



Inter-Agency Task Force on Israeli Arab Issues

**GOVERNMENT RESOLUTION 922:
FIVE-YEAR ECONOMIC DEVELOPMENT PLAN FOR ARAB SOCIETY
MID-TERM GOVERNMENT IMPLEMENTATION UPDATE¹**

March 2019

[Government Resolution 922 \(GR-922 or "the Plan"\)](#), the five-year government development plan for Israel's Arab society, estimated at **NIS 11-15 billion**, marked three years of implementation at the end of 2018. GR-922, approved in December 2015, is unprecedented not only in scale and scope, but in its emphasis on proportional budgeting to correct previous government allocation mechanisms;² in making Arab local government responsible for financial and project management for most of the Plan's programs; and in the close consultation and coordination between Arab leadership and national government officials in its development and implementation.

In a September 2018 GR-922 Steering Committee meeting,³ government officials reported on accomplishments and implementation barriers over the first two and a half years of the Plan, and the status of its various components. The reports include data and insights as collected and analyzed by the Authority for Economic Development of the Arab Sector, together with the government's contracted evaluators, TASC Consulting & Capital, hired in late 2017. The meeting also included insights and concerns voiced by the Arab Mayors Forum, represented by Ara-Ara'ara Council Head Muder Younis.

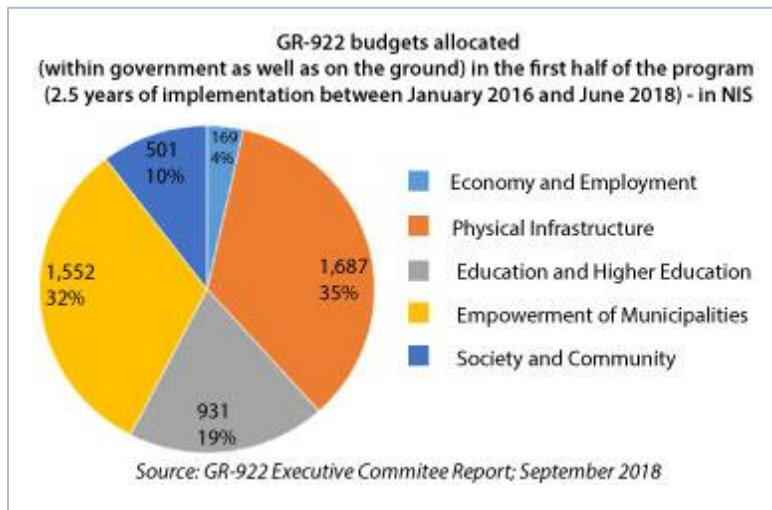
While these reports are based on more developed data collection and oversight, and thus provide more detail than the [previous report](#), high-resolution data remain a challenge to gather. In this latest meeting, Director General of the Ministry of Social Affairs Avi Cohen reinforced that more accurate real-time information is still needed.

This update is a summary of the reports presented at the steering committee meeting along with additional insights provided since by government officials, civil society organizations and professionals involved in implementation. It follows a [similar Task Force implementation update issued in April 2018](#).

¹ The Task Force thanks government offices and professionals and NGOs for providing valuable information and insights: Roi Assaf, Authority for Economic Development; Dore Bloch, Budgets Department, Ministry of Finance; Sikkuy co-directors Rawnak Natour and Ron Gerlitz, and their staff; Dr. Hanna Sweid, the Arab Center for Alternative Planning; Ayal Kanz, INJAZ; and Muder Younis, Council Head of Ara-Ar'ara and Head of the Arab Mayors Forum.

² [Government Report - Correcting Budgeting Distortions Part of Arab Economic Integration](#), Inter-Agency Task Force on Israeli Arab Issues, August 10, 2016.

³ This was the sixth bi-annual meeting of the GR-922 Steering Committee. It included representatives of all relevant ministries and the Arab Mayors Forum. As no new Director had yet been nominated for the Authority for Economic Development of the Arab Sector (following the end of the term of the founding director Aiman Saif in April 2018), the meeting was headed by Avi Cohen, the Director General of the Ministry of Social Equality and by Salima Mustafa-Sliman, Director of Regional Development at the Authority.



OVERALL IMPLEMENTATION

According to government reports, halfway into the five-year plan, **44 percent (NIS 4.839 billion)** of GR-922's core budget has been transferred from the Ministry of Finance to other ministries, municipalities or implementing bodies as part of the progression of work plans. This amount transferred exceeds projected allocations of NIS 4.425 billion over the first 2.5 years.

GR-922 has a core budget of **NIS 10.7 billion** and a complementary budget of "differential support"⁴ by the Ministry of Education estimated at **NIS 4 billion** to fund extra hours and enrichment activities for Arab schools.⁵

Of the allocated NIS 4.839 billion, **23 percent (NIS 1.11 billion)** has been fully spent on implementing projects and programs. According to ministry reports, the rate of implementation on the ground is likely higher as this figure does not include processes that have already begun, but for which funds will only be transferred upon project completion.

As another way to track and assess progress, TASC—the contracted evaluators—divided implementation of GR-922 into 860 "tasks" to be completed (i.e. approval of work plans, publishing tenders, submitting RFPs). According to this measure, at its halfway point, 20 percent of GR-922 tasks had been completed and 60 percent more designated as "advancing as planned." This suggests **80 percent of all program components** are in various stages of implementation, even if funding has not yet advanced at the same rate.

PROGRESS AND BARRIERS SUMMARY

According to the government report, the first half of 2018 (third year of implementation) was used to turn insights gained over the first two years into a better definition of the Plan's overall goals, to create more precise work plans, and to allow better monitoring and oversight of implementation within all participating government ministries. Consequently, the report refines

⁴ "Differential" is the term used by the government to describe preferential budgeting to correct discrepancies in government allocations that had been to the disadvantage of Arab schools.

⁵ As GR-922 has become a kind of "catch-all" name, the government's reports also include other budgets for economic development of Arab society. Beyond the core and differential budgets, additional budgets have also been added along the implementation process, such as a Knesset Minority Affairs Committee decision to allocate [NIS 20 million for high tech parks in Arab localities](#), and more recently an additional budget of NIS 500 million by the Ministry of Education to support Arab high schools ([Hebrew](#)).

GR-922's defined goal as: "Enhancing economic development of the minority population," with the specific aims of (i) enhancing higher education and integration into the labor market, (ii) answering the housing needs of the minority communities, and (iii) enhancing the level of local services for residents.

Two and a half years into the Plan, measurable outcomes have begun to emerge in areas such as access to higher education, informal education for children and youth, women's employment rates, and public transportation. For example, employment levels of Arab women are [at an all-time high of 40 percent](#), the number of Arab students at Israeli colleges and universities [grew by almost 80 percent in the past seven years](#) (with a doubling of both the [number of Arab Ph.D. students](#) and the [number of Bedouin students](#)), approximately 130,000 Arab children and youth (50 percent of the target population) are [participating in the first-ever informal education activities within Arab localities](#), and dozens of new bus lines have opened in and around Arab towns and villages.

Overall, these are areas that do not require significant physical infrastructure nor rely heavily on coordination between the central government and Arab municipalities in order to advance. Some were also already part of government policies before GR-922 was accepted, albeit at lower levels of investment.

At the same time, progress in areas such as housing, urban planning, and infrastructure development have faced significant delays. These components entail complexities in planning, management and infrastructure development beyond both what the government anticipated and the capabilities of most Arab municipalities. Some existing processes in these areas are also ill-fitted to the needs and realities of Arab localities, demanding changes to government processes established over the years, and requiring land for development well beyond what is available in Arab towns and villages. Thus, for example, only around **5 percent** of budgets [for large-scale housing developments in 15 Arab localities](#) have been implemented on the ground so far.

The weak capacities of Arab municipalities as a barrier [became evident early in GR-922 implementation](#). Accordingly, additional budgets (i.e. enhanced balancing grants⁶) and specialized positions (i.e. Cadets for Local Government, Strategic Planners, Integrators) for Arab local government have since been created to enhance their capacities. Except for the Cadets for Local Government Program, however, which is ongoing and seen as highly effective, the additional positions budgeted have not yet been filled.

Concurrently, the interface between central government ministries and Arab municipalities is also an ongoing challenge, although both sides report increasing positive and professional cooperation as the Plan progresses. GR-922 prompted a number of government ministries to develop new capacities to meet the needs of Arab society. For example, the Youth and Society Administration within the Ministry of Education [significantly expanded to establish the Etgarim informal education program](#), and a special oversight body was created within the Ministry of Housing.

The government has also altered certain laws and regulations to take into account the financial limitations of Arab municipalities as well as cultural factors unique to Arab society. For example, the Ministry of Housing recently changed eligibility criteria of some housing tenders to include engaged as well as married couples, as home ownership is often a precondition for marriage in

⁶ Balancing grants are the largest grants regularly provided to municipalities to cover the gap between expenses and income. Through the Plan, additional balancing grants are budgeted to cover ongoing expenses of Arab municipalities.

Arab society.⁷ And lastly, in a number of spheres, government ministries have recognized the need to collect additional data and create tailor-made programs for each and every municipality according to its specific circumstances (i.e. transportation plans) within a larger strategic plan.

TRANSPARENCY AND COORDINATION

GR-922 progress depends in large part on ongoing coordination and transparency between the central government and Arab leadership to ensure both effective use of available budgets and to build trust. Representatives of various government ministries hold ongoing meetings with individual Arab municipal leadership as well as larger-scale conferences for Arab mayors and local council members. Civil society organizations⁸ often serve as an important layer of expertise and facilitation between the two. Under the Arab Mayors Forum and in partnership with civil society organizations, professional committees were established on issues such as education and transportation to help monitor progress, relay the concerns and needs of Arab mayors, and work with Arab municipalities and the central government to assist in plan implementation.

As a result of these efforts and as Plan components begin to be realized on the ground, overall views of GR-922 among local Arab leadership have become significantly more positive and collaborative. However, reservations remain over the absence of major issues like health and social welfare from the Plan and the contentious political atmosphere that sends an exclusionary message to Arab society. With varying degrees of local Arab capacities to take full advantage of the Plan, there is a range and fluctuation in optimism around plan realization.

In addition, the lack of a Director General in the Authority for Economic Development of the Arab Sector, the government office responsible for overall Plan coordination and oversight, has raised concerns. The recruitment process has been ongoing since founding Director Aiman Saif completed his term in April 2018,⁹ but a new director has not yet been nominated. Civil society advocates have urged that the role be filled promptly to facilitate overall Plan success.

Municipal elections held in Israel in October 2018 are also a factor in ongoing coordination. Elections resulted in a [large-scale turnover of Arab local leaders](#) (with 50 out of the 76 participating Arab localities electing new mayors and council heads). While local campaigns themselves caused implementation delays in some cases, the scale of new local leadership, less familiar with GR-922 and government procedures, is expected to create an additional challenge to ongoing coordination.¹⁰

Finally, coordination and transparency efforts initially also included maintenance of a publicly available website detailing progress of GR-922,¹¹ but, over time, this website has become outdated.

⁷ According to government officials, advocative efforts by [Sikkuy, the Association for the Advancement of Civic Equality](#), have led to this change in policy, followed by an Arabic language campaign on social media informing Arab citizens and calling on them to present their candidacy ([Hebrew](#)).

⁸ The organizations are The Arab Mayor's Forum, INJAZ, Sikkuy, Atidim, Arab Center for Alternative Planning, the Abraham Initiatives, JDC-ELKA and AJEEC-NISPED.

⁹ Tali Heruti-Sover, [No Rush: The Tender for the Director of the Authority for Economic Development is Being Delayed](#), The Marker, August 14, 2018 (Hebrew). In January 2018, Sikkuy wrote a letter to Minister for Social equality Gila Gamliel (Likud), stating that without a permanent director, "the Authority will be weakened and its abilities to advance further steps towards closing gaps and [enhancing] economic development for Arab society, which are so needed for Arab citizens and the entire [Israeli] market." ([Hebrew](#)).

¹⁰ Sikkuy, Report: Update on the Implementation of Government Decision #922, February 2019.

¹¹ [Ministry of Social Equality website](#) (Hebrew).

REPORTS BY GOVERNMENT MINISTRY¹²

Following are summaries of ministry reports presented at the September 2018 Steering Committee meeting. The degree of detail and scope of reporting varies among ministries.

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Ministry of Labor and Welfare¹³

Goals: The main goal of the Ministry of Labor and Welfare under GR-922 is enhancing the integration of Arab citizens into the labor market, with specific focus on employment of university graduates, employment of women, "non-abusive employment" (payment above minimum wage) for women, and on monthly wages of over NIS 8,000 (USD 2,160) for men.¹⁴

Accomplishments: According to the report, there has been a slow and gradual rise in labor force integration, especially among women with higher education degrees. At the end of 2018, [40 percent of Arab women in Israel were employed](#), a rise of 6 percent over two years and ahead of the government target of 41 percent employment rate for Arab women in 2020.¹⁵ There has also been a slow rise in the percentage of women being paid above minimum wage, but lesser success in raising the wages of Arab men.

Reported Progress:

- **Riyan Employment Centers:** The network of Riyan Arab Employment Centers, which were established in 2007 in partnership with [TEVET-JDC Israel](#), became fully funded by the government under GR-922 and expanded their activity. In addition to 21 existing Riyan centers, two new centers were established in 2018, in Majd El Krum and Baqa El Gharbiya. According to reports, more than 3,200 new job seekers were served in the centers in 2018 with a placement rate of 55 percent.
- **Childcare:** 25 percent of the Ministry's overall budget for constructing early childhood day care centers has been allocated to Arab communities and 39 such frameworks were budgeted in 2017-2018. However, actual construction and operation on the ground have been very limited (updated numbers were unavailable).

¹² The previous government report, at the end of 2017 and on which the previous Task Force Update was based, was organized according to issues, not by ministries.

¹³ The issue of employment was moved to the Ministry of Welfare from the Ministry of the Economy in December 2016. Welfare services more generally were not included in GR-922.

¹⁴ The minimum wage in Israel as of January 2019 is NIS 5,300 (USD 1,472) and the average wage is NIS 10,139 (USD 2,816).

¹⁵ *Israel's Labor Market: An Overview*, Taub Center for Social Policy Studies in Israel, 2018.

Barriers: Obstacles to developing early childhood frameworks identified in the report include insufficient budgets for the necessary planning costs and developing surrounding infrastructure such as roads and sewage. Budgets are only available for a single fiscal year, and if construction has not progressed they are taken back by the government and given to a different locality. Additionally, there is insufficient public land in Arab municipalities available for construction.

Ministry of Housing / Ministry of Finance's Planning Administration¹⁶

Goals: The major measurable outcomes defined by the Ministry are completion of updated urban plans for all Arab localities with more than 5,000 residents, building new modern neighborhoods and marketing housing on state and private land, building public facilities in existing and in new neighborhoods, and developing open spaces and green areas.

Land shortages in and around Arab localities and the near-lack of urban planning until today are factoring into delays of all GR-922 programs under this ministry and more generally in other related Plan components.

(1) **Urban Planning**

Progress: Of 43 Arab municipalities with more than 5,000 residents, 13 had up-to-date urban plans prior to GR-922. At the end of 2017, 15 plans had been finalized. By mid-2018, the number rose to 18 localities and is expected to reach 20 localities by early 2019, with all additional urban plans reported in the planning processes "according to schedule."

Professional Capacities: GR-922 calls for training planning professionals to work in Arab municipalities. This component has a budget of **NIS 49 million**, of which 100 percent has been allocated by the government and 49 percent utilized. The following progress has been made:

- By the end of 2017, 120 planning professionals were trained, coming both from within Arab municipalities and from external bodies such as urban planning forms and nonprofits. Two additional courses planned for 2018 have not yet been implemented.
- In 2018, the Planning Administration approved a new "strategic planner" position for Arab municipalities with 10,000 residents or more. A budget was established for 32 strategic planners and by the end of 2018, 23 municipalities were approved for such a position. The selection and hiring process is planned for 2019.

Barriers: There were plans to divide Regional Planning Committees, which are government oversight bodies currently responsible for planning for most Arab municipalities, into Local Planning Committees to be run by municipalities and thus have a better understanding of local needs. This has not been implemented, and the Ministry is currently "reevaluating" this approach.¹⁷ Delays are attributed to the Knesset not yet

¹⁶ This section combines the reports of the Ministry of Housing and of the Planning Administration under the Ministry of Finance.

¹⁷ With the exception of four Arab cities, Arab municipalities do not have their own Local Planning Committee (by comparison, 50% of Jewish municipalities do.) Instead, urban planning and housing in these Arab municipalities are managed by Regional Planning Committees that oversee planning of an entire region (there are six Regional Planning Committees in Israel overall). These Committees often lack knowledge and awareness of local needs and sensitivities, and over the years have had only a handful of Arab planners of over 100 nominated members. The planning section of GR-922 includes an intention to split District Planning Committees into Local Planning Committees in the larger Arab localities to ensure greater local statutory responsibilities and greater local involvement in urban planning.

approving required statutory changes, and because local elections were held in October 2018, curtailing the ability and desire of mayors to promote this issue. The report also states that "lack of synchronization between the ministries and various infrastructure bodies" (i.e. with the Electrical Company, with sewage authorities and other bodies involved in developing infrastructure for housing and urban planning) is a barrier to implementation.

(2) Housing

Progress: 14 of the planned 15 Strategic Agreements that promote large-scale housing development in Arab towns were signed by mid-2018, and 43 additional Arab municipalities signed specific housing agreements with the Ministry of Housing. However, the strategic agreements have not advanced yet beyond the initial stage due to a host of planning and bureaucratic barriers listed below.

In municipalities with signed agreements, 4,223 housing units were put on the market (prior to being built) via regular tenders in Arab localities, of which only 30 percent were bought, but no new neighborhoods have as of yet been built. The total budget allocated for the housing section so far has been **NIS 531 million** with a reported implementation rate of **24 percent**.

Barriers: There is a shortage of state-owned land in Arab localities, difficulties in resolving legal issues around privately owned lands, a need to develop an economically attractive housing market in Arab localities, and insufficient development budgets to meet rising construction costs. The government is looking for additional mechanisms to advance the implementation of the strategic agreements as well as of other aspects of urban planning and housing, since low implementation rates results in lower budgets transferred the following year.

(3) Construction of public buildings

Progress: **NIS 19 million** has been budgeted for 97 public facilities but only nine have been built, with an additional 16 facilities currently in construction. Some of these facilities are being built by private companies and some by Arab municipalities, with only approximately 6 percent of the budget utilized thus far (this figure is probably somewhat higher as payment is only made once construction has ended).

Barriers: Planning barriers and a shortage of available land, as well as difficulties with the private companies managing many of these projects, have delayed progress.

- (4) **Open spaces:** According to GR-922, 30 percent of the government's Open Spaces Funds was allocated and used for Arab municipalities in 2016, the Plan's first year. For 2017 and beyond, 16 percent of the Fund was to be earmarked for Arab localities each year, but allocation and implementation rates have not been reported for that year nor 2018.

Ministry of Transportation

Goals: Improving public transportation services (buses) and routes (roads and infrastructure) in and between Arab localities, and increasing road safety.

(1) Public Transportation Services

Progress: Enhancing public transportation services includes increasing accessibility in and around Arab localities, opening new bus lines, adding stops, increasing route frequency, diversifying destination points and making services accessible in Arabic. The budget for

these activities is **NIS 300 million**, of which the ministry has allocated 100 percent with a 72 percent utilization rate. According to reports, the ministry has already completed 78 percent of the goals set for 2020:

MEASURABLE GOAL	PRE-GR 922	MID-2018 (current)	2020 TARGET
No. of Arab localities with service	116	122	133
Average no. of stops per 1000 people	3.3	4.1	4.48
No. of weekly rides of lines serving Arab localities	35,903	55,612	78,903
Average no. of destination points outside the locality	8.5	12.9	18.5
Translating all stop names to Arabic in the Ministry's database	--	Completed	Completed

The ministry also defined a new "Public Transportation Coordinator" position to work in each municipality on mapping and defining its public transportation needs. As this position had not been budgeted in 2018, the ministry has trained officials already working in Arab localities to take on this role in the interim. Budgeting and implementation are planned for 2019, although the scope of this position for each locality remains to be seen.

Barriers: The organic growth of many Arab localities, without urban planning, has made many of them unfit for buses, so the government anticipates it will take a number of years to develop and implement solutions, according to the ministry report. Opening new bus lines is based on number of residents per locality, a condition that does not exist regarding other segments of the Israeli population, so this issue is currently under examination. With some public transportation routes proving to be too long and ineffective, the Ministry is asking localities and residents to suggest practical solutions.

(2) Transportation infrastructure

Plan Completion: The main goal is to enhance investment in and development of major transportation routes to and through Arab localities, with implementation by private companies contracted by the Ministry of Transportation.¹⁸ Implementation data is unavailable, except that **NIS 295.2 million** was spent in the first two years (2016-2017) on 50 projects in 35 Arab localities. The Ministry reported that it is working to map and quantify all transportation infrastructure needs in Arab localities.

Barriers: According to some Arab municipal officials, budgets allocated for these projects are insufficient and the system of budgeting and prioritizing is unclear. In addition, municipal leaders contend that the use of external private companies leaves Arab mayors

¹⁸ Except for two localities, Nazareth and Mazra'a.

with little input or influence on project implementation while the high costs of these external contractors are taken out of their budget. Arab mayors are asking to compete to manage these projects themselves. Approval has been given to two Arab localities to manage their own infrastructure programs, Nazareth and Mazra'a.

- (3) **Road Safety:** The Plan aims to lower the number of automobile-related casualties among Arab citizens, although no measurable goal has been set. According to the report, the first quarter of 2018 has seen a 9 percent drop in the number of casualties in Arab localities compared to the parallel quarter in 2017. Projects include campaigns to raise awareness of road safety, school safety activities, and improved road signage. While the Plan includes work with all local municipalities in this area, there is concentrated activity with 25 municipalities that were designated for enhanced intervention, including larger cities such as Nazareth and Um El Fahem, smaller localities that have an especially high rate of road accidents, and all Bedouin localities in the Negev. The budget reported for 2017 is NIS 4 million, all of which was utilized. The report did not include information about funding in 2018.

Ministry of Education

Goals: Reduce high school dropout rates, improve scores on standardized tests taken in the 5th and 8th grades, increase the number of graduating high school students taking matriculation exams and the number of graduates with matriculation exam scores that enable them to enroll in higher education, and increase the number of 12th graders taking the highest level math matriculation exam.

(1) **Formal education**¹⁹

Progress: The main investment has been in differential budgeting -- budgeting more per pupil in weaker schools beyond baseline levels to compensate for previous funding discrepancies and ensure equal opportunity. An investment of **NIS 431 million** has been made in this area since GR-922 began, enabling approximately 31,000 additional teaching hours at Arab elementary and middle schools. In January 2019, an additional budget of **NIS 500 million** was approved for the coming three years for a differential budgeting pilot program in 110 Arab high schools. The second area of focus has been enhanced training and support for Arab teachers, including raising the acceptance requirements for graduating Arab students into teaching colleges and raising levels of Arabic skills and practical experience of Arab teachers with **NIS 58 million** invested so far.

Accomplishments: The Ministry reported a consistent rise in achievements of Arab elementary and high school students over the past three years, including in math, science, English, Hebrew and Arabic proficiencies.

(2) **Informal Education (Etgarim)**

Progress: The aim of this program was to create and strengthen informal education activities in all Arab localities. The Ministry reported that **NIS 130 million** was invested in 2018 in this program, the same amount as the previous two years, and 67 Youth Department heads have been appointed in Arab localities in addition to 220 professionals in informal education frameworks.

¹⁹ As mentioned above, differential budgeting is estimated at a total of NIS 4 billion over five years, and while not originally part of GR-922 core budgets, is currently reported by government as part of the larger framework of the Plan.

Accomplishments: Informal education activities are now taking place in all 76 Arab localities included in the program, involving approximately 129,000 children and youth. 190 schools were opened as after-school facilities as part of the "anchor in the community" program, and physical infrastructure was upgraded and constructed in 65 localities, including renovating classrooms, erecting portable classrooms, building decks and pathways, roofing, purchasing furniture, and more.²⁰

- (3) **Higher Education:**²¹ The Council for Higher Education (CHE) recently reported on [the success of its program to enhance access to higher education](#), diversify academic fields and improve success rates for Arab students. Overall, the number of Arab students in higher education in Israel more than doubled over the past decade from approximately 22,500 to approximately 48,600. According to the report, CHE achieved and at times surpassed the goals that had been set for 2022. Arab students now comprise 17 percent of all first degree students in Israeli academia, a rise of 80 percent since 2010 and meeting the 2022 target; 14 percent of all second degree students, a rise of 90 percent since 2010 and surpassing the 12 percent target; and 6.7 percent of all Ph.D. students, nearly at the 7 percent target and double the number in 2008.

Ministry of Economy

Goals: Establish new industrial parks in Arab municipalities, encourage employers to hire Arab professionals, support small and medium-size businesses, support Arab exporters, and encourage Arab integration into the high-tech industry.

(1) **New industrial parks**

Progress: This major program so far remains unrealized. GR-922 initially budgeted **NIS 92 million** for 2016, representing 37.5 percent of the Ministry's total budget for this Plan component. These were not new funds from GR-922 but previously allocated funds not yet spent. With no implementation of this program thus far, all additional planned funding is on hold. In 2018, **NIS 45 million** was allocated for strategic planning, but none has advanced so far.

Barriers: According to the government's 2018 report, budgets allocated for new industrial parks have been insufficient and do not cover planning and related infrastructure costs. Therefore, "an effort is being made with the Ministry of Social Equality and Ministry of Finance to find additional resources," as well as to build a strategic plan on how to divide funding among localities. The Ministry's 2017 report stated that the absence of a strategic plan that maps existing barriers and opportunities prevents implementation and longer-term development.

- (2) **Encouraging employment of Arab professionals: NIS 31 million** has been allocated towards subsidizing salaries of Arab employees in 2018, and NIS 5 million has been allocated towards subsidizing positions for Arab students working while enrolled in higher education.
- (3) **Assisting small and medium size businesses: NIS 12 million** has been invested in 2018 in assisting and consulting services for small and medium-size Arab businesses, and the Ministry reports that 2,390 businesses received such assistance in 2018.

²⁰ [Implementation Status of Etgarim, Inter-Agency Task Force on Israeli Arab Issues, December 2018.](#)

²¹ While not reported in the September 2018 Executive Committee meeting, higher education is a sphere that appears in GR-922 and was reported in previous EC meetings. The figures were included in the Council for Higher Education Publication from October 2018 ([Hebrew](#)).

- (4) **Supporting Arab exporters:** The program includes consultation and subsidies for Arab companies to build their exporting capacities. **NIS 5.8 million** has been budgeted and 12 Arab companies have submitted requests to participate. In addition, three public awareness campaigns were implemented to raise awareness among Arab industrialists about the existence of this program.
- (5) **Encouraging the high-tech industry:** **NIS 4.5 million** has been allocated to establish business hubs in Arab localities, in order to provide long-term work space and networking assistance to Arab businesses, with six such centers established. An additional **NIS 10 million** were allocated in 2018 as part of a new two-year plan to support the establishment of two high-tech parks in Arab localities²², but the governmental tender for this program has not yet been released.

Ministry of Interior

Goals: The main goals of the Ministry of Interior, which is responsible for all municipalities in Israel, include organizational development and raising the level of managerial and professional capacities as well as sources of income for the local authorities, economic development, better emergency preparedness and a project to license local businesses. Measurable goals are defined as increased income generated by Arab local authorities in socioeconomic clusters 1-3 (80 percent of Arab municipalities are ranked 1-3, the lowest socio-economic rankings on a governmental scale of 1 to 10) and the inclusion of Arab localities in joint industrial areas. Following the demands of the Arab Mayors Forum, most of the development funds, approximately **NIS 800 million**, were approved during the first year of implementation.

(1) **Organizational and Human Capital Development**

- **Cadets for Local Governance:** 21 Local Government Cadets²³ were integrated into Arab localities, with 60 percent of all the 2018 cadets being placed in Arab municipalities.
Barrier: The Cadets for Local Government program, which is seen as highly successful, suffers from lack of candidates from the northern region and the preference of cadets to work in one of the 16 Excelling Localities where they receive better pay.
- **Excelling Arab Localities:** In the [16 Excelling Arab Localities, which are participating in a GR-922 program to strengthen municipal capacities](#), the following progress was reported:
 - **Project Directors** were hired by each of the 16 Excelling Localities to oversee implementation of local economic development programs and develop plans to increase local revenue and enhance capacities and managerial skills among municipal staff.

²² Shoshana Solomon, [Israel earmarks NIS 20 million for new tech parks in Arab towns](#), The Times of Israel, April 26, 2018.

²³ "Cadets for local government" is a joint initiative between the Ministry of Interior [Atidim](#) and [Edmund De Rothschild Partnerships](#), which places motivated young people in a study-and-public employment track. The initiative subsidize their studies at Ben Gurion University, University of Haifa or the Technion, and they are then placed in localities throughout Israel's periphery (Jewish and Arab) for a four-year employment period. The cost of employing these cadets is subsidized by the Ministry with only a small match by the local council. Current placements of all cadets can be viewed [here](#) (Hebrew).

- **Organizational Excellence Programs: NIS 72 million** were allocated for organizational excellence programs, aiming to improve capacities and efficiency in the Excelling Localities. Work on these programs has begun in 11 localities but only 5 to 10 percent of the allocated budget has been implemented.
- **Digitization, organizational development and financial stability plans: NIS 366 million** were allocated for digitization, organizational development and financial stability plans for the Excelling Localities. All Excelling Localities presented their multi-year development plans, and the Ministry of Interior has approved 95 percent of them.
- **Integrators:** A major new effort to enhance the capacities of Arab localities to reap the benefits of GR-922 was announced towards the end of 2018 and launched in early 2019: The "Integrators' Program," formally titled "The Mawared (Resources) Initiative for Resource Utilization and Economic Development in Arab Local Authorities." The program is a collaboration between JDC-Israel's Leadership Institute, the Ministry of Social Equality, the Authority for Economic Development of the Arab Sector, and the Ministry of Interior. The new program defines and budgets 44 positions of "Integrators" – experts who will work within Arab localities to help integrate and amalgamate all GR-922 resources, tenders and economic development opportunities. According to the new plan, larger Arab localities will receive a full-time integrator position, while smaller localities will receive part-time support.²⁴ Following an initial advertising and marketing effort for these new positions, about 1,600 applications have been collected and the selection process is planned for April-May 2019.

(2) Municipal Income-Generating Projects

Progress: Approximately **NIS 800 million** of development funds were earmarked for creating income-generating projects in Arab localities. About 80 percent of municipal revenue in Arab towns and cities comes from residential taxes and 20 percent from industry and businesses, while in most Jewish localities, more than half the revenue comes from business and industry, which pay higher taxes and require fewer services than do residents. Since this is one of the main sources of the weakness of Arab localities,²⁵ the Plan aims to help Arab towns and cities create revenue-generating projects, such as industrial areas, high-tech hubs, and solar energy projects. According to the Ministry report, of the NIS 800 million, **NIS 550 million** have already been allocated to specific large-scale projects that have been presented by the municipalities and approved by the government. Approval of these funds now allows the municipalities to begin the implementation process based on the government's budgetary commitments.

Barriers: While implementation rates for these programs are not detailed, many localities reported difficulties in navigating government reporting processes, combining different budgets, and obtaining all relevant government permissions. The process of reviewing and approving large-scale economic development projects is lengthy, and approved budgets are usually paid only when projects are finalized, creating cash flow difficulties.

²⁴ A formal call for applications to fill these positions was published in early February 2019 ([Hebrew](#)).

²⁵ Michal Belikoff and Safa Agbaria, Edited by Shirley Racah, [From Deficits and Dependence to Balanced Budgets and Independence The Arab Local Authorities' Revenue Sources](#), Sikkuy and INJAZ Report, April 2014.

- (3) **Regional clusters:** 32 Arab localities were integrated into six new [Regional Clusters](#) and one additional locality integrated into an existing Cluster. Regional clusters are a new regional model for geographic organization in Israel that include Jewish and Arab localities of different sizes and strength. The clusters bring together municipal leaders to create joint forums for regional dialogue, and to promote more effective services such as environmental protection, physical infrastructure, culture and sports.
- (4) **Emergency preparedness:** Emergency protocols and capacities were created and put into place in 46 Arab localities with an approved budget of **NIS 2 million**. Developing Municipal Emergency Centers (where emergency management capacities and personnel are situated) began in 29 Arab localities with an approved budget of **NIS 28 million**. While exact implementation rates were not reported, the ministry representative reported they are relatively low. All additional localities are expected to join during 2019.
- (5) **Licensing local businesses:** The Local Businesses Licensing Reform aims to generate substantial income for Arab localities by registering and regulating the financial activities of local businesses, many of which currently work outside formal regulations and taxation. Regulating the activities of these local businesses will allow the localities to collect taxes and manage urban planning concerns such as waste collection, noise management, and other environmental hazards, and allow the businesses to expand their activities and seek government assistance. Special consultants are expected to work with Arab localities to advance this project, but the status of implementation was not reported.

[Ministry of Justice](#)

Goal: Launch a wide-scale process of regulated and legalized land registration in Arab localities.

Progress: A new unit was established in the Ministry to update registration of Arab family-owned lands so they can be formally divided among individual family members living on these properties so they can be registered as owners of the newly created smaller parcels. Since the unit's establishment, 4,000 land plots were registered out of a target of 5,000 by the end of 2018 and an overall target of 23,000 by 2021. **NIS 3.5 million** was allocated for the entire five-year period, with budget implementation for the work of the new unit planned for the second half of 2018.

[Ministry of Internal Security](#)²⁶

Goal: Reduce violence in Arab communities by developing a strategic plan to enhance police activities, including recruiting Arab police officers, establishing police stations in Arab localities and enhancing education and prevention programs. Approximately **NIS 2 billion** was allocated toward this goal for a five-year period.

Progress: While the ministry's report doesn't detail measurable goals, nor reference budget allocation or implementation, it states that a strategic plan to enhance police presence in Arab localities was developed; that approximately 300 new police officers were recruited from minority communities, including 35 women; and that 11 police stations are in various stages of implementation in Arab localities, most still not operational. Since the beginning of implementation of GR-922, three new police stations have been established, in Jisr A-Zarka, Kfar Kana and Majd El Krum, and a number of stations were upgraded. A Ministry of Internal Security

²⁶ The Ministry of Internal Security's plan is reported within the GR-922 Steering Committee report, but is budgeted via a [separate government decision from May 2016](#).

representative reported that the police have reported a notable decline in the number of shooting events in towns where stations were opened (e.g. an 80 percent decline in Jisr).

Ministry of Culture and Sport

Goal: Build physical infrastructure, mostly for sports activities.

Progress: A total budget of **NIS 205 million** is being invested in Arab localities. Implementation in 2018 remains low: **NIS 34.8 million** has been allocated for 64 synthetic playing fields, but only three have been opened so far; **NIS 4.5 million** is allocated for lighting 69 sports facilities, which was completed in only four locations; **NIS 67 million** is allocated for the construction of 46 new soccer fields, but only four have been constructed so far (17 additional requests are being processed) and **NIS 98.4 million** is allocated to build 53 new sports halls but only two were constructed so far (16 additional requests are being processed).

Barriers: There is a scarcity of available land in Arab localities for constructing sports facilities. Municipalities are reporting difficulties securing the necessary matching funds as government budgeting doesn't cover the total cost of planning and construction.

Water and Sewage Authority

Goals: Improve the level of sewage services in Arab municipalities and assist them in establishing and joining Water and Sewage Corporations.

Progress: Significant progress was reported on development of infrastructure, with projects beginning in 20 localities. In addition, a sharp rise was reported in the number of Arab municipalities connected to professional sewage services (from 30-40 percent prior to GR-922 to **85 percent by mid-2018**). However, only 50 percent of planned programs have begun and only a single Arab locality, Taibe, has created a Sewage Corporation since GR-922 was approved.

Barrier: The Water and Sewage Authority reports that the main barrier to progress is the reluctance of Arab localities to create or enter into Water Corporations due to concerns about costs and bureaucracy.

Ministry of Health

The sole program of the ministry under 922 was to unify the hospitals serving the Nazareth area. However, as this effort was unsuccessful, the ministry reports a new initiative of "ensuring professional-medical coordination" between the hospitals, which is in the early discussion stages.

Ministry of Tourism

The issue of tourism as a whole was not included under GR-922, and the ministry report includes only a budget of **NIS 101,000** to be invested in the restoration of the old Saraya building in Nazareth and an unbudgeted intention to create a strategic tourism plan for Nazareth. Both initiatives are delayed due to insufficient matching funds that the Municipality of Nazareth needs to provide.