

Public Information Summary

Host Country	Palestinian Territories
Name of Guaranteed Party	Middle East Investment Initiative (“MEII”), Quds Bank
Project Description	The project involves the provision of loan guaranty and financial lease guaranty facility for micro-, small-, and medium-sized enterprises (“MSMEs”) operating in and households located in the West Bank.
Proposed DFC Guaranty	\$150 million (12-year total facility tenor, 8-year downstream loan origination period), \$20 million (Quds Bank allocation)
All-Source Funding Total	\$193.7 million
Policy Review	
Developmental Objectives	The Project is expected to have a positive development impact in the West Bank by increasing access to finance for MSMEs, which represent nearly all enterprise types in the region and employ the overwhelming majority of the labor force. By partnering with local lenders and lessors to de-risk financing MSMEs, the Project will not only increase access to finance in the short term but will increase local financial institutions’ confidence in future lending to this enterprise segment. DFC technical assistance (“TA”), operating in coordinating with MEII’s existing TA program, will support both the partner financial institutions (“FIs”) and MSMEs. The Project is particularly expected to benefit women-owned enterprises through the adoption of strong gender targets, partnership with new FIs targeting women borrowers, and business development support to women micro-entrepreneurs. Additionally, the Project will expand eligibility for coverage to home improvement loans for the first time, expected to represent 15% of the guaranty cover. The Project qualifies for 2X certification under the leadership, employment, and investment through financial intermediaries criteria. Given the Project characteristics, the Project is categorized as Highly Impactful per DFC’s Impact Quotient.
Environment and Social Assessment	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 guarantees for financial intermediaries to expand their MSME portfolio 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

	<p>as low risk and further review and consent is not required for these investments.</p> <p>To ensure that the Facility Manager’s investments are consistent with the DFC’s statutory and policy requirements, the DFC loan will be subject to 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 Facility Manager 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 MSME lending, home improvement lending, and leasing in the Palestinian Territories, 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 Facility Manager has an Environmental and Social Risk Policy, grievance mechanisms, and human resources policies commensurate with its investment strategy but will require updating and strengthening to meet the expectations listed in the DFC’s 2020 Environmental Policy and Procedures and IFC PS 1.</p>
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