

Green Fund:	KAFALAT
Country:	• Lebanon
Source of Funds:	• National Funds
Description	<p>Kafalat is a Lebanese financial company that assists small and medium-sized enterprises (SMEs) in accessing commercial bank funding by providing loan guarantees based on the viability of their business plans. It targeted SMEs and innovative startups in sectors such as industry, agriculture, tourism, traditional crafts, and high technology. The loans guaranteed by Kafalat benefitted from interest rate subsidies, financed by the Lebanese treasury and administered by the Central Bank of Lebanon, to mitigate high interest rates induced by public sector borrowing. Kafalat's guarantees reduce lending risks for banks and exempt loans in Lebanese Pounds from the statutory reserve requirement, lowering the cost of capital for lending banks. By bridging the gap in accessing commercial bank financing, Kafalat supported SMEs in increasing domestic investment, output, and employment. Owned primarily by the National Institute for the Guarantee of Deposits (for 75%) and Lebanese banks (for 25%), Kafalat played a crucial role in facilitating SME growth and economic development in Lebanon. Kafalat had a program named Kafalat Energy Programme. Banking sector in Lebanon was totally collapsed starting the crisis of 2019. Until now, there is no unification of the exchange rate in the country. The black market is leading. There is no more trust in loans or investments through the banks. Because of the Economic Collapse, all loans - including loans under KAFALAT - have been halted.</p>

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