



Policy Papers: Philanthropy in Israel



The Shrinking Civic Space in Israel – Status Report for Early 2026 and the Role of Philanthropy

February 2026



The Institute for
Law and Philanthropy
The Buchmann Faculty of Law
Tel Aviv University

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Policy Paper

In recent months, Israel has witnessed various governmental actions that restrict the operational space for civil society. These steps - each significant on its own and even more so in its cumulative effect - reflect a clear pattern of direct harm. The measures target a wide range of organizations, including cultural institutions, welfare organizations, and even academic institutions, and they are directed notably at organizations critical of the government, organizations that refuse to comply with demands for “loyalty to the government,” as well as human-rights organizations, thus undermining the foundations of an independent civil society in a democratic regime.

This reality raises the question of the role of philanthropy, not only as a supporter of social activity, but as an actor required to actively defend the operational space of civil society - the very space within which it operates and from which it derives its legitimacy.

Examples of Government Action to Restrict the Operational Space of Civil Society in Israel

I. The Bill to amend the Law of Associations (Foreign State Entity Donations), 2025

Over the years, several bills have been introduced—and repeatedly revived in the current Knesset—aimed at restricting associations that receive donations from foreign state entities. Presented as efforts to curb “foreign influence,” three such bills have been submitted since 2023. All share the same goal: creating a legal framework that restricts, deters, or silences organizations that criticize government policy or work to advance human rights.

The current bill requires associations that receive funding from a foreign state entity to abstain from social-change activities, such as participating in protests, contacting Members of Knesset, or operating in the occupied territories. Donations from foreign state entities would be taxed unless the association submits a declaration committing to this abstention, with double taxation applied if the declaration is violated. In addition, associations receiving significant foreign-state funding would be required to pay a 50,000 NIS fee to petition the High Court of Justice—an explicit attempt to deter legal action.

The bill deliberately targets a narrow group of organizations. It exempts entities such as the Foundation for the Welfare of Holocaust Victims and research funding for universities and colleges, meaning most foreign-state donations remain unaffected. In practice, the legislation applies to fewer than 200 organizations that together receive about 160 million NIS annually, roughly 1% of Israel's social organizations and only 1% of all foreign philanthropy in the country.

Statements by Members of Knesset during committee discussions reflect openly negative attitudes toward social-change organizations associated with opposition-leaning views. For instance, on May 5, 2025, MK Kallner stated: *“If it’s an organization that is politically controversial - yes, I do not want a politically controversial organization in Israel to receive all that money.”* On December 10, 2025, he further emphasized the intent to “catch in the sieve of net” specific organizations.

Even as they target a narrow group of organizations, these measures cast a broad and damaging shadow over civil society. While the bill may directly silence only a subset of organizations, it sets a dangerous precedent by normalizing further restrictions, demands for loyalty, and suppression of criticism. This poses significant and immediate risks, particularly given statements by international philanthropic actors that they will not support a censored civil society in Israel. Acknowledging that approximately 60% of donations in Israel are received from abroad, the potential harm is substantial.

II. Labeling and Targeting of Independent Associations in the Knesset

In January 2026, Finance Committee Chair MK Milbitsky initiated a discussion on oversight of associations' activities. Ahead of the meeting, the committee was presented with documents outlining alleged “gaps in conduct,” such as delayed report submissions, and included a list of specific associations. Although described as a random sample of 150 organizations, the analysis shows that most listed organizations are associated with liberal positions or are known government critics, while pro-government organizations with similar reporting delays were not included.

The discussion scheduled for January 5, 2026, was postponed due to the absence of key professional staff, including the committee's legal advisor and representatives from the Tax Authority. Moreover, the list appears outdated and does not account for valid extensions or the legal option to postpone submission dates. Ultimately, compiling such a list amounts to labeling and blacklisting civil society organizations perceived as holding liberal views.

III. Erosion of Cultural Institutions' Autonomy

Cultural creation plays a crucial role in democratic societies, enabling diverse views, identities, and narratives. The state is therefore expected to provide the infrastructure that allows culture to thrive, while avoiding interference in artistic content.

In Israel, cultural institutions are not state-owned or state-run. Instead, the Ministry of Culture and Sports has a unique responsibility for ensuring the funding needed for cultural activity to develop. Public funding is essential; philanthropic and independently-generated income cannot sustain the full range of cultural expression. Accordingly, the Ministry supports institutions and creators through professional, transparent, and equitable mechanisms and regulations designed over many years with input from diverse experts.

Despite this, the government has recently taken steps that threaten public cultural institutions by using budgetary tools to influence artistic content. These actions undermine the essential separation between political authority and cultural expression.

Examples include:

- **Changes to the funding model** – Proposed cinema-funding criteria place heavy weight on ticket sales and commercial distribution, incentivizing investment in high-budget films aimed at mainstream audiences. This risks marginalizing non-commercial genres - such as documentary, animation, student, and experimental films - that cannot reach comparable viewership. The competitive model also disproportionately harms small and regional film funds and may reduce investment in cultural accessibility for remote or non-mainstream communities.
- **Cancellation or reduction of awards and recognition programs** – The Ministry of Culture and Sports has widely canceled awards across cultural fields, including literature, dance, music, visual arts, and theater.
- **Cancellation of community cultural events** – This includes initiatives like “Reading Month,” previously funded at roughly NIS 2.5 million to promote reading in libraries and peripheral communities.
- **Weakening of professional bodies and advisory mechanisms** – Changes have been advanced without the legally required consultation with the Film Council or other professional bodies. Some measures, such as award cancellations, were reportedly implemented without public deliberation or a legal position from the Ministry’s legal advisor.
- **Sanctions against professional associations and creators** – The Minister suspended public funding for unions representing directors, actors, screenwriters, and film-industry workers.
- **Possible repeal of the Cinema Law** – The Minister announced consideration of repealing the Cinema Law, which allocates approximately NIS 130 million annually to the industry, and replacing it with a market-based model of “independent economic activity without government support.”

These measures create a clear chilling effect: organizations that rely on public funding may feel pressured to adjust their content to ensure financial survival, while other supporters - such as local authorities and philanthropic bodies - may avoid backing initiatives or organizations seen as politically inconvenient or financially risky.

IV. Threats to Academic Independence

In recent years, several bills have been introduced to weaken academic independence by placing higher education institutions under direct government control. The most far-reaching of these is the 2025 bill to amend the Council for Higher Education Law, presented to the Knesset in July 2025. The Council for Higher Education (CHE) is meant to function as an independent professional body that advances higher education and scientific research in Israel and manages the system’s budget. Since the 1958 law establishing it, the CHE and the Planning and Budgeting Committee (PBC) have served as a buffer between politicians and academia, providing oversight, transparency, and regulated supervision. The proposed bill would fundamentally restructure the CHE and effectively subordinate academia to the government:

- The CHE would be placed under the full authority of the Minister of Education.
- The PBC, which currently acts as an intermediary between higher education institutions and the government, would be subordinated to the CHE.
- The Minister of Education would gain full control over the appointment and dismissal of all senior officials in both the CHE and the PBC.
- The government could revoke the CHE’s powers on any issue it deems of “national importance,” at its own discretion.

- Institutions that do not comply with CHE directives would face proportional budget cuts - for example, losing one-twelfth of their budget for each month of noncompliance.

As stated by Prof. Ariel Porat (President of Tel Aviv University) and Prof. Noga Kronfeld-Shor (Rector of Tel Aviv University) in their letter of January 14, 2026:

“If the bill passes, heads of academic institutions will soon face the choice of either complying with CHE directives that harm academic freedom, freedom of expression, or our institutional independence, or alternatively, causing the economic collapse of the institutions they lead.”

The independence of academic institutions is a prerequisite for academic reputation, attracting foreign investment, and receiving international research grants, and it directly affects their economic prosperity, technological innovation, and the national security of the state. Furthermore, academic institutions operate as non-profit entities independently generating knowledge, training human capital, and fostering critical discourse, making them an essential part of the democratic infrastructure in which civil society functions.

Shrinking Civic Space: Impacts and the Role of Philanthropy

Civil society in a democracy enables diverse social goals, offers innovative responses to social needs, and provides space for multiple voices - including marginalized groups, government critics, and those challenging social norms. This diversity influences every aspect of society.

The measures outlined above form a clear pattern of pressure and deterrence against organizations that do not align with government positions, thereby shrinking civil society's operational space. Philanthropic foundations are not exempt. As non-profit entities, they face direct restrictions, and some have even appeared on the blacklist compiled by MK Milbitsky. They are also indirectly affected by the limits imposed on the organizations they support, which constrain the organizations' ability to operate.

The narrowing of civil society's space should concern anyone who values freedom - especially civil society itself and the philanthropy embedded within it. Although the measures directly affect relatively narrow groups, mostly those viewed as government critics, these measures ultimately undermine the broader normative and practical foundations that enable philanthropic support for pluralism.

All civil-society actors, therefore, have a responsibility to protect this space. While some organizations work consistently to resist these trends, they are few and have limited capacity.

At this critical moment, Israeli philanthropy can play a decisive role in responding to a fundamental “shift in the rules of the game”; a shift that threatens to weaken or even eliminate operational capacity. Philanthropy's relative independence, rooted in private resources, is central to its mandate: enabling a plurality of voices and objectives in public life. With this influence comes responsibility, making it essential for philanthropic foundations to act to safeguard the pluralistic space in which civil society operates.