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http://www.pcbs.gov.ps : diwan@pcbs.gov.ps :



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10	9	8	7	6	5	4	3	2	1	0	
										694	1
									972	1,287	2
								1,241	1,547	1,846	3
							1,502	1,802	2,096	2,385	4
						1,758	2,053	2,342	2,627	2,908	5
					2,009	2,300	2,585	2,867	3,145	3,421	6
				2,257	2,543	2,826	3,104	3,380	3,653	3,924	7
			2,501	2,784	3,063	3,340	3,613	3,884	4,153	4,419	8
		2,742	3,022	3,299	3,573	3,844	4,113	4,380	4,645	4,907	9
	2,981	3,258	3,532	3,804	4,073	4,340	4,605	4,869	5,130	5,390	10
3,217	3,492	3,764	4,033	4,301	4,566	4,830	5,091	5,352	5,610	5,867	11

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10	9	8	7	6	5	4	3	2	1	0	
										555	1
									777	1,028	2
								991	1,236	1,475	3
							1,200	1,440	1,674	1,905	4
						1,405	1,640	1,871	2,099	2,324	5
					1,605	1,837	2,065	2,291	2,513	2,733	6
				1,803	2,032	2,257	2,480	2,701	2,919	3,135	7
			1,998	2,224	2,447	2,668	2,887	3,103	3,318	3,531	8
		2,191	2,414	2,636	2,854	3,071	3,286	3,499	3,711	3,921	9
	2,381	2,603	2,822	3,039	3,254	3,468	3,679	3,890	4,099	4,306	10
2,570	2,790	3,007	3,222	3,436	3,648	3,859	4,068	4,276	4,482	4,687	11

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36.4	13.0	49.1	24.0
66.7	34.8	79.3	50.7
44.1	18.5	56.8	30.8

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14.0	2.9	19.7	6.1
25.2	8.0	34.9	14.8
16.8	4.2	23.5	8.3

1997

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2006

41.0	18.3	53.6	29.3
29.0	15.4	58.0	29.5
18.5	25.6	66.4	38.6
44.1	18.5	56.8	30.8

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2006

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43.2	2.0	43.2	13.1	1
32.0	10.5	41.9	15.7	3-2
33.9	13.4	47.9	24.5	5-4
43.3	15.5	58.4	28.7	7-6
54.3	23.9	66.4	36.2	9-8
62.1	38.1	72.6	57.8	+10
44.1	18.5	56.8	30.8	

%17.2

2006

0	21.1	46.1	12.5	35.6			
2-1	24.8	49.8	15.1	35.7			
4-3	27.4	54.8	13.9	40.4			
6-5	39.1	67.1	25.0	56.5			
8-7	54.9	74.5	33.9	64.4			
+9	66.6	87.9	55.4	68.0			
	30.8	56.8	18.5	44.1			

%9.0 2006 %7.8

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    38.5
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    62.3
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                                                 43.0
    57.3
                   28.9
                                  64.8
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65.0	23.1	77.6	35.6
32.6	12.5	47.7	26.1
38.4	13.9	52.1	26.7
46.8	22.0	62.1	36.1
34.0	14.8	40.7	22.6
66.0	31.1	74.4	42.0
31.5	5.7	39.6	11.4
44.1	18.5	56.8	30.8

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%30.8

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2006-1998

2006	2005	2004	2001	1998		
30.8	29.5	25.6	27.9	20.3	(%)
8.3	8.0	6.6	7.6	5.5	(%)
4.2	4.4	3.9	5.0	3.0	(%)
18.5	18.1	16.4	19.5	12.5	(%)
24.0	22.3	19.8	18.9	14.5	(%)
6.1	5.8	4.8	4.6	3.7	(%)
2.9	3.0	2.6	2.9	2.0	(%)
13.0	13.1	11.6	12.0	8.4	(%)
50.7	43.7	37.2	46.7	32.8	(%)
14.8	12.5	10.4	13.9	8.9	(%)
8.0	7.1	6.3	9.5	5.4	(%)
34.8	27.9	26.0	35.4	21.6	(%)

%10 %4.4

%4.4 2001 %4.2 2004 %2.9 2005 %4.1 2006

.1998

%10

%27.1 2005 %20.4 2004 2006 %20.7

.1998 %18.9 2001 %20.6

³2004-1998

%10	%90	%80	%70	%60	%50	%40	%30	%20	%10	
%10	7090	70 0 U	7010	70 0 0	7030	7040	70 3 U	70 2U	70 TU	
4.7	79.3	64.6	52.7	42.8	33.6	24.8	17.1	10.3	4.4	2006
4.9	79.6	65.1	52.9	42.9	33.2	24.7	16.6	9.9	4.1	2005
9.4	72.9	57.4	45.2	35.0	26.4	18.9	12.5	7.2	2.9	2004
5.0	79.4	65.5	53.8	43.1	33.7	25.0	17.0	10.2	4.2	2001
4.3	81.1	68.3	56.0	44.7	34.8	25.8	17.8	10.7	4.4	1998

2004-1998

%10 %10	%90	%80	%70	%60	%50	%40	%30	%20	%10	
11.0	73.7	57.6	44.4	34.2	25.9	18.1	11.8	6.3	2.4	2006
10.0	76.6	61.2	47.9	37.1	27.4	19.2	12.1	6.6	2.3	2005
12.5	73.1	57.2	45.5	34.4	25.4	18.0	11.5	6.2	2.2	2004
21.8	71.8	54.5	41.0	30.2	22.2	14.6	9.0	4.4	1.3	2001
8.6	77.0	62.2	49.4	38.5	28.8	20.6	13.6	7.8	2.7	1998

ranking ³

⁴2006 2.2

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2006 ()

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24.0	22.8	77.2	()
76.0	100.0	- ()
100.0	81.5	18.5	

2006

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                    2006
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                                                       88.7
                             11.3
   100.0
                             43.4
                                                       56.6
   100.0
                             24.0
                                                       76.0
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                             28.6
                                                       70.6
   39.5
                             71.4
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   73.9
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جدول (1): نسب الفقر وفقا لأنماط الاستهلاك الحقيقية للأسر 2006

Table (1): Poverty Rates According to Actual Monthly Consumption Patterns of Households 2006

	ِ المدقع Deep Po		ة الفقر Poverty S		ة الفقر Poverty		فقر Pove		
	المساهمة Contribution	القيمة Value	المساهمة Contribution	القيمة Value	المساهمة Contribution	القيمة Value	المساهمة Contribution	القيمة Value	
Palestinian Territory	100.0	18.5	100.0	4.2	100.0	8.3	100.0	30.8	الأراضي الفلسطينية
West Bank	52.5	13.0	52.0	2.9	54.6	6.1	58.3	24.0	الضفة الغربية
Gaza Strip	47.5	34.8	48.0	8.0	45.4	14.8	41.7	50.7	قطاع غزة
Locality Type									نوع التجمع السكاني
Urban	55.7	18.3	53.8	4.0	54.0	7.9	53.8	29.3	حضر
Rural	23.5	15.4	24.6	3.7	25.6	7.5	27.3	29.5	ريف
Refugee camp	20.8	25.6	21.6	6.1	20.4	11.2	18.9	38.6	مخيم
Household Size									حجم الأسرة
1	0.2	2.0	0.1	0.2	0.4	2.0	8.0	13.1	1
2-3	8.2	10.5	6.6	1.9	7.3	4.1	7.4	15.7	3-2
4-5	15.9	13.4	12.3	2.4	14.9	5.6	17.5	24.5	5-4
6-7	24.9	15.5	24.7	3.5	26.3	7.3	27.9	28.7	7-6
8-9	24.3	23.9	26.1	5.9	23.6	10.3	22.2	36.2	9-8
10+	26.4	38.1	30.3	10.0	27.6	17.7	24.2	57.8	+10

جدول (1-تابع): نسب الفقر وفقا لأنماط الاستهلاك الحقيقية للأسر 2006 Table (1-Cont.): Poverty Rates According to Actual Monthly Consumption Patterns of Households 2006

	ِ المدقع Deep Po		ة الفقر Poverty S		ة الفقر Poverty		فقر Pove		
	المساهمة	القيمة	المساهمة	القيمة	المساهمة	القيمة القيمة	المساهمة	القيمة	
	Contribution	Value	Contribution	Value	Contribution	Value	Contribution	Value	
Number of Children									عدد الأطفال في الأسرة
0	11.6	12.5	10.4	2.6	11.2	5.4	11.8	21.1	0
1-2	19.5	15.1	19.5	3.4	19.9	6.9	19.3	24.8	2-1
3-4	21.4	13.9	19.3	2.9	21.6	6.3	25.3	27.4	4-3
5-6	30.3	25.0	31.6	6.0	30.0	11.1	28.5	39.1	6-5
7-8	10.3	33.9	10.9	8.2	10.5	15.4	10.1	54.9	8-7
9+	6.9	55.4	8.3	15.1	6.8	24.4	5.0	66.6	+9
Sex of Head of Household									جنس رب الأسرة
Male	90.4	18.2	92.6	4.3	91.2	8.2	91.0	30.3	نكر
Female	9.6	23.0	7.4	4.0	8.8	9.3	9.0	35.6	أنثى
Refugee Status of Head of HH									حالة اللجوء لرب الأسرة
Refugee	44.9	20.9	48.5	5.2	45.8	9.5	43.1	33.3	لاجئ
Non-refugee	55.1	17.0	51.5	3.6	54.2	7.5	56.9	29.1	غير لاجئ
Labor Force Participation of Head of Household									مشاركة رب الأسرة بقوة العمل
In labor force	75.6	16.6	74.5	3.7	76.7	7.5	80.2	29.3	داخل القوى العاملة
Employed	58.4	14.8	59.0	3.4	60.3	6.8	64.7	27.2	مشتغل
Un-employed	17.2	28.7	15.5	5.9	16.4	12.2	15.5	43.0	متعطل
Outside labor force	24.4	28.9	25.5	6.9	23.3	12.3	19.8	38.3	خارج القوى العاملة
Main source of Income									المصدر الرئيسي للدخل
Agriculture	4.6	23.1	6.3	7.3	5.1	11.6	4.2	35.6	الزراعة
Other household business	15.1	12.5	13.9	2.6	16.1	6.0	19.0	26.1	مشاريع أخرى للأسرة
Wages and salaries-Public sector	11.5	13.9	10.5	2.9	11.3	6.1	13.3	26.7	أجور ورواتب من القطاع العام

جدول (1-تابع): نسب الفقر وفقا لأنماط الاستهلاك الحقيقية للأسر 2006

Table (1-Cont.): Poverty Rates According to Actual Monthly Consumption Patterns of Households 2006

	الفقر المدقع Deep Poverty		ة الفقر	شدة الفقر		فجوة الفقر		الا	
			Poverty Severity		Poverty Gap		Poverty		
	المساهمة	القيمة	المساهمة	القيمة	المساهمة	القيمة	المساهمة	القيمة	_
	Contribution	Value	Contribution	Value	Contribution	Value	Contribution	Value	
Wages and salaries-Private sector	34.0	22.0	35.7	5.3	34.8	10.1	33.6	36.1	أجور ورواتب من القطاع الخاص
Wages and salaries-Israeli sector	6.7	14.8	6.0	3.1	6.1	6.1	6.2	22.6	أجور ورواتب من القطاع الإسرائيلي
Transfers\ aid	26.3	31.1	26.2	7.1	24.8	13.1	21.4	42.0	تحويلات / مساعدات
Other sources	1.8	5.7	1.4	1.0	1.7	2.4	2.2	11.4	مصادر أخرى

جدول (2): نسب الفقر وفقا لدخل الأسرة الشهري، 2006 Table (2): Poverty Rates According to Household Monthly Income, 2006

	ِ المدقع		ة الفقر		ة الفقر		فقر		
	Deep Po		Poverty S		Poverty		Pove		
	المساهمة Contribution	القيمة Value	المساهمة Contribution	القيمة Value	المساهمة Contribution	القيمة Value	المساهمة Contribution	القيمة Value	
Palestinian Territory	100.0	44.1	100.0	16.8	100.0	23.5	100.0	56.8	الأراضي الفلسطينية
West Bank	61.6	36.4	62.1	14.0	62.5	19.7	64.6	49.1	الضفة الغربية
Gaza Strip	38.4	66.7	37.9	25.2	37.5	34.9	35.4	79.3	قطاع غزة
Locality Type									نوع التجمع السكاني
Urban	52.6	41.0	51.1	15.2	52.0	21.6	53.3	53.6	حضر
Rural	29.0	45.0	30.2	17.9	29.5	24.5	29.0	58.0	ريف
Refugee camp	18.5	53.9	18.7	20.9	18.5	28.8	17.6	66.4	مخيم
Household Size									حجم الأسرة
1	1.8	43.2	2.2	19.9	1.9	24.6	1.4	43.2	1
2-3	10.6	32.0	10.1	11.7	10.4	16.7	10.7	41.9	3-2
4-5	17.0	33.9	17.7	13.5	17.6	18.8	18.6	47.9	5-4
6-7	29.3	43.3	28.3	16.0	29.1	22.9	30.7	58.4	7-6
8-9	23.3	54.3	24.7	22.0	23.9	29.7	22.1	66.4	9-8
10+	18.1	62.1	17.0	22.3	17.2	31.4	16.5	72.6	+10

جدول (2-تابع): نسب الفقر وفقا لدخل الأسرة الشهري، 2006 Table (2-Cont.): Poverty Rates According to Household Monthly Income, 2006

	المدقع	-	ة الفقر		ة الفقر		فقر		
	Deep Po المساهمة	overty القيمة	Poverty S المساهمة	everity القيمة	Poverty المساهمة	Gap / القيمة	Pove المساهمة	e rty القيمة	
	Contribution	Value	Contribution	Value	Contribution	Value	Contribution	Value	
Number of Children									عدد الأطفال في الأسرة
0	13.9	35.6	13.5	13.2	13.7	18.8	14.0	46.1	0
1-2	19.4	35.7	19.2	13.5	19.7	19.3	21.0	49.8	2-1
3-4	26.1	40.4	26.4	15.6	26.5	21.9	27.5	54.8	4-3
5-6	28.7	56.5	28.1	21.1	27.9	29.3	26.5	67.1	6-5
7-8	8.2	64.4	8.9	26.6	8.4	35.1	7.4	74.5	8-7
9+	3.6	68.0	3.8	27.6	3.7	37.5	3.6	87.9	+9
Sex of Head of Household									جنس رب الأسرة
Male	89.9	42.9	89.1	16.3	89.7	22.9	91.1	56.0	ذكر
Female	10.1	57.4	10.9	23.7	10.3	31.2	8.9	65.2	أنثى
Refugee Status of Head of HH									حالة اللجوء لرب الأسرة
Refugee	45.7	50.6	45.4	19.2	45.0	26.6	43.7	62.2	لاجئ
Non-refugee	54.3	39.7	54.6	15.3	55.0	21.5	56.3	53.1	غير لاجئ
Labor Force Participation of Head of Household									مشاركة رب الأسرة بقوة العمل
In labor force	79.6	41.6	77.5	15.5	79.0	22.0	82.1	55.3	داخل القوى العاملة
Employed	63.9	38.5	58.9	13.5	61.9	19.9	68.0	52.7	مشتغل
Un-employed	15.7	62.3	18.6	28.2	17.1	36.2	14.1	71.9	متعطل
Outside labor force	20.4	57.3	22.5	24.2	21.0	31.6	17.9	64.8	خارج القوى العاملة
Main source of Income									المصدر الرئيسي للدخل
Agriculture	5.4	65.0	5.8	26.8	5.7	36.2	5.0	77.6	الزراعة
Other household business	16.6	32.6	15.2	11.4	16.3	17.1	18.8	47.7	مشاريع أخرى للأسرة

جدول (2-تابع): نسب الفقر وفقا لدخل الأسرة الشهري، 2006

Table (2-Cont.): Poverty Rates According to Household Monthly Income, 2006

	المدقع	الفقر المدقع Deep Poverty		شدة	ة الفقر	فجو	فقر	12	
	Deep Po			Poverty Severity		Poverty Gap		erty	
	المساهمة Contribution	القيمة Value	المساهمة Contribution	القيمة Value	المساهمة Contribution	القيمة Value	المساهمة Contribution	القيمة Value	_
Wages and salaries-Public sector	13.4	38.4	8.5	9.3	10.8	16.5	14.1	52.1	أجور ورواتب من القطاع العام
Wages and salaries-Private sector	30.4	46.8	30.2	17.7	30.5	25.0	31.4	62.1	أجور ورواتب من القطاع الخاص
Wages and salaries-Israeli sector	6.5	34.0	5.7	11.4	5.9	16.6	6.0	40.7	أجور ورواتب من القطاع الإسرائيلي
Transfers\ aid	23.5	66.0	29.6	31.8	26.3	39.4	20.6	74.4	تحويلات / مساعدات
Other sources	4.2	31.5	5.0	14.3	4.6	18.4	4.1	39.6	مصادر أخرى

جدول (3): نسب الفقر وفقا لأنماط الاستهلاك الحقيقية للأسر 1998-2005

Table (3): Poverty Rates According to Actual Monthly Consumption Patterns of Households 1998- 2005

	2005		2004		2001		1998		
	الفقر المدقع Deep Poverty	الفقر Poverty							
Palestinian Territory	18.1	29.5	16.4	25.6	19.5	27.9	12.5	20.3	الأراضي الفلسطينية
West Bank	13.1	22.3	11.6	19.8	12.0	18.9	8.4	14.5	الضفة الغربية
West Bank-North	12.4	22.5	11.7	22.2	15.8	24.9	9.9	18.3	شمال الضفة الغربية
West Bank-Middle	6.7	11.0	3.7	6.7	3.9	6.7	4.6	6.9	وسط الضفة الغربية
West Bank-South	21.4	34.9	20.6	31.2	16.0	25.0	12.2	20.4	جنوب الضفة الغربية
Gaza Strip	27.9	43.7	26.0	37.2	35.4	46.7	21.6	33.0	قطاع غزة
Sex of Head of Household									جنس رب الأسرة
Male	18.2	29.8	16.5	26.0	19.7	28.3	12.1	19.8	ذكر
Female	16.2	25.0	15.0	21.0	17.4	23.7	16.8	25.6	أنثى
Labor Force Participation of Head of Household									مشاركة رب الأسرة بقوة العمل
In labor force	16.8	28.4	16.1	25.0	18.9	27.5	11.0	18.6	داخل القوى العاملة
Outside labor force	25.3	35.5	18.2	28.7	21.8	29.2	19.4	27.7	خارج القوى العاملة
Main source of Income									المصدر الرئيسي للدخل
Agriculture	29.7	50.4	25.0	37.5	32.3	13.5	24.7	32.3	الزراعة
Other household business	16.1	27.1	14.5	21.9	24.6	11.5	16.6	24.6	مشاريع أخرى للأسرة
Wages and salaries-Public sector	10.8	22.9	9.4	16.5	26.1	9.2	18.0	26.1	أجور ورواتب من القطاع العام
Wages and salaries-Private sector	19.4	32.6	19.4	28.9	28.8	13.4	21.9	28.8	أجور ورواتب من القطاع الخاص
Wages and salaries-Israeli sector	13.2	20.1	11.4	21.8	22.6	9.3	15.9	22.6	أجور ورواتب من القطاع الإسرائيلي

جدول (4): نسب الفقر وفقا لدخل الأسرة الشهري 2001-2005

Table (4): Poverty Rates According to Household Monthly Income 2001-2005

	2005		2004		2001		
	الفقر المدقع	الفقر	الفقر المدقع	الفقر	الفقر المدقع	الفقر	
Palestinian Territory	Deep Poverty 40.2	Poverty 51.5	Deep Poverty 44.4	Poverty 53.7	Deep Poverty 37.9	Poverty 45.0	الأراضى الفلسطينية
<u>-</u>							•
West Bank	34.5	45.7	39.7	48.0	28.8	35.5	الضفة الغربية
West Bank-North	37.6	51.6	44.3	54.6	35.8	43.4	شمال الضفة الغربية
West Bank-Middle	24.7	28.6	23.1	29.6	16.3	20.6	وسط الضفة الغربية
West Bank-South	41.1	56.5	51.8	59.3	33.6	41.8	جنوب الضفة الغربية
Gaza Strip	51.6	63.1	53.9	65.0	56.5	64.7	قطاع غزة
Sex of Head of Household							جنس رب الأسرة
Male	39.7	51.2	44.2	53.7	37.6	44.9	نكر
Female	48.0	56.0	47.0	54.6	40.3	46.3	أنثى
Labor Force Participation of Head of Household							مشاركة رب الأسرة بقوة المعمل
In labor force	38.2	50.0	43.2	52.8	36.8	44.1	داخل القوى العاملة
Outside labor force	51.8	60.4	51.1	58.5	42.1	48.8	خارج القوى العاملة
Main source of Income							المصدر الرئيسي للدخل
Agriculture	48.5	63.0	67.6	77.6	55.6	56.5	الزراعة
Other household business	36.4	45.9	40.5	51.4	31.9	38.8	مشاريع أخرى للأسرة
Wages and salaries-Public sector	24.8	39.2	21.2	33.3	26.4	36.6	أجور ورواتب من القطاع العام
Wages and salaries-Private sector	50.0	60.6	50.4	59.8	35.0	43.8	أجور ورواتب من القطاع الخاص
Wages and salaries-Israeli sector	28.1	40.6	39.1	44.7	26.3	30.6	أجور ورواتب من القطاع الإسرائيلي

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Palestinian Central Bureau of Statistics

Poverty in the Palestinian Territory, 2006

Main Findings Report

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This report was prepared under the guidance of Mr. Luay Shabanah, PhD (President, Palestinian Central Bureau of Statistics). The report also benefited from the comments and suggestions of colleagues from PCBS.

This report was prepared by Jawad Al-Saleh (Deputy General Director, Palestinian Central Bureau of Statistics)

The Palestinian Central Bureau of Statistics thankfully acknowledges the efforts of all parties participated in leading, managing and bringing this report into light.

Preface

With the latest developments in the peace process, and the Israeli aggression on the PNA and the Palestinian public at large, much of the gains on the socio-economic conditions have received a severe blow. Since the beginning of the *Intifada* in September 2000, the Palestinian community is under one of the strictest closures, standards of living have deteriorated in a great deal, and the economy has lost more than a third of its value. Within the present conditions Palestinian households were mostly affected.

Given the day-to-day developments in the political realities of the Palestinian situation, this report provides an effective basis for analyzing the effects of border closures and other political upheaval to the living standards of the population. It also, provides a unique opportunity to track changes in living standards and poverty. This report is necessary as a basis for planning by the Palestinian National Authority and relevant donors as well as monitoring the policy effects.

The main objective of this report is to provide baseline data on the main indicators of poverty, as a part of socio-economic monitoring system. The results of this report could be of a high importance in establishing a surveillance system of reporting on the socioeconomic conditions, which could be used as the main device for mapping external interventions, and targeting special groups or areas for minimizing the impact of ongoing changes in the political, social, and economic conditions.

In order to formulate plans and policies aimed at alleviating poverty in the Palestinian Territory, it is critical to understand its causes and manifestations. This report emphasizes the need to monitor the "national poverty line" for measuring and monitoring the changes that affect the magnitude and acuteness of this phenomenon in the context of changes witnessed in the Palestinian economy.

Based on these arguments, PCBS has decided that a Poverty report should be produced to monitor changes in living standards of the Palestinian population. We do hope that the output from this report will be equally useful to the Palestinian efforts for establishing a better future.

August, 2007

Luay Shabanah, PhD President

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1. Poverty in the Palestinian Territory

1.1 Methodology

Poverty statistics reported here are based on an official definition of poverty developed in 1997¹. The definition combines absolute and relative features and is based on a budget of basic needs for a family of 6 persons (2 adults and 4 children). Two poverty lines have been developed according to actual spending patterns of Palestinian families. The first, termed "deep (absolute) poverty line," was calculated to reflect a budget for food, clothing and housing. The second line "relative poverty line" adds other necessities including health care, education, transportation, personal care, and housekeeping supplies. The two lines have been adjusted to reflect the different consumption needs of families based on their composition (household size and the number of children).

A six-member household consisting of two adults and four children is adopted as a sample household since it represents the average Palestinian size of families in the Palestinian Territory. In the case where other sample families (i.e., with a higher number of household members) are used in the context of this report, the poverty line has been amended accordingly.

Since consumption levels better reflect the population's needs, and help to specify the poverty line in the Palestinian Territory, the monthly consumption level is used rather than the monthly income. Families that have similar levels of income may have different welfare levels and vice versa, according to their needs. Moreover, the needs of the families are not necessarily affected by the monetary income, since other factors (i.e., health insurance) may affect consumption but not income.

The results are presented for 2006, using available data from the 6th Palestinian Expenditure and Consumption Survey (January 15th 2006 and January 14th 2007).

Given the day-to-day development in the political realities of the Palestinian Situation, both consumption and income data was used to analyze poverty rates to show the variation that standards of living witnessed due to the varaiation of income, remittances, loans and social aids that households depend on

1.2 Poverty Line

The relative poverty line and the absolute poverty line for a six-member household in the Palestinian Territory in 2006 stood at NIS (New Israeli Shekels) 2,300 (US\$ 518) and NIS 1,837 (US\$ 414)² respectively.

² exchange rate is 4.44

¹(Poverty in Palestine. Poverty Report, 1998. Methodology)

Relative poverty lines, in NIS, in the Palestinian Territory by household size, 2006

Household					Numb	er of Ch	nildren				
Size	0	1	2	3	4	5	6	7	8	9	10
1	694										
2	1,287	972									
3	1,846	1,547	1,241								
4	2,385	2,096	1,802	1,502							
5	2,908	2,627	2,342	2,053	1,758						
6	3,421	3,145	2,867	2,585	2,300	2,009					
7	3,924	3,653	3,380	3,104	2,826	2,543	2,257				
8	4,419	4,153	3,884	3,613	3,340	3,063	2,784	2,501			
9	4,907	4,645	4,380	4,113	3,844	3,573	3,299	3,022	2,742		
10	5,390	5,130	4,869	4,605	4,340	4,073	3,804	3,532	3,258	2,981	
11	5,867	5,610	5,352	5,091	4,830	4,566	4,301	4,033	3,764	3,492	3,217

Absolute poverty lines, in NIS, in the Palestinian Territory by household size, 2006

Household	Number of Children										
Size	0	1	2	3	4	5	6	7	8	9	10
1	555										
2	1,028	777									
3	1,475	1,236	991								
4	1,905	1,674	1,440	1,200							
5	2,324	2,099	1,871	1,640	1,405						
6	2,733	2,513	2,291	2,065	1,837	1,605					
7	3,135	2,919	2,701	2,480	2,257	2,032	1,803				
8	3,531	3,318	3,103	2,887	2,668	2,447	2,224	1,998			
9	3,921	3,711	3,499	3,286	3,071	2,854	2,636	2,414	2,191		
10	4,306	4,099	3,890	3,679	3,468	3,254	3,039	2,822	2,603	2,381	
11	4,687	4,482	4,276	4,068	3,859	3,648	3,436	3,222	3,007	2,790	2,570

2. Poverty Profile in the Palestinian Territory

Analyzing the data was based on both expenditure and monthly income patterns for households to show the variations that standards of living witnessed due to the variation of income, remittances, loans and social aids that households depend on.

Poverty Distribution by Region

The consumption data indicates that the rate of the total diffusion of poverty among Palestinian Households in the Palestinian Territory is 30.8% in 2006 of which 24.0% in the West Bank and 50.7% in Gaza Strip, while the income data indicates that the rate of poverty among Palestinian Households is 56.8 percent of which 49.1% in the West Bank and 79.3% in Gaza Strip.

More significant is the fact that the consumption data indicates that 18.5% of the households in the Palestinian Territory, were suffering from deep poverty in 2006 (13.0% in the West Bank and 34.8% in Gaza Strip), while income data indicates that 44.1% of the households were suffering from deep poverty in 2006 (49.1% in the West Bank and 66.7% in Gaza Strip).

Likelihood of being Poor by Region, 2006

Region	Pove	rty	Deep Poverty		
Region	Consumption	Income	Consumption	Income	
West Bank	24.0	49.1	13.0	36.4	
Gaza Strip	50.7	79.3	34.8	66.7	
Total	30.8	56.8	18.5	44.1	

The picture remains essentially the same when other poverty indexes are used to reflect the depth of poverty. .

Poverty Distribution by Type of Locality (Place of Residence)

Type of residence is another spatial dimension by which poverty is expected to vary everywhere, and the Palestinian territory is no exception. The usual urban-rural classification of places is not sufficient in our context due to the presence of refugee camps. Hence, poverty comparisons along this dimension are carried out using the administrative classification of places into rural, urban and refugee camp.

Households living in refugee camps aremore likely to be poor than households living localities categorized as urban or rural. However, living in refugee camps does not directly lead to poverty. Households living in refugee camps tend to have larger families, higher dependency ratios and are more likely to be living in Gaza Strip.

Likelihood of being Poor by Locality Type, 2006

Locality Type	Pove	rty	Deep Poverty		
Locality Type	Consumption Income		Consumption	Income	
Urban	29.3	53.6	18.3	41.0	
Rural	29.5	58.0	15.4	29.0	
Refugee camp	38.6	66.4	25.6	18.5	
Total	30.8	56.8	18.5	44.1	

Socio-economic Indicators of the Households

Household Size

As expected, the composition and size of the household affects the likelihood of being poor. The poverty rate for family households, beginning with 2 persons households, increases more or less consistently with size. The highest poverty rate was for the largest households with 10 or more members. The lowest rate of poverty was for family households consisting of 2-3 persons. The most disadvantaged households, family households with 10 persons or more, in terms of poverty are also the most disadvantaged in terms of deep poverty.

Likelihood of being Poor by Household Size, 2006

Household Size -	Pove	rty	Deep Poverty		
Household Size	Consumption	Income	Consumption	Income	
1	13.1	43.2	2.0	43.2	
2-3	15.7	41.9	10.5	32.0	
4-5	24.5	47.9	13.4	33.9	
6-7	28.7	58.4	15.5	43.3	
8-9	36.2	66.4	23.9	54.3	
10+	57.8	72.6	38.1	62.1	
Total	30.8	56.8	18.5	44.1	

Number of Children

With only about 17.2% of households childless, the vast majority of Palestinian households are with children. Hence, meaningful comparisons in poverty status should be carried out for households with different number of children rather than merely between childless households and the rest.

With the exception of childless households, the incidence of poverty increases consistently by additional number of children among family households. Households with the least incidence of poverty are those with 1-2 children. The picture remains essentially the same when other poverty indexes are used to reflect the depth of poverty.

Likelihood of being Poor by Number of Children in the Household. 2006

Number of	Pove	rty	Deep Poverty		
Childen	Consumption	Income	Consumption	Income	
0	21.1	46.1	12.5	35.6	
1-2	24.8	49.8	15.1	35.7	
3-4	27.4	54.8	13.9	40.4	
5-6	39.1	67.1	25.0	56.5	
7-8	54.9	74.5	33.9	64.4	
9+	66.6	87.9	55.4	68.0	
Total	30.8	56.8	18.5	44.1	

Sex of Head of Household

The situation of the poor households maintained by women is worse than those maintained by men. Households maintained by females constitute about 7.8% of Palestinian households in 2006. Yet, they constitute about 9% of the poor. Although this group is one of the highest recipient of public support and assistance payments in both Gaza and the West Bank, the picture remains essentially the same when any poverty indexes are used to reflect the depth of poverty.

Likelihood of being Poor by Sex of Head of Household, 2006

Sex of Head of	Poverty		Deep Poverty		
Household	Consumption	Income	Consumption	Income	
Male	30.3	56.0	18.2	42.9	
Female	45.6	65.2	23.0	57.4	
Total	30.8	56.8	18.5	44.1	

Labor Force Participation of Head of household

Although, the participation in the labor force reduces the incidence of poverty, but poverty among the working population is quite high. The vast majority of the heads of poor households are labor force participants, with a contribution to national poverty of about 81% using the head count index.

The conditions of the poor households whose heads are out of the labor forces were significantly worse than those in the labor force. The same conclusion is reached using the other poverty indexes.

Labor force participants are of course a hybrid group, consisting of employed and unemployed persons. Employment is perhaps a more meaningful factor than participation in the labor force for use in determining poverty status of households. As expected the households with unemployed heads have higher incidence of poverty than those having working heads.

Likelihood of being Poor by Labour of Head of Household, 2006

Labour of Head	Pove	rty	Deep P	overty	
of Household	Consumption Income		Consumption	Income	
In Labour Force	29.3	55.3	16.6	41.6	
employed	27.2	52.7	14.8	38.5	
Un-employed	43.0	71.9	28.7	62.3	
Outside Labour	38.3	64.8	28.9	57.3	
Total	30.8	56.8	18.5	44.1	

Main Source of Income

Main source of income is another spatial dimension by which poverty is expected to vary everywhere. Hhouseholds who depended on public as main source of income suffered less from poverty compred with other households. The living condition of the Palestinian households who depended on the Palestinian private sector as main source of income suffered from poverty more than those who depended on the public sector as main source of income.

Likelihood of being Poor by Main Source of Household Income, 2006

Main Source of Income	Pove	rty	Deep Po	overty
Main Source of income	Consumption	Income	Consumption	Income
Agriculture	35.6	77.6	23.1	65.0
Other household business	26.1	47.7	12.5	32.6
Wages and salaries-Public sector	26.7	52.1	13.9	38.4
Wages and salaries-Private sector	36.1	62.1	22.0	46.8
Wages and salaries-Israeli sector	22.6	40.7	14.8	34.0
Transfer∖ aid	42.0	74.4	31.1	66.0
Other resources	11.4	39.6	5.7	31.5
Total	30.8	56.8	18.5	44.1

3. The Impact of the Current Crisis on the Economic Condition of the Palestinian Households

3.1 The Impact of the Current Crisis on Poverty Rates and Consumption Distribution

The results showed an increase in poverty rates during the current crisis compared with the eve of the *Al-Aqsa Intifada*. The results indicated that the poverty rates to 30.8% in 2006. the poverty rate increased with 10.4% since the eve of the Al-Aqsa Intifada.

Poverty Rates According to Monthly Consumption Patterns of Households, 1998-2006

Year	Poverty rate	Deep poverty	Poverty gap	Poverty Severity
2006	30.8	18.5	8.3	4.2
2005	29.5	18.1	8.0	4.4
2004	25.6	16.4	6.6	3.9
2001	27.9	19.5	7.6	5.0
1998	20.3	12.5	5.5	3.0

Changes in poverty can be decomposed into changes in average consumption and changes in the distribution of the consumption across households³. In addition to the decline in average household consumption, the below table shows the distribution of consumption across households has changed. The table compares the share of consumption of various groups between 1998, 2001, 2004, 2005 and 2006. In 2006, the poorest 10 percent (ranked by household consumption) was consuming 4.2% of the total monthly household consumption, against 4.1% in 2005, 2.9% in 2004, 4.2% in 2001, and 4.4% in 1998. Similar patterns existed for other deciles.

The richest appear to have been relatively less affected by the crisis. The rsults indicated that the richest 10 percent was consuming 20.7% in 2006 against 20.4% in 2005, 27.1% in 2004, 20.6% in 2001 and 18.9% in 1998.

Household Total Monthly Consumption Distribution Patterns, 1998-2006

Poorest	10%	20%	30%	40%	50%	60%	70%	80%	90%
2006	10.3	4.4	17.1	24.8	33.6	42.8	52.7	64.6	79.3
2005	9.9	4.1	16.6	24.7	33.2	42.9	52.9	65.1	79.6
2004	7.2	2.9	12.5	18.9	26.4	35.0	45.2	57.4	72.9
2001	10.2	4.2	17.0	25.0	33.7	43.1	53.8	65.5	79.4
1998	10.7	4.4	17.8	25.8	34.8	44.7	56.0	68.3	81.1

While, the income distribution appaers as follows:

Household Monthly Income Distribution Patterns, 1998-2006

Poorest	10%	20%	30%	40%	50%	60%	70%	80%	90%
2006	2.4	6.3	11.8	18.1	25.9	34.2	44.4	57.6	73.7
2005	2.3	6.6	12.1	19.2	27.4	37.1	47.9	61.2	76.6
2004	2.2	6.2	11.5	18.0	25.4	34.4	45.5	57.2	73.1
2001	1.3	4.4	9.0	14.6	22.2	30.2	41.0	54.5	71.8
1998	2.7	7.8	13.6	20.6	28.8	38.5	49.4	62.2	77.0

³ See the World Bank and PCBS, 2004. Deep Palestinians Poverty in the Midst of Economic Crisis, October 2004.

3.2 The Adequacy of Emergency Assistance⁴

Households relying on public and emergency assistance as their *main* source of income are much worse off compared to other households. Yet, many households who rely mainly on other sources of income make use of public assistance as a supplementary measure. This is indeed the case for the short-term poor, particularly those vulnerable to the erratic changes in the labor market, but public assistance is an important secondary source of income for other households suffering from some sort of permanent "inactivity" or exclusion. It is of particular policy importance to examine the relative status of those who receive emergancy assistance regardless of its type relative to those who do not.

3.2.1 The Impact of Emergency Assistance

The consumption data indicate that 30.8% of the households are below the poverty line even after including the value of the emergency assistance they consumed. When this emergency assistance is subtracted out, the poverty rates increased to 35.7% (assuming other factors would remain unchanged in the absence of emergency assistance). On the other hand, the emergency assistance had served to reduce deep poverty rates from 24.0% to 18.5%. (To distingwish between these two concepsts, the households with 24.0% poverty rate are called as "Needy"⁵)

Poverty rates according to consumption patterns

Poverty rates before emergency assistance	Poverty at emergence	Total	
emergency assistance	Poor	Non-poor	
Poor	85.9	14.1	35.7
Non-poor	-	100.0	64.3
Total	30.8	69.2	100.0

Deep poverty rates according to consumption patterns

Poverty rates before emergency assistance	Poverty at emergence	Total	
emergency assistance —	Poor Non-poor		
Poor	77.2	22.8	24.0
Non-poor	-	100.0	76.0
Total	18.5	81.5	100.0

Trageting poor requires minimizing two types of possible errors. The 1st type of error is leakage and the 2nd type of error is under-coverage⁶. As table shows below, the leakage rate is 56.6%. The under-coverage rate is 28.6%.

The leakage and under-coverage rates

	Not needy	Needy	Total
Do not receive emergency assistance	88.7	11.3	100.0
Receive emergency assistance	56.6	43.4	100.0
Total	76.0	24.0	100.0
Do not receive emergency assistance	70.6	28.6	60.5
Receive emergency assistance	29.4	71.2	39.5
Total	100.0	100.0	100.0

⁴ The results depend on the consumption data, the figures will be increased if income data is used.

⁵ See: Deep Palestinian Poverty in the Midst of the Economic Crisis. PCBS and the World Bank, October 2004.

⁶ Leakage is defined as the number of non-needy households who receive emergency assistane divided by the total number of households who receive emergency assistance (error of inclusion. Under-coverage is the proportion of needy households who do not receive emergency assistance (error of exclusion).

Annex (1): Concepts and Definitions

Household: One person or group of two or more persons with or without a

family relationship who live in the same dwelling unit, who share meals and make joint provisions for food and other

essentials of living.

Head of Household: The person who usually lives with the household and is

recognized as head of household by its other members. Often, he/she is the main decision-maker and responsible for financial support and welfare of the household at the time the survey is

conducted.

Adult: Person aged 18 years and above (the completed age in years of

the person)

Child: Person aged up to 17 years (the completed age in years of the

person)

Household Composition: Relationships between household members. It could be one of

these: one individual, husband and a wife, husband and a wife or one of them with unmarried sons or daughters, husband and a wife or one of them with married and unmarried sons or daughters with grandchildren, one of the aforementioned households with other relatives, a group of relatives or unrelatives who share dwelling and collective living arrangements

Highest Qualification: The highest level of education that person passed

Employment Status: Include the following: employer, self-employed, unpaid family

worker, government employee, private sector employee, unemployed, student, housekeeper, retired\too old\ disabled,

other

Employer: A person who operates his or her own economic enterprise or

engages independently in a profession or trade, and hires one or

more waged employees.

Employee: A person who works for an employer and receives remuneration

in wage, salary, commission, tips piece-rates or pay in kind.

Unpaid Family Member: A person who works without pay in an economic enterprise

operated by a related person living in the same household

Occupation: Refers to the kind of work done during the reference period by

the person employed, or the kind of work done previously if unemployed, irrespective of the industry or the employment

status of the person

Main Source of Income: The main source of income for household (agriculture\fishing or

animal breeding, other household business, wages and salaries from public sector, wages and salaries from private sector, wages and salaries from Israel, support by UNRWA or Ministry of Social Affairs, transfers from Palestine, cash remittances from abroad, pensions\ inheritance, tenancy or land lease, other

sources

Expenditure:

Includes the following:

- 1. Cash spent on purchases of goods and services for living purposes.
- 2. The value of goods and services payments or part of payments received from employer.
- 3. Cash expenditure spent as tax (non-commercial or non-industrial), gifts, contributions, interests on debts and other non-consumption items.

Consumption:

Includes the following:

- 1. Cash spent on purchases of goods and services for living purposes.
- 2. The value of goods and services payments or part of payments received from employer.
- 3. Own-produced goods and food including consumed quantities during the recording period.
- 4. Estimated rent value of the dwelling.

Head Count Index:

Gives the percentage of the population in poverty.

Poverty Gap Index:

Gives the percentage by which the average income of the poor is

below the poverty line.

Poverty Severity Index:

Gives the mean of the squared consumption deficits

Annex (2): Household Expenditure and Consumption Survey

Introduction

The Palestinian Central Bureau of Statistics (PCBS) has carried out the sixth national expenditure and Consumption Survey (PECS-VI) through January 2005 and January 2006. The survey provides detailed data on expenditure and consumption for use in policy research. The main objectives of this survey are:

- To obtain macro estimates of household consumption and cash expenditure patterns needed to revise the weighting system for the Consumer Price Index (CPI).
- To identify prevailing patterns of consumption.
- To constitute a platform in order to specify a set of basic economic and social welfare indicators to be monitored at regular intervals.
- To provide macro economic estimates on household consumption for the National Accounts.
- To acquire data on household level of consumption and cash expenditure which can be used for poverty mapping and analysing the changes in standard of living over time.
- To provide data on ownership of durable goods.
- To obtain data on non-expenditure consumption (consumption in kind), i.e. consumption of own production and payments in kind.
- To obtain data on household income by source of income.

Methodology

The instruments were designed following the UN/ILO recommendations for Household Budget Surveys practiced in most countries since the WWII. These recommendations follow the concept of National Accounts (SNA 1993). The main concepts are summarized as follows:

- A self-weighted sample consisting of twelve sub-samples, one for each month.
- A survey period of twelve months, accounting for seasonal differences in correct way.
- A recording period of one month for each household. Longer participation period for each household gives less variance.
- Data capture by record keeping with the help of the interviewer support them, if needed.

The Questionnaire

The PECS questionnaire consists of two main parts: (1) A household instrument which includes a control sheet, household roster, housing schedule, and schedule of source of income and consumer durable goods; and (2) A special diary for recording items purchased or consumed.

The Sample and the Frame

The target population in this sample survey comprises all private households living in the West Bank and Gaza Strip, excluding nomads, students and workers houses. The survey sample consists of about 1280 households.

Data Processing

Both data entry and tabulation were performed using the ACCESS and SPSS software programs. Data entry was organized into 6 files, corresponding to the main parts of the questionnaire. A data entry template was designed to reflect an exact image of the questionnaire, and included various electronic checks, logical checks, range checks, consistency checks and cross-validation. Manual inspection of results was completed, and any field-related errors were returned to the source for corrections.

Annex (3): Poverty Indices

Poverty assessment requires the adoption of an overall aggregate measure of poverty, summarizing the information on the well being of the poor. As with any statistical measure, some information will be lost when using the summary. The most commonly used measure of poverty is the "head count index" which gives the percentage of poor in the population. Let $y_1 \le y_2 \le \le y_n$, be the expenditures of n households ordered from the smallest to the largest and let z be the poverty line that cuts off q households at the lower end,

$$y_1 \le y_2 \le \dots \le y_q < z < y_{q+1} \le \dots y_n$$
.

Then, the head count index, H, is simply,

$$H = q/n$$

Although it is widely used, this index does not capture the depth of poverty¹ and, hence, its utility for policy targeting purposes and group comparisons is quite limited (see, Sen 1976). The current practice is to use the following Foster-Greer-Thorbecke (1984) decomposable class of poverty measures:

$$P_{\alpha} = \frac{1}{n} \sum_{i=1}^{q} n_i \left(\frac{z - y_i}{z} \right)^{\alpha},$$

where z, y_i , n, q are as defined above, and $\alpha \ge 0$ is a poverty aversion parameter. The parameter α indicates concerns given to the poorest poor: the larger α is, the larger is the proportionate shortfall from the poverty line, and hence the greater is the emphasis on the poorer households. When $\alpha = 0$, the above reduces to the "head count index," H, or alternatively P_0 in which case there is no concern with the depth of poverty.

When $\alpha = 1$, the above reduces to the familiar "poverty gap index" which captures the average of the gaps between the standard of living of the poor and the poverty line. There is uniform concern about the depth of poverty when using P_I , i.e., it does not distinguish between the poor households. This index is useful for telling the amount of savings that can be made from transfers to the poor.

When $\alpha = 2$, greater sensitivity is given to the poorest of the poor. Although P_2 is not easy to interpret, its usefulness lies in the ranking of different groups in terms of the severity of poverty. Thus, the index decreases if income from a poor household is transferred to a poorer household. P_2 is commonly referred to as the "poverty severity index."

The P_{α} class of poverty measure is decomposable into relevant subgroups. In other words, the overall poverty level is simply a weighted average of the subgroup poverty levels, where the weights are the subgroup population shares. Let $j = 1,2,3 \dots m$ denotes mutually exclusive

1

¹ This refers to how far is the average expenditure from the poverty line. The *H* measure does not change if the poor person becomes poorer.

and exhaustive categories of the population, and let $P_{j,\alpha}$ be the poverty rate for group j, then the aggregate measure of poverty, P_{α} is,

$$P\alpha = \sum_{j=1}^{m} K_j P_j, \alpha$$

where K_j is the group share of the aggregate. Thus, one could account for the group's share of the aggregate poverty level by,

$$C_{j} = \frac{K_{j}P_{j,\alpha}}{\sum_{j} K_{j}P_{j,\alpha}}$$

which tells where poverty is concentrated. Subgroup consistency is another desirable property of the P_{α} class measures in that the overall (aggregate) level of poverty changes whenever poverty changes within some category of the population and remains unchanged outside that group.

To summarize, the poverty indexes used in this report are as follows:

- Head count index (P_0) , which gives the percentage of the population in poverty.
- Poverty gap index (P₁), which gives the percentage by which the average income of the poor is below the poverty line.
- Poverty severity index (P₂), which gives the mean of the squared consumption deficits.

The first (head count) index is used for the poverty line and the deep poverty line in all of the tables. For the purpose of this report, we only make use of the poverty gap index with regard to the poverty line, and restrict the use of P_2 to a few tables.