

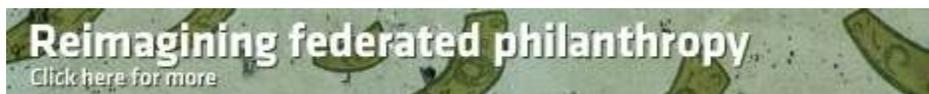


## Transforming philanthropy in Israel

Gidi Grinstein

Jewish philanthropy in Israel needs a major overhaul or risks becoming marginalized, Gidi Grinstein writes.

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TEL AVIV (JTA) -- Jewish philanthropy in Israel is at a crossroads. Powerful trends are marginalizing its impact on Israeli society. More than a billion dollars of philanthropic giving from Jews worldwide, spurred by endless goodwill, passion and care, are not impacting Israel or contributing to global Jewish peoplehood to the extent they should. The current system is in dire need of an overhaul.

I write this piece as an Israeli whose national identity is founded upon and deeply informed by his Jewishness. I am also a person who has realized a dream and established the Reut Institute, a policy group that provides strategic decision-support to the government of Israel because of the generosity of time, spirit and money by rabbis, lay leaders and philanthropists from the United States, France and England.

Why do I care? As an Israeli and for a variety of obvious reasons, I wish to ensure that these dollars are put to the best possible use. As a Jew, I view philanthropy as a critical tool of connecting the Jewish Diaspora with Israel and a key ingredient in the blood that flows in the veins of global Jewish peoplehood. As a grantee, I feel a debt of gratitude and a sense of responsibility to share my ideas openly with my partners.

Four major trends are marginalizing Jewish philanthropy in Israel.

[photo gidigrin align=right]

- Chronic inefficiencies, budget cuts and privatization have led to a decline in the Israeli government's will and ability to address the needs of Israel's population. Therefore, the menu of options for philanthropic giving has expanded while its resources have been stretched beyond capacity.
- The rapid growth of the Israeli economy -- by an estimated \$7 billion in 2007 alone -- is diminishing the overall impact of Jewish philanthropy.
- The socioeconomic center of Israeli society is increasingly disconnected from Jewish philanthropy in Israel. Philanthropists are engaged with the poor and the needy or with very small, intensely intellectual and political English-speaking elite.
- Finally, there is the belated and much-awaited rise of Israeli philanthropists, who are stepping in to address societal challenges and local needs.

As much as they are challenges, these trends also present opportunities. The menu of options for philanthropic

interventions expands. Furthermore, Jewish philanthropy is in an excellent position to impact and lead the four rising sectors of Israeli society: the business class, philanthropists, local government and nonprofits.

The approach has to be qualitative. Raising enough money to keep up with the growing needs is not feasible. Being more efficient is very important but only amounts to an insufficient "technical fix." The real challenge is to leverage much greater impact on Israeli society with the same dollars.

There are three parts to the needed qualitative approach: vision, organization, and focus and priorities. Each element requires a fundamental change of deeply embedded values and patterns of conduct.

First, on vision: Jewish philanthropists need to embrace a positive vision that can provide an overarching framework for their actions. The TOP 15 Vision, which aims to place Israel among the 15 most developed nations in terms of quality of life within 15 years, is one example of such a context. This is the vision that guides the work of the Reut Institute ([click here for more detail](#)). It requires catapulting the quality of life in Israel toward the kind of sustained, out-of-the-ordinary growth seen in Ireland, Finland or China.

The link between philanthropy and the TOP 15 Vision is relatively straightforward. Leapfrogging Israel's quality of life requires excellence in the private and public spheres, and massive investment in infrastructure, education and human capital, as well as the ability to thrive in a globalized world.

Crucial in this context is raising productivity and income in the low-tech sector, which employs 85 percent of the labor force and is significantly less efficient compared to developed countries. Much of this sector consists of governmental and non-governmental nonprofits that are often grantees of Jewish philanthropy.

Hence, Jewish philanthropy can play a central role in promoting the TOP 15 Vision through its material resources, as well as the vast experience and knowledge of its members.

Calling upon philanthropists to adapt the TOP 15 Vision as an overarching context does not necessarily mean that all philanthropic projects should focus exclusively on promoting socioeconomic growth. However, it does mean that every dollar spent can and should be leveraged toward greater excellence and productivity.

Second, on organization: The "heavy hitters" of Jewish philanthropy in Israel -- the organized Jewish community, foundations, individuals and their professional staffs -- should come together. Their agenda may include, for example, lobbying the Israeli government for tax reforms, policy, partnerships or recognition of their joint efforts; engaging the Israeli middle class that is not a recipient of their generosity; standardizing expectations from grantees to make philanthropy more efficient and accessible; or sharing information and discussing priorities, activities and specific organizations.

Third, on focus and priorities: The next wave of Jewish philanthropy in Israel must develop a new ethos and focus on institution and capacity building, as well as on government and market failures.

Institution and capacity building will ensure lasting impact on Israeli society. Philanthropists need to insist that their grantees uphold the requirements for good business: clear vision, mission, strategy, core values and unique value proposition; solid and quantifiable performance goals; strong boards; accountability and stable and transparent financial oversight.

In addition, they need to create incentives for small nonprofits to grow, merge, synergize or shut down and help them transition from their founders to solid professional management.

This relatively simple idea actually requires a deep transformation. The current focus on quick, measurable results often creates incentives to sacrifice long-term sustainability and organizational development for short-term performance, programs and projects.

Israeli grantees are rarely expected to rise to the standards of their grantors. This is no longer acceptable and change should be demanded. Improving management in the nonprofit sector will not only enhance the effectiveness of every dollar but is also essential for fulfilling the TOP 15 Vision.

Furthermore, excellence in Israel historically has been driven primarily by the academia, the high-tech sector and by elite parts of the defense establishment. Jewish philanthropists can transform the nonprofit sector into an additional engine of growth.

The need to focus on government and market failures is even more challenging. It requires identifying and focusing on the conditions where neither the Israeli economy nor the government of Israel can offer a resolution to a crisis. The logic is simple: This is where Jewish philanthropy can thrive and have the most powerful impact.

What falls within this category? Examples include addressing unacceptable realities such as individual cases of hunger or lack of medical treatment; supporting societal, organizational or academic experimentation and innovation; encouraging a deeper sense of global Jewish peoplehood among Israelis; or providing safety nets during difficult transitions.

While these are examples of needs that can only be addressed by philanthropy, at present we may not be able to say the same of replacing government in areas where it has a specific civic responsibility, such as building classrooms or immigration absorption.

Finally, Jewish philanthropists who work in Israel need to establish ethical, political and personal priorities based on the premise: "Give a person a fish and he'll eat for a day; teach him to fish and he'll eat for a lifetime."

For example, will you fill a government void or bring about change in government conduct? Will you deal with today's problems or generate tomorrow's solutions? Will you focus on a specific region such as the Negev or the Galilee, or on topics such as education or health? Will you address the needs of the general population or invest in change agents?

Too often we automatically equate philanthropy with leadership. The connection is not self-evident.

According to Ron Heifetz of the Harvard Kennedy School of Government, only activities that challenge values, priorities and habits to adapt to changing realities amount to leadership. This distinction is important because if Jewish philanthropy is to continue to play a central role in Israel, it will have to lead.

Philanthropic activity that catalyzes such change amounts to leadership. At the same time, a donation that serves to preserve an already existing yet irrelevant structure, organization or pattern may be the opposite of leadership. Therefore, sometimes declining a request -- even if by the Israeli government or by other major Jewish institutions -- constitutes a greater act of leadership than writing a check.

My conclusion is that the marginalization of Jewish philanthropy in Israel is not inevitable. If transformed, it can continue to play a central role in Israeli society and become an engine of Israeli prosperity and excellence. The overhaul is important for the grantees and grantors, for Israel and for world Jewry.

*Gidi Grinstein is the founder and president of the Reut Institute ([www.reut-institute.org](http://www.reut-institute.org)). This article summarizes a*

*series of posts about Jewish philanthropy that Grinstein is writing for his blog at [www.blogidi.com](http://www.blogidi.com).*

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