



The Digital Challenge

Facing Israeli Arab Society

Marian Tehawkho, Hila Axelrad and Hanin Matar*



Policy Paper 2021.05 / June 2021

This is a short summary, for the full paper (in Hebrew) see
<https://www.idc.ac.il/he/research/aiep/pages/policy-papers.aspx>.

* Dr. Marian Tehawkho is a senior researcher and Head of the Center for Economic Policy for the Israeli Arab Society at the Aaron Institute for Economic Policy. Dr. Hila Axelrad is a senior researcher and Head of the Center for Economic Policy for the Haredi Society at Aaron Institute. Hanin Matar is a researcher at Aaron Institute.

Aaron Institute for Economic Policy

In the name of Aaron Dovrat z"l

The vision of the Aaron Institute for Economic Policy is to sustain economic growth and social strength in Israel, by researching, modelling and developing modern, innovative and up to date strategies and policy tools for the Israeli economy, based on up-to-date global knowledge.

All modern economies aim for economic growth, achieved through employment increase and a rise in workers' productivity. The Aaron Institute conducts economic research that yields proposals for innovative policy tools and reforms for promoting growth, employment and productivity. The goal of policy research is to influence monetary and fiscal policy, as well as to formulate long-term plans for economic and social issues and contribute to the narrowing of social gaps. The institute aims to affect professional discourse, spur discussion based on credible information and socio-economic research, which will ultimately provide tools that will support a growth path and create social resilience in Israel.

The main aim of the Aaron Institute for Economic Policy at the Tiomkin School of Economics is to develop policy strategies that eliminate weaknesses and empower the strengths of the Israeli economy. We propose broad reforms as well as policy changes to particular industry sectors. In this framework Israel's relative advantages in technologic innovation and advances in the public and services sectors can be maximized. At the Aaron Institute, we crucially define quantitative goals while involving some of the countries' best economists in research and policy paper discussion meetings.

→ Board Members:

Mr. Shlomo Dovrat (Chairman), Ms. Yael Andorn, Ms. Judith Bronizki, Prof. Zvi Eckstein, Prof. Martin Eichenbaum, Ms. Anat Levin, Mr. Zvi Limon, Prof. Rafi Melnick, Mr. Roni Naftali, Mr. Ronen Nir, Dr. Tali Regev, Mr. Haim Shani, Ms. Ofra Strauss, Mr. Erez Vigodman.

→ Head:

Prof. Zvi Eckstein.

→ Scientific Committee:

Prof. Zvi Eckstein (Chairman), Prof. Martin Eichenbaum, Dr. Assaf Eilat, Prof. Zvi Hercowitz, Prof. Rafi Melnick, Prof. Omer Moav, Dr. Tali Regev, Prof. Daniel Tssidon, Dr. Yaniv Yedid-Levi.

→ Contact details:

The Interdisciplinary Center Herzliya - IDC, P.O. Box 167, Herzliya, ISRAEL 4610101

Phone: 972-9-9602431

Email: aaron.economics@idc.ac.il

Website: <https://www.idc.ac.il/en/research/aiep/pages/main.aspx>



The Center for Economic Policy of the Israeli Arab Population

The Aaron Institute has established The Center for Economic Policy of the Israeli Arab Population with a vision of advancing the manufacturing and business economy in Israeli-Arab population, and enhancing its integration in the Israeli economy. The center's advisory committee is headed by former Supreme Court Justice Salim Joubran, and comprises several key figures from various fields in the Arab population. Every year, the advisory committee assembles to decide on the center's research plan, based on outcomes and accumulated knowledge.

The activity of this center is part of Aaron Institute's comprehensive economic strategy for the Israeli economy, which aims to achieve sustained growth in GDP and labor productivity, along with reduced poverty and inequality. The center's activity focuses on presenting government decision-makers with recommendations for implementation of long-term economic policies for Israel's Arab population, and promoting their enactment in practice. In accordance with the center's vision, activity revolves around designing strategies and devising policies in the fields of education, employment, and infrastructure, through collaboration with various government offices, and particularly the Ministry of Finance. Policy recommendations include proposals for detailed programs which are based on up-to-date data regarding the Arab population in Israel, as well as economic knowledge acquired nationally and internationally, while taking into consideration existing customs and cultural norms in Israel, including political limitations. Research findings and recommendations are presented at public roundtable discussions held in Arab localities, with participants including Arab and Jewish professionals such as researchers, decision-makers, and senior figures from the business and public sectors. Our collaboration with government offices, especially the Ministry of Finance, enables us to enhance the center's impact and to translate its proposals into government decisions with allocated funds, which engender the implementation of long-term policies in various fields.



The Digital Challenge Facing Israeli Arab Society

In an era of rapid digital advancement worldwide, covering every facet of life – the labor market, primary and higher education systems, the business sector, and government services – any population group which is not equipped to keep up with the pace of change, and thus unable to harness the potential benefits offered by progress, is bound to be left behind. The digital divide in Israeli society, between the Arab and (non-ultra-Orthodox) Jewish population groups, is manifested in infrastructure quality as well as digital literacy. About a third of Israel's Arab population does not have Internet access, and even where Internet connection exists, its speed and stability tend to be significantly substandard. Severe disparities are also evident in digital literacy, inasmuch as around 87% of Israel's Arab population aged 25-64 lack the basic digital competencies which are essential nowadays for active participation in the modern world, such as working remotely, participating in remote learning, conducting bank account activities, filling forms and employing the digital tools provided by government offices, making online purchases, and so on. These disparities in regard to infrastructures and digital competencies have, of course, a crucial impact on their ability to make use of the digital tools and services which are available in all spheres of life, hence also affecting the usage characteristics of the various tools. The primary use of the Internet in Israel's Arab society is mainly for entertainment purposes, such as participation in social networks, viewing streaming services, and downloading media files. When it comes to the use of digital tools for daily activities of the kind which requires more advanced digital skills, however, there is a substantial decline in the prevalence of use, and such applications are mostly limited to those with academic education, who also possess a higher level of digital literacy.

In light of the perpetually increasing necessity of using digital tools in all spheres of life, there is a crucial, immediate need to bridge the digital divide, since it threatens to exacerbate the wide gaps that already exist in all domains – education, employment, healthcare, and social affairs – between the Arab and (non-ultra-Orthodox) Jewish populations in Israel, and may cause long-term social, economic, and political costs. Reducing the digital divide in the immediate term, with the aim of closing it altogether in the longer term, requires addressing the issue of digital infrastructures, ensuring their accessibility, and investing in the enhancement of digital competencies in Israel's Arab population.

Investment in Physical Infrastructures

Access to high-quality Internet infrastructures is not a privilege, but a basic need comparable to roads and electricity, with a huge economic significance. The market failures in infrastructure provision to small, remote communities call for government involvement, particularly in planning and in overseeing the implementation, as well as in partial funding. Such government involvement would ensure the provision of high-quality infrastructure to Israel's Arab population as well.

- **Short-Term Response – government funding for establishing remote work/learning centers, which would provide computer and Internet services:** facilitating the establishment of accessible public digital hubs in all Arab localities, for example in buildings owned by the local authorities or in schools, offering workstations equipped with computers and access to powerful Internet connection.
- **Medium- and Long-Term Response – improving the quality of Internet access in Arab localities:** future investment in digitization infrastructures should prioritize access equality, including communities in the geographic and social periphery, through encouraging Internet service providers to connect regions with low potential for private profit in the immediate term. Undoubtedly, there is a pressing need to improve Internet infrastructures in Arab localities, in order to increase access to high-quality Internet services, in keeping with the current standards across Israel.

Investment in Digital Literacy

Access to physical infrastructures, in and of itself, is insufficient, and must be complemented by providing the population as a whole with basic digital skills and the essential proficiency required to reap the benefits of digitization. Due to the interrelation between inequality and digitization, and given the low levels of digital literacy pervading Israel's Arab population, government involvement is also required, particularly in regard to coordination and education, along with provision of some financial support as necessary for impoverished households:

- **Job Placement Centers** (e.g., Israeli Employment Service, Rayan Centers): training courses in basic digital skills for both workers and the unemployed; courses and support for business owners and self-employed individuals who wish to embark on a process of digital transformation and to integrate new technologies.
- **Education System:** integrating digital tools into the regular curriculum, along with training courses for teachers, students, and parents.
- **Municipal Authorities:** training courses or targeted workshops in digital skills, provided by the local authority, could provide focused solutions catering to the various needs of the local community.