

INFORMATION SUMMARY FOR THE PUBLIC

Host Country:	Palestinian territories
Name of Borrower:	FATEN – Palestine for Credit and Development
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):	\$5 million, \$7.9 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 impact on U.S. employment. The Project is expected to have a negative five-year U.S. balance of payments impact.
Developmental Effects:	This Project is expected to have a highly developmental impact in the West Bank as it will stimulate the local economy by providing access to finance coupled with technical assistance for both the Borrower and Downstream Borrowers operating in a variety of sectors. Uncertain political and economic conditions in the West Bank have led to a risky and fragmented investment climate where bank financing is constrained and small businesses lack access to capital. While SMEs represent the vast majority of firms in the West Bank, only 6% have an outstanding loan or line of credit and less than 10% use banks to finance investments. Downstream loans originated by the Borrower will be used for start-up, working, and expansion capital purposes with over half of the Downstream Borrowers to be located in rural areas and half to be women borrowers. Additionally, MEII will provide technical assistance to the Borrower in the form of financial analysis and credit risk management training. The Project supports the Palestine Authority's goal to improve access to capital for income generating SMEs and the 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 categorically eligible. Loan guarantees from OPIC to a Borrower for SME portfolio expansion are considered financial transactions and 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 impacts are minimal. However, in order to insure that the Borrower's downstream loans are consistent with OPIC's statutory and policy requirements those downstream loans under OPIC's guaranty will be subject to conditions regarding use of proceeds.
Social:	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. OPIC's statutorily required language will be supplemented with provisions concerning the rights of

	<p>association. This Project involves the expansion of SME lending. Loans to SMEs will be restricted with respect to the Downstream Borrower's operations, including the employment of minors and other applicable labor law requirements. Standard and supplemental contract language will be applied to all workers engaged by the Borrower and Downstream Borrowers. This review covers the commensurate human rights risks associated with SME finance in the West Bank.</p>
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