

Public Information Summary

Host Territory	West Bank & Gaza
Name of Guaranteed Party	Bank of Palestine PLC
Project Description	Loan portfolio guaranty for lending to SMEs (as defined below) in West Bank & Gaza (the “Project”)
Proposed DFC Guaranty	\$55.75 million DFC exposure
All-Source Funding Total	\$80.0 million total
Policy Review	
Developmental Objectives	<p>This Project is expected to have a positive development impact in the West Bank and Gaza by helping to address the territories’ small and medium enterprise (“SME”) financing gap. MSMEs – including both microenterprises as well as the SMEs being targeted by the Project –represent 99% of existing enterprises in the West Bank and Gaza and employ more than 96% of workers; however, these businesses face difficulty accessing credit due to widespread informality, lack of awareness in banking knowledge, poor bookkeeping practices, and an unreliable legal environment. The Project will catalyze \$80 million in lending for SMEs, with 31.25% of Project funds anticipated to go to particularly underserved segments including businesses in Area C and Gaza as well as agricultural enterprises.</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 loan portfolio guaranties into financial institutions for small and medium enterprise on-lending 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 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. 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</p>

	<p>International Finance Corporation's Performance Standards ("PS") 1 and 2.</p> <p>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 PS 1 and 1. A desk-review based due diligence assessment indicates that because the Project will use DFC support to finance on-lending to SMEs in the West Bank and Gaza, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time. The Guaranteed Party does utilize private security and therefore, relevant aspects of PS 4, Community Health, Safety and Security are triggered. The Guaranteed Party has an Environmental and Social Risk Policy, grievance mechanisms, and human resources policies commensurate with its investment strategy and that will require updating and strengthening to meet the expectations listed in the ESPP and PS 1.</p>
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