



Palestinian Small and Medium Enterprises (SME) Development Programme (AID n. 6525)

The Palestinian SME Development Programme is a joint initiative between the Ministry of Finance of the Palestinian National Authority and the Italian Development Cooperation. With a EUR 25 million credit line, six participating Palestinian Banks are currently offering low interest rate loans, ranging between EUR 50,000 and 500,000, to finance the purchase of equipment and/or services of Italian origin as well as investments in working capital. The loan conditions are summarized in the table below:

Loan amount	EUR 50,000 – 500,000
Beneficiaries	Palestinian SME (MONE definition)
Declining annual interest rate	Max 5%
Application requirements and procedures	According to each participating bank's internal requirements and procedures
Grace period	Up to 1 year
Loan Maturity	3 – 7 years
Italian origin of the equipment purchased	Min 60% of the loan amount
Investment in working capital	Max 30% of the loan amount
Sectors	Manufacturing industry; agriculture and agro-industry; related services

In the framework of the Programme, two new components have been recently added to make the initiative more appealing to the Palestinian entrepreneurs:

- Business Advisory Service (BAS) – The Italian Development Cooperation is covering 75% of the consultancy fees, up to a maximum contribution of 1% out of the total loan disbursed, to draft a feasibility study or a business plan, showing clearly the economic potential of new investment projects to be financed through the Italian Credit line. Four licensed BAS consultants and consultancy companies are currently offering the service.
- Small Loan Facility (SLF) – In the next few months, participating banks will start offering loans ranging between EUR 15,000 and 50,000. Palestinian SME will have the opportunity to use this facility to acquire goods and services totally untied from the Italian origin, and with no limit concerning the share of working capital out of the total loan disbursed.