

Press Release

OFID's support of UNRWA via PalFund provides US$ 141.3 million in loans to Palestinian microenterprise sector



A Palestine refugee beneficiary from Gaza who received an UNRWA microenterprise credit loan for his repair shop.

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A partnership between United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and OFID (the OPEC Fund for International Development) has financed a total of 101,484 loans valued at US$ 141.3 million as of December 2018. The loans include 74,218 disbursed in the West Bank and 27,266 in the Gaza Strip.

As of December 2018 and through OFID, the UNRWA Microfinance Department (MD) has cumulatively financed a total of 101,484 loans valued at US$ 141.3 million. This includes 74,218 loans disbursed in the West Bank and 27,266 loans in the Gaza Strip.

The partnership comes in the shape of the OFID PalFund – a fund that was recently converted from a trust arrangement into a grant. The PalFund is used for on-lending to eligible beneficiaries and projects in the occupied Palestinian territories through the MD programme, which supports Palestine refugees in the Palestinian microenterprise sector. The PalFund was first established in 2004 with an initial amount of US$ 2.5 million that was subsequently increased to US$ 10 million.

The grant agreement reinforces OFID's long-standing commitment to and support of UNRWA, enabling the latter's Microfinance Department (MD) to attain long-term sustainability, and to grow its services in Gaza and the West Bank. Specifically, the PalFund has helped the MD to expand its operations to serve more Palestine refugees, women, youth and micro-entrepreneurs working in the informal economy. During 2018 alone, the MD disbursed 6,649 loans valued at US$ 9,200,705 to Palestinian microenterprises through the PalFund.

More generally, the PalFund has enabled the Agency's MD to provide socially-responsible microfinance services to support the businesses of marginalized groups and help improve the quality of life of their households. The average loan size is just US$ 1,400, and some 71 per cent of the PalFund supports micro-enterprises in the informal sector.

In managing the PalFund portfolio, the UNRWA MD adopts the best practices of the microfinance industry including monitoring and evaluating loans.

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OFID and UNRWA

OFID began cooperation with UNRWA in 1979 and has since provided more than US$36 million in grant support towards 26 UNRWA projects and programmes implemented in the West Bank, Gaza Strip and Lebanon. In addition to its traditional support for education, vocational training, emergency relief and humanitarian aid programs, OFID expanded its collaboration with UNRWA through the establishment of the PalFund in 2004, which aims at extending small loans to productive entrepreneurs and artisans. Through the PalFund, 101,484 microenterprise loans, worth US$ 141.3 million, have been extended to micro-enterprises owners in West Bank and Gaza.

BACKGROUND INFORMATION

UNRWA is confronted with an increased demand for services resulting from a growth in the number of registered Palestine refugees, the extent of their vulnerability and their deepening poverty. UNRWA is funded almost entirely by voluntary contributions and financial support has been outpaced by the growth in needs. As a result, the UNRWA programme budget, which supports the delivery of core essential services, operates with a large shortfall. UNRWA encourages all Member States to work collectively to exert all possible efforts to fully fund the Agency's programme budget. UNRWA emergency programmes and key projects, also operating with large shortfalls, are funded through separate funding portals.

UNRWA is a United Nations agency established by the General Assembly in 1949 and mandated to provide assistance and protection to some 5.4 million Palestine refugees registered with UNRWA across its five fields of operation. Its mission is to help Palestine refugees in Jordan, Lebanon, Syria, West Bank, including East Jerusalem and the Gaza Strip achieve their full human development potential, pending a just and lasting solution to their plight. UNRWA services encompass education, health care, relief and social services, camp infrastructure and improvement, protection and microfinance.

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