

Development of the Negev and Galilee For Jews only?

A proposal for equal development for Jews and Arabs in the Negev and Galilee

Policy Paper

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Policy Paper

Submitted to the government of Israel

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Authors: Nissim Shlam Salman and Roy Folkman (Or Watch Project, Sikkuy Association)

Editor: Shuli Dichter

Advisors: Dr. Rassem Khamaisi, Michal Belikoff, Nada Matta

Linguistic editor: Ayelet Bartal

Graphic editor: Liat Simani

Translation to Arabic: Jalal Hassan

Translation to English: Ira Moskowitz

English language editing: Jessica Bonn, Batya Kallus, Carl Perkal

Or Watch Staff:

Roy Folkman - co-director

Ayman Odeh - co-director

Michal Belikoff - researcher

Nada Matta - researcher

Alexandra Klein-Franke - administrator

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The Association for the Advancement of Civic Equality


רחוב המשוררת רחל 17, בית הכרם, ירושלים 96348, טל. 02-6541225, פקס 02-6541108, 17 Hameshoreret Rachel St., Beit Hakerem, Jerusalem 96348, Tel. 02-6541225, Fax. 02-6541108
ת.ד. 99650, חיפה 31996, טל: 04-8523188, פקס 04-8523065, P.O.B 99650, Haifa 31996, Tel. 04-8523188, Fax. 04-8523065
E-mail: jerusalem@sikkuy.org.il

شارع همشوررت راحيل 17, بيت هكيريم, القدس 96348, تل: 02-6541225, ف: 02-6541108
حيفا 31996, ص.ب 99650, تل: 04-8523188, ف: 04-8523065

www.sikkuy.org.il

www.orwatch.org

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INTRODUCTION

The Objective: Equality between Jews and Arabs

The Galilee Conference 2005, held in Karmiel on June 16, aroused profound concern among those committed to equality for Jews and Arabs in the Galilee. In the conference, the second in an annual event initiated by local government but significantly attended by top national officials, the development of the Galilee was declared as a national goal and as the focus of a concerted effort by the state. State officials also promised at the conference to raise funds for this mission from many sources. Vice Premier Shimon Peres reportedly decided not to attend the conference in protest over the fact that no Arab speaker was scheduled to appear. Indeed, it was most unfitting that not a single Arab speaker attended the conference; yet it appears that an invitation to a lone Arab speaker would only have served as an empty gesture. Today, in 2005, the problem is not the exclusion of Arab speakers at a conference, but rather the exclusion of Arab citizens in the actual development of the Galilee.

The declared goal of the plan to develop the Negev and Galilee is to increase the number of residents in Israel's outlying areas, as (also known as the "periphery") and it is clear to everyone that the plan is intended for Jewish residents.

According to reports published in recent months and preliminary government action, it seems that a drive to develop Jewish communities in the Galilee and Negev can be expected in the coming years. During July, a delegation representing the prime minister is meeting in Washington to discuss financing for the disengagement, of which the development of the Negev and Galilee is considered a part. It must be emphasized to all of the participants in these discussions that this development should be intended for all residents of the Negev and Galilee, Arabs as well as Jews, in an equal manner.

The Or Commission, which was appointed to investigate the events of October 2000 in which thirteen Arab demonstrators were shot to death by police, noted in its conclusions that the discrimination of Arab citizens relative to Jewish citizens was one of the root causes for the stormy demonstrations. The commission's resounding conclusion was that it is essential to "remove the blight of discrimination" from the State of Israel. The Sikkuy non-profit organization took upon itself the task of actively monitoring the implementation of the system-wide conclusions of the Or Commission. As part of this monitoring effort, we have proposed and are promoting a number of practical and egalitarian alternatives to the discriminatory development policy.

Since its establishment, the state has focused on developing Jewish communities and has neglected the Arab communities. Thus, for six decades, an intolerable gap has grown between Jewish and Arab towns in the Negev and Galilee. The new development drive, whose signs are already apparent, will further widen this gap, which constitutes a continual source of conflict between the two communities. This policy is unjust and unworthy of a democracy. It also poses a danger to all of the residents of the Galilee and Negev, Jews and Arabs alike.

The State of Israel is known for its ability to mobilize sources of financing, personnel and organizational resources to drive historic measures. Thus, for example, about one million new citizens were integrated in all of the state's systems during the 1990s. This same kind of high-level and exceptional capability, which mobilizes numerous and varied resources, should be exercised in light of the critical need to achieve equality between Jews and Arabs in Israel.

Today, the central significance of developing the Negev and Galilee is to define the Arab communities in these areas as direct targets for special development in an effort to achieve parity between their infrastructure and that of neighboring Jewish communities. The historic move to develop the Negev and Galilee is an opportunity (perhaps the last one) to attain this goal, and it must not be missed.

This policy paper suggests general directions for a policy of equitable development for Jews and Arabs in the Negev and Galilee, as well as some detailed proposals. It is our hope that it will encourage the authorities to act logically and justly in developing the Negev and Galilee during the coming decade.

Shalom (Shuli) Dichter
Co-Executive Director
Sikkuy

Government policy for developing the Negev and Galilee for Jews only? ¹

“The main goal of the plan is to increase the number of residents in the Negev to 1.5 million, and in the Galilee to 1.1 million, by 2010. The plan’s cost is estimated at NIS 16.8 billion, with most of the budget to come directly from government ministries, a small part from the Finance Ministry (about NIS 2 billion), some from American aid following the disengagement plan, and the rest from the Jewish Agency and donors...

The plan describes 18 projects slated to begin during the coming years in periphery in the areas of education, housing, infrastructure, employment and more...”

Nir Hasson, Haaretz, November 17, 2004

Government policy and declarations by members of the government in recent months indicate that the disengagement plan is expected to provide impetus for development in the Negev and Galilee. Signs of this intention were evident in January 2005 when a ministerial committee² for the development of the Negev and Galilee was established, which assigned a steering committee the task of presenting the outline of a national plan for development by May 2005. (Submission of this plan was later postponed until August.) In addition, the Evacuation-Compensation Law for the evacuation of settlements in the Gaza Strip offers a financial incentive of 90,000 NIS⁴ for evacuated families that choose to move to either of these regions. A government decision from June 19, 2005 promises to provide a discount of up to 40% for the purchase of land rights in the Galilee.³ And complementing these policies, the government’s decisions to build rail links to these areas, to establish a university in Karmiel and to transfer IDF bases to the Negev reflect the prevailing mood in the government vis-à-vis the development of the Negev and Galilee, and provide some indication about the anticipated scope of investment.

¹ Special thanks are extended to Dr. Rassem Khamaisi, a planner and geographer from Haifa University and the Floersheimer Institute, for the abundance of information, comments, corrections and practical proposals for development. We are grateful to Michal Belikoff for the data and comments.

² The chairman of the committee is MK Shimon Peres.

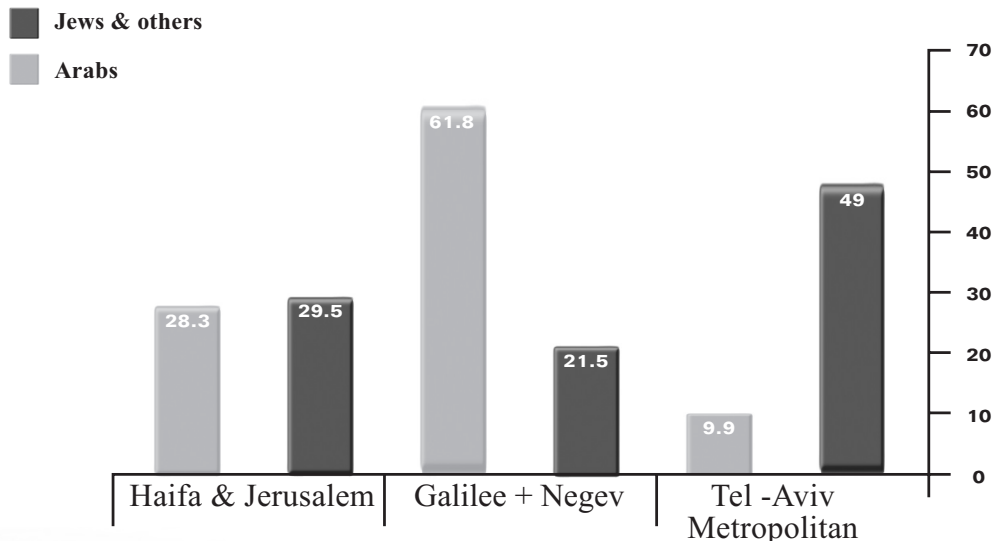
³ Haaretz, June 20, 2005, By Moti Bassok

⁴ \$1=4.5NIS (07/05)

The link between disengagement and development of the Negev and Galilee was most clearly expressed by Vice Premier Shimon Peres during a visit to the United States in April 2005. He spoke in favor of using part of the disengagement funding provided by the U.S. to promote development goals in these areas. Peres' words received an official stamp of approval during the same visit, when President Bush said he recognizes the importance of the need to create new opportunities in the Negev and Galilee. This statement constitutes a very significant endorsement of the plan's validity. As of now, it seems that some \$250 million will be allocated for the plan to develop the Negev and Galilee, with about a third of this money to come from the American grant for the disengagement. This sum will be supplemented by international financing that Minister Peres has mobilized.

All of the above indicates that during the coming months the steering committee for the development of the Negev and Galilee will accelerate its pace of operation. However, every indication is that the plans for developing the Negev and Galilee only include new Jewish residents and existing Jewish communities, and do not include the Arab communities.

Diagram 1: Percentage of population distribution (%) by region and group 2003



Source: Central Bureau of Statistics, Statistical Abstract of Israel, 2004

The Negev and Galilee comprise about 66% of Israel's territory(see map at the end of the paper). As of 2003, there were 2.05 million people living in the Galilee and Negev, including 701,000 Arab residents, who accounted for about 34% of the population in these regions (52% of the population in the Galilee, including the Safed, Kinneret, Acre and Jezreel districts, and 14% of the Negev population). Diagram 1 (P.4) shows that about 62% of the Arab population lives in the Negev and Galilee regions. Therefore, the government's policy regarding these regions has a direct impact on most of the Arab population in Israel.

The Or Commission report emphasizes the fact that Arabs in Israel are discriminated against in many ways, both institutionally and otherwise. If the historic pattern of providing massive development resources for Jews and mere leftovers for Arab citizens is continued, this inequality will only grow worse, generating great frustration and creating additional tension between Jews and Arabs. Similarly, the failure to exploit the human potential of an entire sector of the population, through official and informal discrimination, seriously damages the potential for economic growth in Israel.

The narrowing of gaps between Arabs and Jews should be a central component of every general trend and specific plan for developing these regions, thus serving as a catalyst for the development of the overall population in the periphery. A development plan that only assists Jewish communities and bypasses Arab communities would only widen the gaps and increase tensions between these two groups of citizens.

Therefore, it is of utmost importance to bring before the ministerial committee for the development of the Negev and Galilee, and before the entire government, the full range of variables and considerations necessary for the actualization of real development for all of the residents of the Israeli periphery, both Jews and Arabs.



Development Plans and Arab Citizens

The large gaps between the infrastructure in Jewish communities and in Arab communities in the Negev and Galilee are the direct result of massive investment in the development of the Jewish communities including the construction of regional infrastructure, while neglecting neighboring Arab communities. Since the establishment of the state, plans for developing the Negev and Galilee have bypassed the Arab communities, which have remained as isolated islands with weak connections to the developed national infrastructures.

An examination of the development and assistance plans for the Negev and Galilee in the past decades reveals that all of these plans use the same tools: **expansion of infrastructure, construction of residential units, subsidies for new residents, subsidies for industrial plants and, ultimately, establishment of new communities.** The establishment of new communities is a development tool of the highest order due to its substantial cost. According to an assessment prepared by the Open Landscape Institute of the Society for the Protection of Nature in Israel, the state invests some \$250,000 per resident in infrastructure when building a new community, in addition to an annual maintenance cost of NIS 6,300 per resident.⁵

Since the founding of the State of Israel, not a single new Arab community has been established in the Galilee. Moreover, the Arab public has almost no chance of making use of other development tools. Master plans for development constitute a bottleneck that is difficult to pass through. And because there are no master plans for most Arab communities, it is impossible to submit a request for mortgage assistance, initiate public housing projects or build industrial zones and public infrastructure. The Arab population is, for the most part, only able to enjoy the fruits of development indirectly, if at all- through increased employment opportunities or an improvement of central traffic arteries as the new Jewish residents move into the area. Therefore, in order to ensure that the new development plans now being formulated will lead to a real narrowing of gaps (and not only equality of opportunity), **a policy should be initiated that aims to remove procedural barriers and position the Arab communities in the Negev and Galilee as direct targets for development, on equal terms with the Jewish communities.**

⁵ In a study conducted by the National Council for Planning and Construction, the cost estimates are even higher: about \$480,000 per residential unit at 2005 prices, including the cost of providing temporary housing, such as mobile homes. Naomi Carmon, Hubert Law-Yon, Gavriel Lifshitz, Shaul Amir, Daniel Czamanski and Baruch Kipnis, *The New Jewish Settlements in the Galilee - an Evaluation Study*. The Center for Urban and Regional Studies, Technion, Haifa, 1990.

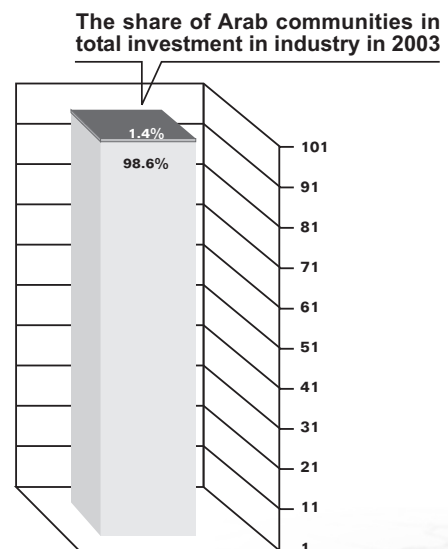
Structural barriers and remedies for their removal

There are many obstacles that prevent the Arab population from participating in existing development trends. These include institutional barriers (the Jewish identity of the state, majority-minority relations, center-periphery relations, etc.), as well as barriers that derive from within the Arab population itself. However, this document does not seek to deal with these barriers, as important as they are. Rather, it attempts to describe the structural and technical barriers found among the thousands of paragraphs of the state budget and the regulations issued by various government ministries. These barriers constitute real discrimination against Arabs and limit any development initiative by Arabs or Arab communities.

In general, there is no discrimination explicitly stipulated in legislation. However, various criteria for extending assistance contain built-in barriers that cannot be traversed by most of the Arab public. For example, the Law to Encourage Capital Investment, which is intended to encourage the establishment of factories in the periphery, mainly helps export industries, while most of the industry in the Arab sector targets the local market. Therefore, it is clear that these resources will only be allocated to Jews. The assistance the Housing Ministry extends to homebuyers is directed toward Jews from the outset, because Arabs are not accepted in the member-based communities qualifying for mortgage assistance and do not live in qualifying towns where there is massive construction.

Diagram 2: Unequal allocation by the Trade Ministry's Investment Center

In 2003, the Investment Center approved plans for establishing new plants and expanding existing factories at a total cost of NIS 3,328,796,000. Of this sum, NIS 45,374,000 - or 1.4% of the total - was invested in Arab communities.



Source: Ministry of Industry, Trade & Labor - analyzed by Sikkuy

The Problem - Access. The Solution - Improving Accessibility

Each government assistance program should be examined to clarify why the proportion of Arabs enjoying its benefits is so small. Criteria should be stipulated that are consistent with the existing reality and that ensure that Arab citizens are able to benefit from the special funds allocated for the development of the Negev and Galilee.

In this context, it is worth noting that even egalitarian legislation would not be sufficient and that it is not enough to make state resources available to the Arab public ⁶. What is needed is a pro-active approach. Instead of the present, passive policy, in which citizens ostensibly enjoy statutory equality - the state must adopt a pro-active policy that creates opportunities in an operative way. What is needed is not only equality of opportunity but also equality of results.

This approach should apply to all aspects of resource allocation, including civil service jobs, public appointments, mortgages and the directing of investors toward selected industrial zones.

On each count, government officials should ask why the number of Arab beneficiaries does not correspond to their proportion in the population. These officials should adopt an active policy of aspiring toward equality in every field and in all budgetary categories in the plan to develop the Negev and Galilee.

In addition to our recommendations, several guidelines for an overall policy are described below. The basis for these guidelines already appears in National Master Plan No. 35 (page 187):

⁶ A significant gap in the equality of capability - whether this derives from discriminatory laws that were in effect in the past and no longer exist, or faulty conceptions that have taken root in society - increases the chances of the strong groups and reduces the chances of the weak groups. Affirmative action is designed to balance this gap... the granting of equal opportunity in such circumstances will only maintain a formula of formal equality but will not provide members of the deprived group a real chance to receive their share of the resources of society. The existence of merely formal equality over time raises the concern that due to the ways of the world and the habits of mankind, the results of discrimination will be perpetuated. Correcting the injustices of the past and attaining real equality, therefore, can only be achieved by granting preferential treatment to members of the weak group." (Justice Eliyahu Mazza, High Court of Justice 453/94, Women's Lobby in Israel v. State of Israel, 529[5])



- 1. Establishing a pattern of confidence-building dialogue with the Arab population** - Due to social and cultural barriers, and because of a lack of trust in the establishment in particular, the Arab population does not fully exploit the opportunities and programs that could help narrow gaps dividing the Arab populace from its Jewish neighbors. This is true in regard to investments and entrepreneurship, housing assistance, construction, etc.
- 2. Adopting a policy that enables expansion of the range of opportunities and choices for Arab citizens in housing and employment in order to facilitate development within their communities** - mainly by creating housing and employment alternatives and raising citizens' awareness of the possibilities available to them. This also entails creating housing and employment opportunities within the main cities (for example, developing neighborhoods with services for the Arab community in Haifa).
- 3. Adoption of a new tactic: to create models of success and to develop growth centers** - No Arab urban centers have yet emerged that offer a real alternative for social development outside of the framework of village living, which offers very little chance of employment and advancement. Concentrated development of several urban centers would provide much greater chances of success and of generating tangible change than limited and pinpoint intervention within the broad expanse of village communities. (Possible centers include Nazareth, Tamra, Um al-Fahm in the Galilee, and Rahat in the Negev.)
- 4. Preparation and updating of development plans in accordance with Master Plan No. 35** - The master plans and blueprints drafted for these centers, with government assistance, can serve as the basis for investing public resources in their development. The master plan is perceived as a tool that limits the development of communities due to a lack of sufficient dialogue with residents and, especially, because these plans are not appropriate for future development needs. Defining the goals of future development and ensuring resources, as is customary for Jewish communities and development towns, would encourage a more positive attitude on the part of both the residents and the establishment.
- 5. Establishment and development of centers for administrative services and employment in Arab communities** - These would also serve Jewish communities in the area; the development of the centers would be based on a wide target population and would correspond to positive migration to the area and natural growth. (For example, in Rahat - establishing a complex of government offices, a branch of the Islamic court, birthing center.)
- 6. Providing government encouragement and support: loans, granting national priority (A) zoning status** - for development in the fields of housing, employment, education and business initiatives, as well as services and infrastructure at urban standards.

Listed below are the structural barriers preventing the immediate development of Arab communities, as well as steps that can be taken to remove these barriers and facilitate rapid development. In some cases, specific recommendations are proposed for infrastructure and development projects that should be implemented as part of an overall program for developing the Negev and Galilee.

It is important to emphasize that these barriers are interconnected. At the top of the list is the issue of allocating land and approving development plans, as well as the mechanisms and tools for carrying out these plans. Without a supply of land, it will be impossible to develop industry, roads and public buildings; planning restrictions account for the bottleneck in every development effort. Several practical proposals for investment and development will also be formulated for each topic.



A. Planning

Recommendations for development:

Nazareth and Rahat - Master plan No. 35 designates Nazareth and Rahat as the main centers for urban development. This development should have a regional metropolitan vision.

1. Master plan for the Nazareth area, including new residential neighborhoods (potential growth to about 400,000 residents)
2. Linking Route 6 (Trans-Israel Highway) with Route 77 (between the Golani and Yokne'am junctions)
3. Promoting initiatives for fair land arrangements in the Negev, expediting master plans (positive examples are Darjat and Hawashla)
4. Connecting Route 31 from the Lehavim Junction to the Mishmar Hanegev Junction south of Rahat, which also serves Tarabin a-Sana.
5. An initial investment of about NIS 100 million in developing infrastructure - electricity, water, sewage and roads - in the Bedouin communities in the Negev.

Providing resources, mechanisms and practical tools for executing master plans, such as detailed planning of sites and implementing a mechanism

Special planning boards, in parallel to the regional planning boards

Of about 120 Arab communities, 88 are included in project planning through the end of 2005. For 12 of these 88 communities, the planning process has been completed, and their development plans have been granted statutory status. Another 34 communities are in the process of preparing a master plan and of them, 24 are expected to complete this planning by the end of the year. However, this does not mean they will receive statutory status: It appears that three of the 24 will receive statutory status this year, while the rest will attain this status in 2006.⁷

Despite the good will demonstrated by the institutions for higher planning at the Interior Ministry, and despite the visible efforts, the current progress in planning is not a sufficient condition for changing the situation. Even after the planning process advances, it must be confirmed that the master plans indeed facilitate and support growth rather than delaying and limiting it. The planning barrier is characterized by a decentralization of authorities between the various planning commissions and by timetables that lack a strict framework. This state of affairs involves multiple players and numerous procedures that delay the process of planning and obtaining approvals. It is a cumbersome situation that is very familiar in the administrative and public system in Israel.

The central planning institutions must be equipped with more efficient tools for expediting procedures and preparing master plans that could provide a framework enabling development momentum.

Example: During the large-scale immigration from the former Soviet Union in the early 1990s, it was clear to the executive branch that due to the limitations of the planning bureaucracy it would be very difficult to meet the urgent demand for construction. Therefore, the government, with the Knesset's approval, ordered the establishment of **special committees**, parallel to the regional planning boards, to enable an expedited process that would circumvent decision-making barriers and meet the goal of rapid and extensive construction for housing and industry.

About six such committees were formed, on a regional basis. They were authorized to overstep the planning hierarchy, with the exception of directives from the national master plan. The operational capability of the committees derived from the tight timetable and from the fact that three of the nine representatives on each committee were from the Housing Ministry.

⁷ According to a report by architect Shamaï Asif, the head of the Planning Administration, presented to the Knesset Interior and Environment Committee on March 2, 2005.

During the peak activity of these committees (1993-94), they approved the zoning and planning of 96,000 dunams⁸, or about 43% of the total land that received zoning approval during this period. The rapid execution by these committees was partly attributed to a reform at the Israel Lands Administration. This reform introduced a preliminary arrangement providing a share of future profits as compensation to landowners, thus turning landowners into business entrepreneurs.

This same compensation structure could also serve as a model for the Arab public: A substantial part of the planning problems in the Arab community derives from the private ownership of land and the tradition of refraining from selling land. Establishment of an entity to facilitate compromise and mediation in land transactions among the Arab village population, and to provide economic incentives for compromise would be of tremendous help in overcoming this planning obstacle.

The government could initiate this type of national project through *ad hoc* legislation and mobilization of maximal resources. This should be declared as a national goal, along with the establishment of an authority or directorate to expedite planning in Arab communities. The project should be implemented as part of a coordinated program for Arab development plans and be presented to the various planning boards and government ministries as a comprehensive package⁹. In addition to the formation of committees for approving development plans, committees for approving plans for unifying or dividing up plots should be established. This would help inspire faith in the planning system.

Expanding areas of municipal jurisdiction and the range of housing options

During the past decades, the boundaries of jurisdiction of Arab communities have not been significantly enlarged, with the exception of specific instances that followed the approval of the master plan¹⁰. Recently, some 11,500 dunams have been added to the jurisdictional area of Arab authorities in Wadi Ara as part of the A-Ruha agreement (IDF firing zone 107). Often, the regional planning board approves a municipal master plan, but the development of the plan entails encroaching into the jurisdiction of another local authority, usually a Jewish one. Thus, almost every expansion of an Arab community requires the approval of a neighboring local authority, which in most cases stalls the request or rejects it outright. The situation results in long delays.

⁸ 1 Dunam = 1/4 Acre = 1000 sqm²

⁹ See the proposal for establishing an Equality Authority, Sikkuy Report 2004, as well as Senate report 248: "Adopting the Recommendations of the Or Commission and Appointment of the Lapid Committee."

¹⁰ Recently, some 11,500 dunams have been added to jurisdiction of Arab localities in Wadi Ara as part of the A-Ruha agreement (IDF firing zone 107).

The problems are ultimately resolved by an investigative committee for determining municipal boundaries, but only after the loss of much precious time, sometimes as much as 10-15 years.

All of the measures proposed below should be implemented by professional teams that include Arab citizens who are top experts in their fields; they should be appointed in consultation with the Higher Arab Monitoring Committee and enjoy public trust as well as full government backing. This type of practical cooperation offers a chance to successfully traverse the required development processes. In the field of planning, there are many experts and civil society institutions that can help leverage the development effort. Cooperation with them can serve as an initial confidence-building stage for implementing this public process.

Recommendation: Immediate removal of planning barriers, expansion of housing options

1. Formation of a special committee for approving master plans in the Arab sector. The committee would coordinate all of the master plans vis-à-vis the Planning Administration, Housing Ministry, Israel Lands Administration and regional boards. It would receive top priority for hearings in the various committees and define a rigid and narrow timetable for approving plans. The committee would include several representatives of the Arab public.
2. Opening up a range of possibilities for Arab residence outside of Arab communities (Haifa, Ramla, Lod, Nazareth Illit, Tel Aviv, Modi'in, Rishon Letzion, Holon, Ramat Gan and more). This would be accomplished by developing residential neighborhoods especially for an Arab population, with dedicated services including schools and community centers. These residents should be allowed to take full advantage of their rights as citizens.
3. Funding extensive professional assistance in the areas of planning and development for local authorities that require this. The assistance would be offered as part of an approach seeking to build trust in the establishment.
4. Expanding the supply of land in Arab communities, especially by allocated state lands within and adjacent to them.

National priority zone “A” vs. national priority zone “B”

The State of Israel offers subsidies for construction and industry according to various criteria, such as geographic location, rate of unemployment and socio-economic standing. For example, the Housing Ministry offers subsidies for private construction according to classification as priority zone “A” (and “special A”) or priority zone “B,” and the differential in subsidies between these categories is very large.

An examination of the eligibility table according to community indicates that 54 Arab communities are included. But most are classified as priority zone “B” and receive the lower subsidy. In addition, eligibility for these grants is offered to real estate developers who build at least 25 housing units at a given construction site. Since this type of construction is not characteristic of most Arab communities, they are effectively denied eligibility for this grant from the outset. Moreover, while the Housing Ministry considers basic criteria such as minimum number of residential units and location in the priority areas, there is another criterion - the community’s socio-economic ranking - which is not taken into consideration.

Table 1 (p.15) demonstrates the absurdity in ignoring socio-economic standing when allocating grants for private construction initiatives. The figure shows that relatively well-established Jewish communities receive subsidy grants according to the national priority “A” classification, while neighboring Arab communities, whose socio-economic situation is weaker, receive a lower subsidy, generally according to the priority “B” category.

The Ministry of Industry, Trade and Labor also awards aid on the basis of national priority classification, according to criteria such as rate of unemployment and socio-economic ranking: Communities ranked in clusters 1-4 are assigned priority zone “A” or “B” status. Since these important criteria are taken into consideration, most of the Arab communities are indeed placed in the priority zone “A” category.

Nonetheless, the channels of subsidization by the Ministry of Industry, Trade and Labor actually prevent Arab communities from taking advantage of the benefits at their disposal. This is due to the communities’ economic structure, which evolved over the years without state assistance. Thus, for example, the ministry grants assistance to factories for expanding their operations or transferring them to a priority area, but with the caveat that the new or expanded factory hires at least 25 new workers. Since the factories in Arab communities do not receive government assistance in the first place and are small in scope, the number of Arab industries receiving this subsidy is negligible.

Recommendations:

During the next five years, the definition of national priority A zones for industry and housing should focus on development efforts in urban centers such as Nazareth, Rahat, Umm al-Fahm and Tamra, Jedida-Makar and Sakhnin.

1. Practical steps should be taken to train local Arab authorities and the Arab community about the rights and benefits that come with national priority zone A status. Information centers should be established to help local authorities take full advantage of these rights and benefits.
2. Appropriate criteria should be defined to enable factories in Arab communities to take advantage of the benefits available to industries in national priority A zones. (For example, various eligibility

Table 1: Socio-economic cluster and the Housing Ministry's definition of national priority zone eligibility for private construction, the Negev and Galilee 2004¹¹

The Negev region

LIGHT - Jewish community; **DARK** - Arab community

Community	Economic cluster	Area
Khoura	1	B
Kesaifa	1	B
Arara	1	B
Rahat	1	B
Segev Shalom	1	B
Tel Sheva	1	B
Laqiya	1	B

Community	Economic cluster	Area
Ofakim	3	A
Be'er Sheva	5	B
Dimona	4	A
Yeruham	4	A
Mitzpe Ramon	4	SPECIAL A
Netivot	3	A
Arad	5	A
Sderot	4	A

¹¹ The economic cluster Index was devised by the CBS (Central Bureau for Statistics). 1 is the lowest socio-economic condition and 10 is the highest.

Table 1 (cont.)

Galilee region: Partial list by pairs of neighboring communities in the same area

LIGHT - Jewish community; **DARK** - Arab community

Community	economic cluster	Area
Hatzor Haglilit	4	SPECIAL A
Rosh Pina	7	A
Tuba Zangriya	2	A
Yavniel	5	B
‘Ein Mahel	2	B
Kfar Vradim	9	A
Yanuh Jatt	4	B
Migdal	5	B
Dir Hana	2	B

Community	economic cluster	Area
Nahariya	6	A
Mizra’a	2	A
Safed	4	A
Arabeh	2	B
Karmiel	6	A
Nahf	2	B

Source: Central Bureau of Statistics, 2001.
Priority areas: Housing Ministry, 2004

B. Encouraging entrepreneurship

The Arab minority in Israel is characterized by a small independent business sector, even though it has a larger scope of financial and human resources at its disposal¹². It is well known that a developed business capability contributes to the improvement of infrastructure, the rate of employment and the development of local economic institutions without which the utilization of the Arab minority’s resources will remain limited and inefficient. In addition, the global economy offers an abundance of opportunities, but does not reward limited capability and low productivity. This also serves to underline the great need of the Arab economy - which possesses good financial and human resources, but lacks infrastructure and business awareness - to rise to a higher level.

Centers for encouraging business entrepreneurship should be established to promote the Arab business sector. These centers would identify and lend assistance to individuals well suited for business leadership.

¹² Dan Czamanski and Rassem Khamaisi, “Encouraging entrepreneurship in Arab communities in Israel”, Floersheimer Institute, Jerusalem, December 1993

The curriculum would include basic studies of business administration, cost-benefit analysis, an introduction to the financial system, and mentored training. A training center and information center would support all of these activities. Civil society organizations active in this field would serve only as a catalyst, and should not be relied upon to implement the entire program.

The success of the program is dependent on developing infrastructure and on subsidies for investing capital in Arab communities in the Negev and the Galilee. As mentioned above, there is an urgent need for creating industrial areas in Arab communities and including them in the state's priority zones so that they will be able to enjoy financial support. A team should also be formed at the Ministry of Industry, Trade and Labor to encourage Arab entrepreneurs to meet the criteria to receive ministry assistance. This ministry team should be totally dedicated to raising awareness about rights and facilitating access to procedures - for example, help with the required paperwork.

While there is a need to create a setting and infrastructure, the human players must also be urged to take advantage of the possibilities.

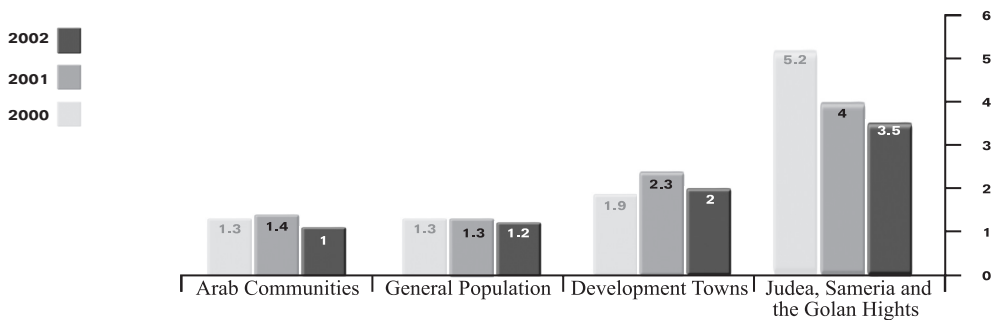
Accordingly, we recommend removing barriers:

1. Encouraging entrepreneurship: Support for small and medium-sized businesses located in Arab communities.
2. Increasing budgetary allocations for developing infrastructure for employment zones in Arab communities that have completed the planning process for employment sites.
3. Expediting the land arrangements for plots earmarked for employment in cases where these plots are subject to dispute. Special committees for expediting processes should be convened for this purpose.
4. Marketing land planned for employment at low prices that are attractive for entrepreneurs - linking the prices to priority zone A.
5. Completing development of access roads to Arab communities and employment zones located within them - recommending certain places/areas in the region of development concentration.
6. Establishing centers for promoting Arab business entrepreneurship in parallel to the dedicated development team at the Ministry of Industry, Trade and Labor. These efforts should be aimed at assisting Arab businessmen in becoming familiar with their rights and opportunities.

C. Housing and mortgage criteria

In practice, there is discrimination against Arabs relative to Jews due to the structure of criteria for mortgage eligibility. Thus, a Jewish citizen receives a bigger loan for purchasing a home than an Arab citizen.

Diagram 4: Rate of government mortgage use in the West Bank, Gaza and Golan, development towns, general population, and Arab communities, 2000-2002
(in % of veteran Israel households that do not already own a home)



Source: Adva Center, based on data from the Housing Ministry's Population Division, memos from June 2001, September 2003; Central Bureau of Statistics, Census of Population and Housing 1995 series, "Demographic Characteristics of the Population in Localities and Statistical Areas," Vol. A, Jerusalem; Central Bureau of Statistics, Statistical Abstract of Israel, various years

These gaps stem from the criteria for receiving grants, such as the type of construction, geographic location by priority zone, and military service, which are designed for the lifestyle and lives of the Jewish population. Most of the Jewish population is urban, living in apartment buildings in areas defined as saturated construction. This definition gives Jewish homebuyers an additional grant. On the other hand, most of the Arab population regards apartment living as contrary to the tradition and culture of the village, despite the fact that there are actually many shared residential buildings in the Arab communities. However, these buildings are located on private property, with each serving one extended family.

Moreover, due to the lack of master plans and available land, apartment buildings cannot be built for young Arab couples. Thus, again, the grants for purchasing an apartment become a channel of assistance for Jews only. Finally, the definition of national priority zones also works to the advantage of the Jewish population. These zones are located in most of the Jewish periphery and in confrontation line areas. Arab communities have also been assigned development zone A status in this framework, but end up not taking advantage of housing rights due to the filter of criteria and lifestyle.

Table 2: Criteria and eligibility sums for mortgages, selected data 2005

LIGHT - Jewish community; **DARK** - Arab community

Settlement name (National Priority Zone)	Basic entitlement according to the family characteristics	Military service increment	Preference area A B and confrontation line increment	NEGEV increment to a 100 m ² apartment	Total
Dimona (A)	85,250	51,120	97,200	72,000	305,570
Arad (A)	85,250	51,120	97,200	54,000	287,570
Rahat (B) high density construction	85,250	30,672	67,672	66,000	249,122
Rahat low density construction	85,250	30,672		66,000	181,922
Nazareth Illit (A)	85,250	51,120	97,200		233,570
Nazareth (A)	85,250		97,200		182,450
Carmiel (A)	85,250	51,120	97,200		233,570
Sakhnin (B) high density construction	85,250		67,200		152,450
Sakhnin low density construction	85,250				85,250
Eiron	85,250	51,120			136,370
Um al-Fahm	85,250				85,250
Givat Olga high density construction	85,250	51,120			165,170
Givat Olga low density construction	85,250	51,120	28,800		136,370
Taibe high density construction	85,250				114,050
Taibe low density construction	85,250		28,800		85,250

Source: Housing assistance wizard on the Housing Ministry's Internet site. The data only constitutes general information. The regulations and exact figures are available at mortgage banks.

We recommend the implementation of these steps in the field of housing and mortgages:

1. Expanding the diversity of residential construction projects, establishing residential neighborhoods at the initiative of the Housing Ministry, encouraging establishment of residential neighborhoods by private contractors.
2. Encouraging construction projects in Arab communities by providing economic incentives for building neighborhoods with a variety of apartment types for sale: neighborhoods for those with low income, "build your own," two-story, and more. At least NIS 40 million should be allocated for this in the 2006 state budget, in addition to budgets for special projects "for development of the minority sectors."¹³
3. Physical and social renewal of neighborhoods, finishing uncompleted development in neighborhoods in Arab communities; Arab and Jewish communities should receive this assistance on a 50-50 basis, as a policy of affirmative action.
4. Intervention in the housing market by building on state lands through Housing Ministry initiatives and private construction by contractors.
5. Providing a supplement to mortgage assistance for building additional floors onto an existing building that meets the criteria of saturated construction (number of units per dunam).
6. Offering eligibility points to Arab citizens who purchase an apartment in development zone A as compensation for the lack of points for military service. Or, alternatively, making eligibility equal by creating an eligibility criterion parallel to that of the military one - for example, socio-economic status.
7. Initiating the construction of rental apartments in several Arab communities for those with low or irregular income who cannot meet any mortgage terms.

¹³ According to government decision No. 2469 of August 15, 2004, the scope of subsidies for urban construction, including private land, will be about NIS 100 million, a sum earmarked to finance the subsidy for the cost of infrastructure in national priority zones A and B.



D. Employment and industrial zones in Arab communities

The allocation of industrial areas in 2003 by the Ministry of Industry and Trade reflects the inequities in the field of development. The data indicate that 6,016 dunams of industrial area were allocated to Jewish local authorities in the Galilee versus only 921 dunams, or 13%, allotted to Arab local authorities in the Galilee, though Arabs comprise over 50% of the population in this region.

In the Negev, the situation is even worse: Only 506 dunams were allocated to Arab local authorities, while 29,165 dunams were allotted to Jewish localities. That is, the Arab population received 1.7% of the allocations while their proportion in the population of this region is 14%, not including the unrecognized villages - about half of the Arab citizens in the Negev live in communities that are not recognized by the state ¹⁴.

An industrial zone works to strengthen business ties by creating demand and through an advantage of scale. Thus, this type of project creates employment opportunities and expands the population's consumption options. Moreover, an industrial zone creates a source of tax income for the local authority in which it is located. Therefore, to develop the Arab community in the Negev and Galilee, intensive construction of industrial zones must be undertaken.

In addition, the establishment of industrial zones in Arab communities would move industry away from the residential centers, thus reducing the environmental damage caused by the small factories located within the community ¹⁵.

The government decision (August 19, 2003) to include Arab local authorities in the directorates of regional industrial zones is a step in the right direction, but has yet to be implemented. The implementation of this decision demands the investment of considerable human and financial resources, and the development of the Negev and Galilee presents an opportunity where such an investment will be necessary.

¹⁴ The data is based on a 2003 Sikkuy report: "Areas marketed in the industrial zones handled by the Ministry of Industry and Trade, 2003."

¹⁵ Many businesses are located underneath existing residential buildings.

We recommend:

- A. Defining a mandatory timetable for completing the integration of Arab local authorities in the directorates of regional industrial zones by mid-2006 and creating incentives for establishing a joint directorate for industrial zones.
Galilee - Terdiyon Bar-Lev, Kidmat Hagalil, Zipporit, Jezreel Valley, Alon Hatavor.
Wadi Ara - Joint industrial zone for Um al-Fahm, Menashe regional council, Katzir-Harish, Arara, Kafr Kara; a joint industrial zone for Megiddo, Um al-Fahm and Ma'alei Iron.
- B. Expediting planning and development procedures in these industrial zones:
Galilee: Jedida-Makar, Yarka, Julis, Kafr Yasif complementary industrial zone to the Bar-Lev zone in cooperation with Acre, Sakhnin East
Negev - Rahat, Bnei Shimon, Lahavim

Many of the factories located in various industrial zones in the north enjoy grants under the Law for Encouraging Capital Investment. This law provides grants to businesses whose products are intended for overseas markets and the tourism industry. As mentioned above, industries in Arab communities do not take advantage of this law because most of their products are intended for the local market.

Accordingly, we recommend the following steps:

1. Expansion of the scope of the Law for Encouraging Capital Investments to also include factories that produce for the local market, while improving the accessibility of these grants to the Arab sector via business development centers and proactive selection of clients. At least 20% of the budget for the Law for Encouraging Capital Investments should be earmarked for the Arab public in 2006, and officials in the Ministry of Industry, Trade and Labor should actively work to see that these funds are utilized.
2. Allocation of land and an enlarged budget for establishing small industrial zones in Arab communities.
3. Development of incentives for employers to hire Arab workers in factories, similar to the model adopted for absorbing new immigrants from the former Soviet Union.

Therefore, the criteria for receiving a grant under this law should be diversified and expanded to include factories that manufacture for the local market and do not share this advantage. Foreign investors should be recruited and selected businesses in the Arab community should be upgraded in order to receive this “foreign passport privilege.”



E. Education

Another aspect of the gaps between Arabs and Jews is reflected in the school system. According to Ministry of Education data, about 92% of Jews (not include the ultra-Orthodox population) reach 12th grade, while the rate of Arabs still in school in 12th grade is 75%, and among Bedouins just 64%. Moreover, about 57% of Jews (excluding the ultra-Orthodox) qualify for a matriculation diploma, while the proportion of Arab students with matriculation diplomas is only 36%, and only 26% among the Bedouins. These are very large gaps and their impact on the future employment and income of the next generation is decisive.

Sample recommendations for development:

1. Address the classroom shortages. (In Sakhnin, for example, the 56 kindergartens operating in the city are located in rented apartments.)
2. Build a regional school (academic and vocational) in the Shoqet Junction area for the communities of Hura, Um Batn, Tel Sheva and Lakiya.
3. Build a school of technology in Segev Shalom
4. Build a new school in the town of Darjat.
5. Encourage Ben-Gurion University to enter into joint ventures with Arab schools in the region.
6. Build a technological college in the Nazareth area (Kafr Kana).





Summary

The Or Commission determined that the State of Israel was remiss in ensuring equality for its Arab minority. Institutional discrimination against Arabs in Israel is intolerable from a moral perspective and untenable in a democratic regime. This failure has many implications in various spheres, including economics and the social fabric. Denying social mobility to part of the state's population engenders economic inefficiency and political and social instability. In the Israeli periphery, the gap of inequality between Jews and Arabs is widening, and is threatening to bring the two sides to deterioration and collapse.

Thus, there is an acute need to narrow the gap through a decisive change in the policy of government resource allocation as part of the prospective development of the Negev and Galilee. The anticipated momentum for development in the Negev and Galilee offers an historic opportunity for such a change. If this opportunity is missed, it will undermine the foundations of the state's economy and society. All citizens, Jews and Arabs, need suitable infrastructure that meets their needs, but equality between citizens is an urgent need that should not be compromised.

In the history of struggles for justice and equality, on whose pages the Jewish is accorded a place of honor, a familiar motif repeats itself: Blocking the path of an ethnic minority's civil advancement ultimately has a negative impact on social stability. Thus, it is clear that maintaining the historic policy of discrimination is completely opposed to the State of Israel's interests, economic development and moral strength.

The physical planning of Arab communities is the bottleneck that hinders development, but it is not the barrier. The principal barrier to development is the state's attitude that development in Israel is for Jews, while Arab citizens must be content with the leftovers. The practical steps presented in this paper can help promote equality in the Negev and Galilee, but what is necessary, first and foremost, is a change of attitude on the part of those responsible for making and executing policy.

These very days, Israeli representatives in Washington are meeting with their American colleagues to discuss the details of the aid for the disengagement plan and development of the Negev and Galilee. This is the time to unify the separate development tracks for Jews and Arabs into a uniform civic track, without partiality, and to create a setting where social and economic equality can thrive.



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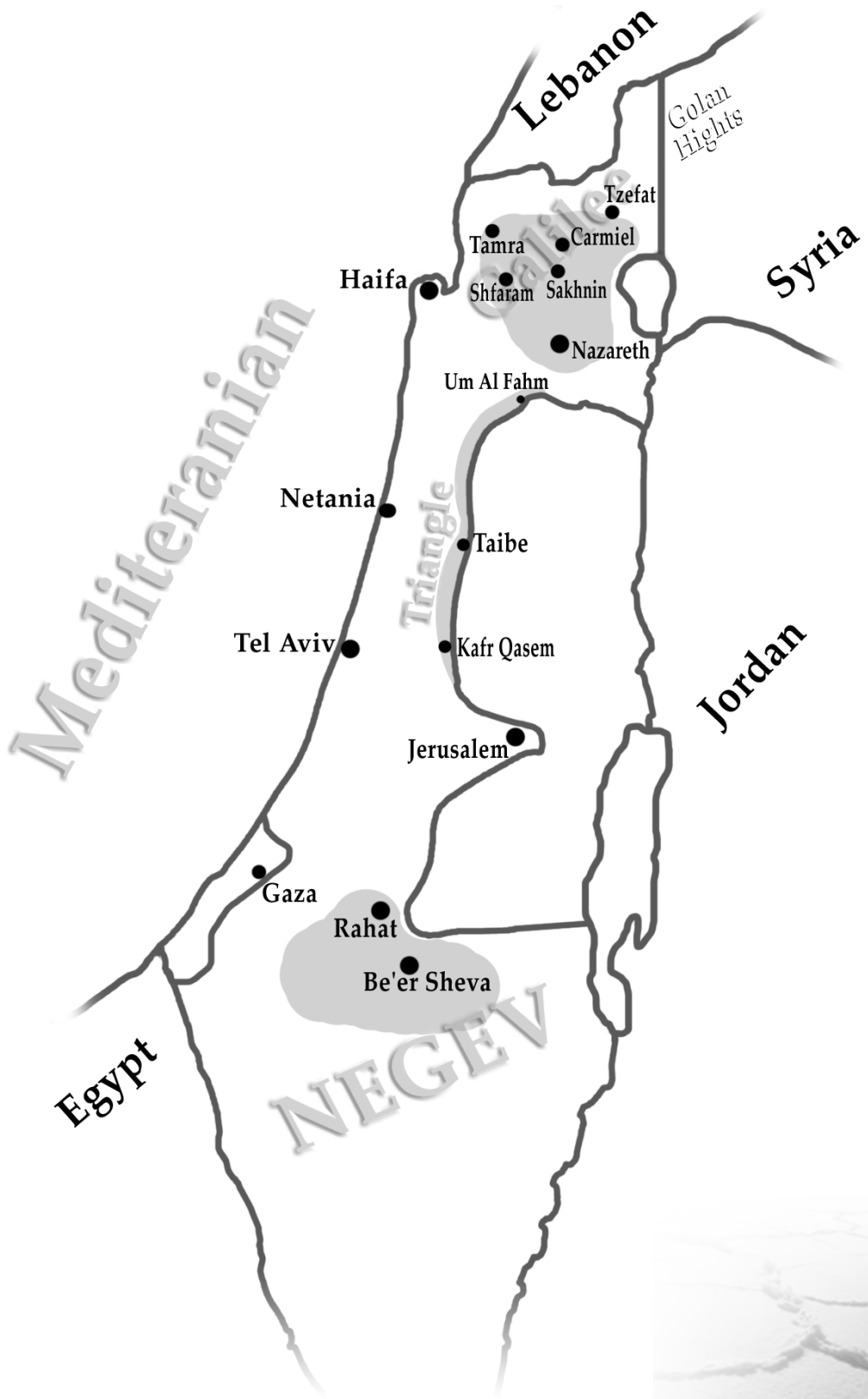
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Sikkuy (a "chance" or "opportunity" in Hebrew) is a non-partisan, non-profit, NGO in Israel that develops and implements projects to advance civic equality between Arab and Jewish citizens of Israel in government budgets, resource allocation, hiring policy, land usage etc.

Founded in 1991 as a Jewish-Arab advocacy organization, Sikkuy's actions are motivated by the right of every citizen to influence government decisions and policies. Sikkuy is an active member of the international civil society community and is dedicated to advancing civil society in Israel through the values of: **EQUALITY** - Advancing complete equality between Arab and Jewish citizens.

SHARED CITIZENSHIP - Promoting the core value of citizenship as the basis for equality.

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Sikkuy is jointly governed by Arab and Jewish co-chairs, managed by two Arab and Jewish co-directors and staffed by Arabs and Jews. Sikkuy's programs are aimed at mobilizing a transformation of the relations between the state and the Arab minority in Israel. They include:

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This project includes *THE SIKKUY REPORT*, an annual report monitoring government budgets and resource allocations for Arab and Jewish citizens (www.orwatch.org).

JAMFI - A Jewish-Arab Mayors Forum building sustainable frameworks for municipal cooperation between Jewish and Arab communities. The first forum is active in the Wadi Ara region and is advancing cooperation for the establishment of a shared industrial zone, cooperation in tourism and in environmental issues.

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The three active groups are in the Galilee, Hof Carmel and the city of Modi'in.

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רחוב המשוררת רחל 17, בית הכרם, ירושלים 96348, טל. 02-6541225, פקס. 02-6541108, Jerusalem 96348, Hameshoreret Rachel St., Beit Hakerem,

ת.ד. 99650, חיפה 31996, טל. 04-8523188, פקס. 04-8523065, Haifa 31996, P.O.B 99650,

E-mail: jerusalem@sikkuy.org.il

شارع هشوررت راحيل 17, بيت هكيرم, القدس 96348, تل: 02-6541225, ف: 02-6541108

حيفا 31996, ص.ب 99650, تل: 04-8523188, ف: 04-8523065