



State of Israel

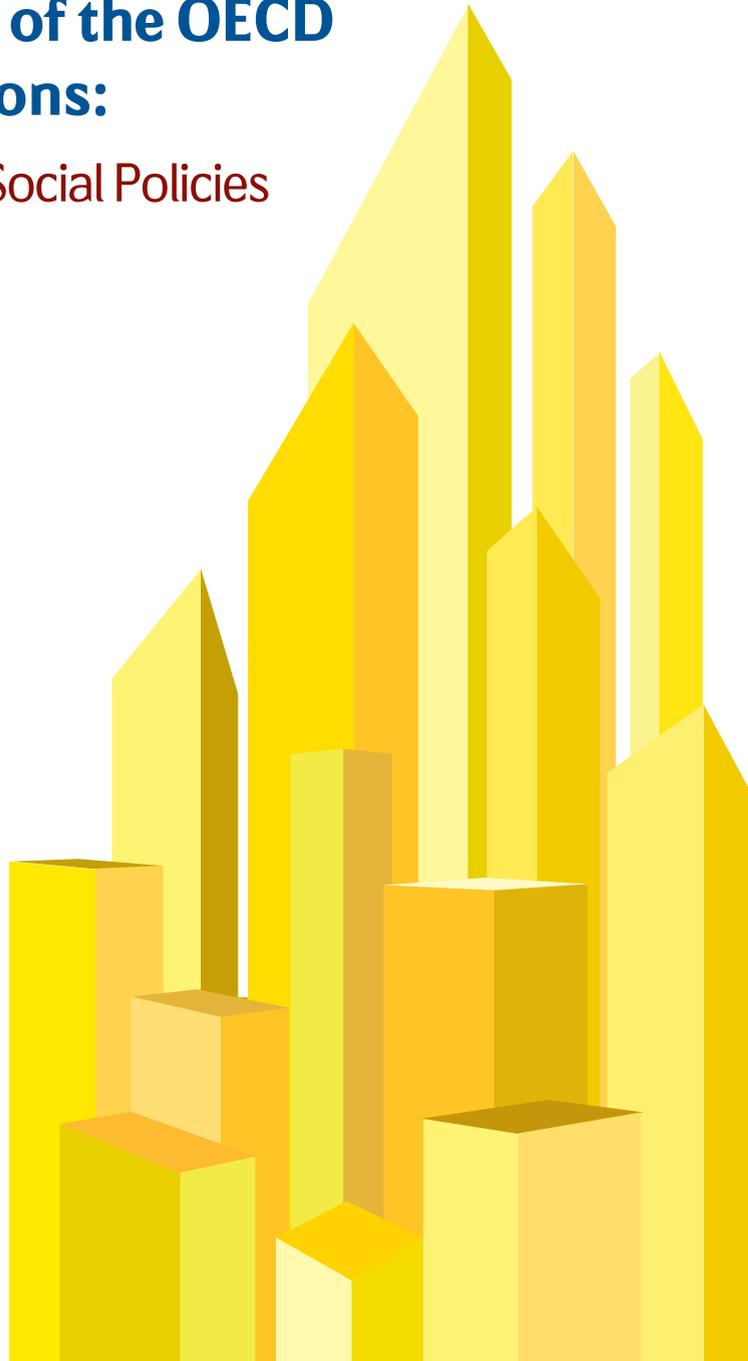


Ministry of Industry
Trade & Labour
The Minister

Progress Report on the Implementation of the OECD Recommendations:

Labour Market and Social Policies

ISRAEL



June 2012

October 2012

Dear MJB Committee Members and Friends,

It is our pleasure to present you with the recently published Israeli Government progress report to the OECD (the Organization for Economic Co-operation and Development), prepared with the assistance of the Myers-JDC-Brookdale Institute.

The Institute's involvement in the OECD dates to 2009, when the Directorate for Employment, Labor, and Social Affairs commissioned MJB to prepare two background reports on employment and labor market policies in Israel, one on immigrants and one on Arab-Israelis. The papers contributed to the OECD's dialogue with Israel on these issues, and played a key role in the review of Israel's application.

Following its acceptance as a member in 2010, the OECD issued a review of Israel's labor market and social policies with 16 major policy recommendations for improvements in a range of areas, including employment and education. Israel agreed to submit a two-year follow-up report on its progress in these areas. The government turned to MJB to assist by gathering and integrating the relevant information and preparing a report for submission by the government. The Institute worked with 17 government ministries and agencies to present an integrated and objective analysis of the progress made.

The result is a unique, comprehensive picture of changes in Israel's social and labor market policies. Our government partners were extremely pleased and expressed their gratitude for the highly professional process of preparing this complex and extensive report. The report will serve as an important basis for Israel's dialogue with the OECD and beyond. It will also serve as an important basis for further policy debate and development within Israel.

In September, a team from the OECD visited Israel to review the report based on which they will be preparing their own conclusions. Israel's efforts to address these challenges will be the focus of a special meeting of the forum of ministers that will meet in Paris on October 25 and 26. The OECD will be translating this report into French and will post it in English and French on its website, giving it broad international exposure.

Membership in the OECD has raised the international profile of Israel's socio-economic policies, and the attention is likely only to increase in the coming years. MJB continues to serve as a significant resource to promote an objective and meaningful dialogue.

Sincerely Yours,

Martin Paisner, Chairman
Myers-JDC-Brookdale Institute

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Abbreviations

AEDA	Authority for the Economic Development of the Arab, Druze and Circassian Sectors
CBS	Central Bureau of Statistics
CHE	Council for Higher Education
CLRFW	Commissioner of Labour Rights of Foreign Workers
CSC	Civil Service Commission
EEOC	Equal Employment Opportunities Commission
EITC	Earned Income Tax Credit
GEMS	Growth and Effectiveness Measures for Schools
GFL	General Federation of Labour
LIELL	Law for Increased Enforcement of Labour Laws
MJB	Myers-JDC-Brookdale Institute
MOE	Ministry of Education
MOF	Ministry of Finance
MOH	Ministry of Health
MOIA	Ministry of Immigrant Absorption
MOIN	Ministry of Interior
MOITAL	Ministry of Industry, Trade and Labour
MOJ	Ministry of Justice
MOLSA	Ministry of Social Affairs and Social Services
MOT	Ministry of Transport, National Infrastructures and Road Safety
MTDB	Manpower Training and Development Bureau
NCS	National Civic Service/ Administration for National Civic Service
NII	National Insurance Institute
NIS	New Israeli Shekel
PES	Public Employment Service
REA	Regulation and Enforcement Administration
SMBA	Small and Medium Business Agency
TWA	Temporary Work Agencies



Jerusalem, 15th June 2012

Dear Colleagues,

Expanding participation in the labour market is at the centre of the economic and social agenda of the State of Israel. We see great importance in consulting and learning from the vast experience and knowledge that has accumulated in other countries.

Against this background, one can understand the great importance that we attach to the review prepared by the OECD of labour market and social policies that brought into focus a number of areas in which there is room for improvement and delineated some of the important possible steps.

We are pleased that there has been considerable progress in a number of areas, as reflected in the report, in particular, with respect to the integration of populations with low participation rates in the labour market.

The relevant ministries and governmental organisations fully participated in preparing the report and this, in and of itself has helped us in developing a shared national perspective on the progress that has been made and on the further steps that need to be taken.

We would like to thank the Director of Employment Regulation and the Division of Labour Relations at the Ministry of Industry, Trade and Labour for their contribution to the formulation of the report. We would also like to thank the Myers-JDC-Brookdale Institute for their considerable contribution in gathering and integrating the relevant information and preparing the report.

This report is an important additional milestone in the open and fruitful dialogue with the OECD and in the ongoing learning process.

Sincerely,

Shalom Simhon
Minister of Industry, Trade and Labour

Introduction and Summary of the Findings

Introduction

As part of the process of Israel's accession to the OECD in 2010, the Employment, Labour and Social Affairs Committee (ELSAC) published a survey of Israel's labour market and social policies. The survey contained 16 key recommendations for improvement in labour market and social policies in five broad areas:

- ◆ the enhancement of employment opportunities for disadvantaged populations;
- ◆ reducing gaps in education;
- ◆ the development of public infrastructures such as transportation, in the periphery, particularly in the Bedouin sector;
- ◆ the expansion and reform of pension coverage;
- ◆ the status of foreign workers in the labour market.

Israel was asked to submit a progress report to ELSAC on the implementation of the recommendations within two years of joining the OECD. The Minister of Industry, Trade and Labour (MOITAL) was asked by the government of Israel to prepare the report and the Ministry requested the assistance of the Myers-JDC-Brookdale Institute (MJB) in gathering the relevant information and drafting the report.

Each chapter in this report relates to one of the 16 recommendations. This report summarises the steps taken since 2009 relating to: Resolutions that have been passed and already being implemented; resolutions that have been passed but have not yet been implemented; and further steps that are in the process of approval or planning. There is some overlap among the recommendations, but in the report itself, we have tried to avoid repetition by cross-referrals to the relevant chapters.

The draft report has been prepared by the Institute in collaboration with the relevant ministerial departments (the list of ministries appears in Appendix 1) and in consultation with the Prime Minister's Office, the Bank of Israel, the Ministry of Finance, the Knesset Research and Information Centre, and JDC-

Israel. The entire draft was distributed for comment to the relevant departments at the MOITAL, the Bank of Israel, the Ministry of Finance, and the National Insurance Institute (NII). The final approval of the report was given by the MOITAL and it is up to date as of May 2012.

Most of the information in this report is based on materials and written responses from the authorized government departments, supported by relevant government resolutions. Furthermore, efforts were made to include relevant information from national sources such as the Central Bureau of Statistics (CBS), the Bank of Israel, the Knesset Research and Information Centre; government committees, and various research reports.

We also refer in the report to the recommendations of the Committee for Socio-Economic change headed by Professor Manuel Trajtenberg (hence, the Trajtenberg Committee). In the summer of 2011 Israel experienced very significant social protests of unprecedented magnitude. The protests focused specifically on the difficulties of young middle-class families with children, but related more broadly to issues of social justice and the role of the welfare state. In response, the government established The Trajtenberg Committee. The Committee issued its report in September which included extensive recommendations, many of them relating to labour market and social policies. Shortly after the submission of the report, the recommendations as a whole were adopted by the government in principle. Some of these have already been implemented and others are under consideration.

We believe that this report demonstrates that there has been considerable progress in a number of areas while much remains to be achieved. A concise summary of the findings appears below.

Summary of the Findings

1. ***Increasing regulatory capacity for more effective enforcement of labour laws:*** The government is working to strengthen its capacity to enforce labour laws effectively and to improve the actual employment conditions of all workers in the country, particularly of those with low incomes. Among the steps that have been taken: Enactment of a law to increase enforcement of labour laws; considerable increases in the number of enforcement personnel;

targeting the resources available for enforcement on workers with low incomes.

- 2. *Strengthening Israel's active labour market policy and modifying the Welfare to Work programme:*** An active labour market policy is currently at the top of the socio- economic agenda of the government of Israel. Efforts are being particularly expanded for groups with low participation rates in the labour market, such as Arab women, Haredi men and those who are clients of the social services. Among the steps taken: The creation of one-stop employment centres, including a network of 21 centres specifically designated for the Arab population; expansion of the vocational training programme through the use of vouchers; development and expansion of programmes to encourage business entrepreneurship; expansion of the National Civic Voluntary Service (as an alternative to military service); the development of industrial parks in disadvantaged communities. In July 2010, the government decided to expand the 'Lights to Employment' programme (Welfare to Work) nationally. However, in the end, the programme was terminated.
- 3. *Development of employment and childcare support services for recipients of income support:*** Income support recipients will benefit from a planned general development in support services and employment programmes. In addition, income support recipients known to the social service departments will benefit from employment programmes and financial support, which the Ministry of Social Affairs and Social Services has been offering to an increasing extent in recent years. There have been many developments with regard to childcare, some of which provide universal interventions, while others focus on disadvantaged populations.
- 4. *Extend the earned income tax credit (EITC) across the country and increase support for working parents:*** It is widely recognised that support services are a critical component of the effort to enable additional populations to integrate into the labour market. Enhancing the net incomes of those employed at low wages is an important component of policies to encourage employment and reduce poverty. Among the steps taken: National deployment of EITC; provision of increased EITC for parents of young children; increased tax credits for families with children; greater access to frameworks for children aged 0-2, including reducing the current

gap in the supply of public day-care centres in the Arab sector; a significant change in the provision of childcare, with the gradual implementation of free education from age 3 and of afternoon programs for ages 3-9 targeted at this stage to the most disadvantaged localities.

- 5. *Removal of barriers to employment for groups with a low participation rate by increasing investment in education:*** In recent years, there have been efforts to expand and improve the educational achievements for those whose education constitutes a considerable barrier to their integration into the labour market. There has been a particular emphasis on the Arabic-speaking population, including the Bedouin, and on the Haredi population. Among the steps taken for the Arabic-speaking population: Improved educational infrastructures; strengthening of Arabic language studies; strengthening of technological (vocational) education; increased integration into higher education. Among the steps taken for the Haredi population: Increased efforts to implement a core curriculum in the schools; development of more vocational tracks; increased possibility of integration into higher education.
- 6. *Improved transport infrastructure in the periphery and Arab localities:*** Significant efforts are being made and considerable funds are being invested in improving transport infrastructures, with a special emphasis on the periphery and Arab localities. This is designed to enhance the ability to access employment, acquire an education and access needed social services. These efforts are designed to reduce the economic gaps between the centre of the country and the periphery. There are a number of separate plans, each supported by government resolutions: A plan to upgrade the network of roads serving Arab localities; the 'Netivei Yisrael' ("routes of Israel") plan for the Negev and the Galilee; additional plans to develop and increase access to public transport in the periphery as a whole, particularly in the Arab local authorities.
- 7. *Integration of disadvantaged populations in the public sector; use of public procurement contracts to ensure that employment conditions meet basic standards; ensuring fair employment to minorities as a condition for public funding:*** The government of Israel recognises the importance of the integration of disadvantaged populations into the public sector and has set goals to ensure their fair representation. Special emphasis is placed on integrating members of the Ethiopian-Israeli community and of the Arab

population, including Druze and Circassians. Additional steps have been taken in recent years, among them: Increased number of designated positions; changes in the criteria for allocating designated positions; publishing new directives regarding affirmative action in tenders. However, there is a general agreement that greater efforts are required, regarding both the numbers employed and the nature of the positions. At the same time, there is no intention to use public procurement contracts to ensure fair representation of these populations in private companies. Progress has been made regarding guaranteed basic conditions of employment for employees of these companies through procurement contracts.

- 8. *Introduction of compulsory reporting by employers in large companies about the composition of their employees:*** It is not mandatory to submit reports about the composition of employees to the Equal Employment Opportunities Commission, but the Commission is entitled by law to order a report on the composition of employees in cases where a complaint has been filed or if there is any suspicion of discrimination in the workplace. Likewise, the tools available to the Commission for encouraging a diverse workforce have continued to be developed in recent years and the emphasis on this area continues to grow. Among the steps taken: Encouraging and assisting employers to develop a written policy for diversity in employment; developing a curriculum titled "Leadership for Equality and Diversity in Employment"; the EU twinning project.
- 9. *Development of electricity, sewage and transport infrastructures in Bedouin localities:*** The government recognises the importance of a comprehensive, integrated system-wide solution for the Bedouin localities. This includes resolving the land rights issues and finalising a plan for the pattern of settlement of the Bedouins in the unrecognised settlements as well as the development of the required municipal infrastructures, along with an emphasis on employment and education, so as to improve the overall living conditions. A plan to resolve the issue of land rights of the Bedouins and the unrecognised settlements in the Negev has been almost finalised. A decision to implement a plan to promote the economic growth and development of the Bedouins in the Negev has been finalised. A decision to implement a programme for the development and empowerment of the Bedouin localities in the north of Israel has also been finalised.

- 10. *Follow-up of the implementation of the plan for compulsory pensions and strengthening its enforcement:*** As of now, there has been a considerable increase in the rate of compulsory pension coverage. In addition, a decision was made to increase the rate of employer and employee contributions. The enforcement of the compulsory pension scheme is to be further strengthened by the ratification of the Law for Increased Enforcement of Labour Laws that is due to be implemented in the near future.
- 11. *Change in the system of tax deductions on pension plans in favour of low-income workers:*** The government considers it important to simplify the law defining the tax deductions for pension plans and to reconsider the way in which the deductions are distributed among different population groups. These changes are being considered by the Ministry of Finance. In addition, it is intended to strengthen the link between the investment mix and the characteristics of the insured, particularly in relation to age.
- 12. *Assurance of a more proactive policy to reduce the extent of receipt of disability pensions and to capitalize on the ability to work of people with disabilities:*** The inclusion of people with disabilities in society and in the labour market has been widely addressed in government policy in recent years. The steps initiated take a broad system approach involving all the relevant ministries: In 2009 greater employment incentives within disability insurance were introduced; efforts were made to strengthen programmes to encourage employment for workers and employers alike. Existing programs were expanded and there are a large number of new programmatic and legislative initiatives.
- 13. *Establishing criteria for bringing in foreign workers and revoking permits from employers who do not provide minimal working conditions:*** A major goal of the government is to reduce the number of foreign workers in most branches of the economy and steps have been taken to gradually reduce the quotas. An example is the planned reduction in the number of foreign workers in agriculture, from 25,400 at the beginning of 2012 to 18,900 in mid-2015. Moreover, additional steps have been taken to ensure fair working conditions for foreign workers, including rejecting authorisation of employers who do not provide such conditions.

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- 14. *Preference to employing Palestinian workers rather than foreign workers:*** This recommendation is in keeping with government policy, as reflected largely in government resolutions to allocate quotas for the employment of foreign workers and Palestinian workers in construction and agriculture, which are the two main branches where the greatest overlap of the two populations is evident. In allocating quotas in these two areas, the trend is to reduce the rate of non-Israeli workers in general, but where they are needed, to address the need with Palestinian workers.
 - 15. *Promotion of bilateral agreements to recruit foreign workers in order to reduce rent-taking by intermediary agencies:*** In recent years, the government of Israel has been promoting a policy of recruiting foreign workers through bilateral agreements, with a preference for agreements conducted through the International Organization for Migration (IOM). Among the steps taken: Agreement with the Thai government to bring in agricultural workers; agreement with the Bulgarian government to bring in construction workers; a pilot agreement with the Sri Lankan government to bring in agricultural workers.
 - 16. *Giving migrant workers permanent residence:*** There has been no change in government policy. Migrant workers come to Israel for short, limited periods, reflecting the temporary nature of their stay. The fact that they come to Israel as foreign workers does not imply that they are on a path to permanent residence or citizenship.

Chapter 1: Increasing Regulatory Capacity for More Effective Enforcement of Labour Laws

Recommendation 1

Invest in regulatory capacity and effectively enforce labour laws, including minimum wage legislation and employment conditions for Israeli and non-Israeli workers, this would require increased resources for the labour inspectors and the labour courts.



Effective enforcement of labour laws is an important tool for maintaining the rights of workers and reducing the phenomena in which working people, most of them unskilled workers with limited negotiating powers, earn a low wage. Furthermore, enforcement makes it more worthwhile for people with low earning potential to integrate into the labour market rather than to rely solely on transfer payments. Naturally, all this is beyond the inherent importance of the enforcement of labour laws.

The government is therefore taking steps to strengthen the ability of the authorities to enforce labour laws effectively and to improve actual employment conditions of the overall working population in Israel, and particularly of its weak members.

These changes have come about as the result of government initiatives and as well as in response to the negotiations with the General Federation of Labour (GFL) with respect to the enforcement of Temporary Work Agency (TWA) workers' rights. They relate both to enforcement and also to an expansion in the actual rights of such workers.

This section first addresses the enforcement of labour laws in general and in the second section specific attention is devoted to enforcement among foreign workers. In the end, the functioning of the labour courts in general is addressed.

1. The Law for Increased Enforcement of Labour Laws (LIELL), December 2011

In December 2011, the Knesset passed the Law for Increased Enforcement of Labour Laws (LIELL), which followed long discussions among the government, the employers' associations and the GFL, and accorded with the recommendations of the Trajtenberg Committee. The law will take effect in June 2012 and includes changes in the following areas:

1.1 Authorization to Open Administrative Proceedings against Employers who Violate Labour Laws

The goal of the LIELL is to increase and render more efficient the enforcement of labour laws. It does this by introducing an administrative procedure to impose financial sanctions or issue an administrative warning to employers or purchasers of services from TWAs. This is also done by demarcation of the civil and criminal liability of purchasers of services and by intervening in the contractual agreement between the purchasers of services and the employer.

More effective and rapid enforcement of labour laws will be made possible by a number of provisions in the law. The imposition of financial sanctions or an administrative warning does not require the same level of criminal evidence, but only administrative evidence. The law stipulates time limits for administrative decisions, submitting objections to the financial sanctions and submitting appeals, while limiting the possibility of appealing to the labour courts.

The intention is to make it possible to focus criminal enforcement of the most severe violations and breaches of labour laws, alongside rapid and effective handling of less serious breaches by means of the new administrative enforcement tools. Thus, those who commit minor breaches will be quickly and expressly dealt with by means of administrative warnings and financial sanctions where necessary, while employers who systematically and seriously infringe labour laws (commit severe breaches) will be thoroughly dealt with by the criminal enforcement system. Examples of severe breaches include cases dealing with serial offenders, serious breaches of workers' rights, issues with across-the-board implications for the labour market and multiple breaches.

This change enables the enforcement system to provide a greater number of employees with the protection that they need and to enforce labour laws more

effectively. The imposition of financial sanctions will be published on the website of the Ministry of Industry, Trade and Labour (MOITAL).

It should be noted that between 2007 and 2010, there was a significant increase in the number of indictments issued, from 81 in 2007 to 380 in 2010. In 2011 there was a decrease and 283 indictments were issued.

As mentioned, the decline in the number of indictments in 2011 is the result of the decision to focus the indictments on severe breaches. While in less severe offenses, such as one-time breaches that have been rectified, technical breaches, etc., consideration was given to issuing a warning instead of prosecution if the suspects had met all the conditions set and had amended their ways.

As noted, once the LIELL comes into effect in June 2012, indictments will continue to focus on severe breaches, while less severe breaches will not be treated through criminal proceedings.

1.2 Civil, Administrative and Criminal Liability of Purchasers of Services, Including Personal Liability

The law stipulates that recipients of cleaning, security and catering services bear the burden of civil, administrative and criminal liability, under certain conditions, if the rights of employees of TWAs are infringed on the property of the person purchasing the service. This relates to both public and private purchasers of services and their directors. The TWAs will not be allowed to compensate the purchasers of services for any financial sanctions imposed on them.

The law permits imposing financial sanctions on the purchasers of services and allows the worker the right to sue the purchasers of services in a civil court. The law also allows the purchasers of services to be indicted on condition that the TWA is also indicted for the same offense. A purchaser of services who has taken reasonable steps (including signing a contract that ensures the rights of the employees of the TWA) to ensure that the rights of the employees of the TWA have been upheld may use this in his defence if he is taken to court.

Purchasers of services who have signed a contract that does not ensure the minimal wage cost of the employees will bear criminal liability for the signing of the contract, as will the director of a corporation that is the purchaser of services.

Regulations to this effect will determine the minimum wage rate for the areas of service noted above. Corporations will not be allowed to compensate their director who is financially sanctioned.

1.3 Amendment to the Public Bodies Transactions Law

The law for increased enforcement also includes an amendment to the Public Bodies Transactions Law stipulating that in addition to non-payment of the minimum wage and illegal employment of foreign workers, numerous other breaches of the provisions of the law regarding conditions of employment are criminal offenses. The law also stipulates that a public agency may not sign an agreement to receive services from providers of cleaning, security, or catering services who have been convicted, during the previous 3 years, of more than 2 offenses or from providers who have had financial sanctions imposed on them for more than 6 breaches that constitute criminal offenses.

1.4 Responsibility of a Director of Public Companies and Authorities

The law stipulates that it is possible to prosecute the Director General of a government ministry or support unit (that is not incorporated), subject to the approval of the attorney general, for breach of his obligation to inspect the prevention of breaches and offenses, unless it is proved that he has done all he can in good faith to fulfil his obligation. These offenses also constitute disciplinary offenses. The following cases will lead to prosecution:

- 1.** Breaches by the employer, subject to his having been issued a warning and having done nothing to amend the breach in the time stipulated in the warning
- 2.** Breaches by the purchaser of services, subject to his having received a warning and having done nothing to amend the breach or annul the contract and forfeit any guarantee given by the contractor
- 3.** Signing a contract that does not ensure the minimum wage that is equivalent of at least the value of an hour's work as stipulated in the regulations.

1.5 Authorized Wage Inspector

The law stipulates a new professional function, that of authorized wage inspector, who requires certification recognised by the MOITAL. This function

is intended to enable employers, if they are interested, to conduct periodic inspections to check whether the working conditions of workers actually meet labour laws and in this way to help the employers meet their legal obligations. This will also enable the employers to defend themselves against claims of breaches of workers' rights and their responsibility for them, as described in previous paragraphs.

During the coming months, regulations will be introduced regarding the training required, the ways inspections are conducted, etc. A list of authorized wage inspectors will be published on the MOITAL website.

2. Additional Enforcement Measures in the Framework of the Government Resolution Concerning Increased Participation Rates in the Labour Market and Increased Employment Rates, January 2012

In January 2012, the government passed a resolution in accordance with the recommendations of the Trajtenberg Committee on additional steps to increase enforcement of labour laws as part of Government Resolution 4193 on increasing the participation rate in the labour market and the employment rate. These steps are intended to increase enforcement of labour laws and make it more efficient following approval of the LIELL.

Another related development that affected the implementation of this decision was the agreement signed in February 2012, between the GFL and the government. This agreement was signed after the GFL held a national strike on the issue of the rights of TWA workers.

The steps taken to implement the Government Resolution and the agreement are described below.

2.1 Increased Number of Designated Enforcement Personnel¹

In accordance with the government resolution, a multi-year plan is being developed to increase the number of designated enforcement personnel. The plan will take into account the need to implement the various measures available to the enforcement system, both administrative and legal, under the LIELL.

Following the government resolution, it was decided to add 120 positions to the Regulation and Enforcement Administration (REA) to handle the enforcement of workers' rights – 60 positions in 2012 and another 60 in 2013. This decision was made within the framework of an agreement, between the GFL and the government in February 2012 concerning TWA employees.

Since 2009, 10 regular positions have been added at the REA, as well as 24 part time positions for students, so that there are currently 102 positions and 107 students employed as designated enforcement personnel. Thus, the addition of 120 new positions is a significant step to increase enforcement of labour laws in Israel.

The additional positions will bring the ratio of wage earners to the number of positions available for the enforcement system in Israel to one position per 11,000 workers in 2013, compared with one position per 40,000 workers in 2007. This ratio is slightly above that recommended by the International Labour Organization (ILO) for developed countries, (one position per 10,000 working people), and higher than the ratio in many developed countries, such as USA, Germany, Spain and South Korea.

The REA also makes use of volunteers to conduct its public information activity. In 2010 a volunteer project was initiated in the Arab sector² to address the relatively low level of awareness. During 2011, 20 volunteers in the Arab sector took part in informational activities that reached some 6,000 people, including teenagers in schools, and at some 200 companies.

¹ Includes REA personnel allocated to criminal and administrative enforcement and supporting personnel (e.g. handling enquiries from the public, imposing fines etc.).

² In this report, the Arab sector refers to Arabs, Bedouins, Druze and Circassians.

2.2 Focusing Enforcement on Low Wage Workers

Within the framework of the government resolution, the MOITAL indicated its intention to focus the majority of enforcement activities on breaches of the law committed by employers whose workers receive low wages, including TWAs and employers of foreign workers.

In addition, further to the government's resolution and within the framework of the agreement between the GFL and the government, it was decided that the government, through a public accountant's office, would respond to telephone inquiries from TWA workers (in the framework of purchasing services). The hotline will serve employees enquiring about their rights and those wishing to submit complaints to do with employment conditions.

2.3 Information Sharing among Government Authorities

To make enforcement more effective the possibility of sharing information among the Tax Authority, the National Insurance Institute (NII) and the MOITAL is to be examined.

3. Amendments to the Law on the Employment of Workers by Temporary Work Agencies (TWA), 2010-2012

Within the overall framework of enforcement of labour laws, a special concern is the enforcement of the rights of workers who are employed by TWAs. In parallel to the measures described above, specific efforts have been focused on this group.

Since January 2010, licensing has been mandatory for security and cleaning companies, so that operating without a license is a criminal offense. This is in addition to the mandatory licensing of TWAs. Among the conditions that have to be met in order to receive a license, the provider of these services has to deposit a guarantee in order to ensure the rights of his employees. The licensing requirement enables the REA at the MOITAL to ensure the rights of employees of these companies whether by administrative enforcement of the terms of the license, which may lead to the revoking of the license, or by forfeiting the guarantee should the employer be found to have violated his obligations. This is an additional layer to protect the rights of weaker employees. The employers

must publish a prominent notice in the workplace, in the relevant languages, containing information about to whom a worker may turn if they feel their rights have been violated and what the procedure involves.

In addition, the amendments to the law stipulate a new criminal offense, so that as of January 2012, a purchaser of services who has signed an agreement with a contractor who provides security or cleaning services but does not have a license to do so, may be prosecuted.

4. Collective Agreements with Respect to the Rights of Workers Employed by TWAs

The GFL has also been very active in addressing this issue and a set of new agreements between the government and the GFL has led to further measures.

4.1 Collective Agreement to Increase Enforcement of the Rights of Employees of Security Services

The first collective agreement of its kind in Israel regarding increased enforcement of the rights of security workers was signed in June 2011 by the GFL and the Israel Security Organization. This is an exceptional step, since it is the first time that a collective agreement has vested the GFL with enforcement powers.

On the basis of the agreement, an Enforcement Committee was appointed, whose members include representatives of the GFL, the Employers' Organization and an external auditor. Every employer that is a member of the organization has to submit an annual authorization signed by an external auditor, which attests that the employer has met his obligations and payments to his employees for the previous year.

In addition, for the first time in Israel, the Enforcement Committee is authorised to conduct an annual sample inspection and present the findings to the employers. The employers will be required to report to the committee that breaches have been put right, if there were any, by means of an affidavit signed by the external auditor, which sets out in detail the full correction to the breaches, including retroactive payment to all the employees, whose rights have been infringed, including former employees.

The agreement between the employers' organization and the GFL stipulates that the employers are required to inform the employees once about the terms of the collective agreement itself and to attach to the payslip an information bulletin about the rights of workers twice a year.

4.2 Collective Agreements as to the Conditions of Employment of TWA Employees

In addition to the improvement of the enforcement of labour laws, there have also been decisions to improve the social benefits of TWA employees. These steps are to significantly improve the wages and employment conditions of tens of thousands of cleaning and security workers while maintaining the structure and flexibility of the labour market. A number of these improvements were included in the previously mentioned agreement between the government and the GFL, in relation to the public sector. In addition, a second agreement was reached between the GFL and the Coordinating Bureau of Economic Organizations regarding the private sector.

Public Sector

The agreement relating to the public sector provided for the following³:

- 1. Wages:** The minimal wage paid to guards and cleaners in the public sector by TWAs will be raised to NIS 4,500 and is to be updated according to the wage increases provided for in the framework agreements of the public sector employees (2.25% on 1.1.2013 and 1% on 1.7.2013).
- 2. Social benefits:** The social benefits of cleaning and security workers in the public sector who are employed by TWAs will be enhanced by providing: An Advanced Training Fund ('Keren Hishtalmut' – 3/4 employer and 1/4 employee) payments of 10% (the maximum possible in the public sector), holiday gifts commensurate with those provided to government workers, increase of vacation funds ('d'mei havraah') and subsidised meals in places where such an arrangement exists for the regular workers. In addition there

³ The collective agreement based on the agreement of principles between the Minister of Finance and the head of the General Federation of Labour has not yet been signed.

is an increase in pension contributions (1% employer, 1% employee). The contributions fees to pensions will be based on the basic wage and overtime. Entitlement will be from the first day of work.

- 3. *Excellency bonus:*** In order to encourage excellency, a bonus will be given once a year to outstanding workers, according to criteria set by the purchaser of services.

Private Sector

The agreement relating to the private sector provides for the following:

- 1. *Direct employment of cleaners and core workers:*** An employer shall not employ a TWA cleaner for 170 monthly hours or more, for a period exceeding 9 consecutive months. Further, an employer will not employ a TWA worker in any job or occupation that is part of the core occupation of that employer, during a period exceeding 9 consecutive months. If the employer does employ the worker for a period exceeding the above, the worker will then be considered an employee of that employer.
- 2. *Equalizing the work conditions to those of regular employees:*** The work conditions that pertain to directly employed employees in a place of work will pertain also to TWA workers employed in that same place of work, respective to, inter alia, the type of job and job seniority.

5. Enforcement of Labour Laws among Foreign Workers

There are two bodies in the MOITAL concerned with enforcement among foreign workers: the Regulation and Enforcement Administration (REA) that is concerned with criminal enforcement and the Commissioner of Labour Rights for Foreign Workers that is concerned with civil enforcement. The Population and Immigration Authority in the Ministry of Interior (MOIN) is responsible for providing permits to employ foreign workers. It is also responsible for the enforcement of a small number of administrative and criminal offences. In order to improve enforcement there has been reform in the structure of responsibility as well as a number of additional steps.

5.1 The Regulation and Enforcement Administration (REA)

Under amendment 12 of the Foreign Workers Law, the responsibility for criminal enforcement of most labour laws with regard to the population of foreign workers was transferred in June 2010 from the Foreign Workers' Unit to the REA, both in the MOITAL. To this end, the Enforcement Department was allocated 16 positions, of them 11 are currently filled and recruitment is under way for the remaining positions. In addition, of the 120 positions to be added to the REA for the purpose of enforcement as noted above, some positions will be allocated to the enforcement of labour laws among the population of foreign workers.

The responsibility for enforcement regarding offenses to do with employment without permits and in violation of the "Entry into Israel Law" was transferred to the Population and Immigration Authority in the MOIN. Further, the employer's duty to provide medical insurance and adequate housing for foreign workers is under the joint responsibility of the Population and Immigration Authority and the REA. Usually, the Population and Immigration Authority handles these offenses, if they are accompanied by the offense of employing a foreign worker illegally; while the REA handles these offenses if they are accompanied by wage offenses. When these offenses stand alone, either one of these ministries can assume responsibility for enforcement.

The Department has endeavoured to establish an organising, integrated guiding concept that will coordinate the activities of all the various agencies.

5.2 Commissioner of Labour Rights of Foreign Workers (CLRFW)

Under Amendment 12 of the Foreign Workers Law, the activities of the CLRFW were formalized in June 2010. Up until then, these activities had been carried out through administrative powers only.

Under the law, the CLRFW must act to enforce the rights of the foreign workers according to labour laws, and to promote the recognition of their rights. The four main areas of activity of the CLRFW, as set in the law are:

1. Public information and educational activities on foreign workers' rights at the workplace

2. Receiving and investigating complaints and referring the findings to the relevant government authorities for enforcement
3. Participation in discussions on policy regarding foreign workers' rights at the workplace
4. Enforcement of the foreign workers' rights to civil procedures.

The CLRFW's responsibility for civil procedures is implemented either by joining legal procedures currently underway or by initiating an independent procedure. In this way, they are able to assist workers who are not capable of acting on their own to ensure their rights.

Since a civil suit in which the State sues a citizen is not common in the Israeli legal system, discussions were held in 2011 to establish procedures to implement the authority of the CLRFW for bringing such a suit to court. Following these discussions it was decided, in coordination with the relevant government offices, that such suits would be submitted to the Ministry of Justice (MOJ) for special approval. Approval will only be given if administrative or criminal procedures had already been fully exhausted.

In addition, under the law, as of early 2012, the CLRFW has been working towards establishing an advisory committee that will recommend cases in which it is appropriate for the State to file civil suits.

In 2011, 4 suits were prepared by the CLRFW against employers of foreign workers. Of these, 3 were transferred, during the second half of 2011, to the Immigration Authority in the MOIN for administrative enforcement. The cases will go to court after exhausting all other avenues available to the State against the employers and are subject to the approval from the MOJ. These suits deal with the most extreme cases of violation of foreign workers' rights by employers.

The CLRFW also engages in mediation procedures between complainants and defendants, whenever possible. This procedure allows for enforcement of foreign workers' rights and enhances awareness of these rights both for the worker and for the employer.

In 2011, the CLRFW received hundreds of queries and complaints and over 250 were referred to continued examination and processing. Of the 120 complaints examined in 2011, 50% concerned non-payment of wages and some 30%

concerned withholding social benefits to do with wages. The vast majority of the complaints were referred to administrative and /or criminal enforcement following a thorough investigation.

Once the complaints are referred to the enforcement authorities, the CLRFW follows up on the procedures and examines the need for civil procedures. Efforts are underway to improve the follow-up procedures and enhance cooperation and coordination among the enforcing entities. A plan has been developed to introduce a computerized support system, which will facilitate interface among the systems in order to create a joint electronic case file available to all concerned parties.

An internet site was established in 2010 to promote public information and education on foreign workers' rights at the workplace and as a channel for submitting complaints on violation of such rights. The process of making the site available to users in 11 languages was completed during the first half of 2012 and the average number of hits per day is 35. At the same time, the CLRFW promotes educational activities using a variety of additional means such as meetings with non-government organizations, workers and employers; lectures on various topics to do with foreign workers' rights at the workplace and publishing leaflets.

The experience and knowledge accumulated by the CLRFW with regard to foreign workers' rights at the workplace is made available to all public bodies such as inter-ministerial committees or Knesset committees.

5.3 The Population and Immigration Authority

The Authority is responsible for all administrative or criminal sanctions; such as for breaches of the prohibition of employing foreign workers without a legal permit; for breaches of the conditions of the permit and for the employers breach of legal obligations to provide adequate housing and medical insurance.

In 2011, 1,887 cases were opened: 1,563 administrative fines were imposed at a sum of some NIS 17 million; 321 employers were criminally charged and 178 employers were found guilty and fined some NIS 10.7 million. Because of the changes in the division of enforcement responsibilities among the different authorities, it is not possible to compare these data to those of previous years.

In addition, the Immigration Authority recently established a department that is in charge of revoking the permits given to employers of foreign workers in cases of extreme violation of labour laws. So far, in 2012, 15 summons were sent to employers pending the decision to revoke their permits, and final decisions are expected shortly.

6. Labour Courts

In recent years, the labour court has tended toward heavier sentences in cases of severe breaches of labour laws. As noted, the LIELL of December 2011 will bring to court primarily cases, where more severe enforcement is required. The labour court employed in 2011, 59 judges and 14 registrars, compared to 56 judges and 12 registrars in 2008.

Table 1 reveals that the number of cases opened in the labour court is in decline since 2009. The number of cases closed in 2010 was smaller than in 2009, but it rose significantly again in 2011. The overall number of cases still pending increased in 2010 compared to 2009, but in 2011 returned to the 2009 level.

The average time for processing a case in the labour court system was 11 months in 2011, compared to 8 months in 2007. This change derives, at least in part, from changes in the administrative definition of a case in the system. According to the new definition, requests for certain procedures, that are usually resolved in a relatively short time, are not considered a case that stands on its own, but rather part of the main relevant case.

Table 1: Number of Cases Opened, Number of Cases Closed and Number of Cases Pending in the Labour Courts in 2009-2011

Year	Cases Opened	Cases Closed	Pending Cases
2009	54,771	54,834	42,640
2010	50,227	52,120	46,257
2011	48,788	55,044	42,240

Source: Court Administration. 2012. *Court System in Israel. Biannual Report*. Jerusalem.

Table 2 shows that the number of labour law cases opened by the Department of Legal Aid in the MOJ, which provides free legal consultation has risen slightly.

The percentage of these cases of the overall number of cases opened in the labour courts also rose from 2.8% in 2009 to 3.9% in 2011.

Table 2: Number of Cases Opened in the Labour Courts and Number of Labour Law Cases Opened in the Department of Legal Aid, 2009-2011

Year	Cases Opened in the Labour Court	Labour Law Cases Opened by the Dept. for Legal Aid	% of Legal Aid Cases, of all Cases
2009	54,771	1,542	2.8
2010	50,227	1,738	3.5
2011	48,788	1,900	3.9

Source: National Labour Court

Chapter 2: Enhancing the Ability of the Employment and Training Services and Expanding Effective Active Labour Market Policies

Recommendation 2

Invest more in the capacity of employment and training services, and the expansion of effective active labour market policies. Requirements for the extension of the Wisconsin Programme include: a clear allocation in roles for public and private employment services; competition within markets; and a profiling system which allows differentiating fee payments to providers in line with client needs.



Enhancing and expanding an active labour market policy particularly in regard to populations with low participation rates, is at the top of the government's agenda. It is viewed to be of prime importance for future economic growth and for reducing poverty.⁴

An examination of government spending on active labour market policy according to OECD definitions indicates an increase in spending of NIS 94 million since 2008 in real terms⁵ as shown in Table 3. Spending as a percentage of GDP and of the State budget declined slightly. In this regard, it is important to

⁴ In 2009 the government set up a committee to examine national employment policy. The committee's report, submitted in June 2010, includes an extensive set of recommendations relating to almost all aspects of promoting broader participation in the labour market. In addition, the committee recommended a set of concrete quantitative goals for enhancing the participation of the key groups with low participation rates. These goals were adopted in the framework of Government Resolution 1994 in July 2010.

⁵ The data relate to actual expenditures not including obligated funds not yet spent thus they represent a conservative estimate of the allocation of funds.

note that the Wisconsin Programme, (officially known in Hebrew as 'Lights to Employment') which sought to integrate income support recipients into the workforce, was discontinued in April 2010 despite a government resolution approved in July 2010 (Resolution 2002) to deploy it nationally.

Table 3: Government Spending on Active Policy in the Labour Market, According to OECD Definitions, by Selected Budget Lines, 2008–2011 (NIS million, at 2011 prices)

Category	2008	2009	2010	2011*
Total	1,646.1	1,702.3	1,703.6	1,740.0
Vocational training**	618.6	664.1	721.6	732.6
Public Employment Service (PES)	159.2	158.5	162.9	160.6
Encouraging employment**	363.3	390.5	292.0	303.2
- Of which: From Welfare to Work/Lights to Employment	158.1	135.9	84.2	11.8
- Allowance granted to discharged soldiers for work in preferred occupation	113.6	110.3	125.4	133.5
Encouraging employment for immigrants	255.8	243.9	244.1	246.6
Encouraging employment for people with disabilities	217.4	211.3	244.8	256.8
Assistance for entrepreneurship and establishing businesses, and other	31.8	34.0	38.3	40.2
% of GDP	0.21	0.21	0.20	0.20
% of State budget	0.51	0.52	0.51	0.50

* Data for 2011 are not yet final

** Not including programmes for new immigrants and people with disabilities

Source: Bank of Israel, based on data from the Ministry of Finance, National Insurance Institute (NII), Ministry of Defence, the Central Bureau of Statistics (CBS), analysed by the Bank of Israel.

However, as shown in Table 4, government spending on active labour market policy according to Bank of Israel definitions, which considers subsidised day-care, Earned Income Tax Credit (EITC) and sheltered employment to be active policy, has increased by NIS 427 million since 2008 in real terms. This rise is also reflected in the increase in the spending on active labour market policy as a percentage of GDP and yet even more so as a percentage of the State budget (from 0.34 to 0.36 and from 0.82 to 0.89 respectively).⁶ This increase indicates a strategy of strengthening the policy to encourage employment, including elements such as subsidised day-care that is conditional on an employment test and the EITC given to low earners.⁷

This increase in expenditure on active labour market policy is expected to continue in the coming years, given the implementation of the initiatives to nationally deploy EITC, extend day-care frameworks and the plans to promote employment in the Arab sector.

⁶ Including budget lines not covered in this chapter, but they are covered in other chapters as will be elaborated on later in the document.

⁷ Note that an initial evaluation of the EITC indicates that while it does increase the income for low earners, its impact on encouraging employment is still not clear and has to be examined in the longer term.

Table 4: Government Spending on Active Policy in the Labour Market, According to Bank of Israel Definitions, by Selected Budget Lines, 2008–2011 (NIS million, at 2011 prices)

Category	2008	2009	2010	2011*
Total	2,665.8	2,847.3	2,893.0	3,093.1
Subsidy for day-care and family day-care frameworks**	840.3	900.1	951.3	1,083.5
Professional training***	618.6	664.1	721.6	732.6
Public Employment Service (PES)	159.2	158.5	162.9	160.6
Encouraging employment***	367.0	480.4	379.1	439.2
- Of which: From Welfare to Work/Lights to Employment	158.1	135.9	84.2	11.8
- EITC**	3.7	89.9	87.1	136.0
- Allowance granted to discharged soldiers for work in preferred occupation	113.6	110.3	125.4	133.5
Encouraging employment for immigrants	255.8	243.9	244.1	246.6
Encouraging employment for people with disabilities	393.1	366.3	395.8	390.4
- Of which: sheltered employment**	175.7	155.0	151.0	133.6
Assistance for entrepreneurship and establishing businesses, and other	31.8	34.0	38.3	40.2
% of GDP	0.34	0.35	0.34	0.36
% of State budget	0.82	0.87	0.86	0.89

* Data for 2011 are not yet final

** Not defined by the OECD as active policy in the labour market

*** Not including programmes to encourage employment targeted at new immigrants and people with disabilities

Source: Bank of Israel, based on data from the Ministry of Finance, National Insurance Institute (NII), Ministry of Defence, the Central Bureau of Statistics (CBS), analysed by the Bank of Israel

The chapter starts by reviewing the main changes in the activities of the various agencies under the auspices of the Ministry of Industry, Trade and Labour (MOITAL): The Public Employment Service (PES), Vocational Training, and

the Small and Medium Business Agency (SMBA), the Employment Promoting City programme (Cityworks) and the plan for Employment Assistance for One-Parent Families. Following this, it reviews the specific efforts for populations with low participation rates in the labour market, particularly the Arabs, the Haredim⁸ and the populations known to the social services of the Ministry of Social Affairs and Social Services (MOLSA). Thereafter, the chapter relates to the activities of the inter-ministerial Five-Year Plan for Ethiopian-Israelis. The chapter concludes with a review of some of the changes in unemployment benefits and income support related to employment.

Other aspects of the effort will be reviewed in other chapters: Childcare and the income allowance in Chapter 4; Education geared towards encouraging employment in Chapter 5; Transport in the Arab sector as part of the efforts to make employment accessible in Chapter 6; Support for people with disabilities in Chapter 12.

1. The Ministry of Industry, Trade and Labour (MOITAL)

1.1 Public Employment Service (PES)

In recent years, the PES has taken steps to expand the services provided to jobseekers to help place them successfully in places of work. The expansion has emphasised the provision of support services in the periphery, with attention to both access and quality. This policy has led to an increase in the extent to which these services have been utilised by jobseekers.

According to the Bank of Israel report, the actual expenditure on the PES, not including future obligations, has hardly changed and was approximately NIS 161 million in 2011, compared with NIS 159 million in 2009.⁹ However, the number of jobseekers who applied to the PES in the course of a year declined from 510,933 in 2009 to 456,250 in 2011, and, as a result, the actual expenditure per jobseeker increased by some 11%.

⁸ The ultra-orthodox population is also known as the Haredi sector, or Haredim.

⁹ In 2011 prices (the expenditure for 2011 is not final). Bank of Israel data.

Vocational Assessment and Guidance

Vocational assessment and guidance are the main placement support tools provided by the placement consultants at the PES offices. Due to the importance of these tools, it was decided to increase the number of placement consultants from some 40 in 2006 to some 120 in 2010 and is expected to increase to some 200 placement consultants during 2012.

In addition to the regular employment counselling, jobseekers can receive psychological occupational counselling from psychologists with a master's degree specializing in vocational assessment and counselling. This service has been greatly expanded due to a broader national deployment of the counselling service in 2010. Subsequently, the number of jobseekers receiving psychological occupational counselling increased from 1,538 in 2009 to 3,670 in 2011.

In addition, the service will soon introduce more structured vocational assessment instruments. The basic assessment will be conducted by the placement consultants while more expanded assessments will be conducted by occupational psychologists. The assessments will be conducted at the PES offices and at external institutes, to enable broad national deployment including the periphery. The assessments will also be available in Arabic.

Workshops for Jobseekers

The PES offers three types of workshops for jobseekers:

- 1. *Finding work:*** Focusing on improving job-search skills
- 2. *Group coaching:*** Facilitated by personal coaches, includes some group sessions and some individual sessions
- 3. *Re-entering the labour market (rehabilitation workshops):*** Intended for jobseekers claiming income support who are disconnected from the labour market.

These workshops are in great demand and have therefore been expanded, with an emphasis on the periphery and particularly Arab localities. The number of workshops increased from 189 in 2009 to 428 in 2011, and the number of participants rose respectively from 2,661 to 5,910. The service is expected to be further expanded in 2012, with an emphasis on the periphery including an increase in the supply of Arabic-speaking and Amharic-speaking facilitators.

Information Systems and Technological Development

The Employment Service is working to develop an upgraded management information system to support all of the activities of the Service, for jobseekers and employers. The system is expected to begin operating in 2013. Its main features are:

1. Using an advanced artificial intelligence analysis to match jobseekers with job offers.
2. A structured information system for gathering information on employers and jobseekers on the local, district and national levels. The information will make it possible to obtain a more complete and detailed picture of the activities and to better identify the compatibility between the services provided and the needs of the employers and the jobseekers.
3. Computerization of the personal employment programme drawn up for each jobseeker, (vocational training, acquisition of soft skills, etc.) in order to provide a full picture of the employment counselling procedures that each jobseeker has received.
4. Advanced computerised interfaces with external agencies such as the Ministry of Interior (MOIN), the National Insurance Institute (NII) and an entry/exit interface with the Service's website.
5. Creating an infrastructure for distant online placement services that the PES may develop in the future.

1.2 Vocational Training

The Manpower Training and Development Bureau (MTDB) at the MOITAL provides training for jobseekers who need vocational training or re-training in order to enter the labour market and aspires to provide skilled and quality manpower in occupations for which there is a demand in the labour market. In recent years, the division has been expanding the number of courses offered and the diversity of the fields of training.

Actual government expenditure on vocational training increased from some NIS 664 million in 2009 to some NIS 733 million in 2011.¹⁰ Government Resolution 1996 of July 2010, in accordance with the recommendations of the Eckstein Committee, determined that funding for vocational training courses would be provided only for courses that also provide post-course placement services in the same field of training. The main developments in the work of the MTDB are described below.

The number of courses for jobseekers increased considerably, from 385 in 2009 to 488 in 2011. The number of participants who began courses also increased, from 5,787 in 2009 to 7,846 in 2011. These participants represented 1.1% of all jobseekers in 2009, compared with 1.7% in 2011.

As part of the Bureau's efforts to enhance the supply of skilled and highly qualified manpower in professions in high demand, it is expanding the range of training courses to include new professions in fields such as alternative energy, green construction and water resources.

Another vocational training option offered by the MOITAL is the voucher scheme. This scheme enables training suited to the individual's needs and is particularly suitable for residents in the periphery. Government Resolution 1996 of July 2010 stipulates that, as of 2011, at least 20% of the budget for vocational training for adults will be implemented through vouchers.

The training voucher partially funds vocational training for jobseekers at any institute of learning recognised by one of the following: the MTDB, the Council for Higher Education (CHE), the Adult Education Division at the Ministry of Education (MOE) and the Ministry of Tourism.

The payments are made in three instalments: upon registration, upon completion of the course, and after 3 months of working in the acquired occupation.

¹⁰ At 2011 prices (the expenditure for 2011 is not final). Bank of Israel data. See table 3.

The intention is to authorise all the agencies that are involved in employment guidance and receive government funding to issue the vouchers on behalf of MTDB (at present only the PES is authorised to distribute vouchers).

The number of voucher recipients increased from 1,007 in 2009 (0.2% of all jobseekers in that year) to 1,449 in 2011 (0.3% of all jobseekers in that year). The effectiveness of the vouchers has recently been evaluated.¹¹

In addition to the vouchers that are funded by the MOITAL, new immigrants are also eligible for vocational training vouchers funded by the MOIA. In 2011, the Ministry distributed some 2,900 vouchers.

Beyond the training that takes place in various specialised training frameworks, the Bureau also supports on the job training opportunities.

Government Resolution 1996 of July 2010 stipulates that as of 2011 at least 20% of the budget for adult vocational training, (less the budget for training in industry) is to be used for on-the-job training: either training while engaged in the job or in special classes in the workplace. However, difficulties in recruiting employers have proved to be a barrier to expanding these tracks.

The government resolution also stipulates that as of the 2012/13 academic year¹², budgets for technical colleges that train technicians and practical engineers will be based on the number of students obtaining diplomas and not on the number of enrolled students. These colleges are under the auspices of the State Institute for Training in Technology and Science in the Bureau. The goal of the resolution is to provide an incentive to the colleges to increase the number of graduates with

¹¹ Porat, A. 2011, *Employment Status of Participants in the Employment Service Voucher Scheme – Intake 3*. Research and Economics Administration, Ministry of Industry, Trade and Labour, Jerusalem (Hebrew).

¹² The resolution originally stipulated that it would come into effect in 2011/12, but Resolution 3712 of September 2011 postponed the implementation date of the method of budgeting the colleges until 2012/13. The latter resolution made provision for an interim mechanism for 2011/12, in which the budget will be based on the number of students who pass at least one final state exam each academic year.

diplomas and not merely to try and increase the general number of students or the number of students who complete the course without certification.

Further information on vocational training in Israel is available in a comprehensive report by Myers-JDC-Brookdale Institute (MJB) for the Bureau at the MOITAL and submitted to the OECD in February 2012.¹³

1.3 The Small and Medium Business Agency (SMBA)

The SMBA at the MOITAL was established about two years ago to replace the Finance Administration and the Small Business Authority. The Authority makes concerted efforts to encourage entrepreneurship with a special emphasis on the periphery and among populations with low participation rates in the labour market. Two key programmes have been initiated within this framework:

- 1. *Business ventures:*** This programme is targeted at jobseekers or special populations including Haredim, Arabs, new immigrants, single parents and people aged 45 and above. Participants receive assistance setting up their own businesses through regional centres that are operated in cooperation with the employment bureaux and other organisations. The programme provides: Entrepreneurial training; referrals to funding sources, assistance preparing a business plan, business consultancy, one-on-one coaching, and a grant for vocational training. Course graduates who open businesses continue to participate in the alumni forum, which supports them in the process. Participation in the programme is heavily subsidised by the Agency, so that the total cost per participant who participates in all the programme components does not exceed NIS 700. In 2011, the programme was expanded nationally and approximately 350 groups were formed with up to 20 participants in each. Of these, 80 groups were formed in the Arab sector with some 1,600 participants.
- 2. *Business centres in the periphery:*** Through this programme, the Authority supports the establishment of physical infrastructures for businesses. This

¹³ King, J. and Eyal, Y. 2012. *Vocational Education and Training (VET) Background Report for Israel OECD Project: Skills Beyond School*. Myers-JDC-Brookdale Institute. Submitted by the Manpower Training and Development Bureau, the Ministry of Industry, Trade and Labour, Jerusalem.

assistance is only provided in the periphery (Negev and Galilee). The first step taken is to locate a suitable building with space for some 30 businesses. The building is then renovated and adapted. Once the building is ready for use, young businesses are recruited (which are generally less than one year old), since they are less well established and are interested in locating their offices in the business centre. They pay reduced rent for office space at the centre and enjoy administrative services. Businesses at the centre can receive business counselling and have full access to the services of the Agency. Businesses can remain in the centres for up to two years. Implementation of this new programme began in 2011 and during that year 6 centres were established, 3 of them in the Arab sector. The budget for each centre is NIS 1.5 million on average for 3 years.

1.4 Employment Promoting City (Cityworks)

The more unique aspect of this programme is its focus on the mobilisation of the community and municipality as a whole in the effort to promote employment. Thus, it develops a local employment infrastructure that brings together all the agencies involved in employment and builds a community infrastructure. This includes an employment centre, a local information system on employment and the development of a supportive community infrastructure by mobilising community resources and setting up community forums.

Implementation of the programme began in 2007, under the leadership of JDC-TEVET. The programme is implemented by the Israel Association of Community Centres. MJB has conducted an evaluation of the implementation of the programme between 2007 and 2009.¹⁴ In 2011, the responsibility was transferred to the Regional Development department of the MOITAL.

Between 2009 and 2011, the number of local authorities in the programme grew from 5 to 9 and the number of new applicants increased by some 40% – from 2,060 to 2,870.

¹⁴ Mandler, D. and King, J. Forthcoming. **Localities Promoting Employment, Education and Community: Evaluation of the Implementation of a Model of Employment-Promoting Communities.** Myers-JDC-Brookdale-Institute, Jerusalem (Hebrew).

Three of the localities in which the programme is implemented are Arab localities (Tamra-Kabul, Sakhnin and Umm el-Fahm).¹⁵ In accordance with Government Resolutions 1539 of March 2010 and 4193 of January 2012 and with the recommendations of the Trajtenberg Committee, the format of activities of the centres in these localities will be modified and expanded and they will become one-stop employment centres. These centres for the Arab sector are described below, in the section on encouraging employment among populations with low participation rates in the labour market.

1.5 Enhanced Employment Assistance for One-Parent Families

Government Resolution 4193 of January 2012 allocated NIS 200 million for 2012 and 2013 to encourage single parents to integrate into employment. This is in addition to the benefits currently provided to this population. The MOITAL, the NII, the MOLSA, and the Ministry of Finance (MOF) are now drawing up a plan to encourage employment.

2. Populations with a Low Participation Rate in the Labour Market

Significant efforts are being made to expand the integration of the populations with a low participation rate into the labour market.

According to an analysis of the Bank of Israel, there was a considerable increase in employment rates among the Haredim and Arabs in recent years and the transition to employment extricated some of the Haredi and Arab households from poverty. In addition, the weight of earned income out of the total income of the lowest quintile has increased, which reflects increased integration of low income populations into employment.¹⁶

¹⁵ The centre in Umm el-Fahm is implemented in conjunction with the Authority for Economic Development in the Minorities Sector.

¹⁶ Bank of Israel. 2012. *Bank of Israel Report 2011*. Bank of Israel, Jerusalem (Hebrew).

In this section, the focus is on the steps taken to encourage greater participation in the labour market in the Arab and Haredi sectors. In the next section the focus is on the populations known to the social services of MOLSA. People with disabilities are discussed separately in Chapter 12.

2.1 The Arab Sector

The government of Israel is investing growing efforts to encourage the integration and promotion of the Arab population in the labour market. The employment rates in this sector are very low for women and somewhat lower for men. The Arab sector includes a number of different groups: The Muslim community including a significant number of Bedouins; the Christian community; the Druze and Circassian communities.

One of the important steps undertaken was the establishment of the Authority for Economic Development in the Arab, Druze and Circassian Sector (AEDA) in 2008. It functions under the auspices of the Prime Minister's office which gives it an important role in implementing inter-ministerial efforts to address this challenge. The Authority has estimated that as a result of the failure to realise the potential of the workforce of Arab women and men, the Israeli economy loses billions of shekels every year.

Among the efforts to highlight the importance of economic development of the Arab sector as a strategic national goal, the second Prime Minister's conference on Partnership and Growth convened in March 2012 in Nazareth. This will now be an annual event of the AEDA. Some 700 participants attended the conference, including the Prime Minister, 5 ministers, experts and guests from abroad, and a large number of businessmen and women.

According to the Bank of Israel, in 2011, the employment rate for Arab men aged 25-64 was 72.2% vs. 77.7% for all men in that age cohort and 81.4% among non-Haredi Jewish men. The 2011 employment rate among Arab women aged 25-64 was 26.8% vs. 66.3% among all women of those ages and 75.3% among non-Haredi Jewish women.¹⁷ Government Resolution 1994 of July 2010

¹⁷ Bank of Israel data based on the CBS *Labour Force Survey*. Does not include the last quarter of 2011.

set an employment goal of 78% for Arab men aged 25-64 and a goal of 41% for Arab women aged 25-64 in 2020.¹⁸

Diverse efforts have been initiated and are described in this section. A significant part of these efforts have been embodied in a number of multi-year plans addressing economic and social development in different segments of the Arab sector. These are defined in a series of government resolutions.

These plans include efforts in diverse areas and particularly: economic development and employment; urban planning and housing; transportation and industrial infrastructure; personal safety; social services; childcare, schooling and education. It is important to be aware of the fact that the majority of the Arab population lives in their own largely separate local authorities. As a result, the efforts to support and promote them focus on the development of those authorities and the surrounding areas. One of the plans focuses on a limited number of major local authorities while the other three plans focus on major population sub-groups.

The government resolutions on five-year plans for the Arab, Bedouin, Druze and Circassian sector, for which over NIS 3 billion has been allocated, are as follows:

1. Resolution 1539 (March 2010) concerning the five-year plan for economic development in minority localities. The resolution relates to 13 Arab localities with a total population of some 350,000 residents – about 23% of the entire minority population. The underlying thought behind this plan was that a multi-pronged effort is required in order to make a breakthrough in the dynamics of economic and social development. Thus the programme concentrates simultaneous efforts in a limited number of major local authorities.
2. Resolution 2861 (February 2011) on a 4-year plan to develop and empower the Druze and Circassian localities in 2011-2014.

¹⁸ For further information, see Yashiv, E. and Kasir (Kaliner), N. *The Labour Market for Israeli Arabs – Survey of Characteristics and Recommendations for Policy*. Bank of Israel, Jerusalem (forthcoming, Hebrew).

3. Resolution 3211 (May 2011) on a 5-year plan to develop and empower the Bedouin localities in 2011-2015.
4. Resolution 3708 (September 2011) on a plan to promote economic growth and development for the Bedouin population in the Negev.

Before continuing it should be noted that the developments regarding childcare, schooling and higher education in the Arab sector are addressed separately in chapters 4 and 5. Improvements to transport infrastructure are addressed in chapter 6.

One-Stop Employment Centres

The multi-year plans call for the establishment of 21 centres as the hub for helping the individual to develop their employment related skills and access employment related services.

The centres will provide an extensive package of employment services, including employment counselling and guidance, soft skill workshops to prepare participants for the working world, referrals to vocational training (and vouchers) and placement services, long-term post-placement employment support and access to work-support services (childcare, transportation). Another major function of the centres is to develop ongoing ties with employers and to work to create employment-promoting communities.

They will also serve as an important entry point for higher education and implement a special programme (including preparation for psychometric exams, English classes and academic guidance and counselling).

According to the government resolutions,¹⁹ by 2015, 21 one-stop employment centres will have been set up at a cost of NIS 200 million – of which NIS 160 million is to be from government sources and another NIS 40 million will derive from a partnership with a major philanthropic foundation. They are being established under the auspices of the MOITAL and the Prime Minister's Office

¹⁹ Government resolutions 1539 (March 2010), 2861 (February 2011), 3211 (May 2011), 3708 (September 2011) and 4193 (January 2012).

and in cooperation with JDC-TEVET. Six centres are already functioning in at least some initial form.

Eight centres are intended for the Bedouin population in the south, 4 for the Bedouin in the north, 3 for the Druze and Circassians, and 6 for the Arab sector. In addition to the 21 centres, a regional centre in Beersheva will serve as a support unit and coordinator for the various centres serving the Bedouin population in the south.

An example of the already existing centres are the two 'Rianne centres' for the Bedouin population in Hura and Segev Shalom in the South. An evaluation by MJB has indicated significant success, both among men and women.²⁰ The centres have been very focused on the community approach. For example, the centre in Segev Shalom was instrumental in facilitating the establishment of the 'Off-Oz' factory, which opened in April 2011 with 900 employees, 85% of whom are Bedouin. The centre in Hura was instrumental in facilitating the establishment of a call centre for Israel's major telecom company – 'Bezeq', that is located on the premises of a local mosque, and is staffed by 50 Bedouin women, who were recruited and trained by the employment centre.

Development of Industrial Zones

One of the barriers preventing the Arab population from joining the labour market is the lack of commercial areas and industrial zones in Arab localities. The five-year plans²¹ therefore allocated some NIS 265 million²² for the

²⁰ King, J. and Raanan, R. 2011. *Maavarim (Transitions): Rural Employment Center in the Bedouin Sector in the Negev – Hura and Segev Shalom Evaluation Report*, Myers-JDC-Brookdale Institute, Research Report RR-591-11, Jerusalem (Hebrew).

²¹ Government resolutions 1539 (March 2010), 2861 (February 2011), and 3708 (September 2011).

²² Some NIS 82 million from 2010-2014, through Government Resolution 1539, approximately NIS 42 million in 2011-2014 through Resolution 2861, and some NIS 141 million in 2011-2015 through Resolution 3708.

development of new and expansion of existing industrial zones in some 15 Arab local authorities, extending over tens of thousands of dunams.²³

Two examples of industrial zones to be developed are:

1. An investment of NIS 9 million in the upgrading of the industrial zone at Shefaram, with the goal of turning it into an industrial zone extending over 160 dunams. An additional NIS 4 will be allocated to set up another 18 dunam industrial zone.
2. Development of the 'Edan Hanegev' industrial zone, which will extend over tens of thousands of dunams and will be shared by the Bedouin town of Rahat (44%), the Jewish locality of Bnei-Shimon (39%), and the Jewish locality of Lehavim (17%). The first phase in the development of the zone is already being marketed and is expected to provide 1,500 jobs. NIS 68 million has been allocated to the development of this industrial zone in 2012-2016.

In addition, a new government resolution (4193, January 2012) has allocated additional resources (NIS 250 million in 2012-2016) for the development of employment related infrastructure. It is not confined to any particular geographic area or sub-population. This includes: completing the development of existing industrial zones; assisting in financing the development of designated areas for the transfer of businesses that constitute a hazard in residential areas; subsidising the transportation of workers from Arab localities to their place of work.

Vocational Training and Employment Vouchers

Alongside the regular activities of the PES, which are also conducted in Arabic, such as counselling and assessment and workshops for jobseekers, there are specially funded activities for the Arab sector. These programmes are implemented with the involvement of the AEDA and funded by the MTDB.

Some of the multi-year plans for the Arab sector relate significantly to vocational training.

²³ 1 dunam = 0.25 acres approximately.

Government Resolution 1539 (March 2010) provides special funding for vouchers for training and re-training. In 2011, the first year of implementation of the programme, 187 vouchers were distributed, at a cost of about NIS 1 million.

Furthermore, Government Resolution 3708 that focuses on the Bedouins in the Negev (September 2011), stipulates that the MTDB will promote vocational training and practical engineering studies. The Bureau will provide scholarships to cover tuition fees, living stipends and other associated expenses. Altogether, some NIS 44 million will be allocated during the coming 5 years (2012-2016).

Another programme that allocates resources exclusively to the Arab sector is the pilot programme to provide employment vouchers to college graduates. The programme is implemented by the PES and is designed for unemployed graduates looking for work and employers who can integrate these jobseekers into employment opportunities in the open market. Jobseekers who participate in the programme receive support in their search for work, including a jobseekers workshop and support and counselling in finding suitable positions. Employers who participate in the programme enjoy financial incentives (vouchers) in the amount of NIS 9,000, made in 3 payments over the course of 9 full months of employment. The pilot, which began in 2011, in the north of Israel provides for the allocation of 500 vouchers. In the first year of implementation, approximately 150 vouchers were distributed at a cost of over NIS 1 million.

In another development, the Arabic language website of the PES, which provides both information and opportunities to apply for various programmes, has been significantly upgraded. The website also provides information on employee rights and how to realise them. It is planned to further strengthen and expand the type of information available on the site.

"Employment Track"

The Employment Track programme to encourage employers to hire employees from populations with low participation rates in the labour market, including the Arab population, is implemented by the Investment Centre at the MOITAL. The programme provides subsidies to employers hiring Arab employees. The subsidy varies over the 30-month period and averages 25% of wage costs. The concept behind the subsidy is not only to assist the individual employee. More broadly it is based on the premise that if employers are encouraged to begin to hire Arab

employees they will then have the opportunity to recognise their potential contribution and this will open the door to other Arab employees.

A number of steps have been taken to make the track more accessible to employers. For example, requiring employers to engage at least 5 full-time employees instead of 15 as in the past, led to a considerable increase in the use of this track.

In 2011, 80 requests to engage 1,660 Arab employees at a cost of NIS 85 million was approved, compared with 37 requests for 831 employees at a cost of NIS 39 million in 2009. At the moment, there is a very significant unmet demand for these subsidies so that it will be possible to expand the programme if the budget is increased.

In order to encourage the engagement of populations with particularly low participation rates, it was recently decided to provide additional benefits to employers of Bedouins and Arab women. These include an easing of the conditions for receiving subsidies and an increase in the rate of the average subsidy from 25% to 35% of the cost of the wages for 30 months.

Similarly, in July 2011, a decision was made to implement a pilot subsidy track to integrate Arab trainees into the high-tech sector. The assistance will be provided for 1-2 years with a variable rate of subsidy that could be up to 40% of wage costs. The pilot will be implemented for 2 years with the goal of engaging 200 students from the Arab sector in technological companies with a budget of approximately NIS 10 million.

Additionally, Government Resolution 3708 of September 2011 stipulates that there will also be a specific subsidy track focused on integrating Bedouins in the Negev into industry. NIS 44 million has been allocated to this track for the coming 5 years (2012-2016).

Projects to Integrate Arabs in High-Tech and Business

Several initiatives have been launched in recent years to promote the integration of Arab college graduates in high-tech and the business sector. The following are 3 examples.

1. A project to promote the employment of Arabs in high-tech from December 2011 was initiated by the Regional Development department in

cooperation with a non-profit organization ('Tsofen'). Arab college graduates will be provided vocational training opportunities focusing on technological occupations, according to the demands of the high-tech industry in the area. The participants are informed about the opportunities for employment in the high-tech industry and developing an employment horizon. They participate in workshops on career development, self-branding and job interviews. In addition, an effort is being made to bring branches of leading high-tech companies to Arab localities in the periphery. The first course, with 20 participants, was opened in December 2011.

2. 'Ma'antech' – a project to integrate Arabs into high-tech – was inaugurated in February 2011 at the initiative of the President of Israel, Shimon Peres, in partnership with the international communications company Cisco and 20 other leading high-tech companies. The project launched a website, through which students can submit job applications. Candidates undergo a screening and assessment process, at the end of which they are offered training programs and referred to potential employers, if they are found to be suitable. Ongoing support and contact is maintained even after they have found work. In the first six months of the project, 125 placements in the participating companies have already been recorded.
3. In 2010, the AEDA joined forces with non-profit organisation, 'Kav Mashve'²⁴ to provide assistance in placing Arab academics in appropriate employment and particularly in the high-tech sector. In 2011, 420 candidates were trained and 271 Arab academics and students were placed.

Entrepreneurship, Industry and Trade in the Arab Sector

There is a major interest in expanding the role of the Arab community in entrepreneurship. As part of the Government Resolution 1539 (March 2010), business incubators are being set up with the goal of providing assistance and guidance for new business initiatives by Arab entrepreneurs. Each incubator is expected to support up to 20 new businesses for two years. In 2011, the establishment of the first 2 incubators was approved at a cost of NIS 2.6 million,

²⁴ A non-profit organisation established by Israeli philanthropists.

and they are scheduled to open this year. A total of NIS 10 million has been allocated to the programme for the years 2010-2014.

Government Resolution 1539 also provides funding for a cooperative effort of the Ministry of Tourism and the AEDA to develop tourism in Arab local authorities. The programme includes grants to set up small tourism businesses and holiday units, to organize conferences and events to encourage tourism and to upgrade the infrastructure of services for tourists. To date, some NIS 8 million, out of an overall budget of NIS 25 million for 2010-2014, has been allocated.

One example of a project to promote both tourism and economic development is the 'Wadi Attir' Project, which is being set up by the Ministry for the Development of the Negev and Galilee and the AEDA through Government Resolution 3964 of November 2011. The initiative includes the establishment of sustainable desert farming to develop high valued goat and sheep products as well as the traditional medicinal herbs of the Bedouins. It will also include the setting up of an environmental and ethnographic educational visitors' centre. The centre is planned to have 150-250 Bedouin employees. The project is being implemented as a joint initiative of the government and the Wadi Attir association that includes both Bedouin and Jewish agricultural communities. This will be the first Bedouin agricultural cooperative of this kind of the Bedouins in the south. It is expected that the project will be initiated in the coming months, with a budget of NIS 12 million, half of it from the government.

Another thrust in the promotion of entrepreneurship is the support of Arab businesses in their efforts to enter the export market. As of 2010, only about 10 companies in the Arab sector throughout Israel had been actively involved in exporting. The TEVEL programme was launched in 2010 by the Israel Export Institute in partnership with the MOITAL and the AEDA. The goal is to assist new export initiatives by providing professional support, counselling and training as well as financial assistance in developing marketing plans. In 2011, there were 40 entrepreneurs who were participating in the programme and a few of them had already either succeeded in entering the export market or in expanding their existing exports.

An important tool to encourage entrepreneurship in the Arab sector is through setting up investment funds to assist entrepreneurs and small businesses. These efforts take several directions:

1. A private equity fund was launched in 2010 as a partnership between the government and the private sector, in the amount of NIS 177 million, of which NIS 80 million are government funds. The fund was set up by the AEDA together with the MOF and MOITAL, and the 'Al Bawader' group that won the bid to administer the fund. The fund is obligated to make all its investments in a period of five years from its establishment. So far, it has invested a total of NIS 8 million in 2 ventures.
2. A micro finance loan fund was launched in 2011 with the goal of supporting the development of microbusinesses for Arab women. The fund also provides consultation to the loan recipients. NIS 21 million was allocated for the first three years with the goal of supporting the development of some 2,800 microbusinesses. In 2011, the fund was active in the north and south of the country and provided 525 loans, totalling NIS 3.6 million. As of 2012, the fund is operating nationally. It was set up by the SMBA and the AEDA in partnership with the Koret Foundation.
3. An effort was launched to increase the utilisation by Arab entrepreneurs of the small business loan fund that provides State guaranteed bank credit that is operated by the SMBA at the MOITAL. The AEDA is expanding the awareness of the fund and of how to apply throughout the Arab sector. The number of loans of the Small Business Fund in the Arab sector grew from 79 in 2009 to 208 in 2011, and the amount lent increased from NIS 21 million to NIS 65 million, respectively.

An interesting and important example of a developing field for Arab entrepreneurship is that of renewable energy, such as solar and wind. The AEDA is investing efforts in making the economic and environmental potential of renewable-energy technology known and accessible in Arab local authorities. Investment in renewable energy, e.g., by setting up solar panels and units to generate wind power should increase the income of the Arab local authorities and create opportunities for business ventures. In the Negev, several projects to establish solar farms in partnership with Bedouin entrepreneurs are currently being developed.

Moreover, additional assistance for entrepreneurship in the Arab sector is also allocated in the five-year²⁵ plans for the Bedouin, Druze and Circassian sector at a total of NIS 24 million through 2015.

Programmes Specifically for Women

Government Resolution 4193 (January 2012) addresses, among other issues, the need to increase efforts to include Arab women in the labour market as part of the government's decision to implement the recommendations of the Trajtenberg committee. The resolution also provides for various efforts to address this goal. Its provisions with regard to childcare and education are described in chapters 4 and 5. Here the various forms of direct employment assistance are discussed.

The resolution stipulates that the 'Eshet Chayil' programme ('Ryadhah'), which provides intensive employment support to Arab women who do not participate in the labour market, be expanded. The programme was developed and piloted by JDC-TEVET, and accompanied by an evaluation by MJB.²⁶ In 2010, the MOLSA assumed responsibility for the continuation and broader dissemination of the programme. There are currently 13 locations and an additional 36 will be established at a cost of NIS 9 million per year. The programme was first developed for the Ethiopian-Israeli population, and due to its success was extended to other disadvantaged populations. A follow-up study (by MJB) is also evaluating the dissemination of the programme by the Ministry. For a further explanation of the programme see section 3.2 in this chapter.

Another effort is to increase the number of Arab volunteers for National and Civic Voluntary Service. Women constitute some 90% of the volunteers in the Arab sector. Integration into National Civic Service (NCS) also serves as a stepping stone for the integration into employment. Government Resolution 3564 of July 2011 stipulates that the number of positions for volunteers in the Arab sector will increase from 1,600 in 2010/11 to 3,280 in 2013/14. Thus, some

²⁵ Government resolutions 2861 (February 2011), 3211 (May 2011) and 3708 (September 2011).

²⁶ Hassan Daher, S. and Strosberg, N. 2011. *Eshet Chayil and Avihayil for the Arab Population: Evaluation Study*. Myers-JDC-Brookdale Institute, Jerusalem (Hebrew).

20% of the young cohorts of Arab women will be able to potentially participate, as opposed to 10% in 2010.

As a complementary step, the Government Resolution stipulates that a pilot programme will be initiated to provide the participants with direct assistance to integrate into higher education and employment. The programme will be developed by the Administration for NCS, the MOF, and the MOITAL, in partnership with the MOE and the Planning and Budgeting Committee in the CHE.

In addition, in January 2012, the government decided (Resolution 4193) to advance employment-related language instruction for NCS volunteers from among the Arab sector. Some NIS 46 million has been allocated to this programme over the next five years (2012-2016).

Another programme for Arab women is being developed by the Ministry of Health with the goal of encouraging them to study nursing. Participation in the programme is conditional upon a commitment to work in the public health system. To this end, Government Resolution 4193 of January 2012 allocated some NIS 20 million for 2012-2016 for tuition fees and stipends for approximately 50 new women students each year.

Beyond the programmes encouraging entrepreneurship described in the previous section, a special effort is being made to encourage entrepreneurship among Arab women. The existing network of centres for promoting entrepreneurship is expanding its efforts within the Arab community. These centres operate under the auspices of the SMBA and provide information, guidance and assistance in setting up new businesses. Working in partnership with the AEDA, 65 courses were held for Arab women, with some 1,000 participants in 2011.

In addition, Government Resolution 3708 of September 2011 allocated NIS 14 million for 2012-2016 to expand activities of the SMBA in the Bedouin sector in the Negev, with an emphasis on women.

Supplementary Steps – Housing and Personal Safety

Activity to encourage employment in the Arab sector is supported by supplementary measures in the areas of housing and increased personal safety.

Providing young people with quality housing within the Arab localities is an important tool for the economic development of these localities. The lack of housing in the Arab localities has caused many young people to move out of the localities, thereby harming the ability to provide better employment options within the localities. Hence, diverse efforts to enhance the availability of housing within the Arab local authorities are included in the five-year plans for the Arab sector²⁷, as well as in Government Resolution 4432 of March 2012, which addresses the recommendations of the Trajtenberg Committee with respect to housing in the minority sector.

Increasing personal safety within Arab localities is another supplementary measure to enhance economic development, by providing a positive climate for trade and entrepreneurship. Thus, the five-year plans for the Arab and Bedouin sector²⁸ have taken considerable steps to ensure personal safety, at a cost of over NIS 250 million.

Trends in the Employment Rate in the Arab Sector

According to the Bank of Israel, the employment rate among Arab women aged 25-64 has continued to rise in recent years, from 24.4% in 2008 to 26.8% in 2011 (an increase of some 2.4 percentage points), similar to the almost unbroken trend since the 1990s. However, if the increase in the employment continues at the same rate in the coming years, it will not be possible to reach the employment target set at 41% for 2020.

Note that the employment rate increased among all the women, from 64.9% in 2008 to 66.3% in 2011 (an increase of some 1.4 percentage points). Therefore, while the percentage increase in the employment rate among Arab women is greater, the absolute gap between the populations has only been slightly reduced and remains at some 40 percentage points. Altogether, since 2001, the

²⁷ Government resolutions 1539 (March 2010), 2861 (February 2011), 3211 (May 2011) and 3708 (September 2011).

²⁸ Government resolutions 1539 (March 2010) and 3708 (September 2011).

employment rate among Arab women has increased by 7.2 percentage points, vs. an increase of 7.5 percentage points among all women.²⁹

The employment rate among Arab men aged 25-64, which had been increasing since 2003, declined from 71.8% in 2008 to 70.5% in 2009, but rose again to 72.2% in 2011. Nevertheless, if the increase in the employment rate between 2008 and 2011 continues at the same rate in the coming year, it will not be possible to reach the employment target of 78% in 2020.

The employment rate for the total male population in 2011 was 77.7%, exactly the same as in 2008. Altogether, since 2001, the employment rate of Arab men has risen by 6.8 percentage points, vs. 3.0 percentage points among the total male population.³⁰ Thus, the gaps have declined but most of the decrease occurred before 2008.

The Bank of Israel also analyses the possible role of the increase in employment on poverty rates. The analysis indicates that the incidence of poverty among individuals in the Arab sector, according to the relative index,³¹ declined from 57.4% in 2009 to 56.4% in 2010. NII data indicate a similar trend. The real poverty line increased between 2009 and 2010 because of the increase in real median income. In order to examine the impact of the change on the distribution of income on the incidence of poverty, deducting the impact of the change in the poverty line itself, the Bank of Israel also calculated the incidence of poverty in 2010 according to the indexed poverty line of 2009. It found that the incidence of poverty declined, by this calculation to 54.4%, so that the improvement in the incidence of poverty is greater. The change in the distribution of income reduced the incidence of poverty in this population by 3.0 percentage points. Further, in

²⁹ Bank of Israel data based on the CBS Labour Force Survey. Does not include the last quarter of 2011. Additional information about the employment of Arab women can be found in Yashiv, E. and Kasir (Kaliner), N. 2012. *Arab Women in the Labour Market in Israel: Characteristics and Policy Measures*. Series of discussion papers, May 2012. Bank of Israel, Jerusalem (Hebrew).

³⁰ Bank of Israel data based on the CBS Labour Force Survey. Does not include the last quarter of 2011.

³¹ The poverty line is defined as half of the median per standard adult.

light of the fact that the average earned income among the Arab population hardly changed during that period, it appears that the increase in employment has served to assist some of the Arab households to emerge from poverty.³²

An analysis of the Bank of Israel sheds some important light on the gaps in employment rates. According to the analysis, the gaps in the employment rates between Jewish men and Arab men can be explained primarily by the early retirement of people with a low level of education (0-10 years of schooling), who account for about a third of the Arab male population compared with 8% in the Jewish male population. The employment rates for Jewish and Arab men with a higher level of education are similar. In contrast, the employment rates for Arab women are considerably lower than those for Jewish women. The gaps are particularly prominent among women with up to 12 years of schooling.

2.2 The Haredi Sector³³

The Government has defined the integration of the Haredi sector into employment as a key goal in order to reduce poverty and dependence on benefits and to promote equality in the distribution of the economic burden in Israel. This goal is to be pursued while acknowledging and respecting this population's unique lifestyle and the importance of supporting the pursuit of religious studies. It is also viewed as essential to the effort in integrating the Haredi community into the fabric of Israeli society and to realise its full potential contribution.

In the last decade, there has been progress in integrating the Haredi community into employment, as will be elaborated on later in the section on the trends in the employment rate.

According to the Bank of Israel, the employment rate among Haredi men aged 25-64 was 45.6% in 2011, compared to 77.7% among all men of these ages and 81.4% among non-Haredi Jewish men. The employment rate among Haredi women aged 25-64 was 61.2% in 2011, compared to 66.3% among all women of

³² Bank of Israel. 2012. *Bank of Israel Report 2011*. Bank of Israel, Jerusalem (Hebrew). Endeweld, M.; Barkali, N.; Gottlieb, D. and Fruman, A. 2011. *Annual Report: Poverty and Social Gaps Report*, National Insurance Institute, Jerusalem.

³³ The ultra-orthodox population is also known as the Haredi sector, or Haredim.

these ages and 75.3% among non-Haredi Jewish women.³⁴ According to Government Resolution 1994 of July 2010, the employment goal for 2020 for Haredi men and women aged 25-64 is 63%.

The progress that has been made reflects, also, a change in attitudes and aspirations among significant groups within the Haredi community. These changes also reflect the significant efforts that have been made to support this trend. The efforts have been of two kinds. One is addressing the complex set of arrangements that influences the incentives for participation in the labour market. The other is the provision of concrete employment related assistance.

Recently, there has been a major new development. In February 2012 the Supreme Court issued a ruling that fundamentally challenges some of the basic existing arrangements (as will be elaborated on below). In light of this ruling, the government has been mandated to reconsider and revise the current arrangements.

Prior to the Supreme Court decision, the Trajtenberg committee had recommended a series of steps related to the integration of the Haredim into employment. The government had not completed its deliberations on these recommendations when the Supreme Court released its ruling.

The major efforts in recent years to encourage employment in the Haredi sector are described in subsequent sections. The first section focuses on changes in the arrangements that influence the incentives for participation in the labour market and the second section on the provision of concrete employment related assistance.

The issues of childcare, education and higher education in the Haredi sector are addressed separately in chapters 4 and 5.

³⁴ Bank of Israel. 2012. *Bank of Israel Report 2011*. Bank of Israel, Jerusalem.

Addressing the Complex Set of Arrangements that Influence the Incentives of the Haredim to Participate in the Labour Market

The participation of Haredi men in the labour market is very much intertwined with the issue of their participation in the army. The majority of the Haredi men do not participate in the army for reasons that are related to the concern about their ability to maintain their particular lifestyle and because they attach great value to their men engaging in religious study as a lifetime pursuit.

Over the years, more and more Haredi men that pursued advanced religious studies in institutions referred to as "yeshivot" were exempted from military service. Many of these students also receive public as well as private philanthropic support while pursuing these studies. If they leave the yeshivot, these students are required to enlist in the army, thus serving as a deterrent to their pursuing employment. If they leave at later ages and when they have several children, they are then automatically exempt from regular army service.

Over time however, the numbers have grown very significantly and this contributed to a significant decline in their labour market participation rate. Thus this exemption has become an ongoing issue of heated public debate. The Tal Law³⁵ was the first legislative effort to formalize the arrangements for deferred army service by those pursuing these studies. The major motivation for the law was to provide arrangements to allow young Haredi men to participate in the labour market.

As noted, in February 2012, the High Court of Justice ruled that the law did not fulfill the objectives it had set out to achieve and that it infringed on the right to equality as part of the human right to dignity and was therefore not legal and would cease to be valid in August of this year. As of now, there has been no decision on an alternative policy regarding this complex issue.

In the meantime, there have been significant efforts to modify the arrangements affecting employment in the labour market within the framework of the Tal Law.

³⁵ A law deferring army service for yeshiva students, 2002.

On the one hand, efforts are being made to expand the opportunities for serving in the army, or alternatively, some form of National Civic Service. On the other hand, efforts are being made to impact on their incentives for employment. A complimentary effort has been made to promote integration into higher education more generally, this is discussed in chapter 5.

The remainder of this section relates to some of these efforts.

National and Army Service

Prior to the repeal of the Tal Law, Government Resolution 2698 of January 2011 determined that the extent of positions designated for the participation of the Haredi men in NCS and army service, was to be increased gradually from 2,400 new recruits in 2011 to 4,800 in 2015. These will be divided equally between NCS and army service. According to the Trajtenberg Committee, this resolution means that over 60% of the Haredi male cohort will join the army or national service as of 2015.

As a complementary step and with the goal of using the NCS system as a tool to integrate the Haredi population into employment, Government Resolution 3564 of July 2011 determined that an experimental programme be implemented to integrate Arab and Haredi national service volunteers into employment and higher education. The programme will be developed in cooperation between the NCS Administration and the MOF and MOITAL, in cooperation with the MOE, the Planning and Budgeting Committee for the CHE and the Discharged Soldiers Fund in the Ministry of Defense.

In parallel, there have been more and more efforts to try to enable them to integrate into the army, in technical and professional positions that will provide them with expanded opportunities to integrate into the labour market. This is both incentivizing them to join these frameworks as well as using them to enhance their labour market related skills.

Government Resolution 2698 also determined that as of 2011, yeshiva students would be able to serve in military reserve duty as an alternative to regular army service from age 28 upward, and not from age 30 as before. Thus, this resolution allows thousands of working-age Haredi men to integrate into the labour market at a younger age. In addition, on a one-time basis, all the Haredi men who

deferred service and who have three or more children were referred to reserve duty. This also allows many additional Haredi men to join the labour market.

Changes in Eligibility for Financial Support for Married yeshiva Students

Until 2011, married yeshiva students were entitled to a minimum income benefit under a provisional budgetary arrangement. In June 2010, the High Court of Justice ruled that this benefit was to be annulled because it infringes on the right to equality with regard to financial benefits awarded by the State to other student populations in Israel, who are not eligible for minimum income benefits. It was further determined that the arrangement is not commensurate with the government's goal of encouraging integration of the Haredi population into employment.

In December 2010, the government decided (Resolution 2614) to change the support system for these students. According to this Resolution, a differentiation will be created between two groups: the majority of the students will be granted a scholarship, for a period of no more than five years (basic track) and a small, select group studying in yeshivas for married men, will continue to receive a scholarship, albeit a reduced one, for a longer period (select track). The requirement for the scholarship is 35 weekly hours of study for those exempt from army service under the Tal Law and 45 weekly hours for those who do not yet have an exemption.

The basic track also provides opportunities for participation of the scholarship recipients in vocational training frameworks, during the first 4 years of receiving the scholarship. In the fifth year, the scholarship will be reduced by 25% and will allow for the option of combining work with partial studies (minimum of 22.5 weekly hours).

Limiting the number of years and integrating vocational training will limit the future periods of dependency on government support. Moreover, the scholarship now is more consistent with the general framework of subsidies to students in higher education. The resolution is based on the recognition that social and cultural change needs to be carried out gradually, with sufficient time for the required adjustments and the provision of skills that will facilitate the students' integration into the labour market.

Moreover, the overall budget for the scholarships will be capped at a level similar to the budget for 2010 (some NIS 135 million), irrespective of the number of students joining the programme. The scholarship for a student in the basic track will not exceed NIS 1,040 a month. The select track will be allocated up to NIS 20 million of the total support sum irrespective of the number of students entering this track.

This change in policy is expected to affect some 11,000 yeshiva students.

In addition to this change, in April 2011 the Minister of Education signed a new directive reducing the number of weekly hours of study that entitles students exempt from army service to a scholarship, from 35 to 18 hours. The amount of the scholarship will be linked to the number of hours they actually study. This is designed to encourage the students to combine their studies with at least partial employment.

Employment Related Assistance

One-Stop Employment Centres

A plan to establish a municipal one-stop employment centre designated for the Haredi population this year in Jerusalem, in cooperation with the municipality, is currently in an advanced phase of approval and budgeting, in accordance with the Trajtenberg Committee recommendations. The centre will be an expanded version of a network of 8 employment centres developed by JDC-TEVET for the Haredi population (MAFTEACH), with some 6,500 annual participants.

The services provided by the centre will offer a more diverse array of services, particularly for Haredi men. The centres will provide all of the regular job placement services. However, it will place more emphasis on opportunities to complete basic education, develop vocational skills and pursue higher education.

It is expected to serve some 4,000 people from the Haredi population. Some NIS 16 million is expected to be allocated towards its implementation. Plans are underway to establish additional such centres in other cities with significant Haredi communities.

"Employment Track"

As described in the section on the Arab sector, the Employment Track programme encourages employers to hire employees from populations with low

participation rates in the labour market, by providing wage subsidies to employers.

Since the beginning of the programme in 2009, and until the end of 2011, 63 requests by employers were approved for 1,485 Haredi employees at an overall cost of some NIS 66.2 million.

Some additional benefits for employers who employ Haredi men were recently approved. These include a broadening of the conditions for receiving the subsidy and increasing the average subsidy rate from 25% to 35% of the wage cost over 30 months.

Encouraging Professional Training in Science and Technology

Another new track to encourage the employment of Haredi people is the provision of support for participation in technological preparatory courses and for pursuing a practical engineering diploma in colleges recognised by the MOITAL. The programme is designed for those who attended educational frameworks that did not offer the core curriculum and thus have very limited educational backgrounds. It provides the financial assistance to enable young Haredi men aged 23 and above to pursue their education.

The programme was initiated in 2011 by the State Institute for Training in Technology and Science. Sixty four students have already attended the preparatory courses and of these, 30 have continued their studies toward a practical engineering diploma in 2011/12. Next year, some 270 new students will enter the programme. The budget for 2012/13 will be some NIS 16 million.

Trends in the Employment Rate in the Haredi Sector

The analysis on the trends in Haredi employment encounters issues related to the definition and the identification of Haredi populations in official data and in surveys. The Bank of Israel has analysed the trends in Haredi employment as

reflected in the Central Bureau of Statistics (CBS) Labour Force Surveys using the definition adopted by the National Economic Council.³⁶

According to the Bank of Israel,³⁷ the employment rate of Haredi men aged 25-64 has increased sharply compared to recent years, from 39.6% in 2008 to 45.6% in 2011, after having ranged between 35% and some 40% during the past decade. The main increase in employment has been in the business sector.

This contrasts with a constant rate of employment for all men during this period (77.7%). In all, since 2001, the rate of employment of Haredi men increased by 6.7 percentage points compared to an increase of 3 percentage points among all men.³⁸

The rate of employment of Haredi women aged 25-64 increased from 57.4% in 2008 to 61.2% in 2011. During this period, the rate of employment among all women increased more moderately from 64.9% to 66.3%. In all, since 2001, the rate of employment of Haredi women increased by 13.4 percentage points compared to an increase of 7.5 percentage points among all women.³⁹

As noted by the Bank, the change recorded since 2008 in the employment rates of men and women in the Haredi sector is consistent with the target rate of 63% for both groups set by the government for 2020.

³⁶ Haredim were defined as Jews whose last educational institution (of one of the household) was a high yeshiva, or who were living in one of the core Haredi localities (definition of the National Economic Council). For a comprehensive discussion on the identification of the Haredi population see Friedman et al. 2011. *Measurement Methods and Assessing the Size of the Haredi Population in Israel*. Central Bureau of Statistics; Levin, H.; Hacothen, R. 2010. *Methods of Identifying and Quantitatively Characterizing the Ultra-Orthodox Sector*, National Economic Council; Malchi, E.; Greenstein, M. 2010. *Gaps between Different Statistical Sources regarding the Employment Rates in the Haredi Sector*. Ministry of Industry, Trade and Labour (Hebrew).

³⁷ Bank of Israel. 2012. *Bank of Israel Report 2011*. Bank of Israel, Jerusalem.

³⁸ Bank of Israel data, based on CBS Manpower Surveys. Not inclusive of the last quarter of 2011.

³⁹ Ibid.

Another important perspective that emerges from the Bank of Israel analysis is that the rate of Haredi people employed in the business sector is particularly low compared to non-Haredi Jews, while the proportion of those employed in public services (education, religious services) is more than a third of all Haredi employees. Thus, the effort to incorporate Haredi people in economic life entails a considerable increase of their rate of employment in the business sector. Further, the average number of average weekly work hours of the Haredi employees is considerably lower than that of non-Haredi Jews (39.5 compared to 46.0 respectively, in 2011). This situation lowers the wages of the Haredi population and makes it more difficult for Haredi households to break out of poverty.⁴⁰ Indeed, as noted earlier, most of the increase in employment has been in the business sector.

The Bank of Israel qualifies its findings and states that their findings are sensitive to the accuracy of the method used to identify the Haredi population in the Labour Force Surveys. So that data from additional sources will be required. Moreover, the trends that were identified might be temporary and it will be important to see whether the trend continues in future years.⁴¹

The NII has initiated an effort to examine the trends from their administrative data sources that provide data at present up till 2009. It recently carried out an analysis of the employment rates of Haredi men aged 20-67. They found a moderate increase in Haredi employment in 2008-2009.⁴² Moreover, their estimate of the employment rate of Haredi men in 2009 is almost identical to that of the Bank of Israel.

The Bank of Israel also analyses the possible role of the increase in employment on poverty rates. The incidence of poverty in the Haredi population, according to the relative definition, declined from 58.5% in 2009 to 56.7% in 2010. Using a constant absolute relative poverty line, the incidence of poverty in 2010 declined

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² Gottlieb, D.; Toledano, E. 2011. *Employment Mix by Population Groups in Israel in the 21st Century*. Position Papers. National Insurance Institute, Jerusalem. (Hebrew)

to 54.8%. Thus, setting aside the change in the distribution of income reduced the incidence of poverty in this population by 3.7 percentage points. Moreover, in light of the fact that the average income from wages was slightly reduced among the Haredi population during this period, it appears that the increase in the employment rate is the factor that extracted some of the Haredi households from poverty.⁴³

3. Populations Known to the Social Services

There are some 1.3 million people in contact with the various services of MOLSA that deals with all age groups and the full range of social problems through local social service departments in every local authority in Israel. In recent years, the MOLSA has emphasised its policy of promoting the employment of the populations known to the social services. One of the important steps in the Ministry's deployment was the establishment of an Employment Administration in 2009. It was established with the goal of developing an integrated view across the ministry, pooling all knowledge and resources for the development of innovative models and approving annual work plans for each division in the area of employment.

Lack of employment is often only one aspect of a broad array of problems and difficulties facing the populations applying to the social services. These problems are inter-connected, and hinder integration into employment. Therefore, the assistance provided to enhance employment is given concomitantly with help in facing other problem areas of their life, which increases these populations' chances of integrating into employment.

Employment integration is a means of achieving several major goals for MOLSA clients: reducing dependency on benefits and social services; breaking out of poverty; improvement of self-perception; improved family functioning; social integration; improvement in personal well-being and quality of life.

Prior to 2000, most of the people participating in the Ministry's employment programmes were people with disabilities (under the Rehabilitation Branch and

⁴³ Ibid.

the Division for Intellectual and Developmental Disabilities, see chapter 12). Since 2000, employment programmes have been extended to include additional populations, such as: Young adults graduating from youth-at-risk frameworks; youth at risk; people who suffer from substance abuse; women who had been victims of violence; elderly; families with functional difficulties and Ethiopian-Israeli immigrants. Thus, the Ministry is striving to develop employment programs along two parallel lines:

1. Continued development of programmes for populations with disabilities where the emphasis has shifted from sheltered work frameworks to programmes aimed at placement in the open market. As part of this change in policy, a concept of a continuum of employment solutions has been developed, which allows any person to fit into one of the frameworks along the continuum and to gradually move on to more independent frameworks, up to integration into the open market without (or virtually without) support. For more on the policy to encourage the employment of people with disabilities, see Chapter 12.
2. Development of programmes for other at-risk populations and for at-risk communities.

Since 2009, the MOLSA has launched 26 new programs in the area of employment with some 8,200 participants. Of them, 14 are not intended for people with disabilities, with 6,300 participants. In all, MOLSA currently implements some 55 employment programmes. The programmes serve some 31,000 participants, about half of them with disabilities. Below, 5 of the key programmes implemented by the MOLSA for at-risk populations are briefly described.

3.1 Employment for Well-being Programme

The goal of this programme is to enable clients of the Social Service Departments to improve their employment situation, become more independent and strengthen their ability to manage their family budget and related financial affairs. The programme serves a broad range of sub-populations including Arabs, Bedouins, Haredim etc.

As part of the programme, a new role is being developed within the social services – that of the "occupational social worker". A training course has been developed that is implemented by the MOLSA Central School for Training

Social Workers. The occupational social worker works side by side with the family social workers in the departments. Each locality where the programme is implemented treats up to 50 families who are either unemployed or under-employed. The programme is currently implemented in 11 local authorities and in 2012 it is planned to expand to 9 additional local authorities at an overall cost of NIS 10 million.

The participants receive intensive individual and group support until they are integrated into the best possible job. The programme offers workshops on soft skills, vouchers for vocational training and workshops on the management of the family budget. In addition, each family is entitled to receive funds for work-support services such as early childcare. An evaluation by MJB is accompanying the implementation of the programme.⁴⁴

3.2 The 'Eshet Chayil' Programme

The Eshet Chayil programme provides intensive employment support for women from disadvantaged populations with low rates of participation in the labour market and with significant barriers to employment. Most of the participants are dealing with complex cultural transitions and have little or no employment history. They are characterized by lack of education, poor language skills and difficulties in day-to-day functioning. The programme both prepares the women for employment and accompanies them for their first year or so after they are employed. Beyond individual attention, there is a strong emphasis on mutual group support and on work with the extended family and community.

The programme was developed and piloted by JDC-Israel, and accompanied by an evaluation by MJB.⁴⁵ In 2010, the MOLSA assumed responsibility for the continuation and broader dissemination of the programme. The programme was first developed for the Ethiopian-Israeli population, and due to its success was

⁴⁴ King, J. Forthcoming. Employment and other Outcomes of the First Cohort of Participants in the Employment for Well-being Program One Year after Implementation. Myers-JDC-Brookdale Institute, Jerusalem.

⁴⁵ Hassan Daher, S. and Strosberg, N. 2011. *Eshet Chayil and Avihayil for the Arab Population: Evaluation Study*. RR-584-11. Myers-JDC-Brookdale Institute, Jerusalem (Hebrew).

extended to the Arab population and is now serving other disadvantaged groups as well. A follow-up study (by MJB) is also evaluating the dissemination of the programme by the Ministry.

In 2011, some 1,400 women participated in the programme, of them some 630 in the Arab sector.

3.3 The 'Maavarim' (Transitions) Programme

This programme promotes employment in disadvantaged rural areas, addressing individuals, families and the community. The programme includes the establishment of a regional centre for employment with a broad cooperation of all key actors in the area. A special emphasis is on community development. Beyond providing individual assistance, the centre engages in local economic development in the community and encouragement of local business entrepreneurship.

Having completed the pilot, the programme is now being implemented in 7 areas with some 1,500 participants.

3.4 The Five-Year Plan for Ethiopian-Israeli Immigrants

Within the framework of the five-year plan (see section 4 below for a general description of the plan) the Ministry is implementing a programme for Ethiopian-Israeli immigrants who are known to the social services, focusing both on young adults aged 18-25 and on families with children. The programme addresses both employment and the coping capacity of the family unit. Each family is assigned a case manager that works with it in addressing its overall challenges. The five key areas of activity are:

- 1.** Integration into employment and assistance in job quality and career advancement
- 2.** Accessing services and realising entitlements
- 3.** Assistance in education for adults and children
- 4.** Workshops to strengthen family coping and functioning
- 5.** Strengthening social support networks.

Currently there are some 800 participants in the programme. The overall budget for 2012 is NIS 8.6 million.

3.5 Programmes for Youth at Risk who are Known to the Social Services

In recent years the MOLSA has implemented employment programmes for young adults at risk. The goal of these programmes is to better prepare them for integration into the labour market and the transition to adult life, as they age out of the social welfare system. In 2001 some 3,000 young adults at risk participated in 11 employment programmes implemented by the MOLSA for this population.

4. Inter-Ministerial Five-Year Assistance Plan for Ethiopian-Israelis

In this past decade there has been a significant increase in the employment of Ethiopian-Israeli women as well as a moderate increase in that of men. According to the CBS Manpower Survey, the employment rate of Ethiopian-Israelis, aged 22-64, increased between 2006/7-2009/10 from 50% to 62% for women and from 60% to 69% for men. The increase among women is a continuation of a trend that began at the beginning of the decade.⁴⁶

As a result, education-specific employment rates are just about the same for Ethiopian-Israelis (men and women) as for the general Jewish population. The remaining gaps are due to the differences in the education distributions. At the same time, there is a great deal of concern about the need to upgrade the nature of employment opportunities and relatedly to reduce the gaps in education.

The government is taking steps to increase assistance to Ethiopian-Israelis. In 2008, Resolution 3116 approved a five-year plan (2008-2012) to enhance their integration in a broad range of areas. Government Resolution 1979 extended the plan until 2013. The programme addresses employment, education at all levels, housing and social support, and focuses particularly on children, youth and young adults. The programme is a collaboration of the MOE, the MOLSA, the Ministry of Construction and Housing, the MOITAL and the Ministry of

⁴⁶ Almog, Y. 2012. *The Ethiopian-Israeli Community: Facts and Figures*. Myers-JDC-Brookdale Institute, Jerusalem.

Immigrant Absorption (MOIA) that has the responsibility for overall coordination. The overall multi-year budget is NIS 700 million or NIS 310 million excluding the housing benefits. NIS 157 million was spent in 2009/10, overall and some NIS 90 million excluding housing.

With respect to employment, the programme includes a range of activities to expand and upgrade employment including remedial education, language development, vocational training and assistance in job search and placement. One component of the strategy is to focus on key transition points. There is a programme for those leaving the army and for those graduating from institutions of higher education. Most of the programmes began in 2010/11 and thus far there have been some 800 participants.⁴⁷

Beyond direct employment support there are efforts to enhance the success of their integration into the army and their integration and success in higher education.

A recent Government Resolution, (4624, May 2012) is designed to reinforce the employment component. It provides for the establishment of employment support units that will focus particularly on enhancing the participation in education and in upgrading the nature of employment opportunities.

5. Unemployment Benefits and Income Support Benefits

In this section, developments regarding unemployment benefits and income support benefits paid by the NII are described.

5.1 Unemployment Benefits

Following the 2008 economic crisis and the concomitant recession and increased unemployment rate, a temporary order was issued in early 2009, with the goal of assisting unemployed individuals who were ineligible for unemployment

⁴⁷ Habib, J.; Hendin, A.; Aboody, H. 2012. *Monitoring the Five-year Integration Plan for Ethiopian Immigrants in Israel*. Myers-JDC-Brookdale Institute, Jerusalem.

benefits under the National Insurance Institute Law. This is done through the payment of a special benefit with less stringent eligibility criteria.

The temporary order stipulated that unemployed individuals aged 25 and above who had been dismissed from work and had worked for a total of 9 out of the 18 months prior to dismissal would be eligible for unemployment benefits from the NII (as opposed to 12 of the 18 months, as stipulated by law). The amount of the benefit would be the same as that to which they would have been entitled had they been receiving full unemployment benefits and would be paid for a period that did not exceed half of the maximum period for unemployment benefits. This agreement would continue on condition that the national unemployment rate published (quarterly) by the CBS did not fall below 7.5%.

The special benefit was first paid in June 2009, since the national unemployment rate was greater than 7.5%. At the end of February 2010, the payment was halted when the published unemployment rate fell to 7.4%. Altogether, 10,183 unemployed individuals benefitted from the special benefit, at a cost of NIS 107 million.

In addition, in December 2009, a temporary extension of the maximum period for payment of unemployment benefits to young unemployed individuals who had accumulated eligibility for the benefits was approved. Young people up to age 24 were eligible for payment of up to 15 additional days of unemployment benefit, such that the maximum period for unemployment benefit rose to 65 days. Unemployed individuals aged 25-28 were eligible for an additional 30 days, up to a maximum period of 97 days, those aged 28-35 had their eligibility extended by 25 days to a maximum period of 125 days.

The temporary extension of the maximum period of unemployment expired at the end of 2010. Some 46,000 individuals aged 25-35 benefitted from it, at an overall cost of NIS 100 million.

5.2 Income Support Benefits

As noted, in April 2010, the Lights to Employment programme was discontinued before it had even been deployed nationally, despite a government resolution (2002) approved in July 2010. There have been several modifications to the eligibility conditions for income support benefits (effective from 2010 unless specified otherwise):

1. The rate of benefit reduction as earned income increases was reduced (back to their levels prior to increase in 2003) for recipients with low levels of assessed employability, e.g. those employed at sheltered workshops.
2. The procedure regarding income from family support or support from a charitable organization was changed to highlight the difference between temporary support, which does not have to be considered as income for the purposes of the income test, and regular support, which is considered to be income.
3. The definition of a "child" according to the NII Law was changed so that, under certain circumstances, an individual who has not reached the age of 24 can be considered a dependent child for the calculation of benefits.
4. It is possible to pay benefits to a child who has one parent who is not a resident and whose other parent is a resident and is in detention or prison, by means of a payment to the non-resident parent.
5. Individuals under house arrest, where the conditions prevent them from going out to work may be exempted from the employment test. Claimants with a child in their custody or a spouse under house arrest where the conditions prevent them from working may also be exempted.
6. Individuals who have been incarcerated for six consecutive months may receive income support benefits during the first two months after their release.
7. In February 2012, the High Court of Justice repealed Clause 9A(B) of the Income Support Law in its current form, which stipulates that ownership or use of a vehicle is considered income amounting to no less than the amount of the benefit. The NII and the MOF are currently developing an amendment to this clause to find a way of taking car ownership into account in the determination of eligibility that will be compatible with the restrictions stipulated in the ruling.
8. The NII has submitted a proposal, now under discussion in the Knesset Labour, Welfare and Health Committee, for a significant amendment to the income test for recipients of income support, who have financial and other assets. The amendment will increase the payments to existing and potential benefit recipients, thereby reducing the extent of poverty.

Chapter 3: Developing Support Services in the Areas of Employment and Childcare to Income-Support Recipients

Recommendation 3

Ensure that sufficient employment and childcare supports are made available to those whose income support is conditional on availability to participate in employment-oriented programmes.



Income support recipients will benefit from planned general developments in employment programmes and in support services, as described in Chapter 2.

In addition, in recent years the Ministry of Social Affairs and Social Services has initiated a number of employment programmes that offer support services (see Chapter 2). Income-support recipients known to the Social Service Departments can also benefit from these programmes.

Income supports recipients will also benefit from the developments in childcare as described in Chapter 4. These include both universal benefits as well as benefits that focus on disadvantaged populations.

Chapter 4: Extending the Earned Income Tax Credit Across the Country and Increasing Support for Working Parents

Recommendation 4

Extend the earned income tax credit across the country with additional child supplements and increased payments to childcare users to increase returns to low-income employment for working families. Simultaneously, increase benefits (through additional child supplements) for those on work-tested income-support benefits. Reduce child payments for families able to work, but who do not do so.



It is widely recognised that support services are a critical component of the effort to enable additional populations to integrate into the labour market. It is further recognised that at the existing wage levels, particularly for families with children, encouraging both spouses to work is the key to extricating them from poverty. Evidence of this can be found in National Insurance Institute (NII) data, which reveal that 70% of the families with no breadwinner live below the poverty line; 25% of the families with one breadwinner and less than 4% of the families with two breadwinners.

Israel is pursuing a policy of enhancing support for lower income families that are employed. These include expansion of the Earned Income Tax Credit (EITC), additional tax credits for working parents and increased subsidies and provision of day-care centres for working parents with children aged 0-2. These measures also enhance the incentives to enter into employment. At the same time, there are also decisions to expand child support on a universal basis which would assist those on work-tested income supplements but also those able to work but do not do so. These include pre-schools for children aged 3-4; afternoon educational frameworks for children aged 3-9 in the municipalities with low socio-economic status and increased child supplements.

Some of these steps have been in response to the recent social demonstrations and the recommendations of the Trajtenberg Commission.

1. Earned Income Tax Credit ("Negative Income Tax")

EITC was gradually introduced in Israel, starting with only a few geographical areas on a trial basis. In the 2010 tax year, it was expanded to all mothers with children up to age 2 and single-parent fathers and since 2011, it was applied to the whole population. The expanded deployment of the EITC increased the potential number of eligible recipients to 100,000 in 2010, and to 420,000 in 2011.

With the move to nationwide deployment, the EITC is becoming a central tool for encouraging employment and reducing poverty at the cost of close to NIS 1 billion per year once fully realised. The EITC is given to workers over the age of 23 who have children under the age of 19 and to workers aged 55 and above even if they do not have children. Parents of 1-2 children and workers aged 55 and above receive a maximum allowance of NIS 320 if their monthly income is more than NIS 2,000 and less than NIS 5,937. Parents of 3 or more children receive a maximum allowance of NIS 460 if their income is more than NIS 2,000 and less than NIS 6,505 per month. Workers who own more than one home are not eligible.

There will be an increase in the benefit levels in the 2012 tax year. The allowance for mothers of children under 19 or fathers of children under 19 in single-parent families will be increased by 50%. Furthermore, since 2011, mothers on maternity leave are also entitled to the EITC.

In order to receive the EITC, the potentially eligible must submit a claim. It is widely recognised in the literature that one of the biggest challenges in implementing such programs is ensuring the take-up of the benefits. This is also the case in Israel as found in the evaluation of the pilot phase.⁴⁸ The Tax

⁴⁸ Bank of Israel, the National Insurance Institute, Myers-JDC-Brookdale Institute, Israel Tax Authority, 2010. *Negative Income Tax: Outcomes of the First Year of Implementation of the Law*. Bank of Israel, Jerusalem (Hebrew). The second report will be published shortly.

Authority is working on several parallel tracks to ensure the take-up of the benefit.

One step is to identify potential recipients in the Tax Authority database and to send them a letter. The letter informs the recipients that they are potentially eligible for the allowance and explains how to clarify their status and submit a claim. In addition, a multilingual website provides general information, as well as an eligibility calculator and a tool that enables applicants to monitor the status of their claims. Furthermore, a telephone hotline was established which provides information and assists applicants with the process of submitting claims, as needed.

In addition, the Tax Authority initiated an extensive TV, press and radio advertising campaign concomitantly with the national implementation of the EITC in 2011. The campaign informed the public of the EITC and the eligibility conditions and was conducted in several languages. In order to make the information accessible to persons joining the labour market and specific target populations, the Authority has also worked together with appropriate organizations since 2011. For example, it posts information on bulletin boards and distributes leaflets at employment bureaux, business development centres, regional offices of the Ministry of Immigrant Absorption (MOIA), employment centres for the Haredim, and at post offices.

These steps to increase the utilisation of the allowance and the growing awareness of the EITC among the public have led to an increase in the estimated take-up of the allowance – from 39% in 2009, before it was implemented nationally, to 48% in 2010 and 52% in 2011.

2. Tax Credit for Working Parents

An additional component of the effort to encourage employment and to ease the financial burden on families with children is the increase in the number of tax credit points for parents of pre-schoolers. According to Government Resolution 3783 and amendments to legislation, as from 2012, fathers of children up to age

3 will receive 2 credit points.⁴⁹ This step is expected to directly affect about 280,000 families. Mothers will receive an additional credit point for every child up to age 5;⁵⁰ in addition to the credit points they receive for every child up to age 18. This step supplements the benefits accorded by the EITC to those whose income is below the tax threshold. The Tax Authority estimates that these benefits will cost approximately NIS 1 billion per year.

3.Subsidies and Provision of Day-care Frameworks for Children Aged 0-2

A key element to encourage parents, particularly mothers, to participate in the labour market is the provision of subsidised childcare for pre-schoolers (at day-care centres and family day-care frameworks). In recent years, therefore, there has been an emphasis on increasing the subsidy given for children from low-income families (there are two types - means and work-tested), increasing the governments' actual expenditure (MOITAL) from approximately NIS 673.6 million in 2009 to a record NIS 823.8 million in 2011 (in 2011 prices).⁵¹ This subsidy is available in publicly supervised price-controlled frameworks.

According to MOITAL, the increased subsidies for day-care led to a significant increase in the number of children eligible for subsidies; between 2008/09 and 2010/11, the supply of supervised day-care increased by 12.4% and the number of children receiving a subsidy increased similarly by 12.7%. In 2010/11, there were 1,620 price-controlled day-care centres, 3,290 price-controlled family day-care frameworks, and 72,088 children who received state subsidies in these frameworks.

⁴⁹ In the year the child is born, the father will receive one credit point and in each of the following 2 years, 2 credit points. In the year of the child's third birthday, he will receive one point.

⁵⁰ In the year the child is born, the mother will receive an additional half credit point and in each of the following 4 years, 1 credit point. In the year of the child's fifth birthday, she will receive half of a credit point.

⁵¹ Bank of Israel. 2011. *Bank of Israel Report*. Bank of Israel, Jerusalem (Hebrew). MOLSA also subsidises day-care for some 15,000 children at risk. The actual expenditure grew from some NIS 181 million in 2005 to NIS 260 million in 2011 (in 2011 prices).

The supply of day-care frameworks for which government subsidies are available does not yet meet the demand. The Bank of Israel estimates that some 50% of the 110,000 mothers who meet the eligibility criteria for a subsidy do not utilise the benefit, chiefly due to the shortage of supervised establishments where parents can exercise their eligibility. In 2010, only 23% of children aged 0-2 were at public facilities.⁵² According to estimates of the MOITAL, the percentage of children aged 0-2, who are in public frameworks out of all children in childcare frameworks in 2010 was some 55%.⁵³

As a result and in accordance with the recommendations of the Trajtenberg Committee, Government Resolution 4088 of January 2012 provided for a significant increase in the supply of State-subsidised day-care frameworks, increased subsidies, and improved supervision. To this end, approximately NIS 3.9 billion were allocated for the coming 6 years (2012-2017), of which NIS 360 million were allocated in 2012. In 2017, the budget base for subsidies for day-care centres and family day-care frameworks will be increased by about NIS 500 million – over and above the budgetary cost of construction and refurbishment of day-care centres and the costs of training and supervision.

More detail on each of these elements is provided below:

1. Increasing the supply of day-care centres through public funding of the construction of new centres for an additional 30,000 children, at a cost of approximately NIS 1 billion over the next 6 years. The MOITAL will draw up a construction programme with priority for localities in which there is a limited supply and evidence of unmet demand.
2. Encouraging private day-care centres to enter the system of price-controlled facilities, by assisting in the funding of the adaptations required in order to meet the government standards (subject to the passing of the Supervision Law in the Knesset). This assistance will be provided to facilities that agree to the regulated prices for at least 5 years. This is expected to increase the supply of supervised day-care centres for tens of

⁵² Ibid.

⁵³ Fichtelberg-Bramtz, A.; Harris-Olshuk, R. 2010. *Mapping of Private Early Childhood Educational Frameworks*. MOITAL, Jerusalem.

thousands of children, with an investment of approximately NIS 700 million over the next 6 years.

3. Providing subsidies for children who enrol at the new day-care centres. The additional budget will increase gradually in accordance with the rate of construction of the new centres. From 2016 onwards, it will be an estimated NIS 445 million per year. Altogether, in the coming 6 years, the new funds for subsidies will be some NIS 1.5 billion.
4. Increasing State subsidies for those eligible, by reducing the co-payments made by parents for day-care, at an additional cost of NIS 80 million per year, of which NIS 45 million will be in new funds and the remainder will come from the existing budget of the Ministry of Industry, Trade and Labour (MOITAL).
5. Strengthening the supervision of day-care frameworks and enhancing training of day-care staff (subject to the passing of the Supervision Law in the Knesset), at a cost of NIS 65 million in 2012 and 2013, and NIS 75 million from 2014 onwards. Altogether, in the coming 6 years, the additional funds will total NIS 430 million.

The focus on the geographic areas in which day-care services are the least developed is particularly benefitting the Arab sector. This focus was initiated in 2011 and in that year alone - the supply of day-care centres in the Arab sector increased by some 30%, from 39 to 52 day-care centres.

In addition to the increased supply of day-care centres, there has been a more rapid increase in the number of price-controlled family day-care frameworks in the Arab sector, which grew by some 20% between 2008/09 and 2010/11, from 1,166 to 1,402. The increase in the supply of state-subsidised day-care frameworks in the Arab sector led to an increase of some 34% in the number of children receiving subsidies, from 3,448 in 2008/09 to 4,618 in 2010/11.

Note that the day-care centres are constructed pursuant to building applications submitted by the local authority or public non-profit organizations and the local organisations are expected to contribute 25%. To date, in 2012, applications have been submitted for 31 additional day-care centres in the Arab sector, at a cost of NIS 73 million, representing 14% of the total cost of the applications submitted. To promote this expansion, there has been close cooperation in the

last two years between the division for day-care, the Authority for the Economic Development of the Arab, Druze and Circassian Sectors (AEDA) and the Arab localities. This collaboration has made it possible to reduce the participation rate of local authorities with low socio-economic status from 25% to 5% and a special effort was made in the Arab local authorities to provide information, counselling and support with regard to the process of submitting building applications.

In addition, it should be noted that in accordance with the Government Resolution 3708 of September 2011 on the programme for promoting growth and economic development of the Bedouin population, it was decided to make a special effort to increase the supply of day-care frameworks in the Bedouin sector in the Negev. In this framework, from 2012-2016, NIS 24 million will be allocated from existing MOITAL resources, to increase the extent of children in subsidised childcare frameworks.

The relative low utilisation of day-care frameworks in the Arab sector is related to the low rates of employment but also stems from the fact that many Arab women work part time and are therefore not entitled to the maximum subsidy for day-care. This is a disincentive for them to work, even part time. Consequently, in accordance with the recommendations of the Trajtenberg Committee, Government Resolution 4193 of January 2012 determined that the subsidy for day-care for Arab women would not be reduced if they held part time jobs. Accordingly, as of the 2012/13 school year, the subsidy for working women in minority sectors will not be reduced for women working fewer than 36 hours weekly, on condition that they work no less than 24 hours. In addition, priority for places in day-care centres will be given to working women in the Arab sector even if they are working part time. In order to implement these resolutions, a budget of NIS 15 million has been allocated for 2012 and this will gradually be increased to NIS 47 million in 2016, at an overall cost of NIS 135 million in the coming 5 years.

4. Pre-schools for Children Aged 3-4

The main channel of support for families with children over age 2 is through the Compulsory Education Law, which stipulates that all children aged 5 and above are entitled to publicly funded free education.

The law was extended in the past to include children aged 3-4. However, it has only been partially implemented on a gradual basis. From 1999-2001, it was gradually implemented in dozens of local authorities, mainly those with a low socio-economic status. A plan for the gradual expansion of the law to include the entire population was also drafted, but there were numerous postponements due to budgetary reasons. As a result, in the 2010/11 school year, the law was implemented for only 35% of the 300,000 children aged 3-4. A further 38% of children of these ages were in municipal or Haredi pre-schools under Ministry of Education (MOE) supervision that are subsidised based on a means test of the parents' income. The remaining children (27%) were either in private establishments without any subsidy or at home. The overall cost of the government subsidy for children aged 3-4 in 2010/11 was NIS 1.3 billion.

Thus there has been a policy that extended access to early childhood education both with the goals of making it easier for parents to integrate into the labour market and to enable poor families to access day-care.

In January 2012, in accordance with the recommendations of the Trajtenberg Committee, the government decided to implement the earlier decision of free access to early childhood care. As of the 2012/13 school year, (Resolution 4088) participation in pre-schools under MOE supervision will be free.

Based on the government resolution, a multi-annual programme is being drawn up for the national deployment of public pre-schools for an additional 80,000 children who are currently not enrolled in public frameworks, with the goal of providing free education for all children of those ages. According to the MOE, by the start of the next school year, new public frameworks will be available for approximately 50% of the children currently not in public frameworks. An additional NIS 450 million has been allocated to the 2012 budget to extend the participation. This supplement will be gradually increased to NIS 1.8 billion in the 2015 budget. Altogether, in the coming 4 years, a total of NIS 5 billion will be added to the budget.

In order to build additional public pre-schools for all children aged 3-4, a one-time budget allocation of NIS 1.3 billion was made in 2012 and NIS 450 million will be allocated for each year from 2013-2015. Altogether, the cost of extended free education for all children aged 3-4 will be NIS 7.6 billion between 2012-2015.

The expansion of free education for all children aged 3-4 is not limited to those whose parents are working. However, in practice, a large percentage of the non-working population was already enjoying free education for their children due to the implementation of the Compulsory Education Law in localities with low socio-economic status. Thus, the expansion of the implementation of the law will be more helpful to working parents and those who wish to join the labour market.

5. Afternoon Educational Frameworks

Most pre-schools and school grades 1-3 are not open after 14:00. This poses a difficult situation for working parents and constitutes a barrier to going out to work. Thus the government also decided, as a compliment to the Compulsory Education Law, to subsidise access to activities for children aged 3-9 up to 16:00.

There are currently various afternoon frameworks for children aged 3-9, some not at all subsidised, some partially, and some fully subsidised by the state. The subsidised frameworks serve some 16% of children aged 3-5, and 27% of those aged 6-9. The government therefore determined in January 2012 (Resolution 4088), in accordance with the recommendations of the Trajtenberg Committee, to gradually deploy subsidised afternoon educational frameworks nationally (open until 16:00, Sunday to Thursday) for children aged 3-9 in frameworks funded by the MOE.

This programme will be implemented gradually over the next 5 years. In the 2012/13 school year, it will only be implemented in localities in socio-economic clusters 1-3 (out of 10). This will be gradually extended, with the goal of reaching full national deployment by 2016/17.

Frameworks in the 3 lowest socio-economic clusters will receive full subsidies, so that the parents will not be required to make co-payments. The stronger localities will receive differential funding. The average national subsidy for frameworks in clusters 4-10 will be 50%. The remaining 50% will be funded by the local authorities and the parents.

As part of the policy of encouraging integration into the labour market, the government resolution stipulated that a requirement for receiving a subsidy would be that the parents meet an employment criteria (for example that the

mother works at least 28 hours per week). However, it was recently decided that in socio-economic clusters 1-3, eligibility will be universal, irrespective of the employment status of the parents. The employment test will continue to apply to the receipt of a subsidy for participation of children in day-care frameworks of MOITAL as it is today in local authorities in socio-economic clusters 4 and above.

The afternoon educational establishments will not serve only as a child-minding framework, but will include assistance with homework, formal and informal enrichment and a meal. A steering committee, chaired by the director general of the MOE, has been appointed to draw up a detailed work plan, determine the format and content of the activities and set policy goals.

To cover the State funding of the national deployment of the afternoon educational frameworks, an additional NIS 300 million will be allocated to the 2012 budget. This will be gradually increased until 2016, when the additional allocation will be NIS 2.35 billion. Altogether, an additional NIS 7 billion will be added to the budget in the coming 5 years. The full additional cost to the basic state budget after full completion of the national deployment will be approximately NIS 2.35 billion per year.

In addition, following agreements formulated in January 2012 between the National Insurance Institute (NII), the MOLSA, the MOF, and organizations representing people with disabilities, it was decided to allocate NIS 100 million of the budget of the MOLSA to increase the care for children with disabilities and increase the opportunity for their caregivers to go out to work. This assistance will include, among other things:

1. Additional places in MOLSA afterschool frameworks: some additional 1,000 places for children with disabilities in the afterschool frameworks (until 4:00 pm) will be allocated, over the course of 3 years.
2. Assistance for children with severe disabilities: children with severe disabilities (due to which they must remain at home and are not in an educational framework) will receive 8 hours of assistance per day (a total of 40 hours per week).

6. Child Supplements

Child supplements are universal in Israel, as is customary in many European countries. They express the general commitment to sharing the economic burden intrinsic to funding the cost of raising children and are part of the system for relating tax rates to family size as they have replaced tax exemptions for children. In 2009, it was decided to gradually increase the supplement for the second, third and fourth children in families, up to a total of NIS 100 per child in 2012. Income support recipients will also benefit from the additional amount since the recipient's allowance is not considered when calculating the amount of support. It is estimated that the cost of increasing child supplements will be an additional NIS 1.5 billion in 2012 compared to the 2008 level of expenditure.

Chapter 5: Addressing Barriers to Work for Minority Population Groups through Education

Recommendation 5

Address barriers to work for minority population groups by greater investment in education, for example, to equalize teacher-to-child ratios across schools in Israel, and ensure that the curriculum has the same minimal vocational education standards (e.g. English and mathematics) for all children in Israel.



In recent years, there have been efforts to expand and improve the educational achievements for those whose education constitutes a considerable barrier to their integration into the labour market. Particular emphasis has been placed on two groups singled out by the OECD for special efforts: The Arab population and the Haredi population (the Haredim). Section 1 focuses on education in the Arab sector and section 2 on education in the Haredi sector.

1. Investing in Education in the Arab Sector⁵⁴

The Ministry of Education (MOE) has enhanced its efforts to narrow the gaps between the Arab and Jewish education streams. This policy is reflected in new initiatives and in the expansion of successful existing programmes. According to various measures, there is evidence of improved achievements in the Arab sector as well as narrowing of gaps in the past two years between the Arab and Jewish sectors.

In the 2011/12 school year, the education system (not including pre-schools) included approximately 416,900 Arab students (26.6% of students) alongside

⁵⁴ In this section, we refer to education in the Arab speaking stream. This includes the Arab, Druze and Circassian populations (hence Arabs/the Arab sector). In some cases, when relevant, we refer to each population individually.

1,148,556 students in the Jewish sector (73.4% of students). Within the Arab sector there were some 300,100 Arab students (19.2% of all students), approximately 83,500 Bedouin students (5.3% of all students) and approximately 33,300 Druze students (2.1% of all students).

One can divide the efforts to develop education in the Arab sector into three components: It will benefit from general programmes that are implemented in all schools, particularly if it shares equally in these programmes; it will benefit even more from programmes that are focused on schools or regions (such as the periphery) with low socio-economic profiles because this sector is highly over-concentrated in these groups; finally, there are programmes that are implemented exclusively for the benefit of the Arab sector and thus will have a significant impact on narrowing the gaps.

This section is divided into two parts. The first part addresses specific initiatives focused exclusively on the Arab sector and the second refers to national programmes from which they particularly benefit.

1.1 Initiatives Focused Exclusively on the Arab Sector

Strengthening Arabic Language

Since 2009, the MOE has focused on improving mother-tongue proficiency in the Arab sector due to the poor scores attained by students on both international tests and on the ongoing tests of the Ministry (GEMS - Growth and Effectiveness Measures for Schools). The emphasis on Arabic language studies stems from the belief that mother-tongue proficiency is critical for all other learning. Greater proficiency in Arabic can thus contribute to an overall improvement across the board.

This policy has been implemented through: development of a new curriculum and new learning materials; enhanced testing; additional hours of language studies including additional studying in small groups.

Curricula

The development of new curriculum for Arab language literacy programme is being implemented at all levels of the education system.

Pre-schools

The new curriculum in the Arab sector "Infrastructure for Reading and Writing Arabic as Mother-Tongue in Pre-school", which was approved in 2009 has now been implemented in all pre-schools in the sector. As an important complementary step, pre-school teachers are being offered professional training to strengthen their exposure to proper Arabic and enhance their skills in developing language, literacy and cognitive skills.

Primary Schools

The new Arabic language curriculum, "Arabic Language Education: Language, Literature, Culture" which was approved in 2009 has now been implemented in all primary schools in the Arab sector. It is considered one of the leading curricula in the field of language acquisition development for Arab-speaking populations anywhere. This programme also offers teachers professional courses and training.

Secondary Schools

A new curriculum for Arabic literature was developed for the secondary school level and was introduced in 2011/12. In addition, an outline for a new curriculum for Arabic language studies was recently approved. This curriculum is at par with international standards.

Also, since 2010/11, learning materials have been developed in Arabic, which are handed out free of charge to all students in Grades 3, 4, 7, 9 and 10.

Targeted Testing, More Hours, Improved Staff and Studying in Small Groups

An Arabic Reading and Writing Test for Grade 1 was developed to help identify children struggling with language at this stage (similar tools have not been identified in other countries for Arabic speakers). It has been implemented in Grade 1 throughout the sector since 2008/09. For those with low scores, a personal programme is built and additional hours are provided in order to gain basic Arabic language skills.

In 2011/12, Grades 4, 5, 7 and 8 received an extra hour per week to strengthen Arabic language literacy and proficiency (a total of 2,100 additional hours). These additions will help encourage higher achievement on international tests and GEMS.

Since 2010, teaching candidates in the Arab sector are required to take an Arab language exam to ensure the teaching of proper Arabic in all subjects. In 2010/11 and 2011/12, some 7,000 teaching candidates took the exam. In 2011/12, 2,897 new teachers were hired in the Arab sector. Most had excelled in their studies and succeeded on the Arabic language proficiency exam (about 130 are graduates of a special honours track).

It should be further noted, that the percentage of academically trained teachers in primary schools in the Arab sector increased from 73.5% in 2007/8 to 81.7% in 2010/11. The percentage of academically trained teachers in primary schools in the Jewish sector increased only slightly in this period, from 71.1% to 71.4%. There was a smaller increase in the percentage of academically trained teachers in secondary schools in both sectors in this period, from 88.2% to 88.9% in the Arab sector and from some 86.2% to 86.3% in the Jewish sector. In all levels of education, the overall percentage of academically trained teachers is higher in the Arab sector.

According to data from the MOE, the ratio of students to teaching staff in the state schools in the Arab sector decreased from 14.1 in 2008/9 to 13.3 in 2010/11. The Bedouin schools had the highest ratio of students to teaching staff, and among them there was a greater decrease from 14.5 to 13.6. In the state and state religious schools in the Jewish sector there was a smaller decrease in this period, from 11.1 to 10.7, suggesting that the gaps have declined but have yet to be closed.

In 2011/12, the programme for the splitting of classes in grades 1 and 2 was expanded, so that all classes in these grades in the Arab sector (about 1,000 classes in each grade) are provided with 5 hours a day for studying in small groups. The focus of this programme is on developing basic reading, writing and mathematics. For this purpose, 10,500 study hours were added at an overall cost of NIS 53.1 million.

Technological Education

According to Government Resolution 4193 of January 2012 and the recommendations of the Trajtenberg Committee, there will be an increase in the number of girls in the Arab sector studying in the technological track of the MOE or in vocational schools run by the MOITAL. In the coming school year (2012/13), 400 additional girls will study in technological and vocational

schools. In coming years, this addition will be expanded to 700, 350 at technological schools and 350 at vocational schools. Over the coming 5 years, some NIS 150 million is to be invested in this programme.

In addition, according to Government Resolution 3708 of September 2011, on promoting economic growth and development among the Bedouin population, a decision was made to upgrade the level of technological-science education in the Bedouin sector. The MOE is to increase the scope of technological curriculum and studies towards matriculation, open extension tracks for Grades 13 and 14 (technicians and practical engineers) and upgrade laboratory facilities. These steps are designed to open technological tracks, commensurate with the needs of the economy and expand programmes that integrate students into industry. Some NIS 19 million was allocated for the implementation of this programme over the next five years, out of which NIS 14 million in new funds.

Continuing the Five-Year Plan to Promote Education in the Arab Sector

The MOE works with the Arab education system in part on the basis of a series of 5-year plans which define special focuses and emphases beyond the general developments in the education system.

The current five-year plan includes a number of efforts to strengthen Arabic-language studies and general scholastic assistance as mentioned above as well as a number of additional specific focuses:

1. Additional hours to assist in preparation for matriculation exams
2. A programme on Arabic and Bedouin heritage and cultural studies for all age groups
3. A new history curriculum for upper-secondary schools
4. A new Hebrew-language curriculum for Arab schools.

Special Programmes for the Bedouin Sector

According to Government Resolution 3708 of September 2011, specific five-year plans (2012-2016) are being implemented among the Bedouin population in the south of Israel to improve scholastic achievement and narrow gaps, at a total budget of some NIS 124 million, out of which some NIS 95 million are in new funds. There are a number of major focuses:

1. **Reducing the dropout rate.** This will be done through providing scholastic assistance including extra hours for weaker students and identifying and supporting students with learning disabilities. Some NIS 40 million will be invested in these programmes under the five-year plan, out of which NIS 28 million in new funds.
2. **Promoting excellence.** The MOE will run centres and honours programmes at a cost of NIS 9.5 million under the five-year plan, out of which NIS 7.7 in new funds. Additionally, the Ministry for the Development of the Negev and the Galilee and the Israel Association of Community Centres has expanded the operation of the programme for fostering excellence among high school students to all the Bedouin local authorities in the Negev. Some NIS 20 million will be invested in the programme under the five year plan, out of which 50% will be funded by the government. In the 2010/2011 school year, some 440 exceptional students, out of the 9,000 students in grades 10-12, participated in the programme. In the 2011/12 school year, the programme was expanded and included some 600 students.
3. **Strengthening career education in the Bedouin sector.** The MOE will implement a programme for 12th graders, focusing on preparing students to integrate into higher education and employment at a cost of some NIS 5 million in new funds under the five-year plan.
4. **Community development and empowerment.** In order to develop social and community life in Bedouin communities, and to strengthen personal skills and leadership among children and youth, the MOE has recognised the need to promote informal education. The MOE will implement programmes emphasizing empowerment through the development of personal skills, young leadership and the sense of community. A special set of programmes will focus on disengaged youth. A budget of some NIS 40 million will be allocated for the five-year plan, out of which some NIS 30 million in new funds.
5. **Young adult centres.** In some of the Bedouin local authorities, the Ministry for the Development of the Negev and the Galilee will establish young adult centres (for ages 18-35), as a social hub for the young people in the local authority, with an emphasis on promoting education, employment and leadership. Some NIS 2.25 million will be allocated to this programme

under the five-year plan (The first young adults centre for minority populations was inaugurated in October 2011 in the Druze sector). Likewise, in accordance with Government Resolution 3408 of July 2011, additional young adult centres will be established in Arab towns outside the Negev and the Galilee. This model has been developed in recent years and has been implemented effectively in a number of communities.

A unique and highly significant example of the efforts to advance science and technological education in the Bedouin sector has been the establishment of the AHED School for Science in the Negev, which serves the Bedouin population of the Negev. It was established in September 2009, with some 100 students (boys and girls) in each academic year, in grades 9-12. Some 30% come from the unrecognised settlements and the rest from the recognised settlements. This year it will graduate its first group of students. It was established by the 'Association of Academics for the Development of Arab Society in the Negev' and has the financial support of the MOE, as well as philanthropic support. Its students have already been successfully competing in national competitions for gifted students.

Apart from the programmes to promote education among the Bedouin population in the south, Government Resolution 3211 of May 2011 outlines a multi-year plan for 2011-2015 to develop and empower Bedouin communities in the north. This programme includes developing responses at all levels of the education system including subsidising pre-schools for ages 3-4; professional development of teaching staff; and making higher education, adult education and informal education accessible. NIS 70 million for the next five-year period has been allocated to this programme, including some NIS 35 million in new funds.

In addition, according to Government Resolution 3148 of April 2011,⁵⁵ a centre for the rehabilitation of children and youth with special needs serving ages 0-18 will be established in the Tel-Sheva local authority. The centre will provide a comprehensive response to the educational and rehabilitative needs of children and adolescents in Bedouin localities in the Negev, that suffer from a wide range of mental, physical and sensory deficiencies. The opening of the centre is

⁵⁵ And Government Resolution 3968 from November 2011 regarding the amendment to the original resolution

planned for September 2012. The services will range from rehabilitative day-care for pre-schoolers to supplementary services for children in special education to pre-vocational training for youth.

The resolution also provides for an allocation of NIS 2 million for developing the future staff of the centre by encouraging high school students and graduates and academics to pursue training and degrees in the relevant fields. Overall the centre will create 200 additional jobs, mostly in the Bedouin sector.

A total of NIS 15 million will be invested in the development of the centre over the next three years, starting in 2012, by the following government bodies: the Ministries for the Development of the Negev and the Galilee; Education; Housing; Social Affairs and Social Services and the Economic Council for the Development of Minority Communities.

Completing Basic Education for Women

According to Government Resolution 4193 of January 2012 and the recommendations of the Trajtenberg Committee, the MOE is formulating a programme that will provide basic education for women over the age of 18 in the Arab sector who lack a matriculation certificate, offering them ongoing support and vocational guidance at the end of their studies. In 2012, some 300 women are expected to start their studies within this framework, with an expected gradual increase to 450 a year as of 2015. The programme was allocated some NIS 36 million in the years 2012-2016.

Furthermore, according to Government Resolution 3708 of September 2011, the MOE will implement a new adult education programme in the Bedouin sector, with an emphasis on women, from the pre-school level through matriculation. The programme will receive NIS 11 million in new funds over the next five-year period.

Strengthening Employment-Related Hebrew for National Service Volunteers

In accordance with Government Resolution 4193 of January 2012 and the recommendations of the Trajtenberg Committee, a programme was created to provide employment related Hebrew language instruction for the National Civic Service volunteers from the Arab population. The programme is intended for

some 2,300 NCS volunteers in 2012, and is expected to increase to 3,300 in 2016.

1.2 National Programmes Which Particularly Benefit the Arab Sector

Improving School Infrastructure

Special efforts in recent years have been directed at improving the educational infrastructure in the Arab sector. Steps have been taken to expand construction to compensate for the classroom shortage, to place caps on class size, and to upgrade and adapt the teaching infrastructures to the technologies of the 21st century.

Addressing the Classroom Shortage

From 2007-2011 approximately NIS 5 billion has been invested in building 7,930 new classrooms in all sectors; of these, 3,025 were built in the Arab sector, at an investment of approximately NIS 1.8 billion. Thus, 39% of all new classrooms in this period were built in the Arab sector while the proportion of Arab students is some 26%. As a result of this policy, 553 classrooms were built beyond the needs of the natural growth of the Arab population, reducing the significant shortage that still remains. However, in the Jewish sector, 275 classrooms were built, less than what is needed to respond to the natural growth of the population.

Reducing the Average Class Size

As part of the plan to reduce the number of students per class in primary and secondary school, differential caps on class size were adopted according to a school's socio-economic level. Thus, schools at a lower socio-economic level were given priority budgeting to cap class size at 32 students, while at the highest levels it remains at 40. In the past three years, NIS 475 million was allocated to this programme.

Since its launch in 2007/08, this policy has benefited most of the schools in the Arab sector, whose students are predominantly at lower socio-economic levels. At the primary level, 66% of the 700 classes that were downsized and capped at 32 students are in the Arab sector, while Arab students comprise 28% of the age group. At the level of lower-secondary school, 52% of the downsized classes are in the Arab sector while Arab students represent 29% of the age group.

The efforts to limit the average class size while adopting a policy of narrowing gaps are reflected in the data presented in Table 5. The data show that the average number of students in a classroom declined between 2007/08 and 2010/11 in both the Jewish and Arab sectors, with a larger decline in the Arab sector.

Table 5: Average Number of Students per Class in the Arab Sector and among Arabs, Bedouin (South) and Druze in 2007/08 and 2010/11

	2007/08	2010/11	Change
Sector			
Jewish	27.4	26.7	-0.7
Arab	31.2	29.3	-1.9
Within the Arab sector			
Arab	31.5	29.6	-1.9
Bedouin	30.9	28.9	-2.0
Druze	30.1	28.0	-2.1

Source: Knesset Research and Information Centre. 2007 and 2011. *Number of Students per Class in the Education System – Status*. Jerusalem.

As shown in table 6, the gap between the two sectors also narrowed in terms of the rate of students studying in particularly large classes (above 35 students). The gap declined in all sub-groups of the Arab sector but in percentage terms was most significant among the Bedouins and the Druze.

Table 6: Percentage of Classes with More than 35 Students, in the Jewish and Arab Sectors and among Arabs, Bedouin (South) and Druze in 2007/08 and 2010/11

	2007/08	2010/11	Change (in percentage points)
Sector			
Jewish	19	11	-8
Arab	35	15	-20
Within the Arab sector			
Arabs	38	18	-20
Bedouin	30	10	-20
Druze	28	6	-22

Source: Knesset Research and Information Centre. 2007 and 2011. *Number of Students per Class in the Education System – Status*. Jerusalem.

Adapting Education to the 21st Century

As of the 2010/11 school year, the MOE has been implementing a programme to adapt the system to the 21st century through the introduction of innovative pedagogy, utilising an upgraded information and communication technology (ICT) infrastructure. The goals of this programme are for students to acquire relevant skills for optimal functioning in the 21st century and reduce barriers between the school and the external environment, while using technology wisely to promote teaching processes in the classroom and the management of school pedagogic policy.

As of today, the programme is implemented in the northern and southern districts of the MOE where the Arab population is highly represented. As of 2011/12, NIS 420 million is being invested for computerization in all primary schools in these districts. All the schools in the Bedouin sector and some 200 schools in the non-Jewish sector in the north have been computerized and included in the programme, compared with only 166 in the Jewish sector.

Compulsory Education up to the Age of 18, a Long School Day, and a Daily Meal

Extending Compulsory Education to Age 18

The programme to extend the application of the Compulsory Education Law from age 16 to 18 has been implemented gradually since the 2009/10 school year, with priority given to communities with a high dropout rate. The programme allows for more positions for truancy officers and psychologists, as well as additional resources. In 2011/12, 17 new communities joined the programme, 10 of them are from the Arab sector. In total, 62 communities take part in the programme, 31 of them from the Arab sector reflecting the higher dropout rates in this sector.

Extended School Day and Daily Meal

A long school day (37 weekly hours) is implemented today in 1,239 pre-schools in the regular education system, 426 (34%) of them in the Arab sector; and in 659 primary schools in the regular education system, 213 (32%) of them in the Arab sector. To complement the long school day, a daily meal is offered today in 1,248 pre-schools, 418 (34%) of them in the Arab sector as well as in 388 primary schools, 97 (25%) of them in the Arab sector.

There are some 275,000 children that benefit from the long school day programme, out of which 117,000 (42.5%) are in the Arab sector, representing 23% of all students in the Arab sector.

According to Government Resolution 4088 of January 2012 and the recommendations of the Trajtenberg Committee, the subsidisation of additional educational frameworks for afternoon hours (until 16:00), Sunday to Thursday, for ages 3 to 9, will gradually be expanded in the next five years at an overall investment of some NIS 7 billion. Among other things, the frameworks will include extracurricular activities, assistance with homework, formal and informal enrichment, and a response to the issue of provision of meals. According to the Resolution, implementation will begin fully in the coming school year (2012/13) in the three lowest socio-economic clusters. Thus, most Arab communities will start benefiting from the Resolution soon.

Increasing School Hours, Enrichment and Special Programmes

Primary schools at a low socio-economic level receive extra hours as a means of narrowing gaps. In the 2010/11 school year, primary schools in the Arab sector received an additional 16,549 hours; the Bedouin sector received 6,064 hours; and the Druze sector received 1,854 hours. In total, the Arab sector received 36% of the supplementary hours offered while representing 28% of the primary school student population, reflecting their lower socio-economic status.

Additionally, in lower-secondary schools, there is a programme that provides more weekly hours to improve scholastic achievement. Schools in the Jewish sector receive 2-6 supplementary hours according to socio-economic criteria; in the Arab sector, all schools receive 6 supplementary weekly hours as part of the programme, regardless of other criteria.

National Reforms in the Education System

The "New Horizon" Reform in Primary and Lower- secondary Schools (Ofek Hadash)

In September 2008, the Israeli government decided to implement the New Horizon reform – a national education programme to be introduced gradually in primary schools and in some lower-secondary schools. As a system-wide reform, New Horizon covers numerous aspects of school life.

The reform has four main complementary goals:

1. Enhancing the status of teachers and raising their salaries.
2. Providing equal opportunity for all students, improving their scholastic achievements and reducing gaps. The efforts to promote equal opportunity include extending weekly hours of fulltime teachers to 36 in order to provide more time to devote attention to students either individually or in small groups.
3. Improving the school climate.
4. Empowering and broadening the authority of school principals.

To date, the reform has been implemented in a total of 512 primary and lower-secondary schools (250,100 students) in the Arab sector. This includes: 346 schools (172,600 students) in the Arab sector, 113 schools (57,000 students) in the Bedouin sector, and 53 schools (20,500 students) in the Druze sector.

In addition the reform has been implemented in a total of 1,753 pre-schools, (43,200 children) in the Arab sector: 1,147 pre-schools (30,600 children) in the Arab sector, 440 pre-schools (12,000) in the Bedouin sector, and 166 pre-schools (4,600 children) in the Druze sector.

The reform is being implemented in 67% of primary and lower-secondary schools in the Arab sector, 82% of schools in the Bedouin sector and 76% of schools in the Druze sector. By comparison, in the Jewish sector, the coverage is of 72% in primary and lower-secondary schools, (not including Haredi schools), and some 56% of all schools, including Haredi education.

For pre-schools the rates are 64% in the Arab sector, 71% in the Bedouin sector and 52% in the Druze sector. By comparison, in the Jewish sector, the coverage is of 84% of state pre-schools (not including Haredim) and 64% including Haredim.

The reform has thus been widely implemented in the Arab sector.

The "Courage to Change" Reform in Secondary Schools (Oz Latmura)

As of the 2011/12 school year, the reform is gradually being introduced in high schools, in Grade 9 of four-year schools, and in vocational tracks in grades 13 and 14. The reform provides an opportunity for change in the terms of

employment of teachers and for improvement in the pedagogic and managerial practices. The reform includes the following major elements:

1. Enhancing the status of teachers and raising their salaries
2. Extending weekly hours of fulltime teachers to 40 in order to provide more time to devote attention to students either individually or in small groups
3. Promoting and rewarding teachers on the basis of evaluations and excellence, as well as rewarding teachers at schools with high scholastic, social and moral achievements
4. Strengthening the status and authority of principals
5. Improving the physical working environment of teachers and adapting it to their new work week structure.

In its first year of implementation, 27% of all high schools in the Arab sector, 32% in the Bedouin sector and 55% in the Druze sector joined the reform. By comparison, the coverage in the Jewish sector was 33% of high schools not including the Haredi schools and 23% of high schools, including Haredi schools.⁵⁶ Thus the pace of implementation of the reform is similar in the Arab and Jewish sectors.

National Programme for Children and Youth at Risk

The National Programme for Children and Youth at Risk was launched in 2009 and constitutes a new major development in the realm of social policies. Its most unique feature is that it is an inter-ministerial programme coordinated by the Ministry of Social Affairs and Social Services that also includes the Ministries of Education, Health, Immigration Absorption and Public Security.

Children and youth at risk experience multiple difficulties. Their problems at school are often connected to the broader social difficulties experienced by their families as well as to their involvement in an array of risk behaviours. Thus the

⁵⁶ These percentages are of schools that can potentially join the reform. Note that, for various reasons, some schools do not meet the criteria of joining the reform, such as special education institutions and Haredi schools that do not adhere to the mandated curriculum. These constitute some 17% of the Arab sector schools and 32% of all schools.

comprehensive approach of this programme is expected to contribute significantly to reducing gaps.

The programme was first implemented in 72 of the more disadvantaged local authorities, with a planned over-representation of Arab local authorities. Recently, the expansion of the programme to include 92 additional localities was approved by the government, so that the number of children benefiting from the programme will increase considerably and all Arab communities will be included.

The programme has a number of innovative principles:

1. A process of mapping all children at risk in the community and of structured and data-based planning.
2. Providing a block grant that gives the local authorities the responsibility and authority to decide on the use of funds within the framework of a local inter-ministerial committee. This flexibility is important to all local authorities, but it has special significance for the Arab local authorities, and enables them to utilise their resources more fully and to remove previously existing barriers.
3. Providing the localities with a full-time programme director.
4. Preparing a national and local database to allow for the follow-up of each child in the programme.

The programme includes an intensive training system for the members of the local committees and for the programme directors in each locality. The programme also promotes partnerships between the smaller local authorities, which has special significance for the Arab population.

The initial mapping of all children and youth at risk in all the localities participating in the programme was carried out and identified nearly 151,000 at-risk children and youth, only half of whom had been in the care of various services at the time of the mapping.

At the end of 2011, some 50,000 additional children and youth had received services under this programme, of them some 44% from the Arab sector and some 17% from the Haredi sector. Following the approved expansion of the programme, it will serve all localities in the weaker socio-economic clusters (1-

5, out of 10), as well as a number of disadvantaged neighborhoods in other selected localities. It will include all the Arab localities and most of the Haredi localities.

The overall budget of the programme for 2012 is some NIS 120 million. Following its expansion it is expected to increase to NIS 215 million a year.

1.3 Findings on Scholastic Achievement and on Narrowing Gaps

The level of achievement of students in the Arab sector on GEMS and matriculation exams has been rising in the past two years. The rise conforms to the positive trend of resource allocation for the Arab sector as expressed in the policy of narrowing gaps of the MOE.

Achievements in GEMS

GEMS data indicate improved scores in the Arab sector for all subjects in Grades 5 and 8, between 2009/10 and 2010/11, as shown in table 7.

Table 7: Changes in GEMS Scores among Arabic-speaking Students in 2009/10 and 2010/11, by Subject and Grade

Subject	Grade	2009/10 GEMS Score	2010/11 GEMS Score	Change in GEMS Score
Arabic	5th grade	539	571	32
	8th grade	513	527	14
Math	5th grade	487	520	33
	8th grade	479	498	19
Science & technology	5th grade	506	519	13
	8th grade	494	525	31
English	5th grade	481	511	30
	8th grade	470	491	21

Source: Ministry of Education

Table 8 shows that the change in GEMS scores is particularly high in the Bedouin sector, for most school subjects in Grade 5, and for English in Grade 8. The change is lower among Druze; in some subjects, there was even a drop in the scores of this population group.

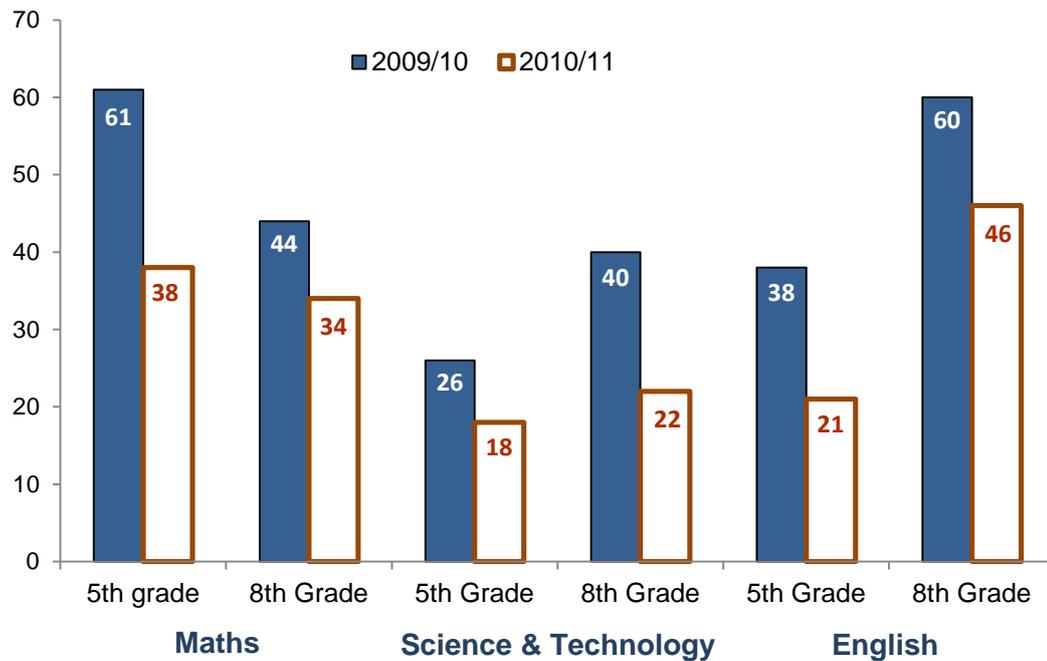
Table 8: Changes in GEMS Scores among Arabic-speaking Students in 2009/10 and 2010/11, by Subject, Grade, and Population Group

	Arabs			Druze			Bedouin (South)		
	2009/ 2010	2010/ 2011	Change	2009/ 2010	2010/ 2011	Change	2009/ 2010	2010/ 2011	Change
Arabic									
5 th grade	548	581	33	548	577	29	497	533	36
8 th grade	519	536	17	521	542	21	483	484	1
Math									
5 th grade	486	523	37	521	517	-4	470	509	39
8 th grade	485	508	23	500	503	3	449	460	11
Science & Technology									
5 th grade	524	526	2	513	536	23	451	493	42
8 th grade	514	545	31	495	527	32	440	458	18
English									
5 th grade	490	516	26	515	518	3	441	498	57
8 th grade	485	506	21	509	499	-10	401	435	34

Source: Ministry of Education

Beyond the improved scores of the Arabic-speaking population, there is a narrowing of gaps between them and the Hebrew-speaking population, for all subjects in Grades 5 and 8, as shown in figure 1.

Figure 1: Gaps in GEMS Scores between Hebrew-speaking and Arabic-speaking Students in 2009/10 and 2010/11, by Grade and Subject*



*The scores on mother-tongue tests cannot be compared for methodological reasons.
Source: Ministry of Education

Achievements in Matriculation Exams

Matriculation data indicates improved results in the Arab sector regarding both the rate of candidates sitting for exams and the rate eligible for a matriculation certificate between 2008/09 and 2009/10.

Table 9 shows an improvement in matriculation eligibility among all Arab students from 2008/09 to 2009/10. In table 10 we analyse the trend by subgroup. However, the eligibility rate among Bedouin and Druze dropped somewhat in this period as we see in table 10. There was also an increase in eligibility for matriculation meeting university admission requirements in this period among Arabs, but a slight decrease among Bedouin and Druze, though this decrease followed a considerable rise in their eligibility rates in the past decade.

Table 9: 12th Graders, Students Taking Matriculation Exams, and Students Eligible for Matriculation Certificate in the Arab Sector in 2008/09 and 2009/10 (% of age group of 17-year-olds)

	2008/09	2009/10	Improvement (in percentage points)
12 th Graders	78.2	81.4	3.2
Taking Matriculation	71.4	75.4	4
Eligible for Matriculation Certificate	35.0	38.3	3.3
Matriculation meeting university admissions requirements	27.9	29.8	1.9

Source: Special analysis by MJB of Ministry of Education data

Table 10: Eligibility for Regular Matriculation Certificate and for Matriculation Certificate Meeting University Admissions Requirements among Arabs, Bedouin (South) and Druze in 2008/09 and 2009/10 (% of age group of 17-year-olds)

	2008/09	2009/10	Improvement (in percentage points)
Regular matriculation			
Arabs	34.4	39.3	4.9
Bedouin (South)	29.4	28.2	-1.2
Druze	48.0	47.1	-0.9
Matriculation meeting university admissions requirements			
Arabs	28.2	31.3	3.1
Bedouin (South)	20.6	20.0	-0.6
Druze	36.5	34.9	-1.6

Source: Special analysis by MJB of Ministry of Education data

As shown in table 11, the improvement in the regular matriculation rates of Arabic-speakers between 2008/09 and 2009/10 narrowed the absolute gap and even more the percentage gap with the Jewish sector. There was minimal improvement in the academic level matriculation gap.

Table 11: Eligibility for Regular Matriculation Certificate and for Matriculation Certificate Meeting University Admissions Requirements in the Jewish and Arab Sector in 2008/09 and 2009/10 (% of age group of 17-year-olds)

	Jewish Sector	Arab Sector	Gap (in percentage points)
Regular matriculation			
2008/09	52.2	35.0	17.2
2009/10	54.4	38.3	16.1
Matric. meeting university admissions requirements			
2008/09	45.3	27.9	17.4
2009/10	47.1	29.8	17.3

Source: Special analysis by MJB of Ministry of Education data

1.4 Higher Education

The government and the bodies in charge of higher education, primarily the Council for Higher Education (CHE) have prioritized the greater inclusion of minorities in higher education. This policy is reflected in CHE's new multi-year plan (2010/11 – 2015/16). As part of this policy, a professional team was established at the start of 2011 to examine the barriers and difficulties standing in the way of broader participation by the Arab sector in higher education.

The team has issued an interim report that includes recommendations for a holistic support system that includes the following:

1. Establishing a national centre for information, consultation and guidance for Arab youth
2. Strengthening pre-academic preparatory programmes and carrying out an initial pilot of two types of preparatory courses ('mechinot')
3. Strengthening the assistance to the Arab population during the course of their academic studies – establishing a steering committee for the advancement of Arab students and formalizing the position of a student advisor for Arab students in each academic institution
4. Supporting programmes to reduce student dropout from institutions of higher education.

5. Implementing a pilot of the 'Afik Maavar' (Transfer Track) programme at the Open University to facilitate transfer to research universities based on grades achieved in selected courses rather than on matriculation certificates or psychometric tests scores.
6. Initiating an honours programme for high-achieving MA and PhD students.
7. Accompanying the array of activities with a formal evaluation process.

Two of the programmatic directions are already being implemented:

1. In the 2011/12 school year, a pilot began in two types of pre-academic preparatory courses - those with special support for minority students and those with designated tracks for minority students. The former offer tracks for mixed groups of minority and non-minority students, while the minority students receive additional support in the form of scholastic assistance and learning skills. The latter offer special tracks for minority students alone. Students from low socio-economic levels in these preparatory courses are eligible for a waiver of fees and a monthly stipend of NIS 700. The Myers-JDC-Brookdale Institute (MJB) is conducting an evaluation study of the pilot to examine the effectiveness of these approaches.
2. At the start of 2012 a call for applications went out for candidates for the honours programme for PhD minority students, which will award a total of NIS 52,000 in scholarship to 10 outstanding candidates.

Additionally, an RFP was issued in February 2012 to institutions of higher education to propose support programs making higher education more accessible to minority populations. These programmes are expected to begin in the coming school year. A new steering committee headed by Professor Faisal Azaiza began working in February 2012, to closely monitor the implementation of the programme.

To implement the recommendations of the professional team, NIS 305 million has been allocated for the five-year period (2012-2016).

The long-term programmatic directions include formulating a plan to strengthen financial assistance for Arab students, making institutions of higher education more accessible geographically, diversifying the subjects of study and including fields in which there are high prospects of employment (as part of the counseling and guidance and by providing focused incentives). In addition, there

will be an examination of the need to establish an institution of higher education for the Arab sector; the need for a four-year course of study (including remedial teaching and preparatory work in the first year), and the need for pre-academic preparation as a part of National and Civic Voluntary Service. The integration of students from the Arab sector in Jordan's higher education system will also be examined.

Beyond the recommendations of the CHE, a large number of institutions of higher education are already implementing intervention programmes to help with the admission of Arab students and with their integration during their studies. One example is the Technion, which introduced a comprehensive approach to strengthening the integration and achievements of Arabs students. It has had a very dramatic impact on the rates of enrollment, on the rate studying in the more challenging fields and in honours programmes and on the rate of successful completion.

Another example is that of the efforts made by the Hebrew University. Since 2008 the Dean's office has been running a unit for equal opportunity, including a unit to support Arab students. The unit has been offering a summer course in English for students and a programme to raise the proportion of students from the periphery receiving advanced degrees. Beyond these steps, the unit supporting Arab students offers a number of services, such as personal counseling, workshops on learning skills, and social and academic mentoring.⁵⁷

Another national initiative of the Authority for Economic Development of the Arab, Druze and Circassian Sectors (AEDA), according to Government Resolution 2289 of September 2010, concerns the integration of Arab women who have excelled in their studies into higher education institutions in fields that are in high demand. Under this experimental programme, 500 outstanding female students will receive special preparation and academic assistance, including ongoing accompaniment during their studies as well as career

⁵⁷ Hendin, A. 2011. *The Inclusion of Arab Students in the System of Higher Education in Israel*. Orange Series. The Hebrew University and Faher Institute, Jerusalem.

guidance after graduating. Some NIS 4 million was allocated for the implementation of this programme in a multi-year format.

Another important development is the decision to establish a special module that will focus on preparation for higher education in the context of the national network of one-stop employment centres for the Arab sector. It will include strengthening English-language skills, preparing for psychometric tests, and academic career guidance. The programme is being developed by the Planning and Budgeting Committee for the CHE and the AEDA according to Government Resolution 4193 of January 2012 and the recommendations of the Trajtenberg Committee.

2. Education in the Haredi Sector

There are currently 364,000 students in the Haredi education system. The goals of the MOE in addressing education in the Haredi sector are to promote the general goals of public education that include preparation for the labour market while at the same time respecting the unique cultural interests and sensitivities of this community. The strengthening of secular education in this sector will complement the other efforts to more extensively integrate Haredi men into higher education and the labour market.

The major efforts are described below.

2.1 Characteristics of Schools in the Haredi Education System and Efforts to Strengthen the Core Curriculum

The system of Haredi education has had a considerable degree of independence and, for the most part, has not adopted the national curriculum. The MOE endeavours to strengthen the implementation of the core curriculum in Haredi schools, in a number of ways: Developing curriculum that is sensitive to the special concerns of the Haredi community; increasing the number of supervisors in the education system and thus enhancing the enforcement of the core curriculum; improving the quality of instruction of the secular curriculum; addressing special issues that have come into focus such as the problem of student dropout and special education needs.

These efforts are designed to increase the number of schools teaching the core curriculum and to improve the results on national tests (GEMS - Growth and

Effectiveness Measures for Schools) and the percentage of students eligible for full matriculation certificates.

There are considerable differences between primary and secondary schools regarding the scope of institutions and students required to study core subjects such as English and maths. It is much more accepted in primary schools, although in some of the streams it is still an issue of contention between the Haredi community and the government. In the secondary schools it is a much bigger issue.

Furthermore, there is a need in this regard to distinguish between boys and girls. The education of girls does, in large measure, include significant attention to secular subjects and in turn, they significantly integrate into the labour market. This is much less the case for boys, as for many of them the focus has been on intensive religious studies, particularly at the secondary education level. This is related to the importance and the primacy that is attached to religious studies as opposed to the importance that is placed on preparing for integration into the labour market or on the pursuit of specific professions.

It should also be noted that the Haredi education system is divided into four major streams that are identified with different approaches to secular education within the Haredi community. Their approaches to education are also in part related to their attitudes towards the degree of importance of subsequent integration into the labour market as opposed to a lifetime of religious study.

Primary Education

In the primary education system, the level of responsiveness to the core curriculum varies according to the stream of Haredi education to which the institution belongs. Table 12 shows that 59% of children in the Haredi primary schools are required to follow the core curriculum in full. Within this group, most of the schools use GEMS for some subjects in Grades 2 and 5. A further 16% of children in the Haredi primary schools are required to study 75% of the core curriculum and the remaining 25%, to study 55% of the curriculum.

Table 12: Number of Schools, Number of Students, and Percentage of Core Curriculum Studied in Elementary Schools in the Haredi Sector in 2011/12, by Educational Stream

Educational Stream	No. of Schools	No. of Students (%)	Required Percentage of Core Curriculum	Implementation of GEMS Tests in Hebrew and Maths in Grades 2 and 5
Ma'ayan Hachinuch	160	31,000 (16.8)	100%	Some 100 schools test on GEMS in Hebrew and maths in grades 2 and 5
Independent	212	77,350 (41.9)	100%	
Other recognised	128	29,700 (16.1)	75%	Some 110 schools test on GEMS in Hebrew and maths in grade 2, and in Hebrew in grade 5
Exempted schools	195	46,500 (25.2)	55%	

Source: Ministry of Education

The MOE is making efforts to improve the quality of teaching and the achievements in secular subjects in primary schools. It is currently upgrading training programmes for teachers of secular subjects and establishing special frameworks for training and professional development of the teachers in Haredi population centres.

Beyond teacher training, a special effort is being made at primary schools to improve scholastic achievements in a range of subjects through a set of new focused initiatives. These initiatives include: One-on-one counselling of teachers; a reading test in Grade 1 to identify and assist weak students; one-on-one assistance for weaker students in Grades 3 and 4; an increase in the number of teaching hours for language and maths in Grades 1-8.

Moreover, it has recently been decided to initiate a professional evaluation of the textbooks used in Haredi schools. This will be carried out by joint evaluation committees with representatives of both the MOE and the Haredi community.

In addition, the programme described earlier to adapt the education system to meet the needs of the 21st century through the introduction of more ICT is being implemented in 32 primary schools.

Secondary Education

The difference in the education of boys and girls becomes much larger at the secondary level. For many of the girls there is a major focus on getting a sound secular education. By contrast, for many of the boys the norm is to focus on religious studies with minimal attention to secular education.

The efforts being made to strengthen secular education for both boys and girls are described below.

Schools for Boys

In the current 2011/12 school year, some 6,700 out of 33,000 male students aged 13-17 attended 40 institutions that teach the core curriculum in part or in full. They constituted 20% of the Haredi students of that age. Some of these institutions enable the boys to take matriculation exams and/or earn a technological high school certificate in areas such as: software engineering, mechanical engineering, electronic engineering, etc. Within this group, some 3,500 students were in frameworks for yeshiva dropouts or at special study centres, where they could acquire a vocational certificate, complete their schooling and even earn partial matriculation certificates.

On the other hand, the vast majority of Haredi secondary schools for boys enjoy a unique status that legally exempts them from general studies and they are eligible only for a reduced budget as a result. These institutions teach only religious studies. With respect to students in these frameworks, the strategy is to encourage various options for secular studies (academic or vocational) after they have left the yeshiva world.

In order to promote and expand opportunities for studying in institutions teaching secular subjects, an innovative programme of technological training in the Haredi sector will be implemented in the next 3 years. The goal of the

programme is to award both vocational certificates and matriculation certificates. This track will enable graduates to continue studying at post-secondary schools towards practical-engineering or technician certificates. The programme is to consist of 60 classes training some 500 students a year, potentially reaching a total of 3,500 in the next five years. A total of NIS 40 million has been allocated for this programme for the next 3 years.

In addition, a joint venture of the Ministry of Defence and the MOE refers Haredi youth from the periphery, who have dropped out of school, to a project combining religious and secular studies, as well as vocational training towards a certificate before entering the army.

Schools for Girls

The Haredi education system for girls numbers 160 institutions, all of which teach the core curriculum in full, and some of which allow the girls to take matriculation exams. These schools also administer a special exam developed with the MOE – the Szold exam – which is an adapted matriculation exam.

Moreover, there is also a network of post high school seminaries for young women that enable them to pursue various professional occupations, primarily focused however on teacher training. These seminaries also offer additional opportunities to complete the matriculation exams.

There are a number of recent initiatives to improve the education for girls.

In the past two years, in-service training and courses were introduced to enable and encourage schools to prepare students to take the higher-level matriculation exams in maths and English. Moreover, as of the 2011/12 school year, secondary schools that prepare students for matriculation exams have been receiving extra support to assist students with learning difficulties, in dozens of classes at a cost of NIS 500-650 thousand per class.

There is also a major new trend to open the doors for employment in a broader range of new occupations by introducing new tracks awarding additional vocational certificates at the seminaries beyond the traditional teaching certificate. These include a range of new technological tracks including software engineering, architecture, mechanical engineering, energy control systems, etc.

Almost 2,000 young women are studying in these tracks, particularly in computer related fields.

In support of this shift, parallel efforts are being made to introduce these additional occupations into the high school curriculum.

These efforts take a number of forms, such as the initiative by the Ministry to increase the number of secondary school classes teaching vocational and technological studies, in the 2011/12 school year.

Related to this shift is the issue of accreditation both at the seminary and high school level. As noted, a special high school completion exam is administered – Szold. In all, some 4,500 girls in Haredi education take the Szold exams every year, constituting the majority of girls in that age group. Up till now, this exam has not been recognised as a basis for continuing onto higher education.

To reduce this barrier, the MOE established a committee to find ways of making the Szold exams equivalent to the matriculation exams. As a first step, the exams were recognised as equivalent to a partial matriculation exam. The decision will pertain retroactively to any graduate who took the exams in the past 10 years. This will make it easier for the graduates to complete the matriculation at a later stage if they pursue further education.

It should also be noted that, some of the certificates offered by the seminaries are not recognised outside the Haredi sector. However, the MOE would like to see a situation in which these certificates are more broadly recognised.

Common Efforts to Improve Secular Education in Schools for Boys and Girls

A special effort is being made at secondary schools that do significantly include secular studies in the curriculum to improve scholastic achievements in English and maths through focused initiatives. These initiatives include the supervision of teacher training in these areas, the professional development of teachers through in-service training and one-on-one counselling at school, and the advancement of low achievers through a range of programmes.

For example, in 2011/12, some 270 teachers took part in training programmes for teaching maths and some 200 teachers participated in training in English to prepare for high-level matriculation in English (4, 5 units).

2.2 Special Authority for Management, Supervision and Regulation of Haredi Education within the MOE

In the past two years, the process of establishing a national Haredi authority was initiated to integrate Haredi educational institutions into the public system. It is responsible for coordinating, supervising and regulating the range of activities in Haredi education, promoting the implementation of national policy on Haredi education as well as its adaptation to the special concerns of this community. For this purpose, the government has allocated 45 new supervisory positions.

2.3 Number of Students in Schools Offering Matriculation Exams

The percentage of students in schools offering matriculation exams⁵⁸ among 12th grade students in the Haredi education system can serve as an indication of the changes taking place.

As may be seen in Table 13, there was a significant increase in the percentage of students at schools offering matriculation between 2005/6 and 2009/10, among both girls and boys. This increase reflects a trend of greater exposure to secular studies, although as can be seen, the overall rate of exposure of boys is much lower than that of girls.

Among boys, the percentage of 12th graders studying at schools offering matriculation rose from 20.1% in 2005/06 to 33.8% in 2009/10. Thus, the number of boys studying at these schools has increased by 85.1% over a period of 5 years, while the total number of boys studying in the 12th grade increased only by 10.3% during the same period.

Among girls, the percentage of 12th graders studying at schools offering matriculation increased respectively from 57.1% to 75.0%. Thus, the number of girls studying at these schools increased by 67.7% while the total number of girls studying in the 12th grade increased only by 27.8% during the same period.

⁵⁸ Schools with at least one student who sits for the matriculation exam in at least one subject.

However, a considerable number of boys transfer at the age of 17 to a "yeshiva gedola", and are therefore not included in the data on the number of students in the 12th grade. For this reason we also examine the rates of these same students when they were in 11th grade. In table 13 we see the number of students who had studied in Grade 11 in the previous year and the rate studying at schools that offer matriculation at least partially. We see that the trend between 2005/6 to 2009/10 is the same in the 11th grade as it was in the 12th grade.

Table 13: Grade 12 Students in Haredi Education and the Percentage in Schools that Offer Matriculation, at Least Partially, 2005/06-2009/10

	11 th Graders, Previous Year	12 th Graders	12 th Graders in Schools Offering Matriculation	% in Schools Offering Matriculation, of all 12 th Graders	% in Schools Offering Matriculation of all 11 th Graders in Previous Year
2005/06	14,240	11,254	4,409	39.2	31.0
Boys	8,557	5,459	1,099	20.1	12.8
Girls	5,683	5,795	3,310	57.1	58.2
2006/7	14,941	12,158	5,121	42.1	34.3
Boys	8,519	5,741	1,171	20.4	13.7
Girls	6,422	6,417	3,950	61.6	61.5
2007/8	15,325	11,762	5,192	44.1	33.9
Boys	8,807	5,260	1,160	22.1	13.2
Girls	6,518	6,502	4,032	62.0	61.9
2008/9	15,595	12,103	6,020	49.7	38.6
Boys	8,885	5,442	1,415	26.0	15.9
Girls	6,710	6,661	4,605	69.1	68.6
2009/10	16,237	13,427	7,594	56.6	46.8
Boys	8,804	6,023	2,034	33.8	23.1
Girls	7,433	7,404	5,550	75.0	74.7

Source: Special analysis by MJB of Ministry of Education Student Files

2.4 Higher Education

The government and the agencies in charge of higher education, primarily the CHE in Israel and the Planning and Budgeting Committee regard the inclusion

of minorities in higher education as a major priority as reflected in CHE's five-year plan (2010/11 – 2015/16).

The interest in academic studies in the Haredi sector has increased in recent years. According to MOE estimates, 3,500 Haredim hold an academic degree and in 2010/11, there were 6,150 Haredi students in higher education institutions, some 2,650 of them were men.

Some 41% of Haredi students study in institutions funded by the government which exclusively serve the Haredi population (mostly in the Haredi Jerusalem College of Technology and the Haredi College of B'nei Brak) or in various other general public institutions such as the Open University. The remainder of the students study in private colleges that offer special tracks (mostly in the Ono Academic College – Haredi Campus).

The funded institutions offer relatively diverse studies. The non-funded institutions offer a much smaller variety – only law studies and business administration.

As part of the policy to integrate Haredim into higher education, a taskforce was established at the beginning of 2011, headed by the chairman of the CHE Planning and Budgeting Committee, Professor Manuel Trajtenberg, to review the barriers to higher education confronting the Haredi population.

The taskforce issued an action plan that includes expanding the existing frameworks as well as establishing new ones, according to a new model.

The expansion of existing frameworks would make it possible to accept additional students into both Haredi institutions as well as regular departments of non-Haredi institutions. This would enhance the integration of Haredim into academic departments that cannot be developed as separate tracks (such as medicine) and to encourage Haredi students to continue studying towards advanced degrees.

The new model calls for the establishment of new frameworks that would be affiliated with existing colleges and universities which would enable utilisation of senior academic staff from these institutions as well as for a more diverse range of studies and utilisation of existing academic infrastructures. In

geographically locating the frameworks, considerations will be given to proximity to Haredi population centres and access to transportation.

The new frameworks would also be asked to establish modular Academic Preparatory Courses ('Mechina'), tailored to the unique needs of Haredi populations. These courses will consist of 3 possible stages:

1. **Assessment and guidance** – candidates would undergo an initial assessment to determine their suitability for academic studies, a Mechina or a pre-Mechina. The importance of this stage stems from the great variation in the background of men and women in the Haredi population.
2. **Pre-Mechina** (3 months) – candidates found suitable for academic studies in the previous stage would begin a pre-Mechina, studying mainly maths and English.
3. **Accelerated Mechina** (9-12 months)/occupational training – candidates graduating successfully from the pre-Mechina would begin studying in the accelerated Mechina. The focus of study would be adapted to the academic field chosen by a candidate. Candidates who do not pass the pre-Mechina would be referred to occupational studies in other frameworks.

The plan was approved by the Planning and Budgeting Committee in the CHE, with an allocation of NIS 180 million over the next five years (2012-2016). The goal of the plan is to allow any Haredi who so wishes to acquire a high-level academic profession.

The objective set by the plan is to increase the total number of Haredi students studying per year by an additional 8,500 by the year 2017, to reach a total of some 14-15,000 students. In March 2012, a call for proposals went out to the higher education institutions for proposals to establish Haredi frameworks which are expected to open in October 2012.

Chapter 6: Investing More in Public Infrastructure (Roads/Transport) and Childcare in the Periphery, and/or Areas with Large Arab Populations

Recommendation 6

Invest more in public infrastructure (roads/transport) and childcare in the periphery, and/or areas with large Arab populations.



Transport infrastructures have a significant impact on the access to opportunities for education and employment, as well as on the access to a wide range of commercial and social services. They are an important part of the discussion concerning how to reduce economic gaps between the centre and the periphery and to expand opportunities for minority groups. Consequently, significant efforts are being made and considerable funds invested in improving these infrastructures, with an emphasis on upgrading those in the periphery and Arab localities.

The main efforts to develop transport infrastructures in the periphery as a whole and particularly in the Arab sector are described in this chapter. These efforts include the road system and public transport. Transport infrastructures in the Bedouin sector are discussed separately, in Chapter 9. Childcare has been previously discussed in Chapter 4.

1. Road Network

The Ministry of Transport, National Infrastructures and Road Safety (MOT) is investing heavily in developing and upgrading roads in Arab localities in order to improve local and intercity accessibility for the population, as well as reduce the number of traffic accidents.

In its efforts to do so, the Ministry has allocated some NIS 700 million to develop and upgrade road infrastructures in Arab localities from 2011-2016.⁵⁹ This includes building major transport arteries, paving access roads to public institutions, and upgrading intersections and roundabouts. Examples include the road through Sakhnin, at a cost of NIS 12 million, the road leading into Turan, at a cost of NIS 7 million, and the northern ring road in Tira, at a cost of NIS 6 million. A signposting pilot is being implemented to improve orientation and accessibility in five Arab localities in the Galilee.

In February 2012, a decision was made to implement a multi-annual plan for the development of transport and road infrastructures in East Jerusalem. The plan includes the creation of new roads and the upgrading of the existing road infrastructures, linking to both the existing and planned municipal transportation infrastructures. The plan, which was drawn up in association with the neighbourhood administrations and representatives of the residents, is expected to lead to a significant improvement in access to municipal services, public institutions and commercial centres in the city. The MOT and the Jerusalem municipality have allocated NIS 500 million to this project between 2012 and 2016.

Beyond the earmarked allocations for developing transport infrastructures in the Arab localities, these localities and other concentrations of Arab populations are also benefitting from the general development plans for the national transport infrastructures in the periphery. It is estimated that hundreds of millions of NIS will be spent annually on implementing these plans. For example, the widening of Route 79 in northern Israel will improve accessibility and safety for those travelling from the Haifa area to Nazareth and the numerous Arab localities along the route such as Shefaram and Bir el-Maksur.

In addition, Government Resolution 1421, of February 2010, approved the 'Netivei Yisrael' ("routes of Israel") plan for the Negev and Galilee. Its goal is to

⁵⁹ Of the NIS 700 million, NIS 180 million were allocated to the Druze and Circassian sector for 2011-2014 in Government Resolution 2861, February 2011, and NIS 366 million to the Bedouin sector, which will be discussed separately in Chapter 9.

create and enhance intercity land transport in the periphery. The plan includes the northward and southward extension of the Cross-Israel Highway, development of roads in the Galilee, and a detailed planning of roads in the periphery. NIS 27.5 billion has been allocated to 'Netivei Yisrael' between 2010 and 2020, approximately NIS 9.5 billion of which is for developing intercity road infrastructure. The remainder of the budget has been allocated to the development of the railway as will be elaborated upon below. This budget is in addition to the previously budgeted and approved plans for local and intercity transport at a cost of over NIS 40 billion for the next five years, which include development plans for Israel Railways, for the Israel National Roads Company and Cross-Israel Highway, Ltd., and a budget for municipal transportation authorities.

This is the first stage of a multi-phased plan to connect the periphery with the centre of the country by means of an extensive infrastructure that includes main railway lines and main roads running the length of the country, with several east-west lines and roads, as laid down in the detailed plans.

2. Public Transport

Public transport plays a key role in ensuring a basic level of mobility. This is particularly important for the lower income groups, which have a significantly lower level of mobility than the rest of the population. The development of transport has been a major priority in recent years, with particular emphasis on the Arab sector. Two main frameworks are the above-mentioned "Netivei Yisrael" and the Five-Year Plan for the Minority Sectors.⁶⁰

Some NIS 18 billion will be invested through "Netivei Yisrael" in the development of the rail infrastructure in the periphery. As part of this project, resources will also be allocated to increase the accessibility of the Arab localities to the rail network. The most prominent examples are the creation of the Jezreel Valley line between Haifa and Beit Shean via Afula and the Karmiel-Acre line.

⁶⁰ For general details regarding the five-year plan for the minority sectors, see Chapter 2.

In addition, a light rail line from Haifa to Nazareth is slated to begin operating by 2020.

In addition, as part of the five-year plan for the economic development of the minority sectors, Government Resolution 1539, of March 2010, allocated some NIS 100 million for the development of public transport in 13 Arab localities between 2010 and 2014.⁶¹ The allocation of this sum, out of an overall budget of some NIS 780 million, is based on the recognition that developing access to public transport is an important lever for the economic development of these localities.

The plan includes the development and bolstering of transportation within the localities and between the localities and the main cities as well as to centres of education, employment and services. The plan is being implemented by the MOT in partnership with the Authority for the Economic Development of the Arab, Druze and Circassian Sectors (AEDA).

This will expand public transport in five localities. The plan includes the enhancement of existing bus routes, improved frequency of service, and in some cases, reduced fares. It will introduce public transport for the first time to eight additional localities. As a complementary step, a public information campaign will be launched this year to encourage the use of public transport in the Arab sector. The campaign will primarily target school children, women, working people and senior citizens.

The Druze villages of Daliyat el-Karmil and Ussafiya are examples of the changes brought about by these plans. For the first time, internal bus routes are operating in these villages, as are intercity routes to commercial and employment centres in Elyakim junction and in Yokneam, to centres of higher education (the University of Haifa and the Technion) and to main traffic arteries such as the

⁶¹ The five-year plan relates to 13 Arab localities, which were selected based on size and budgetary and political stability with the goal of creating an effective impact among the general population. The total population of these localities is 350,000 residents – 23% of the entire minority population in Israel today.

Cross-Israel Highway. Currently some 8,000 passengers benefit from the public transport system in these localities every day.

Moreover, the MOT is investing great efforts in developing public transport in other Arab localities that are not included in the five-year plan. Public transport has recently been introduced to an additional 11 Arab localities and efforts are being made to improve the level of service in localities where there is a need to improve the existing service. An example is the introduction of many new– "taxi service shuttles" ('sherut'), running various lines such as from Wadi Ara to Haifa and Hadera and from localities in the south of the Triangle (Tira, Taibe and Qalansawe) to Kfar Saba and Netanya, and between the localities themselves.

Chapter 7: Integrating Disadvantaged Populations in the Public Sector and the Role of Procurement Contracts

Recommendation 7

Ensure that at least minimum employment quotas for disadvantaged population groups (particularly Arabs and Ethiopian-Israelis) are met in the vast majority of different public employment branches. Use public procurement contracts to ensure that employment conditions adhere to basic standards and that fair employment of minorities is a condition for receipt of public funds.



The government of Israel recognises the importance of the integration of disadvantaged populations into the public sector and has set goals to ensure fair representation. Special emphasis is placed on integrating members of the Ethiopian-Israeli community and of the Arab population, including Druze and Circassians. However, there is agreement that greater efforts are required, regarding both the numbers employed and the nature of the positions.

At the same time, there is no interest in using public procurement contracts to ensure fair representation of these populations in private companies. However, progress has been made regarding guaranteed basic conditions of employment for employees of these companies through public procurement contracts.

The first section addresses the steps taken to enhance integration of minority populations into the public sector. The second section addresses the use of public procurement contracts to ensure basic employment conditions as well as the issue of using public procurement contracts to ensure fair employment for minorities.

1. Integration of Disadvantaged Population Groups into the Public Sector

In order to improve the integration of employees from the Arab population and the Ethiopian-Israeli community into the public sector, additional measures have been introduced in the past few years, as described below.

1.1 Integration of the Arab Population in Employment in the Public Sector

Fair representation of the Arab population in the Civil Service is anchored in the Amendment to section 15a of the Civil Service (Appointments) Law of 1959, which addresses fair representation of different population groups in all ranks and professions.

Government Resolution 2579 of November 2007 stipulates that by the end of 2012, at least 10% of all civil servants should be from the Arab population. In order to achieve this goal, this resolution, and Resolution 4436 of January 2009, set out a series of measures, including: The allocation of additional designated positions, the designation of positions that become vacant, the designation of student positions specifically for Arab students.

The findings of the Civil Service Commission (CSC) annual report of 2011 on fair representation of the Arab population⁶² indicate a small increase in the number of Arab employees, from 4,245 in 2009 to 4,982 in 2011. The proportion of Arabs employed in the Civil Service increased from 7.0% in 2009 to 7.8% in 2011 compared with their percentage in the adult population, aged 22-64, which is 17.8%. Thus, judging by the current rate of increase of Arab civil servants, this goal will not be achieved by the end of the year.

This is also reflected in their rate of representation among new hires. In 2011, 708 Arabs were accepted into the Civil Service, compared to 635 in 2010 and 457 in 2009. Their proportion of all new employees increased from 9.3% in 2009

⁶² Markowitz, H. 2012. Fair Representation of the Arab Sector, including Druze and Circassians, in the Civil Service – 2011 Report. Civil Service Commission, Jerusalem.

to 11.1% in 2010 and to 12.8% in 2011. Note that Government Resolution 2579 of January 2007 stipulates that by the end of 2012, at least 30% of all new jobs allocated each year, will target the Arab population.

In order to increase the intake rate of Arab employees into the Civil Service and to increase their proportion among all employees, the CSC has taken the following recent steps:

- 1. *Changing the criteria for the allocation of designated positions:*** In order to meet the goal of allocating 30% of new positions to Arabs, the CSC published a circular in January 2012 setting out criteria for the allocation of designated positions out of all public tender positions (whether new or existing positions). The new criteria stipulate that in any public tender that includes more than 3 positions, at least 1 of the 3 must be designated for the Arab population. In tenders for 2 positions, at least one must be designated for the Arab population. In tenders for a single position, the position must be designated for the Arab population. If a candidate is not selected for any reason, the Ministry must begin a new tender process. In any case, a non-Arab employee cannot be accepted for a position designated for the Arab population.
- 2. *New directives regarding affirmative action in tenders:*** During 2010, the Israel Equal Employment Opportunities Commission (EEOC) and the CSC began taking steps to enhance the implementation of affirmative action at the "Test Committee" stage in the process of selecting Civil Service employees. Consequently, new directives are about to be published on affirmative action for all minority groups, including the Arab population, in competitions for admission to the Service and promotion within it. These new instructions are needed because of the wording in section 15a(b)(3) of the Appointments Law, which conditions affirmative action on the existence of "similar skills". The new directives will address the following:
 - a.** Changes in the framework of the discussions in the "Assessment Committee" in order to ensure effective, structured and reasoned discussions regarding the skills of the candidates, and whether the skills of those entitled to affirmative action are on par with those of other candidates. The members of the committees will not be able to confine themselves to a general statement that the candidate was not found to have greater or similar skills. Rather, they must clearly set

out the reasons for their choice with a detailed list of their skills compared to the skills of the minority candidates.

- b. Changes in the documentation of the discussions, such that the protocol covers the main points of the discussion, and explains why the committee concluded that the candidate(s) lacked similar skills, with regard to the parameters detailed in the new instructions.
3. ***Launching a promotion and marketing campaign:*** The CSC and the AEDA will launch a widespread promotion and marketing campaign in 2012, through the Government Advertising Agency. The campaign is aimed at increasing access to information about the Civil Service and employment options in the Civil Service for the Arab population. It includes widespread advertising on the Internet, billboards and press, as well as at conferences, media events etc. This programme was developed following the recommendations of the Task Force for Removing Barriers chaired by the Director General of the Ministry of Justice (MOJ), and in the framework of Government Resolution 2288 of September 2010, regarding the launching of a marketing and promotion campaign on fair representation of the Arab, Druze and Circassian population in the Civil Service. The Resolution allocated NIS 2.4 million to this programme.
4. ***Highlighting the rights of non-Jewish civil servants:*** Publishing new directives and reiterating existing ones regarding the celebration of holidays of other religions and holding an introductory course for new employees regarding their rights and obligations as civil servants. These activities are among the efforts to adapting the work conditions in the Civil Service to all populations.

Until recently, fair representation of the Arab, Druze and Circassian population was mandatory only in the Civil Service. In March 2012, the Knesset passed a law for the extension of the Fair Representation of the Druze Population in the Civil Service (Legislation Amendment), which mandates fair representation of

the Druze population in government companies, municipal companies and the local authorities.⁶³

Among other things, this law states that in the above entities, proper expression will be given to the representation of the Druze community in all positions and ranks. It further states that these bodies will report once a year regarding the extent of fair representation to the government, the Commission of Equal Opportunities in Employment and to the Constitution, Law and Justice committee in the Knesset. Note that in government corporations these directives pertain to companies that employ over 50 employees.

The issue of fair representation of the Arab population in the public sector is currently on the agenda of the Civil Service Reform Committee, established under Government Resolution 4028 of November 2011, following the Trajtenberg Committee recommendations. The committee is examining additional ways to increase the fair representation of disadvantaged populations in the public sector, inter alia through increased efforts to actively search for and recruit candidates. In addition, as of 2007, a parliamentary investigation committee in the Knesset has been actively examining the admission of Arab workers into the public service. The committee submitted an interim report in January 2009.

1.2 Integration of the Ethiopian-Israeli Population in Employment in the Public Sector

The fair representation of the Ethiopian-Israeli population⁶⁴ is also anchored in section 15a of the Civil Service Law (Appointments) of 1959, which addresses fair representation of different population groups in all ranks and professions.

⁶³ The law relates to local authorities and municipalities in which the Druze population is between 10%-50%

⁶⁴ In this chapter, Ethiopian-Israelis are defined as having been born in Ethiopia, or who has at least one parent who was born in Ethiopia.

The findings of the CSC report for 2010⁶⁵ on fair representation of Ethiopian-Israelis in the civil service indicate a certain increase in the number of Ethiopian-Israelis employed in the Civil Service, from 782 in 2009 to 841 in 2010. The proportion of Ethiopian-Israelis employed in the Civil Service in these years was 1.3%, similar to their percentage in the adult population, aged 22-64 which is 1.4%. In 2010, 86 Ethiopian-Israelis began working in the Civil Service, compared to 111 in 2009. However, their proportion among all new employees increased from 1.4% in 2009 to 1.6% in 2010.

In order to facilitate the integration of outstanding, university-graduate Ethiopian-Israeli candidates into the Civil Service, Government Resolution 2506 of November 2010 stipulates that in 2011, 30 additional positions will be designated for Ethiopian-Israelis in one of the academic ranks in the Civil Service. Of these, 17 positions are taken from open positions in the Civil Service, and 13 positions will be funded by the Ministry of Finance (MOF) through a special budget. It also stipulates that any government office that designates an available position for an Ethiopian-Israeli employee will be rewarded by an addition to the annual quota of upgrades, commensurate with the level of the position.

In addition, Government Resolution 4624 of May 2012 stipulates that in 2013, 10 additional positions will be designated for Ethiopian-Israelis in one of the academic ranks in the Civil Service. 20 additional positions will be allocated for Ethiopian-Israelis from open positions in the Civil Service.

These resolutions are in addition to Government Resolution 1665 of May 2007, which, inter alia, designated 15 new positions for Ethiopian-Israelis in the Civil Service and allocated 10% of the budget for the employment of students in the Civil Service for Ethiopian-Israeli students.

Further, the Commission will shortly begin a series of lectures and training sessions for the Ethiopian-Israeli population to raise awareness about the Civil Service, with a special focus on Ethiopian-Israelis with higher education.

⁶⁵ Markovitz, H. 2011. *Fair Representation of Ethiopian-Israelis in the Civil Service – 2010 Report*. Civil Service Commission, Jerusalem.

Until recently, the fair representation of Ethiopian-Israelis was mandatory only for Civil Service organizations. In March 2011, the Knesset passed the Expansion of the Fair Representation of the Ethiopian-Israeli Population in the Civil Service (Amendments) Law 2011, which mandates fair representation of the Ethiopian-Israeli population in government companies, legislated corporations, and local authorities.⁶⁶

Inter alia, this law states that in the above bodies, fair expression will be given to the representation of the Ethiopian-Israeli community in all positions and ranks. It further states that these bodies will report once a year regarding the extent of fair representation to the government, the EEOC and the Immigration Committee in the Knesset. Note that in government corporations these directives pertain to companies that employ over 50 employees.

To promote this law, an inter-ministerial forum was established, with members from all relevant departments. In this context, meetings will be held in the coming year with companies, corporations and selected local authorities to jointly launch a promotion and implementation programme for fair representation of Ethiopian-Israelis. In addition, the EEOC published a statement on the mandatory representation of Ethiopian-Israelis in local authorities. It included a definition of fair representation adjusted to the specific characteristics of local authorities.

In May 2011, the Government Companies Authority published a circular informing the government companies of the main points of this amendment to the Government Companies Law.

1.3 Culturally Fair Employment Screening

The CSC has become a partner in the 'EMET' project (Culturally Fair Employment Screening) in cooperation with JDC-TEVET and the Kav Mashve Association. This project is carrying out a pilot to culturally adapt the assessment tools used in Israel by private manpower companies for Arabs and Ethiopian-

⁶⁶ For more details see: Koch-Davidovitch, P. 2011. *The Integration of Ethiopian-Israelis in the Public Service and Public Bodies*. Knesset Research and Information Centre, Jerusalem.

Israelis. The process is being accompanied by MJB, which has carried out an international literature review.⁶⁷

The project is providing a better understanding of the obstacles faced by these populations in screening tests and is designing an operative alternative screening process. If this development is a success, the CSC will consider incorporating it into their assessment processes.

2. Use of Public Procurement Contracts to Ensure Basic Employment Conditions as well as Fair Employment for Disadvantaged Populations

2.1 Basic Employment Conditions

The Accountant General's Division in the MOF does use government procurement contracts to promote basic work conditions, by employing an inspection system for large-scale procurement contracts for security and cleaning services. The Division will shortly begin inspections in the area of catering contracts as well. Government ministries impose financial sanctions on service contractors for breaches of their commitments in the agreement, including breaches of workers' rights, commensurate with the conditions set out in the contract.

In addition, the regulations for procurement contracts were expanded in 2009 by the addition of an article to guarantee employee rights in contracts which involve large numbers of employees. The addition includes a formal declaration by the applicant that they respect employee rights as well as the disqualification of applicants that have violated these rights.

Furthermore, according to Amendments 6 (2002) and 7 (2004) of the Public Bodies Transactions Law 1976, no public body may contract with a supplier in a transaction to procure a property or receive a service, unless they are satisfied that the supplier has not been convicted of more than two breaches of the

⁶⁷ Fishman, N.; King, Y.; Forthcoming. *Culturally Fair Employment Screening: Evaluation of Employment Screening Processes in Relation to Ethiopian-Israeli Candidates*. Myers-JDC Brookdale Institute, Jerusalem.

Foreign Workers Law and the Minimum Wage Law during the year preceding the contract.

Amendment 8 of the Public Bodies Transactions Law, approved in the framework of the Law for Increased Enforcement of the Labour Laws of 2011, stipulates that when contracting for manpower services in the areas of security, catering and cleaning, the definition of breaches for which there is a prohibition of contracting will be considerably expanded to include all the labour laws appearing in the Third Schedule of the Increased Enforcement Law. These include laws regarding annual leave, overtime, employment of juveniles, wage deductions according to the Wage Protection Law, delay in payment of wages and pension-related payments. It further stipulates that contracting is prohibited with anyone who had two breaches in the past three years and not only during the past year, as well as with anyone who had incurred financial sanctions for more than six infringements that are in breach of the labour laws. The Amendment will be effective as of June 2012.

In addition, in June 2009, sections were added to the mandated tender regulations, to protect workers' rights in manpower-heavy tenders. These include: requiring all applicants bidding for a tender to provide a written affidavit by the applicant and owners with regard to meeting the applicant's commitments regarding the protection of workers' rights; disqualifying an applicant who was in breach of the protection of workers' rights; mandating the examination of the applicant's past behaviour with regard to protection of workers' rights in the context of the criteria for selecting a bid.

Note that in addition to the efforts of the Accountant General in the MOF to ensure proper work conditions through government procurement contracts; this issue is also promoted through conditioning assistance provided to employers with criteria of proper employment. In this framework, in June 2010, the Director General of the MOITAL issued a directive that provision of assistance to businesses by the Ministry will be conditioned on the applicant not being in serious breach in areas of social responsibility. Such breaches include a conviction or fine for certain infringements in the area of labour laws, conviction for various offenses under the Foreign Workers Law and conviction of offenses of fraud or bribery under the Penal Law. In addition, employers requesting assistance from the Ministry must proclaim that they will protect the rights of their employees during the period of receiving the assistance.

2.2 Equal Opportunities for Minorities

The EEOC in MOITAL is responsible for promoting equal opportunities and actively encouraging diversity in employment under the Equal Opportunities in Employment Law 1988. Therefore, fair employment for minorities is pursued directly through this law and not indirectly through the use of public procurement contracts.

Using government procurement contracts to ensure fair representation of minorities may be difficult to implement and may cause distortions. For example, there is concern that permitting the Tenders Law to be utilised for other purposes, even if they are commensurate with government policy, may lead to the demand to utilise these contracts for other purposes as well. The fear is that this would ultimately undermine the economic efficiency and effectiveness of the procurement process and negatively affect the implementation capacity of government ministries.

In addition, this type of decision may be in contrast to the Government Procurement Agreement that Israel has signed, which includes a commitment not to discriminate against suppliers from countries that have signed the agreement. A demand for fair representation by foreign suppliers may be problematic and require complicated legal arrangements, causing further difficulty and bureaucracy in the government tender processes.

Chapter 8: Reporting on the Workforce Composition in Firms of a Sufficiently Large Size, and Suggested Targets by the Equal Employment Opportunities Commission (EEOC) Where Needed

Recommendation 8

Introduce reporting requirements on workforce composition in firms of a sufficiently large size, with the Equal Employment Opportunities Commission assessing employment outcomes and suggesting appropriate targets, where needed.



It is not mandatory to submit reports concerning the composition of employees to the Equal Employment Opportunities Commission. However, the Commission is entitled by law to order a report on the composition of employees in cases where a complaint has been received or where there is any suspicion of discrimination in the workplace. The data received following the order is subsequently analysed by the EEOC and if there is any reason to suspect discrimination, civil or even criminal enforcement measures are considered. To this end the EEOC works in cooperation and coordination with the Criminal Enforcement Department of the Ministry of Industry, Trade and Labour (MOITAL) (as described in chapter 1).

In 2011 the EEOC handled 781 inquiries, compared to 644 in 2010 and 499 in 2009. The inquiries relate to issues such as sexual harassment, parenting, pregnancy and discrimination on the basis of religion, age, gender, etc. In 2011 the EEOC conducted 26 legal procedures in the labour court, compared to 15 procedures in 2010.

The tools available to the EEOC to encourage workforce diversity have continued to evolve in recent years and the emphasis on this issue continues to

grow. The EEOC has only been operating for 4 years and its tools and measures at hand are expected to continue to develop gradually over time.

In 2012 a new programmatic direction was added, focusing on the development of a written policy for workforce diversity in cooperation with interested employers. Since the initiation of this effort several months ago, 5 employers have already begun developing their written policy. The EEOC is currently completing a preliminary document that addresses the basic principles, goals and methods of implementation. The emphasis of this process is to formulate a policy that allows for equal access and equal opportunity for all job candidates and current employees, as opposed to setting specific numeric caps and goals for workforce composition.

To complement this new direction, the EEOC intends to promote a new pilot programme that will introduce indicators for equality in the workplace. This will allow employers to monitor themselves with regard to workforce diversity.

In April 2012 the EEOC, together with LAHAV (Tel Aviv University School for Management Programs), launched the "Leadership for Workforce Equality and Diversity" programme. This new pilot programme will train managers in methods of initiating and implementing diversity in their organizations. The training is experiential and in the process the participants will formulate work procedures and strategies to introduce diversity in their organization while receiving ongoing feedback.

The EEOC also plays an important role in raising public awareness on the importance of equality of opportunity in the workplace, serving as a source of information for employees on this topic. The EEOC also conducts activities to inform the public as to how equality of opportunity contributes to the economy and to society as a whole. The EEOC makes efforts to disseminate this message through various channels, including an internet site, official publications, publication of legal opinions, press campaigns, seminars, a national annual conference and lectures in various conferences and forums. This activity takes place in a variety of languages in order to make it accessible to most population groups.

A Twinning project was launched with the EEOC of Northern Ireland in 2010 under the auspices of the EU to promote and develop EEOC activities in Israel.

This project was recently completed and included learning from the European experience and assistance in the development of a long-term strategy for the Israeli Commission.

As part of this project, the EEOC published its strategic work plan for 2012-2013. The strategic plan focuses on three key issues:

1. Promoting equal opportunity and diversity in hiring employees in the public sector
2. Narrowing of gender-related gaps in salary
3. Integrating Arab employees into the private sector.

Three additional topics to be promoted, although to a lesser degree, are:

1. Reducing age-related discrimination
2. Promoting the integration of Haredim into the labour market
3. Reducing sexual orientation related discrimination.

Chapter 9: Connecting Bedouin Settlements to Electricity, Sewage and Transport

Recommendation 9

Urgently introduce practical steps towards the connection of Bedouin settlements with electricity, sewage, and transport systems, and continue with efforts to improve their education, including vocational training.



The government is enhancing its efforts to develop infrastructures in the Bedouin sector. This section describes the key developments regarding the Bedouin populations in the Negev and in northern Israel. Developments in education are addressed separately in Chapter 5 and vocational training and promoting employment is addressed in Chapter 2.

1. The Bedouin Population in the Negev

An array of special circumstances that characterize the Bedouin localities in the Negev has led to significant gaps in their living conditions. However, it is important to distinguish between the Bedouins that are now living in recognised local authorities and those that are still living in scattered enclaves that are not recognised.

In order to make a fundamental change among those living in the unrecognised areas, it is necessary to resolve the land dispute between the Bedouins and the Government and to allocate significant funds to developing new infrastructures. At the same time, there is also the need to significantly expand opportunities for those living in recognised local authorities.

While the government has been implementing a number of steps to improve the conditions of the Bedouin population, it has now developed a more comprehensive plan to address both of these challenges. It makes a serious effort to take into consideration the unique characteristics of the Bedouin population. The plan recognises the importance of regularizing the status of the Bedouin settlement in the Negev. This requires a comprehensive and integrated solution

to the land rights issues, finalising a plan for the pattern of settlement of the Bedouins and developing the required municipal infrastructures.

The plan was approved in September 2011 in two related resolutions: Government Resolution 3707 addressing the regulation of the status of the Bedouin settlements in the Negev and Government Resolution 3708 addressing the promotion of economic growth and development for the Bedouin community in the Negev. This section relates to the steps that have been taken to implement these two plans as well as those that are being taken under several prior government resolutions that were issued in 2009 and 2010.

1.1 The Plan for the Regularization of the Status of Bedouin Settlement in the Negev

In September 2011, the government adopted Resolution 3707 on implementing the recommendations of the Committee for the Regulation of the Bedouin Settlements in the Negev (Goldberg Commission).⁶⁸

Under this resolution, a broad initiative to regularize the unrecognised settlement of Bedouins in the Negev was launched. It mandates that the solution should take appropriate consideration of the special characteristics of the Bedouin population and make possible the provision of the normal living conditions that are available to all other Israeli citizens.

The resolution also mandated that the plan will provide a variety of different options that can allow flexible solutions to the various groups of Bedouin and that the Bedouin population should be included in the planning process.

The resolution also stipulates that the government will submit a bill to the Knesset which will approve the principles for addressing the Bedouin's ownership claims including the compensation provisions. Further, binding timetables will be set for initiating the process and completing it. However the resolution first mandates that before the bill is presented to the Knesset, a

⁶⁸ Subject to the amendments listed in the Government Resolution; the report of the Goldberg Committee was submitted in December 2008; the report of the inter-ministerial team for implementing the committee's recommendations was submitted in May 2011.

hearings process to receive feedback on the bill from the Bedouin population and their various representatives will take place. The process, headed by Minister Ze'ev Benyamin Begin, took place from January-April 2012, and comments were received from hundreds of Bedouin citizens and leaders. Once these comments have been processed, Minister Begin will consider whether changes are required to the bill. His recommendations will be brought to the Government for approval before the bill is presented to the Knesset. The resolution calls for an effort to enable, as much as possible, the Bedouins to remain in or near their present locations while at the same time, taking into consideration the need to establish sustainable municipal units.

More specifically, the guiding principles of the plan include:

1. Allocating significant amounts of land in order to address the needs of the Bedouins.
2. Reducing the need to transfer populations as much as possible. Most of the Negev Bedouins will be settled in their present places of residence or nearby.
3. The type and location of the settlements will be determined through cooperation and consultation with the residents and will take the present community structure into account as much as possible.
4. The need to ensure solutions that will meet the criteria of a minimum size of the settlements and a reasonable population density.
5. Including a wide variety of types of settlement including rural (agricultural), suburban, urban and mixed settlements.
6. A wide variety of solutions will be utilised, including: consolidating existing adjacent unrecognised settlements, absorption into the newly recognised Abu-Basma Regional Council⁶⁹ and into the formerly recognised and established local authorities.

⁶⁹ It is important to note that one important step was taken in previous years towards regularization with the establishment of the Abu-Basma regional council in 2004 which extended recognition to a significant number of formerly unrecognised settlements.

To implement this plan, the Authority for the Regulation of Bedouin Settlements in the Negev (hence the Authority) is already in the process of expanding the housing infrastructures in recognised Bedouin localities at a cost of NIS 1.3 billion.

The government recognises that the regularization of Bedouin settlement in the Negev will not constitute a real solution to the unique problems of the Bedouin sector unless there is an extensive investment in the social and economic development of the newly recognised localities.

To this end, the government also approved, under the overall framework of the plan, a programme to promote economic growth and development of the Bedouin population in the Negev, as described in the next section.

1.2 The Plan to Promote Economic Growth and Development for the Bedouin Community in the Negev

As indicated previously, Government Resolution 3708 of September 2011 provides for promoting the economic growth and development of the Bedouin community in the Negev at a cost of NIS 1.26 billion over five-years (2012-2016).

A major component of the plan is the development of infrastructures in the established Bedouin localities and in the settlements that will be regularized under Resolution 3707. The development of infrastructures includes transport, sewers, public services and public facilities.⁷⁰

The Supreme Court has recently addressed the issue of the entitlement of the residents living in the unrecognised settlements, to essential public services and infrastructures in a ruling issued on June 2011, (acting as a Civil Appeals Court). The ruling stipulated that the State must provide responses to specific needs on a humanitarian basis, when needed. However, the fact that a settlement is illegal may affect the extent of the residents' access to these services.

⁷⁰ The components of the plan addressing the development of employment and personal safety are discussed separately in Chapter 2 and education in Chapter 5.

This ruling stated that when planning the services, *"the Authority may take into account the illegality of the settlement, and the consequent breach of law and order. This is especially true when the petitioners have recourse to permanent housing in legal settlements that is provided by the State, and that provides direct access to all the necessary basic services, as is common in every legal settlement."*

Nevertheless, the ruling called for making sure that any human rights infringement deriving from this policy is within the boundaries of proportionality, does not breach the values of the State of Israel and is for a worthy purpose. In this context it was determined that a solution to the problem of illegal settlement in the south by providing incentives to the residents of the illegal settlements to move to legal localities that were provided to them by the State constitutes a worthy purpose.⁷¹

Consistent with the spirit of the Court's rulings, the use of the funds for infrastructure development is focused on the recognised local authorities whereas other funds such as for health and social services is also being allocated to the residents of the unrecognised settlements. The hope is that with the progress in the implementation of resolution 3707, more and more of the residents will benefit from the funds available.

Development of Transport Infrastructure

In the framework of the plan, the accessibility of the Bedouin localities in the Negev to education and employment centres will be improved through expanding the deployment of regular public transport in local and intercity lines. In addition, main public transport arteries will be developed, and safety improved in local roads.

The programme will allocate a total of some NIS 277 million to developing public transport and infrastructures in the Bedouin localities in the Negev during 2012-2016. Of this budget, some NIS 139 million will be allocated to developing

⁷¹ 59596/71, Supreme Court acting as Civil Appeals Court, Abdalla Abu-Masaad and others vs. Water Commissioner and Israel Lands Administration, verdict, June 5, 2011.

the public transport system, (of this NIS 31 million to the Abu-Basma Regional Council). Some NIS 138 million will be allocated to developing transport infrastructures, (of this some NIS 10 million to the Abu-Basma Regional Council).

Furthermore, as noted, there have been several additional government resolutions since 2009 that have been the base for expanding the government's efforts.

Under Government Resolution 1539 of March 2010 on the Five Year Plan for the Economic Development of Minority Localities (including Arab, Bedouin, Druze and Circassian local authorities), some NIS 100 million has been allocated to the development of public transport in 13 Arab localities in 2010-2014. This plan includes the Bedouin city of Rahat, where the public transport system has been upgraded. Today, the city has an average of some 8,000 passengers a day using the public transport system.⁷²

Further, the Ministry of Transport, National Infrastructures and Road Safety (MOT) has invested much effort in developing public transport in additional Bedouin settlements. In this framework, public transport is now available in 10 additional Bedouin localities that previously had no public transport at all and an effort is currently underway to upgrade the level of service in localities where improvements are required.

In addition, Government Resolution 724 of August 2009 provided for developing access roads to service centres and education facilities in the localities of the Abu-Basma Regional Council and other Bedouin settlements in the Negev. This programme provided for an investment of NIS 68 million in 2009-2013.

In addition to the targeted allocation for development of transport infrastructures in Bedouin settlements, these settlements and population centres also benefit from general programmes to develop national transport infrastructures in the periphery. For example, the Bedouin residents of the Negev will benefit from:

⁷² For more see Chapter 6.

The expansion of Road 40, which is a major transportation artery; the expansion of Road 31, leading from Shoket through Hura and Lokia to Arad, (NIS 900 million); the expansion of the southern entry road to Rahat (NIS 23 million); the addition of a new train rail on the Beersheva-Tel Aviv line (creation of a double rail); increasing train frequency; introducing lighting on Road 25 between Beersheva and Dimona.

Finally, in February 2010, the government decided (Resolution 1421) on the implementation of the transport programme 'Netivei Israel' for the development of the Negev and the Galilee. The goal of this programme is the upgrading and establishment of intercity land transport infrastructures in the periphery. The programme includes, inter alia, an extension of the cross-Israel road in the south and the north, road development in the Galilee and the Negev, building new rails in the north and detailed planning of main roads in the periphery.⁷³

Sewage Infrastructure

Significant progress has been made in the last few years. Sewage treatment solutions in the recognised Bedouin localities in the Negev, with the exception of Abu-Basma, have now been completed by constructing sewage purification plants in the Negev localities of Rahat, Hura and Arara in the Negev. Other localities use the purification plants of neighbouring cities such as Beersheva and Arad. Connecting the houses to the central sewer system has now been completed in several of the localities, including Rahat, Tel Sheva and Segev Shalom. In other localities, efforts to connect all residents to the central systems continue.

Therefore, the programme to promote development and growth has been focusing on developing the sewage infrastructures in the Abu-Basma localities. This programme includes finalizing the pipes and installing temporary sustainable sewer solutions, which will remain in place until the installment of the permanent infrastructures. In this framework, the Administration for the Development of Sewage Infrastructures in the Water Authority will develop temporary solutions, to be implemented in cooperation with the Abu-Basma regional council and the Authority for the Regulation of Bedouin Settlements in

⁷³ For more see Chapter 6.

the Negev. The proposed solutions will take into account the pace of population influx in each locality, which will also serve as the basis for subsequent decisions on permanent solutions.

To implement this programme, the government has allocated NIS 40 million for grants and loans to the regional council.

Public Services and Structures

The plan to promote the economic growth and development of the Bedouin sector also addresses the development of public health and social services as well as the construction of public facilities.

According to the programme, the Ministry of Social Affairs and Social Services will expand the regional services offered to the Bedouin population by establishing a regional out-of-home framework for Bedouin children and youth at-risk and treatment frameworks for young adults at risk, as well as expanding community services in the local social welfare departments. In the Abu-Basma localities, the Ministry will implement a mobile social service unit. To implement this programme, NIS 24 million has been allocated for 2012-2016, of which NIS 21 million is in addition to the existing budget.

The Ministry of Health (MOH) will promote the health services in the Bedouin sector by:

- 1. Completion of the health infrastructures in the Abu-Basma regional authority:** including the establishment of at least 2 new family health centres. NIS 3.6 million in new funds will be allocated in 2012, as an addition to the existing budget.
- 2. Expansion of a programme to reduce infant mortality:** Development of intervention programmes adapted to the Bedouin sector that focus on reducing the rate of birth defects and infant mortality. NIS 2 million in new funds will be allocated for 2012-2013.
- 3. Other projects:** Other projects to promote health services in the Bedouin sector include manpower training, health promotion programmes adapted to this sector and the development of additional family health centres. NIS 8 million has been allocated to implement these projects in 2012-2015, of this some NIS 4.5 million as an addition to the existing budget.

In addition, it was decided that the Ministry of Construction and Housing will initiate the construction of public facilities in the Bedouin localities in the Negev. The list of buildings will be determined on the basis of an examination of the supply of existing public institutions in each locality, an examination of the needs of each locality with the heads of the local authorities, and in accordance with regular Ministry criteria. To this end, some NIS 70 million has been allocated for 2012-2016 as an addition to the existing budget. Building a swimming pool for the residents of the area in one of the Bedouin localities will be budgeted separately, to the sum of NIS 5 million.

Further, as part of the overall effort to complete the infrastructures in the Abu-Basma Regional Council localities, the Ministry will establish multi-purpose structures and shared sports facilities in these localities with a budget of some NIS 14 million.

It is important to emphasise that the investment in infrastructure described above, is in addition to the investment of the Authority.

In accordance with the plan to promote the economic growth and development of the Bedouin sector, the Authority will carry out a survey of what is needed to complete development in the older neighborhoods and will complete the development accordingly. In 2011, the Authority issued work orders to the sum of NIS 43 million; de facto work was already being carried out to the sum of NIS 20 million. This includes completion of roads, drainage infrastructure, lighting, pavements, etc.

2. The Bedouin Population in the North

The Bedouin population in northern Israel lives in fully recognised local authorities. However, there are significant gaps between the Bedouin localities in the north and the rest of the localities in Israel. The government is making efforts to close the gaps in the socio-economic conditions of the Bedouin sector in the north, including in local infrastructures. To this end, in June 2011, the government decided (Resolution 3211) on a multi-year plan (2011-2015) for the development of the Bedouin population in northern Israel. The programme

includes the development of the planning and physical infrastructure in these localities.⁷⁴ This includes the development of transport and sewer infrastructures. The programme also includes the development of the system of existing social services and the construction of public facilities.

In the framework of this programme, the MOT is working toward improving and developing the transport infrastructures in the Bedouin sector in the north, in accordance with the work plan submitted to the Prime Minister's Office in January 2011. This programme includes, inter alia, the development and upgrading of the road network in the Bedouin localities in the North. The programme has been allocated some NIS 90 million for 2011-2015, of this some NIS 25 million as an addition to the existing budget.

The Administration for the Development of Sewage Infrastructures will continue its development of the main sewer systems. This plan was allocated NIS 100 million for 2011-2015, with some NIS 50 million as an addition to the existing budget. The Administration already has concrete plans to carry out work to the sum of NIS 60 million for the localities included in the plan.

The Ministry of Social Affairs and Social Services will work towards the establishment of social service departments and social frameworks. In order to develop these infrastructures, an additional budget of some NIS 2 million will be allocated in 2011-2015 and the operating costs of the services will be financed through the Ministry's current budget. In addition, the Ministry of Construction and Housing will work toward the establishment and rehabilitation of public facilities in cooperation with the Ministry for Development of the Negev and Galilee. To this end, some NIS 10 million will be allocated in 2011-2015, of them some NIS 8 million as an addition to the existing budget.

⁷⁴ Based on the list of local authorities in the appendix to the Resolution.

Chapter 10: Monitoring the Reform of the Mandatory Pension and Enhancing its Enforcement

Recommendation 10

Monitor carefully reform of the quasi-mandatory private pension scheme and actively impose penalties on non-compliant employers.



The general collective agreement on comprehensive pension insurance between the Coordinating Bureau of Economic Organizations and the General Federation of Labour (GFL) applies to the entire employee population in Israel. It is based on an extension order from the Minister of Industry, Trade and Labour (MOITAL) in January 2008, which, in effect, creates a mandatory employment pension in Israel. The arrangement applies to all employed wage earners with the exception of beneficiaries of some other agreement or extension order.

According to the extension order of 2008, contribution rates for pension savings will rise gradually. From 2013, they are expected to reach 15%, equally divided between the worker's contribution, employer's contribution and severance pay paid by employers. Mandatory pension insurance is calculated based on the wages paid to the worker or to the average market gross wage which is updated from time to time (the lower of the two).

In March 2011, the employers and the GFL came to an agreement that from January 2014, deposit rates for pension savings would be raised to 17.5%, of which 5.5% would be the worker's contribution, 6% – the employer's contribution, and 6% – the compensations contribution paid by employers. In August 2011, MOITAL signed an extension order that extends the directives of the new agreement to all wage earners. The updated contribution rates for pension savings are described in Table 14.

Table 14: Deposits for the Pension Savings Format, in Accordance with the Extension Order for Mandatory Pension of August 2011

Date of Inception	Total	Employer's Contributions	Employee Contribution	Employer's Contribution towards Severance Pay
1.1.2008	2.5%	0.833%	0.833%	0.834%
1.1.2009	5%	1.66%	1.66%	1.68%
1.1.2010	7.5%	2.5%	2.5%	2.5%
1.1.2011	10%	3.33%	3.33%	3.34%
1.1.2012	12.5%	4.16%	4.16%	4.18%
1.1.2013	15%	5%	5%	5%
1.1.2014	17.5%	6%	5.5%	6%

Source: Capital Markets, Insurance and Savings Division of the Ministry of Finance

Based on an estimate by the Capital Markets, Insurance and Savings Division of the Ministry of Finance, following the new mandatory pension arrangement in 2008-2010, some 727,000 new workers joined the pension funds, most of them low-wage earners. The estimate is based on the number of people joining the new pension funds for whom the rates of contributions made were equal to the rates of contributions annually specified by the extension order. The data also show that some 70% of the employees, who did not save toward a pension up to 2007, did save toward a pension in 2010.⁷⁵ In 2011 some 180,000 new savers joined, so that the number of new savers since 2008 is now some 904,000. In 2010, the rate of coverage of mandatory pensions was 75.9% of the working age population (15-64), which is high compared to the average in OECD countries.

The Division believes that the actual expansion of coverage may be even greater. It may be that workers joined pension savings funds following the mandatory pension expansion order, but their employers offered higher deposit rates than those mandated by the order. Further, although the default set by the extension order obliges an employer to make deposits for his workers in a comprehensive

⁷⁵ Ministry of Finance. 2011. *Annual Report 2010: Pension Savings*. Capital Markets, Insurance and Savings Division, Ministry of Finance, Jerusalem. (Hebrew)

pension fund, employees may choose to make deposits in any other pension scheme, i.e. a provident fund or life insurance. All of these cases are not included in the estimates.

A study carried out by the Bank of Israel on the first year of implementing the mandatory pension arrangement corroborates the rapid increase of entrants to the pension fund between 2007 and 2008. By their estimates, in 2007, some 950,000 employees in Israel, constituting 38% of all employees, did not contribute to pension savings from their wages.⁷⁶ They found that some 51% of the retentive workers who did not save toward a pension in 2007 began saving in 2008, compared with only 18% who did not save in 2006 and began saving in 2007.⁷⁷

They found differences by types of workers: A higher rate of Arab workers in the private sector and workers of small employers tended not to comply with the arrangement, compared with other workers. The main factors affecting their non-compliance were: working for small employers (with less than 50 employees) the worker's wage fell below the tax threshold and unemployment of the spouse.⁷⁸

The enforcement tools of the extension orders for the mandatory pension will be significantly enhanced in June 2012, once the Law for Increased Enforcement of Labour Laws comes into effect. The law ratified in the Knesset in December 2011 was designed to enhance enforcement and increase efficiency by providing for administrative procedures to impose financial sanctions or issue administrative warnings to employers. Procedures for issuing administrative

⁷⁶ In this study, employees were defined as men aged 22-67 and women aged 21-62 who were working as employees for at least 3 months during 2007. Note that the database and method of analysis of the Bank of Israel are different to that of the Capital Markets, Insurance and Savings Division, Ministry of Finance.

⁷⁷ Brender, A. 2011. First Year of the Mandatory Pension Arrangement: Compliance with the Arrangement as an Indication of its Potential Implications for Labour Supply. Bank of Israel, Articles for Discussion Series, 2011.05.

⁷⁸ Ibid.

warnings or imposing financial sanctions require only administrative evidence, not criminal evidence.⁷⁹

While non-compliance with mandatory payments under extension orders is not currently a criminal offense, pension contributions do come under a list of directives, the breach of which will be enforced under the new laws. Thus, employers who fail to comply with the extension orders will be subject to administrative warnings and financial sanctions. The MOITAL Regulation and Enforcement Administration has begun to train designated enforcement personnel to enforce the extension order with respect to pension rights. For more on the Law for Increased Enforcement of Labour Laws and the system of labour laws enforcement see Chapter 1.

Steps are also being taken to increase public awareness to the mandatory pension scheme. The changes in the mandatory pension arrangement have been publicized in the media for the benefit of both the general public and the employers. In addition, as part of a joint project with the National Insurance Institute (NII), an informative leaflet on mandatory pension is appended to the National Insurance Contributions account book, which is distributed to all employers. Further, at the beginning of 2012, employers of domestic workers were sent a leaflet on pension insurance arrangements. These steps are in addition to ongoing public information activities by the Director of Labour Relations Division at the Ministry.

There are two other pension developments that we note:

1. The pension conditions of cleaning and security workers in the public sector who are employed by temporary work agencies (TWAs) in the private sector have been equalized to the pension conditions of workers directly employed.⁸⁰

⁷⁹ For more details on the Law for Increased Enforcement of Labour Laws, see Chapter 1.

⁸⁰ For more on the agreements regarding employment conditions of TWA workers see Chapter 1.

2. A gradual rise in the retirement age for women was meant to have gone into effect in 2012, but the Knesset postponed its implementation for 5 years. Under Amendment 3 to the Retirement Age Law of 2011, ratified in the Knesset in December 2011, the retirement age for women, which is currently 62, will be gradually raised starting in 2017, and will be set at 64 in 2020. The retirement age for men was gradually raised up to 2009 and is currently set at 67.

Chapter 11: Reforming the Tax Credit System for Pension Savings in Favour of Low-income Workers

Recommendation 11

Abolish favourable fiscal treatment of what is now mandatory pension saving, reduce tax credits towards voluntary private pension saving, and use the funds to introduce a non-wasteable pension credit for low-income workers.



The government considers it important to simplify the law defining the tax deductions for pension plans. In addition, the government is considering how the benefits from the deductions are distributed.

In February 2011, the Minister of Finance appointed a committee chaired by the Director General of the Ministry of Finance (MOF) to examine ways to address these issues.

The options proposed by the committee, as well as by other bodies, are currently under review by the MOF. The Knesset is holding hearings on this issue. The recommendations of the committee have been submitted and a number of options for reform were developed.

Another direction for pension reform promoted by the MOF is to address the mismatch between the investment mix and the characteristics of savers. This reform follows Government Resolution 4323 of December 2008 that charged the Commissioner of the Capital Market, Insurance and Savings in the MOF with taking action to introduce "life cycle portfolio adjustment".

Until now, most savings were managed through universal plans, such that the investments of elderly savers were managed together with monies of younger savers, without taking the differences in their characteristics into account. The "life cycle portfolio adjustment" that is promoted in the framework of the reform, will allow for matching the pensions savings to the characteristics and age of the saver. The guiding principle is to reduce the risk to the savers'

investments file as their age increases, particularly as they approach the age of retirement. At the same time, the savers would retain the right to choose how their savings are managed. The model will be implemented gradually as of 2014 and up to 2019, pending Knesset approval.

Under this model, each company that offers pension savings plans will be able to choose one of the two following approaches to providing a default plan for savers:

1. Establishing tracks for current pension recipients, savers over age 60 and 3 or more tracks for savers under age 60
2. Establishing a track for current pension recipients and a number of tracks for different age groups for future recipients

In addition, for future pension recipients, there will still be other specialized tracks available that they may choose.

Chapter 12: Ensuring More Pro-active Policies for Reducing Disability Take-up and for Utilisation of the Work Capacity of People with Disabilities

Recommendation 12

Ensure that policies are more pro-active in preventing disability take-up and ensure that existing disability policy has a greater focus on the use of existing work capacity of disabled clients.



The integration of those with disabilities into society and the economy has received considerable attention in government policy in recent years. One milestone was the government's adoption of the recommendations of the Laron Committee (The Public Committee for Disabled Persons' Affairs and the Promotion of their Integration into the Community), which led to some important steps since 2009.

Further evidence of the interest generated by the topic is the activity of employer organizations, such as the Israeli Employers Forum for the Employment of People with Disabilities initiated by the Administration for the Integration of People with Disabilities in the Labour Market and the Israeli Forum for Diversity Hiring. In 2011 the Inter-Sectoral Partnership to Promote the Employment of People with Disabilities was launched.

This interest reflects in part the relatively low rates of employment among those with disabilities. An analysis of the 2010 Social Survey of the Central Bureau of Statistics (CBS) conducted by the Administration in the Ministry of Industry, Trade and Labour (MOITAL) found that:

1. The number of people with disabilities is some 785,000, constituting 19.3% of the 20-64 age group of Israel's population
2. Out of the total number of people with disabilities, the proportion of people with severe disabilities is some 43%

3. The employment rate of people with disabilities was 48% in 2010 whereas among the general population aged 20-64, it was 74%
4. The employment rate is some 32% among the very disabled and some 55% among the more moderately disabled
5. The unemployment rate of people with disabilities is some 13.3%.

Furthermore, Israel has more than 210,000 people with disabilities of working age who are eligible for a general disability pension. The employment rate of those eligible for pension is some 10%, only half of whom earn more than half the average national wage.

Table 15: Rates of Employment, Non-Employment and Non-Participation in the Labour Market of People with Disabilities, Ages 20-64 in 2010, by Severity of Disability

	People with Disabilities (Total)	Very Limiting Disability	Moderately Limiting Disability	No Disability
Total (Thousands)	785	269	437	2,804
Employment rate	48.1	31.8	54.8	74.1
Unemployment rate	13.3	17.9	12.1	5.4
Rate of non-participation in labour market	44.5	61.3	37.7	21.7
Average monthly gross wage (NIS)	6,361	4,950	6,576	8,201

Source: Special analysis of the MOITAL Research and Economics Administration of the CBS Social Survey.

The developments in recent years in policies and programmes to promote the employment of people with disabilities are described below. Some of the steps relate to a single government ministry; others relate to several ministries. This is due to the division within the rehabilitation system for people with disabilities which includes several departments of the MOITAL, the National Insurance Institute (NII), several departments of Ministry of Social Affairs and Social Services (MOLSA) and the Ministry of Justice (MOJ). Inter-agency and inter-sectoral developments are presented first, followed by the activities of the different relevant ministries.

1. Inter-Agency and Inter-sectoral Activity

There have been six important developments in inter-agency and inter-sectoral activities:

1. ***Establishing the government committee for the implementation of the recommendations of the Laron Committee, in 2008.*** Members of the committee for the implementation of the recommendations, headed by the MOLSA director-general, include the NII, the Ministry of Health (MOH), the MOITAL, the Ministry of Education (MOE), the Ministry of Finance (MOF), the Organization for the Rights of People with Disabilities (NGO) and the Commission for Equal Rights of Persons with Disabilities in the MOJ (MOJ). The committee serves as a framework for the ongoing monitoring of the progress of the implementation of the Laron recommendations and the coordination between the various agencies.
2. ***Establishing the Inter-Sectoral Partnership to Promote the Employment of People with Disabilities, in 2010.*** The goal is to increase the rate of employment and its diversity and quality. To this end, the taskforce sought to reduce barriers among employers, and change the attitudes of the general public, employers, and people with disabilities about the feasibility of their integrating into the labour market.

The taskforce was established at the initiative of Mr. Raanan Dinur, a former director-general of the Prime Minister's Office, and brought together government representatives, the Manufacturers Association of Israel, the Labour Federation, organizations of people with disabilities and JDC-Israel, that serves as the coordinator.

The taskforce set up inter-sectoral work teams that drafted recommendations to advance these goals. The work of the teams was based on a series of background papers surveying global and Israeli experience of different strategies to promote the employment of people with disabilities prepared by the Myers-JDC-Brookdale Institute (MJB). The work of the

teams and background material were published in a book at the end of 2011.⁸¹

3. ***Establishing the Israeli Forum for Diversity Hiring, in 2010.*** The forum was established by a number of organisations from the public, business and voluntary sectors. Its purpose is to promote diversity in hiring among employers and provide them with tools and information on the financial benefits and social importance of diversity in hiring.
4. ***Government Resolution 4193 on Raising Participation Rate in the Labour Market and the Employment Rate of January 2012.*** This broader resolution included a series of steps to promote the employment of people with disabilities. These include: Allocating 300 additional positions for National and Civic Voluntary Service for people with disabilities; establishing employment centres specifically tailored to them; subsidising the employment of people with disabilities; allocating designated positions for people with disabilities in the Civil Service; promoting programmes for youth to prepare them for employment; ensuring a continuum of services from sheltered employment to supported employment in the open market. These developments will be further elaborated on below, in the section on ministerial responsibilities.
5. ***Inclusion of People with disabilities in the Public Sector.*** In 2010, the Administration for the Integration of People with Disabilities into the Labour Market in MOITAL, the MOLSA and MOH launched a government programme to include people with disabilities in government ministries. As part of the programme a unique model was developed by which the government purchases services from an agency that is required to provide the services using only people with disabilities. The agency provides them with all the necessary support they need in order to fulfil their role in the government. As part of the programme, the government Purchasing Operations Division published a tender for suppliers of services who specialize in providing employment-supportive services to people with disabilities and their employers among those with disabilities. The

⁸¹ The Inter-Sectoral Partnership to Promote the Employment of People with Disabilities: the Inter-Sector Planning Process.

tender was designed to enable every ministry to purchase the services it required for its ongoing work from agencies winning the tender who specialize in providing employment-supportive services to people with disabilities and their employers. The service is performed by people with disabilities with the professional support and training of the agencies. The tender also makes it possible to regularise the work of people with disabilities; prior to its publication, they were employed as service providers on a temporary basis and under inadequate conditions.

The main goals of the programme are to increase the number of people with disabilities employed in government related work and to create a variety of new roles for their employment in the public sector. In addition, this is another component of the effort to promote the openness of the public sector to hiring people with disabilities by providing wider exposure to the capabilities of people with disabilities. There would also be wider exposure of purchasers of services, such as government employees, to the activities carried out by people with disabilities.

In January-November 2011, some 120 people with disabilities began employment within the framework of the tender and about another 30 are in advanced stages of job placement. Some 80% of those placed earn more than the minimum wage.

Note that in February 2012, Government Resolution 4268 stated that the government would support a private bill to amend the Mandatory Tenders Law (Amendment – Encourage the Employment of People with Disabilities) such that preference is given in government tenders to service providers who employ people with disabilities. The furtherance of this legislation will be carried out in cooperation with the relevant government ministries.

In addition, there are efforts to directly include people with disabilities in government service where they comprise 2.5% of employees. According to Government Resolution 4193 of January 2012, 45 Civil Service jobs were to be designated in 2012-2013 for people with disabilities. The Civil Service Commission (CSC) and the Commission for Equal Rights of Persons with Disabilities at the MOJ are to report to the government annually on the inclusion of people with disabilities in various government ministries.

- 6. Amendment to the Equal Rights for People with Disabilities Law.** In 2010, the employment chapter in the Equal Rights for People with Disabilities Law of 1998 was amended, making the burden of proof on employers to show non-discrimination against workers with disabilities, more rigorous.⁸²

2. The National Insurance Institute (NII)

Part of the implementation of the Laron Committee was Amendment 109 to the National Insurance Law (the Laron Law), which went into effect in August 2009, introducing significant change in the incentives for employment of people with disabilities. The amendment was designed to improve the conditions and quality of life of disability pension recipients who enter the labour market. This in turn will serve to enable them to integrate more fully into society and affect attitudes and stereotypes. The main change introduced by the amendment was to ensure that the overall sum they receive from both their work and pensions would always be higher than the sum of their pensions alone.

The initiation of the law was accompanied by a broad public information campaign through the media, the internet etc. There was an increase in utilisation from 1,540 disability recipients who took advantage of the new options under the amendment in 2010 to some 3,490 in 2011.

Nonetheless, the results have been disappointing. Accordingly, the NII is adopting additional measures to encourage participation such as sending letters to insurees explaining the provisions of the law and the opportunity to improve their income and integrate into employment.

The implementation of the law has been accompanied by a comprehensive study commissioned by the NII and conducted by MJB. In its first stage, a national survey was conducted between July 2009 and March 2010 of a representative sample of those with disabilities in Israel that were identified in a national pre-

⁸² Clause 9(c) of the Equal Opportunities Law, added in Amendment no. 15 on 7.7.10. This clause pertains to the Equal Rights Law based on Clause 13 of the Equal Rights for People with Disabilities Law, as amended above.

screen survey. The survey relates to the employment situation of people with disabilities prior to the law, as a baseline. Moreover, it examines for the first time, the barriers to employment and the assistance required to integrate the non-working disabled into employment. A summary report of the survey will soon be published.

In order to further understand the response, focus groups are being held with non-working disability recipients, as well as in-depth interviews with recipients who are availing themselves of the option and going out to work. A summary report will be completed in the coming months.

Note that while the number of pension recipients showed rapid growth over the years, the trend has slowed down latterly. The average annual increase in pension recipients dropped from some 4.5% in 2006-2008 to some 3.0% in 2009-2011, as shown in table 16. This rate is still higher than the natural rate of growth of the population aged 18-64 of 1.9%, and of the population aged 55-64 of 2.3%.

The level of disability pension as a percentage of the average wage remained stable in 2006-2011, at some 32.5%. The annual rate of increase in total disability payments of the pension component declined from 5.0% in 2006-2008 to 3.5% since 2009.

Table 16: Number of Recipients of a General Disability Pension (Monthly Average) and Rate of Change from Year to Year, 2006-2011

Year	Absolute Number	Rate of Annual Change
2006	178,263	4.3
2007	187,525	5.2
2008	194,988	4.0
2009	200,072	2.6
2010	207,174	3.5
2011	212,951	2.8

Source: NII

Another step to encourage the employment of people with disabilities is the establishment of one-stop employment centres designed specifically for this population. The decision to establish the first such centre was included in

Government Resolution 4193 of January 2012. The operation of the centre will be outsourced through a competitive bid. According to this resolution, the first centre is to start functioning in 2013 whereas tenders for the implementation of two more centres are to be issued in 2013-2014.

The employment centre is to adopt a job-first strategy while giving consideration to the client's employment potential and preferences. This is based on the assumption that employment itself is a major rehabilitation tool and that suitable support in the workplace can optimize the achievement of both rehabilitation and employment goals.

The centres are inter-ministerial and include as partners: the NII, the MOLSA, the MOITAL, the MOH and the MOF. The centre will make available all the employment services pertinent to people with disabilities under one roof.

The NII also promotes the employment of the disabled through its Rehabilitation Division. The Division provides vocational rehabilitation oriented towards inclusion of people with disabilities in the open labour market.

The number completing rehabilitation rose in 2006-2009 from some 11,200 to some 13,200 and in 2010, grew to some 14,000 before dropping to some 12,000 in 2011. Rehabilitants completing treatment made up some 6.2% of all disability-pension recipients in 2006. Their rate rose to 6.7% in 2010 and dropped to 5.7% in 2011.

3. Ministry of Industry, Trade and Labour (MOITAL)

MOITAL activities encouraging the employment of people with disabilities are carried out through the Administration for the Integration of People with Disabilities into the Labour Market (hence the Administration). It was established in 2005 and has significantly expanded its activities in the past three years. Firstly, the goals set by the Administration for 2020 are presented followed by the main developments in the Administration's work in recent years.

3.1 Goals of the Administration

In 2010, a number of goals were set for the Administration for 2020:

- 1. Raising the employment rate from 48% to 55%**

2. Increasing the rate of employed recipients of disability pension from 7% to 13%
3. Doubling the employers of people with disabilities from the current 7,500 to 15,000
4. Moving some 4,000 workers with disabilities from sheltered enterprises to the open market
5. Raising the self-employment rate of people with disabilities to 20%
6. Adding about 1,000 quality jobs for people with disabilities
7. Increasing activity to raise public awareness, especially among employers, about employing people with disabilities, its importance and advantages.

3.2 Main Developments in the Administration's Work in Recent Years

The Administration has intensified its efforts in a number of directions in the past three years as described below.

State Participation in Financing Workplace Adjustments for People with Disabilities

The Regulations governing participation in the finance of workplace adjustments, formulated in 2006, make it possible for a present or future employer of people with disabilities to apply to the Administration for partial financing of the adjustments to the workspace environment (including access and special equipment). This assistance reduces the cost to the employer of hiring a person with disabilities with the goal of bringing them in line with those of a non-disabled employee.

The implementation process of the regulations was accompanied by a Steering Committee, which comprised representatives of the Administration, the MOLSA, the MOH, the NII, the management company (dealing with technical aspects of handling employer requests and payments), academia, and experts on the subject.

The utilisation of this assistance has been increased. In 2011, 106 requests were approved for 129 adjustments in the workplace compared with 26 requests for 30

adjustments in 2009. The cost of state participation in the adjustments rose from NIS 360,000 in 2009 to some 3.2 million in 2011.⁸³

Employment Track for People with Disabilities

The General Employment Track Programme to encourage populations with low rates of employment to join the labour market was initiated in 2009 and is implemented by the MOITAL Investment Centre. It provides employment subsidies to hire disadvantaged populations. It participates in the costs of an employee's wages for 30 months. The employer is compensated at different times over the 30 months and funds are allocated to employers based on a competition.

At the end of 2010, the Administration and the Investment Centre changed the general-employment track to render it more flexible and adapt it to employers interested in hiring people with disabilities.

The employment track compliments the other programmes over the Administration. Thus, employers that are receiving subsidies under the Employment Track are also eligible for State participation in financing workplace adjustments. In 2011, 28 requests were approved for the employment of 155 workers with disabilities at a cost of NIS 5.5 million.⁸⁴

Upgrading the Quality of Employment for People with Disabilities

Employees with disabilities are often hired for jobs below their qualifications and abilities. Similarly, advancement opportunities are usually limited. In recent years there are growing efforts to strengthen the employment related support for people with disabilities.

As part of this trend, the Administration launched a programme in 2010 for the "Upgrading the Quality of Employment for People with Disabilities" with the goal of enhancing the nature of their jobs.

⁸³ Some of the requests were for adjustments for more than one employee. The division by year was done prior to the submission of requests.

⁸⁴ The financial cost relates to the future allocation for 30 months.

The programme includes two strategies:

1. **Prior to starting work:** Preparing a plan to integrate the person with disabilities in the best possible way with attention to their preferences and to the needs of the employers. This includes attention to any necessary adjustments to the workspace and special support in the early months.
2. **Onsite training:** Assistance in upgrading the jobs of those with disabilities over time.

The programme has already been implemented with 7 employers and for some 90 employees with disabilities. An additional 14 employers are in various stages of entering the process.

Adjusting the Minimum Wage for an Employee with Disabilities with a Lower Level of Productivity

The adjusted minimum wage (wage adjusted to an employee with disabilities with a lower level of productivity), went into effect in August 2007 and makes it possible for an employee with disabilities to receive a salary that is below the minimum wage that reflects his actual productivity. The adjustment is determined by an assessment of the worker's potential productivity compared with that of a non-disabled worker in a similar position.

The Administration processes the assessments to authorize the payment of an adjusted minimum wage and carries out the assessments to determine the appropriate wage level. In 2011, 880 assessments were carried out compared with 855 in 2009.

3.3 Activities that are in the Planning Stages or in the Process of Approval

There are a number of programmes in development.

Support Centre for Employers

There is a plan to establish support centres for employers of people with disabilities. The centres would house under one roof all forms of assistance offered by the Administration for the inclusion of people with disabilities in the labour market and refer to any other available resources.

The centres are to provide information, assistance in completing request forms for grants, professional advice, and long-term support through the implementation of a structured programme adapted to a business by a professional accounts manager.

A tender for the selection of organisations to establish the 3 centres in different parts of the country is expected to be completed in the coming weeks. Each centre is expected to provide services to some 750 employers per year.

Establishing One-Stop Employment Centres for People with Learning Disabilities

The tender for establishing centres to train and place people with learning disabilities was recently completed. The centres are to offer assistance to college graduates and graduates of vocational training with learning disabilities under one roof. The centres will function in conjunction with some 70 support centres for students with learning disabilities in the institutions of higher education.

Promoting Legislation on Transitional Employment

The Transitional Employment Programme is designed to serve as an interim stage between sheltered employment or non-employment into employment in the open market. During this transitional phase, the participant is in supported employment in the open market, although no formal employer-employee relationship has been formed.

Transitional employment programmes are implemented in the open market are accompanied by a rehabilitation organization which supports the participant in the process. At the end of the transition period, it is decided with the participant as to whether to continue to pursue employment in the open market or to integrate into a sheltered employment framework.

The Administration takes steps to regulate the field of transitional employment in collaboration with the MOLSA and the MOH. To this end, an inter-ministerial committee has functioned since November 2010. It conducted a survey of all existing transitional programmes in Israel. Based on the survey findings, the committee recommended a legislative framework for the implementation and regulation of transitional employment.

The principles of the legislation were distributed for comment to relevant parties in December 2011 and a draft of the law is being prepared by the legal department of the MOITAL.

Programme to Raise Children's Awareness of People with Disabilities

The Administration and the 'Beit Issie Shapiro' Organization are developing a programme to impact on children's attitudes towards people with disabilities and their employment. The programme is based on the belief that by instilling in children attitudes of tolerance and solidarity towards the other, the next generation will be influenced to feel committed to and responsible for the inclusion of the other in society, particularly in the labour market.

A pilot is currently being finalized to implement the programme, (a four-session workshop) in 30 primary school classes. It will later be adopted for older youth.

4. The Commission for Equal Rights of People with Disabilities

The Commission for Equal Rights of People with Disabilities was established in 2000 in the MOJ. The Commission endeavours to prevent discrimination and promote the integration of people with disabilities into Israeli society as citizens with equal rights and obligations in a variety of areas including employment, housing, education, rehabilitation, social security, culture and leisure, and access to public places and services. Sometimes, in order to achieve these goals, the Commission forges partnerships with relevant bodies in all sectors – central government, local authorities, and the private and voluntary sectors. The Commission is also involved in all the inter-ministerial activities described above.

Developments in the Commission's activities with regard to employment include the following:

- 1. *Promoting the employment of people with disabilities in the Civil Service.***
According to Government Resolution 1073 of November 2003, all government ministries must appoint an 'Equality Officer' whose job is to promote the principles of equality and integration and endeavour to prevent discrimination in employment and implement the principles of affirmative action. The Commission monitors the implementation of the resolution by

the government ministries, maintains direct contact with the Equality Officers and holds training and regular updates with them.

Further, in July 2011, the Commission issued a pamphlet on employment rights for Civil Servants, which was sent to all Civil Servants with their monthly payslip. Among the rights listed were affirmative action for people with severe disabilities and the right of all employees with disabilities, even if they are not severe, to have adjustments made for them at work and in the selection processes, such as exams and tenders.

In addition, the Commission is advocating a report by the CSC and the CBS on the rate of people with disabilities employed in the Civil Service. This report is currently being drafted.

- 2. *Affirmative action in Government tenders pilot.*** As part of the implementation of the Laron Report on promoting the employment of people with disabilities, the Procurement Division in the MOF initiated a pilot to encourage affirmative action in government tenders for service providers, who employ people with disabilities. The pilot is administered by the Equal Rights Commission in the MOJ, and implemented also in the MOITAL, MOLSA and MOH, with each ministry issuing at least one tender. Once the tender stage is over, the processes and outcomes will be analysed, and the intention is to recommend an amendment to the Mandatory Tenders Law, as noted above (Government Resolution 4268).
- 3. *Promoting a bill on the rights of people in sheltered rehabilitation employment frameworks.*** This bill is intended to protect the rights of people with disabilities employed in sheltered frameworks and to redefine the process required for opening and implementing this type of framework. The proposed bill is based on the view that the goal of these frameworks should be to develop occupational, interpersonal and social skills that will enable the individual to gradually advance toward integration into the open market. The bill has been circulated for comments among government ministries and other relevant parties.
- 4. *Addressing public complaints on employment.*** Employment related complaints account for a large portion of the complaints submitted to the Commission's Legal Unit for Public Complaints. In 2011, their relative number was nearly doubled, compared to the previous year – 210 complaints on employment were received (of 612 complaints in all, on

discrimination and various rights), compared to 115 the previous year. In some cases, the Commission advised the workers as to how they could realise their rights in their place of work and in other cases, it gave advice on affirmative action and provided information on the rights of workers with disabilities.

- 5. *Opinions Presented to the State Attorney's Office in the Area of Employment.*** The Commission is involved in formulating the position of the State Attorney in suits and petitions brought against government ministries that have to do with the rights of people with disabilities. The Commission presents the interpretation that, in its view, guarantees equal rights, affirmative action, right to accessibility, right to integration into the community, etc. Occasionally, the Commission is also asked to submit an opinion to the labour courts in cases between workers and private employers. Of the 17 opinions submitted by the Commission in 2011, eight were on the subject of employment.

5. The Ministry of Social Affairs and Social Services – MOLSA

The MOLSA is responsible for the social welfare of a wide range of populations, among them, people with disabilities are an important group.

An important focus is on rehabilitation and employment. Some only require assistance in accessing employment opportunities. Others require a more sheltered framework on a long-term basis. Between these two poles, there is a broad range of options for the rehabilitation of employment abilities.

MOLSA strives to realise the economic employment potential and aspirations of people with disabilities. In recent years, the ministry has taken steps on a number of levels to strengthen its contribution to the inclusion of people with disabilities in employment.

An important step was the establishment of a new service in the Rehabilitation Division – the Employment Rehabilitation Service. This unit is responsible for the full range of programmes to promote employment and vocational rehabilitation.

Another important step was the strengthening of the continuum of employment programmes. The continuum begins with transitional programmes for youth from school to the world of work and continues with supported work in the open market and sheltered work for those unable to integrate into the open market. The realisation of this principle has several main components:

1. **'School-to-work' Transition programmes:** There is a new comprehensive initiative to plan and implement programmes to assist in the transition from school to adult life. In developing these programmes, consideration is taken of the needs and wishes of the individual and the perspective of the family. The programme is not only focused on employment and career development, but also addresses the wider range of dimensions of adult life. The programme emphasises the need to expose the youth to a range of options and to develop their ability to make choices as an important dimension of their becoming more independent.

A pilot has been completed and some 500 youth are currently participating. It is to be expanded broadly to youth with disabilities under Government Resolution 4193 of January 2012.

The programme is implemented in cooperation with the MOE.

2. **National Civic Voluntary Inclusion Service Programme:** As noted previously, according to Government Resolution 4193 of January 2012, 300 National Civic Service positions are to be allocated to people with disabilities over the period 2012-2014 - 100 positions per year. The programme is in cooperation with the NII, the Administration for National Civic Service (NCS), and MOLSA. The programme includes special preparation of those with disabilities to be able to fully participate and provides ongoing support during their service.
3. **'Shiluv Menatze'ah' (Winning Combination) for the Inclusion of Youth with Disabilities in Military Service:** There is interest in further developing the options of army service for those with disabilities which can also contribute to their inclusion in employment and society. The 'Shiluv Menatze'ah' Programme has been functioning since 2010 (following a pilot in 2008) and provides a package of support and preparation for such youth prior to enlistment, in the course of their service and at discharge. Some 105 young adults are participating, in 5 groups and 2 additional groups are soon to be added.

- 4. *Centres for Vocational-Employment Advancement (rehabilitation centres):*** The MOLSA has developed over the years, a network of some 16 centres that deal with vocational rehabilitation of those with disabilities. The centres focus on developing employability which includes a process of: diagnosis, soft skills, vocational training, and supplementary education. They currently serve some 4,000 participants per year. There is now a plan to strengthen the focus on vocational training in areas that are in demand and thus to facilitate higher-quality placements. The training is provided both prior to placement and on the job. To expand these opportunities, existing training programmes will be adapted to include participants with disabilities.
- 5. *Supported Work Programme:*** In recent years, the MOLSA has made several attempts to create more effective models of supported employment. On the basis of these trials, it has developed an improved model of supported work. The principles include greater involvement of people with disabilities in determining their employment directions, flexible levels of preparation for going out to work, support in the course of their work, and special support for upgrading their work. The new model is to be implemented at the end of 2012.

Examples of efforts to enrich and vary the opportunities of supported work include:

- a.** A project to recycle electronic equipment in cooperation with the Ministry of Environmental Protection with the goal of developing an additional track for employing people with disabilities in the open market; about 50 people participate in the project.
- b.** Models for the employment of the blind, the deaf and the hard of hearing in frameworks that operate a café, a theatre and so forth. These frameworks currently employ some 200 people with disabilities.
- c.** Implementing a pilot to integrate the blind into the public information service of MOLSA. As of now there are 10 participants in the pilot.

The recommendations of the Laron Committee also had implications for activities of the MOLSA. The MOLSA was allocated a NIS 10 million

annual budget for the development of supported work of which some NIS 7 million is slated for the Division of Rehabilitation of the physically disabled. The Division of Rehabilitation is planning to provide supported work annually for 250 people with sensory impairment, 100 people with physical disabilities, and 100 people with complex learning disabilities. NIS 3 million has also been allocated for the Division for Intellectual and Developmental Disabilities.

- 6. *Sheltered Workshops:*** The MOLSA has been operating a network of sheltered workshops for years while making an ongoing effort to improve their quality. Today, the Division of Rehabilitation is promoting a more basic reform designed to maximize an individual's earning potential and encourage them to seek work in the open market. The reform is pending final approval by the MOLSA and government. As a basis for developing the reform there have been a number of pilots to implement innovative models in agriculture, industry, tourism and crafts.

6. Ministry of Health (MOH)

The Mental Health Services at the MOH strive to promote the employment of people suffering from mental illness. This work has been expanded in recent years.

- 1.** In 2009 a decision was taken to limit the number of sheltered employment frameworks and develop alternative models of employment in the open market, including the conception of a "virtual sheltered framework" that supports employment in regular frameworks.
- 2.** Initiating projects to improve education at all levels from completing elementary schooling to support through college studies. Tenders for the implementation of these projects have already been issued and the process of support through higher education is under way at 6 universities.
- 3.** Expanding access to vocational courses through focused efforts to include persons suffering from mental illness in general courses. The project is being implemented in conjunction with JDC-TEVET, the MOITAL and other agencies. Some 500 people have already been included in vocational courses in the framework of the project.

4. Cooperating in projects with other services for people with disabilities. Efforts are under way in conjunction with the MOITAL and the MOLSA to include persons with mental illness in projects and frameworks serving also other groups of people with disabilities.
5. Increasing the receptiveness of the labour market to, and broadening the supply of workplaces for, people suffering from mental illness by dealing with stigma and prejudice. A unique initiative is the employment of those suffering from mental illness in the rehabilitation services themselves. There have already been some 150 participants and the intent is to expand the number to 400-500 in the course of 2012.

As part of this initiative, it has been decided to introduce a requirement that in all government-financed rehabilitation services, 10% of the employees should be persons suffering from mental illness. The programme is being implemented in conjunction with JDC-TEVET. This could potentially yield 4,000 jobs annually.

6. Encouraging entrepreneurship among persons suffering from mental illness (in cooperation with the NII and JDC-TEVET.) This programme has been functioning for 5 years and has trained some 150 participants. It is now entering a new phase with its inclusion in the Small and Medium Business Agency at the MOITAL, and the preparation of a new syllabus specially adapted to training entrepreneurs among the population suffering from mental illness.
7. Inclusion of the Mental Health Services in the employment centres that are planned for people with disabilities.

Chapter 13: Setting Criteria for Recruitment of Foreign Workers and Revoking the Permits of Employers who Violate Minimum Employment Conditions

Recommendation 13

Rigorously enforce internal labour markets test and other relevant criteria before allowing employers to recruit workers from overseas. Reject authorisation of employers who violate minimum employment conditions for foreign workers and/or who refuse to hire available Israeli workers at minimum wage level.



Israel places importance on reducing the number of foreign workers in most sectors and is taking steps to gradually reduce the quotas for employing foreign workers in these areas. Ensuring minimum employment conditions for foreign workers is now the focus of Israel's enforcement efforts. Revoking the permits of employers who violate these conditions is one of the tools used to achieve this. The following provides details of the main developments in these areas.

1. Labour Market Tests for the Need for Foreign Workers

Foreign workers are engaged to work in Israel mostly in the agriculture, construction and personal care sectors. With regard to agriculture and construction, the government sets quotas for recruiting foreign workers depending on market needs, mostly in coordination with the employers' organizations. In the care sector, the recruitment of foreign workers is based on defined criteria, and the government does not set quotas.

Receiving a permit to recruit foreign workers to Israel does not involve an internal labour market test, except in some specialized areas such as "ethnic" chefs in the catering sector. In these areas, the job must be advertised through the media and the Public Employment Service for at least 30 days.

Regarding Palestinian workers, an inter-ministerial committee was established in 2011 to rationalise the allocation of quotas among various economic branches employed in Israel. The committees' decisions are facilitating more efficient processes and better coordination between the needs of the employers and the supply of workers.

Note, however, that steps that reduce the profitability of unnecessary recruiting of foreign workers, through tools such as bilateral agreements (see Chapter 15), that prevent surplus rent-taking by intermediary agencies and targeted taxes for employers of foreign workers, significantly strengthen the correlation between market needs and the extent of foreign worker recruitment.

In recent years there have been a number of developments aimed at reducing the number of foreign workers in various sectors. The efforts to reduce the number of foreign workers in the three key sectors mentioned above are described below in greater detail.

1.1 Agriculture

At the start of 2012, the quota for foreign workers in agriculture was reduced from 27,500 in 2009 to 25,400, as part of the plan to cut back on the number of foreign workers. According to Government Resolution 4408 of March 2012 and commensurate with the agreement with the Farmers' Federation of Israel, the quota for foreign workers in agriculture will be reduced gradually to 18,900 by mid-2015.⁸⁵

In addition, an examination of the feasibility of recruitment of seasonal foreign workers in agriculture is currently underway. The recruitment of seasonal foreign workers is designed to reduce the negative impact of foreign workers on employment of Israelis by reducing the risk of the foreign workers remaining in Israel beyond their prescribed times (see chapter 15 for more details).

⁸⁵ It is important to note that there were prior government resolutions that had set targets for reducing foreign workers in this sector that were not realised and these targets have now been replaced by those in the new resolution.

1.2 Construction

In 2011, the quota for foreign workers in construction was supposed to have been reduced from 8,000 to 5,000. This reduction was postponed by three years under Government Resolution 3453 of July 2011, in accordance with the agreement between the Association of Contractors and Builders and the government, and in light of the efforts to ease the housing crisis in Israel, which has led to a significant spurt in the pace of construction. The resolution states that until July 2014, the quota for foreign construction workers will remain at 8,000 and will then be reduced gradually, so that by 2016, only skilled foreign workers may be employed. The Bank of Israel recently claimed that "*the slowdown in the process of reducing the number of foreign workers is decelerating the entry of Israeli workers into the sector*".⁸⁶

However, in recent years there has been an increase in the number of Israelis working in construction and a decrease in the number of foreign workers in this sector. In 2009-2011, the total number of legal and illegal foreign workers was reduced by some 15.5%, from 36,900 to 31,200, while the number of Israeli workers increased by 13.2%, from 143,600 to 162,500. The number of Palestinian workers increased during this period by some 27.7%, from 27,400 to 35,000.⁸⁷

Recently, an agreement has been signed between the Association of Contractors and Builders and the GFL, to increase the minimum wage for construction workers from NIS 4,437 to 5,000.⁸⁸ This step may help to attract more Israelis to work in construction.

⁸⁶ Bank of Israel, 2012. *Bank of Israel Report 2011*. Bank of Israel, Jerusalem.

⁸⁷ Ibid. The reliability of the employment estimates for non-Israelis is lower than that of Israelis. The data include workers who do and do not report to the National Insurance Institute. The number of Palestinian workers includes those employed in Israeli settlements in Judea and Samaria.

⁸⁸ For more on manpower needs in the construction sector see: Nathan, G. 2012. *Manpower Needs in Construction: Annual Review*. Knesset Research and Information Center, Jerusalem. (Hebrew)

1.3 Care

The care sector does not have a defined quota of foreign workers. The OECD report on Israel's labour market and social policy notes that there is less potential for replacing foreign workers with Israeli workers in this sector, particularly with regard to work that necessitates overnight stays.

There are 43,000 foreign care workers employed by employers that have received permits to employ them in their homes, having proven that they are in need of care or nursing supervision for most of the day and night. Residents of long-term care facilities or other frameworks that provide care services are not allowed to employ a foreign worker. Anyone employing a foreign worker and moving into a long-term care facility must terminate the employment of the worker.

Further, according to Government Resolution 147 of May 2009, only individuals prepared to have the foreign workers overnight in their homes may receive a permit to employ them. Individuals who do not require the worker overnight are informed that they must employ an Israeli.

Beginning in 2010, the Population and Immigration Authority in the Ministry of Interior (MOIN) imposed considerable restrictions on the umbrella organization of private caregiving agencies with regard to the recruitment of new foreign workers. These restrictions are designed to prevent the recruitment of unnecessary workers and to encourage the re-employment of foreign workers already in Israel who have not completed the maximum period of their allowed stay.

Under these restrictions, only private organizations that prove that at least 97% of the foreign workers registered with them are employed lawfully may bring new foreign workers into Israel. Recruitment of new workers will be allowed at a maximum annual rate of 10% of the overall number of foreign workers listed with that organization during the previous year.

In order to encourage the employment of foreign workers already in Israel, the Population and Immigration Authority publishes a monthly list of foreign care workers in Israel who have terminated their engagements and are available for re-employment, which is made available to the care organizations.

2. Revoking the Permits of Employers who Violate Minimal Employment Conditions or Refuse to Hire Available Israeli Workers

In 2012, the Population and Immigration Authority in the MOIN established a department to enhance the process of revoking permits and refusing to re-issue permits for those employers of foreign workers who are in serious breach of the labour laws governing employment conditions. This year, hearings have been initiated to consider revoking the permits of 15 employers and the decisions are expected imminently. For more on the efforts to enforce labour laws among foreign workers see Chapter 1.

As noted, in most of the relevant sectors, a labour market test is not required in order to receive a permit to bring foreign workers into Israel and therefore revoking the permits of employers who refuse to employ available Israeli workers is not relevant.

Chapter 14: Favours Employment of Cross-border Workers over Foreign Workers

Recommendation 14

Favour employment of cross-border workers over foreign workers as far as possible.



Palestinian day workers are employed within Israel's sovereign borders and in Israeli settlements in the West Bank. Those employed in Israel's sovereign territory require by Israeli law a work permit, while the others require only a security permit. The quotas for employment permits are set for each economic sector separately. Regular employment of Palestinians is allowed in agriculture, construction, industry, services and tourism.

There are efforts to reinforce a policy of favouring Palestinian to foreign "overseas" workers. This is reflected mainly in the government resolutions addressing the allocation of quotas for the employment of foreign and Palestinian workers in construction and agriculture, where most of the overlap between the two populations occurs.

The goal is to reduce the rate of non-Israeli workers in general, and where there is a need to increase this rate, to do so as far as possible by increasing the proportion of Palestinian workers.

In construction, the government decided in July 2011 (Resolution 3453) on a gradual decrease in the foreign workers quota from 8,000 to 2,000 by mid-2015. From 2016 only foreign workers with special expertise may be recruited. On the other hand, the government decided in February 2011 (Resolution 2839/106) to increase the number of permits to employ Palestinians in construction – from 15,500 permits to 19,500 permits beginning in 2011. In addition, in July 2012, a ministerial committee decided to further increase the number of permits to 24,500.

In agriculture, the government decided in March 2012 (Resolution 4408) on the gradual reduction of the quota for foreign workers from 25,400 at the beginning of 2012 to 18,900 by mid-2015. At the same time, the government decided in February 2011 (Resolution 2839/106) to increase the number of permits for employing Palestinian workers in agriculture as of 2011 – from 1,750 to 3,000 permits.⁸⁹ These are in addition to the 8,800 seasonal work permits issued to Palestinian workers in agriculture.

Estimates of the actual employment of legal and illegal workers⁹⁰ indicate a small increase in the relative proportion of Palestinians of all non-Israeli workers. According to the Bank of Israel Report, the number of Palestinians employed in Israel's sovereign territory and Israeli settlements in the West Bank increased from 55,700 to 65,900 from 2009 to 2011. During that period, the number of foreign overseas workers increased much more moderately, from about 220,200 to about 222,000.⁹¹ Thus, during this period, the proportion of Palestinian workers among all non-Israeli workers increased from some 20.2% in 2009 to 22.9% in 2011.⁹²

The committee for the regularization, supervision and enforcement regarding the employment of Palestinians and Jordanians in Israel appointed under Government Resolution 1274 of January 2010, came to a similar conclusion. The committee, chaired by Prof. Zvi Eckstein, Deputy Governor of the Bank of Israel, submitted its recommendations in July 2011, declaring that:

"The employment of Palestinian workers in Israeli territories has numerous impacts. From the economic perspective, Palestinian workers, similar to foreign workers, have a negative effect on the employment and wages of unskilled Israeli workers. Expanding the supply of lowly-skilled workers, with a low wage

⁸⁹ The allocation of the additional 1,250 permits allowed by the government resolution was decided on by the Prime Minister in July 2011.

⁹⁰ Not including infiltrators.

⁹¹ The reliability of the employment estimates of non-Israelis is lower than that of Israelis. The data include both workers who report and do not report to the National Insurance Institute.

⁹² Bank of Israel. 2012. *Bank of Israel Report 2011*. Bank of Israel, Jerusalem.

threshold, creates pressure to reduce the wages of similar workers, as well as workers with lesser skills. As a result, the dimensions of poverty and inequality in the incomes of Israelis are growing.

However, compared to foreign workers, there is an advantage to employing Palestinian workers, and their negative impact on Israeli society is smaller. This is because the Palestinians' wage threshold is higher than that of the foreign workers, and they do not require rent payments to intermediary agencies. Besides that, since they do not integrate into Israeli society, but return every day to the territories of the Palestinian Authority, their effect on the character and culture of the civil society is negligible compared to that of the foreign workers.

...It is very important that the government, when setting the overall quota of the number of non-Israeli workers in the Israeli economy (Palestinians and foreign workers), takes into account all the considerations and possible effects of any decision on this matter. The committee's recommendations regarding the favouring of Palestinian workers over foreign workers are also of the utmost importance".⁹³

In this context, two additional recommendations of the committee are currently being addressed:

- 1.** To strengthen supervision of the number of Palestinian workers in Israel by introducing an amendment to the process for regularized registration of Palestinian workers, such that they will also be registered as they leave Israel and not only as they enter.
- 2.** To enhance the ability to ensure the full payment of legal wages by introducing a new process of transferring wages to Palestinian workers which also utilises data from the new system of registration of entry and exit. Ensuring the full payment of legal wages to Palestinian workers will also minimise the impact of their employment on the wages and employment opportunities of Israeli workers.

⁹³ Report of the Committee for Regulation, Supervision and Enforcement in the Employment of Palestinians in Israel, 2011.

Chapter 15: Promoting Bilateral Agreements on Recruitment of Foreign Workers to Reduce Rent-taking by Intermediary Agencies

Recommendation 15

Promote bilateral agreements on labour recruitment to reduce rent-taking by intermediary agencies.



In chapter 13 we referred briefly to the development of bilateral agreements as one of the measures to regulate the utilisation of foreign workers and refer to the efforts to impose quotas in certain sectors. In this chapter we will elaborate on both of these developments.

In recent years, the government of Israel has pursued a policy of recruiting foreign workers through bilateral agreements with preference for agreements conducted through the International Organization for Migration (IOM). Many government resolutions address these issues. They approved efforts, for example, to sign bilateral agreements in the agricultural and construction sectors and to implement a pilot effort in the care sector. The vast majority of foreign workers in Israel are concentrated in these sectors.⁹⁴

The resolutions also stipulate that, as far as possible, in the sectors in which bilateral agreements have been reached, foreign workers will not be brought in from countries that have not signed agreements.

⁹⁴ For further information, see: Nathan, G. 2011. *Non-Israelis in Israel (Foreigners, Foreign Workers, Refugees, Infiltrators and Asylum Seekers): Update, 2010-2011*. Knesset Research and Information Centre, Jerusalem (Hebrew).

Another important recent government resolution (4194 of January 2012) stipulates that importing foreign workers through agreements or bilateral arrangements will require that the workers are only recruited by authorized institutions in their country of origin, in accordance with criteria to be defined by the inter-ministerial team responsible for formulating bilateral agreements. The goal of the resolution is to reduce illegal rent-taking by intermediary agencies from foreign workers brought into Israel.

The bilateral agreements usually provide for a defined process to inform the workers of their rights before they even come to Israel. The emphasis is on the fees that the agencies acting as intermediaries are allowed to collect from them and on their other rights. The workers are given the contact details of the official responsible for the rights of foreign workers at the MOITAL, so that they can report any infringements of their rights.

Beyond the important moral significance of these measures, illegal rent taking creates a significant economic incentive to increase the number of foreign workers in Israel. So it is hoped that reducing these opportunities will also reduce opposition by vested interest groups to future reductions of the quotas of foreign workers.⁹⁵

The developments in bilateral agreements in the agriculture, construction and caregiving sectors are described below in greater detail.

1. Agriculture

At the end of 2011, there were 24,850 foreign agricultural workers in Israel, about 160 of whom were reported by the Population and Migration Authority not to have legal status.⁹⁶ There is a defined quota for foreign workers in agriculture.

⁹⁵ For more details on rent taking, see: Rajzman, R.; Kushnirovich, N. 2012. *Labour Migrant Recruitment Practices in Israel*. The Center for International Migration and Integration (CIMI), Jerusalem.

⁹⁶ In this chapter, workers without legal status are defined as those who enter Israel legally in order to work, and their legal status as of today is not resolved. This definition does not include those who entered Israel under a tourist visa and stayed for employment purposes or as illegal infiltrators.

According to Government Resolution 4408 of March 2012 and an agreement between the Farmers' Federation of Israel and the government, the quota for foreign agricultural workers will be gradually reduced from 25,400 at the start of 2012 to 18,900 in mid-2015, as can be seen in table 17.⁹⁷

Table 17: Quota for Foreign Workers* and the Number of Foreign Workers with Legal Status in the Agriculture Sector, 2009-2015

	Quota	Number of Foreign Workers with Legal Status
2009	27,500	22,730
2010	26,000	22,887
2011	26,000	24,690
1.2012	25,400	
9.2012	24,400	
1.2013	23,000	
1.2014	21,600	
1.2015	20,200	
6.2015	18,900	

Source: Population and Migration Authority

* The quotas were set in the framework of government resolutions: 147 (May 2009) for the years 2009-2010; 2921 (March 2011) for the year 2011; 4408 (March 2012) for the year 2012 and on.

At the end of 2010, the first bilateral agreement on the recruitment of foreign agricultural workers was signed with the Thai government. The agreement stipulates that the workers will be recruited by the Thai government with the assistance of the IOM. The procedures have been finalized in recent months and the agreement is expected to be implemented shortly. Note, however, that the private intermediary agencies in the agricultural sector have appealed to the Supreme Court against the bilateral arrangement. The hearing is pending.

⁹⁷ It is important to note that there were prior government resolutions that had set targets for reducing foreign workers in this sector that were not realised and these targets have now been replaced by those in the new resolution.

The Population and Migration Authority at the MOIN will be responsible for implementation of the agreement. The Centre for International Migration and Integration (CIMI), which was founded by JDC-Israel, will represent the IOM in the process in Israel.

Concomitantly, there is a pilot to bring seasonal agricultural workers to Israel to supplement the permanent workforce at peak periods. The recruitment of seasonal foreign workers is designed to reduce the negative impact of foreign workers on employment of Israelis by reducing the risk of the foreign workers remaining in Israel beyond their prescribed times.

In this context, Government Resolution 2182 of August 2010 defined the terms for promoting a bilateral agreement with the Sri Lankan government to arrange the employment of up to 300 seasonal foreign workers for up to 6 months, in the agricultural sector. The purpose of the agreement is to examine the feasibility of engaging foreign workers and bringing them into Israel on a seasonal basis. Some 300 seasonal workers came to Israel from Sri Lanka in 2010.

A second government resolution (3713 of September 2011) stipulated that the Sri Lankan workers who came to Israel under Resolution 2182 and left at the appointed time, be allowed to return for a further 6 months. The purpose was to further examine the feasibility of employing foreign workers on a seasonal basis. Some 70 workers are now participating in this stage of the pilot. Upon completion of this pilot, in June 2012, there will be an overall assessment of the feasibility of such arrangements.

2. Construction

At the end of 2011, there were some 7,350 foreign construction workers in Israel, about 2,150 of whom were reported by the Population and Migration Authority not to have legal status. There is a defined quota for foreign construction workers, which was set by the government.

According to Government Resolution 3453 of July 2011 and an agreement between the Association of Contractors and Builders and the government, the

quota for foreign construction workers will be reduced from 8,000 to 2,000 in mid-2015. From the start of 2016, it will be permitted to employ workers with special expertise only, as can be seen in table 18.⁹⁸

Table 18: Quota for Foreign Workers* and the Number of Foreign Workers with Legal Status in the Construction Sector, 2009-2016

	Quota	Number of Foreign Workers with Legal Status
2009	9,000	7,443
2010	8,000	6,901
2011	8,000	5,200
2012	8,000	
2013	8,000	
7.2014	5,000	
7.2015	2,000	
2016	Experts only	

Source: Population and Migration Authority

* The quotas were set in the framework of government resolutions: 147 (May 2009) for 2009; 2080 (July 2010) for 2010; 3453 (July 2011) for the year 2011 and on.

The government resolution also stipulated that new foreign workers will be recruited only from countries with bilateral agreements with Israel.

The first bilateral agreement was signed with the Bulgarian government in December 2011. Under the agreement, hundreds of skilled construction workers recruited by the Bulgarian government are expected to arrive shortly and the first 50 workers have already arrived. Discussions about similar agreements are underway with several other governments.

As with the agricultural agreement, the private intermediate agencies appealed against these measures to the administrative court in Jerusalem. The court upheld the agreements with some minor adjustments in May of 2012.

⁹⁸ It is important to note that there were prior government resolutions that had set targets for reducing foreign workers in this sector that were not realised and these targets have now been replaced by those in the new resolution.

3. Care

At the end of 2011, there were some 52,500 foreign caregivers in Israel, who provide 24 hour care on a live-in basis primarily for the dependent elderly but also for younger persons with disabilities or children. About 10,000 of these workers are estimated not to have legal status by the Population and Migration Authority. There are no defined quotas for foreign caregivers. However, one needs to apply to employ a foreign care worker and to establish that there is a need for such a worker (see chapter 13 for more detail).

According to Government Resolution 3453 of July 2011, a pilot programme will be implemented to recruit at least 300 foreign caregivers through bilateral agreements. In order to implement this resolution, discussions are currently being held with the countries from which most of the foreign caregivers in Israel have come, with the goal of reaching a preliminary agreement with at least one country by the end of 2012.

Chapter 16: Adding a Mechanism for Granting Foreign Workers a Permanent Stay Visa

Recommendation 16

Add a mechanism for granting foreign workers permanent stay, as in all OECD countries, either through change of status from temporary to permanent or based on labour market criteria.



There are various procedures that allow foreign nationals to receive residency and even citizenship in Israel. However, foreign workers receive a permit to come to Israel for temporary periods only. Arriving in Israel as a foreign worker does not in and of itself constitute a path leading to residency or citizenship. There is no change in Israel's policy regarding this issue.

Appendix 1: List of Agencies who Assisted in Preparation of Report

Many professionals, from some 18 government agencies and from numerous departments, contributed to the preparation of this report. Due to the large number of contributors, we list below only the participating government agencies and not the specific departments or individuals (in alphabetical order):

Authority for the Economic Development of the Arab, Druze and Circassian Sectors

Bank of Israel

Council for Higher Education

Knesset Research and Information Center

Ministry for Industry, Trade and Labour

Ministry for the Development of the Negev and the Galilee

Ministry of Education

Ministry of Finance

Ministry of Health

Ministry of Immigrant Absorption

Ministry of Justice

Ministry of Social Affairs and Social Services

Ministry of Transport, National Infrastructures and Road Safety

National Insurance Institute of Israel

National Labour Court

Population and Immigration Authority

Prime Minister's Office

The Civil Service Commission

We made extensive use of data from the Central Bureau of Statistics.

We would also like to thank JDC-Israel for their assistance.