

# NOT FOR PROFIT

By ELIEZER JAFFE

IRONICALLY, despite decades and even centuries of fund-raising for Israeli institutions and social services, very little research or systematic evaluation can be found regarding this topic. The same is true for the vast network of volunteer and non-profit organizations (NPOs) that flourish in Israel today, which represent a large economy and labour force that functions alongside the government and the private sectors. This "third sector" of NPOs employs one in nine of all employees in Israel and produces one twelfth of the GNP. The relative size of the NPO sector in Israel is almost twice that in the United States or Great Britain.

In the last decade alone, Israeli society increased its dependence on the NPO sector to the degree that the NPO share in the GNP increased from approximately 6 per cent during the 20-year period 1955-75 to about 8 per cent from 1975 to 1985. These figures do not include estimates of the employment and output value of volunteer activity, which would greatly increase its importance.

These statistics are taken from the draft of a recently completed study commissioned by the Centre for Social Policy Studies in Israel, headed by Dr. Israel Katz. The authors of the Roter Report also found that the NPO sector concentrates its activities in the areas of education and culture (47 per cent), health (38 per cent), and welfare and religion (8 per cent).

These data reflect the fact that 98 per cent of Israeli universities and Orthodox religious schools and 64 per cent of all vocational education, 22 per cent of the kindergartens, 88 per cent of ambulatory medical care, 47 per cent of hospital care for the chronically ill, 42 per cent of child-care and 13 per cent of services to the aged, are provided by the NPOs.

The funding for NPOs comes partially from donations and membership dues, but mainly from government agencies that purchase services on a contractual basis. For example, in 1980-81, 59.4 per cent of the income for NPO health services came from government transfers and sales.

Since the government does not want to nationalize these vital services, it heavily supports many pre-

state institutions, giving Israel a generous mix of universal social insurance alongside an extensive network of NPOs that provide services. Frequently, however, government and NPO services overlap. This is partially a result of the political clout of the NPOs, the government's desire to encourage NPO fund-raising abroad, and the ability of NPOs to provide specialized, innovative activities.

In 1980-81, 31.9 per cent of all employee posts in education, and 60.6 per cent of all health employees in Israel came from the NPO sector. In terms of jobs, this means that out of a total of 233,000 workers in health and education, 94,900 (41 per cent) were NPO employees.

Whereas American tax laws provide an incentive for private individuals and corporations to support NPOs, Israeli tax concessions on donations are relatively meagre, and the special VAT rate for NPOs is insignificant.

IT IS VERY important to differentiate between the large-scale NPO service – providing groups such as workers' sick funds, labour union services and trade school programmes, and the many social-action and self-help groups.

These include the Israel Association for Rights of Large Families – Zahavi – which has a membership of 30,000 families; Enosh, the Organization for the Mentally Disordered; the Matan Besefer Interest-Free Loan Society (one of hundreds of similar groups); the League for Family Rights in the Courts, and the Israel Society for Prevention of Alcoholism.

These groups of citizens, banded together to improve their situation by influencing public opinion and legislation and by lobbying and providing self-help services to their membership, are part of a wide network within the NPO family, but their economic and social impact is

relatively neglected in the Roter Report.

In order to bring this sub-section to the attention of the public, and particularly to foreign philanthropists, the present writer published a general guide entitled *Giving Wisely*, which described nearly 400 NPOs. In the course of the research for the book, literally thousands of small NPO funds, self-help and social action groups were "discovered."

They cover a very wide, fascinating range of welfare areas. Many of them are small local or national groups struggling to survive, based totally on volunteers. They have limited resources, but their workers show impressive dedication and personal investment.

These grass-roots organizations rarely receive government funding, and at best minor aid. They cannot afford, nor do they understand, sophisticated fund-raising techniques; they cannot fund professional community-organization workers, 90 per cent of whom are employed by local and national government, i.e. tax-supported agencies, despite the fact that this is precisely where such staff is most urgently needed. In many cases, government and quasi-government agencies will withhold recognition and resources from grass-roots groups, for fear of their potential to influence policy and the allocation of resources.

The tragedy in this situation is that, given the proper resources and a favourable government climate, these NPOs can, and are, making a significant impact on the quality of life in Israel. Other than government aid, most of these groups have turned to "schnorr" local or foreign charity for income.

THE BULK of Jewish philanthropy for Israeli welfare programmes is funnelled through the United Jewish Appeal (UJA), to the United Israel Appeal (UIA) in America, and Keren Hayesod in other free world

countries. Funds from both these sources are transferred to the Jewish Agency and amount to over \$400 million annually.

Since 1971, American donations to the Agency have accounted for \$3.5 billion of its \$5 billion expenditure, or more than two-thirds of its annual operating budget. Income from America also includes annual government grants for the resettlement of refugees (\$12.5m. in 1984 and \$15m. for 1985).

Because the Jewish Agency is locked into its traditional service departments (e.g., Youth Aliya, Rural Settlement, Immigration Absorption), very little of this massive philanthropic effort reaches the grass-roots, innovative NPO sector. Moreover, the constitutional organization of the Agency makes these funds highly susceptible to politicization, since all of its department heads are appointed by Israeli political parties, with the "advice and consent" of the board of governors.

As a consequence of this political influence, many donors have been having second thoughts about channelling the bulk of their funds to Israel via the Agency.

This tendency has been strengthened by their increasingly personalized, face-to-face contacts with the Agency and Israeli institutions as a result of the former's Project Renewal. The matching of a specific Jewish community abroad with a specific disadvantaged neighbourhood in Israel has led to the "education" of key donors concerning proper accountability, planning needs, and follow-up on the use of philanthropic funds.

VOLUNTEER activity is flourishing in Israel, and estimates of "man years" devoted to this effort range from 5,000 in 1962 to triple that number in 1985. This includes students, the elderly, soldiers, organized groups such as the Civil Guard (100,000 youths) and self-help interest groups, and charitable funds.

The absence of more precise data, social and economic, and research effort concerning the Non-Profit Sector is difficult to comprehend.

Perhaps there is an inherent "danger" in studying philanthropy in Israel and fear that it may lead to government control and accountability to donors. But the time has come for more systematic research into the subject, if only because of its growing role in the life of the country.

The past decade has seen a dramatic increase in social action and self-help groups. Some recent examples are the Israel Association of Ethiopian Immigrants, the 60-Plus Association of the Elderly, and the Israel Association of Foster Parents – only three of a host of grass-roots groups funded in 1984.

These developments come at a time when private foreign philanthropists and foundations abroad are seeking more personalized ways of becoming involved in Israeli social projects. One new organization, the New Israel Fund, created in 1980 to supply start-up funds to new citizens' organizations, now distributes over \$½ million annually of private donations collected all over the U.S. Another fund, the P.E.F. Israel Endowments Fund, also based in New York City, transferred \$4.5 million in 1983 to Israeli NPOs selected by private American donors.

Although the UJA and Israel Bonds money constitutes less than 1 per cent of the Israeli government's annual expenditure it is an important addition to specific areas such as welfare and education. Nevertheless, many Israelis feel that these funds would be better used providing quality Jewish education to the dwindling communities outside of Israel.

Other Israelis are hopeful that at least part of the private philanthropic "sector" funds can be tapped for non-profit organizations in Israel. Such a development, even to the extent of \$20-\$50 million annually, could dramatically increase the part of the NPOs in tackling Israel's social and economic problems.

If not for the relative conservatism of donors abroad and the power of the Israeli political establishment over their funds, the marriage could have been made years ago. But, with due respect for past habits, if no significant reform of the Jewish Agency takes place in the near future, one can expect a much greater role for private philanthropy in the Israel non-profit sector.

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