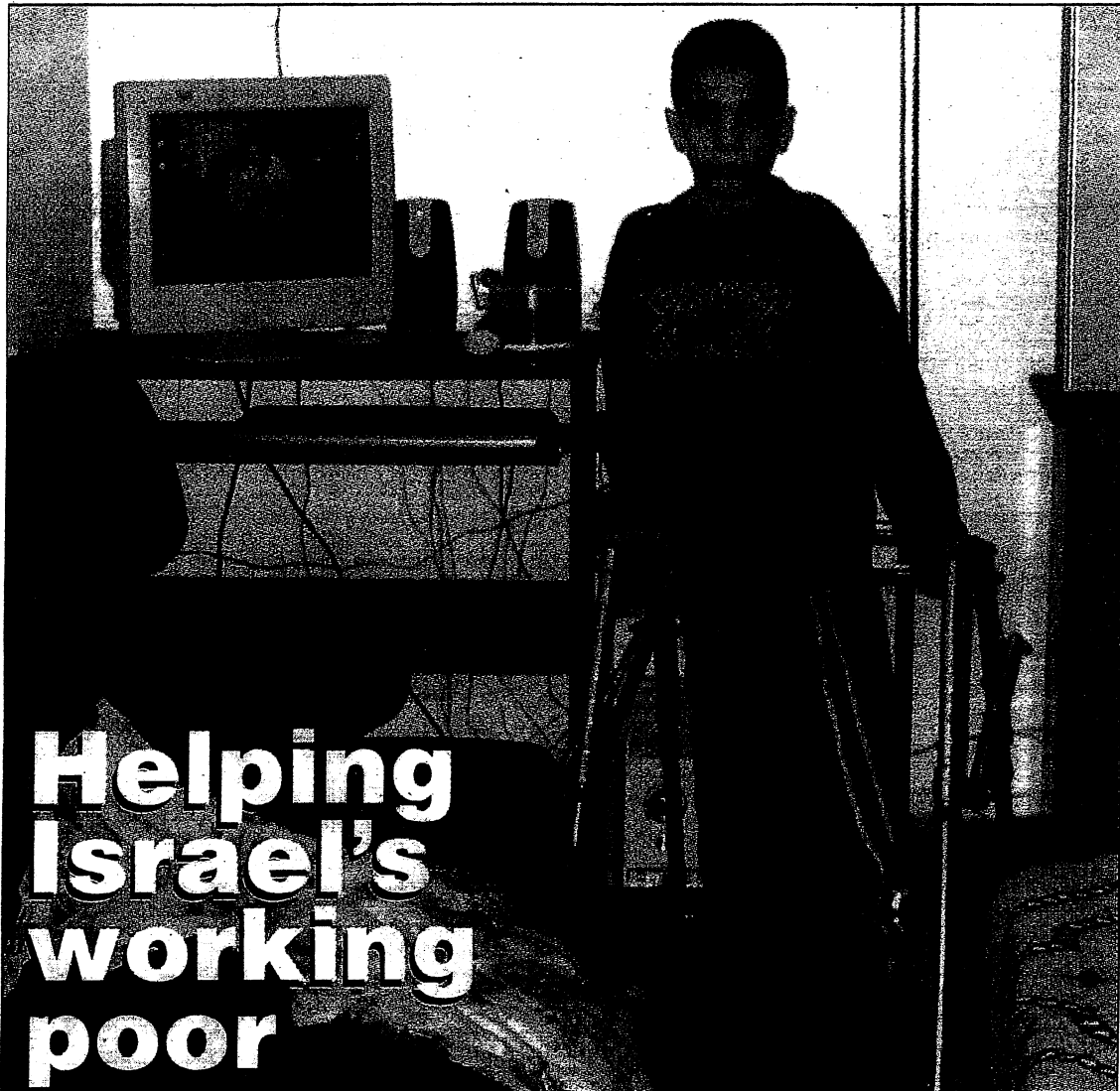


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**Helping  
Israel's  
working  
poor**

Cleveland native's Free Loan agency helps Israelis get back on their feet and may also boost economy

LILA HANFT  
Staff Reporter

**W**hen Shirley Solvey adopted Shai seven years ago, she and her family believed they had enough income to take care of his special needs and more than enough love to make him happy.

They were right about the love.

They were wrong about the money.

Born prematurely and suffering from severe cerebral palsy, Shai was abandoned in the hospital by his parents, who took home only his healthy twin. "He was 15 months old and had never been in anyone's arms," Solvey recalls.

Solvey and her husband already had five

children when they moved the family to Israel from England in 1983. By 1996, when Solvey read about Shai in *The Jerusalem Post*, her children were all nearly-grown, and she'd been thinking about adopting another child.

So Shai came to live with the Solveys and began a long, uncertain process of rehabilitation. His problems were numerous: As he grew, he was unable to stand or walk; he had trouble with speech and manual dexterity; and other, corollary problems were emerging. "He was basically a vegetable," Solvey admits.

Over the next seven years, Shai made some upward progress, but the Solveys' finances spiraled downward. Parkinson's and heart trouble forced Solvey's husband to stop working, and then an accident caused Solvey herself to take early retirement.

Still, with government subsidies for retirement and disability, the Solveys managed.

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## Helping Israel's working poor

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Then Finance Minister Benjamin Netanyahu implemented radical cuts in government subsidies, and the Solveys were left with less and less.

This wasn't a matter of tightening their belts or cutting out luxuries. Shai's rehabilitation depended on costly therapy and equipment, all requiring private financing. They'd found a gifted private surgeon from Russia who specialized in the leg rotation surgery Shai needed if he was ever to walk, but the cost of the surgery and the physical therapy needed was way out of their financial reach.

Their savior was a little-known private agency, founded by a former Clevelander, called the Israel Free Loan Association, which loaned the Solveys money for Shai's needs, interest-free. Before undergoing the surgery, Shai first had to have intensive physical therapy, hydrotherapy, and riding lessons to relax his muscles. But the Solveys couldn't afford his going at the frequency needed to get him into pre-operative shape.

With a loan from the Israel Free Loan Association, they were able to accelerate Shai's therapy, and Shai had the surgery within 15 months, more than a year earlier than would otherwise have been possible.

At the beginning of this year, Shai was able to stand on his own for the first time. Although the leg rotation surgery was "quite an ordeal," Solvey says Shai can walk on tiptoe and move both his feet in a peddling motion.

"Now we're just waiting for him to get enough confidence to stand and start walking," she says.

### The largest free loan association

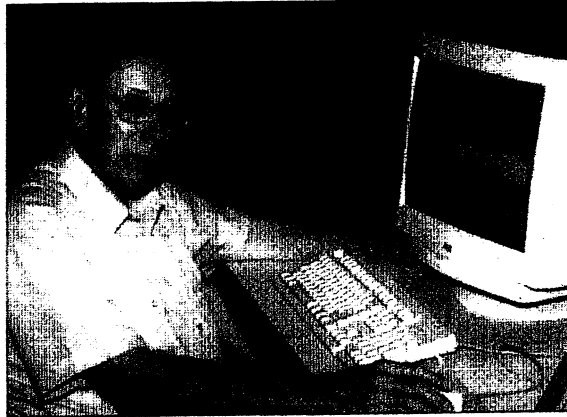
The Israel Free Loan Association (IFLA) is a new twist on a very old ideal, which is printed on every IFLA loan application: "A loan is better than charity, for it enables one to help himself - Maimonides."

Like the Hebrew Free Loan Associations that sprung up in cities (including Cleveland) across the United States in the early 20th century, the IFLA helps Jewish immigrants buy homes and start businesses by lending interest-free capital.

The IFLA, located in Jerusalem, is easily the largest, most effective, and most efficiently-run Hebrew free loan association in the world. Since its inception in 1990, the IFLA has provided \$50 million in interest-free loans to over 25,400 immigrants and other needy Israelis.

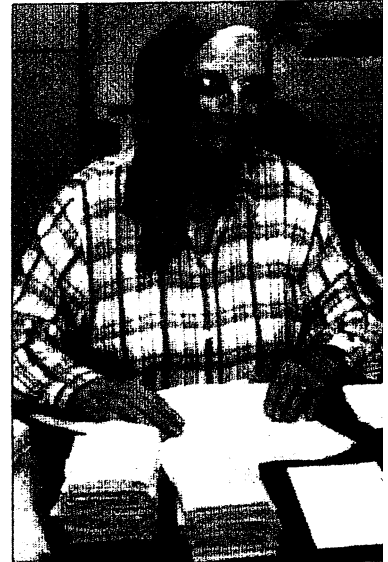
### Uniquely Israeli in function and origin

The IFLA owes its efficiency and effectiveness to founder Eliezer Jaffe, the Cleveland native who has become, over his 45-year career, one of Israel's foremost experts in social work and philanthropy. He arrived in Israel in 1960 with a Ph.D. in social work from Case and a master's in criminology from The Ohio State University. He began teaching at Hebrew University and was awarded the first chaired professorship in social work in all of Israel. He has retired from his post as the Centraid-L. Jacques Menard Professor for the Study of Non-profit Organizations, Volunteering, and Philanthropy at the Paul Baerwald School of Social Work



"As the government cuts back on social services, more people come to us."

Prof. Eliezer Jaffe, IFLA founder, former Clevelander



Veteran volunteer Chana Gutman is one of twenty regular IFLA volunteers.



A small business loan from the IFLA enabled Ilya, a Russian immigrant, to open his jewelry store in Jerusalem.

of the Hebrew University of Jerusalem.

Between 1970 and 1972, Jaffe headed the Jerusalem Department of Family Services, introducing major social service reforms which have since been adopted nationwide.

As the Israeli economy has changed, limping away from Zionist Socialism toward a free-market economy, the IFLA has grown alongside it, ever responsive to changes in society.

"We are a direct barometer of the government's economic policy," Jaffe explains, during a recent visit to Cleveland. "As welfare grants are cut and the government cuts back on social services, more people come to us."

The numbers prove that. Prior to Netanyahu's precipitous reduction in government aid to children, single mothers and retirees - among many other populations - the IFLA was granting 150 loans a month; since the cutbacks, they've been issuing over 300 loans a month and could do more if they had the means.

Israel's economic crisis has drastically

increased the IFLA's target population - the working poor. The working poor now comprise 50% of Israel's destitute according to a study by Prof. Zvi Susman. That means that of Israeli families living below the poverty line, half have at least one member who is employed.

"The need, the number of people who come to us, is always growing," Jaffe says. Nearly everyone repays his loans: The IFLA's default rate is less than 2% and for business loans, it's 0%. But "the recycling of the loaned money, which takes one to three years, isn't happening fast enough" to allow the IFLA to provide loans to the growing number of qualified applicants, says Jaffe.

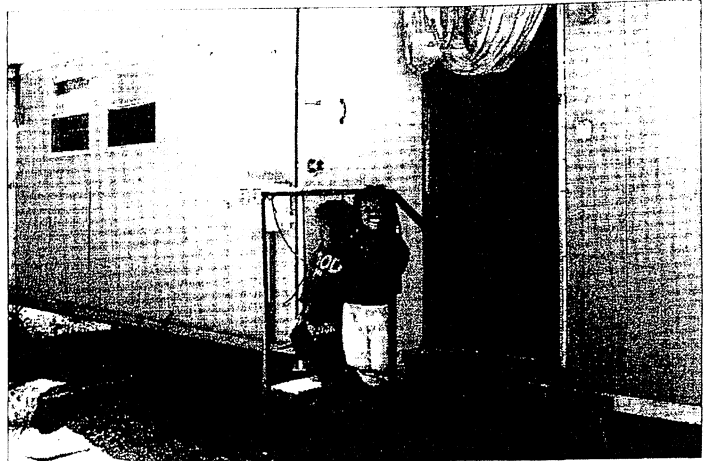
When he was in Cleveland for the General Assembly of the United Jewish Communities, Jaffe was seeking new donors. As an advocate of direct giving, Jaffe strives to give IFLA what he calls "transparency" - the donors see exactly where the money goes. They understand the benefit the money provides to real people who need it, and the know that very little of that money goes to salaries and other overhead. Administrative cost for the IFLA, for example, is a remarkably low 2.9%.

### How it works

The IFLA's interest-free loans range from \$2,000 up to \$5,000 for individuals and \$15,000 for small businesses. To qualify for a loan from IFLA, an applicant must have an average steady income of 2,500 shekels (about \$375 U.S.) a month, which is just below the poverty line. They also must have two guarantors who are employed. The IFLA doesn't make loans to people who make more than 15,000 or 16,000 shekels (about \$3,500 U.S.) a month.



The IFLA grants loans to parents who have children with disabilities living at home. Funds are also available for education and international adoption.



IFLA loans have helped hundreds of Ethiopian immigrants leave their transient caravans, pictured, and move into permanent housing.

That leaves a "wide band of Israeli society that is working poor, working near-poor, and lower middle-income people," says Jaffe. "They're struggling to fund special unforeseen emergencies or one-time expenses (like illness, expensive medicines, topping up a government mortgage to get out of an absorption center or a caravan home, home repair, opening a small business, college tuition," he explains. Many of their clients "do not have savings or even insurance" but aren't eligible for benefits from the public welfare system, which focuses on the (non-working) poor and the really destitute.

Like Shirley Solvey, who "couldn't get a loan like his anywhere else" because her husband is invalid and she's on early retirement, most of the IFLA's clients don't qualify for bank loans. "They go to the gray market (very high, compound interest) or the black market (usury and criminals, loan sharks)," Jaffe says.

#### Helping hands

Clients of the IFLA, who often leave their application meetings with a check in hand, are full of praise for the IFLA's staff, which consists of even paid members and 20 volunteers.

"They're marvelous; really, really helpful," says Solvey. She notes that the IFLA works "from small little offices to keep overhead low, so that the money goes to the people who need it."

Solvey was particularly touched that IFLA staff adapted their procedures to minimize Solvey's trips from her home in Karmiel to the IFLA office in Jerusalem. "They really do help, in whatever way they can," she says. "Times are really bad here, and they understand that."

#### Promoting self-sufficiency

The IFLA grew out of Jaffe's desire to be help the big wave of Ethiopian and Russian Jews. He took his children to see the President's Hotel as it was being converted into an absorption center, and as he watched these newly-minted Israelis dismount from buses, he thought, "This is history. This is really *ibbutz galyot* (the ingathering of the exiles)."

Together with good friends and colleagues, Jaffe puzzled through how best to help the immigrants. They didn't want to give out food or clothes, which

would mean dealing with trucks, distribution and storage.

"So we went back to Maimonides's eight degrees of *tsedakah* (doing right by your fellow man)," says Jaffe. The lowest level of *tsedakah* is to give aid to the poor grudgingly; above that, to give gladly and with a smile. Above those is the one who gives to the poor before being asked. "The highest level of *tsedakah* is to give the poor man a loan or job, which allows him to keep his dignity" and become self-sufficient, Jaffe explains.

Jaffe wrote an article on the subject for *The Jerusalem Post*. A man in Indianapolis sent \$20,000, and the IFLA was born. "We started with a table in the middle of a room, with volunteers on one side, loan applicants on the other."

#### Special circumstances, special funds

Donations, initially sporadic, grew. In 1992 the IFLA initiated "named funds" in which, for a minimum donation of \$5,000, donors can open funds in honor of themselves or others. They currently have 168 named funds. When money from a named fund is loaned out or repaid, "donors get instant reports generated by (a) computer program." That program was written for the IFLA by a Russian immigrant who had been the recipient of a small business loan from IFLA.

Some donors designate their money for certain categories, like the donor from Philadelphia who, three years ago, set up a fund earmarked for the victims of terrorism and their families.

Another recent donor wanted his money to be used specifically for Haredi youth to get training at

technical schools; in this way they can escape the lifestyle that Jaffe calls "poor by choice," in which paid employment is discouraged in favor of Talmudic study.

#### Real economic impact

Jaffe's extensive study of Israel's welfare system has made him an outspoken advocate of private philanthropy and volunteerism. "You have to be involved," he believes. "Government cannot do everything and shouldn't have to."

Jaffe hopes that American Jews who learn of the IFLA will want to help it - and the clients it serves - thrive.

Shirley Solvey says she happened to read about the IFLA in a short article in *The Jerusalem Post* and was thankful she did. "We took Shai to give him a second chance, and it's nice to know that there are people to help us help him. Most of what happens from here will be from the help of the Free Loan Society."

Jaffe's biggest dreams for the IFLA both include and exceed its current goal of improving the quality of life of Israel's working poor. He believes that by increasing the size of loans available to small business, the IFLA could "have a serious impact on Israel's economy."

"Frankly, my not so 'out-of-the-box' dream is for the IFLA to eventually become a BANK that only gives interest-free loans," he says. "Funded by donors around the world, the IFLA bank would have large named and anonymous loan funds to administer to our needy Israeli borrowers."

To contact the Israel Free Loan Association (IFLA), direct e-mail to [ifla@freeloan.org.il](mailto:ifla@freeloan.org.il), mail to



Paid staff and volunteers, photographed in their Jerusalem office, process thousands of applications a year. Many applicants can leave their initial visit with a check in hand.

"It's nice to know that there are people to help us help Shai (our special-needs son)."

Shirley Solvey