

Emergency Relief for Israel's Civil Society Organizations in the Wake of the Coronavirus Pandemic

Civil society holds a central role in protecting Israel's resilience and ongoing social services. The coronavirus pandemic and resulting government-issued emergency regulations have resulted in unprecedented widespread impact on the economy in general and particularly on nonprofit social organizations.

Many social services have ceased to operate, activities have been cancelled, and, based on estimates provided by "Civic Leadership" (the umbrella organization for Civil Society), about 50 percent of Israel's third sector employees have been furloughed and 25 percent of organizations have ceased operations entirely.

The widespread scope of the pandemic's impact is only now gradually being revealed and clearly calls for a comprehensive, fast-track solution that would assist nonprofits to survive the implications of the crisis while ensuring the continued and ongoing supply of essential social services to the most vulnerable populations in Israeli society. To comprehend the extent of the challenge faced by social organizations, it is important to note that the crisis arrived at a time in which many Israeli NGO's were already experiencing financial difficulties following an entire year with no elected government and thus no approved government budget.

Since the pandemic's outbreak, the Prime Minister's Office has held constant consultations with social organizations and philanthropic foundations as well as an ongoing dialogue with "Civic Leadership" – the umbrella organization representing Israel's nonprofit sector.

As a result of this ongoing work and growing demands by social organizations for governmental solutions, as well as a clear understanding of the essential role of NGOs in Israel, the Government of Israel (GOI) announced a large-scale response program aimed at helping the country's nonprofits to overcome the challenges of this period.

Following the Ministry of Finance's review of all available and relevant data as to the income structure, size and operations of the country's social organizations, and with support from the open bi-sectoral discussion and an updated evaluation of current needs, the GOI has developed a three-tier plan (to be further detailed below) and defined a number of paths aimed at providing relief to social organizations in their coping with the crisis and its implications.

At present – the beginning of May 2020 – Israel's nonprofit and social organizations can choose from a number of relief plans, granted by force of governmental decisions and following a joint philanthropy-government collaboration.

Three-Tier Plan

(Based on estimates that these steps will cover the majority of civil society's current needs)

1. Grants for Small Businesses and Nonprofits

Size of fund: NIS 5.2 billion

Who is eligible: Small businesses and nonprofits (with budgets up to NIS 20 million) who either regularly receive government support or whose fee-for-service contracts make up more than 33 percent of their income.

Size of grants: Up to NIS 400,000 (one-time grant)

Threshold requirements for applying: Organizations whose income from selling of services is higher than one third of their turnover and have been impacted as a result of the Covid19 shutdown in terms of income, operations, or scope of work.

Note: *While it is difficult to predict the exact sum to be allocated to each sector, JDC-Elka estimates that nonprofits will receive around 10 percent of the total funds (NIS 500 million).*

2. Approved Government Advances

To help support nonprofits through this difficult period, the GOI has adjusted the criteria for receiving state grants, so that grants can also be allocated for activities carried out through digital and other out-of-the-ordinary means. In addition, the Ministry of Finance has approved advance payments of 2020 support grants. (Normally, the government only pays retroactively for services.)

Size: Based on the 2020 budget and existing agreements.

Who is eligible: Organizations who have contracted with the government for activities and supports in 2020.

Threshold requirements for applying: Existing government contract – the government is working to review criteria and decide on amount of support for different types of organizations (eg arts and culture, or sports organizations, etc.)

3. Joint Philanthropy- Government Civil Society Relief Fund

Due to the fact that the governmental assistance outlined above is intended for organizations whose core income comes from fees for services, governmental supports and existing contracts, it is understood that a further solution is required for organizations that are not eligible for this type of support. **Therefore, and following the realization that the extent of the present crisis requires significant joint efforts from all parties operating in the field, it was agreed to establish a relief fund jointly operated by the government together with philanthropy**

This fund will distribute fast-track grants to coronavirus crisis-impacted civil society organizations that normally rely on donations and/or are not eligible for any other significant governmental compensation. This fund aims to help nonprofits maintain their operations and organizational infrastructure in order to return to normal operations in future. The fund has been planned so as to allocate grants quickly and efficiently while providing sufficient flexibility to the social organizations. The entire fund is intended for NGOs. Furthermore, eligible organizations will also be directed to a range of supplementary services aimed at building organizational resilience.

Key Points About The Philanthropy-Government Civil Society Relief Fund:

- The government of Israel has committed to establish a relief fund in collaboration with philanthropy (75 percent governmental funding, 25 percent philanthropic funding).
- For this purpose, the government has allocated a budget of 30 million NIS, meaning that philanthropy's funding target is 10 million NIS.
- The funds will be directed to social organizations not eligible for the governmental relief fund.
- The fund's operation will be accompanied by a professional committee comprised of governmental representatives from the Ministry of Welfare and Social Services, Ministry of Finance and the Prime Minister's Office; and representatives of the four foundations/philanthropists that contribute the most to the fund, which will be managed by JDC-Elka. The committee will also include observers from the Ministries of Education, Absorption and Health, and from the "Civic Leadership" umbrella organization of nonprofits.
- JFN will coordinate communication between the fund and smaller donors, to keep them informed and updated on everything that is going on and to relay their positions to the parties managing the fund.

How the Philanthropy-Government Civil Society Relief Fund is Structured and Which Organizations are Eligible to Benefit from It:

- The fund will complement the governmental basket of solutions by focusing on organizations for which the governmental basket does not provide a complete solution. Accordingly, eligible nonprofits will be those whose income from fee-for-service is less than one third of their general turnover and those which are not supported by the government at all.
- Grants will be given to nonprofits, public-benefit corporations and public institutions that have been operating in the past two years in the fields of welfare, education, health, or integration for disadvantaged or at-risk populations.
- The grants will be given to organizations that have either stopped or significantly reduced their work due to the government's emergency regulations for preventing the spread of the coronavirus, to an extent that puts their continued operation at risk.
- Support will be given only to nonprofits meeting the government's terms of eligibility, nonprofits having a budget of up to NIS 20 million and a valid certificate of "*Nihul Takin*" (proper management).
- Grants will be for 400,000 NIS or less.
- Note: Full details regarding criteria, maximum grant amount and eligibility for support will be determined by the joint steering committee during its first meeting.

Based on current criteria, it is estimated that approximately 1,400 organizations that are not eligible for the Compensation Plan, will be eligible to apply for a grant from this fund.

Note: Educational institutions, hospitals, HMOs (national health care programs) and religious institutions will not be eligible for support from this fund.

Further Government Benefits Offered to Nonprofit and Social Organizations

To reduce bureaucracy during emergency times and extreme situations endured by nonprofits in the wake of the coronavirus crisis, efforts are being made by the government to minimize the procedures normally required.

Discounts in Municipal Taxes, Electricity and Water Bills

All alleviations granted to the business sector in payment of municipal taxes, electricity and water bills will also apply to third sector and civil society organizations. On 21 April 2020, new national economy arrangement regulations were published, by which eligibility criteria have been defined for discounts on municipal taxes for a sum amounting to three months of payment (as of 1 March 2020 until 31 May 2020). The discount will be granted based on the municipal tax classification of each property.

Delaying of Governmental Audits

The public institutions central auditing program at the Department of the Accountant General in the Ministry of Finance has been instructed to temporarily cease auditing at public institutions supported from government budgets in order to reduce the workload on these institutions during the present crisis. Extensions have been granted on schedules for providing and completing documentation, audits at offices of the public institutions have been stopped, and it was agreed that at this stage no new auditing procedures will be initiated.

Regulatory Adjustments

The Department of the Accountant General in the Ministry of Finance is adjusting the regulation to the present reality among public institutions, to better suit the mode of operation of public institutions currently supported and enable their continued support. In addition, the Department is examining further adjustments in additional fields such as the rate of self-funding required of the organization, management expenses rates, maximal deficit rates, reduction of bureaucratic procedures, and more. In the coming days the Ministry of Finance is expected to publish an amendment to the existing procedure.

Loans Available to Civil Society Organizations

Social Loan Fund – Ogen Loans

Ogen is operating an emergency loans fund for nonprofits and civil society organizations in collaboration with the Jewish Agency for Israel and donors such as the Gottesman Family, the Jewish Federations of North America (JFNA), private donors from Israel and abroad, and Migdal Insurance Company. Ogen offers a range of opportunities for loans under optimal conditions and without the need to place personal guarantees.

Loan Fund (Via Commercial Banks) for Social Organizations Through a State Guarantee of 8 Billion NIS

A specialized support fund has been established in order to provide immediate relief for cash flow difficulties encountered by small- and medium-sized Israeli businesses, by offering government guarantees in the scope of 8 billion NIS. The fund is operated by the Department of the Accountant General in the Ministry of Finance, allowing banks to offer government-backed credit under optimal conditions to businesses and nonprofit organizations.

This designated fund created to help organizations cope with the implications of the coronavirus outbreak, will enable small nonprofit organizations to receive government-backed loans of up to 16 percent of their turnover, while medium-sized nonprofits would be able to receive a loan of up to 8 percent of their turnover or up to a maximum of 20 million NIS. Social organizations with a turnover of up to 4 million NIS, would not be required to place a personal guarantee at all. The loans will be offered by all banks that joined the mechanism, as selected by the organization receiving the loan.

The loan application process has been improved so as to allow organizations direct access to the bank, without the need to pass through a coordinating government body, thereby resulting in reduced handling times. The loan provision process will be according to customary proceedings at the banks.

[Details regarding the terms of the loan and an explanation on how to apply can be found on the State guarantee fund website.](#)

Joint Government Initiatives for Encouraging Philanthropy during the Coronavirus Pandemic

JFN and the Forum of Foundations in Israel, supported by the Prime Minister's Office, have issued a letter to the Tax Authority at the Ministry of Finance requesting the implementation of relief measures, the removal of barriers, and the enabling of continued operations to the extent possible under the present limitations. Currently this initiative is already in the process of legislation.

A request has been made to the Tax Authority to allow adjustments of the provisions of Section 46 to the Income Tax Ordinance for a limited period of time, aimed at encouraging philanthropic organizations to immediately increase their donations, by implementing the following adjustments:

1. Significant increase of the limits stipulated in the Income Tax Ordinance for tax recognition of donations.
2. Fast-track procedures for granting a temporary six-month approval under Section 46 to funds for organizations that have already applied but are yet to be approved.
3. Significant reduction of handling times and/or swift extensions of expired approvals, so as to provide an immediate solution.

Note: *This document was compiled in collaboration with JDC-Elka.*