



The Palestinian Network for Small & Microfinance - PNSMF

Microfinance in the Middle East
(Palestinian Context)

Presented by: Reem Abboushi
Chairperson of PNSMF



Occupied Palestine.

Parts shaded in light green are the West Bank and Gaza Strip – Proposed to be under Authority of the Palestinians



Statistics on Palestine

Since September 2000

Total Palestinian Killed since September 2000	4300
Total injured since September 2000	30,000
Total building damaged	72,000
Income declined by *	%30
Unemployment *	%30
Under Poverty Line *	%50

* Before public sector salary crises

Members of the Network

The Nine Palestinian Non-Profit Microfinance Institutions, members of PNSMF are:

- ◆ Palestinian Businesswomen's Association – **ASALA**
- ◆ Palestine for Credit and Development – **FATEN**
- ◆ Palestine Development Fund – **PDF**
- ◆ Arab Center for Agricultural Development – **ACAD**
- ◆ Palestinian Agriculture Relief Committee – **PARC**
- ◆ United Nations Relief and Works Agency - **UNRWA**
- ◆ American Near East Refugees Aid – **ANERA**
- ◆ Corporative Housing Foundation – **CHF**
- ◆ Young Men Christian Association - **YMCA**

Cumulative Amounts Disbursed

US \$ 256,776,108

For total of

140,937 clients

of which

101,982 are women

(%72)

Outstanding Portfolio for all nine members (By end of 2000)	\$ 19,709,175
---	----------------------

Outstanding Portfolio for all nine members (By September 2006)	\$ 42,129,409
--	----------------------

%113 growth rate in about 6 years inspite of instable economic & Political Situation

Active Clients by end of 2000	16,274
-------------------------------	---------------

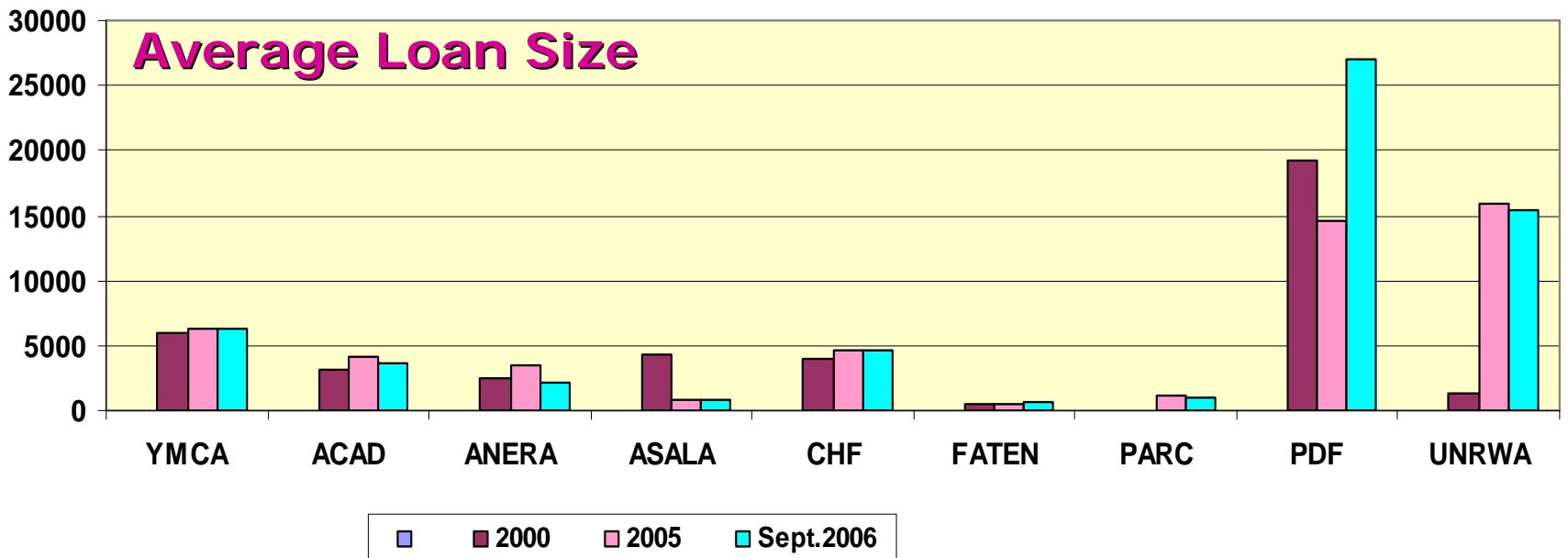
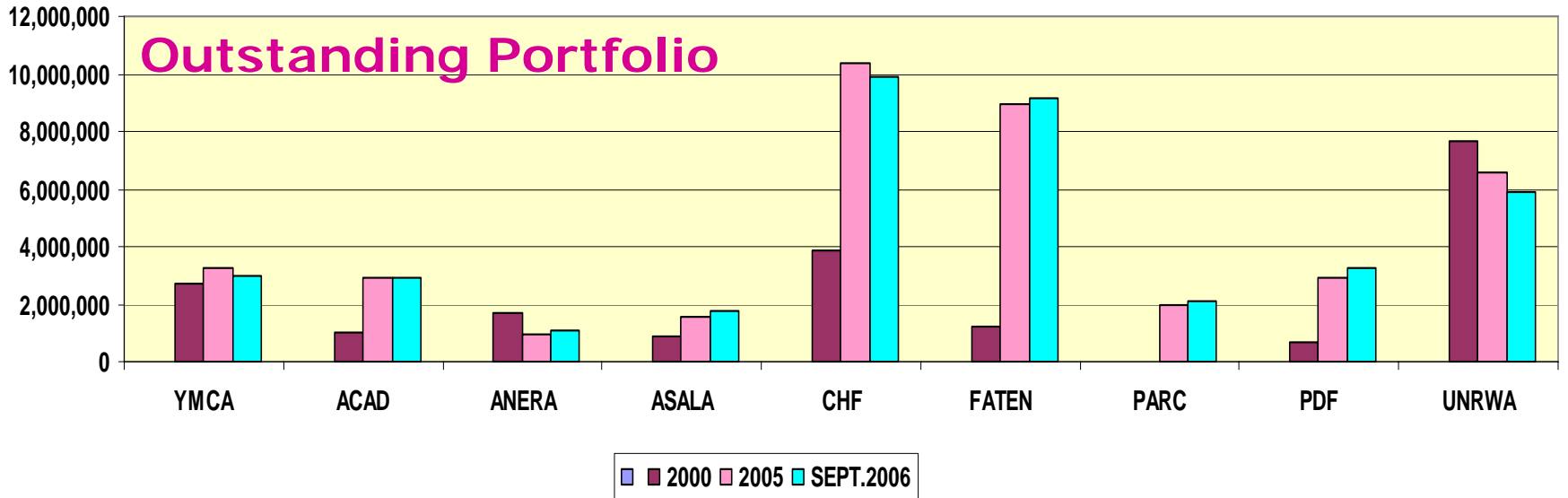
Active Clients up to September 2006	26,231
-------------------------------------	---------------

Donors for Microfinance in Palestine

- ◆ **Priorities of Donors:** Sustainability, Targeted borrowers Vs Quick big grants. (i.e. AID, IDB).
- ◆ **Conditional funding Vs Political situation & environment** (AID, IDB).
- ◆ **Grants Vs Loans** (Market Rates Vs Soft Loans).

Outreach

- ◆ **Legal Environment:** MOI (NGO's) / CMA (NGO's Or Non Profit Companies).
- ◆ **New Underserved Areas** (Planning, Initial Investment).
- ◆ **New Products' limitations** (Legal: Leasing, Insurance, savings ...).

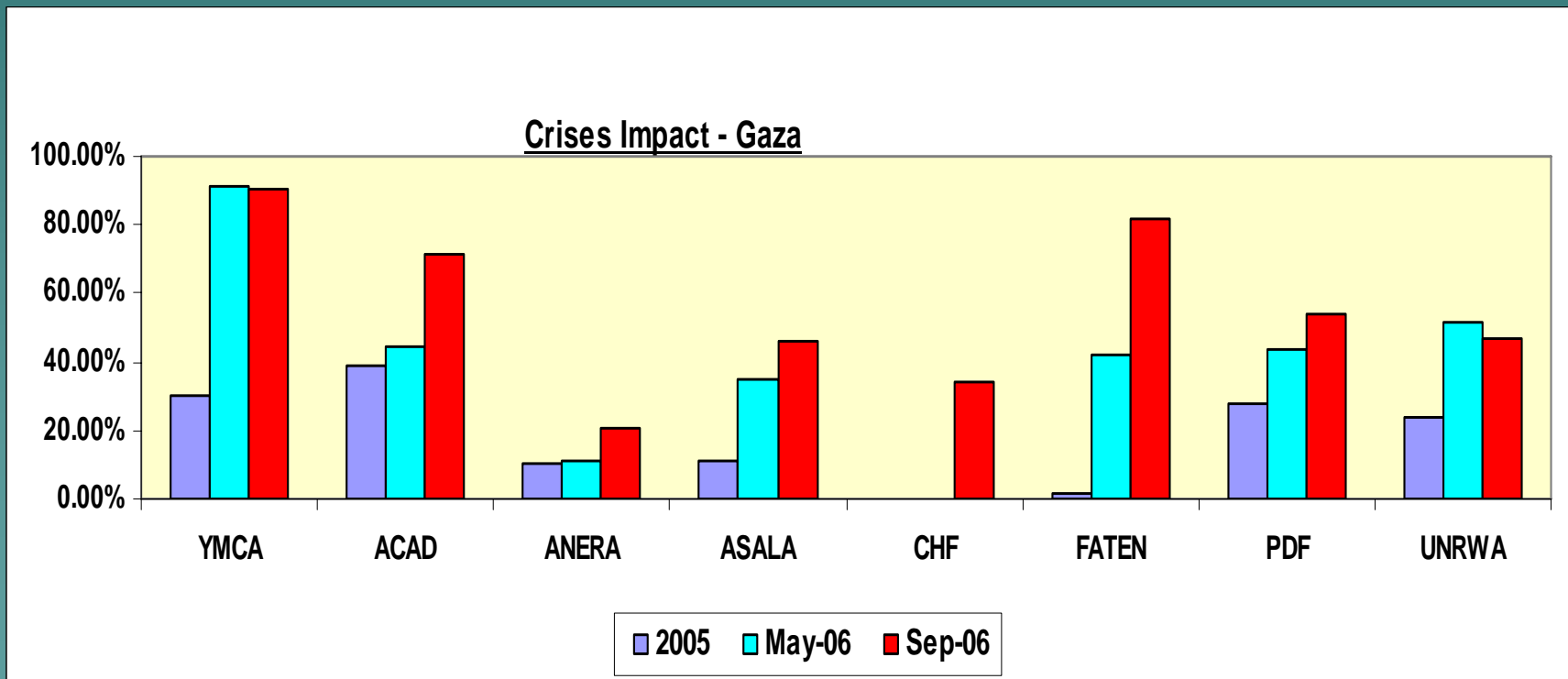


Capacity Building Needs

- ◆ Financial Management \ Planning
Analysis \ Reporting
- ◆ MIS Systems \ Credit Bureau
- ◆ Product Diversification \ Legal
Environment

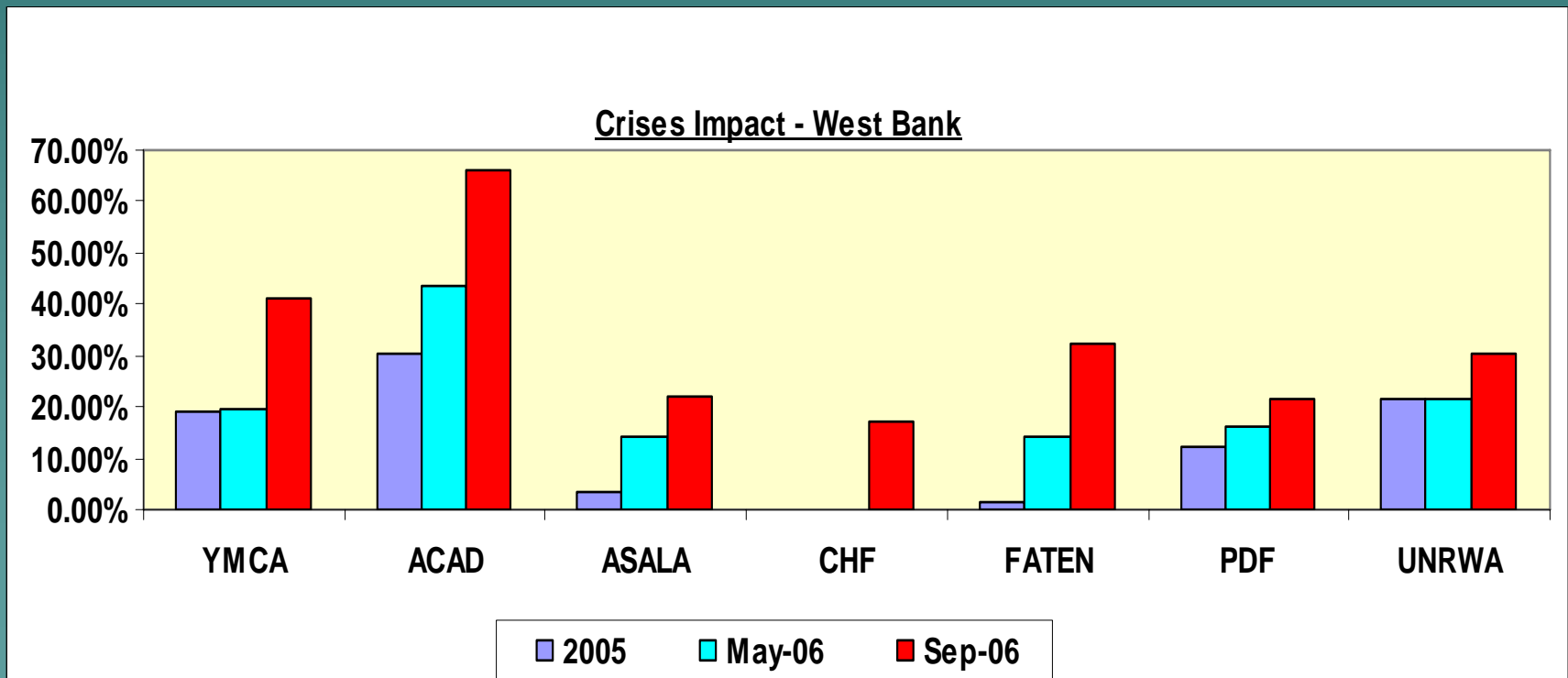
Portfolio at Risk -Gaza

	2005	May-06	Sep-06
YMCA	30.14%	91.02%	90.41%
ACAD	39.05%	44.33%	71.51%
ANERA	10.69%	11.32%	21.00%
ASALA	11.37%	35.09%	46.37%
CHF	NA	NA	34.00%
FATEN	1.97%	42.12%	81.78%
PDF	27.89%	43.83%	54.09%
UNRWA	23.60%	51.24%	47.21%



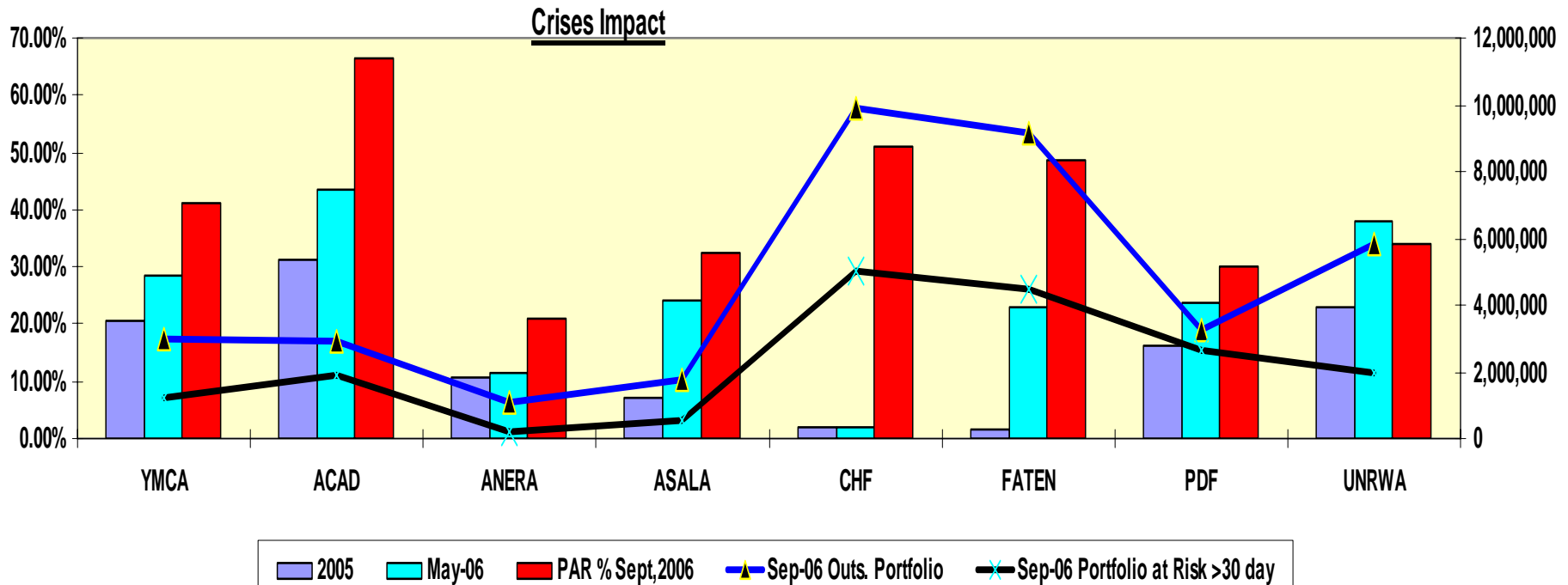
Portfolio at Risk - West Bank

	2005	May-06	Sep-06
YMCA	18.96%	19.51%	41.00%
ACAD	30.32%	43.56%	66.00%
ANERA	0.00%	0.00%	0.00%
ASALA	3.32%	14.39%	21.87%
CHF	NA	NA	17.00%
FATEN	1.41%	13.96%	32.28%
PDF	12.07%	16.32%	21.34%
UNRWA	21.31%	21.75%	30.33%

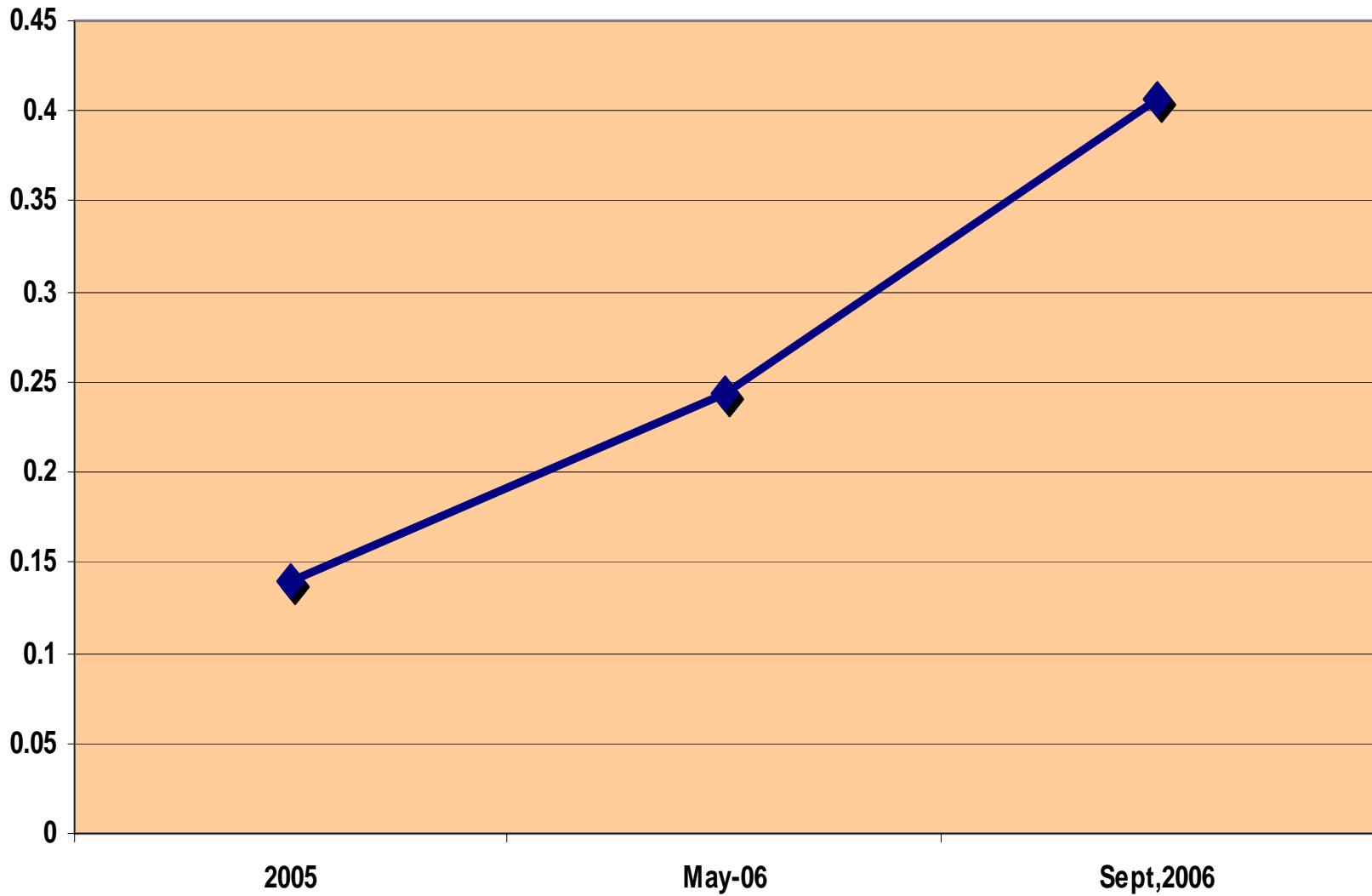


Portfolio at Risk – Total (WB & G)

	PAR %			Sep-06	
	2005	May-06	Sept,2006	Outs. Portfolio	Portfolio at Risk >30 day
YMCA	20.38%	28.57%	41.00%	2,981,077	1,222,242
ACAD	31.07%	43.63%	66.53%	2,884,967	1,919,392
ANERA	10.69%	11.32%	21.00%	1,095,825	230,123
ASALA	7.11%	24.05%	32.30%	1,774,361	573,184
CHF	2.00%	2.02%	51.00%	9,892,648	5,045,250
FATEN	1.60%	23.07%	48.75%	9,133,188	4,450,991
PDF	16.21%	23.56%	30.14%	3,230,828	2,623,214
UNRWA	22.78%	38.13%	34.08%	5,819,147	1,983,309



Average PAR % for all MFI'S



Huge Portfolio at Risk

Crises still ongoing

Solution used by some MFIs

**Deferral of all repayment for
6-9 months without additional
interest charged.**

Urgent Needs

1. Fund to cover the deficit in interest to help MFIs survive the crises and maintain offices and staff.
(Cover Operational cost: Salaries and Running cost)
1. Limited fund for loan capital to continue disbursing loans
2. Find a mechanism for Defaults Compensation