

Interest free loans help immigrants start over

by Rachel Levine
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Four years ago Eliezer D. Jaffe, a social work professor at the Hebrew University, realized that the surge of Russian and Ethiopian Jews immigrating to Israel needed some financial help. The government aids the immigrants for one year, and then they are on their own. Banks and loan sharks provide loans at high interest rates, leaving the immigrants with no place to turn for help.

Jaffe decided to found the Israeli Free Loan Association (IFLA) to provide interest-free funds to immigrants. He stressed that the money is not welfare but a "way to



Professor Eliezer D. Jaffe

preserve the dignity of people." It is not a "hand out" but a "hand up."

Most of the people are learned professionals needing some money to get started in a new country.

Jaffe wrote an article in the *Jerusalem Post* about the idea, and donations started pouring in. The IFLA is now a non-profit, grassroots organization with no government or Jewish agency money involved.

The institution uses a Maimonides quote as its motto: "A loan is better than charity, for it enables one to help himself."

A man in Florida donated \$10,000, after reading Jaffe's article, and another

in Indiana donated more than \$12,000. A North Carolina man, visiting Jerusalem and staying in the Plaza Hotel, called Jaffe with an initial donation of \$200,000. When he visited the IFLA office, he couldn't believe how small it was and what little privacy was afforded for people to tell their stories. He told Jaffe to find larger office space, which he would buy for IFLA. Today, the IFLA pays that man \$1 in rent per month.

Others in America, Switzerland, France, Canada and Great Britain have also donated money. A man from New York gave \$40,000 specifically for overhead — allowing the group to spend less than five percent of other donations on overhead.

In only four years, the IFLA today runs on more than \$5 million, with three-and-one-half paid employees: one Russian, one Ethiopian, one Israeli and one part-time secretary. The rest of the staff, including Jaffe, is comprised of more than 25 volunteers, who range in age from 18 to 80.

Israel is currently home to 550,000 Russian and 50,000 Ethiopian Jewish immigrants. IFLA does not advertise its services in Israel; it depends on word of mouth.

To qualify, loan applicants must show proof that they have paying jobs and must have two employed guarantors. The applicants sign that they will pay back the loan, allowing them to decide how long that will take.

The delinquent rate is only three percent. According to Jaffe, the IFLA has never taken a recipient to court. Instead, staff sit down with the person, discuss the situation and reach a new agreement. Jaffe said IFLA has "a loyalty to two people, loyalty to the donor and to the [recipient] who needs our help in a respectful, honorable way."

There are six categories of loans:

1) Two percent home loans to Ethiopians so they can move out of government-established Caravan Camps.

Thousands of immigrants live there.

2) General loans for rent, medical and dental care, food, books and other needs.

3) Emergency loans for temporary crises.

4) Small business loans for those with a successful track record. After winning approval from an Israeli committee, a loan is awarded for raw materials, staff, equipment and one to two years rent.

5) College tuition loans for students who have been admitted to school.

6) Large family loans for Israelis with four or more children.

The IFLA approves 250 new applications on the last Tuesday of every month. All loans are for Jewish immigrants — regardless of whether they are religious or not.

Jaffe's goals now include raising enough money to create a new category for families with homebound disabled children. He is looking for \$1 million to set up the fund. He also wants a category for single parent families.

Israelis also donate money, and Jaffe would eventually

like to see the loans go to the whole Jewish/Israeli population.

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