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1800300300 :

diwan@pcbs.gov.ps :

<http://www.pcbs.gov.ps> :



Source: Palestinian Central Bureau of Statistics

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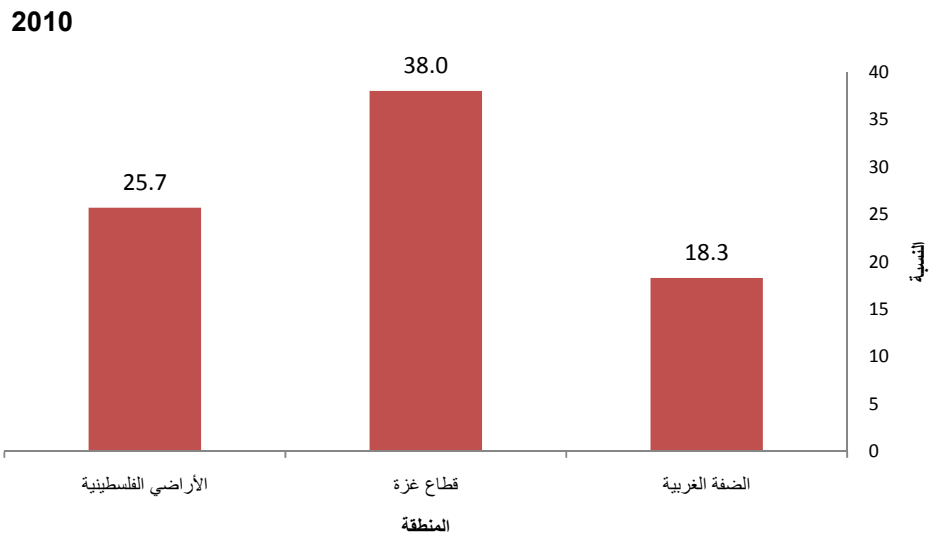
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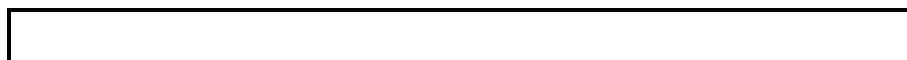


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6.3	1.4	12.7	4.1	6.4	1.4	13.6	4.2	
19.3	3.9	32.9	10.3	24.5	3.8	36.9	10.1	
11.2	2.4	20.3	6.4	13.0	2.3	22.1	6.3	

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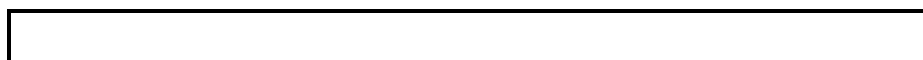
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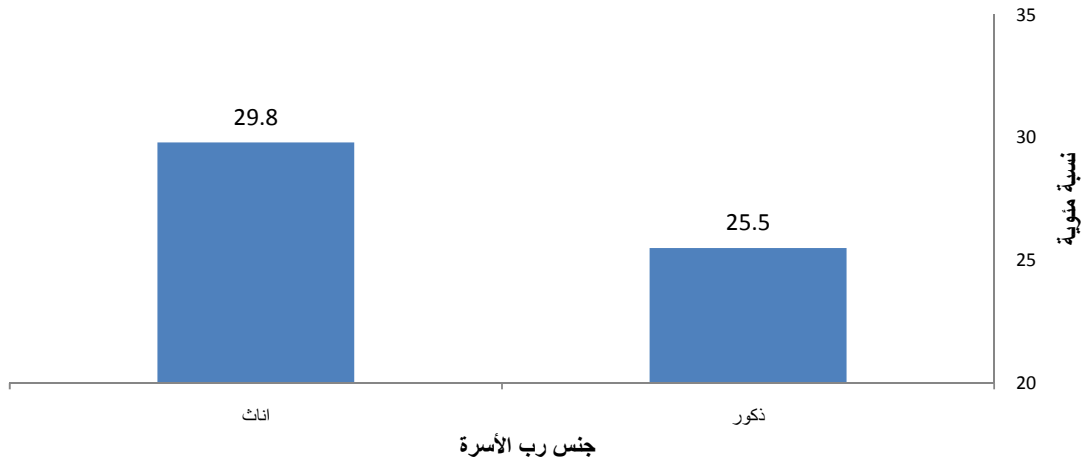
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11.0	8.8	20.5	18.3	
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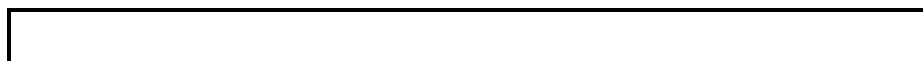
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19.7	1.4	6.6	4.1	
8.7	3.9	17.1	10.3	
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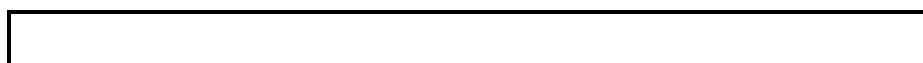
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19.4	14.6	31.0	25.8	
14.9	12.1	25.0	21.9	
25.5	13.9	41.2	32.4	
19.2	14.1	30.9	25.7	

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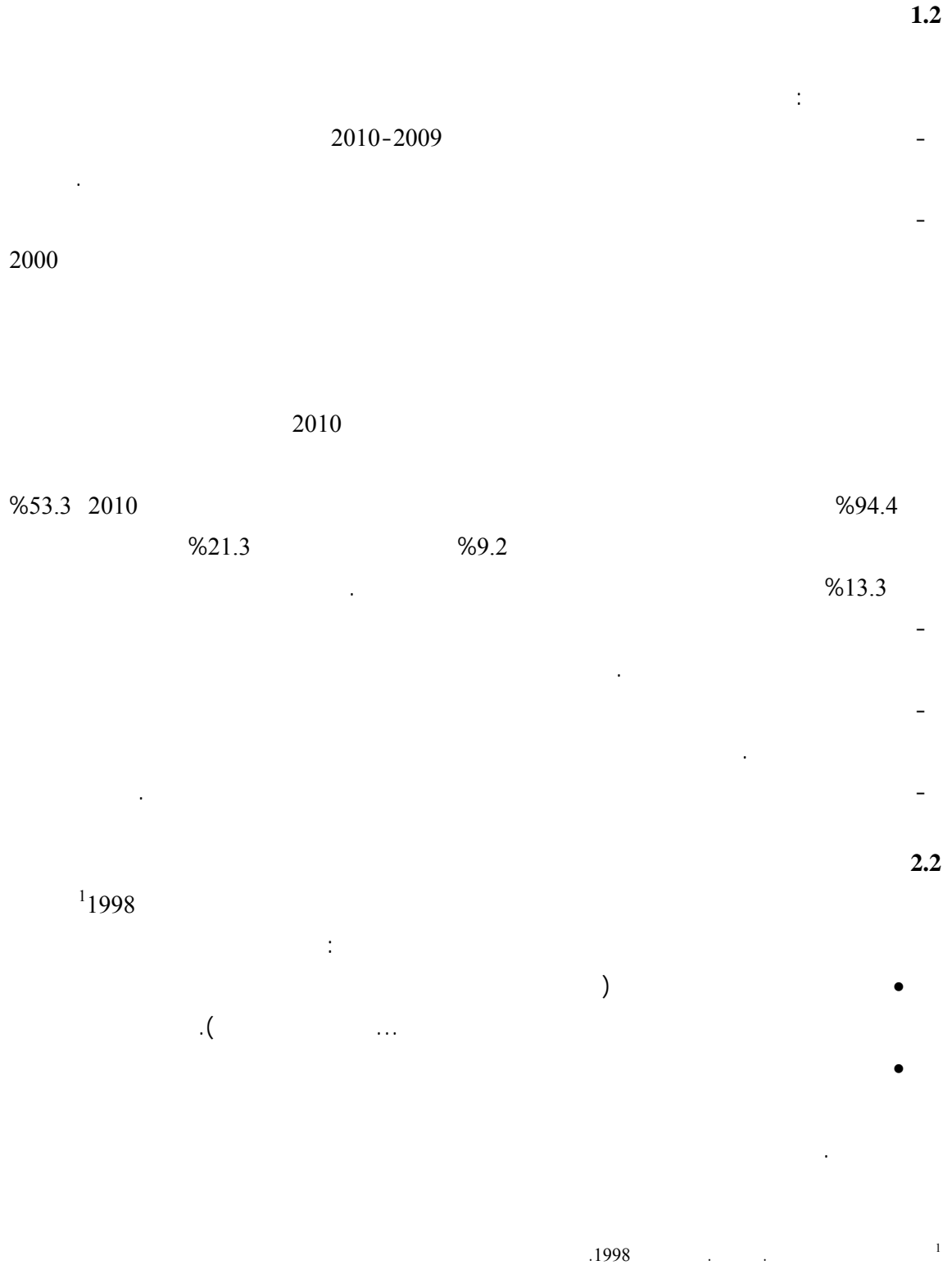


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							1,637	1,964	2,284	2,599		4
						1,916	2,237	2,552	2,863	3,170		5
					2,190	2,506	2,817	3,124	3,428	3,728		6
				2,460	2,772	3,079	3,383	3,684	3,981	4,276		7
			2,726	3,034	3,338	3,639	3,937	4,233	4,526	4,816		8
		2,988	3,293	3,595	3,894	4,189	4,482	4,773	5,062	5,348		9
	3,042	3,551	3,849	4,146	4,439	4,730	5,019	5,306	5,591	5,874		10
3,283	3,564	4,102	4,396	4,687	4,976	5,263	5,549	5,832	6,114	6,394		11

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							1,305	1,565	1,821	2,071		4
						1,527	1,783	2,034	2,282	2,526		5
				1,745	1,997	2,246	2,490	2,732	2,971			6
			1,960	2,209	2,454	2,697	2,936	3,173	3,408			7
			2,172	2,418	2,661	2,901	3,138	3,374	3,607	3,839		8
		2,382	2,625	2,865	3,103	3,339	3,573	3,804	4,034	4,263		9
	2,589	2,830	3,068	3,304	3,538	3,770	4,000	4,229	4,456	4,682		10
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* Source: Henry S. Shryock, Jacob S. Siegel. *The Methods and Materials of Demography*, page 98.

Tables

2009

:1

Table 1: Poverty Rates Among Individuals According to Monthly Consumption Patterns, 2009

Selected Variables	Deep Poverty		Poverty Severity		Poverty Gap		Poverty		
	Contribution	Value	Contribution	Value	Contribution	Value	Contribution	Value	
Palestinian Territory	100.0	13.7	100.0	2.3	100.0	6.3	100.0	26.2	
West Bank	42.2	9.1	35.6	1.4	41.4	4.2	47.3	19.4	
Gaza Strip	57.8	21.9	64.4	3.8	58.6	10.1	52.7	38.3	
Locality Type									
Urban	73.8	13.8	75.6	2.2	73.9	6.3	73.2	26.2	
Rural	16.3	13.0	16.9	2.5	17.3	6.5	17.5	26.6	
Refugee camp	9.8	14.4	7.5	2.1	8.8	6.3	9.3	26.2	
Household Size									
1	0.2	4.6	0.0	0.6	0.0	2.3	0.2	11.7	1
2-3	3.3	6.7	0.5	0.9	1.3	2.7	3.0	11.6	3-2
4-5	11.1	8.0	3.2	1.1	6.9	3.7	13.0	17.9	5-4
6-7	22.9	10.4	10.7	1.4	17.7	4.7	24.9	21.7	7-6
8-9	29.6	15.8	24.8	2.7	29.0	7.4	29.6	30.3	9-8
10+	32.9	25.1	60.7	4.8	45.1	12.0	29.3	42.8	+10
Number of Children									
0	8.0	11.7	4.7	1.7	5.7	4.9	7.5	20.9	0
1-2	15.7	10.1	12.2	1.6	13.7	4.5	15.7	19.3	2-1
3-4	25.0	10.2	22.0	1.5	24.8	4.9	30.1	23.4	4-3
5-6	32.8	18.1	27.9	2.9	30.6	7.9	28.3	29.9	6-5
7-8	12.2	21.6	13.9	4.1	14.0	10.8	12.2	41.4	8-7
+9	6.3	29.2	19.3	7.2	11.2	15.9	6.2	54.8	+9
Sex of Head of Household									
Male	94.5	13.7	95.9	2.3	95.6	6.4	95.1	26.5	
Female	5.5	13.3	4.1	2.3	4.4	6.0	4.9	22.5	

2009

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Table 1 (Cont): Poverty Rates Among Individuals According to Monthly Consumption Patterns, 2009

Selected Variables	Deep Poverty		Poverty Severity		Poverty Gap		Poverty		
	Contribution	Value	Contribution	Value	Contribution	Value	Contribution	Value	
Refugee Status of Head of Household									
Refugee	52.7	16.9	57.6	3.0	54.0	7.9	50.0	30.6	
Non-refugee	47.3	11.4	42.4	1.7	46.0	5.2	50.0	23.0	
Labor Force Participation of Head of Household									
Employed (in labor force)	55.0	10.3	49.0	1.6	54.0	4.8	59.6	21.3	()
Un-employed (in labor force)	25.2	30.9	27.6	5.8	25.2	14.4	22.0	51.5	()
Outside labor force	19.8	17.6	23.4	2.8	20.7	7.9	18.4	31.3	
Main source of Income									
Agriculture	5.6	20.5	4.7	3.5	5.2	9.3	5.8	40.6	
Other household business	10.1	9.4	12.5	1.2	10.7	4.1	11.5	20.3	
Wages and salaries-Public sector	11.6	9.8	10.2	1.3	11.3	4.2	12.1	19.6	
Wages and salaries-Private sector	33.3	17.2	33.1	2.7	32.2	7.6	30.1	29.7	
Wages and salaries-Israeli sector	5.7	6.0	6.5	1.0	7.5	3.3	8.1	16.4	
Wages and salaries-international Organizations	4.2	20.0	4.0	3.8	4.2	9.6	3.5	32.1	
Transfers\ aid	28.5	19.0	28.0	3.6	27.9	9.3	27.8	35.5	/
Other sources	1.0	7.4	0.9	1.8	1.0	4.1	1.1	16.0	

2009

:2

Table 2: Poverty Rates Among Individuals According to Monthly Income, 2009

Selected Variables	Deep Poverty		Poverty Severity		Poverty Gap		Poverty		
	Contribution	Value	Contribution	Value	Contribution	Value	Contribution	Value	
Palestinian Territory	100.0	38.2	100.0	13.0	100.0	22.1	100.0	51.2	
West Bank	44.8	26.8	27.7	6.4	37.9	13.6	51.0	40.9	
Gaza Strip	55.2	58.2	72.3	24.5	62.1	36.9	49.0	69.3	
Locality Type									
Urban	75.6	39.3	79.8	13.8	76.8	22.9	73.5	51.2	
Rural	13.9	30.6	10.3	8.5	12.7	16.6	15.9	47.0	
Refugee camp	10.5	43.1	9.9	14.9	10.5	25.2	10.7	58.3	
Household Size									
1	0.5	38.0	0.0	10.0	0.1	19.6	0.5	51.1	1
2-3	4.7	27.1	0.9	8.4	2.1	15.0	4.5	34.3	3-2
4-5	14.3	28.7	5.5	9.1	9.2	16.0	14.1	37.9	5-4
6-7	27.4	34.8	16.8	10.9	22.8	19.5	28.3	48.0	7-6
8-9	29.9	44.4	30.8	15.7	31.9	26.1	30.1	59.9	9-8
10+	23.1	49.3	46.1	18.3	33.9	29.6	22.5	64.1	+10
Number of Children									
0	7.0	28.5	4.1	9.4	5.0	16.3	7.0	38.3	0
1-2	17.7	31.7	12.9	9.6	15.2	17.4	17.9	42.9	2-1
3-4	31.2	35.4	27.7	11.6	30.2	20.4	33.1	50.3	4-3
5-6	30.5	46.9	32.3	16.2	31.7	27.0	28.9	59.5	6-5
7-8	10.1	50.0	12.3	18.2	11.5	29.4	9.4	62.3	8-7
9+	3.4	43.9	10.8	22.5	6.4	32.1	3.6	62.8	+9
Sex of Head of Household									
Male	94.0	38.1	96.4	13.0	95.6	22.0	94.0	51.0	
Female	6.0	39.8	3.6	12.8	4.4	22.4	6.0	53.9	

2009

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Table 2 (Cont): Poverty Rates Among Individuals According to Monthly Income, 2009

Selected Variables	Deep Poverty		Poverty Severity		Poverty Gap		Poverty		
	Contribution	Value	Contribution	Value	Contribution	Value	Contribution	Value	
Refugee Status of Head of Household									
Refugee	51.1	45.4	57.4	16.8	54.0	27.2	49.2	58.7	
Non-refugee	48.9	32.7	42.6	10.1	46.0	18.2	50.8	45.5	
Labor Force Participation of Head of Household									
Employed (in labor force)	59.4	30.9	46.7	9.0	54.6	16.9	63.7	44.4	()
Un-employed (in labor force)	21.5	73.5	32.4	34.3	26.1	48.6	17.5	80.0	()
Outside labor force	19.1	47.2	20.8	16.3	19.4	27.5	18.8	62.4	
Main source of Income									
Agriculture	4.5	45.8	3.6	13.3	4.1	24.8	4.2	57.6	
Other household business	12.7	32.7	13.0	9.8	12.4	17.8	13.5	46.4	
Wages and salaries-Public sector	10.6	24.9	9.7	6.7	10.6	13.5	13.2	41.4	
Wages and salaries-Private sector	32.6	46.6	31.8	15.1	32.0	26.1	30.2	57.9	
Wages and salaries-Israeli sector	7.0	20.6	4.5	4.8	6.4	10.7	9.0	35.5	
Wages and salaries-international Organizations	3.2	41.8	4.8	20.0	4.1	28.9	3.1	55.0	
Transfers\ aid	28.1	52.0	31.8	22.2	29.2	33.3	25.5	63.2	/
Other sources	1.3	28.4	0.8	7.8	1.1	15.0	1.3	37.7	

2010

:3

Table 3: Poverty Rates Among Individuals According to Monthly Consumption Patterns, 2010

Selected Variables	Deep Poverty		Poverty Severity		Poverty Gap		Poverty		
	Contribution	Value	Contribution	Value	Contribution	Value	Contribution	Value	
Palestinian Territory	100.0	14.1	100.0	2.4	100.0	6.4	100.0	25.7	
West Bank	38.8	8.8	30.8	1.4	36.7	4.1	44.6	18.3	
Gaza Strip	61.2	23.0	69.2	3.9	63.3	10.3	55.4	38.0	
Locality Type									
Urban	75.8	14.6	76.7	2.5	75.5	6.7	73.3	25.8	
Rural	14.9	12.1	12.6	1.7	13.8	5.1	14.8	21.9	
Refugee camp	9.3	13.9	10.8	2.5	10.7	7.1	11.9	32.4	
Household Size									
1	0.2	5.9	0.0	0.6	0.0	2.3	0.3	11.4	1
2-3	2.4	5.3	0.4	0.7	1.1	2.5	3.4	13.9	3-2
4-5	7.9	5.8	2.3	0.9	5.0	2.8	10.4	14.1	5-4
6-7	21.7	10.2	10.0	1.5	16.0	4.5	23.0	19.8	7-6
8-9	29.1	16.4	22.3	2.7	27.6	7.5	29.8	30.5	9-8
10+	38.7	29.0	65.0	5.4	50.2	13.3	33.0	45.1	+10
Number of Children									
0	6.4	9.5	2.6	1.2	4.3	4.0	6.8	18.4	0
1-2	14.5	9.8	10.8	1.5	12.8	4.3	15.5	19.1	2-1
3-4	30.1	12.7	32.8	2.2	31.0	5.9	29.3	22.6	4-3
5-6	28.0	15.9	24.9	2.6	27.1	7.2	28.6	29.7	6-5
7-8	16.8	24.5	23.5	4.7	19.8	11.7	16.0	42.6	8-7
+9	4.3	32.0	5.4	4.7	5.0	13.1	3.9	52.0	+9
Sex of Head of Household									
Male	94.4	14.1	96.0	2.3	95.3	6.4	93.9	25.5	
Female	5.6	15.2	4.0	2.5	4.7	7.0	6.1	29.8	

2010

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Table 3 (Cont): Poverty Rates Among Individuals According to Monthly Consumption Patterns, 2010

Selected Variables	Deep Poverty		Poverty Severity		Poverty Gap		Poverty		
	Contribution	Value	Contribution	Value	Contribution	Value	Contribution	Value	
Refugee Status of Head of Household									
Refugee	47.9	16.0	51.1	2.7	48.9	7.3	46.9	28.6	
Non-refugee	52.1	12.7	48.9	2.1	51.1	5.8	53.1	23.6	
Labor Force Participation of Head of Household									
Employed (in labor force)	61.0	11.2	57.8	1.8	60.1	5.2	65.7	22.0	()
Un-employed (in labor force)	18.2	32.9	19.3	5.6	18.3	14.4	15.4	50.4	()
Outside labor force	20.8	19.2	22.8	3.3	21.6	8.6	19.0	32.0	
Main source of Income									
Agriculture	3.6	15.4	3.3	2.1	3.7	6.8	4.1	32.0	
Other household business	12.7	11.9	17.0	2.3	14.6	5.9	14.3	24.4	
Wages and salaries-Public sector	9.8	9.0	12.6	1.4	11.0	4.2	11.5	19.2	
Wages and salaries-Private sector	36.8	18.1	33.3	3.1	35.3	8.3	34.6	31.1	
Wages and salaries-Israeli sector	5.5	6.1	3.6	0.7	5.1	2.6	7.0	14.1	
Wages and salaries-international Organizations	4.1	17.5	3.6	2.2	3.9	7.0	4.1	31.7	
Transfers\ aid	27.1	19.3	26.5	3.3	25.9	8.6	23.4	30.4	/
Other sources	0.5	4.3	0.2	0.6	0.4	2.3	1.1	15.8	

2010

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Table 4: Poverty Rates Among Individuals According to Monthly Income, 2010

Selected Variables	Deep Poverty		Poverty Severity		Poverty Gap		Poverty		
	Contribution	Value	Contribution	Value	Contribution	Value	Contribution	Value	
Palestinian Territory	100.0	37.6	100.0	11.2	100.0	20.3	100.0	48.6	
West Bank	40.9	24.6	29.5	6.3	36.2	12.7	46.6	36.2	
Gaza Strip	59.1	59.2	70.5	19.3	63.8	32.9	53.4	69.3	
Locality Type									
Urban	74.7	38.4	77.8	11.6	75.7	20.8	73.2	48.7	
Rural	13.0	28.1	11.1	7.9	12.4	15.0	14.5	40.5	
Refugee camp	12.3	48.8	11.1	14.1	11.9	25.9	12.3	62.9	
Household Size									
1	0.5	32.6	0.0	7.8	0.1	15.9	0.5	42.9	1
2-3	4.1	24.3	0.8	7.3	1.9	13.3	4.4	33.7	3-2
4-5	12.5	24.5	4.3	6.5	8.0	13.0	14.4	36.7	5-4
6-7	25.0	31.4	15.8	9.1	20.7	16.7	25.7	41.8	7-6
8-9	29.2	43.6	28.4	13.2	30.1	23.7	29.0	56.2	9-8
10+	28.7	57.1	50.7	18.1	39.2	31.3	25.9	66.7	+10
Number of Children									
0	7.1	28.1	3.8	8.5	5.1	15.4	7.5	38.7	0
1-2	16.3	29.3	13.1	8.2	14.7	15.6	17.4	40.6	2-1
3-4	29.4	33.2	28.1	9.7	28.7	17.9	30.0	43.8	4-3
5-6	28.4	43.1	30.3	13.6	29.7	23.8	28.0	54.9	6-5
7-8	15.5	60.2	18.1	17.3	17.0	31.3	14.2	71.4	8-7
+9	3.3	65.2	6.5	21.6	4.9	36.5	2.9	74.3	+9
Sex of Head of Household									
Male	93.9	37.2	95.6	11.1	95.0	20.1	93.9	48.2	
Female	6.1	44.0	4.4	12.9	5.0	23.6	6.1	56.5	

2010

:() 4

Table 4(Cont): Poverty Rates Among Individuals According to Monthly Income, 2010

Selected Variables	Deep Poverty		Poverty Severity		Poverty Gap		Poverty		
	Contribution	Value	Contribution	Value	Contribution	Value	Contribution	Value	
Refugee Status of Head of Household									
Refugee	50.1	44.6	53.6	13.6	51.3	24.1	48.0	55.3	
Non-refugee	49.9	32.4	46.4	9.4	48.7	17.4	52.0	43.8	
Labor Force Participation of Head of Household									
Employed (in labor force)	65.7	32.1	52.9	8.3	60.2	16.3	68.9	43.6	()
Un-employed (in labor force)	15.7	75.5	22.5	29.1	18.9	45.6	13.1	81.5	()
Outside labor force	18.5	45.5	24.6	16.7	20.9	27.2	17.9	57.0	
Main source of Income									
Agriculture	4.2	47.6	4.1	14.3	4.2	24.9	3.8	56.3	
Other household business	14.4	35.8	16.6	10.9	15.3	19.5	14.1	45.5	
Wages and salaries-Public sector	10.9	26.6	8.7	4.7	9.9	11.4	11.4	36.2	
Wages and salaries-Private sector	35.5	46.5	34.2	14.1	34.7	25.3	34.7	58.9	
Wages and salaries-Israeli sector	6.3	18.5	4.1	4.0	5.8	9.3	8.1	30.5	
Wages and salaries-international Organizations	4.0	46.1	4.8	14.4	4.4	25.0	3.5	51.7	
Transfers\ aid	23.7	45.1	26.7	16.1	24.9	26.5	23.4	57.6	/
Other sources	1.0	23.0	0.9	9.0	1.0	14.3	1.0	27.7	

Annexes

(1)

2009		2010	
) 2009	3,627	2009	4,699
	221)	973
%85.5) %79.6	((%)67.0
	4,767	2010	4,608
	159		2,575
	1,182		3,757
	%81.6	%82.4	%82.1
	(SNA) 1993	/	(COICOP)
	12		12
		()	
		10 – 8	

12

50

(45-23) (21-1) 667
(55-50) 22

(2)

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

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

$$H = q/n : H$$

.(Sen 1976)

: (The Foster – Greer – Thorbecke, 1984)

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

α

$\alpha \geq 0$

q, n, y_i, z

α

:

" H "

$0 = \alpha$

" P₀ "

$1 = \alpha$

" P₁ "

" P₂ "

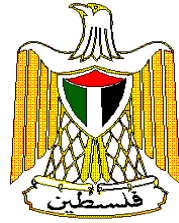
$2 = \alpha$

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2

" P₂ " .
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/ " P_o " -
" P₁ " -
" P₂ " -



Palestinian National Authority
Palestinian Central Bureau of Statistics

**Poverty in the Palestinian
Territory**

**Main Findings Report
2009-2010**

September, 2011

“Cover Price US\$”

PAGE NUMBERS OF ENGLISH TEXT ARE PRINTED IN SQUARE BRACKETS. TABLES ARE PRINTED IN ARABIC FORMAT (FROM RIGHT TO LEFT)

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Preface

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

The primary objective of this report is to provide baseline data on the main indicators of poverty as part of socio-economic monitoring. The results of this report may be of great significance in establishing a system of reporting on socio-economic conditions for mapping external intervention and targeting special groups or areas in order to minimize the impact of ongoing changes in 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 the causes and manifestations of poverty. This report emphasizes the need to track the national poverty line in order to monitor significant changes within the context of events witnessed in the Palestinian economy.

On this basis, the PCBS decided that a poverty report should be produced and we sincerely hope that the output from this report will be equally useful to Palestinian efforts towards establishing a better future.

September, 2011

**Ola Awad
President**

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Chapter One

Main Findings

1.1 Poverty Profile in the Palestinian Territory

The analysis of data was based on both consumption patterns and income for households to show the variations in standards of living resulting from variable income, remittances, loans and social aid on which households are dependent.

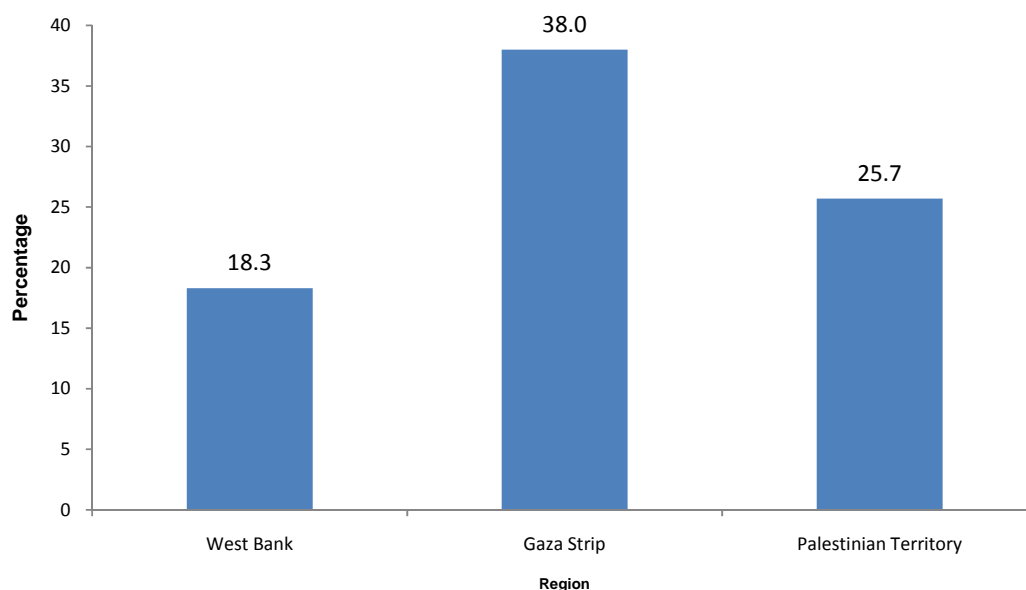
1.1.1 Poverty Distribution by Region

Slight fall in poverty rates in 2010

The consumption data indicated that the rate of total diffusion of poverty among Palestinian individuals in the Palestinian Territory was 25.7% in 2010: 18.3% in the West Bank and 38.0% in Gaza Strip. Income data indicated that the poverty rate among Palestinian individuals was 48.6%: 36.2% in the West Bank and 69.3% in the Gaza Strip.

More significant is the fact that the consumption data indicated that 14.1% of individuals in the Palestinian Territory were suffering from deep poverty in 2010 (8.8% in the West Bank and 23.0% in the Gaza Strip), while income data indicated that 37.6% of individuals were suffering from deep poverty in 2010 (24.6% in the West Bank and 59.2% in the Gaza Strip). Also, data indicated that the poverty rate according to consumption fell by 1.9% in 2010 compared with 2009. Where poverty rate was decreased from 26.2% in 2009 to 25.7% in 2010.

Poverty Rates Among Individuals According to Monthly Consumption Patterns in the Palestinian Territory, 2010



1.1.2 Poverty Gap and Severity by Region

Individuals in Gaza Strip are poorer than individuals in the West Bank. This is shown in the results of poverty gap and severity indicators in the following table.

Poverty Gap and Severity Among Individuals According to Income and Consumption in the Palestinian Territory, 2009-2010

Region	Poverty Rates							
	2009				2010			
	Poverty Gap		Poverty Severity		Poverty Gap		Poverty Severity	
	Cons.	Income	Cons.	Income	Cons.	Income	Cons.	Income
West Bank	4.2	13.6	1.4	6.4	4.1	12.7	1.4	6.3
Gaza Strip	10.1	36.9	3.8	24.5	10.3	32.9	3.9	19.3
Palestinian Territory	6.3	22.1	2.3	13.0	6.4	20.3	2.4	11.2

1.1.3 Poverty Distribution by Type of Locality (Place of Residence)

Individuals living in refugee camps are more likely to be poor

Place of residence is another spatial dimension by which poverty is anticipated to vary and the Palestinian Territory is no exception. The usual urban-rural classification of location is insufficient in our context due to the presence of refugee camps. Hence, poverty comparisons are conducted using the administrative classification of location into rural, urban, and refugee camp.

Individuals living in refugee camps are more likely to be poor (32.4%) in 2010 than individuals living in localities categorized as urban or rural (25.8% and 21.9% respectively).

1.2 Socio-economic Indicators of Households

1.2.1 Household Size

Most disadvantaged are in large households

As anticipated, the size of the household affects the likelihood of being poor: the poverty rate for individuals, starting from a two-person household, increases more or less consistently with the number in the household. The highest poverty rate of 42.8% was for individuals in the largest households with 10 or more members. The lowest poverty rate of 13.9% in 2010 was for individuals in households consisting of two to three persons. The most disadvantaged individuals were in households with 10 persons or more in terms of poverty, deep poverty, and poverty severity, making them the poorest of the poor.

1.2.2 Number of Children in Household

Positive relationship between poverty rates and number of children

With only around 19.9% of households without children, the vast majority of Palestinian households comprise children. Hence, meaningful comparisons in poverty status should be conducted for households with different numbers of children rather than merely between childless households and others.

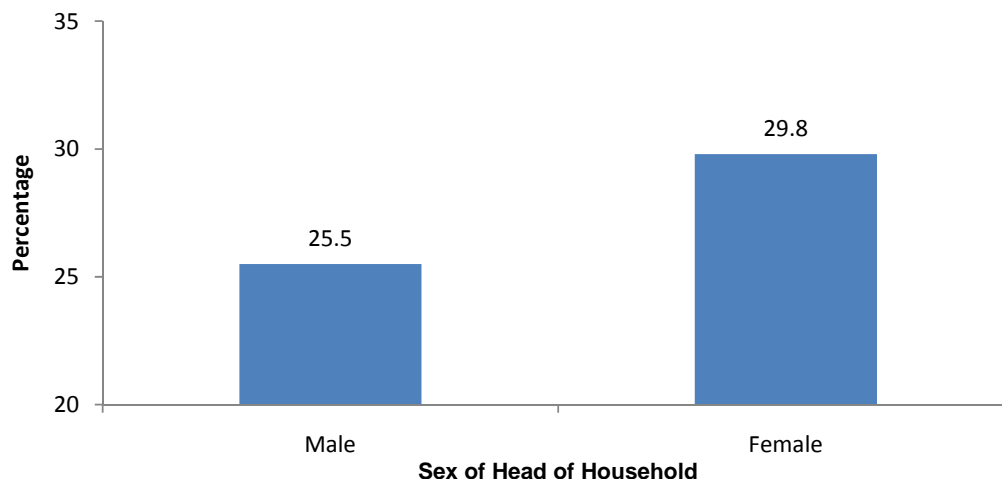
With the exception of childless households, the incidence of poverty increases consistently with the additional number of children among family households. The individuals who are in households with a child or two less vulnerable to the spread of poverty (19.3%), but it is striking that the prevalence of poverty among individuals who are in households with up to four children under the rate of spread at the national level.

1.2.3 Sex of Head of Household

Poverty rate higher in households headed by a female

The poverty rate in households headed by a female is higher than in those headed by a male, with a rate of 29.8% for individuals in female-headed households compared to 25.5% for individuals in male-led households. Households headed by females constituted about 9.3% of Palestinian households in 2010.

Poverty Rates Among Individuals According to Monthly Consumption Patterns by Head of Household, 2010



1.2.4 Labor Force Participation of Head of Household

poverty rates are higher between individuals whose head of household does not participate in the labor force

Although participation in the labor force reduces the incidence of poverty, poverty remains fairly high among the working population. The majority of the heads of poor households are labor force participants, with a contribution to national poverty of about 81.0% using the head count index.

The conditions of poor individuals whose head of household does not participate in the labor force were significantly worse (32.0%) than those in the labor force (24.6%) according to monthly consumption patterns. The same conclusion is reached using other poverty indices.

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 in determining the poverty status of households. As anticipated, individuals

whose head of household is unemployed have a higher incidence of poverty (50.4%) than those whose head of household is in employment (22.0%).

1.2.5 Main Source of Income

Consumption of the rich over the poor consumption of five times

Individuals in households who depended on agriculture or as the main source of income suffered higher poverty (32.0%), followed by household individuals depended on remittances and aid (30.4%). The situation of individuals in households who depended on the Palestinian private sector as the main source of income are worse off than the situation of individuals in households who depended on the public sector, where the poverty rate among individuals in households who depended on the private sector (31.1%), and among household individuals depended on the public sector amounted to 19.2%. When comparing consumption richest 10% of individuals with consumption of the poorest 10% of individuals show that the consumption of the rich over the poor consumption of five times.

1.2.6 Consumption Distribution of Households in the Palestinian Territory

Share of richest 10% households went up while share of poorest 10% went down

Changes in poverty can be divided into changes in average consumption and changes in the distribution of consumption across households. In addition to the decline in average household consumption, the table below comparing the share of consumption of various groups between 2009 and 2010 illustrates that the distribution of consumption across households has changed. In 2010, the poorest 10 percent (ranked by individual consumption) consumed 4.5% of total monthly household consumption, compared with 4.6% in 2009. Similar patterns exist for other deciles.

The results indicate that the richest 10 percent consumed 22.5% in 2010 against 20.3% in 2009.

Household Total Monthly Consumption Distribution Patterns, 2009-2010

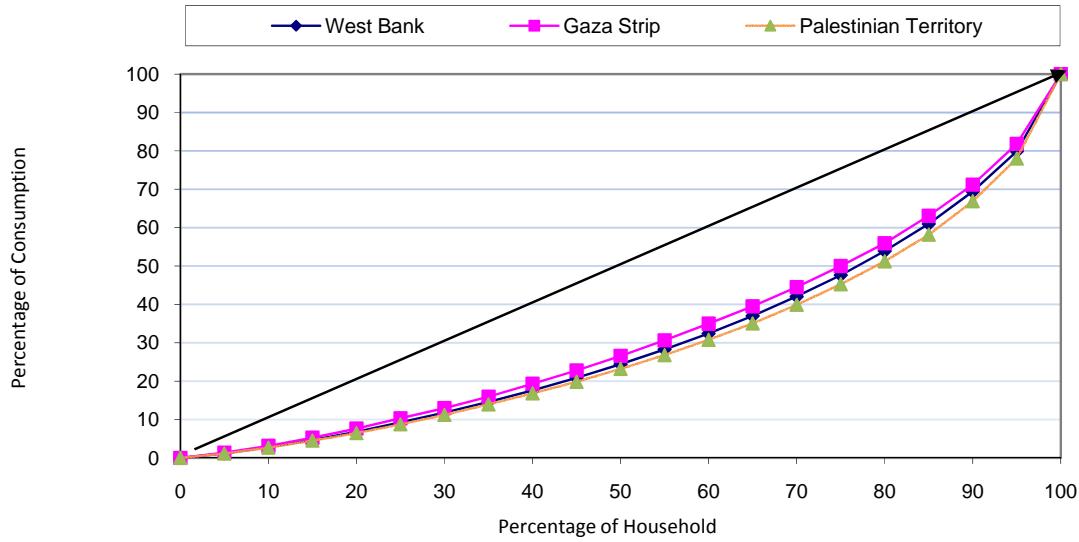
Poorest	10%	20%	30%	40%	50%	60%	70%	80%	90%	10% richest to 10% poorest
2009	4.6	10.4	17.5	25.6	34.0	43.5	54.4	66.1	79.7	4.4
2010	4.5	10.6	17.0	24.4	32.4	41.7	51.6	63.5	77.5	5.0

Increase in inequality in 2010

The inequality index of distribution is measured by using income or consumption through calculating the GINI coefficient. Consumption data was used to calculate this coefficient, which is better when the value is close to 0 (reflects more equality), while a value close to one reflects greater inequality. In 2010, the value of this index was 41% in the Palestinian Territory compared to 38% in 2009.

According to region, the GINI index value was 39% in the West Bank and 35% in the Gaza Strip.

Lorenz Curve in the Palestinian Territory in 2010



1.3 Poverty and Social Assistance

1.3.1 The Impact of Assistance

Social assistance reduced poverty rate by almost 17%

Households relying on public assistance as their main source of income are much worse off compared to other households.

The consumption data indicate that 25.7% of individuals are below the poverty line even with the inclusion of the value of the assistance they consumed. When this assistance is subtracted out, poverty rates increased to 30.9%. Assuming other factors remain unchanged in the absence of assistance, it can be concluded that assistance reduced the poverty rate by 16.8%.

Deep poverty rates were reduced from 19.2% before assistance to 14.1% with assistance. (Assistance reduced the deep poverty rate by 26.6%.)

Poverty Rates Among Individuals Before and After Receiving Assistance in the Palestinian Territory, 2010

Region	Poverty		Deep Poverty	
	After Receiving Assistance	Before Receiving Assistance	After Receiving Assistance	Before Receiving Assistance
West Bank	18.3	20.5	8.8	11.0
Gaza Strip	38.0	48.2	23.0	33.0
Palestinian Territory	25.7	30.9	14.1	19.2

From the table above it is clear that social assistance in Gaza Strip plays a considerable role in reducing poverty rates. In Gaza Strip, social assistance contributed to reducing poverty by

21.2% compared to 10.7% in the West Bank. Social assistance in Gaza Strip contributed to reducing deep poverty among individuals by 30.3% compared to 20.0% in the West Bank.

Poverty gap reduced by almost 40% due to assistance

Data indicate the importance of social assistance in reducing the poverty gap and poverty severity. The poverty gap was 10.6% before assistance and 6.4% after assistance, a reduction of 39.6%.

Poverty Gap and Severity Among Individuals Before and After Receiving Assistance in the Palestinian Territory, 2010

Region	Poverty Gap (%)		Poverty Severity (%)	
	After Receiving Assistance	Before Receiving Assistance	After Receiving Assistance	Before Receiving Assistance
West Bank	4.1	6.6	1.4	19.7
Gaza Strip	10.3	17.1	3.9	8.7
Palestinian Territory	6.4	10.6	2.4	15.6

1.3.2 Assistance and Type of Locality

Greatest contribution of assistance in reducing poverty is in camps

Data indicate that the poverty rate among individuals in urban locations was 25.8%, compared to 21.9% in rural areas, and 32.4% in camps. Also, the data reveal that social assistance contributed to a fall in poverty rates among individuals of 16.8% in urban locations, 12.4% in rural areas, and 21.4% in camps. Social assistance contributed to a reduction in deep poverty among individuals of 45.5% in camps, 24.7% in urban areas, and 18.8% in rural locations.

Poverty Rates Among Individuals Before and After Receiving Assistance by Locality in the Palestinian Territory, 2010

Locality	Poverty		Deep Poverty	
	After Receiving Assistance	Before Receiving Assistance	After Receiving Assistance	Before Receiving Assistance
Urban	25.8	31.0	14.6	19.4
Rural	21.9	25.0	12.1	14.9
Camp	32.4	41.2	13.9	25.5
Palestinian Territory	25.7	30.9	14.1	19.2

1.3.3 Errors of Leakage and Under-coverage Rates

Differences in Targeting Errors According Used Methodology

Targeting the poor requires minimizing two types of possible errors: leakage and under-coverage.¹ The used methodology in order to determine targeting errors was the formal way to classify households according the national poverty line (Normal).

¹ Leakage is defined as the number of households who receive emergency assistance and the non-needy household, divided by the total number of households who receive emergency assistance (error of inclusion). Under-coverage is the proportion of

Referring to this way, the inclusion error was 65.7% which means around two third of who received assistances were not in need in the Palestinian Territory in 2010. Exclusion (under-coverage) error was 42.6% which means this percent of households were in need/poor but did not receive any assistances in 2010 in the Palestinian Territory.

Distribution of Households by Receiving Assistances and Household Situation in the Palestinian Territory, 2010

	Not Poor	Poor	Total
Do Not Receive Assistances	85.7	14.3	100.0
Receive Assistances	65.7	34.3	100.0
Total	78.6	21.4	100.0
Total Distribution:			
Do Not Receive Assistances	70.0	42.6	64.1
Receive Assistances	30.0	57.4	35.9
Total	100.0	100.0	100.0

needy households who do not receive emergency assistance (error of exclusion). The needy or non-needy household was determined according to direct questions to households in a questionnaire.

Chapter Two

Methodology and Quality

2.1 Report Objectives

The main objective of the poverty report is to provide baseline data on poverty statistics to formulate plans and policies at national level for different sectors through the following:

- Provide a profile of poverty in the Palestinian Territory for 2009-2010 in order to study the socio-economic characteristics of poor households in the Palestinian Territory.
- Provide poverty rates according to both patterns of consumption and income in an attempt to demonstrate the behavior of the Palestinian household in expenditure and savings.
- Study the rates of consumption and changes in the percentage distribution of consumption in households.
- Demonstrate the impact of aid from various sources on poverty rates and the changes to households as a result.
- Demonstrate the extent of accuracy in targeting assistance through the calculation of errors in leakage and under-coverage rates.

2.2 Main Elements of Methodology

Poverty statistics reported here are based on an official definition of poverty developed in 1998¹. The definition combines absolute and relative features and is based on a budget of basic needs for a family of five persons (two adults and three children). Two poverty lines have been developed according to actual spending patterns of Palestinian households. The first, termed “deep poverty line,” was calculated to reflect a budget for food, clothing, and housing. The second “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 households based on their composition (household size and the number of children).

In 2010-2011, PCBS invested substantially in reviewing its original (1998) poverty measurement and trends methodology to meet international best practice standards, which primarily involve the following: (a) adjusting for spatial price differences; (b) calculating poverty headcount at individual rather than household level; and (c) ensuring that poverty lines over time reflect the same purchasing power, which necessitates that the poverty line is adjusted for price inflation using official CPI.

In 2009 and 2010, there was a change in the composition of households in Palestinian society. To reflect this change, instead of a reference household of two adults and four children, the reference household became one with two adults and three children (the most common household composition). The 2007 census and other recent household surveys clearly reflect this change. Accordingly, 2010 was considered as a new base year for estimating poverty rates.

The results are presented for 2009 and 2010 using available data from the tenth and eleventh

¹Poverty in Palestine. Poverty Report, 1998. Methodology

Palestinian Expenditure and Consumption Survey 2009-2010. Given the day-to-day changes in the Palestinian political situation, both consumption and income data were used to analyze poverty rates and illustrate variations in standards of living due to fluctuations in income, remittances, loans and social aid on which households depend.

2.3 Poverty Lines

In 2010, the poverty line and deep poverty line for the reference household (two adults and three children) stood at 2,237 NIS (609 US\$) and 1,783 NIS (478 US\$) respectively. (The dollar exchange rate during 2010 was 3.73 NIS.)

Poverty Lines in NIS in the Palestinian Territory by Household Size, 2010

Household Size	Number of Children											
	0	1	2	3	4	5	6	7	8	9	10	
1	757											
2	1,402	1,060										
3	2,012	1,686	1,352									
4	2,599	2,284	1,964	1,637								
5	3,170	2,863	2,552	2,237	1,916							
6	3,728	3,428	3,124	2,817	2,506	2,190						
7	4,276	3,981	3,684	3,383	3,079	2,772	2,460					
8	4,816	4,526	4,233	3,937	3,639	3,338	3,034	2,726				
9	5,348	5,062	4,773	4,482	4,189	3,894	3,595	3,293	2,988			
10	5,874	5,591	5,306	5,019	4,730	4,439	4,146	3,849	3,551	3,042		
11	6,394	6,114	5,832	5,549	5,263	4,976	4,687	4,396	4,102	3,564	3,283	

Deep Poverty Lines in NIS in the Palestinian Territory by Household Size, 2010

Household Size	Number of Children											
	0	1	2	3	4	5	6	7	8	9	10	
1	603											
2	1,118	845										
3	1,603	1,344	1,078									
4	2,071	1,821	1,565	1,305								
5	2,526	2,282	2,034	1,783	1,527							
6	2,971	2,732	2,490	2,246	1,997	1,745						
7	3,408	3,173	2,936	2,697	2,454	2,209	1,960					
8	3,839	3,607	3,374	3,138	2,901	2,661	2,418	2,172				
9	4,263	4,034	3,804	3,573	3,339	3,103	2,865	2,625	2,382			
10	4,682	4,456	4,229	4,000	3,770	3,538	3,304	3,068	2,830	2,589		
11	5,096	4,873	4,648	4,423	4,195	3,966	3,736	3,504	3,269	3,033	2,794	

2.4 Consumption Adjustment by Purchasing Power

Individuals living in different locations may pay different prices for similar goods. When comparing standards of living across locations using a consumption based measure of welfare, such differences in costs of living need to be taken into account. Available data suggest that prices of goods and services vary considerably across locations in the West Bank, Jerusalem (J1) and Gaza Strip. In general, prices appear to be lower in Gaza Strip compared to the West Bank and higher in Jerusalem (J1) compared to elsewhere.

At present, the West Bank and Gaza Strip have no properly defined spatial price index that adjusts nominal consumption measures to obtain 'real' measures of consumption that are comparable across locations. Currently, poverty calculations assume that households across the West Bank and Gaza face similar prices. Recognizing this inadequacy, the PCBS worked jointly with the World Bank to construct spatial price indices that would enable a meaningful comparison of living standards across the West Bank and Gaza Strip.

Purchasing Power of Shekel by Region in the Palestinian Territory, 2009-2010

Region	2009	2010
West Bank without Jerusalem (J1)	1.01	1.01
Gaza Strip	0.94	0.94
Jerusalem (J1)	1.12	1.14
Palestinian Territory	1.00	1.00

Chapter Three

Concepts and Definitions

Main Occupation:

The occupation or type of work performed by the employed person or previously performed by the unemployed. Occupation refers to an activity in which the employed person works for more than half of working hours, or the most frequent job undertaken during the three months prior to the reference data.

Main Source of Income:

The most consistent and regular income. The sources of income are:

- Wages and salaries
- Net income for employers or self-employed
- Net income from property
- Net current transfers

Household Expenditure:

Refers to the amount of cash spent on the purchase of goods and services for living purposes and the value of goods and services payments, or part of payments, received from an employer, and cash expenditure spent as taxes (non-commercial or non-industrial), gifts, contributions, interest on debts, and other non-consumption items.

Household Consumption:

Refers to the amount of cash spent on the purchase of goods and services for living purposes, and the value of goods and services payments, or part of payments, received from an employer, and own-produced goods and food, including consumed quantities during the recording period, and imputed rent.

Poverty Gap:

This indicator measures the volume of the total gap existing between the income / consumption of the poor and the poverty line (the total amount required to raise the consumption levels of the poor to the poverty line). It is recommended to calculate this indicator as a percentage of the total consumption value for the whole population when the consumption level for each of them is equal to the poverty line.

Poverty Severity:

In addition to reflecting the poverty gap, this indicator depicts the variation and differentials between the poor. (This indicator equals the mean of the total relative squares of poverty gaps for all the poor.)

***Lorenz Curve:**

This is usually used to measure inequalities in the distribution of wealth or income. To plot the curve, the units are first either arrayed individually or grouped in class intervals according to the appropriate independent variety. The cumulative percentage of the number of areas (Y) is plotted against the cumulative percentage of population (X). For comparison, a diagonal line is drawn at 45 degrees to show the condition of equal distribution. The Gini concentration ratio measures the proportion of the total area under the diagonal that lies in the area between the diagonal and the Lorenz Curve, and its values between 0 and 1, where zero reflects perfect situation in distribution and 1 reflects the worst situation in distribution.

* Source: Henry S.Shryock, Jacob S.Siegel. *The Methods and Materials of Demography*, p. 98.

Annexes

Annex (1)

Household Expenditure and Consumption Survey

Introduction:

The Palestinian Central Bureau of Statistics (PCBS) conducted the tenth and eleventh Expenditure and Consumption Survey for 2009 and 2010.

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 specifying 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 the level of household consumption and cash expenditure which can be used for poverty mapping and analysing changes in the standard of living over time.
- To provide data on the 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 PECS questionnaire was designed in accordance with UN/ILO recommendations for Household Budget Surveys practiced in most countries. These recommendations follow the concept of the National Accounts System 1993 (SNA, 93) and other changes based on the COICOP system pertinent to the classification of household/personal consumption followed in consumption surveys by the majority of countries.

The methodology of the survey is summarized as follows:

- The sample is a stratified systematic random sample with clustering in two stages, and 12 subsamples were used as one subsample per month.
- The duration of the survey was 12 months. The design of the survey took into consideration seasonal consumption variable from one season to another, such as expenditure on fruit, vegetables, and clothes.
- Each household was provided with a form (diary) to record daily expenditures. A female fieldworker visited the household repeatedly between eight to ten times to ensure the recording of household consumption in the diary according to the adopted procedures.
- The recording period for each household was restricted to one month. Households with a recording period longer than one month were given less variance in the expenditure and consumption pattern. One of the disadvantages of longer recording periods is that households become bored or forget to fill in the specified form. The UN/ILO recommendations call for a recording period of three to four weeks. PCBS selected a four-week recording period to cover household expenditure on goods and services that are repeated during the month.
- Different time references were adopted for the items of household expenditure and consumption. Daily expenditure on food and transportation items was given a one-month reference period. Durable goods and educational fees were given a 12-

month reference period, excluding personal transportation which is extended to the previous three years. Regarding income, one-month and one-year reference periods were used.

The Questionnaire:

The questionnaire comprises two main parts:

First: Survey questionnaire

Part of the questionnaire was completed during the visit at the beginning of the month, while the other part was completed at the end of the month. The questionnaire includes:

Control sheet: Includes household identification data, date of visit, data on the fieldwork and data processing team, and a summary of the household's members by gender.

Household roster: Includes demographic, social, and economic characteristics of the household's members.

Source of income and consumer durable goods schedule: Includes a list of main goods such as a washing machine, refrigerator, TV, and sources of income generation like ownership of farm land or animals.

Housing characteristics: Includes data on the type of housing unit, number of rooms, value of rent, and connection of the housing unit to basic services like water, electricity, and sewage. In addition, data in this section includes sources of energy used for cooking and heating and the distance of the housing unit from transportation, education, and health centers.

Monthly and annual income: Data pertinent to household income from different sources was collected at the end of the recording period.

Second: List of goods

The classification of the list of goods is based on the recommendation of the UN for the SNA under the name Classification of Personal Consumption by Purpose. The list includes 50 groups of expenditure and consumption, with each given a sequence number based on its importance to the household, starting with food goods, clothing groups, housing, medical treatment, transportation and communication, and finally, durable goods. Each group consists of important goods. The total number in all groups equals 667 items of goods and services. Groups from 1-21 include goods pertinent to food, drinks, and cigarettes. Group 22 includes goods that are home produced and consumed by the household. Groups 23-45 include all items except food, drinks, and cigarettes. Groups 50-55 include durable goods. The data is collected based on different reference periods to represent expenditure during the whole year, except for cars where data is collected for the last three years.

Recording form:

The recording form includes instructions and examples on how to record consumption and expenditure items. The form includes columns as follows:

- Monetary: If the good is purchased or in kind: if the item is self-produced
- Title of the service of the good
- Unit of measurement (kilogram, liter, number)
- Quantity
- Value

The pages of the recording form are colored differently for each week of the month. The footer for each page includes remarks that encourage households to

participate in the survey. The following are instructions that illustrate the nature of the items that should be recorded:

- Monetary expenditure for purchases
- Purchases based on debts
- Monetary gifts once presented
- Interest at pay
- Self-produced food and goods once consumed
- Food and merchandise from commercial project once consumed
- Merchandise once received as a wage or part of a wage from the employer

The Sample:

The target population in this sample survey comprises all private households living in the West Bank and Gaza Strip, excluding nomads, students, and workers in housing. The survey sample consists of 3848 households for 2009 and 3757 households for 2010.

Annex (2)

Poverty Indices

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

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

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) divisible class of poverty measurements:

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

where z , y_i , n , q are as defined above, and $\alpha \geq 0$ is a poverty aversion parameter. The parameter α indicates concerns given to the poorest poor: the larger α is, the larger the proportionate shortfall from the poverty line, and hence, the greater the effect on poorer households. When $\alpha = 0$, the above reduces to the “head count index” H , or alternatively P_0 , in which case the depth of poverty is not a concern.

When $\alpha = 1$, the above reduces to the familiar “poverty gap index” that captures the average gap between the standard of living of the poor and the poverty line. There is uniform concern about the depth of poverty when using P_1 , i.e., it does not distinguish between poor households. This index is useful for calculating 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 ranking 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”.

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

- Head count index (P_0), which gives the percentage of the population in poverty.

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

- Poverty gap index (P_1), which gives the percentage by which the average income / consumption of the poor is below the poverty line.
- Poverty severity index (P_2), which gives the mean of the squared consumption deficits.