

EPCCGF



STICHTING EUROPEAN PALESTINIAN
CREDIT GUARANTEE FOUNDATION

Quarterly Newsletter

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Inside this Issue:	Page
Letter from the Managing Director	3
Figures	
Sector Distribution	4
Geographical Distribution	4
Market Penetration	5
SME Profile	5
Preview on Technical Assistance Fund	6

Letter from the Managing Director

As we come out from Q1 2021, we see a relatively significant potential for growth in the SME sector. The initiatives the PMA and donors will have in place should support the market with additional liquidity and help the economy to revive. In the short-term, there is some uncertainty from COVID-19 but EPCGF continues to anticipate more demand on loans as the MSMEs continue to suffer from the implications of the pandemic, which in turn should increase the demand on loan guarantees by the partner financial institutions.

With no doubt, we at EPCGF are determined to review our strategy, examine what has worked and what has gone wrong in terms of the offerings and acknowledge where we might need to accommodate to the environment changes, adapt our thinking and adjust our plans. For EPCGF specifically, we frequently assess how our products fared and how the commitment of our people helped partners and final beneficiaries respond under the ongoing market changes and current extraordinary circumstances. For instance, with relentless efforts EPCGF already started the process to develop new multiple Programs jointly with the PMA and partner financial institutions to tap on new segments in the marketplace.

In this Newsletter, we are pleased to present the activities of EPCGF as in Q1 2021. EPCGF approved 58 SME loan guarantees for total amount of USD 4.7 million as of 31 March 2021. This represents a decline of around 6% in terms of number and 2% in terms of volume compared to the same reporting period of last year. The NPL improved and is sitting at 7.65% as of 31 March 2021, compared to 9.75% as of 31 March 2020.

The technical assistance (TA) activities will continue in the coming period. For instance, EPCGF will soon commence a TA project to support one of the MFI partners in assessing and improving their IT environment and another TA project is to develop a marketing strategy to help Sharaka to play a bigger role and find better ways to increase market awareness about the microfinance sector.

The pandemic, the political conflict and economy will continue to test all organizations, including EPCGF. However, we do not accept that our future is pre-ordained. We made it through last year and I have no doubt we will do that again.

Managing Director

Raed Kafity

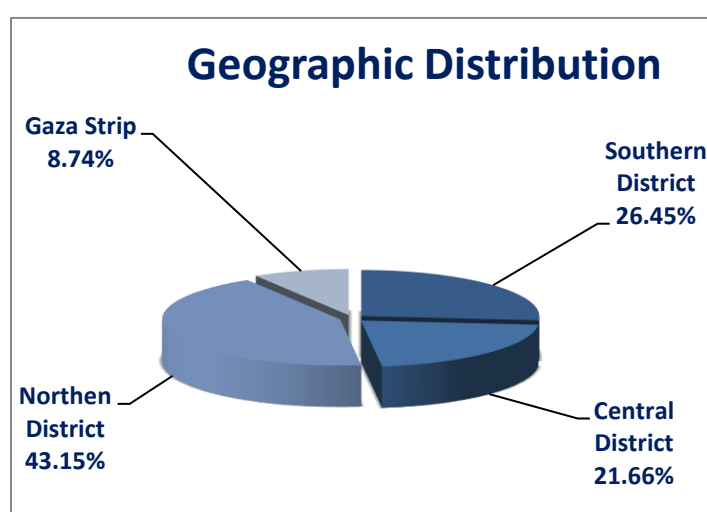
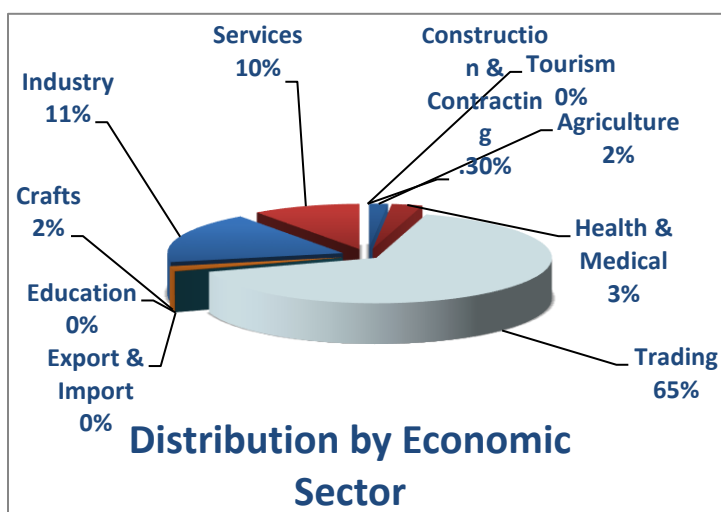
SECTOR DISTRIBUTION

Economic Sector	Amount USD
Agriculture	81,384
Health & Medical	133,000
Trading	3,062,530
Export & Import	0
Education	0
Crafts	84,600
Industry/Light Industry	852,150
Services	465,187
Construction & Contracting	0
Tourism	0
TOTAL	4,678,851

GEOGRAPHICAL DISTRIBUTION

Region	Amount USD	No. of Loans
Southern Districts	1,237,550	13
Central Districts	1,013,430	13
Northern Districts	2,019,108	25
Gaza Strip	408,762	7
TOTAL	4,678,851	58

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



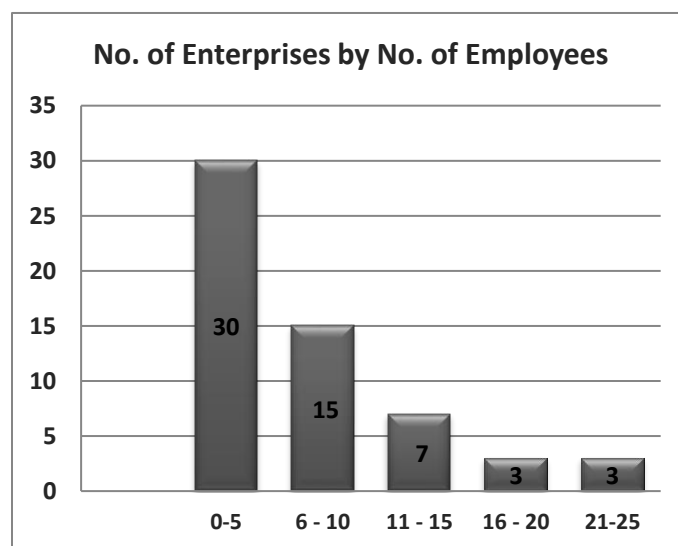
MARKET PENETRATION

Client's Type at Banks

Code	Client's Type	Number
001	New Clients	17
002	Existing Clients with No Credit	9
003	Existing Borrowers with No Credit	6
004	Existing Borrowers	20
005	Borrowers with Arrears	1
006	New Client for Bank (with Credit History)	4
007	Existing Client (Credit Relationship with EPCGF)	1
Total		58

SME PROFILE

No. of Employees	No. of Enterprises
1-5	30
6-10	15
11-15	7
16-20	3
21-25	3
TOTAL	58



Preview on the Technical Assistance Fund

One TA project was fully completed during the first quarter of 2021. A Communication Strategy for Marketing and Public Relations was developed for one of EPCGF's MFI partners. In the near future, EPCGF will commence two TA projects for one MFI partner and another project will be executed in cooperation with Sharaka.

The technical assistance (TA) component funded by the Republic of Germany through its development bank KfW, will continue to support the capacity building of the partner financial institutions, their staff and entrepreneurs and strengthening the role and capacity of the financial sector.