

EPCCGF



STICHTING EUROPEAN PALESTINIAN
CREDIT GUARANTEE FOUNDATION

QUARTERLY NEWS LETTER

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INFO@EPCGF.ORG

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LETTER FROM EPCGF

Dear Partners,

I am sending this newsletter in yet another challenging times across Palestine, where economic challenges affect virtually all aspects of our lives. Nonetheless, we remain hopeful and look forward to a better future.

Allow me to reflect on the past period in terms of our role as a loan guarantee foundation. We have honored all claims pertaining to affected MSME projects in the West Bank and Gaza. Claims paid so far constitute around ~9% of our guaranteed portfolio and about 6% of total loans facilitated through our Foundation. This underscores our commitment to our mission and undertaking to support our partner financial institutions in mitigating the economic distress faced by their MSME clients and the economy at large. The beneficiaries of these claims include banks and MFIs whose operations were affected due to the impact endured by their MSME clients in the West Bank and Gaza. Furthermore, the Foundation's financial position remains strong and steadfast, ensuring both our capacity to support new loans and our continued ability to fulfill existing commitments.

Key Highlights:

As is the case with the rest of the economy, EPCGF's operational indicators were affected throughout the year because of the war . and ongoing political uncertainties in the West Bank. These together adversely affected loan performance across financial institutions and contributed to a reduced risk appetite by partner financial institutions.

Loan Guarantees: EPCGF approved 128 SME loan guarantees totaling USD 17,388,907 in 2H 2024, a decrease of approximately 55% compared to 300 SME loans totaling USD 36,521,126 in 2H 2023.

Non-Performing Loans: NPLs rose to 20.38% in 2H 2024 compared to 5.7% in 2H 2023. The NPL rate for the West Bank is currently 24.66% while in Gaza it stands at 75.34%.

Guaranteed Outstanding Portfolio: The guaranteed outstanding portfolio decreased by 20% in 2H 2024 to stand at USD 54,900,666 from USD 68,517,145 in 2H 2023.

Diploma Program and Technical Assistance:

EPCGF is nearing the completion of the first cohort of its diploma program, launched in October 2023. Despite significant challenges and movement restrictions across the West Bank, we have successfully delivered the program's first-year objectives. We are now analyzing the experience(s) and feedback from our Partner FIs to enhance the second and third years, building on our successes and addressing any challenges. The diploma program, developed in partnership with our financial institutions and the Palestine Monetary Authority (PMA) and delivered by the Center for Continued Education/ Birzeit University, aims to cultivate essential MSME management competencies for 600 participants from partner banks and MFIs over three years. Delivered through a designated curriculum, the program hosts one cohort of 200 participants per annum. We are delighted to have received exceptionally positive feedback from our partner financial institutions, an equal testament to the dedication and hard work of their participating staff.

Regarding Technical Assistance (TA), EPCGF has several new initiatives planned for the coming period. We look forward to collaborating with you on these initiatives for the overall benefit of the financial sector.

Furthermore, EPCGF aims to launch new initiatives over the course of the coming period to further stimulate the MSME sector and hence the larger economy and to support and strengthen it by addressing both immediate and long-term needs. Working in close partnership with banks and MFIs, the program shall provide essential support to MSMEs, driving increased business activity for participating financial institutions.

Please look forward to our next newsletter for more information on these and related initiatives.

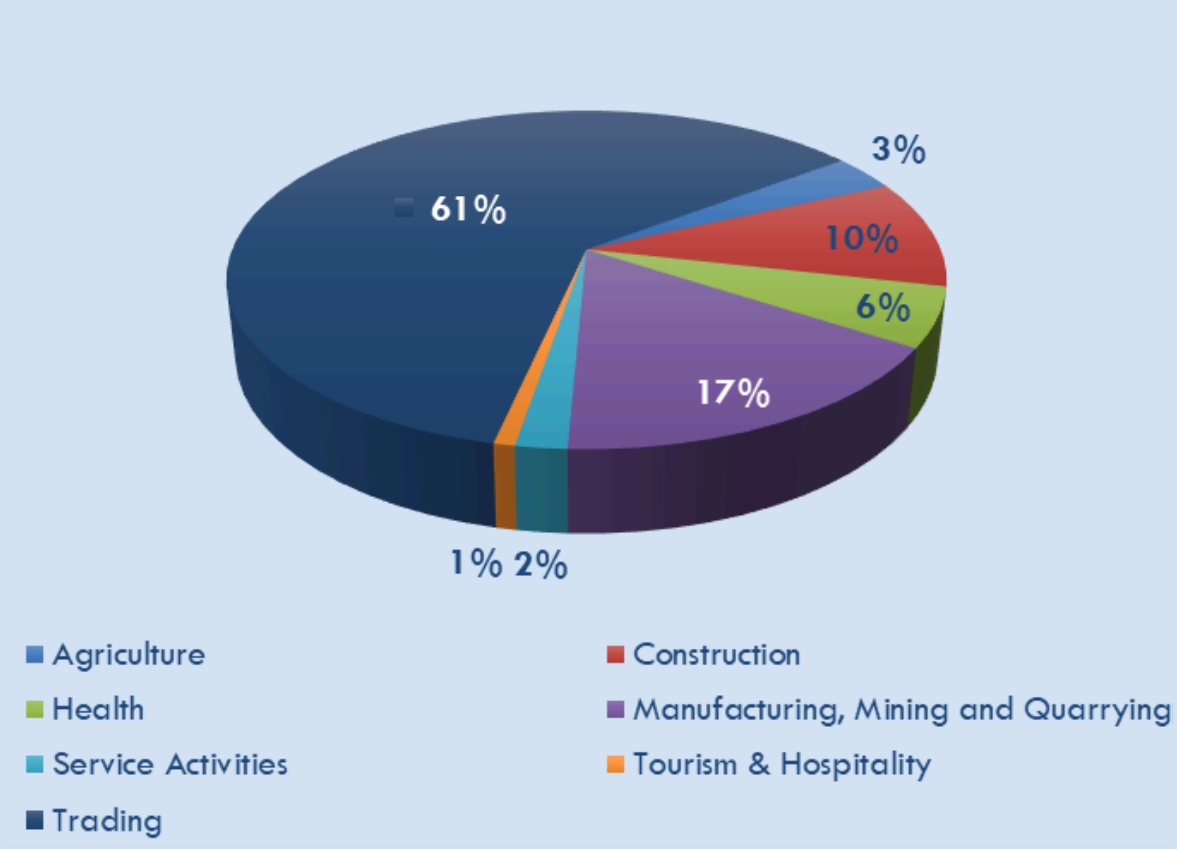
Lastly, we sincerely value your continued partnership and shared dedication to supporting the Palestinian economy during these difficult times. Together, our partnership and collaboration are instrumental to build a more resilient and prosperous future.

Sincerely,

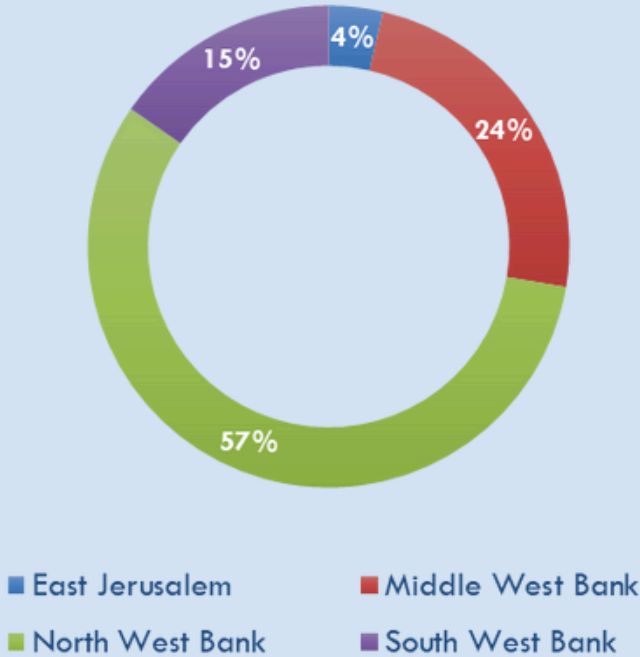
**Hussein Habbab
Managing Director**

FIGURES QUARTER 3 - 2024

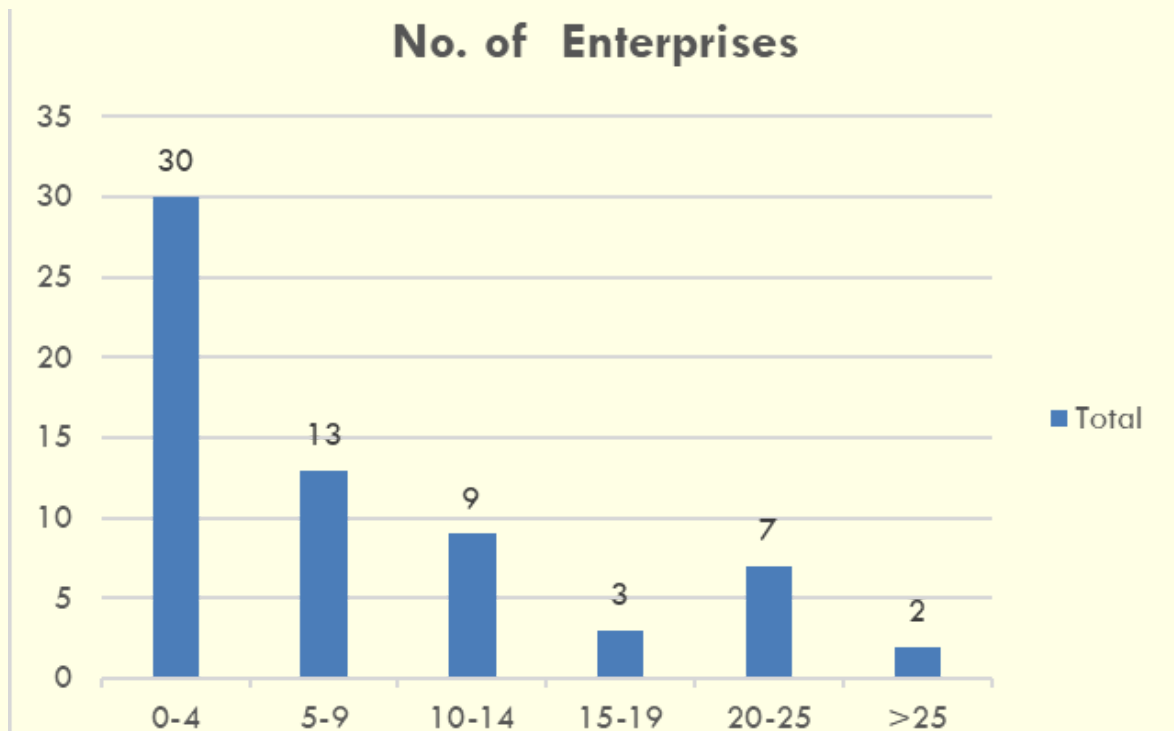
SECTORAL DISTRIBUTION



GEOGRAPHICAL DISTRIBUTION



SME PROFILE

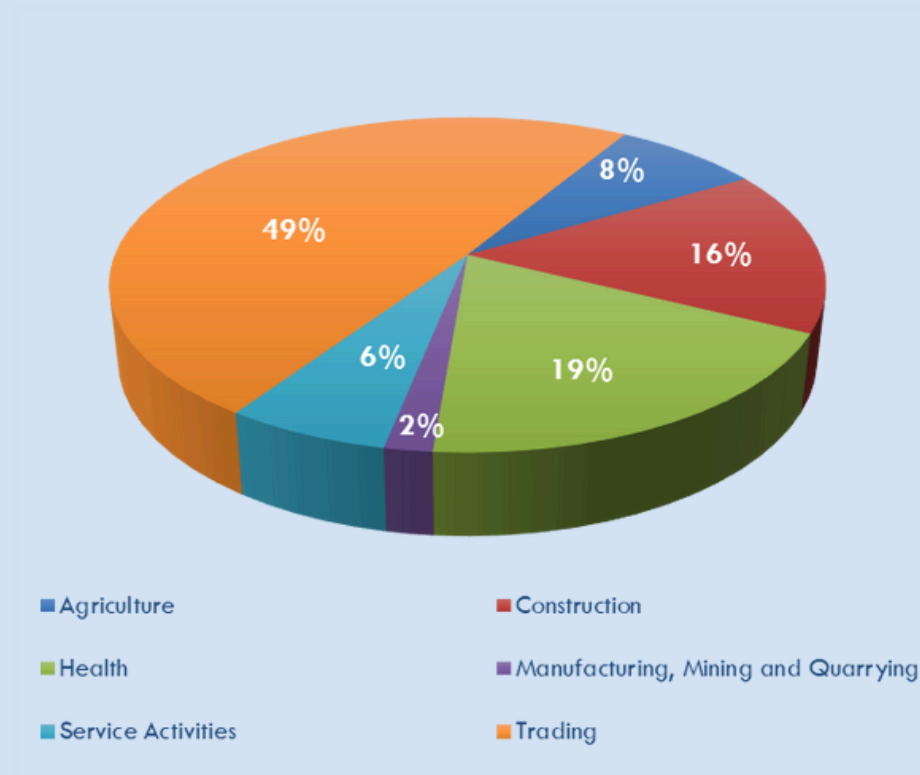


MARKET PENETRATION

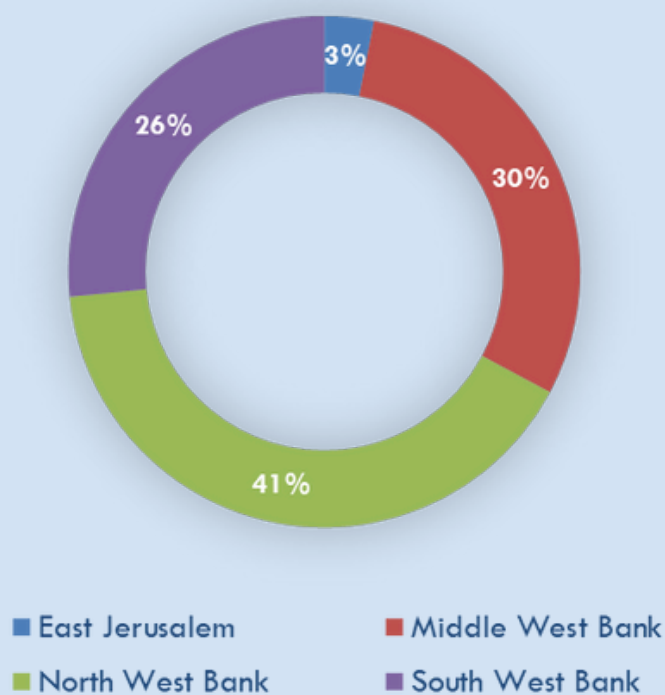
Client Type	Number
Unbanked	1
New Credit Relation	9
Existing Credit Relation	54
Grand Total	64

FIGURES QUARTER 4 - 2024

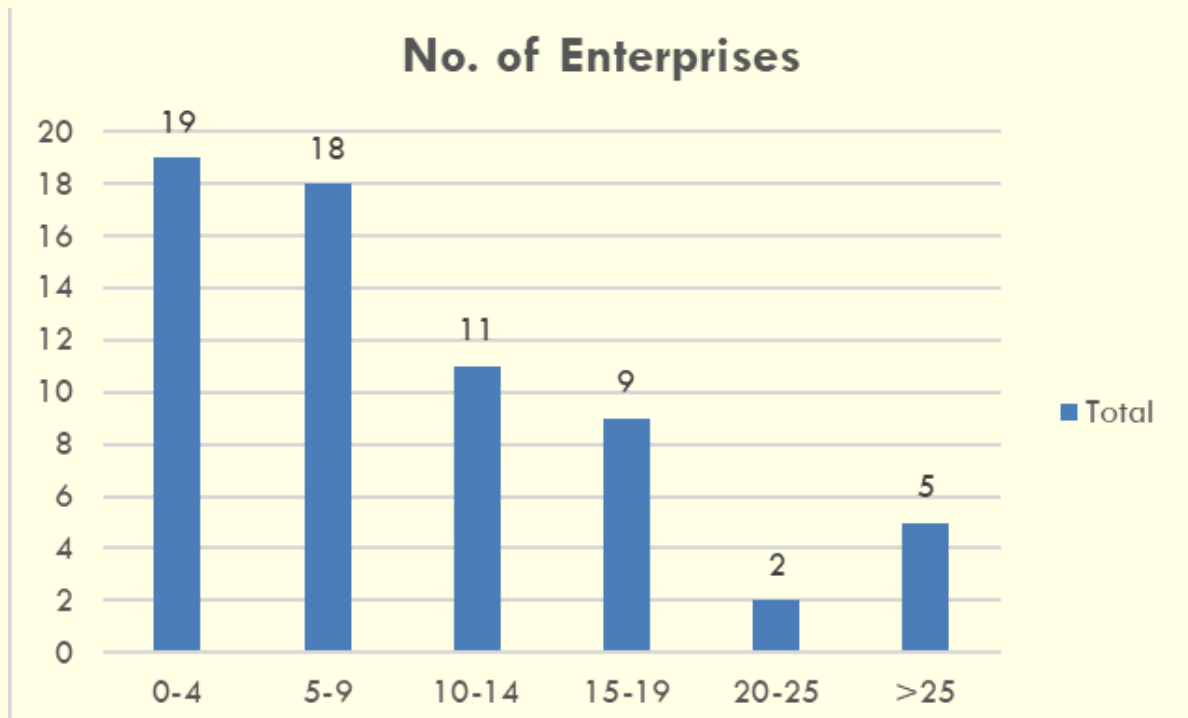
SECTORAL DISTRIBUTION



GEOGRAPHICAL DISTRIBUTION



SME PROFILE



MARKET PENETRATION

Client Type	Number
Unbanked	3
New Credit Relation	9
Existing Credit Relation	52
Grand Total	64