

ESAF: Expanded and Sustained Access to Financial Services

By working with a range of local partner institutions, ESAF helped build a more inclusive financial sector in the West Bank and Gaza and increased sustainable access to financial services for Palestinian households and micro, small and medium enterprises (MSMEs).

RESULTS:

Some of the key results of the ESAF program (2008-2012) include:

- 42,041 households and enterprises accessed financial services (credit and savings) through financial institutions;
- \$174 million lent to Palestinians through partner FIs facilitated through program activities;
- 52,085 jobs created or sustained by MSMEs accessing financial services
- \$36.6 million worth of products sold by 35 small businesses that were supported through a fixed capital funding mechanism.



Despite an increase in donor investment to West Bank and Gaza, an estimated 46 percent of the Palestinian population was still living at or below the national poverty line in 2008, and the financial sector continued to be hampered by a number of weaknesses at the consumer, institution, and enabling and regulatory environment level. The Palestinian private sector has shown an impressive ability to adapt to difficult economic, political, and security situations, and while it continues to operate, it is at a greatly reduced capacity. A strong financial sector can support this resiliency through the provision of credit, savings, and insurance products and create a more stable foundation for broader economic growth in the region.

USAID's **Expanded and Sustained Access to Financial Services (ESAF)** program in the West Bank and Gaza, a \$36 million four-year cooperative agreement awarded to FHI 360 under the FIELD-Support LWA, made a mission of sustainably extending the reach of the financial sector to under-served

populations, giving Palestinians the opportunity to establish small businesses, grow their enterprises, and secure their financial stability in a changing environment.

Implemented in partnership with partners CARE, Save the Children, CHF International, Shorebank International, and the William Davidson Institute at the University of Michigan, central to ESAF's approach was to partner with and build the capacity of **local institutions** through the provision of training, financial assistance, or equipment to more than **20 local partners** at all levels of the financial sector, including universities, ministries, banks, microfinance institutions (MFIs), industry associations, training centers, and insurance companies.

This broad-based program had the goal of improving access to financial services in a sustainable manner. To that end, ESAF activities focused on six areas:



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Strengthening Economic Opportunities for Marginalized Palestinians

Al-Hana'a Sewing Company was established in 1988 by Fatima Al-Jada, a Palestinian entrepreneur, when its humble beginnings included one sewing machine in her home. 22 years later, Al-Hana'a—which in Arabic means something that brings hope—includes six facilities employing more than 160 people. What is most remarkable about Al-Hana'a's unique business model is its social mission—almost all of these employees are women or the physically disabled, people who may otherwise have a difficult time finding stable employment. In 2009, Al-Hana'a was selected as a recipient of the Palestinian Investment Partnership (PIP) grant program.

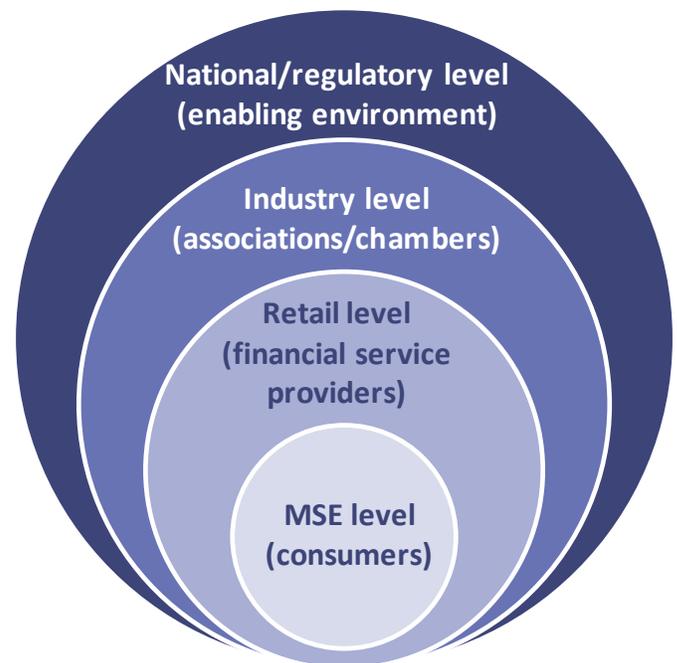
“Our primary market is Israeli retailers,” explains Fatima. “But transporting across the border is very difficult—there are always limits to movement and access, the shipments are damaged, and often the payments don't come for three or four months.” The additional fixed capital funding from USAID will enable Fatima to expand the market for Al-Hana'a and therefore stabilize her demand.



“I like to work very closely with my staff; they are like my children,” says Fatima, left, with one of several hearing impaired workers she has hired and trained at her sewing company.

1. building capacity, reach, and sustainability of the **micro-finance** sector;
2. expanding outreach through technical assistance and technological innovation in the **banking** sector;
3. strengthening the **insurance** sector;
4. a package of **livelihoods activities in Gaza** that aim to link beneficiaries to financial services; and
5. the **Palestinian Investment Partners**, a fixed capital financing mechanism that funds small and medium enterprise equipment upgrades, in order to support profitable businesses to expand immediately and provide expanded economic activity and sustainable jobs; and
6. a set of cross-sector activities that include **consumer protection** and **financial literacy**, **financial sector regulatory capacity**, and **nonbanking financial services**.

In addition, ESAF's portfolio of activities worked across all levels of the financial sector in the West Bank & Gaza:



Learn more about ESAF's activities, methodologies, and lessons learned through the ESAF Knowledge Series available on microlinks.kdid.org/esaf

The FIELD-Support Leader with Associates is an 9-year cooperative agreement awarded by the USAID Microenterprise Development Office to improve the state-of-the-practice of microfinance and microenterprise development. FIELD-Support is implemented by FHI 360 and a consortium of 24 development partners.

Learn more at: microlinks.kdid.org/field-support