

Helping immigrants help themselves

Free loans ease transition to life in Israel

By WALTER RUBY

JERUSALEM—Uri and Helle Avishai, an Ethiopian couple with two small children who have been in Israel for four years, recently purchased and moved into what Helle calls “our dream apartment” in the southern town of Kiryat Gat.

The young couple’s realization of the Israeli dream of owning an apartment—an accomplishment that has eluded the vast majority of the more than 50,000 Ethiopian immigrants in the country—ought to have been an occasion for exaltation.

Nevertheless, despite 25-year-old Uri’s well-paying job in an iron forge in the town, the purchase of their long-sought apartment pushed the Avishais into a severe financial crisis. Two years earlier, they had taken a high-interest bank loan to help pay the monthly cost of their previous tiny, two-room rental flat. When hit by some unexpected medical costs, the Avishais found they didn’t have enough money to pay both the mortgage on the new place and the bank loan. “It was a nightmare,” recalls Helle, a graceful, lithe woman of 20. “Every month we found ourselves falling farther behind. The situation became more and more stressful because we didn’t see a way out.”

Salvation appeared when a friend told them about a Jerusalem-based nonprofit agency called the Israel Free Loan Association (IFLA), which had helped him through a similar financial hard patch. Uri and Helle visited the agency’s office and were immediately informed that they would qualify for a \$2,500 interest-free, deferred-payment loan.

“Thanks to IFLA, we were able to get back in control of our lives,” said Uri. “We used the loan to pay off that bank loan once and for all and to meet some other outstanding bills. It may sound like taking one



Uri and Helle Avishai, an Ethiopian couple, are getting assistance from IFLA to purchase their dream apartment in Israel.

loan to pay off another, but the crucial difference is that the IFLA loan is interest-free and can be paid off in monthly installments over three years. We still have to pay the mortgage on our new flat, but assuming I keep my job and everything goes well, we now have the means to do so. IFLA brought us out from under tremendous pressure.”

The Avishais are not alone in their thankfulness for IFLA. Since its inception four years ago, the agency has loaned more than \$4 million to approximately 5,000 immigrants; the vast majority from the former Soviet Union and Ethiopia. At present, IFLA provides an average of 250 interest-free loans a month—helping financially strapped new citizens of the Jewish state pay for basic furniture, appliances, clothing, home repairs, health care, work tools, education, food, clothing, rent and other necessities. The IFLA loans have also helped many immigrants obtain new homes, develop small-business enterprises, and leave makeshift caravan sites for permanent housing. Funds for IFLA are largely contributed by donors in North America.

New immigrants receive financial assistance during their first year in Israel from the government and

the Jewish Agency, but they are expected to become financially self-sustaining after that. Many, anxious to purchase apartments, start businesses, and meet other urgent familial needs, have taken high-interest loans from banks at about a 25 percent rate of interest, and from unscrupulous loan sharks who charge up to 50 percent. IFLA presents a humane alternative that offers immigrants the opportunity to get out of an endless cycle of debt.

IFLA is the brainchild of Eliezer Jaffe, a longtime professor in the School of Social Welfare at the Hebrew University and consultant to the Ministry of Social Welfare. Jaffe, 61, who emigrated to Israel from Cleveland 35 years ago, was responsible for the idea of twinning American-Jewish communities and disadvantaged Israeli neighborhoods, which became the basis of UJA’s Project Renewal.

“I’ve always been an advocate of people getting personally involved and not leaving things to the government,” said Jaffe, who noted that he created IFLA on the model of the Hebrew Free Loan Society, which has helped Jewish immigrants in the U.S. for nearly a century. “My philosophy of life is about the idea

of the free loan," said Jaffe. "We have a free loan of the gift of life, and we should be willing to give something to other people before the life we have is taken from us.

"The free loan is an honorable thing with deep roots in Judaism," Jaffe explained, noting that Maimonides said that, "A loan is better than charity, for it enables one to help himself." Jaffe, who serves as chairman of the fund on a pro-bono basis, believes that IFLA is doing very well. "We started with only a small amount of money but have become very large quite quickly," he said.

According to Jaffe, IFLA was developed "to make interest-free loans available for newcomers with specific problems," adding that the agency has become "a nonprofit, user-friendly, unbureaucratic organization." Jaffe points out that nearly all of the Russians and Ethiopians who have received IFLA loans have paid them back in full and according to schedule. Indeed, only about two out of 100 families who took loans from IFLA have so far defaulted. "Those who receive these loans are solid people who have already been in the country a year or more and have jobs. These are people who can make a big contribution to this country if they get a little help now. A small, timely loan that can help get them over the hump can make all the difference in the world."

IFLA's small, bustling office in the Rehavia section of Jerusalem has three paid personnel; Yona Cohen, an Israeli social worker who directs office operations; Svetlana Gutkhan, formerly of St. Petersburg, who directs services for immigrants from the former Soviet Union; and Teddy Alemeneh, a former Ethiopian, who works with immigrants from that country.

"My role is to carefully check applicants to make sure they are in a position to repay the loans," Cohen explained. "We don't make loans to people who do not have a steady job or have been working for less than three months. Applicants must have two guarantors and give us post-dated checks in advance to pay back the loan in monthly installments. The checks, by the way, are tied to the dollar, so as to protect the value of the money."

Gutkhan, a vivacious woman in her late 30s who arrived in Israel three and a half years ago with her husband, two children and an elderly father, understands personally the difficulties that many former Soviets encounter during their first years in Israel. "Our family arrived in Israel without any resources, and it was very difficult. Fortunately, my husband found work as a computer programmer and we were able to slowly put our lives together. *Aliya* is especially hard for people who come to Israel after the age of 40 and are unable to apply their profession here. Imagine what it is like for a professional person to be reduced to doing cleaning. People are in a lot of pain. Many people who come in here just want to talk to a sympathetic person who will understand what they are going through."

The majority of Russians who receive loans at IFLA receive only \$700, although many are now also receiving small-business loans of up to \$6,000. Galina Korzun, who arrived here four years ago from Rovno, Ukraine, said she is taking the \$700 loan to have some long-deferred, but badly needed, dental work done. "My husband and I are

both working, but we have almost no money left at the end of the month after paying for rent, food and expenses. If I took this loan from the bank, we would have to pay back with high interest, which would have put us under considerable financial pressure. IFLA offers a much more palatable option."

Valeria Romanoff, a graphic artist from Kiev, said she and her husband used their \$700 IFLA loan to buy furniture for their new apartment. "It was wonderful coming to a place like this where we were received in a very humane way by a Russian-speaking person who could relate to our situation," Romanoff said. "We received the loan within a week of submitting our application. Thanks to the IFLA we were able to furnish our flat in an attractive way without having to face the ordeal of desperately trying to scrape together the wherewithal to pay back a high-interest loan. There is simply nothing else like IFLA available in Israel at present."

Alemeneh, who arrived in Israel from Ethiopia eight years ago, said that the \$2,500 housing loans given by the IFLA to Ethiopian immigrant families have already helped more than 300 families move out of absorption centers, hotels and *caravanim* (trailers) and into apartments of their own. Swamped by the demand, and in need of additional funds, IFLA currently has a waiting list of more than 100 families. Even though the government offers Ethiopian immigrants the possibility of receiving 98 percent of the purchase price of a home in a combination of reduced-interest mortgages and outright grants, Alemeneh notes that few Ethiopians are able to scrape together the remaining 2 percent for a down payment, which usually ranges from \$2,000 to \$3,000.

"The \$2,500 loan from the IFLA has made the dream of home ownership a reality for hundreds of Ethiopian families..." said Alemeneh. "This has been of great importance in saving many of our people from demoralization and despair. The overall situation of Ethiopian *olim* is very difficult, and the help IFLA is offering is one of the few bright spots."

Eliezer Jaffe said that if and when IFLA finds another \$200,000 in donations, it will be able to expand its Ethiopian housing-loan program to include all of those now on the waiting list. Expansion of the small-business loan program and a new program involving loans to veteran Israeli couples with large families must also wait for more private funding. Overall, though, the trend lines are up, and Jaffe is optimistic that the IFLA will expand greatly in the years immediately ahead. "There is no question that the free-loan concept is starting to catch on in this country. Our aim is to put the loan sharks out of business."