



Press Release

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Proparco and the European Union support Bank of Palestine in financing high impact SMEs

After an equity investment in the bank in July 2021 and the provision of a 30 MUSD green loan (SUNREF) earlier that year, Proparco continues to support Bank of Palestine, the leading banking group in the West Bank and Gaza, by granting an ARIZ MENA portfolio guarantee funded by the European Union (EU) to the Bank of Palestine (BOP) of 9.2 MUSD, Proparco aims to foster financial inclusion and strengthen the Palestinian private sector, particularly high impact MSMEs.

Palestinian economy remains unique with Micro, small, and medium-sized enterprises (MSMEs) accounting for 95 percent of Palestinian businesses, with the vast majority still facing obstacles in accessing finance. This difficulty in obtaining loans has been exacerbated by the pandemic and as such it is incumbent upon development agencies and banks to work on providing financial solutions and products to help increase access to finance for this important sector.

This ARIZ MENA portfolio guarantee is the fifth portfolio guarantee provided by AFD Group to Bank of Palestine. Thanks to the EU support provided through the MENA Facility, the project includes a performance bonus triggered if the bank achieves high social and societal impact lending. The objective is to encourage the bank to target segments underserved by the banking sector: green MSMEs and start-ups under 3 years old, MSMEs owned by women or youth, and MSMEs operating in the agriculture, health, education, tourism and digital sectors.

Launched by AFD Group with funding from the European Union, the MENA Facility aims to support financial inclusion and SME financing in seven Mediterranean countries: Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia. The Facility enables AFD Group to offer local currency financing solutions, performance incentives, and technical assistance to facilitate the provision of credit to businesses with high developmental impact.

"Proparco is pleased to continue its successful collaboration with Bank of Palestine. The project will further support the Palestinian private sector in key segments with high impact on local development," **said Françoise Lombard, Proparco CEO.**

‘The European Union is pleased to help make this important investment happen together with our partners from Proparco and the Bank of Palestine. Through our guarantees we step-in to help SMEs in their business undertakings, absorb high risks where needed, unlock investment,

create jobs and growth. Investments of this type, demonstrate our commitment to supporting Palestine's sustainable economic development, establishment of a strong and independent economy that can serve as a backbone of a future Palestinian state,' **said Sven Kühn von Burgsdorff, the European Union Representative.**

"We are very proud of our strategic partnership with Proparco as key development partners and investors in the Bank for many years. Together we have been able to impact our community and the economy in terms of SME lending and green financing, with a true focus on sustainability and financial inclusion. We thank the AFD Group and the EU for their continuous support to the Palestinian private sector given its leading role in supporting economic and social development", said **Hashim Shawa, Bank of Palestine Group Chairman.** "We look forward to more cooperation with the EU, AFD, Proparco in providing financial intermediation to counter fragility and help sustainable development across key sectors with a special attention to projects that are green, gender sensitive, with a focus on agriculture, health, education and tourism sectors, "added **Mahmoud Shawa, CEO., Bank of Palestine**

Since the start of its operation in Palestine in 2017, Proparco has committed €100M in financing to support the private sector. By collaborating with Bank of Palestine, AFD Group's subsidiary contributes to supporting job creation and economic growth.

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About Proparco

Proparco is the private sector financing arm of Agence Française de Développement Group (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.

Its operations aim to strengthen the contribution of private players to the achievement of the Sustainable Development Goals (SDGs) adopted by the international community in 2015. To this end, Proparco finances companies whose activity contributes to creating jobs and decent incomes, providing essential goods and services and combating climate change. For a World in Common.

For further information: www.proparco.fr and @Proparco

About the EU External Investment Plan and the MENA Guarantee Facility

The EU's ambitious External Investment Plan was established to encourage investment in its partner countries. To help better identify, prioritise, coordinate and promote investment opportunities that the Plan offers through its many instruments in Palestine, the EU and the Palestinian Authority set-up a dedicated EU – Palestine Investment Platform, fostering mutual policy dialogue.

The purpose of the MENA Guarantee Facility is to encourage a select number of financial institutions to increase their lending activity to SMEs by reducing their exposure to risk. The MENA Guarantee Facility consists of the setup of a pool of financial instruments composed of

Risk-Sharing Facilities, complemented by credit lines and Technical Assistance to increase financial institutions' SME portfolios.

About Bank of Palestine

Bank of Palestine is the largest financial institution in Palestine, BoP seeks to raise and develop the level of banking services in Palestine, and to keep up the service development of the banking sector in the world, to meet all the financial needs of the various Palestinian segments and sectors.

Our role at Bank of Palestine includes supporting the Palestinian economy, including small- and medium-sized enterprises (SMEs), promoting green financing, investing in technology and digitization, as well as allocating programs and services for SMEs, as well as services for individuals. As part of our comprehensive sustainability strategy, we target women, youth low-income, workers, aid program beneficiaries, people with disabilities and others.