



INSS Insight No. 900, February 19, 2017

Report on the Five-Year Economic Development Plan for Minority Groups

by Meir Elran, Eran Yashiv, Muhammed Abu Nasra, and Alon Rieger

On December 30, 2015, the Israeli cabinet unanimously adopted the five-year (2016-2020) economic development plan for integrating Israel's Arab population into the country's economy (Cabinet Resolution 922). The overall budget framework presented at that time for carrying out the plan amounted to NIS 15 billion. One year has passed since then. The review of the actual implementation of this plan is a continuation of the preceding report (INSS Insight, no. 845, August 10, 2016), based on the assumption that organized and independent implementation of the plan, with all its elements, is a proper criterion for assessing the government's attitude towards the Arab minority in general.

What has been carried out so far?

Budgeting procedures: The original plan included projects amounting to NIS 9.7 billion for economic development and NIS 5.8 billion for education. The plan was presented with the aim of narrowing the gaps between Jewish and Arab citizens, among other things by equalizing some of the discriminatory budgeting. Everything planned has since been budgeted.

Preparation and formulation of work plans: A large proportion of the development plan—road infrastructure, public institutions, and residential development—is designated to be carried out by the government ministries. Implementation is slated to begin in 2017. The local Arab authorities, which are supposed to carry out their own plans (mainly public institutions), are also engaged in the preparatory stage.

Housing: Agreements have been signed with 23 Arab authorities (two authorities have not signed agreements). Agreements have also been signed for carrying out specific operations in 54 Arab authorities. Construction will begin in 2017 on the basis of these agreements.

Education: NIS 55 million has been transferred to improve the quality of teaching. Targets were set for improving student achievements and were also anchored in a cabinet decision. In the framework of differential budgeting of the core curriculum in elementary and junior high schools, 52,000 study hours were added for Arab schools at a cost of NIS 350 million. NIS 91

million was budgeted for higher education for the purpose of supporting Arabs in academic institutions.

Informal education: An appeal was made to the local Arab authorities for carrying out an informal education program costing NIS 70million. All the local authorities answered the call. A management and implementation mechanism was established in order to ensure equal division of resources and the removal of obstacles.

Health: In accordance with the cabinet resolution, a plan was devised to consolidate hospitals in Nazareth. Detailed plans and an economic model have not yet been formulated.

Employment: NIS 97 million was allocated for the development of industrial zones and NIS 50 million was allocated for operating 21 career guidance centers. NIS 33 million was allocated as incentives for employers to hire Arab workers. Hiring of 700 new workers is projected.

Daycare centers: In order to encourage the employment of women, NIS 22.4 million was allocated for the construction of daycare centers in 2016. Construction of 53 centers was approved this year.

Transportation: In order to increase the number of people using public transportation and improve access to industrial zones and foci of higher education, NIS 100 million was allocated in 2016 for adding 44 bus lines, bolstering the frequency of existing lines, and extending routes in Arab communities. A plan was also devised for upgrading roads at a cost of NIS 405 million. Planning has been completed and authorization has been issued for implementation.

Strengthening personal security: The police plan for enhancing personal security and strengthening police presence in the Arab community is in the advanced stages of implementation. NIS 120 million was allocated for this program.

Water and sewage: All the Arab authorities except four are currently incorporated in regional sewage corporations. The town of Taibe was added to a sewage corporation in the past year. Projects totaling NIS 240 million were budgeted in 2016.

A New Plan for Bedouin Communities

In addition, the Ministries of Finance and Agriculture and Rural Development (the latter is responsible for the Bedouin communities in the Negev) submitted a new five-year plan (2017-2022) totaling NIS 3.21 billion for achieving progress in Bedouin society. The main points of the plan are regulated construction in recognized communities, construction of classrooms (NIS 1.2 billion), better quality education (NIS 320 million), and advancing employment and strengthening the local authorities (NIS 500 million). The main feature of the program is the construction of 25,000 housing units on state land with a cumulative budget—contingent upon

implementation—of NIS 10 billion. The program is purportedly a systematic solution to the shortage of land and absence of regulated construction among the Bedouins. Like the larger plan, the proposal for the Bedouin sector has also encountered objections and stipulations within the cabinet, and its future is unclear.

Obstacles to Implementation of the Five-Year Plan

As shown above, considerable progress has taken place in a number of important areas. At the same time, the broader picture clearly indicates that the focus in the first year of implementation was on planning and organizational preparation, including budgetary allocations by the Ministry of Finance to government ministries (amounting to NIS 2.4 billion) and the local authorities, and far less on actual actions due to a series of obstacles, including:

Administrative difficulties in the local Arab authorities: Most of the local authorities function poorly, due to an absence of experience in managing large-scale projects. In order to strengthen them, NIS 900 million was transferred to the local authorities in 2016.

Government bureaucratic complications: Implementing the plan requires cooperation, flexibility, and orderly budget transfers. These complex processes usually encounter delays in large-scale projects. The Ministry for Social Equality and the **Authority for the Economic Development of the Minorities Sector are acting to detect and remove barriers. This is also one of the objectives of the Ministerial Steering Committee.**

The tense political atmosphere prevailing between the government and the Arab community

Summary and Recommendations

Ostensibly, progress in carrying out the five-year plan can be noted. Concrete progress has indeed been made on some of the items, but in general, implementation is only beginning. In view of the plan's complexity and the limitations of the local Arab authorities, additional delays can be expected. At the same time, it is hoped that some of the barriers will be removed in the future, and the plan's implementation may even gain momentum, mainly because important government ministries are working persistently to advance the plan. Notable among these are the Ministry of Finance and its budgetary sections and the **Authority for the Economic Development of the Minorities Sector in the Ministry for Social Equality. These groups are acting together with officials in the Arab leadership, recognizing that full implementation of the plan is essential.**

Beyond this, there is a difficult problem in principle. On the one hand, the government is acting, albeit slowly, to advance the plan, as part of its declared policy of narrowing the severe gaps between the Arab minority and the Jewish majority and promoting the economic and social

integration of Arab citizens within Israeli society. It appears that the government has adopted the idea of integration for strengthening the national economy and for ensuring stability and public order. On the other hand, the same government and some of its ministers have sent messages of exclusion to the Arab community, which are echoed in the political, social, and cultural spheres. This has severely damaged the trust of the Arab community both in the government and in its intentions, and has encouraged anti-Arab groups and voices of hatred in the Jewish community, thereby widening the rift between Jews and Arabs in Israel.

This dual approach is reflected in the recent unfortunate events in Umm al-Hiran, an unrecognized Bedouin village, in which Jewish policeman Erez Levy and Bedouin teacher Yaqub Abu al-Qian were killed. This grave incident has severely damaged the sensitive relations between the majority and the minority, eroding the already low level of trust among the Arabs in the government's intentions as well as the credibility of the police, creating a situation of risk and uncontrolled escalation, and greatly detracting from the five-year plan's chances of success.

We emphasize: the inclusion of Arabs in the state will not lay the foundations for improving their economy, with all the importance of narrowing gaps. Realizing the vision of integration requires regarding the Arabs in a normative, declarative, valued, sensible manner, and, as a matter of course, as citizens with equal rights, for all intents and purposes.

