



THE ISRAEL
DEMOCRACY
INSTITUTE

The logo consists of a stylized white icon of a building with vertical lines, set against a blue background. Below the icon, the text "THE ISRAEL DEMOCRACY INSTITUTE" is written in white, uppercase letters.

2020/2021 BIENNIAL REPORT

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Message from the President and the Chair of the Board

Dear Friends,

Summing up IDI's activities in 2020-2021 is an almost impossible task. Like the rest of the world, Israel grappled with a deadly pandemic and its economic and societal repercussions. However, on top of COVID, we had to contend with the worst political and constitutional crisis in our history: four indecisive elections that left a transition government in place, operating under the shadow of investigations and indictments on corruption charges facing the then-Prime Minister, Benjamin Netanyahu.

Throughout this turmoil, IDI experts worked tirelessly with decision-makers to minimize the fallout from COVID and help Israeli democracy emerge from the constitutional crisis intact. On the economic front, our team headed by Prof. Karnit Flug, Vice President of Research and William Davidson Senior Fellow for Economic Policy, helped develop measures to extend unemployment benefits, provide relief to self-employed

workers, give employers incentives to keep workers on the payroll, boost the government's capacity to provide vocational training for the unemployed, and change Israel's antiquated labor laws to facilitate telecommuting.

On the social front, our experts helped civilian and military decision-makers deal with such challenges as communicating changing guidelines to ultra-Orthodox communities cut off from the internet and defining the limits of IDF involvement in a civilian crisis.

And on the constitutional front, the professional opinions of IDI experts were instrumental in ensuring that courts and parliament remained open throughout the pandemic, minimizing the use of invasive technological tools for contact-tracing, preserving effective parliamentary oversight over emergency government decisions, and protecting the right to protest while adhering to Health Ministry guidelines.

During the second half of 2021, as COVID began to recede and Israel emerged from its constitutional crisis, IDI mobilized to assist the new government – finally sworn into office in June of that year – with a slew of reform proposals designed to turn challenge into opportunity.

As you will read in the pages that follow, the fruits of this work are substantial. Among other achievements, we have worked with our partners in government to enact a major reform that promises to open the Kasher certification market up to competition, a series of new incentives for young ultra-Orthodox men to join the workforce, and Israel's new strategic plan to and transition to renewable energy by 2050.

Sadly, on February 6, 2021, former US Secretary of State George P. Shultz, one of IDI's visionary founders, passed away at the age of 100. Several months later, we were honored by former President Reuven Rivlin's decision to dedicate his post-presidency years to succeeding Secretary Shultz as IDI's new honorary chair.

IDI's stability and continued contributions to Israeli public life during this difficult period would have been impossible without the continued support of our loyal philanthropic partners in Israel and around the world. We feel especially fortunate that during a time of uncertainty, when many have turned inwards, IDI has witnessed the growth of circle of friends. The dedication of our partners is a testament to the unique bond between Israel, the Jewish people, and all those who are committed to the idea of a thriving and prosperous democratic State of Israel.

We wish to single out two particularly transformational gifts. First, a \$5 million legacy gift from Dr. Andrew J. Viterbi, which allowed us to dedicate the Viterbi Family Center for Public Opinion and Policy Research headed by Prof. Tamar Hermann.

Second, a monumental \$21.3 million gift from Joan and Dr. Irwin Jacobs, which enabled us to establish a new Center as well as a prestigious new fellowship at IDI. The Joan and Irwin Jacobs Distinguished Fellowship will provide distinguished former senior policymakers who have demonstrated extraordinary commitment to Israeli democracy with a platform for continued research and policy entrepreneurship. President Reuven Rivlin, who elected to join IDI after stepping down from the presidency in July 2021, will serve as the inaugural Fellow. The Joan and Irwin Jacobs Center for Shared Society will build on existing initiatives underway at our five centers of research and action to promote greater social cohesion in the spirit of President Rivlin's 'Israeli Hope' initiative.

We thank our many friends in Israel and around the world and invite you to come and visit us in Jerusalem.


Amir Elstein
 Chair of the Board


Yohanan Plesner
 President



Message from the Honorary Chair

Dear Friends,

Over the course of my presidency, I often warned that Israel's safety and wellbeing is dependent not only on protecting the country from the security threats abroad, but on healing the divisions that threaten us from within. The transformation of Israel's once cohesive society into four separate tribes means that we must move beyond the old concepts of a "majority and minorities" to embrace a new concept of civic partnership founded on trust and a common destiny.

Over the last three decades, the Israel Democracy Institute has proven itself as a beacon of knowledge, expertise, and professionalism upon which Israeli decision-makers have come to rely. In an era of information overload and bitter partisanship, IDI's experts have demonstrated their unique capacity to build bridges and provide sound, research-based policy proposals that better the lives of all Israelis.

This is why I am so pleased to continue my life mission in my new capacity as IDI's Honorary Chair and the Joan and Irwin Jacobs Distinguished Fellow. Together with my colleagues at the

new Joan and Irwin Jacobs Center for Shared Society, we will work tirelessly in the coming years to make sure that more ultra-Orthodox men will enter the workforce, that more Arab Israeli women will be given the fair chance that they deserve, that Jews of all streams feel at home in Israel, and that our society comes closer to the model of tolerance and pluralism envisioned by our founding fathers and the prophets of Israel.

I wish to thank our friends from Israel, the United States and all over the world who support the incredibly important work of IDI. And I look forward to welcoming you all soon to IDI in my beloved city of Jerusalem.

Reuven Rivlin
The 10th President of the State of Israel
Honorary Chair
Joan and Irwin Jacobs Distinguished Fellow



IIIIII About IDI

OUR MISSION

The Israel Democracy Institute (IDI) is an independent, nonpartisan “think-and-do tank,” dedicated to strengthening the foundations of Israeli democracy. The Institute harnesses rigorous applied research to educate decision makers and help shape policy, legislation and public opinion.

WHO WE ARE

IDI was established in 1991 as a partnership between Israel and the Diaspora for building a strong, vibrant Jewish and democratic state. Among IDI's many achievements over the years are the establishment of the Knesset's Research and Information Center, the passage of electoral reform, the creation of the National Economic Council, the adoption of a master plan to boost ultra-Orthodox employment, passage of sweeping criminal justice reform, a landmark government vision for the Israeli economy in 2050, creation of a national Gap Year Program for Arab youth and had substantial impact on hundreds of legislative and reform initiatives.

In recognition of IDI's singular contributions to Israeli public life, the State of Israel bestowed upon IDI its highest honor: The Israel Prize for Lifetime Achievement.

OUR GOALS

- * Bolster the values and institutions of Israel as a Jewish and democratic state in the spirit of Israel's Declaration of Independence
- * Improve government performance so as to strengthen public trust in the democratic system and contribute to sustainable economic growth
- * Cultivate social cohesion, political participation, and a common civic denominator among the different communities making up the mosaic of Israeli society



OUR 3 STAGE MODEL OF OPERATION

Research Conduct excellent applied research to generate actionable proposals for reform

Debate Convene relevant stakeholders for a rigorous, practical debate on these proposals

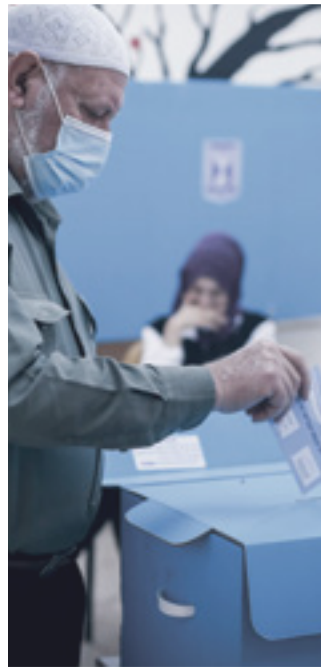
Impact Work with partners in government, civil society, the business sector, and the media to advance our policy recommendations and ensure their implementation in the field

RECENT POLICY IMPACT

- [Israel 2050](#), IDI's plan for sustainable economic development, adopted by the Israeli government
- President Herzog and leaders from across the political spectrum [publicly endorsed IDI efforts](#) to advance a new Basic Law on Legislation
- IDI experts shaped a [new government multi-billion-shekel plan](#) for development of the Arab sector including 120 million NIS program to fund a Gap Year program for Arab youth
- Government adopted IDI's plans for [lowering the military exemption age](#) and boosting Ultra-Orthodox employment

IDI & THE PANDEMIC

- [Keeping the Knesset open](#) and ensuring parliamentary oversight over emergency regulations
- Defining the limits of [IDF involvement in a civilian crisis](#)
- Striking the [proper balance between public health and individual rights](#)
- Facilitating government outreach to the [ultra-Orthodox community](#)
- Shaping government policy on unemployment [and remote work](#)
- Turning crisis into opportunity by helping the government devise a [new approach to vocational training](#)





Yohanan Plesner, President Rivlin, Joan Jacobs, and Irwin Jacobs



President Isaac Herzog and Yohanan Plesner



Amir Elstein, Prof. Andrew Viterbi, Prof. Tamar Hermann and Yohanan Plesner

NEW at IDI

Over the past two years, despite the many challenges of Covid, economic uncertainty and political turmoil, IDI continued to grow, with important appointments to key leadership positions and the establishment of new centers of research and action.

Centers



The Joan and Irwin Jacobs Center for Shared Society

At the beginning of 2022, IDI established the Joan and Irwin Jacobs Center for Shared Society and inaugurated a prestigious new Distinguished Fellowship for former policymakers. [Former President Reuven Rivlin currently serves as the inaugural Joan and Irwin Jacobs Distinguished Fellow at IDI.](#)

The Jacobs Center for Shared Society focuses on bringing Israelis together and strengthening their commitment to core democratic values and institutions. It builds on existing initiatives at IDI to promote elements of President Rivlin's 'Israeli Hope' initiative. The new fellowship—the first of its kind in Israel—provides distinguished former senior policymakers who have demonstrated extraordinary commitment to Israeli democracy with a platform for continued research and policy entrepreneurship.



The Viterbi Family Center for Public Opinion and Policy Research

In January 2021, IDI rededicated its renowned center for public opinion and policy research in honor of Prof. Andrew J. Viterbi. Headed by the prominent political scientist [Prof. Tamar Hermann](#), the Center applies rigorous quantitative research methods to analyze Israeli public opinion and inform sound policy decisions.

The Viterbi Family Center for Public Opinion and Policy Research is highly respected among Israeli decision-makers especially for the annual Israel Democracy Index and the monthly Israel Voice survey of public opinion. The Center surveys attitudes and measures social indicators, helping policymakers understand trends in Israeli society and craft sound policies that are grounded in data.

People

New at IDI



Prof. Ronald J. Daniels >

Chair of the International Advisory Council

Prof. Ronald J. Daniels, the

President of Johns Hopkins University, was named Chair of the Institute's International Advisory Council (IAC). Prof. Daniels, who has served on the Council since 2010, succeeded Prof. Gerhard Casper, President Emeritus of Stanford University, who chaired the IAC since its founding chair, the late U.S. Secretary of State George P. Shultz, stepped down in 2014.

First convened at Wye River, Maryland in 2008, the IAC is made up of leading intellectuals, jurists, statesmen, and journalists from around the world who care deeply about Israel's future as a vibrant Jewish and democratic state. Its members provide international and inter-disciplinary perspectives on IDI's work and advise the Institute's leadership and experts on critical issues facing democracies around the world.



Prof. Suzie Navot >

Vice President of Research

Prof. Suzie Navot has been appointed

Vice President of Research at the Israel Democracy Institute. In her new capacity, Prof. Navot succeeded Prof. Yuval Shany and oversees the Institute's Center for Democratic Values and Institutions, the Center for Security and Democracy, and the the Joan and Irwin Jacobs Center for Shared Society.

Prof. Shany continues to serve as a Senior Fellow at IDI, after completing a successful four-year term as Vice President.



Shlomit Ravitzky Tur-Paz >

Director of the Joan and Irwin Jacobs Center for Shared Society

Before joining IDI, Attorney Shlomit Ravitzky Tur-Paz co-founded and co-directed Itim – the Jewish Life Advocacy

Center – an organization committed to increasing participation in Jewish life by making Israel's religious establishment respectful of and responsive to the diverse Jewish needs of the Jewish people. In this capacity, she has appeared before the Rabbinic Courts on issues of conversion, marriage, and divorce.



Anat Thon-Ashkenazy >

Director of the Center for Democratic Values and Institutions

Prior to joining IDI, Attorney Anat Thon-Ashkenazy served as executive director of Itach-Maaki-Women Lawyers for Social Justice, an organization that promotes gender equality on the national and municipal levels. In this capacity, Thon-Ashkenazy represented dozens of civil society organizations seeking equal representation in decision-making bodies for women from diverse groups in Israel.



FACES OF IDI



Anat Thon Ashkenazy



Dr. Idit Shafran Gittleman



Prof. Yuval Shany



Dr. Tehilla Shwartz Altshuler

Israeli Democracy In Crisis

Prof. Yuval Shany, now a Senior Fellow at IDI after completing a successful four-year term as Vice President, sums up the focus of IDI's work over the past two years as protecting the country in the face of a stress test that he described as "a perfect democratic storm." Coming up against what had quickly become one of the most pressing healthcare crises of modern times, Israel also was confronted with a political crisis defined by upcoming third elections, an interim government that had extremely limited democratic legitimacy, and the continued shadow of investigations and indictments facing the then-Prime Minister Netanyahu. "Someone looking from the outside wouldn't be faulted for thinking that this was a democracy on the verge of collapse."

Yuval says navigating these waters made the experience and expertise of IDI's

experts that much more important. Particularly in questions of governance, justice, civil liberties, and the relationship between the police force and the military on the one hand, and civil society on the other, our experts were sought-out to provide clarity and context in uncertain times.

While Yuval notes that some of the challenges remain, overall Israel turned a corner and is now largely headed in the right direction, a development he describes as nothing less than "dramatic." "As an Institute, we played a significant role at numerous junctures along the way, to ensure that our democracy would be able to withstand this stress test." He points to specific measures advanced by IDI in providing survey data and position papers on various issues of contention, as well as studies comparing Israel to other democracies facing similar challenges.

"The positions we advanced were often adopted by the relevant government agencies, including the Attorney General and the courts."

Examples of such initiatives included IDI's successful intervention to counter the policy limiting the ability of Israeli citizens to travel back to Israel, as well as its efforts to preserve the democratic right to protest during COVID. The Institute further played a very central and visible role in defending the rule of law in the face of reckless attempts to undermine it.

Dr. Tehilla Shwartz Altshuler, Senior Fellow at IDI, directs the Institute's program on Media Reform and Democracy in the Information Age. Much of her research has focused on [protecting citizens' right to privacy](#) - from new threats posed by technological and data-mining. In its attempts to contain the spread of the



pandemic, the Israeli government resorted to extreme measures, some of which were unthinkable in most democratic countries. In particular, the government authorized the General Security Service (also known as the Shin Bet) to assist in the conduct of epidemiological contact tracing by providing the Ministry of Health with the routes of coronavirus carriers and lists of individuals with whom they had been in close contact.

Tehilla notes that in addressing this issue, IDI was one step ahead. "Already in 2012, we formulated a law designed to protect personal privacy, recognizing that this is an issue that affects everything we do, from our social media practices to how we vote, and so much more." She points out that the IDI team was among the first to take note of the challenges, when it was announced that Shin Bet would be involved in monitoring civilians. "We knew this would be an issue even before it was recognized by most as a problem, and were able to provide a [series of recommendations](#) and proposed next steps." These included voluntary digital monitoring applications to which people could opt in, as well as private-sector monitoring initiatives, which became the framework for the Green

and Purple Pass systems subsequently employed by the government.

She cautions that surveillance issues constitute an ever-present threat to civil liberties, and demand vigilance. "The growing dependence of agencies charged with policing civilian behavior on enhanced intelligence capabilities creates a situation in which these agencies may be tempted to use these powers not just in times of emergency, such as a pandemic, but for general law enforcement. This, in turn, can have a hazardous impact on our rights as citizens."

Yet another challenge highlighted by the pandemic is how to determine the proper limits for intervention by the IDF in civilian crises. Dr. Idit Shafran Gittleman, Director of IDI's Military and Society Program, worked with key decision-makers—both in the IDF and the government—on delineating those limits and crafting policies that strike a balance between safeguarding Israel's national security on the one hand, and protecting human rights and civil liberties, on the other.

Over the course of the Covid crisis, and against the backdrop of what seemed at



Codifying the Rules of the Political Game

IDI's proposal for a Basic Law on Legislation:

- Additional (4th) vote in the Knesset on Basic Laws
- 'Super Majority' (80 MKs) for core constitutional measures
- Expanded Supreme Court panel of at least 9 justices when deciding matters of judicial review





the time like the government's incapacity to address the crisis, the public clamored for the IDF to step in and take charge. Idit and her colleagues were repeatedly called upon to address very practical questions surrounding the role of the army in what is essentially a civilian crisis, in light of their acknowledged expertise on civilian-military relations. "We responded in real-time and convened roundtable meetings with all relevant parties, including senior commanders from the Homefront Command, top Ministry of Defense officials, and municipal political leadership to formulate best practices that could both provide immediate aid to the public, while ensuring that the IDF remains under the oversight of civilian authorities," Idit recalls.

Over the past two years, Dr. Shafran Gittleman was also kept busy in collaborating with IDF top brass on proposing [alternative models of military service](#). She notes that, "the notion of a 'people's army' is at the core of the very ethos of our identity as a nation, but it is increasingly clear that the existing model is no longer sustainable. It is absolutely critical that we reform the outdated model of service so as to prepare Israel for the 21st century battlefield and at the same time-retain the talent it needs to win the IDF future wars."

Recognizing the extensive economic, security and social implications of a transition to a new model of service, IDI has taken on a leadership role in this process, in dialogue with senior defense officials, to develop a plan for transition to a new model that preserves the essentials of Ben Gurion's "people's army" but updates the concept for the 21st century.

Another issue particularly close to Idit's heart, is the highly charged issue of [women's service in the IDF](#), especially in combat units. She is regularly consulted by the Chief of Staff's advisor on gender issues and the committee charged with exploring the possibilities for opening up additional positions in the IDF to women.

The Institute's efforts to shore up Israel's constitutional foundations has become the core responsibility of Adv. Anat Thon-Ashkenazy, the new Director of IDI's Center for Democratic Values and Institutions.

She singles out IDI's role in shaping decisions by two important Knesset committees: the Committee on COVID-19 and the Legislative Committee. "We

take special pride in the role we played in [ensuring continued Knesset oversight](#) over government decisions taken in the midst of a national emergency. While swift and decisive action was needed during the pandemic, preserving the 'separation of powers' and the rule of law were vital to Israeli democracy," Anat

said. She is now focused on a historic effort to pass a [Basic Law that aims to resolve the growing tensions between Israel's legislature and its judiciary](#).

Summing up, Prof. Shany stresses that the work of the Institute, particularly in these times of tension and uncertainty, is driven by a belief that addressing these issues is essential for all aspects of the nation's future. "Like all

democracies, Israel's is far from perfect. As an Institute, we have a pivotal role to play in strengthening Israeli democracy by making its institutions more stable and protecting them from the many threats they face."

“ Like all democracies, Israel's is far from perfect. As an Institute, we have a pivotal role to play in strengthening Israeli democracy by making its institutions more stable and protecting them from the many threats they face ”



[Dr. Gilad Malach](#)



[Shlomit Ravitsky Tur-Paz](#)

The Jewish and Democratic Balancing Act

While 2020 and 2021 were years of upheaval for the entire world, for Israel the turmoil extended far beyond the health and economic crises. Much of this period was defined by the lack of a stable government, and the absence of a national budget, alongside continued security threats.

The crisis also underscored the urgency of addressing Israel's two major internal challenges. It became abundantly clear from the outset of the pandemic that the crisis would hit two communities hardest: the Haredi and Arab communities. These two sectors were already on the margins of the Israeli mainstream, characterized by lower socio-economic status, and often-by basic distrust of the government and law enforcement agencies. IDI's experts were

kept busy in providing evidence-based policy recommendations to assist decision-makers on how to best respond to the challenges presented by the crisis, work towards improving the situation of these communities, and lay the groundwork for long-term change that will strengthen Israeli society as a whole.

For Dr. Gilad Malach, Director of the Ultra-Orthodox in Israel Program, Covid brought a key challenge associated with Haredi society to a head; the low levels of trust that characterize relations between the community and the government, and the animosity of the general population towards the ultra-Orthodox sector.

At the beginning of the pandemic, the community's flagrant violation of

government lockdown regulations and its violent resistance to police attempts to enforce them, captured the headlines and thwarted the government's attempts to stop the spread of the virus. Gilad's team worked on several levels to help the government reach out to the Haredi community. "Based on our in-depth understanding of what makes the Haredi community tick—how it thinks and operates, we were poised to respond to the flood of requests from decision-makers for our advice. Our overall message was that in order to make headway with the community you must communicate in a different way."

According to Gilad, this meant first and foremost, winning the buy-in of the community's revered rabbis, rather than



relying on the police or political figures to get the message across. Furthermore, he worked with public health officials and the IDF Homefront Command to help them adapt Covid regulations to the Haredi lifestyle, with its emphasis on large public gatherings in the synagogue and yeshiva. [Gilad's recommendations](#) also led to the appointment of a national Covid project manager designated specifically for the Haredi community.

“But alongside these issues, which required our immediate attention, we always stayed focused on the longer-term issues, such as promoting employment and economic self-sufficiency at a time in which families were experiencing even more serious financial challenges than before the crisis.” Expert opinion papers were drafted for the relevant government agencies, specifically on how to leverage the opportunity to create new employment opportunities by upgrading vocational and technological training courses.

“By shaping government policy on everything from the workforce to military service we are helping Haredim become more oriented towards university studies, employment, and the adoption

of democratic values, while maintaining their unique culture and identity.”

Dr. Nasreen Haddad Haj-Yahya, who heads up the Program on Arab Society in Israel, notes that, “This crisis made it impossible to ignore the fact that the huge gaps that existed between Jews and Arabs pre-Covid were exacerbated by the pandemic. Our research identified and highlighted troubling implications both for the community's capacity to cope with the immediate crisis and for the long term.” She pointed to specific challenges in adjusting to remote working and children needing to study at home – when homes often lacked the technological tools needed for distance learning. What turned out to be a real eye-opener for decision-makers was a series of site visits to Arab localities, organized by Nasreen. Seeing the gravity of the situation on the ground, and interacting with community leadership and residents, had a powerful impact on their policy decisions, both with regard to issues deriving from the pandemic, and on

longer-term issues, many of which were ignored for far too long.

Nasreen was able to see this crisis also as an opportunity. She says the past two years were a turning point for Arab citizens. “Very early on it became clear to decision makers that the Arabs cannot only be viewed as part of the problem; they also must be part of the solution.” Nasreen herself was called upon to serve as an advisor to the National Security Council, and notes that each and every forum set up by the government to deal with the crisis included the needs of the Arab population on its agenda.

“ This crisis made it impossible to ignore the fact that the huge inequality and gaps that existed between Jews and Arabs pre-Covid were exacerbated by the pandemic. ”

This is a very welcome sea change that provides real hope for the future.

Moreover, Dr. Haj Yahya and her team were invited to play an active role in [shaping the new 5-Year Plan](#) for Economic and Social Development in the Arab community—a massive government investment of 30 billion shekels. Among other achievements, this provided them

with an opportunity to push for allocation of resources to mixed (Jewish-Arab) cities as well as to Arab locales. The team argued that it was untenable, in the wake of the horrific violence that broke out in May 2021 in these cities, to ignore the underlying issues that helped ignite it. The result? A government decision approving such funding, in addition to funding [a new Gap Year program](#) developed by the IDI team, and targeted at Arab youth who are neither working nor studying—many of whom took to the streets and played an outsized role in the May violence.

The formation of a new government in 2021 brought with it new opportunities in the realm of religion and state as well. With no ultra-Orthodox parties sitting in the government coalition for the first time since 2015, barriers to change have been removed on some of the most fundamental issues related to the tension between the two components of Israel's identity as both a Jewish and democratic state.

Here, Shlomit Ravitzky Tur-Paz, Director of the new Joan and Irwin Jacobs Center for Shared Society, as well as the Program on Religion, Nation and State, believes

that many of the proposals for reform which IDI has been pursuing for years, now have a chance to be implemented by a government which has committed to enacting such reforms.

“Issues that remained stagnant for years are now beginning to move forward,” she observes, while pointing specifically to the impact that the Institute has had in the area of [kashrut reform](#). “Our program provided detailed data on the costs to the Israeli taxpayer associated with kashrut supervision, the system's inefficiency, and so on. That information was made accessible exactly at the time when the reform was coming up for deliberation in the Knesset. The outcome? Legislation which breaks down the Chief Rabbinate's monopoly on kashrut supervision—just one very clear example of how our work helped decision makers move forward with critical reforms.”

She notes that similar efforts are now being invested on other issues to ensure that they are on both the political and public agendas, including a more liberal conversion reform bill and a more pluralistic procedure for electing Israel's next Chief Rabbi.

NEW 5 YEAR PLAN

IDI experts shape a new government multi-billion-shekel plan for development of the Arab sector including a pioneering 120 million NIS program for a Gap Year for Arab youth.



Prof. Karnit Flug



Prof. Yotam Margalit



Daphna Aviram-Nitzan



Prof. Amir Yaron, Governor of the Bank of Israel, addresses the [Eli Hurvitz Conference on Economy and Society](#).

Turning Crisis into Opportunity for Israel's Economy

The Institute played an outsized role in helping the government mitigate the economic fallout of the pandemic. It was poised to do so in part because it was “ahead of the game.” Daphna Aviram-Nitzan, who serves as the Director of IDI's Center for Governance and the Economy, says that sound planning and a longer-term vision were key to the Institute's ability to provide decision-makers with quick-footed and sound policy recommendations. “Five years ago, we set up a [workgroup](#) made up of IDI and academic experts, alongside government officials and representatives from both the private and public employment sectors, to anticipate future employment trends and challenges. Some of those very issues, such as a

widespread transition to home-based work, presented themselves in a very early on in the pandemic. Based on the group's conclusions, we were positioned to provide informed recommendations to decision-makers.”

The prolonged period of uncertainty, demanding informed and strategic thought to help advise on Israel's economic direction, made the voice of Prof. Karnit Flug, former Governor of the Bank of Israel and IDI's Vice President for Research and the William Davidson Senior Fellow for Economic Policy, all the more important

and sought-out. It was only months before the outbreak of the crisis that Prof. Flug assumed her position after completing her term as Governor of the Bank of Israel in late 2018.

“In many ways, Covid only served to push to the forefront structural deficiencies in the Israeli marketplace and employment sectors that we have long known to exist.”

While noting that it is premature to give any conclusive scores to Israel's economic performance over the past two years, Prof. Flug points out that the strategies and methodologies put in place, often based on IDI's recommendations, helped mitigate the overall negative impact of the crisis.

“Despite a bit of hesitation at the beginning of Covid, when it took some time for the government to make the switch and recognize the enormity of the challenges, relatively soon everyone realized what we were up against, and the government did a great deal and acted quite quickly. It became clear that the best strategy was to do more rather than less.”

Acknowledging the direct role of IDI's experts in helping chart the government's economic responses, Prof. Flug says her team regularly met with the key decision makers, including the Minister of Finance and the Minister of Social Equality and their professional teams. [The Institute's recommendations](#) were of particular importance in developing and fine-tuning the furlough model which placed many workers on a form paid leave, Flug says that this was instrumental in best preserving national and individual economic health during the many long months when hundreds of thousands of Israeli citizens were forced into temporary unemployment.

She cautions that amidst what continues to be a volatile global and domestic climate, fueled by a variety of shifting

geopolitical and local trends, it's far too early for celebration, and the country will need to remain alert to ensure continued short-term stability and sustainable, inclusive growth.

Perhaps the most impactful changes witnessed over the past two years were shifts in patterns of employment—especially working from home (WFH)—and the extent to which specific population groups were positioned to respond to changing times. These trends placed the work of our Labor Market Reforms Program directed by Prof. Yotam Margalit in a prominent position and impacted on key decisions made, as the pandemic shuttered businesses of all sizes.

“In many ways, Covid pushed to the forefront structural deficiencies in the Israeli marketplace and employment sectors that we have long known to exist, but which became more troubling with this crisis,” he says, while pointing to the years of research his program has invested in these areas. He sees the issue of an aging workforce, as something to which we should be paying close attention, given its ripple effects on the strength and resilience of the Israeli economy.



ISRAEL 2050

Israel 2050, IDI's plan for sustainable economic development, adopted by the Prime Minister and four government ministries.





“Our goal, both prior and during the crisis, and what we are now already planning for post-Covid, is to create models that allow us to best monitor these types of issues and develop workable solutions that will prepare us on a national level to respond to them,” says Prof. Margalit. He believes that that the most formidable long-term employment challenge will be the need to adapt to technological and cultural changes in the workforce. “Israel will need to preserve its competitiveness in the international economy, while looking after its low-tech workers, providing them with opportunities, and ensuring that they not be left behind.”

“ The crisis also underscored the urgency of addressing Israel's two major social integration challenges. ”

Prof. Margalit and others credit a series of [public opinion surveys](#) conducted by the Institute's Viterbi Family Center for Public Opinion and Policy Research as having direct impact on government policy decisions. “These surveys provided the picture of exactly who was being most affected, how much damage was being inflicted, and provided real-time insights

as to the reasons why this was occurring where it was,” Prof. Flug explained.

Despite the disruption caused by COVID, IDI experts maintained their focus on long-term issues and challenges. A prominent example is [the Israel 2050 project](#), initiated at the government's

request, spearheaded by the IDI team, and conducted in partnership with four government ministries and leading representatives of the public sector and the business community. The program has developed a plan and crafted a strategy for Israel's national infrastructure by the year 2050, and crafted a strategy for a thriving economy and a sustainable environment. “By

bringing everyone around the table, we were able to develop a plan that drills down to the fine details of operations and budgets, to ensure we are best preparing for the challenges of climate change,” says Prof. Flug. The plan was [announced](#) at IDI's 2021 Eli Hurvitz Conference in a dramatic joint appearance by the Ministers of Environmental Protection,

Energy, Transportation, and the Economy, who expressed their firm commitment to its implementation. In November 2021, Prime Minister Bennett presented the plan at the Glasgow Conference.

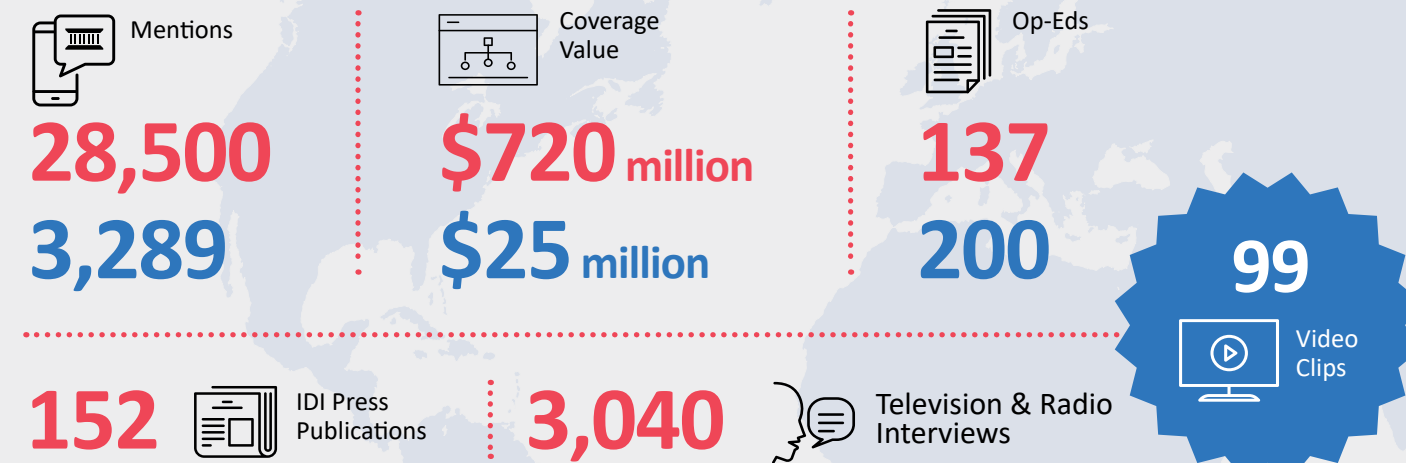
Prof. Flug concludes: “The strategy that drives IDI's work is based on a long-term perspective: We must continue to be nimble in responding to urgent needs of our government partners, but at the same time—stay on track and continue to focus on long-term issues. On the ground, this means acting vigorously to preserve Israel's economic miracle while protecting the environment for future generations and ensuring that the benefits of a growing economy are accessible to all. This will require investing more in education while narrowing the significant gaps that exist between various groups and addressing issues of regulation,” she says. “We're certainly not there yet, and so much more remains to be achieved. But by continuing to address the full range of critical issues, and based on our firm working relationships with our government partners, we are confident that we can advance a vision for sustainable and inclusive growth that will benefit Israeli society as a whole.”

Government Relations



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In Memoriam

Secretary George P. Shultz >

In February 2021, Secretary George P. Shultz, one of the greatest statesmen of the twentieth century, passed away. Secretary Shultz co-founded IDI shortly after stepping down as Secretary of State, and went on to establish the Israel Democracy Institute's

International Advisory Council and serve as IDI's Honorary Chair until his passing at the age of 100.

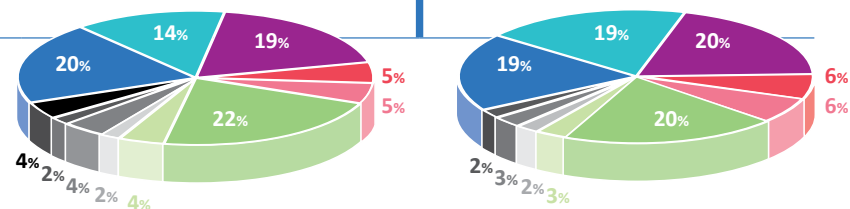
Secretary Shultz was not only an American patriot who served in numerous senior positions, including Secretary of Labor, Secretary of Treasury and Secretary of State, but also a true and steadfast friend of Israel and the Jewish People. During the 1980s, Secretary Shultz played a key role in designing the policies that led to the peaceful end of the Cold War and the opening of the gates of the Soviet Union to large-scale Jewish immigration to Israel. He also played an important role in the mid-1980s when hyper-inflation threatened Israel's economy and Secretary Shultz provided Israel with the experts and expertise that helped our country weather that crisis, liberalize the economy and emerge stronger than ever.

After retiring from a long and distinguished career in public service, he expressed his enduring commitment to Israel by readily agreeing to help establish a 'think-and-do tank,' as he called it, dedicated to preserving and strengthening Israel's embattled democracy. Never losing sight of the fragility of our country's fledgling democracy, Secretary Shultz foresaw the need for an independent, non-partisan think-tank that would provide Israeli decision-makers with policy proposals based on data, research and expertise. Secretary Shultz provided the Institute's leadership with sage advice over the three decades of his involvement.

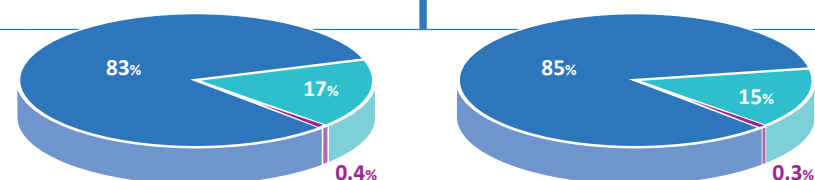
Secretary Shultz's commitment to Israel's security and its democracy never wavered. He holds a special place of honor in the annals of Israel and the Jewish people. May his memory be a blessing.

Financials

Expenses	2021*			2020		
	₪	\$	%	₪	\$	%
Policy Centers						
● Democratic Values and Institutions	7,066,292	2,187,706	20%	6,295,135	1,958,051	19%
● Religion, Nation and State**	5,003,059	1,548,935	14%	6,161,893	1,916,608	19%
● Governance and the Economy	6,602,210	2,044,028	19%	6,475,420	2,014,128	20%
● National Security and Democracy	1,641,781	508,291	5%	1,885,461	586,457	6%
● Viterbi Family Center for Public Opinion and Policy Research	1,876,067	580,826	5%	1,787,392	555,954	6%
Impact and Support Units						
● Government relations, marketing, communications	7,633,641	2,363,356	22%	6,449,503	2,006,066	20%
● IDI Press	1,249,566	386,863	4%	989,161	307,671	3%
● Development***	754,918	233,721	2%	538,055	167,358	2%
● IT and research support	1,339,294	414,642	4%	1,075,488	334,522	3%
● Administration****	659,484	204,175	2%	680,140	211,552	2%
● Roundtable Renovation	1,502,925	465,302	4%	-	-	-
Total expenses	35,329,237	10,937,844	100%	32,337,649	10,058,367	100%



Income	2021*			2020		
	₪	\$	%	₪	\$	%
● International donors	28,860,540	9,990,608	83%	29,248,508	9,097,514	85%
● Israeli donors	5,734,820	1,660,846	17%	5,137,560	1,597,997	15%
● Royalties, partnerships and miscellaneous	128,939	387,505	0.4%	97,153	30,219	0.3%
Total income	34,724,299	12,038,959	100%	34,483,221	10,725,730	100%



*Unaudited Financials | **Now part of the Joan and Irwin Jacobs Center for Shared Society
 ***Excluding \$300,000 in additional fundraising expenditures that were offset by corresponding designated contributions
 ****The sums before allocation to projects are \$1,801,978 in 2020 and \$1,723,191 in 2021

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