



European Union – Palestine **Investment Review**

Produced in the framework of the
European Union (EU) – Palestine Investment Platform

FEBRUARY 2022



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Message from the Prime Minister of Palestine



Dr. Mohammad Shtayyeh



Upon launching of the EU - Palestine Investment Platform, it was clear that this is a significant, timely agreement that intersects with the Palestinian government's goals and priorities to support and strengthen the private sector, especially SMEs that have been affected by the Covid-19 pandemic.

Investing in Palestine is fruitful and full of potential. With a large educated and skilled labor market, open economy, solid banking sector, modern laws, regulations, and vibrant private sector, Palestinians are able to compete on a global stage and most importantly result in high-quality outcomes. Investing in labor and SMEs in Palestine goes parallel with the government's mission to reach a self-sufficient economy that is disentangled from the reality imposed by the Israeli occupation.

As of today, we have many European banks and partners that have invested and continue to invest in the Palestinian private sector. European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), French Development Agency (AFD), KFW Development Bank, and the Dutch Entrepreneurial Development Bank (FMO). With these financial tools and development agencies and support from our partners in Europe, we aim to expand our production base of our economy, create new jobs, and provide more liquidity in the banking sector and consequently, stakeholders can easily meet their financial obligations.

We thank the European Union for this strategic partnership. Europe has always been a champion in standing by Palestine politically while providing economic support and institution-building assistance, to achieve an independent, sovereign Palestinian state on the 1967 borders with Jerusalem as its capital.

Thank you!

Message from the European Union Representative



Sven Kühn von Burgsdorff



Around one year ago, together the Prime Minister of Palestine we launched a new joint policy forum to foster European investment in Palestine, the EU – Palestine Investment Platform. Today we see a very positive trend of increasing volumes of quality investment by European partners through their development banks and financial institutions in cooperation with their Palestinian counterparts, working across different sectors of economy, contributing to job creation and tackling climate change, sustainable growth and welfare.

I trust that this Investment Review will sufficiently illustrate how much we progressed in mobilising finance for investment in an effective and sustainable manner. A large effort was put into matching sound investment opportunities with Palestinian policy priorities and working together with the private sector to advance our common goals of sustainable economic development. The multitude of investments listed in this Review shows that our joint endeavor contributes to enhancing ties between the EU and Palestine, our respective public bodies, financial institutions and business communities.

The Review demonstrates that Palestine is full of investment opportunities that are economically viable, have a positive social and environmental impact, contribute to Palestine's green transition and are worthwhile consideration.

I would like to thank our European partners for their sincere engagement and applaud the commitment of Palestinian institutions to an open dialogue and leadership on how to foster investment. We are ready for additional efforts to support the necessary expansion and diversification of these investments, and to promote the consolidation of an enabling investment climate in Palestine. I believe that the cooperative nature of our joint Investment Platform, favoring mutual accountability and focusing on results, provides a solid guarantee for future commitments and sustains legitimate hopes for concrete improvements in the quality of life for the Palestinian people.

Introduction

The **EU – Palestine Investment Platform** was established by the European Union (EU) and Palestinian Authority (PA) in an effort to foster policy dialogue on investment and to help better identify, prioritise, coordinate and promote investment opportunities that the **EU External Investment Plan** offers through its many instruments in Palestine.

Under the guidance of the Palestinian Prime Minister's Office and the European Union Representative Office the platform works to enhance the process of planning, identifying and implementing investment projects in Palestine in three different dimensions:

- By serving as an avenue for articulating and discussing policies and reform priorities it empowers the PA to present its strategic priorities, guide investment projects as well as jointly discuss policies and reforms to enhance the investment climate.
- By operating as a mechanism for sharing and exchanging information on ongoing and planned investments it provides opportunities for working better together, building synergies and also to facilitates potential co-financing of investment projects.
- By putting in place best-practices for joint identification and prioritization of investments, review of project pipelines and allocation of resources according to policy priorities it improves planning of future investments and their alignment with policy priorities.



MAIN ACTIVITIES UNDER THE EU – PALESTINE INVESTMENT PLATFORM



2020
December

Launching of the **EU – Palestine Investment Platform** in December 2020. Two high-level meetings of the Platform convening under the patronage of the Prime Minister of Palestine and the European Union Representative.



2021
June

Second meeting of the **EU – Palestine Investment Platform** held in June 2021 and on its margins a signing ceremony with the European Investment Bank committing an unprecedented amount of **USD 425 million** in new finance agreements supporting the Palestinian private sector.



2021
November

Establishment of **two Working Groups** under Platform dedicated to **topics of SMEs Finance and Energy Finance** meeting altogether three times in June, November and December 2021 under the auspices of the Governor of the Palestine Monetary Authority and the Chairman of the Palestinian Energy and Natural Resources Authority respectively.



December



WHAT IS THE EU EXTERNAL INVESTMENT PLAN AND HOW DOES IT WORK?

The EU's ambitious External Investment Plan encourages investment in its partner countries. It promotes inclusive growth, job creation and sustainable development. The External Investment Plan is adapted to the specific needs of partner countries and responds to the local investment gap.



The External Investment Plan crowds in private and institutional investors, where viable business proposals meet social needs, and where limited public funds can attract private money.

The External Investment Plan focuses on a number of priority investment areas, such as: sustainable energy and connectivity; financing for micro, small and medium enterprises; sustainable agriculture, rural entrepreneurs and agroindustry; sustainable cities and digitalisation for sustainable development.

The External Investment Plan is structured around three pillars by mobilising finance, providing technical assistance, and fostering a favourable investment climate and business environment.

- Under the **first Pillar**, the **European Fund for Sustainable Development (EFSD)** is the main financing mechanism used to support investments by public financial institutions and the private sector. The objective is to leverage additional financing, in particular from the private sector, reduce the risk for private investment and absorb potential losses incurred by financiers and investors.
- The **second Pillar** provides **technical assistance** and helps beneficiaries to develop financially attractive and mature projects, thus helping to mobilise more investments. Technical assistance is also available to improve the regulatory and policy environment and enhance the capacities of private sector representatives, including chambers of commerce and social partners, complementing the structured dialogue under the third Pillar
- The **third Pillar** is about improving the **investment climate** and business environment in our partner countries, notably through: structured dialogues with businesses; policy and political dialogues with partner government to address key constraints to investment and promote good governance; support to regulatory policy and governance reforms; ensuring coherence with other EU policies and Member States' initiatives

THE THREE PILLARS OF THE EXTERNAL INVESTMENT PLAN



EUROPEAN FUND
FOR SUSTAINABLE
DEVELOPMENT
(EFSD)



TECHNICAL
ASSISTANCE



INVESTMENT
CLIMATE



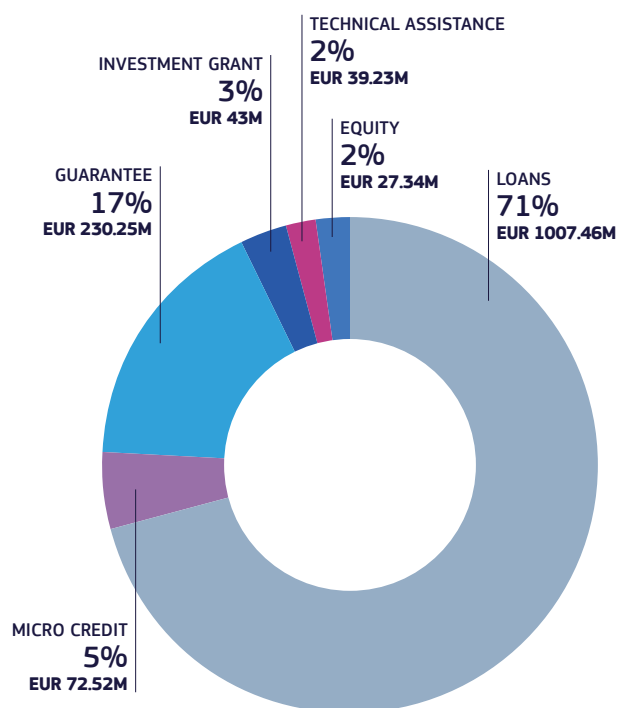
THE EUROPEAN UNION – PALESTINE INVESTMENT REVIEW

The **EU – Palestine Investment Review** lists all investment projects promoted by the EU, its Member States and European Financial Institutions as 'Team Europe' in Palestine. It reveals that over the last years European partners stepped-up their investments into the Palestinian economy. The **amount of all ongoing investments reaches a total of EUR 1.420 billion***, including some EUR 190 million in taxpayers' donor funds, around EUR 605 million in development finance and further EUR 625 million in de-risked private and institutional investment. Of this amount around 60% were committed only in the last two years showing a remarkable growth in mobilisation of finance.

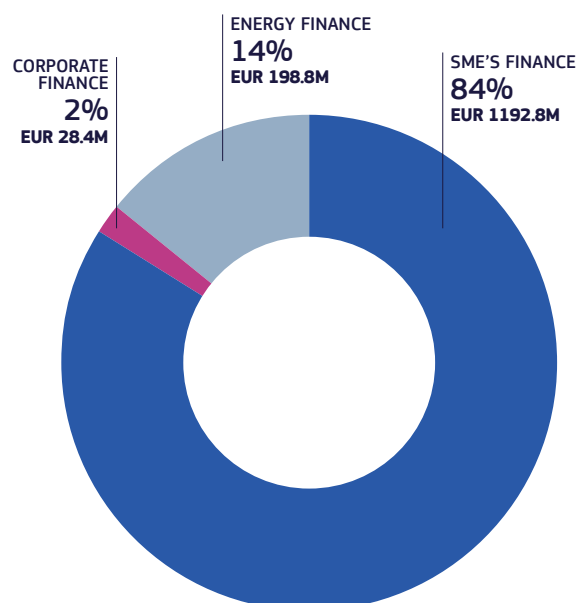
The big bulk of investments is dedicated to boosting **access to finance for SMEs**, which form the backbone of the Palestinian economy representing over 98% of all businesses. SMEs finance takes up almost 85% of all investment facilities made available. Many of these facilities were put in place in **response to the economic fall out of the COVID19 pandemic** and are intended to address the **increased need for affordable liquidity**.

Another investment area of significance is **finance for energy**, including financing of renewable and conventional energy generation, transmission, and distribution infrastructure as well as energy efficiency. So far investment programmes devoted to energy finance amount to some 15% of all. Given the **strategic importance of investment into energy** to improve Palestinian **energy independence**, the volumes are yet below potential.

TOTAL INVESTMENT BY INSTRUMENT (%) (€)



TOTAL INVESTMENT BY SECTOR (%) (€)



* Investments by different Team Europe partners are denominated in various currencies, for the purposes of this review Euro conversion rates apply.

Large **majority of all investments are realised with the Palestinian private sector**, including banks, micro-finance institutions and private businesses. Only a hand-full of operations are engaged with the PA and public bodies, which is a manifestation of the challenging fiscal position of the PA. Still, **expansion of sovereign investments** and borrowing by the PA for purposes of economic development is an **important priority** going ahead.

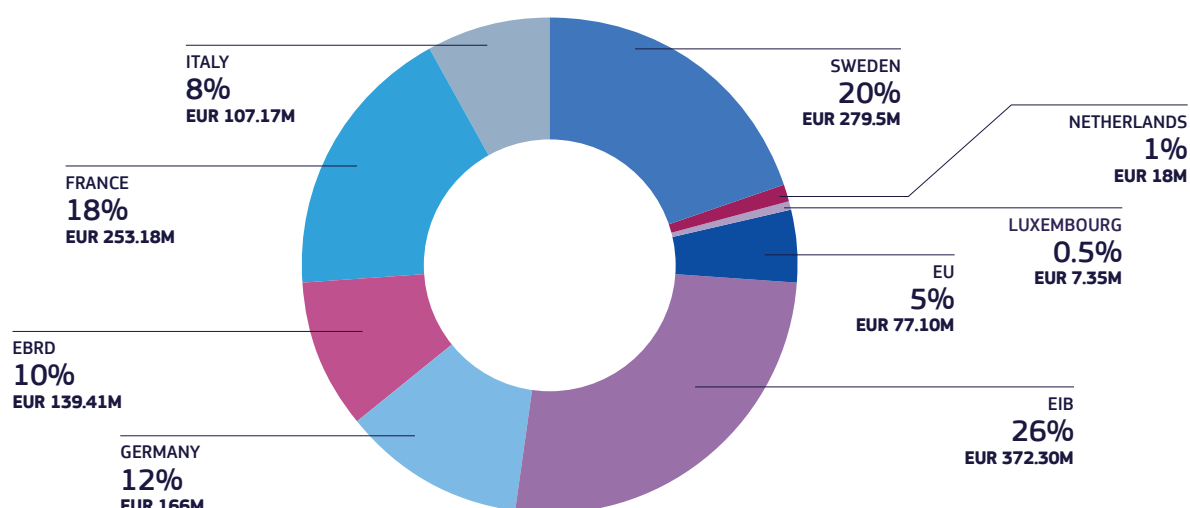
Among financial instruments deployed by European partners, **loans** are the most wide-spread tool representing over 70% of all instruments, followed by **guarantees** to de-risking investment that comprise almost 20% of ongoing programmes with the remainder shared between **micro-credit, equity investment, grants** and **technical assistance**.

THE TEAM EUROPE AND ITS INVESTMENTS

The financiers of Team Europe include the European Union, the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the Government of France with the French Development Agency (AFD) Group including PROPARCO, the Government of Germany with KfW Development Bank and GIZ German Development Agency, the Government of Italy with AICS Italian Development Cooperation Agency and the Government of The Netherlands with FMO Development Bank.

The frontrunner in investment volumes among Team Europe financiers is the EIB, sharing more than one-quarter of all ongoing investments made. The Swedish cooperation takes up 20% of financing mobilised, notably due to the strength of its guarantee instruments. The French institutions provide some 18% of all ongoing investments through a diverse portfolio of instruments. The German cooperation shares 12%, the EBRD provides 10% and the Italian cooperation takes-up 8% of all ongoing investments. The Netherlands and Luxembourg are also active in mobilisation of finance for investment with shares at around 1% each. The share of the EU amounts to 5% of total investments made, though this includes donor funds exclusively that are used to leverage finance provided by the EIB, EBRD and Financial Institutions of the EU Member States.

SHARES OF TOTAL INVESTMENT BY TEAM EUROPE (%) (€)



Fact Sheets

SNAPSHOT OF TEAM EUROPE PARTNERS

This section provides a snap-shot of individual Team Europe partners currently active in the investment and financial sectors in Palestine. It provides background information on the institutions present, outlines their main areas of activity and total amounts of ongoing interventions with investment instruments in Palestine.

European Union



AREAS OF ACTIVITY WITH INVESTMENT INSTRUMENTS IN PALESTINE

Small and Medium-Sized Enterprises, Energy, Green Economy, Banking, Guarantees, Micro-Finance, Technical Advice.



TOTAL AMOUNT OF ONGOING INTERVENTIONS WITH INVESTMENT INSTRUMENTS IN PALESTINE

EUR 77.10 million



CONTACT

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The **European Union (EU)** is a unique economic and political union between 27 European countries. The EU is founded on a set of principles and values that put emphasis on human dignity, freedom, democracy, equality, the rule of law and respect for human rights. European partners in Palestine, the EU and EU Member States, are committed to ensuring that these values are translated into their partnership with Palestinians and reflected in the European Joint Strategy in support of Palestine. Sustainable Economic Development with focus on inclusive economic growth forms a key pillar of this Strategy.

The **EU's ambitious External Investment Plan (EIP)** was set up to encourage investment in its partner countries. It is promoting inclusive growth, job creation and sustainable development. The EIP is crowding in private investors, where viable business proposals meet social needs, and where limited public funds can attract private money.

European Investment Bank



AREAS OF ACTIVITY WITH INVESTMENT INSTRUMENTS IN PALESTINE

Small and Medium-Sized Enterprises, Energy, Green Economy, Banking, Guarantees, Corporate Finance, Micro-Finance, Technical Advice.



TOTAL AMOUNT OF ONGOING INTERVENTIONS WITH INVESTMENT INSTRUMENTS IN PALESTINE

EUR 272.3 million in addition to **EUR 100 million** leveraged thanks to de-risking instruments.



CONTACT

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The **European Investment Bank (EIB)** is the EU's investment bank. The EIB furthers the objectives of the EU by providing long-term project funding, guarantees and advice. It supports projects both within and outside the EU. Its shareholders are the Member States of the EU. The EIB is the biggest multilateral financial institution in the world and one of the largest providers of climate finance. Its activities focus on the following priority areas: climate and environment, development, innovation and skills, small and medium-sized businesses, infrastructure and cohesion. The EIB works closely with other EU institutions to foster European integration, promote the development of the EU and support EU policies in over 140 countries around the world. Since its establishment in 1958, the EIB has invested over a trillion euros globally.

European Bank for Reconstruction and Development



European Bank
for Reconstruction and Development



AREAS OF ACTIVITY WITH INVESTMENT INSTRUMENTS IN PALESTINE

Financial Institutions supporting Small and Medium-Sized Enterprises and Trade Facilitation, Manufacturing and Services, Health, Agribusinesses, Energy, Renewables, Policy Dialogue and Technical Assistances.



TOTAL AMOUNT OF ONGOING INTERVENTIONS WITH INVESTMENT INSTRUMENTS IN PALESTINE

EUR 59.4 million
in addition to **EUR 79.8 million** leveraged thanks to de-risking instruments.



CONTACT

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The **European Bank for Reconstruction and Development (EBRD)** was created in 1991 to foster the transition towards

open market-oriented economies and to promote private and entrepreneurial initiative. The EBRD is an international financial institution supporting the development of sustainable well functioning market economies. This has been its guiding principle since its creation at the beginning of the 1990s and will continue to be its mission in years to come. Uniquely for a development bank, the EBRD has a political mandate in that it assists only those countries 'committed to and applying the principles of multi-party democracy and pluralism. Safeguarding the environment and a commitment to sustainable energy have also always been central to the EBRD's activity. Since its establishment the EBRD has invested over €160 billion in more than 6,000 projects across three continents. The EBRD provides both direct debt and equity finance.

France



AREAS OF ACTIVITY WITH INVESTMENT INSTRUMENTS IN PALESTINE

Small and Medium-Sized Enterprises, Energy, Green Economy Banking, Guarantees, Corporate Finance, Micro-Finance, Technical Advice.



TOTAL AMOUNT OF ONGOING INTERVENTIONS WITH INVESTMENT INSTRUMENTS IN PALESTINE

EUR 155.2 million
in addition to **EUR 98 million** leveraged thanks to de-risking instruments.



CONTACT

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The **Agence Française de Développement (AFD)** Group funds, supports and accelerates the transition to a fairer and more sustainable world. The AFD implements the policy defined by the French Government. It works to combat poverty and promote sustainable development. Focusing on climate, biodiversity, peace, education, urban development, health and governance, AFD teams carry out more than 4,000 projects in France's overseas departments and territories and another 115 countries. The AFD is active in Africa, Asia, the Middle East, Latin America, the Caribbean and the French overseas territories, where it finances and supports projects that improve living conditions for populations, promote economic growth and protect the planet. In this way, AFD contributes to the commitment of France and the French people to support the Sustainable Development Goals. The history of AFD dates back to 1941.

Proparco is the private sector financing arm of the AFD Group. It has been promoting sustainable economic, social and environmental development for over 40 years. Proparco provides funding and support to both businesses and financial institutions in Africa, Asia, Latin America and the Middle-East. Its action focuses on the key development sectors: infrastructure, mainly for renewable energies, agribusiness, financial institutions, health and education.



Germany



AREAS OF ACTIVITY WITH INVESTMENT INSTRUMENTS IN PALESTINE

Small and Medium-Sized Enterprises, Guarantees, Banking, Leasing, Micro-Finance, Technical Advice.



TOTAL AMOUNT OF ONGOING INTERVENTIONS WITH INVESTMENT INSTRUMENTS IN PALESTINE

EUR 46 million in addition to **EUR 120 million** leveraged thanks to de-risking instruments.



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The **KfW Development Bank** is a German state-owned investment and development bank and one of the world's leading promotional banks. Since 1948 KfW Development Bank has been committed to improving economic, social and ecological living conditions all around the world on behalf of the Federal Republic of Germany and the federal states. It finances and supports programmes and projects in developing countries and emerging economies – from their conception and execution to monitoring their success. The KfW Development Bank's objective is to help partner countries fight poverty, maintain peace, protect both the environment and the climate and shape globalisation in an appropriate way.

The **German Agency for International Cooperation or (GIZ)** is an international enterprise owned by the German Federal Government, operating in many fields across more than 130 countries. As a federal enterprise, the GIZ supports the German Government in achieving its objectives in the field of international cooperation for sustainable development. The GIZ offers demand-driven, tailor-made and effective services for sustainable development. The GIZ has over 50 years of experience in a wide variety of areas, including economic development and employment promotion, energy and the environment, and peace and security.

The **SANAD Fund for MSME** is an impact investment fund that provides debt and equity finance to partner institutions in the Middle East, North and Sub-Saharan Africa. The fund was initiated by Germany's KfW Development Bank, backed with funding from the German Federal Ministry for Economic Cooperation and Development (BMZ). By providing much-needed access to financial resources, SANAD helps micro, small, and medium enterprises in the region fulfill their role as engines of inclusive economic growth, job creation, and prosperity.



Implemented by:

KFW

giz

Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Sweden



AREAS OF ACTIVITY WITH INVESTMENT INSTRUMENTS IN PALESTINE

Small and Medium-Sized Enterprises, Energy, Green Economy, Banking, Micro-Finance, Technical Advice.



TOTAL AMOUNT OF ONGOING INTERVENTIONS WITH INVESTMENT INSTRUMENTS IN PALESTINE

EUR 62.55 million in addition to **EUR 216.48 million** leveraged thanks to de-risking instruments.



CONTACT

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Sida is Sweden's government agency for development cooperation under the Swedish Ministry for Foreign Affairs. It strives to reduce poverty and oppression around the world. In cooperation with organisations, government agencies and the private sector Sida invests in sustainable development for all people. Sida is responsible for organization of the bulk of Sweden's official development assistance to developing countries. Sida has bilateral development cooperation with approximately 35 countries in Africa, Asia, Latin America and Europe. Swedish development aid follows three thematic priorities: democracy and human rights, environment and climate change and gender equality and womens' role. Private sector collaboration is an important component in Sida's work to promote sustainable development and take place in almost all of our thematic areas.



SWEDISH INTERNATIONAL
DEVELOPMENT COOPERATION AGENCY

Italy



AREAS OF ACTIVITY WITH INVESTMENT INSTRUMENTS IN PALESTINE

Small and Medium-Sized Enterprises, Start-ups, Energy, Green Economy, Banking, Micro-Finance, Leasing, Technical Advice.



TOTAL AMOUNT OF ONGOING INTERVENTIONS WITH INVESTMENT INSTRUMENTS IN PALESTINE

EUR 95.17 million
in addition to **EUR 12 million** leveraged thanks to de-risking instruments.



CONTACT

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ITALIAN AGENCY
FOR DEVELOPMENT
COOPERATION



cassa depositi e prestiti

The **Italian Agency for Development Cooperation** - AICS is one of key innovations established by the Italian law on international cooperation of 2014 with the aim of aligning Italy with its principal European and global partners in the endeavor of development. It was handed over from the Department of Development Cooperation of the Ministry of Foreign Affairs on January 2015, in order to assure the continuity of all operations up to the formal starting date of operations on January 2016. Its basic model reflects that used in the main European countries, and it must comply with the demand for more professional and innovative forms of cooperation, involving the methodological flexibility necessary in a continuously evolving scenario. For AICS the key themes of the future are a more equal distribution of wealth, guaranteed access to quality healthcare and education, and environmental sustainability.

The law on international cooperation assigns the role of the 'Italian Bank for Development' to **Cassa Depositi e Prestiti**, whose expertise and network of alliances and relations with international financial institutions are capable of providing the Italian cooperation system with a significant boost.

Netherlands



AREAS OF ACTIVITY WITH INVESTMENT INSTRUMENTS IN PALESTINE

Small and Medium-Sized Enterprises, Start-ups, Equity, Guarantees, Micro-Finance, Technical Advice.



TOTAL AMOUNT OF ONGOING INTERVENTIONS WITH INVESTMENT INSTRUMENTS IN PALESTINE

EUR 18 million



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FMO

Entrepreneurial
Development
Bank

FMO, the Netherlands Development Finance Company, is the Dutch entrepreneurial development bank. FMO invests in over 85 countries, supporting jobs and income generation in order to improve people's lives in the parts of the world where we can make the biggest difference. FMO's role extends beyond financing, as they help businesses to operate and grow transparently in an environmentally and socially responsible manner. FMO is one of the largest bilateral development banks worldwide. Thanks in part to its relationship with the Dutch government, FMO is able to take risks which commercial financiers are not, or not yet, prepared to take. FMO's mission is to create flourishing enterprises, which can serve as engines of sustainable growth in their countries. FMO was founded in 1970 by the Dutch Government in conjunction with commercial banks, the national employers' association, labor unions, and private investors.

The **Dutch Good Growth Fund (DGGF)** is set up by the Dutch Ministry of Foreign Affairs to help Dutch entrepreneurs realise their international ambitions in emerging markets and developing countries. The fund supports investment, import, export and investment funds. By doing business in developing countries and emerging markets, entrepreneurs contribute to economic and social improvements within these countries. The Dutch Ministry of Foreign Affairs encourages these developments and offers friendly financing arrangements via the Dutch Good Growth Fund. The various parts of the fund are administered by the Netherlands Enterprise Agency, Atradius Dutch State Business for Dutch entrepreneurs and a consortium of PwC and Triple Jump for local SMEs.

Mapping of Ongoing Investments in Palestine

EU EXTERNAL INVESTMENT PLAN & EUROPEAN DEVELOPMENT PARTNERS

This section lists all investment programmes currently implemented by Team Europe partners utilising investment instruments under the framework of the EU External Investment Plan and beyond, implemented on bilateral and multilateral basis.

Private Sector COVID-19 Response Facilities



EUROPEAN FI / DONOR

EIB / EUTOTAL AMOUNT INVESTED
& GENERATED**USD 189.66M**

SOURCE/ INSTRUMENTS

USD 174M

(EIB Loans)

USD 15.66M

(EU Comprehensive Guarantee)



TIMELINE

2020 – 2030

Lines of credit provided to partner banks on-lending with the aim of supporting the resilience of the Palestinian private sector, particularly local SMEs.

The facilities benefit from comprehensive EU guarantees against political and credit risks under the Economic Resilience Initiative. The operations aim to support Palestine by supporting the resilience of the local economy and promoting access to finance and financial inclusion of underserved and vulnerable groups, including women, youth and refugees through the provision of long-term financing.

The operations will finance investments undertaken by SMEs (at least 70% of the loan) and Mid-Caps (up to 30% of the operations), contributing to economic resilience, stimulating job-generating activities, and minimising the burden of the ongoing COVID19 crisis, which has a negative impact, particularly on underserved and vulnerable groups.

As of today, loan operations with banks in Palestine include:

- Loan to The National Bank of **USD 50M**: signed in November 2020.
- Loan to Bank of Palestine of **USD 50M**: signed in December 2021.
- Loan to Quds Bank of **USD 32M**: signed in December 2021.
- Loan to Palestine Investment Bank of **USD 20M**: signed in June 2021.
- Loan to Cairo Amman Bank, Palestine of **USD 22M**: signed in December 2021

EU comprehensive guarantee cash-provisioned at 9% of the total amount corresponding to **USD 15.66M**.



Risk Capital Facility for the Southern Neighbourhood – Regional



EUROPEAN FI / DONOR

EIB / EUTOTAL AMOUNT INVESTED
& GENERATED**USD 28.1M**(To date in Palestine EIB finance
+ EU risk capital)

SOURCE/ INSTRUMENTS

USD 20.3M

(EIB Direct Finance under RCF)

USD 6.8M(EU Risk Capital 1/3 of EIB
Direct Finance)**USD 1M**

(EIB Equity under FEMIP)



TIMELINE

2019 – 2024

Total invested amount on a regional level: EUR 71M.

The regional facility makes investments to support private sector MSMEs, including the following types of investment:

- Private equity and venture capital funds.
- Investing and lending to microfinance institutions.
- Innovative instruments such as co-investing alongside Business Angels, Funding Incubators and Accelerators, and investing in technology transfer.
- Technical assistance to beneficiaries.

The facility benefits from risk capital provided by the EU amounting to 1/3 of the total volume of the facility. The capital invested by the EU in the facility allows the EIB to undertake riskier investments that it would otherwise not be able to undertake with its own resources alone.

In Palestine: Total loan operations with micro-finance institutions amount to **USD 21.3M** and include:

- Loan to Vitas Palestine of **USD 5M + USD 3.3M** top-up: signed in December 2017. Top-up loan signed in December 2020. The financing is expected to reach approximately 1,875 final beneficiaries, help sustain 1,500 jobs and help additional 1237 MSMEs recover from the COVID-19 crisis.
- Loan to FATEN microfinance of **USD 10M**: signed in October 2019. Expected to benefit 5100 micro-entrepreneurs.
- Loan to ACAD microfinance of **USD 0.5M**: signed in 2018 supporting micro-entrepreneurs and small farmers in a difficult context. (CoopMed Fund).
- Loan to ASALA microfinance of **USD 1.5M**: signed in 2017 focuses on financial services to women with small income-generating activities, particularly in rural areas and from the agricultural sector. (CoopMed Fund).
- Under the predecessor programme called FEMIP the EIB has invested equity into ACAD of **USD 1M**. The investment was made in 2013 and to date remains in the equity of ACAD.

Electricity Network Development – Facility for Euro-Mediterranean Investment and Partnership (FEMIP)



EUROPEAN FI / DONOR

EIB / EU



TOTAL AMOUNT INVESTED & GENERATED

EUR 49.05M



SOURCE/ INSTRUMENTS

EUR 45M

(EIB Sovereign Loan)

EUR 4.05M

(EU Comprehensive Guarantee)



TIMELINE

2015 – TBD

Under the EU co-funded Facility for Euro-Mediterranean Investment and Partnership (FEMIP), the European Investment Bank (EIB) lend **EUR 45 million** to the Palestinian Authority (PA) for an essential investment to upgrade electricity supplies.

The project financing is part of a large programme for the rehabilitation and upgrading of the electricity transmission and distribution network throughout the Palestinian territories. It entails erecting 34 km of transmission lines in the Gaza Strip, the construction of two substations near Jerusalem and Nablus and distribution lines in the West Bank, and the installation of about 50,000 pre-paid meters across the Palestinian territories.

Among other benefits, the project provided infrastructure to meet the growing demand for electricity at a competitive cost, reduce technical and commercial losses on the grid, facilitate rural electrification and improve the reliability and quality of supply.

- Sovereign loan in support of the energy sector to the Palestinian Ministry of Finance **EUR 45M** – for the benefit of the Palestinian Energy and Natural Resources Authority (PENRA).
- EU comprehensive guarantee cash-provisioned at 9% of the total amount corresponding to **EUR 4.05M**.



Regional – Finance Facility to Arab Bank



EUROPEAN FI / DONOR

EIB / EUTOTAL AMOUNT INVESTED
& GENERATED**USD 49.05M**

(to date in Palestine)



SOURCE/ INSTRUMENTS

USD 45M

(EIB Loan)

USD 4.05M

(EU Comprehensive Guarantee)



TIMELINE

2017 – 2024

Total invested amount on a regional level : EUR 300M.

The facility aims to finance eligible small and medium-sized investments undertaken by small and medium-sized enterprises (SMEs), and mid-caps in Jordan, as well as Egypt, Lebanon, West Bank and Morocco, thereby contributing to economic resilience, employment-generating activities and alleviating the economic burden of the refugee crisis across the region. The loan agreement was signed in December 2017 with the Arab Bank.

The credit line benefits from comprehensive EU guarantees of EUR 40.5M against political and credit risks under the Economic Resilience Initiative.

In Palestine:

- Loan to SMEs - **USD 45M**.
- EU comprehensive guarantee cash-provisioned at 9% of the total amount corresponding to **USD 4.05M**.





Rooftop Solar PV System – “Schools’ Rooftop Programme”



EUROPEAN FI / DONOR

EIB / EU



TOTAL AMOUNT INVESTED
& GENERATED

USD 19.62M



SOURCE/ INSTRUMENTS

USD 18M

(EIB Loan)

USD 1.62M

(EU Comprehensive Guarantee)



TIMELINE

2019 – 2028

Credit line to the Palestine Investment Fund (PIF) to finance the installation of rooftop photovoltaic systems on 500 public schools across the West Bank.

The investment will generate 35 MW of clean energy, enough to power more than 16,000 households and save 31,000 tons of CO₂ emissions each year. The 35MW of capacity in the first stage of the Schools’ Rooftop Programme will be rolled out over three years.

The implementation period will have to be extended due to the COVID19 pandemic and procurement delays. The loan agreement was signed in March 2019.

The PIF is the borrower of the EIB loan, while Massader, a dedicated company, is the official promoter of the project.

The credit line benefits from comprehensive EU guarantees against political and credit risks under the Economic Resilience Initiative.

In summary:

- Energy sector corporate loan: **USD 18M** EIB to PIF.
- EU comprehensive guarantee cash-provisioned at 9% of the total amount corresponding to **USD 1.62M**.

SME Access to Finance Initiative



EUROPEAN FI / DONOR

EIB / EU



TOTAL AMOUNT INVESTED & GENERATED

EUR 116M



SOURCE/ INSTRUMENTS

EUR 100M¹

(Loans generated)

EUR 16M

(EU Portfolio Guarantee)



TIMELINE

2021 – 2032

The Initiative facilitates access to finance for local SMEs, especially for those who currently have no or limited access to finance. The Initiative aims to reduce risks for local banks and financial institutions. It does so by protecting them against the amount that is exposed first to any loss suffered on a collection of loans.

The guarantee facility targets small and medium enterprises, enhancing access to finance for Covid-19 affected SMEs and underserved entrepreneurs, with a particular focus on women- and young entrepreneurs, and start-ups. It provides local financial institutions with first loss credit protection for portfolios of loans extended to and bank guarantees, and letters of credit opened for businesses managed or owned by underserved entrepreneurs.

Guarantee operations include:

- Guarantee for Bank of Palestine of **EUR 8M**, signed in June 2021.
- Guarantee for The National Bank of **EUR 8M**, signed in June 2021.

This guarantee funding provided under the European Fund for Sustainable Development (EFSD) is expected to generate a portfolio of EUR 100M in loans provided by partner banks i.e. guarantee 20% on portfolio basis and 80% on loan-by-loan basis.

¹ Leverage indicated by the EIB based on this type of instruments.





SANAD Fund – Regional



EUROPEAN FI / DONOR

**KfW / DE / EU /
FMO / OeEB / CH**



TOTAL AMOUNT INVESTED
& GENERATED

USD 25M

(To date in Palestine)



SOURCE/ INSTRUMENTS

USD 25M

(SANAD Fund Loans)



TIMELINE

2015 – 2024

Total invested amount on regional level: EUR 88.08M.

The SANAD fund provides debt and equity financing to partner institutions in the MENA region, encouraging them to improve access to finance for MSMEs, to support growth and job creation. SANAD encourages tailored financial products for MSMEs, agriculture finance, innovation in financial technologies, affordable housing, as well as finance for migrants.

The fund benefits from equity investments by multiple European Development Partners, including most notably the EU and Germany, as well as FMO Dutch Development Bank, OeEB Austrian Development Bank and Switzerland. The fund is managed by Finance in Motion and is headquartered in Frankfurt, Germany.

At a regional level the invested amounts are EUR 88.08M (EU equity shares – Fund I, II, III + COVID19 top-up). The fund also provides Technical Assistance to local financial institutions, partners, as well as public bodies.

In Palestine:

Since its inception in 2011, the SANAD fund has provided loans with a total amount of USD 45M to 7 Palestinian Banks and MFIs.

The current operations in Palestine include a total of **USD 24M**:

- Loan to Vitas Palestine of **USD 6M**, signed in 2015.
- Loan to The National Bank of **USD 5M**, signed in 2018.
- Loan to PalLease of **USD 2M**, signed in 2018.
- Loan to Ijara of **USD 3M**, signed in 2019.
- Loan to FATEN of **USD 4M**, signed in 2018.
- Loan to FATEN of **USD 4M**, signed in 2021.
- Loan to Palestine Islamic Bank of **USD 1M**, signed in December 2021.

European Palestinian Credit Guarantee Fund



EUROPEAN FI / DONOR

KfW / DE / EUTOTAL AMOUNT INVESTED
& GENERATED**EUR 140M**

SOURCE/ INSTRUMENTS

EUR 120M

(Loans guaranteed)

EUR 9.4M

(DE Capital grant to EPCGF to extend guarantees)

EUR 0.6M

(DE Technical Assistance)

EUR 8.5M

(EU Grant to EPCGF to subsidise guarantees)

EUR 1.5M

(EU Technical Assistance)



TIMELINE

2018 – 2023

The stitching credit guarantee foundation contributes to economic development by stimulating investments in MSMEs through loan guarantees, loans, investment in innovative projects and technical assistance. Its main target is to improve access to finance for Palestinian SMEs.

The programme consists of the following activities, including (1) Loan Guarantees to Partner Financial Institutions (PFIs) by EPCGF, (2) Investment Grants to PFIs incentivising the use of EPCGF guarantee by the EU, (3) Technical Assistance to EPCGF, PFIs as well as businesses by the EU, (4) Capital Grant and Technical Assistance to EPCGF and PFIs by the German Government BMZ/KfW.

The ongoing **EU contribution** to EPCGF amounts to **EUR 10 million**, signed in December 2021. The EU Investment Grant contribution is used for incentive payments that shall partially or fully subsidise the expenditures on the side of local partner banks or MFIs in form of fees payable to EPCGF for guaranteed services. The EU Technical Assistance grant is used to strengthen the capacity of EPCGF and of local banks and MFIs to engage with currently underserved groups and improve access to finance as well as to develop capacities of the MSMEs to better participate in the formal financial sector.

The **KfW Development Bank** is implementing a parallel project with a **contribution of EUR 10 million** on the account of the German government since 2018, within which funds are paid into the capital base of EPCGF in order to increase the institution's capacities for issuing guarantees to banks and MFIs. German Technical Assistance is used for elaboration of sector studies, conducting of trainings on topics such as compliance as well as institutional strengthening for the EPCGF.

Thus far EU and German support to EPCGF includes:

Total capital of EPCGF from EU and DE grant sources amounts to EUR 43.7M, including.

- German contribution of a total of EUR 21.7M in grants into the equity capital, of which EUR 10M is ongoing.
- EU contribution of a total of EUR 22M in form of grants into EPCGF's equity capital was made in several tranches, latest in 2009. This funding remains with EPCGF and is used to extend guarantees.

Deposit Insurance Fund



EUROPEAN FI / DONOR

KfW / DE



TOTAL AMOUNT INVESTED
& GENERATED

EUR 10M



SOURCE/ INSTRUMENTS

EUR 9.3M

(DE Grant into equity)

EUR 0.7M

(DE Technical Assistance)



TIMELINE

2016 – 2021

The programme aims to create a functional deposit insurance system that is sustainably anchored between banks and the public to increase local financial resources mobilization.

The project comprises the co-financing of the Palestine Deposit Insurance Corporation's capital stock and the accompanying consulting services supporting the corporation in performing its tasks effectively, sustainably and in accordance with international standards.

The fund was approved by a Presidential Decree in 2015 with an initial capital of USD 20 million. German contribution was of **EUR 10M**, including **EUR 0.7** for capacity building through AFC development regarding development of policy manual and implementation of IT technology, automation of processes. The remainder of the capital was subscribed by the PA Ministry of Finance.

The Banks pay up to 0.8 % of deposit as a risk premium and the fund covers deposit amounts up to USD20.000 for each depositor.



MSME Credit Facilities



EUROPEAN FI / DONOR

EBRDTOTAL AMOUNT INVESTED
& GENERATED**EUR 40.4M**

SOURCE/ INSTRUMENTS

EUR 38.4M

(EBRD Loans)

EUR 2.0M

(Technical Assistance)



TIMELINE

2019 – 2026

Credit facilities aim to strengthen capacities of financial intermediaries, providing loans for on-lending to local financial institutions, to finance MSMEs and building capacity within local financial institutions. Some of the most recent operations were approved under the EBRD Resilience Framework (RF) as part of the Bank's COVID-19 response.

These credit lines are often accompanied by TA for MSME lending capacity-building for local banks and MFIs, as well as support on risk management, corporate governance, and AML/CFT matters (particularly for MFIs).

- Loan to Cairo Amman Bank* of **EUR 4.5M**: MSME line of credit signed in March 2018.
- Loan to The National Bank* of **EUR 4.2M**: MSME line of credit signed in November 2018.
- Loan to Bank of Palestine* of **EUR 11.4M**: MSME line of credit signed in December 2020.
- Loan to FATEN microfinance* of **EUR 2.5M**: MSME line of credit signed in September 2020.
- Loan to The National Bank of **EUR 8.8M**: line of credit for MSMEs and corporates signed in October 2020.
- Loan to Quds Bank* of **EUR 4.4M**: line of credit for MSMEs and corporates signed in July 2021 (under EBRD Resilience Framework).
- Loan to Vitas* of **EUR 2.6M**: line of credit for MSMEs signed in September 2021.

* Loans accompanied by capacity-building TA **EUR 2M**.





Women in Business Pilot Loan



EUROPEAN FI / DONOR

EBRD



TOTAL AMOUNT INVESTED
& GENERATED

EUR 5.37M



SOURCE/ INSTRUMENTS

USD 2M

(EBRD Loan)

USD 2M²

(Loans generated)

USD 0.4M

(EBRD Portfolio Guarantee)

EUR 1.5M

(EBRD Technical Assistance)



TIMELINE

2021 – 2026

A successful pilot Women in Business (WiB) project with Bank of Palestine was signed in December 2020, that comprised:

- Loan to Bank of Palestine of **USD 2M**: women in business line of credit signed in December 2020.
- Portfolio guarantee of **USD 0.4M**: first-loss risk cover (FLRC) of bank's WiB portfolio, funded by the EBRD providing coverage of up to 20% of the loan.
- Technical Assistance of **EUR 1.9M**: capacity-building to Bank of Palestine for women's banking funded by EBRD's Trust Fund for the West Bank and Gaza **EUR 1.5M** as well as the Netherlands through the EBRD Multi-Donor Trust Fund **EUR 0.4M** (listed under TA at the end of the document). The assignment is implemented under the Advice for Small Businesses Programme to provide business advisory, training, and mentorship opportunities for women sub-borrowers.

² As per multiplier (x5) applied on USD 0.4M, based on type of instrument and contract conditions.

Trade Facilitation Programme



EUROPEAN FI / DONOR

EBRDTOTAL AMOUNT INVESTED
& GENERATED**EUR 91M**

SOURCE/ INSTRUMENTS

EUR 78M³

(Trade finance generated)

EUR 13M

(EBRD Trade finance guarantees)



TIMELINE

2018 – 2023

EBRD supports importers and exporters in the territory through its Trade Facilitation Programme (TFP).

The TFP promotes and facilitates international trade to, from, and within the regions of EBRD operations through its partner banks. The EBRD guarantees payment under trade finance instruments issued or guaranteed by local issuing banks to international confirming banks. The EBRD takes the commercial and political risk of non-payment by issuing banks. Issuing banks take the risk of local companies. The final beneficiaries of the programme are Palestinian importers and exporters.

- Cairo Amman Bank of **EUR 1.8M**: trade finance limit, December 2020;
- The National Bank of **EUR 0.8M**: trade finance limit. November 2018;
- Quds Bank of **EUR 6M**: trade finance limit, September 2019;
- Bank of Palestine of **EUR 4.4M**: trade finance limit, September 2021;
- Technical Assistance **EUR 0.1M** funded by EBRD Multi-Donor Trust Fund by the Netherlands and the UK (listed under TA at the end of the document).

³ As per multiplier (x6) based on this type of instruments.



Medlabs Corporate Loan



EUROPEAN FI / DONOR

EBRD



TOTAL AMOUNT INVESTED
& GENERATED

EUR 2.2M



SOURCE/ INSTRUMENTS

EUR 2.2M

(EBRD Corporate Loan)



TIMELINE

2018 – 2023

Loan agreement signed in May 2018, to open 10 new laboratories across the West Bank. The new network will enhance the quality and range of medical diagnostic services provided to the Palestinian population. As of June 2021, MedLabs has opened 4 new branches in the West Bank.

- Corporate Loan by EBRD To Medlabs **EUR 2.2M**.

Youth Employment Impact Bond



EUROPEAN FI / DONOR

EBRD + WB



TOTAL AMOUNT INVESTED
& GENERATED

USD 0.5M



SOURCE/ INSTRUMENTS

USD 0.5M

(EBRD equity and Technical Assistance)



TIMELINE

2018 – 2022

The project will fund the delivery of a series of demand-driven and sector-specific professional trainings as well as on-the-job support to young Palestinians, to facilitate their transition into sustainable employment.

This impact investment is in the form of a Development Impact Bond (DIB), an outcomes-based contract that F4J-CS holds with DAI Global (DAI) that implements the Finance for Jobs (F4J) Project, on behalf of the Ministry of Finance and Planning (MoFP), and with funding from the World Bank (WB).

Through DAI, the WB and the MoFP, as outcome funders, will repay F4J-CS, if (and only in that condition) the services succeed in achieving the targeted jobs outcomes, which will be verified by an Independent Verification Agent. These funds will be used to finance ongoing operations and reimburse investors.



Advice to Small Business – Regional



EUROPEAN FI / DONOR

EBRD / EU



TOTAL AMOUNT INVESTED
& GENERATED

EUR 1.8M



SOURCE/ INSTRUMENTS

EUR 1.8M

(EU Technical Assistance)



TIMELINE

2018 – 2022

Total invested amount on regional level: EUR 25 M.

EU-funded technical assistance to MSMEs, covering Egypt, Jordan, Lebanon, Morocco, Tunisia and West Bank Gaza. The programme aims to introduce the latest best practices, helping small businesses become more competitive and grow and work to build strong, competitive markets for business advice that will thrive, long into the future.

In Palestine:

In West Bank & Gaza, the programme provides small enterprises with advice to help them innovate, access finance, and grow. The programme aims to:

- Enhance performance of assisted SMEs by providing business advice and industry expertise through engaging local consultants and international advisers.
- Improve access to finance for SMEs by preparing companies for investment, whether from the EBRD, other international finance institutions or local banks, and by providing advisory services to SMEs receiving finance.
- Strengthen a sustainable infrastructure of local advisory services.

To date, the programme has started 77 local consulting projects and four international consulting projects. At least 300 SMEs and consultants are expected to benefit EUR 9M to be generated in external finance for SMEs.

French Grant



EUROPEAN FI / DONOR

FR



TOTAL AMOUNT INVESTED
& GENERATED

EUR 30M



SOURCE/ INSTRUMENTS

EUR 10M

(FR Grant)

EUR 20M

(Loans subsidised)



TIMELINE

2015 – TBD

The purpose of the donation is to support the development of the productive capacities of Palestinian companies by enabling them to acquire high-quality equipment made in France, and to help create jobs. It is aimed at all sectors of activity: agriculture, industry, services, such as hotels and restaurants. It complements a financing requested from one of the six accredited banks (Al-Quds Bank, Arab Bank, Arab Islamic Bank, Bank of Palestine, Cairo-Amman Bank, The National Bank).

The donation can reach 500,000 EUR and up to 35% of the bank loan requested for the financing of the project, and EUR 1M and up to 50% of the bank loan for projects located in the Franco-Palestinian industrial zone of Bethlehem. It only allows reimbursement of the portion of purchases whose origin is effectively French (thus, if elements of a production line are of non-French origin, these will not be reimbursed by the donation). Other equipment and services will be financed from the Palestinian company's own funds or by borrowing.



SUNREF II

Sustainable Use of Natural Resources and Energy Finance 2nd Phase



EUROPEAN FI / DONOR

**PROPARCO-AFD
/ EU**

TOTAL AMOUNT INVESTED
& GENERATED

EUR 59.88M



SOURCE/ INSTRUMENTS

USD 55M

(PROPARCO-AFD Loans)

EUR 9M

(EU Investment Grants
and Bank Incentives)

EUR 2.5M

(EU Technical Assistance)



TIMELINE

2021 – TBD

The core aim of the facility is to support the transition of the Palestinian private sector towards a greener economy, with a primary focus on green energy. The programme aims to stimulate the market for renewable energy, energy efficiency, and other environmental investments by mobilising the financial sector and other relevant local stakeholders. This investment support will also help fill-in credit shortages in the recovery phase from the COVID19 crisis.

The objectives of the facility include:

- Enhanced and deepened commercial lending market for green investments, particularly as regards unlocking energy efficiency potential across all actors and mainstreaming of renewables.
- Improved capacity of SMEs and local banks to originate, prepare, assess and finance green investments and better availability of financial products for green transition.
- A better ecosystem supporting the development of investments in renewables and energy efficiency, including developed capacity of public institutions and local service providers.

Increased awareness on green energy among the general public and private sector stimulating the market of green technologies and disseminating green energy culture and best practices.

Loan operations include:

- Loan to Bank of Palestine, **USD 30 million** with part of the loan dedicated in Islamic finance products via the Arab Islamic Bank.
- Loan to Cairo Amman Bank, Palestine, **USD 25 million** with part of the loan dedicated in Islamic finance products via the Safa Bank.



SUNREF

Sustainable Use of Natural Resources and Energy Finance



EUROPEAN FI / DONOR

AFD / EU



TOTAL AMOUNT INVESTED
& GENERATED

EUR 33M



SOURCE/ INSTRUMENTS

EUR 25M

(AFD Loans)

EUR 5M

(EU Investment Grants)

EUR 3M

(EU technical assistance)



TIMELINE

2018 – 2023

The programme aims to create and mature a market for green investments, reinforcing services and technologies; improve the capacity of local banks to appraise and finance green projects by providing medium to long-term funding, incentive grants and technical assistance; and, to raise public awareness for green projects among enterprises and individuals.

The programme includes:

- A credit facility for 2 partner banks EUR 25M that will enable the banks to grant loans to project developers willing to invest in the sector of renewable energies and energy efficiency. Partner Banks are Cairo Amman Bank and the Bank of Palestine.
- Loan to Cairo Amman Bank **EUR 12.5M**.
- Loan to Bank of Palestine **EUR 12.5M**.
- Investment grants **EUR 5M** for project developers. The amount will vary from 15% to 30% of the total loan. The purpose of such a mechanism is to encourage these investments to boost the sector.
- Technical Assistance EUR **3.35M** for 4 years to PENRA, acting as project owner and an external consultant, aimed at facilitating the identification and assessment of projects as well as capacity building.



Ariz Loan Guarantees



EUROPEAN FI / DONOR

AFD, PROPARCO
TOTAL AMOUNT INVESTED
& GENERATED
EUR 114M


SOURCE/ INSTRUMENTS

EUR 76M⁴

(Loans generated)

EUR 38M
(PROPARCO-AFD Loan Guarantees
to Banks)


TIMELINE

2017 – 2029

ARIZ is a final loss guarantee offered to financial institutions to cover 50 to 75 % of the individual loan or loan portfolio for SMEs and microfinance institutions, for the purpose of helping small businesses enterprises to structured SMEs to access term loans. Microfinance institutions to finance their operations and deploy their lending activity. This regional tool is operating in Palestine since 2017, and it counts with EUR 38M total guarantees extended since its inception.

Loan guarantee operations include:

- Loan guarantees of **EUR 38M** to Bank of Palestine, signed in February 2020, generating EUR 76M in loans. This includes EUR 22M in Individual loan guarantees and 16 MN in four portfolio guarantees.
- Thanks to this facility agreement, the Bank of Palestine will be able to better extend its financing to support Palestinian SMEs across all Palestinian territories, including the West Bank, East-Jerusalem, and Gaza Strip. The signed risk-sharing agreement is expected to support more than 100 SMEs and to contribute to the creation and maintenance of 900 jobs.

⁴ Leverage indicated by AFD/PROPARCO based on this type of instruments.





MENA SME Facility



EUROPEAN FI / DONOR

PROPARCO-AFD / EU



TOTAL AMOUNT INVESTED & GENERATED

EUR 3M



SOURCE/ INSTRUMENTS

EUR 2M

(Loans generated)

EUR 1M

(EU Portfolio Guarantees)



TIMELINE

2021

Launched by the AFD Group thanks to EU funding, the **MENA SME Facility** is a 24 million euros facility aimed at supporting financial inclusion and SME financing in seven Mediterranean countries: Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia.

The general objectives of the Facility consist in improving access to finance and greater financial inclusion by:

- Providing a pool of financial and non-financial instruments to expand access to finance for SMEs in the MENA region; and
- Creating a catalytic effect to mobilize funding in order to enable the SMEs to grow, expand and continue to play a key role in supporting job creation and economic growth in the MENA region.

The Facility will provide selected instruments to enhance and strengthen the capacity of local financial institutions for risk taking and financing to SMEs.

The MENA SME Facility consists of the setup of a pool of financial instruments composed of Risk-Sharing Facilities (or unfunded instruments), complemented by credit lines (or funded instruments) and Technical Assistance to increase the Partner Finance Institutions' SME portfolios in the targeted partner countries.

In Palestine:

Quds Bank and Proparco, AFD Group signed the first risk sharing agreement under the EU MENA SME Facility. This operation will support Quds Bank in lending the equivalent of **EUR 2M** to SMEs with a focus on high impact companies including green SMEs, women-owned businesses, and start-ups. This project constitutes the first partnership between Proparco and Quds Bank.

Credit to Micro-Finance Institutions



EUROPEAN FI / DONOR

AFD, PROPARCOTOTAL AMOUNT INVESTED
& GENERATED**EUR 11.44M**

SOURCE/ INSTRUMENTS

USD 8M+5M

(AFD, PROPARCO Loans to MFIs)



TIMELINE

2020 – 2025

The project involves a senior credit line to the Palestinian microfinance institution, FATEN, to support the development of its loan portfolio. This project is part of the second Challenge initiative, which aims to support projects which empower women as entrepreneurs, business leaders, employees and consumers of products and services, and increase their participation in the economy.

Project Impact: Create or maintain over 350 direct jobs over the next 5 years, including about 150 women for which the company has implemented a specific HR policy. In addition, the project should support around 7,500 indirect jobs with FATEN's clients, with 39,000 active clients by 2024.

- Loan to FATEN microfinance, **USD 8M**: signed in February 2020.

Over 3,500 of the microfinance institution's clients should benefit from a microcredit through Proparco's financing, with at least 20% of women. A total of some 800 jobs should be directly or indirectly supported over the lifetime of the facility.

- Loan to Vitas Palestine, **USD 5M**: signed in July 2020.

Credit to Corporates



EUROPEAN FI / DONOR

AFD, PROPARCOTOTAL AMOUNT INVESTED
& GENERATED**EUR 11.44M**

SOURCE/ INSTRUMENTS

USD 12.5M

(AFD, PROPARCO Loans)

USD 0.5M

(AFD, PROPARCO technical assistance)



TIMELINE

2014 – 2025

Loan enabled to finance part of the acquisition of an existing farm, enabling to boost Nakheel Palestine's volumes and profitability, thanks to significant economies of scale. The remaining part of the finance is dedicated to the development of the farming and industrial infrastructures of the client.

Supporting Nakheel has a direct positive impact on the local economy through a company, which together with its main shareholder Padico are known for their good governance and high Environmental and Social standards. A technical assistance program financed by Proparco is supporting the client to explore new alternative sources of water to optimize the use of this resource, known as very scarce in the area.

- Corporate Loan by PROPARCO to Nakheel, **USD 10M**: signed in 2017.

This long-term loan enabled the development of Pharmacare, a pharmaceutical company that produces generic medicines. The AFD loan contributes to the increase of the production capacity of Pharmacare from 7 million to 20 million units per year and to put in place a new production unit.

- Corporate Loan by AFD to Pharmacare, **USD 2.5M**: signed in 2014.



Corporate Equity Investment



EUROPEAN FI / DONOR

PROPARCO-AFD



TOTAL AMOUNT INVESTED
& GENERATED

EUR 10.91M⁵



SOURCE/ INSTRUMENTS

USD 12M

(PROPRACO equity investment)

EUR 0.34M

(PROPARCO technical assistance)



TIMELINE

2021 – 2031

Bank of Palestine (BOP) and Proparco signed an agreement that will see FISEA (the AFD Group fund advised by Proparco), invest USD 12 million in Bank of Palestine through a special issuance of shares.

- Equity: Proparco acquisition of shares, **USD 12M**.
- Technical assistance **EUR 340,000**.

This investment, which comes along a EUR 340,000 technical assistance program to support BOP's impact-driven projects, will support Bank of Palestine's efforts to expand financial inclusion and help economic and social development in a fragile market.

⁵ USD 12M are integrated in euro based on rate exchange



Palestinian SME Development Program



EUROPEAN FI / DONOR

IT-AICS



TOTAL AMOUNT INVESTED
& GENERATED

EUR 25M

(IT Sovereign soft loan)



SOURCE/ INSTRUMENTS

EUR 20M

(IT-AICS Revolving Loan
for SME lending)

EUR 5M

(IT-AICS Public Sector
Revolving Loan)



TIMELINE

2005 – 2043

Access to concessional credit for SMEs willing to purchase productive equipment and technology through a revolving fund (leasing companies and banks). The soft loan is aimed to support promoting economic growth in Palestine, revitalizing the local private sector, creating new job opportunities, and reducing unemployment, with the overall goal of improving the socioeconomic conditions of the Palestinian population.

The soft loan provided by the IT government is used by the PA MoF to establish a credit line to facilitate access to credit for the Palestinian private sector. Part of the credit line may be used to finance investment for the benefit of the Palestinian public sector.

Partner finance institutions include: The National Bank; Bank of Palestine. Al Quds Bank; PalLease Ijara; Ritz Leasing.

Start Up Palestine



EUROPEAN FI / DONOR

IT-AICS



TOTAL AMOUNT INVESTED
& GENERATED

EUR 33.8M



SOURCE/ INSTRUMENTS

EUR 14M

(IT-AICS Revolving Loan for MFIs)

EUR 3M

(IT-AICS Capitalization)

EUR 12M⁶

(Loans generated)

EUR 3M

(IT-AICS Credit Guarantee
Fund for MFIs)

EUR 1.1M

(IT-AICS Technical Assistance)

EUR 0.7M

(IT-AICS Earmarked budget)



TIMELINE

2015 – 2047

The programme aims to facilitate access to credit for underserved, vulnerable and marginalized groups of the society (women, youth, small farmers) and to promote entrepreneurship through cooperative credit, guarantee schemes and microfinance. The Project contributes to tackle the need of credit of vulnerable categories and financing micro and small entrepreneurship's initiatives through existing financial institutions (Palestinian Funds for Employment and Social Protection, and Cooperatives Associations for Saving and Credit and other financial non-banking institutions), as well as expanding the operational capacity of Micro, Small and Medium Enterprises (MSME's) to stimulate employment opportunities.

- **EUR 14M** Credit-line through MFI's (Revolving fund).
- **EUR 3M** Capitalization Fund Union of Cooperative Associations for Saving and Credit UCASC.
- **EUR 3M** Credit Guarantee Fund in Jenin for MFIs.
- **EUR 1.1M** AICS Technical Assistance.
- **EUR 0.7M** earmarked budget support to PFESP.

⁶ As per multiplier(X4) applied on EUR 3M guarantee, based on type of instruments and contract.



Energy Utility Management Program (EUMP)

Sovereign Credit for Energy Infrastructure



EUROPEAN FI / DONOR

IT-AICS
TOTAL AMOUNT INVESTED
& GENERATED
EUR 17.3M


SOURCE/ INSTRUMENTS

EUR 17.3M

(IT-AICS Soft Loan)



TIMELINE

2015 – TBD

The project aims at implementing a distribution system (Medium Voltage 33,22 kV) in the Northern & Southern areas of West Bank to transfer power from the under construction 161/33 kV substations to the load centres in the northern and southern areas of West Bank.

The 161/33 kV substations are implemented by the Palestinian Energy Authority (PEA) and through a loan from the European Investment Bank (EIB) that aimed at constructing four 161kV substations in northern, central, and southern areas of the West Bank operated by the Palestinian Electricity Transmission Company (PETL).

- **EUR 13M** Supply of Materials and Equipment.
- **EUR 3.3M** Civil Works.
- **EUR 1M** Subsidiary Costs.





Strengthening Hospital Networking of Hebron Governorate

Aiming to contribute to improve the health status of the population Hebron Governorate, through an increased offer of hospital services and an enhanced accessibility to them, it will also contribute to rationalize the Palestinian expenditure in the health sector.

More specifically, the soft loan aims at the construction of two new hospitals, one in the northern district of Hebron and one in the southern one.



EUROPEAN FI / DONOR

IT-AICS



TOTAL AMOUNT INVESTED
& GENERATED

EUR 10.12M



SOURCE/ INSTRUMENTS

EUR 10M

(IT-AICS Sovereign Soft Loan)

EUR 0.12

(IT-AICS Grant)



TIMELINE

2015 – 2055



Strengthening National Early Recovery and Reconstruction Plan of Gaza

Aiming to contribute to strength the National Early Recover and Reconstruction Plan in the Gaza Strip through Community Neighbourhood Planning, Urban Requalification, Self-Help Reconstruction of partially damaged houses, Reconstruction of Destroyed Houses and Construction of Houses for low-income people.



EUROPEAN FI / DONOR

IT-AICS



TOTAL AMOUNT INVESTED
& GENERATED

EUR 16.45M



SOURCE/ INSTRUMENTS

EUR 15M

(IT-AICS Sovereign Soft Loan)

EUR 1.45M

(IT-AICS Grant)



TIMELINE

2016 – 2056



Swedish Guarantee Facility

Middle East Investment Initiative



EUROPEAN FI / DONOR

SE



TOTAL AMOUNT INVESTED
& GENERATED

USD 155.08M



SOURCE/ INSTRUMENTS

USD 123M⁷

(Loans generated)

USD 28.5M

(SE Guarantee frame)

USD 3,58M

(SE Technical Assistance)



TIMELINE

2014 – 2024

By design, MEII Guarantee Facilities are temporary interventions that address gridlocks in the market to facilitate access to finance for bankable SMEs. MEII works to develop the SME lending experience and expand capacities of local banks so that the SMEs and banks can eventually transact on a bilateral basis. Depending on the geographic area, the facility offers partial guarantees between 60% and 85% of loan principal and an optional political risk coverage of 90% of loan principal for Gaza and Area C loans.

The program aims to:

- Increase access to finance for SMEs, especially women entrepreneurs, the marginalized areas of the Gaza Strip, East Jerusalem, and Area C of the West Bank.
- Technical Assistance Program (TAP) to develop the financial literacy and accounting capabilities of Palestinian small and medium size enterprises (SMEs).



Swedish Guarantee Facility 2

Middle East Investment Initiative

 EUROPEAN FI / DONOR
SE

 TOTAL AMOUNT INVESTED
& GENERATED
USD 156M

 SOURCE/ INSTRUMENTS
USD 123M⁸
(Loans generated)

USD 29M
(SE Guarantee frame)

USD 4M
(SE Technical Assistance)

 TIMELINE
2021 – 2023

The Swedish Guarantee Facility 2 (SGF2) in Palestine is carried out by Sida and the Middle East Investment Initiative (MEII). Sida launches a re-guarantee to MEII which in turn will administrate guarantees to a total of eight financial institutions (FIs) enabling them to lend to borrowers which are micro, small and medium sized enterprises (MSMEs) in Palestine.

The contribution consists of a credit portfolio guarantee for the period 2021-2033. The guarantee covers credit defaults on part of the FI's qualifying loans up to the guarantee ceiling amounting to **USD 29M**. It is a revolving facility, allowing total cumulative lending up to **USD 123M**.

The MEII technical assistance program (TAP) works with direct technical assistance to SMEs on accounting capabilities and financial literacy. MEII is trying to give priority and preferential treatment to female-run businesses. The technical assistance also includes a matchmaking platform where entrepreneurs anonymously can present their financial needs to multiple financial intermediaries including banks, leasing companies, equity investors, and microfinance institutions.

⁷ As indicated by MIEE

Micro-Small and Medium Sized Enterprises Facility Regional



EUROPEAN FI / DONOR

SE / IFC

TOTAL AMOUNT INVESTED & GENERATED

USD 6M

(amount for Palestine pro-rata)



SOURCE/ INSTRUMENTS

USD 6M

(SE Technical assistance)



TIMELINE

2019 – 2024

Total invested amount on regional level: USD 48M.

The project comes under Sweden's MENA strategy. It aims to strengthen access to finance and financial services as well as the business environment for MSMEs in the region. It targets Palestine, Algeria, Egypt, Iraq, Jordan, Lebanon, Morocco, and Tunisia.

The programme aims to improve access to finance and financial services to MSMEs, to promote sustainable job creation and encourage private sector growth in the region.

A multi-donor technical assistance fund of a total volume of **USD 48M**.

Scope of focus (only technical assistance):

- Strengthen the regulatory framework and capacity of legislative for MSME finance.
- Develop and strengthen the financial infrastructure, including technical solutions.
- Direct advisory services to financial institutions to increase their offerings to MSMEs, with a focus on women.
- Regional coordination, knowledge sharing and method development.

⁸ As indicated by MIEE



Dutch Good Growth Fund Regional



EUROPEAN FI / DONOR

NLTOTAL AMOUNT INVESTED
& GENERATED**USD 12M**

SOURCE/ INSTRUMENTS

USD 1M

(NL GGF Equity)

USD 5M

(NL GGF Loan)

USD 6M

(NL GGF Equity)



TIMELINE

2014 – TBD

The fund aims to reach out underserved countries, foster innovative financing products and to invest in specific target groups, namely young and female entrepreneurs and entrepreneurs in fragile states that face high barriers to attracting capital. The fund is implemented by Triple Jump.

Operations in Palestine currently include:

- Ibtikar fund II: **USD 1M** equity investment.
- Faten: **USD 5M** loan targeting 150 SMEs.

IF II will provide pre-seed and seed stage investments to start-ups primarily in Palestine. The Fund targets start-ups that offer digital solutions such as Software-as-a-service (SaaS) to small, medium, or large enterprises. The Fund will invest equity and convertible debt securities, typically between USD 0.2M up to USD 2M including follow-on investments.

- Ibtikar; **USD 6M** fund II round signed in 2020, equity and debt security.



Private Sector Development MENA Regional Programme



EUROPEAN FI / DONOR

NL / IFC



TOTAL AMOUNT INVESTED
& GENERATED

EUR 1.4M

(Amount for Palestine pro-rata)



SOURCE/ INSTRUMENTS

EUR 1.4M

(NL Technical Assistance)



TIMELINE

2020 – 2025

Total invested amount on regional level : EUR 11M.

The facility combines advisory services and blended concessional finance to catalyse private sector investments in potentially high-impact projects in Iraq, Jordan, Tunisia, Egypt, the West Bank and Gaza, Algeria, Morocco, and Yemen.

Objectives of the programme include:

- Promote a better business environment through regulatory reforms.
- Strengthen employment opportunities through entrepreneurship development.
- Increase investments, access to finance, and performance of firms in selected value chains.
- Promote ESG standards.
- Improve employment opportunities for women and youth.

In Palestine: EUR 1.4M.



Credit Line for Micro-Finance



EUROPEAN FI / DONOR

FMO + NLTOTAL AMOUNT INVESTED
& GENERATED**USD 5.5M**

SOURCE/ INSTRUMENTS

USD 5M

(FMO loan)

USD 0.5M

(NL guarantees under the MASSIF fund)



TIMELINE

2020 – 2027

The loan to Vitas was signed in January 2020.

Vitas will use the facility to continue funding clients in underserved areas of Palestine. The aim of these funds is to extend access to finance for micro-sized enterprises. With this long-term financing, FMO supports Vitas in its mission to extend access to micro enterprises. Shown by its mission and track-record, Vitas plays an important role contributing to economic development in various (underserved) sectors.

MASSIF reaches out to end-beneficiaries through financing local financial intermediaries and institutions that can contribute to their development. With the fund, FMO can invest early on, taking high risks and by doing so, catalyse new investors into the financial inclusion space.

- Loan to Vitas **USD 5M**.
- Guarantee by the Dutch Government of **USD 0.5M**.





Guarantee Facility Daman for SMEs

The Ministry of Foreign Affairs of Luxembourg in partnership with CPJPO (Paix Juste NGO), based in Luxembourg, with NGO ACTED from France, financed DAMAN for SMEs with 3-year project for credit guarantees for MFIs. Started in January 2020, it covers 80% of risk on individual loan and 20% on portfolio basis with a total budget **EUR 1,05M**.



EUROPEAN FI / DONOR

**LUX / CPJPO
Paix Juste**



TOTAL AMOUNT INVESTED
& GENERATED

EUR 7.35 M



SOURCE/ INSTRUMENTS

EUR 6.3M⁹

(Loans generated)

EUR 1.05

(LUX Guarantee funding)



TIMELINE

2020 – 2026

⁹ As per multiplier (X6) applied based on this type of instruments.

Financial Sector Interventions

POLICY DIALOGUE

This section lists stand-alone technical assistance programmes currently implemented by Team Europe partners for the benefit of Palestine's investment and financial sectors. These programmes are aimed at improving the investment climate, enhancing policy dialogue and/or providing technical advice on investment and financial sector matters to different entities.



Alternative Approaches to Financial Inclusion of SMEs policy dialogue



EUROPEAN FI / DONOR

DE / GIZ



TOTAL

EUR 4M



BREAKDOWN

EUR 4M

(DE Technical Assistance)



TIMELINE

2020-2022

The objectives of the programme include:

- Improve framework conditions for FinTech and innovative services.
- Increase financial awareness of MSME, young entrepreneurs.

The programme provides technical assistance to support:

- The Palestinian financial market regulators in their work to develop and communicate an improved, easy-to-understand range of information for SMEs and start-ups on the use of innovative financial services.
- The Palestinian financial market regulators in ensuring proper evaluation and enabling regulation for new Fintech providers and business models to facilitate controlled market entries.
- A targeted facilitation of Fintech solutions with the aim of supporting their market entry or piloting, including public-private dialogue, legal advice, studies, and business development measures.

FIN PAL – Financial Inclusion in Palestine



EUROPEAN FI / DONOR

IT-AICS



TOTAL

EUR 2M


BREAKDOWN

EUR 0.5M

 (earmarked budget support to
Palestine Monetary Authority (PMA))

EUR 0.2M

 (earmarked budget support for
Palestine Capital Market Authority
(PCMA))

EUR 0.3M

 (earmarked budget support to
Ministry of Finance)

EUR 1M AICS

(AICS Technical Assistance)



TIMELINE

2018 – 2021

The general objective is to contribute to promoting economic growth and job creation for economically marginalised groups – women, young people, farmers – and geographically marginalised groups – East Jerusalem, Area C and Gaza Strip, by fostering their financial inclusion.

The specific objective is to strengthen the capacities of the key actors – both from the public and private sector – operating on the supply side of the Palestinian financial market.



Enhancing The Business Environment For The Micro, Small And Medium Palestinian Enterprises – EPEC



EUROPEAN FI / DONOR

IT-AICS



TOTAL

EUR 2.5M



BREAKDOWN

EUR 1M

(earmarked budget support to
Palestinian Energy and Natural
Resources Authority (PENRA)).

EUR 0.3M

(earmarked budget support to
Ministry of Finance).

EUR 1.2M

(Technical Assistance)



TIMELINE

2019 – 2023

The Program aims to contribute to the improvement of the competitiveness of micro, small and medium Palestinian enterprises, through activities that support Palestinian public institutions in enhancing the business environment and MSME's productivity, with a special focus on the access to renewable energies and their use to significantly reduce the production costs through a lower energy dependence.

The specific objectives are:

- Improving the capacity of the MOF in fiscal management as well as in the design and the management of policies in support of private sector development.
- Promoting mechanisms to support PENRA in facilitating the MSMEs' access to RE and reduce the production costs they face.

Improving Palestinian public institutions' skills in monitoring and managing data on the private sector through the creation of the Business Register by PCBS, with the technical assistance of the Italian Institute of Statistics (ISTAT).

Technical Assistance via the Multi-Donor Trust Fund



EUROPEAN FI / DONOR

**EBRD / NL / UK
/ Spain**



TOTAL

EUR 2.3M



BREAKDOWN

EUR 2.3M

(Technical Assistance

UK GBP 0.5M

NL EUR 1.2M

Spain EUR 0.5M)



TIMELINE

2018 – 2022

Of the total EUR 2.3M amount, EUR 1.7M has been already disbursed in 23 projects.

Objectives include:

- Enhancing private sector growth, competitiveness, and innovation.
- Strengthening capacity of Financial Institutions and public bodies.
- Enhancing energy efficiency and energy sustainability.

Technical Assistance delivered include:

- Provision of consultancy services to Develop Crowdfunding Platform at Palestine Exchange.
- Capacity building on Asset and Liability Management at the Palestine Monetary Authority.
- Support for the Palestine Monetary Authority's Regulatory Monitoring Function.
- AML/CFT Assessment and training for banks.
- Supporting PENRA with a Grid Enforcement Study.
- Providing judicial training workshops on commercial law to 60 Palestinian judges.
- Developing a law on Factoring with the Palestinian Capital Markets Authority.





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