

## FEASIBILITY STUDY FACTSHEET

<b>Title of Feasibility Study</b>	<b>SCBF FSW-04: Support to the transformation of UNRWA MD into a microfinance bank</b>
<b>Country / region</b>	<b>Palestine, Syria, Jordan</b>
<b>Financial Institution</b>	<b>UNRWA-Microfinance Department</b>
<b>Competence Centre</b>	<b>FIDES AG, Route de la Fonderie 2, 1700 Fribourg, Switzerland</b>
<b>Overall Budget</b>	CHF 162'810 ( <b>34%</b> self-contribution by partner)
<b>SCBF contribution</b>	<b>CHF 107'000</b> (66% SCBF funding share)
<b>Date of approval</b>	28.08.2013
<b>Duration</b>	09.2013 until 10.2014
<b>Context</b>	<p>UNRWA MD operates in West Bank, Gaza, Jordan and Syria. The microfinance industry in these areas has long been a donor subsidized industry evolving in a non-regulated environment with important political risks (Israeli-Palestinian conflict that regularly affects the MD activities in Gaza and/or the West Bank, Syrian crisis). But the market is evolving, with new donor policies pushing the institutions towards commercialization and sustainability and the development of a suitable legal and regulatory framework.</p> <p>UNRWA'S microfinance activities began in Gaza in 1991 and was extended into the West Bank in 1996. Since then it became not only the largest microfinance institution in Palestine, but uniquely, the only regional microfinance organization. In 2003, it began working in Jordan and Syria, where 2.5 million Palestinian refugees reside.</p>
<b>Current status of the MFI</b>	<p>Between 1991 and 2012, the department extended 298,453 loans across all its fields of operation (West Bank, Gaza, Syria and Jordan), at a value of USD 339.08 million. By the end of 2012, the portfolio stood at 31,949 active clients loans with an outstanding balance of USD 22.67 million.</p> <p>The Department is run on a profitable business model and organizes its lending through a revolving loan that serves the operation in all fields. Even if UNRWA MD is part of a UN program, UNRWA MD works today as a semi-autonomous entity and is covering costs through interest income.</p>
<b>Objective and main activities</b>	<p>The overall aim of the project is to support the preparation of the transformation of UNRWA MD into an independent financial institution operating in Palestine, Jordan and Syria. During the project period, the creation of a microfinance bank in Palestine as well as the holding structure are prepared.</p> <p>Upon project completion, UNRWA should be in a position to transform into a microfinance bank and thereby attract investors and lenders, increase its outreach. As a result, UNRWA will set a new benchmark in the Palestinian microfinance market.</p>
<b>Next steps</b>	<ul style="list-style-type: none"> <li>● Obtention of all necessary licenses and agreements.</li> <li>● Final agreement of UNRWA on the setup developed under this project.</li> </ul> <p>The creation of the new institutions can in principle be achieved with the resources that are in the hands of UNRWA MD today to finance its lending activities at the existing level. The concept developed under the project will nevertheless enable UNRWA MD to attract new resources (equity, refinancing as well as savings) from third parties in order to enable future growth of outreach.</p>