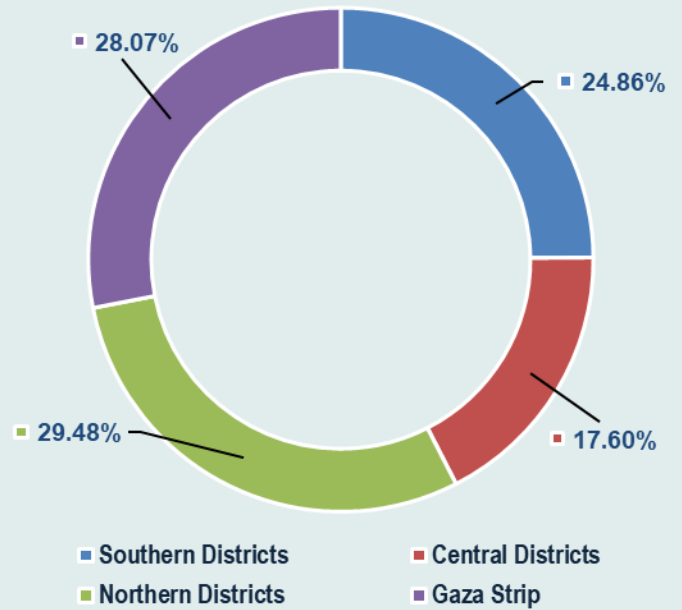
Sincerely,
Hussein Habbab

EPCGF's Figures for Q2

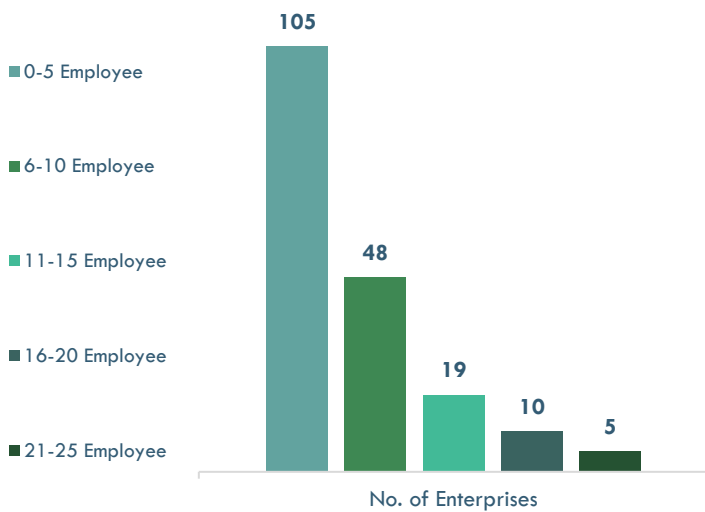
Sectoral Distribution



Geographical Distribution



SME Profile

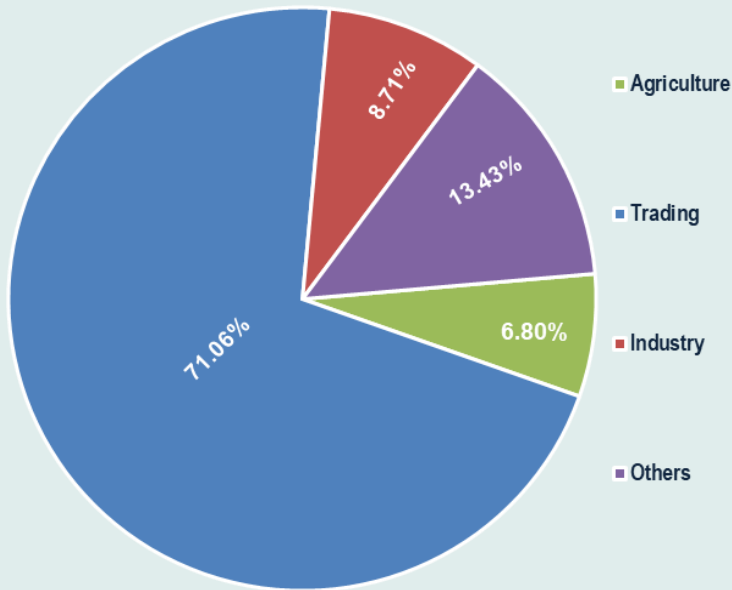


Market Penetration

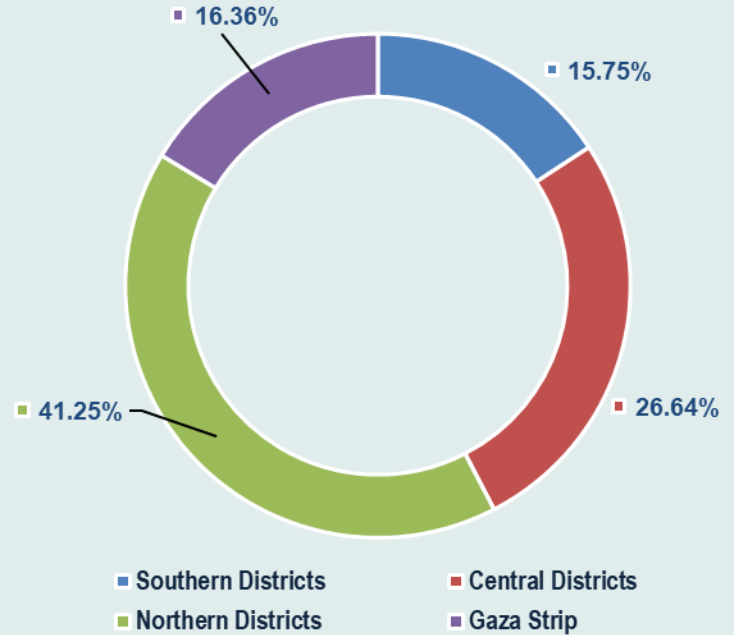
Code	Client's Type	Number
001	New Clients	46
002	Existing Clients with No Credit	18
003	Existing Borrowers with No Credit	18
004	Existing Borrowers	81
005	Borrowers with Arrears	2
006	New Clients for Bank (with Credit History)	15
007	Existing Client (Credit Relationships with EPCGF)	7
Total		187

EPCGF's Figures for Q3

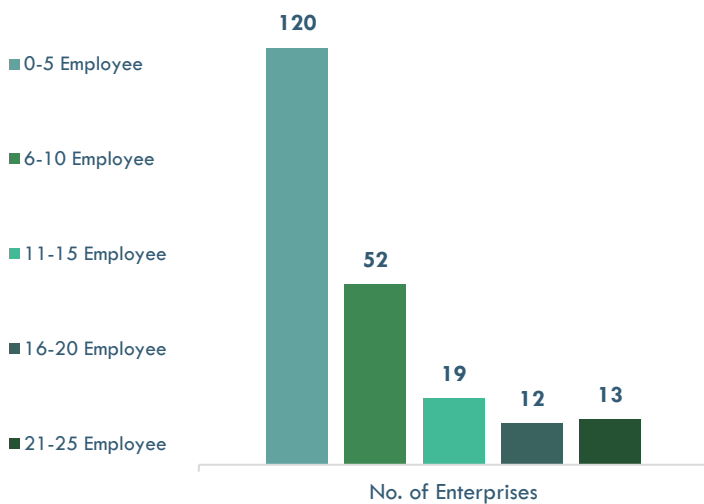
Sectoral Distribution



Geographical Distribution



SME Profile



Market Penetration

Code	Client's Type	Number
001	New Clients	58
002	Existing Clients with No Credit	28
003	Existing Borrowers with No Credit	12
004	Existing Borrowers	83
005	Borrowers with Arrears	2
006	New Clients for Bank (with Credit History)	22
007	Existing Client (Credit Relationships with EPCGF)	11
Total		216

News & Publications

Empowering Partner Banks Through Training Sessions

The European Palestinian Credit Guarantee Foundation (EPCGF) continues to foster collaborative relationships with its partner banks through a series of enlightening training sessions. These sessions, organized by the EPCGF, have been designed to offer partner banks' employees an in-depth understanding of the foundation's products and operational procedures while facilitating team-building activities that enhance their cohesion with both their colleagues and the EPCGF.

During the third quarter of 2023, EPCGF successfully concluded five of these empowering training sessions, with plans to continue this initiative in the fourth quarter. The purpose of these sessions goes beyond product knowledge, extending into strengthening the bonds and cooperation between the partner banks and the EPCGF, ensuring a mutually beneficial partnership.



News & Publications

Introducing the "Success & Excellence Diploma" Program

On September 30, 2023, the European Palestinian Credit Guarantee Foundation (EPCGF), in collaboration with the Center for Continuing Education (CCE) - Birzeit University, launched the first session of the "Success & Excellence Diploma." This exciting program commenced with fundamental training sessions held in both Ramallah and Gaza, featuring 65 enthusiastic participants, considering two groups in Ramallah and one in the Gaza Strip.

The first subjects tackled in the diploma program were microeconomics and entrepreneurship, setting the stage for a comprehensive curriculum that includes a total of 11 modules. These modules have been thoughtfully designed to cater to two distinct segments of participants: "Fundamentals" and "Executive" sessions.

The "Success & Excellence Diploma" represents a unique opportunity for financial individuals to deepen their knowledge and expertise in various aspects of the Palestinian SME landscape and the Palestinian economy. A total of 600 Participants from EPCGF's partner banks and MFIs will receive valuable insights and skills that can empower them to excel in their careers and contribute to the economic growth and prosperity of the region.

Note: Due to the current challenging situation in Palestine, the "Success & Excellence Diploma" program has been postponed. We remain committed to resuming the program as soon as conditions permit.

