

# FUND RAISING IN ISRAEL

## The Art of the State

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*Fund raising within Israel for the thousands of Israeli voluntary and nonprofit groups is becoming a very sophisticated profession. A number of organizations offering consultative and technical services have grown up during the past decade. Only recently has private philanthropy come under serious study, which should influence the future direction of private sector involvement in Israeli society.*

Ever since a small percentage of Jews returned from the Diaspora countries to which they were dispersed after the destruction of the first Temple (587 BCE) and second Temple (70 CE), the Diaspora has played a vital role in fund raising for the Jewish homeland. For many centuries, the "returnees" were nurtured economically and often spiritually by the Diaspora Jewish communities that flourished abroad. These religious-kinship ties have remained strong throughout the years, becoming even stronger when the physical and economic survival of Jews in the homeland was threatened. Ongoing fund-raising activities for the homeland became a major part of institutionalized Diaspora activity and played a primary role in defining and distributing status of Diaspora leadership. The scholar as leader of the Jewish community has been replaced by the philanthropist as leader (Jaffe, 1987).

In the twentieth century, Diaspora fund-raising activities have been supplemented by widespread voluntary and fund-raising efforts within *Eretz Yisrael* itself. These efforts, supported by self-taxation, began during the British Mandate period before the state was created. After a short lull following statehood, a multitude of indigent self-help, nonprofit, private sector organizations developed to provide services and press for social change. According to the Ministries of Finance and Interior, today, thousands of voluntary and nonprofit

associations are formally registered with the government. They cover every imaginable area of social activity in Israel and constitute a major social and economic sector in Israeli society (Eisenstadt, 1956, Jaffe, 1985).

In 1987, 8% of Israel's gross national product was expended by the nonprofit sector, representing one-third of private and public consumption. This sector employs 11% of the entire Israeli labor force and 40% of those employed in public services. How do these organizations survive? Where do they obtain their resources? How does one determine which are more "fit" to survive than others? What is the role of government with regard to funding the nonprofit sector? What is the role of private philanthropy in Israel and abroad? What is the relationship of private corporations to the nonprofit sector? These are only a sampling of questions for serious research in Israel by scholars from various disciplines, questions that have only recently become identified as important areas for study and systematic discussion (Gidron, 1980; Haviv & Kop; Katan, 1973; Kramer, 1984; Leron & Spero, 1980).

This article describes some of the basic methods used by nonprofit groups in Israel to secure funding for their programs and organizations. Fund raising has become more than an art in Israel. Fund-raising seminars (for profit) are widely available, and a corps of fund raisers, community

organizers, public relations experts, and employees is emerging in Israel that is no longer limited to a handful of universities, hospitals, museums, and women's child care organizations. Fund raising in Israel has begun to harness science to its cause, borrowing theory from economics, psychology, sociology, psychiatry, anthropology, and political science and using experience, wisdom, and knowledge from the fields of business administration, marketing, management, computer science, social work, public relations, and theology. Fund raising is becoming a very sophisticated profession in Israel, and as interdisciplinary knowledge is brought to bear on the subject, it will influence to a great degree the nature of social services and private sector involvement in Israeli social policy.

Any discussion of fund raising for Israeli organizations must differentiate between activity undertaken in Israel and that undertaken outside of Israel. Most Israeli organizations attempt to tap both of these "markets," depending on a number of variables. Major sources of foreign income for nonprofit organizations are the American United Israel Appeal (1987), which brings to Israel approximately \$350 million annually; the Israel Bonds Organization, which brings in nearly \$600 million each year; and Keren Hayesod, which raises about \$150 million annually. These funds are generally locked into the various departments of the Israeli recipient or conduit organizations, i.e., Jewish Agency, World Zionist Organization, and Israel Bonds, Inc. (Jaffe, 1982). Some of these funds, however, find their way to external, nonprofit service-providing organizations.

Foreign governments also provide significant funds for nonprofit groups. The American AID program is one example and requires a sister organization in the United States that solicits funds for its Israeli counterpart (usually for buildings and equipment). Other assistance has been obtained with help from American legislators whose constituents have succeeded in interesting them in Israeli social, educa-

tional, and medical projects. Foreign government aid has played a major role in Israeli social services and research.

In general, the basic fund raising techniques utilized in Israel today are very similar to those used abroad. These operations are conducted directly by the Israeli organizations or by their agents abroad, using salaried staff or volunteers (New Israel Fund, 1987).

It is important to note that no reliable data exist on the amount of foreign philanthropy received by Israel each year. This is a formidable research undertaking since the number of conduits, recipients, donors, and amounts forwarded are almost impossible to measure. Many of these funds are direct donations that are untaxed, uncontrolled by government agencies, and unreported. The ultra-Orthodox Jewish community is only one example of a vast, complicated network of fund raising activity about which relatively little is known and hardly anything is written.

#### FUND-RAISING SOURCES

The following partial listing of fund-raising sources is not relevant to all organizations. Some nonprofit organizations use various combinations of sources, others hardly any at all. Research is welcome, therefore, to determine what variables determine the various fund-raising methods or portfolios used by different organizations. For example, how do the characteristics of size, goals, populations served, sponsorship, annual budget, or location of the organization affect fund-raising methods and fund-raising success or failure?

#### Direct Solicitation Strategies

- Membership dues
- Personal face-to-face solicitation of donations from individuals, families, or relatives
- Solicitation from businesses, e.g., banks, insurance companies, or industrial concerns

- Wills and legacies—advance commitments, donation of property
- Synagogue tzedakah funds, rabbis' discretionary funds
- Tzedakah collectives
- Mass or selective mailing solicitation—use of mailing lists and address labels
- Door-to-door solicitation, including “meshulachim” abroad
- Solicitation in public places—campaign day or week for a specific cause
- “Pushkes” (donation boxes in stores and private homes)
- Solicitation from tourists and visiting “missions”
- Public appeals by prominent personalities
- Newspaper stories containing direct appeals for funds
- Salary and standing order bank or payroll deductions
- Bank loans and private loans
- Testimonial celebrations honoring community leaders

#### Economic Enterprises

- Business(es) operated for profit by the organization, e.g., wedding hall, publishing firm, travel agency, handcrafts
- Sale of services for fees—contracting out to government and private individuals
- Bazaars, periodic consumer sales at cost plus profit, kickbacks
- Lotteries—Mifal Hapayis (national lottery) earns \$450 million annually
- Fashion shows, theater evenings, performances by popular entertainers, bingo
- Advertisement in an organization's newsletter or annual publication for a fee
- Investments in private businesses, profit-sharing, and in the stock market
- Sale of the organization's membership list

#### Foundations and Grants Awards

- Israeli foundations—e.g., Joint Distribution Committee (JDC-Israel); Doron Foundation (\$8 million awarded 1981–1987); Jewish Agency for Israel, including

the new Innovative Fund; Jerusalem, Tel Aviv, and Haifa Foundations; Mifal Hapayis; Rothschild Foundation; Dorot Foundation; New Israel Fund

- Government grants from national agencies, municipalities, and foreign governments
- Legacy funds willed to the State (Ministry of Justice)
- Research grants in cooperation with a university or other researchers for demonstration studies
- Jewish federations abroad, including legacies and endowments
- Grants from comparable nonprofit organizations or professional groups abroad interested in promoting the same service in Israel
- Grants from non-Jewish religious groups
- Grants from business corporations

#### Illegal Fund-Raising Methods

- “Laundering” money from illegal criminal activities for a fee, percentage, or donation
- Providing tax write-offs and receipts for donations of worthless goods for a fee, or for services
- Trading foreign currency on the black market
- Purchasing lists for fund raising from closed government records

#### FUND-RAISING ASSISTANCE AND EDUCATIONAL SERVICES FOR NONPROFIT ORGANIZATIONS

As the nonprofit and volunteer sector grew in Israel during the past decade, it created a market for sophisticated technical services for image building, fund raising, and for teaching organizational and leadership skills and practices. All of these services use computerized data base programs, some with access to foundation lists and profiles in Israel and abroad and information from the Foundation Center in the United States. Some of these agencies are plugged into vast data base systems in the

United States, which is very useful both for proposal development and solicitation of funds (Lauffer, 1983).

A few of these enterprises are described below.

#### "Shatil"

One of the pioneer efforts created to help nonprofit, mostly grassroots citizens groups to institutionalize their efforts and develop strategies to achieve their goals is the "Shatil" project. This independent advice and information service began in 1982 as a subsidiary of the New Israel Fund. This Fund, which was established in 1979, was created by American donors to provide start-up grants to innovative, unconventional grassroots, self-help groups in Israel. In 1987 the Fund awarded \$1.7 million. As applications increased, it became apparent that many new groups had little knowledge of how to register and function properly as a nonprofit organization, raise funds, increase membership, or use the media. To fill this need, the Fund authorized a grant to establish "Shatil" (Hebrew acronym for "Support Service for Voluntary Organizations") to provide technical assistance and community organizing training to citizens' action and self-help groups. It is still primarily financed by the New Israel Fund. Its professional community organization staff provides free consultation, in-service seminars, and initial computer services to many struggling, nonprofit volunteer groups. One of its major services is to provide advice about fund-raising techniques.

#### The Self-Help Clearinghouse of the JDC

The Israel office of the Joint Distribution Committee promotes and assists nonprofit, self-help organizations in Israel. The Self-Help Clearinghouse was established in 1986 to provide advice, referrals, and information to existing or potential citizens' groups on such topics as fund-raising sources, foundations, and grantsmanship skills

(JDC, 1987). In specific circumstances, the JDC has awarded grants to nonprofit organizations to hire staff for the specific purpose of fund raising and resource development.

#### "Megama"

In April 1987 a new umbrella organization of nearly 100 nonprofit and voluntary organizations was founded in Israel called "Megama," the Hebrew acronym for "Voluntary and Nonprofit Sector." Patterned after the "Independent Sector" organization located in Washington, Megama is a lobby seeking better tax exemptions for donors and for nonprofit groups, more television time and publicity on the work of the nonprofit sector, and legislation favorable to it. It also provides legal and accounting advice and a variety of seminars for staff of nonprofit organizations, including workshops on fund raising, public relations, and management skills. No fee is requested yet for membership, but nominal tuition is required for workshops and seminars.

#### The Ministry of Labor and Social Affairs "Support Service"

An information and outreach service to aid ad hoc and ongoing interest groups was initiated in 1986 by the Research and Planning Division of the Ministry of Labor and Social Affairs. Although some of this work overlaps with the JDC program, both are providing services to a wide range of citizens in need of support around specific issues and problems. Among the services offered are advice about fund raising and a computer data bank for networking with related interest groups. No fee is charged for these services.

#### Private, For-Profit Consultant Services

A number of academicians; former Jewish Agency, UJA, Keren Hayesod, and government employees; and emissaries who have worked with Jewish communities and

donors abroad have recently established a variety of private consultant services to advise nonprofit organizations on fund-raising techniques and sources.

One such private business is "The Israel Institute for Social and Economic Leadership Development," which is a subsidiary of the Tzofar Public Relations Company of Tel Aviv. This for-profit enterprise offers seminars on such topics as "Fund Raising in the United States," "Fund Raising for Local (municipal) Councils," and "How To Plan and Implement Public Relations Activities for Nonprofit and Volunteer Organizations," (Tzofar, 1988).

Another private consultant firm is "AFIK Management and Marketing Consultants—MASHAP Psychological Services," which provides consultation, seminars, and other services related directly to fund raising and resource development for client organizations and individuals.

#### TECHNICAL SERVICES

Specific technical assistance is now available from large computer and printing firms in Israel. A-B Data, an international corporation, has developed extensive mailing lists of Israelis for sale to nonprofit organizations and businesses. Following the American model, this data base is categorized by professional affiliation or field of business, location, age group, and other addressee variables. These mailing lists can be purchased for about 100 to 150 shekels per 1,000 labels. Also available are address labels for several million American Jews taken or purchased from membership lists of American Jewish organizations, professional societies, Jewish magazines, women's organizations, and proven donor lists. These labels are available for \$75 to \$125 per 1,000 names.

In addition to mailing lists, A-B Data (Israel) will purchase and seek new, relevant lists for its clients, computerize existing membership lists, prepare personal cover letters, provide mail-merge addressing, print names, sort and mail envelopes in Israel or the United States, and provide

sample market research surveys for specific mailing lists. The company will also produce tailor-made publicity brochures and material, obtain cheaper mass mailing rates in the United States, open a U.S. bank account in the client's name, deposit funds and secure credit cards for this account, obtain a toll-free U.S. phone number, and handle orders or refer them to the Israeli client organization (A-B Data, 1987).

Many of the veteran, relatively wealthy, well-organized, nonprofit Israeli organizations have developed extensive computerized mailing solicitation methods. The Israel Cancer Association, the Israel Center for the Blind, the Israeli Soldiers Welfare Association, and various museums and hospitals have much to teach other organizations that still lack experience in this area (Epstein, 1987).

Mass solicitation mailings are also widely used by Israeli religious institutions operated by Orthodox organizations. Such mailings, prepared by hand or machine in Israel or New York, are sent in the United States, usually with a U.S. return address. They use names and addresses gathered from phone books, tzedakah lists, organizational lists, and purchased lists and labels. These mailings are generally sent before major Jewish holidays, and often include a small gift, such as a calendar or haggadah. No reliable data are available on how much of these funds reach Israel.

#### FUTURE DIRECTIONS

##### Role of Private Philanthropy in the Nonprofit Sector

The services of professional fund raisers are infrequently available to hundreds of self-help, nonprofit volunteer organizations because they cannot sustain the salaries needed to hire staff over an extended period. Similarly, community organizers could be of great service to Israeli social action groups if funds for their salaries were available. More than 80% of Israeli social workers specializing in community organization are employed by municipal

or national government agencies, who can afford to pay their salaries.

Private philanthropy could therefore play a major role in providing funds for such staff positions as part of start-up, supportive grants (Jaffe, 1980). Since government agencies have been reluctant to fund staff positions for nonprofit organizations, private philanthropy, including the UJA and Keren Hayesod, could fill this important need. The impact of such catalytic assistance could be studied as part of a demonstration project, involving "experimental agencies" that would receive professional assistance and "control group" agencies that would not. The study could explore outcome differences between the two groups, looking at such variables as generation of income, goal attainment, and membership involvement.

#### Research on Israeli Foundations

Foundations, as do individuals, need to make decisions on how to spend their money to obtain the most for their investment. This is a particularly difficult task if the foundation board members live in Europe or the United States. Also, the rapid developments and changing personalities and leaders in Israeli social services, especially in the nonprofit sector, make it even more difficult to keep abreast of events. In answer to these needs, foundations in Israel have begun employing consultants, managers, computer staff, and related help.

Another function recently seen in Israel is that of "honest broker," an individual who refers donors and foundations to specific nonprofit organizations that may be of interest to them for a fee or for free. The honest broker does not represent any organization, but has a keen insight into social service needs and an ability for successful matchmaking between donors and nonprofit organizations. This advice and suggestions about funding strategies, the terms of the grant, and methods for reliable follow-up once a grant is awarded are of great help.

Still another role for professional consultants is that of impartial evaluator of foundations' own performance and track records. This requires the preparation of systematic reviews of grants awarded, financial accountability, overhead expenses, granting procedures, and recommendations for changes and conceptions of grant making. These kinds of reports are usually confidential for in-house use by board members and foundation administrators. Preparing such reports requires an expertise in grantsmanship, Israeli society, accountability, and many other skills. Sophisticated foundation board members insist on this kind of feedback, yet few individuals can provide it.

#### Teaching of Philanthropy and Nonprofit Organizations

Now that the nonprofit sector and philanthropy have been "discovered" in Israel, the time has come to anchor related scientific study and practice in this field to academic settings—university curricula, expert faculty research studies, and training of theoreticians and practitioners in these fields. Many such programs already exist in the United States. Case Western Reserve University in Cleveland hosts the Mandel Center for Nonprofit Organizations (and the Mandel Professorship in Nonprofit Management), Yale University sponsors the Program on Nonprofit Organizations, and scores of universities have opened special similar programs. These centers have generated a flood of research and evaluation studies, which have been of great use to professionals, donors, students, legislators, and the general public.

#### Research Issues and Questions about Philanthropy, Nonprofit Enterprises, and Social Policy

Although some important research has been published on volunteerism in Israel, hardly any of these studies cover the topics of financing and resource development. As interdisciplinary interest in this subject

increases and the alliance between private philanthropy and the third sector grows both in Israel and abroad, we can expect both a greater volume and higher quality of research on a wide variety of related topics. These research issues should be of interest to students of philanthropy in Israel in the years ahead.

- The relative effectiveness and cost-benefit assessment of various fund-raising techniques
- The effect of foreign government, foundations, and private philanthropy on Israeli social policy and programs
- The effect of tax policies on charitable contributions and nonprofit organization activities
- Boundaries of the private, nonprofit sector
- Program and fiscal accountability in the nonprofit sector
- Motivations for giving among different population groups
- Characteristics of leadership and resource developers in nonprofit organizations
- Successful and unsuccessful advocacy and self-help movements/organizations
- New areas of nonprofit activity
- The effect of privatization on government services and on nonprofit organizations
- Partnership models for government, private philanthropy, and nonprofit organizations
- Federated fund-raising models in Israel
- Corporate philanthropy in Israel—origins, models, interests, and social responsibility
- Interest-free loan funds—history, evaluation, effectiveness, operationalization, and values
- Evaluation of market theory and marketing techniques on fund raising
- Patterns of foundation decision making and accountability
- Curricula for the teaching of nonprofit management and resource development
- The impact of foundations on public policy
- Theoretical explanations of “nonprofit” versus “charitable” corporations, “patrons” as purchasers versus donors, and “non-profits” as suppliers of venture capital for social change
- Theories and models of decision making regarding corporate charity
- The role of public television in fund raising for nonprofit organizations
- Nonprofit organizations, political power, and political orientations of volunteer groups
- Motivations for joining nonprofit organizations
- Assessment of government regulation, supervision, and sanctions of nonprofit organizations
- Consumer and/or donor satisfaction with nonprofit organizations
- Measuring goal attainment of nonprofit organizations
- Technological trends in nonprofit organizations and fund raising
- The effect of peer pressure on giving
- Factors affecting donor compliance with donor pledges
- Altruistic values as reward-oriented, survival mechanisms
- Personality traits and philanthropic activity
- Urban-rural differences in donating styles
- Differential utilization of inherited wealth
- Models of constituent involvement in nonprofit organizations

This brief review of fund-raising methods and research possibilities reflects the “discovery” of a sector of activity in Israel that has only recently received serious, systematic attention and discussion. Philanthropy will continue to be an important field of study, practice, and teaching in Israel.

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