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Ranking of the Arab Local Authorities Included in Government Resolution No. 550 According to Indicators of Economic Resilience

Alexander Zablotzky Adi Arad
Yaniv Reingewertz

Editor (Hebrew): Revital Aviv Matok
English editing: Suzanne Brown
Graphic design: Efrat Speaker

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Myers JDC Brookdale Institute

P.O.B. 3886, Jerusalem 9103702, Israel

Tel: 02-6557400

brookdale.jdc.org.il/en | brook@jdc.org

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Abstract

This study was conducted at the request of the Authority for the Economic Development of the Minority Sector in the Ministry for Social Equality and the Advancement of Women. Its goal was to develop a list of indicators for measuring the economic resilience of the 58 Arab local authorities included in Government Resolution No. 550 and to rank these authorities based on the indicators. Resolution No. 550 was adopted by the government in 2021 as part of a multi-year economic plan to reduce gaps between the Arab population of Israel and the general population.

The research team formulated a set of indicators based on a review of academic and professional literature and adapted them to the unique characteristics of Arab local authorities based on consultation with professionals and considering the limitations of available data. The study proposes using ten quantitative indicators to assess the economic resilience of Arab local authorities. These indicators are grouped into three sub-categories: revenue, surpluses or deficits, and expenditure-related factors. The revenue indicators include own-source revenues from residential property tax per resident; own-source revenues from non-residential property tax per resident; the property tax collection rate (including both residential and non-residential property); other own-source revenues per resident; total revenues per resident; and the percentage change in the authority's own-source revenues compared to the previous year. The surplus/deficit indicators include the authority's annual surplus or deficit and total accumulated deficits. The expenditure-related indicator is the number of residents in the authority. This indicator expresses economies of scale, as smaller authorities tend to have higher per-resident expenditures. All selected indicators rely on existing data sources.

In addition to developing the indicators, the study ranked the Arab local authorities in this study according to the indicators and compared these authorities to other local authorities with similar characteristics. The findings indicate that Arab local authorities rank lower in economic resilience compared to the reference group across all indicators.

This ranking is intended to serve as a basis for planning government policy to support Arab local authorities. It is recommended that policymakers use these indicators to assess the functioning of local authorities – that is, the extent to which they require support from the central government and their capacity to make effective use of such support.