

## The ISRAEL 15 Vision: Inclusive, High and Sustainable Growth

### The Need: fighting poverty through Inclusiveness

1. **For the past four years, the Reut Institute has been promoting the ISRAEL 15 Vision, which calls for Israel to become one of the fifteen leading nations in terms of quality of life within 15 years.** This vision rests on three mutually-reinforcing pillars: rapid economic growth, sustainable development and inclusiveness that reduce poverty and benefit all members of society.
2. **The Reut Institute is a non-profit and non-partisan group with the mission of sustaining significant and substantive impact on the security and well-being of the State of Israel and the Jewish People.** In this context, Reut seeks to bring about transformations in areas that are of critical importance hereto by engaging people in positions of authority, leadership or influence and offering them new and relevant visions and ways to pursue them.<sup>1</sup>
3. **In recent months, Reut has been developing a comprehensive approach for Israel's inclusiveness, focusing on fighting poverty and the growing income gaps in a way that synergizes and compounds with high and sustainable growth.**
4. **The current definition of poverty is based on disposable income and creates a dichotomous distinction between poor households and non-poor households.** As opposed to this definition, our approach relates to poverty as a multi-dimensional phenomenon requiring a systemic response which will address aspects such as food security, education and skills, access to education and health services and social connections.
5. **Dealing with multi-dimensional poverty demands a "social contract" between the state institutions and civil society.** The systemic response we suggest – the joint platforms approach – proposes principles and guidelines for response in the public sphere which are relevant to specific local needs. The response involves an integrated action of the public sector, NGO's and the private sector.

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<sup>1</sup> For more information please see the document: "About Reut – Frequently Asked Questions" at [www.reut-institute.org](http://www.reut-institute.org).



To become one of the fifteen leading countries

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6. **Reut works closely with the Ministry of Welfare as its main partner and also with other leading governmental and non-governmental groups to design this vision and the strategy for realizing it.**

By the end of 2011, Reut plans to apply its ideas in a few pilot municipalities that will serve as laboratories, with the purpose of crystallizing the model and exemplifying its potential.

## A fundamental gap in Israel's policy regarding poverty and inequality

**The gap we identified is characterized by two elements:**

7. **The absence of a systematic approach** – The government lacks a unit which is responsible to consolidate and implement a systematic approach to deal with poverty. As a result, government ministries are not coordinated and, at times, have a different mindset, as well as contradictory management and implementation approaches.
8. **Municipalities are not empowered to deal with the issue of poverty**- Local government Municipalities in Israel are central factors with the potential to crystallize a systematic approach to deal with poverty but they lack the resources, ability and authority to meet that end.

## The cycle of poverty - barriers in the accumulation and realization of capital

9. **Household capital can be divided into four components: financial capital**, for example, a pension or bank account; **physical capital**, such as real estate or an automobile; **human capital**, which relates to education or professional skills; and **social capital**, examples include networks and social connections that promote political impact or business opportunities.
10. **Individuals and households in multi-dimensional poverty are trapped in a cycle of poverty as a result of a feedback loop between two types of barriers:**
  - Barriers that prevent people from investing resources in capital accumulation.
  - Barriers against realizing current capital prevent people from converting the capital they hold into current income for consumption and maintenance.
11. **Systemic damage in the ability to accumulate and realize capital leads to a passive approach to life expressed by low self confidence and poor participation in social activities:** that is, poor usage of public and other social



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services, lack of trust in governmental institutions, and high probability of intergenerational poverty.

### The Joint Platform Approach - Meeting policy with local needs

12. **In order to break the cycle of poverty, it is necessary to connect between policy and the local needs of households.**
13. **The joint platform approach is based on a "social contract" between the state institutions and the citizens.** This pact is based on mutual responsibility:
  - **State responsibility:** removal of barriers that reduces individual's opportunities to accumulate and realize capital. For example, ownership of physical assets, education, integration to the labor market and community participation. State institutions should design and provide responses which are suited to different audiences.
  - **Individual responsibility:** realizing the potential of their skills and capabilities. This responsibility should be realized in all aspects of their life: citizens should express their needs, acquire skills, join the labor market, as well as participate in designing suitable services.
14. **At the local level, the joint platform approach** is based on inter-sector organization around local assets in the public sphere in order to create congruence between solutions and needs.
15. **The joint platforms approach includes four core characteristics:**
  - **Synergy between services** – a conjunction between existing services offers an opportunity to design multi- dimensional services that are suitable to local needs. For example, a public school that provides vocational training to parents, in partnership with a local NGO; family health centers ("Tipat Halav") that provide a parent workshops, local library and paramedical services.
  - **Enabling environment** – threshold conditions that are necessary in a beneficial public sphere: personal safety, transportation and sanitation.
  - **Integrating functions** – people in leadership positions that can promote conscious and practical change in the aim of creating suitable solutions.
  - **Applying the model to different themes** – the joint platforms approach relates to different areas of life: business enterprise, labor market integration, education, culture, volunteerism, etc.



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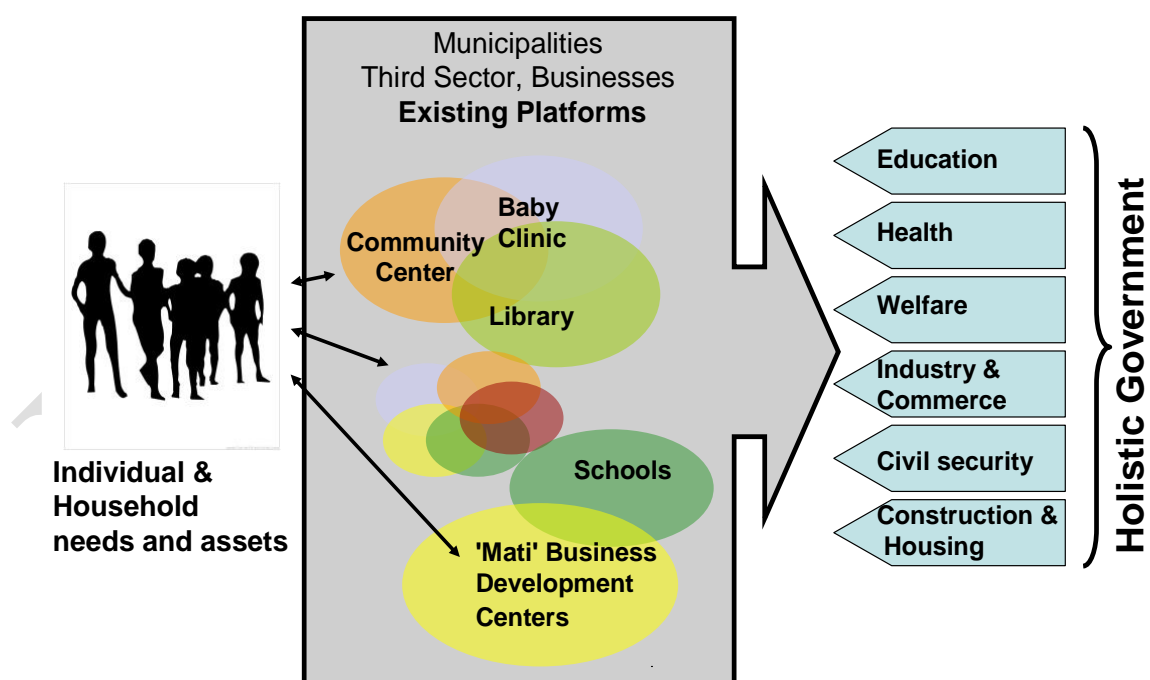
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16. **Operational guidelines – Applying the joint platforms approach**

- **Lateral cooperation** – Systemic responses require lateral cooperation among public sphere actors – government ministries, municipal departments and actors from all three sectors.
- **Empowering street-level bureaucrats through:**
  - Training programs to realize the objectives of the joint platform approach. These programs will train government employees to translate policy to unique needs in a way that will empower the civilian.
  - Budget flexibility on the bureaucratic execution levels, while developing accountability mechanisms.

The Joint Platform Diagram:



17. **Joint platforms example A: Professional training in the local context.**



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- **Professional training barrier** – A mismatch between training provided and the characteristics of the target audience, and the local market demands.
  - **Local application mechanisms:**
    - Using local physical platforms like educational institutions or community centers as bases of professional training.
    - Constructing a holistic training framework by creating cooperation between the Welfare Department and the Ministry of Industry, Trade and Commerce and its agents, and 'Mati' Business Development Centers.
    - Establishing roundtables of local employers to identify the local market demands and to encourage the employment of local labor force.
18. **Joint platform example B: The usage of financial services for long-term investment.**
- **Financial services barriers:** The absence of credit arrangements for small businesses, the target audience's financial illiteracy and hesitation in approaching government authorities.
  - **Local application mechanisms:**
    - **Developing a microfinance framework through the partnership of a financial organization and local actors**, such as municipalities and NGOs – The service would improve access of populations living in multi-dimensional poverty to credit sources in order to invest in the long term.
    - Using local physical platforms like educational institutions or community centers as bases for delivering microfinance services.

**Reut plans together with the Ministry of Welfare to test this new conceptual mindset of how to fight poverty through inclusiveness in various pilots (laboratories) at the municipal government level.**

End.