Global Civil Society
Dimensions of the Nonprofit Sector

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Like the state of Israel itself, the Israeli third or nonprofit sector is still relatively young. However, third sector organizations played a central role in the formation of the country’s basic social and economic policies even before the state was created. In the years that ensued, nonprofit organizations continued to provide services and contribute in other ways, sometimes acting as instruments of social change, but within the context of a state-centered, European-style “welfare state.” Starting in the mid-1970s, however, the third sector in Israel began to grow dramatically in size—from hundreds of organizations to tens of thousands—and in range of activities. These changes can be attributed to the major social and economic changes in the country following the Six-Day and Yom Kippur wars as well as the more recent influx of immigrants following the collapse of Communism in Russia and Central Europe. In the process, the Israeli nonprofit sector has gained significantly in stature and importance.

Despite this, little has been known about this set of institutions in solid empirical terms. Although data on nonprofit organizations in Israel do exist, they are scattered among many public agencies, and no linkages have
existed to provide a systematic, comprehensive, and accessible picture of the sector. This has left policy-makers and sector leaders alike in the dark about this increasingly important component of Israeli life.

To correct this, a research team at the Israeli Center for Third-sector Research of the Ben-Gurion University of the Negev in Beer Sheva, Israel, joined with the Johns Hopkins Comparative Nonprofit Sector Project to develop the first systematic, comparative picture of Israeli third sector realities. The resulting project thus offered ample opportunities both to capture local Israeli circumstances and peculiarities and to compare and contrast them to those in other countries both in the developed world and elsewhere in a systematic way.

The present chapter reports on just one set of findings from this work, those relating to the size, structure, and financing of the nonprofit sector in Israel. Subsequent publications will fill in the historical, legal, and policy context of this sector and also examine the impact that this set of institutions is having. The data reported here draw heavily on official surveys of nonprofit institutions conducted by the National Accounts Department of the Israeli Central Bureau of Statistics (CBS) as well as other information. Unless otherwise noted, financial data are reported in U.S. dollars at the 1995 average exchange rate. (For a more complete statement of the sources of data, see Appendix C. For a more complete statement of the types of organizations included, see Chapter 1 and Appendix A.)

PRINCIPAL FINDINGS

Israel’s third sector was a key player in building the institutional infrastructure of Israeli society. It maintains vital roles in providing services and in representing the population’s many and varied interests (Gidron and Katz, 1998). Aside from its social and political importance, moreover, the nonprofit sector turns out to be a major economic force in Israel, accounting for very significant shares of national expenditures and employment. Israel’s third sector is also a dynamic entity that continues to grow and change. More specifically, six major findings emerge from this analysis:

1. A major economic force

   • An $11 billion industry. The economic importance of the third sector is readily apparent from an examination of its expenditures. Total third sector expenditures for 1995 exceeded $11 billion, or 33 billion New Israeli Shekels (NIS), representing 12.6 percent of the GDP.

   • A major employer. The third sector had a full-time equivalent (FTE) salaried workforce of approximately 145,000 in 1995. This figure rep-
represents 9.2 percent of the country’s total nonagricultural employment, close to 18 percent of total service employment, and the equivalent of 29 percent of the government workforce at all levels (see Table 11.1).

- **Third sector employees outnumber business sector employees in many industries.** In fact, employment in the Israeli nonprofit sector exceeds total employment in a number of industrial sectors. Thus, using headcount as opposed to FTE employment numbers, the Labor Force Surveys of the Central Bureau of Statistics (1995) show that the nonprofit sector employs almost three times as many people as the financial services industry (banking and insurance), and about half as many people as work in all of mining and manufacturing (see Figure 11.1).

- **Inclusion of volunteers increases the size of the sector.** With volunteers included, the full-time equivalent employment in the Israeli third sector rises by about 15 percent, to almost 177,000 full-time equivalent positions, representing 11 percent of total nonagricultural employment.

- **Religion.** The inclusion of nonprofit religious worship organizations adds another 1,770 paid employees and 1,144 full-time equivalent volunteers to the size of the Israeli nonprofit sector. With religion included, nonprofit paid employment in Israel therefore rises only 0.1 percent to 9.3 percent of total paid employment and to 11.1 percent of total paid plus volunteer employment. Because of the multifaceted nature of Judaism, Israel does not have a clear separation between religion and state, and certain religiously oriented activities, such as religious courts, whether Jewish, Muslim, or Christian, take place within public sector institutions (Gidron and Katz, 1998). In addition, individuals filling certain local and national religious functions are employees of the local or national government. Thus, only 30 percent of all religious employment is in the nonprofit sector. The true economic impact of religion on the nonprofit sector in Israel lies more in

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<td>$11 billion in expenditures</td>
<td>— 12.6 percent of GDP</td>
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<td>145,000 paid employees</td>
<td>— 9.2 percent of total nonagricultural employment</td>
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<td>— 17.7 percent of total service employment</td>
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religiously affiliated service provision, especially in education, than in strictly religious worship activities.

2. One of the largest nonprofit sectors in the world

The Israeli nonprofit sector is large not only in relation to the Israeli economy, but also compared to its counterparts in other countries.

- **Above the international average in employment.** As Figure 11.2 shows, the nonprofit share of total employment varies greatly among the 22 countries covered in the Johns Hopkins project, from 12.6 percent of total nonagricultural employment in the Netherlands to 0.4 percent in Mexico. The overall average was close to 5 percent. The Israeli third sector, with an employment share of 9.2 percent, thus lies well above the international average and ranks fourth among the countries studied, behind the Netherlands, Ireland, and Belgium, but ahead of the United States.

- **Above most other developed countries.** Not only is the third sector share of total nonagricultural employment in Israel almost twice the 22-country average, but it also exceeds the averages of both Western Europe and other developed countries (i.e., Australia, Japan, and the United States in addition to Israel). Thus, at 9.2 percent, Israel’s non-
profit share of total employment is about two percentage points above the average for Western European and other developed countries, which in turn greatly exceed the regional averages in Latin America and Central Europe (see Figure 11.3).

- **Margin narrows with volunteers.** Adding full-time equivalent volunteer labor to paid employment somewhat narrows the gap between Israel
and the other countries, however, indicating that the volunteer rate is comparatively low in Israel. However, at 11 percent, the nonprofit share of paid and volunteer employment in Israel still exceeds the averages in both the other developed countries (9.4 percent) and Western Europe (10.3 percent).

3. Education dominance

Similar to other developed countries, welfare and human services clearly dominate the third sector in Israel.

- **Education dominates sector employment.** By far the dominant element in the Israeli nonprofit sector, at least so far as employment is concerned, is the education component. As reflected in Figure 11.4, this one field by itself accounts for half of all nonprofit employment in Israel. This is significantly higher than the 22-country average and the average for the developed countries, though there is a similar education dominance in a number of countries in Latin America and Europe (e.g., Belgium and Ireland) where religious education—in these cases related to the Catholic Church—is prominent. In Israel, of course, it is Jewish ultra-orthodox education that is mostly responsible, but the fundamental pattern is quite similar. Additionally, other facets of educa-
tion, namely, higher education, vocational education, and adult education are also typically provided by third sector organizations.

- **Substantial presence in health.** If education is the major field of nonprofit activity in Israel, health is the second. As Figure 11.4 shows, 27 percent of total nonprofit employment in Israel is in the health field,
substantially above the 22-country average though on a par with the other developed countries, including Japan and the United States, where nonprofit involvement in the health field is also pronounced. For the most part, this is due to the large “sick funds” in Israel, which also operate health care delivery systems. In fact, 44 percent of all health employment in Israel is in the nonprofit sector, as reflected in Figure 11.5.

- **More limited shares of nonprofit activity in social services, culture, and professional activity.** If education and health play larger roles in the Israeli nonprofit sector than they do elsewhere, social services, culture and recreation, and professional activity play smaller ones. Thus the social service share of total nonprofit employment in Israel is less than half of the developed country average (11 percent vs. 23 percent) and also considerably below the full 22-country average of 18 percent (see Figure 11.4). In culture and recreation the situation is quite similar, with the Israeli share well below the 22-country average.

  Given the overall size of the Israeli nonprofit sector, these percentages are still consistent with a substantial nonprofit presence. Thus, for example, nonprofit organizations account for nearly 30 percent of

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**Figure 11.5** Nonprofit employment as share of total employment in selected service fields in Israel, 1995
all social service and cultural and recreation employment in the country (see Figure 11.5). Nevertheless, it remains the case that the substantial nonprofit presence in social services found in much of Western Europe is far less in evidence in Israel.

- **Pattern remains constant with volunteers.** Factoring volunteer labor into the picture does not fundamentally alter this overall pattern either. As shown in Figure 11.6, with volunteers included, education still accounts for the single largest share of total nonprofit employment (41 percent). However, its dominance is less pronounced than when paid employment alone is considered. Indeed, a considerable amount of volunteer labor flows into the social services field, increasing this field’s share from 11 percent of paid nonprofit employment to 16
percent of paid and volunteer employment. Culture and recreation also disproportionately benefits from volunteer input, which boosts its share from 6 percent to close to 9 percent, while the shares of health and other fields essentially remain constant.

- **Distribution of organizations vs. employees.** A somewhat different picture of the composition of the Israeli third sector emerges, however, when the focus is on the number of organizations in each field rather than the number of employees. Such an analysis better reflects the pluralistic nature of the Israeli population and its varied interests—the issues around which it chooses to organize—and therefore more closely approximates the “civil society” concept of the third sector. When the number of establishments is the focus, education still dominates, with 29 percent of the total, but the remaining categories are more evenly divided. Thus, culture and recreation, religion, and welfare (social services plus health) each account for 15 percent of the establishments, and philanthropy for 10 percent (see Figure 11.7). In general, aside from health, these fields contain mostly small organizations that account for relatively small shares of total employment and expenditures. The health field is very different: although it comprises only 3 percent of the total number of establishments in the sector, it accounts for nine times that proportion of the employees.

### 4. A rich and complex history

That the nonprofit sector has achieved the scale that it has and takes the form that it does in Israel is a product of the rich and complex history the sector has had in this country. Key features of this history include the following:

- **Heavy reliance on private nonprofit (mostly Zionist) organizations to provide practically all health, education, welfare, and cultural services to the Jewish population residing in what was then the Palestine Mandate area prior to the establishment of the state of Israel in 1948. The resulting organizations thus gained an important foothold and organizational base that survived the transition to statehood, particularly in the fields of health and education.**

- **A strong commitment to public support for basic welfare services—health, education, and social services—that reflected a social philosophy similar to the one that fostered the social democratic movements in Europe in the late 19th and early 20th centuries.**

- **The decision of the relatively new Israeli government in the 1950s to rely on the pre-existing “sick funds,” particularly the one associated**
with the General Federation of Labor, to provide primary health-care services to the Israeli population rather than establish a wholly government-operated national health-care system. The close association between the General Federation of Labor and the Labor government during those years and the need for the young government to maintain
a strong political base explain this decision. In the process, however, it established a strong pattern of government-nonprofit cooperation in the health field.

• The decision to maintain a largely private higher education system, though heavily subsidized by public funding, in order to ensure academic freedom and facilitate fund raising overseas. This was coupled with an agreement between the ultra-orthodox political parties and Mapai (the Israeli Labor Party) in 1953, when the State Education Act was passed, allowing the ultra-orthodox population to establish an independent educational system very similar to the independent religious educational systems in other countries. The agreements pertaining to ultra-orthodox education have expanded considerably in recent years.

• The decision of the first government of the newly independent Israeli state under Prime Minister David Ben-Gurion to continue the arrangement that was in place during the British Mandate and leave matters important to the religious population, such as the laws regulating personal matters (e.g., marriage, divorce, and burials), to religious authorities sanctioned by the state. Similar accommodations were made with the Muslim and Christian populations as well. Within Israel, however, this created a situation whereby Jewish Orthodoxy gained a monopoly in the interpretation of Jewish law. As the religious population gained political strength, it was able to expand its influence and secure, for example, government support for its educational institutions, many of them nonprofit organizations. Indeed, for a whole variety of social and cultural reasons, the Jewish religious population is very active in initiating nonprofit organizations. More than 40 percent of all nonprofit organizations in Israel over the years have been initiated by this population; however, only a fraction of these receive ongoing public support. This is particularly interesting considering that the Jewish religious population comprises less than 20 percent of the total Israeli population.

• The development in more recent years of special interest and advocacy groups, attesting to Israel’s character as a civil society. These diverse organizations reflect issues of concern to different groups of citizens motivated to join together in establishing an organization. Nonprofits registered in this period reflect varied (and sometimes peculiar) interests, including, for example, the Israel Association of Motor Model Fans, the Association of Victims of the Carmel Tunnels, and the Israeli Organization of Nail Technicians. In addition, the nature and structure of Israel’s third sector in the early 1990s is also clearly in-
fluenced by economic (wage agreements, privatization), legal (new laws), and demographic (immigration) processes.

5. Most revenue from public funding, not philanthropy or earned income

Reflecting this history, the Israeli nonprofit sector receives most of its revenue from the central government and local authorities, and less from philanthropy and earned income (e.g., fees and charges).

- **Public funds dominate.** As shown in Figure 11.8, public funds—in the form of grants and contracts—account for nearly two-thirds (64 percent) of third sector financing in Israel. Earned income (the sale of services, membership fees, and investment income) accounts for 26 percent of sector financing. Donations from all sources—foreign and domestic—account for only 10 percent of support.

- **Revenue structure with volunteers.** The nonprofit revenue structure in Israel changes somewhat when volunteers are factored into the picture. As shown in Figure 11.9, with volunteers included, private philanthropy boosts its share substantially from 10 percent to 17 percent. Even so, however, public sector support, while decreasing from 64 percent to 59 percent, remains the overwhelmingly dominant revenue source, while the fees and charges share declines only marginally, from 26 percent to 24 percent.

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**Figure 11.8** Sources of nonprofit revenue in Israel, 1995
Revenue structure with religion. This overall pattern of nonprofit finance does not change further when account is taken of religious institutions, such as synagogues and churches. With religion included in addition to volunteers, the philanthropic share of total nonprofit revenue in Israel remains about 17 percent (see Figure 11.10).

Domestic and international private support. Of the total private philanthropic support to the Israeli nonprofit sector, roughly half comes...
from overseas sources (Central Bureau of Statistics, 1996). The remainder, however, comes from Israeli domestic sources. Individuals and private households provided close to 14 percent of total donations, an estimated NIS 436 million in donations as of 1997 (Gidron, 1997). This is a higher rate of domestic giving than has previously been assumed, though it hardly dominates the revenue structure of the Israeli nonprofit sector.

- **Funding pattern differs from other developed countries.** The pattern of third sector finance in Israel differs in important ways from that in other developed countries as well as from the 22-country average (see Figure 11.11). More specifically, the share of public sector support in Israel is substantially above the average of developed countries in general (64 percent in Israel vs. 52 percent) and exceeds by far the 22-country average of 40 percent. By the same token, fee income plays a significantly less pivotal role in Israel than in other developed countries (26 percent in Israel vs. 41 percent) and globally (49 percent). The philanthropy share in Israel, on the other hand, is essentially on a par with the global average (10.2 percent in Israel vs. 10.5 percent) and slightly above the developed countries average (7.5 percent). The

![Figure 11.11](image-url)

**Figure 11.11** Sources of nonprofit cash revenue, Israel, developed countries, and 22-country average, 1995
structure of Israeli third sector finance thus most closely resembles that evident in Western Europe (see Chapter 1), with its heavy emphasis on state financing of nonprofit activity. This very likely reflects the heavy influence of Western European social democratic thinking on the early founders of the Israeli state coupled with the special history of the “sick funds” and the influence of the ultra-conservative religious community, particularly in the education sphere. Together, these factors have led to an active state presence in Israel that is nevertheless implemented in a number of crucial spheres by contracting with external, mostly nonprofit, agencies, thus blurring the boundaries between the third and the public sectors (see Gidron and Katz, 1998).

- **Public funding not the dominant revenue source in most subsectors.**
  While public funding accounts for the lion’s share of total nonprofit income in Israel, it does not dominate the funding picture in all fields. To the contrary, such support is dominant in only three of the ten fields of nonprofit activity studied: health, education, and culture and recreation (see Figure 11.12). However, these three fields account for almost 90 percent of total third sector employment and revenue.
  
  In two other areas of nonprofit activity, the environment and professional and labor associations, fee income is clearly the dominant source; while in two others, civic and advocacy and international activity, the dominant source of revenue is philanthropy. In the remaining three areas of nonprofit activity (social services, housing and development, and philanthropy) the revenue is almost equally distributed among the three sources, with earned income in the lead over both public support and private giving.


Not only is the Israeli nonprofit sector large, but also it has been quite dynamic.

- **Continuing growth.** The Israeli third sector grew substantially in the early 1990s, though a bit more slowly than it had in the 1980s (Central Bureau of Statistics, 1996; Gidron, 1997). In particular, the number of active organizations rose nearly 50 percent from 8,562 in 1991 to 12,125 in 1995, an average annual increase of 11 percent. Employment in the sector also rose substantially, by approximately 15 percent over this same period, adding some 19,000 full-time positions. This was just slightly behind the overall employment growth in the Israeli economy, which was buoyed by the influx of Eastern European and Russian immigrants. The nonprofit share of total nonagricultural em-
employment thus decreased slightly from 10.7 percent to 9.3 percent during this period. At the same time, however, third sector expenditures as a share of GDP increased between 1991 and 1995 from 12.2 percent to 12.7 percent, partly due to significant wage raises for professionals in education, health, and social services.

Figure 11.12  Sources of nonprofit cash revenue in Israel, by field, 1995

<table>
<thead>
<tr>
<th>Field</th>
<th>Fees</th>
<th>Public Sector</th>
<th>Philanthropy</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL FIELDS</td>
<td>25.8%</td>
<td>10.2%</td>
<td>63.9%</td>
</tr>
<tr>
<td>Fee-Dominant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>2.3%</td>
<td>31.5%</td>
<td>66.2%</td>
</tr>
<tr>
<td>Professional</td>
<td>14.1%</td>
<td>24.5%</td>
<td>61.5%</td>
</tr>
<tr>
<td>Social svcs</td>
<td>38.9%</td>
<td>28.2%</td>
<td>32.8%</td>
</tr>
<tr>
<td>Development</td>
<td>37.6%</td>
<td>30.8%</td>
<td>30.9%</td>
</tr>
<tr>
<td>Philanthropy</td>
<td>36.5%</td>
<td>32.6%</td>
<td></td>
</tr>
<tr>
<td>Public Sector-Dominant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>21.5%</td>
<td>75.1%</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>24.1%</td>
<td>63.9%</td>
<td></td>
</tr>
<tr>
<td>Culture</td>
<td>12.0%</td>
<td>39.2%</td>
<td>43.5%</td>
</tr>
<tr>
<td>Philanthropy-Dominant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Civic</td>
<td>29.4%</td>
<td>24.8%</td>
<td>45.7%</td>
</tr>
<tr>
<td>International</td>
<td>25.6%</td>
<td>23.2%</td>
<td>51.2%</td>
</tr>
</tbody>
</table>
• **Education the main source of third sector growth.** Most (80 percent) of the increase in employment that occurred in the Israeli nonprofit sector between 1991 and 1995 took place in the education field. In the process, education went from 40 percent of nonprofit employment to 50 percent, as Figure 11.13 reveals. This increase can be attributed to the expansion of the ultra-orthodox educational system and of existing higher education institutions, as well as the development of new colleges.

• **Employment gains in the environment, culture and recreation, and health.** Employment also increased substantially among environmental organizations, in culture and recreation, and in health. While the growth in the environment field was prompted by recent increases in public awareness of this issue, the rise in the culture and recreation field likely reflected the greater cultural diversity resulting from the

---

**Figure 11.13** Nonprofit employment in selected field as shares of total nonprofit employment, Israel, 1991, 1995
large influx of immigrants from the former Soviet Union and a redefinition of some previously religious activities as cultural activities in order to meet new criteria for public funding established during this period. The health increases, while substantial, still lagged behind the overall growth of the sector so that the health share of the total declined somewhat.

- **Job losses in social services and professional associations and unions.**
  In the remaining fields of third sector activity, employment declined between 1991 and 1995. This may be related to the trend, particularly in social service organizations, to substitute contracting out of personnel services for hiring regular employees. In addition, recent changes and cutbacks in the General Federation of Labor, the Histadrut, led to decreased employment among trade associations. Taken together, therefore, these changes have led to a further concentration of the nonprofit sector in education.

- **Growth fueled largely by public payments.** That the Israeli third sector has continued to grow substantially in recent years is due in no small part to the continued expansion of public sector support. In fact, as Figure 11.14 shows, public financing grew from about half of total

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**Figure 11.14** Sources of nonprofit revenue in Israel, 1991, 1995
nonprofit revenues in 1991 to almost two-thirds in 1995. New wage agreements with professionals in health and education played a substantial part in this increase. Earned income, on the other hand, did not keep pace, declining from one-third to about one-quarter of total revenues in the same period, while the philanthropy share declined from more than 15 percent to 10 percent. The relative decline in fee income distinguishes Israel from many other countries, where a commercialization trend is evident within the nonprofit sector. Apparently, growing government support has insulated the Israeli nonprofit sector from some of these commercialization pressures, at least in the fields where such support has been available. In the three fields where government support has declined, however, (culture and recreation, social services, and housing and community development), either private giving has increased enough to sustain continued growth (e.g., in culture and recreation) or growth has slowed (social services and housing and community development).

CONCLUSIONS

The Israeli nonprofit sector thus emerges from the data assembled here as one of the largest in the world in relative terms, accounting for 9.2 percent of Israel’s nonagricultural employment. These findings contradict a common perception that the growth of the modern welfare state is antagonistic to nonprofit organizations. The case of Israel, like that of Belgium and the Netherlands (see Chapters 2 and 7), shows that antagonism is by no means necessary. To the contrary, the growth of the welfare state can promote the expansion of the nonprofit sector by mobilizing public funds to finance third sector services. This certainly has been the pattern in Israel, where a long tradition of close cooperation between the state and the nonprofit sector has made such arrangements easy to establish and sustain, particularly in certain fields, such as education and health, where the nonprofit sector enjoys significant political support.

The Israeli nonprofit sector grew from 1991 to 1995, although more slowly than in the 1980s, and more slowly than the economy as a whole during this period. This growth reflects in part the continued expansion of public sector support in the fields of education and health and in part the growing diversity of Israel’s population and the proliferation of social concerns that has accompanied the slow normalization of public life.

This report uses a definition of the third sector that differs somewhat from that used by the Central Bureau of Statistics (CBS) or the one commonly perceived by the public. The CBS’s definition of the “sector of nonprofit institutions” does not include many of the sector’s smaller organiza-
tions; conversely, the public’s concept of “civil society” excludes the very large organizations that shape, as has been seen, the size and the nature of the sector. The current analysis of Israel’s third sector leads to a view more similar to the CBS concept, in which a few large organizations dominate the sector’s economy. Future, more detailed analyses of other aspects of the sector may present a picture of the sector closer to the “civil society” concept.

A comparison of Israel’s third sector with those of other nations makes clear, moreover, that Israel is quite similar to a number of European welfare states that embody a model of close cooperation between the third sector and the public sector in the provision of welfare services (Salamon and Anheier, 1999). This is evidenced in the relatively large size of the Israeli nonprofit sector, its high rate of public sector funding, and its focus on education and health.

Other dimensions researched in the context of this project, including the historical, legal, and policy frameworks, as well as the broader impact of the sector, will shed further light on these aspects and serve to complete the picture of the sector presented here. Along with the data reported here, they will further enhance understanding of Israel’s third sector and provide insight for developing policies regarding its role in society.

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ENDNOTES

1. This chapter is based on a slightly different report published as “The Israeli Nonprofit Sector: An Overview of Major Economic Parameters” in June 1999 by the Israeli Center for Third-sector Research (ICTR), Ben-Gurion University of the Negev, Beer Sheva, Israel. The original report contains additional information of particular interest to Israeli readers and can be obtained by contacting ICTR at ictr@bgumail.bgu.ac.il.

2. The terms “third sector” and “nonprofit sector” will be used interchangeably throughout the chapter.

3. The work in Israel was coordinated by Prof. Benjamin Gidron of the Israeli Center for Third-sector Research (ICTR), Ben-Gurion University of the Negev, who served as local associate to this project, assisted by a team drawn from various research institutes in the country. The team was aided, in turn, by a local advisory committee made up of prominent government, academic, and business leaders (see Appendix D for a list of committee members). The Johns Hopkins project was directed by Lester M. Salamon and Helmut K. Anheier.

4. The definitions and approaches used in the project were developed collaboratively with the cooperation of the Israeli researchers and researchers in other countries and were designed to be applicable to Israel and the other project countries. For a full description of this definition and the types of organizations included, see Appendix A. For a full list of the other countries included, see Chapter 1 above and Lester M. Salamon and Helmut K. Anheier, The Emerging Sector Revisited: A Summary, Revised Estimates (Baltimore, MD: The Johns Hopkins Center for Civil Society Studies, 1999).

5. Technically, the more precise comparison is between nonprofit contribution to “value added” and gross domestic product. For the nonprofit sector, “value added” in economic terms essentially equals the sum of wages and the imputed value of volunteer time. On this basis, the nonprofit sector in Israel accounts for 7.3 percent of GDP—still a quite significant amount.
6. Since third sector organizations, particularly small and medium-sized organizations, frequently employ many part-time workers, a headcount of nonprofit employment would yield a significantly higher number of employees.

7. The basis for this analysis are some 12,500 economically active organizations that submit financial reports to the Department of Non-Profit and Public Institutions of the Income Tax Commission.