

PROFILES

Israel's free loan association helps Israelis help themselves

By Aviva Bar-Am November 21, 2004

It could happen to anyone, anywhere in the world, at any time.

You work hard and have just enough money to make ends meet when your spouse is diagnosed with cancer.

Times are bad, your business goes belly-up and the landlord raises your rent: you accumulate an insurmountable overdraft. Or maybe you can no longer afford the expense of raising your handicapped child at home. The list is endless.

You are desperate for help, but government agencies reject your request for assistance for any number of reasons and make you feel small in the process. And even if your bank offers you a loan, high interest and strict repayment schedules only serve to increase your emotional and financial burden.

If, however, you are an Israeli citizen -- whether immigrant or old-timer -- relief is close at hand. The Israel Free Loan Association (IFLA), established in 1990, provides nearly everyone who asks for help with funds that will enable them to make it successfully through difficult times or to cover an unexpected expenditure. You are treated with respect, pay absolutely no interest on the loan, and return the money according to a timetable that you can afford.

All that is required is proof that you earn the minimal sum of at least \$550 a month from a job, pension or Social Security, so that you will be able to repay the loan and it can be recycled to someone else in need.

"We are neither a bank nor a welfare organization," stresses Professor Eliezer Jaffe, founder and chairman of the IFLA. "We assume that only people who are really in need will come to us - and have found that 95% of them pay us back on time." Sometimes the original payment schedule has to be revised. "But that's okay," says Jaffe. "The important thing is that the money returns to the fund. And since the money is not an outright grant, our clients - hard-working, upstanding citizens - don't feel like they are getting handouts, or welfare. They retain their dignity and we are able to help them help themselves."

Jaffe was born during America's Great Depression. His mother, who had immigrated alone from Poland at 14, immediately began toiling in a sweatshop to pay for her rent in a foster home; his Lithuanian-born father had also reached America at the same young age. The two met on an excursion boat cruising Lake Erie. They married and moved to Cleveland, where they started a family.

In the 1930's, in the midst of the Depression, the young couple could no longer pay the mortgage on their home and the bank informed them of its imminent foreclosure. The Jaffes insisted they could pay the money that they owed, that all they needed was help restructuring their payments during those difficult times, but the bank clerk refused to negotiate despite their impassioned pleas. The entire Jaffe family would have been out on the street the next day had not the bank manager intervened and set up a more feasible payment schedule.

"My parents' story made a huge impact on me," says Jaffe, who first visited Israel in 1956 when halfway through his Master's degree in social work. He had latched onto a Hadassah medical program in the ma'abarot - tents where new immigrants from North Africa lived in

terrible conditions that were hotbeds of disease - and became painfully aware of the cultural and religious differences and economic problems that were besetting the new state.

Vowing to come back when he could make a difference on social policy, he returned home to complete his studies and immigrated to Israel four years later with a doctorate in social work.

The exceedingly modest and self-effacing professor, recipient of numerous awards and countless certificates of appreciation, believes that our lives are a short-term loan that has to be returned - with interest. That interest is what Jewish tradition calls 'tikkun olam' - making the world a better place. What better way to do this, he believes, than to help people help themselves?

One of the first lecturers at the Hebrew University's brand-new School of Social Work in 1960, Jaffe designed a series of programs on philanthropy and volunteer work. He came up with the idea for the non-profit IFLA after a visit to an absorption center in 1988. "I had brought my children along," relates Jaffe. "Busloads of Ethiopians, straight off the airplane, had just arrived at the center and I explained that they were witnessing history in the making - the ingathering of the exiles." (Soon afterwards a flood of Russians added nearly a million new immigrants to the population).

"After we came home, I thought to myself: You have to get involved. Some friends and I put our heads together and we remembered what the sage Maimonides had said about the eight levels of charity: the lowest is when you give grudgingly, and the highest is when you give a loan or a job so a person can get onto his feet and have some self-respect. And it has worked out well, because after their first year in the country, immigrants receive little help from the Jewish Agency that helped bring them to this country. And they don't have family networks, and they don't have the language down yet, and find it hard to get a job or learn a profession."

Although originally established for new immigrants, the IFLA soon branched out to offer help for people who have been in the country for longer than 10 years - and for veteran Israelis as well. Over the past two years, especially, the IFLA has been increasingly busy assisting middle and working class Israelis make it over the hump.

The Intifada has had a terrible effect on the Israeli economy, says Professor Jaffe. Besides the expenses incurred by numerous new families who have suffered in terrorist attacks, anyone connected to the tourist business lost his or her clientele. Suddenly restaurateurs, people in the hotel business and tour guides appeared at our door. "Before the Intifada we were giving out 150 loans a month -- now that number has doubled."

While there is a \$5,000,000 grant program, in which the IFLA serves simply as a mediator between donors and recipients, loans are what the IFLA is all about. Because of the recycling policy, to date a capital of \$13,000,000 dollars has provided the IFLA with the opportunity to offer over \$50,000,000 in loans!

Professor Jaffe likes the free loan concept because "when I was director of the Welfare Department for the City of Jerusalem, we gave out millions of shekels and none of the money ever came back."

The IFLA office is located in an apartment building on Gaza Street in Jerusalem and looks exactly like a successful insurance company. Clerks are pleasant, friendly and helpful. "That's because we are not giving charity and don't want people to feel they are welfare cases," says Jaffe, who founded the Zahavi Association for large families, was the driving force behind a humanitarian inter-country adoption law and has published extensively.

A few months ago a family of five ran out of money to pay their mortgage. The wife had

contracted breast cancer two years ago, and lost her job. The family had begun living off their savings. Now they were in debt to the bank for \$3,400 and were about to lose their apartment.

They turned to IFLA for urgent assistance, and were offered a loan with a long-term payment plan that they could afford. Just like Jaffe's parents, they will now be able to keep their home.

Donations are always welcome, and multiply by recycling. For information contact ifla@freeloan.org.il.

© 2001-2004 ISRAEL21c.org. All rights reserved.