



Activity Report for Year

2010

Executive Summary



Introduction:

Based on the main objectives set out in the Center's strategic plan for the period (2009-2013), the Center continued to progress in achieving these goals, since it expanded its presence in new population centers, increased the number and amounts of loans, elevated the productivity of workers, especially in the fields of lending , improvement of the quality of the portfolio and strengthening the systems, procedures and policies.

The Center has achieved a marked progress towards achieving operational and financial sustainability and expanded the base of funders. It also continued with the efforts to strengthen and enable the target groups and communities through a package comprised of activities and developmental projects.

The lending activity:

- **Individual lending:**



In 2010, the Center had given out 2261 loans compared with 1908 loans in 2009, with an increase amounting to 19.4%. The value of financed loans amounted to \$3.938 million, with an 18% increase compared with the previous year.

The agriculture sector received the largest percentage of disbursed amounts (40.16%), followed by the trade sector (37.63%).

In terms of geographical distribution, the northern West Bank areas (Nablus, Tubas, Jenin, and Tulkarem) received the largest percentage of the number of disbursed loans (52%), then the southern West Bank (Bethlehem and Hebron) with 20%, the Gaza Strip (18%), and the central parts of the West Bank (Ramallah and

Jericho) with 10%. The significance in the growth rate in the Gaza Strip is evident with an increase from 7% in 2009 to 18% in 2010.

At the end of the year, the balance of the active portfolio amounted to \$3.763 million compared with \$3.125 million in 2009, with a 20% growth rate. As to active loans, they amounted to 3389 loan with an 11% growth rate. The share of women of active loans rose from 75% to 81.4%, while the agricultural sector dominated 41% of the value of loans in the market, followed by the trade sector with 40%.

In terms of population centers, active loans were concentrated in rural areas (65.5%), followed by cities (22.7%) then refugee camps (11.8%).

2009	2010	LP Quality & Financial ratios
22%	32%	Retention rate
8.43%	5%	Rescheduled loans /active loans
0%	0%	Written off loans /active loans
146	154	Case load per field staff
90	97	Case load per office staff
73	81	Case load per ACAD staff
14%	9%	Reserve for loan losses
24.18%	25.05%	Return on LP
25.33%	22.11%	Operational expenses
99.30%	132%	Operational self sustainability
95.20%	119.50%	Financial self sustainability
273.00	221	average cost per loans \$

- **Financing of Associations:**



The Center financed 8 cooperative societies with the amount of \$103,360, which constituted a drop of 58% compared to the year 2009 in terms of number and 17% in terms of amounts. Conversely, the volume of savings by members increased in

2010 by 15% compared with the previous year, and the number of participants in the savings programs increased by 23%.

The facilitations provided by associations to their members also increased, as they provided 194 loans in 2010 compared to 159 loans in 2009, with a 22% increase. The value of provided loans amounted to \$273,199 compared to \$223,253 in 2009, also with a 22% increase.

Developmental services:



In terms of development projects, the Center financed, or continued to finance, 11 projects from which thousands of farmers and a number of cooperative societies benefited and which amounted to \$1.014 million in the areas of agricultural infrastructure, capacity building and training. The number of financed projects dropped in 2010 compared with 2009, since 15 projects were financed. As to the projects budget, they were comparable in the two years (\$1.046 million in 2009).

The share of the Gaza Strip amounted to two out of 11 projects, yet in terms of budgets, it amounted to approximately 56%.

Resources:

- **Human Resources**

In 2010, 7 new staff members in the administrative, lending, and projects areas were hired. The number of employees at the end of year reached 47 compared to 51 in 2009. The decrease is attributable to a decrease in the number of employees working on projects from 6 to only 2 staff members.

In terms of skill levels, the percentage of employees who have a bachelor's university degree or above reached 75%, while 21.3% are associate degree holders and 3.7% have secondary school certificates or below.

- **Training:**



In 2010, 24 staff members from various levels (51% of the total staff) participated in specialized courses that were relevant to their work, whether financing or administrative. These included 7 specialized courses, two of which were abroad.

- **Physical Resources:**

The equipment and furniture in the offices of the Center in different regions were upgraded. The value of the new investments in fixed assets for 2010 amounted to \$15,336 as equipment and furniture.

- **Regulations, procedures and policies:**

The information management system (MIS) has been developed, and the capability to have direct access to the system for all offices was made possible, including Gaza. Office secretaries have also been trained to access the system, handle it and extract the necessary reports. Also, the lending policies guidebook has been adopted, and the incentives system for offices and loan officers has been implemented. The value of financial incentives for the year 2010 exceeded \$20,000.

With support from the French Agency, a specialized Indian company came up with a credit and social rating for ACAD, which obtained grades a B and B +, respectively.

An international expert was also contracted to assist ACAD in developing an action plan in preparation for the transition to a company, in accordance with the instructions of the Palestinian Monetary Authority. She will continue her work throughout 2011.

Public relations, networking and financing:

- **Public Relations and local networking**

ACAD has strengthened its relations with the official authorities, especially the Palestinian Monetary Authority, and the actual linking with the borrowers'

database in Palestine, which is supervised by the Monetary Authority and covers the financial sector, including commercial banks, was carried out.

Additionally, ACAD's director was elected as chairman of the board of the Palestinian Network for Lending Services. ACAD also maintained its membership in the Palestinian NGOs Network. Also, in the Gaza Strip, the branch director, Muhsen Abu Ramadan, was elected chairman of the board of directors of the network .

- **International relations and networking**



In 2010, ACAD became a full member of the Microfinance Network of Arab Countries, SANABEL after it had been an observing member. Three members of the board of directors participated in the seventh annual conference, held in the Syrian capital, Damascus. ACAD has also maintained a lasting relationship with partner institutions (SIDI, AFD, DEEP, UNDP, NDC, the Welfare Foundation, and the Islamic Development Bank) and acquired new partners, such as ADA and the Italian CESVI institution.

Funding:

ACAD has maintained the same level of funding for developmental projects in 2010 as in 2009, as the total value of funded projects amounted to \$1.014 million. What is noteworthy is the contribution of local members to the financing of one project through donations that exceeded \$130,000. In terms of financing the lending portfolio, ACAD obtained a new loan from the Islamic Development Bank project in the value of \$400,000. The Center also received a grant of \$100,000 to develop Islamic lending according to the principle of participation.

Also, discussions with the partner SIDI Foundation resulted in increasing the loan ceiling given to ACAD from \$150,000 to \$400,000 in 2011.