

Public Information Summary

Host Country	Tunisia
Name(s) of Borrower(s)/Guaranteed Party(ies)	Arab Tunisian Bank
Project Description	A loan portfolio guaranty to mobilize commercial loans for small- and medium-sized enterprises (“SMEs”) across Tunisia. Loans to SMEs in rural, inland areas of the country will be guaranteed up to 65% , while loans to SMEs in urban economic hubs will be guaranteed up to 50% .
Proposed DFC Loan/Guaranty	\$22,750,000
All-Source Funding Total	\$35,000,000
Policy Review	
Developmental Objectives	This Project is expected to have a highly developmental impact, by expanding the availability of growth capital for SMEs in Tunisia. While all businesses in Tunisia have limited access to financing due to numerous market constraints and a financial crisis precipitated by the COVID-19 pandemic, SMEs find it exceptionally difficult to secure financing. The Project will also focus on lending to under-served borrowers by targeting 37 percent of its loans to SMEs located in rural and inland areas and 30 percent to women-owned or women-led businesses. In addition, the Project will receive support from USAID/Tunisia’s JOBS technical assistance program.
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 loan portfolio guaranties for the expansion of lending to small- and medium-sized enterprises are screened as a Category C for environmental and social assessment. Downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all downstream investments have been pre-screened as Category C and further review and consent is not required for these investments.</p> <p>To ensure that the Guaranteed Party’s investments are consistent with the DFC’s statutory and policy requirements, the DFC loan portfolio guaranty will be subject to conditions regarding the use of proceeds.</p> <p>The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy</p>

("ESP") that meets the 2012 International Finance Corporation (IFC)'s Performance Standards.

Under the DFC's ESPP, the Guaranteed Party 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-review based due diligence assessment indicates that because the Project will use DFC support for the expansion of lending to micro and small and medium enterprises in Tunisia, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous people, and cultural heritage are not anticipated; therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.

The Guaranteed Party lacked a formal environmental and social policy ("ESP"), and its grievance mechanisms along with its human resources policies were not aligned with the requirements found in IFC PS 1 and 2. Therefore, it has developed an environmental and social risk policy and updated its human resources policies to align with the DFC's expectations found within its ESPP.