

Article

Open Access

Michal Almog-Bar*

Policy Initiatives towards the Nonprofit Sector: Insights from the Israeli Case

DOI 10.1515/npf-2016-0005

Abstract: The article aims to describe and analyze the main processes of policy initiatives towards the nonprofit sector in Israel since 2000, and their implications for the nonprofit sector and civil society. The process started with a review of policies regarding the sector, its roles and relationship with the government conducted by an ad hoc Review Committee established in February 2000. This then developed into few policy initiatives: in the Ministry of Social Welfare; by a governmental committee to review allocations to the nonprofit sector, and another project by the Prime Minister's Office that attempted to change the relations between nonprofit organizations and the government. These initiatives are analyzed, focusing on the actors and the politics of the process, as well as subsequent changes and their impact on the government and civil society in Israel. The analysis reveals that, while the policy initiatives have created new forms and forums for dialogue and joint work between main-stream nonprofit organizations and the government, it has neither developed nor strengthened such organizations and civil society as an alternative public sphere. The insights obtained from the Israeli case of policy development towards the nonprofit sector points to a need for a more nuanced consideration of partnership policies between the government and the nonprofit sector, and their implications for nonprofit organizations and civil society.

Keywords: policy, nonprofit, government, partnership, civil society

Introduction

In February 2008, the Israeli government approved an historical governmental decision recognizing, for the first time, civil society, the nonprofit sector and their contributions to Israeli society. Since this historical decision, the government has adopted several mechanisms and processes aimed at reviewing its

***Corresponding author: Michal Almog-Bar**, Hebrew University of Jerusalem, School of Social Work and Social Welfare, Jerusalem, Israel, E-mail: michal.bar@mail.huji.ac.il

relations and building partnerships with nonprofit organizations. The most notable among these are the round-tables of government ministries, nonprofit organizations (NPOs), philanthropic foundation and businesses, which have created an institutionalized discussion between these parties. However, the governmental decision was the product of a long policy-making process which was started in the late 1990s by an academic research center, and later developed into several policy initiatives designed to review current policies and recommend policy changes.

The initiatives tried to deal with the vague, uncertain policy environment in which nonprofit organizations were operating in Israel. In the preceding two decades, the nonprofit sector had grown significantly in both economic terms and the number of organizations (GuideStar Israel 2014; Salamon et al. 2013). Nonprofit organizations had taken upon themselves many more social roles, activities, and responsibilities and had become a major supplier of social services (Gidron, Bar, and Katz 2004). However, the issue was absent from the public and governmental discourse, and the government had not developed a clear policy regarding its relations with the nonprofit sector and its operation. Thus, until 2008 the governmental policy toward nonprofit organizations comprised an eclectic set of arrangements devoid of a clear rationale regarding the position and goals of the government in its relations with nonprofit organizations. Some of these arrangements were introduced for a specific organization or group of organizations; others were introduced by one government authority, and were invalid for another; others were inconsistent and even outdated (Gidron, Bar, and Katz 2004). The policy initiatives that began in the 1990s were intended to change this situation, and to create a clearer policy environment for the nonprofit sector.

This article aims to describe the main processes of policy initiatives towards the nonprofit sector in Israel since 2000, and to analyze their implications for the relations between government and the nonprofit sector, and for civil society. The new course of action started with a review of policy regarding the sector, its roles and relationship with the government by an ad hoc Review Committee established in 2000 (Galnoor et al. 2003). It then developed into a number of policy initiatives: a policy initiative by the Ministry of Social Welfare, a governmental committee to review allocations to the nonprofit sector (the Aridor committee), and a policy initiative by the Prime Minister's Office that attempted to change the relations between the nonprofit sector and the government, and to create partnership between the two parties. The implementation of the new partnership policy that grew out of these initiatives coincided with a growing restrictive policy towards nonprofit organizations: by specifically targeting a selected group of human rights organizations which receive most of their funding from foreign governments, this development poses a real threat to democratic civil society.

The article will detail the process which led to the government announcement and report, as well as the policy mechanisms which were developed afterwards, and will analyze its outcomes. Following a short introduction about the Israeli nonprofit sector, the policy-making process will be described, focusing on the components of the different policy initiatives. The discussion will analyze the outcomes of the policy initiatives and their implications for the relations between government and nonprofit organizations, partnership policies and civil society.

The Israeli Nonprofit Sector

The Israeli nonprofit sector has grown dramatically over the last thirty years and is one of the largest in economic comparative terms (Salamon et al. 2013). It has also been moving towards a more independent stance than preceding decades, when it acted in very close proximity to the government. Such growth and change are a result of two main processes. The first is the emergence of a more independent civil society since the early 1980s, as reflected in thousands of new organizations in all fields of practice, which have developed their own agendas separately and differently from those proposed by the State (Gidron, Bar, and Katz 2004). The second is the growing privatization of public services, a reduction of public funds for social services, and a transfer of responsibility for the provision of services to the business and nonprofit sectors (Katan 2007).

The economic scale of the Israeli nonprofit sector is substantial, and has been growing since the early 1990s. The total salaried employment in the nonprofit sector comprises 13.6% of total employment in the Israeli economy (448,000). The same trend of growth can be seen in the data about expenditures in the sector, which grew to NIS 133 billion in 2014. Most of those expenditures occurred within service-providing organizations. Some of these are large, professional associations, funded in part by the public purse, which provide public services in health, education, welfare and culture.

In terms of the sources of income for the sector, the largest share is still the public purse (50 % of total income), which continues primarily to fund organizations which provide services. Most of this funding is channeled to social service-providing organizations through a contracting-out system, which turns them into a long arm of government (Gidron, Bar, and Katz 2004). The share of philanthropy is 15%, and that of self-generated income 35%. Over the years, there has been a slight increase in the share of philanthropy and self-generated income (Central Bureau of Statistics 2015).

Since the enactment of the Law of Associations in 1980 – and until 2013 – over 52,000 organizations have been registered by the Registrar of Associations, at the average rate of 1,600 a year. In 2013, there were 36,000 active registered associations operating in the country. These are distributed among a variety of issues and areas of activity; however, most of them are active in the field of religion (25 %), education and research (20 %), culture and recreation (17 %), and welfare (15 %) (GuideStar 2014). Estimates show that only 12% of these organizations represent Arab-Palestinian citizens of Israel, a much lower share than this community's percentage in the overall population (21 %).

Despite the massive growth of the nonprofit sector, until 2008, the Israeli government had declared no clear or consistent policy toward the nonprofit sector and civil society (Bar and Gidron 2009). There was no comprehensive law or document that defined the attitude of the government authorities towards this sector. Instead, a system of laws, regulations and provisions governing different types of organizations had grown up haphazardly, shaped by history, interests, constraints and pressures (Gidron, Bar, and Katz 2004; Yishai 1998).

Nonetheless, the absence of a clear-cut government policy in this regard has not prevented various governmental ministries and entities from providing financial support or subsidies to thousands of NPOs in different fields. Government ministries have even initiated the establishment of national and local NPOs, although their support varies from ministry to ministry, and from year to year. Decisions regarding financial support to nonprofit were largely influenced by sectoral considerations, resulting in different guidelines when granted to different fields of activity, groups of organizations, or specific organizations (Galnoor et al. 2003).

Although the absence of a consistent policy toward the nonprofit sector allowed some latitude, such a system was difficult to supervise, and allowed political considerations to intrude. The absence of a consistent policy also harmed activity in the nonprofit sector, and may have hindered the development of civil society in Israel (Gidron, Bar, and Katz 2004; Yishai 1998).

The Policy Initiatives

The Review Committee of Government Policy towards the Third Sector in Israel (the Galnoor Report)

During the late 1990s, there was a growing recognition of the explicit gap between a very large, varied and active nonprofit sector, with major inputs

from private and public sources on the one hand, and the lack of its recognition as a sector – and, therefore, no coherent policy towards it – on the other. This realization was the impetus for a new initiative.

In February 2000, the Israeli Center for Third Sector Research (ICTR, an academic research institute) established an ad hoc committee to review the current government policy and propose modifications. The committee was chaired by Itzhak Galnoor, a professor of Political Science at Hebrew University, and the former Civil Service Commissioner. The committee comprised seventeen leaders of non-profit organizations, government officials, business leaders and academics, chosen for both their institutional affiliation and personal attributes. The purpose of the committee was:

“(T)o prepare the ground for a focused debate on the issue of policy, both of third sector organizations themselves, and of the many agencies that impact on their status and function ... to reexamine existing provisions and offer recommendations to rectify the current situation... There is, in our opinion, a real need to revitalize the third sector itself, and policy towards it” (Galnoor et al. 2003, 3).

The committee worked for two years. It examined current policy in Israel and in other countries, and suggested modifications focused on central policy issues towards nonprofit organizations:

1. Devising an overall policy toward the nonprofit sector that would be reflected in the government’s attitude toward these organizations, their activities, functions, and contributions. In it, the government should recognize the special contribution of nonprofit organizations to Israeli society and the Israeli economy. This recognition should be based on a delineation of the specific areas of activity of the government, business and nonprofit sectors respectively; on the need for reciprocity in order to achieve common socioeconomic goals; and on the government’s public recognition that nonprofit organizations have special features that must be preserved and fostered.

In addition, it was recommended that the government declare its intention of regulating the relationship between government authorities and nonprofit organizations through a clear, transparent and consistent policy that would in no way harm the autonomy of nonprofit organizations.

2. Differentiation between diverse kinds of monetary allocations to nonprofit organizations, and the regulation of state support, through multi-year contracts that determine the organization’s commitment to provide services and the government’s commitment to pay for them. In addition, the creation of alternative sources of funding was suggested to help the organizations wean themselves off governmental funding, as well as specific measures on the

allocation process to different types of organizations; the adoption of tax concessions to encourage and enhance the culture of giving in Israel, and tax concessions for nonprofit organizations.

3. Differentiation between diverse supervisory and control mechanisms of nonprofit organizations, and a distinction between organizations that receive public funds (whether directly or indirectly) and those that do not, and minimal governmental intervention in the affairs of the organizations. The committee also strongly recommended that nonprofit organizations adopt a more open, transparent policy, to prevent the need for harsh measures by governmental authorities, as well as the development of self-regulation, and the establishment of quality standards of performance and management.
4. Encouragement and support of civil society and nonprofit organizations among the Arab-Palestinian citizens of Israel, and the promotion of governmental projects through Arab-Palestinian nonprofit organizations.
5. Creating significant economic incentives for independent philanthropic foundations, and the legal institutionalization of the concept of philanthropic foundation.
6. Encouraging cross-sector cooperation, partnerships and joint ventures, especially between the business and nonprofit sectors.
7. Encouragement of social change and advocacy organizations in the nonprofit sector. Although these organizations form only a small percentage of the nonprofit sector in Israel, they are instrumental in promoting civil society, and the consolidation of democracy. Therefore it was recommended to increase governmental funding of these organizations, especially in the form of tax concessions.

The report of the review committee was presented to the President of the State on June 2003. It was subsequently sent to a large number of potentially interested parties in both the government and the nonprofit sector. In the years since then, developments towards implementation of the committee's recommendations have occurred along different paths, within the Ministry of Welfare, by an inter-ministerial committee to deal with public allocations to nonprofit organizations (the Aridor Committee), and in the Prime Minister's Office.

The Initiative of the Ministry of Social Welfare

In 2003, the Director-General of the Israel Ministry of Social Welfare formed an inter-ministerial task force to review the ministry's relations with civil society and the nonprofit sector. Its major role was described as developing ministerial

policy towards civil society. In light of the gradual decrease in governmental involvement in the provision of social services, and the growing willingness of citizens to contribute, volunteer and influence through civic engagement, it aimed to enhance the cooperation between the two sectors.

The task force identified the major problem of the Ministry in the lack of clarity regarding the roles and tasks that the ministry itself should perform, as opposed to those to be performed by the nonprofit sector. It recommended that the Ministry determine and clearly define the roles it is obliged to perform itself. These roles would be differentiated and separated from the areas of partnership with the nonprofit sector, and from activities that would be performed by nonprofit organizations. It also suggested strengthening the relations between the two parties, in order to improve the State's social services. Nor would it supplement or substitute them by any means. Such relations would be based upon principles of collaboration, mutuality and fairness. To these ends, a dialogue would be initiated between the parties, to encourage the activity of advocacy and organizations for social change.

Starting in 2004, several steps were taken as a result of the task force report which aimed to develop ministerial policy towards civil society and to redefine its relations with nonprofit organizations. These included a review of different aspects of the Ministry's relations with civil society and the nonprofit sector in the fields of policy, grants and contracts, and the relationship between the sectors at the local level; development of knowledge among the Ministry's staff about the nonprofit sector and civil society; and the launching of the "Round-Tables Project" between Ministry officials and leaders of NPOs. The goals of the project were described as facilitating mutual acquaintance, and opening a dialogue between the two sectors for strengthening of the cooperation between the two parties. The project included four round-tables that involved sixty nonprofit organizations and Ministry officials. Their discussions about the relations with nonprofit organizations in the fields of the elderly, women, children, and people with disabilities resulted in the recommendation of a new policy.

These first discussions were characterized by mutual suspicion. One of the participants from the Ministry described the main goal of this dialogue as a need "to learn how to deal with this monster." Some of the discussants portrayed the nonprofit sector as a threat to the identity of the Ministry, and expressed a feeling that it was the one setting the agenda. Some of the NPO participants noted that the discussion was too narrowly focused on the weakness of the Ministry within the Israeli government and generally in Israeli society, and that nonprofit organizations and their operations were discussed to a lesser extent. However, as a result of the discussions addressing the subjects of the elderly and

people with disabilities, the elderly and rehabilitation branches made some important changes towards nonprofit organizations, including their incorporation in policy discussions, processes of knowledge accumulation, and supervision. In addition, following these activities, a number of agreements between the Ministry and nonprofit organizations were developed and signed between the local authority and the NPOs active at the local government level.

In summary, the initiative of the Ministry of Social Welfare – designed to review its relations with the nonprofit sector – has produced meaningful changes in the Ministry, especially at the local district level. According to nonprofit organizations, the acquaintance of the Ministry staff with this sector and civil society, coupled with the Ministry's recognition of the sector as a viable partner in social change, has resulted in a change of attitude towards the NPOs. These are now seen less as a 'monster' and more as a worthy partner that Ministry officials may consult with or can learn from.

In some cases a valuable dialogue between nonprofit organizations and the Ministry has been created, and there is a higher willingness to listen to the voice of the NPOs. Furthermore, as a result of the learning process it has gone through, the Ministry is more aware of its own goals, interests, strengths and weaknesses in relation to the nonprofit sector, thus allowing it to participate in the dialogue from a stronger standpoint.

The Inter-Ministerial Review Committee of Government Support to Third Sector Organizations (The Aridor Committee)

In light of several critical annual reports by the State Comptroller regarding the allocation of public funds to nonprofit organizations, in 2004 the Israeli government appointed an inter-ministerial committee to review current practices and propose modifications (Prime Minister's Office 2006). Headed by a former Finance Minister, the committee comprised twelve high officials from the governmental ministries.

The main recommendations were:

- Drafting of a partnership agreement between government and the nonprofit sector.
- Creating a central database in the register of associations.
- Governmental support to nonprofit organizations should not exceed 60 % of the organizations' operating budget. According to the committee, more support would turn the association *in facto* into a governmental unit.

- Reducing the taxation of charities, and higher tax concessions for donations.
- Broadening governmental inspection and supervision of nonprofits, and creating a coordination mechanism between the different governmental supervising authorities.

The nonprofit sector was highly critical of these recommendations, as well as the committee itself and its *modus operandi*. Firstly, there were claims that the creation of the committee was based on a perception of these organizations as criminals, often connected with or representing the interests of elected politicians, and operating in a corrupt environment – effectively, stealing from the public purse. Such an initial viewpoint would easily lead to recommendations which focus on intensifying regulation and inspection of this sector.

Secondly, although this was a governmental committee, some claimed that the nonprofit sector was not given a proper forum in which to declare its concerns, interests and ideas. Nonprofit organizations were not invited to the committee meetings on a regular basis; nor were they consulted during the committee's deliberations. It was felt that the governmental stance was that NPOs should not participate in the discussion concerning the policy regarding the sector, as this would be considered as interference. This view not only opposes ideas of democratic governance, but also contradicts some of the committee's recommendations, especially regarding the drafting of a partnership agreement between the nonprofit sector and the government.

The Initiative of the Prime Minister's Office

In February 2008, the Israeli government released its report, "The Government of Israel, Civil Society, and the Business Community: Partnership, Empowerment, and Transparency" (Prime Minister's Office 2008). The work on the initiative, which had started in early 2006, was accelerated by the second Lebanon war, beginning in the summer of that year. During the war, nonprofit organizations were the major – and sometimes the only – providers of services to the populations in the line of fire, in the north of the country. The situation brought civil society and its organizations into the headlines, spurring a public debate about the role of NPOs. This included their relationship with the government and local authorities in general, and especially in times of crisis (Katz et al. 2007). The government was strongly criticized for failing to provide the vulnerable population with basic and essential protection, leaving these

roles to civil society. However, NPOs were also criticized for taking governmental roles and responsibilities, thus making it easier for the government to limit its services and activities.

Shortly after the war, the policy and planning branch of the Prime Minister's Office embarked on a series of discussions with leading figures in the nonprofit sector and the business community. These resulted in a new governmental decision dealing with the relationship between the government, civil society and the business sector (Decision 3190). A policy statement was also approved as part of this decision, under the title, *The Israeli Government, Civil Society, and the Business Community: Partnership, Empowerment and Transparency* (Prime Minister's Office 2008). In this statement the government views nonprofit organizations and businesses operating to promote public purposes as partners in the effort to build a better society. Furthermore, it recognizes that these organizations have always played a key role in shaping the face and image of society, and in strengthening the democratic foundations on which the State is based.

The governmental decision defined the following three targets: "Establishing a relationship and strengthening the collaboration between the sectors, to the extent which they desire, while maintaining the partners' independence; increasing the integration of civil society organizations in the operation of social services, while encouraging discourse with them prior to making political decisions; the encouragement of processes that contribute to empowerment, professionalization, supervision and transparency in civil society while implementing similar standards in the government and the business sector for working within this framework" (Prime Minister's Office 2008, 18).

As a result of the governmental declaration and report, in 2009 round-table discussions were set up as a permanent platform for the exchange of knowledge and information, and for consultation between government, the nonprofit and the business sectors for defined purposes. These continue to serve as the main platform for open mutual discourse between the parties. Similar kinds of round-table discussions were launched by governmental ministries and authorities in other fields, including the Ministry of Education, the Holocaust Survivors' Rights Authority, economic-regional development at the Ministry of Finance, and the Civil Service Commission. In the case of the Prime Minister's Office round-tables, each table convenes representatives from national and local government, nonprofit organizations and the corporate-philanthropic sector. An advisory committee, composed of representatives currently serving at the tables, and other academics and professionals from the nonprofit sector, selects new members of the discussions on a rotating base every three years.

During the seven years of its operation, the Prime Minister's Office round-tables have become a major platform for discussions between government and

nonprofit organizations. Discussions have dealt with a variety of issues regarding the relations between the sectors, and the operation of NPOs. These include: the tax policy of nonprofit organizations; improvement of the contracting out of social services by NPOs; strengthening volunteer activities; enhancing cross-sector partnerships and joint ventures; enacting a new governmental plan to financially support social enterprises; the removal of bureaucratic obstacles for the operation of nonprofits; support for nonprofit organizations after the 2008 financial crisis; coordination and joint operation among the three sectors in emergencies, and the development of philanthropy.

An issue which received substantive attention in the discussions was social enterprises. Despite the growing public interest in these, it was argued that there was a lack of clear definitions and conceptualization of this complex phenomenon in Israel. Such definition was essential for developing a policy to promote this activity and organizations (Gidron and Abu 2012). In the round-table discussions an inter-sectoral team was set to discuss this issue. The team consolidated a clear definition of a social business, related to business activities for social purposes in nonprofit and for-profit organizations. It also devised recommendations for tax concessions to social business, the removal of obstacles for their activities, and new guidelines for operating business activities by nonprofits. A special emphasis was given to social businesses which employ vulnerable populations. As a result of the team's work, and subsequent discussion, the Ministry of Economy and Industry declared a new policy to support social businesses which employ vulnerable populations, and create incentives for the establishment and activity of such enterprises. The Ministry launched a new program subsidizing the costs of employing people with disabilities and young people at risk in social businesses. In addition, a cross-sectoral foundation to foster social businesses was established jointly by government and a philanthropic foundation. The new foundation will invest six million dollars in social businesses active in the field of employment in the next few years.

In addition to the new policy in the field of social enterprises, the round-table discussions have yielded some other concrete policy changes. These include: a governmental fund to support nonprofit organizations in financial crisis; a tri-sectoral initiative to boost volunteerism; a center for capacity-building regarding the economic management of NPOs – established as a joint venture by the government and philanthropic foundation; increasing tax concessions to NPOs and for donations; enactment of a new entity by law for philanthropic foundations,¹ and enhancing the transparency of NPOs organizations by the establishment of GuideStar Israel. The latter is an online

platform which presents information about all nonprofit organizations in Israel, operated and financed as a joint venture of the Ministry of Justice and nonprofit organizations.

The round-tables discussions in the Ministry of Education are yet another example of a cross-sectoral discourse that has yielded policy changes. The goal was to formulate a new policy regarding the integration and operation of external (extra-curricular) programs run by NPOs in the public education system. After two years of dialogue, an online information base for external programs in the public education system was launched. A partnership agreement was also signed between schools and NPOs detailing the working procedure for organizations operating extra-curricular programs in schools. In addition, an inter-sectoral convention for the operation of programs in the education system was established. This is a declarative document that presents the inter-sectoral spirit of partnership. It elaborates a list of principles and a series of applications for the partnership in operating educational programs (Weinheber, Sambira, and Oz-Ari 2015).

Parallel to the round-table discussions initiated by the Prime Minister's office, the Israeli government has made some other policy changes towards nonprofit organizations in the last decade which have negatively affected their operation. These include a series of amendments made in the Law of Associations (1980), the main law governing the registration, operation and the eligibility of nonprofit organizations for public funding and tax subsidies for their donations. The changes include tougher requirements for reporting activities and financial operations, and increasing the supervisory powers of the registrar.

Additionally, in the last few years the government has launched a campaign against nonprofit human rights organizations funded by foreign governments. Since 2011, nonprofit organizations have been required by law to report all donations received from foreign governmental entities at the end of every quarter in which the donation was received. NPOs are not required, however, to disclose the sources of donations from private sources which are not foreign governments. A new bill that was recently approved by parliament on its first reading requires Israeli nonprofit organizations that receive more than half of their funding from foreign governmental entities to disclose this support in every public encounter – including any publication in the media, and in correspondence with public authorities.

While the government has presented these as measures designed to increase transparency in civil society, it is clear that they are directed at human rights

¹ Until the new law was enacted, philanthropic foundations in Israel were not recognized by law as a special entity. This has now changed.

organizations that expose and challenge the right-wing government's policy regarding the Israeli occupation of Palestinians in the West Bank. This group of organizations receives most of its funding from governments in Europe, whom the Israeli government criticizes for inappropriate intervention in Israeli policy. The new legislation, which is intended to stigmatize nonprofit organizations for receiving support from foreign governments, is accompanied by a public campaign by right-wing NPOs and members of parliament who demonize human rights organizations in civil society, presenting them as traitors and subversives. They claim that the human rights organizations are undermining the country's reputation in international public opinion. This campaign has been criticized by many civil society organizations in Israel, as well as governments in the US and Europe, claiming that it presents a threat to free civil society and undermines democracy. It was claimed that the proposed bill employs the term "transparency" as a justification to crack down on a selected group of organizations that are not to the current government's liking. In this, the government employs a two-faced logic: It does not target organizations that receive funding from non-governmental sources, under the argument that private donors are not foreign states and therefore do not infringe on the State's sovereignty, and treats Israel's closest allies as potential enemies.

Discussion: The Outcomes of the Policy Initiatives and Their Implications

Following the presentation of the different policy initiatives over the last fifteen years, the discussion will focus on the outcomes of policy initiatives, the changes it has created, and their implications for the relations between government, the nonprofit sector and for civil society will be discussed.

Since the early 2000s there have been significant changes in the policies towards the nonprofit sector in Israel. The government's policy since 2008 has adopted most of the definitions and recommendations of the Galnoor Committee and the subsequent initiatives, and has promoted their implementation.

This has become possible due to the opening of a major opportunity for policy change as a result of the second Lebanon war in the summer of 2006. The situation during that period raised a public debate in Israel regarding the roles of civil society during wartime, and the relations between its organizations and government. This discussion accelerated the initiative of Prime Minister's Office, leading to the promotion of the issue and the advancement of the recommendations of the Galnoor Committee and subsequent initiatives.

Looking back at the policy environment in which the nonprofit sector operated in Israel during the early 2000s, it is clear that a number of significant changes occurred after the launching of the different policy initiatives towards the nonprofit sector.

First, the issue of civil society and – more specifically – nonprofit and voluntary organizations, their activities, contributions, limitations and relations with government, now appear on public and governmental agendas, and receive public recognition and attention. The activities of civil society have been crucial and central in Israel since its establishment (Gidron 1997; Gidron, Bar, and Katz 2004). Over the years, the nonprofit sector has played a major role in the development, financing and provision of social services. However, in earlier decades – despite its deep involvement in society – it was never perceived as an independent sector; rather, it was considered as an arm of the State for implementing certain activities. In a sense, it was thought of as an integral part of the establishment. Thus, over the sixty years since the establishment of the State in 1948, it received scant attention, and was rarely discussed in governmental or public forums.

The Galnoor Report, and the initiatives that followed it, were designed primarily to raise awareness of the importance of civil society, and of the need for its recognition and support by the State. This was achieved by the successful ‘translation’ of the data gathered about the nonprofit sector since the mid 1990s into a policy paper – the Review Committee Report – which was accessible to the public. This report also served as a trigger for discussions and debates in many forums regarding the nonprofit sector, its contributions, limitations and relations with the government. In addition, it formulated pressing questions regarding civil society, and presented them as a basis for discussion. This dialogue served as a base line for the government’s historic decision in 2008, officially recognizing for the first time the nonprofit sector, its vast contribution to Israeli society and seeking to encourage partnerships between the public, voluntary and business sectors.

Second, during the seven years in which the governmental round-tables have been operating as part of the initiative of the Prime Minister’s Office, a meaningful inter-sectoral dialogue has been created between representatives of the government and the nonprofit sector. This has created mutual acquaintance and contact with each other, resulting in better coordination between the sectors. Participants in the round-tables have reported that trust between the representatives of the government and the nonprofit sector has been built through these discussions, and stereotypes and previously-held opinions have changed. Thus the dialogue has created an infrastructure of mutual value as a

basis for the three-way relationship between the public sector, and the nonprofit and business sectors (Weinheber 2011).

Representatives of the government have reported changes in the ways they work, increasing acknowledgment and understanding of the value of the discourse with representatives of the nonprofit and business sectors, and a resulting mutual consideration. The dialogue has facilitated a combination of forces and opinions, and the accumulation of resources for the promotion of public goals. At the same time, the joint responsibility and commitment of all the sectors in dealing with social challenges have been enhanced (Weinheber 2011; Weinheber, Sambira, and Oz-Ari 2015). In addition, government representatives have reported that the relationship between government and nonprofit organizations has been strengthened. Cooperation has now reached the level of consultation, and a growing willingness to share information and incorporate the nonprofit and business sectors in decision-making.

Third, the round-tables – which present a diversity of opinions and ideas – have been found to be an efficient instrument for policy formulation by the government. In the case of the Ministry of Education, the discussions have proved effective for dealing with issues regarding the operation of NPOs in relation to the public education system, as well as enabling the formulation of joint consensual policy by the two parties. Furthermore, the exchange of knowledge and ideas has assisted governmental ministries in formulating public policies in fields in which nonprofits act as major service providers (Weinheber, Sambira, and Oz-Ari 2015).

Fourth, changes have occurred in terms of the new policies that have been introduced. Not only have round-table discussions been established in different governmental ministries, but also agreements have been signed at the local level and, in some government branches, consultations with the other sectors have been institutionalized. The discussions in the round-tables have yielded important changes in tax policies towards NPOs; new mechanisms have been created to support NPOs and social enterprises financially, through capacity-building, and by providing tools for better management; new rules and procedures have been set up for the joint work of the government, nonprofit organizations and businesses, and cross-sectoral joint ventures based on resources drawn from each of the sectors have been established to enhance volunteering, philanthropy and social enterprises (Almog-Bar and Zychlinski 2014).

These changes are part of a move towards a new governance that involves a “catalyzing of all sectors – public, private and voluntary – into action to solve their community problems” (Osborne and Gaebler 1992, 20), where the State is dependent on a wide range of state and non-state policy actors (Ball 2008). In this framework, the nonprofit sector and government are considered partners

that complement each other particularly well: Nonprofits offer the flexibility, creativity and assets for innovation that government lacks, while the public sector provides the resources, technologies and licence to diffuse innovative approaches and to make them sustainable (Salamon 1995; Salamon and Toepler 2015). As in many other countries, these ideas have been adopted in Israel since 2008, and partnership between government and the nonprofit sector has become the prevalent rhetoric, resting on the assumptions that the nonprofit sector exhibits a particular potential for identifying the needs of citizens, and may contribute to a more cost-efficient delivery through the use of philanthropy and volunteers (Bode and Brandsen 2014).

While there is no doubt that these initiatives have yielded significant policy changes towards the nonprofit sector over the last fifteen years, questions remain as to how meaningful these modifications are for the nonprofit sector and for civil society: Have the policy initiatives helped to create a stronger nonprofit sector and a more vital civil society? And what is the nature of the partnerships that has been created between government and the nonprofit sector?

Although policies of partnership between government and nonprofit organizations hold enormous promise as a way to finance and deliver public services, and to provide knowledge about citizens' needs to those involved in the policy-making process, they also create complex relationships which are likely to engender immense strains and difficulties, especially given the different perspectives and power asymmetries of the two sides (Bode and Brandsen 2014; Salamon and Toepler 2015).

In Israel, participants in the round-table discussions from the nonprofit sector have proved more cautious than their counterparts in the government in describing the impact of these dialogues on their own organizations, on the nonprofit sector, and on creating partnership between the sectors. The main achievement that they have seen is in the changing attitudes of government representatives towards the nonprofit sector, and in the ability to network and form new connections with the government. While these participants have identified a potential for the positive impact of the discussions on the nonprofit sector and on the promotion of partnerships with government in the financing and delivering of public services, it is felt that this opportunity has yet to be realized fully (Weinheber 2011).

These participants also identified major power asymmetries in the round-tables. Although the two sectors are represented in these discussions, and are involved in choosing the topics for the agenda, the government steers the process and sets its tone. It is obvious that the government holds more power than the other sectors. In addition, most of the nonprofit organizations that have served as members in the round-tables were well-established service-providing

organizations before this initiative, already working in cooperation with the government; very few of them were advocacy or human rights organizations, or those representing citizens from excluded populations such as Arab-Palestinians, and the geographic and social peripheries. As noted above, advocacy organizations usually do not take part in the round-tables discussions. It therefore seems like a partnership in which the government strengthens its relations with nonprofit organizations that already work with it and are well established service providers of public services, rather than initiating relations with nonprofit organizations that are less established and represent larger segments of civil society, including those which oppose and challenge the government.

Overall, it seems that the new partnership policy of the Israeli government is still guided by the old perception of the civil society and the nonprofit sector as an implementation arm subordinated to the will of the government (Yishai 1998). As is evident in both the governmental report and the round-tables discussions, civil society is mainly regarded as important because it helps the government to ease the burden, and provide social services in the privatized welfare state – and not necessarily because it is believed to strengthen the community and democracy.

More paradoxical is the fact that, parallel to the partnership policies demonstrated in the round-tables initiated by the Prime Minister's Office and the growing trend of joint cross-sector projects – the Israeli government has adopted restrictive policy measures that we see in tougher requirements from nonprofits and increased supervision. In addition, it has begun a campaign that specifically targets certain human rights organizations, stigmatizing them for receiving support from foreign governments, and presenting them as traitors and subversives who undermine the country's reputation in international public opinion forums. These policies clearly present a threat to free civil society and undermine the role of nonprofit organizations in a democracy.

Thus, in the last fifteen years, the nonprofit sector in Israel has gained public and governmental recognition, which has been crucial for the creation of a discussion regarding its relations with the State. As a result of this development, some nonprofit organizations, mainly strong service providers, have gained greater access to government and to initiating joint ventures with it. However, the policy process has moved along two parallel lines: The one – the official, visible line – represents what appears to be a new discourse between the government and the public regarding the nonprofit sector and its relation with the government. This views the nonprofit sector as a partner of the government. The other – evident in the changes in the Law of Associations, and in the campaign against human rights organizations – focuses on strengthening governmental control and supervision of the nonprofit sector, and drawing a

division between different groups of organizations within the sector, between organizations that work with the government and are aligned with its mission, and those that oppose it. The latter group is denounced, and portrayed as a threat to both the nonprofit sector and Israeli society in general. The government therefore takes steps to protect itself from these NPOs. In many ways, this line of development is a continuation of the policy that existed before the 2000s, when some level of partnership existed between the State and a small group of wealthy nonprofit organizations which the government saw as serving its mission, while excluding the larger group of nonprofits in civil society that were unconnected to the government (Gidron, Bar, and Katz 2004).

Sabatier and Weible (2007) distinguish between three different structures of belief systems among policy elites and governments: They term the first, a *deep core* – a set of fundamental norms and beliefs; the second is a *near policy core* – policy positions concerning the basic strategies for achieving these deep core norms and beliefs, such as decisions concerning the scope of governmental versus commercial or nonprofit sector activity. The third is what they term *secondary aspects* – a group of instrumental decisions and information searches necessary for implementing the policy core, e. g. decisions concerning administrative rules and budget allocations. The first two are far more resistant to change than the last in policy-making processes.

Thus, it seems that the changes that have occurred in Israeli policy towards the nonprofit sector can be seen more as ‘secondary aspect’ modifications than ‘deep’ or ‘policy core’ changes. Although the rhetoric and some of the attitudes have changed, and new policy tools in the shape of round-table discussions, consultations and support for nonprofit organizations have been introduced, the government still expects civil society and the nonprofit sector to serve its missions and – to a much lesser extent – perceive its other roles in promoting democracy. Under such policy perception, it is hard to create an inclusive partnership between the nonprofit sector and the State which is based on mutuality and trust. It is also difficult to imagine how civil society can be strengthened by a policy based on such assessments.

In conclusion, while the Israeli nonprofit sector has grown significantly in the last two decades, many of its organizations are still very vulnerable and unstable, and their operation is greatly affected by governmental policies. The policy initiatives that have been developed in the country have created new forms and forums for dialogue, and joint work between main-stream nonprofits and the government. However, in its current form, it has neither developed nor strengthened civil society as an alternative public sphere within which agents can collectively debate issues of common concern, create new policy solutions, and influence the State (Cohen 1995). Thus, the Israeli case points to a need for a

more nuanced and careful consideration of partnership policies between the government and the nonprofit sector, and their implications for nonprofit organizations and civil society.

Acknowledgements: This article draws partly on a material previously published in: Bar, Michal and Benjamin Gidron. “The Long Journey to the Promised Land: Policy Initiatives towards the Third Sector in Israel.” In *Policy Initiatives towards the Third Sector in International Perspective*, edited by Benjamin Gidron and Michal Bar, 159–188. New York: Springer, 2009. The author wishes to acknowledge the fact that she was a member of the Galnoor Review Committee and is also involved, in a minor advisory role, in the initiative of the Prime Minister’s Office.

Funding: The Charles Stewart Mott Foundation is a major sponsor of Nonprofit Policy Forum, underwriting its open access to the public. Other sponsors include the Levin College at Cleveland State University and the Association for Research on Nonprofit Organizations and Voluntary Action. This special issue was funded through a grant by the Kresge Foundation to ARNOVA.

References

- Almog-Bar, M., and E. Zychlinski. 2014. “Collaboration between Philanthropic Foundations and Government”. *International Journal of Public Sector Management* 27 (3):201–211.
- Ball, S. 2008. “New Philanthropy New Networks and New Governance in Education.” *Political Studies* 56:747–65.
- Bar, M., and B. Gidron. 2009. “The Long Journey to the Promised Land: Policy Initiatives towards the Third Sector in Israel.” In *Policy Initiatives towards the Third Sector in International Perspective*, edited by B. Gidron and M. Bar, 159–88. New York: Springer.
- Bode, I., and T. Brandsen. 2014. “State-Third Sector Partnerships: A Short Overview of Key Issues in the Debate: Introduction to the Special Issue on State-Third Sector Partnerships.” *Public Management Review* 16:1055–66.
- Central Bureau of Statistics. 2015. *Expenditures and Income of Non-Profit Institutions 2012–2014*. Jerusalem: Central Bureau of Statistics (Hebrew).
- Cohen, J. 1995. “Interpreting the Notion of Civil Society.” In *Toward a Global Civil Society*, edited by M. Walzer, 3–40. New York: Berghahn.
- Galnoor, I., A. Ophir, A. Arnon, M. Bar, Y. Gabai, B. Gidron, S. Zilberstein-Hipsh, O. Katz, R. Liel, N. Limor, W. Mula, A. Machul, A. Armoni, J. Katan, B. Gatas, V. Shiffer, and E. Sharon, associates. 2003. *The Review Committee of Government Policy towards the Third Sector in Israel*. Beer-Sheva: The Israeli Center for Third Sector Research, Ben Gurion University of the Negev (Hebrew).
- Gidron, B. 1997. “The Evolution of Israel’s Third Sector: The Role of Predominant Ideology.” *Voluntas* 8 (1):11–38.

- Gidron, B., and I. Abu. 2012. *Social Enterprises in Israel: Towards a Definition*. Kfar Saba: The Israeli Center for the Study of Social Enterprises, Beit Berel College (Hebrew).
- Gidron, B., M. Bar, and H. Katz. 2004. *The Israeli Third Sector*. New York: Kluwer.
- GuideStar Israel. 2014. *Yearbook of Associations in Israel*. Lod: NPTech (Hebrew).
- Israel Prime Minister's Office. 2006. *The Inter-Ministerial Review Committee of Government Support to Third Sector Organizations*. Jerusalem (Hebrew).
- Israel Prime Minister's Office. 2008. *Government of Israel, Civil Society, and the Business Community: Partnership, Empowerment, and Transparency*. Jerusalem. A Policy Document (Hebrew).
- Katan, Y. 2007. *Privatization in the Personal Social Services in Israel*. Jerusalem: Ministry of Welfare and Social Services (Hebrew).
- Katz, H., Y. Elon, B. Gidron, H. Yogev, M. Yakobi, E. Levinsson, and E. Raviv. 2007. *The Israeli Third Sector during the Lebanon War (Summer 2006): Its Functioning and Its Roles during a State of Emergency*. Beer-Sheva: The Israeli Center for Third Sector Research, Ben Gurion University (Hebrew).
- Osborne, D., and T. Gaebler. 1992. *Re-Inventing Government*. Reading, MA: Addison-Wesley.
- Sabatier, P. A., and C. M. Weible. 2007. "The Advocacy Coalition Framework: Innovations and Clarifications." In *Theories of the Policy Process*, edited by P. A. Sabatier, 189–222. Boulder: Westview Press.
- Salamon, L. M. 1995. *Partners in Public Service: Government-Nonprofit Relations in the Modern Welfare State*. Baltimore: Johns Hopkins University Press.
- Salamon, L. M., W. Sokolowski, M. Haddock, and H. Tice. 2013. *The State of Global Civil Society and Volunteering*. Baltimore: Johns Hopkins Center for Civil Society Studies.
- Salamon, L., and S. Toepler. 2015. "Government-Nonprofit Cooperation: Anomaly or Necessity?" *Voluntas* 26 (6):2155–77.
- Weinheber, B. -C. 2011. *The Round-Table: A National Framework for Inter-Sectoral Discourse*. Jerusalem: Prime Minister's Office (Hebrew).
- Weinheber, B. -C., G. Sambira, and M. Oz-Ari. 2015. *Civil Society Programs in the Education System. Joint Regularization Test Case: The Tri-Sector Round-Table*. Jerusalem: Ministry of Education (Hebrew).
- Yishai, Y. 1998. "Civil Society in Transition: Interest Politics in Israel." *Annals AAPSS* 555:147–62.