

INFORMATION SUMMARY FOR THE PUBLIC

Host Country:	Palestinian territories
Name of Borrower:	Bank of Jordan
Project Description:	<p>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.</p>
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, \$8.5 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:	Bank of Jordan plans to further expand its SME portfolio as a result of this OPIC guaranteed project. According to MEII, SMEs represent 90 percent of businesses in the Palestinian territories, and are responsible for over 55 percent of all productive output and 80 percent of private sector labor. SME growth, however, is hindered by limited access to commercial credit due to conservative lending practices in the banking sector. Through OPIC's support of the loan guaranty facility, MEII will continue to provide technical assistance to the Borrower, which will allow the Borrower to improve its credit underwriting and reach additional SMEs. Approximately 50 percent of loans from this Project are expected to be lent in rural areas.
Environment:	Loans to commercial banks for the purposes of SME on-lending are considered financial transactions and screened as Category C projects, but subject to conditions related to the use of proceeds. Excluded activities include lending to entities engaged in categorically prohibited activities or activities likely to have a significant adverse impact on the environment, health, safety or local communities. The Borrower has environmental and social policies and a grievance mechanism sufficient for the potential environmental and social risks of the Project.
Labor and Human Rights:	<p>OPIC's statutorily required standard worker rights language will be supplemented with provisions requiring the Project to operate in a manner consistent with the requirements of the International Finance Corporation's Performance Standard 2 on Labor and Working Conditions. Loans to Downstream Borrowers will be restricted with respect to the Downstream Borrowers' operations, including the employment of minors and other applicable labor law requirements. Standard and supplemental contract language will be applied to all workers of the Project.</p> <p>A human rights clearance was issued for this Project on October 29, 2015.</p>