



ELIEZER JAFFE receives the Knesset Speaker's Prize for Quality of Life from Knesset Speaker Reuven Rivlin.

(Courtesy: Knesset Spokesman's Office)

One man helps the masses

• BATSHEVA POMERANTZ

Eliezer David Jaffe spent years helping the working poor receive interest-free loans. Last week, he received the Knesset Speaker's Prize for Quality of Life

The loan that Binyamin received from the Israel Free Loan Association (IFLA) may have literally saved his infant son's life. Born nine weeks early, at 31 weeks, along with his twin brother, Binyamin's first-born son fought for his life for the first two months. He had massive internal bleeding, required multiple blood transfusions and needed CPR due to RSV, a virus that causes respiratory tract infections. Binyamin recalls: "The medication for RSV was then included in the basket of medications [provided by the health fund] – but only for preemies born until the 28th week. It cost us \$1,000 an ampoule. At six weeks, he was critically ill and we needed NIS 40,000 for the medicine."

Binyamin heard of the IFLA, a national non-profit organization, and headed to its main office in Jerusalem. "They received me warmly, and very efficiently agreed to loan me NIS 25,000. Payment terms are convenient. This amount of money from the loan saved our son in an unbelievable way." Today, the three-year-old twins are thriving.

PROF. ELIEZER David Jaffe, founder of the IFLA, recently

received the Knesset Speaker's Prize for Quality of Life in recognition of his role in creating the largest interest-free loan association in the world. The IFLA offers interest-free loans to new immigrants and veteran Israelis to meet a wide range of needs such as adapting a family's living space to accommodate the special needs of a disabled family member, developing a small business, setting a failing business back on its feet and helping disadvantaged youth with student loans so they can pursue a higher education.

The IFLA grew out of Jaffe's desire to help the large wave of Russian and Ethiopian Jewish aliya at the end of the 1980s. He came up with the idea of a free loan fund following a visit to the President's Hotel immigrant absorption center in Jerusalem in 1989.

"I had brought my children along," he relates. "Busloads of Ethiopian Jewish immigrants, 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. After we got home, I thought to myself – I have to get involved."

Together with friends and colleagues, Jaffe considered how best to help the immigrants. They didn't want to give out food or clothes, which would mean dealing with trucks, dis-

Eliezer David Jaffe receives a Knesset award

tribution and storage, an approach that seemed paternalistic. "So we went back to Maimonides's eight degrees of *tzedaka* [charity]," says Jaffe. "The lowest level of *zedaka* is to grudgingly give aid to the poor; above that, to give gladly and with a mile. Above that is the one who gives to the poor before being asked. The highest level of *zedaka* is to give the poor man a hand or job, which allows him to keep his dignity and become self-sufficient."

The IFLA has lent out \$140 million to more than 40,000 low-income families and small businesses since its inception in 1990. "Money can be recycled, too," says Jaffe, whose father had opened a plant in Cleveland for recycling cloth scraps from clothing manufacturers, a new concept in the 1930s. "While in conventional charity the money is depleted, with free loans the source funds are preserved. With free loans the influence increases as time passes, as more and more loans are provided from the same funds. Recycled money constantly multiplies its value."

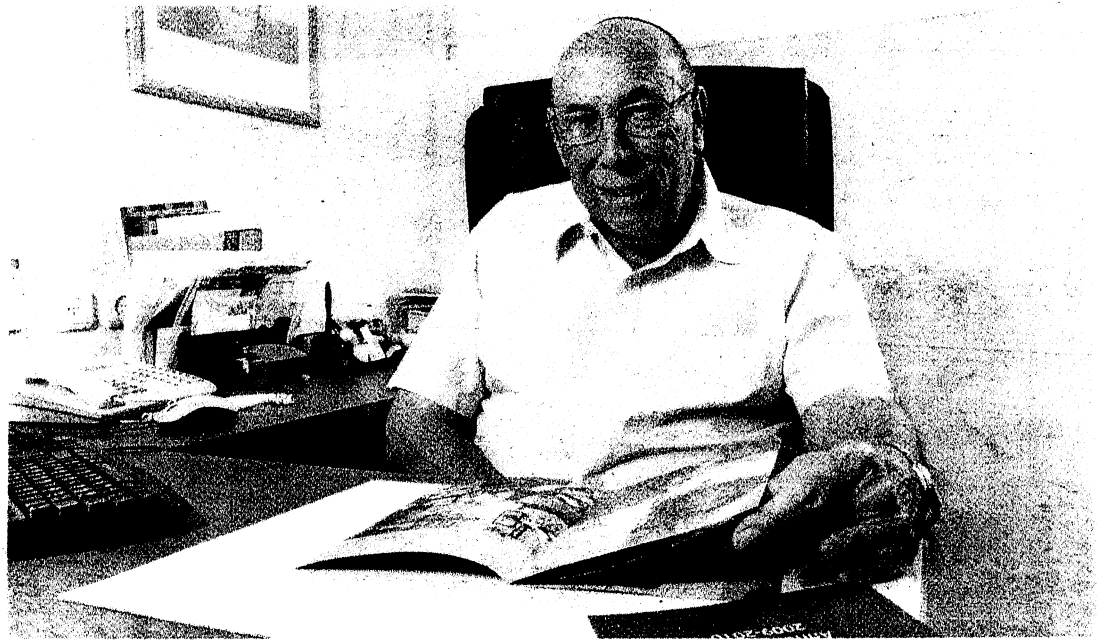
Jaffe immigrated from the US to Israel in 1960. A father of four children, professionals in psychology, social work and medicine, and a grandfather of 17, he was among the founders of the Paul Baerwald School of Social Work at the Hebrew University. "At the Hebrew University we worked on the curriculum for the first academic social work program in Israel. Today 11 universities and many colleges have social work schools. When I came to Israel there were very few academic social workers. Today there are over 6,000 social workers. It's hard to imagine Israeli society today without university-trained social workers."

Jaffe is also an expert on philanthropy and the "third sector" – the non-profit organizations whose services often complement those of the government sector. In 2010, his Giving Wisely website became a trigger and basis of the government's GuideStar Israel site which aims to post profiles of all approximately 30,000 registered Israeli non-profit organizations.

At the awards ceremony, Knesset Speaker Ezer Weizman Rivlin noted that the Speaker's Prize, awarded from a fund established 23 years ago, "brings attention to the public activities of those volunteers who supplement the government's efforts, leading the way for us all. The award recognizes those who always focus their efforts on the less fortunate among us." The prize committee noted that rather than giving financial support, the IFLA allows its clients to take responsibility for their actions and their economic future, thus fulfilling the dictum of Maimonides.

Hebrew T-Shirts, a shop in the center of Jerusalem and a web-based business, started when former New Yorker Rachel Ginsberg went with her teenage daughter to a Jerusalem shopping mall to look for comfortable T-shirts. "We were both amazed at how many T-shirts in Israel have English writing on them. The messages are ridiculous and more often than not spelled wrong. We laughed a lot and returned home with no new T-shirts."

With a background in arts, Ginsberg was looking to start a small business using her



creativity. Her line of T-Shirts for infants come with Hebrew writing in various fonts, with phrases like "Tzaddik" "Totzeret Ha'aretz" (Product of Israel), and "Ba lashchuna bahur hadash" (There's a new boy in town). She also produces aprons and pregnancy shirts.

The business evolved slowly by "living it and doing it." Initially, working from her home, which was then in the settlement of Itamar, she would order 20 shirts at a time, design the wording, send the shirts to the printer and sell to neighbors, market at fairs and through her website. After two years she decided to open a store and participated in a course of the Jerusalem Business Development Center. A loan counselor helped her prepare a business outline. "I presented this to the IFLA with a request for a loan of NIS 60,000. I needed four guarantors, a challenge to find. Luckily, the first one, a good friend, was well-known, and so the others agreed to sign." Ginsberg is paying back NIS 1,500 a month, interest-free over three years.

New to the business world, Ginsberg used the loan to "give a one-time immediate chunk of money to my main supplier – the T-shirt manufacturer. At the time I was out of merchandise and orders were pouring in, so I had to place a large order from this supplier. By giving him a big amount at one time, I built up trust with him."

The IFLA loan is the only loan Ginsberg received. "Having such a loan made me feel responsible to succeed in my business."

The IFLA staff, which represents the Ethiopian, Russian and the religious sectors, explains its clear criteria and requirements to the borrower. According to Joe Rosen, the IFLA's associate director, the amount of time for repayments depends on the size and purpose of the loan. It varies from 30 to 66 months. For personal loans it is also based on the income level of the recipient.

Regarding finding guarantors for the loans, the response varies. "There is a gen-

eral lack of enthusiasm to sign as a guarantor," notes Rosen. "Our requirements for guarantors are minimal – continued employment in the same place for at least 12 months and a net monthly income of at least NIS 3,000 [less than the minimum statutory wage]. The law also now provides greater security to guarantors so that they cannot be taken advantage of."

Most loans are paid back. "We have a very low default rate of 0.2%," says Rosen. "The IFLA has a department which deals with chasing up problematic borrowers, and we are flexible when necessary in the repayment schedule so that there is not an intermission in the repayment schedule. The law requires notification to guarantors if there is a three-month interruption in repayments, and we update guarantors on problematic borrowers. When necessary, we open legal procedures and there are cases where the guarantors take upon themselves repayments, without interest and linkage."

THE IFLA'S main beneficiaries are the working poor, a growing sector of Israeli society. "The working poor are nearly 20% of the Israeli employed population," according to Jaffe. "A large portion of those we target earn less than the official poverty line. Many are employed by contractors without workers' rights. Others are employed privately but don't make ends meet. The government is not enforcing its own rules regarding minimum wages. More supervisors are needed to enforce the minimum wage and workers' rights."

According to Rosen, "people on social welfare are not suitable for the IFLA loans. We also work in conjunction with other organizations and advise applicants for health-related loans to be in contact with the Health Ministry and the National Insurance Institute in order to obtain their rights from them. We also have direct contact with all absorption centers, especially regarding the Ethiopian community." ■

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(Courtesy: Mike Horton)