

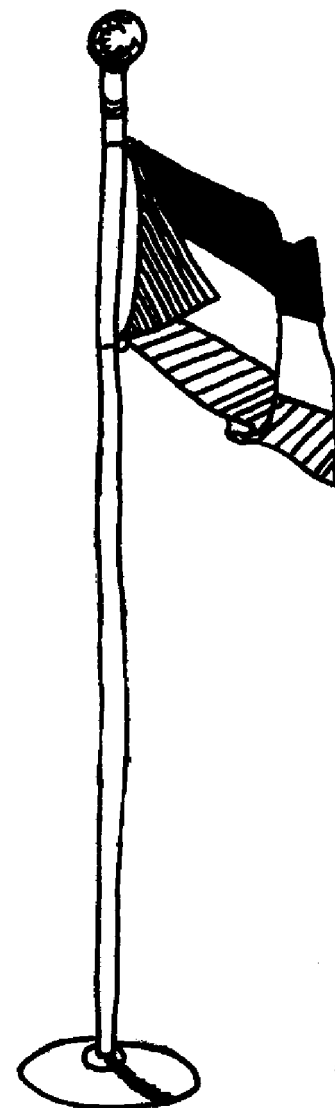
This conflict has gone on for many decades, during which both the facts and their meanings have been changed or manipulated to serve the needs of either party. For casual observers and researchers alike, credible, unbiased information concerning this conflict is nearly impossible to come by unless you know first where and why you are looking for it. Only then can you sift through the sea of numbers from a variety of NGOs from both sides, and from outside, who muddle the waters with numbers and speculations which vary by the thousands.

The numbers provided within aim to make your research both easier and more accurate at this critical time of reflection and analysis. Our team has compiled the most up-to-date information available about a wide variety of topics concerning the Palestinian reality of this conflict. We have combed through a variety of sources, and chosen those we felt are both objective and credible. In those cases where two such organizations differed greatly, we have provided the statistics of both.

The following pages are filled with the information one needs to better understand the status quo, and thereby understand the ways in which it can be changed. But after so many years we understand that facts alone are not enough to tip the scale of international favor toward the Palestinian people. We understand that, perhaps even more important than fact or truth, perception plays a key role in the judgment and resolution of this reality.

We believe that there is a misconception of this conflict's symmetry; that people around the world recognize it largely as a tit-for-tat ordeal that has gone back and forth for thousands of years. We also believe that the average person around the world is intimidated by the perceived complexity of this situation and that they stray far away from it due to this intimidation.

This book aims to dispel these myths, and expose both the current asymmetry and simplicity of the reality here in Palestine. It is timely, accurate, concise, and most importantly, it is black and white.



# Poverty in Palestine

The economy of Palestine was destroyed by the 1967 war and the ensuing occupation of Palestine, which not only resulted in the immediate destruction and disruption of the economy, but also the ongoing obstacles that accompanied the military occupation. Perhaps the worst blow being the severing of Jerusalem from the West Bank, the virtual economic hub/heart of the surrounding villages/arteries of Ramallah, Nablus, Hebron and Bethlehem.

The economy faltered further still during the First Intifada and again following the closures of the Israeli economy to the Palestinian workforce during the Second. Over night thousands of jobs and thousands of household incomes dried up; and over night the brute of both the Israeli and Palestinian publics were severed from each other by an invisible wall. Day after day the economic contrast between the Israelis and Palestinians continued to sharpen.

In 2006, following the parliamentary electoral landslide of Hamas, Israel began withholding the value added taxes of the Palestinian Authority, purportedly costing 60 million USD per month. The further withholding of international aid to the PA by all donor governments led to the doubling of those Palestinians living in 'deep poverty' (less than 0.50 USD/day) from around 500,000 to 1,000,000 (2).

It was the first time that a region, already occupied militarily, was placed under an international sanctions regime; and as the world watched, Palestine slid further and further into a humanitarian crisis. Israel and the international community are said to have done this as a means of weakening the religious movement Hamas' grip on power and their popularity throughout Palestine. Though this may have been the intent, there were wild and irresponsible miscalculations made by those involved.

Hamas had never relied on the taxes from Israel or international aid flowing in from Europe and the United States, and thus were perfectly able to carry paying security personnel and providing populist social services with money collected in the mosques or smuggled in from neighboring countries unsympathetic to 'Western interests'.

Meanwhile, the largest employer in Palestine, the Palestinian Authority, saw its funds dry up and workers go unpaid. Those affiliated with Hamas did not experience this, and their popularity grew with the impression that they



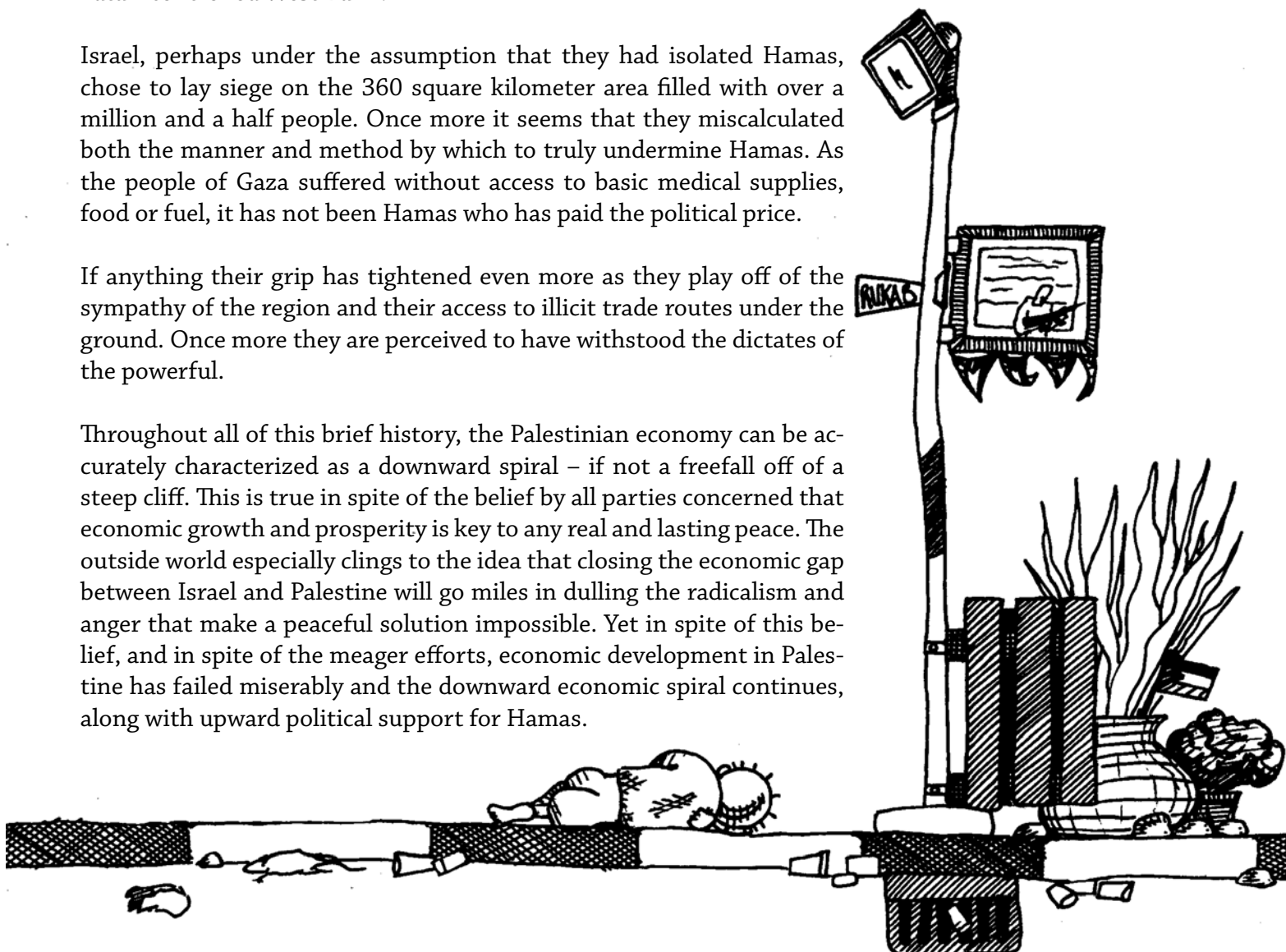
alone had stood strong against the dictates of the great powers. If the original plan had been to selectively weaken Hamas while not collectively punishing the Palestinian people, then it failed.

Whether by design or disaster, plan B, the removal of Hamas by force, also failed. In the summer of 2007, the two main rival factions in Palestine clashed for control which resulted in the geographical and political severing of Palestine between the Hamas-controlled Gaza Strip and the Fatah-controlled West Bank.

Israel, perhaps under the assumption that they had isolated Hamas, chose to lay siege on the 360 square kilometer area filled with over a million and a half people. Once more it seems that they miscalculated both the manner and method by which to truly undermine Hamas. As the people of Gaza suffered without access to basic medical supplies, food or fuel, it has not been Hamas who has paid the political price.

If anything their grip has tightened even more as they play off of the sympathy of the region and their access to illicit trade routes under the ground. Once more they are perceived to have withstood the dictates of the powerful.

Throughout all of this brief history, the Palestinian economy can be accurately characterized as a downward spiral – if not a freefall off of a steep cliff. This is true in spite of the belief by all parties concerned that economic growth and prosperity is key to any real and lasting peace. The outside world especially clings to the idea that closing the economic gap between Israel and Palestine will go miles in dulling the radicalism and anger that make a peaceful solution impossible. Yet in spite of this belief, and in spite of the meager efforts, economic development in Palestine has failed miserably and the downward economic spiral continues, along with upward political support for Hamas.



## THE FACTS:

\*\*Over half of Palestinians live in Poverty: 45.7% in the West Bank and 79.4% in Gaza (1).

\*\*With the suspension of aid to Palestine in 2006 the number of people in deep poverty, (defined as those living on less than 50 cents a day) nearly doubled to over 1 million (2).

\*\*Palestine's GDP has fallen 2.1% in Q1 of 2008 in comparison to Q4 of 2007, leading to estimates that GDP in 2008 will comprise 70% of that in 1999. Per capita GDP is expected to fall in 2008 by 7.4% (3).

\*\*Unemployment, under the ILO definition, has increased in Q1 of 2008 from 22.6% - 25.8% in Palestine as a whole. In the West Bank unemployment actually lowered (19%-16.3%), while in the Gaza Strip it has heightened considerably under the Israeli seige (29.8%-45.5) (4).

\*\*Labor force participation as a whole in Palestine is 40.6% (5).

## Food Security

A recent World Food Program Survey reported rising food insecurity amongst Palestinians, finding that between 2006-2007, 75% reduced the quantity of food purchased and 89% reduced the quality (6).

Food insecurity has been further exacerbated by rising prices due to adverse environmental conditions, including prolonged frost, drought and dry winds. The continuing price rises in 2008 have caused average food prices to reach levels 20% and 23% higher than in 2007 in the West Bank and Gaza respectively (7).

The majority of Gazans are now unable to afford basic food and over 80% of families in Gaza currently rely upon humanitarian aid to survive. In less than 10 years the number of families depending on United Nations Relief and Works Agency (UNRWA) food aid has increased ten fold (8).

Filippo Grandi, Deputy Commissioner General of UNRWA declared after visiting the Gaza Strip on 9 August 2007: "Gaza risks becoming a virtually one hundred per cent aid dependent, closed down and isolated community within a matter of months, or even weeks, if the present regime of closures continues" (9).



# Obstacles to Growth

The United Nations Office for the Coordination of Humanitarian Affairs (OCHA) cites Israel's matrix of movement restrictions as "a primary cause of poverty and the humanitarian crisis in the West Bank and Gaza Strip" (10).

On the 18th November 2005, the Government of Israel and the Palestinian Authority signed an Agreement on Movement Access (AMA) brokered by US Secretary of State Condoleezza Rice. This was designed to facilitate the movement of people and goods within the Occupied Palestinian Territories (OPT), and to open Rafah Crossing on the Gaza-Egypt border in order to "promote peaceful economic development" and improve the humanitarian situation in Gaza (11).

Under the AMA, the Israeli Government clarified that it would not close a passage due to a security incident unconnected with the passage itself. However, between June 2006 and March 2007, the Rafah crossing opened just 16% of scheduled working hours. Each day the crossing was closed Palestinians in Gaza lost approximately \$500,000 worth of exports. The vast majority of exports from Gaza are perishable food items, such as fish and fruit (12).

In the West Bank the situation is very similar, as the occupation and its manifestation in terms of checkpoints, restrictions and the wall are blamed by the World Bank for stunting economic development (13).



# The Gaza Strip

Economically, the Gaza Strip can be described as nothing less than a basket case after years of isolation on top of the recent siege which has all but starved the tiny Strip. This has not only increased the economic gap between Israelis and Palestinians living in the Gaza Strip, it has also markedly increased the gap between Palestinians living in Gaza and those who reside in the West Bank.

In 2007, PCBS calculated the total food expenditures in the Gaza Strip at 41.4% (14). This number is expected to be much higher in 2008 as the Israeli siege put an end to food shipments and fuel, drastically increasing the price of available supplies.

36% of Gazans depend immensely on international aid, while 50% depend on aid moderately (15). Though this aid is often the only thing keeping many Gazans alive, it also ensures that the economy remains dependant on the international community in the longterm, and chronically underdeveloped due to the lack of domestic investment.

In Q2 of 2008, no new companies were registered in the Gaza Strip (16). This is a prime indicator of the amount of domestic or foreign investment in the economy which is not related to international aid. The fact that there is absolutely no new registrations highlights the crippling effect of the siege.

Furthermore, by August of 2008, according to OCHA, 98% of industrial operations in Gaza had ground to a halt (17). Without the fuel to run their factories, nor the ways and means by which to deliver goods to the market, Gaza's economy is being sent back to the stone age.

In Q4 of 2007, unemployment sat at 29% with a difference between the employment rates of men (28.2%) and women (39.3%) (18), with the onset of the siege, the rate of unemployment in Gaza is said to be near 50% (4).

# The West Bank

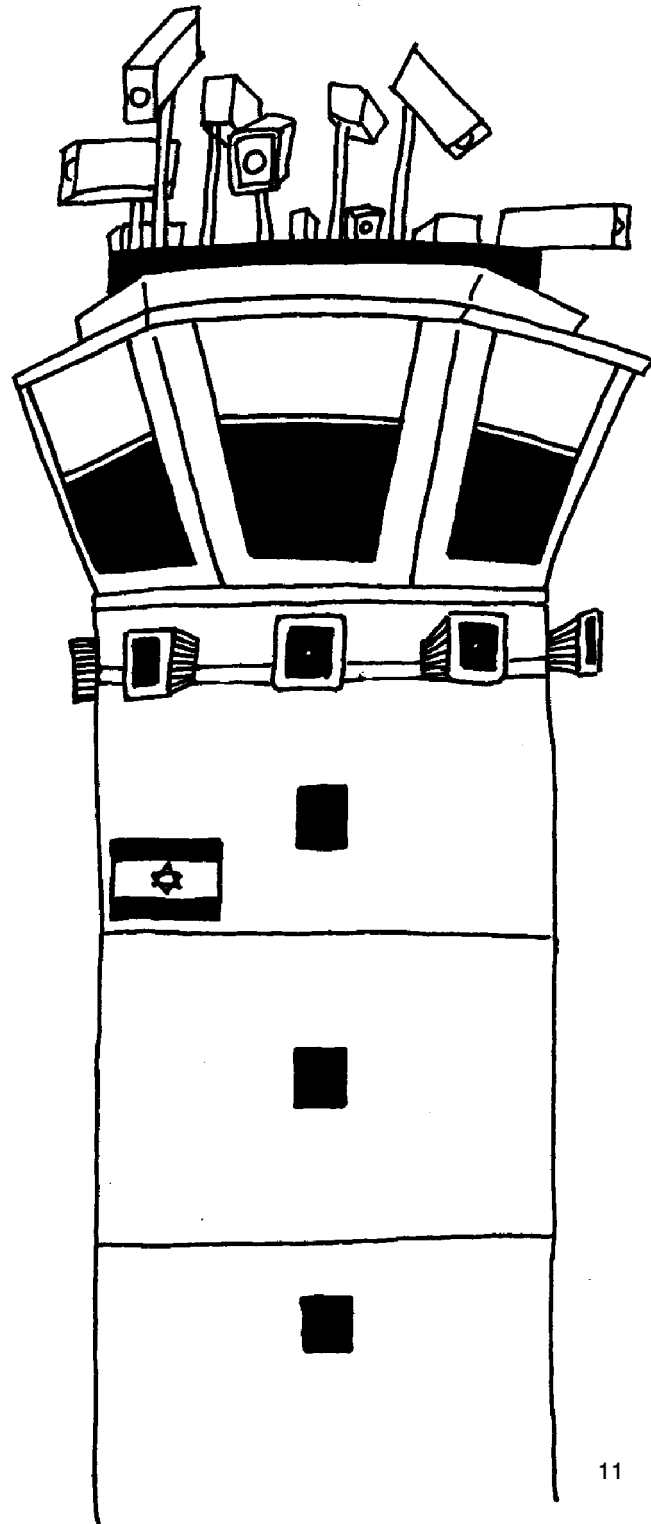
Despite the various mechanisms and restrictions of the occupation, the economy of the West Bank is faring much better than that of the Gaza Strip under the Israeli siege. A big reason for this is the amount of money flowing into the coffers of the PA from the international community, which is used to pay public sector workers. Hamas, since their 2006 electoral victory, have been denied this funding.

In 2007, The Palestinian Central Bureau of Statistics (PCBS) calculated the total food expenditures in the West Bank at 36.8% (19), meaning that Palestinians living in the West Bank as opposed to Gaza are paying less of their income on basic food needs.

47% of Palestinians living in the West Bank are below the poverty line according to MAS, though this is slightly higher than the number provided by the ME Quartet (45.7), the latter number excludes remittances from abroad (20). Though this number is staggering, it is nearly 30% lower than the level of poverty in the Gaza Strip.

In Q2 of 2008 there was an overall decrease of 5% in new company registration in Palestine. However, all of the 247 companies registered during the period of study were in the West Bank (21).

In Q4 of 2007, unemployment sat at 19% with a difference between the employment rates of men at 19.9% and women at 15% (22). In Q1 of 2008, the unemployment rate in the West Bank actually lowered to around 16% (4). This is in sharp contrast to the employment rate of the Gaza Strip in which nearly half of the participating workforce is unable to find work.



# Endnotes

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