



The Changing Faces of Global Jewish Philanthropy

**Excerpts from a Report on the
Jewish Funders Network 2008 Conference**

Printed for 2009 Herzliya Conference

**Tevet 5769
December 2008**



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Executive Summary

1. **The 2008 International Jewish Funders Network conference took place in Jerusalem between March 31 and April 3, 2008.** The JFN commissioned the Reut Institute to prepare a report on Global Jewish Philanthropy based on the Conference.
2. **The complete report has three parts: Part I** provides a snapshot of the major trends in Jewish Philanthropy; **Part II** summarizes the impact of the Conference on its participants; **Part III** focuses on the challenge of forging philanthropic partnerships. This document includes experts from Part I of the complete report and has been reproduced for the Herzliya Conference.

Snapshot of Global Jewish Philanthropy

3. **Jews will suffer disproportionately from the economic crisis, since its root cause is the systemic failure in US financial markets.** There will be fewer financial resources in the short and longer term while basic needs will grow. Moreover, breakdown of trust will raise 'transaction costs' of managing philanthropic foundations and nonprofits and new regulation will have to be introduced. In the long term, tectonic political shifts are likely with profound implications for the philanthropic world.
4. **'Flat World Philanthropy'** – Many of the characteristics of the globalized 'flat world' – such as openness, transparency, mobility, interconnectedness, decentralization and a 'winners-take-all' mentality – have affected the world of philanthropy.
5. **Moreover, we are seeing a shift from 'Charity' to 'Strategic Philanthropy'** in which philanthropists go beyond financial support to hands-on involvement in the organizations that they support.
6. **There is a growing focus on philanthropic impact** – While most nonprofits and philanthropists claim to have 'high-impact' strategies, the entire community is grappling with the meaning of 'impact' and its assessment. The concept of high-impact philanthropy may focus either on 'efficiency and effectiveness' or on generating 'transformations'.
7. **Gravitation of Israel away from the center** – A heated debate is taking place regarding Israel's place in the Jewish world and Global Jewish Peoplehood. One school asserts that Israel has been and remains the only center of the Jewish world, while the other views Israel as one of a few Jewish centers.
8. **At the same time, Israel is gravitating away from the center of the Jewish world** due to, among other things, the decline in Israel's image, the growth of its economy and alienation among certain factions toward the makeup of its supporters.
9. **Recent years have seen a rise of Israeli philanthropy** and a fresh 'culture of giving' in Israel, which is motivated by social responsibility and patriotism, focuses more on strengthening the social fabric and is driven by widespread Business Social Responsibility.
10. **However, Israeli philanthropy is challenged by** weak tax incentives, weak institutions, and widespread public skepticism and cynicism.
11. **There is clear and powerful potential synergy between Israeli and non-Israeli philanthropists** collaborating on philanthropic projects in Israel: World Jewish philanthropy has a relative abundance of resources, while Israel's 'younger' philanthropists have a nuanced knowledge and understanding of Israeli society.

The Changing Faces of Global Jewish Philanthropy

Introduction

1. **The JFN Conference provided an invaluable opportunity to discuss and frame the evolving nature of Jewish philanthropy**, which is being shaped by powerful and consistent trends. Some of these trends echo parallel patterns in the non-Jewish American philanthropic community.¹
2. **This chapter provides a snapshot of global Jewish philanthropy** based on the deliberations of the Conference and relevant research. These trends can be clustered into four main areas:
 - a. The flattening of the philanthropic world;
 - b. Gravitation of Israel away from the center;
 - c. Rise of Israeli philanthropy; and
 - d. Growing importance of strategic partnerships.
3. **In addition, this chapter offers an initial discussion of the implications of the global economic crisis on Jewish philanthropy which is based on Reut's analysis.** While the economic crisis was *not* a dominant theme of the conference, in the present reality, this report would be incomplete without addressing some of its implications.
4. **The Reut Institute is a nonprofit and non-partisan strategy group** with the mission of sustaining significant and substantive impact on the security and well-being of the State of Israel and the Jewish People.² In the context of this report, Reut was asked to deploy its unique set of tools for strategic analysis in order to provide the JFN with an assessment of the Conference's effects.

Prelude: Effect of the Economic Crisis on Jewish Philanthropy

5. This chapter aims to frame some of the possible effects of the present economic crisis, which may impact or even transform the world of Jewish philanthropy. It is based on analysis by the Reut Institute of events, texts, and statements from the past several months. While the long term implications of the crisis remain unclear, we believe that these may represent weak signs of a number of emerging trends affecting the Jewish world.

6. **Evidently, the current economic crisis is of rare proportions and is likely to have global ideological, political and social implications, which will affect the Jewish people and the State of Israel.**

¹ See Gary Tobin on the 'Americanization of Jewish Philanthropy' in: **The Transition of Communal Values and Behavior in Jewish Philanthropy**, Institute for Jewish and Community Research, San Francisco, 2001, p. 4-6.

² To learn more about the Reut Institute see www.reut-institute.org.

7. **Jews may suffer disproportionately from the economic crisis, since its root cause is the systemic failure in US financial markets.** Finance has traditionally been an industry in which Jews have had disproportionately high representation. Failure of the financial markets not only affects Jewish wealth, but also the stature and esteem of the Jewish community. Frauds such as that of Bernard Madoff exacerbate these trends.³
8. **Hence, Jewish individuals and households, as well as Jewish institutions, are suffering acutely in this crisis.** Initial analysis indicates the following implications:⁴
 - **Fewer financial resources in the short term.** Many members of the above mentioned business communities have amassed extraordinary levels of wealth over the past few years. This prosperity trickled down – through philanthropy – to Jewish and non-Jewish institutions around the world and in Israel. In the wake of the crisis, now there are fewer resources to go around.⁵
 - **The promising future of Jewish philanthropy has been compromised.** It was expected that a massive transfer of wealth would take place in the coming years from 'the second to the third generation' i.e. from the generation that made its fortune during the golden age of the North American Jewish community following the Second World War. This transfer of wealth was expected to benefit many charitable organizations with generous gifts, many of them endowments. Many of these prospects have evaporated. The Madoff scandal only exacerbates the situation.
 - **At the same time, basic needs for tangible assistance will grow.** The crisis in the real economy will send many to joblessness and consequent poverty. Needs for basic services of food, shelter and health care will grow, while resources shrink. The outcome may be a significant gravitation of philanthropy in the direction of tangible assistance to the needy and away from support of 'softer' causes such as art or research.

³ Mark Charendoff, president of JFN: "It's an atomic bomb in the world of Jewish philanthropy; There's going to be fallout from this for years;" Avraham Infeld, President of the Chais Family Foundation: "I don't think there will be a single institution of Jewish life that will go unaffected. Nobody can sit by the side and say 'this will pass.' It's not going to pass."; Jonathan Sarna, Professor of American Jewish History, Brandeis University: "The reduction of billions – not millions but billions – in the Jewish economy means that there is just not going to be enough money to sustain all the institutions and initiatives that have been created." See: ejewishphilanthropy.com, 12/16/08.

⁴ The implications of the economic crisis for the Israeli third sector were also the focus of a recent conference organized by Center for the Study of Philanthropy in Israel (11/16/08). See: Hillel Schmid, **Jewish Philanthropy and the Israeli Third Sector in a Changing Environment**, Center for the Study of Philanthropy in Israel (11/16/08).

⁵ See: Brad A. Greenberg, "Perfect storm for charities – contributions go down and requests go up", **The Jewish Journal**, 18/11/08.

However, it is important to mention that recent research shows that philanthropic contributions are weakly correlated to wars, recessions and other crises. Giving in the United States has increased every year but one (1987) for the past 40 years. See: Bradford Wm. Voigt, **Resilient Philanthropy**, AFP, 9-10/08, 2008.

- **The nonprofit world will consolidate but the menu of options will shrink.** The vehicles that allow philanthropists to 'do good' are effective nonprofits. Many of them will be severely compromised and eventually shut down. Hence, while the nonprofit world consolidates, the menu of options for philanthropic activities available to philanthropists will shrink.
- **A huge transfer of power in institutions is likely.** Those that violated the confidence of others may be shamed and spurned. Those that lost money will lose power. When 'cash is king' those that have cash will take center stage. There will be a political roller coaster in Jewish institutions in the coming months.
- **New 'class struggle' among, volunteers, professionals and funders?** Over the past decades, philanthropists and funders have had very significant power in Jewish institutions and in the organizations they have supported. 'Lay leadership' was often correlated with financial capacity and generosity. In many cases, *Ba'al HaMe'aa* has been *Ba'al HaDe'aa*. Professionals, volunteers and people who had been generous in non-monetary ways have often felt somewhat marginalized and silenced. This crisis may shake this equilibrium.
- **Breakdown of trust will raise 'transaction costs'.** A clear consequence of this crisis is a breakdown of trust toward the financial community and within it. Hence, in the absence of trust, 'transaction costs' of managing philanthropic operations and institutions will increase significantly. In fact, a new code will have to be written and new measures will have to be assumed in order to recreate trust among board members, donors, endowment funds and grantees.
- **Israeli government will be forced to assume a more central role in Israel's public sphere.** In the past decade the Government of Israel has shed many of its responsibilities in areas such as education, immigrant absorption or health. Nonprofits backed by philanthropists have filled this vacuum by assuming responsibility and leadership. One outcome of this crisis may be that the GOI will be forced to assume some of its past responsibilities in these areas.
- **Scarcity of resources will encourage strategic partnerships** – As basic needs grow and resources become scarce, strategic partnerships will become essential in order to address the necessities of the Jewish world.
- **In the long haul: tectonic political shifts are likely but broader political implications are unclear. Jewish philanthropy will be profoundly affected. The question is how.** Economic crises such as this one often lead to ideological transformations, as well as to tectonic shifts in political power within and among nations. The Jewish people have often suffered from such transformations. Furthermore, while it is clear that this crisis will have profound implications on Israel and on the North American Jewish community, it is unclear whether it will prove to be a milestone in their rise or decline. There should be no doubt that it will have significant implications for Jewish philanthropy.

The Flattening of the Philanthropic World

9. In recent years, there has been a significant shift in the way Jewish Philanthropy is perceived and managed. Major trends include:
10. **'Flat World Philanthropy': a free market of ideas, entrepreneurs and philanthropists** – Many of the characteristics of the globalized 'flat world'⁶ – such as openness, transparency, mobility, interconnectedness, decentralization and a 'winners-take-all' mentality – have affected the world of philanthropy. For example, both philanthropists and grant-seekers are exposed to a much wider array of opportunities. Whereas donors have access to many more options for meaningful contributions, grant-seekers also have access to many potential supporters. These new dynamics have brought about a number of fundamental changes in the philanthropic world. These include:
11. **Decentralization of the Jewish philanthropic industry: decline of the 'federation system'** – Jewish philanthropy has traditionally been centered on the leading institutions of the Jewish community. The most important institutions has been known as *Va'ad ha'Kehila* (literally: 'Committee of the Community'), which has served for centuries as the representative of the community as well as a mechanism for collection and allocation of resources for *hesed*. In the USA, this *Va'ad HaKehila* took the form of organizations and institutions such as the UJA Federation or the UJC.

However, in a flat world, neither grantors nor grantees need the intermediary role of *Va'ad HaKehila* to the extent that they did in the past. Nowadays, this process takes place on a direct peer-to-peer basis. Consequently, the fundraising prowess of these organizations is steadily declining.⁷

This process is exacerbated by the rise of family foundations which allow their founders to independently pursue particular philanthropic interests.⁸

12. **In the flat world, business is fundamentally impacting the third sector** – One of the key characteristics of the flat world is the rise of the business community. Hence, it is no surprise that the business world is radically impacting the fundamental layer of philanthropy and nonprofits; i.e. their values, priorities and patterns of conduct, as well as their language.⁹ For example, donations are conceptualized as 'social investments', new nonprofits are 'social start-ups', their

⁶ See: Thomas Friedman, **The World is Flat: A Brief History of the Twenty-first Century**, (Farrar Straus & Giroux, 2005).

⁷ For an overview of the decline of the federations see: Jeffrey Solomon, "Jewish Foundations", **Lecture Series**, Book 4, The Center for the Study of Philanthropy in Israel, Jerusalem, July 2008, p. 3.

⁸ See: Gary Tobin, **Talking Truth about Jewish Federations**, Institute for Jewish and Community Research, San Francisco, 2007.

⁹ Avi Naor in the Conference Opening Plenary: "The philanthropic world has learned that it has to adopt certain aspects of the business world to succeed. For example: Strategic planning, long-term projects, benchmarking, effectiveness and return of investment evaluations, objectives and measurements, exit strategies, flexibility in the face of changing circumstances, reporting and transparency, and more ..."

founders are 'entrepreneurs', and funders look for 'exit strategies' to avoid dependence-like relations between granters and grantees.

However, there is a debate regarding how far this trend should be pursued. Clearly, there are unbridgeable differences between the business world and the third sector such as the absence of true capital markets, different regulation, lower norms of transparency or a fundamentally different bottom line.¹⁰ Hence, adapting business concepts to the world of philanthropy and to the third sector is often challenging.¹¹ Nonetheless, there seems to be consensus that the third sector would greatly benefit from less 'vagueness' and more rigid management practices.¹²

13. **A shift is occurring from 'Charity' to 'Strategic Philanthropy.'** The concept of 'charity' is often considered 'traditional' philanthropy' i.e. giving money with little or no follow-up engagement ('give-away checks'). In the philanthropic 'flat world' there is a shift to the concept of 'strategic philanthropy' which is often used to refer to cases in which philanthropists go beyond financial support to offer hands-on, business-like involvement in the organizations that they support and in the service of the causes they care about.¹³
14. **Furthermore, there is a shift from supporting 'fish' to supporting 'fishing rods.'** Jewish philanthropy is well embedded in the religion, culture and tradition of *Tzedakah* (charity) that sets moral and financial obligations for Jews to help the needy. However, there was no moral obligation to solve their problems. In recent years there has been a focus on providing sustainable remedies to social problems through education, capacity building or designated institutions. Both communal institutions such as Federations and private philanthropists are involved in this transition.
15. **Focus on philanthropic impact** – The concept of 'impact' is currently THE buzzword of the philanthropic world. While most nonprofits and philanthropists claim to have 'high-impact' strategies, the entire community is grappling with the meaning of 'impact' and its assessment.

¹⁰ There is a growing discourse in the field regarding the quest of nonprofits to become "business like". See: Jim Collins, **Good to Great and the Social Sectors: Why Business Thinking Is Not the Answer**, November 2005; Phil Buchanan, "Book Review: The Strengths and Weaknesses of "Philanthrocapitalism", **The Chronicle of Philanthropy**, 10/10/08.

¹¹ "Most early research nonprofits focused on *program replication* as a means of expanding social impact... then in the past decade, the focus shifted to building *organizational capacity* in order to deliver programs more efficiently... More recently, nonprofits have been told to look to the private sector for models of success... Although we agree that nonprofits can learn proven practices from their for-profits counterparts... *better management practices can create only incremental, not breakthrough, social change*". Crutchfield and Mcleod Grant, **Forces For Good**, Jossey-Bass, 2008, p. 5.

¹² It should be noted that while this debate did not come up in the Conference, it is frequently raised as an issue of contention in the literature.

¹³ According to Paul Brest, the concept 'strategic philanthropy' refers to application of management tools of business and governments – such as business plans, measureable outcomes, etc. - to philanthropy. See: "In Defense of Strategic Philanthropy", **Proceedings of the American Philosophical Society**, Vol. 149, No. 2, June 2005, pp. 132-140.

The concept of high-impact philanthropy may focus either on 'efficiency and effectiveness' or on generating 'transformations':

- **Impact through 'efficiency and effectiveness' means doing more social work with fewer resources.**¹⁴ It seems to be more relevant to social challenges that do not have a fundamental 'remedy' such as in the areas of poverty, health, education or art.
- **The concept of 'transformations' focuses on generating resilient and sustainable remedies to social problems (providing fishing rods).** This concept seems to be more relevant in areas where a thoughtful intervention can offer a fundamental remedy by 'teaching people how to fish'.

The challenge of measuring 'impact' remains prominent. In the business world success seems to be simpler to define and therefore to measure. The nonprofit world does *not* have an agreed upon definition of 'social impact' or 'success' and therefore lacks the tools for measuring impact.¹⁵ Furthermore, long-term effects of philanthropy are even harder to measure, particularly in areas such as education or in projects that attempt to transform public conduct.

Israel Is Gravitating Away from the Center

16. This section addresses the trends that shape the relations between Israel and world Jewry and their implications for Jewish philanthropy.
17. **Since its inception, the State of Israel has been at the center of the Jewish people and Jewish philanthropy.** In the first decades of Israel's existence, many of the financial resources of world Jewry were allocated to Israel, providing an important contribution to its budget and wellbeing. This was a powerful reaction to the Holocaust and to the drama of the establishment of the State of Israel in the face of monumental challenges.¹⁶
18. **Currently, a heated debate is taking place between two schools regarding Israel's place in the Jewish world and Global Jewish Peoplehood:**
 - **Israel has been and remains the only center of the Jewish world –** According to this school, Israel's centrality relies on religion and tradition. *Eretz Yisrael* and Jerusalem have always been at the heart of the Jewish world, Israel is the only national homeland of the Jewish people, Israel is also the

¹⁴ See: "What is High-Impact Philanthropy", **The Center for High-Impact Philanthropy**, University of Pennsylvania, 4/24/07.

¹⁵ Crutchfield and Mcleod Grant, **Forces For Good**, Jossey-Bass, 2008, p. 25. This topic was addressed in the Conference panel on **Measuring What Can't Be Measured**.

¹⁶ Professor Jonathan Sarna has identified four eras in the evolution of American Jewish philanthropy: the period of mass immigration and dependence on individual Jewish philanthropists, the emergence of the Federation system and the communal focus on assisting Jews in Europe affected by both world wars, the "Israel Era," which saw 70 percent of every dollar raised going to Israel, and the present era of declining federations and rising private foundations See: Alison Buckholtz, "The Changing Face of Jewish Philanthropy", **WJD**, 10/18/07.

only safety net that Jews the world over have,¹⁷ and the future of the State of Israel is the potential unifying force for the Jewish people.¹⁸

- **Israel is one of a few Jewish centers** – According to this school, powerful social, cultural and political trends are displacing Israel's centrality and transforming world Jewry. Many Jews do not associate the State of Israel with the center of their Jewish identity nor do they engage with it meaningfully. Also, many Jews would like to see resources allocated in their own communities instead of Israel. Some claim that the State of Israel has not fulfilled its mission of becoming a "light unto the nations," and a few even view Israel as a moral hazard for the Jewish people.

According to this school, it is misleading to refer to Jewish communities outside of the Land of Yisrael as 'Diaspora' – in Hebrew: *tfutzot*, which means spread out in many directions or *gola*, which means the status of being in exile – as they do not view Israel as their exclusive center. Some do not even seek a meaningful association with it or a return to it.¹⁹

19. **The context for this discourse is Israel's gravitation away from the center of the Jewish world: "Israel is off their minds"**²⁰ - This is a powerful trend that is echoed in many studies and on many levels among individuals, households, communities and institutions and generates a heated debate. This trend is particularly powerful among the younger generation in the USA for whom the State of Israel and the Holocaust are less central to their Jewish identity. It is driven by the following forces:

- **Israel's image is declining** – For many, Israel failed to live up to the expectations of becoming a "light unto the nations." Its governance, politics, policies, identity or continued control over the Palestinian population not only fails to inspire factions of world Jewry but is a source of embarrassment and even alienation for some.²¹

¹⁷ Leonid Nevzlin in session titled **The Elusive Common Ground**: "When we strive to support our strengths in Israel we do so not because it needs us but because we need it as our unifying force, our guarantee for the future of the Jewish people."

¹⁸ Leonid Nevzlin, **Ibid**: "...today Israel is a unifying force, Israel is the only one Jewish sovereign state, it is our national home, as well as home to the largest Jewish community in the world. We may disagree in its ways and deeds, on its politics, we may even be critical of even many aspects but we do not have another national home and we do not have another force that unites us all together with all our different backgrounds and identities."

¹⁹ David Shneer in the Conference session titled **The Elusive Common Ground**: "Jews around the world, including Israeli Jews... are moving away from a model of Jewish community with Israel at its center and everything else on the periphery called the Diaspora, toward a model of diverse global Jewish communities with Israel as an important diverse center, on a much more complicated cultural and social map with many centers."

²⁰ David Shneer.; **Ibid**: "Ari Kelman and Steven Cohen found ... that younger American Jews ... are deeply interested in Jewish culture ... but are less and less interested in Israel and the Holocaust as constituents of their Jewish identities." See also: Steven M. Cohen and Sam Abrams, **Israel Off their Minds: the Diminished Place of Israel in the Political Thinking of Young Jews**, The Berman Jewish Policy Archive at NYU Wagner 2008 National Survey of American Jews, 10/27/08.

²¹ Leonid Nevzlin in session titled **Elusive Common Ground**: "Unfortunately, Israel has been losing its role as a source of pride and inspiration for Jews of the world."

- **Alienation caused by makeup of Israel's supporters** – The fact that Israel is actively supported by sectors such as conservative Jewish organizations and evangelical Christians has an alienating effect on the more liberal sectors, particularly among the younger Jewish generation in the US.²²
- **"Me first" mentality** – The decline of community structures is affected by and is affecting the Jewish identity of many individuals who tend to disassociate from organized community structures such as synagogues and experience Judaism on an individual basis or through ad-hoc self-organizing groups.²³
- **Stronger sense of belonging to local communities** – The concept of the 'Diaspora' is no longer a relevant description of location of state-of-mind.²⁴ Most Jews in Western countries do not consider making *aliyah*. They view their place of residence as permanent. Furthermore, many Jews no longer view Israel as central to their identity and lives and reject Israel's attempts to serve as their voice in international forums.²⁵
- **As Israel grows stronger, world Jewish philanthropy shifts away.** It is increasingly difficult to direct philanthropy to Israel when the Israeli economy grows and prospers. In recent months, when the Israeli economy seemed stronger than America's, this argument has gained force.
- **Stronger response to growing local needs** – In recent years, Diaspora Jewry has been putting greater emphasis on and allocating more resources to the acute problems of their local communities such as strengthening local institutions, affordable and high-quality Jewish education, welfare or Jewish identity.
- ***Tikkun Olam* is *bon ton*** – In recent years the value and mission of *Tikkun Olam* has become central to Jewish philanthropy and has encroached on some of the space that Israel used to capture in the hearts, minds and pockets of Jews and Jewish institutions.²⁶

²² David Shneer, **Ibid**: "...these studies are showing that the Israeli government is now becoming a source of challenge and sometimes embarrassment for younger Jews around the world. And some of this comes from the fact that the most vocal support for Israel in the US comes from conservative Jewish organizations with the support of evangelical Christians who stand really opposed to the values that younger American Jews hold."

²³ David Shneer **Ibid**: "Contemporary global Jewry sees Jewishness less as a collective call and more as an individual path, especially in the United States."

²⁴ David Shneer, **Ibid**: "...an end to the Jewish Diaspora ... Jews around the world see the places they are living as home."

²⁵ David Shneer, **Ibid**: "... when Prime Minister Sharon called upon French Jewry to abandon ship, many of them were not too happy with that call."; Kantor (President of the European Jewish Congress): "...It is the job of Israeli ambassadors to speak on behalf of Israel to the European Union, we need to support Israel, but we speak on behalf of European Jewry."

²⁶ Gary Tobin framed this trend as 'Americanization of Jewish giving'. According to a study on philanthropic patterns of major Jewish American foundations (2004-2005) only 21% of their giving went to Jewish causes, including 7% to causes in Israel. See: Gary Tobin and Aryeh Weinberg, **A Study of Jewish Foundations**, Institute for Jewish and Community Research, San Francisco, 2007.

- **No reciprocity: relative Israeli disinterest in engaging world Jewry** – While world Jewry is grappling with Israel's centrality and the relationship with Israel, there is no parallel intensive discourse in Israel regarding world Jewry. The Israeli mindset in this area seems to continue to be embedded in the traditional Zionist Israel-centered ethos, which takes Israel's centrality and primacy for granted, views Diaspora life as compromised and transitional and calls for its dismantling through massive *aliyah* to Israel.²⁷ Hence, Israel does not offer significant financial support to projects and activities that aim at strengthening Jewish communities or even its own centrality for world Jewry.

Rise of Israeli Philanthropy

20. **Israeli philanthropy has developed significantly over the past decade** in terms of the number of philanthropists and the leadership role they assume, the size of their giving and its sophistication.²⁸
21. **An emerging 'culture of giving' in Israel** – Israeli philanthropy has been evolving from the traditional model of 'charity' into more sophisticated models of philanthropic giving. In parallel, a 'culture of giving' seems to be emerging among Israel's affluent.²⁹ Yet, Israeli philanthropy is still lagging behind the philanthropic world in the USA.

Below are a number of trends that characterize Israeli philanthropy:

- **Motivation of Israeli donors: social responsibility and patriotism** – Many Israeli philanthropists consider their giving not only as an act of 'social responsibility' or as a means of 'repaying their debt to society', but also as an act of patriotism, often being uniquely motivated by Zionist and nationalist ideals.³⁰
- **From addressing 'basic needs' to strengthening the social fabric** – Israeli philanthropy has been evolving from its primary focus on addressing basic

David Shneer has written extensively on the decline in interest in Israel and the rise of universal values among American Jews. See: David Shneer, "We are all global Jews now", **The Jewish Chronicle**, 8/18/08.

²⁷ For instance, the issue of Israeli-Diaspora relations is hardly discussed in the Israeli Hebrew press. See: Gabi Sheffer and Hadas Roth-Toledano, **Who Leads? Israeli-Diaspora Relations**, Vaan Leer Jerusalem Institute, 2006, p. 293.

²⁸ Avi Naor in the Opening Plenary: "there has been a considerable change in the Israeli philanthropic community ... including the size and scope of personal involvement of donors... Israeli economy has been strengthened dramatically over the past several years [and] ... the spirit of giving and the sense of social accountability are growing..."

²⁹ Ilana Silber defines culture of giving as: "a collective and powerful phenomenon, which goes beyond an individual random tendency to give and generates far-reaching structural and social implications." Ilana Silber, "Charisma and Institution Building in a Philanthropic Field: The Case of Israel", quoted in: Roy Peled, **The Emerging Culture of Giving in Israel – Who's Asking What, and What Answers Do They Get?** Prepared for Participants of the Jewish Funders Network 2008 Conference Jerusalem, Israel.

³⁰ Baruch Shimoni, **Business and New Philanthropy in Israel – Ethnography of Mega Donors**, The Center for the Study of Philanthropy in Israel, The Hebrew University of Jerusalem, February 2008 (Hebrew).

needs, such as food security or literacy, to strategic long-term investments in areas that strengthen Israeli society such as art, research or Jewish identity.

- **Creation of a 'philanthropic industry'** – Israel is seeing the emergence of a community of professionals and service-providers, such as consultants, foundation managers and grant writers. Furthermore, philanthropy is becoming a legitimate field of research in leading universities and academic centers.³¹
- **Business social responsibility (BSR) is bon-ton among the big corporations** – In recent years, the concept of BSR has been promoted by nonprofits like MA'ALA and embraced by many of Israel's leading corporations.³² In addition, there are businesses and consulting firms that specialize in helping these corporations develop their BSR strategy.

22. The challenges facing Israeli philanthropy:

- **Weak tax incentives** – Israel does not provide generous tax incentives to philanthropy. Many social activities are not recognized as legitimate tax deductible contributions and many nonprofits are not recognized as eligible for tax-deductible contributions. Furthermore, the limit for such contributions is relatively low.³³ Yet, some Israeli philanthropists oppose further tax deduction as they view their taxes as a civic duty empowering the government to fulfill its duties.³⁴
- **Nascent institutions** – For example, research institutions are still in development phases; private foundations are not as common as in the USA; measurement of nonprofits has only been introduced recently by

³¹ For example: The Center for Study of Philanthropy in Israel at the Hebrew University; The Institute of Society and Technology at Tel Aviv University; The Israeli Center for Third Sector Research at Ben-Gurion University; *Sheatufim* – The Israeli Center for Civil Society; The Israel Office of the Joint Distribution Committee; the CRB Foundation; or The BRM Institute of Technology and Society at Tel Aviv University.

³² A recent survey on the subject indicates that approximately 9% of Israeli business corporations engage in social responsibility. See: Bar Zuri, Roni, **Corporate Social Responsibility and Social Involvement**, The Ministry of Industry, Trade and Labor, January 2008, (in Hebrew) . See also: Sheatufim, **Philanthropy in Israel: 2008 Status Report**, Sheatufim, 8/08

³³ The Israeli law system grants tax deductions of 35% to donations of individuals, and 27% to donations of corporations. These tax deductions are valid for annual donations of up to 4.13 million NIS. See: clause 16 of Israel's Tax Law.

In 2006, only some 22% of Israeli nonprofits (4,500 out of 23,000) were recognized for tax deductible contributions. See: The Prime Minister's Office – Department for Policy Planning, **The Government of Israel, the Civil Society, and the Business Community: Partnership, Empowerment, and Transparency Policy Paper**, Jerusalem, February 2008.

³⁴ Some Israeli philanthropists interviewed for this report said that they see tax payments as part of their civil obligation and chose voluntarily not to make use of the deductions offered to donations. See also: Roy Peled, Andrea and Charles Bronfman Philanthropies, **The Emerging Culture of Giving in Israel – Who's Asking What, and What Answers Do They Get?**, An Overview of Recent Research on Philanthropy in Israel, Prepared for Participants of the Jewish Funders Network 2008 Conference Jerusalem, Israel, p.11.

organizations like Midot; and information is lacking regarding size and scope of philanthropy.

- **Public perception** – Relations between 'capital' and 'politics' have been a central theme in Israel. This debate has led to widespread skepticism and even cynicism toward philanthropy. These dynamics cause many Israeli philanthropists to conceal their philanthropic activities thereby hindering the development of a 'culture of giving'.³⁵
- **A large number of organizations** – Israel's nonprofit sector is large – more than 23,000 organizations – with weak mechanisms to promote healthy competition, collaborations, or mergers.³⁶

Growing Importance of Strategic Partnerships

23. **The synergetic logic of strategic partnerships among Israeli and Diaspora philanthropists** – There is clear and powerful potential synergy between Israeli and non-Israeli philanthropists when collaborating on philanthropic projects in Israel:³⁷
 - **World Jewish philanthropy has a relative abundance of resources** coupled with sophisticated institutions, procedures and professionals that thrive on a 'culture of giving' in its communities.
 - **Israel's 'younger' philanthropists have a nuanced knowledge and understanding of Israeli society**, which is critical for effective and efficient giving in Israel.
24. **More options for sophisticated giving in Israel** – In the past, non-Israeli philanthropists were limited to partnering primarily with the GOI, working through national institutions such as the JDC or JAFI, or working through local branches of their private foundations (such as Yad HaNadiv or the Karev Foundation). The emergence of a generous and sophisticated philanthropic class in Israel creates many new opportunities for sophisticated, efficient, effective and targeted strategic partnerships.
25. **The nature of strategic partnerships with the Government of Israel is evolving** – The Government of Israel plays a central role in regulating philanthropy and impacting its effectiveness and efficiency. It is the elephant-in-the-room of Israel's

³⁵ Danna Azrieli in session titled **Philanthropy in Israel: Reflections on a New Era:** "there is a tendency to be ... doubly critical, of the people who are more privileged than you .. I stay out of the limelight normally." Avner Stepak: "we like to look at donations with a lot of suspicion, why are they giving, maybe it's because of the big bonus, etc., we do not do the same [for those] who are giving from abroad."

³⁶ According to the **Israeli Center for Third Sector Research** in 2007 there were 23,650 active organizations in Israel, 57% of the registered organizations (41,500).

³⁷ Avi Naor in Opening Plenary: "Building partnerships between Israeli investors who live here "close to the market place" and who often invest not only money, but also significant time, with the highly experienced investors from the Jewish world of the Diaspora can reap productivity rates as never seen before ... a true and significant synergy where we can all derive maximum benefit through the pooling of our joint resources."

third sector and a problematic and challenging partner in many philanthropic initiatives.

In the past, 'partnerships' with the GOI meant that philanthropists provided the means for government agencies, JAFI or JDC to execute. In fact, such gifts were de-facto additions to the national budget. Nowadays, there are much more sophisticated forms of private-public philanthropic collaborations:

- **GOI relies on the third sector and hence on philanthropy for basic services** – Many nonprofits provide basic services in areas such as food security, health services, education and even art. The provision of some of these services are mandatory by law. Hence, the third sector is the platform for the GOI to fulfill its legal duties. Hence, the GOI is dependent on nonprofits and their philanthropic supporters.³⁸
- **Many philanthropists are increasingly reluctant to finance government responsibilities** such as in education, health or immigration absorption, especially when they see allocations of national budgets to causes which they do not support.³⁹
- **Take-over by the government is often the ultimate 'exit'** – Many philanthropists view their role and unique added value as financing social innovation and entrepreneurship.⁴⁰ If successful, these models need to be scaled to a national level by the government and through the national budgets. Hence, in such cases, a partnership with the GOI may provide the ultimate 'exit strategy' and a platform for national impact.⁴¹
- **The GOI has invited the third sector to its table** – Foundations and nonprofits in Israel represent 15% of the country's GDP and have repeatedly proven their critical importance to Israeli society. Recently, the GOI has instituted round tables of nonprofits and government agencies to discuss

³⁸ Minister Isaac Herzog in session titled **Elusive Common Grounds**: "Foundations and NGOs comprise about 15% of Israel's GDP and they are central to the way we manage our country. I sometimes term it incestuous relationships because we are the regulators naturally as one who needs to implement the law. We of course are the partners of the foundations and NGOs and we are sometimes fully dependent on them and we cannot do anything without them because they're so much more efficient, less bureaucratic and on the spot and focused ..."

³⁹ Lance Lindblom in session titled **Government and Philanthropic Partnerships: Are We Leveraging Change or Encouraging Bad Behavior?**: "Though these partnerships really offer a tremendous opportunity to leverage resources from the philanthropic world, and to have tremendous impact, they also raise some concerns, and some practical issues, and some questions about how one operates as a philanthropist within a democratic society."

⁴⁰ Gidi Grinstein: "A Government failure occurs when the government intervention or lack thereof denies certain sectors of products or services at a market price... the most relevant government failures are an outcome of powerful political incentives that deny adequate response to public needs... Projects that focus on government and market failures hold the promise of a possible transformative change of priorities, habits or patterns that constitutes leadership." Grinstein, "Philanthropy 14: Focus on Government and Market Failures", **Blogidi**, 2/28/08.

⁴¹ Shlomo Dovrat stated in session titled **Government and Philanthropic Partnerships**: "I don't think we have to take the role of the government. We cannot replace the government ... but once we've demonstrated and once we've worked with them in partnership, we were able to work with them on scaling that idea and building it into a system-wide solution."



shared concerns, exchange information, set priorities and divide responsibilities. This decision may turn out to be a historic milestone in the relationship between these sectors.⁴²

26. **Birthright as a model for successful cooperation** – The Birthright / Taglit project has been repeatedly referred to as a new model for powerful strategic partnerships toward impacting the Jewish people:

- **Taglit successfully and demonstrably addressed acute needs** primarily strengthening Jewish identity among non-Israelis and strengthening ties of young Jews to Israel. In addition, Taglit has proven to strengthen Jewish identity among Israeli participants.
- **Taglit's success derives from strong partnerships** among diverse supporters: philanthropists, some of whom are Israelis, Jewish Communities, the GOI and JAFI.

⁴² Minister Isaac Herzog, **Ibid**: "Recently we've passed a government resolution, which is of historic nature as to our relationship with the third sector. We are working closely with representative organizations on defining the boundaries between where government stops and starts and where NGOs and foundations take on."

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