

# Application Model for Regional Economic Development

July 2021



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## Dear Friends and Colleagues

Like many others who share our core value of a flourishing Israel, the Russell Berrie Foundation holds promoting economic development in Israel's periphery as a major priority. For more than a decade we have invested in leaders, institutions, local authorities, and other entities to strengthen the north. Our support for better collaborations across diverse communities to enhance the capacity of local leadership are essential to economic and social development and improved services for the entire region. Our efforts have taken place through a period of increased focus on Israel's north including several public and private large scale and ambitious development plans to advance the region.

As funders we constantly assess the impact of our own granting, but there are moments to step back and look with a wide lens. We wanted to explore why, despite major investments of money, planning and targeted initiatives by Government, academia and philanthropy we remain so far from seeing substantial and sustained change.

Regional development is a complex issue, there are numerous players and projects in this space, and this analysis cannot happen in a vacuum. We reached out to our partner, JDC-ELKA, to help us look at the big picture, understand the current reality and derive insights that could be applied by ourselves and others who share the goal of moving the needle further and faster in the years ahead. JDC-ELKA created a thinktank of experts including senior figures involved in advancing processes in the north from the government, local government, academics, business sector, philanthropic foundations, and other stakeholders.

The group sought to determine the necessary components for implementing an economic development plan. They looked at existing plans and examined the barriers that stood in the way of their progress. They delved into the challenges that need to be addressed and looked at a range of issues, asking which, with the right awareness, could increase the chances of any of the plans' implementation and effectiveness.

The study's findings and insights are important to all manner of stakeholders engaged in development of the north: investors, researchers, local and national decision makers and change agents, the private sector, local practitioners and, of course, the philanthropic community.

Key findings point to the need for distilling regional narratives and objectives that bind stakeholders in a shared vision for the future and having metrics which drive action toward these objectives. It means helping to secure the next stage of development through a more institutional rather than start-up management mentality. It is fostering the important awareness, as highlighted by recent events in May of 2021, that economic development in isolation from social and economic inclusion cannot succeed. Economic capital and social capital are both intertwined and essential.

The good news is that while progress may have been slower than we would like, it has been ongoing. We have much to learn from and there have been clear gains in creating trust and collective impact. This report is an invitation to come together and explore new thinking to achieve sustainable economic and social advancement to lift the quality of life for the residents of the region. We welcome your interest and participation!

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**Dr. Yossi Bachar**  
**1955-2020**

**We dedicate this guide to the memory of Dr. Yossi Bachar, Co-Chair of Joint-ELKA's Advisory Committee and first Israeli trustee of the Russell Berrie Foundation.**

Yossi was a true partner, mentor and strategic thinker, whose passion for improving Israeli society was matched only by his wealth of experience, which included leading reforms that changed the face of the Israeli economy. Yossi brought his expertise to the mission of promoting Regional Economic Development in Israel. A pivotal member of the Regionalism Experts forum, he played a key role in forging policy recommendations for a new regional layer of governance in Israel which were accepted by Israel's Ministry of Interior in November 2020. Yossi, who passed away in December 2020, left an imprint not only on society, but in the hearts of everyone that had an opportunity to know him, and his legacy will continue to provide a guiding light for us.





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# Introduction

Since 2006, after the end of the Second Lebanon War, there has been public and political discourse on the need to strengthen the North of the country. The war increased the downward trends in the North relative to those in the rest of the country. It is true that general discourse lacks sufficient resolution. For example, discussion of the Haifa metropolitan area relative to the Beer Sheva, Jerusalem and Tel Aviv metropolitan areas differs from the situation in the Upper Galilee, which is characterized by peripheral distances, more like the Arava and Eilat. The discussion about the integration of the Arab population in the Galilee in the Israeli high-tech economy is not identical in its characteristics to the discussion about the connection of development towns in the North to employment with high added value. However, the general data on the North have been sufficient to provoke a public and political discourse about disparities and the need to reduce them. These gaps are per capita income, labor force participation, poverty indicators, life expectancy, purchasing power, academic achievement and almost every horizontal measure. It is clear that the gap between the population living in the Galilee and the center of the country is not only not narrowing but has been widening in the last 15 years.

In view of the trends reflected in data commonly measured at the national level, over the years many programs have been written and hundreds of projects and initiatives have been promoted to strengthen the North, including general government initiatives, municipal initiatives, and specific projects. At first glance one can see quite a few successes in various arenas. Academic education rates in Arab society are growing significantly, including in the scientific and technological professions. Business clusters are developing, such as in the field of Foodtech in the Eastern Galilee, and there is considerable municipal growth in quite a few localities in the North.

The study presented below is an initiative of JDC-ELKA and the Russell Berrie Foundation out of a desire to examine the implementation of plans to strengthen the North. The issue before us was not whether the strategy of relative advantage was the most effective one, or whether the selection of Foodtech in Kiryat Shmona or in the Karmiel 4.0 Industrial Center was necessarily a correct decision. Likewise, this document is not a strategic plan for the development of the Galilee. The aim of the study was to discover the components required for the effective implementation of a regional economic development plan, to examine the broad range of issues which, if we are aware and act upon them, may increase the chances of successful implementation and effectiveness of the plans for the region. To examine the issue, a think tank was formed, consisting of key officials involved in advancing processes in the North, some in official positions in government ministries, philanthropic foundations and support bodies and some former senior officials who have had a practical influence on development processes in the North.





It is important to emphasize at the outset that the implementation of a program varies according to content characteristics (vertical division). That is, implementing physical construction programs is different from implementing science study programs. Analysis of barriers and components required for effective implementation also depends on the content of the program being implemented and the professional discipline. This document, therefore, seeks to create a guide for developing and promoting regional programs in a way that will increase their chances of successful implementation. The focus is mainly on areas of economic development, but also on the discussion of regionalism and its context for the implementation of effective growth processes in economic development in Israel.

Regionalism is a concept that is gaining a growing foothold in the professional and public discourse in Israel (although less so in the political discourse). Along with the trend of weakening central government, especially in terms of execution capabilities, the need to strengthen local capacity to lead and implement processes is becoming more evident. However, due to the lack of a stratum of governance between central government and local authorities, this understanding has not translated into implementation. Why? The Galilee is a good example. 94 local authorities and councils produce great decentralization, in which the lack of personnel at both the professional and political level makes it difficult to lead processes. Thus, in recent years the understanding has begun to permeate that regional processes must be created and mechanisms for regional cooperation must be developed. The need for this is not only due to the lack of sufficient capacity at the municipal level, but also to the fact that most areas of development go beyond municipal and local authority boundaries, since employment, transportation, environment, health, and higher education are not limited by municipal boundaries in small and medium-sized localities. To promote policies that encourage growth, planning and implementation for these and similar issues, action must be taken at the regional level.

Understanding of the need to promote regional processes is still in its infancy in Israel, especially in terms of implementation mechanisms, tools, and metrics for examining regional processes. The role of this document is to outline the basic principles required for promoting regional development processes. The premise is that the transfer of power and capabilities from the central government in Jerusalem to the regional and municipal level must move forward and be expressed in authority and budget. However, for this action to yield real benefits for citizens, knowledge and tools must be developed.

This guide provides tools for planning and executing processes to increase the chances for successful implementation and effectiveness of regional growth plans. Although this report focuses on the Galilee region, the insights are also relevant to other areas in Israel. You can read the guide in sequence to see the big picture. However, each part stands on its own, so, for example, those who are focused on issues in the Galilee should read the first part, whereas those who are interested in regional processes in general can start with Part Two and choose the components that interest them. Ultimately, the goal was to produce a common language and to refine principles whose assimilation into programs will increase the chances of successful implementation.

# The Structure of the Guide

The guide is made up of two parts:

## Part One

Questions about regionalism and economic development. This section briefly presents the survey and the questions it raised in the context of economic development in the North of the country.

## Part Two

A model for understanding implementation processes for regional economic development. This section presents a unique model for understanding and improving regional implementation processes from a broad perspective.



An Application Model for Regional Economic Development - First version June 2021. The purpose of this document is to develop and to update current knowledge in accordance with insights from the field. We would be happy to receive any comments and suggestions at [SharonRK@jdc.org](mailto:SharonRK@jdc.org).

# Part One

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## Survey and Broad Perspective

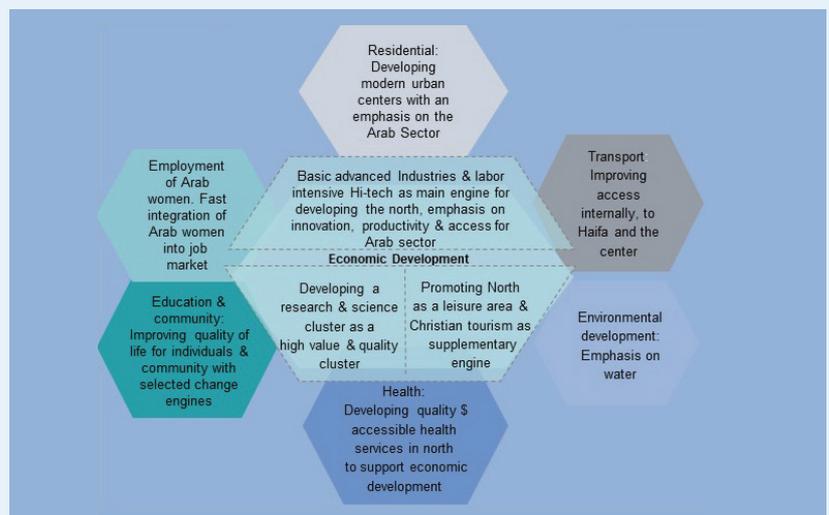
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### A Survey of Programs and Projects

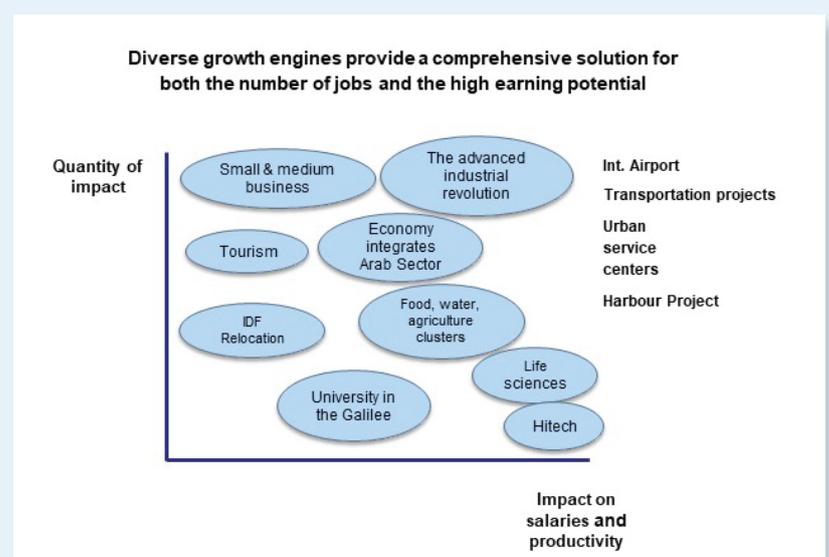
On August 20, 2006, the government passed Resolution 393: "Strengthening the North and Haifa - a national task at the top of the government's priorities." In this decision, the government established a cabinet to formulate policies intended to strengthen the North and Haifa. The cabinet is to approve plans for strengthening and developing the North and Haifa and will monitor and oversee the implementation of these plans. A budget of about 4 billion ILS was allocated to the execution of this resolution in that year for strengthening the North.<sup>1</sup>

Two years later, in June 2008, the company "Northwards", founded by the industrialist Eitan Wertheimer, presented a comprehensive strategic plan developed in collaboration with government ministries, local authorities, civil society and business entities. The plan included a summary of the gaps and challenges as well as an analysis of economic engines for northern development.

### Northwards. Shaldor. June 2008



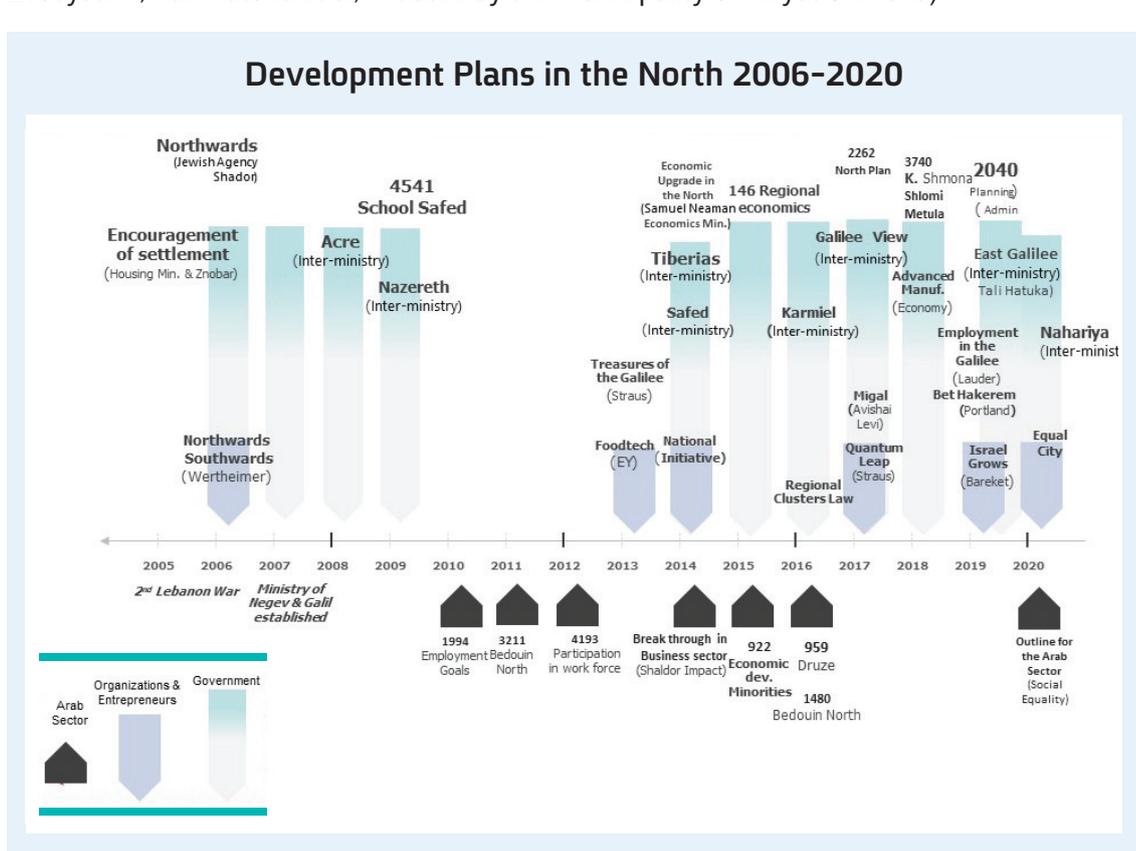
### Plan for the North - Ministry of Economy Aug 2015



<sup>1</sup>Tal, A. (4.3.2006). A plan for the north and its restoration after the war. Submitted to the Interior and Environmental Protection Committee. Knesset Research and Information Center.

In 2013, the Ministry of Economy began developing a program to reduce disparities in the North. In 2015, a detailed plan for the North was presented, which included targets for reducing disparities, analyzed relative advantages, identified economic anchors for advancement, and listed the required complementary measures. In November 2015, a special administration for the North was established in the Ministry for Development of the Negev and the Galilee, which undertook to lead a government plan for the North with the assistance of the Ministry of Economy. In 2017, Government Resolution 2262 was adopted, "Plan for the Economic Development of the North," and a detailed plan was published, which included actions not specified in the government decision by the Ministry of Economy. In 2018, Government Resolution 3393 was passed, which defined actions for the advancement of industry, including an emphasis on advancing industry in the North. In the same year, a government plan was presented to strengthen the Foodtech cluster in the Galilee. Practical measures and budgeting were reflected in Government Resolution 3740 to strengthen the towns of Kiryat Shmona, Shlomi and Metulla.

Between the government decisions in 2006 and 2018 and the comprehensive "Northwards" strategic plan in 2008 and that of the Ministry of Economy, which was presented in 2015 and translated into a government decision in 2017, and through 2020, dozens of other plans for Galilee regional development were written. Some are municipal programs, some are in defined areas (tourism or education), some are dedicated to specific populations (a long list of programs and government decisions regarding the minority sectors in the North and ways to reduce disparities). Some of the plans were general and superficial and some were detailed in-depth studies (for example: upgrading the economic system in the North of the country, the Ministry of Economy and the Samuel Neaman Institute in collaboration with the Pareto company, published in April 2015; The Strategic Plan for the Eastern Galilee as an Industrial Ecosystem, Tali Hatuka et al, initiated by the Municipality of Kiryat Shmona).



The basis for writing this guide was shaped by reading the plans and decisions that have been advanced over some 15 years since the Second Lebanon War. This reading raised questions, such as: How were the disparities presented? What goals and objectives were set? What happened to those plans and how were they translated into action on the ground?

In addition to looking at government and local economic development plans, as part of formulating insights into the implementation of regional development processes, we also looked for more focused actions that still have a regional impact but are not multidisciplinary plans. It is customary to define these operations as regional anchors. The focus was on anchors in the Upper Galilee region but not only these.

The surveying process does not pretend to be exhaustive and inclusive of every anchor and project, but rather to attain a broad enough picture from which it is possible to learn about phenomena and processes. In addition, over the last five years we have seen a proliferation of initiatives and projects, which has generally sharpened the distinction between starting and maturing programs. We have seen many plans in the past and present in the stages of formation and start-up, and few plans that have matured into successes with a significant scope of impact at the regional level. There are quite a few successful programs that promote growth and development in the Galilee. We tried to understand why the whole picture does not appear to be sufficient and does not show a region with positive forward momentum.

#### Questions we asked when looking at projects and anchors in the Galilee:

- **Is this a project with a regional impact?** That is, does it affect multiple local authorities and regional core issues? We looked for projects with a broader management mechanism than the control of a single local authority.
- The simple facts. **Who is involved in the project? In what area does it operate and what is its area of influence?**
- Is this a project that grew from the field (**bottom up**) or from the government (**top down**)?
- **How mature is the project?** Is it a start-up project, whose impact is still difficult to pinpoint, or a mature project, whose impact and courses of action are clear?
- What is the **theory of change** that underlies the project?
- What **success metrics** were defined?



We examined dozens of projects and initiatives divided into seven categories: industrial development; high-tech; life and health sciences; tourism; academia and human capital; small businesses; and mass transit.<sup>2</sup> This is only a partial list, because it is clear that if the focus had been, for example, on the city of Haifa, as well as in other large cities in the North, many other initiatives could have been added. However, the perspective taken was wide enough to raise key dilemmas.

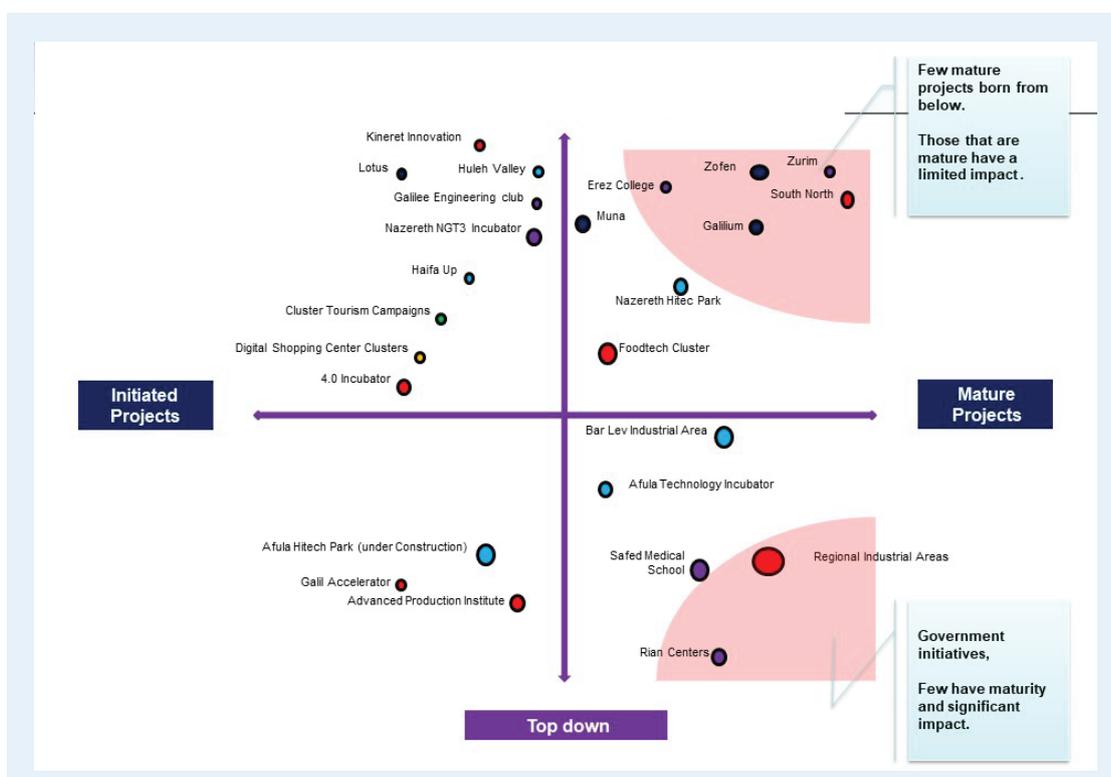
We divided the issues that arose in the survey into two groups. We will relate to one in this part of the guide and to the other in the second part, which presents a practical model for application. In the first part we address issues specifically related to economic development in the Galilee. These are issues of special local relevance. In the second part we will present a model for understanding implementation processes and we will focus on issues of principle whose scope is wider than the context of challenges in the North of the country.



<sup>2</sup> For details of the projects, see Appendix.

## Maturity, impact, and initiative

We grouped some of the projects together and arranged them according to their degree of maturity and their characteristics. The size of the circle expresses an assessment of the project's degree of regional impact. We saw that there are few mature projects that grew out of the field and those that are mature have a limited regional impact. Furthermore, we saw that relatively few government initiatives have reached maturity and had a significant impact.



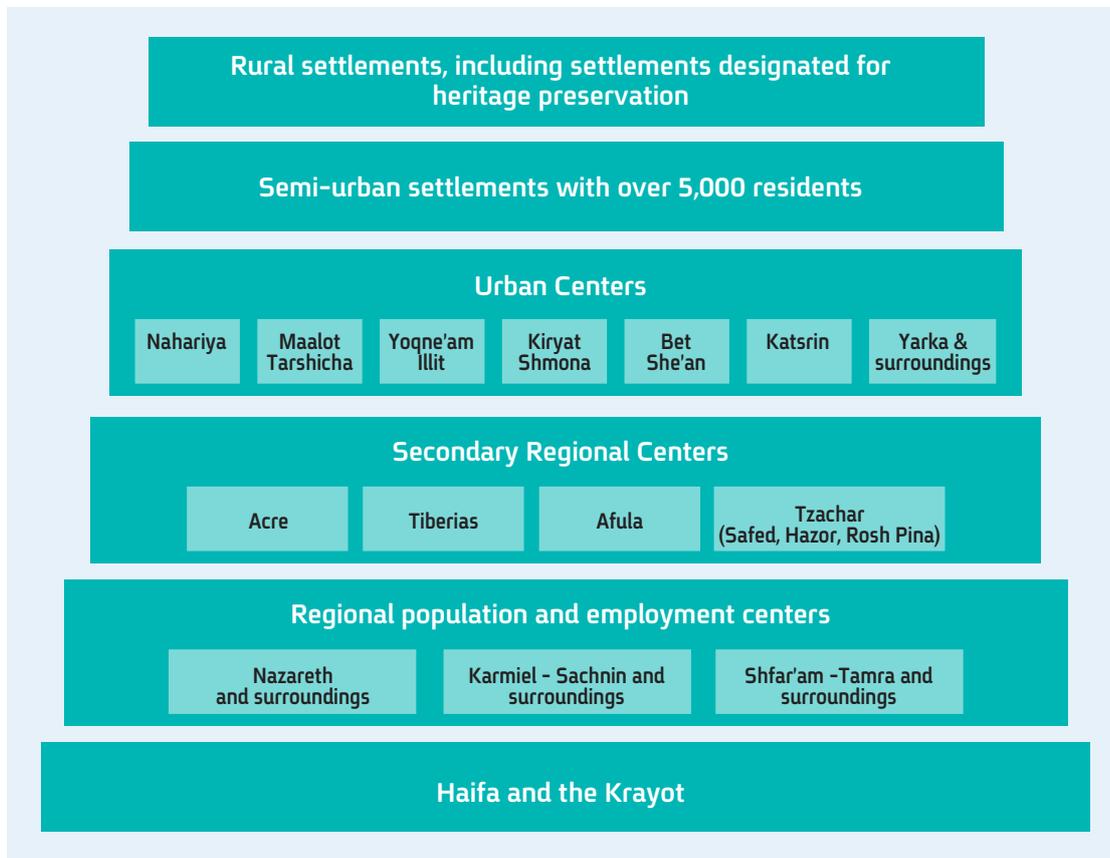
The division into “bottom up” and “top down” shows that among different players there are different interpretations of the meaning of each term. For example, for some of the government actors, a project whose management and leadership are executed regionally is considered connected to the field. In contrast, for some regional developers, the definition for a project growing out of the field is that it is carried out without government assistance. Government involvement is designed to enable a leap in the size of impact. Clearly there are anchors that require government investment in advance; however, it seems that the long-term success of projects depends on whether there is a major commitment of regional players with an interest in the project and whether they are the ones initiating it. This is an indication of its potential for success.

Looking at the various projects in the Galilee, it is evident that, on the one hand, there is significant value in those growing from below and which drive organic initiatives to the region. On the other hand, concentration of effort, broad-based cooperation and significant investment are necessary in order to produce an impact. These elements are not contradictory, as a project can grow organically from the field and then receive backing and empowerment from the government system. One of the insights that emerged in the survey is that the role of the government in enabling local initiatives to grow is a preferable alternative to the track in which projects are developed by the government and then imposed on the field in various ways.



## Geographical hierarchy

In the “Northwards” program, which was presented in 2008, a hierarchy appears in the role of localities in the area as show in the diagram below.<sup>2.1</sup>



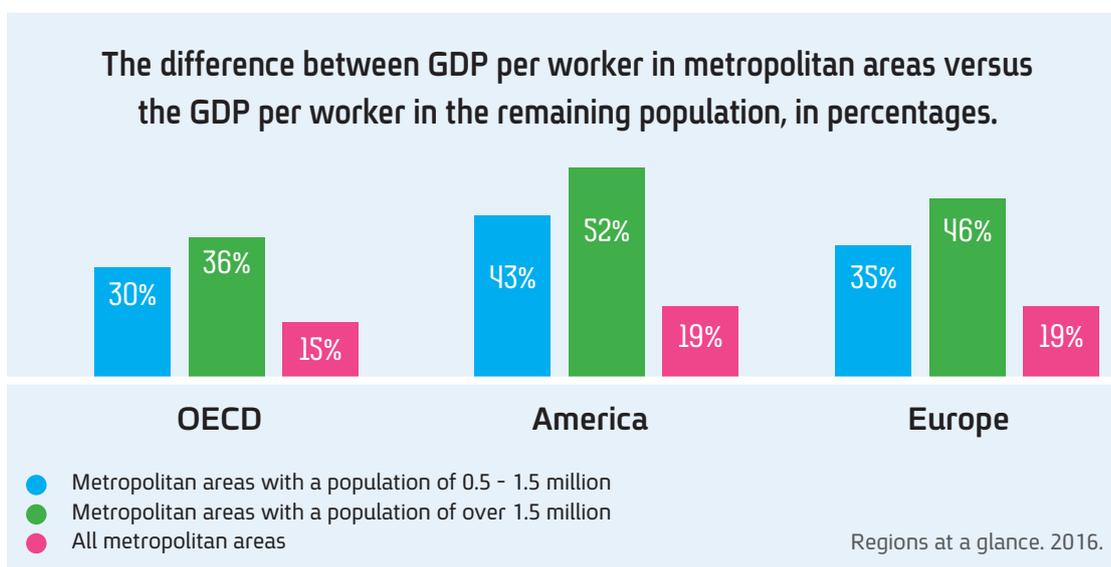
The rationale is clear. Regional development requires focus and understanding of the appropriate role for each local authority in the regional fabric. The question of whether the division from 2008 still valid today must be examined. Are the size of a locality and its centrality in the area the only criteria in the hierarchy? In practice, investment in or withdrawal of projects are also motivated by politics (relationships between the head of the authority and the political bodies that allocate resources) and are also influenced by the degree of entrepreneurship and demonstrated ability of local leadership, since government officials, philanthropy and the business sector seek to cooperate with people whom they view as capable of delivering results. In the Galilee, it is evident in more than one instance that investments flow to those players about whom there is the impression that “it is possible to work with them,” even if it the projects are in a less central locality. However, throughout the guide, the central message is the need to refine the roles of different players in the region in creating effective collaborations. Different local authorities have different roles in the area. Refinement and clarification of this point will greatly enhance the ability to promote regional growth.

<sup>2.1</sup> Northwards (2008): Placing the North in the “Center”- Plan for Developing the North (Page 109).

## Northern Metropolis

One of the major phenomena observed in the world in the context of regional development is the attraction of population, investment and the business sector to metropolitan centers. The reasons are varied and are related to a large critical mass of productive population and of entrepreneurship and innovation. The urban space of the metropolis, along with a variety of services, provide a good infrastructure for economic development and provide a high quality of life that attracts a strong population.

Most of the Western world experiences the same phenomenon of population migration from peripheral areas to metropolitan areas.<sup>3</sup> It is important to note that the coronavirus crisis is currently causing a change. There is a growing trend toward remote work, which may change the need for daily travel to metropolitan areas and will allow for living in remote areas and working from home or shared workspaces.



In Israel, the phenomenon is even more extreme due to the dominance of the Tel Aviv metropolitan area and the attraction of human capital and investments from all over the country, with limited ability to compete on the part of the three metropolitan areas of Haifa, Jerusalem, and Beer Sheva. Haifa, like Tel Aviv, has clear potential to function as a metropolis.

The main definition of a metropolitan connection is determined by the scope of commuting - if 20%, or more of the employees in a locality work in the employment center, the locality belongs to the metropolis. In the rest of the world, it is common to refer to a distance of up to 60 km as the employment circle relevant to the metropolis. These conditions define most of the Galilee, with the exception of the Eastern Galilee, as an area that can be considered the Haifa metropolitan area.

However, over the last decade, the Jerusalem and Beer Sheva metropolitan areas have become stronger, while Haifa has lagged behind. Between 2009 and 2018, there was an

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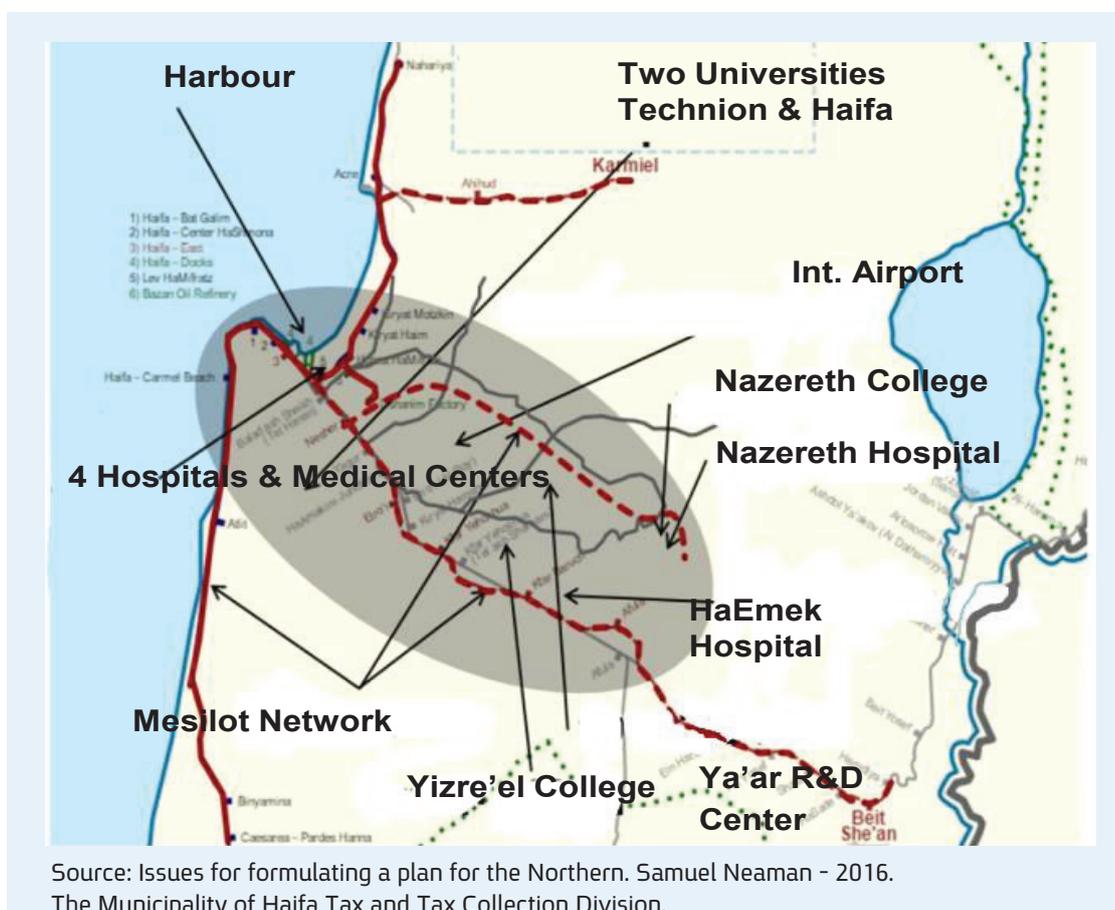
<sup>3</sup> Lanir, B. and Ne'eman, Y. (April 2018). Towards 2040: Economic development from a metropolitan point of view. National Economic Council.



increase of between 25% to 35% in the number of employed persons in the metropolitan areas of Tel Aviv, Beer Sheva and Jerusalem and in the central districts (Employment Surveys for the 2009 and 2018 CBS). Haifa showed the lowest increase of all measured areas (around 20%). In the last decade, there has been only a small increase in the number of high-tech employees (6.2 thousand in 2009 to 7.3 thousand in 2018, with a declining trend from about 8 thousand employees in 2014). The business areas in the city have also shown a stagnation for many years.

In 2016, the Samuel Neaman Institute at the Technion published a document about upgrading the economic situation in the North based on models of promoting relative advantages, using the theories developed by Michael Porter.<sup>4</sup> The model analyzed in the work discusses development of economic anchors by 2029. The bottom line of this model predicts the addition of about 60,000 jobs based on relative advantages in the southern part of the Galilee, on the Haifa to Nazareth and Afula axis, while referring to this area as having significant potential for attracting population and creating competition with the center of the country.

The concentration of infrastructure in the southern part of the northern region is clear. The question raised by the work of the Samuel Neaman Institute is whether it is necessary to focus effort in the southern part of the North to create a metropolitan anchor, or whether there value in spreading efforts across a wider area. In either case, clearly any discussion of economic development in the North must consider trends in the Haifa metropolitan area in order to think effectively about investments and efforts in the region.



<sup>4</sup> Samuel Neaman Institute (September 2016). Issues in formulating a metropolitan plan for the North.



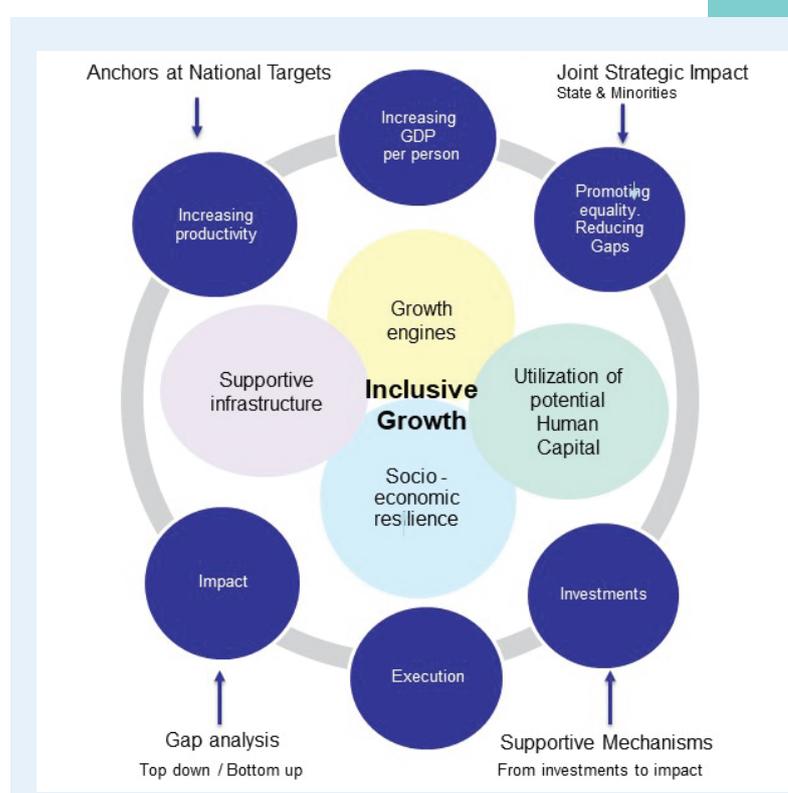
## Inclusive growth

Another issue that arose in the survey that has unique significance for the Galilee is overall growth. About 1.6 million people live in the Galilee. 52.7% of them belong to the non-Jewish sector.<sup>5</sup> The perception of Arab society in Israel as an engine of economic growth has been talked about in the government system for about a decade. In 2020, a gap reduction plan was completed (the Five-Year Plan Resolution 922) and Resolution 1480 regarding the Bedouin in the North. About 11 billion ILS was allocated to the five-year plan (about five billion for physical infrastructure, about two billion for higher education and about one and a half billion for local authorities). Large-scale budget allocation was carried out according to the plan.<sup>6</sup> The main achievements of the various programs are evident in the fields of education and higher education, in the increase in women's employment, and considerable transportation infrastructure improvements.

These successes sharpen the existing gap between the strengthening of human capital and connection to anchors of economic growth in the Galilee. In most projects and anchors, there was no involvement of the Galilee's Arab population.

The strategic goals presented to the government speak of reducing disparities, raising per capita GDP, and increasing productivity at work. Achieving these goals requires supportive infrastructure, such as transportation and early childhood education, realizing the potential of human capital, and growth engines, including tourism and high-tech. In practice, we found barely any participation of Arab-owned companies in the main accelerators.

The partnership in the management of regional industrial zones is limited and the connection to anchors, such as the Safed Medical Faculty, the Foodtech Cluster in the Eastern Galilee and the Institute of Advanced Industry, is also limited.



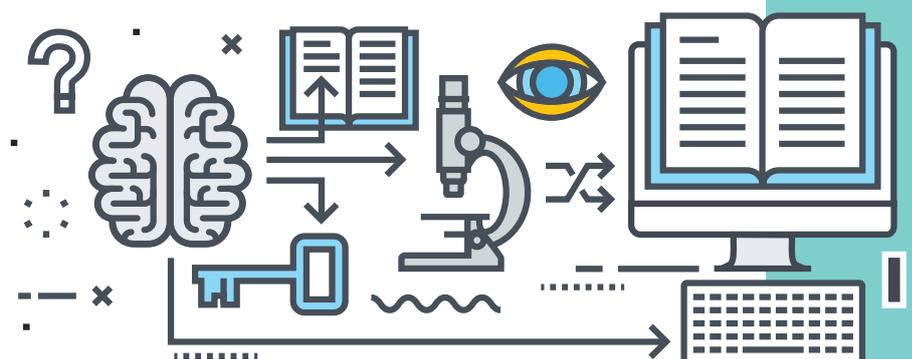
<sup>5</sup> Galilee Development Authority. [www.galil.gov.il](http://www.galil.gov.il)

<sup>6</sup> Ministry of Social Equality. (March 2020). Strategic Outline 2020 for Economic Development of the Minority Population.



In conversations with officials in the Haifa municipality, a picture emerges that even the metropolis is not clear about its role in the context of inclusive growth in the Galilee. Haifa is clearly an anchor for young Arabs from the North for higher education and employment. However, there are no common planning and mechanisms for promoting campaigns aimed at regional economic growth with inclusive characteristics for the Arab population.

In fact, it is evident that two processes are taking place, almost detached from each other: programs to reduce disparities in Arab society and programs to reduce disparities and promote economic development in the Galilee as a whole. A striking illustration of the gap can be seen in the issue of indicators in economic growth projects. Contrary to accepted practice in many international corporations, which for many years have set diversity goals as an integral part of current activity metrics, we found no reference to diversity goals in regional projects in recent years, and it is clearly not defined as a task for project managers. The survey showed the disconnect between the processes and it seems that a closer connection would allow a leap forward in both sectors.



# Part Two

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## A Guide to Regional Implementation Processes

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Implementation processes are a complex matter. The aspiration to produce a simple model for improving implementation processes is overambitious and dependent on focus and clarity relative to the model's context. In analyzing implementation processes, we must understand the dimensions that we are examining. One dimension of observation is local and unique, local in the sense of the special characteristics of the Galilee in Israel. We have addressed some of these characteristics in the first part of this document. The unique aspect addresses the issue of disciplines; in our case we are focusing on economic development. As already mentioned, implementation of educational programs or construction programs differs from implementation of regional economic development programs.

The second dimension of reflection on implementation is universal and generic. Universal in the sense that its principles are true in different parts of the country and the world and not necessarily particular to northern Israel. Generic refers to correct principles in implementation processes for public processes and issues such as: clear success indicators; monitoring and control mechanisms; inquiry and learning mechanisms; correction processes; and residual powers. All of these are broad principles that are also correct for implementing reforms in health, education, economic development, and infrastructure.

The implementation model described below is designed to help focus on the issues that affect the chances for effectively promoting regional economic development initiatives. Before describing the model, we present the ten main issues that the model addresses:

- 1. Governance structure and sufficient budget are clear basic conditions, but they should not be the only focus of expectations for implementation and impact:** Influence on these components is long-term and dependent on extra-regional forces. Focusing on them alone produces mental fixation and negative sentiment (negative feelings, such as helplessness) that impair the chances of successful implementation.
- 2. Local leadership and sentiment (strength or weakness, success or stagnation):** These have an important, central impact on success of processes, but focusing on them at the expense of other components can produce frustration. These are long-term, infrastructure factors and it lessens effectiveness to place them at the center of projects and programs.





- 3. The role of national government and of local leadership in implementing development processes:** Experience shows that regional success starts from the field and not from the national government. Each side has its own role; action cannot come only from the national government.
- 4. Defining correct metrics is necessary for effective implementation:** Metrics should promote change and encourage regional thinking. The best example of this is the index of household income, which supports regional growth, as opposed to an index of number of businesses and business property tax, which encourages local rather than regional thinking..
- 5. Mechanisms for regional cooperation:** This refers to collaboration between various bodies, between the governmental, academic, and business sectors, while understanding the role of each institution and mechanism. Collaboration depends not only on personal leadership but on regional organizational culture.
- 6. Consciously defining the “theory of change”:** This leads to a different definition of implementation processes and to measuring successes accordingly. Sometimes a plan or project is built on more than one theory of change. However, it is important to define and clarify how each chosen action serves the process of improving the existing situation.
- 7. Clear definition of success:** Some processes are short (for example one year, five years [local officeholder term] or more than five years) and others may take a decade or more before we know whether they have succeeded (for example, the establishment of the Medical Faculty in Safed). However, in all cases, there must be clarity about progress and improvement.
- 8. From start-up projects to mature and broad change processes:** Israel is a start-up country. This is also true for social initiatives and regional development initiatives. The ability and knowledge required to start a new project are not the same as those required to manage a mature project. Emphasis must be placed on skills for managing mature projects and not only on project initiation.
- 9. Investigation, learning and correction:** Change processes require review and debugging. Regional development initiatives must have a mechanism for ongoing monitoring, learning and improvement. There is no initiative whose characteristics do not require change over time. In most cases tools exist for initiating processes but not for accompanying and improving them.
- 10. Synergy and critical mass of resources:** Investment in just one channel is not enough. Promoting quality employment without raising the level of the quality of life and services will make it difficult to attract and retain a strong population in the area. In addition, and in the context of the previous sections, there are activities that require crossing an investment threshold. Initiating multiple projects may be correct at some stages, but project maturation requires a focus of effort and a critical mass of resources.
- 11. A full, coherent story:** Regional growth is a holistic process. One of the model's goals is to provide an overview of all the components of regional growth, one that examines competitiveness from a global and not only a regional perspective, and builds a success story including branding, public relations, and marketing.

# A Model for Implementing Regional Processes

## Implementation Processes

**Tools**  
(External)  
Transparency,  
Integration,  
Synergy

**Capacity**  
(Internal)  
Team, Research,  
Learning

**Mechanisms**  
Formal,  
Informal

## Regional Story - Theory of Change

**Planning**  
Action Areas  
Purpose  
Milestones

**Metrics**  
Local / Regional  
Static / Dynamic

## Infrastructure

Budget

Leadership

Governance

Sentiment



## The Infrastructure Level

The infrastructure level in the model is divided into two groups of factors. The first group includes public budget allocated to the region and governance structure (mainly in the sense of decentralization versus the concentration of government powers). The second group includes local leadership and prevailing sentiment in the area (a sense of ability and growth or alternatively weakness and decline).

The war over budget for regional growth activities is a significant part of the occupation of the political echelon in the region. This is an important and ongoing effort. However, using it as a permanent explanation for the inability to succeed in implementing processes is unsatisfactory. It is always better to increase resources, but the trick is to succeed with whatever resources are available, and not to attribute failure to resource scarcity.

One should rise above the issue of budget as a leading explanation for non-implementation.

The issue of governance ostensibly preoccupies the implementing bodies least, because it is perceived as a given situation whose impact is limited. It should be noted that at the time this guide was written, the work of an external team of experts on regional governance was completed and its recommendations were submitted to the Minister of the Interior. The team's conclusion is neither surprising nor new. Israel is one of a small number of OECD countries that do not have an intermediate level of government between the central government and local authorities. The experts' recommendation is to build a regional governance hierarchy as a substitute for merging authorities, to define the powers from the national level that need to be transferred to the regional level, and to also examine the issue of transferring taxes to the regional level. The team notes the objectives for OECD regional promotion reforms, the main ones being economies of scale in delivery of public services, improving competitiveness and regional growth, and improving local democracy. Recommendations are necessary and required, but for the purposes of this guide and the implementation model,

### Sentiment

**"If we build it, they will come"**

"The Galilee stands before an unprecedented leap"

"In the absence of a common approach, the Galilee will continue to lag behind the rest of the country"

### Resources & Government

"Political power is needed to harness government and bring resources"

"Galilee development is in any case political and not professional"

"Decisions are not implemented and the budget does not come"

"Without changing national priorities, we will not move forward"

these are external decisions. When we come to implement, we assume the structure of powers between the central and local government as a given. However, any change in structure will also be integrated into the directions presented in the model, especially in the context of updating the component of organizational structures for collaboration.



## Leadership

"Implementation ultimately depends on the personae"

"94 local authorities cannot cooperate.  
There is no common regional consciousness"

"The field is not a contractor"

"The local authorities should not interfere"

For implementation processes, the second group of factors at the infrastructure level is the local leadership and the issue of public sentiment in the region. On the issue of leadership, this guide has nothing to innovate. In the dozens of conversations that took place as a background for this report, the issue of leadership came up with a similar frequency, and perhaps even a

higher frequency than that of budget. The search for leaders capable of connecting and unifying an area made up of 94 local authorities and dozens of other government institutions and districts is a huge challenge. Regional leadership with a vision is also needed to harness the business sector to the public sector together with academic institutions to drive regional growth. The main message of the implementation model in this guide is that there is a need to build processes and mechanisms that will reduce dependence on groundbreaking leadership. Of course, processes for improving and strengthening local leadership must be promoted, but a regional managerial culture must be created that allows processes to succeed even when the leadership changes. The key point is that leadership is an institutional and organizational matter and not just a personal matter. This is the core insight of the implementation model.

Public sentiment is that last component at the infrastructure level. In the context of the development of the Galilee, we have seen two opposite approaches. Some of the interviewees talked about the deterioration and weakness of the region. They noted the negative migration, the growing disparity with the center, and especially the indifference of the state and its inability to drive big processes that have been discussed for years (relocating the Volcani Institute, establishing a university, and the IDF Refurbishing and Maintenance Center are examples). On the other hand, we heard a positive narrative from young leadership speaking of "returning to the North," taking responsibility, and positive momentum.

Creating a winning atmosphere is part of creating the momentum. At the level of sentiment, we do not measure the number of businesses, but rather tell a story. The story about Foodtech in the Eastern Galilee is reminiscent of the cyber story in Beer Sheva. One can focus on data about the number of employees, the transition of companies and the volume of investments (and probably argue about the dimensions of success); one can talk about branding, delegations from abroad and successes in attracting human resources and businesses. Everyone is talking about cyber in Beer Sheva and now it is possible to talk about Foodtech in the Galilee. It is succeeding. There is a direction. The dry data will be measured later.



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## Theory of Change

One of the most notable gaps revealed in the survey in the context of regional development plans concerns the definition of objectives and goals and how they can be realized. This connection is supposed to be made by the theory of change. A theory of change should lead from the high and abstract concept of regional economic development to the concrete level of changes in metrics such as wage increases, poverty reduction or the volume of investment. While there has been progress in recent years at the conceptual level about regionalism and regional development, there is still a gap between the conceptual level and the practical outcome level. In government working papers one can find tools for regional thinking (master plans, umbrella agreements, government decisions), but there is no clarity and no consensus regarding the theory of change, which is supposed to synchronize projects, milestones, goals, and metrics.

When we come to build a plan for the development of the Galilee, or any other region in the country, we rely on a theory of change that is supposed to be a guiding “North star” and a justifying factor for all the plan components. Change theories, whether precisely formulated or in the background of decisions, are based on a series of assumptions and perceptions, some of which are research-based and some political and ideological. The main argument of the implementation model is that it is essential to formulate the theory of change since different actions and distinct Indicators are derived from it. Clear change theories should also be the glue that binds sectors. The public, business, NGO, and academic sectors need a common language, clear goals and objectives, and an orderly idea that allows each sector to exercise its capabilities appropriately. The theory of change is the basis for collaborative work.

Change theories can complement each other but they can also collide with each other and reduce the chances of success. For example, Professor Michael Porter’s cluster model requires investments in the development of a cluster of businesses in the regional space. On the other hand, there is a growth theory that sees the metropolitan areas as development centers and the effective approach in the transportation connection to these centers. The existence of the two conceptions in parallel will lead to a conflict in decisions on resource allocation. A change theory that promotes organic local entrepreneurship and a change theory that focuses on inclusive growth are theories that complement each other and can produce synergy in investments and actions for their implementation.

In the research for this document, we defined theories of change under the heading “Storytellers in the Galilee.” The intention was to say that change theory is not only an analytical model, it is also a story, a narrative, an approach. Stories about an area are no less important than an accurate analytical outline expressed in milestones, metrics, and precise details of operations.

The theories of change (stories) that organize regional growth can be categorized according to the professional background in which they developed:

### Academic and research theories

- Relative Advantages (Regional Competitiveness): Perhaps the most popular theory in the field of regional discourse in Israel and around the world, from the teachings of Dr. Michael Porter from Harvard Business School, is that of regional competitiveness. The main idea is that regional economies grow and decline based on their ability to develop specialization for advanced industries and to create a supportive ecosystem for those industries. The theory is based on the idea that industries tend to come together according to specializations and produce a regional advantage due to mutual connections between one another and with supporting and complementary circles. The challenge for decision makers is not just in identifying regional clusters, but in prioritizing efforts that have strategic potential.

Measurement of a regional cluster is mainly expressed in the market share of a particular industry in a defined area, as measured in sales and human resources.

Beyond identifying and prioritizing clusters, the theory presents various actions that can strengthen clusters and encourage growth.

Cluster strengthening activities include: access to information and development of networks and connections for cluster members; developing appropriate human capital; assistance in applied research and commercialization while taking advantage of benefits of several companies together; physical infrastructure and customized employment complexes; and access to investment.

### The five principles of a cluster development initiative<sup>7</sup>

1. Investment in a strong ecosystem (innovation, human capital, and sources of capital).
2. Initiation by the business sector, driven by academia and funded by the government. Effectiveness in cluster development depends on the business sector and companies that identify an advantage in working together. Academia provides innovation and human capital; the public system makes it possible to create a critical mass of focus and growth.
3. Focus and critical mass. Successful development of clusters involves correct identification of opportunities and significant and long-term investment in the opportunities identified.
4. Leadership by entrepreneurs and committed public leadership, dedicated to strengthening the cluster ecosystem over time.
5. Appropriate physical infrastructure that is a center for cluster activity.

<sup>7</sup>Rethinking Cluster Initiatives. Metropolitan Policy Program (July, 2018). Brookings.



- **The central organizing idea behind the concept of the clusters is strong and enables creation of a clear regional strategy.** However, there are also complementary approaches to dealing with businesses, for example, connecting business activity of companies at a similar stage of development and not by industry connection (start-ups together and growth companies together), or alternatively, building infrastructure for innovation or human capital development as a broad infrastructure that is not oriented to a particular business cluster.

In recent years, there has been a growing understanding that the approach of relative advantages and clusters is not suitable for every region, and other tools for regional growth must be developed. In the Israeli context, the dilemma is particularly strong due to the limited size of the country and the question of whether there is room to look at the travel distances of an hour or two as a justification for differentiation of geographic clusters.

- **Diversity and multiplicity of capabilities (Economic Complexity Index ECI):**<sup>8</sup> Cesar Hidalgo of MIT and Ricardo Hausmann of Harvard presented the Economic Diversity Index as a predictor of economic growth and income distribution. According to them, economic growth comes from building blocks of production capabilities. A country or region that maintains a wide range of capabilities can evolve from one manufacturing field to another and advance in the level of sophistication and level of potential in the market. Thus, the concept of complexity presents an opposite approach from the approach of relative advantages, which encourages specialization, to an approach of diversity in the capabilities and economic possibilities of countries and regions. As with the cluster approach, with the diversity approach there is also the question of the minimum area in which it is correct to exercise the approach, and whether Israel as a whole constitutes the minimum unit, rather than one region or another. When translating Hausmann's concept of diversity into practice, we must look for ways to create connections between capabilities outside the region and within the region and its businesses, for example, connections between academia and industry, or between medical institutions and entities in the region. Capacity development and knowledge transfer encourage growth even without focusing on a single industry to produce specialization.



<sup>8</sup> <https://oec.world/>

- **Social Capital:** Robert Putnam, the American sociologist from Harvard, developed the theory of social capital in the 1970's to explain the gaps in the level of public services between regions in southern and northern Italy. Social capital is defined as "features of a social system, such as networks, norms and mutual trust, that enable coordination and cooperation to achieve mutual benefit" (Putnam, 1995).<sup>9</sup> His conclusions, which over the years have become one of the most established theories for regional and community growth, put the issue of trust and social networks at the center (long before the invention of digital social networks). Putnam's model demonstrates how local government is a "self-fulfilling prophecy." That is, in areas where the connection between communities and trust in the establishment is low, expectations are low as well; the professional level of leadership and the professional echelon deteriorates, services are harmed and so is trust in the ability to receive a product from the establishment. As a result, the negative vicious circle intensifies. Unlike the economic discourse about economic growth, Putnam's approach brings a perception that a strong community leads to high levels of public services. The citizen is a partner of the establishment and not its client. Models of social capital as a basis for regional development set community empowerment as a goal through the following components:

**Trust:** between individuals, in the economic space, in institutions and in civil processes.

**Civic participation:** acceptance of norms, use of public space.

**Effective networks:** connecting, binding and bridging effect.

**Initiative:** community awareness and initiative, impact on urban services, involvement.

Each of these components can be defined as evidence and an index for examining development trends.

- **Academic Centers of Excellence:** Unlike the previous models described, which are based on theories developed by unique researchers, the concept of Centers of Excellence grew out of case studies and a conversation/dialogue among experts. The basic insight is quite intuitive and emphasizes the role of centers of excellence with an emphasis on universities and colleges, but also hospitals, especially those that engage in teaching and research, as important infrastructures for regional growth. Ultimately, academic and medical centers form the infrastructure for attracting quality human capital. In an age where the struggle between regions is for human capital, regions with anchors of excellence attract human anchors. In 2010, a program was launched in Israel to establish academic centers of excellence, to encourage the return of scientists from abroad and encourage research and innovation, since excellent human capital is the core of innovation-driven economic growth. Academic and medical centers with high-level R&D serve as a magnet for human capital and innovation, which, in turn attracts the business sector and leads to the development of clusters and competitive leadership.

<sup>9</sup> Putnam R. D. (1995). Bowling Alone: America's Declining Social Capital. Journal of Democracy [Internet]. 6 (1) :65-78.





- **Innovation Districts:** Innovation districts connect anchor institutions and companies engaged in R&D<sup>10</sup> alongside complementary infrastructures (legal advice, patents, investments, personnel recruitment) to encourage entrepreneurship. In addition to providing infrastructure for business growth, innovation districts foster a creative urban environment with a combination of residential, leisure, commerce, culture and art, and a special atmosphere that encourages encounter and creation. Innovation districts are a combination of cluster thinking and the creative economy concept, using place design and physical environment to encourage business development. Unlike cluster approaches, innovation districts can include multiple industries and not necessarily one business area, thereby contributing to innovation through the transfer of knowledge and ideas among different fields and industries. Unlike the past perception that businesses develop in distinct industrial areas, the knowledge and technology economy seeks places for business where employees want to live, where meetings happen, and ideas are generated. The satisfaction of these needs creates innovation districts. The fashion of the innovation districts in the US and the general approach of integrated complexes for employment, residence and leisure are reflected in a significant decrease in travel in recent years especially among young people. In 1983, half of the young people in the United States had a driver's license. Today, only 29%. As of 2009, 40% of young workers in urban areas came to work on foot or by bicycle, compared with 25% in 1995.<sup>11</sup>
- **Inclusive Growth:** By definition, inclusive growth is economic growth that produces opportunities for the entire population, alongside a fair distribution of economic prosperity profits. This approach is based on the concept that metrics focusing on productivity measure only part of economic well-being and exclude many important dimensions of individual well-being, such as employment, skills and education, health, environment, civic engagement, and social ties. In addition, the concept of inclusive growth emphasizes the importance fair opportunities for all citizens, regardless of socio-economic background, gender, place of residence or ethnic origin.<sup>12</sup> Details on the overall growth strategy are given in the first part of the guide. In the context of the implementation model, it is important to note that the survey illustrates how the inclusive growth theory of change is not connected to other change theories leading the regional investments. The pursuit of inclusive growth has focused mostly on the development of infrastructure related to Arab society and very little on creating interfaces between the economic ecosystems of the Arab and Jewish communities in the Galilee.

<sup>10</sup> <https://creativeclass.com/>

<sup>11</sup> The Metropolitan Revolution. p.120.

<sup>12</sup> Ministry of Social Equality. (2020) Strategic Outline 2020 for Economic Development of the Minority Population.



## Government and political theories<sup>13</sup>

The second category of change theories and organizing ideas for regional economic development is defined as governmental and political. Some of the accepted theories of change in public systems are based on the experience, logic, and dynamics of political processes. Some are based on examples and research, but these are mainly perceptions and insights that characterize public, professional, and political discourse at various levels (government ministries, local authorities) and are not models anchored in systematic research and data.

- **“Open for business”:** In recent years, one of the most talked about issues in the government is the “doing business index.” The index compares different countries with a series of indicators that reflect the degree of difficulty or ease of doing business in the country being measured. The indicators include: ease of opening a business; building permits; obtaining credit; contract enforcement; electricity connections; and more. While the business ease measure is countrywide, the ability to produce a “greenlight track” for businesses reflects local authorities and areas that put business attraction at the center. A unit for regional economic development in a cluster, for example, can concentrate knowledge and access to all components of licensing, support, and incentives for businesses.

Under the business environment theory of change, the regional focus is on facilitating processes and personally accompanying entrepreneurs in the process of starting businesses in the geographical area.

- **“If you build it, they will come”:** According to this theory of change, the focus is on infrastructure for the business sector: highways; industrial areas with advanced infrastructure; office buildings. All of these are an anchor for attracting investment and business and consequently for regional growth. Many cities in Israel invest hundreds of millions of shekels in the development of advanced employment areas zoned for mixed uses that provides space for restaurants and leisure, alongside offices, parking and mass transit systems, nature, and the environment. Cities that have invested in advanced employment complexes have learned that this affects the attraction of companies and workers. Hence the question arises, is this a consideration that overcomes regionalism? Selection of an employment area in Gush Dan, choosing between Petah Tikva, Tel Aviv, or Ness Ziona, may be affected by the level of development in each town, but will an advanced employment area bring the same company to Karmiel? The story of the Bar-Lev employment complex in the Misgav Regional Council shows that a quality complex alone is not sufficient to create a growth engine.
- **“Big Name Hunting”:** One of the development approaches most often heard from mayors: “With a little help we could bring Amazon here,” “If the state had wanted it, then Google and Facebook would not only be located in Tel Aviv.” The basic idea is magical: find prominent employment brands, offer them benefits and grants and that will bring them to us. Many

<sup>13</sup> The first three theories appear in the work of the Samuel Neaman Institute. 2014.

more businesses will come, following those anchors. The rationale is understandable and even operates in shopping malls built around strong brands surrounded by lesser-known businesses, but in regional economic growth this theory seems problematic to apply. Proximity to complementary infrastructure and especially accessibility of human resources are significant attractions for companies, more so than many benefits. However, the statement will always be heard that with enough tax benefits, it will be possible to attract large anchors to leave the center and move to the geographical periphery.

- **Transportation connection to the center of the country and to metropolitan areas:**

This development approach is clear and familiar. Behind it is the belief that economic development, especially in industries trading at an international level, develops naturally in large metropolitan areas and in Israel, especially in the Dan area. This is a natural phenomenon, which cannot be changed, especially not in a small country like Israel. What can be done? Improve accessibility. A network of highways and trains will allow most of the population in Israel access to the quality employment centers located in the center of the country and in the metropolitan areas of Jerusalem, Beer Sheva and Haifa. According to this theory, workers will live in different areas due to a community and social needs, housing prices or quality of life, but will still have reasonable commute times to rewarding workplaces. A rise in household wages will lead to consumption of goods and services and this circle will create more jobs in the periphery. The basis is quality employment with high wages in metropolitan areas and easy access from almost every region in the country. The coronavirus crisis and remote labor trends have reinforced this theory of change, due to the development of employment norms that permit several days of remote work, and a limited number of days on which the employee is required to physically arrive at the office. In such an occupational reality, the difficulty of living in the Galilee and working in Haifa or Gush Dan is significantly reduced.

- **Regional Anchors:** This intuitive theory of change is an attractive force in public struggles for regional leadership. When one accepts the view that there are not many options to encourage regional growth based on relative advantages and public and business sector capacity, the focus shifts to state infrastructure. For example, the transfer of IDF bases to the Negev is an example of the realization of a change theory according to which regional growth and productive population attraction accompany a national project. In the Galilee, this rationale was reflected in the establishment of the Safed Medical Faculty, the establishment of an advanced manufacturing plant in Karmiel, the struggles to move the Volcani Institute to the Eastern Galilee, the effort to establish a university in the Galilee, the transfer of the IDF Maintenance Unit and discussions about an airport near Ramat Yishai. The logic is understandable: a resource-rich national project will bring direct and indirect jobs and create an ecosystem of support services. The value of regional anchors is clear; however, placing all one's expectations on this approach may well lead to disappointments, both in the scope of implementation of large initiatives such as these, and in the limits of the impact of any given anchor. In addition, there is a risk that if a regional anchor fails, the entire area will sustain significant damage.



## Theories emerging from the field

This category includes two stories or approaches about regional growth that come from the field itself. These are intuitions and best practices and not orderly and constructed theories, but they carry significant insights into implementation processes.

- **Local “bottom-up” initiatives:** According to this theory of change, the main principle is initiatives that come from organic forces in the region. The leaders and initiators are players in the public, business, and academic fields, or a combination of entities, but all are local. Local forces lead the change, and the government joins in, by enabling and empowering change. In this approach, the role of the government is not to initiate, but to foster local initiatives. The test for a grassroots project is that its implementation does not depend on the central government. Without outside assistance the impact may be limited, but there is no absolute dependence on government assistance. More and more places in Israel and around the world are realizing that there is a high chance that a project that grows from below will have a greater impact over time than government projects. This is not to say that this is true in every situation and in every case. As with other change theories, there are a wide range of alternative situations from completely local initiatives to initiatives that are entirely managed from Jerusalem. Often, from the government's point of view, a project that was initiated and designed in Jerusalem but is carried out in the region will be considered a local project, but this is not the intention in the local initiatives approach.

One of the reasons why this approach is only partially accepted by the central government in Israel is the belief that the Israeli periphery does not have the ability to carry out projects with broad impact. If one adopts this view, then the insight should be that if there is not enough capacity in the region, then investment should be made in development (capacity building) and not in creating initiatives from the outside.

The bottom-up approach characterizes young local leadership from all areas. While the veteran leadership has largely seen its role as representing the region vis-à-vis the central government, the new generation of leadership in civil society, business, academia, and public systems believes they can accomplish much even without automatic backing from Jerusalem.

Sometimes the attitude is “we will start, and they will join,” and sometimes it is even more extreme: “We will do it and the external systems are not relevant to us.” This trend has intensified in parallel with the development of the political crisis in Israel. Similar trends have also been observed in the US where, like in Israel, the federal government is paralyzed due to party disputes and the local level that is directed toward results and action finds ways to move forward independently.



- **Local “Lighthouses” (Champions):** One can talk about human capital and capabilities, but in the end innovation and breakthroughs are led by a small group of people with exceptional abilities. Steve Jobs, the founder of Apple, claimed that if the difference between talent and top talent in regular employment is ten times, then in the technological world it will be 50 to 100 times.

"I noticed that the dynamic range between what an average person could accomplish and what the best person could accomplish was 50 or 100 to 1.

The intuition behind this approach to regional growth is the need to locate and empower local champions who will be centers of attraction and leadership of processes. Such “lighthouses” may come from the fields of business, academia, government, the arts, civil society and in fact from any background and role which can produce inspiration and impact a significant number of people. Is it possible to grow “lighthouses” intentionally? Probably not. But they can be identified and connected to an amplifier that allows them to realize their capabilities for the benefit of the region.

## Metrics

The other part in the Theories of Change section of the model focuses on the impact metrics of the plans and projects related to regional development. The common professional discourse about goals and metrics in government ministries establishes the following definitions:

- Goals are the broad achievements that the ministry aims at in its operation, and they define the desired change in the environment.
- Objectives are the intermediate achievements that bring the ministry closer to achieving its goals.
- Tasks are the actions performed in order to achieve the set goals.
- Output metrics describe the product of tasks and reflect the core of government action.
- Outcome metrics define the expected changes in the external environment, reflecting the value created by the government in its activities.<sup>14</sup>

It is no surprise that most of the metrics presented in government reports and quite a few projects in civil society are output metrics, which relate to actions and not to their results. In addition to the lack of results metrics for government programs, the existing metrics are usually low-resolution metrics in which the ability to understand actual trends is limited.

<sup>14</sup> Book of Government Work Plans for 2019.



In plans for the North, the metrics surveyed to formulate a situational picture include, among others, the matriculation eligibility rate, labor force participation, unemployment rate, average wage, percentage of minimum wage earners, incidence of poverty, level of health services (mainly output), strength of local authorities, and negative migration. These metrics and others like them show a consistent picture of the weakness of the Galilee and of widening gaps relative to the center of the country.

**Currently, the metrics that appear in the various programs do not encourage regional action and thinking.** When we come to define metrics that will increase the chances of successful implementation processes, we must be familiar with the concept of indicators. The purpose of indicators is to direct performance through indirect indications of processes occurring. The famous example concerning indicators tells of the discovery by New York prison guards that when there is an increase in sales of cigarettes in the prison canteen, the chance of a violent incident in prison increases significantly. Why? Because after an incident of violence a curfew is imposed and the canteen closes. The above example, and the idea of indicators, emphasize the fact that the role of indicators and metrics is not to give simple expression to reality, but to create sophisticated connections in relation to the desired results, in a way that can promote performance and encourage implementation of processes. Another example of indicators was presented to the senior management of the Municipality of Jerusalem with a statistical analysis of the days of absence of 8,000 municipal employees, in order to produce a prediction of employee morbidity. A clear link was found between an employee's bidding on an internal tender and losing, and the likelihood of reporting a high sickness rate in the following year. We also saw that departments that do not hold regular staff meetings also have excessive employee "morbidity." Anyone familiar with statistical analysis will note that significance does not necessarily indicate causality. However, the idea behind such analyzes is valid and is to present and measure metrics that encourage performance and implementation based on the selected implementation theory, rather than measuring what is easy and available.

### What are metrics/indicators of action-orientation?

- **Metrics that can be noticeably influenced within a reasonable time (preferably time periods should be divided into periods of one year and the period of terms of elected officials in the local authority).** The rationale is to use indicators that produce a sense of urgency and show change. If the average wage gap between Galilee residents and residents of the center of the country has remained static for a decade, then the figure does not encourage action. One should look for metrics with a focused resolution, which can be seen to change between measurements, such as the average wage for young Jews aged 30-40, the average wage for Arab women, the number of highly paid employees, the rate of students studying for matriculation in technological subjects, etc.



- **Metrics that players in the region have a real ability to influence:** Data from the Central Bureau of Statistics are perceived as having so many factors influencing them that local authorities, clusters of authorities or philanthropic foundations lack the ability to change them. These are the best metrics for national statistics, but not for advancing implementation. On the other hand, waiting times for medical appointments at health funds and hospitals, the volume of exports of Galilee businesses, productivity per employee in targeted industries, public opinion in the business community about opportunities in the Galilee, all these are indicators that can be influenced.

### What are accepted metrics / indicators for regional orientation?

- **Metrics that require cross-sectoral cooperation:** Accepted metrics for the functioning of local authorities, such as business property tax rates, percentage of matriculation eligible graduates, and unemployment rates, encourage local rather than regional thinking. These metrics are measured by locality and not from a regional perspective. The challenge is to look for regional frameworks that present data that is more effectively influenced at the regional level rather than at the level of the individual locality. Activities of the business sector and academia are not limited to municipal geographical space; national and local government bodies should focus on such metrics when it comes to promoting regional economic growth. Other examples include increases in exports, the number of students finding “first jobs” in the Galilee, the volume of investment in the business sector, the morbidity rate of heart disease and the like.
- **Metrics that measure collaborative organization:** These are metrics that measure processes of building networks, cultivating trust, and promoting joint efforts. Examples include the number of businesses participating in a growth forum, the number of cadets (trainees) in the Galilee authorities, the number of business delegations from abroad, the degree of ability to receive assistance from entities in the area (for individuals and businesses), the size of a local business network for business development, and similar metrics.

In addition to the need to examine action-oriented metrics and define indicators that aid in regional implementation and planning, the implementation model in this guide clarifies our understanding that there is no generic benchmark for regional growth.

#### The metrics and indicators must be related to the theory of change applied in the field.

If the chosen change theory deals with competitiveness and industry clusters that express a relative advantage, then the measurement will focus on the cluster's strength, the percentage of people employed in the field as compared to the national total, the annual growth rate of employment as compared to the national rate, and export data from the cluster relative to the national total and changes over time.



On the other hand, if the social capital approach is chosen as the leading theory of change, then the level of residents' trust in institutions and the community and the characteristics of the networks will be relevant metrics to monitor.

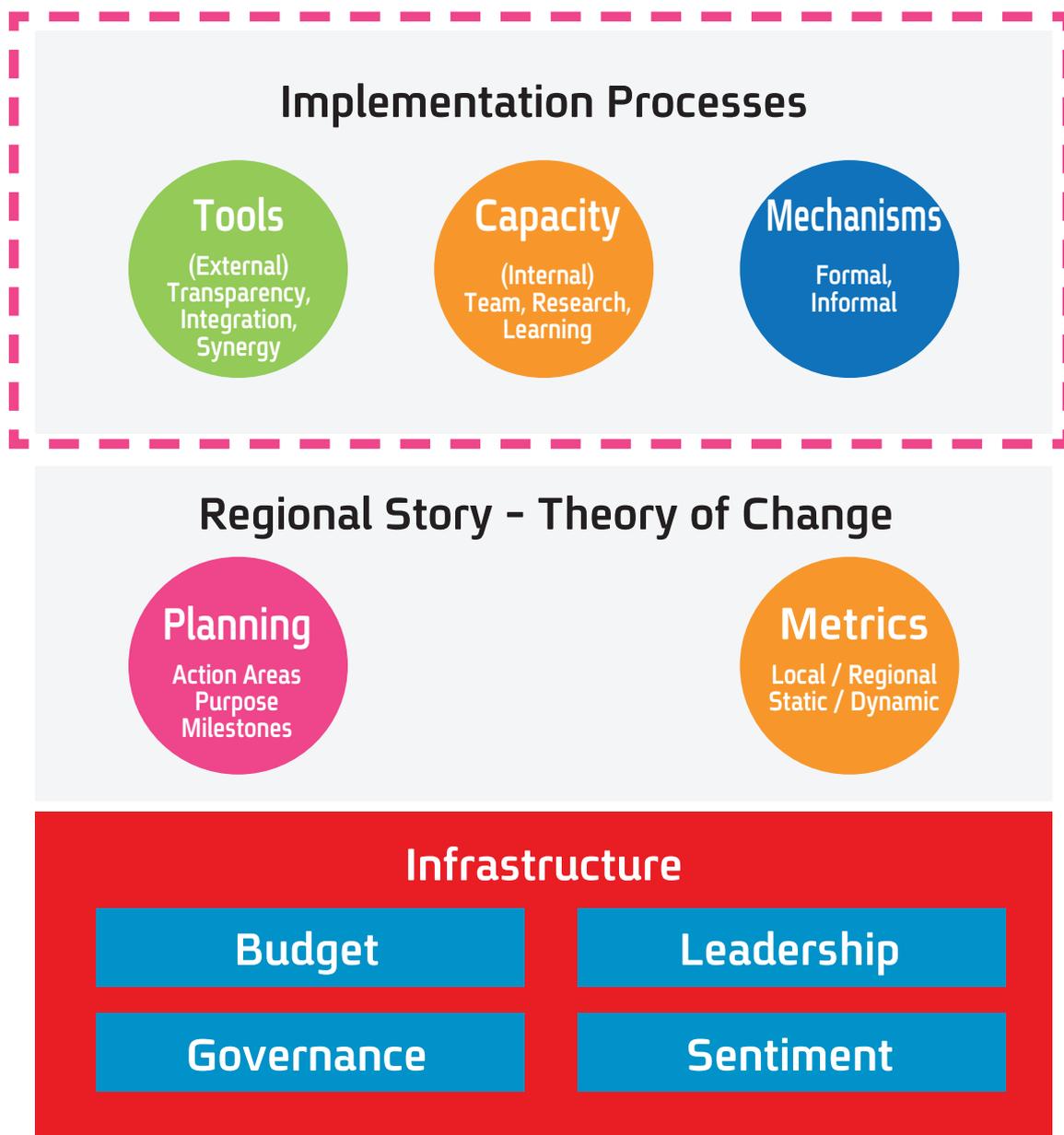
Examples of the relationship between change theory and the accompanying metrics can be seen in the following table:

Academic models	Government approach	Stories from the field	Basis
<b>Relative advantages</b> <ul style="list-style-type: none"> <li>Cluster size (companies, sales with an emphasis on exports)</li> <li>Number of employed persons</li> <li>Wages per employee</li> </ul>	<b>Economic anchors</b> <ul style="list-style-type: none"> <li>Investment in the area</li> <li>New jobs</li> <li>Positive migration</li> <li>Strength of local authorities</li> </ul>	<b>Local entrepreneurship</b> <ul style="list-style-type: none"> <li>Reputation and perception of success</li> <li>Number of new companies</li> <li>Scope of investment</li> </ul>	<b>Budget</b> <ul style="list-style-type: none"> <li>Scope of investment in programs and projects.</li> <li>Percentage utilization of government plans</li> </ul>
<b>Diversity</b> <ul style="list-style-type: none"> <li>Economic Complexity Index (ECI)</li> </ul>	<b>Connection to the Center</b> <ul style="list-style-type: none"> <li>Commuting</li> <li>Average salaries</li> <li>Negative migration reduction</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>Business sector involvement (investment and leadership)</li> <li>Scope of public partnerships</li> </ul>	<b>Leadership</b> <ul style="list-style-type: none"> <li>Capacity to enlist partners (government, business, philanthropy)</li> <li>Commitment to regional thinking</li> </ul>
<b>Social capital</b> <ul style="list-style-type: none"> <li>Trust (between individuals, in the economic space, in institutions)</li> <li>Participation (cultural, economic and civic)</li> <li>Effective networks</li> <li>Enterprise</li> </ul>	<b>Inclusive growth</b> <ul style="list-style-type: none"> <li>Integration of Arab society into employment with a high added value</li> <li>Quality employment by locality</li> <li>Distribution of business property taxes</li> </ul>	<b>Young leadership</b> <ul style="list-style-type: none"> <li>Attracting investments (private and public)</li> <li>Population attraction</li> <li>Business attraction</li> </ul>	

Most common current metrics among professionals.



## A Model for Implementing Regional Processes



### Implementation Processes

The infrastructure and theory of change levels lay the groundwork for constructing a plan or project whose chances of implementation are greater and are expressed in the planning stages. Awareness of starting conditions and clarity regarding goals, objectives, and metrics, subject to an organizing idea, form an important basis for the impact of regional development processes. The third level in the model is the level of implementation processes. Its components come into play after a plan and project are already set up. These components do not shape the principles of the plan but constitute the means for the plan to emerge from theory to actual implementation in the field.



The first two components in this area - tools and capacity - apply to any organization working to implement regional programs, both in the business sector and in the public and philanthropic sectors.

### The implementation process level in the model includes three components:

- 1. Tools applied to entities external to the implementing entity.** The role of the tools is largely to create partnerships and encourage a shared vision among as many entities as possible and to encourage commitment to the implementation of the program and project. To describe this component, the word "tools" was chosen. Tools can be used on different programs, as opposed to "actions" which are related to a unique program. The toolbox is the working methods that the organization employs when it comes to promoting a project with a regional impact.
- 2. Internal capacity of the implementing entity.** Abilities that are expressed in both personnel and in organizational and managerial culture, which increase the chances of success in implementing processes.
- 3. Mechanisms for regional cooperation.** Unlike the tools that are actions of mechanisms, this section talks about the mechanisms themselves. Mechanisms may be formal institutions (authorities, clusters, government districts, etc.) and may also be informal cooperation forums, such as the Northern Reserves Task Forces, the Socio-Economic Forum of Business Organizations or the Galilee Spirit Club for regional vision design and recruitment of local players.

Before we explain in detail any component of implementation processes, they should be considered as a whole whose parts complement each other. The secret to implementing development processes at the regional level is through the development of appropriate tools, capacity, and mechanisms. An example of such a process can be found in the story below.

### The four votes of the Denver area<sup>15</sup>

Collaboration is the new competition - John Hickenlooper,<sup>16</sup> Governor of Colorado

For decades, the city of Denver and the surrounding counties maintained strained relations while competing for resources, businesses, and population. In the 1990s, the relationship between the city and the surrounding authorities began to change. In a process that lasted decades and was accompanied by four votes which shaped the nature of regional cooperation, the Denver area, with its great variety of local authorities, developed effective mechanisms for cooperation. Today, the city itself is home to about a quarter of the area's population and employment is scattered between the city and surrounding communities (in the U.S. 23% of jobs are in the heart of metropolitan cities and 43% are more than 15 miles from downtown).

<sup>15</sup> Katz, B. & Bradley, J. (2013). *The Metropolitan Revolution: How Cities and Metros Are Fixing Our Broken Politics and Fragile Economy.* The Brookings Institution.

<sup>16</sup> John Hickenlooper was elected to the Senate from the state of Colorado in the 2020 election. He served as Mayor of Denver from 2003-2011 and Governor of Colorado from 2011-2019.



In the 1960s, Denver's focus was growth through the annexation of area from the surrounding authorities. This led to tensions and conflicts. In 1974, a vote was taken to amend the state constitution, which defines the need to obtain a majority vote of residents in the district planned to be annexed. A process of broader regional thinking began, if only because the big city now needed the cooperation of the surrounding authorities to advance its development plans. In the 1980s, the area went through an economic crisis and in 1987 the Denver Chamber of Commerce established the "Greater Denver Development Organization." The aims of the organization were to establish an airport, to work to attract employment from around the world, and to develop a regional economic growth plan. To establish the airport required the consent and coordination of several local authorities. This resulted in meetings and familiarization between the various authorities, and finally negotiations and agreements on promotion of the needs of different authorities in parallel to the construction of the airport. In 1988, a vote was held to approve the construction of the field and to transfer relevant land from the authorities near Denver to the city.

As mentioned, the 1980s were years of economic decline in the region. This affected the capacity to invest and develop cultural and scientific infrastructures. Despite a strong base that existed in the city of Denver, due to a lack of budget, funding for the Museum of Art, the Botanical Garden, the Zoo, and other bodies was stopped. Despite the city's efforts to maintain the institutions, this was not successful. A survey conducted by the municipality showed that most of the visitors to the leisure and cultural institutions, as well as to the academic institutions, were from the area and not from the city itself. In 1983, the institutions began working to establish a "regional taxation area for cultural, leisure and academic institutions." The idea was to set a sales tax (like VAT in Israel), at the rate of one-tenth of a percent, that would be allocated exclusively to cultural, leisure and academic infrastructure. In 1988, residents of the area voted in favor of the tax by a margin of 75% to 25%. Through authorization of a tax of two cents on movie tickets and five dollars on the purchase of a car, for the benefit of the regional cultural, leisure and academic infrastructure, the scientific and cultural facilities district (SCFD) was born. Today, this step is perceived as one of the foundations for regional cooperation. By means of this tax they raised \$45 million per year. The Zoo, Science Museum and Center for the Performing Arts are considered to be among the leading cultural institutions in the U.S. Studies conducted on regional cooperation processes in the U.S. have indicated that regional cooperation should focus on the provision of shared public services, especially services that have a significant size advantage (e.g. sewage or airport infrastructure), leisure and cultural infrastructure, and systems for which the benefit to each resident increases as population density increases (for example, mass transit systems).



Following the success of regional cooperation (with the airport and in the infrastructure tax for leisure and academia), the desire for regional cooperation has increased. Emphasis was placed on economic development cooperation. Instead of fighting between localities and districts to attract businesses (and receive local property taxes), it was decided to focus efforts. Thus, instead of 40 economic development organizations operating in the region in a zero-sum game, it was decided to establish a common framework for attracting businesses. The main metric of the regional economic development body was the position of the region in the index of areas sought by businesses throughout the country. At the beginning of the activity, Greater Denver was marked at the top of the chart only 30% of the time; after several years of work the area rating rose to 50%.

In the 1990s, after regional collaboration had already been established, it was decided to establish the Regional Mayors Club. Initially the goal was to make personal connections and build trust through direct contact between the heads of small and large authorities. One of the common challenges, which required planning, execution capacity and trust, was the development of the regional transportation system, after years of quarrels and an inability to plan and budget for regional development of mass transit. In 2003, the Regional Mayors Club promoted a significant program for transportation development that also included a special tax on all area residents. The mayor of Denver in those days, Hickenlooper (now a senator from the state of Colorado), invited the Mayors Club to his home and promoted a discourse of partnership and compromise, as opposed to a discourse of power and arm-twisting, as might be expected from the big city. In 2004, residents of the area voted for the broad transportation plan and approved it by a 58% majority, including a cost of over \$4 billion. The message behind the vote was that when the regional leadership knows how to work together, the residents will also cooperate.

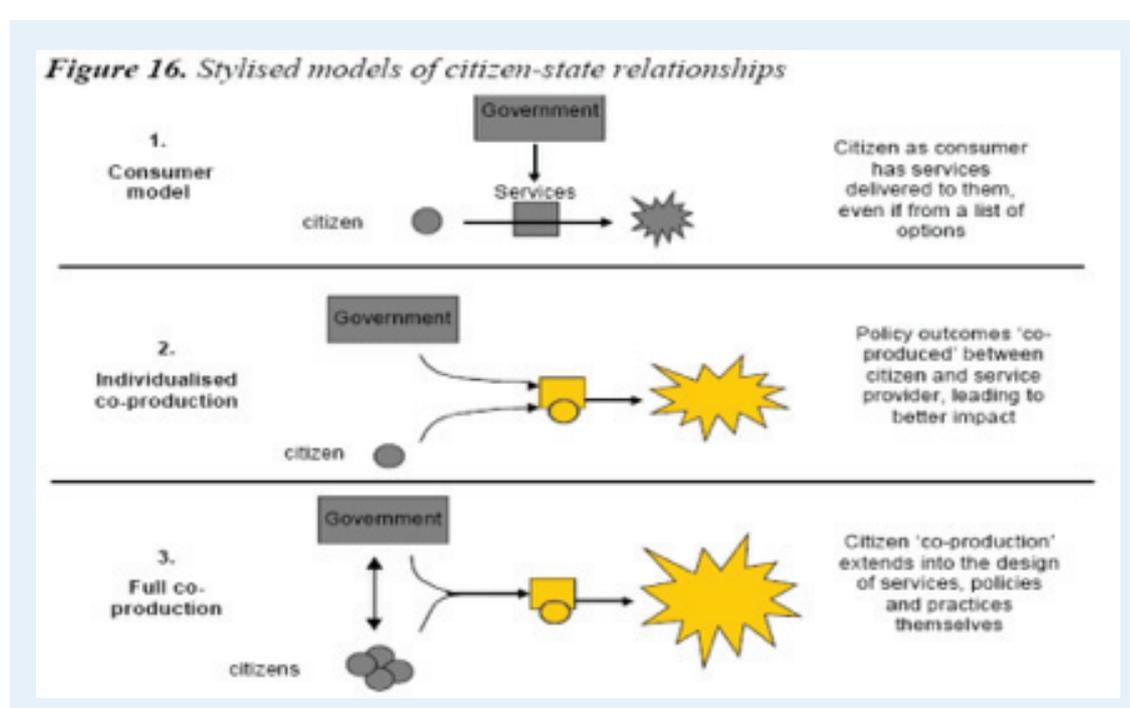
The key insight of the organizers of the Regional Mayors Club in the Denver area concerns the importance of understanding how projects can be promoted together through compromises and agreements, how parties can learn and understand each other's needs, and prioritize joint action even at the cost of significant compromises. Decisions in the Mayors Club were always made unanimously, without votes. Even when there were disagreements, people knew how to compromise, and knew they would be listened to. The governmental culture of compromise, cooperation and agreements has become part of the regional story, which has also had an impact on residents' expectations and the atmosphere of the region's politics in general.



## Tools for implementing regional development plans

Under the assumptions of the model, we have reached the implementation stage with a supportive leadership infrastructure, positive sentiment, with resources allocated according to a change theory that defines goals, objectives, milestones, and metrics that are as clear as possible. Once we have reached the implementation level, we must understand that there is a gap between plans and their implementation in the field. In fact, there is a distinct need to formulate an implementation plan that, while it rests on the principles set out in the previous steps, is in many ways a new stand-alone plan.

In the following diagram, the British Policy Unit shows the relationship between the state and the citizens in policy processes:<sup>17</sup>



As we move away from the customer-supplier model in the relationship between government and citizen, we increase the chances of a positive impact. In the case of projects consisting of multiple dimensions of influence (in the construction of a road or bridge, the customer-supplier model is valid and relevant), either way the government entity must examine whether it sees itself as a strengthening and enabling entity or as a doer-and-initiator. The nature of the government concept also directs the tools available to those who implement the plans in the field. When the government entity views its role as empowerment, the area's ability to develop effective tools for regional action increases. When the government initiates projects and forces models that have not grown organically from the area, local tools decrease.

<sup>17</sup> Personal responsibility and changing behavior: The state of knowledge and the implications for public policy. (2004). Prime Minister's Strategy Unit.

The main goal of tools for implementing regional development plans is to create an infrastructure for collaboration. Due to the nature of regional action, which requires the involvement of multiple entities, different tools are needed to bring many entities together to the same table and approach.

**In government work, several tools have been defined whose purpose is to promote implementation processes at the regional level:**

- 1. Tools from the world of physical planning:** master plans, umbrella agreements, five-year development plans, master plans.
- 2. Tools from the world of strategic planning:** national planning, comprehensive strategic planning, thematic strategic planning.
- 3. Tools from the political arena:** government decisions.

Despite efforts in recent years to improve planning and implementation processes in government, there is still a great deal of difficulty in the implementation phase largely due to the relationship between headquarters and executive offices. While the headquarters (Prime Minister, Finance, Justice and partially the Interior Ministry) enjoy most of the power and influence in planning and budgeting processes and contain the leading government units for promoting national programs (Budget Division and Planning Administration), these ministries are very weak in long-term processes and in enlisting partners in implementation processes.

At the level of government work (both in government ministries and local authorities), the most basic tool missing in regional implementation processes is joint task forces, that is, teams that meet with officials from different offices, authorities, and bodies from the region to carry out detailed planning, monitoring and control of the implementation process. During the survey of the Galilee, it was discovered that such processes are quite rare even in targeted programs that receive extensive backing and investment (for example, the development of the Foodtech cluster in the Eastern Galilee or the Safed Medical Faculty).

**For regional-level activity it is appropriate to emphasize four key tools**

- **Transparency:** The idea of making information accessible to the public has been part of the professional discourse for many years. However, as time goes on it becomes clear that transparency is not easy to achieve. The transition from data to information and information to insights requires understanding and analysis within the context. Often the information collected by professionals is not effective for real-time process monitoring. A reference to the types of data and metrics that promote change processes appeared earlier. However, the need for transparency in regional processes should be emphasized for reasons that are not simply generic discourse about the salutary effect of "sunshine laws" or encouraging civic engagement. One of the biggest challenges of regional development is to produce a process that amplifies initiatives. The goal of regional processes is to produce an infrastructure that helps the existing initiative and forces in the region to grow. Transparency alongside sharing and involvement are the most important tools for achieving this goal. As noted above on the issue of metrics, transparency is not helpful in all cases



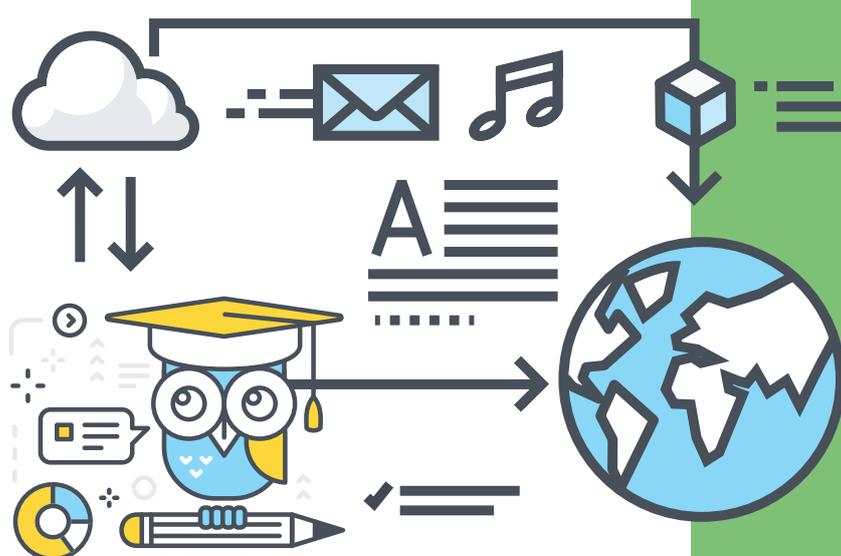
and in all forms (since, at times, promoting agreements and compromises requires discreet discourse). However, if this tool is properly applied, its benefit to regional development is significant. Transparency can be in the data that will be used for entrepreneurship. (The example of data from the Ministry of Transportation and “Moovit” shows that availability of data produces a multiplier effect of benefits for the citizen.) Transparency also can be part of a participatory process, involving multiple players from the region.

- **Integration:** Allows joint action of different stakeholders in advancing processes. One of the biggest challenges in promoting regional growth processes is the fact that they are on the seam between disciplines. Clearly regional development requires connection between planning, economic and educational processes and is likely to involve other areas as well. The capacity to implement projects with multidisciplinary characteristics requires a combination of functionaries from different backgrounds who can “speak” a variety of professional languages, or alternatively the development of tools for integrative action.
- **Synergy:** In the regional survey we saw that there is a clear bias towards certain areas of investment in regional development. The focus is on investment in infrastructure, investment in economic anchors and investment in training. At the same time, investment in the areas of social capital, community and leisure, as well as health and welfare, is lacking. One of the insights about the possibilities of impact through regional growth processes is the need for synergy among actions and for locating complementary initiatives. If we are interested in attracting businesses to the area, then community quality of life and the supply of education and leisure services will be significant components in attracting a workforce that wants to take advantage of the new workplace conditions. This does not mean that every project must spread out and include areas outside its focus, but it is necessary to examine and collaborate with complementary projects during the implementation process, producing a whole greater than the sum of its parts.

The synergy component has another aspect in the implementation process; this is related to the concept of residual policy. Residual policy refers to established processes that precede the initiative we are coming to promote. We may be coming to promote reform in science and technology studies in the Galilee. The Ministry of Education has national models to encourage STEM professions, and in the process, we will encounter other Ministry programs that are already in operation. An implementation process that understands the principle of synergy identifies existing initiatives in institutions operating in the space and finds interfaces for connection. Often plans and projects are not implemented due to their conflict with existing processes at the implementation stage that draw attention and resources and make it difficult to develop the new plan.



- **Networks:** One of the most important insights of the 21st century among both business and public organizations is awareness of the role of the network. While in the business world in the last century, stockpiling assets of abilities and information was the name of the game, now more and more businesses operating in the knowledge economy are realizing that a stream of knowledge is more important than inventory. The pace of change, the desire to connect knowledge from different sources (networking) and the multiplicity of knowledge generators also require large and powerful companies to develop wide networks of connections. Networks provide energy that enables the knowledge economy to grow. To develop networks of knowledge, professional collaborations, investments, research, and any other component necessary for economic growth, network-oriented activities are required. Building trust, channels for communication and familiarity, and shared tasks are some of the actions required for building and maintaining regional networks. A regional economic system greatly improves its capacity to implement growth processes when it includes networks that connect a variety of businesses, academia, the public sector, and philanthropy.



## Organizational capabilities for implementation processes

In this section we talk about the internal capabilities of the implementing entity, referring to a defined organization, such as a local authority, a cluster, or an administration, as well as to less formal action teams, which are also suited to the business and third sector.

A working paper written by the Maoz organization's knowledge and strategy center examined factors that influence the implementation of strategic plans in local authorities, based on models from large international consulting companies, such as McKinsey, Deloitte, PwC, and Bridgespan.<sup>18</sup> Key insights in the context of internal capacity in implementing organizations refer to: translating strategic objectives into tasks and practical actions; translating strategy into tasks and prioritizing; connecting tasks to results; creating follow-up and control processes; mobilizing staff through small successes; and commitment to responsibility by local authority senior staff. Many of the recommendations for implementing programs in local authorities are applicable in regional processes.

- **Synergy between programs:** Just as synergy between organizations is a positive factor in implementation, so too it is important to have synergy between different programs within an implementing entity. One of the keys to successful implementation is the ability to work in a multidisciplinary environment and to create a sense of cohesion and collaboration.
- **Systematic measurement and evaluation:** This refers to the ability to measure the actions necessary for an implementing organization. Measurement is not only at the level of overarching results; it must also be translated into the products of different teams and staff members whose actions are measured and can be examined throughout the process.
- **Process leader/manager:** Usually implementing organizations are engaged in multi-tasking while advancing the strategic process. The challenge is especially complex in organizations that combine day-to-day work with project development and management. Existing organizations implementing regional development projects need to appoint a senior manager who is clearly the managerial leader of the process.
- **Human capital management:** A review of the recommendations of consulting firms indicates the need for intensive management of organizational processes. The implementation of strategic projects, especially regional ones, creates a threat to many positions in the area. This requires a rigorous process of removing objections and mobilizing people to carry out the project. Managers and position holders may act out of fear of losing control, territorial struggles, and distrust of the process and its initiators. Therefore, some of the solutions include creating a critical mass of change leaders in the organization or organizations involved in the implementation, as well as recruiting change agents - opinion leaders and employees with a positive approach to the process. In addition, a process of developing and building capacity in the implementing team is required. Investing in capacity development will increase the chances of successful implementation and impact.



<sup>18</sup>Ben Harush, D. (2020). Research paper on the implementation of strategic plans in local authorities.

- **Change management and communication:** A process of publicizing and explaining the change is necessary within the implementing entity itself as well as among the other parties involved. This is true if the implementing entity is one organization and even more so if it is several organizations. If a college, a business company, and a local authority establish an administration to promote an economic cluster, then it is necessary to constantly communicate the process, its goals, and results to all the organizations involved. Lack of such communication creates alienation and distance from the program among position holders and thus encourages opposition to develop.
- **“Fixers” - Fixing and updating programs :** Bardach, one of the most important political scientists, formulated the concept of “the fixer” in policy implementation (Bardach, 1977).<sup>19</sup> He referred to the fact that implementation is a continuous process of learning and correction while in motion, and that a figure with relevant authority, access to the necessary knowledge and the ability to make policy decisions is needed. A meaningful learning process during implementation requires people to stay on the job for a long time. As any programmer knows, finishing code writing is only a step on the way to finishing a project, since after writing there is a long process of quality control and debugging. Reforms and programs are like computer code. The idea that they can be implemented as defined in the government decision, the tender, or the project papers is not realistic. It takes a long process of action, research, learning, updating the plans and so on. In public projects, the repair process is more complicated than in computer systems. Mistakes and lack of success are immediately subject to public criticism, which makes it difficult for the political and professional echelons alike. The ability to create an ongoing process of repairing and updating programs is not simple, but it is essential to the success of implementation processes.



<sup>19</sup> Bardach, E. (1977). The implementation game: What happens after a bill becomes a law. Cambridge, MA: M.I.T Press.

## Mechanisms for implementing regional growth processes

“For the first time in history the base unit for economic organization is not the individual (entrepreneur) or group (business sector, corporation or country). The unit is the network, consisting of a combination of individuals and groups, constantly changing as networks adapt to the environment and market structure.”

Manuel Castells, *The Rise of the Network Society*.<sup>20</sup>

When we come to describe regional mechanisms for cooperation and promoting implementation of growth plans, we must focus on the main challenge, which is building networks. Whether through institutional organizations or informal forums, the basis for success in implementation processes is like that described in the context of tools and capacity - flow of information and ideas, connections, and trust in the process. Before we get to an orderly list of mechanisms and their roles, we will illustrate the change that has taken place in the last two decades in the way we look at the development of regional mechanisms for cooperation.

## Ohio Area Development - Economic Development After the Age of Heroes

The Greater Ohio area lost tens of thousands of manufacturing jobs during the 1980s. In the 1990s, the revitalization of downtown Cleveland did not lead to economic growth and the rate of job loss even accelerated. Between 1980 and 2005, Cleveland and the surrounding urban areas were ranked at the bottom of business centers in the United States. In those years, the number of jobs in the US increased by 43%, while in Cleveland jobs increased by only 10% and in nearby Akron by 28%. (This is comparable to the gap in jobs growth between the city of Haifa and the rest of Israel.)

In the early 2000s, articles and investigations began to appear in the local media regarding the reasons for the area's economic decline, and public debate arose on the issue. The bottom line was “public leaders, developers, contractors and academics need to build an economic growth plan for the Greater Cleveland area.” The thing is, there was no such thing as a “Greater Cleveland area.” It was possible to pool the population of about two million people and an economy of about \$80 billion, spread over five districts and 60 local authorities, but there was no concerted common action. An editorial in a local newspaper said **“No mayor ... no single entrepreneur ... will succeed in correcting decades of economic stagnation and gaps in education. No anchor project, however ambitious, will succeed in turning the region into a magnet for productive people, who are the heart of the information age. On the other hand, many people working separately and together in different areas need to act and lead the change.”**

In 2003, a group of philanthropic fund managers in Cleveland, Akron and the surrounding area decided to work together to change the situation. Funds in the area had invested about \$300 million a year in various projects and organizations and felt a change was needed in the way they operated. Although funds do not create jobs, they can support changes of direction and renewal processes. One of these directions was a program to encourage

<sup>20</sup> *The Metropolitan Revolution*, p.64.



traditional industry and to advance modern manufacturing technologies. In 2004, several fund managers called on all philanthropic investors to mobilize together to build a vision of regional growth. The goal was to connect everyone under the vision. Funds that invest in reducing disparities and quality of life also understand that as the economic situation deteriorates, so does their ability to make an impact. A new and common framework was established - the Foundation for an Economic Future. The goal was to raise \$30 million for regional economic growth. It was determined that the fund would also be a framework for social funds for economic growth activities. But beyond unique supports, the goal was to produce local and turn synergy between plans into meaningful action.

**“We realized that we had to act as a network and not rely on ‘heroes’ to save us.”** It took several years of focused effort to build a mature action network. Initially, the donor bodies did not understand the economic growth processes and it took time for common knowledge to develop. They realized that no matter what grants the fund gave, it was a drop in the ocean of a \$180 billion regional economy. Change would not come only from grants. The goal was to produce joint processes, involving multiple position holders in the region to formulate a joint strategy. The goals were clear: business growth; human capital development; inclusive growth; and effectively connecting government to activity.

The Regional Growth Fund has invested \$60 million in various organizations in the region. Among other projects, it established two frameworks for networks in particular fields (BioEnterprise & NorTech). In the Cleveland area, economic weakness prevented hospitals and universities from recruiting leading personnel and growing their teams. So economic growth was in the interest of these bodies as well. This is how a non-profit organization to develop the biotech field was created, to encourage investments and grow start-up companies based on patents and research from the region (an Israeli example of this model can be found in BioJerusalem).<sup>21</sup> A similar content network was established for the regional high-tech industry through NorTech, with the goal of developing a high-tech cluster in about 20 counties in northeast Ohio. The two organizations mediate and connect research, entrepreneurship, and manufacturing, between manufacturers and customers and between workers and jobs. In the early stages, the money from the Regional Growth Funds Forum funded 30 to 50 percent of the activities.

With the development of the fund, grant recipients were asked to present a clear model for network development, both in the context of organizational activity and in the context of competitive regional activity in general. Gradually, government budgets have also been made conditional upon organizations showing how they operate as part of a network and not just independently.

In 2012, the regional fund assisted in bidding for a government tender for advanced production by means of 3D printing and the investment was transferred to a partnership of academic institutions, businesses, and non-profit organizations.

<sup>21</sup> <http://www.jnext.org.il>



One of the managers of the regional fund said that during these years they spent about \$25,000 on donuts at meetings! "We received a \$30 million return on investment in refreshments," the same manager said. The spending figures on refreshments illustrate the significance of the meetings and the community framework of officials in the area, something that requires investment and is built over time. After about nine years of activity of the regional fund, the founders concluded by saying, "Before, we had four or five entities that invested in economic growth. Today there are 65 entities involved. The ability of organizations in the area to cooperate has increased significantly. The activity empowers local entrepreneurship through connections to a whole network of opportunities and assets that were not previously accessible."

When it comes to promoting regional growth, historical experience draws us to local heroes. Leaders and entrepreneurs who have themselves led significant change processes. **The place for groundbreaking heroes still exists but today regional growth networks may be an even more powerful factor.** As technology advances and the rate of acceleration of change increases, knowledge inventory becomes less critical to the flow of knowledge. Capacity and information become much more useful when there are mechanisms for cooperation. This is especially true in innovation-based industries in the information economy, in technology and in medicine. Today it is also clear that manufacturing and innovation go together, and they too need multidisciplinary networks to evolve. In the context of the fields of production, the regional fund established a partnership (PRISM - Partnerships for Regional Innovation in Manufacturing) - a center for advanced production in industry. The purpose of the center is to provide services to small and medium-sized industries to improve production processes. The same small industries that are unable to invest in R&D alone, are able through joint action to leverage knowledge from the research institutions in the area. The project is managed by a non-profit organization, which works together with BioEnterprise and NorTech under the Regional Growth Fund for planning and implementation processes.

Through the regional fund we learn that "network literacy" of entities and players in the region must be intentionally developed. Thus, before we dive into the details of more mechanisms for regional growth, it is important to emphasize the importance of informal frameworks, with an emphasis on different types of action networks. Network development requires knowledge, investment, and continuous effort both in changing the organizational culture and in developing the capacity and skills of position holders in the region.

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*Example for regional Economic Development organizations*

*The Right Place –*

Since its beginning, The Right Place has assisted thousands of West Michigan companies to invest more than \$5 billion and 45,800 new jobs throughout the region.

<https://www.rightplace.org>

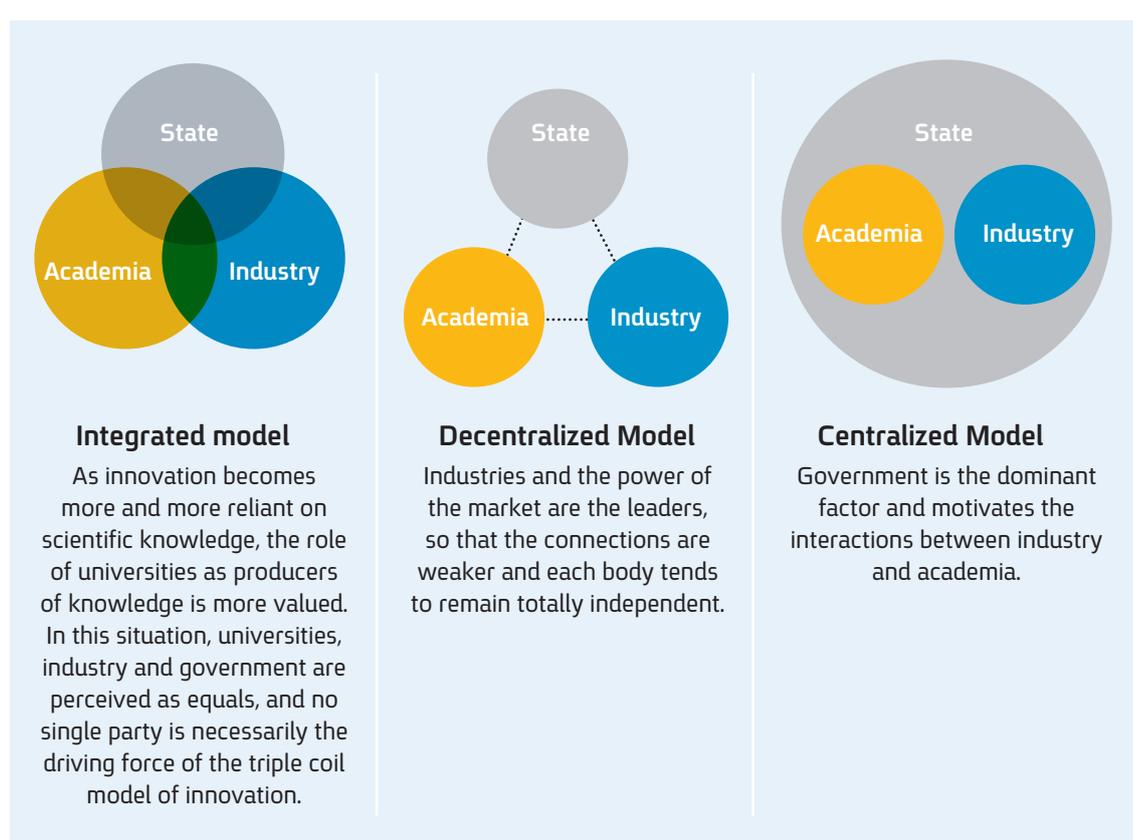
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There are various mechanisms for regional activity, but there is often ambiguity regarding the boundaries of the arena and their functions in the area. One of the purposes of the situation illustrated below is to allow a more accurate understanding of each organization's position in the arena. Once the picture of the organizations and their roles is clear, it will be possible to examine which organization is suitable for which task in regional development and whether there is a lack of suitable frameworks for cooperation.

Before we address the types of mechanisms and the nature of the relationships between them, it is appropriate to specify the work model for an organization with regional influence. Dr. Tali Hatuka and a group of researchers discussed this in their strategic work for the Eastern Galilee at the initiative of the city of Kiryat Shmona.<sup>22</sup> In her work, Hatuka chose to emphasize the importance of a "triangular coil" - state, industry, and academia - in the management of regional organizations for economic growth. In the Eastern Galilee, this has been practically translated into moving away from the regional cluster model and establishing a Foodtech cluster administration, in which academia and industry have equal status with local authorities and their degree of influence is greater than in a cluster run entirely by local government.



<sup>22</sup> Hatuka, T., Inbar, C., Hamo-Goren, K., and Kambo-Meina, D. (2019). Strategic plan - the Eastern Galilee as an industrial ecosystem. Tel Aviv University.





## Roles within regional cooperation mechanisms

When we examine organizations in the context of regional activity, we need to refine what types of roles such organizations need to perform, including regional administrations, economic companies, clusters, and development and investment funds. In these bodies you can find the following roles:

	Nature of the Task	The rationale of a specialized body	Activity structure
<b>Execution</b>	Maintenance, construction management, infrastructure development, collection, event production.	Ability to perform at the business sector level.  Professional disciplines from the private sector.	Closed budget in the cost + model, usually full public funding.
<b>Management</b>	Managing urban or regional assets (with characteristics of independent income - industrial areas, cultural institutions).	Performance ability at business sector level, independent P&L, VAT Considerations.	Activities financed by independent income, sometimes dividends are paid to the authorities involved.
<b>Planning</b>	Physical planning for strategically important regional projects, promoting strategic plans for regional development.	Specialization and professionalism, flexibility (enabling recruitment of experts for specific tasks).	Pooling of resources. Public, local and philanthropic.
<b>Traditional development</b>	Developing economic sites of strategic importance, tourism-oriented development.	Responsibility for strategic regional tasks.  Efficiency and management quality.	Usually based on cost centers per project.
<b>"Soft" business development</b>	Development of "economic master plans" / industrial clusters, promotion of tourism (marketing and management of tourist experience), marketing and attracting companies to the area.	Managerial flexibility and efficiency in responding to the private market, Responsibility for strategic tasks.	Cost centers  Usually funded from public sources.



	Nature of the Task	The rationale of a specialized body	Activity structure
<b>Resource pooling</b>	Maximize use of public resources ("Requests for proposals," tenders). Leverage resources vis-a-vis the private and philanthropic market.	Ability to work with the private market, with the government and with the private sector.	Dedicated task teams for each field, building an independent spending model for each project, building participatory management processes for the public, private and civic sectors.
<b>Advocacy</b>	Building a professional stance vis-à-vis government bodies.  Creating a critical mass of regional entities requiring response from the government echelon.  Learning the professional language relevant to the national level.	Ability to pool regional forces in a way that fosters political and professional impact that is not possible for each small local authority.	A manager who gains significant status in the region and political backing from involved parties.
<b>Managing communities and networks</b>	Developing professional connections between entities in the region; Capacity building; Connecting networks to processes and practical products in the region.	Task focus, being at the seam between social, business, and public frameworks. Flexibility in resource utilization.	"Start-up" management, flexible, creative structure, organizational culture of innovation and risk taking.

As mentioned earlier, the message of the guide to implementing regional growth processes is that one must understand the map of actions and know how to use it to navigate toward the chosen destination. The discussion of mechanisms can give rise to several practical results: knowing how to identify which organization is suitable for which role; knowing how to improve the capabilities of a specific organization so that it can best perform its task; knowing how to create combinations and synergies between organizations - allocating roles to each organization for which it is particularly suited; thinking about which additional organizations and mechanisms are required in order to improve the chances of effective implementation of programs and projects.

## Government Ministries

Organization/ mechanism	Role	Advantages in implementing regional economic development	Disadvantages in implementing regional economic development
<b>Government Ministries</b>	<ul style="list-style-type: none"> <li>• Promoting regulation and arrangements that foster regional growth.</li> <li>• Providing a basket of services suited to region's activities.</li> <li>• Investing in promoting regional anchor projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Authority and ability to influence.</li> <li>• Budgetary sources of significant size relative to other players.</li> <li>• Ability to set priorities in resource allocation.</li> </ul>	<ul style="list-style-type: none"> <li>• Weakness in capacity to conduct and implement.</li> <li>• Distance from the field, which creates gaps in identifying needs and opportunities.</li> <li>• Over-involvement suppresses growth of local forces.</li> </ul>

Government ministries have a special status in the map of mechanisms for promoting regional growth. They are not regional and the tools and capabilities at their disposal have not been developed from a regional perspective. Government ministries clearly have a role to play in developing the region both in the planning stages and in creating the conditions that allow for effective implementation, but they still have a long way to go in developing the capabilities and tools for regional growth. The regionalism discussed in this guide is in the domain of a few government ministries and of few within those ministries.

The task of introducing the language and knowledge about regionalism into various government ministries requires significant work. Furthermore, challenges for government ministries include the need to develop multi-ministry task forces, as regional growth is interdisciplinary and multi-ministry. They need to understand that the role of the government ministry is to strengthen and empower local forces and not to impose plans from above. In addition, the challenges for government ministries also include understanding that the implementation of regional growth processes is an ongoing process, requiring constant improvement. Moreover, many of the principles described in this guide are necessary in government work, including clear change theories, success metrics and the like. Government has an important but not exclusive role in the success of the implementation of programs in the region. There is no doubt that government ministries that want to support the implementation of regional growth processes will need to develop capabilities that they do not currently have.



## Local Authorities

Organization/ mechanism	Role	Advantages in implementing regional economic development	Disadvantages in implementing regional economic development
<b>Metropolitan</b>	<ul style="list-style-type: none"> <li>• Anchor for competitive clusters at the national and international level.</li> <li>• Anchor for research, health and leisure infrastructure.</li> <li>• Center for regional services (academia, health, transportation, etc.).</li> <li>• Regional development.</li> </ul>	<ul style="list-style-type: none"> <li>• Attraction of human capital, investments, and businesses.</li> <li>• A variety of supporting infrastructures and services.</li> <li>• Anchor institutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of living that pushes human capital and businesses to the suburbs.</li> <li>• Load on infrastructure, which produces a significant excess burden (traffic jams, pollution).</li> </ul>
<b>Regional</b>	<ul style="list-style-type: none"> <li>• Providing a basket of local and areawide services (trade, leisure, education).</li> <li>• Anchor for trade and services for the regional space.</li> <li>• Investment in business infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>• Economies of scale.</li> <li>• Execution capabilities.</li> <li>• Attracts investment.</li> </ul>	<ul style="list-style-type: none"> <li>• Weakness in relation to the attraction of the metropolis.</li> <li>• Difficulty of coordination and cooperation between several authorities.</li> </ul>
<b>Local</b>	<ul style="list-style-type: none"> <li>• Ongoing management of services - infrastructure, education, welfare, and leisure.</li> </ul>	<ul style="list-style-type: none"> <li>• Connection to the community.</li> <li>• High trust and relevance.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited resources and capabilities.</li> <li>• Division and difficulty in collaborations.</li> </ul>

Local authorities are the core units in local government in Israel. Their main role is to provide a sufficient basket of services and create quality of life, both in the community sense and in the sense of the quality of services, so that a population with choices will find its place in one local authority rather than others.

In the field of economic development, the role of local authorities is not clearly defined. In many of them the ability to attract business and investment is underdeveloped. One of the challenges for local authorities is to understand the above roles and develop capabilities to assist small businesses and build a competitive business environment.

Another challenge at the level of local government is the ability to create a distinction between the roles of different authorities. In the table above, authorities were divided into three categories, metropolitan, regional, and local, considering that the roles and capabilities required of authorities in each group are different and distinct. In practice, in the professional discourse in Israel there are no clear definitions for the various levels and the various positions. Economic development actions are based on circumstances, political ties, and opportunities, and are not based on a rationale of complementary activity among authorities of different sizes in the space.





## Regional Clusters

Organization/ mechanism	Role	Advantages in implementing economic-regional development	Disadvantages in implementing economic-regional development
<b>Current status</b>	<ul style="list-style-type: none"> <li>• Municipal services.</li> <li>• Supporting services to the authorities - education, welfare, environment.</li> <li>• Economic ventures.</li> <li>• Strategy.</li> </ul>	<ul style="list-style-type: none"> <li>• Economies of scale.</li> <li>• Development of content expertise.</li> <li>• Ability to pool resources.</li> <li>• Connections between different players in the region.</li> </ul>	<ul style="list-style-type: none"> <li>• Dependence on local politics.</li> <li>• Difficulty in collaborating with the business sector, academia, and civil society.</li> <li>• Limited resources.</li> </ul>
<b>Future status?</b>	<ul style="list-style-type: none"> <li>• Focus on development rather than current activities.</li> <li>• Traditional business development.</li> <li>• Soft business development (communities and networks).</li> </ul>	<ul style="list-style-type: none"> <li>• Advantage in the regions: regional planning, regional anchors, supporting small businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• Mixing current and strategic.</li> </ul>

Regional clusters are based on the voluntary association of local authorities in a defined area to promote joint activity. The initial motive for establishing the clusters was to exploit the advantages of size in joint activities and to reduce costs, along with strengthening regional cohesion and encouraging connection between neighboring communities. The clusters were first created as municipal corporations and later as cluster associations of cities. The activity was characterized by eclectic management of ongoing projects alongside procurement and development work. Over time, tasks in the areas of regional strategy and growth engine promotion have been added.

The clusters have four main challenges on the way to becoming a significant factor in the implementation of regional economic development processes:

- 1. Creating a managerial structure that allows for partnership with entities other than local government.** The situation where the last word comes from the local political echelon distances partnerships with the business sector, academia, and civil society.
- 2. Choice of focusing the activity on growth and development rather than day-to-day management.** An organization that manages current services may be perceived as immediately relevant to the authorities, but this weakens its ability to focus on the central task of promoting anchors for regional growth (economically and at the level of services and quality of life).
- 3. Ability to collaborate regionally across clusters.** Although the clusters were built to produce a size advantage and allow for coordination and cooperation between local authorities in the area, the promotion of areas of economic growth is not delimited within the boundaries of a particular cluster. A cluster can lead a project in fields of industry, human capital, or the development of a defined business cluster, but the benefits may be relevant to a region that goes beyond the formal boundaries of the cluster.
- 4. Development of specialization in promoting growth processes.** This can be expressed both in capacity and in the cluster team itself and through the development of subsidiaries, associations, or a regional investment fund. Such trust bodies may enable the cluster to address the issues mentioned in sections 1 and 2 above.





## Economic Development Corporations

Organization/mechanism	Role	Advantages in implementing economic-regional development	Disadvantages in implementing economic-regional development
<b>Economic corporation</b>	<ul style="list-style-type: none"> <li>• Execution: maintenance, event production, collection, construction.</li> <li>• Development: land marketing, tourism enterprises, infrastructure development.</li> <li>• Management: Management of municipal assets with independent income.</li> <li>• Business development: marketing and branding, development of "economic masterplans".</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced bureaucracy (relative ease of issuing tenders).</li> <li>• Professional specialization.</li> <li>• Efficiency in employing external experts.</li> <li>• VAT credit.</li> </ul>	<ul style="list-style-type: none"> <li>• Project management (cost + budget framework).</li> <li>• Municipal economic companies are usually focused only on the local authority and do not operate regionally.</li> <li>• Total control by the local political echelon.</li> </ul>

Economic Development Corporations were created with the aim of overcoming difficulties in promoting projects in the local authority. The ability to develop an organization that is subordinate to the local authority but that conducts itself according to business standards has been effective in promoting and managing projects. The municipal economic corporation is supported by projects and cash flow from the management of tasks for which it is responsible, and thus its management is income-oriented and economically efficient. An economic corporation is an effective tool for defined projects. However, at the end of the day, it is a long arm of the municipality and fully controlled by it, which limits meaningful partnerships with players in the region. Furthermore, for the most part, the economic corporations are very local and do not operate regionally, which produces a multiplicity of corporations with limited volumes of activity, paralleling the division and weakness that exists among the local authorities themselves.



## Private-public partnership

Organization/ mechanism	Role	Advantages in implementing regional economic development	Disadvantages in implementing regional economic development
<b>Association for Economic Development (Private-public partnership)</b>	<ul style="list-style-type: none"> <li>• Promoting multi-sectoral partnerships (business, academia, local government, philanthropy).</li> <li>• Attracting investments and improving the business environment.</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to mobilize diverse players in the region.</li> <li>• Regional thinking crosses municipal boundaries.</li> <li>• Highly attractive for the business sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Limitations on the ability to cooperate by government ministries and local authorities.</li> <li>• Multiple interests may lead to conflicts and paralysis.</li> </ul>

In order to produce greater involvement of academia and the business sector, new types of associations are needed in which the public echelon (government and local government) has no veto over decisions. To this end, public-private partnerships exist. Three types of such partnerships can be defined in general:

- 1. Industry-focused "cluster" administration:** The model of the Foodtech Administration in the Eastern Galilee is an example of an association that brings together a local authority, a regional cluster, academia, and the business sector, with no player having the right to veto decisions. The functions of the Foodtech Administration will be regional branding and marketing, staff development, hosting and accompanying delegations from around the world, and representing the region in professional forums. On the face of it, it seems that the role of the administration will be in the world of "soft" business development and not in managing complexes or carrying out actual projects.
- 2. Organization for regional economic development:** A model that combines academia and business and works to attract investment to the region is not widely known in Israel, but in the United States the model is very common. One example of the many models is the Greater Michigan Area Development Company - <https://www.rightplace.org/>. It is a regional organization whose management consists of business executives, managers in investment companies and banks, representatives of academia and representatives of local authorities. The organization works together to develop the regional business environment, through marketing and branding, accompaniment and removing bureaucratic barriers for companies and attracting investments to promote the business environment and attract companies. Instead of focusing on municipal issues of physical complexes and battles over property taxes, the organization looks at improving the business environment for an entire area in all its parts.

**3. Regional Investment Fund:** Another way of promoting regional development is emphasizing a regional partnership in the field of financing initiatives, projects, and businesses. The Fund for Our Economic Future, <https://www.thefundneo.org/>, is a partnership of about 40 entities that finance projects in the worlds of economic growth and social development. Philanthropic funds, private investors and urban investment funds have teamed up to develop a common strategy, metrics, and a focus on regional economic development.

Regional investments can also come from the government through regional funds that develop specialization in regional economic development. The Government of Australia has established a regional investment fund to promote small and medium-sized businesses in the field of agriculture (<https://www.ric.gov.au/>). The fund is financed by the government but works locally with management that specializes in local investments for economic development.





## Additional mechanisms

Organization/ mechanism	Role	Advantages in implementing economic-regional development	Disadvantages in implementing economic-regional development
<b>The Galilee Development Authority</b>	Promoting actions for the economic, social, and scientific technological development of the Galilee, coordinating between government ministries, local authorities, and bodies that are developing the Galilee and initiating actions for its settlement.	<ul style="list-style-type: none"> <li>• Statutory status.</li> <li>• Multidisciplinary</li> </ul>	<ul style="list-style-type: none"> <li>• Weakness in the ability to cooperate with both private and government agencies.</li> <li>• Receives a low level of trust in the field.</li> </ul>
<b>Specific Mission Teams</b>	An informal association to promote a defined task in the areas of development and growth.	Focus on a multisectoral partnership.	Lack of clear powers, depends on the delegation from a supervisory level.
<b>Regional Participation Forum</b>	An informal association with the aim of developing collaborative networks to build trust and promote innovation.	Flexible, local, authentic.	Network development is not a sufficiently understandable process for superiors. Difficulty in presenting measurable benefits.

The additional mechanisms for regional activity come from two opposite approaches. On the one hand, a distinct governmental apparatus, such as the Galilee Development Authority, which is a statutory body. This gives it a definite status but creates difficulty in building flexible partnerships because it is perceived as dependent on political interests and therefore suffers from a low level of trust. On the other hand, there are completely informal mechanisms, local, governmental, and mixed task forces, whose role is to produce a common discourse and language among different players working in the area around a unique topic, for example health and medicine, advanced industry, tourism, or any other content field. In addition to the task teams involved in the project, regional forums can be set up, whose main purpose is the development of networks. Investment and business forums exist in different parts of the world. The motivations for joining include status, a desire for public influence and the ability of members to leverage connections.

The secret to the success of informal regional partnership forums is related to the ability to create status and prestige for the activity, and the ability of the forum to be a conduit for knowledge and tools for its members. Status and prestige can be created through connection to a body with status (academic, business) and significant involvement of senior high-status figures (business, public, political). Knowledge and tools are connected to the professionalism with which the forum is managed and the extent to which they leverage the understanding that professional networks are a crucial tool for economic growth and the ability to promote projects. With the strengthening of the network model as a tool for regional development, models based on closed and governmental mechanisms, such as the Galilee Development Authority, become weaker, especially mechanisms that operate independently and not as part of broader and more diverse regional forums.





## Cooperation between mechanisms in the region

To promote the effective implementation of regional development plans, appropriate mechanisms for cooperation are needed, as well as tools and capabilities for the practical implementation of processes. We have reviewed the main ones above. However, beyond the existence of the mechanisms, collaborative work capacity is required, based on an understanding of the role of each mechanism in the regional space. In the arena of organizations and mechanisms, there are public organizations and private organizations, and there are formal organizations, centered on government ministries and local authorities. Two major challenges underlie the ability to advance regional implementation processes at the organizational level:

- The capacity of locally-focused organizations to give up local achievements in favor of regional achievements and through such an approach to create processes of collaboration and backing for regionally focused organizations.
- The ability of formal organizations to collaborate with and to empower informal organizations operating in the arena.

In reviewing the types of relevant mechanisms, we saw that in the Galilee, and it is likely that this also applies to other areas of the country, there is room for developing additional mechanisms to promote regional cooperation, along with strengthening and improving existing mechanisms. This connects to the professional and public discourse about regional governance in Israel. In addition to the institutional processes, there is also a need for a new organizational and political culture that promotes more open and diverse relations between sectors and mechanisms that operate for regional growth.

The network of connections and collaborations between players and mechanisms in the regional space requires building managerial processes and a culture of collaboration, alongside an understanding of the relative advantages and roles of each player in the space in improving implementation processes. Some would argue that to improve implementation, fewer bodies and more centralization are needed, but reality shows that a multiplicity of players is a natural part of contemporary regional management. The trick is to find the right balance between a surplus of players competing for the same slot, and a variety of players with complementary abilities, who reinforce each other in regional processes.

It should be noted that a relevant relationship means continuous and ongoing activity and not just brief encounters for the issuance of tenders or project launches. As mentioned, it is possible to argue and pinpoint connections, but the important thing is to understand the types of bodies and their various roles, and to create a managerial and organizational culture of ongoing collaborative work.



In order to check the depth of the set of connections involved in the process and to get an overview, you can draw a map of the connections involved in the process. Below is an example of a project of mapping connections in the Beit Hakerem cluster.

The Beit Hakerem cluster sought to produce an ecosystem map in the field of Industry 4.0, to be used by stakeholders in the area and outside it. The first version of this map was uploaded to the cluster website and was intended to be used as a tool for identifying interfaces, on the one hand, and gaps on the other. The map classified the players in the space according to distinct areas of activity (business sector, research and knowledge, human capital, etc.), while also trying to map the nature of the relationships between the various players (financing, initiation, cooperation, etc.).

The map is dynamic and allows its users to identify interactions between different players in the space. In addition, the map shows an “overview” of the ecosystem at this stage, while monitoring its evolution at future time points.

The picture that emerges indicates the multiplicity of players operating in the area and the complexity of the connections between them. This highlights the need for organizations that specialize in regional operations and for investing effort in developing and managing regional networks.<sup>23</sup>

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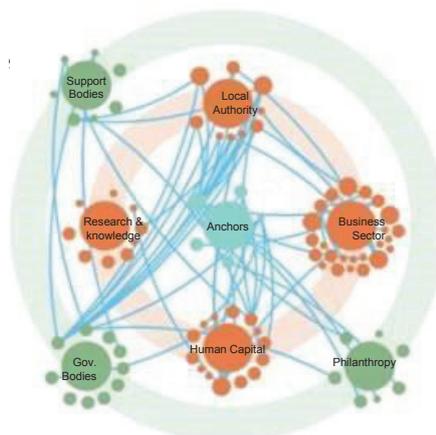
<sup>23</sup> Ovadia, R. The world of the Beit Hakerem cluster. Regional 4.0.

## Relationship Maps

Relationship Maps are intended to illustrate the importance of studying and developing the relationships in the regional space, as a tool for successful implementation of processes. In the experiment below, connections of various types were analyzed among about 70 bodies operating in the area.

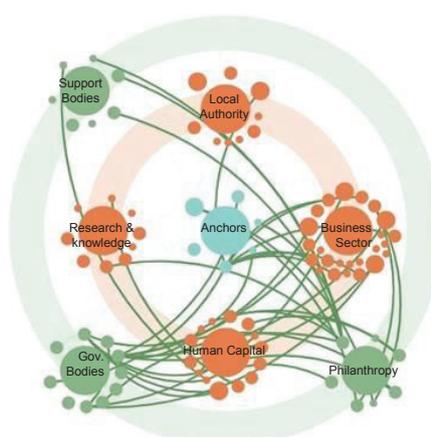
### Relationship Map - Collaborations

The map shows, among other things, a relative disconnect of research bodies and knowledge from the regional system as a whole, and the lack of publicized collaborations between philanthropy and the supporting bodies with the business sector. Also notable is the fact that few government ministries are involved in collaborations in the regional space.



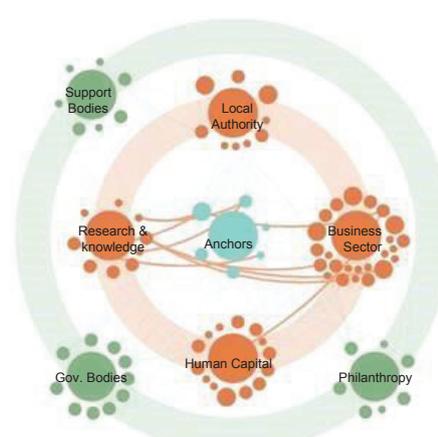
### Relationship Map - Financing

It is evident that there is limited activity by most local authorities in the cluster with regard to financing, compared to the activity of other bodies in the ecosystem. At this stage, despite the prominent presence of philanthropy in the space, it appears that there is little investment in the fields of research and knowledge.



### Relationship Map - Knowledge

At this stage, the flow of knowledge that is demonstrated is quite limited. The map expresses a reality (even if subjective) of a lack of information flow between key players in the ecosystem. Among other things, the local government is perceived as not receiving and as not providing the other players in the ecosystem with information relevant to the 4.0 domains.



<https://codeworth.io/projects/beit-hakerem/>

# Translating the Principles of the Guide into Practice

It is not within the scope of this guide to turn the principles into a work plan. This is the task of professionals in the various organizations that seek to promote regional growth. The modest contribution of this guide is in creating clarity regarding the various components required for successful implementation. To strengthen the practical aspect of the guide and the ability to translate it into real action, here briefly are the main applications of the principles written above:

- **Building a common language:** Regional economic growth requires building a common and clear language, a language that allows for clarity about change theories, success metrics and different methods of action. The role of this guide is to lay the groundwork for such a language.
- **Developing supportive mechanisms:** The mechanisms operating in the regional space were not created for the purpose of regional thinking. In both local authorities and businesses, the focus is local and personal. There is an essential need to locate, develop and produce appropriate mechanisms for regional development. The regional clusters are a basic infrastructure that requires adjustments. However, this is not the only mechanism required to operate at the regional level. Mechanisms that enable collaboration between the business sector, philanthropy, academia, and the public system require thinking and establishment. In addition, informal mechanisms for network development are not present in the Galilee or in most areas of the country and must be established.
- **Network literacy:** Israel is a country with a "results focused" culture. We think in terms of projects and look for the obvious benefits. Network development can be seen as a waste of time - conferences, meetings and a "lot of money for cookies and coffee." The role of this guide is to sharpen the need to find a balance between refreshments and projects. On the one hand, one must invest in an efficient and sophisticated irrigation system, and on the other hand, one must focus on the crops themselves. Networks are the main tool for growth in the era of the knowledge economy. We are not good enough at this, so the role of this guide is to make clearer the need, the understanding, and the ways in which regional networks can be developed.
- **Double bottom line:** Like the previous section, many of the principles described in this guide talk about required infrastructure, capacity, tools, and mechanisms. We are looking to produce an impact and see results. In working with decision makers and with the business sector, it is essential to show clear and measurable benefits. However, implementers must also be familiar with the infrastructure processes required to deliver the required results.



- **The role of the government as an enabler and not as an executive body:** One of the main insights from analyzing the role of the national government in regional growth is that there is over-centralization in Israel. Often the government thinks it knows better, while the region is constantly busy “explaining” to the government what needs to be done. What was stated earlier regarding resources and leadership is also true of government. The national government is an important component, but it should not be made the exclusive condition for implementation.
- **Make change with those who come:** The unequivocal recommendation is to create diverse forums for regional cooperation, both forums with a broad spectrum and forums focused on unique topics. Sometimes, this may be a professional forum with participants from similar organizations (academic institutions forum, clusters forum or fund forum) and sometimes this may be a sectoral forum, like the forum of business entities in the Galilee. As of this writing, there is a lack of such encounters. How do you create successful forums? Sometimes you need a central figure who knows how to gather participants. You always need to give a practical angle to the meetings and at the same time provide good conditions and a satisfactory composition that will make people want to come. Bottom line, make change with whoever comes.
- Finally, a slightly less principled and more unique recommendation for the Galilee. In the absence of an entity that knows how to integrate efforts in the Galilee, it is necessary to establish **a Fund for the Development of the Galilee - A Fund of Funds**. A body that will unite philanthropy, regional clusters, professional knowledge bodies, academia, the business sector, and government. The role of such a body will be to pool resources and increase them and produce a focus of effort and synergy in operations for the economic development of the Galilee.



# Summary

At a time when national politics is showing paralysis and divisions, opportunities to fix problems are growing in the local and regional arena. While national politics highlights controversy and deals with symbols, local politics is focused on action. At a time when there is less and less connection between actual change and attitudes towards parties and politicians, regional leadership must promote innovation, act pragmatically, and encourage collaboration and compromise to promote action and results.

Now is the time to advance the discourse on regionalism to more precise and unique levels and to work on spreading the idea of regionalism into the various sectors, and to a significant scope of position holders. Regional discourse must not become a code word for those in the know, like innovation or competitiveness. This requires a clear formulation of the meaning of regional development and a measurable definition of benefits.

Beyond this, the principles outlined in this guide are designed to increase the impact and chances of implementing successful regional growth processes. We need to be focused on the processes that lead to results and successes. Regional thinking is not "style" and "atmosphere"; it is a fundamental change in the forms of conduct between players in the region to encourage growth and quality of life and to reduce disparities. To achieve the desired results, the knowledge, understanding and abilities of all the players operating in the region must be improved. This guide is another means to advancing the vision of economic and social growth of the Galilee and other areas in Israel's periphery.



# List of anchors

## Industrial development

Kiryat Shmona Foodtech Cluster:

Innovation Incubator - 25 million ILS.

Micro-industrial complex - 27 million ILS.

Industrial Park Development - 20 million ILS.

Accelerator - 2 million ILS.

Establishment of a food institute - 21 million ILS (planned).

In addition to these, there is another 90 million ILS for encouraging the absorption of high salaried workers.

Greenhouse 4.0 - 30 million ILS.

Institute for Advanced Production - 35 million ILS.

Kinneret Innovation Center (partnership of Kinneret College and the Tzemach Complex) - established without government investment.

Accelerator of the Galilee.

South North - Grant Program (Wertheimer).

The innovation district in the lower city of Haifa (planned).

An equal city in Acre (planned).

Relocation of the Volcani Institute (A plan exists).

Relocation of the Army Maintenance Unit (A plan exists).

## Hi-Tech

Bar Lev Industrial Zone.

Afula Technology Incubator.

Nazareth High-Tech Park.

Afula High-Tech City.

Haifa Up.

Hula Valley Community of Entrepreneurs.

Maof Accelerators.



## Life Sciences and Health

Safed Medical Faculty.

Greenhouse NGT3 Nazareth.

Rambam Hospital.

Regional medical centers.

Sakhnin Valley Health Cluster (planned).

Haifa Life Sciences Park (planned).

## Tourism

Olive Press Campaign Beit Hakerem Cluster.

Enjoy Galil Golan, Eastern Galilee Cluster.

Tourism Campaign, Western Galilee Cluster.

Galilee Treasures.

Western Galilee Time.

Western Galilee Tourism Association.

Eshkol Kinneret and the Valleys Tourism Incubator (planned).

Haifa Maritime Tourism (planned).

## Academia and human capital

Tsofen - Building High-Tech in the Arab Society.

Galilium.

Muna.

Lotus.

The Technion.

Haifa University.

Public colleges - Tel-Hai, Braude, Kinneret, Western Galilee, Jezreel Valley, Safed.

Galilee Engineering Club.

Erez College.

Zurim Association.

Rian.

Science and technology studies in the Beit Hakerem cluster (planned).

Establishment of a university in the Galilee (planned).



## Small businesses

Digital malls of the clusters.

Maof centers.

Business Licensing Center (planned).

## Future mass transit projects

Jezreel Valley Airport.

Extension of the runway at the airport in Haifa.

Haifa - Nazareth Light Rail.

Cable car from Haifa Bay - Technion - University.

Matronit Arraba - Kiryat Ata (Bus Rapid Transit).

Matronit Arraba - Karmiel (Bus Rapid Transit).

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