



**GOVERNMENT RESOLUTION 922 (GR-922):
FIVE-YEAR ECONOMIC DEVELOPMENT PLAN FOR ARAB SOCIETY (2016-2020)**

One-Year Extension • 2020 Progress • Future Multiyear Plan

November 2020

On October 25, 2020, the Government of Israel approved a one-year extension to GR-922, the five-year economic development plan for Arab society spanning 2016-2020. This extension ensures the availability of unused GR-922 budgets in 2021 and commits to the formulation of a subsequent multiyear plan. It includes amendments to key housing development initiatives to enable better implementation in the coming year and retains adjustments to national budgets that were stipulated as part of the GR-922 agreement.

The extension comes on the heels of a September 22, 2020 meeting of the GR-922 inter-ministerial steering committee that reviewed progress through mid-2020. Data collected in 2020 shows that, despite the Coronavirus crisis, advances were made both in allocation and implementation of budgeted funds. Still, significant barriers and delays to implementation means significant GR-922 budgets remain unused and many of its objectives are only partially met.

This short update includes the main implementation figures from the latest GR-922 progress report and details the commitments and amendments included in the extension.

For more detailed insights, see the [Task Force's GR-922 Fourth Year Progress Report](#), based on the January 2020 steering committee meeting.

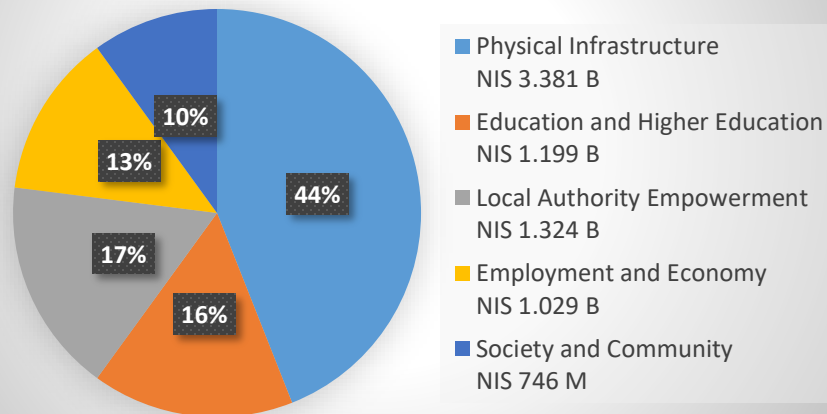
MID-2020 IMPLEMENTATION STATUS

The main measure used to report on overall GR-922 progress is the allocation and use of budgeted funds. By mid-2020, budget allocations (the transfer of budgets from the Ministry of Finance to relevant implementers, including ministries, local authorities, management companies) reached **NIS 7.680 billion**, or nearly **75%**, of the total GR-922 five-year budget of NIS 10.7 billion. This reflects allocations of **NIS 1.649 billion** since mid-2019.

As of mid-2020, at least **NIS 3.653 billion** of the total NIS 7.680 allocated has been spent for an overall **implementation rate of 47%**. Of this, **NIS 735 million** has been implemented since mid-2019.¹

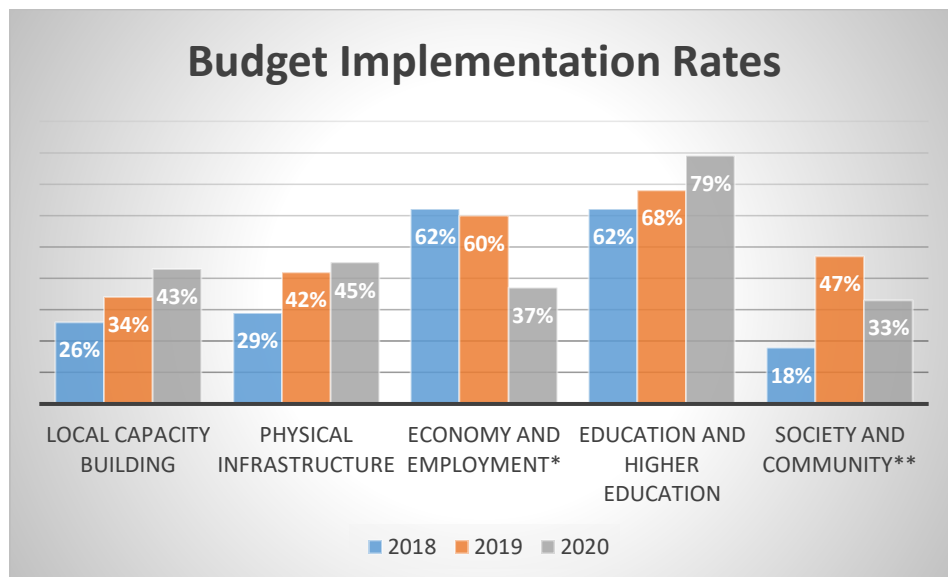
¹ Budget implementation might exceed 47% because (i) it reflects only processed payments, and (ii) many projects progress gradually with payment processed only upon completion.

GR-922 Budget Allocation: mid-2020 NIS 7.680 Billion



- FADI: Went down – difference from Jan – Sept. 540m shekels, then went to 734m. one ministry sent more detailed information. For the first time sent info.

Budget Implementation Rates



***Economy and Employment:** The lower implementation rate in 2020 is due to a recent allocation of additional budgets for industrial zones which have not yet been spent, thus changing the ratio of allocated to implemented funds. (In general, industrial zones take an average of seven years to be planned and implemented.)

****Society and Community:** Similarly, the lower implementation rate in 2020 is due to increased allocations by the Ministry of the Negev and Galil, with no new data available regarding recent changes in implementation.

Major Barriers

The complexity of planning for infrastructure and construction remains by far the most significant barrier to overall implementation. Budgeting issues, local capacities, and coordination among stakeholders are also cited as major barrier categories:

- **Lengthy and complex planning processes** for land and zoning realities in Arab society (including significant shortage of state land) lead to delays, higher than anticipated costs, complexities beyond the capacities of local authorities, revocation of approvals by planning bodies due to expiration, poor initial planning and more.
- **Budgeting issues** include delays in government ministry payments, inadequate budgets for scope of projects, and inability of local authorities to provide matching.
- **Poor interface and cooperation** between and among local authorities, relevant government agencies, management companies, contractors and planning boards.

For a detailed discussion of major progress and barriers insights see the [Fourth Year Progress Report](#).

GR-922 ONE-YEAR EXTENSION

Over the course of GR-922's fourth and fifth years, both government officials and civil society organizations coordinated by the National Council of Arab Mayors (NCAM) have been preparing proposals for a subsequent multiyear plan (see [Task Force update on civil society proposals, here](#)). Due to prolonged general elections (spanning 2019-2020) and lack of national budget, it has not been possible to formalize a new economic development plan.

By mid-2020, both government ministries and the NCAM were advocating for a one-year extension to (i) retain remaining unused budgets within GR-922 in the absence of a new plan; (ii) secure adequate time to adapt a new plan to new socio-economic realities and priorities in the wake of the Coronavirus crisis; and (iii) pass immediate amendments to improve implementation of housing and public transportation efforts and add budgets for public health and violent crime reduction.

On October 25, a one-year extension was approved for GR-922. The extension:

- secures continued access to all unused budgets,
- preserves 2020 national budget rates set by GR-922 to be directed towards Arab society,
- includes housing and public transport amendments (details and questions below), and
- commits the Ministry of Social Equality to formulate a new multi-year plan.

Public health and violent crime amendments were *not* included in the extension, nor does the extension impose on the Ministry of Social Equality to prepare a multiyear plans for the Bedouin population in the Negev, the Druze, or the Circassians, which all fall under other ministries.

Amendments

Strategic Housing Agreements: This flagship housing effort within GR-922 is designed to progress 10 of the 15 largest Arab local authorities along a 3-stage process to develop large-

scale residential complexes on private and state land, including public facilities, open spaces and economic infrastructure.

Over time, the conditions stipulated within GR-922 for local authorities to advance through stages proved to be onerous and a source of significant delays.² Additionally, the cap allowing only 10 out of the 15 authorities to progress was viewed as contrary to housing objectives.

The amendment thus removes the cap on how many localities can advance from Phase A to Phase B, given conditions are met, and eases conditions for moving from Phase B to Phase C. Instead of a minimum of 500 housing units, a locality must now show successful marketing and development of only 200 units (this too can now be exempted or further reduced on a case-by-case basis).

Public Transportation: GR-922 stipulates both that 40% of all national budgets for public transportation service additions, or NIS 100 million (whichever is higher), and 40% of national budgets for public transportation infrastructure will be directed to Arab society.

Because costly infrastructure development is often a prerequisite to additional and effective service in Arab society, the amendment enables funds from the additional service budgets to be used for transportation infrastructure.

However, the amendment may also reduce the total amount of funding for public transport by retaining only the requirement that 40% of the budget be spent in Arab society, not the required minimum of NIS 100 million. In recent years, NIS 100 million exceeded 40% of the budget for additional services, therefore, 2021 might see a budget shortfall in this area.

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² Ten local authorities have now advanced to Stage B, but this took three years and significant external support, versus the intended timeline of one year.