

# KIEDF Microfinance Programs - *the Bridge to Success*



## Micro-credit Loan Fund

The first micro-credit loan fund in Israel, with credit provided by Bank Hapoalim. The Fund provides security free loans (₪8,000 - ₪30,000) to low income entrepreneurs facing barriers to financing on reasonable terms.

## Sawa - Non-Bank Loans

Credit combined with business services are given individually or through solidarity group methodology to low income entrepreneurs (mainly women) for the development of their businesses. SAWA started operating in 2006 with Bedouin women of the Negev and after overwhelming success, expanded to additional locations and populations.

## Business Services

Providing the tools necessary to develop and successfully manage an income generating activity and grow it into a thriving business. These services include trainings and mentoring needed for development and growth of businesses.



## Accomplishments

- Over 12,000 Clients assisted
- Over 10,800 loans provided
- ₪102,470,000 in credit provided
- Securing 5 years of Government Matching for non-bank loan services
- Continued innovation of services for marginalized populations

*“Globally, women’s entrepreneurship rates are growing more than 10 percent each year. In fact, women are as likely or more likely than men to start businesses in many markets. However, financial, cultural and political barriers can limit the success of these businesses.”*

Karen Quintos, EVP and chief customer officer at Dell at the recent Women Entrepreneurs Summit, July 2017

### Target Population

- Low income marginalized populations
- Lacking access to financial services
- Mainly women in need of financial and business development services
- Arab & Jewish women, Immigrants from Ethiopia & the FSU & Orthodox Jews

Marginalized populations lead unpredictable financial lives. Their income arrives in irregular increments as they struggle to build assets, leaving them vulnerable. They need access to formal financial tools that will allow them to manage risk, build assets, and control daily household cash flows. During 2017, KIEDF has expanded services, reaching new geographic areas and populations, providing tools needed to attain economic stability, including directed trainings in business management disciplines. These services bring hope to populations who were once hopeless, enabling them to improve their economic situation.

### During 2017 KIEDF

- Increased geographic outreach by **31%**
- Operated innovative new program supporting young entrepreneurs
- Decreased late payments by **54%**
- **Maintaining a low 2.39%** in non-bank loan losses
- Secured 5 years of Government **Matching** for new Non-Bank Loan Fund for Ethiopian Israelis
- Obtained an additional 5 years of Government **Matching** of Sawa for Arab women

## 2017 SAWA Evaluation: Main findings

An external evaluation of KIEDF's non-bank loan services was conducted by *Mishtanim*. Findings were based on surveys, interviews with clients and statistical analysis of KIEDF's MIS system. The Evaluation concluded:

1. **Satisfaction:** 98% of all participants are satisfied or very satisfied with the service they received in the program.
2. **Business survival:**  
88% of the businesses were operating at the time of the evaluation (on average 3 years after joining the program).
3. **Changes in the business:**
  - 19% registered their business or intend to do so in the near future.
  - 15% of businesses relocated from their home.
  - 14% hired an additional employee/s.
4. **Income from the business:**  
Income from businesses increased on average by 88% between entering the program and the time of evaluation.

### Meet a client: Shiran

Shiran is a talented designer, well respected and with great potential. She opened an evening wear and clothing store in the city center where she sells pieces she designs as well as dresses from abroad. Since Shiran opened her boutique almost two years ago, she has gained a good following and strong customer base. Shiran needed the loan to assist in purchasing cloth for her dresses and to buy new pieces from abroad. Without the loan she would not have had stock to sell and her business would have stagnated. Now she is able to invest her profits into her business while making sure she has savings for the future.



## 2017 SAWA External Evaluation: Economic Contribution

### Cost of support of a year of employment - ₪ 1,671

- During 2011 to 2016, the project generated approximately 12,000 years of employment in a business. The total operation cost of the project in those years was approximately NIS 20 million.

### Additional income -

- Annual additional income per business reported was approximately ₪16,190
- The additional income to national product that the program generated during these six years was NIS 172.5 million

For each ₪1 the Government invested, ₪19 of income was generated.

### Meet a client: Ibtisam

Ibtisam began with KIEDF as a group guaranteed client several years ago opening a small kiosk in her home. Over time she was able to expand her business and develop a mini market. Ibtisam considers her actions and calculates her income and expenses well. The income from her store is supporting two of her children through college and sustains her family. In the future, Ibtisam wants to expand into a supermarket but for now, she wants to make sure she can ensure her younger children gain a college degree when they finish high school.







**Belkis** is an artist that has taken her talent of creating unique pieces, which celebrate her culture, and turned it into a business. Belkis has also begun teaching courses in artwork and techniques opening her first course this past September. Belkis sells her items at her home based gallery, local stores, through Facebook and her website. Clients from outside her area pay through bank transfers and through an app. She distributes throughout the country.



**Yehudit** designs and sells modest clothing and cosmetics. Over the last year she took part in business management courses and now is able to manage her finances, plan for the future and has developed a marketing strategy appropriate for her business. Yehudit's husband went through a challenging employment period a couple of years ago and their family struggled with financial problems at the same time she was establishing her business. Now the situation has improved but Yehudit's only avenue for credit was through a non-bank loan. Yehudit used the loan to create an online payment platform and buy materials for her new collection. Yehudit wants to see her business's online arm develop further and one day sell to customers from communities outside Israel.



**From the evaluation:**

*"Most women felt the encounter with the program, the consultation aspect and the financial aspect, were meaningful and contributed greatly to their ability to establish, develop and realize a business. They feel that their situation today is better than previously, with financial improvement through the loan for the business (with regard to number of customers, monthly turnover, etc.), but also improvements in their private and family life (self-confidence, contribution to children). Most of them want to continue to grow and develop personally and business wise."*

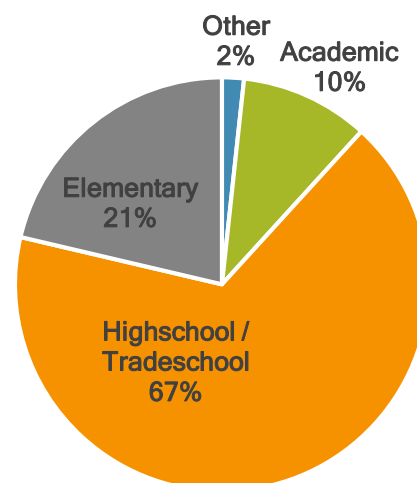
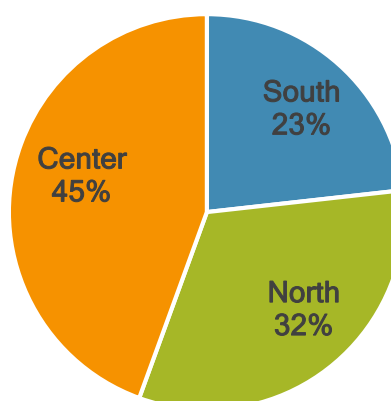
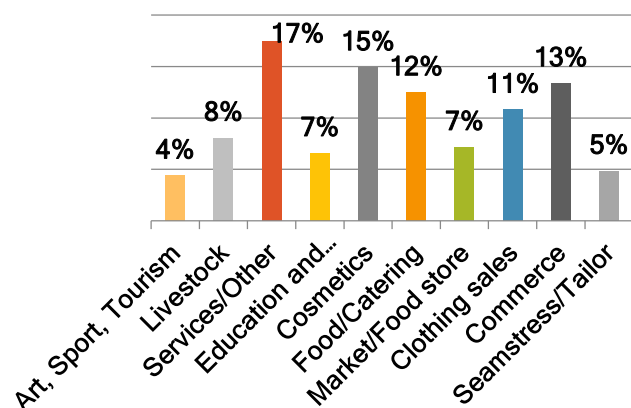
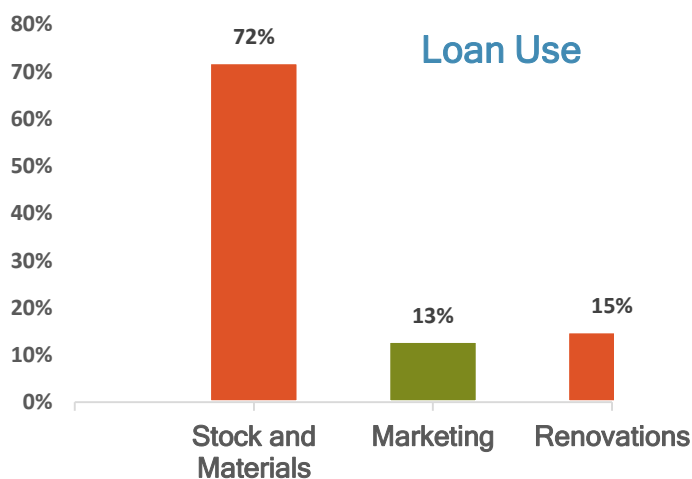
**In their own words:**

*"Of course, I feel more independent, I can buy things for myself and my family with my money. And I feel that my mood has improved since I opened the grocery store, I feel that I have something to do, my time is full, my time has a purpose ..."*

*"...I feel stronger and braver today than before. And the success in this encouraged me to do more things and not be afraid."*

*"My situation was very bad, and today, there is no comparison. Everything has improved and the business is stable and good. I appreciate particularly the manner of payment to Sawa being convenient..."*

*"I feel that I have authority and control."*

**Client & Business Statistics****Education Level****Regions****Business Sectors****Loan Use**

## CITI Project Developing Young Entrepreneurs

The pilot program was successfully implemented in 2017 for developing effective business management skills among young female entrepreneurs, focusing on women aged 18-30. The program provides trainings in financial literacy & business management skills combined with individualized consulting and access to credit. This program is taking place in Rahat, Beer Sheva, Nazareth and Haifa areas.



### Young Entrepreneur: Inbar

Inbar has a clothing design business specifically targeting religious women. Inbar designs clothes specifically in keeping with religious modesty and integrating unique designs. Since she began with a small collection, Inbar also imports vintage fashion pieces, focusing on stores she located in Italy. During 2017, Inbar unveiled her first full collection in a special three day event. She is working with a business consultant to develop her long term business plan.



### Young Entrepreneur: Noor (On right)

Noor, originally from central Israel, moved to the Negev when she married over five years ago. Now the mother of three, Noor began selling purses, bags and jewelry from her home and now has her own store. She sells quality handbags and unique jewelry pieces in her store and plans to one day move her business to a larger store located in the main shopping area and dreams of having branches in other towns. She has benefited most from learning about pricing, collecting payment, paying her suppliers and in how to layout her store and her merchandise. She is working with other entrepreneurs, allowing them to sell pieces in her store and doing joint promotions.



## Applied Economics, 2017

*.... because poverty is multidimensional, poor people need access to a coordinated combination of both financial and nonfinancial services (e.g. business trainings) to overcome poverty. Such developmental services are crucial for making credit more productive and impactful for the clients"*



### Young Entrepreneur: Sabria

**Sabria** runs a visitor, catering and cultural center in the Negev - *Kesem HaMidbar*. Her business give school children, adults and tourists a true Bedouin encounter while providing warmth, delicious treats and a unique experience. Sabria provides workshops, catered delicacies and an avenue to both educate and bring people together. She is expanding within domestic and visiting tourism. Sabria is taking part in the Growing Entrepreneurs program, connecting young entrepreneurs while expanding her business.



### Young Entrepreneur: Limor

**Limor** began the program stating she wanted to become the '*Pilates Master*' in the region. From the start she took tools from each workshop and applied them to her business. Limor is working with the business consultant developing her six month, one year and five year plans, understanding what steps she must accomplish in each stage. She has already gone from working for health clubs in the area to providing private lessons & group programs in her own studio while renting out space to other wellness and sport professionals. This program is taking Limor's dreams and enabling her to make them a reality.

[Limor Pilates - Body & Soul](#)

## Looking ahead...

### Sawa

The partnership with the Ministry of Economy with matching funds for operational costs and a net loan for the revolving loan fund has been assured for the next **five years**. As long as KIEDF can match government funds, we will continue to see this program thrive and impact Arab women throughout the country.

### Growing Young Entrepreneurs

The Citi Foundation supported program developing Young Entrepreneurs will run through August of 2018. We are developing this program into its next phase while exploring which services are needed for the business owners in the future. We have already the impact this program has but its full potential can only be seen in the future.

### Ethiopian Businesses Non-Bank Loan Fund

Over 35% of Ethiopian families in Israel live in poverty with the average income of a household is 35% less than the average Israeli. Ethiopian Israelis are underrepresented in all spheres of local life. KIEDF together with the Ministry of the Economy, developed a large scale non-bank loan fund (Loans up to ₪150,000) to meet the credit and business development needs of Ethiopian entrepreneurs for the next **five years**. The Fund is a collaboration between KIEDF and Ministry of Economy and is operated in cooperation with the Israel Free Loan Association. Based on our successful Sawa program, this program will enable increased credit amounts for expanded business growth while meeting the needs of larger businesses.

### Scaling Up - KIEDF's Program to Expand Microenterprises

Based on lessons learned from international programs, KIEDF is developing and implementing a model for women to expand their microenterprises. Through a multi-level of services, clients will be able to strengthen their management capabilities, develop places of employment and scale up the size of their businesses.

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*We can never adequately express our sincere gratitude to our supporters. We thank each of you who have assisted us in the past and those who will continue to assist us in the future. With your support, thousands of marginalized Israelis are able to take responsibility for their economic future.*

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