

Press Release

With German and European Union support: EPCGF launches new loan guarantee initiative to mitigate the economic impact of COVID-19

Ramallah, 2 June 2020. Today, the European-Palestinian Credit Guarantee Foundation (EPCGF) launched a new initiative to improve access to finance for small and medium enterprises in the wake of the economic crisis caused by COVID-19. The new programme will allow EPCGF partner banks to apply for partial risk guarantees at special conditions that will make it easier for them to extend short-term loans worth of around 65 million NIS to small and medium enterprises. These firms are considered to be the backbone of the Palestinian economy and provide thousands of jobs. Yet, many small firms have suffered from the sudden closures due to COVID 19 and now urgently need fresh money to survive.

The Managing Director of EPCGF, Raed Kafity said: “As the COVID-19 pandemic in Palestine has negatively impacted the SME sector like elsewhere, EPCGF has taken the initiative of developing a tailored product programme to encourage its partner banks to ease the SME access to finance, help them to sustain their operations and retain their employment during these difficult times.”

The special COVID-19 initiative is supported by an ongoing project with funding from Germany through its development bank KfW and is a part of the Team Europe response. The European Union has furthermore committed additional new funding to scale-up this initiative in the next months. Based on the market demand EPCGF would be also considering a further contribution of its own capital for this initiative.

On the occasion of the launch, the German Representative Christian Clages commented: “EPCGF has a proven track record to support small and medium enterprises. We are proud to support this new initiative and hope it will benefit hundreds of small entrepreneurs and businesses and will help them to survive the crisis.” The European Union Head of Cooperation Gerhard Krause added: “This EPCGF initiative is a very timely undertaking that demonstrates dynamism and ability to adapt of the Palestinian private sector. We are pleased to see that our support to EPCGF can help ease liquidity pressures on companies that are under stress now.”

EPCGF had been established by KfW and the Palestinian Ministry of Finance in December, 2005 with funding from Germany and the European Union. Today, EPCGF is the leading provider for guarantees for small and medium enterprises in Palestine. EPCGF has issued guarantees for loans worth of 1 billion NIS and has helped in creating and retaining more than 35,000 jobs since inception.

For further information, please contact:

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