

2023-2024 ISRAELI STATE BUDGET FOR ARAB SOCIETY REPORT SUMMARY

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مركز مساواة لحقوق المواطنين العرب في اسرائيل
Mossawa Center The Advocacy Center For
Arab Citizens In Israel

In cooperation with

**FRIEDRICH
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Introduction

On October 24, 2021, the government approved a new economic and social development plan for the Arab society for a five-year period from 2022-2026 called the "Takadum Program." The five-year program amounts to approx. **30 billion NIS (8.17 billion USD)**, with the government ministries expected to allocate approx. **6 billion NIS (1.63 billion USD) annually** for project implementation as determined in Government Decision 550. At the end of the first year of the program (2022), it turned out that the budgetary transfers for project funding amounted to only **3.9 billion NIS (1.06 billion USD)** of the expected **6 billion NIS (1.63 billion USD)**.

It is important to note that the budgetary requirement for closing the economic and social gaps in Arab society is an estimated 60 billion NIS (16.34 billion USD) – not 30 billion NIS (8.17 billion USD) as decided in Government Decision 550. GD-550 allocates only a small percentage of the state budget to the Arab population, including Druze and Circassians. Approximately 5.2 billion NIS (1.42 billion USD) of the GD-550 budget is designated for the Bedouin society in the south, 3 billion NIS (816 million USD) for Druze and Circassians, and 21.8 billion NIS (5.94 billion USD) for the rest of the Arab society in the center and north.

GD-550 does not address the overall social gaps, such as the fight against poverty and promoting assistance to cope with the high cost of living. Approximately 50% of the Arab population currently lives below the poverty line. The unemployment rate in Arab society is significantly higher than among Jews, and is especially high among young adults in the age of 18-24. According to the latest report of the State Comptroller, 29% of young Arabs are neither studying nor employed, a fact that is considered to be one of the key causes for the sharp rise of criminality in Arab society. Most local authorities are located between Clusters 1-3 out of 10 on Israel's Central Bureau of Statistics socio-economic index and are considered economically underdeveloped authorities due to a lack of resource acquisition. The budgets of Arab local authorities are funded primarily through housing taxes – with only 2% from business taxes as only 3% of industrial area lands in Israel are located in Arab towns.

Ministry of Education

- GD-550 budget (2022-2026): **10 billion NIS (2.72 billion USD)**; Mossawa Center recommendation (2022-2026): **12 billion NIS (3.27 billion USD)**.
- State Budget proposal 2023-2024: **4.036 billion NIS (1.10 billion USD)**; Mossawa Center recommendation 2023-2024: **5 billion NIS (1.55 billion USD)**.
- Despite GD-550, Arab society will still only receive **12%** of what it should have received of the Ministry's budget proportionate to its population.
- The State Budget includes only **80%** of what Mossawa Center recommended to close the gaps.

Ministry of Welfare and Social Equality

About **50%** of the Arab citizens live below the poverty line, and GD-550 does not provide significant solutions for combating poverty and dealing with the high cost of living, particularly within the Arab society.

- GD-550 budget (2022-2026): **627.5 million NIS (171 million USD)**; Mossawa Center recommendation (2022-2026): **2.5 billion NIS (681 million USD)**.
- State Budget proposal 2023-2024: **251 million NIS (68 million USD)**; Mossawa Center recommendation 2023-2024: **1 billion NIS (272 million USD)**.
- Only **16%** of the **125 million NIS (34 million USD)** budget for the first year of GD-550 (2022) was spent.

Ministry of Health

About **60%** of the Arab society is insured by the general health insurance fund, and a large part of the budget is intended to fund the health funds in the Arab society, primarily for the promotion of healthcare, especially for women and young children as well as the treatment of diabetes, mental illness, and smoking and lung diseases. However, we do not see effective progress in this matter.

- GD-550 budget (2022-2026): **650 million NIS (177 million USD)**; Mossawa Center recommendation (2022-2026): **1 billion NIS (272 million USD)**.
- State Budget proposal 2023-2024: **260 million NIS (71 million USD)**; Mossawa Center recommendation 2023-2024: **400 million NIS (109 million USD)**.
- Only **90 million NIS (25 million USD)** of the **130 million NIS (36 million USD)** budget for the first year of GD-550 (2022) was spent.

Ministry of Culture and Sports

According to the Culture Administration in the Ministry of Culture and Sports, cultural activity in Arab society is developing in a nice but insufficient way. Following the Mossawa Center's petition in 2012 and the activity of the Arab Cultural Organizations Forum, there was an improvement in the Ministry of Culture's investment in special resources and programs in the Arab society in the many recognized fields of culture, i.e. performing arts, visual arts and literature, creation, research, cultural education and festivals. However, there are still large gaps between the investment in Arab culture and Hebrew culture, among other things with regard to the scope of activity, types of activity, human resources, and infrastructure.

- GD-550 budget (2022-2026): **927 million NIS (253 million USD)**; Mossawa Center recommendation (2022-2026): **1.25 billion NIS (341 million USD)**.

- State Budget proposal 2023-2024: **370.8 million NIS (101 million USD)**; Mossawa Center recommendation 2023-2024: **500 million NIS (136 million USD)**.

Ministry of Labor

The proposed budget for the Ministry of Labor from the 2023-2024 state budget is 8.041 billion NIS, with only 436.8 million NIS going to Arab society in accordance with GD-550, representing only **12.4%** of the total ministry's budget. Given the high unemployment rate among young Arabs (29%) and the still very low employment rate among Arab women (45%), a much higher investment in Arab society's integration into the labor market is required.

- GD-550 budget (2022-2026): **1.092 billion NIS (298 million USD)**; Mossawa Center recommendation (2022-2026): **2.5 billion NIS (681 million USD)**.
- State Budget proposal 2023-2024: **436.8 million NIS (119 million USD)**; Mossawa Center recommendation 2023-2024: **1 billion NIS (272 million USD)**.

Ministry of Economy and Industry

The proposed budget for the Ministry of Economy and Industry from the 2023-2024 state budget is 5.709 billion NIS, with only 302 million NIS going to Arab society, representing just **6%** of the total ministry's budget. The Industrial Zones Administration in the Ministry of Economy intends to develop **only two industrial zones each year** among Arab towns, despite the fact that only **3%** of the industrial zones in the country are in Arab towns.

- GD-550 budget (2022-2026): **870 million NIS (327 million USD)**; Mossawa Center recommendation (2022-2026): **2.5 billion NIS (681 million USD)**.
- State Budget proposal 2023-2024: **302 million NIS (82 million USD)**; Mossawa Center recommendation 2023-2024: **1 billion NIS (273 million USD)**.

Ministry of Transport and Road Safety

The proposed budget for the Ministry of Transport from the 2023-2024 state budget is 70.346 billion NIS, with only 1.2 billion NIS going to Arab society, representing just **1.7%** of the total ministry's budget. In practice, the budget required to close the gaps is 5 billion NIS for 2023-2024.

Following the coalition agreements, the Minister of Transport declared a **reduction** in the scope of the budget for infrastructure development on intercity roads in areas populated by Arab citizens from **1 billion NIS (273 million USD) per year to 500 million NIS (136 million USD) per year**. This is a significant drawback for the development of urgently required transportation infrastructures for the Arab population.

- GD-550 budget (2022-2026): **3 billion NIS (817 million USD)**; Mossawa Center recommendation (2022-2026): **5 billion NIS (1.36 billion USD)**.

- State Budget proposal 2023-2024: **1.2 billion NIS (327 million USD)**; Mossawa Center recommendation 2023-2024: **4 billion NIS (1.09 billion USD)**.

Ministry of Construction and Housing

The proposed budget of the Ministry of Construction and Housing from the state budget for 2023-2024 is approximately 11 billion NIS, with only 1.097 billion NIS going to Arab society, representing just **10%** of the ministry's total budget.

- GD-550 budget (2022-2026): **2.743 billion NIS (747 million USD)**; Mossawa Center recommendation (2022-2026): **8 billion NIS (2.18 billion USD)**.
- State Budget proposal 2023-2024: **1.097 billion NIS (299 million USD)**; Mossawa Center recommendation 2023-2024: **3.2 billion NIS (872 million USD)**.

Ministry of Environmental Protection

The proposed budget of the Ministry of Environmental Protection from the state budget 2023-2024 is about 779.5 million NIS, with 220 million NIS (28%) being allocated to Arab society in accordance with GD-550.

Following the coalition agreements, the Minister of Environmental Protection made a statement about **cutting 100 million NIS (27 million USD) out of the 550 million NIS (150 million USD)** budget intended for the Arab community over the five-year plan and **diverting** it to ultra-Orthodox communities for investment in environmental cleanup projects.

- GD-550 budget (2022-2026): **550 million NIS (150 million USD)**; Mossawa Center recommendation (2022-2026): **600 million NIS (164 million USD)**.
- State Budget proposal 2023-2024: **220 million NIS (60 million USD)**; Mossawa Center recommendation 2023-2024: **240 million NIS (65 million USD)**.

Conclusion

In conclusion, we believe that the government should allocate at least **6 billion NIS** annually in accordance with GD-550 plus the **2.1 billion NIS** that was not spent in 2022. This report demonstrates the discrepancy between Mossawa's recommended budget for Arab society and the government's proposed budget.

In addition, Mossawa recommends greater transparency within government ministries regarding budget allocations. To this day, there are still no clear implementation guidelines for GD-550. The Ministry of Finance and other government ministries refuse to provide the Mossawa Center with information about the budget allocated in 2022 and the implementation status of the plan published by the High Follow-Up Committee for Arab citizens of Israel.

The previous government decision (922) titled "Closing the Gaps Plan in the Arab Society 2015-2020" was supposed to have a budget of **15 billion NIS (4.1 billion USD)**. However, the COVID-19 pandemic restricted the government's ability to meet its budgetary expenditures, and the government decided to keep the budget fixed into 2021. The implementation and utilization of the budget only amounted to **10 billion NIS (2.72 billion USD)** of the originally budgeted 15 billion NIS, although the implementation of the plan had been prolonged by one year.

We expect there will be only partial utilization of 2023-2024 funds following 2022 trends. According to the work plans approved by the Projection Committee for the Benefit of the Arab Society for 2023, the budget allocation amounts to only 4.33 billion NIS (1.18 billion USD).

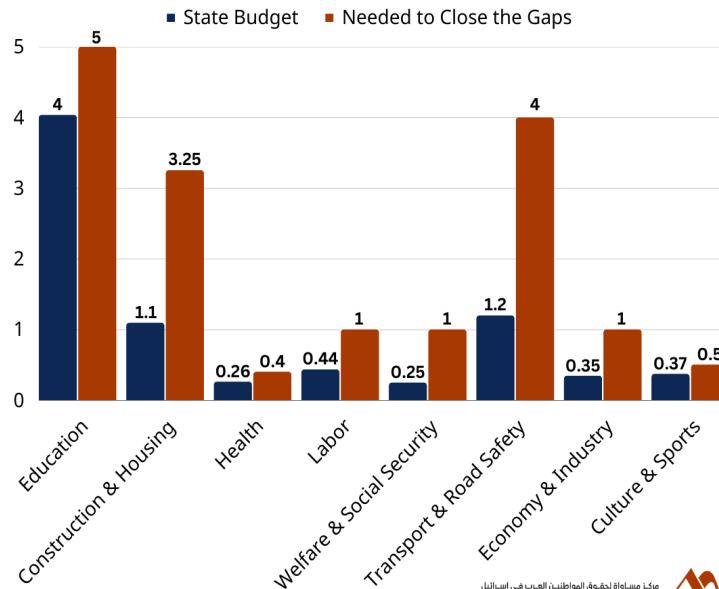
According to Mossawa Center's assessment, the budget determined in GD-550 does not adequately meet the needs of Arab society. The Arab population requires a budget of approximately **60 billion NIS (16 billion USD)** over 5 years for infrastructure development and to foster economic and social growth. GD-550 allocated only **half** that amount at **30 billion NIS (8.2 billion USD)** for 5 years, amounting to **6 billion NIS (1.64 billion USD) annually**. This leaves social and economic gaps, including poverty rates, unemployment, income disparities, education gaps, and healthcare disparities.

GD-550 serves as the basis for subsidiary decisions aimed at socio-economic development in the Arab Bedouin localities in the Negev (GD-1279), Arab, Druze, and Circassian communities (GD-716 and 717), Arab Bedouin localities in the North (GD-469), mixed cities (GD-1834), and the village of Jisr az-Zarqa (GD-1804), the most impoverished locality in Israel.

We request that government offices present to the High Follow-Up Committee the work plans, including the objectives for implementing the above government decisions in 2023 and 2024.

The Mossawa Center calls on the Arab local authorities to cooperate with the National Committee Of Heads Of Arab Local Authorities to exert public pressure on the Ministry of Finance and other government ministries to release the budgets to government offices and local authorities immediately after the vote on the Budget Law for the years 2023-2024.

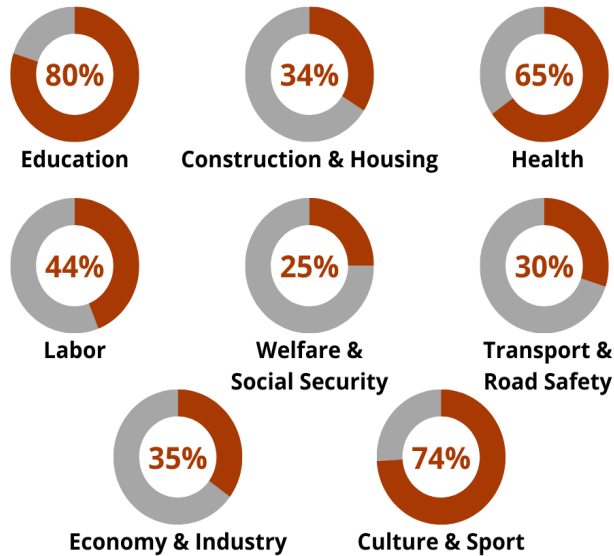
State Budget Allocation to Palestinian Arab Society in Israel by Ministry vs. What is Needed to Close the Gaps (billions NIS), 2023-2024



Based on analysis by Mossawa Center's Economic Development Unit



2023-2024 Israeli State Budget by Ministry Relative to What is Needed to Close the Gaps in Arab Society



Based on analysis by Mossawa Center's Economic Development Unit



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