

PUBLIC INFORMATION SUMMARY

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| Host Country(ies): | Palestinian territories |
| Name of Borrower(s): | Siraj Palestine Fund II, Ltd. (“Fund II”), an exempted company incorporated under the laws of the Cayman Islands. |
| General Partner | Siraj Palestine GP II, L.P., an exempted limited partnership organized under the laws of the Cayman Islands. |
| Project Description: | Fund II is a proposed \$90 million private equity fund that will make growth equity investments, primarily in SMEs, in the Palestinian territories. The fund will invest in 12 to 15 businesses in vital sectors of the local economy, such as healthcare, financial services, agriculture and infrastructure. |
| Proposed OPIC Loan: | Total amount to be financed by OPIC: \$30 million. Term of the OPIC loan: 10 years. |
| Term of Fund: | 10 years. |
| Selection Process: | Fund II applied to OPIC under the Innovative Financial Intermediaries Program (“IFIP”). IFIP was created in 2013 to support financial intermediaries investing in OPIC-eligible countries through pooled investment vehicles containing elements typical of OPIC’s Finance and Investment Funds programs, but which did not fit squarely within either program. Proposals are batched and reviewed quarterly with the assistance of an independent consultant. Fund II was reviewed by the IFIP Screening Committee on June 1, 2017, by the IFIP Evaluation Committee on June 21, 2018, and by the OPIC Investment Committee on July 16, 2018. |
| Policy Review | |
| U.S. Economic Impact: | This concerns the establishment of Fund II. Therefore, there is no potential for an adverse impact on the U.S. economy. The Fund’s portfolio investments will be analyzed separately for their potential impacts on the U.S. economy. |
| Developmental Effects: | Fund II is expected to have a positive developmental impact by expanding the availability of growth capital to companies in Palestinian territories operating in the financial services, healthcare, infrastructure, agriculture and industrial sectors. According to the World Bank, businesses in the Palestinian territories face a variety of constraints, including political conflict, restrictions on movement, and low levels of investment. The project will capitalize one of the only private equity vehicles that provides growth equity to growing businesses located in the Palestinian territories. Foreign direct investment in the Palestinian territories estimated to average two percent of GDP, and access to growth equity is limited. According to the World Bank, private investment in the region averages 15 to 16 |

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| | <p>percent of GDP, compared to 25 percent in fast-growing middle income economies. Fund II will add value to its portfolio companies by providing support and technical assistance and maintaining presences on company boards. The Fund’s portfolio investments will be analyzed separately for their potential development impacts.</p> |
| <p>Environment/Social</p> | <p>Fund II 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.</p> <p>Fund II has been reviewed against OPIC’s categorical prohibitions and has been determined to be categorically eligible. Loans to financial institutions for the purposes of SME on-lending are screened as Category C projects under OPIC’s environmental and social guidelines. Fund II has in place a labor management system, including human resources policies and employment contracts, commensurate to its activities. Fund II also has an environment, social, and governance policy in place; however, it has not implemented a commensurate Environmental and Social Management System (“ESMS”). It will be required to develop a robust ESMS to manage the environmental and social risks of its portfolio.</p> <p>The environmental, health, safety, and social impacts from Fund II will support are considered minimal. However, to ensure that the projects Fund II will support are consistent with OPIC’s statutory and Policy requirements, the OPIC-guaranteed loans made by Fund II will be subject to conditions regarding the use of proceeds, and Fund II will be required to provide a healthy and safe work environment for its employees.</p> <p>OPIC’s statutorily required language regarding the rights of association, organization and collective bargaining, minimum age of employment, and prohibition against the use of forced labor, will be supplemented with provisions concerning non-discrimination, hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental contract language will be applied to all workers of the project, including any contracted workers.</p> <p>This review covers the commensurate human rights risks associated with on-lending in the Palestinian territories.</p> |