



## FACTSHEET

# SOCIO-ECONOMIC SITUATION OF PALESTINIANS IN JERUSALEM

2025

- The **dropout rate** in East Jerusalem is very high: about one-third of Palestinians over the age of 18 have not completed 12 years of schooling. In the 2022/23 school year, 3,183 students (equivalent to 117 classes and 4% of boys and 3% of girls) left schools in Jerusalem.<sup>1</sup> Given the underdeveloped economy in East Jerusalem with limited employment opportunities, male school dropouts in particular often end up as cheap labor in Israel's job market.
- In 2023, 116,300 Palestinians (aged 15 and above) from East Jerusalem were part of the **labor force**, accounting for 45% of the total labor force in Jerusalem. Of these, 106,700 (92%) were employed (men: 81,600; women: 25,000). The labor force participation rate for Palestinian women remained low at 22%, compared to 61% among Jewish women.<sup>2</sup> This is due to cultural constraints, low educational attainment, and a lack of childcare facilities. In contrast, the labor force participation rate of Palestinian men exceeded that of Jewish men: 69% compared to 51%,<sup>3</sup> largely due to the high proportion of ultra-Orthodox Jews, who often do not work.
- The **unemployment rate** in Jerusalem among the working-age population (25 to 64 years old) was 4% in 2023 (Palestinians: 6%, Jews: 4%).<sup>4</sup> As a result of the Gaza war, unemployment among East Jerusalem Palestinians rose exponentially by 340% in 2023 (compared to 140% for Jerusalem overall), as many were dismissed or placed on unpaid leave.<sup>5</sup>

<sup>1</sup> Ir Amim, *Curriculum Under Attack*, August 2023 (Hebrew).

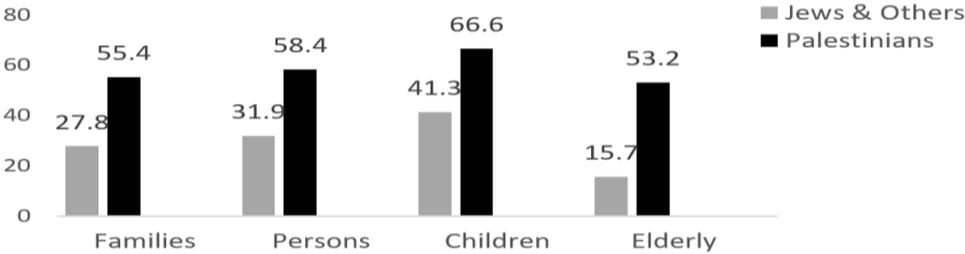
<sup>2</sup> JIPR, *Statistical Yearbook of Jerusalem 2024*, Table VII/1.

<sup>3</sup> Ibid.

<sup>4</sup> JIPR, *Statistical Yearbook of Jerusalem 2023*, Table VII/1.

<sup>5</sup> Ir Amim, ACRI, HaMoked & Emek Shaveh, *East Jerusalem in the Shadow of the War*, April 2024

- Due to **war-related disruptions** in trade, tourism, and transportation, 80% of businesses in Jerusalem’s Old City have partially or completely shut down.<sup>6</sup> The tourism sector in East Jerusalem has been particularly affected, impacting its 45 tourism offices, 19 hotels with 1,100 rooms, 12 guesthouses with 450 rooms, 298 Palestinian tour guides, 296 tourist buses, 350 souvenir shops, and dozens of restaurants.<sup>7</sup>
- The **poverty rate** among Palestinians in Jerusalem is significantly higher than among Israelis.



Source: JIPR, *Statistical Yearbook of Jerusalem 2024*, Table VI/1.

- Israeli policies have turned East Jerusalem’s economy into an "island" with extremely **limited development opportunities**. The separation wall has cut off West Bank residents from the markets in East Jerusalem, and Israel has also banned the import of certain Palestinian goods into East Jerusalem, causing significant losses to the Palestinian economy. Even when goods are permitted, they must undergo complicated and costly procedures, which raises costs for Palestinian producers.
- Palestinians are required to pay the same **tax rates** as Israelis, even though Israeli incomes are much higher. In particular, the so-called *Arnona* tax — paid in addition to rent and based on the area, size, and condition of the building — is a heavy burden and has already forced many Palestinian businesses and institutions to close or relocate to the West Bank. Between 1999 and 2013 alone, over 5,000 Palestinian businesses in Jerusalem shut down, severely limiting employment opportunities.<sup>8</sup>
- Unlike Israelis, Palestinians must prove their residency in Jerusalem in order to access **insurance benefits** (health insurance, wage replacement benefits, child allowances, pensions, material assistance, etc.), and they receive no support while their claims are being reviewed. Furthermore, spouses of Palestinian Jerusalemites who are from the West Bank are not entitled to social benefits (such as unemployment or disability pensions and health insurance), even if they have been granted a residence permit for the city.
- Israeli authorities systematically allocate **resources** — permits, land use, employment opportunities, financial support — in favor of Jewish Israeli citizens, while Palestinians are left in densely populated areas that are underdeveloped and lack adequate basic services.<sup>9</sup>
- East Jerusalem suffers from a severe shortage of housing and infrastructure, leading to overcrowding and “illegal” constructions that are subject to demolition. In 2024 alone (as of July 31), 127 buildings were demolished, leaving 284 people homeless, including 123 minors.<sup>10</sup>

<sup>6</sup> UNCTAD, *Economic crisis worsens in occupied Palestinian territory amid ongoing Gaza conflict*, September 2024.

<sup>7</sup> Khashram, Tony, “Tourism in Jerusalem, *This Week in Palestine*, October 2024.

<sup>8</sup> UNCTAD, *The Palestinian economy in East Jerusalem*, 2013.

<sup>9</sup> Amnesty International, *Israel's Apartheid Against Palestinians*, 2022.

<sup>10</sup> B’Tselem, Home Demolition Database.