



Palestinian Central Bureau of Statistics

PRESS RELEASE

Poverty in the Palestinian Territory, 2009-2010

Poverty statistics reported in this release are based on the official definition of poverty developed in 1997. The definition combines absolute and relative features and is based on a budget of basic needs expenditures. Two poverty lines were developed according to actual expenditure levels of Palestinian households (the expenditures of households with 2 adults and 4 children were taken as the reference household). 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.

PCBS has devoted substantial resources during the past several months in reviewing its original (1997) poverty measurement and trends methodology to meet international best practices and standards that primarily involve the following: (a) adjusting for spatial price differences⁽¹⁾ (b) calculating poverty headcount at individual rather than at the 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.

These methodological adjustments are implemented in the PECS series of 2004-2009, so that a comparable series to assess trends in poverty is available. Note that this comparable series used 2 adults and 4 children as the reference household for measuring poverty.

In 2009 and 2010, there was a change in the composition of households in the Palestinian society; to reflect this change, instead of 2 adults and 4 children as the reference household, the reference household became one with 2 adults and 3 children (which was the most frequent household composition). Census 2007 and other recent household surveys reflected this change clearly. Accordingly, the year 2010 was considered as a new base year for estimating poverty rates.

The two poverty lines were derived depending on the new reference household (2 adults and 3 children), and they were adjusted to reflect the different consumption needs of households based on their composition (household size and the number of children).

Starting in 2010, a new poverty line has been set that uses the above adjustments and uses 2 adults and 3 children as the reference household. The poverty line for the base year 2010 was constructed using the available data from the Palestinian Expenditure and Consumption Survey (PECS) for the years 2010 and 2009. Thus, the PECS data for the two years were pooled into a single file after performing price adjustment to the base year (2010) using the Consumer Price Index.

These results are based on a random sample of 3,848 households for 2009, (2,654 in the West Bank and 1,194 in Gaza Strip) and 3,757 households

⁽¹⁾Spatial Price Index: is an Index that reflects the differentiation in prices between regions, that index had been used to adjust the consumption accordingly. The regions used for calculating the index were: West Bank without J1, Gaza Strip, and J1 (J1 is that part of Jerusalem which was annexed by Israel after 1967 war).

for 2010, (2,575 households in West Bank and 1,182 households in Gaza Strip).

Poverty Line

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\$)⁽¹⁾ respectively.

Poverty in the Palestinian Territory, 2010

Poverty is less prevalence in the Palestinian Territory than previously believed. Slightly more than one out of four Individuals (25.7%) were living below poverty line in 2010, (18.3% in the West Bank and 38.0% in Gaza Strip). This is similar to the corresponding rate of nearly 26.2% in 2009, (19.4% in the West Bank and 38.3% in Gaza Strip).

Similarly about 14.1% of Individuals were living below the deep poverty line in 2010 (8.8% in the West Bank and 23.0% in Gaza Strip) compared with 13.7% in 2009 (9.1% in the West Bank and 21.9% in Gaza Strip).

Poverty Rates Among Individuals According to Household Monthly Consumption, 2009-2010

Region	Poverty Rates							
	Poverty				Deep Poverty			
	2009		2010		2009		2010	
	rate	Contribution	rate	Contribution	rate	Contribution	rate	Contribution
West Bank	19.4	47.3	18.3	44.6	9.1	42.2	8.8	38.8
Gaza Strip	38.3	52.7	38.0	55.4	21.9	57.8	23.0	61.2
Palestinian Territory	26.2	100.0	25.7	100.0	13.7	100.0	14.1	100.0

Social Assistance for households reduced poverty among individuals by 16.8% in the Palestinian Territory in 2010, (10.7% in West Bank and 21.2% in Gaza Strip). While in 2009, assistance for households reduced poverty among individuals by 17.9% in the Palestinian Territory, (12.6% in West Bank and 22.1% in Gaza Strip).

Poverty Rates Among Individuals According to Household Monthly Consumption Before Assistance, 2009-2010

Region	Poverty Rates							
	Poverty				Deep Poverty			
	2009		2010		2009		2010	
	rate	Contribution	rate	Contribution	rate	Contribution	rate	Contribution
West Bank	22.2	44.3	20.5	41.5	12.1	36.7	11.0	35.7
Gaza Strip	49.2	55.7	48.2	58.5	36.7	63.3	33.0	64.3
Palestinian Territory	31.9	100.0	30.9	100.0	21.0	100.0	19.2	100.0

Poor households in Gaza Strip are poorer than the households in the West Bank. This is shown through the results presented from poverty indicators such as poverty rates, poverty gap. The poverty gap gives the percentage by which the average consumption of the poor is below the poverty line,

(1) The exchange rate during 2010 of US\$ was 3.73 NIS.

Poverty Gap Rate, 2009-2010

Region	Poverty Gap			
	2009		2010	
	rate	Contribution	rate	Contribution
West Bank	4.2	41.4	4.1	36.7
Gaza Strip	10.1	58.6	10.3	63.3
Palestinian Territory	6.3	100.0	6.4	100.0

Poverty Trend during the years 2004-2009:

For sake of comparison, we show the series 2004-2009 that incorporated the three methodological adjustments to the original poverty measurement method developed in 1997; (a) adjusting for spatial price differences (b) calculating poverty headcount at individual rather than at the 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. Thus, a comparable series to assess trends in poverty is available, and the poverty line for 2009 was 2,278 NIS, and the deep poverty line was 1,870 NIS (for the reference household 2 adults and 4 children). The table below shows the changes in poverty rates during 2004-2009.

Poverty Rates among Individuals according to Monthly Consumption, 2004-2009 (Only for Comparison Reasons during the Years 2004-2009)

Region	2004		2005		2006		2007		2009	
	Poverty	Deep Poverty	Poverty	Deep Poverty	Poverty	Deep Poverty	Poverty	Deep Poverty	Poverty	Deep Poverty
West Bank	23.4	13.2	21.7	14.3	20.2	11.7	20.5	10.5	16.2	8.0
Gaza Strip	30.2	17.2	28.4	16.8	30.0	16.9	49.5	32.8	33.7	19.9
Palestinian Territory	25.9	14.2	24.3	15.3	24.0	13.7	31.2	18.8	22.6	12.3