



State of Israel



Ministry of Economy

Second Progress Report on the Implementation of the OECD Recommendations

Labour Market and Social Policies

ISRAEL

August 2015

**Second Progress Report on
the Implementation of the
OECD Recommendations:
Labour Market and Social Policies**

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Jerusalem, August 2015

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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
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
MOECON	Ministry of Economy
MOF	Ministry of Finance
MOH	Ministry of Health
MOIA	Ministry of Aliyah and Immigrant Absorption
MOIN	Ministry of Interior
MOLSA	Ministry of Social Affairs and Social Services
MONAG	Ministry for the Development of the Negev and the Galilee
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

16th August 2015

Dear Colleagues,

The integration of all parts of Israeli society into the labour market in the best possible way is at the center of the social and economic agenda of the government of Israel. It stems both from the desire to promote economic growth and to reduce social disparities.

The 2010 OECD Review of the Labour Market and Social Policy of Israel, which included a number of recommendations for significant steps to advance these goals, has served as an important basis for planning and implementing our efforts.

I am pleased that we are able to see significant progress in a number of important areas as this report demonstrates.

All of the relevant ministries and public agencies actively contributed to the preparation of this report. This cooperative effort enabled us to develop a national perspective on the degree of progress in implementing the OECD recommendations.

I would like to thank the Deputy Director for Employment and the Division of Labour Relations at the Ministry of Economy for their central role in developing the report and to the Myers-JDC-Brookdale Institute for their major contribution in integrating the relevant materials and preparing the report.

This report represents another important step in the open and fertile dialogue between the government of Israel and the OECD. We attach great importance to the international cooperation and collaborative learning that promotes the development of better policies to benefit all of Israel's citizens.

The Ministry of Economy is committed to expanding employment opportunities for the State of Israel. As minister, I see great importance in strengthening our cooperation with the OECD in achieving this goal.

This report will serve as a basis for the report of the State of Israel to the ELSA Committee in November 2015.

Respectfully,



MK Aryeh Mahloun Deri
Minister of Economy

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 a broad range of social and economic areas regarding the Israel labour market. The recommendations include, among others, the enhancement of employment opportunities for disadvantaged populations, investment in reducing gaps in education, development of public infrastructure such as transportation in the periphery, particularly in the Bedouin sector, the expansion and reform of pension coverage and 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 and, in 2012, the report was published. The Minister of Economy was asked by the government of Israel to prepare a progress report. The Ministry requested the assistance of the Myers-JDC-Brookdale Institute (MJB) in gathering the relevant information and drafting the report.

Israel was requested by the OECD to submit a second report in 2015, in order to provide an update on the progress achieved since the previous report. While the previous report provided extensive background on the relevant topics and the various efforts, this report focuses on the main changes that have occurred since the submission of the first report in 2012.

Each chapter in this report relates to one of the 16 recommendations. The report summarises the steps taken since 2012 relating to: Resolutions that have been passed and are already being implemented; resolutions that have been passed but have not yet been implemented; and further steps that are in advanced stages 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 and other relevant organisations (the list appears in Appendix 1) and in consultation with the following bodies: the Prime Minister's Office, the Bank of Israel, the Ministry of Finance (MOF) and JDC-Israel. The draft was distributed for comment to the relevant departments at the Ministry of Economy (MOECON), the Bank of Israel, the MOF, and the National Insurance Institute (NII). The final approval of the report was given by the Deputy-Director for Employment at the MOECON.

This report is updated to April 2015. Note, however, that in March 2015, a general election was held in Israel. Consequently, progress in some areas slowed down, and important decisions regarding follow-up programmes were delayed. Furthermore, it is possible that the new government will introduce changes in policies and priorities in various areas. Such changes, if any, are not reflected in this report.

Most of the information in this report is based on materials and written responses from the authorized government departments. (see Appendix 1). Where the information in this report is supported by government resolutions, references are made. Furthermore, efforts were made to include relevant information from national sources such as the Central Bureau of Statistics (CBS), the Bank of Israel, the reports of government committees, and various research reports.

We are pleased to report that considerable progress was made in many areas. Of course much remains to be done and we need to make efforts to accelerate the rate of progress.

A concise summary of the findings, by recommendation, is presented 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. Among the steps that have been taken: Enactment of a law to increase enforcement of labour laws, which came into effect in 2012; considerable increases in the number of enforcement personnel with these reaching a better ratio than in many developed countries; use of bilateral

agreements for the import of foreign workers to enhance enforcement and ensure proper working conditions.

2. ***Strengthening Israel's active labour market policies:*** During 2012-2015, several important initiatives matured and several new ones have been introduced to integrate populations with low participation rates into the labour market. One major initiative that came to fruition is the Ministry of Economy's broad network of one-stop employment centres for the Arab and Haredi¹ populations. Some of the new initiatives are: developing a model for an apprenticeship programme for young adults aged 18 or older that will be piloted shortly; a pilot programme focusing on strengthening promotion opportunities for low-wage earners; initiatives to promote employment of new immigrants, including a programme tailored for Ethiopian immigrants; strengthening and enhancing the programmes supporting entrepreneurship, with special emphasis on the Arab population; consolidation of the employment initiatives of the Ministry of Social Affairs and Social Services in four employment centres in the large cities.
3. ***Developing of employment and childcare support services for recipients of income support:*** There have been important developments in childcare, including universal provision for children aged 3-4 and a more selective expansion of opportunities for children aged 0-3 with an emphasis on low-income working families. An additional initiative in the field of employment is the 'Employment Circles' programme which provides intensive services to new income support claimants. Additionally, income support recipients known to the social service departments will also benefit from the employment programmes of the MOECON and the Ministry of Social Affairs and Social Services (MOLSA). However, there is still not a national program to integrate income support recipients into the labour market
4. ***Extending the earned income tax credit (EITC) across the country and increasing support for working parents:*** In recent years, a number of steps were taken to strengthen the incentives for entry into the labour market. One major step was the expansion of the rate of take-up among those eligible for

¹ The ultra-Orthodox population is also known as the Haredi sector, or the Haredim.

the employment grant (EITC). In addition, the sum of the grant for working mothers was increased. Another related step was the expansion of income tax deductions for parents. Furthermore, there was a major expansion of support for pre-school frameworks, including free education for children aged 3-4 and expansion of the number of children in subsidised frameworks at ages 0-3. Another new initiative provides subsidies for an array of after-school frameworks for children aged 3-8 in the socio-economically weakest localities.

5. *Addressing barriers to employment for minority population groups by increasing investment in education:* There have been increased efforts to strengthen the education systems in the Arab and Haredi populations. In the Arab population, there has been progress in narrowing the gaps in educational inputs and achievements. The gaps in size of class have mostly been eliminated and there has been considerable ongoing progress in the rate of eligibility for matriculation certificates. The new formula for differential budgeting of schools will contribute to a reduction in the gaps in inputs and hopefully to further declines in the gap in achievements. Most directly there will be an increase in the number of school hours in schools with weak socio-economic backgrounds, particularly in the Arab sector. These schools profited especially from the programme advancing new pedagogy, utilising the information technology in schools. There is also a special initiative to expand opportunities to integrate into higher education and improve success rates in the Arab population. Among the Haredi population, efforts have been invested in enhancing the extent of core studies at the primary and secondary levels, particularly in the basic subjects (math, English and Hebrew), and to improve the quality of teaching in these subjects.
6. *Improving transportation infrastructure in the periphery and Arab localities:* Significant efforts are being made and considerable funds are being invested in improving transportation infrastructure, with a special emphasis on the periphery and Arab localities. During the period under review, plans for significant expansion of public transport were implemented within the Arab localities, and between these localities and education and employment centres. There was also a general expansion of the transportation infrastructure in the periphery, which has been particularly helpful to the Arab population.

7. ***Integrating disadvantaged populations in employment into the public sector:*** The government of Israel recognises the importance of the integration of disadvantaged populations into the public sector and has undertaken a number of steps to ensure their fair representation. Special emphasis is being placed on integrating members of the Ethiopian-Israeli community² and of the Arab population, including Druze and Circassians, in the Civil Service. In addition to the steps that were taken in recent years, including an increased number of designated positions and publication of new directives regarding affirmative action in tenders, a draft government resolution is in the planning stages that would include additional measures. These include encouraging Arab citizens to apply for jobs in the Civil Service and enhancing awareness of the obligation for adequate representation of the Arab population. However, there is general agreement that the targets have not been met and therefore that greater efforts are required, regarding both the numbers employed and the nature of the positions.
8. ***Introducing compulsory reporting by employers in large firms about the composition of their employees:*** In Israel, firms are not obliged 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. In addition, the Commission has recently began mapping the diversity of employment in organisations of different sizes and different economic branches, as a basis for examining the extent of gender or ethnic discrimination in the workplace.
9. ***Developing electricity, sewage and transportation infrastructure in Bedouin localities:*** The government places great importance on the development of infrastructure in the Bedouin sector, and is continuing to implement the plan to promote the economic growth and development of the Bedouin population in the Negev as well as in the north of Israel. In January 2014 (Resolution 2025), the government decided to delay the law that was meant to create general guidelines for resolving the issue of the unrecognised Bedouin settlements. In

² Ethiopians are defined as having been born in Ethiopia or having at least one parent who was born in Ethiopia.

the meantime, there has been an overall process of planning alternatives for settling the Bedouins who are currently in unrecognised settlements.

10. ***Monitoring the reform of compulsory pensions and enhancing its enforcement:*** There has been a considerable increase in the percentage of compulsory pension coverage and in January 2014, the staged process for increasing employers' contributions was completed. The ratification of the Law for Increased Enforcement of Labour Laws in June 2012 has significantly strengthened the instruments available to enforce compulsory pensions law.
11. ***Reforming the system of tax deductions on pension plans in favour of low-wage earners:*** 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 still under consideration by the Ministry of Finance. In addition, a directive published in 2015 aims to strengthen the compatibility between the investment mix and the characteristics of the insured by introducing investment tracks that are adapted to the age of the client.
12. ***Promoting a more proactive policy to reduce the extent of receipt of disability pensions and to capitalise on the ability of people with disabilities to work:*** The inclusion of people with disabilities in society and in the labour market has been widely addressed in government policy in recent years and there have been important developments in creating conditions and infrastructure to promote employment: a minimum quota was set for employing people with disabilities in organisations and companies in the public and private sectors; a network of centres for employers and for people with disabilities was established⁷ to assist in successful integration into employment; a reform was introduced in sheltered employment frameworks (now employment-promoting centres) so that they serve more effectively as a transition into employment in the open market.
13. ***Setting 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 the branches of construction and agriculture by encouraging the employment of Israelis and examining the possibility of mechanising some parts of the production process.

A key step has been to reduce the profitability of importing foreign workers unnecessarily, by using tools such as bilateral agreements, which prevent excessive gain by intermediary agencies, or by imposing a special tax on the employers of foreign workers. Yet, a number of government decisions in the last few years have increased the quotas for foreign workers in the construction and agricultural sectors.

14. ***Favouring employing Palestinian workers rather than foreign workers:*** This recommendation is in keeping with government policy. In the past four years, the number of Palestinians working in the Israeli economy has doubled, and in 2014 it reached close to 92,000. In construction, for example, the rate of Palestinian workers increased from 9.1% at the start of 2012 to 15.3% at the end of 2014.
15. ***Promoting 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 Organisation for Migration (IOM). Among the steps taken: An agreement with the Thai government to bring in agricultural workers; agreements with the Bulgarian, Moldavian and Romanian governments to bring in construction workers; an agreement being consolidated with the government of China; a pilot agreement with the Sri Lankan and Nepalese governments to bring in personal care workers. A study of the effects of bilateral agreements in the construction and agricultural branches found that following such agreements, there was a sharp decline in the fees that a worker wishing to work in Israel has to pay.
16. ***Granting 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.



The government is taking steps to strengthen the ability of the authorities to enforce labour laws effectively and to improve the employment conditions of the overall working population in Israel, and particularly low-wage earners. These are the main steps that have been taken since 2011:

- *The Law for Increased Enforcement of Labour Laws (LIELL)* went into effect in June 2012. Its aim was to increase and render more efficient the enforcement of labour laws. The law allows for a short administrative procedure instead of criminal enforcement in the case of minor infringements of the labour laws, while reserving criminal enforcement for serial and serious violators. To check whether violations were rectified following administrative warnings, the Regulation and Enforcement Administration (REA) at the Ministry of the Economy began to conduct repeat inspections for employers who had breached the regulations of the labour laws. Since the introduction of this practice, 159 files were opened as a result of repeat inspections.
- *The addition of 120 positions to the REA:* The implementation of this decision from January 2012 brought the number of regulation positions to 222 full-time jobs and 109 part-time jobs, or a total of 277 full-time positions. There is currently one inspection position for every 13,000 workers, a higher ratio than in many developed countries. The REA is currently evaluating further its enforcement processes and considering ways to improve them.

- The implementation of the new law to increase enforcement and the increased positions allocated to enforcement are already reflected in key measures of enforcement, as is evident from Table 1. The increase of administrative procedures and reduction of criminal procedures are of particular note.

Table 1: Key Measures of the Enforcement of Labour Laws

Year	Files Opened	Files Closed	Warnings of Criminal Procedures	Indictments	Criminal Fines	Admini- strative Warnings	Financial Sanctions
2011	1,118	1,651	789	283	614	----	----
							532 Sanctions totalling
2014	3,420	3,479	130	72	193	7,771	NIS 31,197,960

- *The Law on the Employment of Workers by Temporary Work Agencies (TWA) as amended in 2012:* The law imposed criminal liability on any business hiring services from a manpower TWA or from a TWA providing security or cleaning services without a license from the REA. In so doing, the legislator imposed liability not only on the TWA but also on the purchaser of services – as is true of the LIELL. This was designed to eliminate the practice of companies operating on the market without licenses and thereby evading inspection. Of the 831 existing companies in this field, in 2014 the REA conducted administrative investigations on 200; 152 of the investigations were of security and cleaning TWAs.
- *Additional actions for protection of workers employed by TWAs:* The MOECON is developing regulations by force of LIELL in order to provide further safeguards.
 - *Pricing regulations:* Regulations designed to define appropriate prices in contracts with TWAs that provide security, cleaning and catering services. The aim is to reduce the phenomenon of tenders at a loss which negatively affected workers' rights.
 - *Wage inspectors regulations:* Regulations to define the role of wage inspectors who carries out periodic checks of wage payments and, where necessary, issue warnings of failures to comply with the law.

- Strengthening *data sharing* between the National Insurance Institute (NII) and the Ministry of the Economy is aimed at increasing the enforcement of labour laws. Data sharing is meant to flow along two channels: one is the macro channel, to establish enforcement policy for various branches according to different criteria; work on this has begun with the NII research department. The other is the micro channel – which is being formulated, and through which the REA seeks to obtain data on employers violating the rights of their workers.
- *Establishing a research unit at the REA* to analyse the data possessed by the different divisions of the Ministry of the Economy and by external bodies, and to help shape data-based enforcement policy.

In addition to these steps, several specific attempts are under way to increase enforcement among foreign workers and their employers:

- One important development contributing to the ability of foreign workers to lodge complaints is the introduction and expansion of *bilateral agreements*. The agreements provide a hotline for workers to lodge complaints in their own language. The complaints are passed on to the authorised government official for handling (the Population and Immigration Authority at the Ministry of Interior (MOIN), the MOECON, or the Israel Police. Moreover, workers arriving after having received orientation abroad are more aware of their rights and the option of lodging a complaint if these are violated. The format for clarifying complaints has also become more organised, and procedures have been formulated to allow greater synchronisation and data exchange among the authorities.
- In June 2010, responsibility for the criminal enforcement of most labour laws affecting foreign workers was transferred to the REA. Since assuming responsibility, the REA has endeavoured to construct an enforcement system by cooperating with the MOIN and the official in charge of foreign worker rights at the MOECON. These are among the main developments:

- The number of regulation positions allocated for enforcement regarding the foreign worker population grew from 16 (11 filled) in 2012 to 30 full-time positions (27 filled) and 21 part-time (15 filled) in 2015.
- In 2013, the REA conducted investigations relating to 930 foreign workers that culminated in 261 complaint files. In 2014, when efficiency measures were introduced into the enforcement division along with specific work procedures for opening and closing files, investigations were conducted on files affecting 960 workers, and procedures were completed in 731 of them.
- *The Population and Immigration Authority at the MOIN* has continued its efforts to enforce criminal proceedings. In addition, it imposes financial sanctions through its administrative processes on employers for violating the ban on hiring foreign workers without permits, for acting counter either to the permit or to the conditions of an employee's work license, or for failing to provide appropriate housing and medical insurance as required by law.
- The *director of the office at the Ministry of Economy responsible for enforcing the rights of foreign workers* has continued to formulate procedures to join in civil procedure processes as well as to initiate civil procedures. Although the procedure has not yet been finalised, preliminary steps are being taken to finalise the required authorisations. In addition, the director is taking steps to improve the process of mediation between foreign workers and employers, and establish clear rules that are designed to make more efficient use of mediation. The process of clarifying complaints by the director has been strengthened, as a result of the adoption of an internal procedure which has improved communication with the enforcement authorities at the MOECON. The office is also in the process of formulating a similar procedure for clarifying complaints with the Population and Immigration Authority at the MOIN.

Chapter 2: Enhancing the Capacity of 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.



An active labour market policy is at the heart of the government agenda. Efforts to expand this policy focus particularly on populations with low participation rates in the labour market, such as the Arab and Haredi populations and those known to the social services.

The following chapter sets out the main steps taken to expand active labour market policies.

General Efforts to Strengthen Participation in the Labour Market – Initiatives of the Ministry of Economy

Public Employment Service (PES)

- In the past three years, the PES has been expanding the basket of services that it provides to those requesting its services, with a focus on assisting income support recipients.
- In 2014, the PES initiated a pilot programme 'Employment Circles' for new applicants for income support. In the context of the program it implements a more effective employment test and provides additional supports to enhance their ability to integrate into the labour market.

- In 2014, some 3,500 people participated in this programme (at an annual cost of some NIS 5.5 million) and it currently operates in 15 employment bureaus. The bureaus, were chosen to represent a variety of population groups.
- The findings of the evaluation of the program show that after 10 months of operation, the rate of placement was higher for participants than for the control group.
- There has not been new change, with respect to the OECD recommendations on the need for a broad welfare to work program. There is still not a national program to integrate income support recipients in the labour market.

Vocational Training

- An important development is the implementation of a 2011 resolution to divert some of the budget for vocational training to a system using personalised vouchers. The voucher is a pledge for partial funding for vocational training for jobseekers at any recognised institution and enables individuals to obtain training suitable for their needs. In order to expand access to vouchers, a new procedure was published in 2013 enabling a greater range of organisation to apply for vouchers for vocational training, such as one-stop employment centres. Likewise, the range of professions included in the voucher scheme has expanded. Accordingly, the number of voucher recipients increased from 1,450 in 2011 to 2,380 in 2014, of whom 1,140 were from the minority sector and 425 from the Haredi sector. During this time, the number of organisations, such as one-stop employment centres, that can apply for a vocational training voucher was also increased in order to increase accessibility to the vouchers. The budget for 2015 is NIS 25 million.
- Adult apprenticeship is a vocational training strategy that combines theoretical study with practical training. In recent years, there has been increasing interest in this strategy throughout the world. Based on this, the Vocational Training Division at the MOECON and JDC-TEVET are developing a pilot vocational training programme combining theoretical studies with work experience. The target population is individuals aged 18 or older who are not working or have been doing unskilled work for a long time. Every apprentice will attend theoretical studies for one to two months. They will, for the rest of the time,

take part in theoretical studies for three days a week and do an apprenticeship at a workplace and receive wages. The programme lasts about a year and at the end of it, the apprentice will be required to take certification exams and can be placed in a full-time position at the same place of work. The programme provides the employer with partial payment for the wages of the apprentice and their mentor in the workplace, and a "success grant" if the apprentice passes the certification exams.

- Another direction currently in implementation stages is a pilot programme, 'Kiddum' ('Promotion') implemented by JDC-TEVET in partnership with the MOECON and the NIL. The programme focuses on efforts to strengthen opportunities for promotion (wages and quality of positions) for low-wage earners aged 20-45 from various populations. The project creates an individual plan for each participant including group activities. The programme is being evaluated by MJB. In 2014, 100 participants took part and in 2015, there will be some 250 additional participants. The goal is to develop effective ways to encourage promotion on the job. In addition, a pilot is soon to start using the random assignment method for comparing those in the programme to similar workers not participating in the programme. The pilot will be conducted in partnership with the NIL.

The Investment Centre

- The Centre utilises various instruments to support employment, such as grants to companies with employment tracks that include "special" populations characterised by low participation rates in the labour market (minorities, the Haredi community, people with disabilities). The grant is used to provide employers with partial subsidies for the wages of these employees. The budget for these tracks has been considerably increased in recent years and we report in this chapter below on new programmes initiated for these populations.
- Another instrument for encouraging employment is the Law to Encourage Capital Investment, which provides grants to companies that set up or expand enterprises in industrial zones in the periphery. Note that certain grants are conditional upon large-scale recruitment of workers, such as the grant given to Intel in 2014, for which the company pledged to engage some 1,500

additional workers over the following years. Beyond increasing the overall budget for this programme, the criteria were changed in order to support enterprises focused on the local Israeli market and those that introduce innovations to improve productivity, thus creating opportunities for promotion for their lower wage employees.

The Small and Medium Business Agency (SMBA)

- The agency aims to assist small and medium businesses by implementing a number of forms of support including: a State guaranteed loan fund that helps businesses get inexpensive credit, a nationwide network of branches providing business advisory services to small and medium businesses, with tailored activities in the periphery in general and specifically for the Arab population, as described below. In recent years, the amount of assistance has increased substantially along with the forms of support that the SBMA offers.

Administration for Industrial Areas

- The Regional Development Administration engages in subsidising the development and marketing of land for industrial zones in the periphery. The purpose of establishing industrial zones in the periphery is to re-locate the demand for workers from the centre of the country to the periphery, and to increase employment and productivity in those areas. An extensive proportion of the Administration's activities are conducted close to minority population localities in the north and south of Israel, described in detail below.

Special Programme for Single-Parent Families

In 2012, the government passed Resolution 4193 to allocate some NIS 100 million in 2012-2013 to assist single-parent families supported by the NII. This assistance was designed to encourage their integration into the labour market, and enable them to increase their weekly work hours and advance at work. This was in addition to the benefits already existing at that time.

Within this framework, the MOECON is helping fund childcare in recognised and unrecognised day-care centres, family day-care frameworks and afternoon programmes. In addition, the Ministry offers assistance in funding frameworks that

operate outside the hours of formal education, and day camps during holidays and summer vacation.

Furthermore, the Ministry funds vouchers for vocational training within the voucher-programme framework for single parents (as defined in the Law on Single Parents). In addition, the Ministry operates the STRIVE programme through the PES for unemployed single parents to assist them in integration into the labour force.

Employment Programme for Populations Known to the Social Services

As noted in the previous report, the social services are placing growing emphasis on increasing employment opportunities for the many populations that apply to their services, although traditionally, they mainly dealt with the employment of people with disabilities. During these years, several key existing programmes have been expanded, such as 'Eshet Chayil' for women, 'Maavarim' ('Transitions') for disadvantaged rural areas in the periphery, and 'Employment for Empowerment' for poor families. In addition, new initiatives have been introduced as described below.

- A key initiative that began in 2014 emphasises the consolidation of employment assistance by establishing four regional employment centres in Israel's four major cities: Jerusalem, Tel Aviv, Haifa and Beersheva. Three more centres will be set up in 2015. They are established in cooperation with other agencies, such as the MOECON, and are intended for all populations served by the social services. Each of the centres is expected to serve around 1,000 applicants per year.
- Following the report of the Israel Committee for the War against Poverty, which submitted its recommendations at the end of 2014, a decision was made to establish a holistic programme for poor families with children – 'Noshmim l'Revacha'. Promoting employment is one of its key components. The programme is to be implemented in partnership with the Rashi Foundation and JDC-Ashalim. It is expected to start in the coming months and to include some 3,000 families living in 95 localities.

- Young adults at risk continue to be one of the main target populations. In 2014, some 3,500 young adults received assistance in integrating into employment through a range of programmes, compared to 3,000 in 2011.
- 'Maavarim' ('Transitions') for disadvantaged rural in the periphery areas was greatly expanded and now serves 12,000 participants.
- 'Eshet Chayil' for women from disadvantaged populations has been significantly expanded since 2011 and currently implements 70 groups in which some 1,600 women participate.
- 'Employment for Empowerment', which introduced the new role of employment social worker, has expanded since 2011 to 20 localities.
- 'Tnufa' is a new initiative for recipients of income support with complex employment barriers. The service is provided by the rehabilitation centres of MOLSA in partnership with the PES. In 2015, it will have 160 participants.

Improved Employment Conditions for Low-wage Earners

Employees of Temporary Work Agencies (TWAs)

Agreements in principle on improvements in the conditions of employment for cleaning and security personnel working for TWAs were reached between the General Federation of Labour (GFL), the government, and the Coordinating Bureau of Economic Organisations (private employers) in 2012. They are now ratified in legislation and in collective bargaining agreements, and have been extended to apply to all employees in the public and private sectors. As a result, the conditions of employment of these workers have improved including provisions for their pensions, Training Fund, minimum wage supplements, and more.

Employees Earning the Minimum Wage

A broader step that improves the wages of low-wage earners and strengthens work incentives is to increase the minimum wage. Following the agreement in late 2014 between the Presidium of Business Organisations and the GFL, which was later ratified in legislation, the minimum wage in Israel will be incrementally increased from NIS 4,300 over two years to NIS 5,000. It will be updated in three phases:

Table 2: The Scheduled Increase in the Minimum Wage

Phase	Date	Wage	Percentage Increase Since the Base Year
1	April 2015	NIS 4,650	8.1
2	July 2016	NIS 4,825	12.2
3	January 2017	NIS 5,000	16.3

In addition, in March 2015, the Presidium of Business Organisations and the GFL added a fourth phase, in which the minimum wage will be increased in December 2017 to NIS 5,300. The new agreement has yet to be ratified by the government for implementation in the public services.

Special Efforts for Population Groups with Low Rates of Participation in the Labour Market

The Arab Population

Employment Rate

Since the previous report, there has been a substantial increase in employment among Arab men and women. During this period, the rate has also increased among the Jewish population but the gaps have narrowed. The most significant increase in percentage points and even more in percentages has been among Arab women as seen in table 3.

Table 3: Employment Rate, Ages 25-64, by Population Group and Gender³

	2012	2014	Change (in percentage points)
Jews			
Women	77.4%	79.3%	1.9
Men	81.9%	82.5%	0.6
Arabs			
Women	29.3%	33.2%	3.9
Men	74.1%	75.4%	1.3

³ At the end of 2011, changes were made to the CBS Labour Force Survey on which the data are based and therefore in the current report, employment rates are shown from 2012. Comparison with earlier years is problematic.

Main Government Resolutions

As described in the previous report, since 2010, there have been a number of government resolutions and previous key programmes as background to subsequent resolutions and developments.

The five-year plan for economic development of localities in the minority sector (government Resolution 1539) began in 2010. The inter-ministerial plan was implemented under the overall auspices of the Authority for the Economic Development of the Arab, Druze and Circassian Sectors at the Prime Minister's Office (AEDA). The plan included several national programmes but concentrated its efforts on 13 localities in order to achieve a more significant impact. The budget for the plan was some NIS 800 million. The plan ended in 2014.

In 2011, several government resolutions were passed focused on subgroups within the minority population: Resolution 2861 for the Druze and Circassian sector, which ended in 2014; Resolution 3211 for the Bedouin population in the north, which is in force until 2017; and Resolution 3708 for the Bedouin population in the Negev, which is in force until 2016.

Furthermore, in 2012, Resolution 4193 was passed. The resolution focuses particularly on encouraging employment, with a special emphasis on Arab women.

In addition to these resolutions, we note briefly additional key resolutions passed since 2012.

In December 2014, the government approved a follow-up plan for 2015 for economic development in the minority sector (Resolution 2365) in the amount of NIS 670 million. The plan included a number of changes in government policy and focused on amending some of the identified flaws in the mechanisms of assistance to minority populations. For example, instead of establishing a fixed budget, several clauses earmark budgets as a defined percentage of the total allocation for the entire population. Another very basic change was the decision to relate to all localities with minority populations.

In 2014, the government approved Resolution 2025 that established an additional multi-year plan for the development of the southern region in general, with special provisions for the development of the Bedouin communities for the years 2014-2017.

In addition, in December 2014, the government approved a follow-up plan for 2015 to develop and empower the Druze and Circassian localities (Resolution 2332). The resolution encompasses a range of educational, social and employment needs. It provides funds for one-stop employment centres and a range of activities to encourage economic development, including small business and tourism.

Furthermore, resolutions were passed specifically for East Jerusalem (Resolution 1775) and the Arab city of Taibe (Resolution 1298), in which one of the major focuses is on employment.

Expanded and New Programmes for the Arab Population

One-Stop Employment Centres

- Completion of the national network of one-stop employment centres. To date, 19 have been set up and 22 are expected to be operative by mid-2015. In 2012, around 4,000 clients received services from the seven centres then in existence and by the end of 2014, around 20,000 had received services at the centres. At that time, there were 11,000 active clients. According to the information system of the centres, some 50% of the 20,000 participants had been placed in jobs by the end of 2014. In 2014, an agreement was signed with MJB to conduct a comprehensive evaluation study of the centres.

Steps Targeting Arab Women

- Day-care centres – The number of places was increased and eligibility criteria were expanded specifically in order to allow women working part-time to benefit from the subsidy. For details, see chapter 4.
- The number of groups in the Arab version of 'Eshet Chayil' - ('Ryadiah') - has increased from 13 in 2011 to 49 in 2014. Of the 1,600 women who have participated to date, 1,100 are Arab.
- The micro-finance loan fund to small businesses owned by Arab women was extended. The loan fund was set up by the SMBA in partnership with the Koret

Foundation and other organisations. In 2014, it provided 1,059 loans, compared with 525 in 2011.

- The number of positions for National Civic Service has been increased with an array of services to encourage the transition to employment and higher education. The number of participants has increased by 500 per year to 4,200. Most of them are women.
- Special efforts were made to increase activity for the Bedouin population in the Negev, particularly entrepreneurship for women. In 2014, two courses were opened to encourage entrepreneurship. Help was given to 138 businesses in developing business plans. Ten conferences were also organised for local businesses in Bedouin localities. Altogether 264 applicants received assistance.

Integration into Hi-Tech Industry

- In February 2015, the MOECON began implementing a new programme to integrate college graduates into hi-tech positions in knowledge-intensive industries. The programme provides personal support and mentoring, training in soft skills and vocational training, and assistance in placing college graduates in hi-tech.
- In 2014, the first Arab hi-tech accelerator was set up, focusing on supporting technology initiatives to bring them to a state of readiness for preliminary investment. In 2014, ten projects participated.
- Special efforts are being made to encourage educated Arabs to integrate into hi-tech by funding internship positions and by supporting organisations to serve as mediators.
- In 2014, a new technological youth movement was set up by the AEDA with the participation of the Ministry of Science, Technology and Space and the non-profit organisation Appleseeds Academy. As well as functioning as a youth movement, it also imparts post-secondary level computer skills at and training in computer maintenance. This gives the participants a profession in a field that is in demand and puts them in a more advanced start-off point in the labour market in the future.

Employment Track

- At the end of 2011, it was decided to create a new employment track especially for the Bedouin in the Negev in various branches of industry. In 2014, NIS 15 million was invested in the track, through which 240 Bedouin were placed in jobs in 2014.

Encouragement of Business Entrepreneurship

- In 2010, an investment fund was set up specifically for businesses in the Arab sector. The fund is co-funded by government and private sources in the amount of NIS 177 million. Seven businesses have been set up and the entire amount will be invested by the end of 2015.
- The business centres programme of the SMBA for the Arab population was first implemented in 2011. Six centres were established, three of them in the Arab sector (Nazareth, Yarka and Shefaram). In 2015, another three will be set up in the Arab sector – in Rahat, Sakhnin and Baqa el-Gharbiyya.
- In 2014, it was decided to create a new track at the MOECON in the framework of the Chief Scientist's grants for new initiatives. This track provides special conditions for projects in the Arab sector and provides funding of 85%. The track is already active and many applications have been submitted.
- At the end of 2014, the first business accelerator was inaugurated in the Arab sector. Its goal is to develop small and medium businesses and provide them with every type of assistance important for business development. The process of identifying potential businesses is to begin shortly.
- In 2015, the Foreign Trade Administration established frameworks for broader assistance to small and medium businesses, such as the 'Smart Money' track, which requires lower threshold conditions and participation than the Administration's regular tracks.
- A pilot has begun to map and promote small businesses by expanding the signage and publicity in the Negev and Galilee by the Ministry for the Development of the Negev and the Galilee (MONAG). In 2014, the mapping was completed in five localities and in 2015, due to the success of the pilot, mapping of all the local authorities will start.

- The Ministry is also making efforts to promote tourism in Arab localities by setting up units to encourage tourism, assist entrepreneurs and help to organise and market festivals and events. For example, in 2014, some 3,000 visitors attended the Magic Nights in the Desert Festival in Laqia and in January 2015, the village of Arara held a coffee festival attended by 1,500 visitors. Such activities are conducted in many of the Arab localities and include special activities with the Bedouin in the south. It was recently decided to make a special effort to encourage tourism in the old town of Nazareth with the involvement of several government ministries.
- 'Wadi Atir' is a project of the Bedouin community in the Negev to set up a desert farm for growing medicinal plants and raising sheep and goats. The project receives government support based on Resolution 3964 of November 2011. The first stage of the project was initiated in 2014 and is now being expanded. Currently operative are: sheep farming and the production of meat and dairy products; growing medicinal herbs and traditional desert vegetables. Some of the products are already being marketed. The farm will also serve as a tourist site and the visitors' centre will be ready by the end of 2015. In addition, the farm will be used as a research centre for high school and college students.
- The space centre in Sakhnin is an interdisciplinary laboratory for researching and producing solar energy that includes a solar observatory, advanced astrophysics laboratories for research and teaching, and a visitors' centre. The solar centre, along with the wealth of knowledge and expertise that has accumulated at the environment centre in the complex, will serve as the basis for developing clean-tech projects in general, and in particular renewable energy. Driven by the understanding that developing technological professions as reflected in the centre's work will serve as a platform for economic development in the Arab sector, an expansion of government investment is planned for the coming years.

Development of Industrial Zones

In the framework of government resolutions, considerable sums have been invested in the establishment and upgrading of industrial and employment zones in 44 Arab

localities. However, the zones have not led to the development of new business activity to the extent planned and therefore, intensive efforts have been more recently made to more fully realise their potential.

Among these efforts, it was decided in 2014, to create three economic companies and nine administrations to promote these industrial zones. An example of the development of industrial zones in Bedouin localities in the south is Edan HaNegev, which is shared by Rahat municipality and two Jewish councils. The industrial zone extends over 450 hectares and 40 firms of different sizes are in various stages of being set up. The ultimate target is for the industrial zone to employ 3,200 workers and provide 8,000 places of work indirectly.

Another step made to strengthen the economy of Arab localities is the planned establishment of five regional industrial zones. The partnering Arab localities will be jointly responsible for management and will share in the income from municipal taxes ['Arnona'] and from the provision of services to the industries these zones.

Young Adult Centres for Bedouin in the Negev

The centres provide comprehensive services for young adults: assistance in integrating into higher education, volunteer activity and referrals to the employment services. The plan is to set up these centres in every locality – the first was established in Rahat in 2012 and the second will be set up in Khoura in the coming months. The Rahat centre is already providing services to many young adults. For example, some 160 participated in preparatory workshops for higher education in 2014 and around 90 took part in a preparatory course for the psychometric exams.

Additional Supplementary Strategies for Economic Growth

- *Regional economic cooperation:* The AEDA encourages regional cooperation among Jewish and Arab local councils as leverage for economic growth. Regional cooperation will promote the development of projects that will serve as economic anchors for the entire region. Examples of projects are:
 - Setting up a strategic unit to promote joint planning among the local authorities in the Beit Netufa Valley
 - Mapping potential levers of economic growth in the Beit Hakerem Valley in the framework of the regional cluster of authorities set up by the

Ministry of the Interior and the JDC Institute for Leadership and Governance

- Establishing a process to identify levers of growth in the north, with a special emphasis on the Arab population. This will serve as a basis for developing a programme for economic development through a partnership of the AEDA and the MOECON.
- *Assistance to local authorities in receiving government support:* One of the main difficulties of the authorities is to realise the full potential of the government support offered by government ministries and many other organisations. In 2014, the AEDA published a tender for an organisation to provide consultancy and assistance to authorities in the Arab sector wishing to apply for various types of support. The assistance will include training, consultation and the establishment of task forces in the authorities, focused on realising this support.

Note that the Arab population is among the groups that particularly benefit from all programmes for disadvantaged populations and areas in the periphery. In addition to the steps noted above, several important steps were taken to make it more worthwhile for mothers with young children in the general population to integrate into employment. These included increasing the employment grant for working women, increasing the supply of day-care centres in the Arab sector, and making it easier for Arab women to receive subsidies for day-care. See chapter 4 for further information.

The Haredi Population

Employment Rate

Since the previous report, there has been a considerable increase in the employment rate among Haredi men and women, as shown in Table 4, and the gaps have narrowed compared to the overall Jewish population. An alternative analysis of employment trends among Haredim was carried out by the NII based on administrative data. This analysis also indicates that employment of Haredim continues to rise.

Note that according to the CBS Labour Force Survey on which the data is based, the definition of Haredim is based on their last educational institution. Accordingly, Haredi men with higher education are not defined as Haredi, and therefore when they integrate into employment, they are not included in the target population. In order to refine this definition, representatives from MOECON, CBS, MOF, NII and the Bank of Israel held joint meetings over the past year. Based on these discussions, an agreement was reached with the CBS that from now on, anyone who has studied at a Haredi educational institution at any time in his life is to be defined as Haredi even if his last studies were at an academic institution.

Table 4: Employment Rate, Ages 25-64, by Population Group and Gender⁴

	2012	2014	Change (in percentage points)
Total Jewish Population			
Women	77.4%	79.3%	1.9
Men	81.9%	82.5%	0.6
Haredim			
Women	65.4%	70.8%	5.4
Men	41.2%	45.2%	4.0

Amendments to the Law on Sharing the Burden

There has been a change in the system of exemptions that allowed Haredi men to defer their military service as long as they continued to study in yeshiva. In February 2012, the court ruled that this arrangement was not legal. In light of this ruling, a special committee was convened in 2013 with the goal of drafting a law to settle the matter. The law was passed in March 2014.

One of the main goals of the new recruitment arrangement is to allow and encourage young Haredi men to enter the labour market at a relatively young age. Those who were aged 22-28 when the law was passed were given an exemption from military service. A substantial percentage of younger men will be required to

⁴ At the end of 2011, changes were made to the CBS Labour Force Survey on which the data are based and therefore in the current report, employment rates are shown from 2012. Comparison with earlier years is problematic.

enlist for military or national service, while a certain percentage will be exempt from service in order to pursue their studies at a yeshiva.

The law will come into force gradually in a multi-stage process spread over three periods that will continue until full implementation in 2020.

Main Steps Taken

As a complement to the government policy to promote participation in the labour force, there are continued efforts to expand the assistance provided. Since publication of the previous report, further steps were taken to advance integration of Haredim in the labour market.

- In 2013, some NIS 500 million was budgeted over five years to encourage employment. These steps have contributed to the change in the attitudes and patterns of behaviour within the Haredi community with regard to employment, vocational training and academic studies.
- Several general steps have made it more worthwhile to integrate into employment. The employment grant for the whole population, and in particular for women, has been increased, as have the supply of and subsidies for pre-school frameworks. Concurrently, there were cuts in child supplement and other benefits that are not conditional upon working. For details, see chapter 4.
- Strengthening the network of one-stop employment centres for the Haredi population: Between 2006-2012, six centres with a limited scope of activity were set up. In 2012, it was decided gradually to bring the centres under government auspices and to broaden their activities. Two additional centres were fully operational in Jerusalem and Bnei Brak as of September 2013 and March 2014. In 2013, it was decided to set up two additional centres. There are now 10 centres serving 15,800 active participants every year.
- As can be seen in the table, the rate of placement of the active participants in one-stop centres was about 25% in 2014. The rate of placement of the new participants was higher – about 32%. Furthermore, an evaluation study is currently being conducted which shows higher rates of placement. The study's findings have not yet been published.

Table 5: Number of Participants in One-stop Centres and Rate of Placement, 2014

	Men	Women	Total
Active participants	6,833	8,975	15,808
New active participants	4,329	4,594	8,923
% of active participants who were placed in jobs	25.8	24.2	24.9
% of new participants who were placed in jobs	30.4	33.7	32.1

- Establishing four special one-stop employment centres ('Halacha V'maaseh') for Haredim aged 22-28 who received an exemption from military or national service through the new "sharing the burden" law and those who did military or national service: The tender process to set up the centres has been completed and the centres will begin working in the course of 2015. They will follow a new budgeting model of payment by results: remuneration based on placement, level of wages and job retention. The centres will have at their disposal additional tools to those used at other centres, such as incentives for the participants including a grant for job retention.
- An additional track to encourage Haredi employment provides support for Haredi students participating in preparation courses to pursue studies to become technicians at various colleges recognised by the MOECN. These students have only participated previously in religious studies. The program aims to increase the chances of these students to successfully complete their studies and integrate into the labour market. The programme funds full tuition costs and associated expenses. The programme began in 2011 at the initiative of the government institute for technology and science training, and since then has expanded every year.
- An additional programme to encourage employment of Haredi men and women in hi-tech is being currently developed in partnership with hi-tech companies.

Integrating New Immigrants into Employment

Efforts are being made to promote the employment of immigrants from all countries of origin.

- Setting up and operating a network of 17 employment centres for the placement of immigrants and returning Israelis: The centres opened during 2014 in locations close to branches of the Ministry of Aliyah and Immigrant Absorption (MOIA), replacing six centres that were operative in the past. The centres are run by professional manpower agencies based on the payment-per-results model. Altogether, 346 people have been placed and a further 777 are in the advanced stages of placement.
- Based on the work of an inter-ministerial team, the government passed Resolution 2225 in November 2014 to remove regulatory barriers to the admission of immigrants into their professions. According to the resolution, prospective immigrants will be able to initiate the process of professional accreditation while still in their country of origin: barriers will be removed regarding licensing, recognition of accumulated professional experience and integration into the Civil Service. The health professions are particularly emphasised.
- The Aliyah 2000 programme focuses on identifying professions in particular demand in Israel, preparing vocational training programmes and encouraging potential immigrants with relevant backgrounds who can take advantage of the programme. In 2014, over 1,000 families arrived through this programme.

The next section relates to special efforts for the Ethiopian-Israeli population.

The Ethiopian-Israeli Population

About 25% of Ethiopian citizens arrived in the country since 2000 and face the challenge of initial integration. At the same time, many of those who arrived earlier are still contending with serious challenges. Both groups have to contend with the huge transition from their life as subsistence farmers in remote areas in Ethiopia, with their limited educational background and with considerable difficulties of adult immigrants in learning Hebrew.

Despite these difficulties, the men have successfully integrated into the labour market and in the past decade, so have the women. As shown in Table 6, the improvement trend has continued even since publication of the previous report.⁵

From 2008 until 2013, an inter-ministerial five-year plan was implemented to improve absorption of Ethiopians (Government Resolution 3116). The plan included a number of employment programmes on the national and local level. In the last year, there has been a process of formulating a new five-year plan which should be announced in the coming months.

There remains the concern with the quality of employment, the extent of opportunities for advancement and the opportunities for younger Ethiopians, who acquired their education in Israel, to fully utilise their education in the labour market.

Accordingly, the MOECON has initiated a special programme to encourage their integration into jobs commensurate with their education and professional skills, based on government Resolution 4624 from May 2012. The programme is for jobseekers as well as for those who are already working. In order to promote these goals, the programme sets up employment guidance units using existing general employment guidance platforms such as the young adult centres and one-stop employment centres of MOLSA. The programme began implementation in December 2014 in three cities with large concentrations of Ethiopians and will be extended to an additional six cities in the future.

Another important initiative is the EMET programme (culturally fair testing). The programme is designed to respond to the difficulties and barriers experienced by Ethiopians in employment tests used in the public sector and by manpower agencies serving the private sector. The multi-year programme identified cultural barriers in the testing and screening processes and a new strategy was formulated for assessing the employment potential of the candidates in ways that overcome these barriers. The first use of these new assessment tools was made in the framework of the

⁵ Note that at the end of 2011, changes were made to the CBS Labour Force Survey on which the data are based. The data are not adjusted for this change and therefore the trend should be treated with caution.

screening processes for the national programme to recruit a young and promising workforce as public servants in local authorities. In addition, one of the large manpower agencies has adopted some of the new tools that had been developed. The new strategy is also being implemented for other groups, such as the Arab population.

Table 6: Employment Rate, Ages 25-64, by Population Group and Gender⁶

	2011	2013	Change (in percentage points)
Total Jewish Population			
Women	74.1%	77.4%	3.3
Men	76.3%	80.1%	3.8
Ethiopians			
Women	64.1%	68.9%	4.8
Men	70.4%	75.7%	5.3

⁶ Note that at the end of 2011, changes were made to the CBS Labour Force Survey on which the data are based. The data are not adjusted for this change and therefore the trend should be treated with caution.

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.



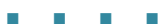
Income support recipients are expected to benefit from the general developments in employment programmes and support services. In addition, income support recipients known to the social service departments will also benefit from the expanding employment programmes and financial support offered increasingly by the MOLSA in recent years in partnership with the MOECON. We described these programmes in chapter 2.

There have been considerable developments in childcare, including expanding access for the entire population with particular focus on disadvantaged populations, as described in chapter 4.

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 from 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, in order to enable additional populations to integrate into the labour market, it is imperative to ensure that employment is more lucrative, that it can reduce poverty and that the necessary support services are available. There are various steps that can help this process and we will report on the main ones in this chapter.

Earned Income Tax Credit (EITC) ("Negative Income Tax" or Employment Grant)

- As of the 2011 tax year, the EITC has been deployed nationwide. Unlike other forms of income support, such as minimum income benefits, EITC does not introduce negative work incentives, but rather a positive incentive.
- In 2012, several improvements were introduced in the programme. It was decided to increase the EITC by 50% for working mothers and for fathers of families. Extensive efforts were also made to increase take-up of the allowance, such as flexibility in the times for submitting a claim; a letter to potential recipients; an extensive advertising campaign, and so on. The rate of take-up increased from 51.8% in the 2011 tax year to 65.3% in the 2012 tax year.

- A new study on the nationwide implementation stage, carried out in 2011 among a representative sample of the entire eligible population, will be published shortly. The study will examine in depth the reasons for non-take-up of the allowance and effects of the non-utilisation. The study also includes an examination of the involvement of employers in the take-up process. The study is being conducted jointly by the Bank of Israel, the NII, the Tax Authority and MJB.
- It is important to keep in mind that an additional step that enhances work incentives and reduces poverty is the increase in the minimum wage that we elaborated on in chapter 2.

Benefits and Tax Credit for Children

- In 2013, there was a cut in child supplements. It is now a uniform benefit of NIS 140 per child. This constitutes a relatively small reduction for the first child and a larger reduction for the second and other children. However, the coalition agreements signed on formation of the new government stipulate that child supplements will be increased although the details have not yet been finalised.
- On the other hand, benefits for children under the Income Tax law were expanded in 2012. Fathers of children up to age 3 will receive two credit points and mothers will receive an additional credit point for each child up to age 5.

Frameworks for Pre-schoolers

Expansion of availability of and access to pre-school frameworks is an important way to encourage the integration of parents into the labour market and ease the family's financial situation.

- *Day-care centres for children aged 0-3.* In 2012, the government decided (Resolution 4088) on a significant increase in the allocation of funds for constructing, expanding and refurbishing the public day-care centres for children aged 0-2, in order to increase the number of participants. In all, NIS 2 billion was allocated to this end. However, many difficulties arose in the process of building these facilities, resulting in the publication of a new procedure in August 2014, in order to remove the obstacles. The number of

children receiving government subsidies increased from 72,000 in the 2010/11 school year to 98,000 in the 2013/14 school year. The expectation is for the number of children in day-care facilities to significantly increase in the coming years, which will facilitate integration of both parents into the labour force and enhance the family's economic situation.

- *Employment test for both heads of the household* – As part of the policy to encourage employment of both heads of the household, in May 2013, the government decided (Resolution 149) to apply an employment test to both heads of household, and not only the mother, in order to determine eligibility for subsidised day-care centres. However, this change is applicable only for one year as a result of the change in government policy.
- *Pre-schools for children aged 3-4* – In 2012 the government decided (Resolution 4088) on a nationwide deployment of free frameworks for children aged 3-4. To this end, a broad array of public frameworks was constructed to allow for full utilisation of the entitlement. It was also decided to allow parents to receive this benefit for private frameworks as well. The total cost of the expanded deployment is NIS 1.8 billion a year. In the 2014/15 school year, the programme succeeded in providing services to 82% of all children aged 3 and to 88% of all children aged 4 in public frameworks. It required training and recruiting some 3,000 additional pre-school teachers.
- *"The Tsilla Programme"* – afternoon enrichment programmes. Under government Resolution 4088, it was also decided to subsidise a system of afternoon programmes for children aged 3-8. In follow-up decisions from 2013 and 2014, it was decided that the programme will focus on the more vulnerable localities (the three lowest socio-economic clusters). The programme provides educational and social enrichment activities in small groups, a warm meal and activities with parents. Limiting the programme to clusters 1-3 means that the children from the weaker populations benefit more from the programme, particularly the Arab and Haredi populations. For these clusters, the service is provided with a token participation fee by the parents. In addition, for the lower cluster areas, it was decided to extend the school year for children in the first and second grades, to allow them to benefit from organised activities during the summer.

Unemployment and Income Support Benefits

A number of improvements expand the accessibility of these two benefits.

Unemployment Benefits

In March 2013, the qualification formula was changed in order to expand accessibility for day workers. Under this change, all workers employed for a period commensurate with the qualification period would be entitled to this benefit, even if in fact they were only employed for a few days every month. As a result of this change, the number of people entitled to unemployment benefits increased by 10%.

Income Support

There have been a number of changes in the definition of income taken into account for determining the entitlement to income support. These changes, which benefit the applicants, refer to family support, car ownership and income from real estate. For example, the decision regarding car ownership rescinds the condition whereby ownership or regular use of a car cancel the eligibility for income support. An alternative arrangement was established, whereby monthly income from a car worth no more than NIS 40,000 will be credited. An income thus credited would lower the level of the benefit. Cars used for employment purposes are taken into consideration as well.

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

Recommendation 5

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



In recent years, there have been significant developments in education for populations for whom the lack of education poses a considerable barrier to their integrating into the labour market. Particular emphasis was placed on the Arab population, including the Bedouin sector, and the Haredi population. The main measures taken are elaborated below.

The General Arab Population

In the 2013/14 school year, the education system including pre-school had 1,554,301 students in the Jewish sector (74.7% of all students), 378,342 students in the Arab sector (18.1%), 106,737 students in the Bedouin sector (5.1%) and 41,670 students in the Druze and Circassia sectors (2%).

Scholastic Achievements

Between 2010/11 and 2012/13, Arab students continued to improve their achievements, as evident from the rate of those eligible to receive a matriculation certificate. As Table 7 shows, eligibility rose for both a regular matriculation certificate and a matriculation certificate meeting university requirements. In percentage points, their improvement in this period was higher than among Jewish students and in percentages, it was even higher.

Table 7: Eligibility for a Regular Matriculation Certificate and for a Matriculation Certificate Meeting University Requirements among 17-Year-Olds, by Population Group

	2010/11	2012/13	Change (in percentage points)
Jewish Population			
Rate eligible for regular matriculation certificate	54.5	59.8	5.3
Rate eligible for matriculation certificate meeting university requirements	47.0	51.0	4.0
Arab Population			
Rate eligible for regular matriculation certificate	38.2	45.7	7.5
Rate eligible for matriculation certificate meeting university requirements	28.8	35.2	6.4

- There was improvement in all groups of the Arab population, but especially among the Druze, and less among the Bedouin.

Reducing the Classroom Shortage and the Number of Students per Class

- From 2007-11, affirmative action for the Arab population included budgeting for the building of more classrooms in order to narrow the gaps. From 2012-14, the increase in classrooms kept pace with the rate of population growth.
- One measure of the gaps is the percentage of classes having more than 35 students in primary and middle schools. In 2013/14, the rate of classes with more than 35 students was 16% in schools in the Jewish sector, and about 3% in schools in the Arab population. This illustrates a reversal of the gaps between Jews and Arabs. There were no significant differences among the different groups in the Arab population.
- A second measure is the average number of students per class. Here we found differences between the levels of education. Between 2010 and 2014 in primary and middle school, the gaps in class size closed and favour the Arab

population. In high school, on the other hand, the gap between the Jewish and Arab sectors widened somewhat in this period.

Table 8: Average Number of Students per Class, by Sector and Education Level

	2010/11	2013/14
Jewish Population		
Primary school	28.8	28.2
Middle school	32.2	31.5
High school	31.0	30.0
Arab Population		
Primary school	29.9	28.0
Middle school	30.7	29.3
High school	31.0	31.8

Higher Education – The Continuing Five-Year Plan of the Council for Higher Education (CHE)

- Implementation of the CHE five-year plan for the years 2010/2011 - 2015/16 continued, and it expanded to all institutes of higher learning. The plan is intended to enhance access to higher education in general and to the fields of study in more demand and more challenging, and to improve the students' success rate. It has led to very significant change in the extent of assistance given to Arab students. It adopts a holistic approach, and relates to the whole spectrum of stages: from providing information and guidance in grades 11 and 12 to offering pre-academic preparatory courses, support while in college, and assistance in entering the labour market. The Myers-JDC-Brookdale Institute is currently conducting a comprehensive evaluation of the implementation and outcomes of the plan.
- Another important component of the five-year plan is the Irtika Scholarship Fund for students pursuing a first degree, and for highly-promising MA and PhD students. The fund is a joint initiative of the AEDA, CHE, the MOE, the Mifal HaPayis lottery, and philanthropy from Israel and abroad. The scholarships are awarded annually to 650 minority students with low socio-

economic backgrounds and based on their pursuit of fields of study that are in demand by the labour market.

- Additional parties have also established scholarship funds and thus access to funding for higher education has widened significantly. For example, the scholarship fund of the Muslim Wakf, a partnership of AEDA and the MOF, awarded some 900 scholarships in 2014.
- Apart from the five-year plan, the Imtiaz Fund was created to fulfill two roles: 1) assistance to academics by finding appropriate employment or referring them to retraining; 2) promotion of counselling and referral with respect to higher education opportunities. This assistance is provided through the network of one-stop employment centres of the MOECON. The programme is already active at nine centres and another six are planned for 2015. At each centre, a higher-education coordinator advises students on their choice of studies and helps place academics in employment or refer them to professional retraining.
- An indication of progress is the increase in the rate of Arab students pursuing a first degree in the 20-24 age group, from 16% in 2011/12 to 18% in 2013/14.

Adult Education

According to government Resolution 4193 (of January 2012) and the recommendations of the Trajtenberg Committee, a programme was formulated for adults to complete their education from the primary level through a high-school leaving certificate. It is aimed at Arab women over 18 who have no high school education or who do not have a matriculation certificate, and it provides ongoing support as well as vocational guidance at the end of the programme to assist with employment. The programme began in 2013 with an allocation of NIS 36 million, and to date, 275 women have completed it. An additional cohort of 360 students is currently being recruited.

National Programmes Benefiting Mainly the Arab Population **Differential Budgeting of Schools Based on Index of Disadvantage**

In 2014, a change was introduced in the mechanism for allocating school hours which is being gradually implemented in primary and middle schools over five years.

The new mechanism defines a uniform, basic budget for all classes, supplemented by additional budgets that are allocated according to the Deprivation Index. The change is designed to strengthen the degree to which resources are differentially allocated to schools based on the needs of the students. In addition, educational principles for using these hours to effectively address the narrowing of the still significant achievement gaps were developed. The change will have particular significance for schools in the Arab sector.

New Pedagogy based on Information Technology

A major new effort is being made to improve access to computers and digital literacy. This involves establishing "smart classrooms" that allow for the use of a range of technologies, and supplying laptops to the students. In recent years, 1,200 primary schools benefited from the programme, mainly in the periphery and Jerusalem, including all the Arab schools in these regions. In 2011-14, the programme was extended to middle schools: 308 in the Arab sector and 419 in the Jewish sector. Currently, the programme is being extended to additional schools.

According to student reports regarding GEMS exams (Growth and Effective Measures for Schools) in primary school, the use of computers in schools in the Arab population rose in grades 5 and 6 from 30% in 2010/11 to 46% in 2013/14. Consequently, the gap between Arab and Jewish students on this measure narrowed considerably. Moreover, there was a dramatic rise in the reports of Arab students in these grades regarding the use of the internet for learning purposes, from 34% in 2010/11 to 49% in 2013/14. The gap in favour of the Jewish population on this measure changed in favour of the Arab population.

Special Programmes for the Bedouin Population

Several ministries are involved in a variety of initiatives for the Bedouin population, and there are many new programmes in stages of development. The relatively small size of the population may lend these initiatives significant impact; accordingly, they have been cited in particular in this section. In total, in 2014/15 there were 64 secondary schools in the Bedouin sector, 37 of these – high schools with some 11,750 students in middle school and some 12,700 in high school.

Allocation of Supplementary School Hours within the Five-Year Plan

Beyond the allocation of regular hours, supplementary hours are allocated to Arab schools through the five-year plan of the MOE to promote Arab education. Within this context, the Bedouin were given special priority, and hours increased for the Bedouin population from 59,000 in 2010/11 to 84,000 in 2013/14.

Upgrading Technological Education in the Bedouin Sector in Secondary Schools

According to government Resolution 3708 (September 2011) and Resolution 4193 (January 2012), as stated in the previous report, efforts will be made to strengthen technological education in the Bedouin sector at an overall sum of NIS 18.6 million. These include initiatives to: expand implementation of a technological curriculum and of studies towards a matriculation certificate; open courses to be technicians and practical engineers for grades 13 and 14; upgrade technological laboratories; and open technological tracks. The following are examples of the measures implemented:

- Nine additional schools introduced a technological studies track and studies towards a matriculation certificate.
- Eight schools introduced 'Hezneq L'Taasia' ('A Springboard for Industry'), a programme focusing on youth at risk to prevent dropout and guide them to advanced vocational studies and integration into industry.
- In 11 high schools, the tracks and their accreditation in both advanced and traditional technology were upgraded.
- Professional courses and training for instructors in the technological tracks were expanded.

Professional Training in Mechanics and Practical Engineering

In September 2014, government Resolution 2025 allocated an additional budget for the establishment of a car mechanics 'Auto-Tec' course.

In addition, another programme, 'Ashbel', for the Bedouin population, focuses on training practical engineers for cutting-edge professions. It offers full funding for engineering studies, and intensive support through completion and placement. It is being implemented by the MOECON at a cost of NIS 33 million for some five years.

In light of the problem of high dropout and failure on the final exams in previous years, a new, enriched curriculum was formulated for the 2013/14 school year with 50 new students, and 82 in 2014/15.

Programmes for Excellence

- *The AHED School* - The previous report related to the establishment of the AHED School for Science in the Negev. Since then, the school has expanded and developed. Now in its fifth year, it offers grades 9 to 12 to 362 students from all over the Negev. There are currently two applicants for every place that the school can offer, divided equally between boys and girls. In 2014, the school joined a prestigious programme of the MOE, 'Atuda Mada'it' ('Future Scientists'), entitling it to extra funding, especially for 9th graders who must make the transition to higher educational requirements than they had been exposed to previously. The students have been improving their position in national and international competitions. For instance, two students received the Pre-Nobel Prize in physics for secondary schools (two out of the four winners were from Israel). One student won second place in the national physics competition, and another won a pharmacology competition. Another trend is partnerships with industry and academia in projects carried out by students. For instance: the Manufacturers Association of Israel offers a young inventor's programme; the Israel Electric Corporation – an energy programme; and Hirigo-Pharmaceutical – experiments in the company's laboratories. Of the school's graduates in 2012, 88% continued on to academic studies within a year of finishing high school.
- The '*Etgarim*' programme of 'Excellence for Academia' began in 2010/11 with 450 students. It has now expanded to 750 outstanding students in grades 9-12 from all Bedouin localities in the Negev, 70% of them girls. The programme is supported by the MONAG, and includes both educational and social elements, and guidance towards academic studies and careers. Since 2012, 420 graduates have completed the programme, and 80% of them have integrated into higher education. Many of them pursue prestigious fields of study.

- *'Metzuyanegev'* is a special programme of the MONAG to develop excellence from kindergarten through grade 12. It focuses on training and equipping parents with the tools to help their children achieve excellence. It was established in 2013 and currently operates in two Bedouin localities. Since it began, more than 5,000 students have participated.
- *'Desert Stars'* is a boarding-school programme that was initiated in 2013 and supported by the MONAG. Its goal is to identify and advance young people with leadership potential, and with the desire to lead social change and initiate programmes in Bedouin society. In September 2014, the first cohort of 25 participants started the programme. A second cohort is to begin in September 2015.

Programmes to Prevent Dropout and Improve Scholastic Achievement

Some eight programmes work with dozens of schools and hundreds of students. These include literacy enrichment in kindergarten; enrichment of core subjects in school; enrichment of matriculation subjects; and early diagnosis of students with learning disabilities.

Informal Education

In the framework of Resolution 2025 from September 2014, the government decided on further development of informal education for the Bedouin in the south. The programme includes development of young adult centres, education and sport programmes for children, and a project to improve road safety and prevent accidents.

Adult Education - Completion of Education

The main activities of the Adult Education Division at the Ministry of Education (MOE) are designed to enable adults to complete their education. The activities focus on Hebrew language studies, completing 12 years of schooling, and access to higher education by means of pre-academic preparatory courses. Based on Resolution 3708 (September 2011), the Division implements a variety of programmes for the Bedouin population, with an emphasis on women. The budget totalled NIS 11 million for the period of the five-year plan of 2012-16. By the end of 2014, 822 women had completed the programmes and in 2015, an additional 20 classes are expected to open.

The Ethiopian-Israeli Population

Another population facing special barriers to success in the education system are Ethiopians. Between 2010/11 and 2012/13, there was improvement in the eligibility for matriculation, as shown in Table 9. The improvement applied to both regular matriculation and matriculation meeting university requirements.

During this period, several special assistance programmes were implemented that contributed to the positive trend, in particular, the Ethiopian National Project. However, there are still very large gaps with the general Jewish population. In 2014, efforts were made to develop a new five-year plan for the coming years led by the MOIA. This process has now been transferred to the Prime Minister's Office and it is expected that significant decisions will be made in the near future.

Table 9: Rate of Eligibility for Regular Matriculation and Matriculation Meeting University Requirements among 17-Year-Olds, by Population Group

	2010/11	2012/13	Change in percentage points
Ethiopian-Israelis			
Rate eligible for regular matriculation certificate	39.1%	48.0%	8.9
Rate eligible for matriculation certificate meeting university requirements	20.5%	27.0%	6.5
Total Jewish Population			
Rate eligible for regular matriculation certificate	54.5%	59.8%	5.3
Rate eligible for matriculation meeting university requirements certificate	47.0%	51.0%	4.0

The Haredi Population

A key objective of the MOE is to enhance the general goals of public education that include preparation for the labour market, while respecting the unique cultural interests and sensitivities of the Haredi sector. To this end, the Ministry has adopted three main strategies:

1. Expand the core curriculum, improving its quality and adapting it to the needs of the labour market
2. Formalize and strengthening supervision and quality control
3. Expand opportunities for school graduates to receive qualification and accreditation

There is a major distinction between the education of boys and that of girls. The education of girls mostly covers a significant part of the core curriculum and women integrate widely into the labour market. For them, the main barriers are in adapting the curriculum to the needs of the labour market and in the issue of accreditation of their studies.

Boys' education focuses intensively on religious studies, particularly at the secondary education level, and thus the core curriculum has a far less central part in their education.

For the boys, the state adopts a differential approach. Most secondary students (at small yeshivot⁷) are channelled to preparatory courses and support for when they leave the yeshiva. Those who choose not to continue at a yeshiva are, on the whole, channelled to technological education, vocational training and studies leading to a professional certificate.

The MOE has identified a growing demand from the Haredi population for diverse Haredi education of a high quality, to include – alongside religious studies – a greater proportion of the core curriculum. These are the main general developments on this subject:

- Government Resolution 151 (May 2013) addresses the need to strengthen the basic education and to establish an official state education system. Its provisions include:
 - Haredi education institutions, apart from those with an exemption, will be obliged to teach the three basic subjects in full (math, English, and Hebrew) – increasing gradually to an annual 100% of the hours in these

⁷ Small yeshivot are for pre-high school, for 13-year-old boys.

subjects in official education institutions by 2016/17. For other subjects in the core curriculum, 75% of the hours taught in these subjects in official education institutions will be compulsory.

- Exempt institutions will continue to receive public funding of up to 55%, according to the extent of basic and core subjects.
 - All Haredi institutions will be obliged to take part in evaluation exams (such as GEMS) and in international exams (such as PIRLS, TIMSS and PISA) at the same frequency and format as official education institutions.
 - The establishment of an official state education stream for the Haredi population will be examined (see elaboration in this section).
- *Enabling Haredi education institutions to become official:* Given the aspiration to offer the Haredi public a decent official education service, the MOE is promoting the establishment of an official Haredi education track, and encouraging Haredi institutions to join this track, at the primary level and the recognised secondary level. This policy rests, among other things, on the above-mentioned Resolution 151. Currently, there are 28 schools and 28 kindergartens in this stream.
 - *Establishing a national Haredi division at the Ministry of Education:* In light of the fragmented supervision and quality control of Haredi education, a special division was established in 2014 to oversee coordination, supervision and quality control of the range of activities in all streams of Haredi education. This Haredi Authority is to advance the implementation of national policy on Haredi education, paying suitable attention to community needs. In 2014/15, the Authority was allocated some NIS 145 million for activities such as creating administrative reporting systems, integrating curricula into Haredi primary and technological education, training teaching staff, and developing curricula adapted to this population.
 - *Establishing a programme to train and professionally develop teachers for the core curriculum:* Most teachers in the Haredi sector teach religious studies and only a minority have academic degrees. In order to match the teaching staff and curricula to the teaching of the core curriculum subjects, a broad, comprehensive training programme was built for hundreds of teachers in the

Haredi sector. It includes enabling teachers to upgrade their education to B.Ed degrees, training teachers in technological education, training yeshiva graduates at academic teaching colleges, retraining academics as teachers, developing a model of specialisation and entry into teaching, and promoting ongoing professional development.

Further Developments in Boys' Secondary Education

Out of 38,400 students aged 13-17, some 6,400 are not studying in small yeshivot and are in frameworks offering the core curriculum in part or in full. There has been no increase since 2011.

Some 2,000 of these students attend technological classes and schools established as part of a joint project by the MOE and the MOF. This innovative project aims to create an additional model of Haredi education that will grant a vocational and a matriculation certificate to up to 3,500 students in the coming five years.

The MOE is also encouraging another educational model – Haredi yeshiva high schools combining religious studies in a Haredi format and secular studies. These yeshivot allow their students to sit for full or partial matriculation and guide them towards the labour market and also to military service. Six new yeshivot of this type have opened in the past two years. However, the number of students is still limited, numbering some 200.

In addition, a pilot programme began in 2015 to enable some 500 students aged 17-19 to complete matriculation in one year through intensive studies at external institutions. This programme provides another way to support boys when they leave the yeshiva world.

Higher Education

In the past three years, several steps were taken to expand access to higher education for the Haredi population, with the support of the CHE:

- Twelve academic frameworks have been established specifically for the Haredi population, with supervision by and in parallel with recognised institutions of higher education. These join other special frameworks that have existed since the year 2000. They are distributed countrywide, offer an extensive range of fields of study, and grant Haredi students the support they need to integrate

into higher education. In 2015, some 8,800 students are studying in these frameworks, 2,500 of them in the newer ones.

- Other Haredi students attend regular academic institutions. In total, the number of students in all higher education institutions has increased from some 6,800 in 2013 to some 9,800 in 2015.
- The students are assisted by scholarships and loans specific to this population. The amount of the assistance varies according to the field of study: 70% for those pursuing applied courses that are in demand by the labour market, and 40% for the other fields of study. The number of recipients of assistance from CHE grew from 1,000 in 2011/12 to some 2,500 in 2014/15. Many other students receive scholarships and loans from other bodies.
- Based on reports of CHE, early indications point to a decrease in the number registered at the various frameworks for 2015/16.

Budget Transparency

According to government Resolution 3610 (August 2011) the Ministry is taking steps to promote transparency by expanding its public reporting of information on matters of public importance. In this context, at the end of 2014, a database was completed that reports on the allocation and uses of the education budget and the report is forthcoming. Based on this new source, a report will appear by school, by locality and by sector. This will enable much more efficient and transparent follow-up of the trends in investment in the groups on which this chapter has focused.

Chapter 6: Investing More in Transportation Infrastructure in the Periphery, and Areas with Large Arab Populations

Recommendation 6

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



Many concerted efforts and resources are being invested in improving the transportation infrastructure, with special emphasis on upgrading the infrastructure in the periphery and in Arab localities. An investment in transportation infrastructure has great value – from the economic, environmental and social aspects. It affects, among other things, access to employment, education, and social services. Transportation infrastructure is an important means to reducing economic gaps between the centre and the periphery.

Below are some of the major developments in improving the public transportation system and in improving the road infrastructure in and between localities.

- Some NIS 330 million was allocated in 2013-2014 to create public transportation infrastructure and upgrade main roads in order to enable the expansion of bus routes and improve their frequency inside the localities. According to a report by AEDA, the number of localities receiving services increased from 102 in 2011 to 138 in 2014.
- Additional funds were allocated for developing public transport between Arab localities and cities offering employment opportunities and for upgrading roads connecting Arab localities.
- Government Resolution 2365 from 2014 states that, as of 2015, 40% of any additional government budget for developing public transport services will be allocated to the Arab population until the transportation coverage for minority localities is on par with other localities with similar characteristics. This

resolution also includes a decision on publishing an annual report that compares the extent and level of public transportation in different localities.

- In addition, in 2013-2014, the investment in road infrastructure was expanded by some NIS 200 million and, at the end of 2014, the Ministry of Transport and Road Safety and the MOF agreed on an allocation of an additional NIS 1,080 million to projects to improve transportation and road safety during the 2015-2018 period. This was based on a comprehensive needs survey conducted in 2013.
- In addition, the implementation of the 'Netiv Israel' programme for development of transportation in the Negev and the Galilee is continuing (government Resolution 1421 from February 2010). It relates both to creating new and upgrading existing inter-city transportation infrastructure in the periphery. The programme, at a cost of NIS 27.5 billion for the years 2010-2020, includes among other things extension of the Cross Israel Highway 6 in the south and the north, development of roads in the Negev and the Galilee and establishing of new railway lines.

Chapter 7: Integrating Disadvantaged Populations into the Public Sector and Ensuring Basic Employment Conditions through Public Procurement Contracts

Recommendation 7

Ensure that at least minimum employment quotas for disadvantaged population groups (particularly Arabs and Ethiopians) 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. This need stems from the principle of equal opportunity which is essential to fair management of the Civil Service which provides representation to all strata of Israeli society. Special emphasis is placed on integrating members of the Arab population including Druze and Circassians (the Arab population) and the Ethiopian community.

In the Civil Service, this principle is promoted through an affirmative action policy that includes: allocating designated positions; an active search for qualified applicants for these positions; educational campaigns among the staff and management of the Civil Service, and among members of these populations; inclusion of members from these populations in the screening committees in order to overcome cultural obstacles when testing the applicants. However, there is agreement that greater efforts are required, to enhance both the numbers employed and the level of their positions.

As part of the reform in human resource management in the Civil Service, an appointed inter-ministerial team is currently addressing the issue of adequate

representation. Its role is to examine the absorption and integration of disadvantaged populations in the Civil Service and present operative recommendations to enhance their integration.

The following are a number of steps taken since 2011 to improve the inclusion of these populations in the Civil Service and key indicators to the progress achieved.

Integration of the Arab Population into Employment in the Public Sector

- In the previous report, we listed a number of significant steps including: changing the criteria for allocation of designated positions, publishing directives for government offices regarding affirmative action, launching a marketing campaign, emphasising the rights of non-Jewish civil servants, and removing cultural and geographic obstacles. The implementation of these efforts is continuing.
- In addition, the inter-ministerial team for removal of obstacles to the advancement and adequate representation of the Arab, Druze and Circassian populations in the Civil Service, established under government Resolution 2579 of November 2007, is implementing a planning process to identify additional steps to encourage Arab citizens to apply for jobs in the Civil Service and to enhance the awareness of the obligation for adequate representation of the Arab population. The recommendations are being formulated based on the experience gathered since the previous resolution and particularly on the extensive work done with regard to this issue by the Ministry of Justice.
- The Civil Service Commission's 8 2014 report regarding adequate representation of Arabs in the Civil Service indicates an increase from 7.8% to 9.1% since 2011.

Table 10: Number of Arab Civil Servants as Percentage of Total Civil Service Employees

Year	Total Arab Employees	Percentage of Total Civil Servants
2011	4,982	7.8%
2014	6,731	9.1%

- Thus despite this progress, the goal set by government Resolution 2579, that by the end of 2012, at least 10% of civil servants would be Arabs, has not been fully met. Furthermore, the rate of Arabs aged 22-64 in the total population was 18.8% at the end of 2013.
- There has also been an increase in the number of Arab employees joining the Civil Service, and their rate among all new employees is about 12%. If this trend continues, it will gradually advance the increase in their representation among all employees (Table 11).

Table 11: Number of New Arab Civil Servants as Percentage of Total New Civil Service Employees

Year	Total New Arab Employees	Percentage of All New Employees
2011	708	12.8%
2014	953	12.1%

Thus government Resolution 2579 set a goal that, by the end of 2012, at least 30% of new positions allocated each year to meet manpower needs, would be designated for Arabs. Clearly despite the enhanced efforts, this goal has not been met.

Integration of the Ethiopian Community into Employment in the Public Sector

There has been an improvement in the integration of Ethiopians in the public sector. Currently, the rate of Ethiopians aged 22-64 in the Civil Service is similar to their rate in the total population, which is 1.6%.

Table 12: Number of Ethiopian Civil Servants as Percentage of Total Civil Service Employees

Year	Total Ethiopian Employees	Percentage of Total Civil Servants
2010	841	1.3%
2014	1,143	1.6%

There has also been an increase in the number of new employees joining the Civil Service and a small increase in their rate out of all new employees.

Table 13: Number of New Ethiopian Civil Servants as Percentage of Total New Civil Service Employees

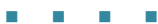
Year	Total New Ethiopian Employees	Percentage of New Employees
2010	86	1.6%
2014	131	1.7%

Note that there are not significant developments in the other areas referred to by the OECD's recommendation. There has been no change in the policy whereby public procurement contracts are not used to ensure adequate representation of minorities in private companies. Similarly, regarding using public procurement contracts to ensure basic employment conditions for workers, there has been no change.

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 (EEOC) assessing employment outcomes and suggesting appropriate targets, where needed.



The Equal Employment Opportunities Commission is a government body tasked with civil enforcement of equality legislation in Israel. Currently, it is not compulsory to report to EEOC on the composition of employees, but the Commission can issue an order by law to receive a report on the composition of employees in cases where a complaint has been received or where there is suspicion for any reason of discrimination in the workplace. If there is any suspicion of discrimination, civil – and even criminal – enforcement measures are considered, with EEOC working in cooperation and coordination with the Criminal Enforcement Department at the Ministry of the Economy.

Furthermore, EEOC is pursuing a mapping of the status of employment diversity in various large organisations in different economic sectors with regard to some major variables including race, nationality and age. The mapping will be based on administrative income tax data from the Israel Tax Authority and from the population registry and will include all employees in the workforce. This new information will enable evaluation of the status of representation and gaps in salary for populations such as Arabs, women and older employees, and will help identify problems of representation and salary in the Israeli labour force. Preliminary findings will be available towards the end of 2015.

Note too that in recent years, EEOC has increased its public information and training activities for workers and employers, with the goal of encouraging diversity in employment. The Commission's activities include: an annual conference on the advantages of diversity and the implementation of equality; encouraging and assisting employers to develop written policy on employment diversity; a "leadership for equality and employment diversity" curriculum; and a twinning project with the EU.

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 attributes great importance to developing infrastructure in the Bedouin sector, as addressed in this chapter. The issue of education was addressed separately in chapter 5 and the issues of vocational training and employment were addressed in chapter 2.

The government is continuing the implementation of the programme to advance the economic growth and development of the Bedouin population in the Negev as well as of the programme for development and empowerment of Bedouin localities in the north. These programmes address a broad range of components of socio-economic development. In addition to these programmes, the government passed Resolution 2025 in September 2014, which allocates NIS 112.5 million to expand the development of physical and social infrastructures in the Bedouin localities in the Negev.

Note that the government decided in January 2014 to delay moving ahead the legislation that was meant to create general guidelines for resolving the issue of unrecognized Bedouin settlements. In the meantime, there has been an overall process of planning alternatives for settling the Bedouins who are currently in unrecognized settlements. The government also decided that the issue of resolving the settlement of Bedouins in the Negev as well as the overall effort for economic and social development of the Bedouin localities in the Negev would be transferred to the Ministry of Agriculture and Rural Development.

Below we report on the main developments in developing infrastructure in the Bedouin localities.

Development of Transportation Infrastructure

Aside from the broad efforts to improve transportation infrastructure and public transport in the periphery, as described in chapter 6, which benefit the Bedouin population as well, efforts to improve transportation infrastructure in the Bedouin sector are also continuing, and major projects have been completed or are nearing completion. These include: paving the main entrance road to Segev Shalom and Kseiffe; paving the access road to the school in Hura; paving the main road in Rahat.

Pursuant to the development carried out in recent years, some 30 public transport lines to Bedouin population areas are now being operated. Some are internal and most are inter-city lines that connect the Bedouin localities to urban centres such as Beersheva and Arad, and the industrial zone in Sha'ar Hanegev.

Development of Sewage Infrastructure

As reported in the previous report, the development of sewage systems in the recognised localities had been largely completed, and water purification plants have been constructed. In addition, the connection of homes to the central sewage system has been completed in various localities, while in others it is still in process.

Since 2011, the activities for expansion and improvement of sewage infrastructure of the Ministry of National Infrastructures, Energy and Water Resources – the Water Authority and the Administration for Development of Sewage Infrastructure (ADSI) – have been focused on the Abu-Basma localities. The activities include establishing a main repository and centre for sewage treatment, linkage to the Shoket wastewater and sewage treatment facilities, the El Sayed main repository and the sewage system in Bir Hadaj. The budget for ADSI activities has been completely utilised.

Development of Public Services and Structures in Health and Social Services

In 2015, six family health centres are scheduled to be built, of which three will be in the Abu-Basma localities (two in El Ksum and one in Neve Midbar). In addition, a mobile welfare service unit is currently being established for the widely dispersed unrecognised villages.

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 Organisations and the 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) from January 2008, which, in effect, created a mandatory employment pension scheme in Israel. The scheme applies to all employed wage earners, except for beneficiaries of some other agreement.

According to agreements reached between the employers and the GFL in 2011, as from January 2014, the pension contribution rate remained 17.5% of which 5.5% is the worker's contribution, 6% the employer's contribution, and 6% is severance pay paid by employers. An extension order issued by the MOITAL applies this arrangement to all wage earners in the country.

The mandatory pension arrangement has significantly increased the percentage of workers covered by some form of pension plan. The Capital Market, Insurance and Savings Division at the MOF estimates that under the new mandatory pension arrangements, 1,283,669 workers joined pension plans between 2008 and 2013; most of them are low-wage earners. Of these, 187,586 joined in 2013. This estimate is based on the number of people joining the new pension plans for whom the rates of contributions made were identical to the annual contributions specified by the extension order. Note that the number of savers in the new pension plans rose between 2012 and 2013 by 7.3%, from 1,791,576 to 1,922,886.

The ability to enforce the extension order was significantly increased in June 2012, when the LIELL came into effect. The goal of the law, passed by the Knesset in 2011, is to increase and streamline enforcement of the labour laws, inter alia by introducing procedures to impose sanctions or administrative warnings on employers and purchasers of services for which no criminal evidence is required and administrative evidence is sufficient.

While violation of the obligation to pay the mandatory pension is not a criminal offense, by force of the extension orders on pensions, these orders have been entered into the list of regulations that, if violated, will be enforced by LIELL. Therefore, employers who violate the extension orders can expect administrative warnings and financial sanctions.⁸

Given the importance of this subject, the inspectors of the REA at the MOECON are required to examine the extension orders for a pension in every investigation file. In 2013, 258 administrative warnings were issued for violation of the extension order. In 2014, a total of 779 administrative warnings and two notifications of intention to issue fines for an overall amount of NIS 214,440 were issued.

Enforcement of the extension order in the Arab sector has increased. Since the LIELL came into effect, 400 employers in the Arab sector have been investigated. Of these, 179 received administrative warnings and one was issued with a notification of intention to issue a fine. Altogether 146 employers are still being investigated.

⁸ For more about the LIELL, see chapter 1.

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

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-wastable pension credit for low-income workers.



The government considers it important to simplify the law defining the tax credits for pension savings and to examine the distribution of the credits among different population groups. Changes in the tax credit system for pension savings are being examined by the Ministry of Finance.

In addition, efforts are being made to strengthen the match between the investment mix and the characteristics of the savers. Until now, most of the savings funds have been managed in general tracks so that the funds of older savers are managed together with those of younger savers, without taking the differences in their characteristics into account. The Pension Plans Investment Tracks directive published in 2015 will make it possible to adapt the pension savings plan and the degree of risk associated with it to the characteristics of the saver, particularly their age. In this framework, three tracks will be opened: For savers up to age 50, for those aged 50-60, and those aged 60 and above. The directive relates to new funds only and it will come into force in 2016.

Chapter 12: Ensuring More Pro-active Policies for Reducing Disability Pension 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 pension 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 people with disabilities into society and into the labour market has received considerable attention in government policy in recent years, as reported in our previous report. Government activities are systemic and aim to strengthen programmes for workers and for employers, with increased efforts by all the relevant ministries. They also address the issue of incentives to work, provided in the framework of social security disability pensions. The activities include expansion of existing programmes and a large number of new initiatives, including new legislation.

Trends

According to data from the annual CBS Social Survey, there has been an improvement in integration into employment of people with disabilities between 2011 and 2013. According to the definition of disabilities used in the Survey, there has been an increase in the rate of employment of people with moderate disabilities aged 20-64 from 60% to 65% and of people with severe disabilities - from 32% to 42%.

There are some 225,000 people with disabilities of working age in Israel who are entitled to a general disability pension. In recent years, following the Laron Law passed in 2009 that significantly enhanced work incentives, the rate of people entitled to the pension who were employed rose from 16% to 20%. The vast majority

earn less than half the average wage. In addition, the rate of increase in the number of benefit allowance recipients has slowed.

In addition, in previous years, the rate of increase of recipients of general disability pension was considerably higher than the rate of growth of the population aged 18-64. However, in 2014, the rate was similar to the rate of growth of those 18-64, 1.9%, as seen in table 14.

Table 14: Rate of Annual Increase in Recipients of General Disability Pension

Years	Rate of Annual Increase in Recipients of General Disability Pension
2006-8	4.5%
2009-11	3.0%
2012-14	2.1%
2014	1.8%

Initiatives Aimed at Employers

- In June 2014, an agreement was signed between the Presidium of Business Organisations and the GFL, stipulating an employment goal for people with disabilities that will rise gradually until reaching 3% in 2016. In September 2014, the Minister of Economy signed an extension order that applied the regulations of this agreement to all private employers of more than 100 employees. In November 2014, government Resolution 2261 set a similar goal for the Civil Service, to be reached by 2017. It was also decided that, once this employment rate will be achieved, the government will raise the goal gradually by an additional 2% by 2019. Further, the Government Companies Authority decided on a goal of mandatory inclusion of 5% of employees with over 40% disability.
- There are a number of additional initiatives already in place to promote the integration of people with disabilities in the public sector. For example:
 - In July 2013, a programme was launched for integrating people with disabilities into work experience programmes in the public sector. The goal of the programme is to allow quality employment for a trial period

of people with disabilities with an academic or professional background, reinforced by the provision of special training.

- As of late 2012, the Office for Integrating People with Disabilities in the MOECON has been operating a nationwide system of centres for employers interested in employing people with disabilities. The centres provide a one-stop service offering a range of support and advice services to employers. Among other things, these centres help employers to complete applications for take-up of the government support they are entitled to under various programmes. In 2014, these centres provided services to some 2,400 employers, of them some 900 in a long-term programme.
- In 2014, the Investment Centre in the MOECON began work on a new employment track aimed at populations underrepresented in the labour market, among them, people with disabilities.
- Another step was the establishment, in May 2014, of a website of available positions, called 'Avoda Negisha' ('Accessible Work') by the inter-sectorial partnership for promoting the employment of people with disabilities. The site serves both people with disabilities and employers, with the goal of matching supply and demand. It lists the skills required for each job, provides an interactive option for questions and answers, and transfers questions for additional assistance to a telephone call centre.
- In recent years, the Division of Mental Health at the Ministry of Health (MOH), in partnership with the SMBA at the MOE, has been promoting models of social businesses to expand employment for people with disabilities participating in rehabilitation programmes. Thus since 2012, tens of shops selling products made by people with disabilities have opened. In addition, there are support programmes for people with mental health disabilities who want to set up their own business.

Initiatives Aimed at People with Disabilities

- Inter-Ministerial One-Stop Centre for Employment. In addition to the employment support centres for employers, the government decided in January 2012 (Resolution 4193) on a series of steps, among them the

establishment of a one-stop employment centre aimed at helping people with disabilities to integrate into employment. The centre will work in an inter-ministerial framework under the responsibility of the MOECON. It provides services on all aspects required to encourage employment. The first centre will begin operations in 2016 and the intention is to establish additional centres. In employment centres servicing the Arab and Haredi populations, as well as employment centres established by MOLSA, designated employment coordinators are now being used to work with people with disabilities.

- In 2013, the "Rampa" programme for young adults, which supplies placement and employment support services for young adults with disabilities, began operating. It is currently being implemented in the framework of existing infrastructures, such as young adult centres, and municipal employment centres. The programme is now expanding and in the future will also operate in one-stop centres for the Bedouin and Haredi populations. In 2014, there were 250 participants in this programme.
- Programmes for people with mental health disabilities In the Division of Mental Health of the MOH, there is a trend towards integration into the open market rather than into supported employment. In 2014, 50% of those eligible integrated into supported employment, compared to 40% in 2011. This constitutes an increase from 4,000 to 6,000 people. In addition, supported employment itself is becoming closer to the open market.
- Supported employment. MOLSA is continuing its efforts to encourage supported employment in the open market for people with disabilities. Since 2011, the number of participants has remained at 2,000 but in 2015, an expansion of the activity is planned for an additional 500.
- The MOH also employs a strategy of integrating people with mental health disabilities by employing them in their rehabilitation services which has proved very successful. The number in this track increased from 150 in 2011 to 250 in 2015.

Employment-Promoting Centres (Sheltered Frameworks) of the Ministry of Social Affairs and Social Services

As set out in the previous report, the reform planned by the MOLSA of its sheltered employment frameworks has been implemented. Therefore, the name was changed to "Employment-Promoting Centres" in order to emphasise the use of the centres as places that prepare people with disabilities for transition to the open market. To this end, the budget was enhanced in order to strengthen the rehabilitative components and to establish training centres. In addition, there is an effort to upgrade the range of jobs in the centres in order to increase the wages of the participants. This is part of a broader effort to create a continuum of employment opportunities. As part of this effort, new applicants to the Ministry are referred to training and employment programmes along the continuum. Referral to the employment-promoting centres is designed only for those who do not yet have the ability to integrate into frameworks with higher salary levels.

A National Programme for Employment of Young Adults with Disabilities

The relevant government ministries, led by the MOECON, are currently working to create a national plan to establish an inclusive framework to integrate all employment services in the different ministries for people with disabilities. The goal is to enhance inter-ministerial cooperation in developing employment programs, to pool resources and to expand opportunities. The goal is to develop a five-year plan focusing on a continuum of programmes for young adults with disabilities, in order to provide support from the stage of finishing high school, to army/national service, vocational training and higher education, and integration into employment.

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 foreign workers. 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.



Foreign workers are recruited to work in Israel mainly in the agricultural, construction and personal care sectors. Receiving an individual permit to employ foreign workers in Israel in the government-approved economic sectors does not involve an internal labour market test. In agriculture and construction, the government fixes maximum annual quotas for foreign workers. In the care sector, it is possible to recruit foreign workers according to established criteria with no maximum quota fixed by the government. There is, however, a maximum quota for the number of additional foreign workers that the private manpower agencies can bring into Israel every year.

Israel considers it important to reduce the number of foreign workers in construction and agriculture, so as to encourage the employment of Israeli citizens, while examining the possibility of mechanising parts of the production process. One of the key strategies for enhancing the match between the needs of the economy and the recruitment of foreign workers is to promote steps to reduce the profitability of recruiting foreign workers unnecessarily, through tools such as bilateral agreements (see chapter 15), which eliminate excessive profits taken by private agencies, and special taxes for employers of foreign workers.

However, a number of government decisions in the last years increased the quotas for foreign workers in the construction and agricultural sectors.

Ensuring appropriate conditions of employment for workers remains the focus of Israel's enforcement efforts. Among the main measures employed to achieve this objective are the rejection of permits and the revoking of permits from employers who do not meet these conditions (For more on the topic of enforcement, see chapters 1 and 15). In this regard, it is important to note the existing statutory mechanisms that guarantee that the salary of the workers will be protected and that the employer will not deduct from the salary overly high amounts to cover housing arrangements and similar expenses.

In the framework of efforts to improve ongoing communication among the various enforcement and investigation agencies, the enforcement authorities at the MOECON have begun to informally supply up-to-date information about the enforcement measures taken against the employers of foreign workers to the Population, Immigration and Border Authority in order that the Authority can consider requests for the provision or extension of permits to employ or to act as intermediary agencies for foreign workers.

Chapter 14: Favouring Employment of Palestinian Cross-Border Workers over Foreign Workers

Recommendation 14

Favour employment of cross-border workers over foreign workers as far as possible.



This recommendation is in line with government policy, as reflected mainly in government resolutions to define quotas for the employment of foreign workers and Palestinian workers in the construction and agricultural sectors, where there is the greatest overlap of the two populations.

A 2014 Bank of Israel report notes that in the previous four years, the number of Palestinians working in the Israeli economy has doubled and was around 92,000 in 2014, approximately half of them in the construction industry (Table 15). The main increase in employment stemmed from an increase in the number of workers with permits, as a result of government decisions to increase the supply of Palestinian workers in the construction and agricultural sectors.

Table 15: Employment of Palestinians in the Israeli Economy, 2010–2014 (Thousands)*

	2010	2011	2012	2013	2014
Total	46	53	60	82	92
With permit	31	32	39	49	59
Without permit	15	20	22	33	33

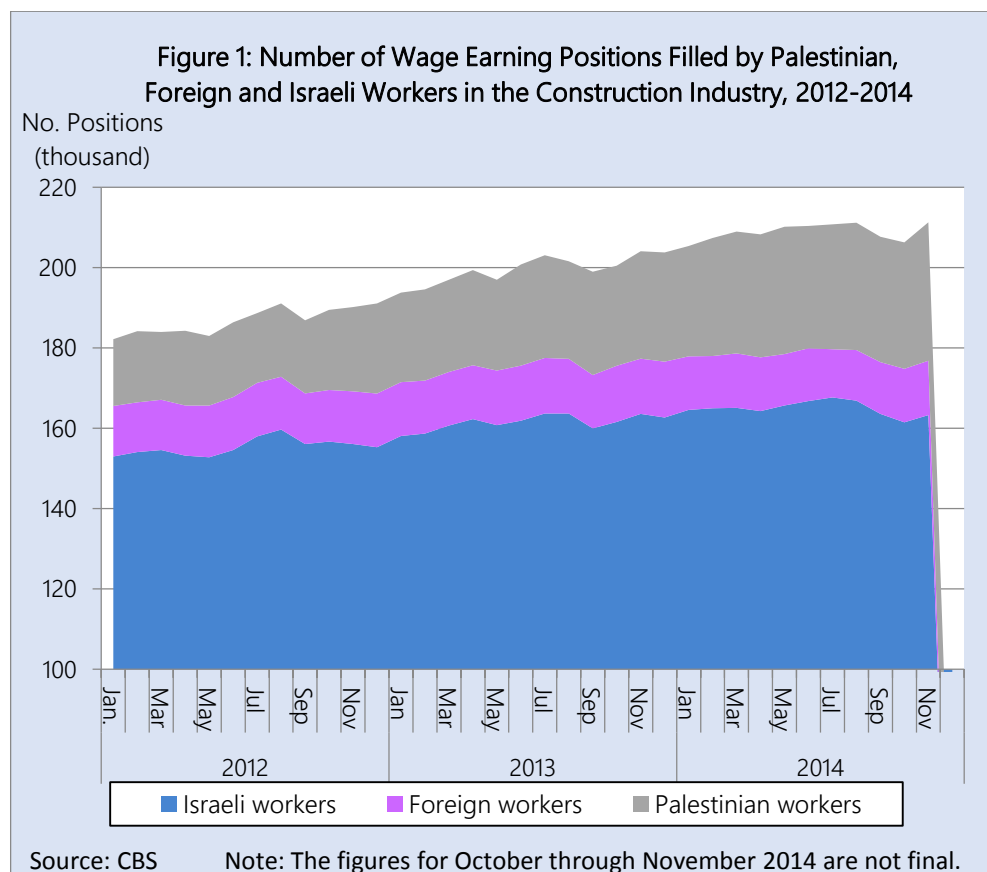
*Average number of workers per week, excluding residents of East Jerusalem and holders of foreign passports.

Source: Bank of Israel analysis of data from a survey of the Palestinian workforce

A Bank of Israel analysis of employment in the construction industry indicates that almost all of the increase in employment is attributed to the increase in the number of Palestinian workers. This brought about a considerable increase in the

percentage of Palestinians among all workers in this branch: from 9.1% in early 2012 to around 15.3% in late 2014. During this period, the number of Palestinian workers in this branch doubled, while the number of foreign workers has hardly changed and the number of Israelis has increased moderately (Figure 1). It is worth noting that in previous years the increase in the number of construction workers was primarily due to the increase in Israeli workers.

The intent is that the increase in Palestinian workers should be achieved through a decrease in foreign workers and should not come at the expense of opportunities for Israeli workers.



Another point of note in the Bank of Israel report is the considerable improvement in the employment stability of Palestinians with work permits. While in 2006, only a

third had retained their jobs with the same employer for two years, in 2012 this increased to two-thirds and, at 72%, is now approaching the equivalent rate for Israelis working for companies that employ Palestinians. The increased employment stability is another reason for the increased demand among Israeli employers for Palestinian workers, reducing one of the former advantages of favouring foreign workers.

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 recent years, the government of Israel has implemented a policy of recruiting foreign workers through bilateral agreements, favouring agreements in cooperation with the International Organisation for Migration (IOM). The government intention is to ensure that foreign workers should be recruited through bilateral agreements as much as possible.

- At the end of 2010, the first bilateral agreement regulating the recruitment of foreign workers was signed with the government of Thailand in cooperation with the IOM. Since then, all the 14,000 foreign workers who have come to Israel to work in this sector have been recruited through this bilateral agreement, except some 600 seasonal workers who came as part of a pilot carried out with the government of Sri Lanka.
- In the construction industry, bilateral agreements have been signed with several countries: Bulgaria (2012), Moldova (2013) and Romania (2014). Through these agreements, some 3,200 workers from Bulgaria and Moldova have arrived, and some 180 more are due to arrive from Romania in the coming months. An agreement with China is in the advanced stages of drafting.
- A pilot will shortly be introduced in the personal care sector to recruit foreign workers from Sri Lanka and Nepal through bilateral agreements that are in the final stages of approval.

The bilateral agreements stipulate many processes designed to reduce illegal commissions, including:

- extensive advertising in the workers' languages about the possibility of applying for jobs in Israel;

- explanations about the screening and recruitment arrangements through the labour offices of their country of origin;
- details about the permitted fees and the fact that there is no need to pay private agencies;
- explanations in the workers' languages about their rights and obligations in Israel;
- the signatures of both parties on standard labour agreements that are compatible with the labour laws in Israel, which are explained to the workers before they arrive in the country;
- a hotline for questions and complaints in the workers' language through the Centre for International Migration and Immigration (CIMI);
- conducting of professional suitability tests in the country of origin, wherever possible, and random selection and placement of suitable candidates by the government of Israel;
- entry into Israel through the Population, Immigration and Border Authority after it has been ascertained that they will be collected by authorised representatives of the employers.

A limited study funded by CIMI on the impact of the bilateral agreements in the construction and agricultural sectors found that, following the agreements, there was a sharp decline in the cost to workers wishing to come to Israel. This decline reflects a substantial reduction in the collection of illegal rent-taking. The workers' expenses are for authorised spending on medical examinations, flight tickets, and – in agriculture only – a permitted amount for associated services that the placement companies are required to provide after the workers arrive in Israel. For example, according to the study, a worker from Thailand who came to work in agriculture in Israel spent on average \$9,150 before the agreement, compared with \$2,170 after the agreement, and the average number of months required to cover the debt decreased from 17 to 4.⁹

⁹ Rajjman, R. and Kushnirovich, N. 2014. *Recruitment Of Migrant Workers in Agriculture and Construction in Israel: The Impact of Bilateral Agreements*. CIMI.

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 has been no change in the policy of the government of Israel. Migrant workers come to the country for a short and limited period, so their stay is intended to be temporary. The fact that they come to Israel as foreign workers does not constitute a path to residency or citizenship.

Appendix 1: List of Agencies who Assisted in Preparation of Report

We would like to thank the many professionals, from some 18 government agencies and from numerous departments, who 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

Civil Service Commission

Council for Higher Education and Planning & Budgeting Committee

Ministry for the Development of the Negev and the Galilee

Ministry of Agriculture and Rural Development

Ministry of Aliyah and Immigrant Absorption

Ministry of Economy (formerly Ministry for Industry, Trade and Labour)

Ministry of Education

Ministry of Finance

Ministry of Health

Ministry of Interior

Ministry of Justice

Ministry of Social Affairs and Social Services

Ministry of Transport and Road Safety

National Insurance Institute of Israel

National Labour Court

Population and Immigration Authority

Prime Minister's Office

Extensive use was made of the data on many issues of the Central Bureau of Statistics.

We would also like to thank the following for the information they provided and their assistance:

JDC-Israel

Centre for International Migration and Immigration (CIMI)

The Myers-JDC-Brookdale Institute, the Division of System-wide Impact & Measurement and other divisions