

## Executive Summary

# Welfare Nonprofits in Israel: A Comprehensive Overview

Shavit Madhala, Michal Almog-Bar, and John Gal\*

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Civil society organizations (or nonprofit organizations) are playing a growing role in the field of welfare in Israel. In 2016, 43,000 nonprofit organizations were registered, a particularly high share of organizations per capita. Of them, 15 percent were active in the field of welfare.

However, to date, there has been a lack of data on the scope of these organizations' activities and funding. This study, conducted in cooperation with the Center for the Study of Civil Society and Philanthropy at the Hebrew University, maps out the welfare nonprofits in Israel. The study includes an analysis of active organizations working in the field of welfare between the years 2013 and 2016 whose annual revenues exceeded NIS 500,000 — a total of 748 organizations. The research examines characteristics such as sources of revenue, the number of paid staff and volunteers, and the target populations they aim to reach.

The organizations are classified according to how long they have been operating, the scope of their economic activity, their geographic distribution, and other characteristics.

## Organization characteristics

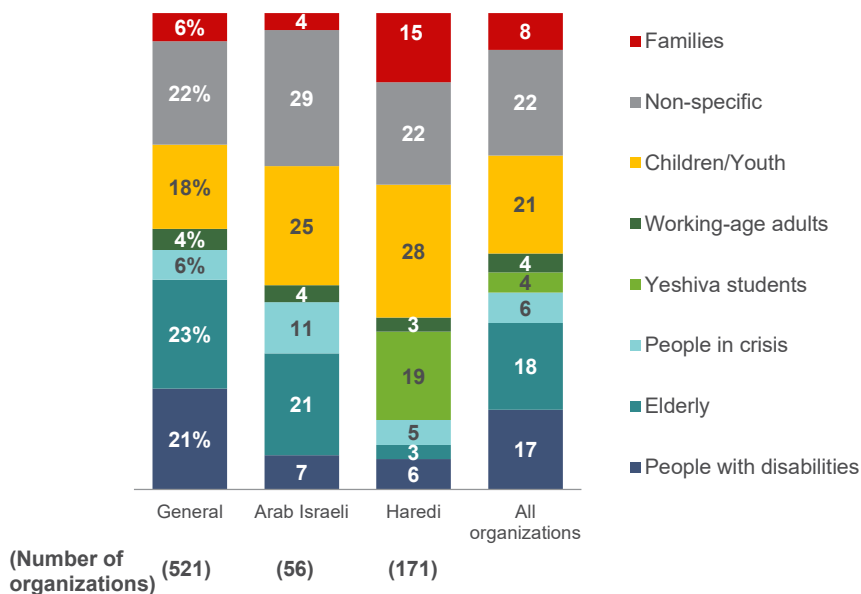
Of the welfare nonprofits analyzed in the study, about one-fifth of the organizations serve the general population, about one-fifth are intended for children and youth, and the remainder focus on target populations such as people with disabilities and the elderly.

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\* Shavit Madhala, Researcher, Taub Center. Dr. Michal Almog-Bar, Director, the Center for the Study of Civil Society and Philanthropy in Israel, the Hebrew University of Jerusalem. Professor John Gal, Principal Researcher and Chair, Taub Center Welfare Policy Program; Paul Baerwald School of Social Work and Social Welfare, the Hebrew University of Jerusalem.

Some organizations provide services intended for particular sectors within Israeli society. About 7 percent have services designated for the Arab Israeli population, while 23 percent are intended for the Haredi (ultra-Orthodox Jews) sector. The study also finds that about one-fifth of all organizations are new (operating for under 15 years) and, among the organizations focusing on the Arab Israeli and Haredi populations, the share of new organizations is relatively large. One-fifth of the nonprofits are national organizations operating in five or more locations throughout Israel. About 20 percent of Arab Israeli organizations operate nationally, compared with 13 percent of Haredi organizations.

**Figure 1. Distribution of nonprofit welfare organizations by population group served and main target population**

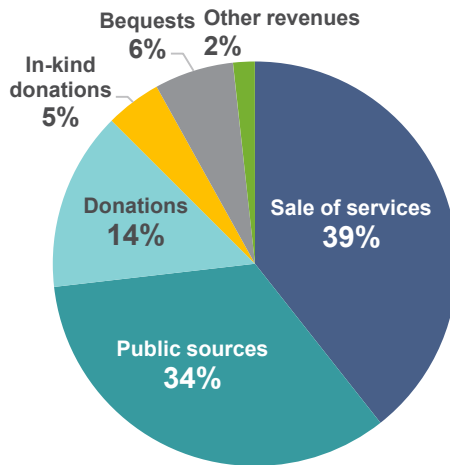


Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; the Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

## Level of funding and sources of revenue

The total revenue of the welfare nonprofit organizations examined in the study amounts to NIS 13.8 billion a year. About 23 percent of that sum goes to organizations working with children and youth, 22 percent to those focused on the elderly, and 21 percent to those serving the general population. The main sources of revenue are from the provision of services (39 percent) and public funding sources (34 percent). Additional funds come from donations and bequests (25 percent).

**Figure 2. Distribution of revenues of nonprofit welfare organizations by revenue source**

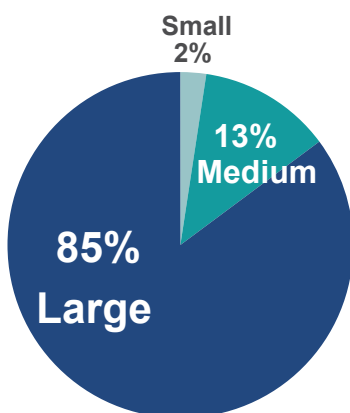


Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; the Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

Out of the total revenue, only about 2 percent of donations go to Arab Israeli organizations, while the share of donations received by Haredi organizations is relatively high — 30 percent. Among Arab Israeli organizations, the majority of funding is public (57 percent) whereas, among the Haredi organizations, funding from donations is prominent (38 percent).

Most of the revenue of more longstanding organizations (operating for more than 15 years) comes from the provision of services and public funding while, among newer organizations, most revenue comes from donations. The study finds that funding disproportionately goes to the organizations with more resources. The vast majority of government funding (85 percent) goes to large organizations with an annual revenue of over NIS 10 million. Similarly, about half of philanthropic donations go to organizations whose revenues are in the top decile of the income distribution (the top 10 percent).

**Figure 3. Organization size and the distribution of revenues from public sources**



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### Personnel: Paid staff and volunteers

Total personnel in the organizations examined stands at 370,000, of which 66 percent (243,000) are volunteers. Most of the volunteers can be found in nonprofits that focus on families (31 percent) and working-age adults (17 percent), while a particularly high percentage of paid staff can be found in organizations that care for the elderly (33 percent). When looking at personnel by organization size, about 87 percent of the organizations' personnel are concentrated in the large organizations, and it seems that, among small organizations, the proportion of volunteers is higher. Only 1 percent of total personnel are either employed or volunteer in Arab Israeli organizations, compared to 11 percent in Haredi organizations.

## Implications of the data

Mapping out Israel's welfare nonprofits sheds light on the disparities that exist among them. The study finds substantial gaps between older and newer organizations, between large and small organizations, and between organizations active among the Jewish population and those active among the Arab Israeli population. For example, the largest and most veteran organizations receive most of the government and philanthropic funding that is available.

Moreover, the shortage of organizations serving the Arab Israeli society and the sector's limited share of resources restrict Arab Israeli citizens' access to social services, despite the sector's many welfare needs. These findings indicate a need to strengthen civil society organizations in the Arab Israeli sector so as not to further increase existing social gaps between Jewish and Arab Israelis.