

INFORMATION SUMMARY FOR THE PUBLIC

Host Country:	Palestinian territories
Name of Borrower:	Palestine Investment Bank
Project Description:	Historically, lending in the Palestinian territories has been characterized by aversion to risk, overcollateralization, and, most significantly, a low capacity to assess or manage small- and medium-sized enterprise (“SME”) credit risk. The project (the “Project”) involves the provision of loan guaranty support for SMEs operating in the Palestinian territories. The loans under the Project will be made by downstream financial institutions (each, a “Borrower”) and guaranteed pursuant to guaranty facility agreements (a “GFA”) among OPIC, MEII, and each Borrower. MEII will also provide technical assistance and training (“TA”) to loan officers and mid-level management of the Borrower, enabling those institutions to better assess the creditworthiness of prospective SME borrowers and to structure loans that effectively meet the working capital or longer-term financing needs of those businesses. To address “demand”-side weaknesses, TA efforts will help SMEs on the threshold of bankability demonstrate their creditworthiness to commercial lenders. The goals of the Project, which will replace a highly successful but expiring OPIC loan guaranty facility, are to increase the number and enhance the quality of loans from private financial institutions operating in the Palestinian territories to local SMEs (the “Downstream Borrowers”), and to improve economic conditions in the Palestinian territories.
OPIC Revolving Loan Guaranty Amount for Borrower and Total Funding (and Total OPIC Revolving Loan Guaranty Amount for Project and Total Project Cost):	\$2 million, \$2.86 million (\$100 million, \$151.2 million)
Total Loan Guaranty Tenor and Guaranty Consent Period of Project:	12 year total loan guaranty tenor, 8 year guaranty consent period from execution of the first GFA under the Project.
U.S. Sponsor:	Middle East Investment Initiative (“MEII”)

Policy Review	
U.S. Economic Impact:	The Project is not expected to have a negative impact on the U.S. economy. There is no U.S. procurement associated with this Project, and therefore the Project is expected to have a neutral five-year impact on the U.S. trade balance.
Developmental Effects:	This Project is expected to have a highly developmental impact in the West Bank. It will stimulate the local economy by providing SMEs access to finance. Uncertain political and economic conditions in the West Bank have led to a risky and fragmented investment climate, where commercial bank financing is constrained and SMEs lack access to capital. Only 6% of businesses in the West Bank and Gaza have an outstanding loan or line of credit, and less than 10% use banks to finance investments. Loans originated by the Project will be used for working and expansion capital purposes, with half expected to be located in rural areas. The technical assistance provided by MEII to the Borrower will increase their credit underwriting capability in the form of financial analysis and credit risk management training. The Project supports the Palestinian Authority's goal to improve access to capital for income-generating SMEs, and supports UN Sustainable Development Goal #8, which calls for strengthening the capacity of domestic financial institutions in order to expand access to financial services.
Environment:	The Project has been reviewed against OPIC's categorical prohibitions and has been determined to be eligible. Loans for the purposes of on-lending to SMEs are screened as Category C projects under OPIC's environmental and social guidelines. The Project's activities are not vulnerable to climate change and therefore a climate change resilience assessment is not needed. Environmental, health, safety and social concerns are considered minimal. However, in order to insure that the Borrower's loans are consistent with OPIC's statutory and policy requirements, the loan will be subject to conditions regarding use of proceeds.
Social:	<p>The Project will be required to operate in a manner consistent with the International Finance Corporation's Performance Standards, OPIC's Environmental and Social Policy Statement and applicable local laws.</p> <p>OPIC's statutorily required language will be supplemented with provisions concerning nondiscrimination and the use of loan proceeds, which will be restricted with respect to the Borrower's operations, including the employment of minors and other applicable labor law requirements. Standard and supplemental</p>

	<p>contract language will be applied to all workers engaged by the Project.</p> <p>The Project involves SME on-lending in the West Bank. The Project has policies and management systems that address social risk, including labor, commensurate with the risks associated with the Borrower's anticipated portfolio.</p> <p>This review covers the commensurate human rights risks associated with SME on-lending in the West Bank.</p>
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