



## Celebrating a decade: Researchers from all over the world will participate in ICTR's Decennial Conference

Among the various planned activities marking its tenth anniversary, ICTR will be holding, for the first time, a conference that will be focusing on the changing system of governance in the world and the growing role and place civil society organizations have in it. The conference's title is "Are We Headed Towards a Three-Sector society?". As opposed to previous conferences held by the center, in which solely Israeli third sector issues were discussed, this conference will not be focusing exclusively on Israel but will also on global trends and will in part be an international conference, in which some of the finest third sector researchers will be participating.

The conference's keynote speaker will be Professor Lester Solomon, of Johns Hopkins University, one of the most prominent third sector researchers in the world today. Professor Salamon is noted for his ground breaking work since the beginning of the 90's in researching the third sector in its global contexts and has since then taken his work to new additional directions.

Besides Professor Salamon, ten leading international researchers will participate, discussing with their Israeli colleagues a variety of topics on the characteristics of the third sector in the coming decade.

### Heading Towards a Three-Sector Society

While ICTR's previous conferences had no specifically defined themes and covered a broad spectrum of topics, the 10<sup>th</sup> Anniversary Conference will evolve around a major theme, namely: "Are We Headed towards a Three-Sector Society?". The rapid development of the third sector and civil society across the globe inclines us to view the sector as fulfilling *specific roles*, similar to the business and

### ICTR's Decennial International Conference keynote speaker Prof. Lester Salamon



public sectors. In order to perform these roles, third sector organizations are developing *specific characteristics* that distinguish them from business and public sector organizations. There will be four sessions concerning the question in the conference's theme: (1) the historical roots and religious traditions of voluntary associations' activity; (2) philanthropy as a unique framework for third sector organizations; (3) civil society and its connection to the political constellation; (4) the roles and performance of civil society in states of emergency.

Among the participants in the discussion will be Professor Yehezkel Hasenfeld (UCLA), Professor Margaret Harris (Aston Business School, UK), Professor Denis Young (Georgia

State University), Professor Giuliana Gemelli (Bologna University), Professor Adam Habib (Durban University), Professor Yitzhak Galnoor (Hebrew University), Professor Elimelech Horowitz (Bar-Ilan University) and others.

### Outreach

Over the years ICTR made an effort to include activists directors and staff members of civil society organizations, particularly small ones, in its activities. For the decennial conference, in order to attract more participants, ICTR will lower its registration fees.

The scholarships will be financed by the greetings sent to the center, which will be placed as ads in this newsletter and the following one. In order to make the discussions and ensuing ideas accessible as possible to the participants, the English speaking sessions and lectures will be simultaneously translated into Hebrew.



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# Director's Column

It is very tempting, in the framework of this column, at the opening of this academic year – the decennial of the Israeli Center for Third Sector Research – to be nostalgic and appreciate the long way the center has travelled since its first days and its achievements in many fields. But it is very difficult to sink in nostalgia when memories of the more recent past – the war in the north of Israel, this passing summer, and its significance – are unrelenting. The third sector, which up to the war was considered by many in government and in the public as marginal and insignificant, suddenly "grew wings" and revealed its necessity and importance. As it has been mentioned many times before, the activity of third sector organizations during the war was especially visible in face of the failure of the public sector to cope with civilian needs.

In July-August, many civilians and civil society organizations asked themselves what they can do and how they can help the population in the north and society at large, in their own fields of expertise and outside these fields. We too, a center specializing in third sector research, asked ourselves the very same question. We came to the conclusion that we have an opportunity to study, in real time, the roles and functioning of civil society during times of emergency; thus help to document this phenomenon of "the role and function of civil society during states of emergency", and help document this phenomenon in order to learn from it and perhaps assist in creating future policies in this area. This aspect of the third sector – its roles and functioning during states of emergency – is an aspect seldom dealt with in third sector research literature. However, with the growing scope and

importance of the sector all over the world and the occurrence of massive-scale disasters involving hundreds of thousands of people – earthquakes, floods and, of course, different kinds of wars – there is a serious need for research in this field.

Please see our research's preliminary findings which is attached to the newsletter. This is only the first stage in a larger research we are engaged in, which will also have a comparative dimension to third sector activities in other disaster areas in the world. We will dedicate a special session to this topic in our annual conference and attempt to learn from the experience of others.

I cannot help writing about our annual conference – the decennial conference. It will be different from our previous annual conferences in a number of aspects. First, it will be an international conference; 10-12 guest from abroad – many of them esteemed colleagues from around the world. Secondly, it will be focusing on one major topic: "Are We Heading towards a Three Sectors' society?", which will be discussed in the various sessions. Thirdly, an effort will be made to make this conference accessible to as many participants as possible – researcher, the sector's executives and members, policy makers, activists and volunteers in organizations. To this end we will be providing simultaneous translation to Hebrew in English speaking sessions. We will be cutting the cost of registration fees and also provide scholarships to activists in organizations, which do not have the resources to send their members to conferences. Finally, we also have a few surprises up our sleeves that, understandably, we cannot as yet reveal... I have a feeling this will be an unforgettable conference.

**Benjamin Gidron**

Hearty congratulations to Ben Gurion University and to Professor Benny Gidron on creating Israel's premier center for research and teaching on Israel's nonprofit sector! ICTR's steady stream of objective data-based research publications constitute the only evidence-based, reliable resource for scholars, public officials, business and nonprofit practitioners, the press and the public about the nature, extent, and character of Israel's independent sector, and it is a precious resource indeed. Already there are many signs of the impact of that research and the students trained in its use upon emerging public policy initiatives in Israel affecting the sector. Those impacts are bound to grow in the years ahead. Keep up the great work that you have started!

**Joel L. Fleishman**  
Professor of Law and Public Policy  
Terry Sanford Institute  
of Public Policy  
Duke University

**Do you recall the first years of ICTR?  
Do you have any experiences that you'd like to share with us?  
Anecdotes or recollections of visits?**

**mail us at: [ictr@bgu.ac.il](mailto:ictr@bgu.ac.il)**

# ICTR in Latin America

Dr. Hagai Katz

In September 2005, ICTR hosted a delegation of twelve Latin-American academics and representatives of NGOs. The delegation was organized by the Ministry of Foreign Affairs' Israel-Ibero America Cultural Institute and the Inter-American Development Bank (IDB), as part of a project attempting to increase social capital and decrease social exclusion in Latin America by strengthening the third sector and civil society.

During the delegation's visit, Prof. Gidron and I presented ICTR's experience in developing the knowledge infrastructure on the third sector and promoting appropriate public policy towards it. During the visit, a number of representatives expressed interest in future collaboration with ICTR's, since they believed that our experience can be applicable to their own countries.

A few months later, IDB staff contacted the Center and suggested it served in an advisory capacity in projects aimed to develop knowledge regarding the third sector and the policies towards it in two Latin American countries – Costa Rica and the Dominican Republic. The first step was a week-long visit by Professor Gidron and me in September 2006, a year after the first meeting, which was planned over the course of several months.

In the Dominican Republic, the project we engaged in concerns the founding and developing of a national center for information on and advancement of the third sector. Last year, a new law was passed in the Dominican Republic, which regulates the third sector and determines that the Republic must establish, together with representatives of civil society organizations, a center that will gather information about the third sector, supervise and encourage it. In her visit to Israel, Ms. Addys Then Marte, executive director of Alianza ONG - the NGO leading this initiative on the part

of the civil society organizations – was persuaded that ICTR's experience in developing a database on third sector activities and establishing a committee for policy development is highly relevant to the tasks set ahead for the Dominican center. Therefore, on our visit, she organized a number of meetings with top-rank government officials, in order to present before them the Israeli experience and discuss the necessary steps to adapt and apply it in the Dominican Republic. In those meetings representatives of the different government offices - especially the central presidential planning office - expressed their interest in continuing to learn from ICTR's experience and collaborate with it and with Alianza ONG.



Dr. Katz interviewed in the La Nación newspaper in Costa Rica on the role of NGO's in society

In Costa Rica ICTR was invited to collaborate with a team of researchers from the School for Social Work in the largest university in the country – The University of Costa Rica – on a pioneering study of the Costa Rican third sector. The research team, headed by Rita Meoño, wanted to benefit from ICTR's experience in the Hopkins project and the development of the Israeli Third Sector Database in developing their research project. During the visit, we conducted a series of consultation meetings, and discussed the local research's approach and methodology. In addition to these meetings, our hosts organized for us to give a public lecture on the third sector in Israel, in the presence of the Israeli ambassador, representatives of the local Jewish community, university leadership, faculty

and students. During the visit ideas were brought up for further collaboration on this project as well as on other projects of comparative evaluation research.

Both visits were evaluated as extremely beneficial by us and our Latin American hosts, and we are already considering plans to develop joint programs and long term collaboration. Plans to expand ICTR's consultative work to other Latin American countries are also on the table.



I would like to congratulate Ben Gidron and all of the individuals involved with ICTR on reaching their 10th anniversary. I recall spending three months at the ICTR during my sabbatical—sponsored by the Center at BGU. This was in 1999 when ICTR was a one room office—where Benny, his administrative assistant, and one of the masters students—Hagai Katz-- all shared this small space!

I wish Benny, the staff, students, and all of the faculty associated with the ICTR the very best on this special occasion. I know for sure that there will be more to celebrate in years to come.

Debra J. Mesch, PhD.

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Professor of Philanthropic Studies at  
the Center on Philanthropy  
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Dr. Hagai Katz, Chief Research Officer, ICTR, and Dept. of Business Administration

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# Update on The Observation Post Project ("Tazpit")

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Dr. Hagai Katz

The first round of the "Observation to the Third Sector" project has reached its midway point. The object of the project is information sharing among third sector organizations and between them, the public and policy makers. ICTR role is to collect the information and experience from the organizations, process and organize it, redistributing it back to the organizations and other relevant interested parties in the public, the media and the political arena. The project's team has already recruited close to 100 organizations which are our "observation posts". In half of the organizations we have made introductory interviews, aimed at determining the baseline with which we can later compare organizations' strategies, dynamics, and how various events affect their capacity and sustainability. Already at this stage, in which we are only collecting basic data about the organizations in an hour-long interview, interviewees are expressing satisfaction in participating in the project, seeing that the interview in itself contributes to their understanding of their own organizations. They also appreciate the opportunity to share their knowledge and experience with others, and acknowledge the fact that other organizations' knowledge and experience are valuable to them as well. The organizations were also glad to receive, immediately after the first interview, a selection of ICTR's publications.

At this stage the project's team is continuing to recruit additional organizations to the project and hold the introductory interviews. In the following months, we will analyze the data received from the organizations, and identify the main issues that they would like the project to focus on in the coming year. From our initial impressions we are already able to identify a number of issues that are important to many of the organizations, such as collaborations and coalitions, efficient fundraising strategies, or coping with growing demand for their services due to increasing poverty. These issues may be the focus of the first observations of the coming year.

It is important to mention that for the organizations participation in the project takes

up very little time and energy, but the return is high. The manager of the organization is required to participate in an hour-long interview, after which the organization is asked to fill out, via the internet, two to three short questionnaires (5- 10 minutes for each), during the course of an entire year. The questionnaires focus on the issues and challenges defined by the organizations

themselves. Besides the immense value of knowledge-sharing, ICTR rewards participation by giving the organizations complimentary publications, subsidizing their participation in Center events and more.

**Organizations wishing to participate in the project are welcome to contact the Center.**

## The 10th Annual Spring Conference of the Israeli Center for Third Sector Research will be held on the 14-15 March, 2007

**Researchers wishing to present research papers at the conference are invited to send an abstract in Hebrew no later than January 15th , 2007**

Researchers wishing to arrange a session on a particular issue in one of the parallel tracks, which will consist of up to 3 presentations on the same topic or panel, are requested to include abstracts of papers which will be presented according to the following format and to suggest a moderator or session chair.

### **The abstract must include the following:**

Title of paper, names of researchers, degree and institutional affiliation  
Objective of research  
Conceptual and theoretical framework  
Methodology  
Findings

### **Abstract**

One A4 size page  
250 words maximum  
Line and a half space  
Font – 'David' size-12  
Aligned to both sides of page  
The abstract will be published as presented in the conference book  
In the body of the email the requested method of presentation must be listed along with contact information including: researcher's name, name of organization, address, telephone, fax and email  
The abstract should be emailed as a MSWord attachment to the following address: [ictr@bgumail.bgu.ac.il](mailto:ictr@bgumail.bgu.ac.il)

The Scientific committee will study the abstracts and a notice will be sent to the researcher by February 21, 2007. Presenters will be required to register at least for the day in which their work will be presented.

# Towards transparency of non profit organizations in Israel

Nissan Limor\*

**A new joint project of the ICTR, the Registrar of Non-Profit Associations, Zionism 2000/Shitufim, the Yad Hanadiv Foundation and other philanthropic funds, will upload the entire database of non profit organizations in Israel on to an web based platform. The new database will enable the public to access, for the first time, information regarding non profit organizations in Israel. This project is the harbinger of the development of a system aimed at increasing organizational transparency of the third sector in Israel.**

The term *transparency* has become, in recent years, a term used by many and seemingly understood by all. However, it has diverse meanings and can be quite ambiguous and elusive. The origin of the term is in its physical sense – that which allows light to pass through it and does not block vision. From this scientific field the term was lent to the field of social studies. At first, its context was revealing government and its actions to the public. The business world was soon to follow and required proper disclosure to the public – investors and potential investors. Soon this term leaped from one arena to the other so that now it seems that there is not one field where it is not used. Transparency is viewed as being a positive idiom: it "sounds good", so why not use it. Some see it as an expression of a world without secrets<sup>1</sup> where information may be obtained freely, whether free of charge or for a fee.<sup>2</sup> A secret-less environment is also perceived by the public as being positive, as opposed to secrecy. Nonetheless, it still is not prevalent as we hope it to be.

## Transparency as a Means of Strengthening the Organization

One must make a clear distinction between the physical meaning of transparency and its meanings in other disciplinary areas. The former describes a given situation, the latter describes a process. Meaning, in order to reach transparency, a person or organization is required to undergo a process to attain the desirable results. This process goes through

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many fields, some pertaining to law, business, public relations, human relations, human dignity, the public's right to know, the right to privacy and other matters. Transparency is not an end but a means, a mechanism shining light from within the body outwards. It is not the destination, it is the way. Without it the destination cannot be reached and the path which we take will determine the ability to reach it and the extent to which we reached our goal.

The need for transparency is not novel. American Supreme Court judge, Louis Brandeis is quoted as saying, in the beginning of the previous century, that "sunlight is said to be the best of disinfectants; electric light the most efficient policeman". But why are the sunlight and light bulb required? Because it is the public's right to know and the government's duty to inform. Rights versus duties, which are not necessarily in a symmetrical relationship and that need to be rigorously kept: demanding the rights and not giving up on the demand to fulfill the duties. These right and duties are demanded by society not only in the relationship between citizen and state, but also in any instance where one person acts on the behalf of another or acts on his own behalf but may hurt the other. The need for transparency does not only originate from the wish to know or receive information for the future, but, also, as a preventative measure. As Susan Stormer comments "it is similar to pregnancy – it can be hidden for a while, but eventually it becomes unveiled".<sup>3</sup> Stormer's unequivocal conclusion is that "on the long run, not having transparency is not an option." The need for transparency grows especially when time and again we hear of illegal actions, corruption and abuse of power and money by organizations and individuals that promote private interests while doing damage to the public. However, criticism of negative phenomena is not the central factor.

In an age impossible to regard information as confidential. If one observes countries, companies, businesses and organization, one can easily see how crucial information is and how it contributes to the changes taking place in these bodies. Ambiguity and secrecy are yesterday's news; openness, accountability and transparency are the "today" and "tomorrow". Power is not in the data but in the ability to read it.

Discussing transparency raises a few vital issues: what should be made transparent, how to do it, when to do it, who should do it and for whom. The overall approach to transparency derives from the concept of personal liberty – the individual space which does not harm others. Therefore, transparency means revealing any information that applies to or can affect others. "Others" are any interested parties, whether directly or indirectly, in the present or potentially in the future. This expanded approach, is criticized from moral, legal and financial aspects. It has

Continued on next page

- 1 Florini, Ann. (1998). "The End of Secrecy". *Foreign Policy*. 111: 50–63
- 2 Achituv, Niv. (2001) *A Open Information Society*, Tel Aviv, Am Oved. There are some who claim that lack of transparency originates from the desire to keep professional secrets. Prof. Achituv refutes this claim and claims that information cannot be kept hidden no matter how hard one tries. The harder one tries to hide it the greater the efforts to reveal it will become. The question is of time and money. Therefore, if this is the case, why not name the price in advance? Information is an asset. An asset has a price, therefore – because our world is based on an exchange system of supply and demand, information can also be included in this mechanism.
- 3 This is a quote from Stormer's lecture "Understanding the transparency phenomenon" given at a conference about transparency in Toronto, Canada, May 2002.

been said that human dignity and the right to privacy are values that must not be abandoned. Thus, transparency is indeed aimed at preventing harm from others but simultaneously, one must ensure that no harm is done to the source of the information. For instance, a person's medical condition is in the realm of individual privacy. But does this mean withholding information about a contagious disease that may harm others? This issue may also apply to many other areas such as morality or public order and safety. Economy experts claim that 'expanded transparency' can damage competition. Therefore, it must be limited by restrictions. The boundaries are not uniform. They change from society to society, from subject to subject and from time to time in every society according to its culture, values and needs. Setting the boundaries, the discussion and the end result, have public value.

Transparency in an organization has dual meaning- internal and external, the former has to do with the organization's internal affairs- corporate rule, decision making and the circulation of information within the organization. The latter has to do with the organization's relationship with its environment. These relations have many dimensions, according to the nature of the organization and its activities. These will be directed towards the various interested parties, among which are the public, the government, the clients and others - depending on the particular need. The distinction is necessary because of the various target audiences and different ways to achieve transparency. Its existence is not only on the technical level, but it is, first and foremost, a matter of the organizational culture and responsibility, in the wider sense of the term.

Even though the topic of transparency is also raised in the context of nonprofit organizations, very little discussion and theoretical research has been dedicated to this issue. In the main part, the discourse is based on findings from research in the business sector that were applied to the nonprofit sector. Resource dependency theory was used as a frame of reference by some researchers,<sup>4</sup> who pointed to findings that showed that organizations tend to reveal themselves, excessively sometimes, before their financiers, especially in the expenses aspect of their budget. This is in contrast to the scarcity of transparency in the area of income and its sources and even scarcer – transparency toward the public in general. Research has found correlation

between funding sources and the size of external debt and the degree of the organizations' exposure.

The rapid development of technology contributed vital layers every one of the three stages of the process of transparency: the creation of information, its distribution and processing. Technology, more than any other means, enables us to think of transparency as a game of chess – everything is visible, and yet, the thought process and the understanding of each of the players and their ability to assess and analyze the situation and draw their conclusions are the factors that determine gain or loss. Meaning, it is not the data that tips the scale but the human mind. Accepting this approach to transparency is a necessary step forward in embracing an advanced organizational culture.

### Transparency in the Third Sector

Transparency in third-sector organizations manifests mainly in financial reports and is almost completely absent in the "sensitive" aspects of corporate governance, activity, extent of goal achievement, fundraising expenses, executives' benefits etc.<sup>5</sup> The focus on the financial aspects has a direct effect on the organizations' image. The absence of transparency concerning the organization's activity voids the moral essence, the indirect and non- financial added value that the activity of these organizations implies. Without reports or information about these aspects, there can be no public recognition or esteem.

In June 2005, a public committee, which was established by : the Independent Sector,<sup>6</sup> presented congress with a report that which is to be used as a basis for discussion and changes in legislation. This report indicated a number of recommendations regarding transparency of nonprofit organizations. The authors' point of departure was the need to offer the public data which may be additionally analyzed and processed for various needs by whoever wishes to do so. The basic data recommended by the committee were about finances, including income and expenses; performance data and evaluation, including the evaluation methods; information on donation policy; policy regarding executives' benefits and conflicts of interests; corporate governance, including the organizational structure, position holders and authority; control process and the implementation of their findings. Overall, there were 15 different recommendations that

included all the necessary core data. The report was presented to congress and the organizations took it upon themselves to promote the subjects of responsibility, standards, self regulation and transparency; while the Federal Government, mainly through the IRS, will be regulating and supervising deviation from the rules, which were laid down by law, and from standards assumed by the sector's organizations, which were not addressed during their regular activities.

Offering data to the public necessitates acting according to principles and rules intended to ensure credibility. Data should be presented according to standardized conventions, acceptable rules and in a periodical manner. Data should be inspected and presented accurately and honestly. The information should follow the law, the acceptable standards in the field, the specific needs of the organization and its interested parties. These data are meant to enable their analysis and processing by whoever wishes to perform them. The distributor of the information must remember that the beholders sees it in their own eyes and use it for their own needs and that there is great importance to the mechanism of distribution and its credibility.

The absence of information, ambiguity and lack of adequate transparency encouraged different parties around the world to take deliberate action to change the state of affairs in third sector and civil society organizations.

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- 4 See for example: Peng, Tzu-Ju & Kellogg, J. L. (2003). "Partners, Resources, and Management Mechanisms of Interorganizational Collaborative Ties in Non-Profit Organizations. *Journal of American Academy of Business*. 3(1-2): 291-298.
  - Hillman, Amy & Dalziel, Thomas. (2003). "Boards of Directors and Firm Performance: Integrating agency and Resource Dependence Perspectives". *Academy of Management Review*. 28(3): 383-396.
  - 5 Bushman, Robert M.; Piotroski, Joseph D. & Smith, Abbie J. (2004). "What Determines Corporate Transparency?". *Journal of Accounting Research*. 42(2): 207-252.
  - Behn, Bruce K.; DeVries, Delwyn D. & Lin, Jing (2005). "The Determinants of Transparency in Nonprofit Organizations: An Exploratory Study". At: SSRN: <http://ssrn.com/abstract=727363>.
  - 6 Strengthening, Transparency, Governance, Accountability of Charitable Organizations. Washington, DC: Panel on the Nonprofit Sector, June 2005. At: [http://www.nonprofitpanel.org/final/Panel\\_Final\\_Report.pdf#search=%22Panel%20on%20the%20Nonprofit%20Sector%22](http://www.nonprofitpanel.org/final/Panel_Final_Report.pdf#search=%22Panel%20on%20the%20Nonprofit%20Sector%22).

This action included the setting of standard tax report patterns,<sup>7</sup> standards for conduct and reporting,<sup>8</sup> establishment of internet databases,<sup>9</sup> and the establishment of watchdog organizations.<sup>10</sup>

A standardized tax report system and its exposure to the public were found to be highly valuable and important in the U.S.A.<sup>11</sup> the existence of this platform enables easy public access and the examination of the status of the different organizations. This is especially significant because of the absence of other market factors such as market analysts that analyze business firms. The development of conduct standards brought to an improvement in the organizations' performance and a higher level of transparency and responsibility.<sup>12</sup>

The third method, which is becoming increasingly important and vital and which is rapidly spreading across the globe, is the use of web based platforms for providing accessible information. It seems that one of the most prominent and notable among these sites is the U.S.A. Guidestar site.<sup>13</sup> Guidestar is a nonprofit private enterprise that began operation over ten years ago. It has reached

an agreement with the IRS according to which it receives the organizations' annual tax reports, scans them and uploads them onto a website in digital format. The result is that all the organizations' reports to the IRS (form 990) and all the information in them were made accessible to anybody, anytime and for any purpose, whether be it for getting to know an organization, donations, volunteer work or some other analysis.

The success of this site led the British government to put up 2.9 million pounds, over the period of three years,<sup>14</sup> for creating a similar British site, which will upload information regarding the 170,000 organizations in the country.<sup>15</sup> At the end of 2005,<sup>16</sup> the site went up and got important support from parliament.<sup>17</sup> At the same time, an international organization named Civil Society Systems was established to unite state organizations working to promote internet websites that include national data bases.<sup>18</sup>

In Israel, a local initiative, which familiarized itself with Guidestar U.S.A and U.K., began promoting the creation of a web based interface that will be a central database for

information on all the nonprofit organizations registered in Israel. ICTR is promoting the construction of the site jointly with the Registrar of Non-Profit Associations, partners and funders that recognize the importance of the project and support it.

The first stage will be to expand the Center's data base and put it online for public use. The second stage will be to add to the existing data information from the organizations so that the website will operate as an independent system as the Israeli database for nonprofit organizations. This initiative will not only raise the level of transparency of third sector organizations in Israel, but is also expected to make significant changes in the organizations' conduct. Experience gained in other countries shows that intensifying transparency helps improve the organizations' performance and the executives' responsibility. Furthermore, transparency enables the public to make intelligent use of data for contribution and volunteer purposes, and at the same time become closely acquainted with an organization and its activities.



## Celebrating the first graduation of Nonprofit Management Specialization students



ICTR and the Nonprofit Management Specialization students celebrated with the first graduates of the program. Participants included the Specialization's faculty, ICTR researchers and staff, students and their spouses. This year 25 new students will begin the specialization, many working in various positions in nonprofit organizations. In the picture: Prof. Gidron congratulating the new graduates.

- 7 For example form 990 in the U.S.A.
- 8 See for example the Standards of Excellence developed in the state of Maryland in the U.S. and that are also being adopted by other states.
- 9 See for example: Guidestar U.S.A and U.K.
- 10 See for example organizations such as: Charity Navigator, Better Business Bureau, Charity Guide and others.
- 11 Froelich, Karen A. & Knoepfle, Terry W. (1996). "Internal Revenue Service 990 Data: Fact or Fiction?". *Nonprofit and Voluntary Sector Quarterly*. 25(1): 40 - 52.
- 12 Froelich, Karen A. (1998). "The 990 Return: Beyond the Internal Revenue Service". *Nonprofit Management & Leadership*. 8(2): 141-155.
- 13 Bothwell, Robert O. (2001). "Trends in Self-Regulation and Transparency of Nonprofit Organizations in the U.S.", *The International Journal of Not-for-Profit Law*, Vol. 4 (1). At: <http://www.icnl.org/journal/vol4iss1/bothwe111.htm>.
- 14 See: [www.guidestar.org](http://www.guidestar.org)
- 15 See press release: [http://www.guidestar.org.uk/pdf/20\\_03\\_03.pdf](http://www.guidestar.org.uk/pdf/20_03_03.pdf)
- 16 See: [www.guidestar.org.uk](http://www.guidestar.org.uk)
- 17 See press release: <http://www.guidestar.org.uk/DOCUMENTS/PressRelease-2005-12-12.pdf>
- 18 Contribution of GuideStar UK to the charitable sector. House of Commons, Monday 6 Feb. 2006, Session 2005 - 06/ No.1552
- 19 In the organization's founding conference, which took place in London, December 2005, Israel was represented by Prof. Benny Gidron and Nissan Limor from the ICTR and the Registrar of Non-Profit Associations, lawyer Yaron Keydar

# Changes in Third Sector Characteristics in the Passing Decade

Yael Elon\*

The third sector in Israel was active and lively many years before the establishment of the state. In the first half of the 20th century, thousands of nonprofit organizations were operating in Israel in a variety of areas: schools and higher education institutions, charities and soup kitchens, orphanages and care homes for the elderly, synagogues and yeshivas, professional unions and associations, immigrants' organizations, youth organizations and more. Hundreds of organizations that were founded before the establishment of the state are still active today; the oldest ones are over 100 years old, such as Beit Hinuh Ivrim and Moshav Zkenim Ha'Meuchad. Other senior organizations are Bezalel art school, Hebron Yeshiva, The Teachers' Association and the Training Center for the Children of Israel. Most of the pre-state organizations ceased existing over the years, for different reasons – the cause that led to their establishment becoming irrelevant, financial problems, or the organizational "fatigue".

This environment which I described, encapsulates and characterizes the third sector: it includes many kinds of activity and many organizations- some are active for long periods of time, others for short periods. Some are built on a basis which ensures their longevity, and others express the wish to continue working but barely survive. The emphasis changes from period to period, new fields of operation are added and new groups become active according to the issues and problems attended by civil society at that period. Comparing the profile of organizations that were established in different periods enables us to learn about the civil society's reaction to the changing social environment.

In tribute of the ICTR's tenth anniversary, we set out to examine the characteristics of the new organizations that were established in the passing decade and compare them to those of organizations established in previous times. However, we came across difficulties regarding data. The data we have mainly

concern organizations registered since the beginning of the 1980's, when the Law of Associations was enforced. Unfortunately, there is no systematic data regarding the organizations established in the period preceding the law. 95% of the organizations known to us today, among which are some that operated for many years as Ottoman associations, are registered according to the Law of Associations. Because of this handicap, we decided to compare the organizations established in the years 1996-2005 to those established in the previous decade in the years 1986-1995. Naturally, the changes are not dramatic, but they are enough to illustrate that the third sector is a dynamic sector, responding to a changing reality and differing needs.

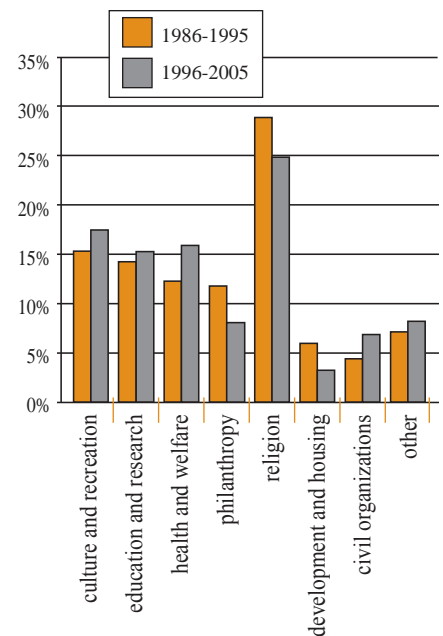
In the past two decades an average of 1,600 organizations were established each year. During 1996-2005 the number increased in regards to the former decade: over 17,000 new organizations were established as compared to 16,000 during 1986-1995. On the other hand a 10% decline in the establishment of new organizations per capita was recorded in the last decade.

## Activity areas

The share of new organizations in the fields of Welfare, Culture and Recreation grew up in the last decade (see diagram 1). The growth of welfare organizations undoubtedly mirrors the harsh economic situation of some of the

population and the withdrawal of government from this area.

Diagram 1: The distribution of new organizations by area of activity – comparison between years 1986-1995 and 1996-2005



among the culture and recreation organizations the growth is in the sports field. Education and research organizations growth was moderate. This mirrors conflicting trends in the field: a growth in general education organizations especially preschool to high school, reflecting lack of satisfaction with state provided education. A growth is seen also in higher education institutions. On the other hand, there is a distinct decrease in the number of ultra-religious institutions and Yeshivas that were established in this decade as opposed to the former decade.

Two other major areas of the sector: philanthropy and religious organizations have demonstrated a decline in number in the last decade as opposed to the one before, and therefore a decline in their share out of total organizations in the sector. A similar occurrence is reported in the housing and development field. A particularly notable field

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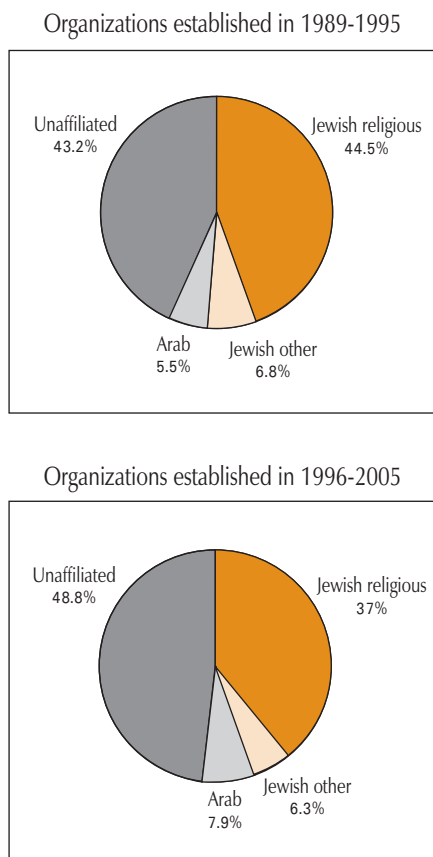
is that of social change and civil society, in absolute numbers it is only a small fraction of the sector but it demonstrates an impressive 57% growth.

### Population groups

During the last decade only 43% of total number of organizations that were established were designated for all population groups. 51% were for Jewish population and 5.5% were Arab organizations. In the present decade the number of Arab organizations increase to 7.9% of total number of organizations while Jewish organization decreased from 51% to 43% (see diagram 2).

Most of the decrease in the establishment of new Jewish organizations stems from the decline in the establishment of religious organizations and ultra orthodox education organizations. The share of the new religious organization declined from 44.5% to only 37%. Not major change occurred in Jewish organizations geared towards specific ethnic groups (Ethiopian, Anglo-Saxon etc.), but their share of total Jewish organization rose (from 7.5% to 8.7%).

Diagram 2: Breakdown of organizations by population group



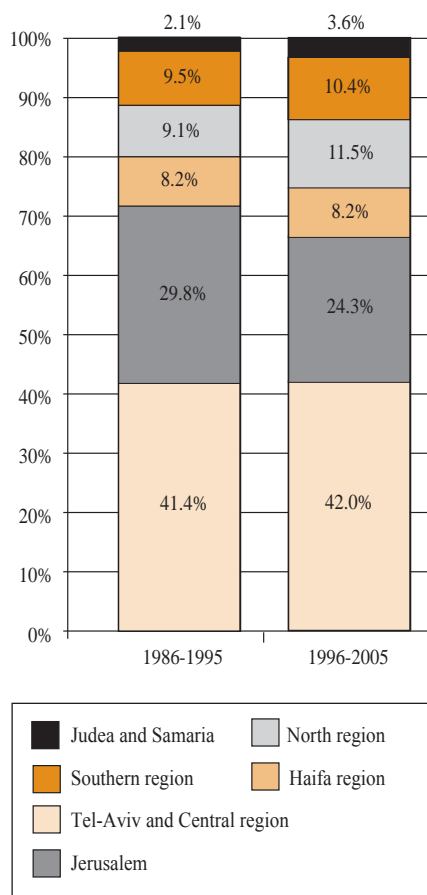
### Target population

Another phenomenon which characterizes the organizations established in this decade is the increasingly specific definition of their target population or clientele: 22.5% of the organizations specified their target population in contrast to 16.5% who have done so in the past decade. A significant increase can be found in organizations which relate to children. An increase was also noted among organization that tend to women and people with disabilities.

### Spatial distribution


In the past decade a slight decrease in the spatial centralization that characterizes third sector organizations was recorded. In contrast to the past decade there is a decrease in the number of organization registered in the Jerusalem region, while an increase may be noted in the North, Judea and Samaria (see diagram 3) and the South. No changes have been noted in Haifa and Tel-Aviv regions.

Diagram 3: breakdown of new organization between the regions – a comparison of 1986-1995 and 1996-2005



It can be determined that organizations established in the last decade provide greater means of expression to various population groups in the Israeli society. An increase can be noted in the number of Arab organizations and those in the periphery. An increase in the number of civil society organizations and organizations for social change. Both women and the disabled are given more attention, while a decrease is noted in the most dominant of the sectors organizations – the religious organizations.

The increase in welfare organizations and education facilities mirrors the changes occurring in the Israeli society: the privatizations of services for which the government is responsible. The void which is left by the government is filled by third sector organizations. But although welfare organizations are established to aid the weak. Privatization in education may support the strong, this could lead to the widening of the gap between the strong and weak in the Israeli society.



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