

# Israel Emergency: Funding Opportunities

## Jewish Federations Israel Emergency Loan Fund

**Updated: October 7, 2024**

This paper is one of a series highlighting additional opportunities for Jewish Federations and other funders seeking to make impactful direct investments to address the crisis in Israel. While the Jewish Federations of North America Emergency Response Committee is primarily focusing its allocations across four strategic categories: Lifeline Services, Medical and Trauma Relief, Economic Relief and Recovery, and Community Resilience and Rebuilding, there are other pressing needs for which funds have been requested. This series features investment opportunities that (1) are not being funded by the Committee or (2) are receiving grants from the Committee that fund part – but not all – of the requested budget.

**Area of Need:** The Jewish Federations Israel Emergency Loan Fund provides a lifeline to businesses across Israel severely impacted by the war and without access to traditional banking credit. Operating at scale and across regions, sectors, and industries, the Loan Fund supports the Israeli economy at a time of unprecedented need, sustaining businesses that employ tens of thousands of people.

**Proposed Budget:** The Loan Fund is looking to attract \$100M of philanthropic investment capital. Through credit lines with banks, these loans can be leveraged up so that the Loan Fund and its partners will be providing as much as half a billion dollars of essential capital to the Israeli economy at this time of need.

**Funds Raised (as of October 7, 2024):** \$70.12 million

### Understanding the Need for the Loan Fund

Israel faces a largescale impending economic crisis. Businesses are struggling to survive amid unprecedented pressure, including:

- the war's direct impact on families and individuals and damage or destruction of businesses in the Gaza envelope,

- the effect on the workforce and customer base of 300,000 reservists being called up to service and the well-over one hundred thousand displaced residents,
- the general economic slowdown from the war.

Tens of thousands of businesses have closed or are experiencing critical liquidity issues amid the war. This crisis impacts businesses across Israel and in every sector – from agriculture to high tech. Micro-, small-, and medium-sized businesses are particularly at risk given their limited access to liquid capital and the huge disruption in the normal flow of business.

**Each business represents the source of income and a lifetime of work and dreams for owners, employees, and their families.**

## Program Description

The Jewish Federations Israel Emergency Loan Fund provides desperately-needed capital to sustain a broad spectrum of small businesses across the Israeli economy who are otherwise not able to access loans and are not reached by government programs.

With Jewish Federations' longstanding and deep relations across the landscape of non-governmental organizations, financial institutions, and government, the Loan Fund is uniquely positioned to deliver capital quickly and at scale, across regions, sectors, and industries.

The Loan Fund operates as a fund of funds. Its Investment Committee – composed of leading philanthropists and financial experts – strategically allocates philanthropic funds across fully-vetted loan platforms, which each provide loans to small businesses in a particular set of markets and sectors.

Initial loan platforms receiving allocations include: Ogen, Koret Israel Economic Development Fund, Bizi, Daroma Tzafona, and SparkIL.

The allocations enable the loan platforms to provide lower interest loans to businesses – and to provide collateral enabling the platforms to obtain leverage from banks for larger scale loans. Together these loan platforms have the scale – and the coverage across regions and sectors of the Israeli economy to provide *hundreds of millions of dollars* of loan capital to businesses in need.



## Approach of Jewish Federations of North America Emergency Response Committee

The Emergency Response Committee has allocated \$25 million to support the Loan Fund, identifying this initiative as a central aspect of its work in the area of Economic Relief and Rescue. The Committee invites interested Federations and donors to join this effort through making direct grants.

## Understanding the Impact of the Jewish Federations Israel Emergency Loan Fund



Hinda owns Cuties, a company selling clothing for women and girls from the Orthodox community. After years working as a fashion designer, Hinda purchased the company Cuties five years ago. Hinda designs the clothing, which is produced in China according. The company employs six women in two stores in Jerusalem and Bnei Brak.

The war has devastated the business – disrupting Hinda’s plan to open a third store in Beit Shemesh in October and halving earnings from the existing stores.

A loan from the Koret Israel Economic Development Fund powered by an allocation from the Jewish Federations Israeli Emergency Loan Fund helped Hinda cover the costs of clothes shipments, rent, and salaries.

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