

### **Middle East Investment Initiative – May 2008**

Initiated by the Aspen Institute and encouraged by the Overseas Private Investment Corporation (OPIC), the Middle East Investment Initiative (MEII) is an independent, non-profit organization that was formed to help revitalize economies in the region, recognizing that a strong economic base is critical for social and political stability. MEII partners with public and private organizations to deploy specialized financial products in the Palestinian Territories and elsewhere in the Middle East in order to stimulate economic activity, create jobs and expand home ownership.

MEII is engaged in three programs designed to support the Palestinian economy. Along with its partners, OPIC, the Palestinian Investment Fund (PIF), and CHF International, MEII currently operates a \$228 million loan guarantee program for small and medium-sized businesses in the Palestinian Territories. In addition, MEII is working to create an affordable mortgage program intended to help Palestinian families finance the purchase of a home as well as to provide political risk insurance designed to facilitate exports from Palestinian businesses.

#### **MEII Goals:**

- **Loan Guaranty Facility:** To guaranty \$228 million in loans to small and medium-sized Palestinian businesses, generating an estimated 15,000 local jobs over the next five years.
- **Affordable Mortgages:** To create and manage, with CHF International, a mortgage finance company which will issue mortgages through local banks for purchasers of homes in an estimated price range of \$40,000 to \$75,000.
- **Palestinian Political Risk Insurance:** To develop and deploy, with OPIC, a trade disruption/political violence insurance product for Palestinian exporters with a goal of facilitating over \$400 million in exports.

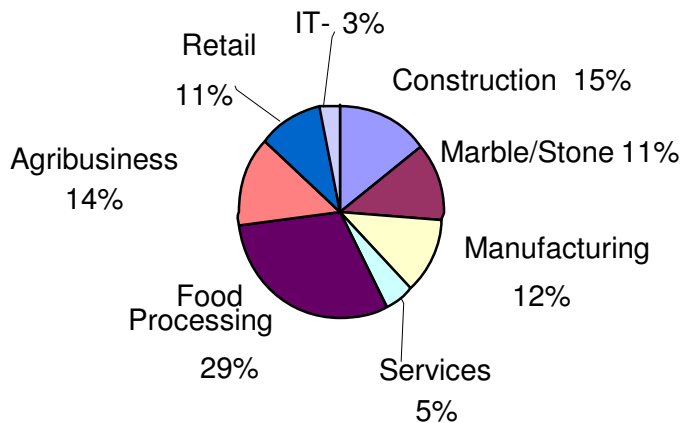
#### **MEII Program Descriptions:**

##### **Loan Guaranty Facility (LGF)**

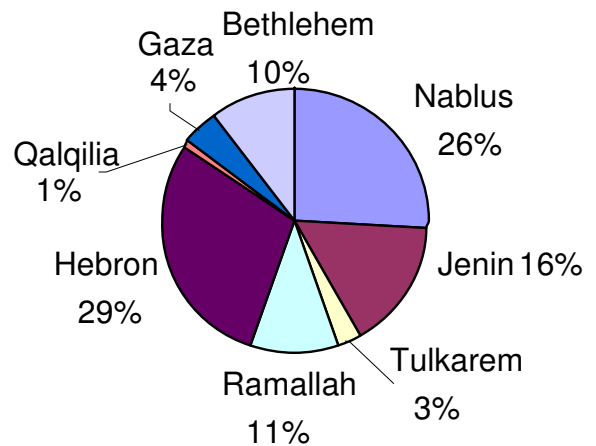
The Loan Guaranty Facility makes \$160 million available – consisting of \$110 million from OPIC and \$50 million from PIF – to guaranty loans made by local banks in the Palestinian Territories to small and medium-sized Palestinian businesses. CHF International, which serves as the local agent for MEII, reviews and executes agreements with local banks and approves loan proposals for LGF guaranties. LGF has agreements and active loan pipelines with 7 local banks and is in discussions with 9 additional banks. With approximately 30 loan proposals in various stages of approval, the LGF goal is to issue guaranties for 150 loans totaling \$40 million by the end of 2008. It is estimated that these loans will generate at least 1000 local jobs. Over the next three to four years, LGF expects to guaranty up to \$228 million in loans, generating at least 15,000 additional local jobs.

MEII and CHF seek to support loans to a diversity of economic sectors and distributed geographically to bring economic benefits to as many communities as possible. The charts below illustrate the distribution of loans currently being considered.

**Loans : By Sector**



**Loans : By Region**



### Affordable Mortgage and Loan Corporation (AMAL)

MEII is working with a coalition of organizations, including CHF International, OPIC, the Palestine Investment Fund, and the UK Department for International Development, to develop a private sector mortgage finance company in the Palestinian Territories. The new entity, to be called AMAL, will provide long term affordable mortgage loan funding to leading local Palestinian finance institutions to help Palestinian families become homeowners. The initiative is also intended to develop a viable and sustainable residential mortgage finance marketplace: a key factor in stimulating the Palestinian economy. The goal for AMAL is to provide funding, technical assistance and underwriting guidance for the issuance of mortgages for primary residences in the \$40,000 to \$75,000 range. It is hoped that tens of thousands of families will be able to finance the purchase of a home through this program.

### Palestinian Political Risk Insurance (PPRI)

MEII will join OPIC and the National Insurance Company, based in Ramallah, in developing and delivering an insurance product designed to protect Palestinian exporters from losses due to trade disruption and political violence. This specialized insurance coverage will be purchased by exporters to cover the value of goods being shipped or assets at risk. This product will help Palestinian export-oriented companies resume or expand their exports, generating additional business and promoting job creation. When fully executed, if insured exporters grow by just 10% per year, PPRI could facilitate over \$400 million in exports from the Palestinian Territories.