



SPECIAL ISSUE

Local and global changes in the role of Philanthropic Foundations

The 9th ICTR Annual Spring Conference

ICTR's annual conference focused on philanthropic foundations and their changing roles. Prof. Gidron and his associates presented their groundbreaking research on philanthropic foundations in Israel, presenting empirical data on the sector of philanthropic foundations and funding organizations in Israel. "In the era of globalization, market economy and the decrease in public spending for social issues", stated Prof. Gidron, "philanthropic foundations are playing increasingly significant roles in society, throughout the world and in Israel. Our study presents, for the first time, empirical data on philanthropic foundations and funding organizations working and influencing the social and welfare outlook in Israel, both foundations registered in Israel as well as foreign foundations working but not registered in Israel".

Prof. Gidron and his associates, Yael Elon, Avital Schlanger and Dr. Raviv Schwartz from The Israeli Center for Third Sector Research, Ben-Gurion University of the Negev, presented the major findings:

Contrary to most developed nations who usually export philanthropic moneys, an estimated US \$ 1.5 billion enters Israel via foreign foundations or foreign donors. This is traditionally due to the support of the Jewish Diaspora; but recently more and more due to donations in Israel by non-Jewish foreign foundations.

Thousands of foundations operate in Israel; most of them support individuals or a single organization. The major areas of activity are welfare and education, but many foundations support "emerging" areas such as pluralism, coexistence, social equality, the environment. Most of the foundations see social change, promoting civil society and social innovation

as the primary roles of foundations. Collaboration with government is commonplace, and while most foundations see their role in this relationship as primarily one of instigators and promoters of innovation, they often reluctantly end up taking a complementary role to the receding welfare state. Relationship between government and foundations is a strained one, and much ambivalence is expressed concerning collaboration on both sides.

Differences were found between Israeli and foreign foundations with respect to their

attitudes towards involvement with government, as well as with respect to management and grant making.

There is overall disagreement between foundations and recipient organizations concerning various issues of grant consideration, transparency and grantee evaluation. Organizations complain about insufficient information, transparency and consistency on the part of foundations. While all agree on the important of grantee evaluation, only a minority perform systematic evaluations, which are more commonplace

Prof. Anheier is presented with the 2006 ICTR Award for Innovation in the Third Sector Research, by Prof. Carmi, President of Ben-Gurion University. From left to right: Prof. Gidron, Director, ICTR Ben-Gurion University, Prof. Anheier, UCLA and Prof. Carmi, Ben-Gurion University

פרופ' אנהיייר מקבל את פרס החדשנות והיצירתיות בחקר המגזר השלישי לשנת 2006. מימין לשמאל: פרופ' רבקה כרמי, נשיאת אוני-בן-גוריון פרופ' הלמוט אנהיייר, UCLA ופרופ' בני גדרון מנהל המרכז הישראלי לחקר המגזר השלישי באוני' בן גוריון



among foundation that receive government grants and foreign foundations.

Foundations are criticized for their lack of willingness to cooperate with each other; lacking allocation criteria, insufficient decision-making procedures transparency, inappropriate timing in the transferring of funds to recipient organizations, and their preference to fund projects rather than organizational infrastructure.

The ICTR research team concluded with a list of recommendations, including management recommendations such as increasing the diversity of boards to represent various stakeholders and increasing transparency, policy recommendations such as development of incentives for the establishment and activity of foundations and “rules of engagement” for collaborations between foundations and government, and a call for foundations to establish an umbrella organization of foundations, similar to the Council on Foundations in the US, that will engage in professional development and advocate for relevant government policy regarding foundations.

The Research can be acquired by contacting ICTR offices.

Our international guests this year were Dr. Diana Leat, an independent consultant and visiting Professor at the Centre for Charity Effectiveness, Cass Business School, London, Prof. Helmut K. Anheier, Director of the

UCLA Center for Civil Society, and Prof. Masayuki Deguchi from the Center for Research Development, National Museum of Ethnology (Minpaku), the Graduate University for Advanced Studies, Osaka, Japan, and President of ISTR, who drew on their respective expertise and commented on the Israeli research. The commentators expressed their appreciation for the impressive work done in the study and its contribution to the understanding of the phenomenon in Israel. In their comments they pointed out the similarities and differences between the role of philanthropic foundations in Israeli society compared to their counterparts in the U.S., Europe and Japan. In particular, they mentioned the Israeli foundations' prominent complementary role in the Welfare State system and the distinctiveness of Israel as a Western country that imports philanthropic capital, whereas other Western countries usually export it. Furthermore, they mentioned the religious and cultural setting of the activity of foreign foundations in Israel, and the high percentage of foundations supporting a single organization such as in the case of 'friends of associations. Prof. Anheier stated that according to the research's findings, the foundations in Israel are not fulfilling their purpose as agents of social change, and may even increase their recipients' resource dependency.

Different aspects of philanthropic foundations' activities were discussed in two additional sessions dedicated to philanthropic foundations:

In the first plenary session our international commentators discussed the common notions of foundations roles and activities in their countries, as well as in other European and South-East Asian countries. Dr. Leat reviewed the challenges and characteristics of foundations in Europe in general, and England in particular. She characterized the foundations as aspiring to influence social policy but stated their inability to become significant agents of change. Most of them, despite their aspirations, function as complementary role to state funding. She mentioned accountability, regulation and issues that are connected to the opening of state borders in Europe as the main challenges facing European foundations in the future. Dr. Leat also presented recent developments regarding foundations in England, which are, for the first time, officially acknowledged as entities in their own right, different from NPOs, which are now required by tax authorities to demonstrate public benefit. Prof. Deguchi presented the Japanese model, characterized by significant governmental supervision and control on philanthropic foundations, and discussed the particular cultural aspects influencing the character of this sector. Prof. Anheier reviewed the sector's activities and role in the U.S. and their function as essential institutions in modern societies, especially their position on the boundary between the private and public sectors in an age of limited government and increased social diversity. He stated that as organizations they stand before new threats: the dwindling resources in relation to needs and questions regarding the foundations'

Reception in honor of conference guests.
Left to right: Prof. Deguchi (Japan), Prof. Gidron, Dr. Ilana Silber

קבלת הפנים לאורחי הכינוס, מסעדת לילית
מימין לשמאל: ד"ר אילנה סילבר, פרופ' גדרון, פרופ' דגוצ'י



Reception in honor of conference guests. right to left: Ms. Magnat (Kahaoff Foundation, Canada), Ms. Schillo (Jewish Agency), Prof. Gidron, Prof. Anaheier and Dr. Leat

קבלת הפנים לאורחי הכינוס, מסעדת לילית. מימין לשמאל: גב' דליה מגנט, גב' רחל שילה, פרופ' בני גדרון, פרופ' אנהייור וד"ר ליט



accountability and performance. He added that recent trends have been to reevaluate philanthropic strategies, which may help foundations function in a more effective and efficient way.

The topic of the second plenary session was the relationship between the government and philanthropic foundations in Israel. The session was chaired by Dr. Janet Aviad, director of the Karev foundation, and the participants consisted of Mr. Isaac Brik from the Sacta-Rashi Foundation, Adv. Amnon de Hartog from the Ministry of Justice, Ms. Shira Herzog, the Director of the Kahanoff Foundation and Dr. Varda Shiffer, the Director of the Mandel Center for Leadership in the Negev. Speakers assessed current practices, and some critique of those practices was expressed. For example, Mr. Brik of the Sacta-Rashi Foundation, presented the foundation's belief (The Sacta-Rashi, one of the most prominent philanthropic foundations in Israel activates joint projects with the state), that none of the three sectors can operate on their own to achieve their goals and therefore must cooperate with each other. Furthermore, Brik discussed the relationship of the foundation with the government and stated that the reciprocal relationships between the government's ministries vary between complete disregard and cooperation. This relationship creates a situation in which at the instant a foundation begins operating in a specific field it causes an immediate decline in government participation and spending in this field, despite the fact that the foundation's objective was to strengthen and not replace

the state. Shira Herzog, stressed in her lecture the importance of the foundation as an independent entity, stating that the funds, belong to the foundation and not to the organizations.

The government's policy towards foundations was presented by Deputy Attorney General Amnon de Hertog of the Ministry of Justice, who invited foundations to examine the prospect of joint projects with the government (mainly by "matching funds") before entering such projects, and coordinate their mutual expectations. De Hertog explains that the reason for this is that state priorities do not always match those of the foundation, and because foundations have defined goals and target audiences, whereas the state has wider and more egalitarian views and responsibilities.

Another plenary session dealt with nonprofit management education and focused on the issue of the necessary content in training programs for managers in the third sector. In the discussion, headed by Dr. Hagai Katz of ICTR and the School of Management, directors and consultants in social organizations expressed their views of the issue. One view, presented by Naomi Stuchiner, Chairperson of the Beit Issie Shapiro organization, and its former long time director, stressed the need to develop the managerial skills of managers with training in human services and social welfare, and expressed a preference towards managers who place the organization's vision and values as their top priority and are truly connected to the organization's and its clients needs. Yossi

Goldman from Shatil, presented the dilemma confronting the grassroot leader working for social change who has to "switch sides" when he turns a manager of a formal organization, and needs to learn a totally new set of skills required for this position. Adv. Shlomo Gur of the Marc Rich Foundation spoke about the importance the Rich foundation sees in managerial training and emphasized the need to acquire business knowledge alongside skills specific to the social field. Mr. Effi Toledano, director of the Macabbim organization and a student in Ben-Gurion University's nonprofit management program, stated the importance of giving directors the theoretical knowledge allowing them to operate in an efficient manner. Dr. Shlomit Shulov-Barkan, Director of the National School of Nonprofit Board of Directors, spoke of the similarity in the training needs of managers and board members, and the need to provide them with a wider understanding of organizational processes and their unique manifestations in the NPO sphere.

In the concluding session of the conference, Dr. Hagai Katz, Yael Elon and Debi Babis presented an updated quantitative profile of the Israeli third sector, reflecting on the reasons for its continued growth, and the consequences of the shrinking share of government funding in its income on the sector's sustainability. They also reported other changes and dynamics pertaining to the sector such as its media coverage, government policies and corporate philanthropy. The increased demand for services due to growing poverty and welfare state retrenchment, the hastened privatization

*Post Conference Workshop on Creative Philanthropy:
Mr. Eliezer Yaari, Director of the New Israeli Fund, Israel*

סדנא מיוחדת למנהלי קרנות בנושא פילנתרופיה יצירתית:
מר אליעזר יערי, מנהל הקרן החדשה לישראל



*Post Conference Workshop on Creative Philanthropy:
Mr. Avner Azulai, Director Marc Rich Foundation, Israel*

סדנא מיוחדת למנהלי קרנות בנושא פילנתרופיה יצירתית:
מר אבנר אזולאי, מנהל קרן ריץ בישראל



of social services that wasn't accompanied by parallel funding, and the consistently small scope of philanthropic contributions, pose a considerable risk to the sector's long term sustainability. The research team called for a reconsideration of privatization of welfare services not as social dumping, but rather as a long-term public-private partnership.



New Research

ICTR's conference is the major event in which new research on the Third Sector in Israel is presented. Papers presented this year discussed social entrepreneurship and volunteering, administration and resources dependencies, as well as other topics. Two panel sessions were also organized, one of historical research of the sector in Israel, organized by Dr. Paola Kabalo of the Ben-Gurion History Department, the other on program evaluation in third sector organizations was arranged by the Israeli Association for Program Evaluation.

ICTR's annual scholarship for a doctoral candidate

Dr. Hadara Bar-Mor presented Ms. Michal Laron from the Tel Aviv University with ICTR's annual scholarship for a doctoral candidate award for research that will promote the knowledge of the third sector in Israel. Ms. Laron's doctoral research – "The Changing Green Organization" - studies changes in the patterns of activity of environmental organizations in Israel.

Pre-Conference Reception

A pre-conference reception held in Tel-Aviv, brought together directors from the major foundations and third sector organization in Israel in a first social gathering in honor of the conference's international guests - Dr. Diana Leat, Prof. Helmut K. Anheier and Prof. Masayuki Deguchi.

Post Conference workshop on Creative Philanthropy

Creative Philanthropy is the name of a book written by Prof. Helmut K. Anheier and Dr. Diana Leat, and the title of a post-conference workshop, offered by ICTR for the first time, and which was designed for directors of Israeli Foundations. Several dozens of high-ranking executives from a diverse group of Israeli and foreign foundations participated in the day-long workshop, including executive directors and chairs of some of the largest and most influential foundations in Israel, next to leaders from smaller foundations. In the workshop Prof. Anheier and Dr. Leat laid out their model of the creative foundation, which they argue is the most suitable for foundations that want to stress their role in promoting innovation and social change, one that is important for overcoming limitations in current philanthropic practices and the way to reinvent philanthropy as a central institution of society. Issues discussed included the circumstances and motivations in which private individuals undertake philanthropic ventures, the different types of foundations, the Creative Philanthropy model and how it differs from other models

of philanthropic and foundation activity, the impact of the move to a Creative Philanthropy model on the foundation's management, leadership and personnel, and the challenges and the significance of working with the Creative Philanthropy model. After the presentation a lively discussion took place, in which participants and presenters discussed similarities between the Creative Philanthropy model and other models, the role of information and knowledge in the creative philanthropy model, and the centrality of strategic planning in the model. The workshop was concluded with an exercise in which participants participated in role-play where they were requested to develop an imaginary foundation based on the creative philanthropy model.

Back to the Dead Sea

We came back to the Dead Sea venue of the annual conference after trying a Tel-Aviv location last year, endorsed by participants who wanted to enjoy the special location, the spa and the Dead Sea. We believe we found our conference location for the coming years.

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מנהל המרכז: פרופ' בנימין גדרון
 עורכת: אילת נבון
 עיצוב גרפי: ניצה יוגב
 מוציא לאור: המרכז הישראלי לחקר המגזר השלישי,
 אוניברסיטת בן-גוריון בנגב
 הדפס ביחידת הדפוס, אוניברסיטת בן-גוריון בנגב

At the conference: From left to right: Mr. David Roth, Yoreinu Foundation, Dr. Varda Shiffer, Mandel Center for Leadership in the Negev

משתתפי הכינוס. מימין: ד"ר ורדה שיפר מנהלת מרכזו מנדל למנהיגות בנגב ודוד רוט מנהל קרן יורינ



At the conference.

From left to right: Sheikh Abu Hamid, Elwaha in the Negev, Prof. Gidron

משתתפי הכינוס. מימין לשמאל: פרופ' גדרון וסלימאן אבו חמיד מעמותת אלואחה בנגב

