



Historic Economic Development Plan for Arab Sector: Overview and Key Allocation Areas

January 2016

Last week, the Israeli government approved a groundbreaking, five-year economic development plan for the Arab sector, aimed at tackling the major gaps between Jews and Arabs in the Israeli society. This comprehensive plan calls for allocations of NIS 10-15 billion for the development of Arab communities in various fields such as education, transportation, welfare services, employment and housing. The Plan, which was developed in partnership with Arab leadership, was proposed by the Ministry of Finance and the Ministry for Social Equality and was supported by Prime Minister Netanyahu.¹

In the last decade, the Israeli government invested approximately NIS 7 billion into closing socio-economic gaps, enhancing economic development and providing equal opportunities for the Arab community in Israel. Due to growing understanding of the depth of these gaps and recognition that Israel's economy cannot sustain itself without Arab participation in the labor force, intense deliberations began between the Authority for Economic Development of the Arab Sector (which is housed at the Ministry for Social Equality), the Budgets Department at the Ministry of Finance, Arab mayors, represented by Mayor of Sahnin Mazen Ghanayem, Head of the Arab Mayors Forum and Arab Members of Knesset, led by Chair of the Joint List, MK Aiman Odeh. Sikkuy, the Association for the Advancement of Civic Equality in Israel, also played a key role in the deliberation process that preceded the plan.

These yearlong deliberations brought to fruition a comprehensive plan, unprecedented not only because of its scope, but mainly because it includes a substantial change in allocation mechanisms of various ministries, ensuring that Arab citizens will be budgeted in accordance to their 20% share in society, and often even with preferential resource allocation. Therefore, beyond incremental budget of around NIS 2 billion, the Plan will address system wide needs, spanning the fields of education – from early childhood to higher education - to employment, transportation, infrastructure, housing, welfare, local governance, culture and others, changing altogether around 15 major government allocations mechanisms. Therefore, in most places, the Plan doesn't specify amounts of funding it designates to each budgetary allocation. Instead, it determines explicit proportions of each ministry's budget to be allocated towards the Arab sector. (An exception to this is the field of education, where proportions of allocated budgets were not determined in most areas, but rather funding priorities were set – see below under "Investment Areas")

¹ [Government Resolution number 922, from December 30th 2015](#) (In Hebrew)

The Plan refers to all Arab communities in Israel, including Muslims, Christians, Druze and Bedouins. However, the plan does not directly address Arabs living in mixed Jewish-Arab cities such as Haifa, Tel-Aviv-Jaffa or Lod, for example, and it does not include Bedouins living in unrecognized villages in the Negev.

The Plan was approved on December 30th, 2015, after several delays due to reservations of ministers from the Likud party, who insisted on including East Jerusalem and cities with mixed Jewish-Arab population in the plan, placing greater emphasis on combatting illegal construction in Arab localities, and encouraging national service among Arab youth. Amendments to the plan were made and included more emphasis on enhancing construction of high rise apartment buildings in Arab localities, combatting illegal construction, and establishing a committee to "examine the issue of encouraging national service".

Estimations of the total cost of the plan vary: The Ministry of Finance approximated the cost of allocations to be around NIS 15 billion; Arab leadership assessed it around NIS 10 Billion; and Sikkuy around NIS 12 Billion. The Authority for Economic Development of the Arab Sector will administer the plan, and a special committee, headed by the Director of the Authority and composed of Director Generals of all relevant ministries as well as representatives of the Arab Local Authorities Forum, will meet every six months to monitor the plan's progress. Each Ministry will designate a senior public official who will be in charge on the implementation of the plan within the ministry.

Investment areas and allocations over the next five years:

Employment: At least 50% of the Ministry of Economy funds for "populations with low employment rates" will go towards Arab communities. Subsidies for employers hiring minority citizens, with priority given to women and Bedouins will be enhanced. Furthermore, support for small and medium-size businesses in the Arab community for both development and for export outside Israel will be extended. The Ministry of Finance will also allocate 200 million shekels to the Economy Ministry for continuing the operation of One Stop Employment Centers – that runs in collaboration with JDC-Israel – until the end of 2020.

Industrial areas: 42.5% of all funds allocated to new industrial developments will be designated to Arab localities and to regional industrial areas in which at least one of the localities is Arab (At present only 3.5% of industrial zones in Israel are within or adjacent to Arab localities).

Formal and informal education²: The Plan defines four areas of focus that will be budgeted in the field of education³:

² In the field of education, concrete proportions of allocated budgets were not determined (except for informal education). Instead focus areas were set, and within 30 days of the approval of the Plan, a joint committee at the Ministry of Education and Ministry of Finance will produce plans for advancement of these areas.

³ A recent research conducted by the Knesset Research Center states that "there is a consistent gap between budgeting of Arab and Jewish students, which continues throughout the education system. This gap increases in the higher grades". For example, the research shows that a gap of 24% exists between the average budgets provided for the weakest students in Arab vs. Jewish elementary schools. This gap grows to 48% in middle schools and to 68% in high schools. According to this research, 62% of Arab students fall into this category of "weakest students", compared to 6% of Jewish students.

- 1) Enhancing the quality of educational staff and pedagogy in Arab schools
- 2) Advancing core studies with emphasis on math, Arabic and Hebrew as well as "21st century skills".
- 3) Adding new classrooms and promoting constructions of new schools.
- 4) Developing informal education in Arab localities through a system-wide plan which will ensure that allocation to Arab citizens will not fall below their 20% rate of the general population (today, only 5% of the national budget for informal education is allocated to Arab society).

Higher Education⁴: The Plan aims to enhance access and to provide support for Arab students so that by 2021, Arab students at Israeli universities will comprise 17% of all Bachelor's degree students (present rate is 13.5%), 12% of all MA students (present rate is 10%) and 7% of all PhD students (present rate is 5.4%).

Early Childhood: 25% of all development budgets will be allocated for building daycare centers in Arab towns.

Transportation: Ministry of Transportation will allocate 40% of its development budget, or at least 100 million shekels a year, towards developing public transportation services in Arab localities "until coverage [of services] is equal" to the general population. By 2022, the plan calls for complete equality in transportation, in terms of frequency of service and area covered by public transportation.

Housing and Public Institutions: The Ministry of Housing will subsidize 55% of construction cost for new, modern neighborhoods with apartment buildings, as well as allocate approximately NIS 600 million for town and neighborhoods planning and reconstruction.⁵ The Plan further adds that 20% of the investment in public institutions will be allocated for Arab communities, according to the Arab population portion in Israeli society (and no less than 750 million shekels over five years). Lastly, 30% of funds that are designated for "open areas" and are allocated by the Open Areas Preservations Fund at the Israel Land Authority will be earmarked for Arab communities.

Arab local councils and municipalities: Close to NIS 1 billion will be allocated for long term development plans and immediate assistance for Arab localities, and additional NIS 350 million will be given for development of "excelling Arab local councils" that will meet a set of government criteria.

Sports and Recreation: The Ministry of Culture and Sports will allocate at least 33% of its budget for establishment of new sports facilities and renovation of existing facilities in Arab localities.

National service and voluntarism: More funds will be allocated to encourage Arab volunteering for National Service in Israel. The National-Civil Service Authority will promote legislation of a

⁴ In the field of higher education, concrete proportions of allocated budgets were not determined. Targets for percentage of Arab students in each degree were set, and a ministerial committee in partnership with the Council for Higher Education will review current plans and make future plans for advancement of this field.

⁵ These elements and others will be actual implementation of the recommendations of the [Government "120 Days" Committee on Arab housing crisis](#).

new law that will re-name the Authority so it is more representative of volunteers' choice to refer to their service either as "national service" or "community service". Separately, a special committee will be established to examine the issue of enhancing national service of Arab youth.

Reactions to the plan

Leadership

At large, politicians on both sides of the aisle congratulated the government on the approval of the Plan. PM Netanyahu issued a statement saying that "This is a significant [budgetary] addition designed to assist the minorities and to reduce gaps,"⁶ adding that the Plan will "strengthen law enforcement among minority populations, with an emphasis on illegal building."⁷ President Reuven Rivlin congratulated Netanyahu on Wednesday for the "vital step on the road to closing the gaps which have existed for years," calling the plan "an unprecedented confidence-building measure"⁸.

Minister of Development of the Negev, Galilee and Periphery, Aryeh Deri' (Shas), [tweeted](#) that the Plan was of "superior interest for the state of Israel" and Minister of Social Equality, Gila Gamliel (Likud), said the Plan was "an important and historic step towards narrowing gaps and enhancing social equality in Israel". She added that "this is a dramatic announcement --for the first time, the government is changing the allocation mechanisms in governmental ministries so that Arab citizens will enjoy their relative share in the state budget"⁹.

Strong criticism from the right was expressed by MK Avigdor Liberman (Yisrael Beytenu), who stated that "while Islamic State is threatening to destroy Israel, the Israeli government finds it necessary to strengthen the Joint Arab List – just as Islamic State's ultimate aim is the destruction of Israel."¹⁰

Arab MKs welcomed the Plan but remained skeptical about its implementation given the current atmosphere in the country. Voicing criticism of the Plan, Joint Arab List MKs pointed out that the Plan was not integrated into the National Budget Bill, and did not specify the exact budget for each of its provisions, thus leading to concerns regarding its actual scope. Another major concern expressed by Arab leaders is that this Plan doesn't meet some of the sector's immediate needs, such as enhancement of budgetary equality in the education system or the acute need for assistance intended for financially struggling Arab local councils.¹¹ MK Ayman Odeh, Chair of the Joint Arab List, who played a key role in finalizing the Plan, said it is "An important step in our struggle for equality" adding that, "the 10 billion plan approved by the government ... is the result of long months of work ... We know that even if this plan is implemented, it will only close about one sixth of existing gaps between the Arab and Jewish societies. However, the Plan is still unprecedented in its scope and especially in the substantial change in government allocation mechanisms ... that as of today will be more equally allocated".

⁶ [Prime Minister website announcement](#) (Hebrew)

⁷ [Israel okays \\$4 billion upgrade plan for Arab communities – Times of Israel – Stuart Winer – 12.30.15.](#)

⁸ Ibid.

⁹ [Prime Minister website announcement](#) (Hebrew)

¹⁰ [Israeli government reaches historic budget deal for Arab sector after tough negotiations - Jerusalem Post - Ariel Ben Solomon - 12.30.15.](#)

¹¹ [Arab lawmakers welcome 5-year plan in principal, but question whether it will actually be implemented – Haaretz - Lee Yaron and Jack Khoury - 12.28.15](#)

He added that "we know that we will now face a struggle to ensure the implementation of this Plan"¹².

Other Joint Arab List MKs such as Yousef Jabareen and Ahmed Tibi were more skeptical about the implantation of the plan, and stated that "the Plan falls way short of our over NIS 30 billion plan [referring to an alternative plan presented to the Ministry of Finance by Arab leaders during the negotiation process], and will not bring about substantial change in the real life conditions of the Arab citizens."¹³

Two days after the approval of the Plan, on January 1st, two people were killed and seven were wounded in a shooting attack carried out by an Arab citizen.¹⁴ The attack was quickly and unequivocally condemned by Arab Leaders and the High Follow-Up Committee for Arab citizens¹⁵. In his statement following the deadly attack, PM Netanyahu referred to the prevalence of illegal arms in Arab society and the need to strengthen law enforcement in Arab towns¹⁶, triggering calls to condition the implementation of the Plan on strengthening law enforcement by Arab localities, namely collection of illegal arms and fighting illegal construction.¹⁷ Soon after, Ministers Yariv Levin and Ze'ev Elkin (Likud) were asked by Netanyahu to suggest criteria that would need to be met in order for an Arab local authority to receive budgets allocated by the Plan.¹⁸

Arab leaders were quick to respond, saying that conditioning the Plan is unacceptable, and that putting conditions on allocation of government budgets to an entire community is a discriminatory collective punishment. MK Ayman Odeh reiterated that the Plan is not a favor to the Arabs but rather a fulfilment of their rights as citizens of Israel.¹⁹ Opposition leaders in the Knesset also came out against putting conditions on the transfer of funds, saying it is an "undemocratic act" and a "continuation of [Netanyahu] despicable incitement".²⁰

The Prime Minister's Office consequently issued a statement denying that any new conditions would be placed on the government's development plan.²¹

Civil Society:

Civil society organizations, that are working to advance equal budget allocations and equal opportunities for the Arab sector in Israel, congratulated the government for approving the Plan, and lauded its scope and novelty which lies in the correction of the state's current

¹² [Israeli government reaches historic budget deal for Arab sector after tough negotiations - Jerusalem Post - Ariel Ben Solomon - 12.30.15](#)

¹³ Ibid.

¹⁴ [Two Killed, Seven Wounded in Shooting at Tel Aviv Pub – Haaretz - Ido Efrati and Yaniv Kubovich - 1.2.16.](#)

¹⁵ [Joint List leaders condemn Tel Aviv attack - Jerusalem Post - Ariel Ben Solomon - 1.3.16.](#)

¹⁶ [Benjamin Netanyahu reiterates need for across-the-board law enforcement in Arab communities - Jerusalem Post - Herb Keinon and Lahav Harkov - 1.3.16](#)

¹⁷ [Netanyahu in No rush to implement Arab development plan - Israel National News - Ben Ariel - 1.5.16](#)

¹⁸ Minister Zeev Elkin in an [interview](#) to channel 10 (Hebrew)

¹⁹ Ayman Odeh in an interview on Galei Tzahal (Hebrew)

²⁰ [Netanyahu denies placing conditions on aid package for Arabs - Times of Israel - Raoul Wootliff - 1.4.16.](#)

²¹ Ibid

allocation mechanisms in various funding areas as opposed to providing only occasional additional special funding.

[Sikkuy](#), the Association for the Advancement of Civic Equality in Israel, who participated in the deliberation process that preceded the Plan, applauded the government for the approval of the Plan, saying that "this is an important day for anyone who seeks to advance equality between Arab and Jewish citizens." The organization did point out that "consultation with the Arab society's leadership was insufficient during the development of the Plan", and criticized the fact that the Plan "doesn't explicitly commit to correcting the discrimination in the education budget and does not include enough direct resource allocations to the Arab local authorities." The organization also noted that the decision to include the issue of national service "at the last moment and contrary to the position of the Arab community's leadership" was "unfortunate".

[Merchavim](#), an educational organization promoting shared citizenship, [called the Plan](#) "a historic decision", especially at a time when there's an atmosphere of "alienation, negation and glass-half-empty [attitude] of the Israeli society". [The Abraham Fund Initiatives](#), an NGO promoting coexistence and equality among Israel's Jewish and Arab citizens, also [posted a statement welcoming](#) "this unprecedented economic stimulus plan for Arab society in Israel," but also cautioning that "equality and integration ... cannot be based on the economic aspect alone but has to be supplemented by education for coexistence, anti-racism policies and representation of the Arab citizens in all realms of public life in Israel".

[Mossawa Center](#), an Advocacy Center for Arab Citizens in Israel, that leads the efforts in drafting an alternative plan to close socio-economic gaps in Israel at an estimated cost of NIS 30 billion, expressed concern that the Prime Minister's Office did not release any specific numbers for the deal. The Center's Director said in an interview that "the Mossawa Center is very skeptical about this Plan and has a feeling that it is more for public relations, since 2016 budget is already allocated, meaning the money will have to be found for it".²²

Further reading:

[The win-win plan to advance the Arab sector – Jerusalem Post - Abed Kanaaneh – 1.7.16.](#) "The program attempts for the first time to repair the institutionalized discrimination against Arabs by dealing with the budget allocation system as a whole."

[Bigger Budgets Won't Buy Israel's Arabs Equality – Haaretz - David Rosenberg – 1.7.16.](#) "Startup Nation is doomed unless Israeli Arabs become better integrated, which isn't a function of government spending, but of Jewish Israelis changing their attitude."

[Israel's Arabs: Israel's interest – Jerusalem Post – Ilan Evyatar - 1.7.16.](#) "Those who violate the law should be prosecuted, convicted and censured without exception and without fear. Those who do not should have the same rights and opportunities as the rest of us."

[Amid the Bigotry, Israel Makes Giant Step Toward Equality – Haaretz - Gadi Taub – 1.3.16.](#)

²² [Israeli government reaches historic budget deal for Arab sector after tough negotiations - Jerusalem Post - Ariel Ben Solomon - 12.30.15.](#)

“Forget the sideshow about a narrow-minded minister banning a book, the Israeli government did something of historic importance this week and corrected its long-standing discrimination against the Arab community.”

[Advancing Jewish-Arab equality in Israel - Times of Israel - Sheldon Kirshner – 1.2.16.](#) “During the waning hours of 2015, the Israeli government made one of its most important decisions of the year, belatedly approving an ambitious development plan to close the lamentable and inexcusable economic gap between Jews and Arabs in Israel.”