



BUSINESS SPIRIT: Some of the Arab and Jewish participants in the microfinancing program, with founder Donald Franklin

help to ease tensions in Jerusalem.

In parallel but separate meetings, 10 women from the West and 10 from the East participate in business-training and networking sessions, including 32 hours of group training over two months and pre-loan personal mentoring and consulting on the composition of a business plan, which are intended to lead to a loan of \$5,000.

The project is the brain-child of a group of Muslims and Jews in London, led by Donald Franklin, a senior economic adviser to the United Kingdom's Government Economic Service at the Department of Health.

"I had been meeting with Muslims and Jews, and it seemed that we were involved in 'endless dialogue' that wasn't really making a difference," Franklin tells *The Report*.

Franklin, who holds degrees from Cambridge and the London School of Economics, in addition to a PhD from University College London, is halakhically observant, he carefully considers his answers before responding articulately, and it is clear that he believes in the project and its capacity to make a difference. "We wanted to create a project that is practical," says Franklin, "yet focused on points of dispute and also embodies the values of our respective faiths."

Fiyaz Mughal, co-founder of JIMF, is a municipal councilor in London and former deputy president of the Liberal Democratic Party in the United Kingdom. An observant Muslim and director of a non-profit organization for Muslims and Jews, he says that one of the program's most important aspects is that it ensures giving both Muslims and Jews "the dignity to earn and live... that lifts people from despair and lack of hope, the key drivers of hate and radicalization."

Small Change

A new project based on microfinancing hopes to improve the economy of both East and West Jerusalem and, maybe, to contribute to peace in the region

Ziv Hellman

RIVKA GURWITZ CAREFULLY ATTENDS TO A customer who has wandered into her upscale jewelry shop in Givat Sha'ul, an ultra-Orthodox residential and commercial area in West Jerusalem. Drawing on instincts honed over years, she selects just the right item, based both on the customer's appearance and background – is the customer religious or secular? Israeli, American or a French visitor?

Gurwitz, 40, an ultra-Orthodox Jew, stocks her tastefully decorated shop with purses and wallets in addition to jewelry, clones of brand names in addition to originals, purchased in Turkey, the United States and Israel. She walks with a quiet confidence combined with an obvious love of contact with her customers.

Only a few miles away, across the chasm of cultural, religious, national and linguistic differences, in East Jerusalem's main business and commercial area, Fatima Abed-Rabbo is also working with a customer in her small shop. Abed-Rabbo's store specializes in Islamic gowns and scarves. She, too, exudes strong confidence, searching for just the right item – A scarf in a different color? A more elaborate pattern? A different price?

Abed-Rabbo and Gurwitz have never met each other, but they have much in common – both come from deeply rooted, religiously observant communities and both dress and cover their heads modestly, according to their respective communities' expectations. And both are participants in the Jerusalem Interest-Free Microfinancing Fund (JIMF), a pilot program begun in February 2009, aimed at enabling Orthodox Jewish women in West Jerusalem and Arab women in East Jerusalem to establish and expand their own businesses, boost their incomes – and, along the way,

MICROFINANCING WAS FIRST DEVELOPED IN THE Third World and received broad international attention when Bangladeshi economist and microfinance pioneer Muhammad Yunis and the Grameen Bank received the 2006 Nobel Peace Prize. Traditional banks, leery of the costs involved in managing numerous small loans, often set a minimal loan amount. But then individuals with little or no income are left with no way to obtain the small loan that would enable them to open a small business and rise to a higher income level.

Mughal and Franklin were introduced by a mutual colleague. "There was a clear synergy," Mughal tells *The Report* in a phone conversation from London. "When we met up and talked about getting a fund set up with an interest-free basis that helped both Muslims and Jews, I jumped at the chance."

The group is currently composed of four trustees, two Muslims and two members of the Orthodox Jewish community in London. "We thought of interest-free microfinancing because it has parallels in both the *halakha* and *shari'a* [Islamic law]," explains Franklin. Mughal tells *The Report* that "since it is interest-free and since the program actively takes an interest in assisting entrepreneurs through training – to make business-

es work and succeed, it fits into Islamic finance principles. If necessary – and the organizers anticipate that it will not be necessary – loan repayment will be enforced by either the Jewish religious courts (the Beit Din) or by the elders of the Muslim community.

Jerusalem, says Franklin, was the obvious choice for a pilot because of its significance for both Muslims and Jews. The program concentrates on women, he explains, because “they are an underserved community, and because we believe that they can make a change.” Indeed, experience in countries such as India and Bangladesh shows that microfinancing ventures tend to have the most impact when the loans are granted to women – not only are women far less likely to default on loans than men, but their business success becomes the catalyst for broader changes. And since the task of raising children usually falls on women, improving the incomes of women has further beneficial effects on young children.

JIMF PROJECT IS CURRENTLY IN ITS FIRST STAGE. IN THE second stage, the participants will be expected to compose detailed business plans, after which they will be eligible to receive interest-free loans of up to \$5000 per business, to be repaid over three years. The program currently has a capitalization of \$200,000 from donations. The founders hope to raise enough money to be able to disburse over \$500,000 annually.

“The money is being given as a loan and not an outright grant, primarily to ensure that all parties relate to the project as a serious business effort,” explains Anat Slyper, head of special projects at MATI, the Jerusalem Business Development Center, a non-profit group that is implementing the project in West Jerusalem. “If the businesses receiving the loans are successful, they will return the money in full and it will be available for reuse.”

“Our biggest concern is that we don’t simply provide ‘another hand-out’ – especially in the Palestinian community, where there have been so many handouts on a micro and macro level,” Franklin says. “We want these to be serious business ventures. The women ... have to answer to both business concerns and ethical concerns.”

The participating businesses are mostly retail, although some are service-oriented. They include afternoon care for small children, a second-hand store for clothing for toddlers, a jewelry shop, a graphic design shop, a tax advisory, hair salons, dress design, a counselling and coaching center and a pastry-baking service.

According to Slyper, the microfinance project was in great demand in both East and West Jerusalem. “We had the exhausting task of interviewing hundreds of applicants before selecting the ten participants in the program,” she says. Rima Shehadeh, managing partner at the Freelance Group, the contract group managing the project in East Jerusalem, reports that they chose 10 participants from over 50 applicants.

“WOMEN NEED TO GET OUT OF THE HOME AND help themselves,” stresses Abed-Rabbo. “Nothing in life walks up to you – you’ve got to go get it. Learning should never stop.”

Abed-Rabbo, who is in her late 30s (“revealing my age is a line I do not cross,” she insists), certainly looks the part of the self-starting entrepreneur. Dressed in a smart head-scarf, she is energetic and feisty, with sharp intelligence and a bright smile. “I thrive on competition,” she says.

Born in Jordan, with family roots in Nablus, Abed-Rabbo holds a BA and an MA in English language and English instruction from A-Najah University in Nablus. She married young to a man from East Jerusalem and came to live in Jerusalem. Her excellent English comes from her studies as well as a year that she and her husband lived in Miami, Florida,

where he went to complete a business degree. Ever curious, Abed-Rabbo travelled to twenty-five states in the United States in one year, eager to learn as much as she could about America.

Although not raised in an observant family, Abed-Rabbo has developed a deep faith in Islam, at which she arrived through self-study. “I used my mind to find out about God and the Prophet,” she stresses. “No one told me I had to do it, and I lead a happier life as a result.”

Raising six children ranging in age from early childhood to late teens, Abed-Rabbo’s main employment until recently was as a primary school teacher. Last year she began selling gowns and scarves from her home to supplement her income – and discovered she liked it much more than teaching. Although she still works as a teacher, she devotes increasingly more attention to her shop. With her business still very new, she intends to use the money to expand the range of offerings in the shop.

“One needs to be a bionic woman to do all this,” she says. “That is the kind of person I am. The key to accomplishing everything is precise time management, starting at dawn every day.”

Like many women in her ultra-Orthodox community, Gurwitz, aged 40 and a mother of four, was trained to be a teacher. Yet she says that “deep inside” she knew from the age of 10 that she wanted to be independently employed and have a career related to the fashion industry. A “people-oriented” individual, Gurwitz relishes opportunities for interaction.

She resigned from her teaching jobs when she was a young mother, in order to attain greater independence. Unable to commit to full-time studies in fashion design, she learned how to design dresses and children’s clothes in a series of on-the-job apprentice positions. She dreams of opening a dress-design shop or a chain of clothing stores, but, thinking that jewelry provided more immediate access into the fashion industry, she opened a jewelry store five years ago in an ultra-Orthodox neighborhood.

But the store saw only limited success and business consultants recommended that she change the location. The move required a large investment; last year, Gurwitz moved to her current location.

Gurwitz’s husband, an immigrant from the United States, is an expert on laboratory identification of *shatnez* – fabric containing both wool and linen, which is religiously forbidden to wear. But, according to Gurwitz, the *shatnez* lab workers in Israel considered her husband to be an ‘outsider’ to their industry, and shut him out of most of the jobs. He is now, at age 47, considering re-training for another career. The loan from JIMF, she says, is not the most important element in her participation in the program. “What I get most from participation is learning from others,” she says. “Learning to avoid mistakes in business is worth money, too.”

JIMF IS THE FIRST MICROFINANCING EFFORT IN THE region offered simultaneously to both Jewish and Arab women. While the project seemed straightforward to Franklin, Mughal and their group in London, it has taken them five years to establish the program, obtain the initial funding, and find the right partners in Israel.

The program in Israel is headed by Jafar Saddah, a Jerusalem-based lawyer, who previously worked as acting director of Start-Up Jerusalem, a non-profit organization devoted to increasing tourism and business in Jerusalem, founded, in 2004, by then-city councilman and current mayor, Nir Barkat. To implement the project, MATI and the Freelance Group, both of which have extensive business advisory experience in Jerusalem, were hired as contractors to implement the pilot program in West and East Jerusalem respectively.

The selection of independent groups to serve as the main contractors was deliberate. Palestinian leadership does not recognize Israeli sovereignty over East Jerusalem, which they regard as occupied territory. The

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Palestinian population has not participated in municipal elections in Jerusalem since the 1967 war extended Israeli authority to East Jerusalem, and they by and large avoid activities that would imply "normalization" or "legitimization" of Israeli control of the eastern part of the city. "The municipality is not involved, beyond its legal and regulatory functions," says Franklin. "We didn't want to be suspected of bringing in 'normalization' through the back door."

There are also elements of the ultra-Orthodox Jewish community who dispute the legitimacy and authority of the State of Israel. "We must be extra careful to show that our enterprise is part of their community and that we are sensitive to their norms," Franklin explains.

Noting that JIMF has encountered some objections from both Jews and Muslims to donations going to help members of the other faith, Mughal says, "There are many people on both sides who want to drive a wedge between both communities. These individuals will not set the ground rules for our future relations nor will they set the narratives for both faith communities. What we need are level heads and the drive and determination to overcome those who put up barriers."

ALTHOUGH THE PROGRAMS ON BOTH SIDES OF THE East-West divide are ostensibly similar, they must take into account the economic gaps between the two communities. The number of people below the poverty line in Jerusalem, for example, is 28 percent among the Jews and 68 percent among the Arabs. The participants in West Jerusalem rate the weekly sessions as of equal importance to the money the program is slated to loan them, while those in East Jerusalem say they are anxious to receive the \$5,000 loans as soon as possible to invest in their businesses.

Gurwitz wants to hear lectures from successful owners of large businesses. "Ideally, any investor in my business will also provide me with advice, because avoiding mistakes is worth money in itself," she says. "If I can, with heaven's help, become successful in business, I will mentor others – I would regard it as my responsibility."

In contrast, Abed-Rabbo, when asked what she would like to see more of in the program, says "more loans."

Nearly all the women from these very traditional communities were trained to be school teachers and reveal that they always felt a pull towards the independence of being self-employed. And on both sides, the participants have turned the weekly sessions into a support-group styled meeting, discovering that they could learn as much from each other as they could from a lecture. They pitch in to assist one another, advertising their colleagues' businesses and referring customers to them.

"The training lectures are focused on real-life problems and problem-solving," says Gurwitz. "We all realize that we are not alone facing them, and we learn an enormous amount from each other. Those with more experience help newcomers. Even the veterans learn from the others. This could turn into a movement for assisting small and medium business owners."

Along with investment and learning, Gurwitz lists a third major ingredient in business success: a supportive family. Her comments are echoed almost word for word by the women in East Jerusalem. "At their meetings, each woman presents problems she is facing, and gets advice from the others," says Aisha Mouthaffar, a 47-year-old mother of four, who is also a participant in the microfinance program as a clothing-shop owner. "We also buy from each other, to boost our incomes. But without my husband's help and support, I couldn't do it."

"I started a small revolution," chimes in Abed-Rabbo with an impish smile. "The sad truth is that many women do not receive support from their husbands, and this is an impediment. So I have talked about the program to everyone I have come into contact with, and a lot of women are now telling their husbands that they insist on having the opportunity to go into business."

Women on both sides of the divide all say that attitudes towards women in the workforce have changed considerably in recent years. But despite a new openness to women working, it will take time for the phenomenon to become widespread in traditional-

oriented Arab society, says JIMF director Saddah. He notes that the workforce participation of women in the Arab sector remains at an extremely low 10 percent. In the Orthodox and ultra-Orthodox Jewish sector, the figure is a higher 45 percent, but this is still low compared to the general population in Israel, where the figure is 55 percent.

Over several generations, the ultra-Orthodox sector in Israel has seen a reversal of traditional gender roles. Because men in ultra-Orthodox

Jewish communities are almost universally expected to devote virtually all their adult lives to the study of religious texts, the burden of providing an income for the family increasingly falls on women, who at the same time are expected to tend the home and raise the children. And because, even in the ultra-Orthodox community with its many children, not all of the women can be teachers – there is an increasing acceptance of women working as "tough-minded businesswomen," according to Gurwitz.

DESPITE THE HOPES EXPRESSED BY THE FOUNDERS OF JIMF that the program will contribute to understanding between Jews and Arabs, to date, the two groups have had little to no contact at all. "There is some resistance to overly open cooperation at this time," says Slyper. "We even had difficulty getting Arabic-language journalists to cover the press conference announcing the opening of the project [due to concern that it would be perceived as contributing to normalization]."

"We have not yet started to work across the groups," adds Franklin. "We want to build credibility for our programs in each community, and there is such wariness of joint programs. We hope that there will be interaction across the groups and between the gaps, but that is not our first objective."

The participants themselves express no such objections. "We are actually quite curious to meet them [the participants in West Jerusalem]," says Abed-Rabbo. Her words are seconded by Mouthaffar, who says, "We'd like to get to know them, to see what similarities and differences there are between us."

Franklin hopes that JIMF, if successful, can expand to work with similar micro-loan initiatives throughout the region. Microfinancing projects throughout the world have shown that financial mechanisms can promote social causes, and JIMF aims for no less. "An Orthodox Jew or a Muslim or anyone without hope and opportunity can learn to hate easily," says Mughal. "I am sick and tired of both communities looking through the prism of distrust at each other. This program can help to bring down these barriers. Both of our futures are linked and within that we should respect our common future, our shared histories and our human rights."

"I usually don't like to talk about politics," says Abed-Rabbo. "I prefer to concentrate on personal relations and business. But I certainly do believe that, yes, a program, such as this one, that improves economic opportunities and contacts can contribute to the peace process." ●

'Dignity lifts people from despair and lack of hope and both of these elements are key drivers of hate and radicalization'

– Fiyaz Mughal