



Inter-Agency Task Force on Israeli Arab Issues

**GOVERNMENT RESOLUTION 922:
FIVE YEAR ECONOMIC DEVELOPMENT PLAN FOR ARAB SOCIETY**

2016 – 2017 GOVERNMENT IMPLEMENTATION UPDATE

In 2018, [Government Resolution 922](#), the unprecedented five-year economic development plan for Arab society, entered its third year. In a January Steering Committee meeting,¹ government officials reported on accomplishments in the first two years and the current status of plan implementation as part of the efforts to maintain transparency and close coordination between Arab mayors and the government. This update is a summary of the reports provided by the government at this meeting and thereafter, including areas of progress, delays and barriers to implementation.

Overall, more than NIS 4.5 billion was allocated during the first two years out of the NIS 11-15 billion budgeted for the entire five-year plan, and ministries reported an overall implementation rate of 96%.² However, this rate refers mostly to progress on the ministerial level as much of the reporting lacks specific or clear data about implementation on the ground,³ meaning further mapping is required per municipality and an assessment of overall impact or realization of projects is still premature. As mentioned in a [Task Force brief on the plan's first year of implementation](#), most government ministries used the first year primarily to create detailed workplans and establish systems for implementation, while the second year marked the beginning of actual implementation at the ministerial level and on the ground. According to the reports, in 2018 there will be more large-scale implementation on the ground, closer monitoring and evaluation of progress on the governmental level, and some modifications and budgetary corrections based on feedback from the field.

Noteworthy on-the-ground progress reported in areas such as infrastructure, education, strengthening of Arab municipalities, and community and economic development, with some indicators already showing reduction in socio-economic gaps between Arab minority and the Jewish majority. At the

¹ This was the fifth bi-annual meeting of the GR-922 Steering Committee, which includes representatives of all relevant ministries and of the Council of Arab Mayors. A comprehensive report on progress, barriers and future plans of all participating ministries was presented by Aiman Saif, Director of the Authority for Economic Development, and then commented on by ministry representatives and Arab mayors. This update is based, to a large extent, on these reports.

² While this is a very high rate of implementation for any nation-wide government plan, the government reports note that "implementation" here includes (i) budgets that have actually been allocated and implemented, (ii) projects where only budgetary allocation has taken place, and (iii) areas where only a commitment to budget was provided with actual allocation still pending. Moreover, the reports state that information was partially lacking from some of the ministries involved.

³ For example, the reports provided by the ministries in the last Steering Committee meeting focus almost exclusively on the tasks implemented and budgets approved on the ministerial level. They do not provide data, for example, on the exact amount of funds actually transferred to Arab municipalities, number of new daycare centers that are actually operating, new community centers opened, new bus lines, children now in afterschool activities, etc.

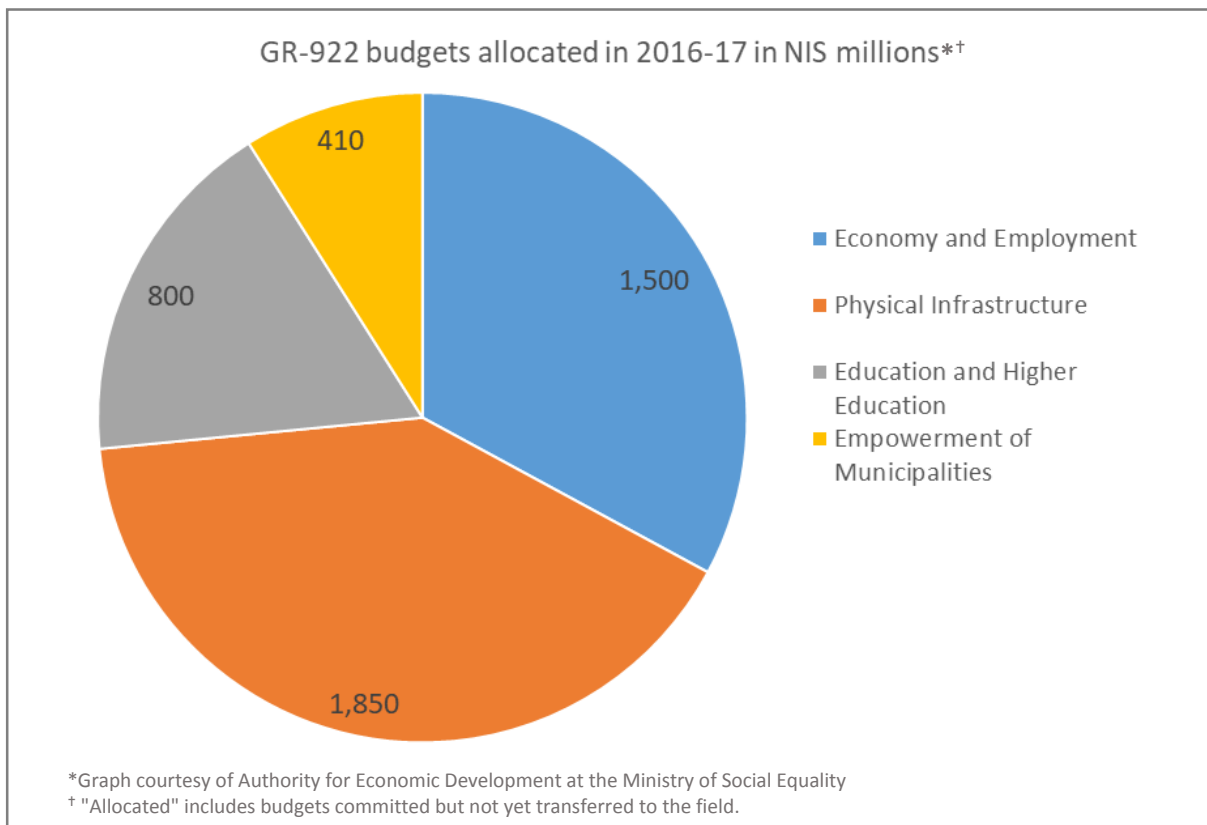
We would like to thank the Authority for the Economic Development of the Arab Sector, in particular Director General Aiman Saif and Salima Mustafa-Silman, and to the directors and staff of Sikkuy, for generosity of time, information, and insights towards this report.

same time, a number of areas encountered major barriers and delays, including housing and urban planning, industrial zones, daycare centers, internal security, and others reported on below. In cases where data is either not available or so complex as to be ineffective, additional reports are pending following requests from the Steering Committee and Arab mayors.

In terms of monitoring and oversight, a private consulting company, TASC Consulting & Capital, has been hired by the government to conduct ongoing monitoring of government and municipal implementation progress. They produced this year’s comprehensive progress report on the plan. The Arab Mayors Forum along with several NGOs⁴, continues to play an important intermediary role also supporting coordination between the government and Arab mayors, providing essential feedback from the field.

GOVERNMENT PROGRESS REPORTS

In prior years, government updates on GR-922 progress were organized according to ministries and their individual workplans and responsibilities. This year, reports are organized according to major spheres of investment and divided into sections on **(i) education and higher education, (ii) economy and employment, (iii) physical infrastructure, (iv) empowerment of local authorities and (v) community and internal security.**⁵ It is also important to note that within government circles in Israel, GR-922 has in many cases become a ‘catchall’ framework for investments into Arab economic development—beyond the budgets in the original resolution. Even in official progress reports, programs and budgets approved under other resolutions, prior or subsequent to GR-922, are included as part of the overall status of these efforts.



⁴ Most notably Sikkuy, INJAZ, the Arab Center for Alternative Planning, the Abraham Fund Initiatives, and Mosawa Center.

⁵ For details regarding the spheres of responsibility and initial budgets of the ministries involved please see Task Force update: [Economic Development Plan for the Arab Sector: Current Status, Government Workplans and Civil Society Involvement](#) | July 2016

I. EDUCATION AND HIGHER EDUCATION - Total allocated: NIS 800 million

The main goals under GR-922 for education in Arab society are to improve student achievement and quality of teaching in the **formal public-school stream**, close funding gaps through preferential—or as it is called by the Government of Israel, “**differential**” **budgeting**, and boost **informal education**. **Higher education** is included through plans by Israel’s Council for Higher Education, specifically a second five-year plan approved in 2017, based on the first [six-year plan](#) and combining GR-922 and other governmental budgets. Significant progress has been reported in all these areas, including close to 100% allocation of the planned budgets, although some of the funds have been "committed" but not yet actually transferred to the field.

Formal Education

Student Achievement: Prior to GR-922, only 58.6% of Arab students in 12th grade was eligible for full Matriculation ("*Bagrut*") certificate. In 2017 that number rose to 62%. The government has set a goal of 73% of 12th graders by 2021. Also prior to 922, only 7.2% of Arab students in 12th grade took the highest level of math ("5 points"), that number has risen to 10% by 2017 with a governmental goal of reaching 14% by 2021.

Quality of Teaching: Progress includes a new Arabic language proficiency exam that sets higher standards for future teachers, pre-academic training for future Bedouin teachers (including training for their trainers), enhancement of Arabic language training, pedagogy, and academic support, and additional training components for teachers of all subjects and all grade levels. The Ministry of Education reported that plans for next year include specialized extra support and training for 500 excelling Arab teachers.

Differential Budgeting:

- **Elementary Schools**. An additional 31,000 teaching hours in math, Hebrew and Arabic in Arab elementary schools were funded (NIS 500 million)⁶ and provide additional hours for schools in weak Arab communities on top of existing measures to support weak communities.⁷ This coming year, differential budgeting is expected to be implemented at full capacity in elementary schools for an annual total of 52,000 teaching hours, with an expectation that GR-922 education goals for elementary schools will be met.
- **Middle and High Schools**. Differential budgeting for middle and high schools has thus far been postponed though gaps there are greatest. In response to criticism on this by Arab mayors, the Ministry of Education responded that planning is underway and implementation is expected in the near future.

Classroom construction: GR-922 includes plans to construct more classrooms and physically improve Arab schools as many are overcrowded and in disrepair. No status has been provided on construction progress and thus the Steering Committee requested reporting on construction, barriers encountered and the percent of funds used.

⁷ These hours are part of efforts to close existing budget and achievement gaps. According to the Ministry of Finance’s report from July 2016, Arab students previously received between 22% less in elementary schools to 43% less in high schools than Jewish students from comparably weak communities. [Systemic Program for Economic Integration of Arab Society by Correcting Distortions in Government Allocations](#) (Full Hebrew Text), p. 41

Informal Education - Etgarim Plan

In the first two years of implementation, major developments in informal education for Arab society took place under the *Etgarim* ("Challenges") Plan.⁸ These include establishing a department for Arab society in the Youth and Society Administration (the "Administration") and developing planning, monitoring and evaluation capacities on both the national and regional levels. Additionally, the Administration developed a standardized planning tool through which all 67 Arab municipalities have built and submitted master plans for informal education on the local level, and partnered with JDC-Ashalim to develop mapping, monitoring and evaluation tools, and professional support to youth departments in Arab municipalities. Finally, informal education programs were added to a "Green Track" indicating Arab municipalities can use 922 funds to run them in their locality.

However, it is unclear what impact and projects were realized on the ground. Arab mayors expressed concerns about the lack of criteria for adding programs to the Green Track, a lack of data about the number of programs now running as a result of the Etgarim Program, and delays in processing proposals and transferring funds to municipalities resulting in difficulties thus far in cash flow and in timing new programs with the school year.⁹

Higher Education

The Council for Higher Education launched [a second five-year plan](#) in 2017, to enhance access to higher education for Arab citizens, which builds and expands on its [prior six-year plan](#) (2011-2016) with a total investment of over NIS 600 million. These efforts have been incorporated into the framework of GR-922, with budgets allocated from both plans. Thus far, Arab student integration in Israeli higher education institutions has increased, with over 16% Arab students of all first-degree students, 13% of all second-degree students and over 6% of all PhD students, compared to 14.3%, 10.3%, and 5.7% in 2015, respectively. The current numbers come near, and in some cases surpass, the targets set by the CHE for 2020 of 17%, 12% and 7% Arab students in first, second, and third degrees.

II. ECONOMY AND EMPLOYMENT - Total allocated: NIS 410 million

Major focus areas are boosting employment rates and quality (especially for Arab women), developing industrial areas, supporting small and medium businesses, enhancing access to daycare, and promoting occupational safety.

Employment: Around 24,000 job seekers—69% of them women—used the 21 [Riyan Employment Centers](#) in 2016-17, with an overall placement rate of 79%. Two additional employment centers were approved, and while somewhat delayed, will be opened in 2018.¹⁰ A new tender for the operation of all employment centers will be issued this year. In addition, the government estimates that 1,800 new Arab employees have been hired over the past two years due to NIS 55 million allocated for subsidies to employers for hiring Arab professionals. Still, the sphere of women's employment remains insufficiently addressed, as current rates of 32-34% fall short of the government targets of 41% by 2020.

Overseas Marketing of Arab Exports: 20 companies received government subsidies for professional consultants and overseas representatives, and support for marketing plans and campaigns.

⁸ For a detailed account of this sphere see the Task Force's in-depth paper: [Informal Education in Israel's Arab Society: From an Overlooked Field to a Government Priority](#), July 2017

⁹ Funds for the first year of implementation (2016-17) were only approved in the spring of 2017. For the second scholastic year, which began in September 2017, funds were to be approved in early 2018. This year, the Administration is hoping to finalize planning by May 2018, so that workplans would be approved and initial funds transferred by September 2018.

¹⁰ In Majd El Krum and in Baqa Al Gharbiya.

Small and Medium Business Assistance: Around 6,000 small and medium businesses received assistance from (i) MAOF Centers¹¹ in the form of consultation hours, training seminars and business assistance; (ii) through four business centers operating in Arab towns that provide office space and tools to local businesses; (iii) the establishment of [Hybrid](#), a high tech accelerator operated in partnership with the 8200 Alumni Association is promoting 17 startup initiatives; and (iv) micro-loans given to around 1,000 Arab women (in cooperation with the KORET Fund¹²).

Daycare Centers: Though 25% of the entire government budget for daycare centers was set aside under GR-22 to address the shortage in Arab society,¹³ only a handful of new daycare centers have been established and are operational thus far. Delays are attributed to challenges in planning processes and capabilities (including design and approval processes) and lack of available land in Arab municipalities. Additional budgets announced by the Ministry in March 2018 for municipal planners and architects aim to address some of these barriers.

Development of Industrial Areas: Overall, NIS 89 million has been allocated for these development costs out of a planned NIS 100 million under GR-922. However, as of yet, no construction of new industrial areas has begun in Arab society. Two industrial area plans—Kfar Kana and Dir Hanna—have progressed to the leasing and investment stage, and two larger ones are pending more preliminary approval—Um El Fahem and Sakhnin. Delays are attributed to (i) inadequate funds as current budgets do not cover the actual costs of establishing industrial parks; (ii) delays in government subcontractor efforts to plan, lease and build industrial areas. Beyond budgets, the Authority for the Development of the Arab Sector and the Ministry of Economy also mapped needs for industrial area development in Arab society as a whole for the coming decade and developed a master plan to guide this process.

III. PHYSICAL INFRASTRUCTURE - Total allocated: NIS 1.85 billion

Urban planning and housing: GR-922 aims to begin resolving the major housing shortage in Arab society¹⁴ related to a shortage of available land, a lack of planning and planning capacities in Arab municipalities, issues of zoning, and barriers to construction of homes and neighborhoods. Major goals under GR-922 are to complete urban plans in all 42 Arab municipalities with more than 5,000 residents, as well as establish new neighborhoods, fund construction of public facilities and build planning capacities of 58 eligible Arab municipalities with the intent of ultimately constructing 40,000 new housing units as well as addressing additional urban planning challenges.

Development agreements: In the first two years, cooperation agreements were signed between the government and 56 of the 58 municipalities eligible for government investment in housing, planning and public facilities.¹⁵ At present, many municipalities still lack the professional capacities needed to advance the urban planning processes, and therefore budgets approved for these agreements are not yet being utilized.

¹¹ [MAOF Centers](#) are capacity-building centers for small and medium-size businesses around the country under the Ministry of Economy. They offer professional consultations, training courses, assistance in marketing, connection to funding bodies etc. There are 39 such centers, 10 of them serving specifically the Arab population.

¹² Koret Israel Economic Development Funds (KIEDF) provides various revolving loan programs and financial assistance to small and medium-size businesses. Their [SAWA Program](#), which runs in partnership with the Israeli government, provides direct non-bank loans to thousands of Arab women for micro enterprise.

¹³ NIS 23 million in 2016 and NIS 75 million in 2017.

¹⁴ Not including Bedouin and Druze municipalities, as housing in those municipalities is covered by other governmental resolutions.

¹⁵ These agreements distinguish between 15 municipalities with land available for large-scale development of new neighborhoods with apartment buildings, and those where smaller development projects are planned. As of the beginning of 2018, the two remaining municipalities, Tamra and Shefa'am, have not yet signed agreements.

Capacity-building within the central government: This included establishing a special unit in the Ministry of Housing as well as a designated steering committee on housing in Arab society.

Master Plans for 42 Arab municipalities: The Planning Administration in the Ministry of Finance is currently working on finalizing Master Plans for 42 Arab municipalities with more than 5,000 residents each that lack updated plans. So far, 15 Master Plans have been approved, and 26 more are in various stages of the process.

Enhancing local and regional planning capacities: Training courses were implemented for 120 urban planner and engineers from Arab municipalities, Local Planning Committees and the private sector to enhance municipal planning capacities. Two more courses are planned for 2018. For Arab municipalities with more than 10,000 residents and no Local Planning Committee, additional funding has been made available for strategic planners to be hired, with 14 out of 30 eligible municipalities having submitted requests so far. Efforts to enhance Regional Planning Committees' capacities to work with Arab municipalities, as well as efforts to create Local Planning Committees for the larger Arab municipalities, however, have been delayed. These are expected to move forward in 2018, in particular establishing Local Planning Committees for seven large Arab communities.¹⁶

New neighborhoods, public facilities and open areas: (i) Agreements were signed with nearly all Arab municipalities where there is potential to develop new neighborhoods. However, there have been delays in the process towards construction and leasing due to the high costs of new neighborhoods, weak local planning capacities, a mismatch between governmental tenders and procedures and local realities,¹⁷ and lack of cultural precedent in Arab society to transition from standalone houses to apartment buildings etc.; (ii) Nearly 100 projects to build or renovate public facilities and buildings are in progress, but since most of the budget is for new buildings in new neighborhoods (that are delayed) this construction is delayed as well; (iii) 30% of the governmental Open Spaces Fund is now designated for Arab municipalities and after some delay a governmental RFP was recently released, calling on Arab municipalities to suggest open spaces projects (e.g. parks, playgrounds) for this budget.

Transportation: Major goals under GR-922 are to (i) develop major transportation routes in and between Arab municipalities to mitigate traffic and promote public transportation services, (ii) “close all service gaps” between Jewish and Arab municipalities in terms of public transportation (the Ministry estimates gaps will close by 2022), and (iii) enhance road and pedestrian safety. A total of NIS 925 million was allocated over the last two years, surpassing the planned budget of NIS 770 million.

Roads: Approximately NIS 700 million was invested in building roads in, around and between Arab municipalities (more than what was initially budgeted). The ministry identified a number of barriers for the timely implementation of its plans, including some resistance by local residents to these major infrastructure projects and the slow pace of relevant interlocutors such as the Electric Company and Bezeq (communication infrastructure company). Specific data about the scope of new construction is not currently available.

Bus Lines: Over NIS 200 million was allocated to increase bus services in Arab municipalities by opening [dozens of new bus lines](#) and enhancing the frequency and geographical coverage of existing bus lines. Bus information and services are now available in Arabic. Following these developments, there has been a significant rise in the number of public transportation usage in Arab society. Between 2012 and 2017, there was a 77% increase in the number of Arab citizens using public transportation and an increase of 127% in the number of individual rides.

Road safety: In 2017 there was a 6% decrease in Arab road accident fatalities—Arab citizens have by far the highest rates of such fatalities, accounting for 34% of them in 2016. The Road Safety Authority

¹⁶ Um El Fahem, Baqa Al Gharbiya, Sakhnin, Shefar'am, Kalansawe, Kfar Qassem and Jaljuliya.

¹⁷ For example, most potential new neighborhoods in Arab municipalities need to be built at least in part on privately owned land, whereas in Jewish municipalities the vast majority of land is state owned.

plans to open road safety educational facilities in Arab communities but lacks a budget of around NIS 3 million.

Water and Sewage: The main goals under GR-922 are to enhance the level of sewage services in Arab municipalities and to assist them in establishing and joining Water and Sewage Corporations.¹⁸ Significant progress was reported on development of infrastructure (such as water purification plants) and a sharp rise in the number of Arab municipalities connected to professional sewage services (from 30-40% prior to GR-922 to 85% at present). Over NIS 400 million was invested in this issue over the past two years.

IV. EMPOWERING ARAB MUNICIPALITIES

The vast majority of Arab municipalities are located in Israel periphery (Negev and Galilee) and are relatively poor and inexperienced in handling large-scale economic development projects. As a result, these municipalities lack financial, professional and governing capacities to advance their communities and provide services. Under GR-922, a total of NIS 1.5 billion was allocated thus far into the following efforts:

Excelling Arab Municipalities Program:¹⁹ Over NIS 360 million was allocated to 16 selected municipalities to promote economic development, organizational development, digitization, small business' licensing and more.

Balancing Grants:²⁰ An additional NIS 400 million was distributed to Arab municipalities, on top of "regular" grants to help balance annual budgets. In addition, the Ministry of Interior provided another grant to Arab municipalities that met higher tax collection targets.

Development Grants:²¹ As of July 2017, 220 proposals were submitted by all 67 eligible Arab municipalities for a total of NIS 725 million designated for development projects. Approval and commitment of the funds is expected shortly.

Emergency Preparedness: The government is assisting Arab municipalities to prepare emergency plans, train personnel, and procure equipment with a goal of creating a "personalized suite" for each town. This includes creating emergency protocols for each locality, recruiting and training personnel for emergency situations in 10 pilot municipalities and more, most of which have thus far been delayed.

Enhancing Human Capacities: (i) Specialized personnel were placed in Arab municipalities through "[Cadets for Local Government](#)" to help with development planning and projects. Over the past two years, there were also efforts to increase the number of Arab cadets as well as enhance placement of program participants in Arab municipalities. At present, 25% of program participants are Arab and around 27% of program participants – both Jews and Arabs – are integrated in Arab municipalities. (ii) The Ministry of Interior is working to approve a new "integrator" position in Arab municipalities, through a model developed by the Authority for Economic Development and JDC-ELKA.

¹⁸ Water and Sewage Corporations are independent bodies that manage regional water and sewage issues rather than municipalities, following legislation from 2001.

¹⁹ "[Excelling Arab Municipalities Program](#)" is a backbone initiatives of GR-922 working with 16 Arab municipalities that meet participation criteria to enhance managerial and financial capacities and create engines of economic growth in each locality.

²⁰ **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.

²¹ **Development grants** are allocated to municipalities by the Ministry of Interior every year. As part of the Plan, additional development grants are available to eligible Arab municipalities to allow municipalities to promote large scale projects.

V. COMMUNITY AND INTERNAL SECURITY

Internal Security:²² The goals under GR-922 are improving police services; reducing crime and violence; and improving Police-Arab relations. Over the first two years progress included recruiting around 300 Arab police officers and developing Arabic public-relations and communications capacities, and efforts to strengthen police presence by upgrading existing police stations and establishing new ones in Arab municipalities. These developments are under-target, with fewer police officers added than planned, only two new police stations established (in Jisr A Zarka and in Kfar Kana), and only temporary upgrades for stations that are still underequipped and under-staffed. Lack of available land and resistance by some Arab mayors is delaying the construction of new stations; and ongoing community relations and educational activities by the police in Arab communities has not met the scope planned. In 2018 4-5 new stations will be opened and additional existing stations will be upgraded, while the recruitment and training of officers will continue.

Ministry of Negev and Galilee: The Ministry of Negev and Galilee serves most of Israel's Arab citizens (approximately 30% of Negev residents and 50% of Galilee residents are Arab). The ministry has not been keeping track of 922 budgets, nor any other budgets, as separate streams and therefore was unable to report on progress to the 922 Steering Committee. The ministry is responsible for an array of activities: (i) Mapping and naming streets in Arab municipalities—mapping was accomplished except for in Negev Bedouin municipalities where there were delays, and naming should begin soon; (ii) Renovation of community centers, sport facilities, soccer fields, old age homes; (iii) Enhancing tourism in the Negev and Galilee; (iv) Funding local festivals (Ramadan, Christmas), youth and children informal activities; (v) Assisting local economic development projects – a budget to establish high tech hubs in a few Arab municipalities will be issued in 2018. The ministry did report delays in implementation due to poor communications with Arab municipalities and their insufficient responsiveness to tenders and available budgets.

Ministry of Culture and Sports: The Ministry of Culture and Sports also reported that it does not separately track GR-922 funding, nor has it set any specific targets under 922, but is planning to conduct a mapping of needs in Arab society in 2018. Activities conducted over the past two years include: NIS 15.5 million has been allocated for festivals and events and around NIS 55 million have been allocated to fund cultural initiatives on the local level. The ministry also supports the establishment of sports facilities and allocated around NIS 70 million for this issue. The ministry noted a number of barriers that delay or prevent implementation: lack of sufficient awareness and responsiveness of Arab municipalities (e.g. of 69 soccer fields approved for construction, only 44 municipalities presented a request for funding); the slow pace of implementation on the local level and the lack of available land for new facilities.

Ministry of Health: The sole item mentioned under GR-922 in terms of health services in Arab society is to unify the hospitals in the city of Nazareth. In the first two years no agreement was reached, one of the barriers being that these hospitals are privately owned and, for example, the Italian Hospital has appealed to the Supreme Court against the planned unification. In parallel, a new initiative to answer the health needs of Arab society in a systemic manner is being developed by a team from the ministries of Health and of Social Equality.

²² While reported as part of GR-922, enhancing personal security in Arab municipalities is budgeted at an additional NIS 2 billion under a separate Government Resolution (No. 1042 of April 2016).