



## Special Focus: Rising Poverty in 2005

How poor are Palestinians in the West Bank and Gaza – and is their poverty worsening? With a variety of measurements for poverty being used the subject is shrouded in debate, and inevitably, politics.

According to the findings below, poverty levels are high in the occupied Palestinian territory (oPt) and worsening. The gap between the rich and the poor is widening and more people state they need humanitarian assistance than ever before.

This Update focuses on the numbers of poor, their location and the reasons behind their poverty.<sup>1</sup> A clear understanding is needed to target assistance. In November, an international appeal for emergency assistance for Palestinians will be launched for the fourth consecutive year. It will ask donors for around \$215 million in aid for Palestinians. Its aim is to target those most poor.

### How Many Palestinians are Poor?

In the oPt depending on what measures are used, poverty in oPt is estimated to be between 45 – 70% of the population. This is a wide variation, but the fact remains that a large proportion of the Palestinian population is poor, living on under \$2.20 per person per day. And, it appears to be worsening.

What the surveys say:

- According to statements by households concerning their income, **67% of households were below the poverty line**. Poverty levels are worsening – this figure is 6% higher than in the fourth quarter of 2004.<sup>2</sup>
- According to the Palestinian Central Bureau of Statistics (PCBS) Labour Force Surveys, **57% of employees have monthly wages below the poverty line** in the second quarter of 2005.<sup>3</sup> Median monthly household income decreased from \$500 before September 2000 to \$ 349 in the first quarter of 2005.<sup>4</sup>
- Using macro-modelling of per capita consumption (based on GDP and unemployment indicators), the World Bank estimates that **48% of the population is under the poverty line at the end of 2004** – 38% in the West Bank and 65% in the Gaza Strip.<sup>5</sup>
- The Palestinian Perceptions surveys estimate that poverty increased from **55% in 2004 to 64%** in July 2005.<sup>6</sup>
- The PCBS Palestinian Expenditure and Consumption Survey (PECS) income-based definition of poverty estimates that **54% of the population is poor**; 48% in the West Bank and 65% in the Gaza Strip.<sup>7</sup>
- According to the PECS consumption based definition of poverty, **25.5% of the Palestinian population is poor**; 19.8% in the West Bank (including Jerusalem) and 37.2% in the Gaza Strip.

### Explaining the variation

Palestinians do not appear as poor under a consumption-based definition of poverty compared to the income-based definitions. The difference (final bullet point above) is because an income-based definition of poverty does not account for the role played by savings, credit, borrowing and food grown for home consumption.<sup>8</sup> However, these poverty-mitigating strategies – to use remaining savings, go

into debt with neighbours and rely increasingly on credit – are unsustainable.

The fact that people are increasingly relying on them reinforces the importance of food aid as a form of income support that allows people to use their resources for other essential needs. Reducing food aid, therefore, is likely to put extreme stress on these already-stretched strategies.

### How does poverty in Israel and oPt compare?

A common source of confusion is the comparison of poverty between the oPt and Israel. As of December 2004, the poverty line in oPt is \$2.20 per day per member of a benchmark family.<sup>9</sup> In comparison, the official Israeli poverty line for the same family is \$7.30 per day per member (Figure 1).

Figure 1: Percentage of population below the poverty line in Israel

	Individuals %	Children %
2004	23.6	33.2
2003	22.4	30.8

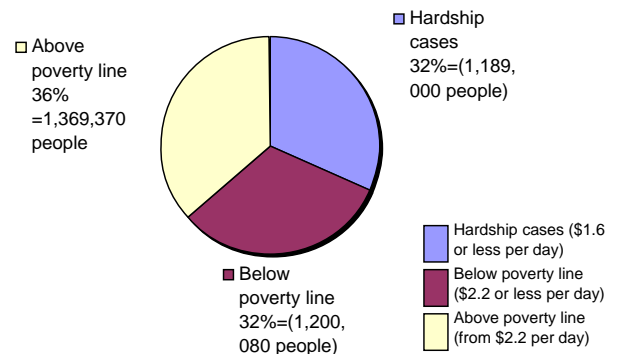
Source: National Insurance Institute Poverty Survey, March 2005

### How Poor are the Poor?

Different measures developed by PCBS estimate that anywhere between 16% and 44% – or between 602,000 and 1,660,000 Palestinians – are unable to afford the basics for survival in spite of large external assistance.<sup>10</sup> Adopting an income-based poverty definition, 44% of people are spending less than \$1.60 per person per day. Adopting a consumption-based poverty measure, 16% of the population is spending less than \$1.60 per person per day.

Again, whatever the measure, there is a very large proportion of the population at the very bottom with limited ability to cope. Figure 2 provides a breakdown of the poor and subsistence poor, according to the Palestinian Perceptions Survey.

Figure 2: Percentage of Palestinian population



Source: IUED, Poll #9

### The Poor are Getting Poorer

Traditionally, Palestinians thought that their situation was similar to others in the community, a situation that promoted strong social

cohesion. That is now changing. The majority still feel it to be the case, but the number of Palestinians who feel their situation is worse than their neighbours is growing, indicating growing pessimism and a perception of rising inequality (Figure 3). Findings from the Palestinian Perceptions surveys suggest that the proportion of households in the West Bank who think that their household's financial situation is worse than others in the community has increased from 16% to 29%.

Inequality is also increasing. According to the World Bank, the richest 10% of the population consumed 25% of total consumption in 1998 compared with 38% in 2003 (Figure 3). However, this trend appears to be due to the bottom getting poorer than the top 10% of the population doing better.

Figure 3: Distribution of total food consumption among the Palestinian population

	Poorest 90%	Richest 10%
1998	75	25
2003	62	38

Source: World Bank staff calculations based on National Poverty Survey and PECS 1998

### Where are the Poor?

(See map on page 3)

Location is a key determinant of poverty. People in Gaza are poorest (with 37% in poverty and 26% in subsistence poverty).<sup>11</sup> Residents of the middle area in the West Bank are least likely to be poor (with just 6.7% living in poverty and 4% living in subsistence poverty).<sup>12</sup> In the West Bank, Hebron, Bethlehem, Jenin and Tubas have the highest poverty levels. Poverty in East Jerusalem is low compared to other parts of the West Bank and the Gaza Strip, but the number of Palestinians in subsistence poverty in Jerusalem tripled in 2004 from 2% to 6%.<sup>13</sup>

In general, poverty is more prevalent in camps and villages compared to urban areas although deterioration of the situation in the urban and rural West Bank is marked.<sup>14</sup>

### Who are the Poor?

The bigger the household, the more likely it is to be poor. This is because a greater proportion of members are likely to be dependents. Single-person households are also more likely to be poor than households with between 2 – 5 members, possibly because they are elderly or isolated and without support networks (Figure 4).

Figure 4: Poverty according to household size

Household size	% in deep poverty
1	11.8
2-3	7.5
4-5	11.0
6-7	12.5
8-9	21.0
10+	33.1

Source: PCBS PECS 2004

Other factors that shape Palestinian poverty include the following<sup>15</sup>:

- Low education level of household head;
- Unemployment of household head or household head outside the labour force;
- Households headed by a female;<sup>16</sup>
- Limited access to agricultural lands; and
- Households unconnected to public services.

### Why are the Poor Poor?

The main reasons for the climbing poverty rates are job loss and the reduction of working hours.<sup>17</sup> The West Bank Barrier has also significantly impacted communities located nearby. In these areas the poverty rate is 65%, higher than the 57% average for the oPt as a whole (Figure 5).

Figure 5: Poverty close to the Barrier

	Subsistence poor	Below poverty line (excl. subsistence poor)	Above poverty line
Areas near the Barrier	24%	41%	35%
Average in all the oPt	23%	34%	43%

Source: Palestinian Public Perceptions Report VII, IUED

In the Gaza Strip, damage to businesses and land has also resulted in income loss. In Jerusalem, the increase in prices of goods and transportation costs related to the construction of the Barrier and mobility restrictions are also important.

### Growing Need for assistance

The need for assistance appears to be growing. Around 70% of households in the oPt said they needed assistance during the first quarter of 2005, a rise over the last two quarters (Figure 6).<sup>18</sup> The need for food, employment and financial assistance has increased in the last year (Figure 7), while assistance received has actually fallen (Figure 8). Palestinians continue to view employment as the most important unmet need and as the best way of improving their situation.

Figure 6: Percentage of families stating they need assistance

	Quarter 4 2004	Quarter 1 2005
oPt	67.5	70.2
West Bank	66.7	69.4
Gaza Strip	68.9	72.0

Source: PCBS / MAS Quarterly Economic and Social Monitor, July 2005

Figure 7: Most important unmet needs in the oPt

	Feb 2004	Nov 2004	Jul 2005
Employment	29	32	32
Food	10	14	14
Health	12	8	8
Financial assistance	23	28	27
Housing	15	11	7
Education	11	8	12

Source: Palestinian Public Perceptions Polls (unpublished)

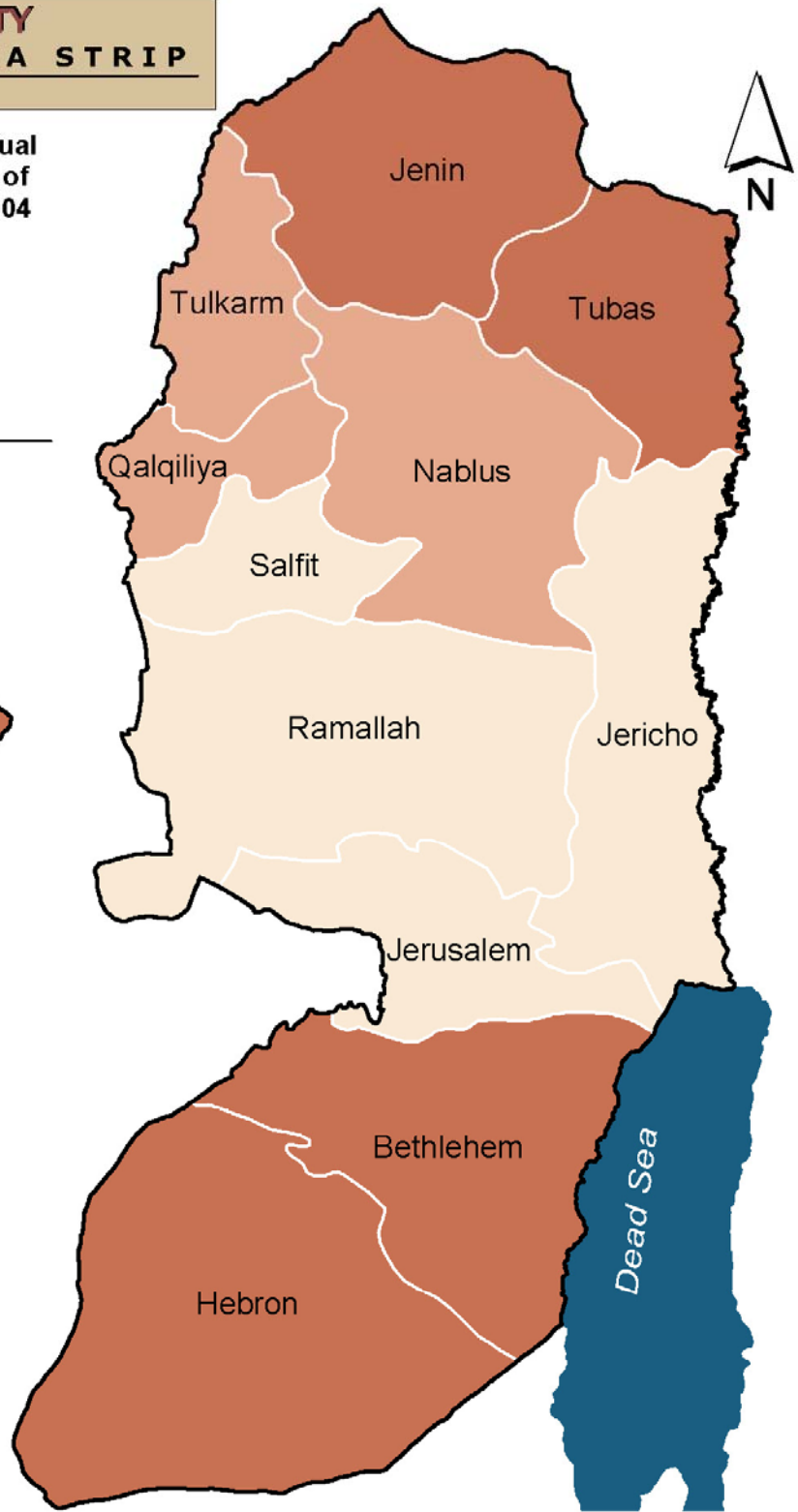
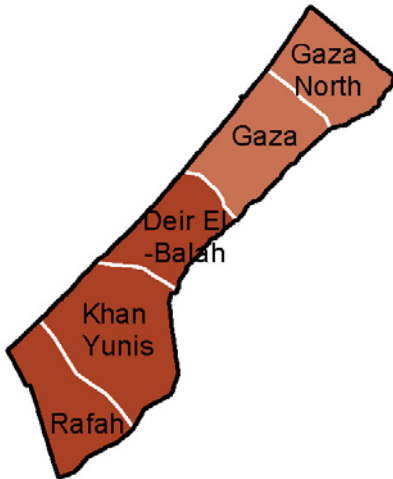
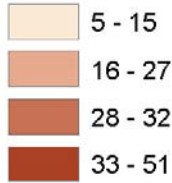
Figure 8: Percentage of Palestinians who received assistance in the last six months in the oPt, according to type of assistance

	Nov 2001	Nov 2002	Jul 2003	Feb 2004	Nov 2004	Jul 2005
Employment assistance	0	0	3.3	-	9	4
Financial assistance	14	10	12	9	12	8
Food Assistance	36	45	42	33	31	31

Source: Palestinian Public Perceptions Polls (unpublished)

Occupied Palestinian Territory **POVERTY**  
**WEST BANK & GAZA STRIP**  
 2005 October Map

**Poverty Rates According to Actual Monthly Consumption Patterns of Households by Governorate, 2004**



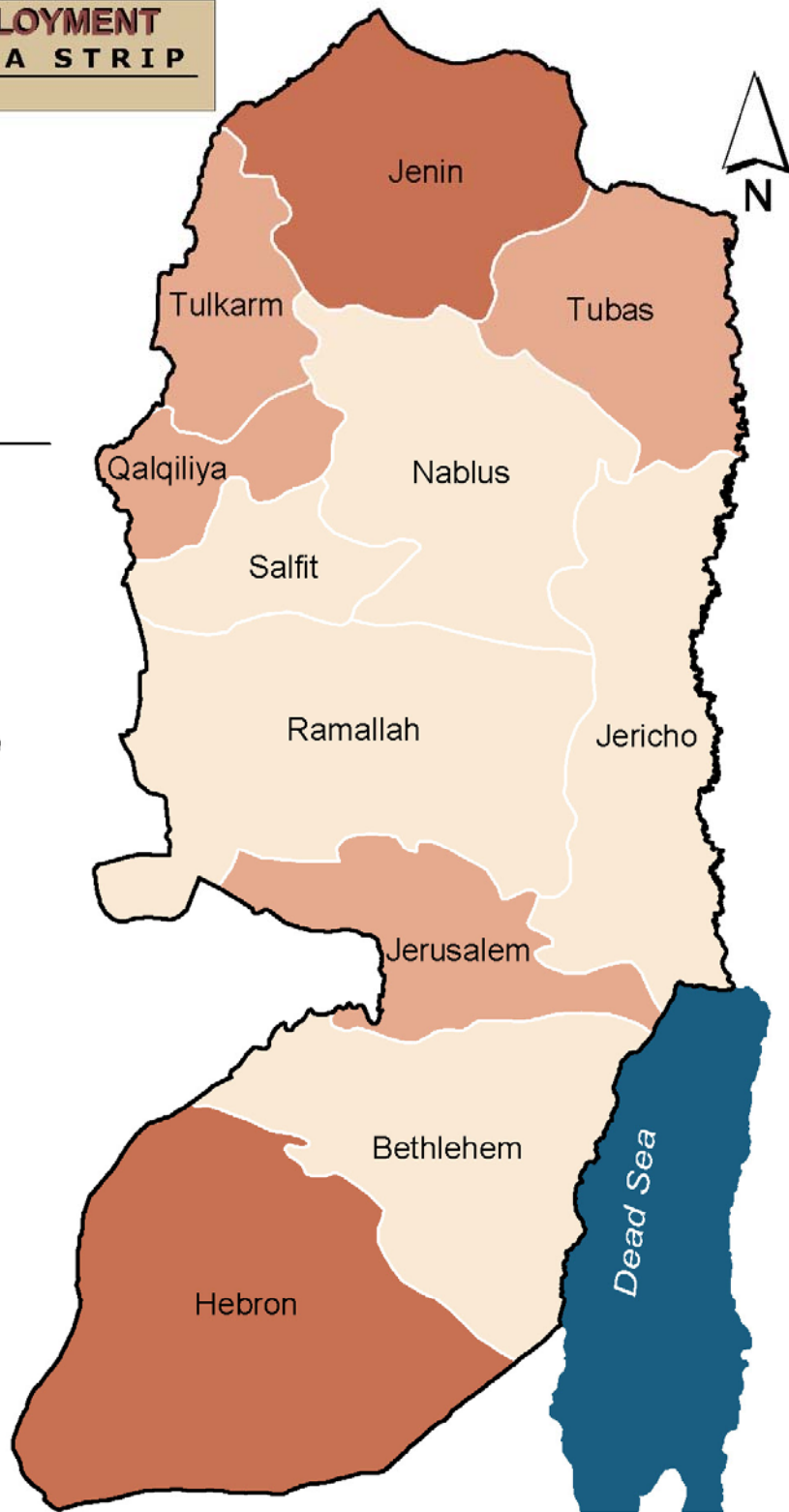
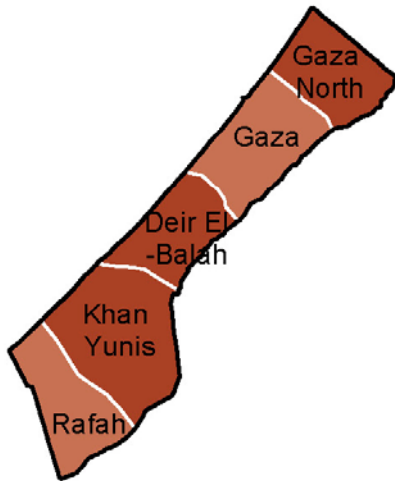
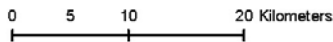
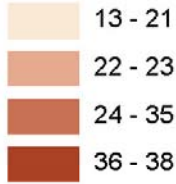

**United Nations Office for the Coordination of Humanitarian Affairs**

Source: Palestinian Central Bureau of Statistics, poverty survey 2004  
 Cartography: OCHA - oPt - October 2005  
 Base data: PA MoP, July 2000, OCHA update 2004  
 For comments contact <ochaopt@un.org> or Tel. +972 (02) 582-9862  
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The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities or concerning the delimitation of its frontiers or boundaries.

Occupied Palestinian Territory **UNEMPLOYMENT**  
**WEST BANK & GAZA STRIP**  
 2005 October Map

**Unemployment % by governorate, 2004**

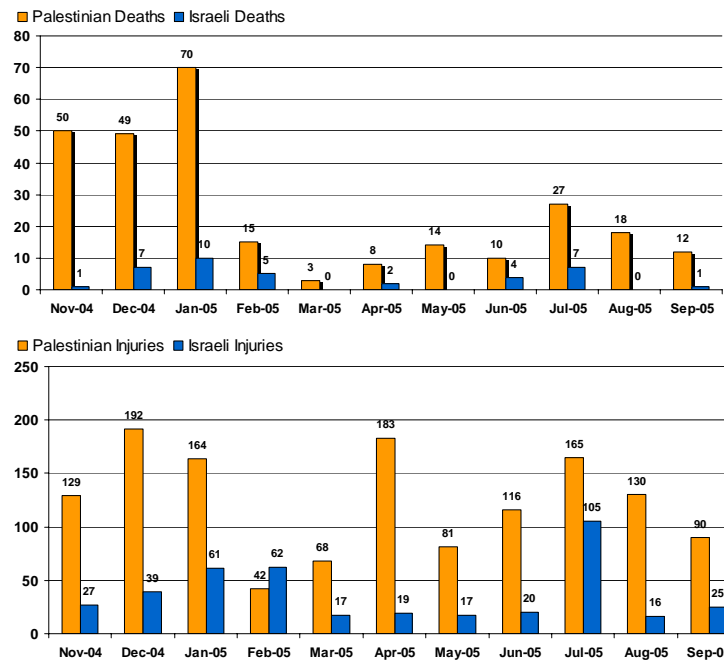



**United Nation  
Office for the Coordination of Humanitarian Affairs**  
 Source: Palestinian Central Bureau of Statistics, labor force survey 2004.  
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## II. Monitoring Issues

### Casualties: Palestinian and Israeli Deaths



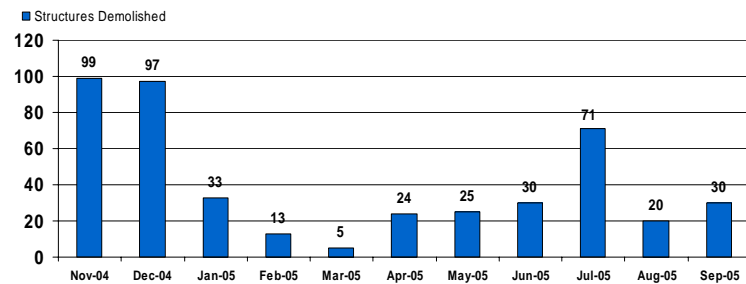
### Casualties

From 31 August to 27 September 2005, 12 Palestinians were killed and 90 injured. Most of these casualties were the result of IDF fire near Israeli settlements in the Gaza Strip before the IDF withdrawal and during a series of IAF aerial strikes in the Gaza Strip following Palestinian militants firing of rockets into Israel that injured six Israelis.

One Israeli was killed by Palestinian militants and a further 25 injured, including three Israeli activists injured by Israeli settlers in clashes. One international was also injured during demonstrations against the West Bank Barrier near Ramallah.

These figures are lower than those reported in August 2005 but remain high compared with casualties reported throughout 2005.

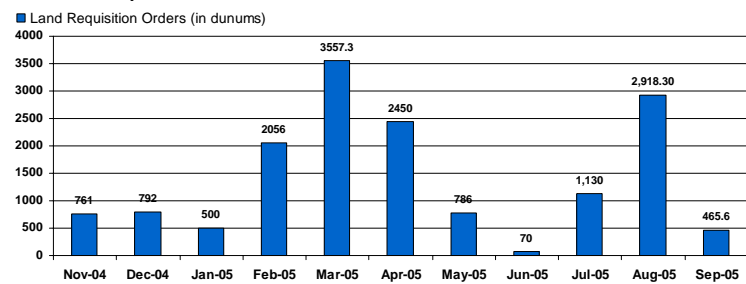
### Structure demolished



### Structures demolished / people affected

From 31 August to 27 September, 30 structures were demolished by the Israeli military, affecting at least 145 people. A further ten structures were partially demolished, seven of these during a series of IAF aerial strikes in the Gaza Strip. Fourteen of the structures demolished were shelters provided by ICRC in Jericho governorate to 89 people. The number of structures demolished is higher than in the previous month but comparable to the number of structures reported demolished in previous months in 2005.

### Land Requisition Orders

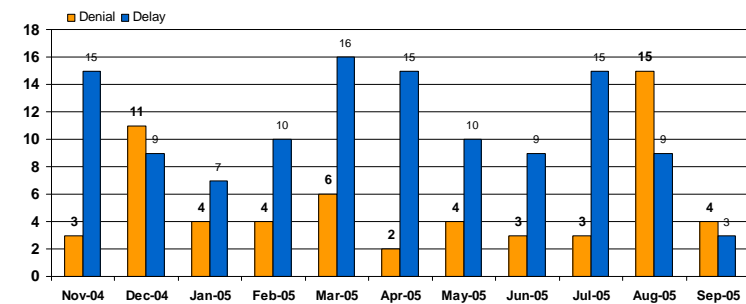


### Land levelling/requisition/trees destroyed

At least 465.6 dunums (46.6 hectares) of land was requisitioned by the IDF between 31 August and 27 September 2005. This figure is substantially less than August 2005, which included large requisition orders for construction of the Barrier around Ma'ale Adumim settlement. However, land levelling continued for the construction of the Barrier in Qalqiliya, Salfit, Ramallah/Al Bireh, Jerusalem, Bethlehem and Hebron governorates.

In the Gaza Strip, the IDF began levelling land previously razed in the north-eastern area of Beit Hanoun along the northern border with Israel in what is expected to be a 150 metre wide buffer zone along the length of the border.

### Ambulance Incidents



### Ambulance incidents

There were seven incidents of denials and delays reported by ambulance operators between 31 August to 27 September 2005. This is a significant reduction to the August 2005 figure of 25 incidents and the lowest number of incidents reported in any month in 2005. This is partly due to the lifting of internal closures in the Gaza Strip following Israeli disengagement.

Source: PRCS

### Access for Palestinian workers and traders into Israel from the Gaza Strip

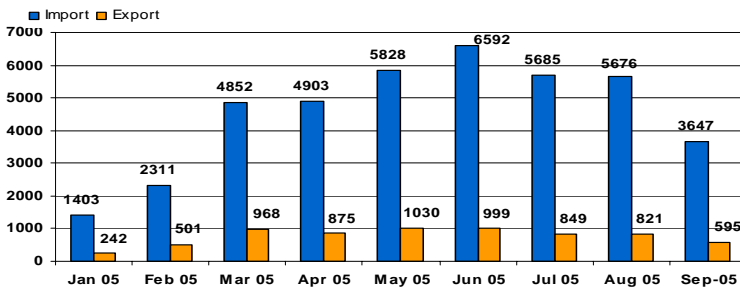
Since 13 August, only a very limited number of Palestinian workers and traders were allowed access into Israel and only a small number of factory owners allowed access into the Erez Industrial Zone (EIZ). The EIZ was subsequently dismantled on 12 September 2005 following Israel disengagement. After Palestinian militants fired more than 20 homemade rockets from the Gaza Strip into Israel on 24 September Erez crossing was closed for all Palestinian workers and traders.

### Erez Crossing: Average Daily Labour Movement

	Nov 04	Dec 04	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05
Workers to Israel	0	72	49	390	1,451	3,200	2,067	3,588	1,767	281	137
Traders to Israel	N/A	N/A	17	70	158	224	103	362	175	168	120
Workers to EIZ	13	35	9	278	537	487	259	458	233	201	41

Source: Palestinian National Security Forces | Data for 2000, 2004 obtained from UNSCO

### Karni Crossing: Truckloads of Imports / Exports

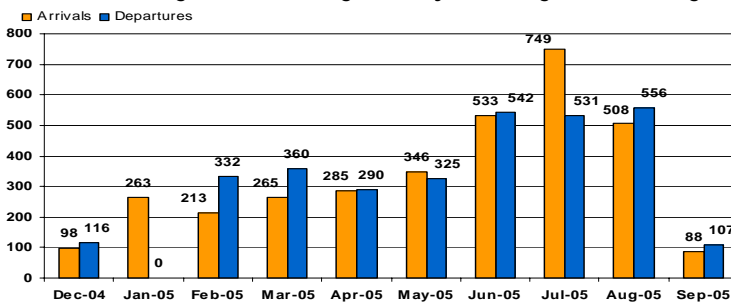


Source: Data Nov 04 -May 05 UNSCO. Jun 05 onwards OCHA. All data received from Ministry of National Economy

### Access for Gazan trade movement through Karni crossing

Truckloads of imported goods to the Gaza Strip fell in September 2005 compared with the previous month. 66% of imported goods came from Israel, 13% from the West Bank and 21% from other parts of the world. Truckloads of exports from the Gaza Strip also dropped in September compared to August. An estimated 68% were exported to Israel and 32% to the West Bank. The decreased flow of goods is partly due to the closure of the crossing since 24 September.

### Rafah Passenger Crossing: Daily average crossing



Source: Data Nov 04 -May 05 UNSCO. Jun 05 onwards OCHA. All data received from Ministry of National Economy

### Palestinians' access internationally from the Gaza Strip

Rafah passenger crossing is the principal point of access for Gazans travelling overseas and is located on the Egyptian border. Following the Israeli disengagement from the Gaza Strip, Israel closed the crossing since 7 September. This is reflected in the very low average number of daily arrivals and departures in September. At the end of September, alternative arrangements for movement in and out of the Gaza Strip have still not been agreed upon between Israeli and Palestinian authorities.

## III. New humanitarian reports:

**Commission on Human Rights Special Rapporteur John Dugard:** Israel's disengagement from Gaza has allowed Israeli to continue with the construction of the Barrier, settlement expansion and "de-Palestinization" of Jerusalem. Professor Dugard is the Special Rapporteur to the Commission on Human Rights on the situation of human rights in the Palestinian territories occupied by Israel since 1967. His latest report found that the Government of Israel has not respected the Advisory Opinion on the Barrier by the International Court of Justice and that the Barrier has serious consequences for Palestinians living near it. The report noted that most Israeli settlers in the West Bank are now situated between the Green Line and the Barrier and existing settlements in these closed areas are expanding and new settlements being built. Settler violence has also increased.

The report stated that Israel has embarked on major changes in Jerusalem. Jewish settlements within East Jerusalem are being expanded and plans are afoot to link Jerusalem with the settlement of Ma'ale Adumin, thereby cutting the West Bank in two. See [<http://www.ohchr.org/>]

**PCBS:** 149 West Bank Palestinian localities are affected by the Barrier including 15 localities located in closed areas. PCBS reported that a total of 47,921 dunums (4,792 hectares) of Palestinian land has been requisitioned by the Israeli military during the building of the Barrier. As of June 2005 the survey found that 301,122 dunums (30,112 hectares) of West Bank land is located between the Green Line and the Barrier. A total of 2,448 households were displaced from the affected localities since the beginning of construction and 1,702 economic establishments closed. Survey results show that 124 localities affected by the Barrier are receiving humanitarian assistance. See [<http://www.pcbs.org/>]

**B'Tselem and Bimkom:** Barrier Route was planned to enable settlement expansion. The report, *Under the Guise of Security*, released by two Israeli NGOs, found that the expansion of settlements in the West Bank was the primary consideration in deciding the route of the Barrier in many areas. According to the authors, "not only were security-related reasons of secondary importance in certain locations, in cases when they conflicted with settlement expansion, the planners opted for expansion, even at the expense of compromised security". See [<http://www.btselem.org/>]

#### IV. Humanitarian assistance to the oPt:

**European Commission contributes €280 million in 2005.** The EC package includes a €60 million contribution to the priorities identified by Quartet's Special Envoy for Disengagement to help revive the Palestinian economy and create institutions capable of addressing the new responsibilities arising following disengagement.

**Canada pledges additional \$24.5 million.** This is intended to help strengthen PA capacity and improve the lives of the Palestinian people. The announcement brings the total figure for Canada's increased assistance to the Palestinian people to \$36.7 million.

**Japan contributes \$5.5 million to rehabilitate shelter.** Japan announced a \$5.5 million contribution to UNRWA, which will enable

UNRWA to reconstruct 333 demolished or unsafe structures which are home to refugee families in eight camps across the Gaza Strip.

**Saudi Committee for the Relief of Palestinian People donates \$3.6 million to Palestinian children:** This donation to UNICEF is to support Palestinian teenagers through education and health programs.

**USAID provides \$1.3 million to support co-existence.** This funding is focused on psychological and social rehabilitation and includes training for physicians and social workers and the production of a joint Israeli-Palestinian TV drama series. In a separate multi-million dollar contribution, USAID will invest in advanced vehicular scanning technology and streamlined customs procedures at four crossing points between Israel and the Gaza Strip.

<sup>1</sup> Two types of poverty are typically referred to in the oPt. The first is 'relative' poverty, defined relative to the standards of living in a society at a specific time. This line is calculated in the oPt as spending less than USD 2.20 per person per day. By contrast, 'subsistence poverty' is more narrow and is based on the cost of satisfying the minimum caloric intake as established by FAO / WHO, plus a basic allowance for non-food items, such as clothing and shelter. This is calculated in oPt as spending less than USD 1.60 per person per day. Ultimately however, the poverty lines are somewhat arbitrary. The important point is to understand changes in poverty over time and to disaggregate the poverty rates according to factors such as household characteristics, region and other to better target the poor population.

<sup>2</sup> PCBS, Impact of Israeli Measures on the Economic Conditions of Palestinian Households (12<sup>th</sup> Round: Jan – Mar 2005).

<sup>3</sup> PCBS Press Release on Labour Force Survey Results (Apr – Jun 2005).

<sup>4</sup> The exchange rate in September 2000 was 4.0 and in March 2005 was 4.3.

<sup>5</sup> World Bank, Stagnation or Revival, 2004.

<sup>6</sup> The Graduate Institute of Development Studies (IUED) adopts the same benchmark household as PCBS of 2 adults and four children. The household is below the poverty line if its income is lower than USD 2.20 per person per day. If it is lower than USD 1.60, individuals are considered to be hardship cases, that is, in subsistence poverty (Palestinian Public Perceptions, Report VIII – June 2005, Executive Summary, IUED, Geneva; unpublished data, Poll 9).

<sup>7</sup> PCBS PECS 2004, Press Release – July 2005.

<sup>8</sup> Furthermore, it is generally accepted that consumption is a more accurate indicator to measure poverty than income.

<sup>9</sup> The benchmark family comprises two adults and four children (PCBS, World Bank).

<sup>10</sup> PCBS has developed two poverty lines according to actual spending patterns of Palestinian families. The first line, the 'subsistence (absolute) poverty line', was calculated to reflect a budget for food clothing and housing. The second line, the 'relative poverty line', adds other necessities including health care, education, transportation, personal care, and housekeeping supplies.

<sup>11</sup> The poverty level in the Gaza Strip is likely to be overstated because the cost of living relative to the West Bank is lower.

<sup>12</sup> PCBS, Poverty in the Palestinian Territory, July 2005.

<sup>13</sup> This is according to the IUED Public Perceptions report (VIII).

<sup>14</sup> Being a refugee does not inherently make a person more likely to be poor. High in refugee camps because also have bigger families and more likely to be in Gaza.

<sup>15</sup> Poverty in the Palestinian territory, Yasser Shalabi, in Poverty and Development in Palestine, Ministry of Planning, Issue 1, 2005; Palestinian Public Perceptions, Report VIII – June 2005, Executive Summary, IUED, Geneva.

<sup>16</sup> Often, female-headed households are thought to be poorer than male-headed households. In oPt, the opposite is true. According to the World Bank, individuals from female-headed households are less likely to be poor than individuals from male-headed households. The Bank suggests that one reason for this is that aid agencies use absence of working-age men as a proxy for poverty with the result that female headed households are more likely to receive aid than male-headed households (Deep Palestinian Poverty, p. 30).

<sup>17</sup> Palestinian Perceptions Surveys

<sup>18</sup> IUED, Report VIII, p. 98