



קרנות קורת ישראל - עמותה לפיתוח כלכלי
KORET ISRAEL ECONOMIC DEVELOPMENT FUNDS
Registered Amuta # 58-023-321-1
E-Mail: cskcon@arbafin.com

KIEDF – Overview – March 2013

KIEDF was established in Israel in 1994 upon the initiative of the Koret Foundation of San Francisco (www.koretfoundation.org) to demonstrate that philanthropic funds could be used efficiently to stimulate economic development and employment opportunity in the private sector in Israel.

Through its platform of revolving loan programs, KIEDF has facilitated over **\$300,000,000 (NIS 1.85 Billion)** of new financing via partner banks to 11,500 new and expanding small, medium-sized and micro businesses, creating and sustaining nearly 50,000 new and existing private sector jobs. KIEDF is recognized as the preeminent Israeli private source of credit and business services.

KIEDF uses its assets as guarantees to provide a portion of the securities needed to facilitate bank loans to small and medium-sized businesses (**SME's**) unable to obtain credit on reasonable terms – the major problem of these enterprises - and applies investment proceeds to cover a portion of loan losses and administrative overheads. Each philanthropic dollar leverages up to seven times the credit to qualified clients and revolves continuously to generate new program credit.

SME Business Programs: Since 2010, KIEDF has concentrated its programs and resources on economic development in Israel's periphery, where the lack of credit availability on reasonable terms to SME's contributes significantly to the lack of employment opportunity, especially for the young generation.

- KIEDF closed in 2010 a \$10,000,000 second loss guarantee to **Bank Leumi** from the **Overseas Private Investment Corporation (OPIC)**, a US government entity, to provide development financing in the Negev and Galilee (Regions I & II). The program is projected to facilitate over \$140,000,000 of credit to nearly 3,000 SMEs in these areas through 2016. The program facilitated \$48m in financing through October 2012.
- KIEDF has a special loan fund serving the Israeli Arab sector in partnership with the **Arab Israel Bank (AI)**. Including a previous program with the UJC, 350 loans totaling \$10.5m have been facilitated for Israeli Arab-owned SME's. KIEDF intends to expand lending through this facility in 2013 with additional funding.

- KIEDF provides loan guarantees for **Keren Shemesh**, which provides credit and post-loan volunteer mentoring by business professionals to young entrepreneurs, primarily from the periphery and disadvantaged backgrounds. KIEDF has facilitated and guaranteed over \$11m to nearly 500 small businesses since program inception in 2007.
- KIEDF managed \$5.5m of Israel Emergency Campaign funds from UJC for SME development and recovery following the second Lebanon war (late 2007-2010). Over \$40m of credit was facilitated to more than 750 businesses in the North by mid-2010 from the JAFI funds, and the KIEDF Northern Israel partnership with The Portland Trust and UJIA England that commenced in August 2006.
- KIEDF continues to operate joint ventures with the Moshav movement, the Manufacturers Association, the Association of Americans and Canadians in Israel (AACI) facilitating loans to SME members of partner organizations.
- A new facility to facilitate leveraged loans to qualified Amutot (non-profits) was launched in March 2012 with **U-Bank**. KIEDF has facilitated a number of loans to NGOs and socially responsible businesses in recent years.

Microfinance Services: The economic structure and credit monopoly in Israel limits severely opportunities for people living in poverty to improve their economic situation through gainful employment. For many thousands, independent income generating activity is the only way for them and dependents to escape the poverty cycle. KIEDF microfinance services provide needed credit and ongoing technical services – the **ONLY** such national programs in Israel.

- The Micro Credit Loan Fund: In 2003 KIEDF initiated the first micro-credit loan fund in Israel, with a credit facility provided by Bank Hapoalim. Since inception, the program has facilitated over 1,500 loans totaling over \$7 Million. In 2011 KIEDF entered into a revised partnership with Bank Hapoalim on the initiative of the bank to significantly expand the program. Loan amounts (up to NIS 30,000 from NIS 20,000) up to total credit outstanding of NIS 20 million. The 2 1/2 year program is projected to provide loans to 2,500 clients by close of 2013.
- SAWA - Direct- Non-Bank Loans: This program was developed working with Bedouin women of the Negev, the poorest population in the country, using the group solidarity model invented by Prof. Yunus from Bangladesh. After overwhelming success, the program was expanded to northern Israel to additional Arab Israeli women and some Jewish populations (1,700 loans). As a result of the program success, KIEDF and the Ministry of Trade and Industry (TAMAT) launched a joint program to provide microfinance loans of up to NIS 20,000 to Israeli Arab women, using the SAWA non-bank financing model. The three year program is projected to provide up to NIS 21m of financing to more than 3,000 borrowers. Loan # 1,000 was made in September.
- KIEDF was selected also in late 2010 as the sole KIVA user in Israel – micro loans up to \$6,000 funded by internet lenders to Jewish and Arab women. KIEDF has now been approved to borrow up to \$40,000 a month via the program.

Since inception over 5,050 direct and leveraged microcredit loans totaling \$13.5 million have been facilitated, supporting the development of over 4,500 microenterprises.

By working with the most challenged population, KIEDF has created a model which is expanding to additional populations throughout the country including unemployed Jewish women, Ethiopian immigrants and orthodox Jewish women. The success of SAWA, the only best practice microfinance program in Israel, illustrates its significant possibilities to combat poverty.

KIEDF Partnership and Supporters

Over the years, KIEDF has developed partnerships with others seeking KIEDF's economic development expertise in leveraging philanthropic resources. Partners include the American Friends of KIEDF, the U.S. Overseas Private Investment Corporation (OPIC), the Portland Trust, the UJIA of England, the SF Jewish Community Federation, the Andrea & Charles Bronfman Philanthropies, the Weinberg Foundation, the Rothschild Foundation, the Gilbert Foundation, the Olivestone Trust, the Gottesman Fund, the Grinspoon Foundation, AACI, the Manufacturers Association, the Moshav Movement and others.

Ireland

The Government of Ireland and the Worldwide Irish Funds have requested the assistance of KIEDF to advise on the establishment of a private sector fund for SMEs in Ireland based on the KIEDF model and to be capitalized by philanthropy from the Irish Diaspora.