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## Philanthropy in Israel 2008 – A Status Report

Philanthropy – literally meaning a "love of humankind" – is manifested primarily in donations of material assistance from private sources to needy persons, organizations or public institutions (Levin and Bergman, 1977). In essence it reflects a **concern for our fellow man**, which is expressed in the voluntary giving or dedication of material goods and resources for the benefit of others (Shai, Lazar, Duchin and Gidron, 1999).

It is only in recent years<sup>1</sup> that the concept of philanthropy has taken shape in Israel, though in that short time it has gained considerable momentum. The surge in the number of affluent Israelis who can, and want, to ally themselves to various causes, combined with government social policies, have led, in just 10 years, to the creation of a new and active base for philanthropic activity.<sup>2</sup> However, unlike other places where philanthropy has a long and rich history (the US, in particular), in Israel the field is still very much in its infancy. Despite an increased readiness to make philanthropic investments, the information, knowledge and tools necessary for effective investment are still lacking in Israel. This highlights the need and importance for coordinated, planned, long-term collaborative activity in the field.

This document presents **Israel's philanthropic map as of 2008**.

- It highlights the **key players** and discusses the main trends and influences that characterize contemporary philanthropy in Israel. It should be noted that the focus here is on **private philanthropy** as there are no up-to-date data on the scope of these activities in Israel<sup>3</sup>; we are currently conducting a study to address this area (scheduled for publication in late 2008).
- It outlines the relevant basic **concepts** and offers examples to illustrate them. Categorization by its very nature relies on generalizations; however, the definitions and examples presented here are not necessarily excluded from one category because they have been included in another.
- This paper also points to anticipated trends for the near future.

<sup>1</sup> "Businesses and New Philanthropy in Israeli," Shimoni, 2008.

<sup>2</sup> "The Philanthropic Era? The Israeli Case," Silver, 2008.

<sup>3</sup> This document does not address the much-welcomed financial donations and the numerous hours of volunteer work contributed by the general public.

## The Israeli Philanthropic Arena – Concepts & Major Players

### 1. Funds

#### 2. Modes of Operation<sup>4</sup>

a) **Private philanthropy** – usually funded from the personal financial resources of the social investor

b) **Corporate philanthropy** – funded from a corporation's capital resources

#### 3. Philanthropy-Promoting Organizations

a) **Umbrella organizations** coordinate activities and often resources pertaining to philanthropists and other professionals in the field

b) **Infrastructure organizations** are concerned with the development of databases, fostering innovation and generally reinforcing the field

c) **Advisory organizations** provide philanthropists and fund managers with guidance and advice

#### 4. Academic Research on Philanthropy

a) Academic research institutes and designated study programs

b) Researchers and experts in the field

### 1. Funds

The concept **fund** refers to a non-governmental non-profit organization (NPO) with financial assets, which is privately owned and administered by trustees and directors, and is intended to serve public interests (Smith, 1999). Resources made available by funds are a unique type of donation; they tend to be long-term and institutional, unlike regular donations (Rudich, 2007). They may or may not include an endowment.

The term **fund** refers to an asset that is privately-owned by an individual or corporation, whose owners make it available for the purpose of achieving a publicly beneficial objective that it has defined. The fund may be used for the benefit of individuals or entities but, unlike other organizations in the third sector, it is not involved in the supply of services or in advocacy (Gidron, Shlanger and Allon, 2007).

It is important to differentiate between the terms "fund" and "organization." Many organizations in the third sector incorporate "fund" in their names even though most of their capital is sourced from outside the organization and/or they run programs and offer services for which they raise the money.

<sup>4</sup>For data about the scope of corporate philanthropy in Israel, see the Maala Index | (<http://www.maala.org.il/eng/tools/index/01/default.asp?ContentID=338>).

One can differentiate between two different types of funds:

- a) Those that are financed primarily by the philanthropist/s who set it up. This type of fund is relatively independent and may function as such or in conjunction with other foundations and NPOs.
- b) Those that raise most of their capital through private, commercial or public channels such as:
  - Friendship associations – for example, Friends of the Israeli Opera
  - Public funds – for example, the National Insurance Institute's Fund for Children & Youth
  - Municipal–public funds – for example, the Jerusalem Foundation
  - Municipal–community funds – for example, the Tirat Carmel Community Foundation.

In Israel, there are still very few funds of the first type although in recent years the amount of capital accumulated by individual and family funds has increased considerably. Professionally, fund managers face a number of challenges, including experience and expertise, transparency and the ability to develop dialogue and cooperation with other funds and players in the local and international sectors. It should be noted that, because the idea of the "NPO fund" is new in Israel, the entities that call themselves "funds" may in fact be NPOs companies aimed at benefiting the public, endowments, foundations registered overseas or that are financed by independent donors (with no affiliation). The "NPO fund" concept is currently being reviewed in a public hearing in Israel in advance of a government decision or legislation on the subject.

## 2. Modes of Operation

### a) Private Philanthropy

Private philanthropy, which provides the social investor with the means to make use of his/her personal capital, has been a common practice since the beginning of renewed Jewish settlement in Eretz Yisrael. The best-known philanthropists of that time are Sir Moses Montefiore, Baron Rothschild, and Baron Hirsch. The appearance on the scene of Israeli philanthropists who invest considerable capital based on their strategic vision and worldview is a relatively new phenomenon.

Mapping this modern Israeli philanthropy shows that it occurs in a number of different ways:

**- Contributions may be made directly to NPOs or foundations, without the need for professional intermediaries (Check Book Philanthropy):**

- Systematic and methodical contributions – for example, a philanthropist who regularly donates to a specific NPO or fund
- A random one-time contribution – for example, a philanthropist who makes a chance donation to different organizations in response to a direct approach from those organizations' representatives

**- Setting up or joining an NPO to fund and operate programs in a specific field:**

- By an individual philanthropist – for example, Avi Naor and the *Or Yarok* road safety organization
- By a number of philanthropists – for example, Benny Levin and partners and the Israel Venture Network (IVN)

**- Establishing a family foundation, private fund or community foundation\*:**

- By an individual philanthropist – for example, the Gandyr Foundation established by Yehudit Yovel-Recanati
- By a number of philanthropists – for example, the Cleveland Community Foundation (which still has no parallel in Israeli society).

b) Corporate Philanthropy

Funds for corporate philanthropy come from capital made available by a commercial entity. The scope of content is very broad and will receive here only brief mention.

Companies involved in corporate philanthropy have adopted the term "social responsibility" in lieu of "donation," which today usually refers to personal contributions made by corporate employees who donate time and/or money.

In the last ten years, corporate philanthropy has become widespread and is usually based on one of two main models:

- **Social investments made directly by a corporation:** these investments are usually implemented through the Community Relations Department or the Social Responsibility Department, which are found in most large corporations today; or

- **Social investments made by a corporation through an NPO or a corporate foundation** – for example, investments made through the NPO *Aleh* (Amdocs Employees Benefit the Community) set up by the Amdocs Corporation.

Corporate philanthropy usually refers to three different types of resources:

- Time** – hours spent in volunteer work by the corporate employees,
- Money** – grants distributed by the corporation, and
- Distribution of products or services** – in the corporation's specialist area,

### 3. Philanthropy-Promoting Organizations

a) Umbrella and affiliate Organizations – incorporating philanthropists and other professionals in the field

Israeli organizations:

- 1) **Israel Foundations Forum** – fund managers and professionals from local and foreign foundations operating and cooperating in Israel
- 2) **Federation Representatives Forum** – a forum of North American Federation Representatives operating in Israel.

International organizations:

- i) **UJC** – the United Jewish Communities of North America and Canada
- ii) **Keren Hayesod** – the United Israel Appeal
- iii) **JFN** – the Jewish Funders Network.

b) Infrastructure Organizations – these are concerned with database development, knowledge gathering, fostering innovation and reinforcing the field

- 1) **Maala** – a "non-profit membership organization"; the leading professional resource in Israel for businesses generating change in areas of corporate social responsibility
- 2) **Matan** – specializes in advising corporations, individual donors and foundations on effective community investments and implementation
- 3) **Zionut 2000 (Aleh** – Hebrew acronym for Business for the Community) – this organization specializes in fostering a sense of social responsibility within Israel's business sector and creating dialogue between that sector and the general community

4) **Elka** – established by the Joint Distribution Committee (JDC); the Volunteer and Philanthropy Division, which works alongside Elka, develops models to promote volunteerism in general and in particular to advance volunteer leadership, as well as to increase the level of cooperation between the business sector and the public and community sectors

5) **The New Israel Fund** – advances social initiatives and empowers social leaders, such as the founders of the Israel Venture Network (IVN)

6) **The Jewish Agency** – founded the Spirit of Israel, which operates in Israel to raise funds in the public and business sectors

7) **Sheatufim–The Israel Center for Civil Society** – the Center for Philanthropy at Sheatufim promotes effective and meaningful philanthropy in Israel.

c) Advisory Organizations – providing philanthropists and fund managers with guidance and advice

1) **Non-Profit Organizations** – such as IPA and Midot

2) **Profitable Organizations** – These include consultants and departments that focus on social investment, the development of community relations, and the development of inter-generational investments; they may be found in major banks (primarily overseas), advertising firms, large law and accounting firms, and so on.

#### 4. Academic Research

The rapid developments and profound changes occurring in the philanthropic arena have underscored the dearth of research and researchers specializing in aspects of modern philanthropy and the interfaces that it creates. This shortage has led a number of foundations to encourage universities to establish departments designated for the study of this field.

a) Universities with designated academic centers

1) **Ben-Gurion University of the Negev** – the Israeli Center for Third Sector Research, headed by Prof. Benny Gidron

2) **Hebrew University of Jerusalem** – the Center for the Study of Philanthropy in Israel, headed by Prof. Hillel Schmid, and an MA program in Community Leadership and Philanthropy Studies

3) **Tel Aviv University** – BRM Institute of Technology and Society, headed by Prof. Asher Tishler.

b) Researchers and Experts

1) **Tel Aviv University** – the Department of Sociology and Anthropology: Prof. Ronen Shamir

2) **Bar-Ilan University** – the Department of Sociology and Anthropology: Dr. Ilana Silver and Dr. Baruch Shimoni

## Philanthropic Organizations Operating in Israel

The following diagram outlines the various organizations' main areas of activities. However, it should be noted that most of them also operate, at a less intensive level, in other areas.

Private Philanthropy		Corporate Philanthropy		
Investors	Infrastructure Organizations	Investors	Infrastructure Organizations	
<ul style="list-style-type: none"> <li>– Israeli Foundations</li> <li>– Independent Donors</li> <li>– Friendship Associations</li> </ul>	<ul style="list-style-type: none"> <li>Elka,</li> <li>Sheatufim,</li> <li>New Israel Fund</li> </ul>	<ul style="list-style-type: none"> <li>– Cash Donations &amp; Equivalent</li> <li>– Employees &amp; Volunteers</li> <li>– Company Foundations</li> </ul>	<ul style="list-style-type: none"> <li>Maala, Matan,</li> <li>Zionut 2000</li> </ul>	<b>Israel</b>
<ul style="list-style-type: none"> <li>– Federations</li> <li>– Foreign Foundations</li> <li>– Independent Donors</li> <li>– Friendship Associations</li> </ul>	<ul style="list-style-type: none"> <li>Jewish Agency,</li> <li>UJC, JFN,</li> <li>Joint</li> </ul>	<ul style="list-style-type: none"> <li>– Foreign Companies Donating to Israel</li> </ul>	<ul style="list-style-type: none"> <li>Broad Arena</li> </ul>	<b>Overseas</b>
<b>Academic Research in Israel and Overseas</b>				

## Anticipated Trends in Private Philanthropy

An analysis of studies that examined the development trends of foreign foundations and Israeli philanthropy to date (Gidron, Silver, Shimoni), together with interviews with philanthropists and other professionals working in this field, provided the basis for these predictions and recommendation.



- **Role Perception:** More Israeli philanthropists will become involved in strengthening the civil society and developing social innovations and will be less involved in propping up the public sector.
- **Funding Targets:** More philanthropists will fund different types of social change organizations while also emphasizing the importance of environmental protection and the relationship between the center of the country and periphery.
- **Funding Strategy:** It is anticipated that philanthropists will break away from the traditional areas and forms of funding, such as providing grants, and will shift more towards support for NPOs, creating philanthropic coalitions and joint investments in research and evaluation.
- **Scope of Investment:** Israeli social and strategic investments are expected to grow alongside increased investment support activity and research in the field. It is not expected that contributions will be viewed as a percentage of the philanthropist's capital. (According to the 2008 Maala Index: "It appears that companies in the Israeli market set the amount to be donated as an absolute sum and do not base it on their profits".)
- **Relationship with the Government:** The dialogue with the State about investment leverage will be expanded to ensure that investments are properly integrated into the system and to facilitate long-term change immaterial of which government is in power.
- **Professionalism:** The field of private philanthropy will become an independent profession based on reciprocal relationships with parallel spheres in other parts of the world.
- **Public Awareness:** A lively debate will evolve about the role of philanthropic funds in society, including shared and conflicting interests.

## Conclusion

Philanthropy as a strategic social investment is characteristic of the organizations listed in this paper, but has still not been adopted by wider circles in Israeli society. Awareness has grown considerably of late and there is a clear, albeit gradual, increase in investments, budget allocations and activities aimed at local philanthropic targets. The challenge facing those working in the field is to create a whole that is greater than the sum of all its parts. To move towards this objective, there is a need

first and foremost for research of the field. In practice, reliable data about the scope of the topic under discussion in this paper are lacking, whether concerning resources invested, human capital, or operative and advisory organizations in the second and third sectors. Nor are data available about philanthropy in specific sectors, such as the ultra-orthodox, the Russian and the Arab communities.

Until such research is conducted, it will be difficult to estimate the true impact of philanthropy in Israel. As noted above, a working paper on this subject is currently being written and is due for publication in late 2008. We will be happy to share new findings with you as they become available.

This document was prepared by the staff of the Center for Philanthropy at Sheatufim as part of our mission to promote social investments in Israel. It is also available, in English and Hebrew, via our web site: <http://www.sheatufim.org.il/page-en.asp?pid=23>.