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NIS 600m. fund launched to boost business in the periphery

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NIS 600m. fund launched

President Shimon Peres on Thursday presided over the launch of a NIS 600 million fund dedicated to helping small- and medium-sized businesses located in the Negev and Gilboa. The money, which was made available by the Koret Israel Economic Development Fund (KIEDF) and Bank Leumi, backed with an additional guarantee of \$10m. from the US Overseas Private Investment Corporation (OPIC), will offer loans ranging from NIS 50,000 to NIS 1.2m. for struggling businesses in the periphery. Assistance in operating the fund will be funded by the American Friends of KIEDF and the Portland Trust. The fund, which is the largest of its kind in Israel's history, will enable periphery-based business people to receive loans at the low rate of prime+1.5 percent. The cooperation between the different bodies will allow businesses that meet the criteria to offer up much less equity than is usually demanded when applying for credit. Attending the ceremony, which was held at Beit Hanassi in Jerusalem, were all the partners in the venture, including Koret Israel Economic Development Fund founding managing director Carl Kaplan, Koret chairman and Portland Trust CEO Eival Giladi, Bank Leumi chairman Eitan Raff, Bank Leumi CEO Galia Maor, US Ambassador James Cunningham, Sir Ronald Cohen - known as the father of British venture capital - and OPIC vice president Robert Drumheller. "I went through many coalitions in my political experience. This is the best I ever met," said Peres. All countries, rich and poor, suffer from pockets of poverty and unemployment, said Peres. Now unemployed people can employ themselves and eventually provide jobs for others. This will enable untold numbers of people to build new and better futures for themselves. It will also improve relations between Jews and Arabs and between Israelis and their Palestinian neighbors. "The better they will have it, the better we will have it," the president said. "This is a project that will provide the periphery with unprecedented financing. Such large sums of credit given under such terms will bring about a substantial change to the Negev and Gilboa. It will provide the economic oxygen needed by the regions' business people and entrepreneurs," Giladi said. "The plan will create jobs, increase production and income per capita and reduce unemployment - important steps toward improving the economic situation of the periphery." Kaplan, the founder of the San Francisco-based Koret Foundation, reminisced that when the Koret Israel Economic Development Fund began operating in 1994, only 14 applications were approved, while in 2009, the number was 1,500, with finance amounting to \$35m. "The agreement with OPIC and Leumi brings us full circle and gives us the opportunity to complete the work we started 15 years ago," he said. Since its beginning, the Koret Foundation has extended financing worth NIS 900m. to 8,000 Israeli businesses. It also made available special assistance funds for residents of the North during the Second Lebanon War and residents of the western Negev during Operation Cast Lead. The Koret Foundation also supports a range of pro-Israel educational, advocacy, and cultural programs in the United States. Kaplan noted that Cohen had welcomed the concept, and added that Giladi over the past two-and-a-half years has proved himself to be the most active chairman of a non-profit organization in Israel. Kaplan credited Giladi with bringing OPIC to the table, and Giladi in turn expressed strong appreciation to OPIC's Drumheller, who, after touring the peripheral areas of the Negev and examining the potential, unhesitatingly agreed to be a partner in the project.

Cunningham noted that a \$10m. secondary guarantee by OPIC will enable added lending. He was optimistic that the overall enterprise will encourage communities to help themselves. He was also confident that the enterprise will support regional cooperation linked to the Palestinian territories, and that this will contribute toward peaceful relations. "It's not often that we witness success in a venture with so many partners," Leumi chairman Eitan Raff said. The greatness of the venture, he observed, is that it combines community cooperation with long-term vision through supporting existing businesses while helping to create new ones. "We see this fund as the direct continuation to the assistance we gave to residents of the South during Operation Cast Lead, when we enabled them to take out loans without bank fees or interest," Raff said.



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