

## **GOVERNMENT UPDATES: 2024 Budget Proposal Cuts NIS 1.2 B from Arab Development Plans**

On January 15 Israel's cabinet approved proposed revisions to the 2024 state budget. [Proposed cuts](#) include a 5% flat reduction across all ministries and a permanent 15% cut to twenty-four government resolutions. This includes GR-550, the five-year plan for socio-economic development for Arab citizens (including Druze and Circassian), GR-1279, the plan for Negev Bedouin, GR-549, the plan to combat crime in Arab society (GR-549), and a designated plan for Jisr-A-Zarka—cuts totaling NIS 1.2 billion in 2024, and NIS 4.7 billion between 2024 -2026. The plan is also to eliminate an additional NIS 200 million per year from the remainder of GR-550s that was directed to local authorities as compensation for existing disparities in the budget allocation mechanisms.

The revised budget requires Knesset approval before February 19 to pass. The cuts in GRs 550 and 1279 may require additional approval by the Knesset's Finance Committee since they are part of an area designated as a national priority.

The proposed cuts to socio-economic development plans for Arab society have drawn significant criticism from leaders across Israeli society for (i) being disproportional given the structure of the plan and having disproportional impact, (ii) jeopardizing decades of efforts to narrow socio-economic disparities through integration into the Israeli economy, employment, and (iii) eroding trust in the government within the Arab community. The cuts are also seen to have been made without thorough and transparent discussion nor the inclusion of Arab leaders.

- **Disproportional Cuts:** The [Director General of the Ministry of Social Equality](#) explained in a letter to the Director General of the Ministry of Finance that the cuts for Arab society are likely to be significantly more than 15% in practice. Since government ministries match government funding from their own budgets, a cut from the state budget will lead to cuts from ministries' budgets, resulting in doubled reductions. In addition, these cuts follow large prior reductions to transportation budgets already enacted in 2023. Notably, budgets for Arab society account for 88% of the 24 resolutions being cut.
- **Lack of Clarity or Prioritization:** [Sikkuy-Aufog](#), in their discussion of proposed cuts, warn that proposed reductions to other government resolutions target specific expenditure items with detail. In comparison, the proposed reductions in funds for Arab society are broad, not backed by clear rationale, and have not been refined to minimize the damage that will be caused.
- **Harming the Most Vulnerable at the Most Vulnerable Time:** In a joint letter published by [The Local Authorities Center, Forum of Independent Cities, and](#)

[the Center for Regional Authorities in Israel](#), mayors emphasized that the proposed budget cuts jeopardizes both the populations most in need of support and the authorities best positioned to serve them. They underscore that the cuts to Arab and Bedouin society development plans constitute a severe blow, and that the additional cancellation of NIS 600 in local authority budgets entails their economic collapse and severe damage to their ability to provide basic services. “The proposed 2024 budget contradicts the needs of the State of Israel currently, opting to harm vulnerable populations instead of prioritizing rehabilitation and development”.

- **Reverse Achievements, Jeopardize Growth:** [A petition signed](#) by over 250 Jewish and Arab mayors, civil society leaders, politics, academics, philanthropists, and business leaders called on the government to cancel the cut and hold an in-depth discussion with leadership from Arab society. It emphasized the budgets are critical for vital programs and projects that develop Arab society as a growth engine for the entire economy. They have begun to yield results across various sectors, including education, higher education, employment integration, economic development, housing, and transportation and must not be reversed. [The National Committee of Heads of Arab Local Authorities \(NCHALA\)](#) also warns these cuts will jeopardize achievements of the five-year plans, including a 22% increase in the matriculation qualification rate, an increase in the number of Arab students in academia, and a doubling of the employment rate of Arab Israeli women. They warned that the anticipated cuts could lead to severe economic consequences, exacerbating disparities and stalling ongoing economic growth.
- **Erosion of Trust:** One of the most impactful aspects of multiyear economic development plans for Arab society is the cooperation it fostered between Arab leaders and government officials, including increased trust in each other’s mutual and shared interests. Beyond the economic impact, sizable and permanent cuts would erode Arab citizens’ trust that the government will remain committed to improving Arab socio-economic mobility and integration in Israel. Following the cabinet’s approval, Ameer Bisharat, CEO of the NCHALA described: “The government's decision, contrary to the recommendations of all the professionals regarding the Arab society's budget, is actually a decision by the government to give up on the Arab society. It reflects a lack of responsibility and a lack of strategic vision, with severe and targeted damage to the Arab society.”

## **Cuts to GR 549**

While the cuts the budget to prevent crime and violence in Arab society (GR-549) are subject to the same concerns bulleted above, they raise additional strategic concerns related to personnel security. In 2023, with 233 murders in Arab society, security officials urged for sustained efforts to address the surge in crime. [The head of the Shin Bet cautioned cabinet members about the long-term strategic threat posed by the reduction](#), arguing that such cuts could erode Arab citizens' sense of belonging to Israel, potentially leading to grave consequences. [Roi Kahlon, head of the Bureau for Combating Crime and Violence in Arab Society in the Prime Minister's Office, also opposes the cut](#). According to him: "A budget cut in the five-year plans, particularly in Resolution 549, at a time when there has been a significant increase in crime in Arab society, is liable to harm the activity of the law enforcement system and the various government ministries." The intensification of the phenomenon of crime in Arab society, alongside a significant increase in the scope of illegal weapons possession, constitutes in my view a security risk to the State of Israel," Mr. Kahlon also said that an effort should be made to reduce the damage to the other five-year plans of Arab society, which also contribute to reducing crime.

## **Minister of Social Equality Submits Resignation**

The proposal to cut budgets comes against the backdrop of [Minister Amichai Chikli's announcement](#) that he wishes to resign from his position as Minister of Social Equality. The Ministry of Social Equality is the government ministry that integrates the government's economic development programs for Arab society and includes the Authority for Economic Development to Arab Society. Minister Chikli announced that out of a desire to reduce government spending, he was giving up his position as Minister for Social Equality. At the same time, the minister asked that the Bedouin authorities remain under his responsibility as Minister of Heritage. The minister's resignation has not yet taken place. It is unclear what the future of the ministry will be. However, the Economic Development Authority for Arab Society will not be closed and is expected to be transferred to the Prime Minister's Office.