

The **Megatrends** and Forces that will Shape the **Social Landscape** in the Era following the **Corona Crisis**

June 2020

SHALDOR
From Insight to Impact

This paper leverages various local & Int'l sources of information – articles, professional publications, professional reports and past Shaldor studies (namely the analysis of the 'Philanthropic Activity in Israel - Fields of Activity and Giving Patterns', prepared for the Israeli philanthropy conference, and a study on the 'Megatrends That Will Shape Tomorrow's Competitive Landscape', describing the Corona's impact on the business sector)

Executive Summary

■ A Seismic Event

The corona crisis has instigated shock waves of unparalleled proportion; their effect will perennially reshape society well into the future

■ Gradually then Suddenly

The lion's share of anticipated changes will be in the acceleration of global long-term processes that have been already at work preceding the crisis

■ Six Global Megatrends

Six megatrends are the primary forces behind the concrete changes that are expected to take place; they represent major shifts in three key dimensions:

Geopolitics, Technology & Workforce and Human Spirits

Geo- Politics			Nationalism & In-Group Solidarity	Erosion of global cohesiveness for the benefit of local networks/structures
			Big Government	Accelerated governmental intervention via investment, supervision & regulation
Tech & Workforce			Services Digitalization	Greater use of digital/automized channels at the expense of human interactions
			Shaken Job Market	Incorporation of tech. & flexible hiring models to reduce corp. reliance on workers
Human Spirits			Personal Vulnerability	Aspiration for greater stability/safety in the face of an uncertain/menacing future
			My Home is My Castle	A growing share of work/leisure activities done from home, insulating households

■ Endemic Social Changes

The resonance of the six global trends across Israeli society will create unique social changes in both the fields of activity and the sources of funds:

Expected Changes in Social 'Fields of Activity'

- **Healthcare:** gov. investment in building reserves of critical equipment/assets
- **Education:** digitally-driven socioeconomic gaps; academia lagging behind in hard skills
- **Employment of Disadvantaged Groups:** diminished physical barriers for integration
- **Human Rights:** rise in discrimination and domestic violence
- **The welfare of Special Needs Groups:** mental risks related to loneliness & isolation
- **Community Services:** greater demand for youth and community programs
- **Environment & International Affairs:** sidelined by urgent, domestic problems
- **Arts & Culture:** challenges in maintaining relevancy in a digital, post-crisis world

Expected Changes in Social 'Sources of Funds'

- **Government Income:** frugal third sector spending, as debt and investments mount
- **Foreign Donations:** uncertainty regarding the potential impact on scope & directions of philanthropic donations. Possible decrease in facing the upcoming recession
- **Domestic Donations:** tighter spending as people face an uncertain/bleaker future

■ Multi-Dimensional Implications for Social Players

Although a new government was just recently established in Israel, which will surely clear up some of the uncertainties Social Players were facing, the breadth and depth of the expected social changes will have concrete and significant implications regarding activities-focus, 'philanthropy role' mode of cooperation, etc.

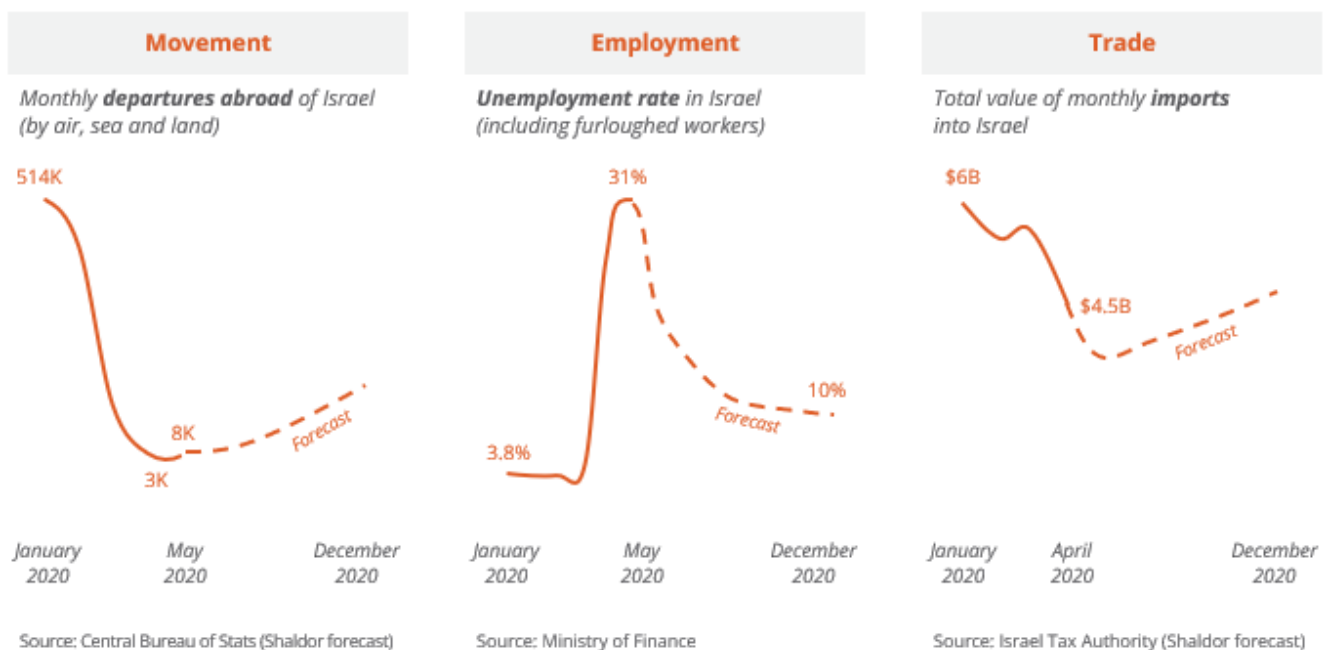
A detailed description of each of the megatrends, social changes & implications for social players, as well as a more extensive background, are presented in the coming pages

Background

The coronavirus pandemic has brought wave after wave of catastrophic economic and social impact: “world’s biggest challenge since WWII”, “worst week ever for unemployment claims”, “greatest decline in retail activity ever reported”.

The health crisis and enacted restrictions have **deeply affected all aspects of society**; exerting significant challenges on existing systems and organizations, from overburdening hospital ICUs to physically-isolating businesses & individuals.

Selected illustrations of the rapid and deep effect experienced in Israel:

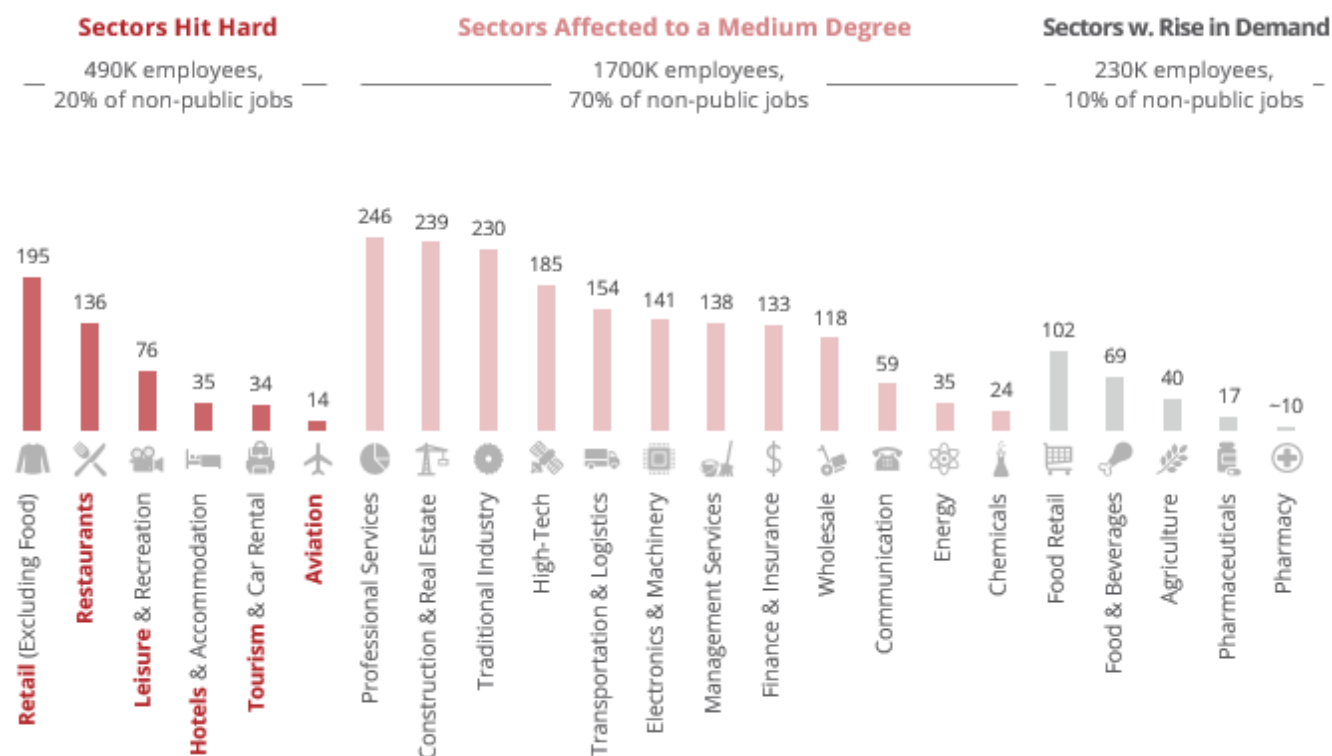


The current turbulence impacts the different sectors of the economy in a non-uniform way, with sectors that are highly dependent on physical interactions, such as **retail, restaurants & hotels, taking the hardest hit**.

These sectors are characterized by a **high number of low-skilled workers** – many of them are of low socioeconomic background and include minorities and other disadvantaged groups.

The six most impacted sectors – the ones at the “heart of the storm” – account for 500K workers, about 20% of all non-public jobs, as illustrated in the following chart:

Number of Israeli Employees per Sector (in thousands), end of 2019



Source: Israel Central Bureau of Statistics; Shaldor Analysis

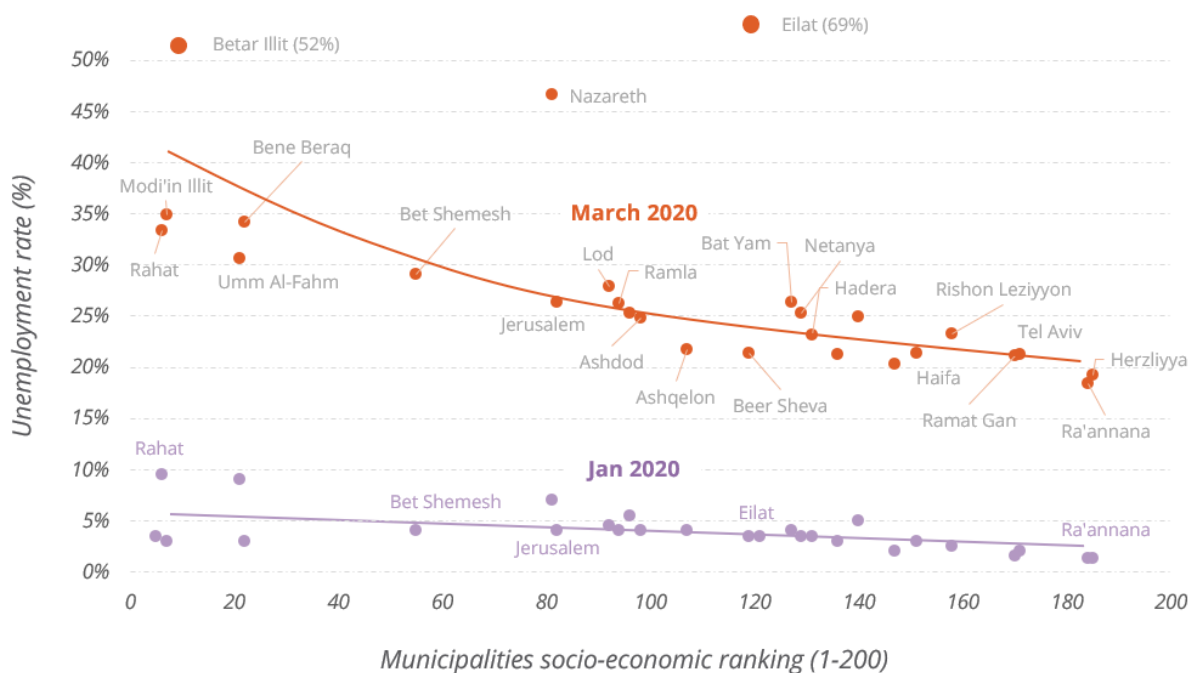
The corona crisis, as has been the case with many crises before it, appears to be hitting the more vulnerable and disadvantaged segments of society harder. Thus, the gaps between the well-off and the social periphery are becoming wider.

These widening gaps are well apparent in the changes in the unemployment rate at the local municipal level (between the center & the periphery, Jewish & Arab towns, etc.):

- Although overall unemployment before the crisis was at a close-to-record low, gaps between affluent secular cities & Arab/religious towns were well visible (1-2% vs. 7-10%).
- However, gaps only increased after the crisis – reaching 35%/40%/50% in poor places.

The changes in unemployment between January and March of this year, for municipalities with available data, are illustrated in the following chart:

Unemployment Rate Per Municipality Before and After the Outbreak of Coronavirus

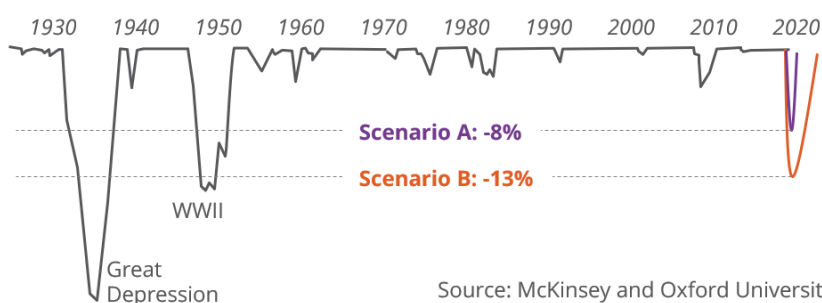


Source: Bituah Leumi, Israel Central Bureau of Statistics; Shaldor Analysis

Three months into the crisis, although the pandemic appears to be abating (at least in Israel), **uncertainty is still high**, fueled by the hovering threat of a second & possibly harsher wave of infections and the potential of leveraged/vulnerable businesses to successfully face the upcoming economic recession.

Despite these uncertainties, most forecasts estimate a **deep recession** (as illustrated to the right), and a **6-18-months timeframe before 'returning to normal'**.

US Real GDP (%) Total Drawdown From Previous Peak



Source: McKinsey and Oxford University

Our Approach

The extent to which the existing disruptive changes will resonate into the future, and how they will shape society – **is not certain**. However, by analyzing the **forces at work** today we can better characterize the **megatrends** that will continue to shape ‘the day after’. By Megatrends we mean:

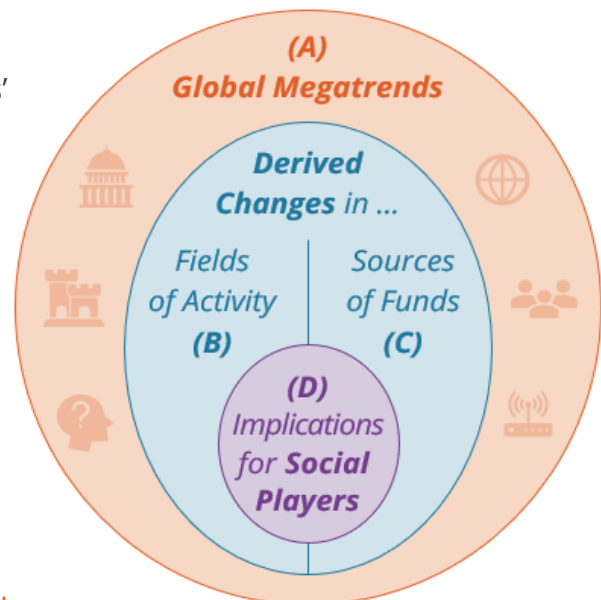
- ...Global, coherent, aggregate dynamic forces that **significantly impact society**
- ...Rooted in **long-term processes** that have preceded the corona crisis, but are anticipated to be **greatly accelerated** due to current dynamics
- ...With **tangible implications** on different social aspects - Education, Employment, etc.

The **Megatrends** that will significantly affect Israel’s Social Landscape will induce changes in both ‘**Fields of Activity**’ (minorities employment, higher education, environment, etc.), with each field uniquely affected by a sub-set of trends, and the ‘**Sources of Funds**’ (government income, USA donations, Israeli household donations, etc.). Based on these changes, various ‘**Implications for Social Players**’ can be outlined.

These four ‘components’, illustrated on the right, (‘Megatrends’, ‘Fields of Activity’, ‘Sources of Funds’ and ‘Implication for Social Players’) provide **a well-structured framework** for considering with the post-corona future, and will serve as **the backbone of this report**.

The megatrends, their effects, and derived implications, described in detail in the following pages are based on an assessment of **short-term (already-evident) changes**, **long-term processes** and **the local characteristics of Israel’s societal landscape**.

All in all, this report aims to serve as a basis for discussion regarding the “emerging social reality”.



A. Global Megatrends

Nationalism & In-Group Solidarity

Since the 1970s, the forces of globalization have been shaping the global economy, narrowing the cultural distances between nations (from Democracy, through Soccer to IKEA). However, in recent years, **counter forces have been gaining influence** – coming out against international institutions, foreign threats, and economic-dependency (Brexit, “Trump’s Wall”, US-China trade war, European nationalist parties, ...).

The current crisis strengthens these forces and further pushes countries to turn inward. The **battle against the pandemic is in many ways a “zero-sum game”**, with openness and cooperation perceived as hindering factors. During the crisis countries frequently **prioritized their national interests** – closing borders, prohibiting exports of critical supplies, refraining from cross-border financial support (EU), and shunning Int’l institutions (US suspending WHO funds), etc.

On a personal level, crisis and **external threats tend to increase people’s sense of solidarity** and deepen their empathy toward their **“identity circles”** (ingroup), while further entrenching stigmas and negative notions regarding the ethnically/politically different (outgroup).

Recent months have shown people’s profound need for solidarity (“balconies culture”, “zoom communities”, ...) while indicating a **rise in incidents against minority groups** (in India, Muslims are blamed and attacked for spreading the disease; in Israel, incitement toward Haredim is spiking online).



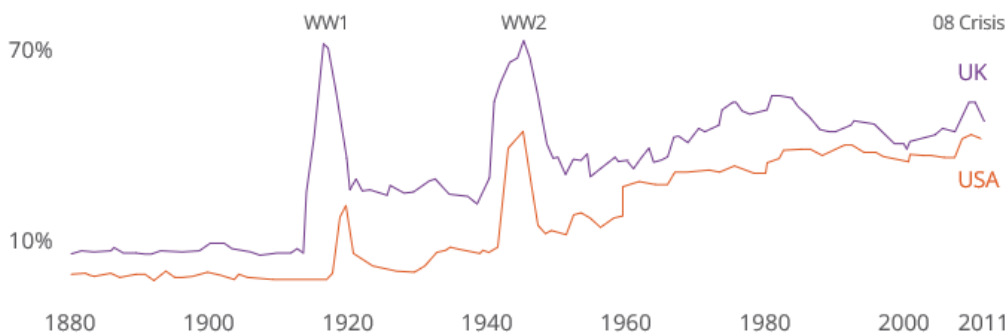
Big Government

Recent years have featured a popular ideological debate regarding the role of government ('lean' – prudent of steering markets & limiting freedoms *vs.* 'large' influence wielding).

During the corona outbreak, **countries with a strong central government were able to react more efficiently** – enforcing movement-restrictions, reallocating essential equipment & monitoring infections (centralized Asian countries such as China & Singapore are prominent success cases).

History teaches us that during and after crises, government intervention increases – firstly to cushion the immediate blow and secondly to propel growth. After crises, broadened services and new mechanisms are only partially scaled-back, thus contributing to the long-term expansion of governments, as illustrated here:

*Government Spending as % of GDP**



*Total government spending, including interest gov. expenditures, as share of national GDP

Source: IMF

In the coming years, **greater govt. intervention is expected** in three dimensions:

- **Investing in essential services** (such as health and welfare) – revamping critical infrastructure and upgrading existing mechanisms to ensure resilience and coverage
- **Regulating businesses & organizations** – minimizing risks and safeguarding public interests (encouraging local manufacturing of critical goods, blocking foreign influence)
- **Monitoring & surveilling individuals** – ensuring public safety, even at the expense of various freedoms (cellular location tracking, AI-based identification, hit-based custom controls)



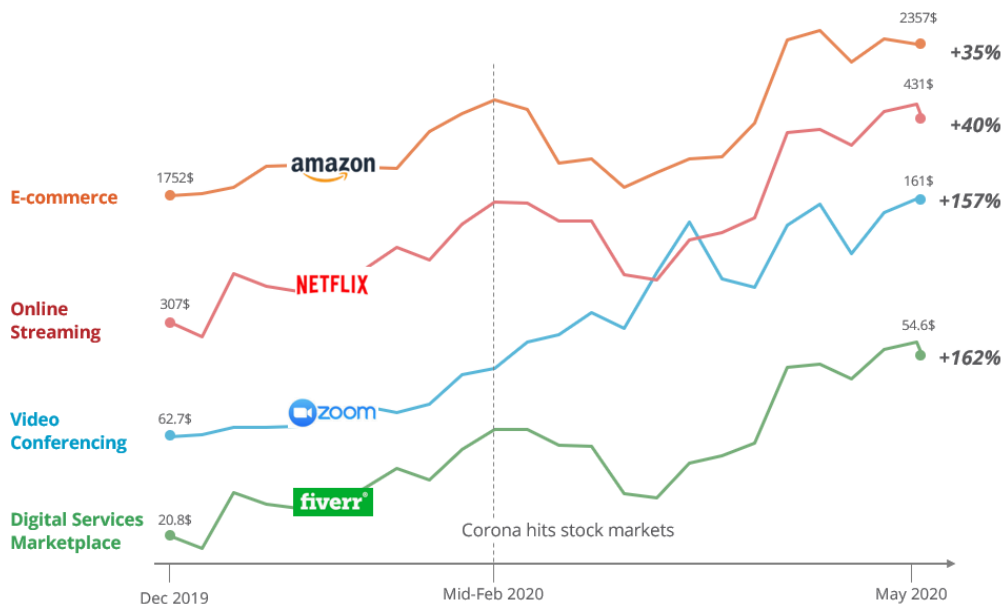
Services Digitalization

For years now, the **prolonged and gradual process of digitalization** has been “shedding its light” on various industries – gaining significant ground in certain aspects of life such as entertainment and banking, but having a limited effect in areas such as food retail and medicine (before the crisis, only 3% of food was e-purchased and hardly anybody visited a doctor online).

The fear of infection, the mandate for social distancing, and the obligation to work from home constitute a **turning point in the adoption** of these technologies. During the crisis, even tech. laggards were heavily utilizing digital services – participating in family/work-related video conferences or e-purchasing essential merchandise. Organizations, as well, underwent a digital revamp – embracing remote working, online sales, etc.

Although people will somewhat scale back their digital habits once restrictions are loosened, the **long-term pace of digitalization is forever accelerated**, as illustrated in the rise of “digital” stocks:

Change in the Stocks Price of “Digital” Companies



👥 Shaken Job Market

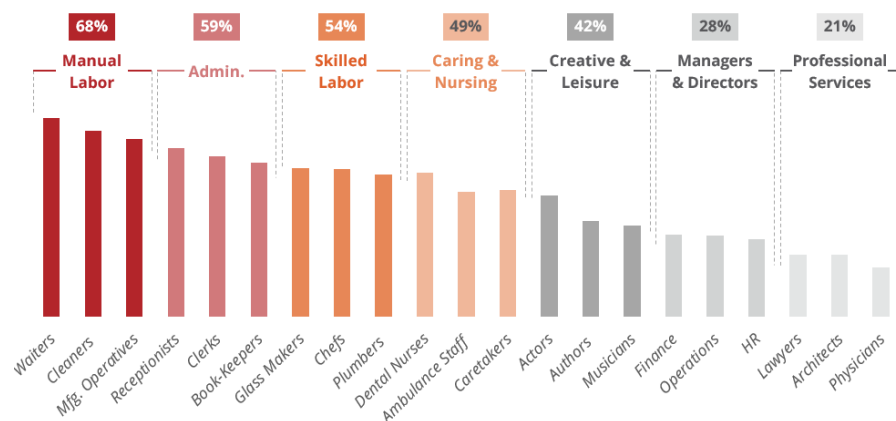
The shutdown orders that were issued to fight the pandemic have brought a tremendous wave of layoffs across the economy, with an unemployment rate exceeding 25% in Israel. It is expected to take **years until the unemployment rate will return** to pre-crisis levels.

Furthermore, the crisis has exposed vulnerabilities in existing employment models. Companies' **efforts to increase business resilience** will accelerate two existing trends:

- **Flexible engagement models** – the market is already booming with various businesses built on loosely-committed workforces such as Wolt, Uber & Fiver (“the gig economy”). As the crisis surfaced the importance of business agility vis-à-vis “economic swings”, companies will aspire to **convert more activities to variable expenses** via such models.
- **Automation & Robotics** – companies already invest a great deal in automation to bring costs down. The crisis surfaced **automation’s second great benefit – resilience**. (Infections waves within US factories have brought a 50% decrease in overall pork production). Regulators and consumers as well, are realizing the safety benefits of automation (cooking by robots, distribution by drones, etc.).

Overall, the Job Market will change dramatically - many manual labor jobs will disappear, (as illustrated on the right), while others will be created, mainly involving “new technologies”.

Risk Losing Job for Automation and New Tech. – Probability by Type of Occupation



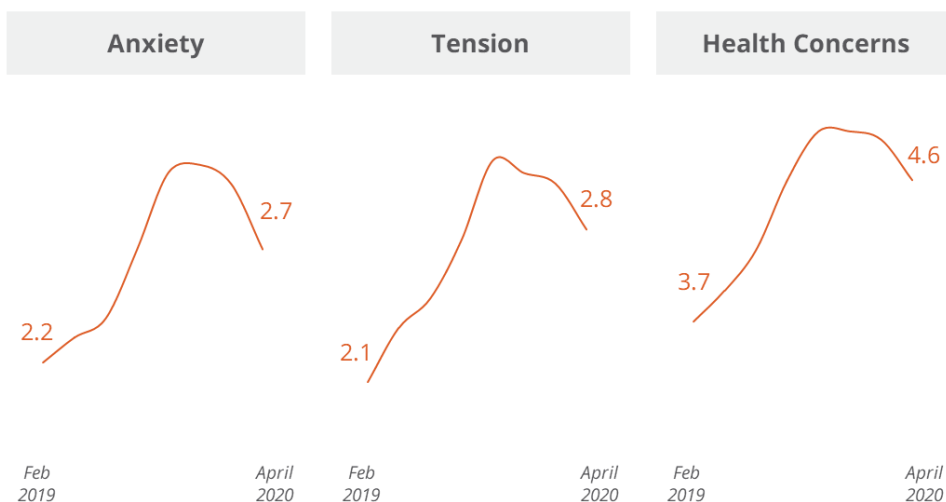
Source: Office of National Statistic, United Kingdom, 2019

? Personal Vulnerability

Citizens of developed nations are accustomed to **decades of peace, safety, and prosperity**. Unlike other major crises of recent years (Ebola outbreaks, severe droughts, sectarian conflicts), the corona pandemic is a truly global crisis – one that doesn't spare even the wealthiest of nations.

Recently, concerns regarding basic human needs have become common (health, safety), while secondary needs (social interaction, free movement, ...) have been pushed aside. Growing weariness among the public is well evident in recent surveys, as illustrated here:

Average Personal Anxiety Ratings in Israel (rating between 0-5)



Source: Ben-Gurion University of the Negev, N=1000

These shifts are **especially hard for Millennials**, whose lifestyles have little prepared them for recent hardships – they are accustomed to high spending, frequent excitements, and career aspirations that are suited to a booming job market.

As with traumatic/singular events, recent calamities will live on in the public consciousness in the years to come and will **enhance feelings of insecurity/wariness** regarding the future. As a result, **people are likely to seek more stability** (at work, in relationships) and to become more 'financially cautious' (capping spending on "luxuries", setting aside funds for a rainy day). Accordingly, the government is likely to focus **on building a steady future** – spending more on healthcare, infrastructure, housing, etc.

My Home is My Castle

During the peak of the outbreak (along the course of 6 weeks) people were ordered to remain at home and “fully domesticate” their lifestyle – from work to sport & leisure activities. The effectiveness and scope of domestication that society underwent is without precedent, as staying-at-home was correlated with escaping mortal risks, saving lives & good citizenship.

Although the initial trigger for this extreme change in behavior was fear and government fiat, long term habits were created – people were exposed to the benefits of new digital services (the convenience of Wolt, the content abundance of Netflix, the effectiveness of Zoom, etc.) and acquired proficiency in operating them.

As a result of spending more time at home, people are expected to become more individualistic and dependent on their immediate circle (family/friends living with them). For some, it will have a considerable impact on their social life and mental health, as observed in Japan – an extreme case of adults living in isolation, in withdrawal from society. The phenomenon, dubbed Hikikomori, is considered a social calamity and includes up to 1M young adults (~0.8% of pop.). This kind of seclusion often leads to loneliness, anxiety & fragility.

*The next chapter will outline in detail the implications of the previously described **Megatrends** on ‘social fields of activity’ and ‘social sources of funds’.*

Not all megatrends have a significant-enough effect on each of the different social fields/source. To mark the ones that do, their icons will be blackened (to the right of the social field/source sub-title), as Illustrated below:



In this illustration, ‘Big Gov.’, ‘Services Digitalization’ and ‘Personal Vulnerability’ are marked as the more relevant/influential Mega Trends

B. Derived Changes in Social Fields of Activity

Healthcare



Contemporary healthcare policy is highly influenced by the notion of “supply generates demand”. For years the [government has been capping healthcare-related investments](#), intentionally maintaining some level of under-capacity in various resources such as hospital beds, diagnostic equipment (notably pricy MRIs/ CTs), trained nurses, etc., to reduce public expenditure on health (between 5% and 12% of GDP among OECD countries, 7.5% in Israel).

This approach explains why Israel is placed well [below the OECD average](#) in various indexes measuring resources availability (although overall performance is considered above average): Ranked [#31](#) in Active Nurses, [#30](#) in MRIs, [#29](#) in CTs, and [#21](#) in Hospital Beds.

The [crisis has exposed the vulnerability](#) and potential dangers of running a “stretched” system. Furthermore, it has [brought greater public awareness](#) to the issue of healthcare in general (interns protesting against current conditions, public campaigns in support of Med. teams).

The crisis [also “exposed” the benefits of telemedicine](#) as a safe, convenient treatment channel (vast experimentation in online diagnosis, market hype around startups in the field).

Thus, the government is expected to increase its investments in:

- [Critical infrastructure and equipment](#). – ventilators, diagnostic tools, ICU beds, sterile wards, etc.
- [Away-from-hospital schemes](#) – community-based services, home hospitalization and telemedicine

Momentous shifts in the job market and the social environment (automation, flexible engagement models, telecommunication, digital services) will [require people to revamp their skill sets](#) (greater emphasis on computer applications, data analytics). Naturally, these shifts in market needs and people expectations have substantial implications on education institutions:

- [Universities and colleges](#) – such institutions have been struggling, long before the crisis, to align their curriculums and methods of teaching to the changing environment. The business sector, as well as young adults, are increasingly prioritizing ‘hand-on’ experience and professional skills over 3-4 years of theoretical studies & formal diplomas (the lucrative salaries offered to young 8200 graduates right after service well exemplify the trend). The process of [deterioration in academia’s status](#) will continue and is likely to force universities to modify their core offering (greater emphasis on business-oriented programs, digital expertise, and short-term professional diplomas).
- [Primary and secondary schools](#) – following a “huge experiment” in online learning during the 6 weeks of school closures, schools and education system are expected to integrate digital tools and material to their routine curriculum (in particular incorporation of remote/self-learning models via Zoom-like platforms). The new reality might cause a new phenomenon of [digital inequality in education](#), in which socioeconomic levels are significant factors in determining the quality of education children get. Children from affluent families are more likely to enjoy a quiet home environment, a personal, well-functioning computer and knowledgeable supporting parents – all key factors in online, remote learning models.

Employment of Disadvantaged Groups



Solidarity



Gov.



Digital



Jobs



Persons



Home

The low participation of disadvantaged groups (Haredim, Arabs, people with disabilities, etc.) in academic/high-skilled occupations (Haredi men earn on average 40% less than secular men) make them [vulnerable to the repercussions of economic down-turns](#).

The corona crisis is projected to trigger a deep recession, perhaps the greatest one in decades.

Moreover, long-term harm to disadvantaged groups is expected through the enhancement of automation across industries. [Non-professional jobs will be lost](#) (factory workers, packagers, drivers) [due to companies' business resilience efforts and overall acceleration of the digitization process](#).

Despite these negative impacts, opportunities are expected in two main aspects:

- [Diminished physical barriers for integration](#), as office environments and employment frameworks, will become more flexible. Greater use of videoconferencing tools and openness to working from home will make [geographic distances](#) (various minorities live outside Gush Dan) and [cultural distances](#) (which emphasize group-differences and enable bigotry) less consequential. Both are significant [barriers for Haredim and Arabs](#) today.
- [Demand for professional jobs](#) as a result of expected [gov. efforts](#) to guarantee local production of essential goods (pharma & related chemicals, protective equipment, etc.). Government effort may focus on [closing existing gaps in the "supply-side"](#), (current ~30K open positions that require vocational training – electricians, IT specialists, etc.) or in the "demand-side" by incentivizing companies to "bring back home" their supply chains.

Human Rights



Along the course of the pandemic, as people were confined to their homes and the economy grinded to a halt, overall criminal activity has dropped. Surely, violence and [exploitation will bounce-back along with the economy](#). However, long-term changes are expected regarding various types of abuse:

- [Domestic violence](#) – a notable exception to the decline in violence during the outbreak – has [increased dramatically](#) (on all its types) worldwide (~20% locally), with three women murdered by their partners in Israel in the first half of May alone. Greater time spent at home leads, in some cases, to [greater domestic tensions](#) and to further “detention” of abused spouses/children with their aggressor. Working/learning from home also means [fewer effective channels for seeking help](#).
- [Sexual abuse & prostitution](#) – as the sexual activity has been [steadily building online](#) so has been sexual misconduct and abuse. The “under the radar” nature of such activities requires special tools and mechanisms to fight it. The pace of growth of such abuses is expected to be accelerated following the crisis.
- [Racism & discrimination](#) – nationalism and greater in-group solidarity are expected to bring negative [feelings towards immigrants and minority groups](#) (“burden on health systems”, “sources of infections”) and may increase the number of discriminatory/racist incidents (assault, at work discrimination).
- [Privacy & civil liberties](#) – fears regarding [governments over-exploiting their vested powers](#) for the sake of the public interest, while in the process trampling civil liberties, have grown with recent technological capabilities, platforms & tools (AI-based face recognition, GPS/cellular tracking, biometric identification, etc.). During the crisis govts. have operated systems that were unimaginable months ago (even Western European countries use private cellular data to monitor movements). In expanding the use of [monitoring & surveillance tools](#), govts. are more likely to encroach on civil liberties and harm individual freedoms, especially of minorities.

The Welfare of Special Needs Groups



Solidarity



Gov.



Digital



Jobs



Persons



Home

Uncertainties/concerns regarding the future, rapid digitalization, and greater social isolation, have all [amplified mental risks](#) (such as loneliness, negative self-image, etc.), which are more widespread among people with special needs (elderly, mentally ill, addicts, etc.)

In the future, as a result of [convergence into homes and widening gaps in digital capabilities](#), the risks of depression and other mental health issues among distressed people are expected to increase. Moreover, [diagnosis, monitoring & treatment will become more difficult](#).

These risks are perhaps most palpable for the elderly (75+ account for 5% of the population) – of all age groups, the [coronavirus had hit the elderly the hardest](#) (with >15% mortality rate for people aged 80 or older). Beyond the implications on mortality, staying-at-home measures and widespread risks had greatly affected older people's mental health – many of them already experiencing loneliness and depression (associated suicide cases are rising since the 2000s). Overall, mental health is expected to become a greater issue in the future.

Community Services



Solidarity



Gov.



Digital



Jobs



Persons



Home

As people's [lives are expected to become more estranged](#), with a greater share of work, education and leisure activities being done from home, in front of a screen, community services (youth movements, community classes/events, leadership programs) will continue to play a prominent (and in many cases, only) [framework for "physical" experiences](#), in which people can hone their social skills, participate in outdoor activities and absorb "old school" values.

Such services are [already stepping into the void](#) created by contemporary lifestyles and systems. Recent years have seen a rise in demand for youth movements, with the number of members more than doubling in the last decade (reaching 600K this year), relevant across various groups (Arabs, high/low socioeconomic level).

Environment & International Affairs



The rise of [nationalism and inter-governmental tensions](#) are detrimental factors for any social agenda related to international cooperation, promotion of peace, and the tackling of “big” environmental issues (such as global warming & ocean pollution).

As nations face greater challenges at home (hobbling economy, high debt) and become more detached (“an era of self-reliance” announced this week by India’s PM N. Modi), international affairs are expected to be [sidelined by urgent, domestic problems](#) such as fighting poverty, rebuilding health systems, and so forth.

Contrary to that, [domestic environmental problems](#) may see a rise in support (especially air pollution) as people will become more conscious of their health and wary about potential hazards (“healthy environment means healthy people”).

Arts & Culture



Arts & culture institutions (museums, theaters, concert halls) have [suffered a dreadful blow](#) during the pandemic, as they are built around cultural experiences in a physical/public setting (expected to reopen no sooner than the end of June).

Various [attempts have been made](#) to maintain relevancy during lockdown through virtual tours, lectures, and screenings (TLV museum, Jerusalem theater).

However, these nascent attempts are [yet to capture the alluring factors of physical culture](#) and to generate a unique/memorable experience for consumers (the “wow effect” of seeing a large painting/sculpture from up-close, sharing a concert with hundreds of people).

Arts & culture institutions will have to revitalize their offering & operating model to maintain their relevancy in a rapidly digitizing world - either by successfully [convincing people to leave the convenience of their home](#) and pay good money for content that (‘on paper’) exists online (i.e. via exiting new displays/events), or by [truly embracing digitalization](#) (i.e. online journeys powered by advanced VR tech.).

C. Derived Changes in Social Sources of Funds

One of the most harrowing features of the recent crisis was the [abrupt decline in financial activity](#) – the severe ‘crunch’ in private and corporate expenditure sent small and medium business (which often run on low levels of cash flow) “begging” for loans and government grants. Social organizations have been suffering as well, as they have been experiencing various [immediate impediments to their conventional ‘sources of funds’](#):

- *[Unrealized government contracts](#)* – as restrictions have made it impossible for some orgs. to upend their commitments and secure funding (shortage in volunteers, many of them pensioners; barred gatherings, etc.).
- *[Reduced income from paid services](#)* – as demand for income-generating activities (events, rental of building space, participation fees) was severely disrupted.
- *[A potential decline in private donations](#)* – as a result of the cancellation of fundraising events, “freeze mode” among foreign and domestic donors (still “digesting” the drop in assets value) and redirection of donations to special corona-response initiatives.

Beyond the immediate impediments, already experienced by organizations today, the future is expected to bring deep changes to the funding landscape.

Three long-term changes are driven by the ‘six global megatrends’:

Government-Related ‘Income’



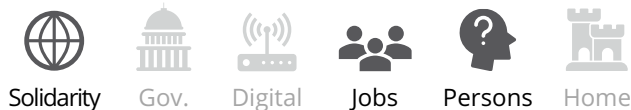
A significant rise in public debt (caused by large stimulus packages, greater spending on essential infrastructure and a deep recession) is expected to [reduce gov. appetite for “unnecessary” spending](#) (perhaps bringing about a new era of austerity).

Some third sector services are sometimes considered nonessential, as they are outside the ‘direct, formal responsibility’ of the government.

Already today, some NPOs-Gov. future contracts have been postponed or canceled.

Government income accounts for 70B NIS – about 50% of total social funding in Israel.

Foreign Donations



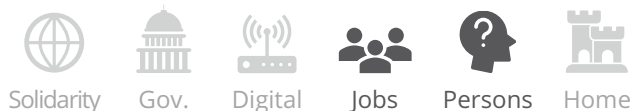
Amplified [solidarity at the national/local level](#) and growing sense of urgency to tackle foundational problems 'at home' (overloaded health systems, shaken job market) [might decrease the export of charitable donations](#).

The trend is especially pertinent for the US, given the nationalistic atmosphere dictated by the current administration.

Already today, American funds are redirected to support Jewish communities that were strongly hit by the pandemic.

Foreign donations account for 13B NIS – about 9% of total social funding in Israel and 65% of all philanthropic giving. Donations from American Jewish communities account for >80% of overall overseas funding.

Domestic Household Donations





































































As people are expected to become more '[financially cautious](#)' (in the face of a less certain and more menacing future), a reduction in what might be considered as nonessential expenditures may occur – [notably charitable giving](#).

In the short-medium term, the poor economic situation is likely to play a decisive factor as well, as the decline in personal income often has a direct negative effect on the extent of giving (following the 2008 crisis donations fell by 6%).

Local household donations account for 4B NIS – about 3% of all total social funding in Israel and 20% of all philanthropic giving.

Interim Summary

The **Megatrends and Forces** that will shape the **Social Landscape** in the era following the Corona Crisis will generate a series of long-term changes, both in 'Social Fields of Activity' as well as in 'Social Sources of Funds', as summarized below:

		Nationalism & In-Group Solidarity	Big Government	Services Digitalization	Shaken Job Market	Personal Vulnerability	My Home is My Castle	
Fields of Activity	Health	Gov. investment in critical infrastructure/equip and away-from-hospital schemes						
	Education	Digital in-equality in schools & further deterioration in the status of academia due to gaps in hard-skills						
	Employment of Disadvantaged Groups	Loss of manual-labor jobs, alongside diminished physical barriers & greater gov. support for prof. jobs						
	Human Rights	Rise in domestic violence and racism, potential infringements to civil liberties and growing sexual abuse online						
	Welfare of Special Needs Groups	Amplified mental risks related to loneliness and isolation alongside greater difficulty to diagnose and treat						
	Community Services	Greater demand for youth & community programs to compensate for lost physical experiences						
Sources of Funds	Environment & Int'l Affairs	Decrease in support/sense-of-urgency in comparison to domestic problems						
	Arts & Culture	Significant challenges for institutions to maintain relevancy vis-à-vis the abundance of online content & services						
	Government Income	Reduced government appetite for unnecessary/nonessential spending						
	Foreign Donations	Potential redirection of charitable donations to domestic issues						
	Domestic Donations	Potential reduction in spending as people become more financially calculated and frugal						

D. Implications for Social Players

Although the recent establishment of a new government in Israel, following a long period of 'governance uncertainty', will surely ease the situation, **Social Players should not expect 'things will now go back to normal'.**

Considering the substantial changes in the Social Landscape, Social Players will need to acknowledge that their '**strategic focus**' and '**way of working**' needs to adapt vis-à-vis each 'field of activity' and the new 'funding environment' (i.e. 'Sources of Funds')

Health: Shift-Away from Hospitals/Infrastructure

Traditionally, Social Players (and large donors in particular) have **focused on providing hospitals capital support** for new/better buildings & equipment – a 'natural' avenue in an environment of frugal gov. spending.

However, as the gov. is expected to assume a more 'generous' role and 'double-down' on critical infrastructure & equip., Social Players are to reevaluate their 'position'.

Social Players should leverage their agility and entrepreneurial spirit and pioneer the use of new healthcare models (home/community hospitalization, telemedicine, proactive medicine)

Education: Ensure the Relevancy of Institutions

Currently, Social Players' main focus is on propelling "**pure academic excellence**" through substantial investments in **buildings and R&D** with limited investment/activity related to linking academia with the "external world", first and foremost, teaching of market-oriented hard-skills and digital orientation.

Social Players should create new schemes for tackling the growing chasm between academia and the job-market while championing digital-based equality in learning.

Employment of Disadvantaged Groups: Spearhead New Opportunities

Alongside the expected loss of non-professional jobs to automation & economic malaise, structural opportunities are emerging, first and foremost diminished physical barriers for integration and greater gov. demand for professional jobs.

Social Players should assume a leading role in fulfilling these opportunities via pioneering new working-models, vocational training & public-private programs.

Human Rights: Amp-Up Advocacy Efforts

Human rights (as well as internationalism) is an activity-field dominated by Social Players, in which gov. funds play a secondary role.

The rise in discrimination and overall escalation of the public discourse (polarized politics, limited pluralism, fraught online rhetoric, fake news) portend numerous infringements to civil liberties & minority rights. **More than ever, Social Players should advocate / raise awareness of such rights / liberal values in the public sphere.**

Welfare of Special Needs Groups: Develop and Test New Models

An area with a balanced public and 3rd sector presence, in which cooperation between the gov. and Social Players is traditionally strong.

The expected increase in loneliness and other mental risks, coupled with greater difficulty in diagnosing and treating people at their homes, will require the development and deployment of new/improved models (remote psychological support? “digital retirement home”?).

Social Players should pioneer new advanced models, to enable innovative gov. schemes.

Community Services: Increase Cooperation with Local Gov.

The demand for youth & community programs puts greater emphasis on the social responsibilities of municipal authorities. Existing cooperation between Social Players & local gov. is somewhat erratic, with only 50% of organizations assumed to be upholding a substantial level of cooperation.

Thus, to effectively deploy services & encourage local social entrepreneurship,
Social Players should increase their cooperation with local governments to enable new / strengthen existing youth & community programs

Environment & International Affairs: Uphold “Basic” Public Awareness

Spending on environmental & international causes is extremely lean (only 0.3% of the total 140B allocated to NPOs funding), in which philanthropists hold a significant share regarding Int'l affairs.

As gov. support is expected to decrease (giving way to domestic issues of greater urgency),
Social Players should maintain their foothold in the field and act to uphold a “minimal” level of awareness among the public.

Arts & Culture: Support Institutions to Revamp Offering

Arts & Culture institutions highly depend on gov. support and donations, which together account for up to 60% of annual revenues.

As these institutions struggle to maintain their relevancy vis-à-vis the growing abundance of online content, their funding streams are under the risk of drying up as well.

Social Players should support institutions in developing value propositions suited to a digital world and that are independent of government funding.

Vis-à-vis the Changing Funding Landscape: Pursue Consolidation

As funding is likely to become less available (negative outlook regarding all three main revenue streams – government income, foreign donations, and local donations),

Social Players will need to become more sophisticated and efficient in their utilization of funds. In practice, three intents should be pursued:

- **Enhance cooperation –**
greater cooperation between Social Players will improve the allocation of resources and will create scale-advantages in overlapping areas of activity.
These are necessary levers vis-à-vis the fragmented structure of the sector:
~50% of all NPOs are small (<5M NIS budget).
- **Emphasize integration via infrastructural NPOs –**
infrastructural organizations smoothen cooperation and support the necessary redirection of activities around new/changed needs.
- **Deepen the links with the “field” –**
contrary to donations, non-monetary giving (volunteering) is expected to grow as solidarity and community links are on an upward trajectory.
Overall, the “cheaper” sourcing of personnel may somewhat balance the decline in donations.

Summary

The breadth and depth of the expected long-term changes in the Israeli Social Landscape delineate **concrete implications for Social Players** - both in terms of the 'Social Fields of Activity' they are active in as well as in regards to the 'availability' of 'Social Sources of Funds'.

The **potential 'directives' Social Players need to consider** in planning for the era following the Corona Crisis are summarized below:

Fields of Activity	Health	Leverage your agility and entrepreneurial spirit to pioneer the use of new healthcare models
	Education	Create new schemes for tackling the growing chasm between academia and the job-market while championing digital-based equality in learning
	Employment of Disadvantaged Groups	Assume a leading role in fulfilling relevant employment opportunities via pioneering new working-models, vocational trainings & public-private programs
	Human Rights	Advocate / raise-awareness of human rights / liberal-values in the public sphere
	Welfare of Special Needs Groups	Pioneer new advanced models, to enable innovative gov. schemes
Sources of Funds	Community Services	Increase cooperation with local governments to enable new / strengthen existing youth & community programs
	Environment & Int'l Affairs	Maintain your foothold in the field and act to uphold a "minimal" level of awareness among the public
	Arts & Culture	Support institutions in developing value propositions suited to a digital world and that are independent of government funding
	Government Income	Become more sophisticated and efficient in the utilization of funds
	Foreign Donations	<ul style="list-style-type: none"> Greater cooperation between Social Players to improve the allocation of resources and create scale-advantages in overlapping areas of activity Emphasize integration via infrastructural NPOs – to 'smoothen' cooperation and support the necessary redirection of activities around new/changed needs
	Domestic Donations	<ul style="list-style-type: none"> Leverage the expected rise in non-monetary giving (volunteering) as solidarity and community links are on an upward trajectory, to somewhat balance the expected decline in donations