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Israel's Turning Point:

Future Scenarios for
Envisioning the Path to
Recovery & Resilience



PollyLabs

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Setting the Stage

01

Events won't wait for clarity

The choices we make today will have a lasting impact on Israel's future

In the face of extreme adversity and endless questions, we are sharing this resource as an attempt to facilitate a structured, effective and optimistic 'day after' planning

The horrific attacks of October 7th, 2023, marked the single bloodiest day in Jewish history since the Holocaust, claiming the lives of over 1,400 Israelis, both Jews and non-Jews. As of this version publication, we are still praying for the safe return of 161 hostages held in Gaza.

As we at PollyLabs began assessing our role in the recovery efforts, we recognized our need for a methodological framework for strategic future planning. Turning to our network of experts and collaborators, we embarked on an effort to envision what Israel's future might look like in the next 12-18 months through a future scenarios collective exercise

The purpose of the scenarios is not to predict the future but to imagine various possible futures, providing us with the confidence to navigate the unknown (see p.6 for more information about why and how we use scenarios). As we were engaging civil society organizations, municipalities, philanthropists, and companies, we realized that many of them are looking for a similar tool. Therefore, we decided to make it an open resource and are energized to learn that a number of organizations are already planning to use it.

This view of the future was developed in partnership with an incredible group of thinkers over the course of multiple intensive sessions and then pressure-tested and refined through the help of subject matter experts. We want to express our heartfelt gratitude to the individuals who joined us for hours of discussions, the experts who lent their time and wisdom to challenge and refine our thinking, and the dozens of people who helped translate, edit, and package this result. For a complete list of contributors, please refer to the people section.

This document represents our initial attempt to address uncertainties and foster a collective understanding of potential paths forward. With the release of this initial version, we encourage you to read and engage with our work, utilize this resource as you find it suitable, and recognize its limitations. We are actively seeking partners to develop and disseminate the results, aiming to make this resource as beneficial as possible. Please reach out at alina@polly-labs.com should you have any questions or wish to connect

Wishing us all better days.

Bar Pereg & Alina Shkolnikov

PollyLabs

Setting the stage

In Summary

This resource can help organizations in...

Preparing for the future

Design a robust recovery approach, adaptable across various scenarios, optimizing the organization's impact

Shaping the future

Identify choices we can make to enhance the likelihood of realizing the future we collectively aspire to see

Key takeaways

1. Real recovery demands restructuring, not a return to the status quo

Use your voice and actions to set a new vision and drive systemic changes across various dimensions (e.g., geopolitical outlook, political structure, social contract)

3. Under old paradigms, resources will not suffice for all needs

Rethink and clarify your role within the broader ecosystem; partner extensively and creatively across sectors, disciplines and borders to creatively expand and effectively utilize resources

2. Social cohesion among the four tribes must be a top priority for everyone

Invest in fostering cohesion among different populations within Israel and with Global Jewry; encourage and undertake bold actions that could lead to a new social contract aligned with an ethos of unity

4. We will need to navigate uncertainty for the foreseeable future

Develop internal capabilities, processes, and protocols to react swiftly and efficiently to evolving realities (e.g., enhance monitoring capabilities and streamline decision-making mechanisms)

We must not be paralyzed by the unknown; we all have a role in securing Israel's future and prosperity.

Structured future thinking can guide us towards better futures despite immense uncertainties

Setting the stage

What are scenarios and why do we use them?

Scenarios are not predictions.

They are narratives about the future, meant to illustrate a range of plausible realities. They are hypotheses meant to stretch our thinking, challenge our preconceptions, and shed light on new opportunities and hidden risks.

Scenarios begin with a guiding focal question and then evolve into considering what elements are most uncertain about the future versus what we know to be likely (refer to page 9 for critical uncertainties).

Scenario thinking isn't about making predictions; rather, it's meant for imagining possibilities to help us:

- (1) Identify scenario-specific impacts, risks, and responses
- (2) Uncover 'universal truths' that are likely to occur in most or all scenarios and 'no-regrets moves' to consider in our response
- (3) Pressure-test recovery strategies against multiple potential future states
- (4) Collaborate and identify our roles in shaping the future we want to see

The focal question that guided the scenarios in this document:

What is the future of Israel in the next 12-18 months and what will be the impact on recovery needs across the population?

Setting the stage

How to use this resource?

Scenarios can aid in both preparing for and shaping the future. Two main questions can guide organizations as they look to incorporate this framework in their planning:

1

PREP:

How can we create a recovery approach for our organization that is adaptable to various scenarios?

1. What do different scenarios mean for our organization and its key stakeholders? (e.g., beneficiaries, funders, staff)
2. What key strategic choices should our organization make in light of the possible futures?
3. How can we enhance our organization's ability to monitor and adapt to changes?
4. What actions should we prioritize now, and what can be deferred for later?



See appendix for a detailed worksheet to help unpack these choices further

2

SHAPE:

How can we increase the chances of realizing the future we aspire to?

1. To what extent do we have control of the greatest uncertainties that will impact the future?
2. What are our key assets and platforms that we can leverage to influence the most critical uncertainties?
3. What commitments and tradeoffs are we willing to undertake to increase the chances of better case scenarios for everyone?

Envisioning the Future

02

Five key uncertainties are likely to have a significant impact on Israel's future

- 01 What will be the **overall severity of the war** both for Israel and Gaza (e.g., timespan, number of foreign countries involved, casualties, injuries, infrastructure loss, degree of displaced populations, psychological impact, outcome for hostages)?
- 02 What will be the **levels of social cohesion**, unity, and trust within the Israeli population? (e.g., unity vs. infighting and blame games, relationships between the four tribes*)
- 03 What will be the level of **stability and effectiveness of the Israeli government?** (e.g., decision-making, resource allocation, democratic structure, provision of social services, broad legitimacy among citizens and allies)
- 04 What will be the **economic burden of the ongoing conflict** (e.g., total cost of the conflict, impact on GDP, currency value, FDI, unemployment, impact on SMBs)?
- 05 What will be the level of **support or opposition** from key international actors (inc. global Jewry, role of the US, tone of media coverage, aid, investments)?

**Promoted by former Israeli President Reuven Rivlin, referencing the different communities in Israel; Ultra-Orthodox Jews, Religious Jews, Secular Jews, and Arab citizens*

Based on the uncertainties, two forces are likely to shape the future state of Israel

01 DEGREE OF CONFLICT ESCALATION

While the war's effects are already devastating, its full impact on Israeli civilians and resources as well as the geopolitical future of the region will depend on how the conflict escalates going forward

Escalated conflict ◀ ▶ Contained conflict

A multi-front war with no end in sight

- IDF unable to reach its goals
- Additional combat fronts ignite
- Increasing damage including killing, injuries, infrastructure loss
- Displaced families unable to return to their homes



A contained war with clear next steps

- Active combat concludes, Hamas government defeated, reserve soldiers are no longer needed
- Displaced families return home and hostages released
- Stabilization and recovery efforts across the region are in progress



02 LEVEL OF INTERNAL STABILITY

Since October 7, communities in Israel and Jews globally have united, surpassing past conflicts to aid those affected. The continuity or disruption of this unity, along with the existence of a legitimate, effective government, will significantly impact the scale of damage and the recovery effort

Less united/ less effective gov. ◀ ▶ More united/ more effective gov.

Divided people, absentee government

- Competing priorities and internal strife within the government lead to slow and discombobulated national recovery efforts lacking strategy
- Profound disagreement and lack of trust among Israelis about current admin and future solutions

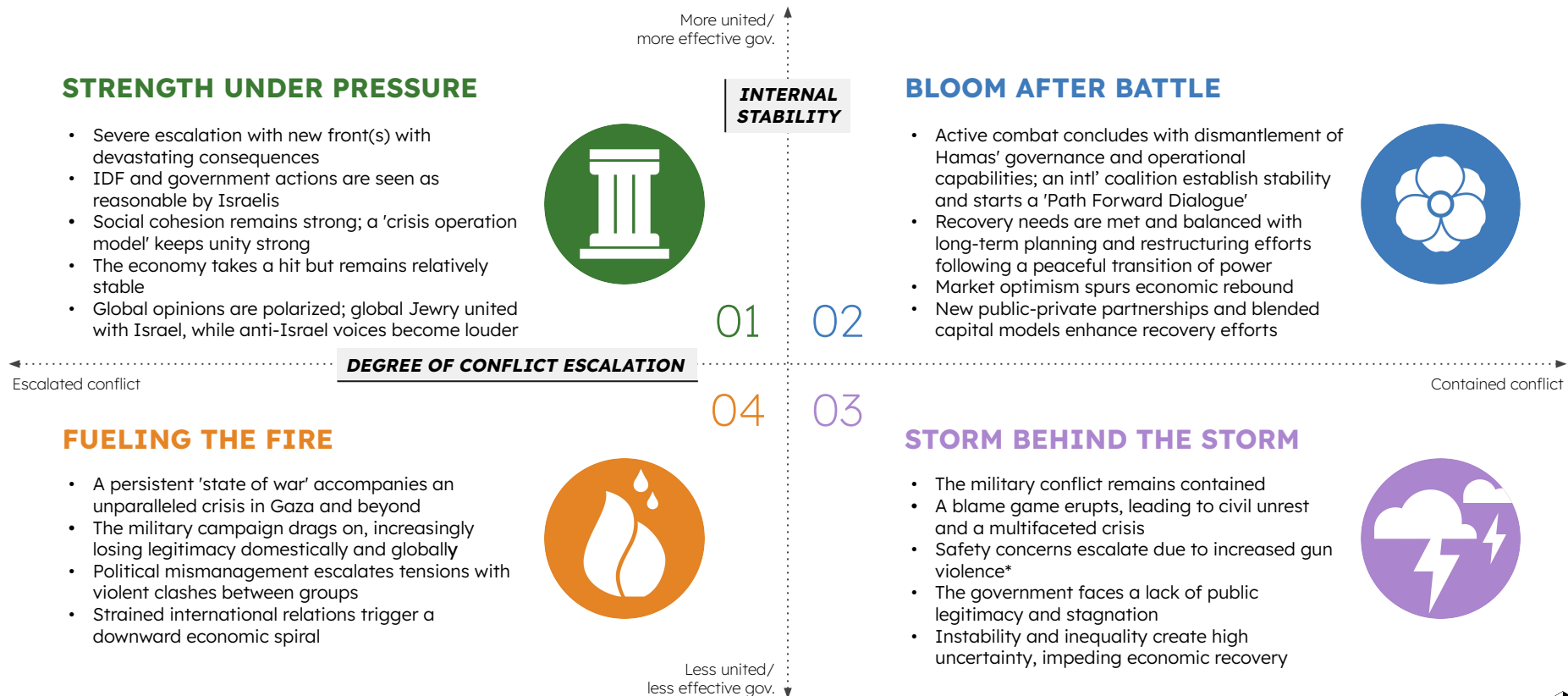


Citizens and government are aligned

- A new social contract among the 4 tribes* starts shaping
- The government regains trust and is able to effectively answer recovery needs
- An ethos of unity emergence and a sense of stability and normalcy returns



Based on these axes, four plausible futures emerge



Since October 7th, there has been a substantial increase (+236K) in applications for carrying weapons, a number that could rise further with the return of reserve soldiers [\(source\)](#)



Scenario 1: conflict has escalated, high internal stability

Strength under pressure

Scenario description

Tensions escalate further yet Israel stands united. Despite the severe nature of the war, it receives widespread support among Israelis and the global Jewish community, who view the military actions as justified.

Within Israel, internal dynamics remain mostly stable as the external risk fosters a sense of unity.

The government and its complementary civil society organizations **operate effectively and in collaboration**, and are able to meet the needs that rise due to severe escalation.

Israel experiences a **downturn but does not collapse**, thanks to its pre-war strong financial position and an influx of foreign capital, especially from allied nations

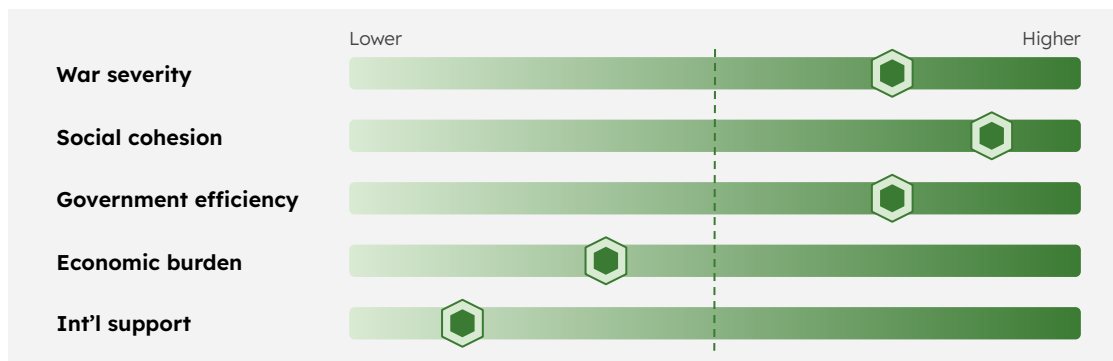
Globally, public opinion becomes increasingly polarized and intensified.

In this scenario, **internal unity may be short-lived**, as the external threat can hinder the anticipated governmental shifts, ultimately challenging the stability. The ongoing threat may promote a more extreme, national-centric identity **less inclined towards peace**, complicating the path to reconciliation and a sustainable future for the region.

What we would need to believe to make this scenario plausible...

- The escalation of the conflict is primarily attributed to continued external aggressions; IDF's military actions are reasonable and effectively communicated to Israelis and Jews worldwide
- Polarizing leaders are counterbalanced by the situation and by stronger unity-promoting voices
- The Israeli Government has effectively partnered with civilian organizations, leveraging strengthened resources and collaboration; civil organization leaders set aside political agendas to partner
- Despite the severity of the conflict, the effective response and a solid sense of 'shared faith' have been instrumental in preventing a surge in crime and violence
- New mechanisms for both domestic and cross-border economic collaboration are established, facilitating more effective trade among pro-Israel individuals and organizations

Core uncertainties





Scenario 2: conflict has contained, high internal stability,

Bloom after battle

Scenario description

The war, contained within Gaza, leads to outcomes that allow for the **return of displaced families and the release of reserve soldiers by year's end**. This is followed by low-impact activities aimed at dismantling the Hamas regime and establishing a peaceful, collaborative alternative through an international coalition.

With global support, **hostages returned** home, signaling the beginning of national healing, physically and mentally. The post-war ethos **emphasizes unity** over blame, ushering in a **new social contract** as more equal and inclusive legislation and regulation across **civil and human rights** are introduced.

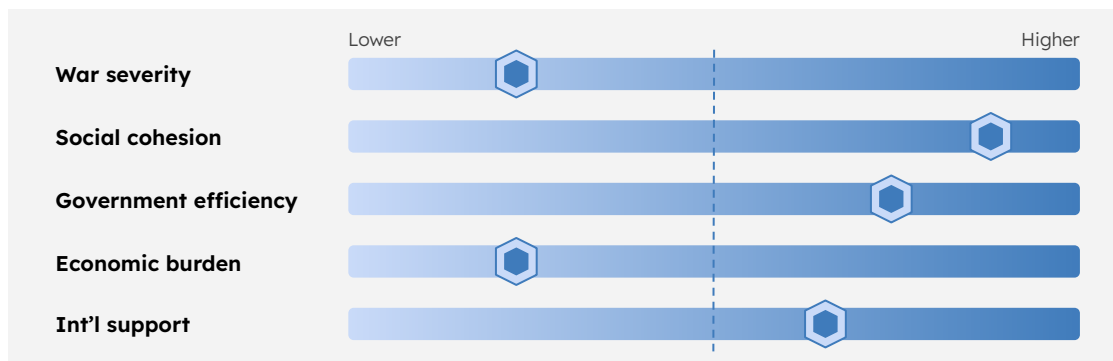
A peaceful transition of power ushers in a new gov't, perceived as legitimate and adept. **Despite existing gaps in competencies** and enduring growing pains, the gov't meets critical recovery needs and sets a visionary long-term plan for reconstruction that garners broader consensus.

As **market optimism** drives domestic and international initiatives toward economic rebound. Innovative recovery efforts create fertile ground for **rebuilding better** across sectors (e.g., agriculture and health tech). These efforts are enabled by new vehicles for public-private partnerships and **blended capital models**.

What we would need to believe to make this scenario plausible...

- The IDF is able to substantially reduce Hamas' operational capabilities, laying the groundwork for ongoing, effective, low impact efforts to dismantle the organization.
- Moderate leaders from diverse populations actively engage in unity-driven rebuilding efforts; political, social, and spiritual influencers work diligently to solidify and advance the unity that has developed.
- The strong call for material changes in the months following Oct 7th leads to pivotal post-war elections, resulting in the formation of a broad consensus government, empowered to work toward a transformative vision for Israel externally and domestically
- 2024 budget passes with a significant shift in priorities, allocating funds in a pragmatic and equitable manner to ensure effective recovery and foster a sense of fairness among populations.
- Israel and global Jewry reshape their joint commitment to the future of both, redesigning an equitable social contract and recommitting to a joint vision for the Jewish people

Core uncertainties





Scenario 3: conflict has contained, low internal stability

Storm behind the storm

Scenario description

The war is contained in early 2024, yet uncertainty lingers over regional stability. **A military victory** provides a short-term sense of triumph but masks underlying **political and social tensions** as Israel's population finds itself deeply divided, struggling to maintain a sense of unity.

The government's **lack of legitimacy** and ineffectiveness exacerbates the crisis, and **populist factions** gain momentum, intensifying societal stress and financial insecurity. Disputes deepen over recovery resources as inequality escalates, and inter-group tensions within Israel are **fuelled by lax gun control** and disproportionate policing in specific communities, leading to **civil unrest**.

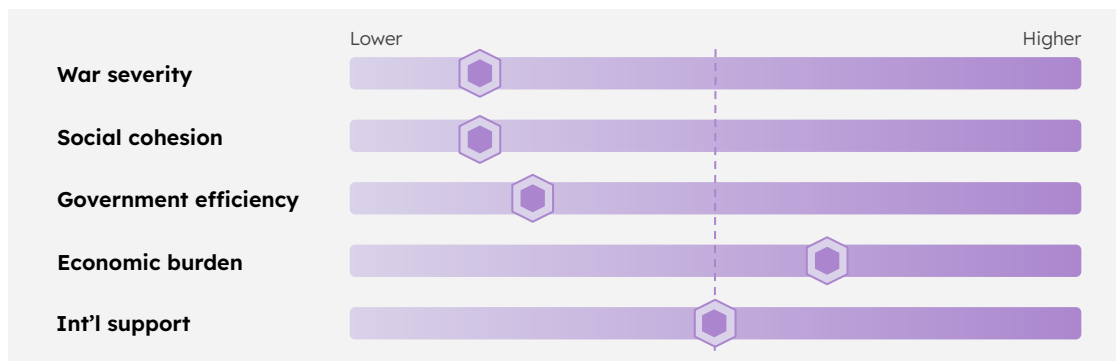
Israel's international standing deteriorates further as the voices of the **BDS movement rise**, causing a decline in foreign investment. This is followed by **evident economic strains**, as unemployment rates soar alongside heightened living costs.

The population crucial to **driving the economy and defense sectors is losing hope**, and brain-drain trends are accelerating, with the risk of becoming a mass exodus. Mismanagement of public resources further weakens Israel's economy and society. Over time, these factors weaken Israel even more, making it a target for enemies seeking to reignite the fight, this time against a more divided and resource-depleted Israel.

What we would need to believe to make this scenario plausible...

- Israel successfully secures its borders through a military campaign supported by international allies who also manage long-term threats and recovery efforts in Gaza.
- A blame game erupts, questioning whether the military, the government, judicial reforms, or protests against them are responsible for the events of October 7th.
- The process of replacing the government drags into political fights, diverting energy and resources from recovery efforts.
- The economic impact from the war does not recover but further spirals downward as internal instability and uncertainty deter foreign investors and philanthropists, reducing domestic consumption and business activities.
- Displays of antisemitism are subdued, and global attention, including Jews worldwide, turns elsewhere, further isolating Israel and making other countries compelling options for Israelis considering migration

Core uncertainties





Scenario 4: conflict has escalated, low internal stability

Fueling the fire

Scenario description

In the aftermath of October 7th, Israel finds itself in a persistent **state of war**, with tensions intensifying both **regionally and domestically**. The unresolved hostage situation, ongoing reserve duty, and widespread displacement continue to fuel **frequent protests** and deepen social divisions.

The humanitarian situation in Gaza worsens and **tensions rise in the West Bank**, expanding the conflict into a multifaceted war with unpredictable eruptions. Mixed cities and settlements become **hotspots of violence**, contributing to a deepening crisis and a pervasive loss of a sense of security.

The government's inability to function and failure to pass the 2024 budget signals an impending economic crisis and forces the military to step in and provide some of the traditionally governmental services. **Essential services, including education and health, eventually collapse**, and day-to-day routines become barely possible. Hundreds of thousands are trying to leave Israel legally and illegally, with police and military called in to help control the situation.

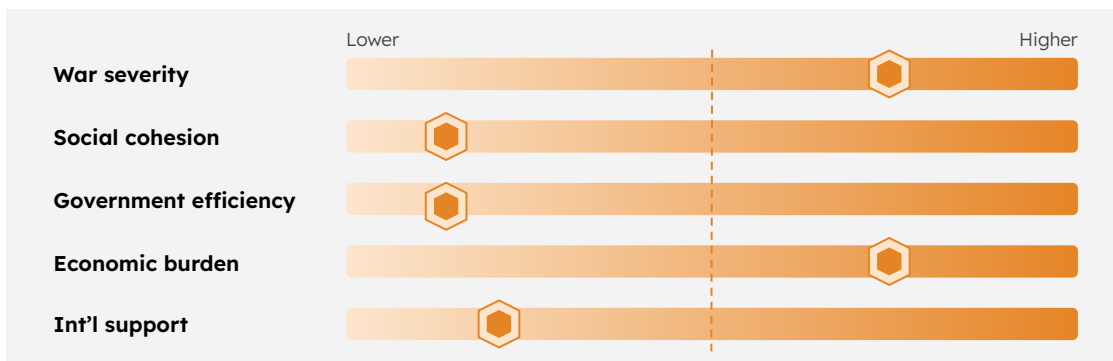
As global criticism and geopolitical isolation **alienate even traditional allies**, multinational withdrawals severely impact the economy, increasing crime, unemployment, and a downward overall spiral.

As Israel loses its resources, power, and allies, its existence is no longer assured.

What we would need to believe to make this scenario plausible...

- The conflict in Gaza has escalated into a multi-front war with IDF actions or miscommunications regarding military campaigns drawing extensive criticism from both domestic and international observers.
- Pressure from citizens leads to international actors withdrawing support from Israel while boycotts lead to economic devastation.
- Populist opinions rise, further fueling division. Initial unity gives way to conflict over resource allocation. The Israeli government fails to collaborate with civil organizations, leading to dysfunction, budget issues, and a deepening humanitarian crisis.
- Israel's societal fabric rips under the burden of political unrest, both within the Jewish communities and between Jewish and non-Jewish communities.

Core uncertainties



People

03

Who is behind this initiative?

This analysis has been conducted and compiled by a diverse team of subject experts from various fields including geopolitical conflict, philanthropy, social impact investing, economics and financial strategy, civil society activism, non-profit leadership, former government officials, and scenario experts. We made our best effort to transcend political divides, sectors, and disciplines - though we recognize the shortcomings of a rushed exercise.

Initiating this exercise is **PollyLabs**, a global think-and-do tank and venture builder fostering innovative solutions via blended capital models. PollyLabs' research is designed to close critical knowledge gaps, serving as a catalyst, unlocking resources and investments, and ensuring that promising ventures and founders receive the support and capital they need.

This study originated with the goal to inform the thesis of PollyLabs new philanthropic fund: the **Future Resilience Fund** (FRF), a philanthropic fund designed to accelerate the recovery and rebuilding efforts in Israel. FRF will work to increase the pool of recovery capital channeled to Israel through the use of innovative catalytic models and cross-sector partnerships.

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Thank you for your engagement and for your collective efforts

For questions, feedback, and comments please reach out to alina@polly-labs.com

“You may not control all the events that happen to you, but you can decide not to be reduced by them.”

- Maya Angelou



Appendix

04

Questions

Future-proofing your organization

Below are the list of questions organizations to consider as you are looking to build a more robust recovery process

	Insight	Strategy	Action
Scenario agnostic True regardless of which future unfold	What do different futures mean for my organization? <ul style="list-style-type: none"> What will be the impact on your organization (consider stakeholders, financial stability, infrastructure, assets, operations, etc.) regardless of the scenario? What has not changed since Oct 7th? 	What should be my strategic choices in light of the possible futures? <ul style="list-style-type: none"> What should be your role focus around Israel's recovery? What are your key focus areas and value proposition? Where will you lead versus follow? How should you re-configure internally (organizational structure) and externally (partnerships)? How will you rethink securing/deploying funds? How can you grow and better utilize your resources? 	What should my organization do now <ul style="list-style-type: none"> What are the 'no-regret' actions worth pursuing regardless of the scenario? What cues, signs, etc should we track to know when to activate a scenario-specific strategy?
Scenarios - specific	<ul style="list-style-type: none"> What new risks does each scenario present to you and your stakeholders? What new possibilities have emerged that weren't available before? To what extent does your current plan holds in the different futures? 	<ul style="list-style-type: none"> What can change in your role, focus areas and positioning for different scenarios? On which topics will you be a leader? A key partner? And a follower? Where do you sit out? What capabilities, relationships, and assets are crucial for your organization for different futures? How will you partner with within and outside your ecosystem? 	<ul style="list-style-type: none"> What are the scenario-specific risks or opportunities that are worth preparing for at this moment?