

THE NEXT NORMAL

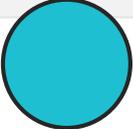
Consequences and Opportunities

May 2020

THE JOINT ELKA

What you are about to see

- Presentation of JDC-Elka exploring the consequences and opportunities of the Covid-19 pandemic
- It is based on discussions with experts, on studies, articles and reports from Israel and beyond
- Since these unique times raise more questions than answers, we will continue to follow and update this review



Background and reference framework

A three-phased approach to handling the coronavirus crisis



What now? Potential behavior implications

- The individual
- The state
- Organizations



From repercussions to opportunities

- What we did to-date
- Identifying directions
- What's next

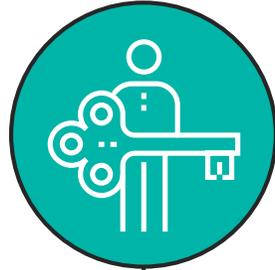
The world as we knew it is changing...

Overarching trends dictate a shared global agenda



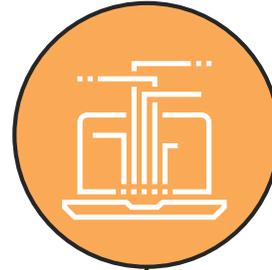
Health

- Health first: Economic prosperity is impossible without universal public infrastructure, first and foremost of health services



Socio-Economic

- Deep global recession with unprecedented unemployment levels
- Significant harm to vulnerable, unique population groups



Technology

- Swift conceptual changes in terms of teleworking and digital integration
- New threats from surveillance and big data monitoring tools



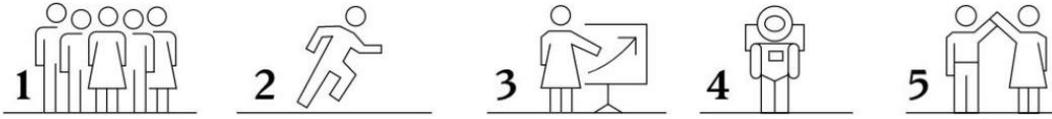
World order

- International power balance shifts
- Active state role in crisis response and crisis repercussions

How will overarching trends shape reality?

Scenarios for a gradual, measured, exit strategy

The five horizons



1 Resolve

Address the immediate challenges that COVID-19 represents to institution's workforce, customers, technology, and business partners

2

Resilience

Address near-term cash-management challenges and broader resiliency issues during virus-related shutdowns and economic knock-on effects

3

Return

Create detailed plan to return business to scale quickly as COVID-19 situation evolves and knock-on effects become clearer

4

Reimagination

Reimagine the next normal: what a discontinuous shift looks like and implications for how institutions should reinvent

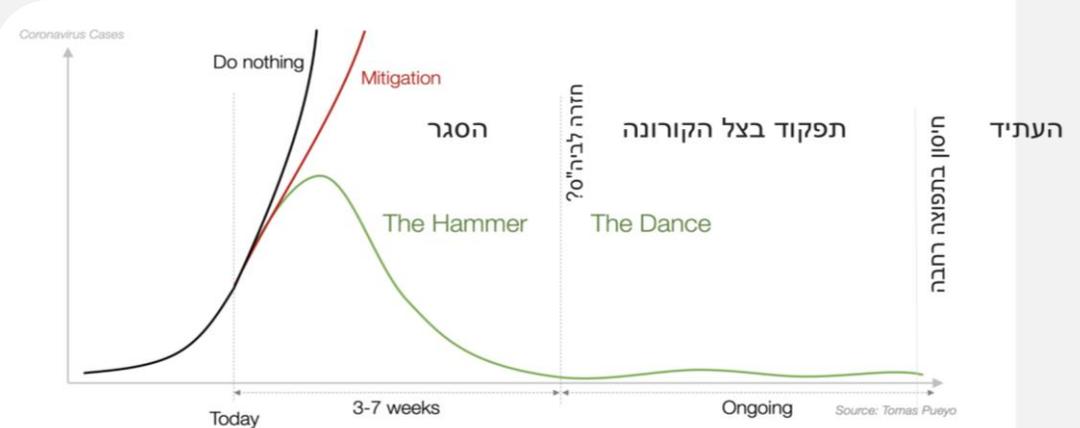
5

Reform

Be clear about how regulatory and competitive environments in industry may shift

McKinsey

The Hammer and the Dance- Tomas Pueyo



Mc Kinsey Covid-19 Update

Scenario overview



The situation now

COVID-19 has seen a consistent case decline in countries that had experienced rapid case growth early (esp. China, South Korea)

However, cases outside of Asia are growing dramatically, driven primarily by complexes in Europe and the Middle East. The United States, while it has confirmed only a limited number of new cases, may experience a large increase in cases once testing kits become widely available



Epidemiological scenarios

Delayed Recovery

China and East Asian countries continue their current recovery and control the virus by late Q1 or early Q2 2020
European and US case count growth rises rapidly through mid-April

Prolonged Contraction

China and East Asia face a surge of re-infection as they attempt to restart economic activity
The virus is not seasonal with a mutated virus resurging in the fall of 2020



Economic impacts

China and East Asian countries start recovery but supply chains remain impaired

US and Europe large-scale quarantines, travel restrictions, and social distancing drive drop-off in consumer spending and business investment in 2020

China and East Asia experience double-dip slowdowns as the economic recovery is derailed in 2020 and pushed into Q1 2021

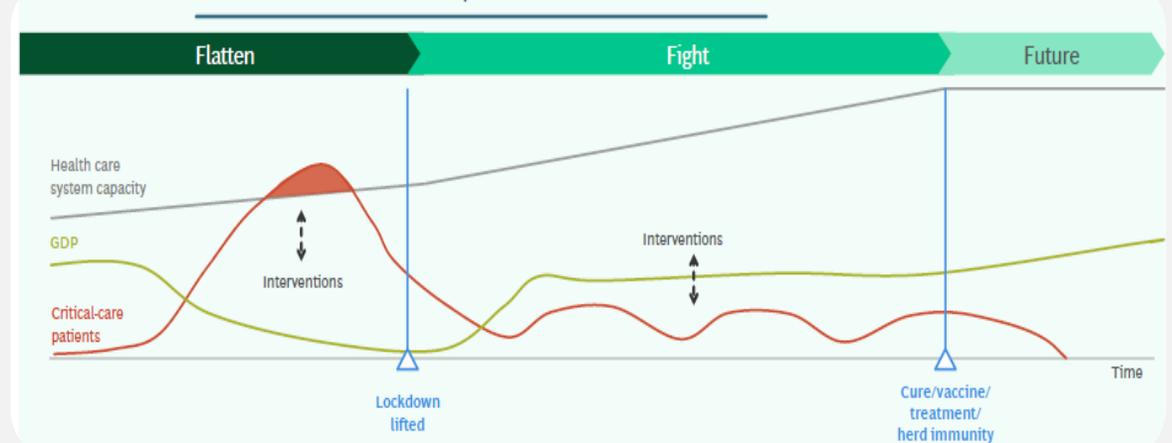
The US and Europe experience demand-side reductions in consumer and business spending and deep recessions in 2020

Source: World Health Organization Situation Reports, news reports, McKinsey analysis

McKinsey & Company 13

Boston Consulting Group

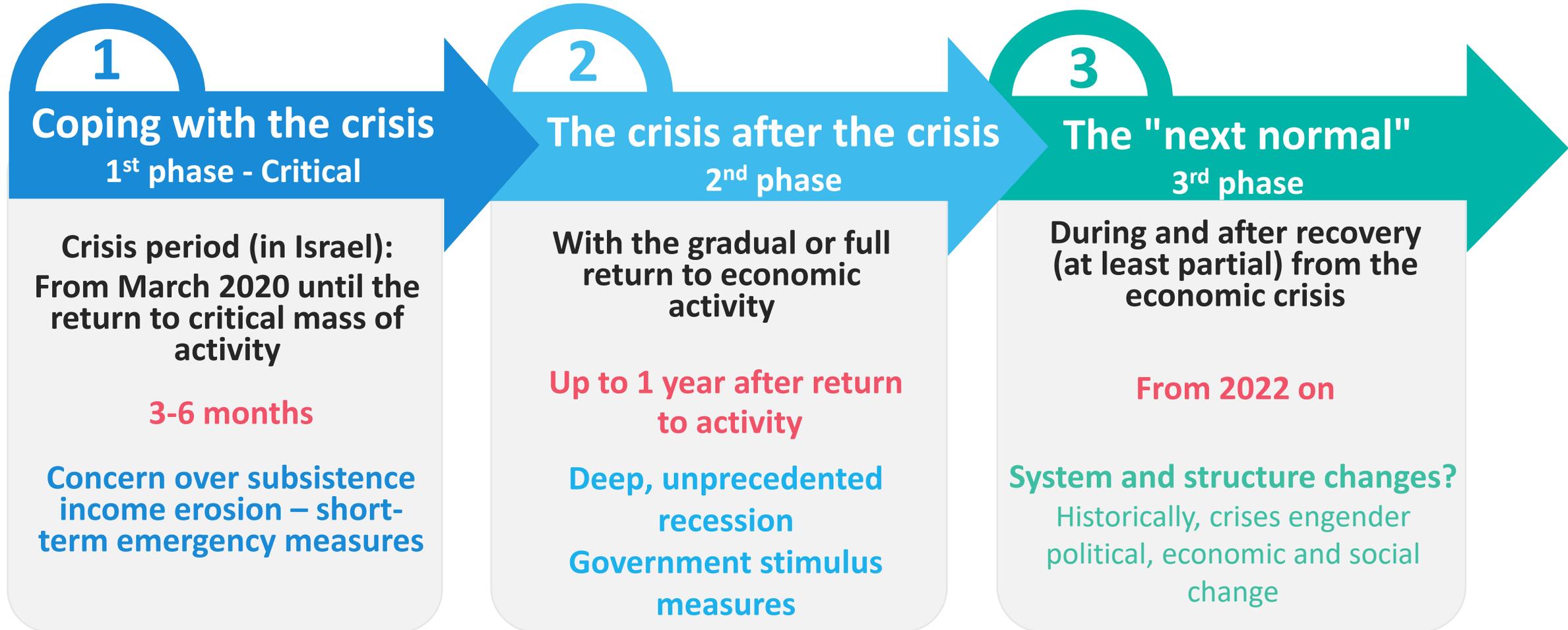
Current focus for most public and business leaders



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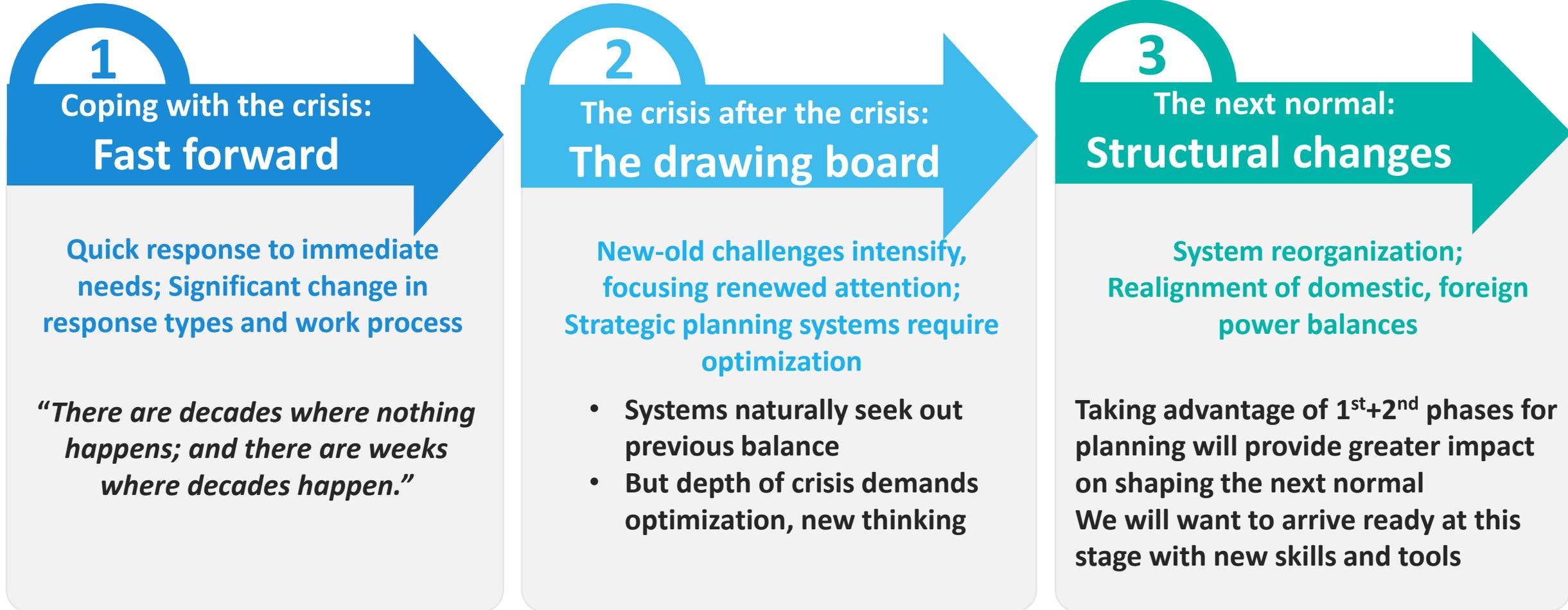
The three phases of dealing with the crisis

Suggested phase sequence



Three periods – Three focus points

What **opportunities** does each period offer?



What will the next normal look like?

Key points of tension

Economic policy

Greater government involvement

Resource shortfall boosts market economy trends

Political influence

Boost for liberalism

Rising nationalist order

Social trends

Social, community solidarity

Social distancing and decline in social interaction

Israel vis-à-vis the world

More global cooperation

Each state for itself

Israel vis-à-vis the region

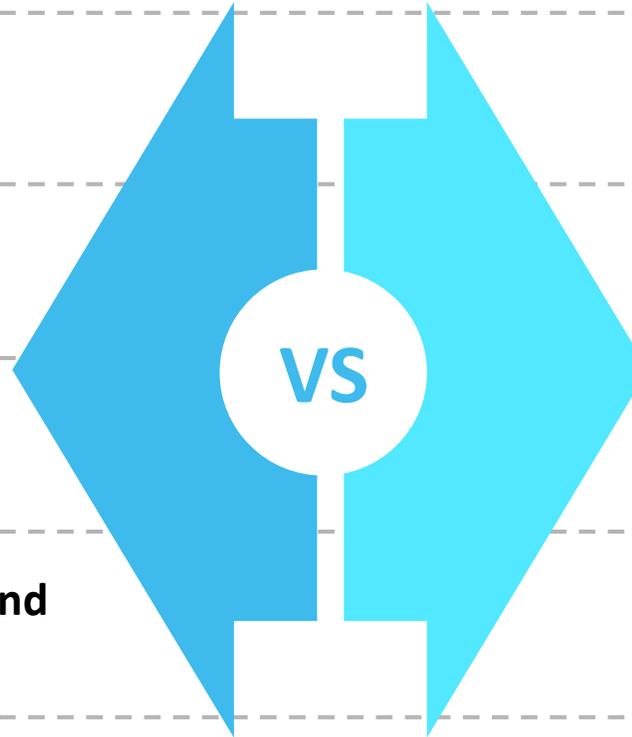
Regional decentralization and strengthening

Centralization of government authority

The state vis-à-vis its residents

Public demand for greater government response

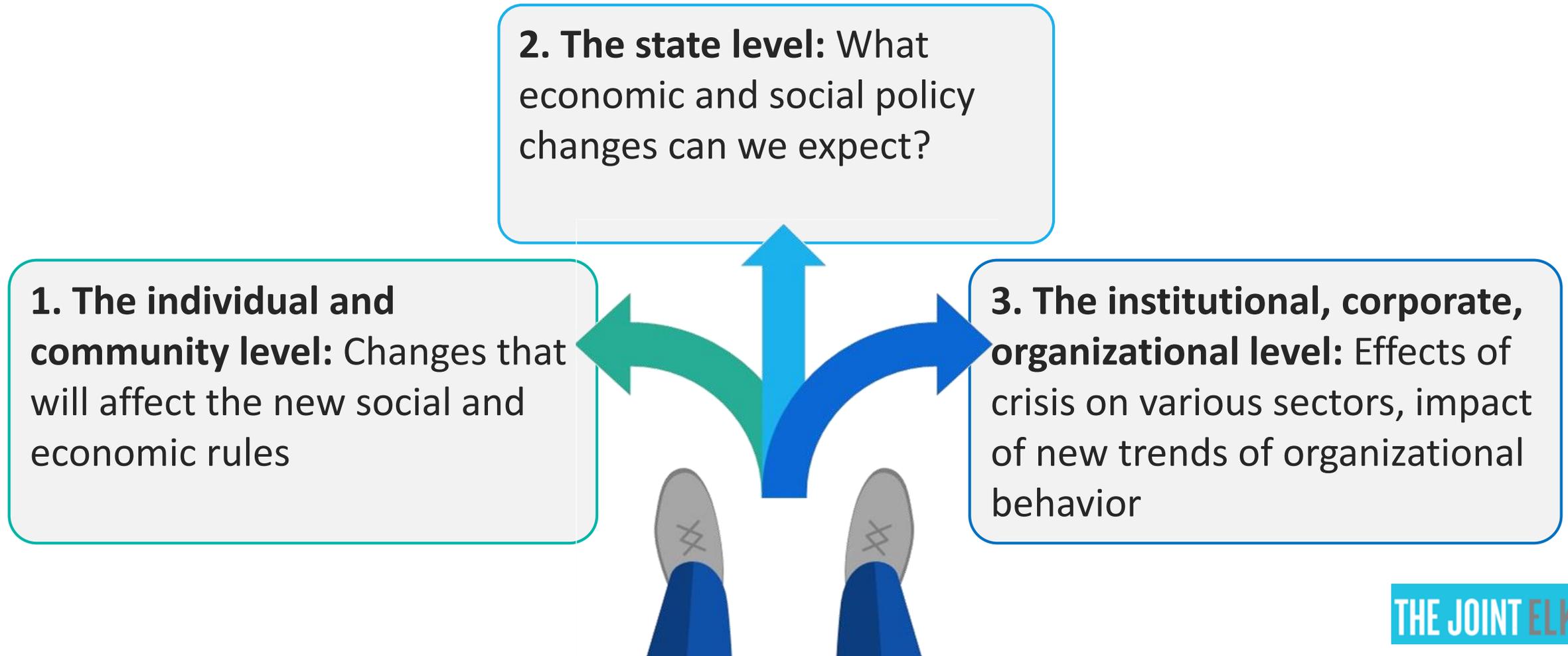
Harsh public censure of government capabilities



It is our responsibility to strengthen those trends in which we believe

The Next Normal – Three response levels

Exploring potential implications in terms of conceptual and behavioral changes



1. Potential changes in individual and community behavior

Individual conceptual and behavioral change underpin potential structural change



Digitalization

Significant growth in access to remote services, especially telemedicine



Demand for more gov't engagement

Renewed trust in importance of effective public institutions



Consumer behavior shifts

Reduced consumption, online buying, local product purchasing, fruit-veg growing, more upcycling



Loss of confidence

Mistrust, instability, uncertainty



The urban exodus

Working remotely encourages move out of cities



Increased social resilience

Sense of belonging and community, less social polarization

2. Potential changes in state behavior

Governance and political change; socio-economic policies



Big Government

+ public investment
+ taxation

Increased government involvement in quality health, social and education services



More regionalism, stronger local gov't

In governance mechanisms and community centers closest to citizen



Public sector optimization

Structural reforms to deal with deficit



Isolationism, less cooperation

Isolation within national borders, foreign aid cuts



Investment in citizen security

Growing investment in health, environment, food and agriculture



Potential for political change

Changes in regime characteristics; changes in state leadership



Shrinking gaps and investing in human capital

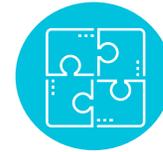
Increased labor productivity as growth engine

3. Potential changes in institutional, organizational behavior

Overall trends



Data revolution: Importance of using quality data for decision making



Collaboration becomes essential:
Intensified cross-sector cooperation



Accelerated use of digital tools:
Quicker, more agile work methodology



Growing rate of working remotely



Less red tape; process optimization,
greater corporate transparency

ZOOM IN

Civil Society

Civil society organizations in Israel



Pre-Corona: No 2020 gov. budget

- Significant damage to services and gov. supports

Corona era

- Rapid mobilization of widespread response
- Halt of national, local gov. programs
- Furloughs, layoffs

What's next?

- Significant drop in philanthropic funds
- Expected decline in gov. support/acquisitions
- Structural change, mergers and cooperation measures for greater efficiency

- Great importance of preserving **long-term sustainability** of civil society organizations, with an emphasis on significant social service providers
- Stronger **coordination and collaboration** with philanthropy to optimize and integrate efforts
- Opportunity for improvement and **efficiency of social services procurement** processes
- Need for **mid-term policy**, up to stabilization, and stronger discourse and collaborative work mechanisms with all players.

NEW NORMAL- NEW OPPORTUNITIES

What new and continuing needs can be identified in the emerging changes?

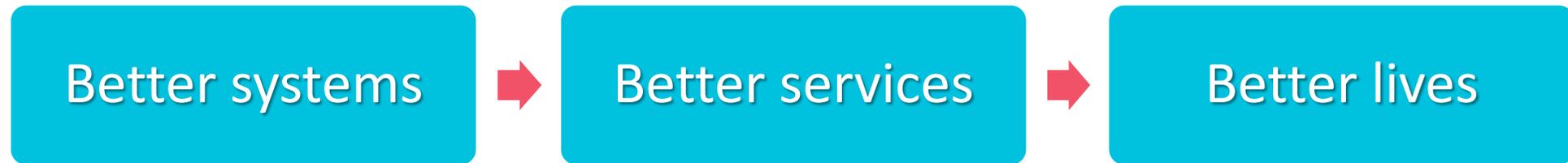
How can they be translated into opportunities?



System optimization, innovation required
for greater service effectiveness

Elka's operating principles

We believe that:



Therefore we seek to:

Strengthen the capacity of public systems to deliver efficient and effective services to the residents of Israel

What we at Elka have been doing since mid-March

Rapid response to immediate needs; significant changes in types of response and work methods

Responding to digitalization needs: working and providing social services remotely

Responding to need for effective collaborative cross-sector work



Responding to civil society needs

Responding to special populations' needs

What we at Elka have been doing since mid-March

Response to civil society needs

- ✓ Aiding **civil society "emergency room"**, disseminating essential information to 12,000 civil society organizations and responding to over 300 individual emergency queries/requests
*Civic Leadership
- ✓ Launching **Guidestar platform** for disseminating gov. information to all social organizations in Israel. Providing access to reliable information about services of **362 organization**
*Justice Ministry
- ✓ Holding **webinars** for **350 board members & CEOs of nonprofits**
- ✓ Issuing **letter by 180 NGO chairs** in support of lay leadership of Jewish communities worldwide.

Response to need for effective collaborative cross-sector work

- ✓ Supporting **integration of 5 cross-sector roundtables** operating under the Prime Minister's Office for government-civil society partnership
*PMO
- ✓ Developing, disseminating tools for running **cross-sector partnerships** in emergencies
- ✓ Providing response for emergency needs of **Social Service Network** comprised of **148** senior central and local government officials and NGO reps
*Ministry of Labor, Welfare and Social Services
- ✓ Providing emergency response needs of **Digital Leaders Network** comprised of **230** senior central, local gov't officials and NGO reps
*Digital Israel, Ministry of Interior, Ministry for Social Equality

Response to digitalization needs: working and providing social services remotely

- ✓ Assisting over **1,500 municipal professionals** to adapt to working remotely
*Digital Israel, Ministry of Interior
- ✓ **Mapping digital maturity of 160 local authorities** in order to optimize remote service provision
* Digital Israel, Ministry of Interior, Ministry of Social Equality
- ✓ Targeted webinars and administration of Facebook **community for civil servants working remotely: 953** participants
*Digital Israel, Ministry of Interior, Ministry for Social Equality

What we at Elka have been doing since mid-March

Responses for special populations' needs

- ✓ Leading team to **simplify complex** procedures, provide access to information on location of senior citizens in **257 local authorities**
 - *Ministry of Welfare and Social Services, Ministry for Social Equality
- ✓ Providing **3,000** food packages for needy East Jerusalem families through **Elka-led Philanthropy Forum**
 - * Ministry of Jerusalem and Heritage
- ✓ Joint government-philanthropy initiative to provide over **NIS 20 million** in food packages and financial aid to **asylum seekers** nationwide
 - *Ministry of Health
- ✓ Providing essential, culturally adapted information for **Arab and ultra-Orthodox communities** on prevention and handling of Covid-19 epidemic
 - *Digital Israel, Ministry for Social Equality
- ✓ Leading **Bedouin society taskforce** of representatives from 12 government agencies, 9 local authorities and 44 NGOs. Raising philanthropic funds for the initiative
 - *The Authority for Bedouin Resettlement in the Negev
- ✓ Administering and integrating "emergency tables", providing Arab language access and information, mobilizing gov't and philanthropic emergency funds and creating volunteer pool in **34 Arab communities**
 - *Ministry for Social Equality
- ✓ Advancing "Money Mountain" initiative totaling **NIS 21 billion** for utilization by vulnerable groups
 - *Finance Ministry, Capital Market, Insurance and Saving Authority

Looking ahead



- **We are between two time periods:** Emergency response needs are gradually declining, making room for planning our move to the next phase.
- **We must leverage this opportunity in time** to adopt relevant changes and understand emerging needs.
- **The shape of the day after is still unclear.** Our responsibility is to boost the trends in which we believe.

"Honor the space between no longer and not yet..."