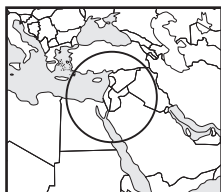


Poor and imprisoned



Since 1948, when they were turned into a refugee population within their own country and the neighbouring Arab States, Palestinians' living conditions have been grim. Furthermore, since the Israeli military occupation in 1967, colonization and racial discrimination have become common practices of the occupying power. Both the separation wall, on which construction began in April 2002, the closure imposed on the Palestinian territories and the last brutal Israeli attack on Gaza of December 2008 have increased segregation, unemployment and economic recession.

Palestinian NGO network
Allam Jarrar

For more than 60 years the Palestinian people have been deprived of their basic right to self-determination and prevented from establishing their own independent state within which social development could be realized without major external political impediments. Ever since 1948, the year of the *Nakba* (catastrophe), when more than half the Palestinians were expelled from their original lands, the whole process of their development has been shaped by outside forces. The year 1967 witnessed an additional complication as the Israeli military forces occupied the rest of Palestine.

Only instability has grown

The establishment of the Palestinian Authority in 1994 as a result of the Oslo agreements signed in Washington DC gave it responsibility for the socio-economic welfare of the Palestinian population in the areas of the West Bank and Gaza. However, the inability to conclude the peace treaty by 2000 led to the second Palestinian *Intifada* (rebellion) that resulted in a major deterioration in the socioeconomic indicators of the population.

According to the 2007 Report released by the World Bank to the Ad-Hoc Liaison Committee, per capita GDP fell from USD 1,612 in 1999 to USD 1,129 in 2006. Moreover, GDP was being increasingly driven by government and private consumption from remittances and donor aid; investment had fallen to extremely low levels, leaving "an inadequate productive base for a self-sustaining economy".¹

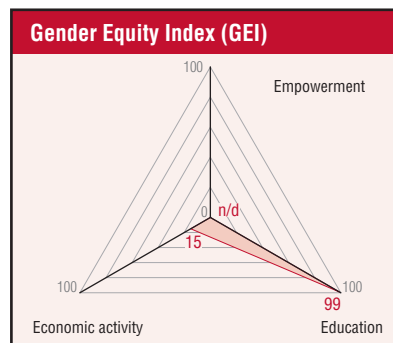
Moreover, the West Bank and Gaza had an expanding labour force and, as result of the unpredictability of the border crossings and checkpoints, the private sector was shrinking. For this reason, public sector employment grew by 60%. While the public sector expanded, the economy's productive capability hollowed out, making it increasingly donor dependent.²

Behind the wall

The Palestinian areas are completely segregated into three major clusters; Palestinians are denied access to Jerusalem. The internal closure regime imposed by the Israeli occupying power over the West Bank and the erection of the separation wall have resulted in deep economic recession and in negative economic growth over the past nine years. In addition, Israel has withheld tax revenues collected on behalf of the Palestinian Authority. This affected the flow and direction of donors' aid by re-directing it into budget support. By preventing any development in Area C (mainly regions to the East and South), Israel stopped donors from directing their aid to nearly 60% of the areas supposedly under Palestinian Authority jurisdiction. This restriction should be challenged by donors, as it is leaving large areas in dire need of assistance.

Increasing poverty

More Palestinians have become poor and more are now at risk of falling into poverty. Surveys conducted for the United Nations Development Programme (UNDP)/Programme of Assistance to the

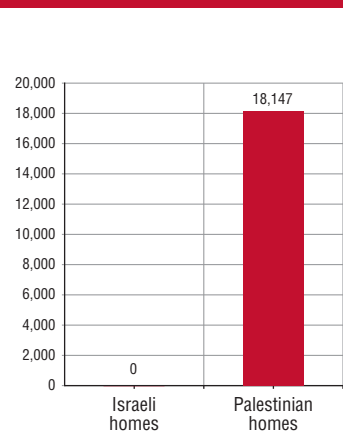


Palestinian People in May 2007 indicate that 58% of Palestinians live below the poverty line, and about half of these, 30%, live in extreme poverty.³ Furthermore, about 9.4% of the average-sized Palestinian households that are technically above the poverty line (a monthly income of about USD 500-750) are at high risk of falling into poverty if the current socioeconomic conditions continue.

In terms of the negative income poverty trend, the percentage of households below the poverty line rose from 50% in March 2006 to 60% in August 2007, with intervening peaks of income poverty of as much as 68% as measured in November 2006. Poverty in the Gaza Strip is more pronounced, with 71% of households poor in August 2007, up from 52% in March 2006. It is most prevalent and severe in the governorates of Khan Younis and North Gaza. In the West Bank, the share of poor households over the same period appears to have remained essentially stable, moving from 49% to 51%; but these figures hide regular peaks of income poverty to over 60%⁴ and some governorates in the northern West Bank, such as Toubas, Salfit, Tulkarem and Qalqilya, show poverty rates similar to the Gaza Strip.

Persistent high poverty rates force many households to rely on coping mechanisms such as drawing on other resources than the main household income. However, underscoring the severity of poverty in the occupied Palestinian territory, nearly 40% of the population no longer

CHART 1. Demolitions of Israeli and Palestinian Homes



Source: <americansknew.org>

* There are no available data on BCI.

1 World Bank. "Two Years After London: Restarting Palestinian Economic Recovery. Economic Monitoring Report to the Ad Hoc Liaison Committee". 24 September 2007. Available from: <siteresources.worldbank.org/INTWESTBANKGAZA/Resources/AHLMainReportfinalSept18&cover.pdf>.

2 Ibid.

3 UNDP. "Poverty in the Occupied Palestinian Territory 2007". *Development Times*, Issue No. 1, July 2007. Available from: <www.undp.ps/en/newsroom/publications/pdf/other/dtpov.pdf>.

4 See: "The Palestinian Poverty Monitor" and the monthly "Pulse". Available from: <www.neareastconsulting.com>.

have access to these alternative means of coping with hardship.⁵

The last massive attack

An all-out blockade was imposed on Gaza; all entry and exit points were closed; all donor-funded projects were frozen; Gaza was turned into a big prison in which 1.5 million Palestinians were jailed, with only some emergency humanitarian support flowing in. At the end of December 2008, Israel launched an all-out war on Gaza, which lasted 22 days, killed more than 1,400 Palestinians, injured thousands, destroyed thousands of homes, left scores of homeless and practically destroyed Gaza's civilian and security infrastructure. As of this writing, no actual steps have been taken to "reconstruct" Gaza.

Moreover, the effects of the conflict are not just determined by the number of human losses or of facilities destroyed. As the overall methods of occupation are violent, their impact permeates the Palestinian society socially, psychologically, culturally and economically.

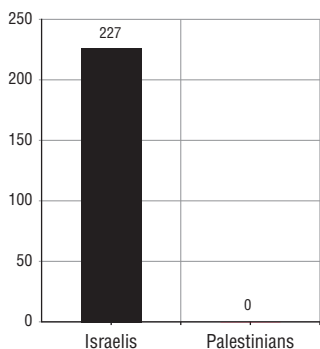
Aid under pressure

As the World Bank reports,⁶ aid flows into the West Bank and Gaza "remain fragmented and focused on bilateral arrangements with donors based on short-term political positions rather than a collective, longer-term view on broader economic and governance fundamental". Aid has been reactive

and temporary in nature. The aid agenda has been determined less by Palestinian development needs than by the competing political agendas of the main donors. Besides, aid has been focusing mainly on what has been described as state building policies, while neglecting the need to focus on Palestinian society building.

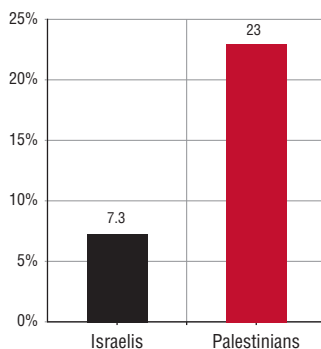
Furthermore, some donors' aid has not been neutral; it has exacerbated internal conflict by supporting one group against the other, by withholding support from factions because of their political positions, or by refraining from funding development projects in compliance with Israeli restrictions and pressures. Development aid dropped from about 28% of total disbursements in 2005 to slightly less than 10% in 2007. In the meantime, "budget support" rose from about 30% in 2005 to nearly 70% of 2007 disbursements.⁷ ■

CHART 2. New Settlements Built (March 2001 - July 2003)



Source: <famericansknew.org/>.

CHART 3. Israeli and Palestinian Unemployment Rates



Source: <famericansknew.org/>.

5 UNDP (2007), *op. cit.*

6 World Bank (2007), *op. cit.*

7 *Ibid.*