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SUPPORTING THE PALESTINIAN BUSINESS SECTOR

The Middle East Investment Initiative

“...in consultation with our partners in the Quartet — the European Union, Russia, and the United Nations — the United States is taking a series of steps to strengthen the forces of moderation and peace among the Palestinian people.”

— President George W. Bush

The Middle East Investment Initiative (MEII) will provide \$228 million in loans to Palestinian small and medium-sized businesses to create jobs and economic growth, and catalyze private sector development and expansion. The Initiative was launched in Ramallah, the West Bank, on July 25, 2007, by Under Secretary of State Karen Hughes, President of the Overseas Private Investment Corporation (OPIC) Rob Mosbacher, Jr., and Palestinian President Mahmoud Abbas and Prime Minister Salam Fayyad.

“The United States is committed to strengthening the Palestinian economy and creating jobs for the Palestinian people as an important step toward a peaceful and independent Palestinian state.”

— Under Secretary of State Karen Hughes

Authority “to improve the economy and unleash the natural enterprise of the Palestinian people.”

INITIATIVE FUNDING

The MEII loan fund will use resources from OPIC and the Palestine Investment Fund (PIF) to leverage the \$228 million in loan money. The Norwegian Government is providing

\$5 million for operating costs for the Fund. The Middle East Strategy Group of the Aspen Institute will also help cover these costs. The Institute, whose membership includes prominent American, Palestinian and Israeli business leaders and policy makers, has been working on this project since 2005.

PRESIDENTIAL ANNOUNCEMENT

President George W. Bush announced his approval for the OPIC loan program on July 16, reiterating American support for the Palestinian people and outlining overall 2007 U.S. Government assistance that also includes \$144 million to the United Nations Relief and Works Agency (UNRWA), \$50 million through USAID for Palestinian basic human needs, food aid, and democracy, civil society and private sector development, \$10 million in P.L. 480 Food Aid, and \$80 million to help reform the security services of the Palestinian Authority. This is in addition to nearly \$130 million in already planned USAID programs.

The President noted that the Middle East Investment Initiative would complement efforts by the Palestinian

PALESTINIAN RECIPIENTS

The Initiative will provide affordable, longer-term loans to small and family-owned Palestinian businesses that would otherwise not have access to them. These might include an olive grower who wants to expand operations, a young person with a small information technology company, or someone who wants to hire neighbors to produce and export Palestinian embroidery.

LOAN ADMINISTRATORS

The loans will be administered by participating Palestinian Private Financial Institutions (PFIs) and guaranteed by OPIC and the Palestine Investment Fund. PFIs will include commercial banks, microfinance institutions, and non-governmental organizations.