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One of three NGOs in Israel had to freeze its operations and this is just the beginning of the Corona aftermath.

The third sector accounts for 5.4% of Israel's GDP and employs more than 500,000 workers. A poll by "Civilian Leadership" shows that during the Corona Crisis of all times, a third of the NGOs froze their operations after the government didn't transfer emergency funds. ELEM CEO: "Even NGOs that survived thus far won't survive 2021."

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When it comes to dwindling donations from the American Jewish world, the major hit hasn't arrived yet. That's even though the American GDP suffered a crash of 33% between the first and second quarters of the year, the largest decline since the first GDP documentation in 1947.

"Civilian Leadership"'s (the umbrella organization for the Israeli NGOs) CEO, Lior Frenkel Perl, predicts that this hit will only occur next year. What supports this estimation is the fact that the massive decline in donations following the global financial crisis of 2008 was only reflected in 2009.

"We don't see, as of yet, a massive cancellation of grants. We will feel this large impact next year," agrees Professor Michal Almog-Bar, head of the Research Center of the Civilian Society and Philanthropy at the Hebrew University. She predicts that the crisis in 2021 will be greater than the one in 2009.

A poll held by "Civilian Leadership" in July shows that a third of the NGOs froze their operation. Finkel Perl notes that in the meantime only a few tens of NGOs applied to dissolve, but according to her freezing operations is the final step before such action.

40% of the organizations are reporting a significant decrease in income. 33% had to fire employees. 60% put employees on furlough. Almog-Bar reminds that the meaning of NGOs shutting or limiting operations is usually a damage to the marginalized demographics that the NGOs serve.

Back in 2018 the third sector accounted for 5.4% of the GDP and employed 520,000 people. This is according to the Central Office for Statistics. Its income that year was 163 Billion NIS (approx. 48 Billion

Dollars – ELEM USA) with 50% coming from the government and the municipalities, 35% from the organization's work and 15% from donation. 8% of these donations, which are 13 Billion NIS (nearly 4 Billion Dollars – ELEM USA) came from abroad, and 11 Million NIS (approx. 3.2 Million Dollars – ELEM USA) came from Israeli donations. The donations from the Jewish communities of North America account for more than 80% of the donations coming from abroad, meaning 10 Billion NIS (nearly 3 Billion Dollars – ELEM USA.)

“We’re in really big trouble.”

ELEM, which helps youth and young people at-risk, serves 21,000 youths annually, employs 280 staff members and 2000 volunteers, and operates country-wide.

“We’re in a really big trouble,” says ELEM CEO, Inbal Dor Kerbel. “The philanthropy decreased significantly. Any NGO as big as us is launching fundraising campaigns, but due to the pandemic we can’t hold fundraising events, and there’s a dramatic decrease in donations.”

According to her “the state isn’t facing this issue. They’re saying there’ll be assistance, but at the moments there’s none. Even NGOs that survived thus far won’t survive 2021. If I’m forced to shut down certain services on January 1st, then there won’t be a supervisor on the field to intervene in the last second when a girl tries to commit suicide, and we had that just last week. The social sector provides services that are life saving for the most invisible demographics, and that’s at a time when the distress is so much more extreme.”

What’s the state of the demographics you serve?

“It’s concerning. At-risk youth were in bad shape even before the pandemic, and now it’s much worse. We’ve presented the Minister of Welfare with data which compares between the months of March – May of this year to the same time last year. The numbers are sickening, and we see it on the field as well. There are extreme phenomena: A 70% increase in physical and verbal violence, the reports of sexual violence have doubled, four times more reports of depression, anxiety and extreme emotional situations. That was during the first wave, and now when it’s summer it’s getting worse and worse. We’ll see kids drop out of school to go and support their families financially. We see runaways, suicide attempts, we see all of it in heightened versions, and in much more complex scenarios.”

Philanthropists are rethinking

Finkel Perl reminds us that 2020 was a bad year for NGOs to begin with since there was no approved budget which significantly limited the support from the government. As a result, they entered this pandemic in a really bad shape.

Shira Ben Sason, Vice CEO of the The Fund for Israel, notes that 2020 was always going to be a rough year for donations since many wealthy members of the Jewish community channel a significant portion of their donations to the upcoming elections in the U.S.A.

Unlike the government, some donors proved themselves to be true anchors early in the crisis. Head of the Funds Forum of Israel, Avi Boch, says that 70 funds and big donors composed a letter in April directed at the social organizations, to clarify that they will keep their financial obligations and will also try to transfer the funds earlier. Funds from Israel and abroad managed to quickly raise an emergency sum of 300 Millions NIS (approx. 88 Million Dollars – ELEM USA) to help hospitals, provide meals to the elderly and more. “We kept the dam from crushing,” he says.

However “looking at next year, philanthropists are rethinking because many of them suffered from this crisis” notes Finkel Perl. A large decrease in donations can be expected from wealthy people who come from fields such as tourism or realty, fields that were hit very hard. Almog-Bar explains that donors from the U.S.A and especially the federations (the Jewish communities) are facing, for the first time ever, a crisis which hurt the areas where they live and their own Jewish communities, and they’ll channel a lot of the funds to help there. “Israel then drops to the third and fourth place.” She also reminds that the younger generation of the American Jewish community is regarded as less connected to Israel and opposes Israel’s policies. This crisis may then cause many of them to channel their donations elsewhere. An additional problematic factor is the fact that donors can’t visit Israel and Israelis can’t visit the donors.

But the biggest issue the NGOs are currently facing isn’t the donors though, but the government. Back in March the government promised the NGOs a support fund of 200 Million NIS (approx. 58.6 Million Dollars – ELEM USA.) In reality, only 4 Million NIS (approx. 1.1 Million Dollars – ELEM USA) were distributed.

[This is an edited excerpt from a full article about the NGOs’ crisis]