



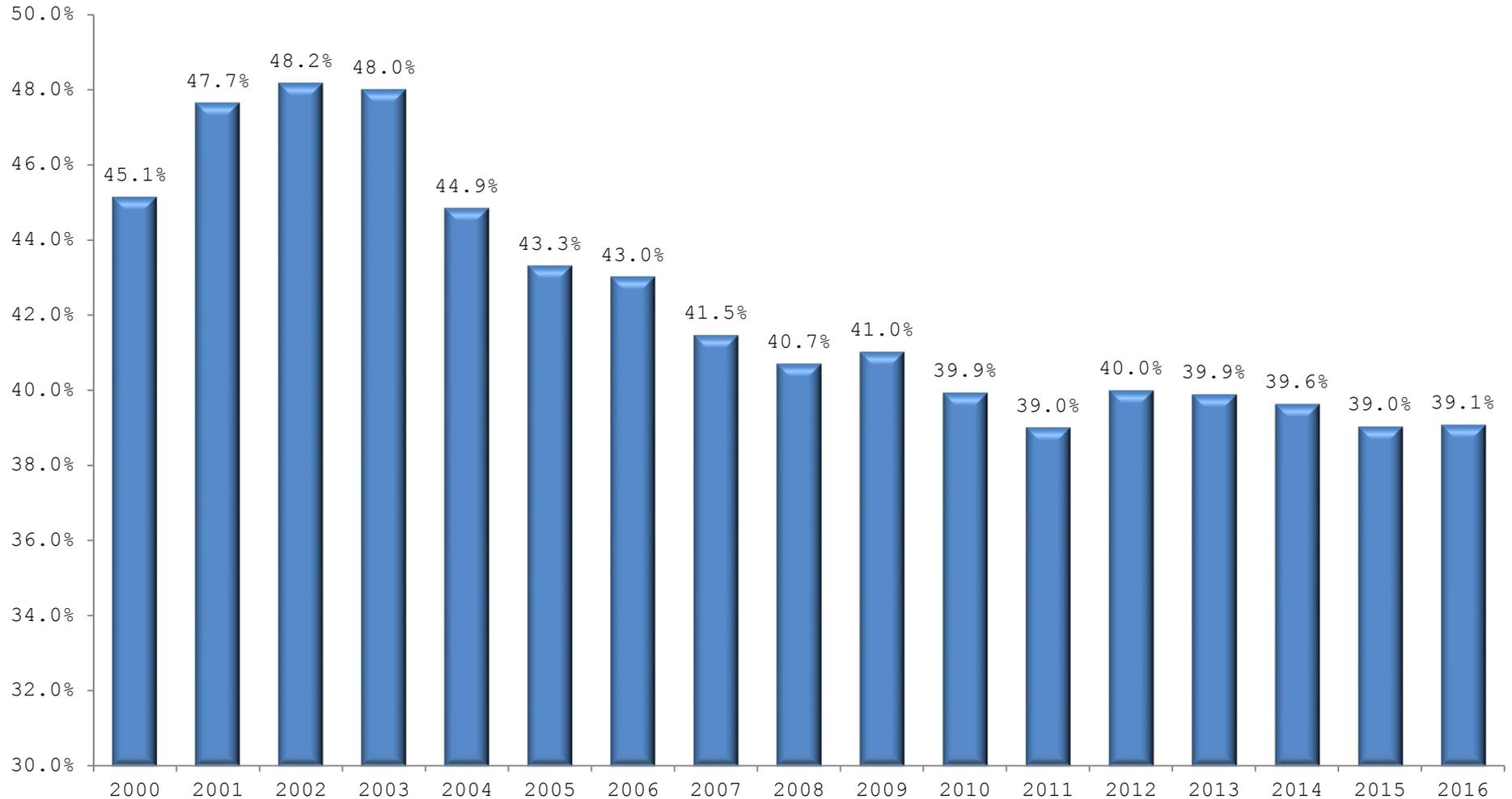
Economic Development and Integration Plan for the Arab Population

June 2017

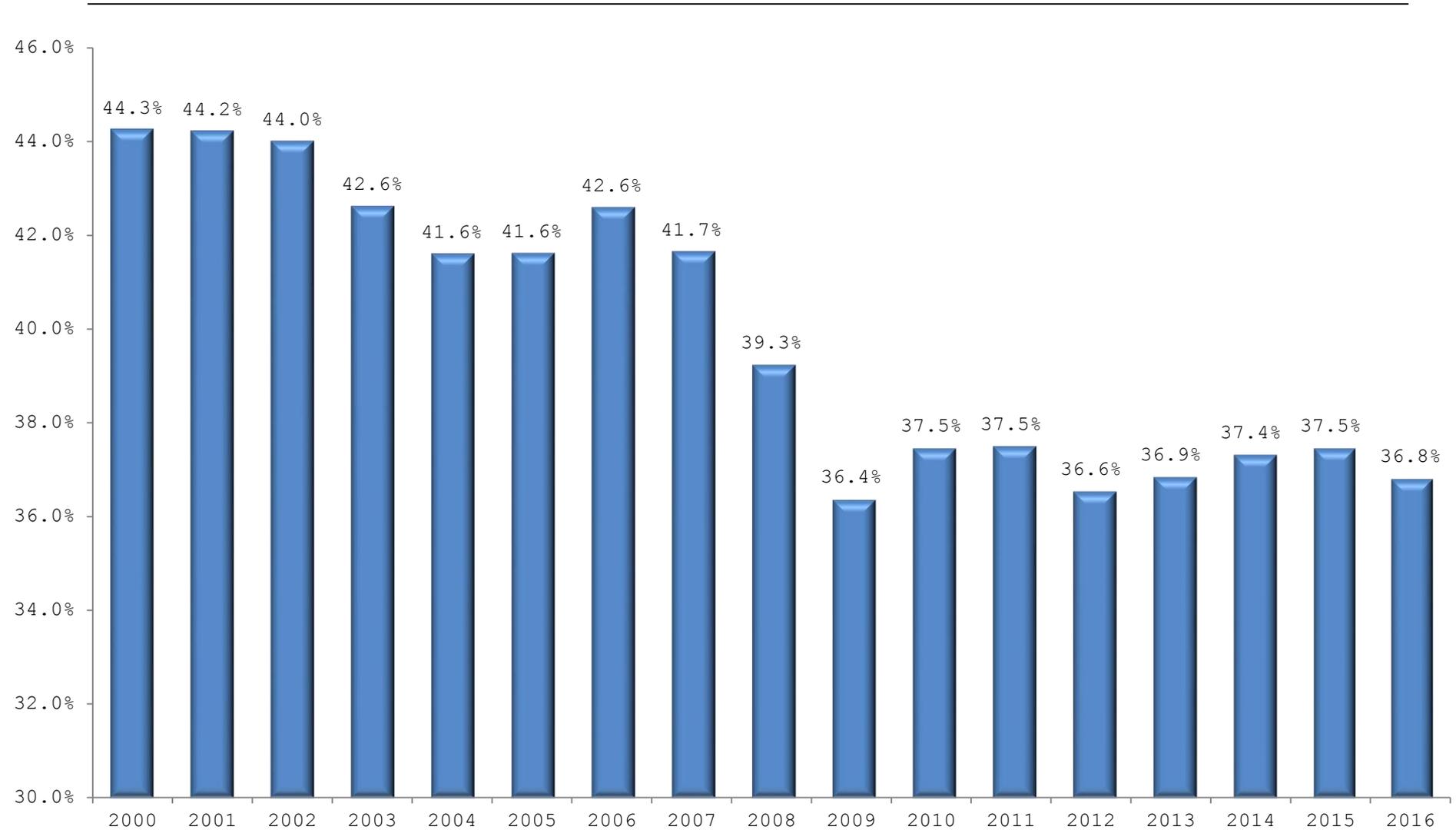


Israel's Macro Review

Public Expenditure as Percentage of GDP, 2000-2016



Total Tax Burden as Percentage of GDP, 2000-2016

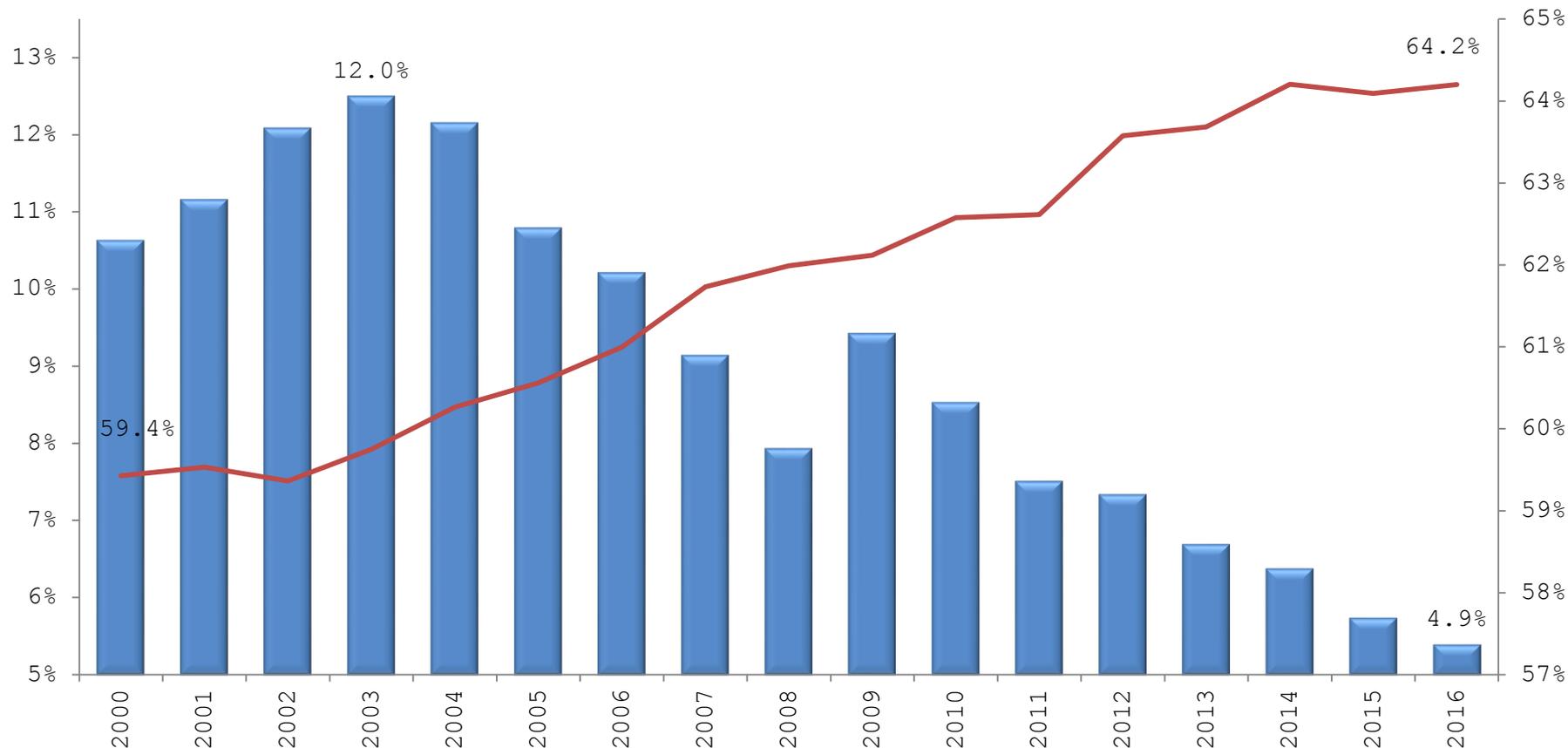


Unemployment and Participation Rates

+Ages 15

Unemployment Rate
(LHS)

Participation Rate
(RHS)

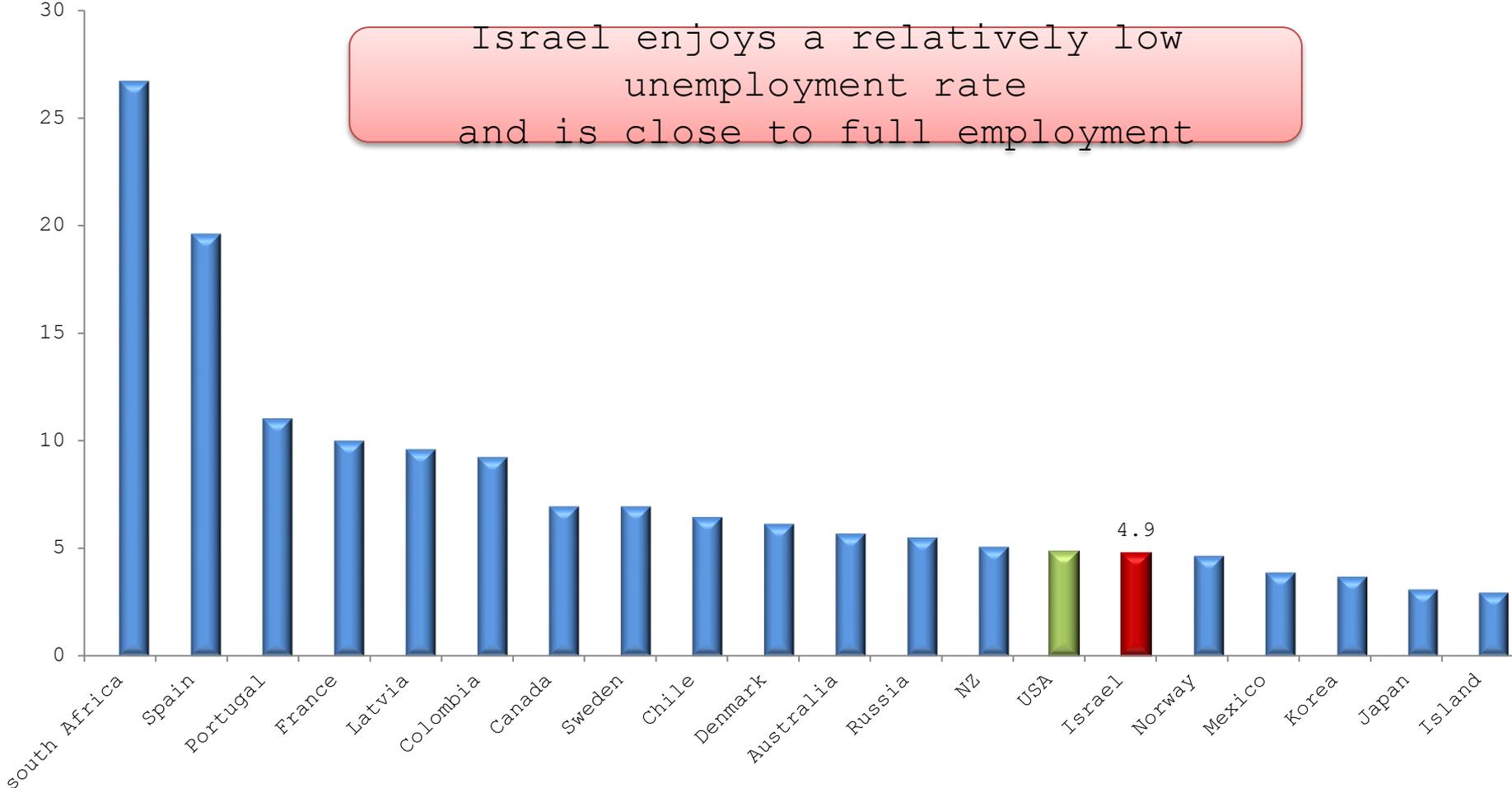




Unemployment Rate

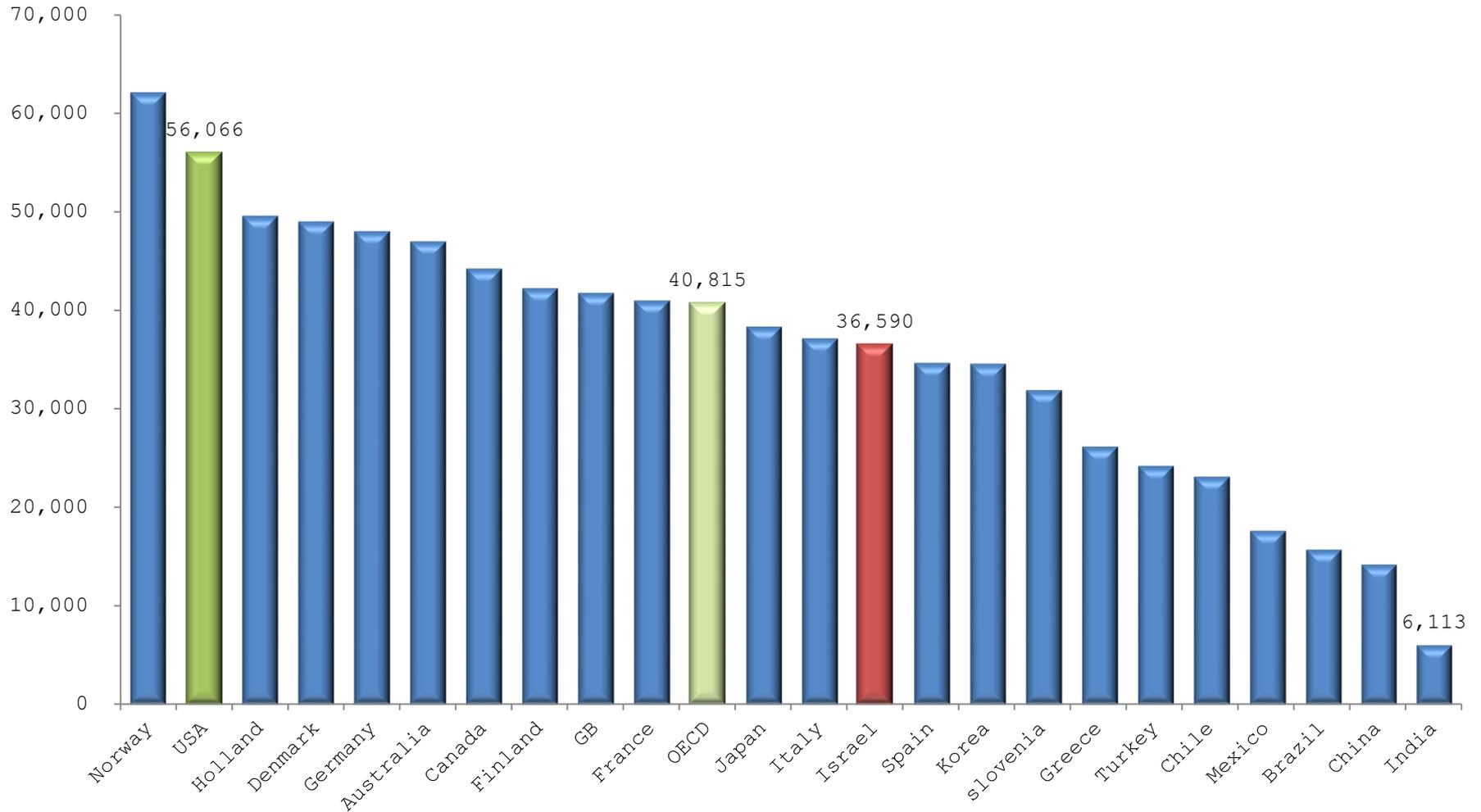
International Comparison, Ages 15+, Latest data available

Israel enjoys a relatively low unemployment rate and is close to full employment



GDP per capita

Thousand USD, Current Prices, Current PPPs, Latest data available



Source: OECD



Economic Development and Integration Plan for the Arab Population

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A dedicated team is assembled to study the existing gaps

A government resolution announces an economic development and integration plan for the Arab population in Israel

Budget allocation, implementation of the program and recent accomplishments

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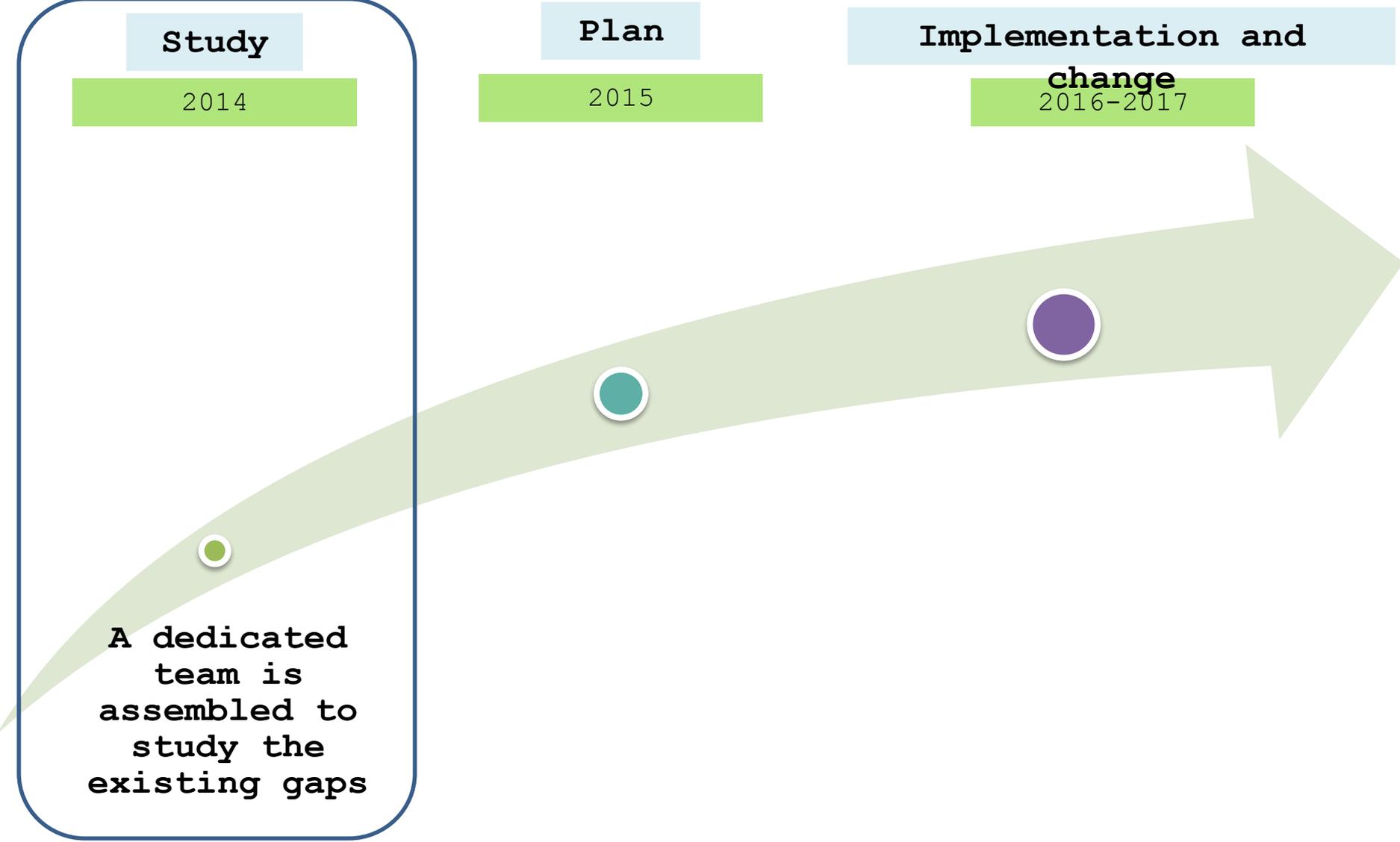
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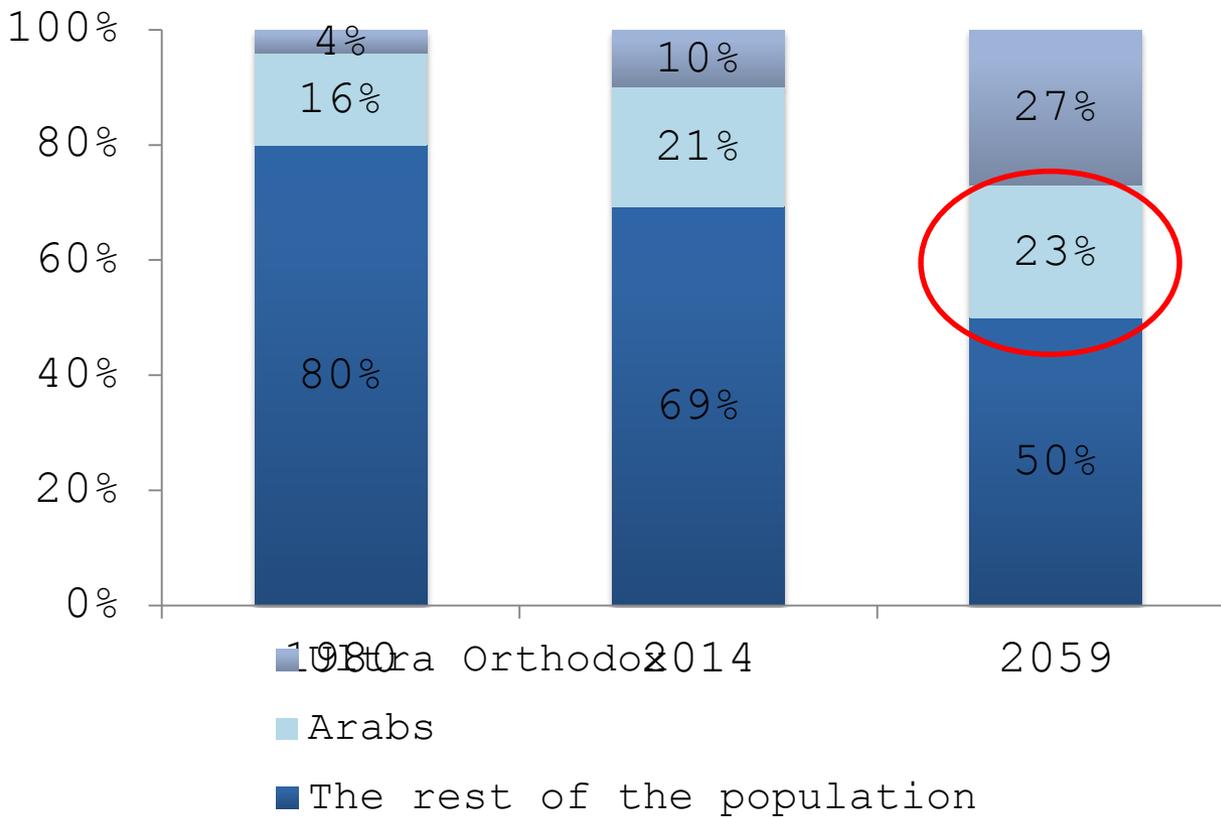


A dedicated
team is
assembled to
study the
existing gaps

The importance of economic integration

A Glance into the future: Demographic trends

percentage of total population



Matriculation certificate entitlement rate

Arabs- 48%
Ultra Orthodox- 9%



Employment rate

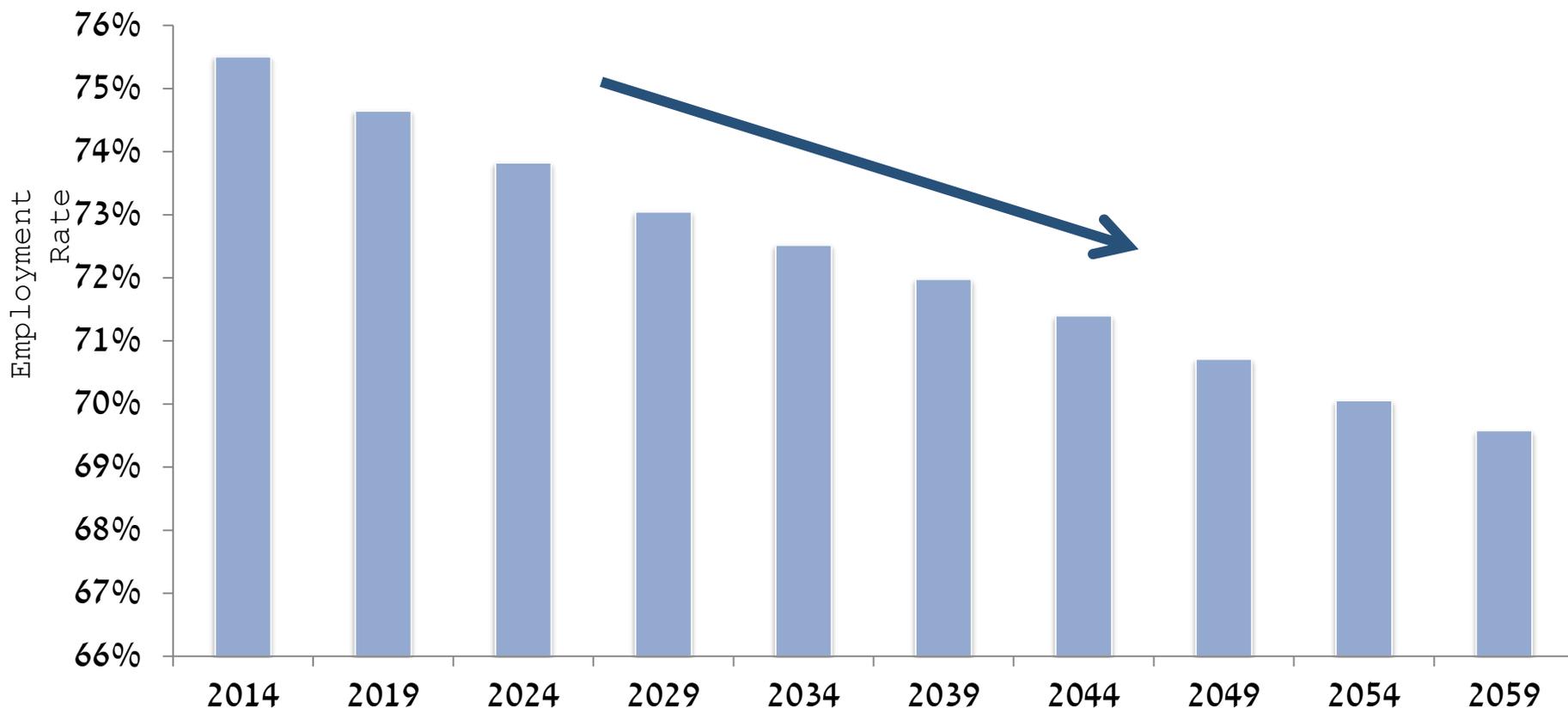
Arab women- 33%
Ultra Orthodox men- 51%





The importance of economic integration

“Business as Usual” scenario -
employment rate will drop 6 basis points by 2059

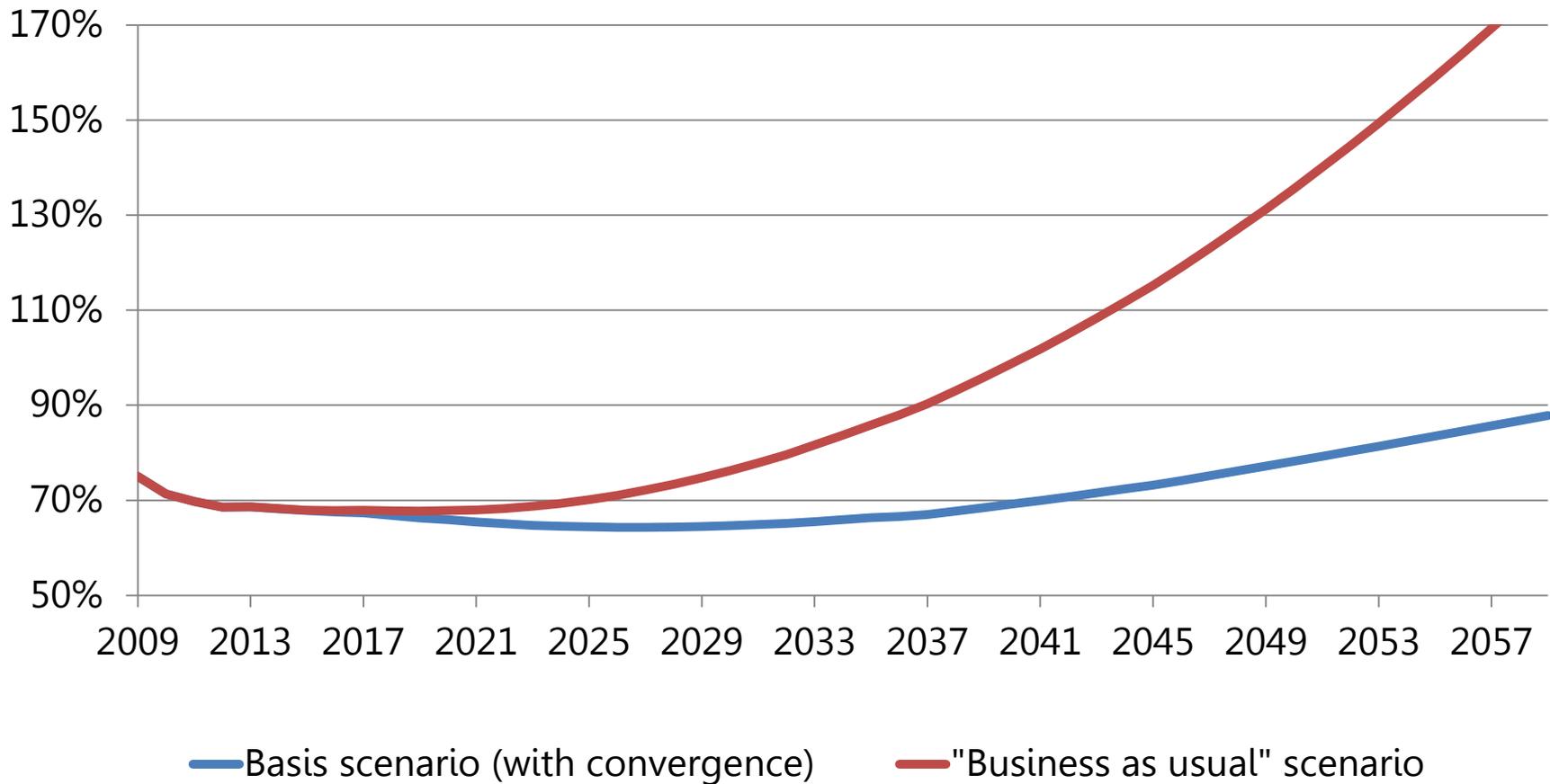


Source: CBS and the processing of the Bank of Israel. Based on the assumption that the employment rates and fertility rates remain constant



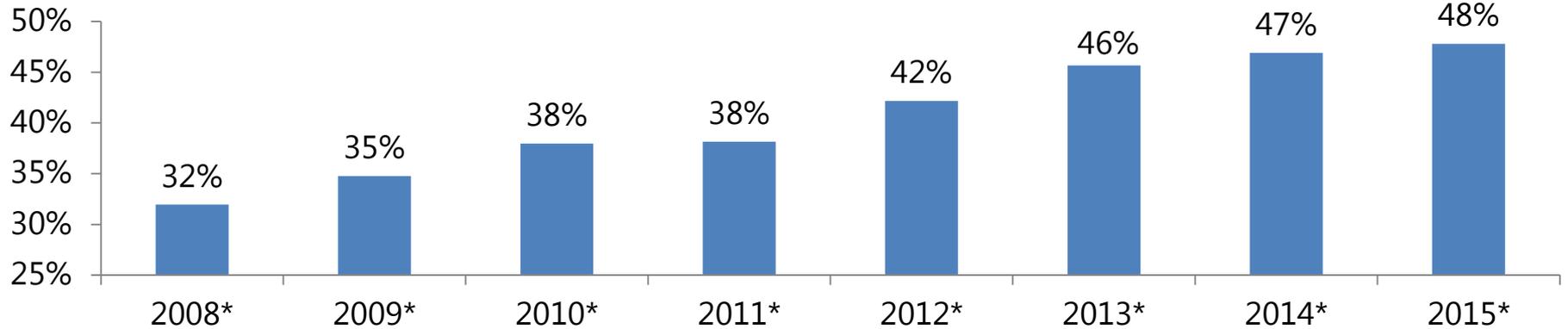
The importance of economic integration

Debt to GDP ratio

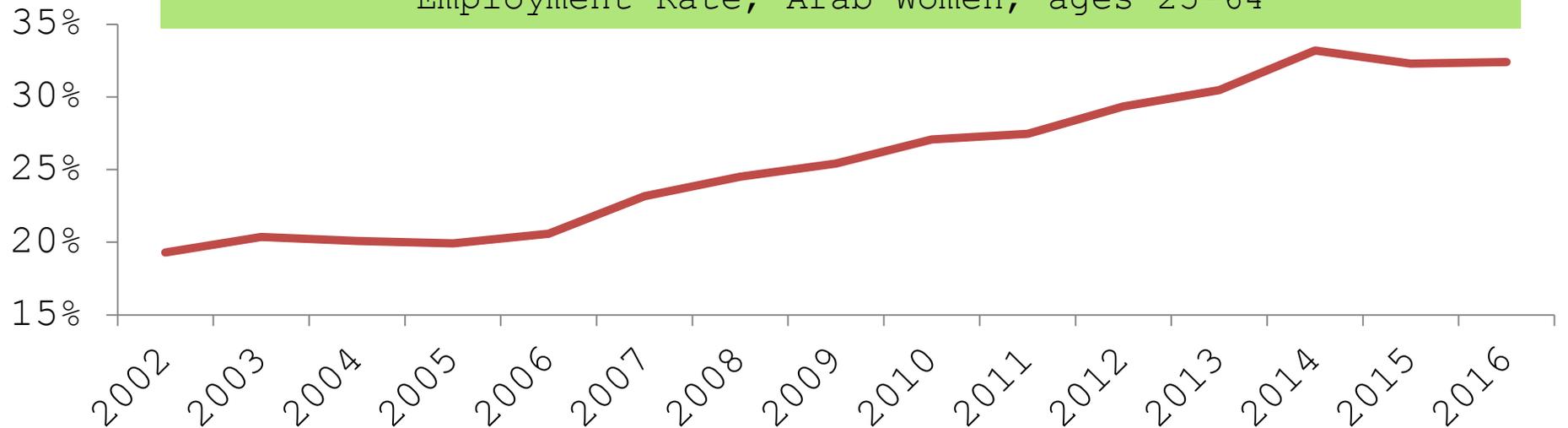


Positive trends

Arab Matriculation Certificate Entitlement Rate

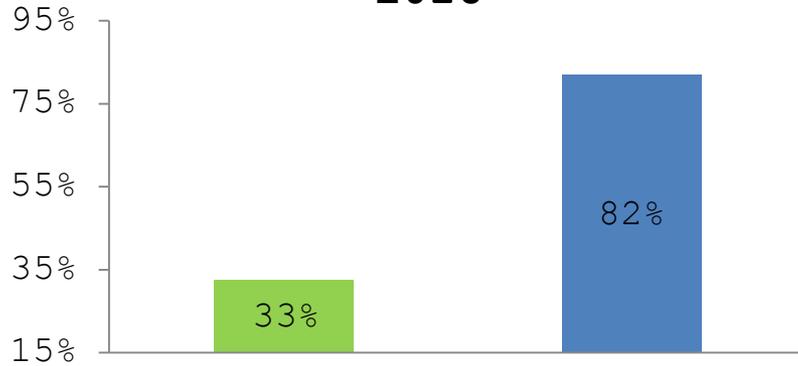


Employment Rate, Arab Women, ages 25-64

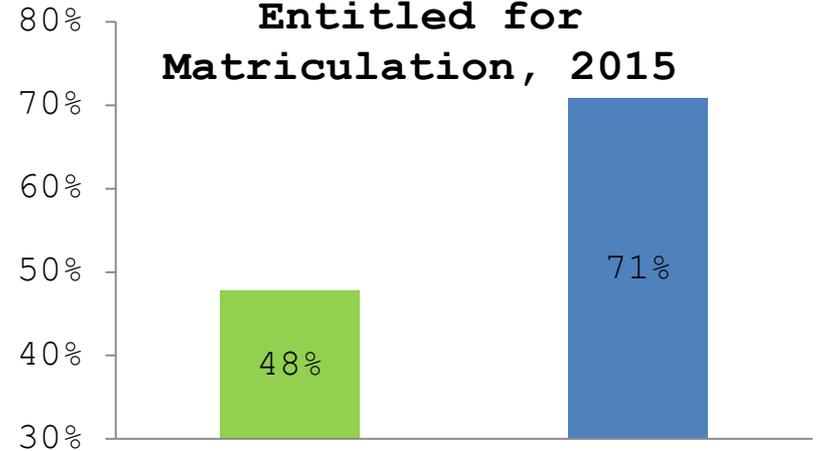


And still... the gaps require further steps

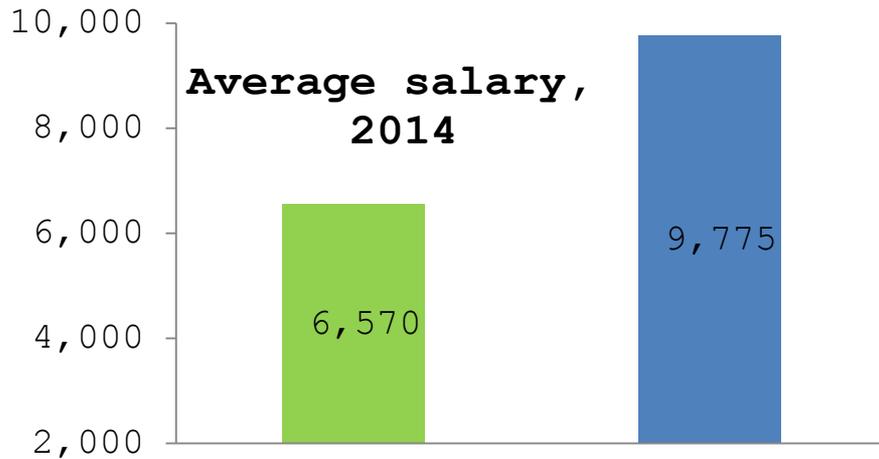
**Employment rate, women
2016**



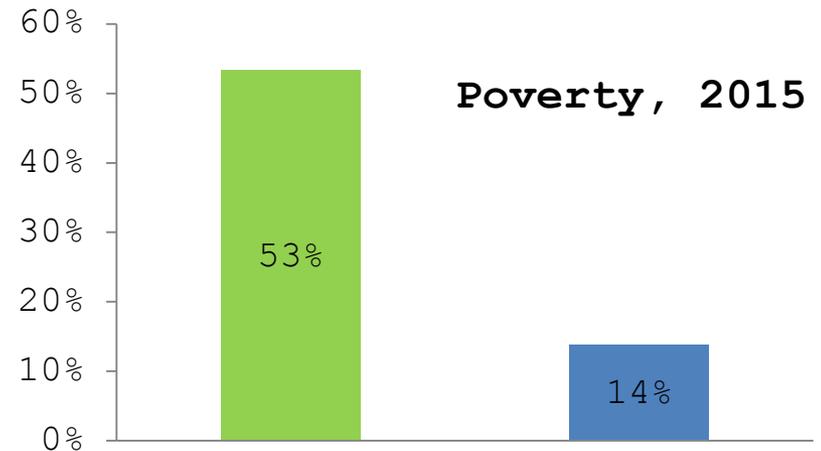
**Entitled for
Matriculation, 2015**



**Average salary,
2014**



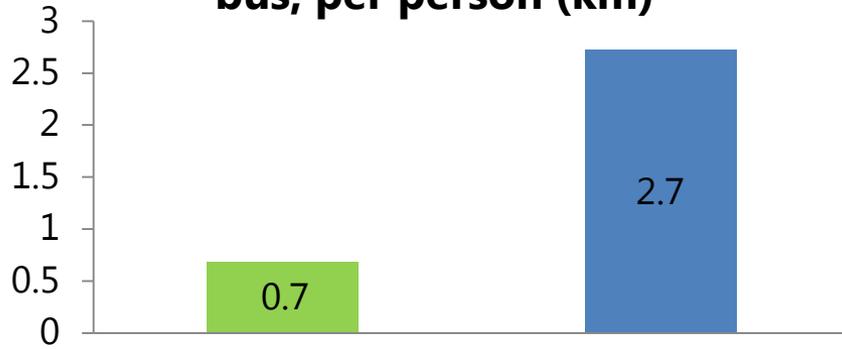
Poverty, 2015



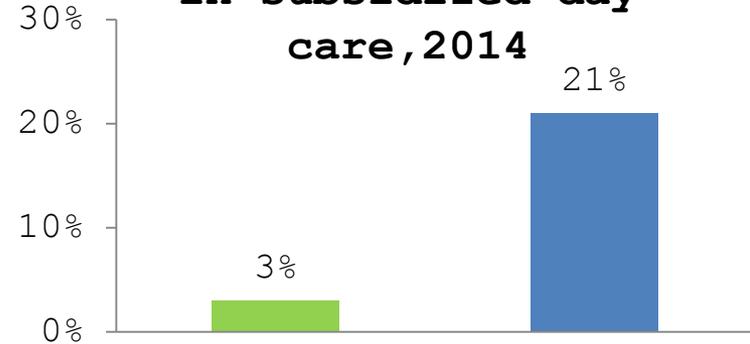
■ ab population ■ rish population

And still... the gaps require further steps

Weekly distance traveled by bus, per person (km)



The rate of children in subsidized day care, 2014



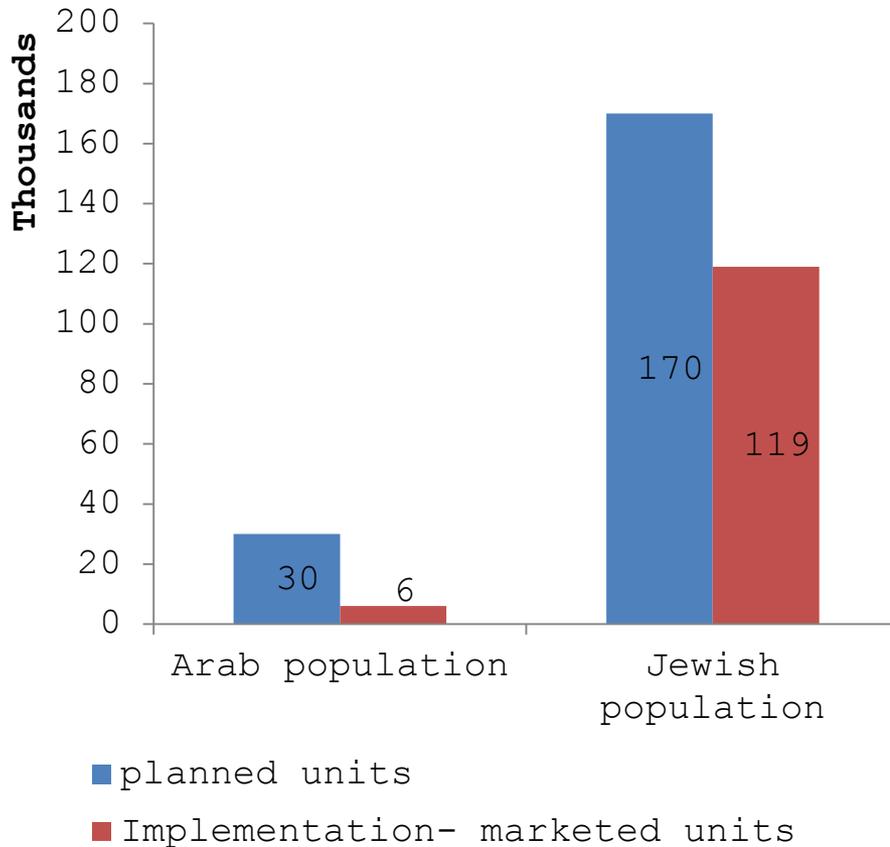
Authorities by clusters, 2016



And still... the gaps require further steps

Gaps in the housing sector over the last decade

New housing units, 2005-2009



During the years
2010-2014
only **3,800** housing
units were marketed
by the government to
the Arab population

The Vicious Cycle

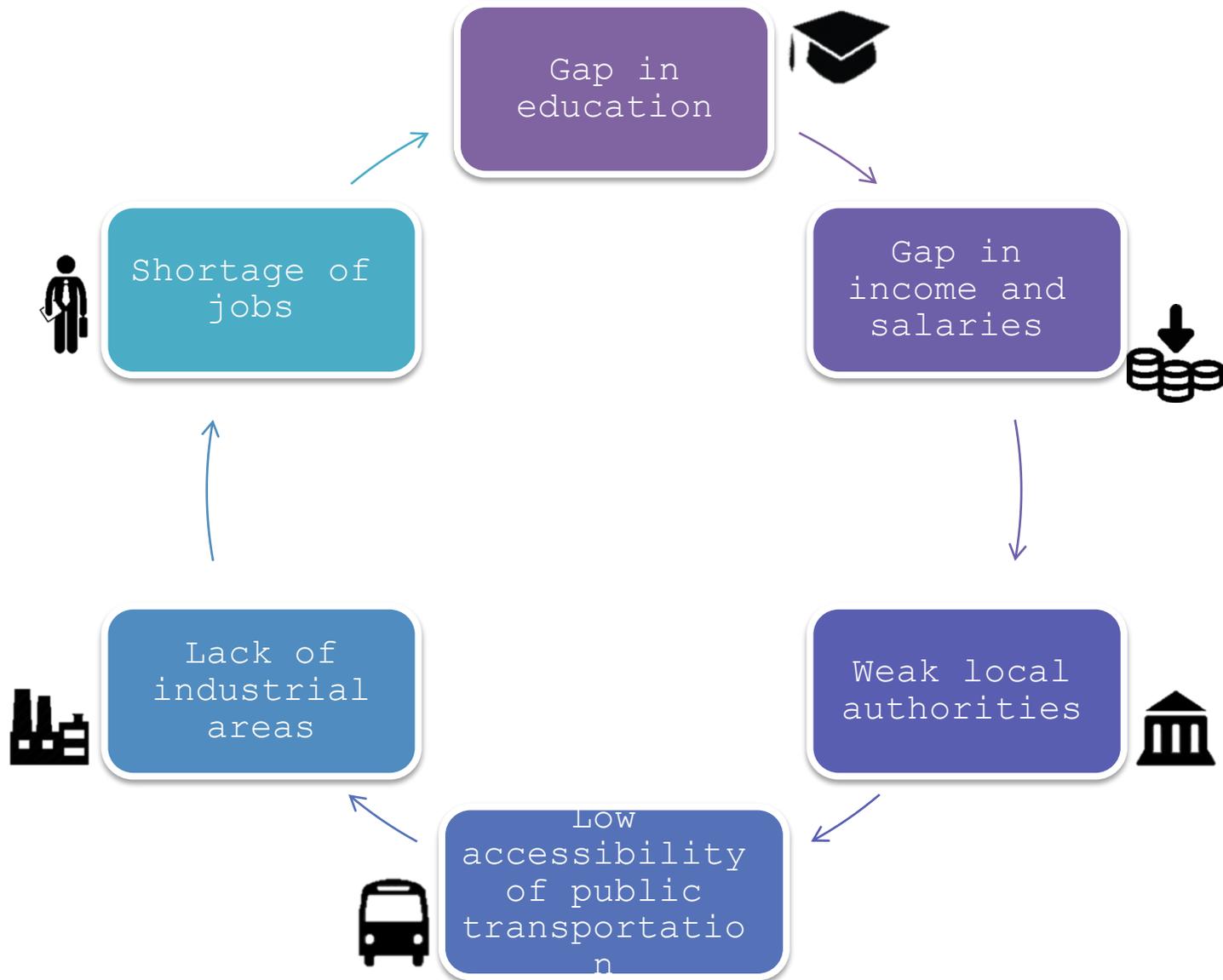


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change**

2016-2017



A government
resolution
announces an
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for the Arab
population in
Israel

Stakeholders



The main components of the program

Education

During and After School

Long term goals
Differential budgeting
Informal education



Housing

Increase the housing supply

High-rise buildings
Strategic agreements
Public institutions

Transportation

Ensuring 40%

of the national subsidy budget and the construction budget for urban roads



The main components of the program



Local authorities Domestic development and human capital

Incentivize leading local authorities
Government grants

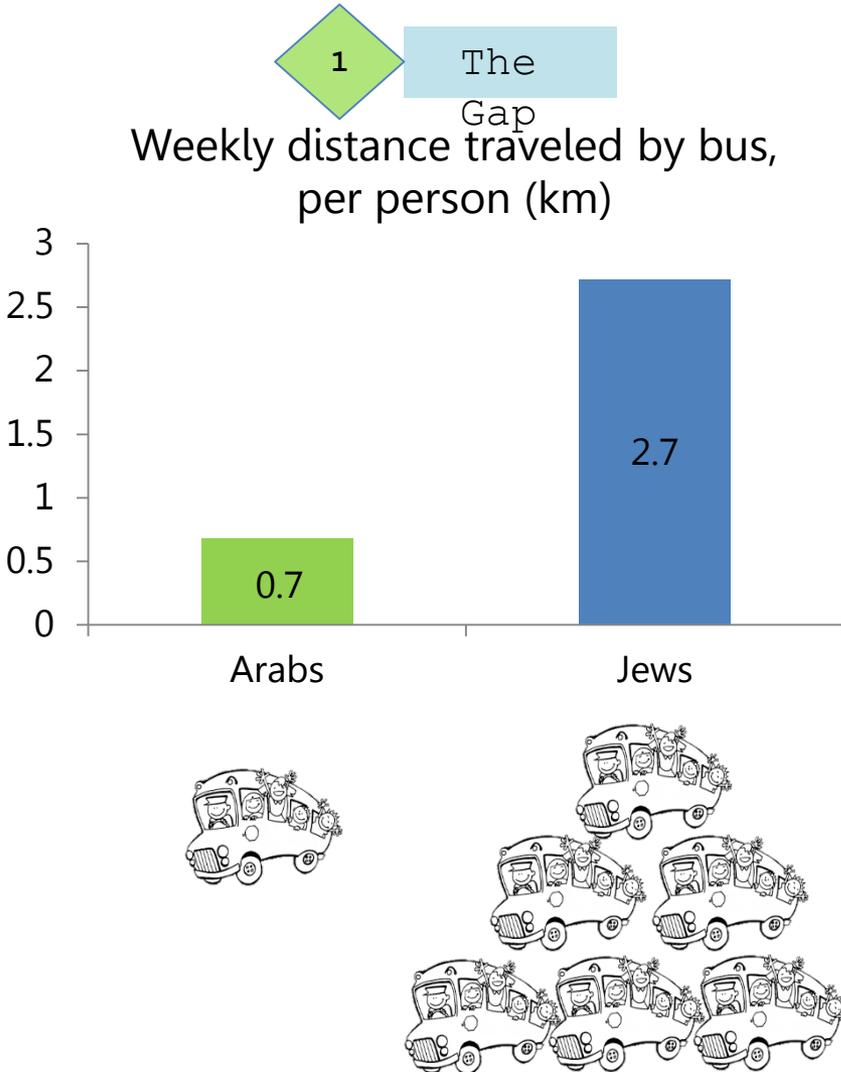
Employment
Ensuring 25%
of the new daycare budget
Operating centers for employment



Domestic security Reducing crime

Operate a new program that will reduce crime
and violence in Arab authorities

Example- Public transportation



2 The Goal

Complete equality between Jewish and Arab authorities by 2022

3 The Step

Every year, 40% of the new subsidy for bus transportation will be allocated to the Arab authorities, until equality is achieved

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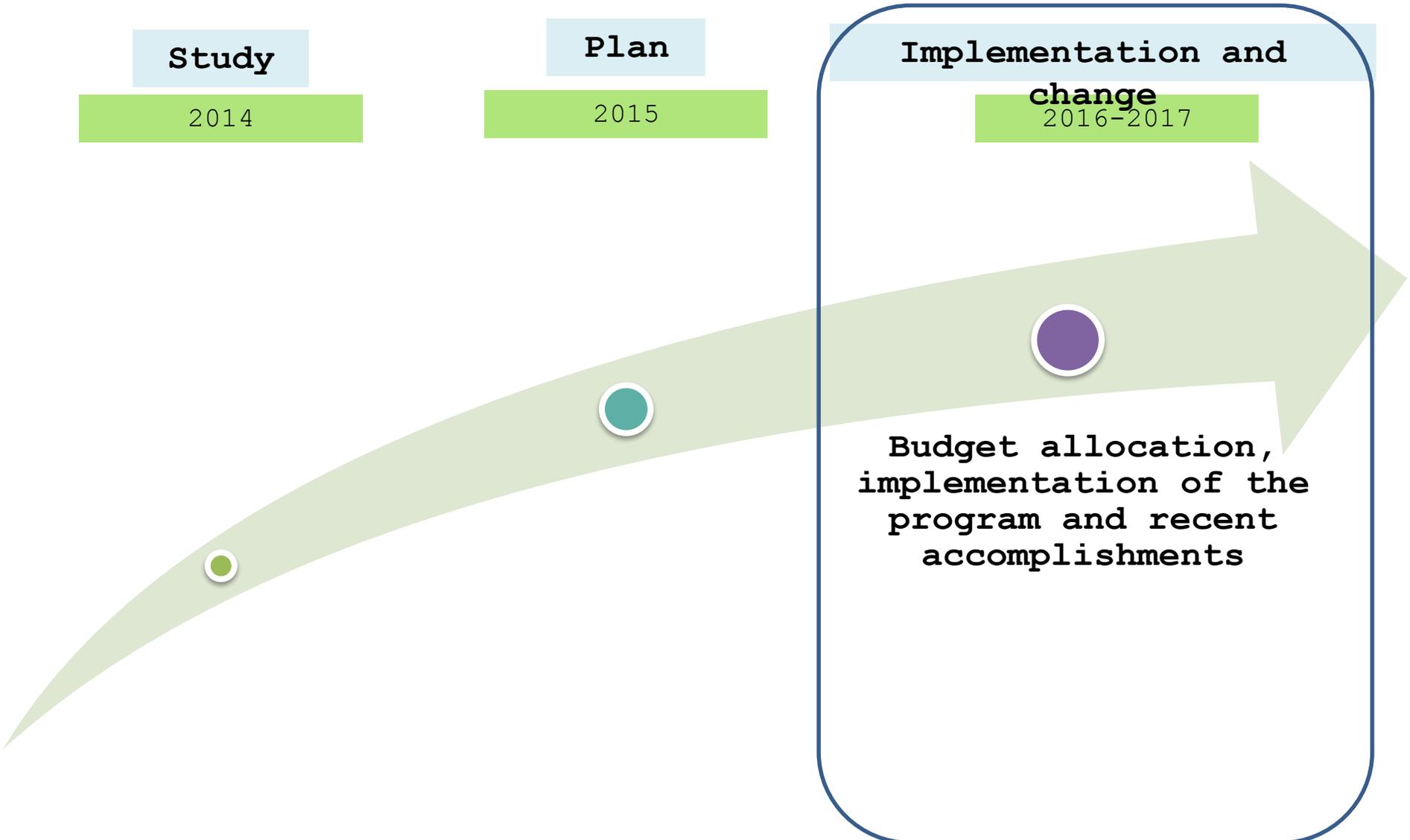
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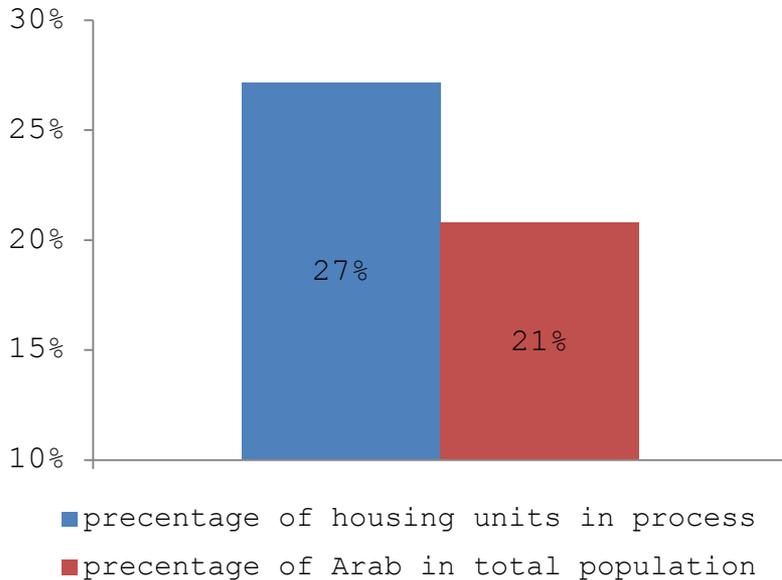
**Budget allocation,
implementation of the
program and recent
accomplishments**

Recent Achievements - Housing

1

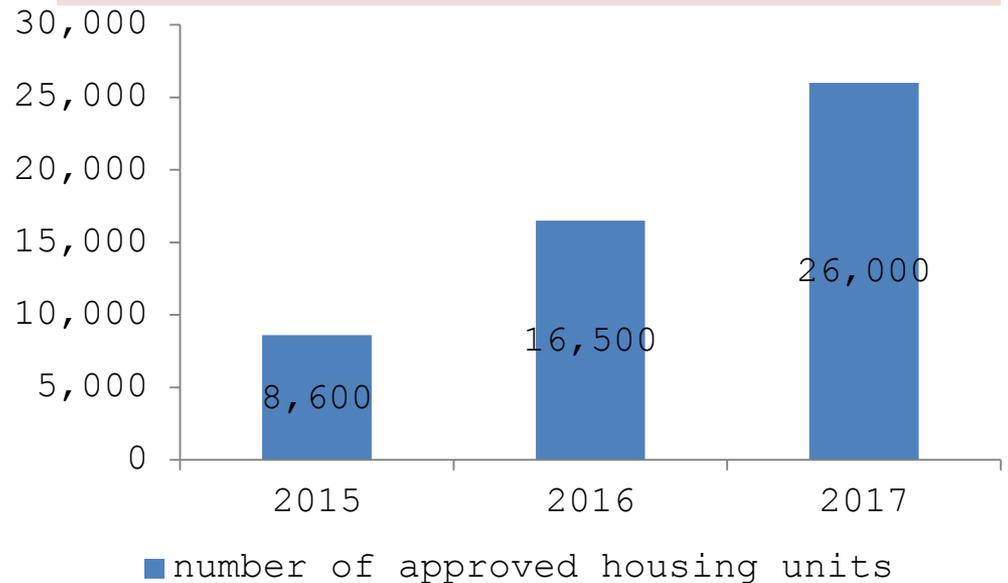
27% of the planned housing units in 2015-2016 are for the Arab population

47,250 new housing units in process



2

A significant increase in approved housing units



3

Strategic agreements

12 new agreements were signed
6,400 new marketed housing units

Recent Achievements - Education

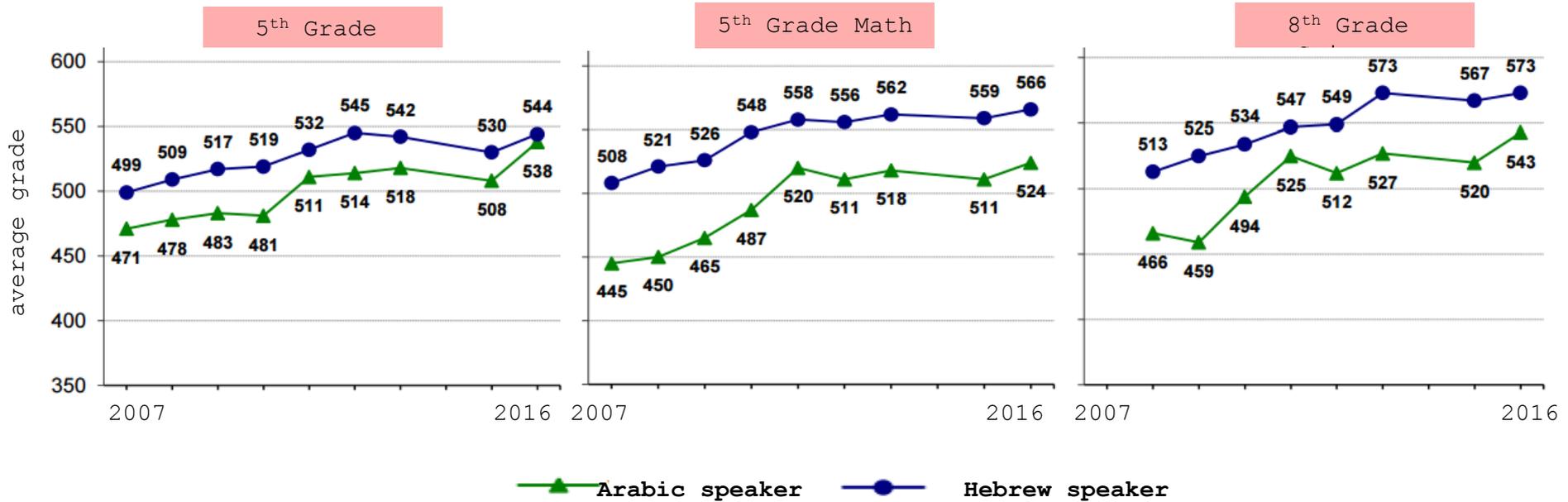
Differential Budgeting Model



Differential budgeting has begun gradually in elementary and junior-high schools, and is expected to be fully implemented by 2019

Recent Achievements - Education

Differential Budgeting Model



Narrowing gaps between students

The Bedouin in Israel

Negev Bedouin - Background

- 240,000 Bedouin in the Negev area live in recognized and unrecognized villages
- The Bedouin fall behind in most socio-economic parameters compared to the rest of the population:

	Bedouin- Negev	Arab Society	Average
High School Diploma	30%	48%	53%
Average Income per Capita	₪ 1,180	₪ 2,360	₪ 5,255
Municipality Expenditure per Resident	₪ 1,074	₪ 2,010	₪ 3,194

Five year plan of 3 billion NIS was designed In order to advance the Negev Bedouin

Four strategic missions

Education and Social services

Excellent students
Informal education
More classrooms



Employment

Grants and loans for small businesses
Improving workers' skills
Incentives for employers

Local government

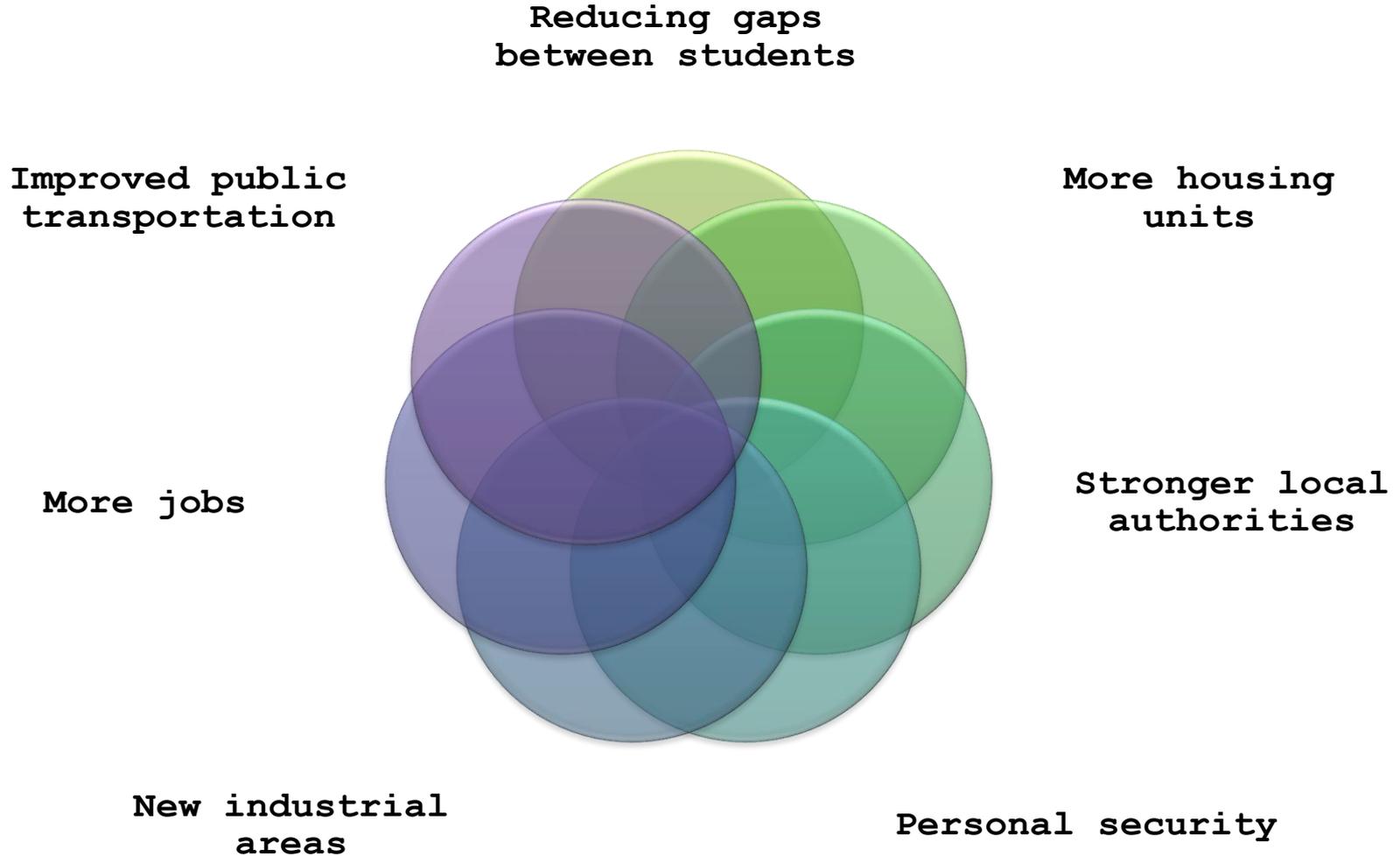
Encouraging local leadership
Higher non-government incomes
Better services to town residents
Improving human capital



Infrastructure

Road building
Public transportation
Building public institutions

The benefits of the plan



And more...