

The Rules of Philanthropy

Advice on giving wisely from the doyen of the field, Prof. Eliezer Jaffe

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Intelligent philanthropy is just like intelligent investment, says Eliezer Jaffe, a retired Hebrew University social work professor and a leading authority on the way well-off people give — or should give — their money to Israel. “Donors work hard to make their money, and they should work almost as hard to spend it,” declares Jaffe, who came to Israel from the United States 44 years ago and has been involved in training generations of Israeli social workers.

“Why should it be,” he asks, “that the first organization that nabs a guy in the hotel lobby is the one that gets his gift? Would the first stock that comes along be the one you would invest in?”

Following the investment analogy, Jaffe suggests that donors diversify their portfolios of giving, except in rare cases where they “feel their needs are being met, that they are making progress in something that is really good, believe in the people running the beneficiary organization and become partners.” Feeling good, however, isn’t the only criterion, he stresses, suggesting a few basic rules for would-be philanthropists: Know the people, check out the organization, check out their track record, and make sure they have the proper licenses.

Israel today has, by Jaffe’s estimate, about 20,000 nonprofit organizations (NPOs), known in Hebrew as *amutot*. To raise money from the public, the NPOs are

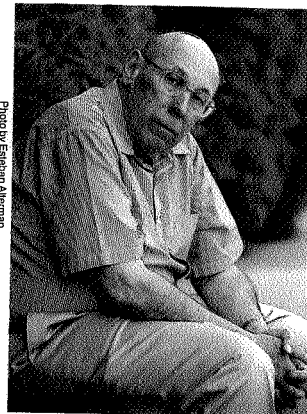


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required by law to have several licenses. All must have a basic NPO license issued by the Interior Ministry. Several other licenses, some of them from the Treasury, are necessary to make the gifts tax-deductible for Israeli donors,

exempt the NPO from Value Added Tax for services it provides, or be eligible for government funding as well as private donations. All of the certificates, explained both on Jaffe’s www.givingwisely.org website or in the second edition of “Giving Wisely,” a 750-page listing of Israeli NPOs released in 2000, indicate the organization has followed proper auditing practices and filed annual reports on its activities.

Knowing about the licenses is not an exercise in esoterics, Jaffe insists. It’s a vital part of being an informed giver, even if the donor is 7,000 miles away from Israel, in North America. “In this modern age,” he says, “7,000 miles should not be a deterrent to using your head.”

Giving to Israel has changed over the last two decades, as more gifts are designated directly to a specific project or institution, rather than being collected in a general fund by organizations like the UJA or Keren Hayesod and funneled into the Jewish Agency. "There's a place for non-direct giving, through general campaigns. But it can never promote an understanding of where someone's money is going, it never provided a direct relationship, a partnership where more people get involved," Jaffe maintains. He calls the current mode of direct giving, which is becoming more and more popular, "a new era in philanthropy."

Most of the large organizations, including the Jewish Agency, the hospitals and universities, now have programs for direct giving to specific projects. Those who'd like to give to a smaller organization, but don't know how to pick one, should do some research on their own, Jaffe recommends. "Many people are bombarded with all kinds of requests, all kinds of literature. But if they look through that pile, and match it with their own needs of where they want to give, they are likely to find some gems," he says. "If you screen the requests and pick out a few, you can usually do research on your own. In this day of websites and e-mails, it's certainly possible for an intelligent donor to pick 'investments' that suit them."

Jaffe mentions two U.S.-based organizations that will help match up donors for direct giving: the New York-based PEF (for Palestine Endowment Fund), set up by the late Justice Louis Brandeis at the request of Chaim Weizmann in the 1920s, and Washington area-based Rabbi Danny Siegel's Ziv Tzedakah Fund (www.ziv.org). Ziv's goal is to make matches between donors, called Mitzvah Heroes, and worthwhile small projects and organizations in Israel and the United States.

In recent years, there has been a great increase in the number of organizations aiding terror victims and those that fight poverty and hunger in Israel. "The donor now has to find the way through that jungle," Jaffe says, "to see which organizations in that forest of groups he really wants to help."

Again, he recommends developing a clearly defined investment plan. "Do you really want to put your money into one of the 130 soup kitchens in Israel today, or would you rather donate to an organization that serves meals in schools, in the hope that someday Israel won't need soup kitchens anymore?" he asks. Similarly, he notes that while the government of Israel provides services to terror victims themselves, very little goes to their families. "You are talking about a family, a group of people who are affected, often as much as the victim," he says. "The government does very little for them."

As a consequence, the Israel Free Loan Society, which Jaffe founded and still heads as a volunteer, has begun making loans to the families of terror victims. Each donor's money is placed in an individual fund, often bearing the name of a loved one. "If the donor needs to see his name, or his father's or mother's or sister's, it is extremely legitimate, but not everyone needs that," he says.

Jaffe smiles as he recalls what happened with one donor. "We normally print the name of the donor of the particular fund on the top of the application card," Jaffe says. But this donor said he didn't care if the card was left blank. Finally, he told Jaffe that he could print anything he wanted on the card. "As far as I am concerned, put Homer Simpson on there."

Jaffe goes to a file cabinet, and pulls out the Simpson card. "This guy is really happy. *He* knows who gave the money," Jaffe relates. "And by the way, he told me to save another card for Marge." ■