

# Taking an interest, without interest

Leah Abramowitz

WHERE'S A NEW immigrant to get a quick infusion of cash to pay for major dental treatment?

Among the more innovative projects initiated recently to help Russian immigrants is the Israel Free Loan Association, a project to make interest-free loans available for the many needs newcomers encounter as they try to settle into a new life in Israel.

Prof. Eliezer Jaffe, the founder and chairman of the association explains the principle of the program. Granting an interest-free loan is one of the best ways for using donor's money efficiently to help new immigrants consolidate their position in an honorable way.

The letterhead of the Israel Free Loan Association carries the motto from Maimonides, "A loan is better than charity, for it enables one to help himself." This idea has always been used for immigrant assistance around the world, and indeed many Jews who came to the U.S. and England in the 1920s were able to establish themselves thanks to Hebrew Free Loans.

The free loan idea already has been applied successfully by Zehavi, the Israel Association of Large Families, of which Jaffe is a co-founder. Zehavi has been circulating the sum of \$80,000, recycling it over and over for the use of dozens of big families with special needs, especially educational loans.

Zehavi families and other associates of Jaffe's wanted to be involved in Russian immigrant absorption. "We didn't want to give out equipment or run a warehouse, since others were already doing this," explains Jaffe. However, money for short-term needs seemed to be an open field. Zehavi donated its premises and office services, and several members of the volunteer committee which processes loan requests there offered to review applications for the new loan association as well.

The free loans are meant for immigrants in their second year in the country, when the government is no longer providing support and when, hopefully, the applicant is already working. The applicant must find two guarantors, and supply post-dated checks to cover the 12 or more monthly payments with which he will return the loan. The number of payments is flexible, depending on

the applicant's situation, and the fact that he receives a loan rather than a "hand-out" is good for any immigrant's self-image.

LOANS HAVE been requested for a large variety of expenses, including dental treatment, interest on debts for mortgage payments, day care and even food costs.

"The average loan is for \$700, but our aim is eventually to provide venture capital to help people start businesses," says Jaffe. "For this we would require \$1,000,000 in capital, to be used not as an endowment fund but for circulating, interest-free loans."

As he describes the plan, any donation made by a contributor would be worth 3.6 times its value within the first year alone. For example, a donation of \$10,000, divided into individual loans of \$700 spread over a 12-month period, could provide almost 50 loans with a total value of \$35,000.

Jaffe is a board member of the American Association of Hebrew Free Loans, which coordinates the activities of 40 such funds in cities such as San Francisco, whose society boasts \$5 million in circulating capital, and Detroit, which has \$3 million. "These are our models, not the small synagogue and neighborhood funds that flourish and do such good work locally," he says.

At present, donors to the Israel Free Loan Association are either foundations, private individuals or Jewish groups from abroad. For

years, a group of Jews in Bloomington, Indiana, was active in Soviet Jewry. Ifla appealed to them for help, and they have already sent \$15,000 and made pledges for more. Danny Siegel, the "Tzedaka Poet" who lectures all over the U.S. on the issue of charity, became very excited about the project and brought considerable sums. And a Conservative youth movement marked the purpose of its "Tikun Olam Fund" for the purpose.

Jaffe and his associates advertised the opportunity of obtaining a free loan in four Russian-language newspapers, and notified ulpanim, volunteer groups and aliya workers. As a result, the office has been flooded with applications from all over the country.

"The interesting thing is that the Russians have difficulty understanding the loan concept," says Jaffe. "It seems there is no such thing in Russia, and so borrowing conditions, guarantors, and post-dated checks are completely foreign to them. On the other hand, they do appreciate the lack of bureaucracy and the easy access to the needed sums."

"The idea of Ifla is an ideal investment for people or organizations who want to get maximum value out of their donations," says Jaffe. "There is little overhead, the assistance is direct and effective and the money keeps circulating in perpetuity."

For more information, write to Israel Free Loan Association, P.O. Box 4171, Jerusalem 91041.