

# Catalytic Capital for Israel: A Loan Pool for Small Businesses

The Bay Area Jewish Federation  
in Partnership with Jewish Federations of North America

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# Rehabilitating Israel's Small Businesses in an Uncertain Time

*The small business ecosystem in Israel is a significant employer.*

- Small businesses constitute 45% of Israel's workforce. 98% of these businesses have fewer than 10 employees.

*Small businesses are particularly hindered by economic headwinds.*

- Israel faces [higher inflation and slowing economic growth](#) due to the war
- Business closures since 10/7 have reached 59,000 as of January 2025, up 70% from an average year.
- Small businesses [represent the majority of businesses](#) that have been impacted due to related labor shortages and reduced sales activity.

# Catalytic Capital for Israel (CCI): The Initiative

- An opportunity for donor-advised Funds (DAFs) and other philanthropic funds to loan much-needed capital to Israeli small businesses impacted by the war.
- A partnership between the Jewish Federations of North America and the Bay Area Jewish Federation.
- Raising new loan capital at concessionary rates to enable Israel's leading social lenders to increase their low-interest lending.
  - Commercial lending and government programs are insufficient to meet the needs of small and micro businesses in Israel

# Social Lenders in Israel: The Small Business Lifeline

- A network of long-standing and new impact focused lending platforms serve different markets in different regions.
- These social lenders offer fair, affordable credit and provide low-interest loans to help small businesses launch, rebuild or expand their operations.
  - Work with historically underserved segments of Israeli society
  - Offer bridge loans and working capital to help critical small businesses and nonprofits survive and flourish.
- Ogen's loans and mentoring in 2024 helped small businesses employ an estimated 1,470 people across Israel





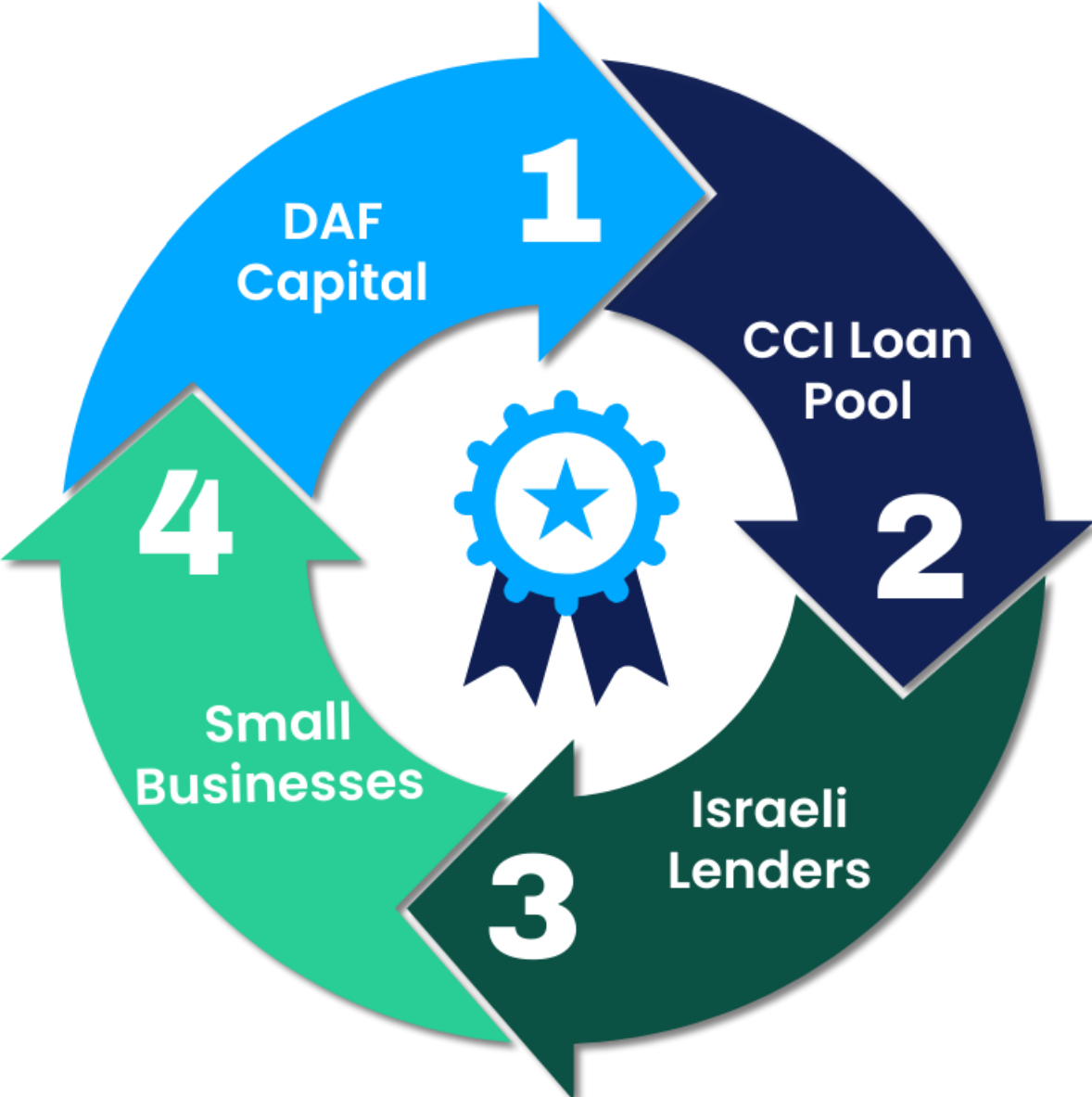
## The Need



- Ya'akov Cafe and Wine Bar in Tel Aviv is owned by 3 army reservists who were called up, relying on friends to maintain the business.
- A loan allowed Ya'akov Cafe to order goods to serve the neighborhood, while the three owners continued to serve the country.

- Shlomi's company 'El Ateva' plans events and trips for large companies in Israel. He has three full-time employees and contracts with more than 30 Israeli vendors.
- Event cancellations have wiped out revenue. A low-cost loan of \$67,000 (USD) with favorable terms covered rent and other fixed costs, allowing Shlomi to sustain his business.

# Impact Loans: A Win-Win for Business Owners and DAFs



# Unlocking DAF Capital for Loans to Israeli Small Businesses

## Catalytic Capital for Israel (LOANS): Partnership between BAJF & JFNA

- Capital **loaned from DAFs** to Israeli social lenders for direct loans to small businesses so they can keep doors open and workers employed
- **Loans are repaid** to the DAF account at the end of the term and the dollars can be "recycled" into new charitable activities.
- A unique opportunity to **maximize impact** by deploying the same philanthropic capital more than once.

## Israel Emergency Loan Fund (GRANTS): Established and managed by JFNA

- **Major grants** to Israeli social lenders provide a flexible source of capital that helps Israeli social lenders access more capital for their lending.
- **Grants to the loan fund will not be returned** to donors.
- Grant funding will help **build lenders' ability** to increase the resilience of struggling small businesses.





# The San Francisco Bay Area's Center for Jewish Philanthropy



- An integrated community foundation that inspires personal and collaborative philanthropy, facilitates grantmaking, and makes impact investments.
- A resource catalyst and capacity builder for the community.
- Connected to Israel, strengthening global Jewish life, and standing up for those facing uncertainty and persecution.
- Convener of people to share ideas, pool resources, and address issues of mutual interest.



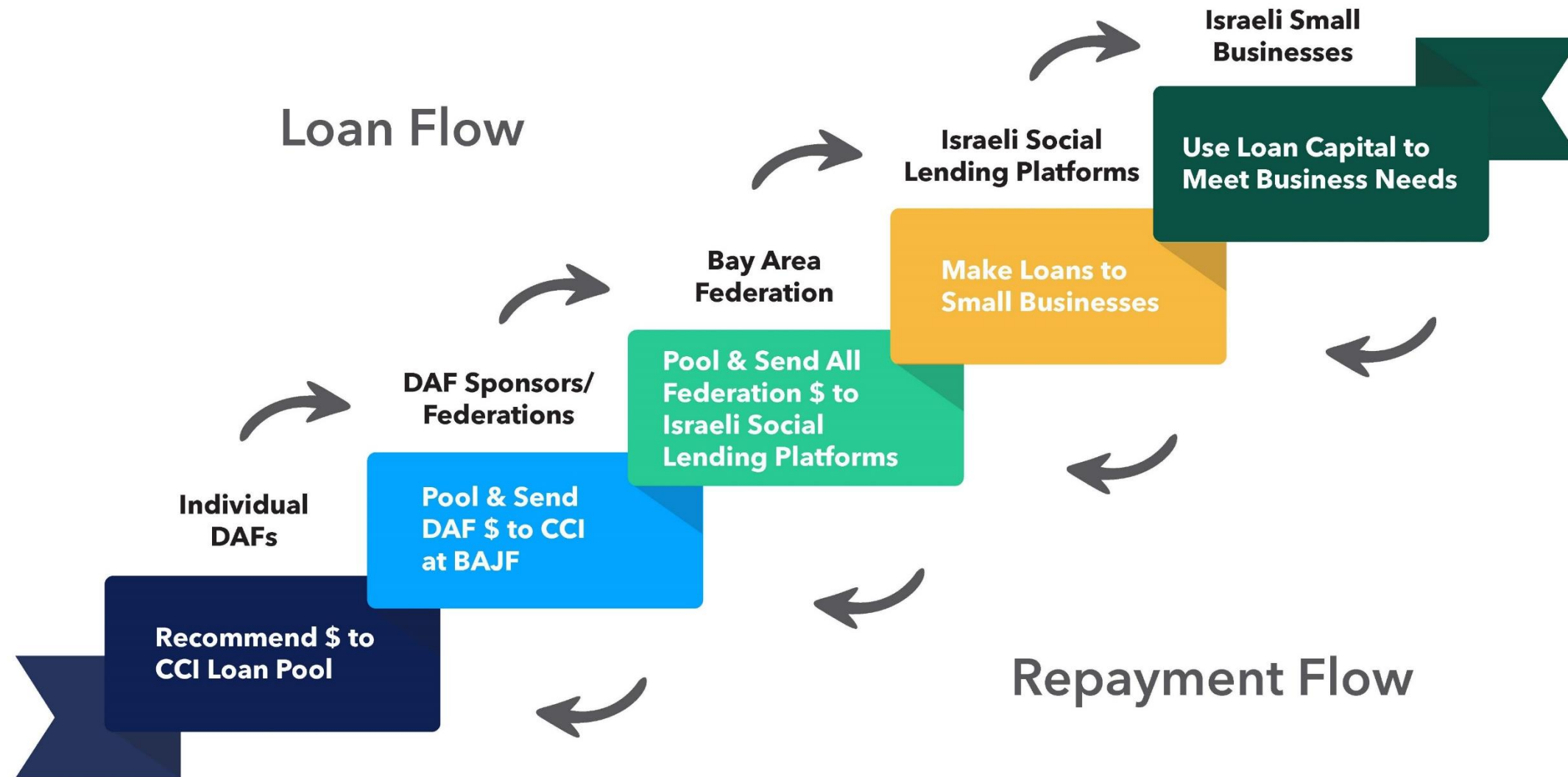


# Leveraging an Established Impact Investing Platform

- CCI uses the Bay Area Jewish Federation's robust impact investing platform which seamlessly enables Funds to make loans into the pool.
- Since 2021, the Federation has been working with leading social impact lenders in Israel including [Ogen](#) and [KIEDF](#) through our Impact Lending program.
- Through this [innovative impact loan program](#), Federation have invested [more than \\$57M](#) for impact including \$5.5M in Israel supporting small and micro businesses.



# How CCI Works



# Catalytic Capital for Israel Terms – 5 Year Offering

Geographic focus	Israel
Community focus	Small businesses impacted since 10/7
Impact focus	Helping this vital part of the Israeli economy survive the current turmoil and economic conditions
Asset class	Fixed income
Vehicle	Recoverable Grant*
Partner(s)	Ogen, KIEDF,
Loan term	5 years
Expected return (net)	Targeting 1-3%
Repayment schedule	Interest and principal bullet repayment at end of term

\* A Recoverable Grant is considered a charitable grant that has the intention to be returned to the DAF with interest at the end of the term of use

# Key Players & Roles

## JFNA

- Selected lending platforms
- Solicit interest across Federation system
- Provide impact reporting to participating Federation/Foundation DAF Sponsors

## Federation/Foundation DAF Sponsors

- Promote CCI to donors
- Pool committed \$ and send to Bay Area Jewish Federation
- Manage repayments at end of loan term

## Bay Area Jewish Federation

- Create and distribute marketing and transaction documentation
- Manage due diligence and negotiate terms
- Pool lending capital from across the Federation system
- Disburse capital to lending platforms
- Return capital that's been repaid by lending platforms to participating Federations at the end of loan term
- Manage financial and impact data

## Israeli Social Lending Platforms

- Underwrite small businesses and issue loans
- Provide impact reporting
- Make interest and principal payments to Bay Area Jewish Federation

# Ready to Join Us?

Complete this [Interest Form](#)

or

Contact [Andrew Schneiderman](#),  
Senior Director of Impact Investing  
at the Bay Area Jewish Federation