

Public Information Summary

Host Territory	West Bank
Name of Borrower	Palestine for Credit and Development (FATEN)
Project Description	Direct loan for on-lending to microentrepreneurs and MSMEs in the West Bank
Proposed DFC Loan	\$10,000,000
All-Source Funding Total	\$13,000,000
Policy Review	
Developmental Objectives	<p>Micro, small, and medium enterprises (“MSMEs”) represent an estimated 99% of existing enterprises in the Palestinian Territories and employ more than 96% of workers, yet they face challenges accessing credit and must contend with a difficult economic environment. Agricultural contribution to GDP declined by nearly half during the COVID-19 pandemic and most farmers have reported a lack of access to finance as a primary constraint to future growth. Additionally, women seeking to break from customary gender roles and focus on entrepreneurial endeavors face barriers in accessing credit, including local financial institutions’ collateral and credit history requirements.</p> <p>In response to these challenges, the Project is expected to have a positive development impact in the Palestinian Territories by providing much needed access to finance to MSMEs, with target allocations to both rural and women-owned/led MSMEs. Additionally, the digital financial services that have been developed and improved by the Borrower provide its clients with improved flexibility and security in accessing their financial accounts. Given the Project characteristics, the Project is categorized as Highly Impactful per DFC’s Impact Quotient (“IQ”).</p>
Environment and Social Assessment	<p>The Project has been reviewed against the DFC’s 2020 Environmental and Social Policies and Procedures manual (“ESPP”) and has been determined to be categorically eligible. DFC loans to financial intermediaries for expanding microfinance and small-and-medium-enterprises (“MSME”) on-lending to downstream borrowers are screened as a Financial Intermediary C (FI-C) for environmental and social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all those downstream investments have been pre-screened as low risk and further review and consent is not required for these investments.</p> <p>To ensure that the Borrower’s lending practices are consistent with the DFC’s statutory and policy requirements, the DFC loan will be subject to</p>

	<p>conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy (“ESP”) that meets the 2012 IFC Performance Standards.</p> <p>Under the DFC’s ESPP, the Borrower is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation’s Performance Standard (“PS”) 1 and 2. A desk-based due diligence assessment indicates that because the Project will use DFC support for on-lending to private individual borrowers and SME’s for EV vehicle leasing, and will also use proceeds for the installation of EV charging infrastructure in the West Bank, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.</p> <p>The Borrower has an environmental and social policy as described in IFC PS 1 and appropriate external and internal grievance mechanisms. The Borrower has human resources policies and internal grievance mechanisms which are partially aligned to IFC PS2 and therefore will require updates to be adequality commensurate with its investment strategy. In accordance with the DFC’s 2020 Environmental Policy and Procedures the Borrower will be required to provide a human resources policy that describes the basic work expectations including hours of work, wages, non-discrimination, and rights to organize as described in IFS PS2.</p>
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