



**KIEDF  
Portland Trust  
UJIA**

**Northern Israel  
Initiative**

**April 2009 Report**

**קרנות קורת ישראל - עמותה לפיתוח כלכלי**  
**KORET ISRAEL ECONOMIC DEVELOPMENT FUNDS**

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**April 2009**

**Background**

The Portland Trust – UJIA of England – KIEDF Northern Israel Initiative was established to facilitate a total of \$12,500,000 in leveraged financing to small businesses and microenterprises. Loans of \$500,000 each from the Portland Trust and UJIA and matched \$1,000,000 by KIEDF, continue to be leveraged at Bank Otzar Hachayal and Mercantile Discount Bank at the rate of 6.25 to 1.

In June 2007 KIEDF entered into an agreement with the Jewish Agency for Israel (JAFI) to manage approximately \$6,000,000 in Israel Emergency Campaign (IEC) funds, for small and micro business loans in Northern Israel.

Anticipating the application of these funds for the designated areas, KIEDF began applying Initiative funds to small and micro businesses in areas excluded from the JAFI program (Haifa region, Migdal-Haemek, Beit-Shean, Afula) which had also suffered direct attack during the Second Lebanon War, and were not otherwise qualified for assistance from other sources.

# קרנות קורת ישראל - עמותה לפיתוח כלכלי

## KORET ISRAEL ECONOMIC DEVELOPMENT FUNDS

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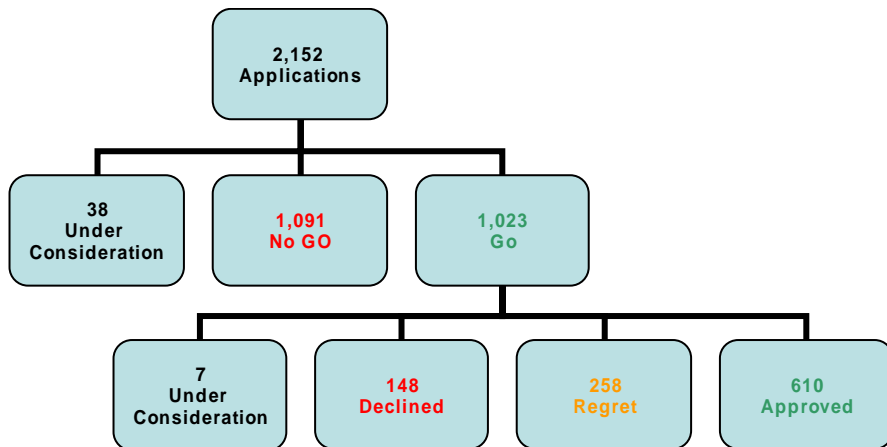
### Main Results

This initiative has approved 610 small business and microenterprise loans in the amount of NIS 57,171,000 in the Galilee Region during the period October 1, 2006 - March 31, 2009, or approximately \$15,000,000 of facilitated financing.

Nearly 3,200 jobs have been created and supported by loans facilitated in this North program of KIEDF.

### Loan Analysis

- Approximately twenty eight percent (28%) of initial serious Galilee applications (2,152) were approved for funding. Fifty (50%) percent of those received initial approval for the preparation of business plans (1,023), of which 610 were Approved for loans. The percentage of approvals was consistent across all relevant parameters: regions, male-female ownership, status of the borrower, religion and type of location. Approval rates were consistent with KIEDF's experience nationally during 15 years of operation.

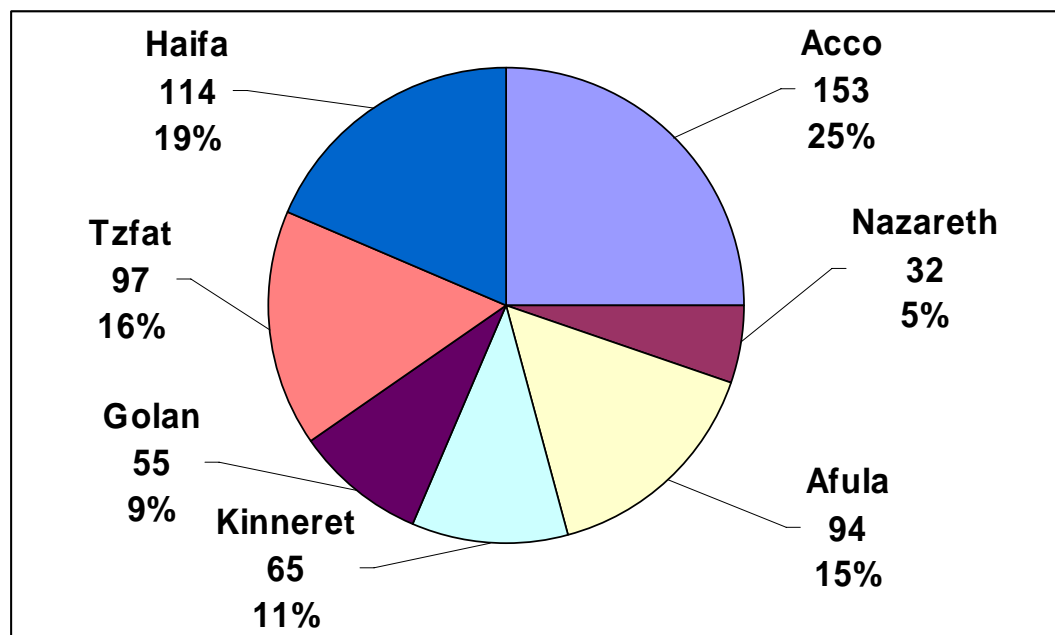


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- The loan approvals distribution by area was as follows:

| AREA          | No. of Loans | Credit Approved   |
|---------------|--------------|-------------------|
| Acco          | 153          | 13,946,000        |
| Nazareth      | 32           | 2,835,000         |
| Afula         | 94           | 10,960,000        |
| Kinneret      | 65           | 4,597,000         |
| Golan Heights | 55           | 5,490,000         |
| Tzfat         | 97           | 7,505,000         |
| Haifa         | 114          | 11,838,000        |
| <b>TOTAL</b>  | <b>610</b>   | <b>57,171,000</b> |

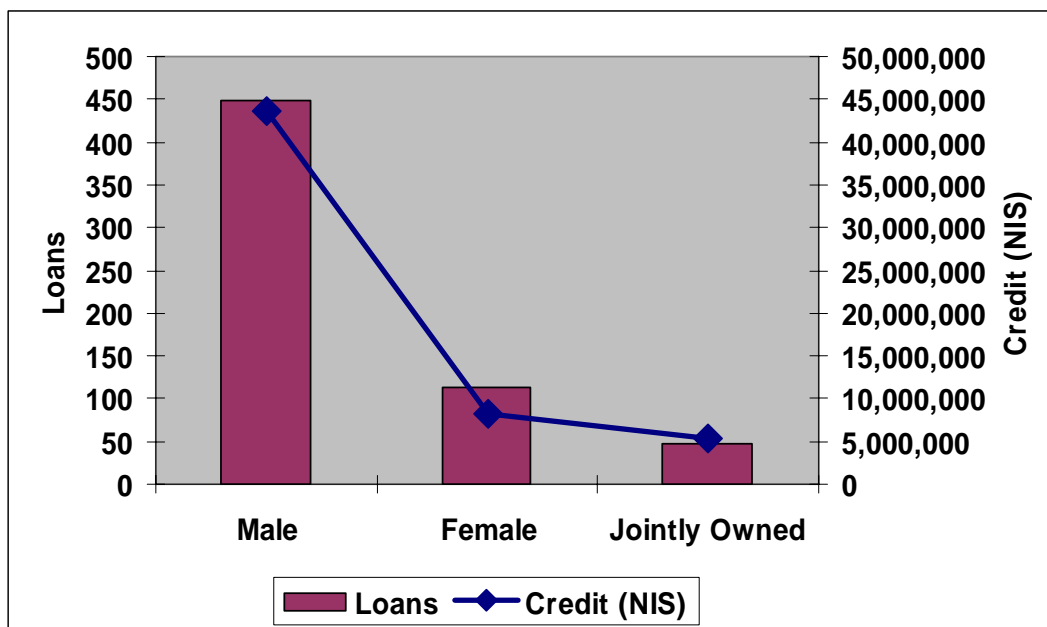


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- Approximately twenty seven (27%) percent of the Galilee loan recipients were female (19%) or jointly-owned female-male (8%) businesses.

|                      | <b>Loans</b> | <b>Credit (NIS)</b> |
|----------------------|--------------|---------------------|
| <b>Male</b>          | 449          | 43,569,000          |
| <b>Female</b>        | 114          | 8,322,000           |
| <b>Jointly Owned</b> | 47           | 5,280,000           |
| <b>Total</b>         | <b>610</b>   | <b>57,171,000</b>   |

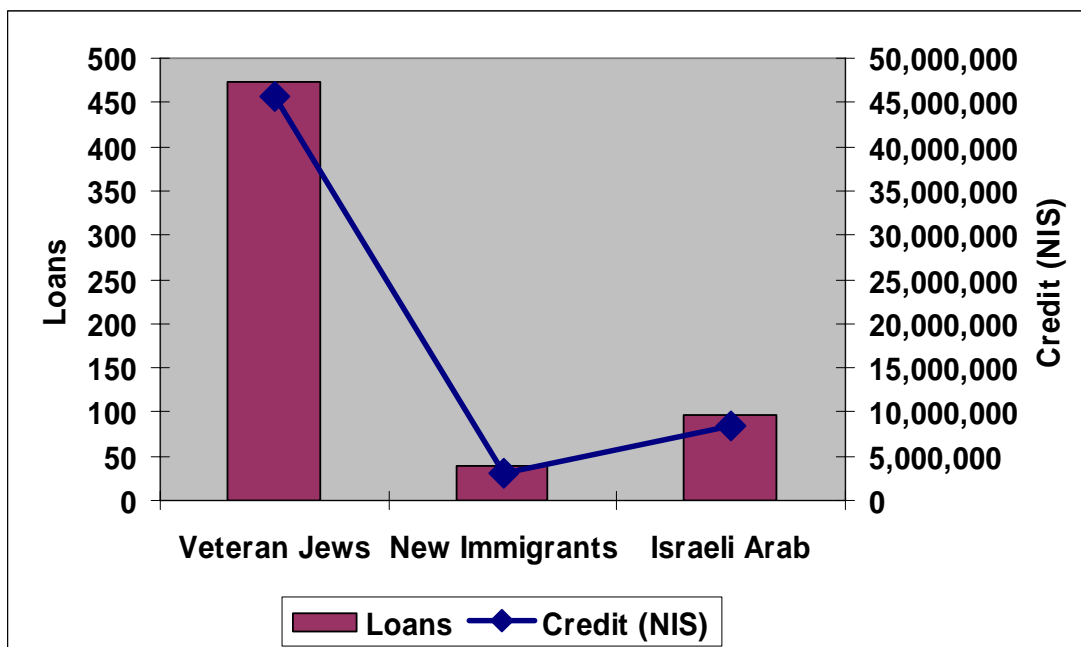


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- Seventy eight (78%) percent of Galilee loan recipients are veteran Israelis for a total of NIS 45,638,000 in facilitated credit.

| Loans      |                       | Loans      | Credit (NIS)      |
|------------|-----------------------|------------|-------------------|
| 474        | <b>Veteran Jews</b>   | 474        | 45,638,000        |
| 40         | <b>New Immigrants</b> | 40         | 3,132,000         |
| 96         | <b>Israeli Arab</b>   | 96         | 8,401,000         |
| <b>610</b> | <b>Total</b>          | <b>610</b> | <b>57,171,000</b> |

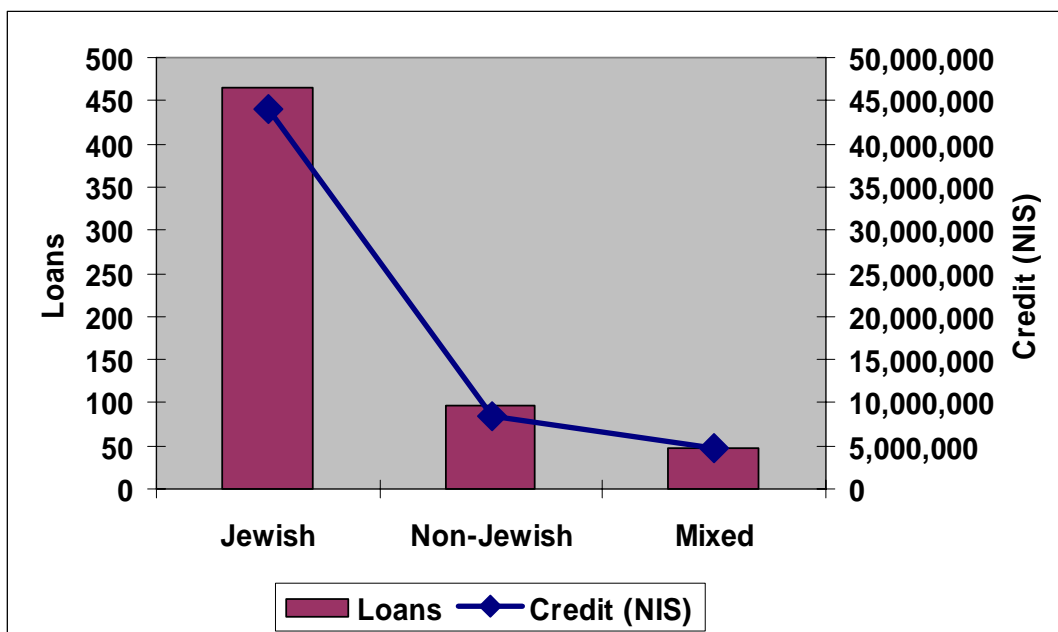


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- Seventy six (76%) percent of the borrowers are from Jewish communities, sixteen (16%) percent of the borrowers are from non-Jewish communities and the remainder from mixed communities.

| Loans      |                   | Loans      | Credit (NIS)      |
|------------|-------------------|------------|-------------------|
| 465        | <b>Jewish</b>     | 465        | 44,005,000        |
| 97         | <b>Non-Jewish</b> | 97         | 8,531,000         |
| 48         | <b>Mixed</b>      | 48         | 4,635,000         |
| <b>610</b> | <b>Total</b>      | <b>610</b> | <b>57,171,000</b> |

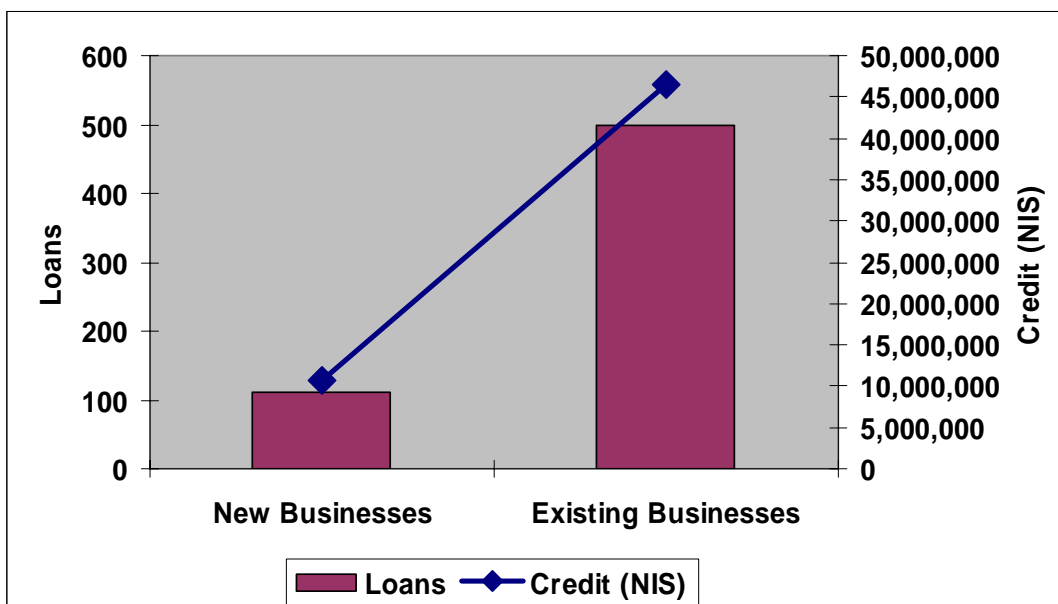


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- Eighteen (18%) percent (110) of Galilee loan approvals were to new businesses and eighty two (82%) percent (500) were to existing businesses. The results are consistent with the immediate aftermath of the Second Lebanon War – assisting existing businesses to maintain and expand operations during a period of business uncertainty.

| Loans      |                            | Loans      | Credit (NIS)      |
|------------|----------------------------|------------|-------------------|
| 110        | <b>New Businesses</b>      | 110        | 10,623,000        |
| 500        | <b>Existing Businesses</b> | 500        | 46,548,000        |
| <b>610</b> | <b>Total</b>               | <b>610</b> | <b>57,171,000</b> |

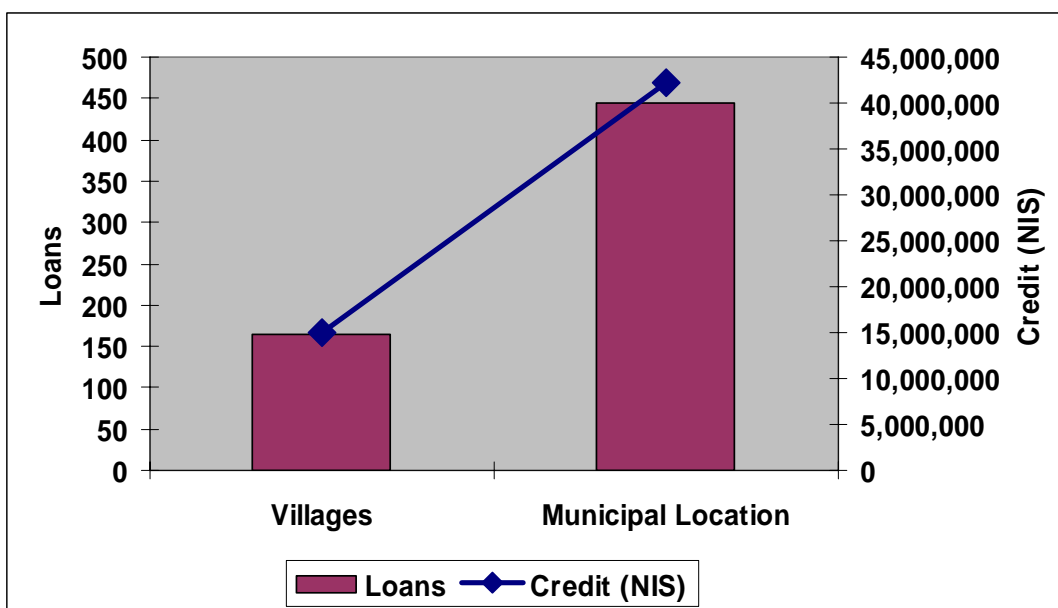


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- Nearly seventy three (73%) of the Galilee borrowers were located in municipal location, while the remaining twenty seven (27%) percent were located in villages throughout the Galilee.

|                           | <b>Loans</b> | <b>Credit (NIS)</b> |
|---------------------------|--------------|---------------------|
| <b>Villages</b>           | 165          | 15,037,000          |
| <b>Municipal Location</b> | 445          | 42,134,000          |
| <b>Total</b>              | <b>610</b>   | <b>57,171,000</b>   |



**קרנות קורת ישראל - עמותה לפיתוח כלכלי**  
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- In summary, the distribution of Galilee loan financing by type of business was:

|                                   | <b>Loans</b> | <b>Credit (NIS)</b> |
|-----------------------------------|--------------|---------------------|
| <b>Tourism</b>                    | 104          | 9,337,000           |
| <b>Manufacturing</b>              | 78           | 9,255,000           |
| <b>Trading</b>                    | 119          | 10,340,000          |
| <b>Marketing</b>                  | 56           | 5,437,000           |
| <b>Agriculture</b>                | 37           | 3,555,000           |
| <b>Medical</b>                    | 30           | 2,940,000           |
| <b>Services</b>                   | 42           | 4,425,000           |
| <b>Transportation</b>             | 17           | 1,690,000           |
| <b>Professions</b>                | 52           | 3,260,000           |
| <b>Construction/Renovation</b>    | 18           | 1,747,000           |
| <b>Advertising &amp; Printing</b> | 14           | 1,920,000           |
| <b>Computers/High-Tech</b>        | 7            | 640,000             |
| <b>Import-Export</b>              | 6            | 500,000             |
| <b>Other</b>                      | 30           | 2,125,000           |
| <b>Total</b>                      | <b>610</b>   | <b>57,171,000</b>   |

