

"Treat a Penny Like a Fortune?"

or

Ten Trends in Private Philanthropy in Israel - 2011¹

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The social protest generated a discourse regarding the State of Israel's social-economic agenda. In this context, the hidden forces that are at work in the web of relationships which exist between the government, the private sector and the third sector also surfaced, with the citizens positioned in the middle. The following is a summary of 2011 presented against the backdrop of this discourse and as seen through the eyes of a professional who accompanies private philanthropic activity in Israel. The experience and knowledge we have gained at Sheatufim, based on our work with philanthropists and with people of wealth who have the potential to become philanthropists, are the basis of this analysis. The ten major trends that we identified relating to private philanthropy - contributions of time and private wealth by affluent Israelis – are presented below.

Six Trends Relating to Israeli Philanthropists:

1. **A change in the philanthropist's profile:** At present, Israel is the only country in the Western world where the majority of philanthropic capital originates in foreign money². Israel's social agenda is shaped more by donations made by Jews who do not live here, than those who do³. This year, for the first time, it was possible to see more local

¹ To gain a perspective on the content of this document, please refer to last year's position paper pertaining to 2010: "Private Philanthropy in Israel – 2010, Razy-Oren, October 2010.

<http://www.sheatufim.org.il/website/modules/Database/PoolItemPage.aspx?PoolItemType=2&PoolItemID=423>

² Although Israel is ranked only in ninth place on the list of countries which receive charitable contributions from the U.S., all the countries which are ranked higher are located in Europe and serve as a way station for money en route to Third World countries. The contributions that reach Israel from the U.S. and Europe are intended to remain here. Based on: A Survey of Philanthropic Foundations and Funding Bodies in Israel: Brenner, Nava, Hazan Osnat, Rudich-Cohen Avishag, and Schmid Hillel. October 2010.

<http://www.sw.huji.ac.il/research.asp?cat=401&in=342>

³ The scope of charitable contributions from abroad is at a ratio of 2:3 compared to local donations. Refer to Slide 3 of the Center for the Study of Philanthropy Data:

<http://sheatufim.org.il/website/Modules/Database/PoolItemPage.aspx?PoolItemType=2&PoolItemID=468>

philanthropists who are openly seeking to change this reality: long-standing philanthropists who are stepping forward and voicing their position on the importance of private Israeli philanthropy, despite the public price they pay for doing so. In a reality where public criticism of private philanthropic activity is considerable - often justifiably - philanthropists who conduct themselves differently, by embracing personal responsibility and exhibiting a long-term approach to society's needs, are viewed with cynicism and suspicion. Coupled with this development, one can see ever-growing evidence of the existence of a "next generation" – young adults who come from high net worth families and choose to join the community of local philanthropists. Although the increase in their ranks is still limited and has little social resonance, it is possible to identify a positive trend⁴.

2. Recognition of the added value inherent in forging collaborations and coalitions:

Alongside the Israeli philanthropists who are 'stepping forward' in terms of their activities and involvement, another welcome development is evolving which entails the forging of collaborations around shared goals, between private philanthropists , and between private philanthropists and government ministries, local authorities, and nonprofit organizations. In view of the tremendous challenges faced by civil society, and after learning from past successes and failures of other philanthropists⁵, a growing number of them are exploring the possibility of working collaboratively or even as coalitions – where the obvious price they pay is waiving independence and managerial freedom, but they gain clear benefits in the form of leveraging influence and an opportunity to generate long-term changes. Examples of collaboration between philanthropists is the The Shahaf Foundation founded by Avi Naor which promotes youth communities in Israel's periphery, and the Opportunity Fund which seeks to promote civic service, among its founders is the

⁴ Among the new, recently established philanthropic projects, one can mention projects such as the [Social Investors Impact Group](#), the Second Generation Program, the Effective Social Investor Award, Midot Trustees, the "My Contribution" column in *Yediot Ahranoth*, the participation of philanthropists in seminars and conferences, and a host of other examples associated with the regular activities of organizations such as JDC, Midot, Matan, Round-Up, Sheatufim, IVN and JFN Israel, which testify to this in practice.

⁵ Interrelations Between Philanthropic Foundations and the Government in the Development of Social Initiatives, Michal Almog-Bar and Ester Zychlinski, July 2010.

<http://www.sheatufim.org.il/website/Modules/Database/PoolItemPage.aspx?PoolItemType=2&PoolItemID=406>

Gandyr Foundation (Gandyr is a family foundation founded by Yehudit Yovel Recanati). Coalitions in the fields of education and coexistence that were initiated by Dov Lautman involve multiple cross-sector partners. Another example can be found in the collaboration existing between foundations and a corporation that aims to promote persons with disabilities in Israel, facilitated by JFN. These and other examples testify to the emergence of a positive trend.

3. **Status quo in the matter of transparency:** Only approximately ten Israeli philanthropists have chosen to publicly announce which social causes they are committed to and how one can approach them in order to receive funding in the form of single or multiple year grants⁶. Most of them have also started family foundations that present a vision and defined mission, which is commonplace in other parts of the world and even constitutes a threshold condition for the development of an active and pluralistic civil society. There are other Israelis who donate money according to a predefined investment policy, but choose not to become accessible to the public. In the world of Israeli philanthropy, like in other spheres, those who have insider access and know the ropes, are the ones who receive the donations. And those who do not – remain outside the circle. First and foremost, the primary losers are the philanthropists themselves because they are not exposed to impressive and diverse programs and also fail to maximize the advantages inherent in family philanthropy. As expected, civil society loses out as well.

4. **Stagnation in (the absence of) the culture of giving:** Although values such as volunteerism and mutual responsibility, anonymous giving and contribution were founding principles of Israeli society and are shared by the three religions in the country, in recent decades we are still witnessing limited activity on the part of high net worth Israelis who are committed to making annual donations exceeding NIS 100,000⁷; and if they do donate –

⁶ Foundations started by Israelis in the last 20 years which are accessible to the public on the Internet: [Oran](#), [Arison](#), [Gandyr](#), [Dualis](#), [Yahel](#), [Lautman](#), [Meitar](#), [Nadav](#) and [Steinmetz](#). An "Israeli foundation" means that decisions regarding the allocation of grants are made by a family or individuals in Israel, and the source of the money is from business activity conducted in Israel. Alongside these foundations, there are hundreds of other foundations active in Israel whose source of capital and decision-making hubs are located abroad.

⁷ We define private philanthropy of a wealthy individual as a contribution of time and money deriving from his/her personal wealth, amounting to at least NIS 100,000 per year.

they contribute their valuable time⁸. Involvement that combines a contribution of time and money, considerable in scope and intended for social causes, is still not perceived as the prevailing culture. Small donations to gala fundraisers and to friends associations are not an alternative to a deep-rooted culture of charitable giving among people of wealth, and in Israeli society in general.

5. **Professional development of the discipline:** Few Israelis choose to utilize the services provided by professionals in order to manage their social investments, nor do they approach consultants who have expertise in this field. Nonetheless, the few professionals who are engaged in this area are changing it. They are undergoing professionalization and are further developing the praxis and methodologies⁹. One can now find social organizations¹⁰ that extend professional services to wealthy individuals who wish to receive them, and these organizations are developing relevant know-how and tools.

6. **Limited trust in social organizations:** Items have often appeared in the press about philanthropists who feel they have been deceived, coupled with reports of indignation stemming from the "huge salaries" paid in the third sector and criticism of wasteful and ineffective management practices found at nonprofit organizations. At best, most of these items describe atypical cases which are not indicative of the rule; and, at worst, they are gross exaggerations which would not be substantiated were they examined in depth. Nevertheless, many affluent individuals still choose to latch on to these 'excuses' in order to justify their decision not to make any significant contributions¹¹, something that was witnessed this year as well.

Four Trends Relating to Philanthropy within the Israeli Reality

⁸ Refer to Slide 5 of the Center for the Study of Philanthropy 2012 Data: <http://sheatufim.org.il/website/Modules/Database/PoolItemPage.aspx?PoolItemType=2&PoolItemID=468>.

⁹ See the Toolbox for Directors of Grant Providing Foundations in Israel: <http://www.sheatufim.org.il/philanthropy/toolbox-index.aspx>

¹⁰ See: <http://www.sheatufim.org.il/philanthropy/programs.aspx>

¹¹ "A Negative Image of Nonprofits in Israel Keeps Many Donors Away". In: *Characteristics of Israeli Philanthropy in the 21st Century: Motives and Barriers to Giving, Dilemmas, Challenges and Future Directions*, Prof. Hillel Schmid. http://www.sheatufim.org.il/multimedia/upl_doc/doc_030811_28149.pdf

1. **The social protest created a new language (also) in the sphere of philanthropy:** A discourse emerged that promotes 'lifting the veil' between the way philanthropists conduct themselves in the third sector and in civil society, where they encourage responsibility, leadership, and long-term planning and extend assistance to disadvantaged groups and build supportive networks for them, and the way the very same people of wealth conduct themselves in the corporate world – where they generate their capital which in turn funds their philanthropic activities. Against the backdrop of this new reality, there was an expectation that philanthropists would integrate the aspiration for social justice which many of them espouse in their social undertakings in their business dealings as well - thereby creating broader values shared by the philanthropists and society.

2. **Limited governmental activity that does not facilitate the expansion of philanthropy:** There are a growing number of countries worldwide whose governments understand that promoting and expanding philanthropy is a national objective. Steps that have been taken in Britain and the United States can serve as an inspirational model¹². Among others, they propose long-term planning related to charitable giving, appropriate budgets, and even formulate national plans that include clear measures of success. In Israel, although a series of discussions took place as part of the "Inter-Sector Round Table" initiated by the Prime Minister's Office¹³, which led to legislative amendments and a bill that would for the first time formalize the establishment of foundations in Israel, an all-embracing government policy has not yet been developed like in the U.K. Its absence is particularly conspicuous in view of the great need that exists.

3. **A lack of data regarding the scope of philanthropy:** There is no one authoritative source in Israel which can present the development and extent of private and corporate philanthropy, not even in the past ten years. There is no comprehensive information

¹² Position paper – Building a Culture of Giving in the UK, June 2011.

<http://www.sheatufim.org.il/website/modules/Database/PoolItemPage.aspx?PoolItemType=2&PoolItemID=442>
 Growing Philanthropy in the United States, Adrian Sargeant and Jen Shang, October 2011.

<http://www.sheatufim.org.il/website/modules/Database/PoolItemPage.aspx?PoolItemType=2&PoolItemID=462>

¹³ See: the newsletter summarizing the seventh meeting of the Inter-Sector Round Table, May 2011.

<http://www.pmo.gov.il/NR/rdonlyres/B217EECC-629B-4AC8-BDC6-2FE1D88F82CA/0/IGERET170511.PDF>

regarding the scope of charitable giving or its internal breakdown according to areas of investment and the target populations who receive the donations. The result: an entire sector, which could have a potential impact on civil society and on the gamut of spheres of life and populations in Israel, continues to operate in the dark. Without access to data and trends that arise from their endeavors, it is difficult to take action to bring about change¹⁴.

- 4. A scarcity of philanthropy-related tools and skills among directors of nonprofit organizations and resource developers:** Thousands of nonprofit organizations do professional and high quality work that generates social impact. Their directors, as well as the development professionals who work alongside them, often lack basic knowledge that can help them forge, maintain and enhance the ties with Israeli philanthropists. Accordingly, opposite the few people of wealth who have already expressed a desire to make a contribution, there is a large group of professionals who lack the knowledge and skills to accompany them in a friendly and professional manner that is also contribution effective, or they are unavailable due to the host of other tasks that take up their schedule – and all this is part of the intricate reality of the Israeli third sector which is fighting to survive.

In conclusion: A complex state of affairs emerges from this analysis; however one can also see changing trends and positive developments in many areas. Significant challenges still exist, however, in other areas that we identified as being critical to an analysis of the situation. If suitable policies are formulated and if the proper resources are invested, in next year's summary we should be able to see that important change has taken place in those areas. The responsibility falls on the people engaged in this field. If we act and take action, a positive change will occur in Israeli philanthropy and it will have multiple positive effects on many other aspects of our lives as well.

¹⁴ "In Israel there is no comprehensive database that estimates total donations made by the private sector - individuals and companies – to third sector organizations." *About Contributions and Tax Benefits and Everything Between: Individual and Corporate Donations to Nonprofit Associations and the Impact of Tax Policy on these Donations*, Osnat Hazan, October 2010.
<http://www.sw.huji.ac.il/upload/osnat.pdf>



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