



### Press Release

## Outreach of financial services from an Islamic Microfinance perspective The Palestinian Authority, Islamic Development Bank, and UNDP Launch the Islamic Micro Finance component of the Deprived Families Programme

**Ramallah, August 28th, 2008-** Building on their partnership to combat poverty in the occupied Palestinian territory (oPt), the Islamic Development Bank joined with UNDP's Programme of Assistance to the Palestinian People and the Ministries of Social Affairs, Planning and Labour launched the Islamic microfinance component of the Deprived Families Economic Empowerment Programme (DEEP). H.E. Dr. Mahmoud Al Habbash, Minister of Social Affairs, H.E. Dr. Samir Abdullah, Minister of Planning and Labour, Mr. Mazen Sonnokrot, IDB Representative, and Mr. Roberto Valent, UNDP Special Representative a.i. attended the ceremony along with several NGO representatives.

DEEP's involvement in the Microfinance industry falls under the objective of contributing to an inclusive Palestinian financial sector for the poor, focusing on expanding the outreach of microfinance and contributing to MFI's efforts to achieve sustainability. The microfinance component of DEEP is foreseen to be an effective and powerful tool for alleviating poverty, in the West Bank and Gaza, because of the heavy involvement of civil society institutions in directing support to would-be entrepreneurs.

H.E. Dr. Mahmoud Al Habbash, Minister of Social Affairs highlighted that one of the most important components of the Palestinian development plan is alleviating poverty and promoting a development culture. "Since the beginning of DEEP, we have been able to meet the goals set for the Promotional Social Safety Nets Component of the programme. To date, more than 2800 families have benefited from this component and we hope that by the end of 2010, we will be able to reach our target of 12,000 poor families." He added.

The use of Islamic microfinance will offer diverse financial products that meet the demands of poor Palestinian families. At its current stage, and by the end of 2008, 4000 of these families are expected to benefit from this component. In order to realize its full potential, an intensive training programme was conducted targeting the PA, partner MFI's, and UNDP/PAPP on Islamic micro financing.

"Through our partnership, this programme has all the ingredients for success and making a difference on the ground in combating poverty" said Dr. Samir Abdullah, Minister of Planning and Labour. "It presents a real transformation in the mindset of Palestinians from a life of dependency on relief to sustainable livelihoods and development". He added.

Mr. Mazen Sonnokrot, IDB Representative expressed the President of the Islamic Bank's congratulations for the success of the first component of the programme and reiterated the Bank's continuous support to the PA, the owners of the programme, partner institutions and UNDP for their efforts in making this pioneering initiative a success. He also explained that, through DEEP, this will be the first time that Islamic micro finance is used in the oPt to serve the Palestinian people.

Thanking the IDB and the Ministries involved for their trust in UNDP/PAPP as a partner in implementing development assistance to the Palestinian People, Mr. Roberto Valent stated, "The DEEP programme does not only help poor people establish small business and grow strong roots. It nourishes capable, resourceful Palestinians who are starving for an opportunity". "The power of microfinance is far-reaching. It underpins the Millennium Development Goals and contributes to better Palestinian healthcare, children's education, and women's empowerment." He added. "This programme is a living example of development, which is at the heart of our work in the oPt for the past 30 years".

DEEP is an innovative US\$30 million pilot programme, funded by the IDB and executed by UNDP/PAPP in partnership with the Palestinian Authority. It aims at creating new pathways for the poorest families by linking micro-finance and safety net programmes, as a mean to empower and graduate 12,000 Palestinian chronic and hard hit poor families who are currently economically dependent and help them become independent providers of income.

#### **For further information, please contact:**

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