

Implementation of Inclusive Growth in the Be'er Sheva Innovation District



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Executive Summary

The founders of Be'er Sheva's first Innovation District have stated their intention to utilize its positive effects for the benefit of the city and its surroundings to the greatest extent possible. From the onset of the District's planning, the founding partners realized that in order to **achieve this ambitious goal, it is imperative to embed the principles of Inclusive Growth (IG) as an integral part of the District's day-to-day activities. The following report presents this insight, anchors empirically its rational and offers a framework for an embedded and strategic policy for facilitating IG that would, in turn, support the realization of the founders' vision.**

As a starting point, the report uses a narrow definition of Inclusive Growth as "a policy aimed at ensuring stable and sustainable economic prosperity for the entire public". The following discussion emphasises three core principles necessary for such IG to materialize:

- a. There is a reciprocal dependency between the entire public's socio-economic well-being and a stable and sustainable growth in GDP.
- b. The meaning of socio-economic well-being cannot be reduced to one single index (such as the Gini Index), no matter how central it may be, because socio-economic well-being is multidimensional by definition and covers different aspects of the public's socio-economic world.
- c. Inclusive Growth can only occur through an intentional, holistic and integrative policy that operates in multiple dimensions.

As a result, a policy aimed at implementing IG must intervene in many aspects of life, well beyond merely increasing GDP. Furthermore, in the case of the District, it entails a commitment to expand its initiative well beyond the various business and research activities, such as investing in informal education or promoting SME's.

The report demonstrates that Inclusive Growth cannot be achieved if it is merely considered as "nice-to-have". It must be an integral part of the current economic policy.

Similarly, the report points to the potential dangers lurking if the District does not follow an IG policy. Based on a review of similar study cases abroad, the report concludes that without an IG policy framework, the district may have an adverse effect on the fabric of life in the neighbourhoods adjacent to it. For example, the District may cause gentrification or loss of job opportunities. This in turn may lead to growing alienation of the local population and workers, in tandem with a shortage of skilled

workers, causing real damage to the business and research activities in the District. In other words, without a systematic, consistent, patient, and multidimensional policy for Inclusive Growth as an integral part of the District's activities, even if the District becomes a successful "economic locomotive"—a term frequently used in Israeli business jargon—it will have limited impact on the city. Essentially, it would be a locomotive without carriages, lacking the comprehensive influence necessary to drive broader prosperity within the city.

Furthermore, the current socio-economic indicators of Be'er-Sheva threaten to increase both short- and long-term risks:



Short-Term Risks

- Sector-specific employment and wage gains
- Increased inequality within Be'er-Sheva
- Upward pressure on residential and commercial real-estate prices
- Gentrification of the District's vicinity
- Alienation and further discontent in the local community

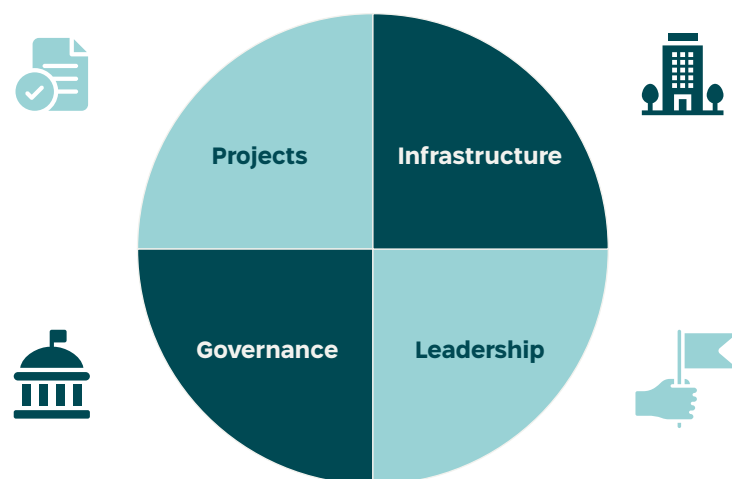


Long-Term Risks

- Limited contribution to city revenue
- Failure to fulfil its potential for advancing the city and its surrounding communities
- Failure to attract companies to relocate or establish operations in Be'er-Shave, due to local residents' alienation.

In accordance with the conclusions emerging from the professional literature and interviews conducted with senior executives in Innovation Districts around the world, the report offers coordinates for determining four intervention strategies:

Figure 12:
Scheme of desired strategies for
Inclusive Growth in an Innovation District



Infrastructure

All urban spaces that can be used to promote a more inclusive and equal community.

Projects

all Projects aimed at strengthening the community, creating high quality jobs, promoting entrepreneurship, education and so on, by facilitating interventions within designated populations.

Governance

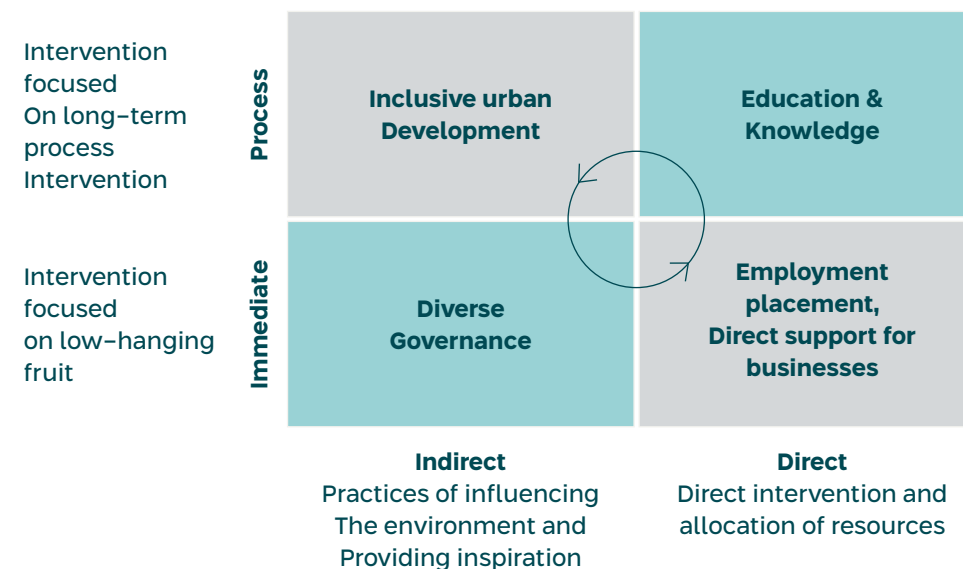
All institutional functions aimed at empowering, bolstering and fostering the District's IG policy.

Leadership

a public commitment of institutions, firms and other relevant stakeholders to promote an IG policy.

Each intervention strategy addresses both direct and indirect processes, as well as the relevant local dimensions. Consequently, the report provides a set of coordinates that ensure the effective implementation of IG principles. These coordinates emphasize the prosperity of the Innovation District as an integral part of the prosperity of the city, its people, its businesses and its surroundings.

Figure 13:
A scheme for implementing a holistic
strategy in the Innovation District



Concluding remarks for a by-design inclusive Innovation District:

IG policy making starts with a strategic decision to establish clear, long-term objectives, supported by the commitment of all stakeholders to play an active role in the process. This report presents a set of concrete strategies based on the following principles:

1. **Localism:** Tailoring interventions to address specific local needs and cultural contexts.
2. **Multidimensionalism** – Implementing interventions across four distinct planes.
3. **Holism** – Integrating all four intervention strategies cohesively.
4. **Early Onset** – Initiating early and ensuring alignment among all stakeholders.

Therefore, an effective IG policy strategy must include diverse intervention plans that together form a holistic approach. This approach should address both short-term needs through direct interventions and long-term objectives through process-oriented interventions, all while considering the specific requirements and goals of the community.

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Introduction and background

Israel faces various structural challenges hindering growth and exacerbating inequality. Within the economic discourse of Israel, there is a growing acknowledgment of the indispensable role of Inclusive Growth in shaping policy, both at the local and national levels. However, the transition from theoretical conceptualizations to actionable policy presents substantial challenges and a coherent and systematic plan of action has yet to be formed.

This report endeavours to develop such a plan of action in response to a “Call for Research: Preliminary Knowledge Review for Characterizing the Content Domains Comprising the Field of IG, and Their Translation into a Roadmap in the Be’er Sheva Innovation District”. The primary challenge underscored by the Call is the formulation of this roadmap, which serves as a conduit for translating theoretical conceptualizations of Inclusive Growth into actionable principles conducive to the establishment of an effective policy.

The deliberate integration of IG principles into the Be’er Sheva Innovation District by its founding partners is no coincidence. Unlike the conventional model of high-tech industrial parks, Innovation Districts transcend the mere aggregation of companies, embodying an ecosystem where collaboration yields outcomes greater than the sum of its parts. The global proliferation of Innovation Districts over the past two decades reflects their fundamental rationale: fostering dynamic dialogues between technology firms and local institutions to catalyse interdisciplinary innovation. Physical design plays a crucial role in facilitating such dialogues, with Innovation Districts deliberately structured to promote interaction, walkability, and collaborative activities among diverse entities. Moreover, these districts often strategically locate near disadvantaged neighbourhoods, aiming to stimulate economic development for both businesses and residents. Businesses benefit from the relatively low property prices, while residents benefit from the growing employment opportunities, the development of small local businesses, increased investor incentives for urban renewal, and more. However, the realization of these promises has often fallen short, leading to adverse economic consequences for adjacent communities. Effective implementation of an IG policy within the district is thus imperative, not only to mitigate negative economic phenomena but also to leverage its considerable economic and research advantages for the socio-economic improvement of individuals and communities in Be’er Sheva and its environs.

Inclusive Growth represents a comprehensive set of policy tools aimed at maximizing the participation of the public in the growth of production and ensuring broad-based distribution of its benefits. The preceding decades in Israel and other developed nations witnessed a GDP-centric approach, where inclusive policies were relegated to a secondary role, deemed as incidental rather than integral to economic progress. This approach often involved strategies of trying to pull the income pyramid from the top, such as through corporate tax reductions, premised on the notion that prosperity at the top would trickle down to benefit all. However, this model proved unsustainable in many developed economies, highlighting the need for a paradigm shift towards a more inclusive approach to economic growth.

Hence, the primary distinction between the IG policy and its predecessor lies in their respective perspectives on economic prosperity. The IG policy recognizes the interconnectedness of community and individual well-being at the lower end of the income spectrum with the overall economic health of the population. In essence, sustainable growth necessitates uplifting the base of the income pyramid, rather than relying on top-down approaches. Implementing an IG policy entails substantial and multifaceted investments, spanning education, healthcare accessibility, housing provisions, social welfare programs, transportation infrastructure, and more. Consequently, successful implementation of IG policies demands a patient and long-term strategic outlook.

Israel is in the nascent stages of enacting an IG policy. In July 2021 an inaugural interim report was published by a broad forum comprising senior government officials, academic scholars, and civil society experts. This report lays the groundwork for a structured implementation of IG policy within the framework of ongoing governmental initiatives. Consequently, this current report aims to elucidate the pivotal question of how to elevate Inclusive Growth to a central tenet of the district's development strategy, thereby positioning the district as a beacon of successful IG application. Emphasizing the potential benefits of IG for both enterprises and research institutions within the district, the report also underscores the imperative for vigilant oversight by district founders to mitigate potential negative repercussions. Proactive and concerted efforts by all stakeholders are deemed essential to ensure the district's success and the realization of IG's transformative potential.

During the preparation of this report, we conducted an extensive review encompassing studies conducted abroad, particularly in the United States and Australia, examining the cumulative impacts of Innovation Districts. Additionally, we reviewed the operational modalities of existing Innovation Districts (through a synthesis of relevant literature and interviews) to glean insights into the implementation of inclusive

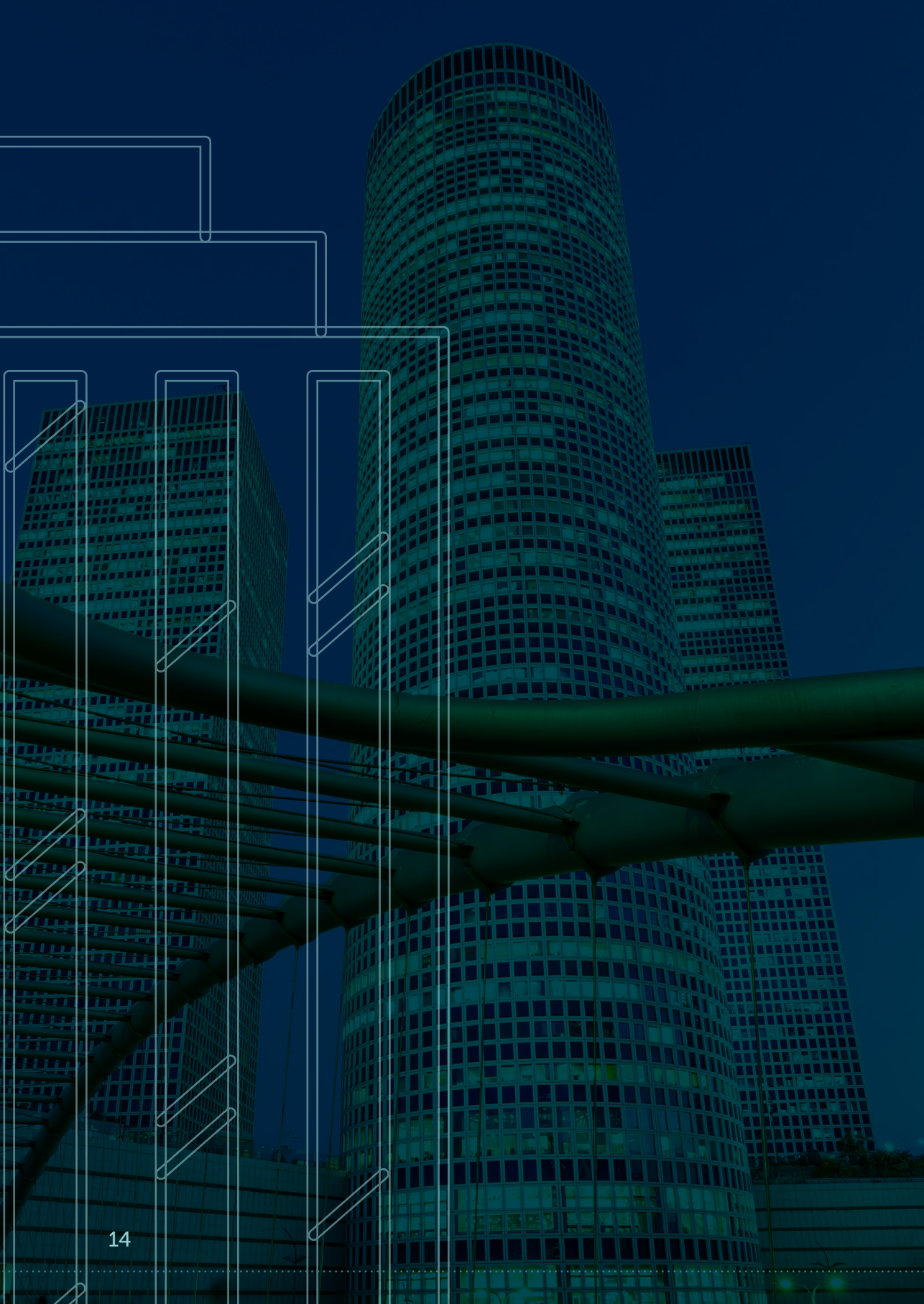
policies. By aligning these findings with the theoretical underpinnings and practical applications of Inclusive Growth worldwide, we have adopted a comprehensive strategy to identify actionable pathways for organizing IG initiatives within the district. This approach is characterized by its holistic and integrative nature, spanning various dimensions such as infrastructure, housing, employment, entrepreneurship, and governance mechanisms. Moreover, it encompasses actions with multiple layers of influence, including direct and indirect interventions, immediate responses, and process-oriented strategies.

We note that while this report focuses on the Be'er Sheva Innovation District, the discussions and conclusions herein hold potential relevance for prospective Innovation Districts, both domestically within Israel and internationally. Furthermore, the insights derived from this report contribute significantly to the formulation of a comprehensive roadmap for implementing IG policies at the regional or local level.

Prior to outlining policy recommendations, the first chapter of this report will conduct a review and analysis of the concept of IG, as delineated in scholarly literature and various studies both domestically and internationally. The subsequent chapter will delve into the interplay between Inclusive Growth and the innovation district framework, with specific attention to the Be'er Sheva locale. This section will underscore the indispensable role of Inclusive Growth as a requisite element, albeit not solely sufficient, for the advancement and prosperity of the district.

Finally, the report's third chapter will review a range of IG practices observed across diverse Innovation Districts globally. Drawing upon these insights, the chapter will foster discourse and offer preliminary recommendations for the effective implementation of IG.





1. Inclusive Growth: Conceptualization and Economic Justification

1.1.

Inclusive Growth: Background and Concept Development

Since the early 1980s, most developed countries have focused their macroeconomic policies on increasing gross domestic product (GDP). This approach has operated under the premise that “a rising tide lifts all boats,” suggesting that although wealth creation primarily benefits the affluent, its benefits will eventually trickle down to all segments of the population. As a result, ensuing policies have favoured incentivizing the private sector, particularly those at the top of the income pyramid, while overlooking inquiries regarding the nature of growth and its beneficiaries.

The critique of elevating GDP growth as the primary policy objective initially surfaced in murmurs across developed nations during the 1990s, but the 2008 financial crisis brought these concerns to the forefront. As the underlying causes and consequences of the crisis were laid bare, and the ensuing decade of stagnation unfolded, it became evident that the profound inequality and intergenerational mobility freeze had a decisive impact on the severity of the crisis and its political ramifications. This realization prompted a fundamental reassessment of the state's role in the economy among both economists and policymakers, acknowledging that the previous paradigm had collapsed. Consequently, economic research shifted focus towards scrutinizing the causes and repercussions of income and wealth disparities, underscoring their far-reaching implications. In contrast to the prevailing trickle-down economics paradigm that dominated policy until 2008, the post-crisis era has forced a re-evaluation, recognizing that sustainable growth necessitates addressing systemic barriers that hinder broader public participation and benefit-sharing. In other words, sustainable growth cannot occur without a reciprocal and holistic process of investing in the entirety of the population that generates it.

The concept of Inclusive Growth emerged from this recognition.

Today, there is a growing paradigm shift among economists, recognizing that neo-liberal policies have led to income disparities, sustained relative poverty levels, and hampered the long-term growth potential of advanced economies

(OECD, 2017; Ostry et al., 2016; Rodrik, 2017).

Growth has been compromised on both the demand side for consumption and services, and the supply side of growth infrastructure (King, 2016; Stiglitz, 2016). On the demand side, a significant portion of the population has resorted to credit for everyday consumption needs, resulting in reduced consumption over time. On the supply side, a strain on public authorities to provide essential services at a level conducive to economic development, such as education and high-quality infrastructure, has emerged. This under-supply detrimentally affects the growth in the already low productivity of significant segments of the population. The combination of declining demands due to the need to service debts alongside relative labor productivity stagnation, may engender a "perfect storm" of economic recession, culminating in a financial crisis with vast repercussions. Even without such catastrophic macroeconomic events, this means a dramatic limitation on the economic quality of life growth within the economy, with fears of exacerbating inequality, particularly when economic hardship prompts escalating government expenditures to stave off further poverty and income disparities.

In other words, the policy prioritizing growth with minimal state intervention has proven ineffective in achieving its intended goal of ensuring stable and sustainable economic growth (Ranieri & Ramos, 2013). If there were still any doubts, the financial crisis of 2008 starkly illustrated this failure, highlighting that macroeconomic instability is not merely an isolated incident but rather a direct consequence of widening inequality, particularly evidenced by the rapid accumulation of excessive debt among low-income households (Mian & Sufi, 2015). However, as long as there was reasonable growth in both output and employment, official economic policies have overlooked critical issues such as escalating inequality, declining job quality, limited access to essential public services, and their associated political ramifications, including social fragmentation. This oversight stemmed from an assumption that these challenges would naturally resolve over time as wealth trickled down the income distribution pyramid.

The acknowledgment of the failure of neoliberal policies has given rise to an alternative policy now central to the economic discourse in developed nations, known as "Inclusive Growth"

(Lee, 2018; Mahon, 2019).

The pivotal innovation of the IG paradigm lies in its intrinsic link between growth and inclusivity. The underlying premise of IG policy posits that sustained and stable economic prosperity over time necessitates the extension of prosperity to all sectors of society, encompassing communities, households, and individuals, with particular attention to those who have yet to fully harness their potential and reap the benefits of economic advancement. While this principle has long been acknowledged by practitioners in developing economies, the past decade has underscored its relevance in the wealthiest nations as well: sustainable economic prosperity originates from the bottom by improving the socioeconomic conditions of the most marginalized segments of society. Moreover, upon scrutinizing the policy tools essential for fostering Inclusive Growth – notably the reinforcement of public services like the expansion of vocational training for adults and the enhancement of accessibility to quality education, healthcare, and transportation – it is evident that each tool has existed independently for many years. However, the IG framework advocates for a holistic consideration of all these tools as means of ensuring long-term growth, not merely as instruments of prosperity.

To gain a comprehensive understanding of the role of IG, we will begin by providing a definition, enabling us to elucidate its correlation with GDP growth and intergenerational mobility. Additionally, we will explore the interplay between these economic indicators and social aspects such as social cohesion and trust.



Inclusive Growth: Conceptualization

As a concept in its nascent stages, Inclusive Growth still lacks a universally accepted definition. Endeavours to delineate its parameters have engendered a plethora of interpretations, each imbued with distinct focal points. For instance, the interim report of the Israeli Forum for Inclusive Growth – a confluence of governmental stakeholders, academia, and Bank of Israel economists and more – defines Inclusive Growth as “a policy directed towards bolstering economic growth by maximizing the growth potential of the economy. It focuses on broadening equal opportunities for individuals to engage productively and contribute to both economic and societal realms. This approach is envisioned to catalyse national economic prosperity, to foster fairness in the distribution of growth dividends and to narrow socio-economic gaps.” (The Intersectoral Forum for Inclusive Growth in Israel, 2020). Conversely, the World Economic Forum (WEF) unofficially characterizes Inclusive Growth as “tools designed to enhance growth rates and broaden the dissemination of its benefits, particularly in environments characterized by constrained demand and low labour productivity” (World Economic Forum, 2018). This perspective accentuates Inclusive Growth as a policy tool aimed at integrating demographic segments with low labour productivity into the economic growth trajectory. Diverging from the WEF’s vantage point, the OECD defines Inclusive Growth as an “economic growth that engenders opportunities across all strata of society while equitably distributing the accruing wealth across society” (OECD, 2018), thereby underscoring the imperative of equitable wealth distribution.

The disparities in definitions can be elucidated through an analysis of the intended audience for each definition and the underlying objectives they aim to address. The OECD, representing developed and affluent nations, prioritizes the equitable distribution of growth dividends. Conversely, the GEF, with its scope encompassing both developed and developing economies, accentuates growth as a fundamental precondition for the fair allocation of its advantages. Diverging from the perspectives of these two international bodies, the Israeli Forum highlights the imperative of augmenting workforce productivity, particularly given the pervasive low skill levels prevalent across substantial segments of the population.

The former Governor of the Bank of Israel, Professor Karnit Flug, played a pivotal role in introducing the concept of IG into the domestic economic discourse. During

her tenure, the Bank of Israel consistently underscored the necessity of addressing various socio-economic challenges to achieve sustainable economic growth in Israel. Among these challenges, the enhancement of workforce productivity in sectors with low efficiency, particularly labour-intensive industries, emerged as a primary focus. Professor Flug reiterated the importance of bottom-up impetus in fostering enduring economic stability across the Israeli economy, advocating for the implementation of comprehensive, long-term policies. Additionally, she offered a definition for ascertaining whether growth is indeed inclusive, stating that “Inclusive Growth enhances the overall standard of living by promoting high levels of employment and reducing economic disparities. Greater inclusivity in growth leads the labour market to generate employment wages that support a decent quality of life for all segments of the population” (Flug, 2018).

Thus, Inclusive Growth serves as both a condition for economic growth and a policy for strengthening growth by fostering conditions conducive to mitigating inequality and improving the quality of life for vulnerable groups. Flug effectively articulated the fundamental difference between the underlying assumptions of the IG approach and those of trickle-down economics: whereas the latter presupposes that policies targeting output growth necessitate no explicit consideration of its contributors or beneficiaries.

The IG approach asserts that sustained, enduring output growth relies on an equitable distribution of its gains. Therefore, equitable distribution would facilitate broader participation in overall economic advancement, and lead to both national output growth and individual prosperity

From this, we can formulate the first core principle of the Inclusive Growth approach: (a) there is a reciprocal dependency between the entire public’s socio-economic well-being and a stable and sustainable growth in GDP.

This core principle underlies the various definitions of Inclusive Growth outlined above. However, in our view, these definitions exhibit two notable drawbacks. Firstly, they are somewhat cumbersome and difficult to comprehend. Secondly, they are often context-specific, rendering them less universally applicable, particularly in instances diverging from the original intent of the definition. Hence, with due modesty and drawing upon Flug’s conception, we propose a more concise and straightforward definition of IG. This definition is rooted in intuitive comprehension,

while simultaneously providing fundamental guidelines for formulating an IG policy and assessing its proper implementation:

"Inclusive Growth is a policy aimed at fostering sustainable and enduring economic prosperity for the entire population."

Put simply, IG policy aims to advance most of the population to engage in higher-quality employment opportunities, thereby ensuring widespread benefits—both economic and non-economic—derived from the fruits of economic growth. For instance, as we advance policies that assist the residents of Be'er Sheva in securing higher-quality positions (with higher wages and/or enhanced job security), we are effectively promoting IG.

In the third chapter, we will explore the concept of Inclusive Growth within the context of the Be'er Sheva innovation district, detailing how the definition of Inclusive Growth should be manifested in the ongoing activities of the district. However, prior to delving into specific applications, we will examine the common characteristic of all IG policies. The subsequent section will review these shared characteristics and elucidate their role in the successful implementation of IG. Lastly, we will provide a simplified overview of the socio-economic mechanisms that generate IG.

1.3.

Inclusive Growth: multi-dimensionality, social cohesion and economic growth

The interim report issued by the Israeli Forum for Inclusive Growth in July 2021 describes in detail of the multidimensional aspects essential for realizing Inclusive Growth¹. Detailing a broad and holistic array of outcome-oriented indicators, the report seeks to address the fundamental question of whether Israel currently experiences or is on track to achieve IG. These indicators extend beyond traditional indicators like GDP per capita and the Gini index, encompassing sub-indices pertaining to engagement in quality employment, accessibility and quality of healthcare and education services—including indicators such as the proportion of higher education enrollment in STEM fields and indicators predicting chronic diseases such as smoking and diabetes. Additionally, the report encompasses indicators related to food security, household connectivity to broadband, access to transportation services, housing affordability, and even financial indicators such as mortgage application rejection rates and the percentage of loan financing relative to initial application amounts.

¹ For a broader discussion on the relationship between governance and the multidimensionality required for Inclusive Growth see also (OECD, 2015).

Figure 1:
Inclusive Growth Measurement Compass



From this holistic perspective arises the second core principle of the IG approach: (b) the meaning of socio-economic well-being cannot be reduced to one single index (such as the Gini Index), no matter how central it may be, because socio-economic well-being is multidimensional by definition and covers different aspects of the public's socio-economic world.

The holistic approach of IG policy encompasses another significant aspect: the interconnectedness between the various dimensions of Inclusive Growth and the sense of social cohesion, the solidarity among diverse demographic groups and the level of institutional trust. Central to the IG framework is the notion that higher levels of social cohesion foster an environment where inclusive policies are not only demanded by social norms but are also met with greater trust in governmental institutions. This heightened trust, reciprocated between the government and citizens, enhances the feasibility of implementing IG initiatives, partly due to the willingness of more affluent socio-economic strata to pay taxes to fund such policies. Consequently, an IG policy, in practice, fosters increased social cohesion (World Economic Forum, 2018).

According to this approach, communities and nations prosper economically and socially when there is a high level of trust between individuals and governing institutions, and public trust in these institutions increases as they invest resources in the public, creating a positive cycle of mutual empowerment between the government and the public. Conversely, one of the outcomes of government inability to improve public welfare is the creation of a self-fulfilling dystopian prophecy. For instance, the failure of governmental bodies, whether on a national or local scale, to mitigate widening income and wealth disparities erodes public trust in governance structures and their capacity to positively change the lives of citizens (Boarini et al., 2018). Consequently, the general populace, trailing behind in reaping commensurate benefits from economic growth observed among affluent segments, confronts economic precariousness and struggles to extricate itself from the poverty cycle. Furthermore, the inability to acquire access to professional, technological, and other means to enhance socioeconomic status, sometimes fosters the feeling that this is likely to be the future of their offsprings as well².

Intergenerational mobility, indicating the relationship between the depth of

² The relationship between inequality and intergenerational mobility has been widely studied (Corak, 2013), but different communities also differ in their perception of the normative and descriptive effects of different types of inequality – such as inequality of opportunities or inequality of disposable income – on fairness and the possibilities of change in social status (Day & Fiske, 2017; Fehr et al., 2020).

the parents' pockets and that of their children as they mature, plays a key role in fostering both economic advancement and societal cohesion. Moreover, it stands as a consequential indicator of IG. For example, in instances where economic growth lacks inclusivity, the likelihood of a child of parents in the fourth income decile ascending to the ninth decile in adulthood is markedly low, a trend observed similarly for offspring of higher-income parents, who tend to maintain their privileged status. Conversely, in economies characterized by IG, there exists a weak correlation between parental income decile and the socioeconomic position of their offspring upon reaching adulthood (Baduel et al., 2021).

In the case of Israel, the studies on intergenerational mobility may be misleading. While economic literature commonly establishes a negative correlation between inequality levels and intergenerational mobility levels, Israel presents a unique scenario. Despite its notable inequality compared to developed nations, Israel boasts a relatively high level of intergenerational mobility, surpassing even countries with marginally higher inequality levels such as the USA (Aloni & Krill, 2017). This phenomenon is often attributed to the influx of approximately one million immigrants from the USSR in the 1990s, many of whom possessed substantial employment skills but faced barriers to integration due to age and language proficiency constraints. While occupying low-wage occupations, their children have ascended to higher income deciles, contributing to the observed high intergenerational mobility level. However, given the improbability of a recurrence of such a sizable immigration wave with similar characteristics, this "miracle" is perceived as a singular event. Consequently, intergenerational mobility in Israel is anticipated to regress to levels more aligned with its inherent level of inequality over time.

This prediction is further reinforced by examining the social mobility index published by the World Economic Forum (World Economic Forum, 2020). This index evaluates various factors that influence children's future earning potential irrespective of their parental socioeconomic status, including access to education, inequality and quality of education, strength and generosity of social welfare systems, protection of workers' rights, and more. The index ranks Israel 33rd out of 82 countries. Unsurprisingly, Israel's position in the Inclusive Growth Index of the same forum is also modest, occupying the 25th spot out of 29 countries. Notably, Israel finds itself in the company of Western nations with higher inequality levels, such as Greece, Portugal, and the USA, which rank 29th, 28th, and 23rd, respectively. Conversely, among the top performers in the index are countries known for their egalitarian policies within the developed world, including Norway, Iceland, and Denmark, occupying the 1st, 2nd, and 5th positions, respectively.

Israel's low ranking in the Inclusive Growth Index can be attributed to four primary factors: high poverty rates, income and wealth inequality, elevated levels of air pollution, and a stagnation in average labour productivity. This not only exemplifies the multidimensionality of the IG approach but also underscores the challenge it poses—requiring holistic and integrated action to advance. In essence, this approach dictates that there is no one-size-fits-all solution to "lift all boats"—efforts must be made across all aspects to ensure a stable tide. This is an arduous task that demands a long-term commitment. For instance, to ensure sustainable and stable reduction in inequality, it is insufficient to merely enact a minimum wage hike; rather, it necessitates a policy agenda that spans across various fields, sectors, and levels of government. This entails bolstering communities and the vital systems they depend on, including healthcare, education, physical infrastructure, and more.

Hence, the third core principle of Inclusive Growth is: (c) Inclusive Growth can only occur through an intentional, holistic and integrative policy that operates in multiple dimensions.

Indeed, several tactics are expected to yield results in the short term. For example, vocational training for adults or those lacking job skills, investment in transportation infrastructure, digitalization, and more. However, realizing the full potential of Inclusive Growth lies in long-term policies and investments that will bolster trust in institutions, broaden the tax base, and facilitate structural transformations in infrastructure, the labour market, and social mobility.

In this context, a policy of fostering Inclusive Growth places focuses on measures aimed at enhancing labour productivity across the entire spectrum of the population, particularly focusing on segments with comparatively lower skill levels. These measures include short-term initiatives involving training and Employee placement, coupled with long-term endeavours entailing substantial investments in high-quality education, with a specific emphasis on technology and skill development. The envisaged surge in productivity is poised to fuel growth in overall economic output. Concurrently, another strand of interventions pertains to bolstering infrastructure investment, encompassing areas such as transportation and digitalization, aimed at smoothing the functioning of economic operations. Streamlining business procedures, facilitating the movement of goods, and enhancing access to services collectively elevate labour productivity, subsequently generating upward pressure on wages (albeit contingent on the presence of a systematic policy framework addressing this aspect), thereby fostering growth in economic activity.

The last aspect involves investing in reducing inequality through the aforementioned tools and others, such as progressive taxation and investment in public goods like healthcare and environmental protection, as a mechanism for increasing GDP. Reducing inequality is not only a normative action that incurs economic costs but also a crucial measure that policymakers must adopt to stimulate domestic product growth. Although the economic literature does not provide a definitive conclusion on this issue, a body of studies has identified several principles essential for establishing a correlation between reducing inequality and GDP growth. For instance, Inclusive Growth is likely to occur when workers acquire higher skill levels, the tax system becomes more progressive, employment participation rates rise, and the economy becomes more open to international trade (Tovar Jalles & de Mello, 2020). Furthermore, investment in educational infrastructure, healthcare, social security, and access to credit is vital (Cerra et al., 2021). These principles largely align with the generally accepted conditions necessary for overall GDP growth, except for the principle of tax progressivity, which lacks consensus as a necessary condition for growth.

In other words, most of the conditions required for Inclusive Growth in the short and long term also support overall economic growth.

Another effort to establish a connection between these two variables was undertaken by the World Economic Forum, which ranked countries based on changes in their Inclusive Growth Index. This ranking facilitates an examination of the correlation between the index and GDP per capita, revealing a positive relationship between a country's improvement in the Inclusive Growth Index and its rise in GDP per capita. While statistical correlation does not equate to causation, it strengthens the argument that IG policies contribute to overall economic growth.

Figure 2:
Correlation between change in the Inclusive Growth Index and change in GDP per capita.



While Israel ranks among the fastest-growing developed nations, its GDP per capita still trails behind that of most Western countries. In this sense, if Israel were to undertake more actions to align with the IG principles, it could potentially lead to a higher GDP per capita growth rate, narrowing the gap between Israel's GDP and that of Western counterparts. It comes as no surprise, then, that when OECD economists sought to recommend a series of reforms to aid Israel's economic recovery from the COVID-19-induced crisis, they advocated for embracing the concept of 'inclusive recovery'. This approach encompasses various measures such as investing in public transportation infrastructure, improving educational outcomes, bolstering the economic stability of local authorities, and enhancing welfare, healthcare, and environmental systems, with a specific focus on air quality (Machlica & Rohn, 2020).

In summary, there's a growing consensus in economic circles that an IG policy isn't just a 'nice to have'. Not only is it rooted in normative foundations, but it's also a more efficient policy, especially in the long term, paving the way for stable and sustainable prosperity.

Achieving this requires proactive measures to ensure an equitable distribution of the benefits of growth across diverse communities and demographic groups. Recognizing that true economic growth starts from the grassroots, efforts must be directed towards integrating marginalized individuals, with low productivity, into higher-quality employment opportunities. This entails developing and implementing comprehensive, multi-faceted policies to address the underlying factors contributing to low productivity, feelings of alienation, pervasive inequality, and limited intergenerational mobility.

[Authors' adaptation to data by the World Economic Forum (World Economic Forum, 2018)]





2. Innovation Districts and overall growth – Do they go hand in hand?

The economic logic of the Innovation District

An Innovation District is a geographical area where a concentrated hub of anchor institutions and businesses operate, alongside startups at different developmental stages, technology incubators, and accelerators. The district's design facilitates interconnectivity among its constituents, fostering business collaborations and other partnerships (Katz & Wagner, 2014).

Innovation districts are a relatively recent phenomenon of the past few years (Drucker et al., 2019). These districts not only serve as hubs for dynamic and groundbreaking commercial and research activities, but also strive to reconnect residential and work areas physically and communally. In other words, innovation districts aim to mend the decades-long, deliberate separation between living and working zones, showcasing the advantages of integrating high-tech industries into the urban fabric. One of the goals of innovation districts is to alleviate the sense of alienation and inequality between elite industry professionals and the general public. This can be achieved by wisely utilizing the financial resources generated by the high-tech sector to leverage local assets and bolster the local economy. Efforts include improving the quality and variety of high-paying jobs, increasing the revenues of small and medium-sized businesses that service high-tech companies, raising real estate values, and boosting local government revenues to facilitate urban development and other initiatives.

In professional literature, the relationship between Innovation Districts and Inclusive Growth is often highlighted, emphasizing how the former fuels the latter. For instance, Innovation Districts boost employment and income opportunities for city residents and those in nearby areas by creating high-productivity jobs. While this is a notable positive outcome that arises as a side effect of Innovation District activities, it only scratches the surface of the potential mutual benefits that Inclusive Growth and the development of these districts can achieve.

However, the mere existence of an innovation district does not necessarily yield significant positive impacts for local residents. This outcome is not guaranteed. A case in point is the relatively marginal effect of Intel's factories in Kiryat Gat on the city itself. While Intel's presence in Israel has undoubtedly advanced the high-tech

sector and contributed to overall economic growth, the benefits for Kiryat Gat have been considerably smaller. This limited impact is evident in the city's stagnation on the Central Bureau of Statistics' socio-economic index. In 1995, a year before the first factory was established, Kiryat Gat's index stood at 3. Nearly 20 years and two Intel factories later, in 2017, the city had risen to only 4. Moreover, the city's population increased by just about 9,000 residents during this period, a fact further supporting the assertion that even after an extended period with the chip giant's factories operating in the city, and despite increased revenues from business property taxes due to additional high-tech factories in the local industrial park, Kiryat Gat has not become a magnet for high-quality job seekers or a hub for high-productivity industry and employment development. This is further evidenced by the fact that local employment did not significantly benefit from the factories, as city residents constitute only about 5% to 10% of Intel's workforce, equating to only a few hundred out of approximately 5,000 employees (Arlozorov, 2019).

With due caution in drawing conclusions without in-depth research, it seems Intel's two factories in Kiryat Gat – despite substantial financial investments by the company, significant tax benefits from the state, increased municipal revenues from property taxes, and expanded employment opportunities – did not serve as Inclusive Growth catalyzers for the city.

While this example does not involve a genuine innovation district, it highlights that luring high-tech industries to a city does not automatically translate into positive spillover effects for local residents and the economy. A similar risk of missed opportunities hovers over innovation districts globally, and particularly in Israel. As we will explore, this risk frequently becomes a reality.

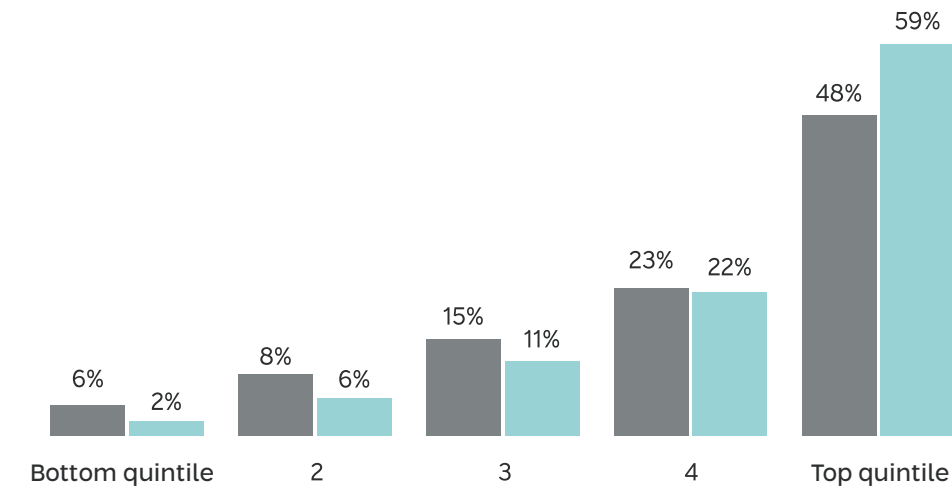
2.1

The challenge of the Innovation District in terms of Inclusive Growth

The Be'er Sheva Innovation District is a collaborative effort spearheaded by the Prime Minister's Office, the Ministry of Finance, the Be'er Sheva Municipality, Ben-Gurion University, and Soroka Medical Center. This venture will hone in on three pivotal domains: Desert Technology, Digital Health, and Cybersecurity. The district will cover an expansive 2,620 dunams, utilizing the established infrastructure of the university, medical center, and the Gav-Yam Negev Advanced Technologies Park. The district will encompass segments of neighborhoods G and D, marked by a juxtaposition of a dense student population and socioeconomically disadvantaged communities, alongside the city's central train station. However, the ability to leverage the opportunities created by the district, benefiting both the local community and economy, hinges on its initial success. The key to success lies in attracting top-tier employees, equipped with advanced skills.

Since the district requires highly skilled employees with a very specific skill set, sectors like high-tech, biotech, and advanced research tend to generate positions for a small segment of the population. Consequently, those lacking these specialized skills face significant barriers to entry into these elite industries. According to data from the Taub Center, 60% of employees in Israel's high-tech sector rank among the top quintile of skilled workers, with an additional fifth falling into the fourth quintile (Brand, 2018). The correlation between high skills and labour productivity translates into higher wages for these workers. Despite high-tech employees constituting less than 10% of all wage earners in the economy's prime working ages, they contribute approximately a quarter of the state's income tax revenue, underscoring the disparity between the relatively small number of employees and the high income per employee.

Figure 3:
High-tech employment
according to PIAAC skill quintiles

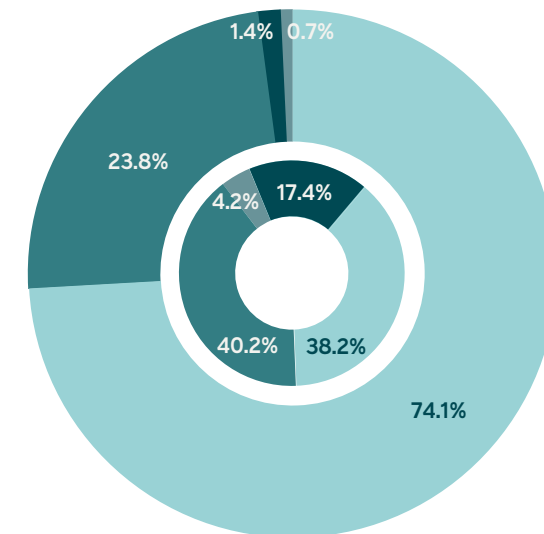


• Israel • OECD

Source (Brand, 2018)

Moreover, the high wages in the high-tech sector are not evenly distributed across the diverse communities and groups within Israeli society. An analysis of the sector's demographic composition reveals that Jewish non-Haredi men comprise 74% of the high-tech workforce, nearly double their representation in the overall labour force. In stark contrast, women account for only about 23% of the high-tech workforce, roughly half their share in the general workforce. Arabs and Haredim are almost entirely absent from the Israeli high-tech industry (Start-Up Nation Central & Israel Innovation Authority, 2018).

Figure 4:
The high-tech sector is primarily
composed of non-Haredi Jewish men.

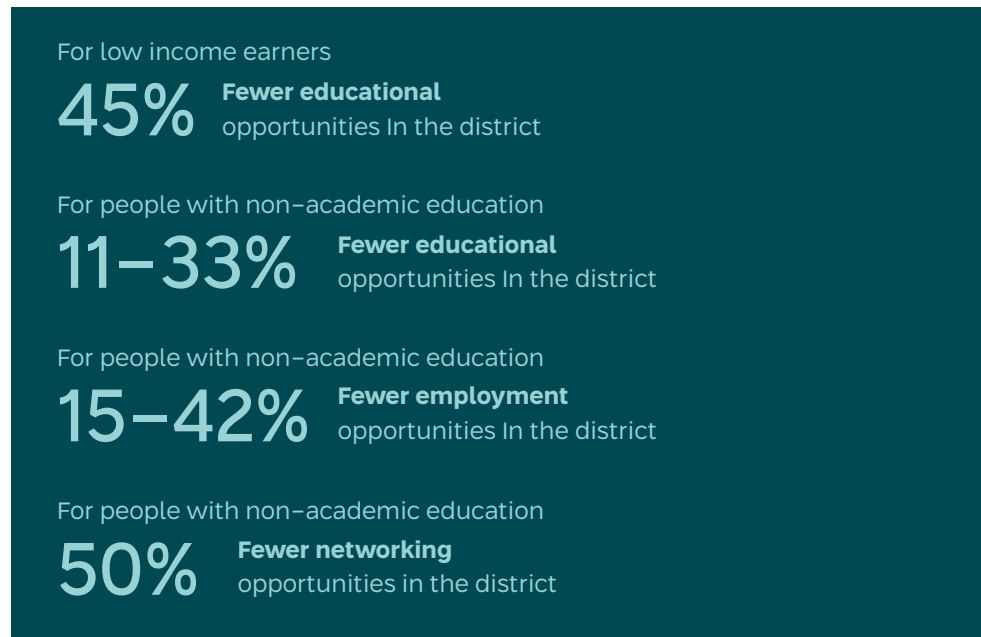


• Non-Haredi Jewish men • Non-Haredi Jewish women • Haredi Jews • Arabs

Source: (Start-Up Nation Central & Israel Innovation Authority, 2018)

Therefore, the high-tech sector also exacerbates inequality both nationally and locally. High-tech employees – who make up a relatively small portion of the workforce – earn significantly higher wages than their counterparts, thereby widening the income gap. To be clear, the demographic concentration of the high-tech workforce is not unique to Israel, nor are the risks of negative impacts from clustering high-tech companies within or near economically and socially weaker residential neighbourhoods. For instance, a study on three innovation districts in Australia revealed that individuals with non-academic education experienced a 15%–42% decrease in employment opportunities within these districts. Additionally, 45% of residents in nearby low-income neighbourhoods reported a decline in educational opportunities in their area (Esmaeilpoorarabi et al., 2020).

Figure 5:
Australia's Innovation Districts have increased opportunities only for the young and educated

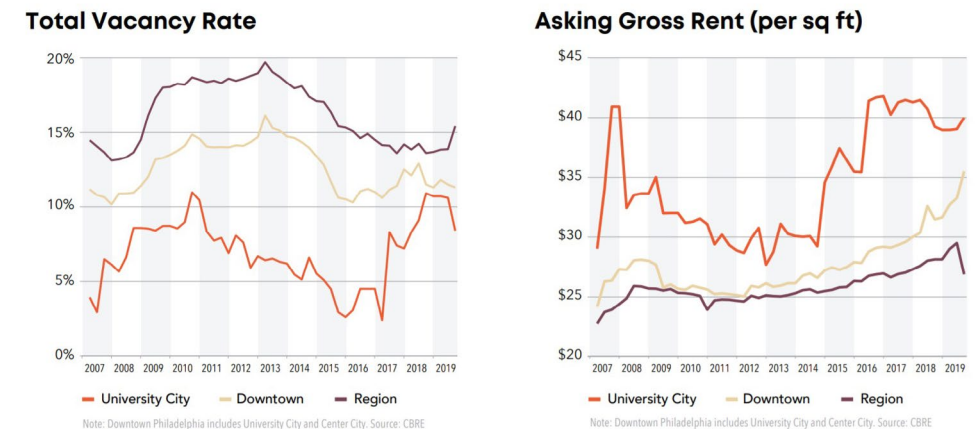


Source: Esmaeilpoorabi et al., 2020

These outcomes likely result from a process where the financial benefits generated by the district fail to encompass the groups impacted by it. For instance, the district's development has raised wages for only a select few residents, yet sufficiently to ignite a gentrification process. This phenomenon excludes residents and businesses that do not reap the new financial rewards, such as residential tenants and small business owners, who face significantly higher rents without a corresponding increase in their incomes.

Another study specifically examined the effectiveness of innovation districts as a strategy for community economic development (Drucker et al., 2021). This research, which reviewed the actions and outcomes of districts in Boston, Detroit, St. Louis, and San Diego, highlighted a concerning trend: in the absence of government intervention in housing and job markets, property prices soar rapidly, leading to the displacement of local residents from the district and posing a threat to its diversity and inclusivity. A similar conclusion emerged from interviews conducted as part of this study (see Chapter 3 below).

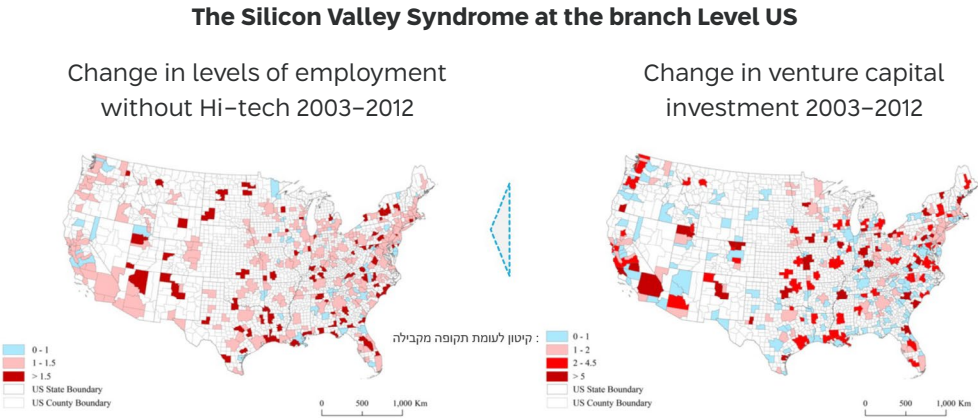
Figure 6:
Properties in Philadelphia's Innovation District are more expensive and in higher demand compared to the downtown area and the surrounding region



Source: (Bayer & Richman, 2021)

A similar phenomenon was observed in an extensive study which delved into the repercussions of substantial growth in the high-tech sector across 359 metropolitan regions in the United States. Findings revealed that the surge of venture capital investments into specific locales, triggers a stratification of the local economy, which deepens as investments in the high-tech sector grow. On one hand, there's a surge in revenue and job opportunities within service-oriented enterprises (such as accounting firms, law practices, catering services, and cleaning companies) due to heightened demand from tech companies operating in the vicinity. Conversely, the local economy witnesses a notable downturn in traditional non-tech manufacturing enterprises. This shift is attributed to the migration of highly skilled human capital to the tech sector, sidelining non-tech businesses that have traditionally operated in the area. Moreover, even amidst relatively flourishing enterprises, wage dynamics exhibit a dual trend: while wages for highly skilled professionals like accountants, lawyers, and physicians escalate, wages for low-skilled workers such as waitstaff, janitors, drivers, and others, remain stagnant (and in some cases, declines on average due to talent migration towards high-demand sectors). In summation, a substantial influx of high-tech ventures into a geographically constrained area, results in significant crowding out of the local economy and exacerbates inequality (Kwon & Sorenson, 2021). This phenomenon is commonly known as the "Silicon Valley Syndrome."

Figure 7:
As more venture capital investments poured in,
unemployment grew in non-tech industries.



Source: (Kwon & Sorenson, 2021)

However, despite the prevalence of the Silicon Valley Syndrome accompanying a massive influx of venture capital investments into a specific geographical area, it is not an inevitable phenomenon. The syndrome is a result of flawed assumptions by policymakers regarding the expected impacts of growth in high-tech activity, as the authors of the article find in their research:

"These industries create wealth. But the "trickle down" effect of this wealth, as the owners and employees of these companies increase their spending on local goods and services, only appears to go so far down."

Thus, as long as an innovation district manages to rely on local talent (whether new or existing), the high productivity and its spill-over into other sectors are expected to be positive but limited. The paradox is that the more the area adjacent to the district meets the talent's needs—be it in education services for their children, quality housing, and other amenities—the more it will attract a strong population to the district. On the surface, this change may seem positive, but as a result, it will also increase property prices and displace the existing local community due to the ensuing growth and elevation of living standards, a classic case of gentrification. If these scenarios materialize, the district's goal of bolstering the local economy and community will remain unfulfilled.

In other words, the notion that boosting economic activity at the top end of the pyramid trickles down, increasing economic activity and benefiting all layers of the population down to the bottom, is flawed. While tech might be "the engine of the economy," there is a risk of it forging ahead without the carriages.

Based on existing research, we estimate that it would be incorrect to assume that the mere presence of an Innovation District guarantees a favorable impact on the local economy. Just as the macroeconomic assumption of "trickle-down economics" has been replaced by an understanding that intentional and structured IG strategies are needed, so too in the case of Innovation Districts. As highlighted by the second principle of Inclusive Growth outlined above, only actions aimed at harnessing economic growth to strengthen the base of the pyramid, can uplift the entire pyramid.

Just as Inclusive Growth is not a "Nice to Have" at the macroeconomic level, it is equally important in the context of Innovation Districts. A purposeful and proactive IG policy is a prerequisite for the prosperity of both the District and its surrounding community.

2.2.

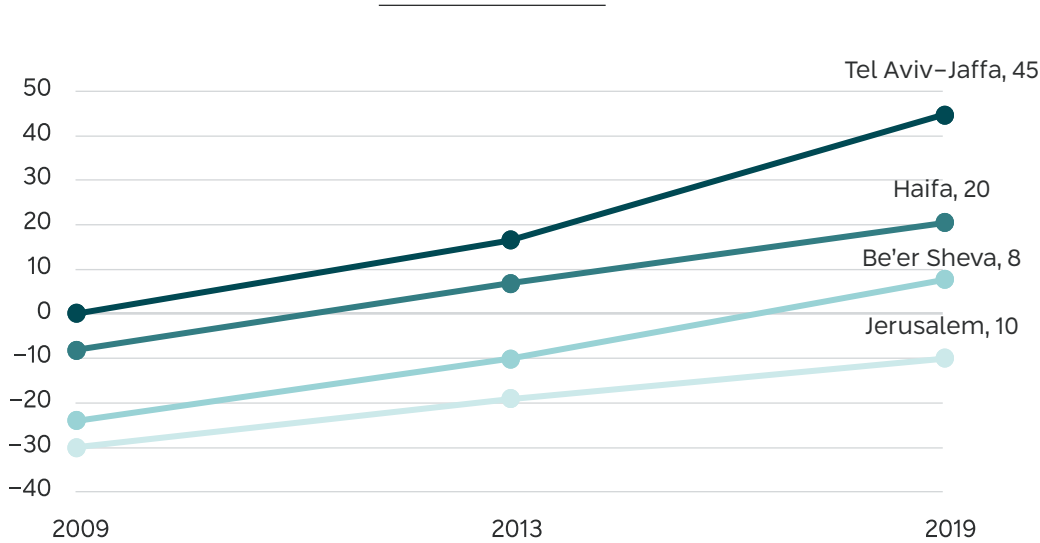
Be'er Sheva: what city does the Innovation District encounter?

In recent years, the city of Be'er Sheva has experienced a surge in the number of high-tech companies operating within it. Between 2014 and 2018, the number of companies doubled to around one hundred, including several major international firms such as ORACLE, IBM, and EMC-DELL, along with large Israeli companies like Rafael and Elbit (National Economic Council, 2020). Additionally, numerous long-standing government plans have been in development around Be'er Sheva and its neighbouring areas. Some of these plans have already begun to be implemented—albeit slowly—such as relocating IDF bases from central Israel to the Negev, while others remain in the declarative stage or have not been fully realized, like various government decisions for dedicated support to Be'er Sheva. All these initiatives are expected to bring about a significant transformation in Israel's southern metropolis.

However, despite these investments and plans, there is still plenty of more work to be done. Between 2006 and 2017, the city's socio-economic ranking stagnated at 5 out of 10, mirroring the scores of Ashkelon, Afula, and Kiryat Shmona. For comparison, Tel Aviv, Haifa, and Jerusalem ranked 8th, 7th, and 3rd respectively in the latest national socio-economic rankings. The ranking is far from being the average of the various neighbourhoods of the city. In fact, the neighbourhoods encircling the Innovation District exhibit considerable socio-economic variation. For example, the northern part of neighbourhood D exhibits a socio-economic score of 6 out of 20. In sharp contrast, Ramot, a neighbourhood adjacent to the university, boasts a much higher score of 17 out of 20.

Be'er Sheva's relative socio-economic stagnation compared to other Israeli cities is evident in its wage levels. An analysis of average salaries from 2009 to 2019—the most recent pre-COVID-19 data—reveals that Be'er Sheva's average salary grew by a respectable 42% over the decade. This growth rate is comparable to Tel Aviv's 45% and significantly outpaces Jerusalem's 20% and Haifa's 31%. However, the salary gap between Be'er Sheva and Tel Aviv has widened. In 2009, the average salary in Be'er Sheva was approximately 2,000 NIS less per month than in Tel Aviv. By 2019, this gap had widened to 3,000 NIS per month. This marks a 50% increase in the average salary gap between the two cities.

Figure 8:
The growing salary gap between
Be'er Sheva and Tel Aviv (TA 0=2009)



Source: The CBS, Local Authorities in Israel – Data files for processing 1999–2019. Processing: the Authors.

Whatever the reasons for Be'er Sheva's relatively low ranking compared to other major cities, this issue is not necessarily a concern for the commercial companies operating within the Innovation District or for the research activities conducted there. However, this socio-economic status has broader implications and is both a cause and effect of other low rankings that characterize Be'er Sheva. Chief among these is the quality of the local education system, which struggles to produce students excelling in the skills required for cutting-edge research and development in science and technology.

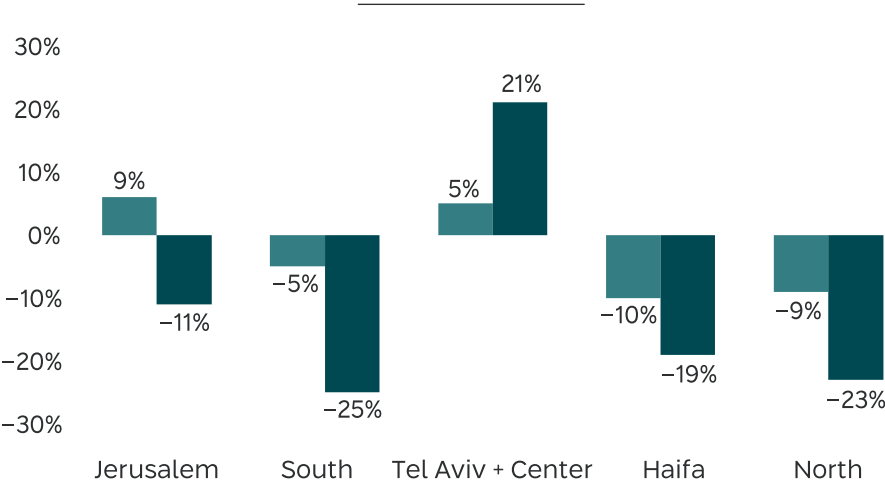
Be'er Sheva's education system shows a steady increase in the percentage of students eligible for a high school diploma. However, this success has not yet translated into a higher percentage of residents with higher education, which currently stands at 21.6%, about half the rate of Tel Aviv. One reason for this is that only 52% of high school graduates in the city received grades that qualify them for admission to higher education institutions. Consequently, Be'er Sheva's education system ranks 91st in the STEM (Science, Technology, Engineering, and Mathematics) index, compared to Tel Aviv's 40th (and neighbouring cities Ramat Gan's 8th and Givatayim's 10th) (SFI, 2019).

As a rule, the settlements surrounding Be'er Sheva illustrate a stark contrast in income and skills rankings. The Bedouin community in the Be'er Sheva district, numbering approximately 280,000 people and growing at a rate of 3% per year, faces significant challenges. This community is plagued by disparities in poverty, infrastructure, education, and low integration into high-productivity sectors. Only 30% of Bedouins hold a high school diploma, compared to 68% of the general population (Weissblei, 2017). Conversely, affluent settlements such as Meitar and Omer, ranked 9th and 14th in the STEM index respectively, present a different picture. About one-third of students in these areas study STEM subjects, indicating a potential future workforce for the region's high-tech companies. However, these settlements have very small populations, limiting their overall impact.

Furthermore, a significant pool of skilled workers with the required human capital is anticipated to emerge following the IDF's C4I Corps base relocation to a site adjacent to the Gav-Yam Negev Park in the near future. This strategic move will enable high-tech companies within the park to tap into a talent pool comprised of soon-to-be discharged soldiers. However, these companies will still have to face the challenge of competing with employment and studies opportunities outside of Be'er Sheva, which may be more alluring for individuals not originally from the Negev region. Current statistics indicate that approximately 60% of the employees within the high-tech park are residents of Be'er Sheva or its environs (Elfasi, 2018).

This concern is also reflected in the internal migration data regarding highly skilled individuals. Data from the Central Bureau of Statistics and the Ministry of Finance, shows that the Southern District has experienced the highest net migration of university and college graduates, at a rate five times higher than the net negative migration of adults without a higher education.

Figure 9:
The migration of individuals with higher education from the Southern District to the Center of Israel, is the highest in the country



• No Higher Education • University and College Graduates

Source: (Brill & Naor, 2018)

These are some of the challenges that Be'er Sheva's Innovation District aims at tackling. Yet, simultaneously, it must also overcome them in order to thrive.

Assuming the Innovation District succeeds in capital raising, development and commercialization of knowledge, it will still be extremely challenging for the companies, the university, and the medical center to recruit a sufficient amount of highly skilled workers from Be'er Sheva and its environs. This predicament may result in either the "Intelization" of the district, where its activities become increasingly detached from those of the city and its surroundings, or, should the district's infrastructure and quality of life attract talent to relocate to Be'er Sheva, the "gentrification" of adjacent neighbourhoods, potentially displacing the current residents living there.

Therefore, the challenge for the founding partners of Be'er Sheva's Innovation District lies in developing the district in a way that allows business and research activities to attract top talent while mitigating the negative effects of rising inequality and ensuring that the local community is not excluded from opportunities to enhance wages and living standards. One of the globally recognized strategies to navigate this complex issue is the integration of diversity and inclusion practices.

2.3.

The high-tech sector as an Inclusive Growth promoter - Diversity, Equity and Inclusion in employment (DE&I)

Given the pivotal role of the businesses and anchor institutions in the District's ecosystem, it is important to dwell on a leading strategy for fostering Inclusive Growth within these entities: the implementation of a hiring culture based on Diversity, Equity, and Inclusion (DEI).

A series of studies, spearheaded by a series of articles published by McKinsey & Company, have highlighted the economic benefits of implementing a DE&I focused hiring culture. Notably, these studies found that the more diverse a company's management team is in terms of gender and ethnicity, the higher the average net profit. Companies in the top quartile for gender diversity and representation of underrepresented groups, financially outperform those in the bottom quartile by about 36% (Hunt et al., 2018). Another study revealed that employees in diverse companies are more than twice as likely to report that their company has expanded into new markets or increased its market share (Hewlett et al., 2013).

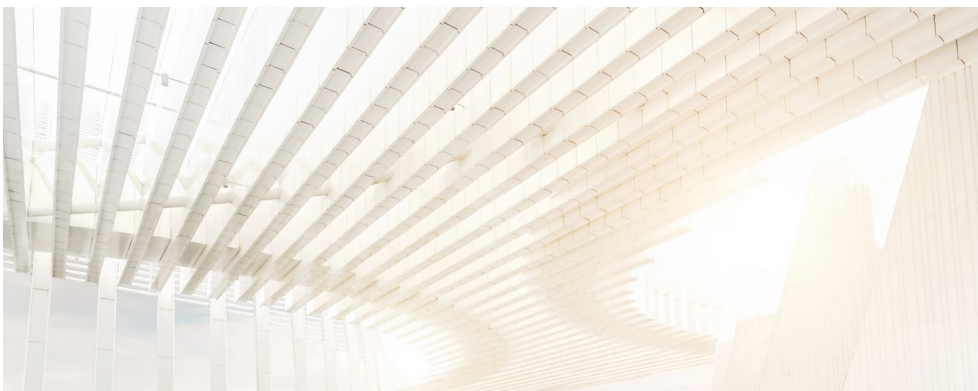


Figure 10:
Companies with a higher representation
of women are more profitable



Source: (Hunt et al., 2018)

Until recently, DE&I policies were mainly prevalent in established and larger companies. However, they have now become a fundamental component of the policies declared and implemented across a diverse array of organizations, including institutions, small to medium-sized enterprises, and startups. For example, startups in their early growth stages, with rising revenues and international market ambitions, are now expected by investors, customers, and employees to develop and execute DE&I policies. In fact, the expectations in the U.S. are so high that studies indicate startup employees who perceive that management is not genuinely advancing DE&I, are three times more likely to leave their job within the next year, with an attrition rate of 34% (First Round, 2019).

Beyond employee demand, DE&I is crucial for discovering and recruiting new talent in a job market with an already limited talent pool. As previously noted, the demographic composition of Israel's high-tech workforce is predominantly non-Haredi Jewish men, employed at a rate much higher than their proportion in the general population. This is despite the fact that skills and talent are not exclusive to this group. Accordingly, initiatives to diversify high-tech by including underrepresented groups are also a part of the strategic response to the skilled worker shortage. Integrating more diverse populations into high-paying high-tech jobs essentially embodies inclusive growth. Although DE&I culture is relatively new in Israel and faces significant implementation barriers, it remains a highly relevant strategy for tackling the Israeli economy's biggest challenge, shared by both employers and the state: the shortage of high-quality talent and the generally low productivity rates, especially among Arabs, Haredim, and women. In other words, the more Israeli employers adopt effective DE&I strategies, the more they are likely to contribute to Inclusive Growth. To be clear, the implementation of DE&I practices is relevant not only to private sector companies but also to non-profit organizations and other public institutions (Hospitals Aligned, 2022).

In conclusion, based on existing literature and professional experience in the field, three key characteristics emerge for the successful implementation of diversity and inclusion practices in organizations. First is the role of **leadership**, exemplified by spearheading the adoption of DE&I policies and committing essential resources, be they financial or managerial. Secondly, fostering a shared organizational lexicon is crucial, ensuring that diversity and inclusion become **integral parts of the organizational culture for everyone**. Thirdly, **early implementation is paramount**, given the lengthy nature of these processes, and greater complexities may arise if undertaken belatedly, especially for nascent organizations yet to establish definitive operational paradigms. These traits, as elucidated in the forthcoming chapter, can help better understand the strategies needed to embed a culture of Inclusive Growth within the Innovation District.





3. Implementation of Inclusive Growth in the Be'er Sheva Innovation District

Diversity and inclusion serve as one practice for fostering Inclusive Growth within the Innovation District's ecosystem, but certainly not the only one. In this chapter, we will review practices commonly used to promote Inclusive Growth in various places around the world and derive general principles that can also apply to the Innovation District in Be'er Sheva.

As previously noted, the focus on Inclusive Growth as a declared agenda is relatively new, especially within the context of Innovation Districts. Most places examined globally do not address the issue as essential to the district's role, do not necessarily adopt a holistic approach, and most do not conduct systematic evaluation and measurement thereof. In other words, strategic implementation of IG policies is not commonplace in the daily operations of these districts. However, examining IG practices in various places worldwide, whether successful or unsuccessful, can serve as a compass for establishing plans and intervention strategies in Be'er Sheva.

The data for this review was compiled by analysing reports, online sources, and conducting interviews with key personnel from district administrations, as far as access allowed. This review is certainly not exhaustive in capturing all the diverse practices employed by these districts. It should not be understood as a closed list of practices to be implemented, but rather **as an open list from which inspiration and ideas can be drawn**³. For a comprehensive breakdown of the districts and their activities, please refer to the appendix.

³ For the sake of discussion, in cities where there is more than one innovation district, we referred to them collectively. Additionally, for the sake of readability, we used the term "administration" to refer to the main body managing the district without necessarily delving into its organizational structure and its relationships with stakeholders in the district and how they influence the types of interventions present.

3.1

How do Innovation Districts worldwide promote Inclusive Growth?

The attached table (Figure 11) outlines the various actions associated with Inclusive Growth in the Innovation Districts we surveyed. Several key insights emerge from the review:

Firstly, the absence of a common practice is noticeable. There is no single best practice that everyone follows, but rather a plethora of ideas, approaches, and experiments. Few districts have a holistic and systematic approach that places the issue at the top of the priority list. Among the districts we examined, Saint Louis stands out as the sole district explicitly integrating the issue into its goal definition.

Secondly, locality plays a crucial role. Practices are locally adapted to address the specific challenges, constraints, and norms, often influenced by the strength of the social safety net. For instance, in Stockholm's Hagastaden District, leadership strategies may not be prominently featured in various practices. This could stem from the district initially lacking economic disparities, aligning with Swedish business culture, where diversity and inclusion practices for women, minorities, and people with disabilities are already embedded. As Dr. Filippa Kull, the director of the district's business development, put it, "It is in our backbone." Conversely, **Innovation Districts situated in economically and socially disadvantaged areas face inherent tensions between the local population, anchor institutions, and talents. This tension elevates the importance of inclusion and diversity, making it a focal point. Hence, in Innovation Districts like Saint Louis, Baltimore, and Philadelphia, Inclusive Growth is deeply entrenched in core activities and sometimes explicitly outlined as part of the District's objectives.**

Thirdly, despite the absence of a common practice, several prominent practices do appear:

Inclusive urbanism – Spatial design actions taken across all districts and tailored to accommodate dynamics and foster interpersonal interactions and connectivity.

Support for small and medium-sized enterprises from all industries (SMEs) – Across all Districts, initiatives have been implemented to foster entrepreneurship within SMEs. It is important to note that this support extends beyond entrepreneurship in the tech or STEM fields, such as establishing tech hubs, to encompass diverse

industries. From restaurants and local commerce to workshops and medium-scale industrial plants, entrepreneurs receive active backing. This backing materializes through grants, business incubators, accelerators, networking platforms, and other resources.

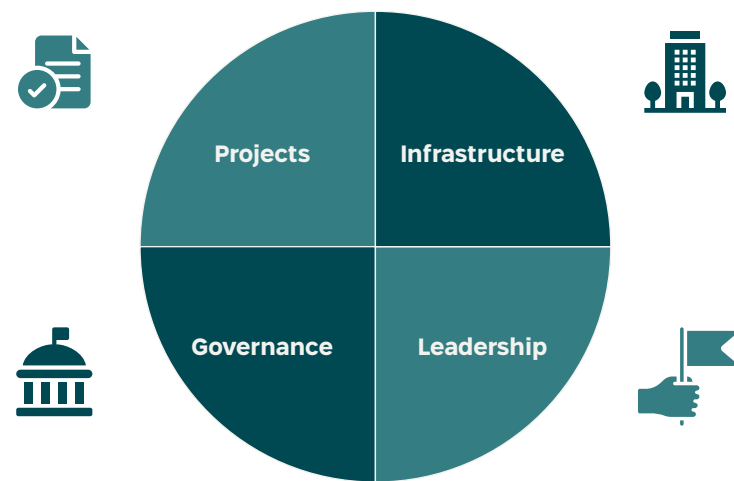
Figure 11:
Implementation of Practices Encouraging Inclusive Growth in Surveyed Districts by Classification

	City/District	Philadelphia	Saint Louis	Detroit	Baltimore	Barcelona	Stockholm
Infrastructures	Urbanity	●	●	●	●	●	●
	Affordable housing/retail		●	●			●
	Transport	●		●			
Projects	Development of local talent	●	●			●	
	Local employment and placement	●	●		●		
	Small businesses and initiatives	●	●	●	●	●	●
	Technological Greenhouse	●	●	●			
	Direct support – finance/subsidies to workers/businesses		●	●	●		
	Education		●		●		
	Other/more		●	●	●	●	●
Governance	Diverse Governance/decentralized	●	●		●	●	●
	Varied financing	●					
	Data and transparency	●	●			●	
Leadership	Goals/ Vision		●				
	A diverse/decentralized governing body or diverse anchor institutions		●		●		
	Organizational culture	●	●				

Diverse and decentralized governance –The practice of diverse governance is widespread in many of the districts. This involves establishing governance mechanisms that include all stakeholders in the district as a fundamental principle for decentralizing its influence. For example, providing permanent representation for district residents in the governing body, creating a diverse management team, and similar initiatives.

As previously noted, our review has identified a broad range of potential actions to promote Inclusive Growth. Recognizing the location-specific nature of these practices, we have developed strategic recommendations by categorizing the various approaches into four primary areas of action or four intervention strategies to encourage Inclusive Growth: infrastructure, projects, governance, and leadership.⁴

Figure 12:
Desired strategies for Inclusive Growth
in Innovation Districts



4 For comparison, Julie Wagner divides the strategies she identifies according to "inclusive innovation", which is mainly using the innovation anchors of the district to create Inclusive Growth, and "innovative inclusion", which is mainly innovative initiatives to promote Inclusive Growth (interview).

Inclusive Urban Infrastructure – This term refers to all urban spaces that can be used to promote a more inclusive and equitable community. This encompasses various elements, including planning and landscape design, transportation and accessibility, and physical projects that encourage inclusion. For example, planning and landscape aspects might encompass mixed-use developments and the creation of inviting public spaces for all population groups, including women, children, and the elderly. Transportation aspects could involve designing pedestrian-friendly and bike-friendly streets, removing barriers and fences, and planning accessible and efficient public transportation for all city areas and target populations. Physical projects that encourage inclusion include affordable housing, dedicated community spaces and land within neighbourhoods, affordable workspaces for early-stage startups, and more.

Inclusive Growth Projects – This term encompasses all projects aimed at strengthening the community, employment, entrepreneurship, and education through direct intervention in the community and target populations. Examples include employment centers, training and placement programs, incubator programs, accelerators and funding for technological initiatives and small and medium-sized enterprises, the establishment of specialized schools or colleges, scholarships, internship programs, and the enhancement of existing philanthropic or municipal activities in the district.

Leadership – This refers to the public commitment of institutions, companies, and other stakeholders in the district to fostering Inclusive Growth. This leadership can manifest through defining the vision and goals of the district, as well as through the actions and objectives of key anchor institutions and the district's governing body. Effective leadership includes setting a personal example of diversity and inclusion within these institutions and their leadership.

Governance – This term refers to the mechanisms put in place to reinforce, strengthen, and uphold IG policies within the district. Governance mechanisms vary, spanning from the makeup of the board overseeing the district's governing body, ensuring diversity in ethnicity and gender representation, to ensuring adequate inclusion of public representatives from affected groups such as local neighbourhood communities and business owners. Furthermore, as part of the governance strategy, we have outlined plans for monitoring and measurement, transparency in reporting and data, and the establishment of a diversified funding structure. In terms of funding, it is important to highlight two potential types: diversified funding sources aimed at decentralizing district activities in alignment with the interests of additional donors and investors in anchor institutions, alongside funding specifically designated for IG

projects, dedicated to this purpose.

As previously stated, the implementation of an IG policy requires a holistic and multifaceted approach. Following these principles, promoting Inclusive Growth within the Innovation District necessitates holistic and integrative measures across all key strategies⁵. Partial commitment to inclusive action in select strategic dimensions falls short of commendation and fails to meet the requisite standards.

Furthermore, when reviewing the practices, it is evident that they can be categorized into two different dimensions of impact: the type of impact over the environment and the length of impact over it. As far as types of impact, practices that provide inspiration are identified as indirect, whereas practices focused on direct intervention and resource allocation are termed direct. Regarding length of impact, there is a distinction between immediate interventions, which focus on the present, and long-term process interventions. It is recommended that a holistic and integrative approach be adopted, ensuring actions are implemented across all impact dimensions.

⁵ Natalie Self, Senior Vice President of Equitable Economic Impact at the Cortex Innovation Community in St. Louis, estimates that in the first twenty years of the district, the impact of inclusion efforts was low because no integrative work was done (interview).

3.2

Recommendations for implementing Inclusive Growth in the Innovation District

Achieving this goal is undeniably challenging. As previously noted, as of early 2022, Innovation Districts have generally fallen short of providing targeted support for Inclusive Growth. Even Districts that do engage in organized diversity and inclusion initiatives, such as St. Louis, face difficulties. Firstly, we must recognize that fostering Inclusive Growth is an inherently complex process lacking straightforward technical solutions. Secondly, Innovation Districts have only begun rapidly proliferating in the past decade, with only a minority treating Inclusive Growth as a core issue or primary objective. Consequently, the accumulated global experience in developing solutions for Inclusive Growth through Innovation Districts is still relatively limited. As a result, there is a scarcity of research on the potential impact circles.

Alongside the opportunities the District presents the city, we have also outlined the risks it may pose to the community. This is particularly relevant for a district situated in the heart of Israel's socio-economic disparities, as well as ethnic and geographic divides. Although the district cannot single-handedly resolve all these issues in Be'er-Sheva and its surrounding areas, we believe that with the appropriate tools and approach, it has the potential—especially considering the involved stakeholders—to become an innovative and leading pioneer in promoting Inclusive Growth. A District that is inclusive by-design.

In our summary and recommendations, we present a conceptual framework that we believe should be developed based on insights gathered globally. This framework is anchored in two primary principles: holism and localism. According to the principle of holism, action must be implemented across the four identified strategies and modes of impact. The principle of localism requires tailoring strategies to real-world, on-the-ground issues. This involves a bottom-up approach, developed in full cooperation with local partners, to create tactics that directly address relevant problems.

However, our analysis did not involve extensive collaboration with local partners or a thorough examination of the specific challenges facing Be'er-Sheva's community and District. As a result, we are not in a position to recommend a fully developed and localized set of interventions at this time.

Therefore, our primary recommendation to the District partnership is to develop an IG strategy grounded in the principles of holism and localism. To illustrate, we propose a potential holistic set of strategies informed by our preliminary assessment of the challenges facing the District.

Infrastructure:

Strengthening urbanism within the District (according to the existing plan) with a special emphasis on connectivity to adjacent neighborhoods and other target communities, removing fences, enhancing walkability, and promoting mixed-use development. **(Process-oriented, indirect impact)**

Constructing affordable housing projects and giving priority to city and District residents, as well as to defined target groups. **(Process-oriented, indirect impact)**

Projects:

Dedicated placement programs for the District – Developing strategic training and placement programs that connect between anchor institutions, leading companies and prioritized target groups, such as women, minorities and other target groups⁶. **(Immediate, direct impact)**

Strengthening existing incubators and accelerator programs – Expanding support to small and medium-sized businesses, even if they are non-technological, while prioritizing groups such as women, minorities, and other target groups. **(Immediate, direct impact)**

Training the Next Generation – Professional or future-oriented training initiatives, such as establishing a technological high school within the District. The effectiveness of working with teenagers is significantly enhanced when efforts are multidimensional and synchronized with other programs. For instance, activities aimed at promoting STEM education for teenagers in neighbourhood D and G can be aligned with fostering entrepreneurship within an incubator based in the District.

⁶ See (Zuckerman & Parker 2016) for recommended strategies for developing placement programs of this type.

Additionally, these efforts can be reinforced through the informal education system, whether through educational, social, or emotional support programs. Collaboration with the municipal welfare system can also help address issues that may arise from the participation of boys and girls in these activities. **(Process-oriented, direct impact)**

Governance:

Representation – Establishing representation within the District's governance mechanisms for neighborhood representatives, including residents of the nearby Bedouin settlements. **(Immediate, indirect impact)**

Measurement and Transparency – Developing measurable goals and objectives for Inclusive Growth and constructing a monitoring and evaluation plan to track and publicize their progress. **(Process-oriented, indirect impact)**

Corporate Responsibility – Publishing a corporate responsibility report for the District, detailing the relative contributions of District partners and companies. **(Process-oriented, direct impact)**

Leadership:

Goal Setting – Defining Inclusive Growth as a primary goal of the District and establishing measurable objectives for it. **(Process-oriented, indirect impact)**

Diversity by Definition – Defining all projects, tenders, and events within the District as inclusive by definition, with a requirement for adequate representation of women, people with disabilities, and minorities. **(Process-oriented, direct impact)**

Drafting a Socioeconomic Charter Led by District Leaders – establishing a set of principles and a unified, binding framework, aimed at fostering economic and social objectives beneficial to both employees and residents of the city. For instance, the charter could outline provisions ensuring contract workers are hired directly, commitments to bolster and support local labor, and other proactive measures. **(Process-oriented, direct impact)**

Conclusions

Some of the practices seen in Innovation Districts around the world offer potential benefits for Be'er Sheva, yet a simplistic replication won't suffice to craft a cohesive IG policy. True IG policy goes beyond individual practices, focusing on their integrated alignment toward strategic goals. This strategic approach ensures each practice enhances the overall effectiveness. Therefore, initiating an IG policy requires more than a checklist of practices; it demands a strategic decision with well-defined, long-term objectives and full stakeholder engagement to ensure its success.

Every strategy chosen by the governing body of the Be'er Sheva Innovation District should be based on the three core principles of the IG approach outlined in this report:

- a. There is a reciprocal dependency between the entire public's socio-economic well-being and a stable and sustainable growth in GDP.
- b. The meaning of socio-economic well-being cannot be reduced to one single index (such as the Gini Index), no matter how central it may be, because socio-economic well-being is multidimensional by definition and covers different aspects of the public's socio-economic world.
- c. Inclusive Growth can only occur through an intentional, holistic and integrative policy that operates in multiple dimensions.

These principles align with the implementation of the four intervention strategies identified in our review of Innovation District activities worldwide: according to the first principle, projects should primarily focus, although not exclusively, on the lower end of the income pyramid. In accordance with the second principle, the success of such projects hinges on supportive and complementary activities that address and overcome barriers, thereby enabling the projects to achieve their full potential.

In this sense, as long as the integration between the four strategies is maintained and their implementation includes both direct and indirect practices and immediate and process-oriented interventions, they serve as a set of coordinates to determine whether the IG activities initiated by the District are sufficient or lack any essential components.

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Appendix - Details of Case Studies

Main Practices that were identified:

	Infrastructure	Practices	Governance	Leadership
Philadelphia – University City District (UCD)	Urbanism: The partners and the governing body promote the development of commercial and mixed-use projects, enhancement of walkability and mobility within the city Housing: Expanding housing inventory.	Employment: Job training and placement program that connects unemployed Philadelphia residents with employers in all sectors within the district. Direct employment of residents with low employment prospects by a subsidiary of the district administration that specializes in landscape development and gardening for the anchor institutions in the district. Business and entrepreneurship: The governing body serves as an intermediary, fostering trust between local businesses and authorities. It provides support in areas such as financing, marketing, and overall business development. “Sometimes – all you need is someone you know to talk to about what's bothering you” Networking program for small businesses in the district that includes networking and marketing events and other benefits. Accelerator and incubator program for local startups.	Community: representatives in the Board of Directors. Expanding the funding base through philanthropy. Data and transparency – The governing body publishes a comprehensive annual report that tracks the performance, outcomes, and results of projects across all operational domains.	Commitment of the governing body to inclusive thinking

	Infrastructure	Practices	Governance	Leadership
St. Louis – Cortex & GUCI	Urbanism: Development of mixed-use projects, parks and public open spaces. Affordable trade: Establishment of an affordable commercial business complex and incubation labs for university graduates' ventures.	Education: Establishment of a local technological high school – The governing body is partnering with anchor institutions to establish a specialized high school focused on medical and life sciences. Employment: Training and placement course in programming – A free programming course for residents of St. Louis, enabling learning of coding skills and on-the-job training and placement. Hire Local – placement and training program for local employees in the anchor institutions. Vocational training programs by age. Professional training programs in the construction trade. Business and entrepreneurship: A support program for young entrepreneurs launching their first businesses in technology, life sciences and IT, <u>as well as in the manufacturing and consumption sectors.</u> A local worker cooperative specializing in services required by the anchor institutions such as laundry and energy efficiency. Buy Local – An initiative launched by anchor institutions aimed at enhancing business transactions and service procurement from local enterprises. Diversity and Inclusion Training – The governing body spearheads diversity and inclusion training initiatives for institutions within the district, forging collaborative partnerships with their leadership to address these issues. Loan fund for renovation and construction businesses owned by women and minorities. Incentives An incentive and subsidy program facilitating the transition of anchor institution employees to nearby neighborhoods through loans for home purchase and renovation or rental subsidies.	Diversity in the board of directors – the board of directors is ethnically and gender diverse. Transparency and reporting – The governing body conducts regular annual reporting on equity, diversity, and inclusion across ethnic, gender, and socio-economic aspects, encompassing all activities led within the district. Reporting Mechanism for District Companies – A reporting mechanism has been developed for companies operating within the district, focusing on diversity and inclusion in employment and organizational culture. Funding – \$1.2 million secured for 10 years to finance inclusion projects. Human resources – A position dedicated to promoting IG.	Statement of Intent – one of the three stated objectives of Cortex District and the leading goal of the GUCI District Inclusive management – The governing body adheres to inclusive principles in terms of employment and organizational culture. Preference for minorities and women – in all infrastructure projects, preference is given to businesses owned by women and minorities

	Infrastructure	Practices	Governance	Leadership
Detroit – The Midtown Detroit Inc, District	Urbanism: Development of a boulevard, walkability and cycling, preservation and restoration of historical buildings into boutique hotels, renovation of building facades, establishment of community gardens. Housing: allocation of 30% of the new units in a housing complex for affordable housing.	Employment and training: Ain Rouge Brewing School – School for the art of brewing. Business and entrepreneurship: Acceleration and support program for small businesses –offers entrepreneurs and small businesses in both technology and traditional sectors a comprehensive support package for business development, with hubs located throughout the city. Grants for renovation of commercial facades. Pop-up initiatives enabling small businesses to overcome entry barriers to the market or to carry out product testing. Assistance in financing, marketing and information for businesses in the district – 38% of the businesses that received such assistance from the directorate are businesses owned by minorities or women. Direct support in the neighborhood: Subsidized rent for employees of anchor institutions residing in the district. A financial support program for economically disadvantaged families.	n/a	n/a
Baltimore Biopark Johns Hopkins	Urbanism: Development of mixed-use projects and public open spaces	Employment: Establishment of a college and vocational school specializing in the district's focus areas (life sciences, biotechnology, microbiology, and laboratory professions). business and entrepreneurship: Job and small business fairs Development and support program for small and medium-sized businesses. Local procurement initiative – led by anchor institutions.	Establishment of a council of local public representatives focused on developing policies and initiatives for local procurement and employment.	Local and Diverse Procurement and Employment Initiative – Spearheaded by the anchor institution.

	Infrastructure	Practices	Governance	Leadership
22@Barcelona	Urbanism: Development of public open spaces and affordable housing. Promoting walkability.	Education: Establishment of an international school Employment: A center that provides a one-stop shop for workforce training, tailored to the needs of companies in the district. Small businesses and entrepreneurship: Ongoing support for small businesses – providing support and advice through the district's governing body. Other initiatives: Community volunteerism by employees for the adoption of technologies, mentoring new employees, or renovating houses/buildings or community centers. A project promoting a circular and sustainable economy by facilitating the sale of leftover materials and by-products between district companies.	Measurement – The governing body monitors key living standards indicators, including unemployment rates, employment levels, wages, rental prices, and real estate values. Additionally, they conduct monthly surveys among district employees to identify and address emerging issues. Specialized committees within the district are dedicated to the promotion and empowerment of women and to advancing corporate responsibility and sustainable development.	
Stockholm – Hagastaden	Urbanism: Development of mixed-use areas and public open spaces, promoting walkability, implementing rapid transportation systems. Affordable housing – Creating a diverse housing supply. Affordable housing units are planned in the adjacent districts.	Small businesses and entrepreneurship: Kista Business – A network for the development of small and medium-sized enterprises (SMEs). A creative center for innovation in socio-economic challenges that also provides professional courses and accreditation in collaboration with the city's universities to both Masters' and Doctoral students.	The district is managed under the Helix model – the board consists of representatives from the municipality of Stockholm, university representatives, and representatives from major companies (IBM, Ericsson, and others).	All projects, tenders and events within the district are defined as inclusive, with a requirement for adequate representation of women, people with disabilities and minorities. Street Names – A significant number of streets in the new district will be named after pioneering women in science and education.

Philadelphia – University City District (UCD)

UCD is a strategic alliance between several anchor institutions in Philadelphia, alongside smaller businesses, and local residents. This collaboration, as articulated by UCD, aims to create “opportunities for improving the urban economy and the quality of life in West Philadelphia.” The initiative spans five neighbourhoods, historically categorized as disadvantaged, now being leveraged for both business and research endeavours. Key initiatives of UCD focus on investments in public spaces, enhancing personal safety, fostering economic and commercial development, and connecting low-income individuals to career opportunities. Moreover, UCD is dedicated to promoting job growth and driving innovation.

Projects Aimed at Promoting Employment and Supporting Small Businesses:

- West Philadelphia Skills Initiative – A training and job placement program that connects unemployed Philadelphia residents with employers seeking talent across various fields. The program emphasizes placement in quality jobs (with high starting salaries and potential for professional development). It focuses on developing both soft skills and technical skills, as well as providing on-the-job training. The initiative collaborates with employers to encourage them to hire workers from the local population. Most employers report satisfaction and return for additional placements through the program, and tracking the retention rate of employees shows high success rates. For these reasons, it is considered a program worth emulating (KATZ 2019).
- Green City Works – A subsidiary of the district's governing body specializing in landscape development and gardening for the anchor institutions in the District. It employs local residents with low employment prospects, particularly former inmates.
- Small Business Assistance – A program that serves as an intermediary, fostering trust between local businesses and authorities. It provides support in areas such as financing, marketing, and overall business development.
- Membership Program – A networking program for small businesses in the District that includes networking and marketing events.
- 36for75 Program – An accelerator and incubator program for local startups.

Leadership

In an interview with District representatives, a strong commitment to inclusive thinking and IG practices was evident. This dedication is manifested in the wide range of initiatives spearheaded by the administration, aimed at achieving their strategic goals.

Governance

- Representation – The District's board includes representatives from the five neighbourhoods and from small and medium-sized businesses in the District, alongside fixed seats for the anchor institutions. The interview with District representatives highlighted that, despite the persistent power imbalances between funding partners and representative partners, the inclusion of the latter is crucial in steering the District's activities towards inclusive and community-focused projects. This partnership helps reduce the alienation between District residents and institutions.
- Expanding the Funding Base for Projects and Administration – Efforts to diversify funding sources by attracting philanthropic contributions beyond the anchor institutions. In Philadelphia, anchor institutions and major partners currently account for only about 50% of the funding.
- The Just Spaces Project – A data collection project on public space usage. By analyzing user characteristics and usage patterns across various district areas, the project seeks to enhance urban development strategies and evaluate effectiveness through the lenses of justice and inclusion.
- Data and Transparency – The district's governing body publishes a comprehensive annual report that tracks the performance, outcomes, and results of projects across all operational domains.

Urban Infrastructure:

Under the guidance of the District's governing body, the partners are spearheading initiatives to bolster urban development. These efforts include expanding housing inventory, advancing commercial and mixed-use projects, and improving urban accessibility through enhanced walkability and mobility infrastructure.

St. Louis – Cortex & GUCI

The Cortex Innovation District in St. Louis spans approximately 20 acres and is considered one of the world's leading innovation districts, hosting around 6,000 employees and 415 companies that collectively generate an estimated billion-dollar impact annually on the city. Since its inception, one of the District's primary goals has been "to become the most inclusive and equitable in terms of race, ethnicity, and gender in the United States." The second district, the Greater University Circle Initiative (GUCI), includes universities and leading medical institutions. Its goal is also to "enhance economic opportunities for residents of the district." For the purpose of this analysis, actions promoting Inclusive Growth in both districts were considered as if they were taken by one district.

Infrastructure:

Development of urban mixed-use projects, parks and public open spaces, establishment of a commercial business complex and affordable labs for university graduates' ventures.

Projects Promoting Employment and Small Businesses:

- Establishment of a Local Technological High School – The governing body is partnering with anchor institutions to establish a specialized high school focused on medical and life sciences.
- LC101 Course – A free programming course for residents of St. Louis, enabling learning of coding skills and on-the-job training and placement.
- Square One – A support program for young entrepreneurs launching their first businesses in technology, life sciences and IT, as well as in the manufacturing and consumption sectors. The program includes a comprehensive incubation phase encompassing learning, hands-on experience, networking, and mentoring. From 2014 to 2019, 47% of the entrepreneurs in the program were women.
- Evergreen Cooperatives – A worker cooperative employing approximately 300 residents of the district, specializing in services required by anchor institutions such as laundry and energy efficiency.
- Live local – An incentive and subsidy program facilitating the transition of anchor institution employees to nearby neighborhoods through loans for home purchase and renovation or rental subsidies.

- Buy Local – An initiative launched by anchor institutions aimed at enhancing business transactions and service procurement from local enterprises.
- Hire Local – A recruitment and training program for local residents within anchor institutions.
- Establishment of a Local Newspaper – Aimed at creating a local voice and bolstering the community.
- Adult & Youth Programs – Professional training programs tailored to age group.

Leadership

- Statement of Intent – One of the three declared objectives of Cortex District and the leading goal of GUCI District.
- Inclusive Management – The governing body adheres to inclusive principles in terms of employment and organizational culture.
- Diversity and Inclusion Training – The governing body spearheads diversity and inclusion training initiatives for institutions within the district, forging collaborative partnerships with their leadership to address these issues.
- Preference for Minorities and Women – Preference is given to businesses owned by women and minorities in all infrastructure projects.

Governance

- Diversity in the Board of Directors – The board overseeing the governing body's activity is ethnically and gender diverse.
- Transparency and Reporting – The governing body conducts regular annual reporting on equity, diversity, and inclusion across ethnic, gender, and socio-economic aspects, encompassing all activities led within the district.
- Reporting Mechanism for District Companies – A reporting mechanism has been developed for companies operating within the district, focusing on diversity and inclusion in employment practices and organizational culture.

Detroit - The Midtown Detroit. Inc, District

Midtown Detroit, Inc. (MDI) was established by several anchor institutions in collaboration with the city and private sector entities, as part of the city's economic development plan. Spanning approximately 18 acres, the district aims "to foster community and economic development in the Midtown and New Center areas of Detroit through collaboration and partnership with local stakeholders."

Infrastructure

- Development of affordable housing – allocation of 30% of the new units in the complex for this purpose.
- Development of the main boulevard – including pedestrian pathways and cycling infrastructure.
- Preservation and restoration of historic buildings – converting them into boutique hotels and renovating their facades.

Projects

Live midtown Program – Subsidized rent program for employees of anchor institutions residing in the district. Approximately 40% of the recipients are former residents of the area who chose to stay after the establishment of the district.

Stay Midtown Program – Financial support program for economically disadvantaged families residing in the district. The program helped reduce the economic burden of participating families by over 50%.

TechTown – Acceleration and support program for small businesses across the city, whether in the tech industry or in traditional sectors.

- Ain Rouge Brewing School – School for the art of brewing.
- Facade Improvement Grants for commercial storefronts.
- Pop-up initiatives enabling small businesses to overcome entry barriers to the market or to carry out product testing.
- Additionally, the District's governing body provides support in funding, marketing, and information to businesses in the district. 38% of businesses which received such assistance from the governing body are minority-owned or women-owned businesses.

Baltimore BioPark and John Hopkins District

The mission of the BioPark is to accelerate biotechnology research and commercialization and economic development in the surrounding community and throughout the region. The district, covering approximately 50 acres, is located in one of Baltimore's most challenged neighborhoods, marked by high poverty and crime rates. Another district is being developed under the leadership of the Johns Hopkins University Medical Center, spanning about 100 acres. For the purpose of this analysis, actions promoting Inclusive Growth in both districts were considered as if they were carried out by one single district.

Infrastructure

Development of mixed-use projects and public open spaces in the district on properties owned by the central anchor institution.

Projects

- Establishment of a college and vocational school specializing in the district's focus areas (life sciences, biotechnology, microbiology, and laboratory professions).
- Job and small business fairs.
- Goldman Sachs 10,000 Small Businesses – A development and support program for small and medium-sized businesses.
- Local and Diverse Procurement and Employment Initiative – Spearheaded by the anchor institution, Johns Hopkins University Medical Center, this initiative sets measurable and transparent targets for hiring employees from district neighborhoods and increasing procurement volumes within Baltimore.

Governance

Establishment of a council of local public representatives focused on developing policies and initiatives for local procurement and employment.

22@Barcelona

The @22 District is one of the first and most talked-about innovation districts in the world. The district is centered on three main objectives: urban renewal – creating a better environment for living, working, and learning; economic renewal – generating significant advancements in science, technology, and culture; and social renewal – strengthening connections among professionals. Since 2000, approximately 3.2 million square meters of commercial space and 0.8 million square meters of residential space have been developed, including around 4,000 subsidized rental apartments and 140,000 square meters of public open spaces. The district has attracted around 4,500 companies since 2000, of which over 3,000 are high-tech firms, creating more than 50,000 jobs.

Infrastructure

Development of public open spaces and affordable housing. Promoting walkability.

Projects

- Barcelona Activa – a one-stop shop for workforce training tailored to the needs of companies in the district.
- Community volunteerism by employees for the adoption of technologies, mentoring new employees, or renovating houses and community centers.
- Scrap Store @22 – Promotes a circular and sustainable economy by facilitating the sale of leftover materials and by-products between district companies and creating synergies among them, including small projects.
- Ongoing support for small businesses – Providing guidance and consulting through the district's governing body.
- Establishment of an international school – An elite English-speaking international school located in the district attracts global talent, aligning with the district's strategy to enhance diversity and compete for top-tier talent.

Governance

- Within the district, specialized committees are dedicated to the promotion and empowerment of women and to advancing corporate responsibility and sustainable development.
- Measurement – The district's governing body monitors key living standards indicators, including unemployment rates, employment levels, wages, rental prices, and real estate values. Additionally, they conduct monthly surveys among district employees to identify and address emerging issues.

Stockholm – Hagastaden

Stockholm is considered one of the most innovative cities in Europe (OECD), attracting top-tier talent (INSEAD). The city has three innovation districts. Since 2009, development has focused on the Hagastaden area, spanning approximately 100 acres on the city's outer edge, which was previously a sparsely populated industrial zone. Today, the area includes institutions and research centers from several universities and international companies. By 2030, over 60 companies and approximately 50,000 employees are expected to settle in the district, including a medical center and university branches.

Infrastructure

- Urban – Development of mixed-use areas and public open spaces, promoting walkability, implementing rapid transportation systems.
- Affordable Housing – In response to public scrutiny over the shortage of affordable housing within the district, plans have been initiated to construct such housing units in the adjacent districts.
- Street Names – A significant number of streets in the new district will be named after pioneering women in science and education.

Projects

- Kista Business – A network for the development of small and medium-sized enterprises (SMEs).
- Open Lab – a creative center for societal innovation aimed at finding solutions to socio-economic challenges. The center provides accreditation in collaboration with the city's universities and offers professional courses.

Leadership

All projects, tenders, and events within the district are defined as inclusive, with a requirement for adequate representation of women, people with disabilities, and minorities.

Governance

The district is managed under the Helix model – the board consists of representatives from the municipality of Stockholm, university representatives, and representatives from major companies (IBM, Ericsson, and others).

