



Government Resolution 922: Economic Development Plan for the Arab Sector

Capacity Building for Arab Localities

November 2016

Introduction

Strengthening the capacities of Israel's Arab municipal administrations to effectively implement budgets and programs from the Government's [Five Year Development Plan for the Arab Sector \(Resolution 922\)](#) ("the Plan") is widely considered to be an essential aspect of the Plan's overall success. Arab local councils and municipalities are responsible for financial and project management for many, if not most, of the Plan's programs. While this sets an important precedent of making local Arab administrations as partners in government plans—and ensures local relevance and ownership, the breadth, size and complexity of the Plan requires manpower and a host of professional capacities for which few local Arab administrations are adequately resourced or equipped.

In addition, Arab local administrations can expect greater government budgets over the long run as a result of the Plan and need to build the capacities to take advantage of them. The development of the Plan includes an unprecedented acknowledgment of the need for proportional budgeting for Arab localities¹ and for government tenders, programs and procedures to be more culturally appropriate and accessible. If Arab local administrations build the capacities to use this enhanced access and resources, the process stands to foster a more professional and productive relationship between Arab local administrations and the central government as well as helping close socio-economic gaps.

The Economic Development Plan is also unique in that it recognizes capacity building needs and has a number of relevant provisions built in. In parallel, civil society organizations are working to supplement and address capacity building needs not covered by the Plan. This paper provides insight into some of the overarching issues and challenges affecting capacity building efforts, and an outline of the major government and civil society programs in action and in development.

Overview of Needed Capacities

The capacities needed by Arab localities in order to effectively partner with the government on the Plan are wide-ranging, spanning personnel, resources, professional skills and practices. The following is a short list outlining major focus areas:

¹ [Government Report - Correcting Budgeting Distortions Part of Arab Economic Integration](#). *Inter-Agency Task Force on Israeli Arab Issues*, August 10, 2016.

- **Personnel:** Many localities are short on personnel both in number, and in terms of access to skilled and experienced professionals. Most Arab localities are small and many are already overstretched, unable to absorb a whole new level of programs, partnerships and responsibilities at current capacity. Moreover, as described in the bullet below, many lack professional staff with, such as engineers, planners and experienced managers.
- **Professional and Technical Skills:** Many of the Plan's programs require expertise such as urban planning, project management, accounting and budgeting, contracts, communications, data collection and tracking, and perhaps above all, strategic planning. Few localities have experience or adequate familiarity with these areas of expertise, nor the personnel with relevant skills.
- **Systems and IT Infrastructure:** Arab localities often lack basic computer systems that allow for effective management of multiple programs, budgets, tenders and personnel as well as transparency and record-keeping.
- **Government Procedures:** Many programs require experience with such issues as submission of tenders, understanding of urban planning contracts, and navigating government offices and agencies. Familiarity and experience with such procedures and institutions are essential for successful participation.
- **Financial Resources and Stability:** Arab localities are financially the weakest in Israel,² with low internal revenues, stemming from a lack of industrial areas and government facilities. Thus, they struggle to fulfill basic responsibilities for their communities. Along with limiting their ability to plan ahead and absorb additional workload, this means they have a harder time participating in programs that require a local funding match (i.e. some informal education programs, infrastructure for sports and culture). Some Arab localities can expect to see higher internal revenues starting in 2017 with the establishment of the Government Arnona Fund,³ whose purpose is to correct imbalances resulting from the lack of tax-revenue yielding government facilities in weaker municipalities. The degree of impact of the new fund is yet to be seen.
- **Good Governance:** Good governance practices are reflected in processes of hiring personnel, issuing tenders, use of budgets, contracting agencies, transparency, accountability, legal conduct etc. Improving good governance practices would ensure a higher level of professional conduct and better chances of effective Plan implementation. In turn, it would boost trust in local government within the community, boost the credibility of the administration in the eyes of the central government, and establish governing capacities as part of the municipal institution.

² 80% of Arab municipalities rank in the lowest three socio-economic clusters according to the Ministry of Interior.

³ In 2017, independent of the Economic Development Plan, a new method of redistributing "arnona", or municipal property taxes, on government facilities will be implemented with the establishment of the Government Arnona Fund. Instead of government arnona being paid directly to municipalities where facilities are located, they will be centralized in the new fund headed by the Ministry of Interior, and redistributed across all Israeli municipalities according to given a set of criteria. The purpose is to correct imbalances resulting from the lack of government facilities in weaker municipalities. Most Arab localities are expected to benefit.

Issues and Challenges

Given the size and complexity of the Plan, the fact that all Arab localities are involved, and the range of capacities needed, assistance must be strategic and targeted in its own right. Following are some the major considerations and decision arcs being navigated in the development and coordination of capacity building programs:

- **Short and Long Term Needs:** There are short term needs to provide localities with immediate assistance, including outsourcing some of the professional work to external experts and organizations, so that they are able to fully participate and benefit from the opportunities available through the Plan. Over the medium and long-term, these capacities need to be integrated into the institutions so they can be sustained by the locality for continued growth.
- **Training vs. Recruitment:** Capacity building activities can focus on training and strengthening existing personnel within Arab localities, or bring in new and qualified personnel—municipal employees, employees of the relevant governmental ministries, or external consultants. Each reflects a different strategy and type of investment, and raises different issues regarding receptivity within the administration and community.
- **External Coordinators and Consultants:** Efforts to enhance capacities in Arab localities often include placing coordinators and consultants. These actors play two major roles: (1) securing the maximum immediate benefits and budgets from the Plan, and (2) ensuring collaboration and coordination between local actors within the municipality, the community, adjacent localities, and civil society organizations. With both roles of vital importance, making sure both are addressed and that balance is achieved between the two is a priority.
- **Evaluation:** There is a demand from the field to implement more formal evaluations of capacity building programs. Since much of the progress of the Plan on the ground is dependent on fostering trust between Arab localities and the central government, and between Arab communities and their municipalities, evaluation mechanisms that allow measured outcomes and show increased capacity, transparency, coordination, and professionalism as well as tangible progress, would be an important tool to demonstrate impact and strengthen good will.
- **Electoral Change:** Elections for local councils and municipalities are scheduled for October 30th, 2018. According to past statistics, over 50% of Arab council heads and mayors are not reelected. Thus, capacity building efforts need to be designed to withstand leadership change and retain continuity within the administration despite election cycles.

Capacity Building Programs

Capacity building efforts built into the Plan tend to be specific to individual programs and budgets, with a few significant exceptions—in particular the ongoing efforts of the Authority for Economic Development to sustain an unprecedented level of transparency and communication with local leaders and professionals. In parallel, civil society organizations are working in coordination with the government and local leaders to fill gaps in this support and have more flexibility to look both at immediate needs, and more holistically about overarching capacities localities will need over time. The following lists major programs under the Plan, through governmental programs and through civil society organizations.

Programs in the Economic Development Plan

Following is a summary of some of the major mechanisms built into the government's Development Plan to enhance the capacities of Arab localities:

1. **Balancing Grants:** Overall, as mentioned above, Arab localities have low internal revenues and are financially weak. Annually, the Ministry of Finance provides Balancing Grants to cover gaps between expected income and normative expenses.⁴ Given the enhanced responsibilities involved in implementing the Economic Development Plan, the Arab Mayors Forum negotiated with the Ministry of Finance during Plan development for additional balancing grants to as a precondition to implementation to enhance the financial stability of Arab localities. The result was a one-time Balancing Grant of NIS 200 million allocated in the 2016 budget, with an additional NIS 650 million allocated in 2016 for development projects focusing on income generating capacities (out of a total of NIS 1.4 billion for this purpose). Some local leaders say this is far from sufficient, while the Ministry of Finance claims localities should ultimately increase internal revenues as a result of the income generating programs launched under the Plan.⁵
2. **Excelling Arab Localities:** This NIS 330 million program of the Ministry of Interior benefits 16 selected localities with targeted investments to upgrade managerial capacities and enhance economic development. Each participating locality is required to prepare strategic plans for economic development and internal capacity building needs. Each locality is also required to hire a governmentally-subsidized project coordinator to lead and support program implementation. All coordinators selected so far are high level, with previous knowledge and experience in local government, development, and working with governmental ministries. Concerns have been raised about the fact that the coordinators are freelance and not embedded within Arab localities, that they might be underutilized by focusing on

⁴ It is important to note that planned redistribution of government municipal property taxes through a new Government Arnona Fund in 2017 stands to increase municipal revenues. If and how this will affect balancing grant calculations going forward remains to be seen.

⁵ In a [recent article in The Marker](#) (Hebrew), the co-directors of Sikkuy claimed that without substantially larger Balancing Grants, Arab localities would be hard pressed to implement various elements of the Plan. This, they wrote, is because the “trickle down” effect of expected income-generating projects will take years to materialize.

this one program at the locality, that they will likely end up being one of several consultants working with the locality, and mechanisms for hierarchy or coordination among them do not yet exist within the program or Plan's framework.

3. **Authority for Economic Development:** The Authority has launched several platforms to maintain both open channels of communication and consultation with Arab municipal leadership and professionals on the Plan, and to provide online access to related resources and information. One is a [website](#) that includes online real time data on Plan development, on Ministry workplans, on governmental tenders etc. The website also has discussion forums where municipal leaders, civil society experts and government professionals can connect with each other and express their opinion. In addition, the Authority sends discussion topics over email requesting recommendations and comments, and publishes a periodic newsletter to inform Arab localities on new programs and tools developed with the relevant ministries. In a recent such newsletter, the Authority announced it plans to create an individual "brief" for each Arab locality with all the tools, budgets and programs to which the locality is entitled.

In person, the Authority organizes day-long seminars for personnel from Arab localities on issues relevant to their field of work (e.g. helping to build work plans and develop success criteria); as well as larger scale forums that bring together Arab mayors and professionals with the relevant civil servants.

At present, the Authority is working to issue a tender seeking consultation companies that will offer free consultation hours to Arab localities on issues such as strategic planning, urban planning, filling out governmental tenders etc. As of the writing of this paper, it is unclear when the tender will go out, how many consultation hours each locality will receive and to what extent this consultation will build longer-term capacities.

4. **Programs by Government Ministries:** Individual ministry workplans also include provisions for capacity building. Some of the major ones are as follows:
 - a. *Ministry of Housing:* The Ministry has subcontracted a number of consultation and implementation companies with an expertise in planning, and is planning to fund strategic consultants for Arab Local Planning Committees and Arab municipalities starting with 11 localities in 2017. In addition, the Ministry implemented a first training course for Arab urban planners in Sakhnin in July 2016 and a second course in mid-August in Um El Fahem. The aim of these courses is to strengthen local planning departments. A third course will be available upon demand in 2017.
 - b. *Ministry of Interior:* Aside from *Excelling Arab Localities* listed above, The Ministry is planning training courses for municipal personnel on emergency preparedness, starting in 2017. In addition, the ministry is investing additional funds in its [Cadets for Local Government](#) program (a joint

initiative with [Atidim](#) that places young professionals trained in relevant academic tracks to work in localities throughout Israel's periphery). The funds will be used to ensure a higher percentage of Arab cadets and to provide special incentives for cadets to choose Arab localities.

- c. *Ministry of Education*: Under the Youth and Society Administration responsible for the Plan's informal education programs, new positions are being created for local coordinators (responsible for promoting informal education activities in 2-3 localities each) and for regional supervisors (responsible for overseeing this implementation in 6-7 localities each). The coordinators and supervisors will work directly under the MOE, will not be embedded in local government, and are supposed to assist the departments of education and youth in each locality.

Civil Society Programs

Civil society organizations are playing an important capacity building role for Arab localities, in terms of providing them with direct assistance, and in coordinating with and among local and central government leaders to ensure short, medium and long-term needs are addressed. The Arab Mayors Forum, both an NGO and a political body representing all Arab localities, is working to promote effective coordination among civil society organizations, local leaders, and the central government around these efforts.

Following is a brief description of the Arab Mayors Forum role, followed by major civil society capacity building programs. Each program is accompanied by an indication of their timeframe, short, medium (1-2 years) and long-term.

1. **Arab Mayors Forum** (*Timeframe: short, medium and long-term*): The Arab Mayor's Forum is a representative body of all Arab localities and plays a central role furthering and monitoring Plan implementation and coordinating among Arab localities, civil society organizations and government bodies. The Forum Chairman has a formal seat on the Plan's Inter-Ministerial Steering Committee where he conveys the needs of Arab localities to the central government and vice-versa. Following approval of the Plan, the Arab Mayor's Forum established its own Steering Committee composed of Arab mayors, relevant civil society organizations,⁶ and Arab MKs. Sub-committees established according to specific spheres (e.g. education, urban planning, industrial areas, advocacy and legal action etc.) have the purpose of effective division of labor and coordination. Until recently, the Forum employed a part-time coordinator, an expert on the Economic Development Plan, to manage short and medium-term coordination of efforts, but various pressures and budget limitations have suspended this position, which may be reinstated soon through the joint effort of a number of NGOs and foundations that will contribute to his salary.

⁶ According to the Arab Mayor Forum's documents, these include: e INJAZ, Sikkuy, Arab Center for Alternative Planning, Mossawa, Adallah, the Arab Follow Up Committee on Education, ACRI and the Galilee Society.

2. [Sikkuy](#) and [INJAZ](#) (*Timeframe: short and medium-term*): These two organizations together developed a model where they will be assisting 12 Arab localities. Each organization is closely accompanying 6 of the 12, assisting them in identifying existing capacities and needs, in accessing and presenting government tenders, in strategic planning, access to relevant civil servants, etc. The two organizations also divided areas of focus, so that Sikkuy is providing the 12 localities support on transportation and public transportation, daycare centers, planning, housing and employment, while INJAZ will focus on education – including higher and informal education, Ministry of Interior programs and industrial areas. In these areas of focus, Sikkuy and Injaz aim to help additional Arab localities according to need and capacity. Likewise, each organization will also work on its areas of expertise vis-à-vis the relevant governmental ministries. Both Sikkuy and INJAZ are sending out periodic updates to all Arab localities and Arab MKs on their respective areas of expertise – informing them of new developments, upcoming governmental tenders and ongoing implementation of the Plan.
3. **Arab Center for Alternative Planning – ACAP** (*Timeframe – short and medium-term*). ACAP will work with Arab localities and the central government to plan for and build the capacity of Arab localities' engineering departments in professional planning. This will include assistance to the Arab localities in preparing detailed urban plans, in reading and understanding governmental tenders and contracts, in advocating for the enlargement of their residential and industrial areas, as well as work vis-à-vis the Ministry of Housing, as ACAP is recognized by the MOH as a professional planning body. In partnership with Sikkuy, ACAP plans to give in-depth assistance to at least 4 Arab localities. Independently, ACAP plans to also provide ongoing professional assistance to additional localities, based on their needs and its organizational capacities
4. [The Abraham Fund Initiatives \(TAFI\)](#) (*timeframe – short and medium-term*): TAFI is concentrating on the issue of internal security, working with the Arab mayors on the one hand and with the Ministry of Internal Security (MOIS) and the Israeli Police on the other hand. Their work aims to help develop more positive and mutually respectful relations between both parties and promote maximal implementation of the Ministry of Interior's workplan in a participatory and culturally sensitive manner. As the MOIS's program includes the construction of new police stations in localities that hereto had none, much of TAFI's work focuses on assisting these mayor in interfacing with the police, mapping their internal needs and ensuring wide local support for this move
5. [JDC-Israel – The Institute for Leadership and Governance \(ELKA\)](#) (*timeframe – medium and long-term*): ELKA is working closely with the Authority for Economic Development and with the Ministry of Finance to create a new formal position within Arab local administrations. Formal positions, such as the head of education or finance departments, are fully funded by the government. This new position will be a "municipal coordinator" or "director of economic development unit" will be

tasked with overseeing all programs from the Development Plan in the locality and ensuring maximal budgetary utilization. The program will most likely include a few weeks of intensive training to these new professionals, training of supportive professionals within the Arab localities, and ongoing mentoring and professional support. In the longer-term, the new position will help Arab localities with strategic planning, above and beyond the provision of everyday services.

6. **Atidim – Cadets for Local Government** (*Timeframe – medium and long-term*): This is a program that is jointly implemented by Atidim and the Ministry of Interior to train and place excellent youngsters from Israel's periphery as cadets in local government. Following relevant tracks of academic studies and hands-on training, some of the program cadets are placed within Arab localities to assist local staff in long-term planning, mapping needs, internal coordination and so forth. In some cases, these high level young professionals have become the mayor's "right hand" and have added significant capacities to the locality.
7. **Maoz** (*Timeframe – long-term*): Maoz is developing a special training program for representatives from local authorities and municipalities throughout Israel focused on empowering participants and creating a professional network amongst them. Arab localities will make up 30% of participants.
8. **Bridge to the Future** (*Timeframe - short and medium-term*): Bridge to the Future specializes in working with weak localities in Israel's periphery on enhancing the capacity of the local community and municipality to work together towards strengthening their community. The organization, together with the National Association for Community Centers (Chevra la'Matnasim), the Directorate of Social Education and the Ministry of Housing are developing interventions in four Arab communities in the north of Israel. The interventions will be part of the Ministry of Housing's program to physically and socially rehabilitate veteran neighborhoods in Arab localities, and will include strengthening the capacities and the capabilities of the authorities, community development and increasing trust between residents and the local government.
9. **Lawyers for Good Governance (LGG)** (*Timeframe – medium and long-term*) LGG is an Arab NGO working out of Nazareth whose mission is to promote good governance and transparency, encourage greater civic involvement and fight corruption within local Arab government. In relations to the Plan, LGG will work to ensure Arab localities conduct their operations following due process in terms of hiring personnel, issuing tenders, contracting implementing agencies, working transparently etc. Ensuring good governance in Arab localities is understood to be a major boost to the capacity of these localities and a necessary element to ensure budgets are utilized while maintaining proper and legal conduct.