



FACTSHEET

SHRINKING CIVIL SPACE FOR PALESTINIAN ORGANIZATIONS IN JERUSALEM

2025

Palestinian civil society organizations in East Jerusalem are crucial for maintaining the social fabric and ensuring that Palestinian perspectives are heard, but face increasing hardships due to the shrinking civil space. The corresponding challenges undermine their ability to operate effectively, advocate for Palestinian rights, and provide essential services to the community. Key factors contributing to these difficulties include:

1. Israeli Restrictions and Crackdowns

- Many Palestinian CSOs struggle with the Israeli permit system, making it difficult to register organizations, obtain licenses, or secure funding. Israeli authorities use bureaucratic measures to close or restrict these organizations. In addition, Israeli banks often impose restrictions on Palestinian accounts due to anti-terror financing laws, making transactions and thus functioning difficult, if not impossible.
- Several Palestinian civil society organizations have faced repeated crackdowns, including raids, arrests of activists and staff, and office closures. Most recently, in February 2025, the Educational Bookshop was raided and its owners were arrested. In April 2025, Israeli National Security Minister Itamar Ben-Gvir ordered the closure of the Jerusalem Fund and Endowment's offices. A number of prominent Palestinian institutions have been shut down for years, including the Orient House, the Arab Jerusalem Chamber of Commerce, the Higher Council of Tourism, and the Arab Studies Society.

- The Israeli permit system and the separation wall restrict movement for staff, volunteers, and beneficiaries, making it difficult to conduct fieldwork or hold events.
- Most recently, in March 2025, Israel announced new visa and registration rules for international aid organizations operating in the Palestinian territories¹, which give officials broad authority to reject the registration of NGOs, thus undermining relief efforts. Restrictive measures include the requirement to submit the names, contact details and identification/passport numbers for Palestinian and foreign staff and information about funding sources and international and local cooperation partners. Registration criteria include whether an NGO or its employees have ever called for a boycott of Israel, denied its existence “as a Jewish and democratic state,” or expressed support for legal proceedings against Israeli citizens in international courts. It is feared that many aid organizations will not be able to operate under these conditions.
- Another recent development is a preliminary vote by the Knesset on 19 February 2025 to pass the Associations Bill (Amendment - Donation from Foreign State Entity), 2024 (also referred to as “taxation bill”) - a legislation² that would levy an 80% tax on NGOs which receive a majority of their donations from foreign state entities and are not budgeted by the State of Israel.³ In addition, the bill will erode their right to file lawsuits in Israeli courts. The bill would severely hinder and likely prevent many local human rights organizations from being able to operate in Israel and the Palestinian territories. According to the bill’s explanatory notes and public statements by its sponsors, the proposed law seeks to: reduce foreign governmental influence on Israeli democracy, prevent foreign states from funding internal ‘agents of change,’ and protect national sovereignty. The bill is under deliberation by the Constitution, Law and Justice Committee. Public discussion is ongoing, and numerous legal, political, and civil society voices have called for its rejection or revision.

2. Financial Hardships

- Available funding is limited and often restricted to short-term projects (one-year contracts/cooperation agreements), making longer-term planning and institutional stability very difficult. In addition, the lack of core funding is a big problem, as donor aid usually focuses on project-related expenses (i.e., for activities), while not properly covering running costs and salaries.
- Another problem is that funders often prioritize larger, more established organizations, repeatedly directing resources to the same entities, while smaller ones are left struggling to survive.

¹ https://www.gov.il/en/pages/interministerial_team_registration_humanitarian_organizations_foreign_employees.

² <https://main.knesset.gov.il/en/news/pressreleases/pages/press19225d.aspx>.

³ Exempted are NGOs with a total annual revenues under NIS 100,000.

- Many international donors further hesitate to fund Palestinian CSOs due to Israeli pressure, threats of criminalization or antisemitism, fear of “headaches” having to defend/justify funding decisions, or bureaucratic restrictions.
- In addition, donors increasingly apply politically conditioned funding, requiring potential organizations on the receiving end to sign so-called anti-terror clauses, and demanding that they speak out against initiatives such as the Boycott, Divestment and Sanctions (BDS) Campaign, and distance themselves clearly from certain political groups or individuals from. This also includes the donors’ “censorship” of published materials and interference with topics and participants.
- Palestinian organizations in Jerusalem face heavy taxation from Israeli authorities, further straining their financial sustainability. Palestinians have to pay the same tax rates as Israelis, whose income is much higher. In particular, the so-called Arnona tax, which has to be paid in addition to the rent and depends on the area, size and condition of the building, is an additional burden. All of this has already forced many Palestinian businesses and institutions to close or move to the West Bank.
- Due to Israeli zoning policies and land confiscation, it is difficult for Palestinian organizations to secure affordable office spaces in East Jerusalem.

3. Political Oppression

- Palestinian organizations advocating for human rights, cultural preservation, or political representation face systemic pressures from Israeli policies and are often targeted under Israeli laws that criminalize activities perceived as promoting Palestinian identity or heritage. Activists and staff members are subject to surveillance, threats, and arrests, discouraging civic engagement and advocacy.
- Further restrictions are imposed by Israeli propaganda instruments and institutions (hasbara) such as the so-called NGO Monitor, which plays a key role in providing Israeli ministries and diplomatic missions with misleading information to defame Israeli and Palestinian human rights organizations, and mobilizes the government to pressure European counterparts to stop funding them.
- In the inner-Palestinian discourse, there are also representatives of anti-normalization who reject any form of dialogue, cooperation or partnership with the “Israeli side”. Behind this is the argument that something that is inherently abnormal, such as oppression and injustice, should not be treated as if it were normal. This view is even applied to Israeli organizations and individuals who advocate for peace and Palestinian rights, and therefore those who nevertheless maintain relations are often intimidated or even threatened, and joint events are disrupted or forced to end.