



Arab Citizen Employment in Israel Critical Concern and Great Potential¹

Inter-Agency Task Force on Israeli Arab Issues²

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² Where source of data and research was in Hebrew, translation is by the author. Figures are based on meetings held with- and data collected from the Authority for the Economic Development, the Ministry of Economy and JDC-TEVET. As often happens, there are differences between the exact figures, due to different measuring levels and criteria. However, numbers are, for the most part, close and paint a similar picture.

TABLE OF CONTENTS:

I. Introduction	3
Overview – economic gaps and the cost to Israel’s society and economy.....	4
II. Employment Figures	5
Gender gaps	7
Occupational gaps.....	8
Salary gaps	10
III. Key Socio-Economic Developments	11
IV. Barriers to Employment	13
Lack of economic infrastructure	13
Insufficient legal frameworks and enforcement of labor laws	14
Need to enhance professional capacities and qualifications.....	15
Cultural barriers – within Arab society and between Arab and Jewish citizens	17
V. Government Recognition	18
VI. Government Response.....	19
Major government decisions and resolutions	20
Major government programs.....	23
Addressing “supply” and “demand”	23
Enhancing supply	24
Enhancing demand.....	27
Current status and assessments	30
VII. Mapping of Civil Society Models	33
Enhancing employment	33
Focus on the public sector	36
Micro-Finance and business development	37
VIII. Ideas for Follow Up.....	39
Community education and awareness-raising	39
Strengthen existing initiatives.....	39
Matching and Investment Opportunities	39
Discuss “missing pieces” with Israeli government officials	41
Explore new models.....	41

I. Introduction

Over the past decade, there has been a significant increase in Israeli government efforts to close socio-economic gaps between Jews and Arabs³ in Israel. Enhancing the rate and quality of Arab employment is viewed today as key to closing these gaps and strengthening Israel's economy as a whole. While Arab citizens are an integral part of Israel's labor market, numerous historical processes have led to socio-economic gaps and distinct employment characteristics between Arabs and Jews that present unique challenges as well as opportunities for the national economy. Some researchers argue that Israel encompasses "two separate economies in the same space: one is a well-developed, advanced Jewish economy that is rapidly moving forward, and the other is a retarded, underdeveloped Arab economy."⁴

Attention to this issue has also been raised as a result of domestic and international developments including the October 2000 Events⁵ and the subsequent recommendations of the Orr Commission,⁶ governmental analyses of demographic trends, social movements protesting socio-economic conditions, and ongoing work by civil society organizations in Israel. In 2010 the issue gained international attention as part of Israel's accession process to the OECD (Organization for Economic Cooperation and Development) which identified employment and education for disadvantaged Israelis (mainly Arab and ultra-Orthodox) as two primary areas in need of improvement. The Trajtenberg Committee following the social justice protests of 2011 made specific recommendations to increase Arab employment as well as to develop housing in Arab communities and enhance Arab access to higher education. As a result, the government established a number of new professional bodies⁷ that are implementing numerous programs

³ In this paper we are referring to "Arabs" or "Arab society" in which we include Muslim (including Bedouins) and Christian Arabs, Druze and Circassian citizens of Israel. These terms are for the sake of convenience only.

⁴ ['Employment of Arabs in Israel – the Challenge of the Israeli Economy' \(Hebrew\)](#), Dr. Yousef Jabareen, head of research team, paper prepared for the *Israel Democracy Institute's 2010 Caesarea Conference*, p. 5

⁵ The October 2000 events were a series of protests in Arab villages in northern Israel in October 2000 that turned violent, escalating into rioting by Arab citizens, which led to counter-rioting by Israeli Jews and clashes with the Israel Police, ending in the deaths of 13 Arab demonstrators. The Orr Commission was established to investigate the police response to the rioting.

⁶ The Orr Commission addressed three major areas: (i) it criticized the Israeli police for being unprepared and using excessive force to disperse the protesting and rioting citizens. A number of policemen were reprimanded and two were released from duty; (ii) recommendations were made regarding a number of politicians and leaders – both Jewish and Arab; (iii) the Commission found that Arab citizens suffer discrimination. It criticized the government for failing to give fair and equal attention to their needs and stated that frustration with discrimination led to the outpouring of frustration in October 2000. The commission's report was highly controversial on all sides, and ultimately was adopted by the government.

⁷ These include: a special department under the Prime Minister's Office to promote the status of the Druze Communities established in 2005; the establishment, in 2006, of TEVET – a collaborative between JDC-Israel and the Israeli government;; the Authority for Economic Development of the Arab, Druze and Circassian Sectors established under the Prime Minister's Office in 2007; a special department to enhance employment within Arab society established in the Ministry of Economy (at the time called "Ministry of Industry, Trade and Labor") in 2010 and a special "Headquarters" for the development of the Negev Bedouin population established under the Prime Minister's Office in 2012.

to promote economic development for the Arab society at a total investment of approximately NIS 4.5 billion for the coming 4-5 years.

The aim of this paper is to offer an overview of the issue and its importance to Israel's society, economy and future, as well as to make the vast amount of related data, program information, legislation and policies more available and accessible. The paper highlights current employment realities, major challenges and opportunities, areas of progress and ideas for further advancement.⁸

Overview – economic gaps and the cost to Israel's society and economy

Arab citizens make up 20.6% of Israeli citizens or approximately 1.6 million people. Despite ongoing progress, significant gaps between Arab and Jewish citizens still exist in almost all socio-economic measures. Arab poverty rates, a telling indicator, are more than three times the poverty rates among the Jewish majority. According to the Authority for Economic Development of the Arab, Druze and Circassian Sectors (hereinafter "the Authority for Economic Development"), 51% of all Arab families and over 62% of all Arab children live in poverty, compared with 15% and 23.8% of Jewish citizens, respectively. Some 90% of Arab communities in Israel are rated on the three lowest socio-economic rankings by Israel's Central Bureau of Statistics (out of a total of ten possible rankings). In addition to low standards of living and difficult conditions on individual and community levels, high rates of poverty mean high costs to the country in state welfare services, lost productivity, lost tax revenue, and low consumer activity. Israeli government estimates indicate that Arab citizens, despite constituting more than 20% of the population, contribute only 8% to Israel's GDP at an estimated loss of over NIS 30 billion each year.

Current Arab men and women's employment participation rates⁹ are 69% and 26%, respectively (compared to 74% and 73% among Jewish men and women).¹⁰ Income and salary statistics show that Arab men, while having similar rates of participation as Jewish men, earn an average of 25%-50% less. Given demographic trends, the Israeli Bureau of Statistics warns that if current employment rates persist, there will be a significant drop in overall employment and in the Israeli standard of living—thus exacerbating socio-economic disparities, their associated societal costs, and jeopardizing Israel's long-term economic stability.

The Israeli government has set ambitious goals for 2020 aiming to significantly increase Arab employment rates. While sheer increase in numbers is part of the equation, equally important is the quality and type of employment. Arab citizens today are overrepresented in low-skilled, physical, part-time, and low-wage labor and significantly underrepresented in most advanced industries and professions, in the academia, and in the public sector. Thus initiatives aiming to

⁸ It is important to note that the sphere of employment and of Arab employment in Israel is vast and complex and this paper does not purport to cover or analyze the entire field nor map all the numerous initiatives that currently exist.

⁹ There are two main ways employment is measured – one is the percentage of people actually employed at any given time, and the other is the percentage of people who are either employed OR are actively seeking employment. This second method, referred to as "employment rate," is used by the Israeli government and therefore in this paper.

¹⁰ Data from the Authority for Economic Development presentation, May 2013.

enhance Arab employment need to address factors that both increase the supply of an Arab workforce qualified for Israel’s advanced economy, and make advanced employment more accessible to Arab citizens. Employment preparation among Arab citizens, diversity-awareness among employers, creating better employment infrastructure in the periphery, enhancing public transportation and ensuring job creation for Arab professionals throughout the country, are some of the major program areas being implemented today.

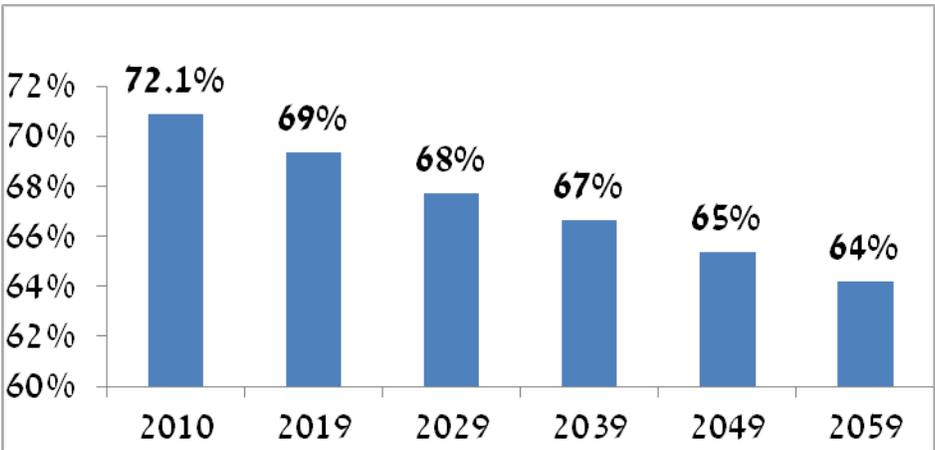
The issue of Arab employment is thus an area of both critical concern and great potential. Increasing overall labor participation and effectively integrating Arab citizens into Israel’s advanced job market stands to strengthen the economy, help close economic gaps, and stem costs associated with high rates of poverty and low economic activity in Arab communities—creating a more equal society and strengthening Israel’s social fabric.

II. Employment Figures

As mentioned above, in Israel, employment participation is measured to include anyone either employed or who has actively sought employment in recent months. Today, the overall employment rate stands at 72.1% and is similar to the average employment rate in the OECD countries – 72.5%. However, this is a combined rate that averages substantial variations between and within Arab, Haredi and non-Haredi Jewish populations.

According to the Israeli Bureau of Statistics (IBS), demography will play an important role in changing the Israeli labor market over the next 40 years (See [Figure 1](#)). While today 76.2% of the working-age population are non-Orthodox Jews, 17.3% are Arabs and 6.5% are Orthodox Jews, the moderate scenario out of several prepared by the IBS shows that by 2059, only 51.4% of working age population will be non-Orthodox Jews, 25.6% will be Arabs and 23% will be Orthodox Jews. Under this scenario, if the current employment rates persist, there will be a significant drop in overall employment and in the Israeli standard of living.

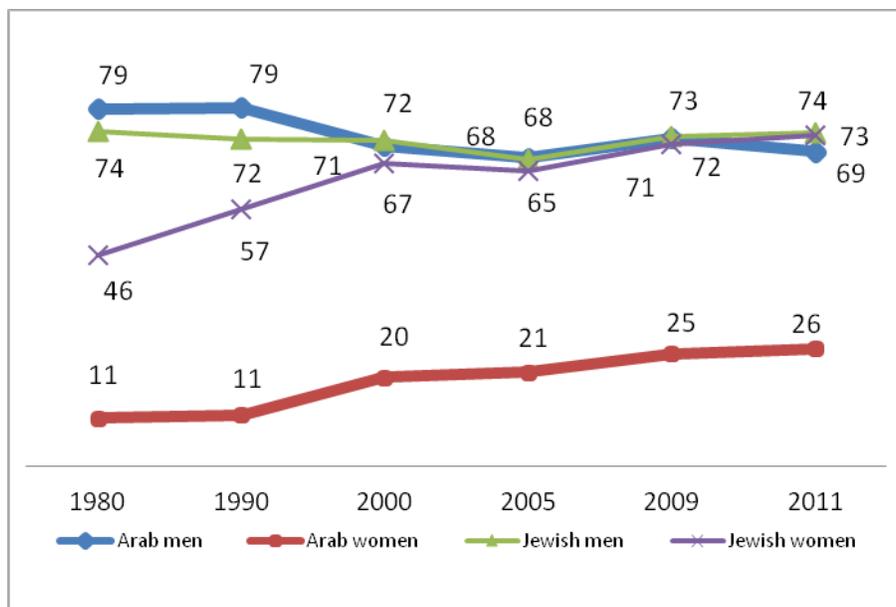
Figure 1. Consequences of Demographic Predictions on Employment Rates
Data from the Director of Employment Regulation, Ministry of Economy



As recently as May 2013, the National Economic Council warned the cabinet that the “Israeli economy cannot thrive without ultra-Orthodox Jews and Israel's Arabs being more fully integrated into the workforce.” However, it assessed that “if the three population groups are indeed integrated into one productive workforce, by 2030 Israel will once more be competitive in the world economy.”¹¹

Over the last three decades, (see [Figure 2.](#)) employment rates for Jewish men have, for the most part, remained steady, dropped by around 10% for Arab men and rose significantly for Jewish women. Arab women’s rates more than doubled but still remain very low overall. Causes for lower employment participation rates and lower household income are attributed to a matrix of factors including historical processes, government investment gaps, discrimination and cultural barriers among others (all of which are discussed more fully below). Employment figures, meanwhile, are presented in this section according to gender, age, educational and occupational lines to provide a more details view.

Figure 2. Work Participation Rate in Israel, ages 18-66¹²
Data from the Authority for Economic Development



¹¹ [Israeli economy unsustainable if Haredim, Arabs don't join workforce, experts warn](#), Merav Arlozorov, *The Marker*, 13.5.2013. According to the article “The Council presented the cabinet with a slide, showing that between 1997 and 2012, the poverty rate of the non-Haredi, non-Arab population remained unchanged at 12%, while the rate among Arabs and Haredim skyrocketed from 38% to 58%. As a result, Israel's population consists of three separate countries: Arab Israelis, ultra-Orthodox Jews, and everyone else. And that last segment is actually contracting while the two weaker segments are growing.”

¹² The Authority for Economic Development uses a working age range of 18-66 for employment statistics on Arab society because the Arab community is for the most part exempt from military service and begins working life earlier than the average Jewish youngster. While rates using this age range differ slightly as a result, the overall picture remains the same.

Participation within the working age population: Most Israeli government statistics use a standard working age range of 25-64. Based on this range, as of 2011, Israel has a working age population of 3.5 million people. Approximately 17%¹³ of these are Arab citizens, or nearly 600,000 people. Out of the working-age Arab population, only 52% are considered to be participating in the labor market (working or actively seeking employment). This means that 48% of the potential Arab workforce (or around 300 thousand people) is currently identified as “uninvolved,” or completely outside the labor market. Notwithstanding all other factors, then, it is no surprise that with nearly half of the working age Arab population not participating in employment, poverty levels are high.

Among Arab youngsters between the ages of 18-22, 38.5% neither work nor study (as compared with 17.3% of Jewish youngsters of the same ages). According to the Authority for Economic Development, the high rate of uninvolvedness is due to low levels of education, difficulty in being accepted into higher education and the labor market, and in some cases, due to taking time off after high school, rather than after army service as common among Jewish youngsters.¹⁴

Gender gaps

Arab women: Arab women are, by far, the most underemployed segment of Israeli society. Their current work participation rate is around 26% (compared with around 73% among Jewish women). This employment rate is low even in comparison with women in the surrounding Arab countries. Arab women have therefore been identified as high priority for Israel’s labor market and economic development. In addition to the extremely low level of employment, a specific characteristic of this group is partial, low-level employment too often under conditions that violate Israel’s labor laws. Recent studies indicate that the most decisive factor in enhancing the employment of Arab women is higher education. Among Arab women with an academic degree, 77% are employed (albeit not always in their studied profession, e.g. computer engineers working as teachers).¹⁵

Arab men: As mentioned above, while the general labor participation rate of Arab men is not very far of that of Jewish men (69% and 74% respectively), the quality and type of labor differs significantly, resulting in income discrepancies and, to a large extent, separate professional spheres. Arab men are overrepresented in low-quality, low-wage and physical labor and underrepresented in high-end professions. According to research conducted in 2009 by the Bank of Israel Research Division, this overrepresentation in physical labor contributes to a steep drop in employment participation among Arab men between 40-44 years of age. This is an extremely low drop-off age according to international comparisons – even when compared to Arab countries, and in the Israeli market specifically (by the age of 55, only about 50% of Arab men are still in the labor market). The Authority for Economic Development emphasizes that

¹³ This figure is lower than the 20.6% Arab population percentage because Arab community is relatively young and 50% are below the age of 20, as compared with the Jewish population that has a median age of 31.

¹⁴ *Education and Employment for Minorities in Israel*, Report to the Prime Minister, prepared by the Authority for Economic Development, September 2011, pp. 7-8.

¹⁵ Authority for Economic Development Presentation, May 2013

“there is unrealized potential of many productive years, which is not realized because of physical exhaustion, in types of jobs that should be reduced with the country’s technological progress.”¹⁶

Occupational gaps

As a general characteristic, Arabs active in the employment market are overrepresented in lower-skilled and lower-wage jobs relative to the Jewish majority. In 2011, the Bank of Israel presented the following figures at the Van Leer Arab Society Conference:¹⁷

- Approximately 50% of Arab men are characterized as “professional employees in industry, construction etc.”, while less than 25% of Jewish men fall under this definition;
- Approximately 18% of Jewish men are in professions requiring a higher education degree, compared to only 9% of Arab men;
- Approximately 13% of Jewish men are defined as “free and technical professions” (e.g., lawyers, engineers, etc.) as compared with around 5% of Arab men in this category; and
- Approximately 12% of Arab women are defined as “unprofessional workers” compared with only 6% of Jewish women.

In addition to being generally underrepresented in high-income and modern-market employment, Arab citizens are underrepresented in key fields where their presence would play an influential societal role beyond the individual value of quality employment. A few notable examples are:

Government service: Currently Arab citizens are integrated into the public sector at rates well below the population proportion. As of 2011, Arabs comprised only 7.78% of the government’s 64,000 employees (including government, municipalities, governmental agencies and public services)¹⁸ and in a number of national public service companies they are all but absent.¹⁹ Beyond the sheer numerical ramification of this underrepresentation and the important aspect of proportionality, Arab participation in the public sphere is critical for inclusion of this community in decision making apparatuses, and for the planning and implementation of culturally-sensitive public services.

Government subsidized business: The Israeli government publishes tenders for procurement contracts, through which it receives services and goods from private sector suppliers of over NIS 30 billion per year. The Ministry of Economy also has a variety of tracks through which private sector employers can receive incentives, subsidies and development grants if they invest in Israel, especially in the periphery. In both of these cases, private companies are receiving substantial public funds. The number of Arab businesses serving as government suppliers is extremely low, and at present no regulations are included as part of contracts and

¹⁶ *Education and Employment for Minorities in Israel*, pp. 9-10

¹⁷ [See article](#) (Hebrew)

¹⁸ Israeli [Civil Service Commissioner website](#) (Hebrew)

¹⁹ For example, in 2010 only 2.2% of the employees in the Israeli Electrical Company were Arabs and in Mekorot – Israel’s National Water Company, less than 1% of employees were Arabs. [Statement by the Parliamentary investigative Committee regarding the Absorption of Arabs in Public Service, August 1, 2011](#) (Hebrew)

subsidies that require appropriate representation of Arab employees as a precondition for receipt of such public funds.

- **Procurement contracts:** The portion of Arab businesses among governmental suppliers is extremely low. In a paper prepared for the Ministry of Economy and the Economic Development Authority in 2010, this issue is seen as a major barrier to economic development in Arab society. The paper lists a number of key barriers that prevent Arab businesses from participating in governmental tenders, including: (i) the fact that tenders often include requirements for large-scale economic activity, national scope of services, or prior experience in working with the government. According to the study, these requirements are often unrelated to the actual service required by the specific tender - which may be much smaller or localized in scope - but they do act as a filter that keeps Arab businesses out, as most Arab businesses in Israel are medium-size or small. (ii) In addition, Arab businesses are often unaware of the existence of procurement tenders, since such tenders are usually published in Hebrew language newspapers and internet sites and are thus less accessible to Arab citizens. (iii) Arab businesses often lack professional level and international standards and certifications that are required in such contracts (e.g. ISO Standards). (iv) Lastly, there is also a barrier of perception among Arab businesses, who often choose not to compete for such tenders out of the assumption that they would not be chosen since they are Arabs.²⁰
- **Diversity requirements:** An important aspect of public procurement contracts is the option to create regulations that would encourage appropriate representation of Arab employees within private service providers as a precondition for receipt of public funds. In fact, this was one of the OECD's specific recommendations, but according to the government's response this is neither in existence nor is planned.²¹ A paper prepared in May 2011 by the Knesset Research Department for the Parliamentary Committee of Inquiry regarding employment of Arabs in the public sector,²² shows that similar mechanisms exist in countries around the world (e.g. Canada), where, even if diversity of the workforce is not a *prerequisite* for governmental procurement contracts or receipt of public funds, private sector companies need to *report* regarding workforce diversity, present specific work plans on how they intend to enhance the employment of minorities and periodically report progress.²³

²⁰ *Enhancing the Accessibility of Governmental and Public Procurement Contracts to Arab Sector Businesses*, Amin Fares, August 2010.

²¹ *Recommendation 7: "...Use Public Procurement Contracts to ensure... that fair employment of minorities is a condition for receipt of public funds."* According to the government's response "fair employment for minorities is pursued directly" through the Ministry of Economy and the EEOC "and not indirectly through the use of public procurement contracts". The report further states that "using government procurement contracts to ensure fair representation for minorities may be difficult to implement and may cause distortions". *Progress report to OECD*, p. 130.

²² *Enhancing the Employment of Groups Characterized by Underrepresentation – Comparative Mapping*, Knesset Research Department, Orly Almagor Lotan and Adv. Adina Tzadok, May 2011.

²³ [Sikkuy – the Association for Civic equality in Israel](#) is currently conducting a dialogue on this issue with a number of governmental ministries, including the Ministry of Finance which houses the Governmental Procurement Administration, and which has shown substantial interest in promoting such concepts.

The high tech industry: While the exact number of Arab employees in the Israeli high tech industry is unknown, all sources agree that just a few hundred Arab engineers are part of the sphere that is considered Israel's main economic engine.²⁴ A poll within Arab university graduates conducted by the Ministry of Economy in 2011 showed that the rate of Arabs who studied exact and computer sciences and are actually employed in the high tech industry stands at a mere 1.3%, while 50% of the graduates are employed as teachers. According to the Authority for Economic Development "this research uncovers an unreasonable phenomenon in which graduates with engineering and exact science degrees are almost never employed in their studied sphere....don't fulfill their academic potential nor their earning potential."²⁵

Academic staff: According to a recent report issued by Israel's Council for Higher Education (CHE) "although no reliable source of data exists... a careful informal approximation suggests that only around 2-3% of the academic staff in Israel's institutions of higher education budgeted by the PBC [the CHE'S Planning and Budgeting Committee] are Arabs and only around 1.5% of the administrative staff [are Arabs]."²⁶

Mainstream media: Arabs are almost non-existent as employees of mainstream media channels in Israel. According to research conducted by [Agenda – Israeli Center for Media Strategy](#) in 2007, only around one dozen Arab employees were found in all media outlets combined (including the three major TV channels, cable companies, radio, major internet news sites, and major production companies.)²⁷ Although more recent data is not available, experts estimate that only a very slight improvement has taken place.

Salary gaps

According to numerous studies, there are substantial salary gaps between Jews and Arabs in Israel²⁸. Salary gaps are the result of the different levels of education and occupation between the two populations and, to some extent, the result of discrimination between people of similar characteristics. A paper prepared by the Authority for Economic Development refers to research conducted in 2005 and 2006, which found that salary gaps between Jews and Arabs have grown from around 12% in 1987 to over 25% in 2005. According to 2007 Ministry of Economy data, 42.2% of Arab women who were employed received between NIS 2000-NIS 4000 a month compared to approximately 26% of Jewish women in that salary range. An

²⁴ According to [Tsofen](#), an NGO specializing in enhancing the participation of Arabs in high tech (see in [Mapping of Civil Society Models](#) below), "out of 85,000 positions in the Israeli high tech industry, only 1,200 are manned by Arabs". Jabareen and his research team estimated in 2010 that "only 1.1%" of high tech employees are Arabs, 'Employment of Arabs in Israel – the Challenge of the Israeli Economy', p. 28

²⁵ *Education and Employment for Minorities in Israel*, p. 13

²⁶ 28 higher education institutions – including both universities and colleges – fall under this category. [Pluralism and Equal Opportunity in Higher Education: Expanding Access for Arabs, Druze and Circassian in Israel](#), Council for Higher Education Report, January 2013 (Hebrew with English executive summary)

²⁷ *Agenda Research Examining the Representation of the Arab Population in the Hebrew Media in Israel, 2006-2007*.

²⁸ E.g. According to research conducted by the [Adva Center](#) 34.3% of all Arab employees in the Israeli market receive a "low salary" (as defined by the OECD. a low salary is one which is lower than 2/3 of the median salary in the market). [See the full research paper](#) (Hebrew)

additional 16% of Arab women were employed at a monthly salary of less than NIS 2000. This means that many women did not receive the minimum wage required by law.²⁹

In 2011, both The Bank of Israel and Authority for Economic Development published data that showed salary gaps have grown further. Bank of Israel research found salary gaps of almost 50% between Jewish and Arab men and over 40% between Jewish and Arab women³⁰ while the Authority for Economic Development found the average salary of an Arab woman employee was NIS 4,711, which is 72% of the average salary of women in Israel, and the average salary of an Arab man was NIS 5,894, which was 59% of the average salary of men in Israel.³¹ Furthermore, Bank of Israel research approximated that 25% of salary gaps between Jewish and Arab men, and around 20% salary gaps between Jewish and Arab women are “unexplained” and can be understood to be the result of “labor market discrimination.”³²

The combination between the gaps in education, in the types and levels of occupations and in salaries on the one hand, and the higher birthrate among Arab society on the other (2.6% as compared with 1.7% in the non-Orthodox Jewish society) ultimately result in significant per capita income gaps. In 2007, the gross monthly per capita income in the Arab society was NIS 1,860, while the monthly per capita income in the Jewish society was NIS 5,149, a difference of almost three times as much³³.

III. Key Socio-Economic Developments

Current weaknesses in Arab employment are a direct result of a wide range of barriers to employment – social, economic, and cultural – that developed through a number of historical and socio-economic processes. To provide context before listing specific barriers, a few of the major developments that significantly affected the fabric of Arab employment in recent years are listed below:

Modernization of the Israeli labor market: the Israeli labor market went through a rapid process of modernization and professionalization over the past few decades. Arab employees, who, in the 70s and 80s, were employed in large numbers in agriculture, textile and construction industries, became unemployed either as a result of factories closing down or moving to other countries (much of the textile industry, for example, moved to places with lower production costs in the 90s), or as a result of the foreign workers who replaced them in these spheres.

Israel’s shift to an economy driven by an advanced professional sphere further concentrated economic growth in the country’s center and favored urban, academically educated professionals within known professional networks. Arab citizens, who in large measure live in Israel’s periphery—where significantly lower governmental investments were made in industry,

²⁹ *Education and Employment for Minorities in Israel*, p. 11

³⁰ “[Israel 2011: Salary gaps between Arabs and Jews stand at 50%](#)” *The Marker*, November 27, 2011 (Hebrew).

³¹ Authority for Economic Development presentation, May 2013.

³² “Israel 2011: Salary gaps between Arabs and Jews stand at 50%” <http://www.themarker.com/career/1.1576961>

³³ *Education and Employment for Minorities in Israel*, p. 3. While more recent data is unavailable, as salary and poverty gaps have grown since, it appears the situation had not improved significantly.

infrastructure, roads, public transportation etc., attend a separate education system with lower-performing schools, and have fewer advanced professional predecessors in the labor market, have been ill-positioned to follow in the direction of Israel's economic growth engine.³⁴

Higher education as a prerequisite to quality employment: With professionalization of the labor market, higher education became an unequivocal prerequisite to advanced, quality employment. Although there has been important progress over the years, Arab citizens continue to have significantly lower levels of education than the Jewish majority. While among Jewish society almost 50% have 13 years of schooling or more, within Arab society only around 24% have such higher education. Conversely, while among Jewish society only 7.5% have less than 8 years of school, in Arab society that number is 23% - three times more³⁵. According to the 2009 Annual Report of the Israeli Social Security Institute, the majority of Arab households below the poverty line had, as their main breadwinner, a person with 9-12 years of study. The Authority for Economic Development concludes that "the weakness of the [Arab] formal education system and the absence of an informal education system are the main basis for the inadequate integration [of Arabs] into the general job market, and to the extreme difficulty of being accepted into the higher education system in particular".³⁶

Shift in government approach to welfare: In the last decade, the Israeli government shifted from a welfare-oriented approach to communities and individuals in need, to focusing on enhancing employment. This included a dramatic reduction in welfare allowances such as child support, and major efforts to stimulate employment among welfare recipients modeled on the United States' "welfare to work" paradigm.³⁷ The effect of these policies was significant on the Arab population which is generally economically weaker and more dependent on welfare services than the Jewish population. On the one hand Arab society no longer had the same welfare support services from the state, and on the other, governmental tools and programs did not significantly enhance the employment of this community. At the same time, there was a significant shift in the government's approach, due to a growing recognition that existing governmental policies aimed at reducing levels of unemployment were ignoring a vast population of individuals who were completely *outside* the labor market. As mentioned earlier, Arabs constitute a major portion of this "uninvolved" population, and thus the new focus of governmental policies was again especially significant for them (see in [Employment Figures](#) above).

³⁴ [The Labor Market of the Israeli Arabs – Mapping of Characteristics and Policy Options](#), Dr. Eran Yashiv, Tel Aviv University and Nitza (Kleiner) Kassir, Bank of Israel, June 2010, pp. 16-17 (Hebrew). See [English language article](#) in Haaretz summarizing this research.

³⁵ [Pluralism and equal opportunities in higher education; Expanding accessibility to the Academia for Arabs, Druze and Circassian in Israel](#), Council for Higher Education, 2013, p. 27. (Hebrew with English Executive Summary).

³⁶ [Education and Employment for Minorities in Israel](#), September 2011.

³⁷ One of the most well-known implementations of this approach has been the so-called "Wisconsin Program." This program, formally called "*Orot LeTa'asuka*" (Lights to Work) was piloted in August 2007 as a modification on a previous "welfare to work" program implemented since 2005. It created an intense public debate and continued until April 30th 2010, when the interim regulation expired and members of the Knesset's Labor, Welfare and Health Committee objected to continuing the program in the same format. In recent months, as part of the national budget discussions, the government suggested reactivating a modified version of this program, which will be implemented nation-wide.

IV. Barriers to Employment

The numerous barriers to integrating Arab citizens in Israel's job market can be divided into three major categories: a lack of economic infrastructure, a need to enhance professional capacities and qualifications, and cultural barriers, including those within Arab society and those between Arab and Jewish citizens.

Lack of economic infrastructure

A high level of “peripherality”³⁸: Around 70% of Arabs in Israel live in the poorer peripheral regions of the country (57% of Arabs live in the Galilee and northern region and 13% in the Negev) and thus suffer from the general disadvantages of Israel's periphery, including low level services, inadequate or non-existent public transportation and low-grade, scarce commercial infrastructure. They therefore have fewer employment opportunities closer to where they live and more limited access to the job market in the center of the country. Recent major policy research conducted by Prof. Eran Yashiv of Tel-Aviv University and Dr. Niza Kassir of the Bank of Israel concludes that “Israeli Arabs are living in economic and geographical Ghettoes” that make it extremely hard for them to integrate into Israel's mainstream labor market.³⁹ As mentioned earlier, the vast majority of Arab cities and councils are extremely weak financially and professionally, and rank in the lowest three clusters (of a total of ten) by the Ministry of Interior. This weakness is seen as a major barrier to economic development within the communities.

Lack of industrial and commercial zones near Arab localities: Industrial areas are scarce in and around Arab localities. For example, based on the data of the Ministry of Economy from 2010, 66,300 dunams are slated for industrial development in local councils in Israel's northern and southern regions, out of which only 3.2% are located in 20 Arab local councils. Out of those, only around 60% have actually been marketed. In Israel's northern region, 51% of the population is Arab, but only 18% of the industrial areas in that region are under the jurisdiction of Arab localities.⁴⁰ This is partially due to the fact that the vast majority of Arab localities are small villages, where building industrial parks is not economically viable. In addition, most of the industrial areas that are located in Arab localities are built for small businesses and small industries (e.g. carpentries and garages) and lack both the manpower and physical capacity to absorb large factories that may act as anchor industries. Likewise, most Arab localities also lack local commercial and service areas that could serve as a source of employment.

Inadequate public transportation: Many Arab localities are not connected (or are very poorly connected) to the public transportation system. With few employment opportunities available

³⁸ The “*Peripherality Index*” developed by the Ministry of Interior ranks all municipalities and councils in Israel based on a series of characteristics, placing each of them in one of five categories: “highly peripheral,” “peripheral,” “medium,” “central,” and “highly central.” The vast majority of Arab localities are defined as “highly peripheral” or “peripheral.” [Ministry of Interior Research Department paper](#) (Hebrew)

³⁹ [The Labor Market of the Israeli Arabs – Mapping of Characteristics and Policy Options](#), (Hebrew) Dr. Eran Yashiv, Tel Aviv University and Nitza (Kleiner) Kassir, Bank of Israel, June 2010, pp. 4-5.

⁴⁰ *Employment of Arabs in Israel – the Challenge of the Israeli Economy* (Hebrew), Dr. Yousef Jabareen, head of research team, p. 6.

locally, it is often necessary to commute outside Arab communities in order to work. The absence of public transportation makes even relatively proximate employment centers like Haifa or Beer Sheva, major cities that are only 30-40 miles away for many Arab localities, all but inaccessible.⁴¹ The same is also true for students trying to reach higher education institutions and people who want to reach business, entertainment, cultural centers and the like. Some employers provide a shuttle service from villages to workplaces but this is usually only viable in group hiring schemes and is not a solution for the individual job seeker. In towns where public transportation was improved over the past few years, (e.g. Kfar Kassem, Rahat, Daliat El Carmel) these systems are fully utilized for commuting to work, school and other purposes.⁴²

Shortage of early childhood programs and support for mothers: There is a notable shortage of state-recognized and subsidized early childhood frameworks in Arab communities across the country. In addition, governmental funding and subsidy schemes available do not always match Arab culture and employment patterns of Arab women.⁴³

These last two issues were specifically identified by the OECD as areas requiring major improvement.⁴⁴

Insufficient legal frameworks and enforcement of labor laws

Inadequate anti-discrimination frameworks: According to Israeli legislation, the Equal Opportunities in Employment Law forbids employers to discriminate against employees for various reasons, including nationality and ethnicity. A recent study by Adv. Talya Steiner of the Israeli Democracy Institute claims that the current legislation and enforcement systems are inadequate to address discrimination against Arab citizens in the Israeli labor market and manage to address “only the tip of the iceberg.” According to the research, the current enforcement mechanism is based on a responsive approach that can only be activated if an employee complains; legal practices are unsuitable to address such deep rooted societal issues; and finally the mechanism created under the Ministry of Economy to redress this issue – the Israeli Equal Employment Opportunity Commission (EEOC) (see [Government Response](#) section below), is lacking in capacity, mandate and budgeting. The paper encourages the government to create strategic partnerships with private sector employers so that, in addition to enforcement and addressing complaints, employers would be asked “to lead a deep inter-organizational process to remove barriers”. It also recommends that the EEOC should become an independent authority and should be significantly strengthened.⁴⁵

⁴¹ [Education and Employment for Minorities in Israel](#), p. 15. See also research reports on this issue by Sikkuy (From Barriers to Opportunities – Public Transportation in Arab localities (Hebrew. See an English language) summary in a [Marker magazine article](#) and by the Abraham Fund Initiatives ([Public Transportation in Arab Localities](#) (Hebrew)

⁴² Authority for Economic Development presentation, May 2013

⁴³ Education in Arab Society – Ages 0-9, Special Report by the Authority for Economic Development, August 2011 (Hebrew).

⁴⁴ “Recommendation 9: Invest more in public infrastructure (roads/transport) and childcare in the periphery, and/or areas with large Arab populations.” Report to the OECD, June 2012, Chapter 4.

⁴⁵ [Combating discrimination against Arabs in the Israeli Workforce](#), Talya Steiner, supervised by Mordechai Kremnitzer, Israel Democracy Institute, May 2013.

Insufficient enforcement of labor laws: This issue presents a major challenge especially in relation to the employment of Arab women, which is “one of the most weakened and excluded groups in the labor market.” Arab women often earn well below minimum wages, and are commonly employed in part-time and seasonal jobs.⁴⁶ According to a report published by the Myers-JDC-Brookdale Institute in 2009, 37.6% of Arab women working full time in 2006 received less than minimum wage.⁴⁷ In addition, research in the field shows that many employers fail to fulfill their obligations regarding the provision of social rights (e.g. work insurance, pension funds) for Arab women employees. The Authority for Economic Development stresses that “there is a strong correlation between the substandard, low salary employment of Arab women and the low employment rate.” At the same time that low salaries discourage women from seeking employment, the lack of employment opportunities in Arab localities and insufficient enforcement of labor-laws allows such substandard employment to persist. The paper summarizes that “insufficient enforcement of labor laws creates a barrier for legal employment of Arab women.”⁴⁸

Need to enhance professional capacities and qualifications

Language: Proficiency in Hebrew and English present a major barrier to the integration of Arab citizens in the general Israeli labor market⁴⁹. For most Arab citizens, Hebrew is the third language they will learn (after the spoken Arabic learned at home and the literary Arabic taught in school), and English is the fourth language. For many Arabs from more peripheral and/or traditional communities, Hebrew proficiency is a problem regarding both higher education and employment, and the fact that most Arabs and Jews in Israel study in separate school systems, live in separate communities and increasingly watch different media outlets exacerbates this problem. English language skills especially, which are a prerequisite for high-end, modern-market, high-salary and managerial positions, present a significant barrier to the majority of Arab citizens.

Low Levels of Educational Attainment: Insufficient educational infrastructure and investments, leading to consistently low achievement and performance, are some of the most significant barriers to meaningful employment and appear repeatedly in all research and data.⁵⁰

- **Years of study:** Despite significant progress over the years, gap between the average years of study in the Jewish and Arab populations remain almost constant. Currently, Arabs attain an average of 11 years of study (meaning that many Arab youngsters do not

⁴⁶ *Education and Employment for Minorities in Israel*, p. 11

⁴⁷ [Arab Women's Employment Between Ages 18-64](#), Judith King, Dennis Naon, Avraham Waldo-Tsadik, Jack Haviv, Myers-JDC-Brookdale Institute, 2009. (Hebrew) Minimum wage in 2006 was NIS 3,585. As of October 1st 2012, the minimum wage in Israel is NIS 4,300 a month.

⁴⁸ *Education and Employment for Minorities in Israel*, p. 11

⁴⁹ This barrier is mentioned in numerous reports. It was identified by the Committee to Examine Labor Policies in Israel, led by then Deputy Head of Bank of Israel, Prof. Zvi Ekstein (thus known as the “Ekstein Committee”), which was established by then-Minister of Labor Binyamin Ben Eliezer in August 2009 and submitted its findings in June 2010. See also in [the CHE's report on barriers to integration in higher education](#) p. 46.

⁵⁰ A detailed analysis of this issue can be found in: [Higher Education for Arab Citizens of Israel: Realities, Challenges and New Opportunities](#) Inter-Agency Task Force on Israeli Arab Issues Briefing Paper, 2012

complete high school), compared to 14 years at average among Jewish community. The Authority for Economic Development states that “the most concerning figure is that 25% of the Arab population has between 0-8 years of study (as compared with only 4.6% among Jews).”⁵¹ A significant point in the education continuum seems to be 9th grade in which there is a 15.7% dropout rate (compared with around 5.3% in the Jewish society).⁵²

- **Infrastructure and Achievement levels:** As detailed in a recent report published by Israel’s Council for Higher Education (CHE), the Arab education system ranks lower on all measures. Arab schools have more students per classroom, fewer excelling teachers, higher dropout rates, lower scores on standardized tests - especially in English and mathematics and on the Psychometric Exam, and a lower rate of acceptance into higher education institutions. Within the higher education system, only 12.4% of all first degree students are Arabs (about half of their rate in the general population in these ages), and this number drops significantly in the more advanced degrees: 8.2% of all MA students and only 4.4% of all PhD students are Arabs.⁵³

Lack of professional diversification: Arab youngsters that pursue higher education tend to concentrate in certain fields, yielding overrepresentation in certain professions (e.g. this year 42% of all pharmaceutical students and 36% of all nursing students are Arab), and underrepresentation in fields that are often in high demand (only 6% of most engineering students, and 3% of all business and industrial administration students are Arab)⁵⁴. As a result, fields with a demand for qualified workers are in short supply of qualified Arab candidates, and other fields suffer from oversupply of qualified professionals, and educated Arabs are unable to find work in their field.⁵⁵

Lack of exposure, information, and role models: Arab youngsters today are still often the first generation in their families to pursue professional careers and seek higher education for employment within Israel’s advanced economy. Thus, youngsters typically lack role models from their own community who have ‘made it’ and are familiar with Israel’s higher education system, the job market and the vast variety of options and directions available. In addition, employment-oriented education and career counseling are almost nonexistent in Arab schools. Arab youngsters must therefore learn to navigate the system on their own even while they are trying to forge their path within it, often resulting in decisions (such as studying abroad in Jordan and the Palestinian Authority or choosing to follow employment paths) that are not optimal for a future career in Israel.

⁵¹ According to Ministry of Economy data from 2008, *Education and Employment for Minorities in Israel*, p. 15

⁵² Ibid. p. 4.

⁵³ [*Pluralism and equal opportunities in higher education; Expanding accessibility to the Academia for Arabs, Druze and Circassian in Israel*](#), Council for Higher Education Report, 2013. (Hebrew with English Executive Summary)

⁵⁴ Central Bureau of Statistics Analysis of Arab students in Universities and Colleges,

⁵⁵ This is very apparent, for example, in the education field, in which there are thousands of unemployed Arab teachers.

Cultural barriers – within Arab society and between Arab and Jewish citizens

The role of women: Traditional Arab society emphasized the role of women in the home as caretakers of large families and the community. Over the last couple of decades there is growing acceptance of women's employment and educational attainment, though women still face resistance, especially in more traditional communities, where women may still be expected to return home at night while studying or remain inside Arab society for their employment. A survey conducted in 2010 among 1,500 Arab women showed that they have a strong desire to find work (43% of all unemployed women expressed such a sentiment), but at the same time prefer working close to home (73% of unemployed Arab women expressed such a sentiment) "due to their numerous roles."⁵⁶ Arab women also rank lower on numerous statistics such as years of study (almost 29% of Arab women have less than 8 years of study, as compared with 4.5% in Jewish society), Hebrew proficiency etc.⁵⁷, which at times make them illegible or unable to participate in governmental training programs. Those who seek employment face additional challenges especially if they are also mothers, due to insufficient childcare infrastructure in the Arab communities and due to cultural pressures as mentioned above.

Exclusive professional networks: Employers tend to recruit from their own sectors. This seems to be especially true in the relatively small and intimate Israeli society. Most of the professional and informal networks and personal relationships that often connect Jewish-Israelis to available positions within companies may not exist for Arab candidates (e.g. acquaintances from the IDF or from specific university departments such as computer engineering, management and business where Arab presence is scarce). As a practical example, the fact that an extremely low number of Arabs work in the high tech industry, and that many high tech companies use a "friend bring friend" recruiting system, creates a vicious circle that perpetuates the status quo.

Prejudice and discrimination among Jewish employers: Prejudice, which exists in the Israeli market, is hard to measure and is assigned different weight depending on the research. The Authority for Economic Development conducted a study in 2011⁵⁸ among Jewish employers and adults in which 80% of the respondents said that it is important for Arab citizens to find jobs; 22% admitted to openly discriminating against Arabs, and 53% described the problem not as discrimination but as "objective" conditions making Arabs "unfit" for the Jewish labor market. Interestingly, even those respondents who were in favor of employing Arabs had specific perceptions of "the Arab employee", who they could easily imagine in the construction field, but hardly as an engineer or psychologist. In addition to such prejudice, according to various organizations working in the field, many employers are unaware of the talent pool and the opportunities for their businesses that lie within Arab communities.

⁵⁶ *Employment of Arabs in Israel – the Challenge of the Israeli Economy* (Hebrew), Dr. Yousef Jabareen, head of research team, p. 7.

⁵⁷ *Education and Employment for Minorities in Israel*, p. 15.

⁵⁸ *Ibid.* pp. 17-18

V. Government Recognition

The significant increase in Israeli government recognition of the need to enhancing employment in- and economic development of the Arab community was advanced by a number of social developments that each raised the level or awareness around the issue in their own way. These include:

The October 2000 events and the Orr Commission Recommendations: The demonstrations by Arab citizens that erupted in October 2000, and the killing by police fire of 13 Arab demonstrators, led to the establishment by then Prime Minister Ehud Barak of a National Commission of Inquiry "to examine the police's behavior during the clashes with Arab demonstrators." The Commission was a three people panel chaired by then Deputy President of the Supreme Court, Judge Theodor Orr (consequently known as the "Orr Commission"). In its report, presented to the government in August 2003, the Commission mentioned that one of the main causes for the demonstrations was the "failure" of "numerous Israeli governments" to "show sensitivity towards the needs of the Arab sector, and the insufficient actions [of governmental institutions] to equally allocate the resources of the state towards this sector."⁵⁹ The Commission made a number of "institutional" recommendations, including defining "treatment of the Arab sector" as "a highly important and sensitive issue, which is a priority for the country, and as such must have the personal involvement, treatment and personal leadership of the Prime Minister." The Commission stated that "the state should initiate, develop and implement programs for closing socio-economic gaps, with special emphasis on budgeting, as far as education, housing, industrial development, employment and services are concerned. Special attention must be given to the welfare and distress of the Bedouins."⁶⁰ The Commission's recommendations were formally adopted by the government in September 2003. The events of October 2000 and the Commission's recommendations placed issues of socio-economic gaps and governmental neglect on the public discourse and eventually led, among other things, to the establishment of a special department under the Prime Minister's Office to promote the status of the Druze Community (2005) and the establishment of the Authority for Economic Development in the Prime Minister's Office (2007).⁶¹

Long-term effect of civil society efforts: Over the past two decades there have been numerous civil society organizations that addressed the issue of closing socio-economic gaps, promoting employment opportunities and enhancing equality between Jews and Arabs in Israel.⁶² These

⁵⁹ [Orr Commission Report](#), Chapter 6, Conclusions, no. 5 (Hebrew): [See a summary in English](#)

⁶⁰ *Ibid*, Conclusions, no. 12.

⁶¹ Following one of the specific recommendations of the "Lapid Committee" (a ministerial committee established to implement the Orr Commission's recommendations) "to establish an authority for the advancement of the minorities' sector." A number of papers and presentations prepared at the time by civil society organizations (notably [Sikkuy – the Association for the Promotion of Civic Equality](#) and [The Abraham Fund Initiatives](#)), argued that the conclusions of the Orr Commission should be translated into the establishment of an "Equality Authority" that will work to eliminate all gaps and institutional discrimination. In the end the mandate of the Authority for Economic Development was defined in narrower terms, as promoting the development of Arab society rather than aiming to reach full equality.

⁶² A very partial list of organizations in this sphere includes. [Abraham Fund Initiatives](#), [ACRI](#), [Adalah](#), [Adva Center](#), [AJEEC-NISPED](#), [Be-Atzmi](#), [the Center for Arab Jewish Economic Development \(CJAED\)](#), [Economic Empowerment for](#)

organizations used various approaches and methodologies including working to combat discrimination through lobbying and legal action, through reporting and analyzing state budgets and policies and through data collection; building innovative employment and service provision models that could be integrated into governmental services; using a combination of advocacy, legal action and community work to bring specific challenges and inequalities to public awareness and so forth. Civil society work was supported by a wide range of philanthropists and international sources. Over time this combined pressure, expertise and collaborations helped lead to the current governmental awareness to these issues and to partnerships between civil society and the government on numerous occasions.

Israel's accession process to the OECD⁶³: During the OECD's review of Israel's economy as part of its accession process, the OECD's Employment, Labor and Social Affairs Committee (ELSAC) published an in-depth survey of Israel's labor market and social policies.⁶⁴ The survey contained recommendations for improvement in five broad areas: "(i) enhancement of employment opportunities for disadvantaged populations; (ii) reducing gaps in education; (iii) the development of public infrastructure, such as transportation, in the periphery, particularly in the Bedouin sector; (iv) the expansion and reform of pension coverage; and (v) the status of foreign workers in the labor market." The first three of these five areas specifically highlight the Arab community as a priority. Israel was asked to submit a progress report on these recommendations within two years of its acceptance into the OECD. The report, issued in June 2012, includes detailed data on numerous governmental efforts, policies and programs aimed at enhancing the level and quality of employment (as well as education and transportation) within the Arab community.⁶⁵ (see [Major government programs](#) below.)

Social Justice Protest of 2011: The widespread protest for "social justice" that erupted in Israel in the summer of 2011 led to the establishment by the government of the Committee for Socio-Economic Change headed by Prof. Manuel Trajtenberg (thus known as the "Trajtenberg Committee"). A number of this Committee's recommendations specifically addressed the needs of the Arab community and led to substantial new governmental funding for development programs (see in [Major government decisions and resolutions](#) below). More generally, as many of the Committee's recommendations addressed the needs of Israel's weaker communities, they are extremely relevant to the Arab community.

VI. Government Response

As the level of urgency around this issue rose, the government passed significant resolutions establishing a number of major new governmental bodies and allocating a total of around NIS 4.5 billion in large-scale development and employment initiatives that specifically target Arab society. Following is a brief description of the major governmental decisions related to this

[Women \(EEW\), Itach-Maaki, JDC, Kav Mashve, Mossawa, Sikkuy, Shatil, Tsofen](#) and, [Yedid](#), (see mapping below of current civil society efforts for more details).

⁶³ [Organization for Economic Co-Operation and Development](#).

⁶⁴ [Purchase the full report here](#).

⁶⁵ [Progress Report on the Implementation of the OECD Recommendations: Labour Market and Social Policies](#) (hereinafter Progress Report to the OECD).

issue and then a number of the major programs they include. In addition, it is interesting to note that within national economic-development programs that are not specific to Arab society, allocations for Arab community are frequently budgeted over their proportional representation in recognition of the urgency and scale of the need.⁶⁶

Major government decisions and resolutions

Employment Targets for 2020: Based on demographic data and projections by the Israel Bureau of Statistics, the Ministry of Economy set target employment rates for Arab men and women that should be attained by 2020 which now serve as a point of reference for all government investments in this area. The targets are as follows:⁶⁷

Figure 3. Ministry of Economy Target Employment Rates for 2020

Population/Employment rates	Employment rates in 2011	Target Employment rates 2020
Arab men (ages 20-24)	55.9%	65%
Arab men (ages 25-65)	72.5%	78%
Arab women (ages 20-24)	20%	42%
Arab women (ages 25-65)	27%	41%
Total Israeli population (ages 25-64)	72.1%	76.5%

The absolute numerical value of these ambitious goals is that, for the Arab society alone, **300,000 additional jobs would need to be created over the next 8 years, which is around 175,000 more than the Israeli market's natural growth.** Thus increasing Arab employment participation requires addressing both facilitating the integration of the Arab workforce in the employment market and creating new employment opportunities.

Establishment of specialized professional bodies: over the past 7-8 years, the government established a number of professional bodies that have the specific mandate of enhancing development and employment in Arab society. These include: (i) a special department under the Prime Minister's Office to promote the status of the Druze Communities established in 2005; (ii) the establishment, in 2006, of TEVET⁶⁸ – a collaborative between JDC-Israel and the Israeli government, aimed specifically at developing new employment models for uninvolved or “weakened” populations, in which Arab citizens are a major focus; (iii) the Authority for Economic Development of the Arab, Druze and Circassian Sectors established following a special governmental resolution (no. 1204, January 2007) under the Prime Minister's Office and mandated with enhancing the economic development of Arab citizens of Israel, by “realizing their full economic potential,” “developing financial tools,” and “acting as an integrative coordinating, monitoring and planning body.” At present the Authority implements and oversees an unprecedented budget of over NIS 2 billion;⁶⁹ (iv) in 2008 the establishment by law

⁶⁶ Examples are the National Program for Children and Youth at Risk (“Schmidt Program”), and national educational reforms such as “Ofek Hadash” and “Oz Letmura” in the public school system.

⁶⁷ The Israeli government also has a number of key policies aimed at promoting the Orthodox-Jewish community, but that is beyond the scope of the current paper.

⁶⁸ Hebrew initials for *Tnufa BeTa'asuka* (“Momentum in Employment”)

⁶⁹ [Economic Authority website](#) (Hebrew)

of the Israeli Equal Employment Opportunity Commission (EEOC) under the Ministry of Economy; (v) a special department to enhance employment within Arab society established in the Ministry of Economy (at the time called “Ministry of Industry, Trade and Labor”) in 2010; and recently (vi) a special “Headquarters” for the development of the Negev Bedouin population established under the Prime Minister’s Office in 2012.

Enhancing the employment of Arabs in the public sector: A modification to Israel’s Civil Service Law from 1959, approved in 2000, states that among public sector employees there should be “appropriate representation to members of the Arab, Druze and Circassian populations.” At the time there were around 5% Arab employees in the various ministries of the Israeli government, and significantly less in public sector companies.⁷⁰ In November 2007 the government accepted Resolution no. 2579 that sets a specific target of reaching 10% Arab public-sector employees by the end of 2012 (at the time, Arab ministerial employees were around 6%). Although an inter-ministerial team was established to promote this Resolution, progress remained slow for numerous reasons, and in February 2008 a Parliamentary Committee of Inquiry was established, headed by MK Ahmad Tibi.⁷¹ In January 2009 an additional Governmental Resolution was passed (no. 4436) that approved new pro-active steps to promote this process. In May 2012, the State Civil Service Commissioner sent a letter to all human resource departments in the different governmental offices, governmental companies and major hospitals in the country, strongly demanding of them to actively seek to employ new Arab professionals, in order to reach the said goal. Among other things, the Commissioner stated he will not approve new positions for any public body unless he is “assured” that a third of them are aimed for Arabs. As of the end of 2011 (the most updated data available), current rate of Arab public sector employees is 7.78%.⁷²

The Five-Year Development Program for the Arab Sector: (Governmental Resolution no. 1539 from March 2010, approved budget: NIS 778 million, out of which around NIS 200 million are directly for employment issues).⁷³ This major development program was approved for the years 2010-2014 for the largest 13 Arab localities (that also demonstrate appropriate financial management), and covers a total population of 350,000 people, around 23% of all Arab citizens. The main goal of the program was defined as “creating an environment conducive to economic development”, which includes (i) strengthening the financial standing of the participating localities; (ii) enhancing accessibility to employment of Arab citizens with special emphasis on university graduates and on women; (iii) addressing the serious problems of housing and construction, to stop the “negative migration” from these localities; (iv) enhancing personal security and law enforcement. The program includes funds for opening new transportation

⁷⁰ Numbers do not include the Ministry of Education since, due to the separation of the education streams in Israel, it employs thousands of Arab teachers, principals, inspectors etc. as an integral workforce in the Arab schools.

⁷¹ In August 2011, [the Parliamentary Committee released data](#) according to which out of the 15,000 employees of the numerous public sector companies and authorities operating under the Ministry of Infrastructure, only 6% are Arabs, and that the average seniority of the Arab employees in them is less than 30% of that of the Jewish employees

⁷² [Israeli Civil Service Commissioner website](#): (Hebrew)

⁷³ [Full resolution \(Hebrew\) available here](#).

lines, developing new neighborhoods, law enforcement programs, industrial parks, and establishing One-Stop Employment Centers, among others.

Development Plan for the Druze and Circassian Communities: (Governmental Resolution 2861 from February 2011, approved budget NIS 653 million, out of which around NIS 65 million are directly for employment issues.)⁷⁴ This four-year program, approved for 2011-2014, includes plans for strengthening the Druze and Circassian municipalities (around 130,000 people), by strengthening economic activities, tourism and town planning, strengthening the education system, establishing youth centers and funding infrastructure of welfare institutions.

Development Plan for the Bedouin Communities in Northern Israel: (Governmental Resolution 3211 from May 2011, approved budget NIS 353 million, of which NIS 22 million are directly for employment issues.)⁷⁵ This five-year program specifically addresses the needs of the Bedouin community living in Israel's north (around 67,000 people) and includes programs such as assisting small and medium-size businesses, strengthening the education system, establishing One-Stop Employment Centers and funding infrastructure of welfare institutions.

Development Plan for the Bedouin Communities in the Negev: (Governmental Resolution 3708 from September 2011, approved budget NIS 1.262 billion of which around NIS 370 million are directly for employment issues.)⁷⁶ This resolution was taken as part of the adoption of the Praver Plan for the Implementation of the Goldberg Report on the Negev Bedouins, approximately 200,000 people.⁷⁷ This five-year plan includes establishment of One-Stop Employment Centers, early childhood frameworks, subsidies for employers who employ Bedouins, and development of existing industrial zones, as well as strengthening Bedouin local authorities, law enforcement, health promotion and other municipal services. This program is currently implemented by a special "Implementation Committee" headed by Gen. (ret.) Doron Almog.

Trajtenberg Committee Recommendations: As mentioned above, the Trajtenberg Committee's recommendations addressed the socio-economic needs of Israel's weakest communities (e.g. state subsidies for early childhood frameworks and for a long school day) and as such were particularly relevant to the Arab community. In addition, two governmental resolutions adopted recommendations specifically pertaining to the Arab community, Resolution no. 4193 of January 2012 and Resolution no. 4432 from March 2012:

Resolution 4193 allocated NIS 730 million, of which NIS 506 million is directed to employment issues.⁷⁸ This includes development of One-Stop Employment Centers, transportation subsidies,

⁷⁴ [Full resolution \(Hebrew\) available here.](#)

⁷⁵ [Full resolution \(Hebrew\) available here.](#)

⁷⁶ [Full resolution \(Hebrew\) available here.](#)

⁷⁷ The Bedouin Settlement Bill (known as the Praver-Begin Plan) is a government program to settle land disputes between the State and the Bedouin population in the Negev. The Plan was prepared by a team led by Ehud Praver, head of the Planning Unit in the Prime Minister's Office, and was adopted on November 2011 by the Government (decision no. 3707). At the same meeting, the government also adopted a large-scale economic development plan for the Bedouin population totaling over NIS 1.2 billion (decision no. 3708). The Praver Plan was consequently modified to some extent following a "listening process" of dialogue with the Bedouin community implemented by then-Minister Begin. The new Bill passed first Knesset reading on June 24, 2013.

⁷⁸ [Full resolution \(Hebrew\) available here.](#)

scaling up employment programs for Arab women (see [Eshet Chayil](#) below), technological education (especially for Arab women), and preparation towards higher education among others.

Resolution no. 4432 expands the housing programs already included in the Five-Year Development Plan, currently being implemented in 13 Arab municipalities, to almost all Arab towns and villages.⁷⁹ The program provides an additional NIS 50 million a year over the next five years to issues such as: detailed urban planning, subsidizing infrastructure for the development of apartment buildings, and a marketing campaign to encourage the construction of apartment buildings.

“Six Year Plan” of the Council for Higher Education: The CHE’s Planning and Budgeting Committee (PBC) signed its latest Multi-Year Agreement with the Ministry of Finance in October 2010 which allocated, among other sums, NIS 305 million towards the development and implementation of a strategic, long-term approach to enhancing access to higher education for Arab youngsters. Following this budgetary allocation, a special Committee to Enhance Accessibility of Higher Education to Arab Society was formed and finalized a Six-Year Strategic Plan with substantial increases of both government attention and funding and a special focus on enhancing employment opportunities for Arab university graduates.⁸⁰

Major government programs⁸¹

Under these large-scale resolutions a variety of programs and policies are being implemented, often in partnership with civil society organizations. These programs involve most governmental ministries – Economy, Transport, Welfare, Health, Interior, Internal Security and of course the Prime Minister’s Office, which houses the Authority for Economic Development as well as the Department for the Development of the Druze Communities and the Implementation Committee on the Negev Bedouin Programs. Budgets for these programs derive from a combination of budget lines within the various governmental resolutions mentioned above.

Addressing “supply” and “demand”

As indicated throughout this paper, an increase in the quantity and quality of Arab employment participation requires investments in both the “supply” and “demand” sides of the equation, and most government programs are defined as promoting one side or the other.

- **Supply:** The supply side includes enhancing the capacities, qualifications and skills of the Arab workforce as well as the availability and mobility of this workforce. This therefore includes both direct investment in human resource development – i.e. education, training and retraining, and investments in employment infrastructure such as early childhood care facilities and subsidies and public transportation.

⁷⁹ [Full resolution \(Hebrew\) available here.](#)

⁸⁰ The Six-Year Plan is further detailed in [the Task Force’s recent paper on higher education](#), and [on the CHE’s website](#) (Hebrew with English Executive Summary).

⁸¹ Data on the programs listed below is based on information from Ministry of Economy’s Director of Employment Regulation, the Authority for Economic Development and JDC-Israel.

- **Demand:** The demand side of the market involves enhancing employment opportunities for the Arab workforce near Arab localities and in the general Israeli economy – in both the private and public sectors. This therefore includes the establishment of new industrial parks in the vicinity of Arab localities, enhancing demand in the private sector through diversity awareness, anti-discrimination efforts and governmental subsidies, enhancing the employment of Arabs in the public sector etc. The aim is to create new jobs for the currently unemployed and “uninvolved” population, including finding appropriate employment for the thousands of highly qualified, educated and available Arab professionals who are currently unemployed or underemployed – i.e. employed beneath the level of their capacities and training.

Enhancing supply — addressing the capacities and qualifications of the Arab workforce and enhancing accessibility to employment opportunities

One-Stop Employment Centers: A NIS 200 million three-way partnership between JDC-Israel, the Israeli government (Ministry of Economy and the Prime Minister’s Office) and Yad Hanadiv Rothschild Foundation to establish One-Stop Employment Centers in 21 Arab localities throughout the country.⁸² The establishment of the centers is budgeted through a number of the resolutions mentioned above, since the government sees this as a major tool to enhance employment in Arab society. The program targets Arab “women and men, ages 18 to 60, who have either been chronically outside the workforce, employed at the lowest levels, or employed beneath their true capacity” with “a strategic emphasis on women’s employment.” The program established a new organization called Al-Fanar (“Lighthouse” in Arabic) to act as an implementing subcontractor thus ensuring Arab leadership and participation.⁸³

The Employment Centers program upgrades and scales JDC-TEVET’s employment center model, based on centers already operating in Arab localities such as Tamra, Sakhnin, Hura, and Segev Shalom. The Centers will provide services in the following three areas: (i) Guidance, support and training of the individual seeking to enter employment; (ii) Outreach and partnership with employers from the business sector and other venues of employment opportunity so as to work in parallel also on the “demand” side and (iii) Community outreach work within Arab society.⁸⁴ Thus the One Stop Centers aim to advance a holistic approach, becoming hubs that accompany people throughout their careers, from the pre-employment through higher and professional education, placement, during unemployment periods, and retraining if necessary.

⁸² JDC Israel has a special relationship with the Israeli government so that social service models developed by JDC are adopted by—and assimilated into—the government and then scaled up. In this instance, a 3:1 partnership agreement was developed in which the government (Ministry of Economy and Prime Minister’s Office) provide 75% of the total cost, while JDC-Israel provides the 25% matching through a strategic partnership with the Yad Hanadiv Foundation.

⁸³ According to a recent Yad Hanadiv paper, “The longer-term goal is to build Al-Fanar’s experience and reputation for expertise and effectiveness, such that it can independently win Government tenders to manage the Employment Centers from 2016.” *The Arab Employment Initiative*, Yad Hanadiv, 2013.

⁸⁴ *JDC-TEVET paper*, 2013. As of April 2013, seven centers are operating or in development. This number is expected to double by the end of 2014. Specific targets set by the government demand that by 2016, training will have been provided for 17,950 individuals, 40% of whom will have been placed in jobs (with 55% of these retained for at least 12 months). At least 15% of these jobs should pay above the minimum wage. *The Arab Employment Initiative*, Yad Hanadiv Paper, 2013.

Education: Since education is the number one factor for achieving meaningful employment, the government has initiated and expanded numerous programs – from early childhood to higher education – to enhance education in Arab society. An entire chapter in the government’s report to OECD entitled “*Addressing Barriers to Work for Minority Population Groups through Education*”⁸⁵ lists programs to expand teaching hours, improve infrastructure, train staff, modernize classrooms, strengthen career education, enhance access to education and higher education, among many others. The government also runs programs or partners with civil society organizations to provide vocational training and retraining for adults, youth and college graduates, as well as specific initiatives geared towards the high tech industry specifically (see in [Mapping of Civil Society Models](#) below).

Women’s employment: Due to low employment rates—and thus high potential—and to barriers specific to women, Arab women are a target group within most of the government’s employment programs. In addition, a number of programs address Arab women exclusively:

- **Riyadiya/Eshet Chayil (“Woman of Valor”) program:** This Ministry of Welfare program provides employment training to Arab women who have 10-12 years of education. Originally developed by JDC in the 1990’s for Ethiopian-Israeli women immigrants who had never participated in a modern workforce, the program was one of JDC-TEVET’s first to be adapted for Arab society. Known as “Riyadiya” in Arabic, the program provides participants with employment skills (Hebrew, basic computer skills), soft skills, guidance and accompaniment, and stresses immediate entry into employment. At a later stage, job clubs for working women aim to secure the participant’s long-term retention and advancement in the workplace. The program was formally fully adopted by the government and is currently implemented in 13 Arab localities and, as recommended by the Trajtenberg Committee, is being scaled to 36 more locations. In early 2013, the non-profit “Be-Atzmi” (“On My Own” in Hebrew) won the Israeli government tender to implement the model in communities across Israel.⁸⁶
- **Enhancing technological training for girls:** as part of implementing the recommendations of the Trajtenberg Committee, over NIS 75 million are allocated towards enhancing technological education for young Arab women. The Ministry of Economy is responsible for professional high schools and professional tracks within other schools throughout the country, and implements numerous programs to enhance technological training for youth (mostly girls) in over 15 Arab localities.
- **Childcare frameworks:** Along with public transportation in the periphery (see [Public transportation](#) below), availability of childcare was one of the specific recommendations made by the OECD.⁸⁷ Today this issue is understood to be one of the prerequisite to

⁸⁵ *Recommendation 5: Address barriers to work for minority population groups through greater investment in education...and ensure that the curriculum has the same minimal vocational education standards (e.g. English and mathematics) for all children in Israel. Report to the OECD, June 2012, Chapter 5. .*

⁸⁶ The Abraham Fund Initiatives (TAFI) also implements a number of groups that follow the same general model under the name “Sharikat Haya” (Partners for Life”). (See more in [Mapping of Civil Society Models](#), below).

⁸⁷ *Recommendation 9: Invest more in public infrastructure (roads/transport) and childcare in the periphery, and/or areas with large Arab populations. Report to the OECD, June 2012, Chapter 4.*

enabling Arab women to integrate into the job market, and substantial budgets were allocated as part of the Trajtenberg Committee recommendations and the Development Plan for the Negev Bedouins. The Ministry of Economy invested NIS 30 million in the previous school year including building and budgeting kindergartens and other early childhood frameworks, as well as changing subsidy criteria so that working Arab mothers would be eligible to receive childcare subsidies even if they work only 24 hours per week (as opposed to a minimum of 36 weekly hours for the rest of the population).

- **Micro-Finance Fund for Arab women:** The Micro Finance Fund, which supports the development of small businesses owned by Arab women, was established in 2011 by the Authority for Economic Development, in collaboration with the Small Business Administration at the Ministry of Economy, the Ministry of Finance, and the Koret Israel Foundation. It aims to address one of the major barriers to economic development within Arab society, which is the scarce and limited access to credit and loans. The Fund offers financial assistance, professional training and accompaniment to Arab women, and thus promotes the integration of thousands of women into the labor market, enhances their family income and lowers poverty rates in the Arab community. In 2012, the Fund made 811 loans in the sum of NIS 6.2 million, a 77% increase from 2011. Since its establishment the Fund has given a total of 1,333 loans in the sum of around NIS 10 million. The Fund will be active until 2014, with the goal of helping to develop around 2,800 new small businesses (see more details in [Mapping of Civil Society Models](#) below).
- **Assistance to small and medium-size businesses:** The Ministry of Economy houses the Small Business Administration, which provides special assistance to businesses owned by Arab women. This includes promoting entrepreneurship for new businesses, and providing professional assistance and loans to existing businesses.

Law enforcement against workplace violations: Specific funds under the Ministry of Economy are allocated to enhance law enforcement against violations of minimum wage, social rights and other labor protections.

Public transportation: The issue of scarce or nonexistent public transportation in many Arab localities is being addressed from a number of angles:

- **The Five Year Plan:** In its report to the OECD the government states that a special budget of NIS 100 million was allocated as part of the Five Year Plan to promote public transportation in the 13 Arab localities participating in the Plan, “between them and main cities, and between them and centers of education, employment and services.” Some of these funds also go towards subsidizing the cost of public transportation.⁸⁸
- **Access to rails:** The same report also states that massive existing plans to create train lines in the north include “resources... to increase the accessibility of Arab localities to the rail network.”⁸⁹

⁸⁸ *Report to the OECD*, June 2012, pp. 117-118.

⁸⁹ *Ibid.*

- **Shuttle service:** The Ministry of Economy and Ministry of Transportation have allocated NIS 50 million over the next three years to fund shuttle services from Arab localities where public transportation is still unavailable to nearby employment centers, based on local demands and in coordination with the work of the Employment Centers.

Enhancing demand – new employment infrastructure, business development and enhancing diversity in the general Israeli market

Establishment of industrial parks on public and private lands: Major funds are being allocated under the Administration for Development Areas at the Ministry of Economy to create job opportunities adjacent to Arab localities. This is done through a number of complementary means including: (i) Establishing new industrial areas near Arab localities, moving Arab businesses from within the communities to the industrial areas and bringing in major companies to open factories there (e.g. the new industrial area in Um El Fahem); (ii) Upgrading existing industrial areas adjacent to Arab localities and marketing them to new industries (e.g. the upgraded and enhanced industrial area near Shefar'am), (iii) Institutionally integrating Arab localities into existing regional industrial areas (e.g. the integration of Usafia and Daliat El Carmel councils into the Mavo Carmel Regional Industrial area) and (iv) establishing new regional industrial areas with both Jewish and Arab municipal partners (e.g. Idan Hanegev, an industrial area established as a three-way partnership between the Bedouin city of Rahat, Lehavim Local Council and Bnei Shimon Regional Council). These efforts will allow for local businesses currently operating within Arab localities (with high safety and environmental costs) to move to industrial zones and be upgraded. New "anchor" industries will be able to open factories near Arab localities. On the municipal level, integrating Arab localities as institutional partners in the regional industrial parks enables Arab localities to enjoy some of the tax revenues involved.

Upgrading capacities and enhancing security in Arab localities: A number of governmental efforts target the economic and professional weaknesses of Arab municipal authorities that are the key intermediary between the Arab communities and state agencies and programs. These include enhancing tax revenues through the development of industrial areas, professionalizing planning and financial administration, upgrading the capacities of municipalities to participate in—and win—government tenders (e.g. regarding sports facilities, welfare programs etc.) and so forth. In addition, “City Without Violence” is a large scale program launched by the Ministry of Internal Security in a number of Arab localities to combat crime and create a safer environment within Arab localities. This program is part of the effort to enhance employment and economic development in two respects: first, creating a safer and more business-friendly environment by reducing crime rates; second, by engaging Arab youngsters who, as mentioned above, often neither work nor study, and redirecting them towards higher education, professional training and meaningful employment.

Enhancing employment in the Private Sector: Integration into Israel’s private sector is seen as the most important and highest potential arena for enhancing Arab employment. Thus, the Ministry of Economy promotes the following complementary efforts: subsidies for private sector employers who enhance their Arab workforce on the one hand, and better enforcement

of anti-discrimination laws on the other. The Prime Minister's Office also issued a campaign combating prejudice and encouraging employers to hire qualified Arab professionals.

- **Providing subsidies and incentives:** The Investment Center (*Merkaz Ha'hashkaot*) in the Ministry of Economy which, among other activities, provides incentives for enhanced employment, especially in the periphery, in areas defined as national priority and in areas where employment rates are low, is implementing programs to enhance the employment of Arabs in private sector companies.⁹⁰ A special initiative called "the Employment Track" was established for employers in industry and tourism, offering incentives and subsidies for hiring new Arab employees. In 2012, a new and enhanced track was published in which employers of Arab women will receive even higher subsidies for a period of 30 months. A total of 31 such incentive programs were consequently approved in a total amount of over NIS 27 million. According to recent statistics, between 2009 and 2012 the Employment Track created over 4,000 new jobs. Other major programs in this sphere under the Ministry of Economy are the TEVEL program to enhance export of products made by Arab companies, and an additional loan fund with state guarantees of NIS 130 million.

Additional initiatives by the Ministry of Economy involve partnerships with NGOs on integrating Arab university graduates into the private sector and into the high tech sphere specifically, both through retraining of Arab university graduates who studied exact sciences and have not been able to find work in their field of study, and by working with employers to map their needs and offering them governmental subsidies as detailed above. (see [Mapping of Civil Society Models](#) below for specific details.)

- **Combating prejudice and discrimination:** As mentioned earlier, in 2008 the Israeli Equal Employment Opportunity Commission (EEOC) was established under the Ministry of Economy (at the time Ministry of Industry, Trade and Labor) following an amendment to the Equal Opportunity in Labor Law, with the aim of "eradicating discrimination and embedding the values of equality in the labor market, while addressing enforcement difficulties in the civil sphere."⁹¹ The Commission's mandate is to address 14 different types of discrimination in the labor market, including discrimination on the bases of religion, nationality, opinion and race, through raising awareness in the public and private spheres, and addressing specific complaints against private sector employers in the Labor Courts.

A specific recommendation of the OECD on this issue was to demand that "companies of sufficiently large size" in the Israeli market would be required to report their "workforce composition" and for the EEOC to "suggest appropriate targets where needed." This recommendation was not accepted (currently the EEOC can order such a report only

⁹⁰ Current investment tracks and levels of subsidies (Hebrew) [can be found here](#).

⁹¹ [EEOC website](#) (Hebrew)

when a specific complaint is filed), but the government lists a number of actions implemented by the EEOC to ensure more equal opportunities in the workforce.⁹²

In the summer of 2012, the Authority for Economic Development issued a mass-media campaign to promote employment of Arab professionals and university graduates in private sector Israeli companies. The campaign's slogan was "*Don't miss out on the right employee for the wrong reasons*" and referred potential employers to the Prime Minister's Office webpage, which includes a list of subsidies provided by the Ministry of Economy to employers who hire Arabs.⁹³ The campaign was broadcasted on prime time Israeli TV and radio and is scheduled to run again. As a result of this campaign, numerous private sector companies approached the Authority, and between 600-700 Arab employees were accepted to work.

- **Establishment of [Al Bawader Investment Fund](#):** Al Bawader ("early signs" or "buds" in Arabic), a partnership between the Authority for Economic Development and private sector investors, is the first investment fund focused on the Arab private sector in Israel. In July 2009 the Authority for Economic Development published a tender, under which it committed to invest NIS 80 million in a private-public investment fund, providing that at least NIS 80 million more would be invested by the private sector. In February 2010, Al Bawader, an Investment Management Company established by Pitango Venture Capital, won the tender after raising NIS 100 million from private investors. The aim of the new fund is to invest in companies in the Arab sector "including investments in manufacturing, services, and technology companies." To date, the Fund has invested in 7 Arab companies, mostly dealing with internet and software products. In addition to the financial investment, Al Bawader also provides the companies with business assistance and mentoring, including upgrading the companies' marketing and export capacities. All in all Al Bawader is expecting to invest in 12-15 Arab companies over the next decade, until they have made their financial "exit".
- **Establishing Next Generation Technology Incubator (NGT3):** NGT3 is a Nazareth-based, early stage technology incubator established as part of the Technological Incubators Program, in 1991 and administrated by the Office of the Chief Scientist, Ministry of Economy. The primary goal of the program is to transform innovative technological ideas that are too risky for private investments into viable startup companies that, after the incubator term, should be able to raise money from the private sector and operate on their own. Secondary goals include promoting R&D activity in peripheral and

⁹² *Recommendation 8: Introduce reporting requirements on workforce composition in firms of a sufficiently large size, with the EEOC assessing employment outcomes and suggesting appropriate targets, where needed.* Report to the OECD, June 2012, Chapter 8.

⁹³ [See video here](#) (for English subtitles press the text square in the lower right corner) and [list of subsidies here](#) (Hebrew)). Subsidies through the Ministry of Economy include (i) government contribution of an average of 25% of salary costs; (ii) government contribution of up to 40% for salary costs of employees receiving compensation higher than the Israeli average in main factories in the periphery of Israel, and (iii) subsidies for "on the job" professional training by employers in industry and services. A specific sphere in which these subsidies have been invested (over NIS 15 million in each of the past two years) is in employment of Arab high tech engineers (see more information in the [Mapping of Civil Society Models](#) section below).

minority areas and creating an entrepreneurship culture in Israel. Currently there are 24 incubators in Israel to date. NGT3 is structured as a VC fund focused mainly on Medical Device and Life Sciences. Its social vision is to develop the technological economic potential of the Arabs in Israel by establishing a support system for technological innovations from Arab researchers and scientists, and entrepreneurial role models in the Arab society. Strategically located in Nazareth, NGT3 serves as hub for life science investment activity in the Galilee targeting both the Arab and Jewish sectors.

Current status and assessments

While the governmental programs and resolutions listed above represent unprecedented governmental awareness, investment and coordination around Arab employment, early analyses already suggest that the current pace of improvement may not be sufficient to achieve the targets set by the Ministry of Economy (see [Figure 3](#)). Considering that these programs aim to narrow gaps created over 65 years, and many of the barriers are systemic in nature, one official compared these efforts to turning a big ship—there is a delay between the turning of the wheel and the turning of the ship. While experts from both the Ministry of Economy and the Authority for Economic Development agree that it is still early to make a formal assessment, the following challenges, criticisms and initial successes have been identified:

Time lag between allocation and implementation: Government resolutions and budgets take a long time until they become realities on the ground. The resolutions and programs listed above were established within the past 5-6 years. The resolution to increase the number of Arab employees in the public sector, for example, was passed in November 2007, but specific budgets to enhance its implementation were only allocated in January 2009, once it became clear that progress was very slow. Thus, the effect of these programs on the ground is still only partial. Other programs' development status are:

- **The Five Year Plan:** The most veteran program on the national level, was only accepted in March 2010. According to the Authority for Economic Development, evaluation shows an 82% implementation rate of the allocated budgets, but many of its programs will take a longer time to have an effect on the ground (e.g. the new neighborhood that is being built in Sakhnin, which is still in the marketing phase).
- **Resolution 4193 (Trajtenberg Committee Recommendations):** The NIS 730 million budget for employment and employment-related infrastructure, which is considered one of the most massive governmental effort in this sphere, was allocated only in January 2012. According to the Authority for Economic Development the effect of this large budget is not yet felt in the labor market for two reasons: the first is that as implementation is still only partial. Although the various budget lines within this allocation were already transferred to the relevant ministries—an impressive bureaucratic achievement—actual implementation has begun only in a few areas, for example in allocating funds towards establishing early-childhood frameworks in Arab localities (see "[women's employment](#)" in *Major Government Programs* above). Still, it will take a longer period of time for these frameworks to become fully active so that they allow a substantial number of Arab women to receive training or retraining if necessary, and to integrate into the job market. The second reason is that for change to

manifest in employment statistics, a substantial number of Arab women need to be integrated into the workforce. So, while an unprecedented number of childcare frameworks have been established over the past two years, the number of beneficiaries is still too small to change the general statistics.

- **Six-Year Plan on Higher Education:** This plan, which ran as a pilot over the past two years, issued its first large-scale tender to higher education institutions only in October 2012. Needless to say, its impact on the labor market will take a few years to manifest.

Having said that, according to the same sources a few flagship efforts are already yielding notable results. Experts mention [Koret's micro-finance loan program](#); the successful establishment of [seven employment centers](#) in Arab localities that are already in operation; substantial new investments in construction and operation of new [early childhood frameworks](#) in Arab localities; marketing 150 of the 200 planned apartment units in the new neighborhood in Sakhnin, many of them to be built for young families in multi-story apartment buildings, a notable development for Arab society; and the opening of a number [of new bus lines](#) in and between Arab localities that is having an extremely positive effect (e.g. the three new internal bus lines and two inter-city bus lines that opened in and around the Druze villages of Daliat El Carmel and Ussafia already had 8,000 users as of January 2012).

Inherent time lag on the demand, job-creation side: A second problem, which is related, is that there is an almost inherent difference between the time it takes to implement projects related to the “supply” side – e.g. training programs that take a few months or even establishing childcare frameworks and opening bus lines, which may take a year or two – to longer term investments in the demand side – e.g. establishing industrial parks, changing regulations and procedures of procurement contracts, challenging prejudice and discriminatory practices in the general market.

Global economic recession: A third problem, which is external in nature, is that the government's efforts on these issues are taking place at the same time as much of the world is experiencing an economic crisis and recession. This means that in all probability, the annual growth of the Israeli economy will not be as high as initially expected, and therefore less new jobs will be available, and more new jobs would need to be created. Unfortunately, a related reality is that for the 2013-14 budget, a number of the programs initially planned are in danger of being cut or postponed.

Criticism regarding the absence of a strategic approach: In their paper prepared for the 2010 Caesarea Forum the writers express criticism regarding the government's responses and the Five Year Plan specifically. They claim that the government's approach “lacks a comprehensive, long-term economic plan”, giving the example that the Five Year Plan only relates to 13 localities and does not address numerous aspects required to bring about the desired change.”⁹⁴ In fact, this is also the position of some of the formal bodies: a paper prepared by the Authority for Economic Development to the Prime Minister in September 2011, which lists numerous areas requiring government investments, states “first and foremost, the Authority

⁹⁴ This was before the Trajtenberg Committee's recommendations allowed some of its components to be scaled to additional localities. *Employment of Arabs in Israel –the Challenge of the Israeli Economy*, Yousef Jabareen, p. 7

recommends creating a holistic and detailed five-year plan for the occupational integration of the Arab society in Israel. Only a comprehensive, thorough and detailed plan would enable the population to properly and proportionately integrate into the Israeli labor market.”⁹⁵

Criticism regarding cultural sensitivities: The paper prepared for the 2010 Caesarea Forum specifically criticizes the fact that “one of the main goals of the governmental plan is to prevent ‘negative’ Arab migration, i.e. preventing their migration from Arab localities to Jewish localities. ...this is an unreasonable goal that creates serious harm to Arab society and to its integration into the Israeli economy, enhancing their spatial exclusion.”⁹⁶

Criticism on inadequacy of current investments:

- **OECD:** The OECD recently issued assessments in its report: “Israel in Economic Policy Reforms 2013, Going for Growth.” One of the major priorities listed is to “encourage employment among low-income households...notably Ultra-Orthodox men and Arab-Israeli women”. Here the OECD assesses that Israel’s investments in unemployed populations is insufficient, that the 21 employment centers planned for Arab society will not be enough, and that Israel should “pursue welfare-to-work programs more vigorously.”⁹⁷
- **Tel-Aviv University/Bank of Israel on inadequacy of current funding:** Recent major research conducted by researchers from Tel-Aviv University and the Bank of Israel and published by Tel-Aviv University, issued in June 2013, called “The Labor Market of the Israeli Arabs – Mapping of Characteristics and Policy Options” also suggests that governmental investments in enhancing employment and economic development in the Arab sector are far from sufficient and need to be enhanced (while keeping the general budgetary framework and refraining from enlarging the national deficit). According to the writers, “in light of the scope of the problems [in the Arab labor market] and the scope of the distress, [the solutions] require a substantial budgetary cost...this is in realization that such investments need to address institutional problems in the [job] market, with a long term approach and while expecting a nice return in terms of additional employment, national product and economic welfare.” Thus, the writers are suggesting a “substantial change of governmental policies” in a wide variety of spheres (public transportation, housing, childcare, higher education etc.) and include numerous recommendations for governmental involvement and investment. Based on a planning scenario that takes into consideration various possible levels of governmental investment, they are predicting “internal return for additional investment in enhancing Arab women’s employment of between 3.5% and 7.3% annually, in a cautious and conservative estimate, which is an extremely substantial return on the budgetary investment.”⁹⁸

⁹⁵ *Education and Employment for Minorities in Israel*, p. 18

⁹⁶ *Employment of Arabs in Israel –the Challenge of the Israeli Economy*, Yousef Jabareen, p. 7

⁹⁷ [See report here](#) . The report received wide [coverage in, among others, The Marker magazine](#) (Hebrew).

⁹⁸ [The Labor Market of the Israeli Arabs – Mapping of Characteristics and Policy Options](#), Dr. Eran Yashiv, Tel Aviv University and Nitza (Kleiner) Kassir, Bank of Israel, June 2010, pp. 4-5. (Hebrew)

VII. Mapping of Civil Society Models

The following section offers a preliminary mapping of models and programs implemented by civil society organizations. Some of these models, developed through philanthropic support, have by now been partially integrated into government programming through matching schemes between the relevant government agencies and the implementing NGOs.⁹⁹

Enhancing employment

- **JDC-TEVET:**¹⁰⁰

The Israeli Forum for Diversity Hiring: Founded by JDC-TEVET together with Be-Azmi, the Israeli National Insurance, the Center for Occupational Training and Rehabilitation, TECH Career, the Association for the Rights of the Disabled in Israel, Manpower Israel, Center for Jewish-Arab Economic Development, Olim Together, Zionism 2000, Kav Mashve and UJA-Federation of NY. Today the Forum includes more than 60 members including international, multi-national and local companies such as: GOOGLE, Sandisk, NICE, HP, Citibank, Poalim Bank and Amdocs. The aims of the Forum are to raise awareness of the importance and advantages of diversity hiring; to develop tools and knowledge to enable a more diversified workplace; to create professional terms and language which reflect the topic and advance the issue and to lead processes with the Government to remove obstacles. The Forum partners with employers, both in the public and the private sector, in order to integrate and implement diversity hiring – with an understanding of the impact on the cohesiveness of society as well as promoting business profitability. The Forum advances diversity hiring of all minority populations with a focus on: Arab-Israelis, ultra-orthodox, Ethiopian-Israelis, people with disabilities and people older than 45 years old.

IMTI'AZ (“Excellence”): IMTI'AZ is an education-towards-employment initiative that JDC-TEVET is currently working on in partnership with the Council for Higher Education and the Ministry of Economy, focused on enhancing the accessibility of Arabs to higher education and professional training on the way to accessing Israel’s modern job market. The IMTI'AZ program will be based in the One Stop Employment Centers (in Arab localities) and the Centers for Young Adults (in mixed cities) and will be managed through the national Hesegim (“Achievements”) Program. It will target the following groups: (i) 18-35-year-old young Arab adults: This includes both those who have succeeded in attaining twelve years of education and those who have not but who are

⁹⁹ This mapping is far from comprehensive as there are numerous models, programs and projects in the field. The purpose of this mapping is to present some of the major efforts directly related to enhancing employment and examine ways in which philanthropy can support their development, professionalization and ultimately scaling and integration into the government frameworks. Thus some important projects addressing voluntarism and access to higher education as means of enhancing employment are not included here, nor are advocacy efforts. We would like to sincerely thank all our Israeli colleagues for their help and ongoing collaboration and for their inspiring work on the ground.

¹⁰⁰ [TEVET \(Hebrew initials for "Momentum for Employment"\)](#) is an organization created as a partnership between JDC-Israel and the Israeli Government in order to enhance employment opportunities to disadvantaged populations, with the understanding that employment is the key factor through which poverty can be reduced.

interested in obtaining a twelve years of education equivalency certification. (ii) Young Arab adults currently studying in institutions of higher education in Israel. (iii) Arab students and academics either in need of retraining due to prolonged difficulty finding work in their field of study or in need of job search assistance. Accordingly, the Program will use the following methodologies: Community outreach and guidance; personal assistance, accompaniment and interventions for 18-35-year-olds outside of educational frameworks; Guidance and intervention during higher education and Post-graduate assistance to find appropriate jobs and develop careers.

- **Kav Mashve (“Equator”)**: An NGO established in 2008 with the aim of significantly increasing the number of Arab university graduates employed by Israeli companies in positions commensurate with their skills and education. Kav Mashve works to promote attitudinal and systemic changes within the business sector to increase the likelihood that companies will hire Arab university graduates; and provides Arab high school students, university students, and university graduates with necessary career development skills that will allow them to secure and maintain appropriate employment. Kav Mashve has three flagship programs implemented with the Ministry of Education, the Authority for Economic Development and the Council for Higher Education: (i) Career Training Program for Arab High School Students—80 schools throughout the country; (ii) The Diversity Education Program for executive directors and human resource directors in the business sector and for directors and workers in human resource agencies; (iii) The Career Training Center which provides Arab university students with skills necessary to enter the Israeli workforce. Through a collaboration with the Council for Higher Education, Kav Mashve aims to integrate special career training services for Arab students into all higher education institutions.
- **Tsofen (“Code”)**: An Arab-Jewish NGO founded in Nazareth in 2008, to promote integration of Arab citizens into the Israel’s prosperous hi-tech and start-up sectors. Tsofen’s goals are to work with the Arab community and stakeholders from the local, governmental and private sectors to add thousands of Arabs into Israel’s hi tech sector and assist in the creation of high tech centers in Arab towns. To this end, Tsofen has developed training programs that equip their graduates with skills needed to enter the hi-tech industry, including professional IT training and soft skills. Tsofen also utilizes its vast network in the business sector to give its students job-placement services at nearly 80% placement rate. An important collaboration Tsofen takes part in is MAANTECH (see next bullet) whereby Tsofen works with major companies such as Amdocs and One1 to open branches in Arab towns. Tsofen has also been working closely with the Ministry of Economy - with which it had a joint project with a 50:50 matching scheme of training and placement activities last year); and with the Ministry of the Negev and Galilee - from which it received a grant for the coming year.
- **MAANTECH**: President Peres and Cisco System’s coalition of private sector high tech companies and relevant NGOs works to advance placement of Arab candidates in hi tech firms. The coalition aims to jump-start a natural process of integration of Israeli Arabs in hi-tech by supporting both employers and candidates in the recruiting process.

The target group comprises Arab students and engineers from the world of technology who have not yet become part of hi tech. The project includes high-quality identification of engineers and students, assessment meetings, individual and group interview preparation, technological preparation as necessary, as well as in-job vocational diversity workshops.

- **Be-Atzmi (“On My Own”)**: Be-Atzmi has been working for 16 years to provide underprivileged Israeli citizens with the services and practical tools they need to break out of the cycle of unemployment and seek active and stable participation in Israel's job market with opportunities for advancement. Central to the organization's approach is the development of multi-sector partnerships on both local and national levels. The organization's major program in Arab society is Massar ("Path") that aims to provide Arab women who have less than 12 years of schooling, are within working age, and are either unemployed or under-employed, with an empowerment and accompaniment process towards suitable and stable employment. The program is implemented in 6 communities throughout Israel – Acre, Rahat, Shfar'am, M'rar, Nazareth and Ramle (50 women participants in each community, for a total of 300 women participants per year). The organization has a 67% success rate of workforce integration. Recently Be-Azmi was also selected as the implementing body in a Ministry of Welfare tender for the scaling up of the [Eshet Chayil/Riyadiya](#) women employment initiative.
- **IT Works**: ITWorks addresses the problem of integration of the Arab sector into Israel's skilled workforce by providing technological and professional training for relevant technology-based positions in accessible regions where there are available jobs. ITWorks' strategy is to include potential employers from the start - adapting curricula to meet their specific technological needs while imparting soft-skills training and long term support for participants in each phase of the job placement process. The programs have trained a total of 500 participants – Arab-Israeli adults with and without academic degrees and at-risk youth – and successfully placed 75% in quality jobs. In 2013 ITWorks began its three year initiative with Israel's National Insurance Institute (*Bituach Leumi*) to provide training to 20 groups of non-degree holding adults between the ages of 18-35 living throughout Israel.
- **AJEEC-NISPED** (Arab-Jewish Center for Equality, Empowerment and Cooperation - Negev Institute for Strategies of Peace and Development):
“Parents as Partners” As participation of Arab-Bedouin children in early childhood groups is extremely low, this negatively affects integration into society and stunts achievements later in life, as well as limits the ability of their mothers to enter the workforce. Parents as Partners, an early childhood program developed by AJEEC, was recognized by the Ministry of Economy a few years ago¹⁰¹ and enabled the establishment of 63 innovative pre-nursery groups each with 15 children between the ages of 0-3, and two kindergarten teachers, who are mothers from within the Bedouin

¹⁰¹ Ministry of Economy is in charge of early childhood frameworks up to 3 years of age, as they are considered employment supporting infrastructure.

community. The project includes training these mothers as caretakers, thus empowering them and providing them with a steady job, as well as establishing and supporting the early childhood frameworks that enable the additional mothers in the community to enter employment.

The Hura Bedouin Women's Catering Enterprise: A not-for-profit social enterprise run by a public company set up as a partnership between the Hura Local Council and AJEEC-NISPED. Seventeen previously unemployed Arab-Bedouin women (most of whom are single mothers) operate the enterprise that produces and distributes more than 6,000 hot meals to Arab Bedouin children in elementary schools and pre-schools in Hura and its vicinity, as part of the government's Hot Lunch Program. In addition to a salary, the women receive social benefits, a yearly bonus based on the enterprise's turnover, and as of 2013, are also paid during summer months for participating in enrichment programs, site visits and educational tours. This enterprise poses a culturally appropriate, competent and replicable model whereby Arab Bedouin women may reach economic self-sufficiency for themselves and for their children.

- **Sidreh:** Sidreh is a non-profit women's organization operating in five recognized and ten unrecognized Bedouin villages in the Negev. Established in 1998, Sidreh's aim is to empower the Bedouin community through Bedouin women's rights, their professional growth potential and their ability to sustain a stable income. Among its activities, Sidreh provides women with access to information, resources and professional development opportunities in the fields of financial literacy, small-business development, tourism, sales and offices management through workshops programs, mentoring processes and group work. For example, a new business development program seeks to promote small businesses and a culture of entrepreneurship among Bedouin women. Specifically it aims to strengthen existing women-owned businesses through technology and marketing training. In addition, Sidreh runs the [Lakiya Weaving Initiative](#) which employs 60-80 women of all ages and from different villages, families and clans.
- **The Abraham Fund Initiatives' Sharikat Haya ("life partners"):** Sharikat Haya is an Arab women's employment program formed in 2008 based on JDC's Eshet Chayil/Riyadiya model, to combat the extremely low unemployment rates of Arab women in Israel. The initiative works to integrate Arab women into the workforce on three levels: early training, job placement and support for women who have successfully integrated into the labor market. The initiative also includes awareness raising activities among participating communities and among relevant decision makers. The program has a high success rate with over 65% of participants that have found employment meeting their unique skill set. Currently the Abraham Fund Initiatives is working to include Sharikat Haya women groups in national expansion of Eshet Chayil by the Ministry of Welfare (see in [Major government programs](#) above).

Focus on the public sector

- [Merchavim - The Institute for the Advancement of Shared Citizenship in Israel:](#) Merchavim has been working for a number of years to integrate unemployed Arab

teachers (currently estimated at between 6,000-8,000) into the Hebrew public school system, where teachers are sorely needed in a variety of spheres (specifically Arabic, math, sciences and English). Success in the endeavor will advance shared citizenship between Jewish and Arab citizens of Israel, contribute to the employment of Arab academics (primarily women) and improve teaching standards by providing highly qualified teachers in Jewish schools where they are currently lacking. Towards this end MERCHAVIM established an informal network of government and non-government agencies and organizations. At the beginning of May 2013, the Director-General of the Ministry of Education announced that Merchavim's four year plan to integrate 500 Arab teachers in Jewish schools will be formally adopted by the Ministry of Education with the support of the Prime Minister's Office, which intends to work with the Finance Ministry to provide incentives to expedite the plan. Merchavim was appointed part of the planning committee and will be the professional body engaged in the shared citizenship aspects of successful integration. Integration of the Arab teachers is due to begin in the upcoming school year.

- **[INJAZ – The Center for Professional Arab Local Government](#)**: INJAZ is an Arab NGO located in Nazareth that is dedicated to enhancing the level of professionalism of Arab councils and municipalities. This includes preparing research papers, convening forums of heads of council and local government professionals, providing information and training on community and financial management issues, assisting Arab municipalities to better interact with the national government, and developing mechanisms to enhance economic development and sustainability within local Arab government leadership. For example, INJAZ issues a quarterly Arabic-language newsletter that provides Arab local heads of council and professionals with data regarding governmental tenders and bids, statistics, official decisions, seminars and workshops to ensure opportunities for inclusion and participation.
- **[Sikkuy – the Association for Civic Equality in Israel](#)**: Sikkuy, a Jewish-Arab NGO, is promoting a project called “Equality Zones” that fosters collaboration between neighboring Jewish and Arab municipalities and councils. The Equality Zones project is designed to advance sustainable cooperation based on equal allocation of regional resources for the benefit of all citizens of the region by promoting issues such as: formal agreements on joint regional projects; the creation of shared infrastructures in the realms of transportation, industry, and tourism; small business opportunities; increased employment opportunities for Arab women; and the increased participation of Arab people and communities in statutory government frameworks, such as local planning committees.

Micro-Finance and business development

- **[Koret Foundation's Israel Economic Development Fund \(KIEDF\)](#)**: The development of an independent income-generating activity through microfinance support (financial services, business training and technical assistance) has proven to economically empower low income populations across the world. KIEDF established the SAWA

(together in Arabic) Microfinance Program with the goal of helping Israel's most challenged population – Arab women - create independent income-generating activities and improve their economic and social situation. SAWA provides direct, non-bank loans of \$1,000–\$5,000 combined with ongoing business services. Since 2007 KIEDF has helped more than 2,500 Arab women create a microenterprise and increase their families' income. Over 3,600 loans have been distributed totaling \$6,328,000 with losses of only 1.9%. Initially KIEDF focused on Bedouin women of the Negev but in 2010 SAWA expanded to Arab communities in northern Israel and later in the central region. In 2011, KIEDF entered a three year pilot with the Ministry of Economy and the Authority for Economic Development. As part of this partnership, the Israeli government is providing 50% of operational costs and is lending KIEDF 50% of the required loan fund capital for this program. This partnership has seen significant growth in microenterprise development among Arab Israeli women. (See [Major Government Programs](#) above)

- **Jasmine – the Association of Businesswomen in Israel:**¹⁰² is an NGO helping women business owners from all communities and social strata market and expand their small businesses. Jasmine's programs range from empowering economically marginalized populations through job-training and micro-loans, advancing businesswomen and women leaders, to advocacy and work within the corporate sector. Jasmine works with all Israeli women, including secular Jewish, Arab, Bedouin, Druze, immigrant and Haredi women, embracing diversity and fostering cross-sector and cross-community partnerships. Jasmine's work with Arab women focuses on helping women who go through the organization's training programs integrate into major Israeli companies, offering interest-free microloans, and providing group and individual training on starting a home-run business.
- **Economic Empowerment for Women (EEW):** EEW has been operating for 13 years, helping Arab women deal with obstacles such as low employment rates, employment conditions that violate Israel's labor laws, and substandard, low salaried compared with Jewish colleagues doing the same job. EEW helps Arab women generate alternative sources of income by encouraging and training them to open small businesses, and accompanying these businesses in order to make sure that they become a stable source of income. EEW's programs combine providing practical tools with personal empowerment, out of a belief that this empowerment is a boost for growth. For example, "Women and Business," a project that began about a year ago in cooperation with the American Embassy, focuses on the employment situation of Arab women who are university graduates. Participants receive business training, and empowerment tools.

¹⁰² Originally founded as a project in the [Center for Jewish and Arab Economic Development \(CJAED\)](#), Jasmine has become an independent organization in 2013.

VIII. Ideas for Follow Up

As presented in this paper, closing socio-economic gaps and enhancing employment for Israel's Arab citizens has become a central priority for the Israeli government over recent years, and part of mainstream discourse in Israeli media and society. While there have been major government investments and attention to these issues as well as myriad effective civil society models in operation, major needs and challenges remain. The following lists a number of opportunities for North American Jewish leaders who wish to learn more or strengthen these efforts.

Community education and awareness-raising: For effective North American Jewish engagement with Israel, Jewish organizations need in-depth access to issues influencing Israeli government strategies. With employment of Arab citizens at the forefront of Israel's efforts to close economic gaps, opportunities for North American Jewish leaders and organizations to learn from the host of research, governmental and non-governmental efforts are vast. Leading professionals from the Israeli government, research centers, high-tech companies and civil society organizations can present analyses of current opportunities, needs, barriers, and innovative solutions to North American Jewish organizations, foundations and leaders both in the US and Israel. Inclusion in North American Jewish educational events, conferences and newsletters helps engage new constituencies and raise public awareness of these issues. Incorporating these issues on missions to Israel allows for deeper and more contextualized engagement, as meeting with people – whether they are Arab engineers, businesspeople or activists, Jewish and Arab civil society leaders, government representatives or researchers—and visiting programs on the ground – such as employment centers, Arab start-ups, employment-oriented school programs and so forth – all can be especially insightful.

Strengthen existing initiatives: With government funding and recognition, many existing initiatives can now be scaled up. The government alone, however, cannot provide all the resources necessary to take each initiative to the next level. Leaders from the North American Jewish community can play a role through financial and professional support of successful initiatives like the ones listed above. Professional and philanthropic relationships between North American organizations and those in the field can generate better practices and results on the ground, prevent duplication of efforts, and raise the professional standard overall.

Matching and Investment Opportunities: As listed above, the Israeli government is bringing a number of effective civil society models to scale through substantial funding. This funding is often contingent on the implementing bodies (not-for-profit, civil society organizations) providing philanthropic matches for government funds. A few current matching opportunities include:

- **JDC-TEVET's Imti'az Initiative:** As mentioned [above](#), JDC is working closely with the Council for Higher Education and with the Ministry of Economy to enhance employment-related higher education in Arab society and is currently seeking philanthropic matching for its initiative. Through TEVET, JDC-Israel's partnership with the Israeli government on employment, JDC has a special financial status for matching

government programs and as such will need to provide 25% of the total cost of the entire project in matching funds at a 1:3 leveraged ratio. The program will work in collaboration and coordination with similar programs (e.g. the work being done by [Kav Mashve](#) in high schools and university campuses) to ensure that Arab youngsters transfer smoothly between the different services and are able to take full advantage of them.

- **AJEEC-NISPED's "Parents as Partners"**: as described [above](#), AJEEC-NISPED's early childhood frameworks in the Unrecognized Bedouin Villages were adopted by the Ministry of Economy a few years ago. At present, AJEEC-NISPED is working with the Ministry to add 100 early childhood groups that will cater to the needs of an additional 1,500 Bedouin children over the next three years, and will allow their mothers to enter the workforce. The Ministry's funding will contribute to training costs and, once training and establishment are complete, will pay for the children's education (covering salaries of the mothers /care givers). Philanthropic matching at a 1:1 ratio is still needed to cover remaining costs of the training, professional support and of ongoing equipment needs.
- **IT Works**: as mentioned [above](#), ITWorks is currently implementing a three year initiative in partnership with Israel's National Insurance Institute (*Bituach Leumi*) to provide training to 20 groups of non-degreed adults between the ages of 18-35 living throughout Israel. This is a 1:1 match between ITWorks and the National Insurance Institute, and providing philanthropic matching that targets the Arab community would enable IT Works to focus on this community within the 20 groups that will benefit from the training.
- **Next Generation Technologies Incubator (NGT3)**: This is an investment opportunity in a venture capital framework. NGT3 holds a Government Franchise to operate a technological incubator for a period of 8+2 years (starting 2012), which includes US \$31 million non-dilutive government funding, and is seeking external venture capital investors to match this governmental support.
- **Be-Atzmi**: As mentioned [above](#), Be-Atzmi's main program in Arab society is Massar. Be-Atzmi is in the early stages of implementing the Massar program, together with the Israeli Ministry of Economy in a 1:1 matching scheme.
- **Economic Empowerment for Women**: EEW has recently won a tender issued by the Authority for the Advancement of the Status of Women in the Prime Minister Office. In this framework, EEW is operating a program which combines personal empowerment with financial literacy and exposure to business entrepreneurs in 13 Arab towns in Israel during 2013. While the Authority is funding the most of the components of EEW's program (without requiring philanthropic matching), EEW would like to also provide participants with an advanced course, which is part of their empowerment framework but was not included in the governmental project. For this additional component they are seeking additional funding.
- **City Without Violence**: As described [above](#), major effort is being made by the government to enhance law and order in Arab localities, both as a means of creating a

more conducive environment to business and economic activity and as a way to enhance participation of Arab youngsters in education and employment initiatives. This program is a matching scheme between the government and local Arab authorities that are full partners in the implementation of the plan's various components (e.g. establishing a control center in each locality, training and employing youth counselors to work in local schools, promoting local educational and community actions against violence etc.). Since most of the Arab local authorities and municipalities are in the lowest socio-economic echelons of Israel, finding the necessary funds to match the government's is a major challenge for them.

Discuss “missing pieces” with Israeli government officials: As discussed in earlier sections, there is an almost inherent time-lag between governmental investment in the supply side of the market, and investment in the demand side. Due to the difficulties presented above, government officials and civil society experts are worried that an excess supply of qualified, available Arab workforce might be created, that would not be easily absorbed in the general Israeli market – leading to greater frustration and alienation. Therefore, investing in the demand side is crucial if employment rates are to rise dramatically. In parallel to current governmental investments in, for example, new industrial areas near Arab localities and subsidies for private sector employers who hire Arab professionals, investing in demand could mean investing in changing public opinion, enhancing the Israeli business community's inclination to hiring Arab employees, promoting better accessibility of governmental tenders, positions and procurement contracts to Arab companies, professionals and service providers, monitoring the rate of employment of Arab civil servants in the public sphere and so forth. Interested Jewish-American bodies and leaders could have these conversations with Israeli decision makers, as well as help support civil society bodies working to promote such issues.

Explore new models: Philanthropic support for innovative civil society models to generate employment is another avenue for follow up. As history shows, such models can become government tools and influence policies. In addition to philanthropic support, this could mean investing as private sector investors in Arab businesses and Arab export.