

Israel

Key facts and issues

Israel is a unitary country with a population of 8.4 million. Its subnational governments are responsible for 13.4% of public expenditures, ranking Israel the 8th least decentralised country in the OECD. Israel's productivity is below that of the OECD average. Between 2007 and 2014, Israel's subnational governments increased their investment at the third fastest rate in the OECD, at 6% per year.

GDP per capita of just over USD 35 400 was at 86% of the OECD average. Israel has a younger population than that of the average of the OECD, and is in the lowest third when it comes to the share of elderly in the total population. Youth unemployment in Israel was among the fastest decreasing in the OECD between 2008 and 2014. There are relatively low inter-regional disparities in youth unemployment. Just 10% of Israel's youth are not engaged in employment, education or training (NEET); this is lower than the OECD average of 15% (2014). The life expectancy gap across regions has shrunk since 2001, while gaps in other areas such as tertiary educational attainment, disposable household income, unemployment rates and the gender gap in labour force participation have widened in recent years.

Israel: regional, urban and rural development policies

Policy Area	Enabling Document, Strategy, or Framework	Strategic Objectives and Means	Lead Ministry, Agency or Committee
Regional	Planning and Building Law of 1965 and its amendment No. 101 (2014) NMP 35 - Integrated National Master Plan for construction, development and preservation District Master Plans	Housing through planning guidelines and infrastructure focus	The Planning Administration (Ministry of Finance)
Urban	Spatial planning frameworks include: NMP 35 - Integrated National Master Plan for construction, development and preservation (updated in 2016) National Master Plan 38 - for Strengthening Buildings against Earthquakes (updated in 2012) The Preferred Housing/Residential Areas Act (2014)	Planning and construction regulations (including for the strengthening of existing buildings for earthquake resistance); focus on approval of housing units; promotion of infrastructure; quality of life; and public needs and facilities. Balancing development and preservation (agricultural land and open spaces)	The Planning Administration Ministry of Finance
Rural	No over-arching framework, but some elements found in: Planning and Building Law, National Master Plan 35 and also in the District Master Plans	Land use planning and guidelines emphasising the preservation of agricultural land and open spaces	The Planning Administration (Ministry of Finance)

General policy approach

Israel's approach to regional, urban and rural development is focused on planning and housing issues. They are overseen by the Planning Administration that is part of the Ministry of Finance. There is a 3-tiered planning system with national, regional (6 planning districts) and local scales. The Ministry's activities in this regard are aimed at creating conditions that will provide the Israeli population with suitable and affordable housing solutions, with a special focus on disadvantaged population groups including those living in peripheral areas. In urban areas, there is also an emphasis on planning and construction regulation, and a focus on infrastructure that promotes development without sacrificing preservation. The National Master Plan 35 highlights principles such as contiguous development, minimum density for residential uses, urban regeneration and open space protection. A national urban strategy is under development. Other economic development programmes that support regional development include a clusters programme of the Ministry of Interior's Local Governance Administration.

Recent policy changes

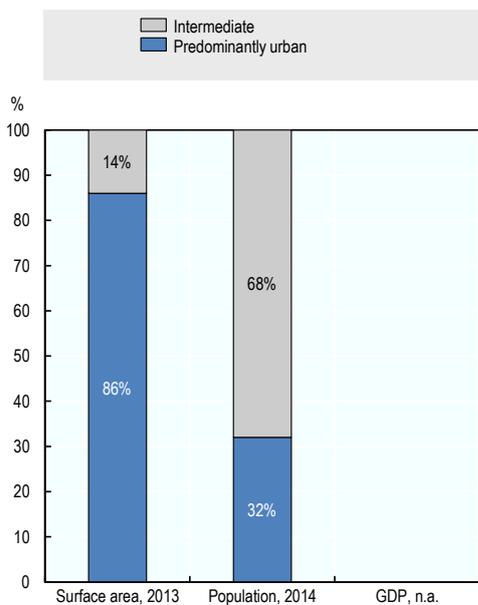
- The “101 amendment” to the 1965 Planning and Building Law gives local authorities more planning authority to address city and citizen needs as well as minimise approval times. It also includes the promotion and preparation of Local Comprehensive Plans, which address city and citizens’ needs and provides a framework for the future development and growth of the city.
- Urban densification is the objective of National Master Plan (NMP) 35 - Integrated National Master Plan for construction, development and preservation (updated in 2016) and NMP 38 - for Strengthening Buildings against Earthquakes (updated in 2012).
- High on the agenda for housing policy issues are new planning and construction measures to allow more construction of residential units. In addition, in certain cases or circumstances national programmes provide rental or housing acquisition subsidies and incentives and for publicly owned land tender mechanisms are used to reduce housing prices.
- There has been a declaration and planning of priority Housing Areas for more efficient approval of housing units spread throughout the country. The country is in the process of preparing a Housing Strategic Plan.
- An updated guide for usage and allocation of public areas (published July 2016).
- A bill has been proposed to promote urban renewal through an Urban Renewal Authority under the Ministry of Construction and Housing. The focus would be on increasing the supply of housing in existing urban areas.
- The National Urban Board launched by the Ministry of Construction and Housing, is a co-operation between several ministries and other stakeholders (civil society, local authorities etc.) and aims at producing a National Urban Strategy alongside tools to promote it.
- The "Wake up city project", a competition open to professionals and the general public, was initiated by the Planning Administration in 2016. It aims to identify innovative tools and ideas to address the main urban challenges in Israel.
- A National Guide for initiating, planning, establishing and subsequently managing Sustainable Reserves is being formulated. It is to be designed to support local initiatives in establishing Sustainable Reserves by providing appropriate tools, approaches and guidelines suitable to local conditions and by addressing both public involvement and environmental needs.

Israel: Main regional, urban and rural development policy tools

Policy Instrument	✓	Examples
Transport Infrastructure investments and systems of cities	✓	Development of light rail transit systems in the Tel Aviv and Jerusalem metropolitan areas.
Other Infrastructure investments	✓	
Service delivery (subsidies for public services)	✓	
Business development/ innovation support	✓	<i>Regional:</i> “Large Companies’ R&D Centres in Israel’s Periphery” is a scheme to encourage the establishment of business R&D centres in periphery areas so as to narrow the gap between regions. It is based on direct financial support through grants.
Urban renewal	✓	
Urban form and land use	✓	Introduction of Local Urban Comprehensive Plans to plan cities’ development and growth.
Sustainability policies		
Rural-urban linkages		
Clusters/technology platforms/ centres of expertise	✓	<i>Non-hub:</i> The Local Governance administration (in the Ministry of Interior) has recently initiated a clusters programme, though at the moment it is in its initial pilot phase and does not have any legal definition and/or status.
Special economic zones	✓	
Rural landscape preservation		
Skills/training programmes	✓	
Capacity building for subnational governments	✓	

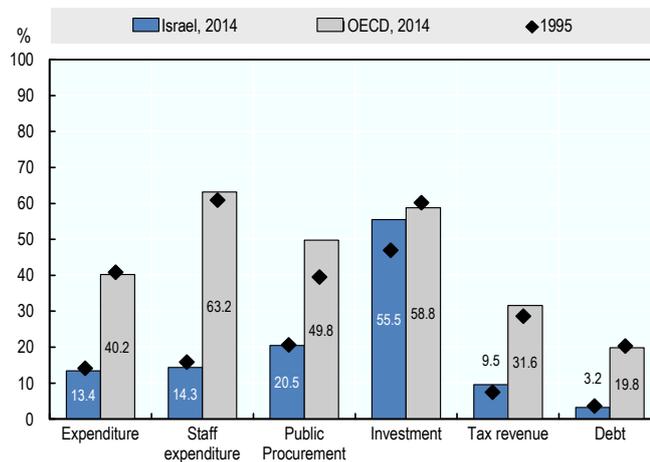
Land, population and economy in rural and urban regions

Share of country total



Subnational government role in public finance

Share of general government



Number of subnational governments

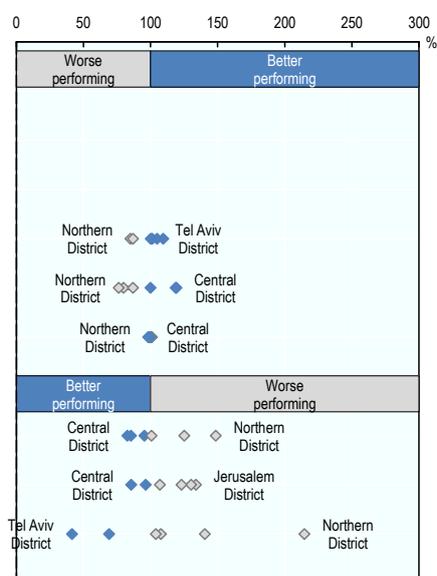
Municipal level	Intermediary level	Regional or state level	Total
255			255

Note: The Rural and Urban Typology applies to TL2 areas in Israel.

Regional differences in GDP per capita levels, 2013

Data not available

Inter-regional disparities (as a % of the country average)



Note: Each diamond represents a TL2 region. Unless specified, all data are for 2014. Disparity is measured as the difference between the top and bottom region in the country.

Productivity and catching-up trends among regions

Average annual labour productivity (GDP per worker) growth rate [diamonds] and deviation from the growth rate of the country's productivity frontier [bars], 2000-2013
See country page notes for classification of regions

Data not available

Contribution to labour productivity growth, 2000-13

Percentage contribution to national GDP growth, 2000-13

Data not available

Data not available

StatLink  <http://dx.doi.org/10.1787/888933420351>

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Country page notes

Main indicators

OECD average	represents the weighted average of OECD country/region values for the given year or closest year available.
OECD Regional Well-being framework	considers a combination of individual characteristics and local conditions in eleven dimensions that shape people's material conditions (income, jobs and housing) and their quality of life (health, education, access to services, environment, safety, civic engagement and governance, community, and life satisfaction).
Gross domestic product (GDP); GDP per capita; and labour productivity (GDP per worker)	is the standard measure of the value of the production activity (goods and services) of resident producer units. Regional GDP is measured according to the definition of the System of National Accounts (SNA 2008). To make comparisons over time and across countries, it is expressed at constant prices (year 2010), using the OECD deflator and then it is converted into USD using purchasing power parities (PPPs). For regional labour productivity, GDP (gross value added for Turkey) is divided by the number of workers (at place of work) or, for GDP per capita, the number of residents. For comparisons of current (per capita) GDP across countries, GDP for 2015 is converted to USD using PPPs for 2015.
Subnational government role in public finance	is mainly derived from the OECD National Accounts, harmonised according to the new standards of the System of National Accounts (SNA 2008), with the exception of Chile, Japan and Turkey, which are still under SNA 1993. General government includes four sub-sectors: central/federal government and related public entities; federated government ("states") and related public entities; local government i.e. regional and local governments and related public entities, and social security funds. Subnational governments are local (regional and local) governments and state governments (in countries with a federal or quasi-federal government system).
Gini index (regional income inequality)	The Gini index is a measure of inequality in terms of GDP per capita among all regions of a given country, with equal weight for each region. The index takes on values between 0 and 1, with zero interpreted as no disparity.
R&D expenditure	is the total gross domestic expenditure on research and development by the government, higher education, business, and private non-profit sectors.
Household disposable income and poverty rate	is the income generated directly from market transactions, adding all current transfers from the government, except social transfers in kind, and subtracting current transfers, such as income or regular wealth taxes and social contributions. It is expressed in USD Purchasing Power Parities (PPP) at constant prices (year 2010) and using a standard equivalised size for households across the OECD. Due to a lack of data, the indicator is expressed in per capita terms for the Czech Republic, Estonia, Hungary and New Zealand. The poverty rate is here taken as the percentage of people with disposable household income per capita of less than half the country median.
Participation rate, unemployment rate, youth unemployment and NEETs	The (labour force) participation rate is the ratio of the labour force (employed and unemployed) aged 15+ to the population (15+). The gender gap is the difference between the participation rates for women and men. Unemployed persons are defined as those who are without work, are available for work, and have taken active steps to find work in the last four weeks. The unemployment rate is defined as the ratio of unemployed persons to the labour force. Youth unemployment considers the unemployed and the labour force aged between 15 and 24. "NEETs" refers to 18-24 year-olds who are neither in employment nor in education and training (as a percentage of the population of 18-24 year-olds).
Primary and tertiary education	Primary education includes primary education, pre-primary education and lower secondary education (ISCED 0-2). Tertiary education includes both university qualifications and advanced professional programmes (ISCED 5-8). Shares are defined with respect to the labour force aged 15 and over.
Elderly	are those aged 65+. The elderly dependency rate is the ratio of the elderly to the working age population (15-64).
Air pollution	is the 1km ² grid cell population weighted average of satellite-based estimates of small particulate matter (PM _{2.5}).
Life expectancy	measures the number of years a newborn can expect to live, if death rates in each age group remain constant.

Typology of regions with respect to productivity

Frontier	is the region leading its country in terms of labour productivity, measured by the real gross domestic product per employee. In some countries the leading region accounts for a small percentage of the total workforce. Where this is the case, the frontier is the weighted average of regions with the highest labour productivity levels accounting for 10% of the country's total employment.
Catching-up regions, diverging regions and regions keeping pace	is a classification of regions based on their labour productivity growth relative to the frontier. It is based on the growth in labour productivity between 2000 and 2013 (or closest year available). Regions where labour productivity grew/dropped by at least 5 percentage points more/less than in the frontier over the period are classified as catching-up/diverging regions (about 0.4 percentage points annually), with regions that are keeping pace falling within the +/- 5 percentage points band.

Typologies of regions with respect to population or other functions

Regions (TL2 and TL3)	are classified by the OECD into two territorial levels that reflect the administrative organisation of countries. OECD's large regions (TL2) represent the first administrative tier of subnational government. OECD small (TL3) regions are contained within a TL2 region. Reference to the 20% richest/top or poorest/bottom regions, indicates the top/bottom-performing regions according to the indicator accounting for 20% of the (relevant) population.
TL3 typology (urban, intermediate, rural)	TL3 regions have been classified as: predominantly urban (PU), intermediate (IN) and predominantly rural (PR) based on the percentage of regional population living in rural communities, combined with the existence of urban centres where at least one-quarter of the regional population resides. The terms "urban", "intermediate" and "rural" refer to these categories.
Metropolitan area	is a functional urban area with 500 000 or more inhabitants defined by population density and commuting flows.

Further details and information: OECD (2016) *OECD Regions at a Glance 2016*, http://dx.doi.org/10.1787/reg_glance-2016-en.