

# **Palestinian Central Bureau of Statistics**

## **Statistical Monitoring of the Socio-economic Conditions of the Palestinian Society (Third Quarter, 2004)**

**February 2005**

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## **Preface**

For many years, the Palestinian Central Bureau of Statistic has been working to establish an information system based on the monitoring of the socio-economic conditions of the Palestinian society in order to provide data on changes affecting all aspects of life. This practical step will enable the Palestinian National Authority and the international community to respond to acute conditions at the appropriate time and with the most effective method using the least amount of available resources.

Due to the increasing interest in providing data on the socio-economic conditions of the society since it is of great significance to the standard of living, the Palestinian Central Bureau of Statistics has undertaken the execution of several statistical activities such as regular surveys of the effect of Israeli measures on the economic conditions of Palestinian households; collection of data available at the Bureau on losses incurred by Palestinian society as a result of Israeli measures and on the socio-economic conditions of Palestinian society, published quarterly to reflect the changes in these conditions for Palestinian society.

This report is one in a series of reports on statistical monitoring of the socio-economic conditions of Palestinian society using the most significant indicators published by the Bureau. This series aims at providing statistical data unique to the system of statistical monitoring in Palestinian society. It covers indicators of socio-economic conditions demonstrating the economic loss of the Palestinians in various sectors, subsidies received by households (kind, value and source), the family standard of living (income and expenditure), need for assistance, financial stability of the family and how it manages its daily life under the current circumstances, and other demographic, social, economic and environmental indicators.

The Palestinian Central Bureau of Statistics is pleased to submit this report (Statistical Monitoring of Socio-economic Conditions of Palestinian Society) as a basic reference for all planners and decision makers in the public and private sectors, and for all beneficiaries and data users on the socio-economic conditions of Palestinian society in different demographic, social, economic and environmental aspects.

**February, 2005**

**Hasan Abu-Libdeh, Ph.D.  
President**

## Table of Contents

<b>Subject</b>	<b>Page</b>
List of Tables	9
List of Figures	11
<b>Executive Summary</b>	<b>13</b>
Chapter One: <b>Introduction</b>	<b>15</b>
1.1 Objectives of Report	15
1.2 Structure of Report	16
Chapter Two: <b>Demographic Status in the Palestinian Territory</b>	<b>17</b>
2.1 Distribution and Size of Population	17
2.2 High Population Density in the Palestinian Territory	17
3.2 Young Palestinian Population	17
Chapter Three: <b>Living Conditions and Standards in the Palestinian Territory</b>	<b>19</b>
3.1 Household Income	19
3.2 Poverty	19
3.3 Income Sources	20
3.4 Household Expenditure	21
3.5 Strategies of Economic Steadfastness of Palestinian Households	22
3.6 Humanitarian Aids	22
Chapter Four: <b>Reality of the Labor Market in the Palestinian Territory</b>	<b>25</b>
4.1 Manpower	26
4.2 Labor Force (the economically active population)	26
4.3 Unemployment	27
4.4 Employment and Underemployment	28
4.5 Economic Dependency Ratio	29
4.6 Labor Status	29
4.7 Economic Activity and Occupation	29
4.8 Average Real Wages	29
4.9 Persons Outside the Labor Force	30
Chapter Five: <b>The Education Sector in the Palestinian Territory</b>	<b>31</b>
5.1 Impact of Israeli Measures on the Educational Sector in the Palestinian Territory	31
5.2 The Impact of the Expansion and Annexation Wall on the Education Sector in Areas Affected by the Wall	31
Chapter Six: <b>The Health Sector in the Palestinian Territory</b>	<b>35</b>
6.1 Accessibility to Health Services	35
6.2 Martyrs and Injuries	35

<b>Subject</b>	<b>Page</b>
Chapter Seven: <b>The Expansion and Annexation Wall and its Impact on Palestinian Localities and Households</b>	<b>37</b>
7.1 Population Displacement	37
7.2 Families Separated from One Another and from Other Relatives	37
7.3 Land Confiscation	38
7.4 Labor Market in the Localities Affected by the Wall	38
Chapter Eight: <b>Economic Conditions in the Palestinian Territory</b>	<b>41</b>
8.1 Main Indicators	41
8.2 Gross Direct Losses	42
8.3 Performance of the Economic Sectors	42
8.4 Losses in Buildings and Public Establishments	48
<b>References</b>	<b>51</b>

## List of Tables

<b>Table</b>	<b>Page</b>
<b>Table 3.1:</b> Median Monthly Income, Tenth Round: July-September, 2004	<b>19</b>
<b>Table 3.2:</b> Distribution of Households and Number of Persons Below Relative Poverty Line by Region, 2 <sup>nd</sup> and 3 <sup>rd</sup> Quarters 2003 and 2 <sup>nd</sup> and 3 <sup>rd</sup> Quarters 2004	<b>20</b>
<b>Table 3.3:</b> Households Whose Expenditure Dropped During the Past 12 Months and Other Indicators by Region, 3 <sup>rd</sup> Quarter 2003, 2 <sup>nd</sup> and 3 <sup>rd</sup> Quarters 2004	<b>21</b>
<b>Table 3.4.:</b> Percentage of Households by Measures Taken for Economic Steadfastness During the Past 12 Months by Region, 3 <sup>rd</sup> Quarter 2003, 2 <sup>nd</sup> and 3 <sup>rd</sup> Quarters 2004	<b>22</b>
<b>Table 4.1:</b> Indicators of the Palestinian Labor Force During the Period (2000-2004) (in Thousands)	<b>25</b>
<b>Table 5.1:</b> Human Loss in the Education Sector in the Palestinian Territory for the Period 28 <sup>th</sup> September 2000- 25 <sup>th</sup> September 2004	<b>31</b>
<b>Table 5.2:</b> Percentage of Households Who Faced Restrictions in Mobility, by Restrictions and Location from the Expansion and Annexation Wall, July 2004	<b>32</b>
<b>Table 5.3:</b> Percentage of Palestinian Households By Coping Method for Facing Difficulties with School Education (Basic, Secondary) and Higher Education Caused by Location from the Expansion and Annexation Wall, July 2004	<b>32</b>
<b>Table 5.4:</b> Percentage of Palestinian Households By Coping Method for Meeting Educational Costs (Basic, Secondary) and Higher Education by Location from the Expansion and Annexation Wall, July 2004	<b>33</b>
<b>Table 6.1:</b> Number of Al-Aqsa Intifada Martyrs in the Palestinian Territory by Age and Region for the Period 29 <sup>th</sup> September 2000 - 30 <sup>th</sup> September 2004.	<b>36</b>
<b>Table 6.2:</b> Number of Al-Aqsa Intifada Injuries in the Palestinian Territory by Type of Injury and Year for the Period 29 <sup>th</sup> September 2000- 30 <sup>th</sup> September 2004	<b>36</b>
<b>Table 7.1:</b> Percentage of Palestinian Persons Who Changed/Think to Change Place of Residence, by Region and Location from the Expansion and Annexation Wall, July 2004	<b>37</b>
<b>Table 7.2:</b> Percentage Distribution of Palestinian Households by Separation of Household and Location from Expansion and Annexation Wall, July 2004	<b>38</b>
<b>Table 7.3:</b> Percentage Distribution of Labour Force Participants Aged 10 Years and Over in the Localities Affected by the Wall by Labour Force Components and Location from Expansion and Annexation Wall, July 2004	<b>39</b>
<b>Table 8.1:</b> Movement of Imports and Exports From and to Palestine for the Years, 1999-2002 (Value in Million US Dollars)	<b>43</b>





## List of Figures

<b>Figure</b>	<b>Page</b>
<b>Figure 2.1:</b> The Population Pyramid in the Palestinian Territory: Estimates of Mid 2004	<b>18</b>
<b>Figure 3.1:</b> Percentage Distribution of Households in the Palestinian Territory by Source of Income, 3 <sup>rd</sup> Quarter 2004.	<b>21</b>
<b>Figure 3.2:</b> Percentage Distribution of Households by Receipt of Aid and Region, 3 <sup>rd</sup> Quarter, 2004	<b>23</b>
<b>Figure 4.1:</b> Labor Force Participation Rate in the Palestinian Territory by Sex: 3 <sup>rd</sup> Quarter 2000 and 3 <sup>rd</sup> Quarter 2004	<b>27</b>
<b>Figure 4.2:</b> Distribution of Labor Force in the West Bank by Relation to Labor, 3 <sup>rd</sup> Quarter 2004	<b>28</b>
<b>Figure 4.3:</b> Distribution of Labor Force in Gaza Strip by Relation to Labor, 3 <sup>rd</sup> Quarter 2004	<b>28</b>
<b>Figure 4.4:</b> Daily Average Wage and Mean Wage in NIS to Employees by Place of Work, 3 <sup>rd</sup> Quarter 2004	<b>30</b>
<b>Figure 4.5:</b> Percentage Distribution of Persons Outside the Labor Force in the Palestinian Territory by Reason, 3 <sup>rd</sup> Quarter, 2004.	<b>30</b>
<b>Figure 6.1:</b> Percentage of Households by Obstacles to Access to Health Services, April-June 2004 and July-September 2004	<b>35</b>
<b>Figure 7.1:</b> Percentage Distribution of Palestinian Households by Land Confiscation, and Location from the Expansion and Annexation Wall, July 2004	<b>38</b>
<b>Figure 8.1:</b> Percentage of Decline in the Gross Domestic Product in Constant Prices as Compared to 1999 in the Remaining West Bank and Gaza Strip	<b>42</b>
<b>Figure 8.2:</b> Value of Exports and Imports by Year in the Palestinian Territory (in Million US Dollars)	<b>43</b>
<b>Figure 8.3:</b> Price Index by Region and Year	<b>45</b>
<b>Figure 8.4:</b> The Value Added by Economic Activity and Year in the Remaining West Bank and Gaza Strip	<b>46</b>
<b>Figure 8.5:</b> Percentage Change of Most Important Indicators of Hotel Activity, Compared to 2 <sup>nd</sup> Quarter 2000 by Quarter	<b>47</b>
<b>Figure 8.6:</b> Most Important Indicators of Construction Licenses Issued in the Palestinian Territory	<b>48</b>

## **Executive Summary**

From the outset of Al-Aqsa Intifada in September 2000, the Palestinian Central Bureau of Statistics (PCBS) launched a plan to create a statistical system that aimed at providing statistical indicators to monitor social and economic conditions, including the impact of various Israeli measures.

This report shows the impact of Israeli measures on social and economic conditions, specifically the impact on population distribution and demographic characteristics; the living conditions of households and individuals; levels of poverty; the education sector; the health sector, the labor market, and the other sectors of the Palestinian economy.

Data, as shown in the report, indicate that the Palestinian society suffers from several problems such as high population density; high unemployment rate; high levels of poverty; difficulty in traveling to schools, universities and health centers; destruction of buildings and infrastructure; and losses to the Palestinian economy.

The continuance of Israeli measures such as the demolition of buildings and infrastructure services; land expropriation; killing and injuring residents; impeding residents from getting to health and education centers; and integrating the Palestinian economy with the Israeli economy, on the one hand; and the lack of permanent relief and assistance programs that would deal with the Palestinian economy and its limitations in coping with such problems, permeate the daily suffering of the Palestinians.

## Chapter One

### **Introduction**

The Palestinian Central Bureau of Statistics (PCBS) gives great importance to monitoring of the social, economic and political conditions of Palestinian households through providing statistical indicators that serve the development objectives of improving living conditions. This is despite the continued and increased suffering of the Palestinian people since September 2000 as a result of the Israeli measures of closures, siege, curfews and destruction of infrastructure affecting all service sectors of the Palestinian Territory. This has resulted in the deterioration of political, social and economic conditions in the Palestinian Territory as seen in high rates of unemployment, widening poverty and the absence of social, political and personal security. For these reasons PCBS undertook to establish a social, economic and environment monitoring system aimed at providing policy-makers and planners with up-to-date data about the real situation to enable them to draw plans, adapt and develop programs in accordance with priorities and available human and financial resources.

The monitoring system is based on using the available data bases of different subjects in addition to conducting specialized household surveys about certain vulnerable groups in Palestinian society, mainly women and children in addition to special categories such as those poor, unemployed, injured and disabled during the Intifada.

The monitoring system will provide an opportunity for decision-makers and interested researchers and international organizations to put an end to the deterioration in the various aspects of life.

Since the beginning of 2001, PCBS has carried out quarterly household surveys to study the impact of the Israeli measures on the economic conditions of the Palestinian household. Ten rounds were carried out, the last during the third quarter 2004. Another specialized survey was carried out about the nutritional status of children under the age of five years, in addition to conducting the "Poverty Rapid Assessment Survey" in 2003. Furthermore, there was the Child Labor Survey 2004 and the Labor Force Survey which is continuously conducted on a quarterly basis. In addition, different specialized economic, social and environmental surveys have been carried out.

By carrying out these surveys PCBS aims at collecting and making available data to all concerned the losses to the Palestinian community in terms of economic and social life and in terms of human life. It also aims at surveying the assistance received by households (kind, value and source), living standards of the household (income and expenditure), need of households for financial assistance for their daily life under the prevalent circumstances, and the impact of the Expansion and Annexation Wall on the Palestinian population including changing of place of residence as a direct result of the Israeli measures.

#### **1.1: Objectives of the Report**

PCBS aims at documenting and disseminating the results of surveys and data bases through classification, tabulation and presentation in this report to form one of the tools used in the processes of monitoring and planning. It also aims at providing planners, concerned parties and decision makers with the available indicators related to their different work programs.

## **1.2: Structure of the Report**

The report falls into eight chapters that constitute the report material. The first chapter includes an introduction and a general background on the statistical monitoring of the socio-economic conditions of Palestinian society and the structure of the report. The second chapter presents data on demographic status. Chapter three covers living levels and conditions in the Palestinian Territory. Chapter four shed light on the labor market in the Palestinian Territory. Chapter five points out the impact of the Israeli measures on the education sector in the Palestinian Territory. Chapter six deals with the impact of Israeli measures on the health sector. Chapter seven studies the impact of the Expansion and Annexation Wall on Palestinian localities and households. Chapter eight presents prevailing economic conditions in the Palestinian Territory.

## **Demographic Status in the Palestinian Territory**

### **2.1: Distribution and Size of Population**

During the third quarter 2004 the estimated population in the Palestinian Territory was 3.851 million of which 1.952 million were males and 1.899 million were females; the sex ratio was 102.8 males for every 100 females. 2.435 million were in the West Bank of which 1.235 million were males and 1.200 million were females, the sex ratio was 102.9 males for every 100 females. About 1.416 million were in Gaza Strip of which 717 thousand were males and 699 thousand were females; the sex ratio was 102.6 males for every 100 females.

During the second quarter 2004 the estimated population in the Palestinian Territory was 3.805 million of which 1.928 million were males and 1.877 million were females; the sex ratio was 102.7 males for every 100 females. 2.408 million were in the West Bank of which 1.221 million were males and 1.187 million were females; the sex ratio was 102.8 males for every 100 females. About 1.397 million were in Gaza Strip of which 707 thousand were males and 690 thousand were females. The sex ratio was 102.5 males for every 100 females.

The Palestinian population is distributed by type of locality in urban and rural areas and refugee camps. The urban population constituted 56.4% of the total population while those in rural areas and refugee camps were 28.5% and 15.1% respectively.

### **2.2: High Population Density in the Palestinian Territory**

Population density is high in the Palestinian Territory particularly in Gaza Strip, due to the control of Israeli Occupation over a large percentage of the Palestinian Territory. Population density will likely continue to rise as long as the policy of land confiscation and expansion and construction of Israeli settlements is continued within the Palestinian Territory, in addition to road building for Israeli settlers and closing land to convert it into military zones. Around 1.4 million Palestinians are concentrated in an area not exceeding 365 square kilometers. Most are Palestinian refugees displaced from their villages and towns that were occupied in 1948. It is expected that this number will increase greatly due to the high natural increase characterizing Palestinian society and the decrease of areas under Palestinian control as a consequence of Israeli de facto measures. This estimated population density during the third quarter 2004 was 640 persons per square kilometer in the Palestinian Territory. In the West Bank, density was 431 persons per square kilometer as compared to 3,879 persons per square kilometer in Gaza Strip.

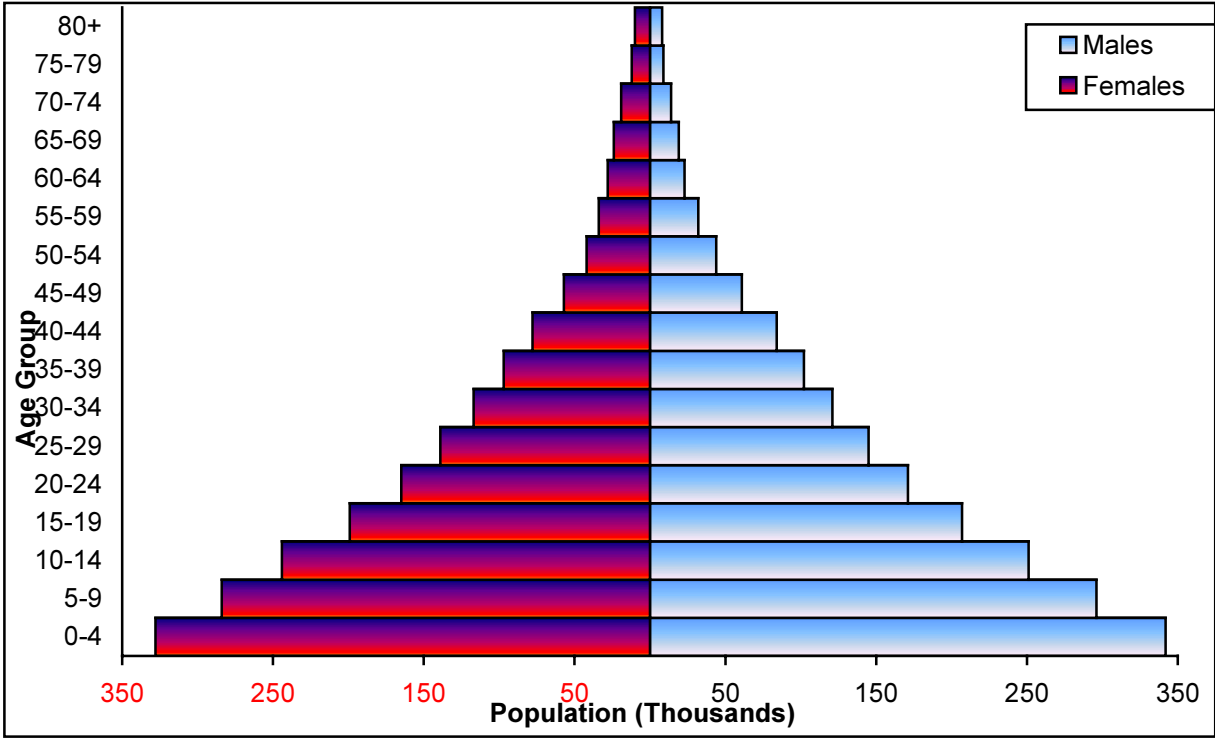
### **2.3: Young Palestinian Population**

The population pyramid shows that the Palestinian society in the Palestinian Territory is young since the base of the pyramid which represents persons less than 15 years is large, indicating a high percentage compared with other age groups. Data showed that the population of Gaza Strip is younger than that of the West Bank.

Children aged less than 5 years in the third quarter 2004 in the Palestinian Territory were estimated at 17.5% of the total population, distributed as 16.6% and 19.1% in the West Bank and Gaza Strip respectively. Population aged (0-14) years was estimated at 45.8% of the total population in the Palestinian Territory; 44.0% in the West Bank and 48.8% in Gaza Strip. It is noticeable that the percentage of people aged 65 years and above constitutes 3.1% in the Palestinian Territory: 3.3% in the West Bank and 2.6% in Gaza Strip. In comparison with

population estimates for the second quarter 2004, the data showed no significant change in these percentages. Percentage of children aged less than 5 years stands at 17.6% of total population: 16.7% and 19.1% in the West Bank and Gaza Strip respectively. Population (0-14) years for the same quarter 2004 was estimated at 45.9% of the total population in the Palestinian Territory: 44.1% in the West Bank and 48.9% in Gaza Strip. The percentage of persons aged 65 years or above stand at 3.1% in the Palestinian Territory, 3.3% in the West Bank and 2.6% in Gaza Strip.

**Figure 2.1: The Population Pyramid in the Palestinian Territory: Estimates of Mid 2004**



Source: Palestinian Central Bureau of Statistics, 2004. Population Projections – Revised Estimates (Data Not Published) Ramallah - Palestine.

## Living Conditions and Standards in the Palestinian Territory

### 3.1: Household Income

Palestinian households mainly depend on monthly income to meet suitable living conditions and basic needs.<sup>1</sup> It is noticeable that monthly median income diminished greatly from the period shortly preceding the Al-Aqsa Intifada compared to the third quarter 2004. Data showed that median income dropped by 33.3% in Gaza Strip and 36.0% in the West Bank and that 74.3% of households depend on this income to maintain economic steadfastness in comparison to 78.7% in the West Bank. The drop will lead to increasing economic deterioration and greater number of poor, lower living standards and a decline in social security services in the Palestinian society.

Economic deterioration in the Palestinian society is a result of Israeli measures imposed upon the Palestinian people which caused many Palestinian laborers the loss of their jobs in the Israeli labor market or fewer benefits. On the other hand, neither the Palestinian private nor public sectors could fill the gap or even maintain labor employment, especially the private sector.

**Table 3.1: Median Monthly Income, Tenth Round: July-September, 2004**

Region	Median Monthly Income		Percentage Drop in Income	Percentage of Households Depending on Monthly Income for Economic Steadfastness
	Prior to Intifada	Third Quarter-2004		
<b>Palestinian Territory</b>	<b>2,300</b>	<b>1,500</b>	<b>35.0</b>	<b>78.7</b>
West Bank	3,000	1,929	36.0	80.9
Gaza Strip	1,500	1,000	33.3	74.3

Source: **Palestinian Central Bureau of Statistics, 2004.** Impact of the Israeli Measures on Economic Conditions of Palestinian Households; 10<sup>th</sup> Round, (July-September, 2004). **Ramallah - Palestine.**

### 3.2: Poverty

Data showed that the percentage of poor households (households below relative poverty line) in the Palestinian Territory is still increasing. This forecasts a dangerous situation in the Palestinian Territory. The percentage of poor households amounted to 63.8% in the third quarter 2004, an increase of 5.7% compared to figures from the second quarter 2004.

Data showed that the number of poor is still high. In the third quarter 2004, the number of poor reached 2,723,000 persons, as compared to 2,213,000 persons in the second quarter 2004.

Poverty in the Palestinian society at this stage can be referred to the increase in the unemployment rate and to the inability of the Palestinian economy to adapt to this difficult phase resulting from the Israeli measures imposed since September 2000. The huge number of Palestinian laborers who had lost their jobs in the Israeli labor market and the destruction of the Palestinian economic infrastructure contributed largely to the severity of poverty, in

<sup>1</sup> Monthly income refers to total amounts received (in cash and in-kind) by individuals of one household from all sources during one month.

addition to the inability of the Palestinian labor market to absorb redundant laborers either in the public or the private sectors since the ability to absorb them has become very limited.

**Table 3.2: Distribution of Households and Number of Persons Below Relative Poverty Line by Region, 2<sup>nd</sup> and 3<sup>rd</sup> Quarters 2003 and 2<sup>nd</sup> and 3<sup>rd</sup> Quarters 2004**

Region	The Poor								Change in Poor Households 2 <sup>nd</sup> Quarter 2004 and 3 <sup>rd</sup> Quarter 2004
	2 <sup>nd</sup> Quarter 2003		3 <sup>rd</sup> Quarter 2003		2 <sup>nd</sup> Quarter 2004		3 <sup>rd</sup> Quarter 2004		
	Percentage of Households	No. of Persons	Percentage of Households	No. of Persons	Percentage of Households	No. of Persons	Percentage of Households	No. of Persons	
<b>Palestinian Territory</b>	<b>63.3</b>	<b>2,483,000</b>	<b>62.3</b>	<b>2,456,000</b>	<b>58.1</b>	<b>2,213,000</b>	<b>63.8</b>	<b>2,723,000</b>	<b>5.7</b>
West Bank	53.7	1,380,600	51	1,324,000	51.8	1,268,000	53.5	1,416,000	1.7
Gaza Strip	83.6	1,102,400	83	1,132,000	70.6	945,000	82.7	1,307,000	12.1

Source: Palestinian Central Bureau of Statistics, 2004. Impact of Israeli Measures on the Economic Conditions of Palestinian Households-10<sup>th</sup> Round. (July-September, 2004). Ramallah - Palestine.

### 3.3: Income Sources

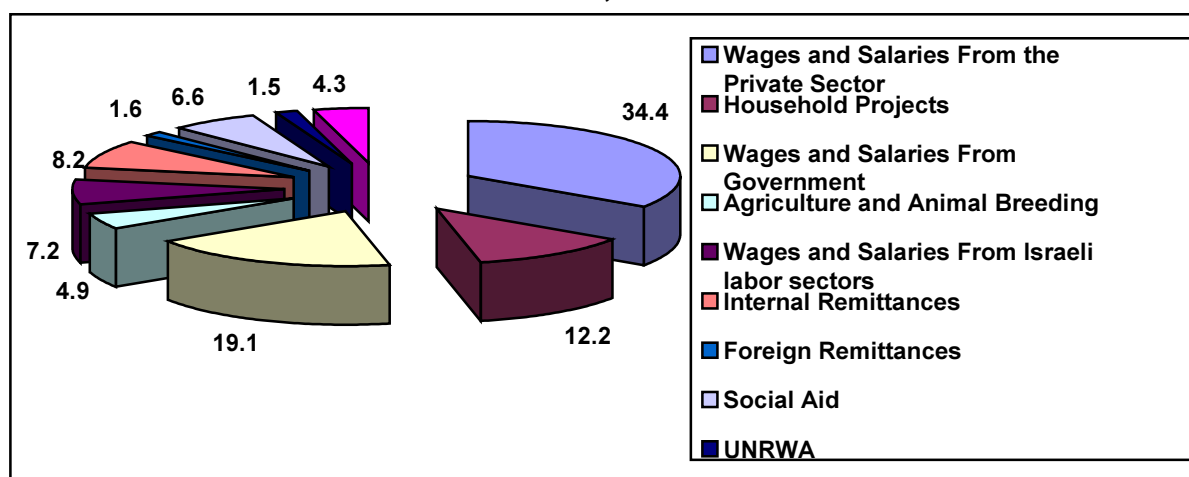
Results showed that 34.4% of households in the Palestinian Territory depended mainly on wages and salaries generated in working with the private sector during the third quarter 2004. 19.1% of households reported their dependence on salaries and wages generated mainly in the public sector while 12.2% of households reported their dependence on household projects.

By region, 39.4% of West Bank households depended on wages and salaries generated in the private sector, 14.8% depended on salaries and wages generated in the public sector, another 16.2% of households reported their dependence on household projects, and 10.2% depended on wages and salaries generated in the Israeli labor sector.

In Gaza Strip 27.7% of households depended on wages and salaries paid by the government, 24.4% depended on wages and salaries from the private sector, 9.3% depended on household projects as a main source of income and 18.4% depended on remittances from Palestine.



**Figure 3.1: Percentage Distribution of Households in the Palestinian Territory by Source of Income, 3<sup>rd</sup> Quarter 2004.**



Source: Palestinian Central Bureau of Statistics, 2004. Impact of Israeli Measures on the Economic Conditions of Palestinian Households-10<sup>th</sup> Round. (July-September, 2004). Ramallah - Palestine.

### 3.4: Household Expenditure

Palestinian households, due to deteriorating economic conditions resulting from Israeli measures of siege and deprivation, have been compelled to reduce expenditure generally. Data showed that the expenditure of 54.6% of Palestinian households dropped during the past 12 months, based on data of the third quarter 2004. There had been a slight improvement compared to data of the second quarter 2004 which indicated the percentage was 58.2%. The percentage of households whose expenditure dropped in Gaza Strip during the third quarter 2004 was 42.7% compared to 55.4% for the second quarter 2004.

**Table 3.3: Households Whose Expenditure Dropped During the Past 12 Months and other Indicators by Region, 3<sup>rd</sup> Quarter 2003, 2<sup>nd</sup> and 3<sup>rd</sup> Quarters 2004**

Reduction of Expenditures	Region								
	Palestinian Territory			West Bank			Gaza Strip		
	3 <sup>rd</sup> Quarter 2003	2 <sup>nd</sup> Quarter 2004*	3 <sup>rd</sup> Quarter 2004*	3 <sup>rd</sup> Quarter 2003	2 <sup>nd</sup> Quarter 2004*	3 <sup>rd</sup> Quarter 2004*	3 <sup>rd</sup> Quarter 2003	2 <sup>nd</sup> Quarter 2004*	3 <sup>rd</sup> Quarter 2004*
Households with reduced expenditure	62.3	58.2	54.6	69.9	59.5	60.7	47.1	55.4	42.7
<b>Changing Consumption Patterns/Reducing Expenditure on:</b>									
Food Quality	76.0	95.1	95.2	69.9	93.2	94.6	94.0	98.8	96.8
Food Quantity	59.2	86.0	87.1	51.5	85.6	86.3	82.1	86.6	89.4
<b>Reducing Expenditure on Other Basic Items:</b>									
Food	87.1	87.9	86.8	83.6	84.7	84.4	97.4	94.9	93.7
Health	43.2	58.9	65.4	39.5	48.5	60.8	54.3	81.1	78.3
Education	43.7	52.7	55.6	42.3	43.0	50.0	48.0	73.3	71.4

Source: Palestinian Central Bureau of Statistics 2004. Impact of Israel Measures on Economic Conditions of Palestinian Households; 6<sup>th</sup> round, (July-August, 2004). Ramallah - Palestine.

- Palestinian Central Bureau of Statistics, 2004. Impact of Israeli Measures on the Economic Conditions of Palestinian Households-10<sup>th</sup> Round. (July-September, 2004). Ramallah - Palestine.

### 3.5: Strategies of Economic Steadfastness of Palestinian Households

Palestinian households, facing all of the Israeli measures and the deterioration of economic conditions, had to arrange and organize priorities to stand steadfast to confront the Israeli measures that targeted the pattern and conditions of the life of Palestinians. Households resorted to different methods to adapt and cope with the new conditions. Data showed that 78.7% of households in the Palestinian Territory resorted to reliance on monthly household income to be steadfast during the previous 12 months: 80.9% in the West Bank and 74.3% in Gaza Strip, based on data of the third quarter 2004.

**Table 3.4: Percentage of Households by Measures Taken to be Steadfast Economically During the Past 12 Months by Region, 3<sup>rd</sup> Quarter 2003, 2<sup>nd</sup> and 3<sup>rd</sup> Quarters 2004**

Strategies of Economic Steadfastness	Region								
	Palestinian Territory			West Bank			Gaza Strip		
	3 <sup>rd</sup> Quarter 2003	2 <sup>nd</sup> Quarter 2004*	3 <sup>rd</sup> Quarter 2004*	3 <sup>rd</sup> Quarter 2003	2 <sup>nd</sup> Quarter 2004*	3 <sup>rd</sup> Quarter 2004*	3 <sup>rd</sup> Quarter 2003	2 <sup>nd</sup> Quarter 2004*	3 <sup>rd</sup> Quarter 2004*
	Reliance on Household Monthly Income	76.8	78.0	78.7	74.1	82.3	80.9	82.2	69.4
Reduction of Expenditures	69.4	58.7	55.2	74.4	59.5	60.9	59.4	57.1	43.8
Deferral of Paying Bills	61.2	69.4	61.2	68.6	70.8	61.3	46.3	66.7	61.0
Borrowing from Individuals	37.4	53.9	54.2	41.3	50.1	49.3	29.5	61.5	64.0
Obtaining Aid from Family and Friends	21.6	22.8	24.2	21.6	21.1	20.9	21.6	26.2	30.7
Using Savings	36.4	24.6	22.4	39.6	24.1	23.5	29.9	25.7	20.2

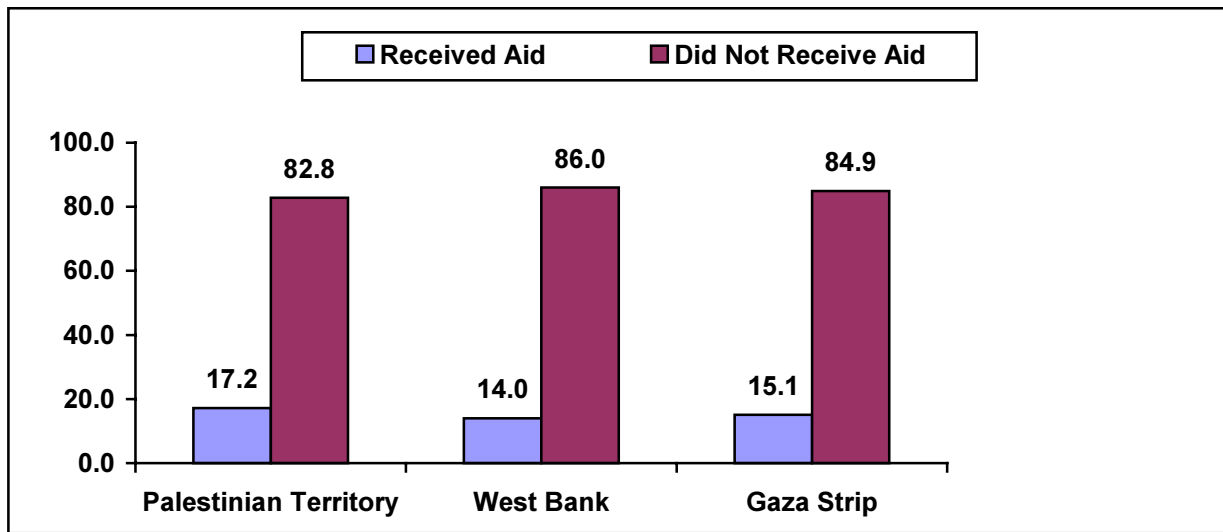
Source: **Palestinian Central Bureau of Statistics 2004**. Impact of Israel Measures on Economic Conditions of Palestinian Households; 6<sup>th</sup> round, (July-August, 2003). **Ramallah - Palestine**.

\* **Palestinian Central Bureau of Statistics, 2004**. Impact of Israeli Measures on the Economic Conditions of Palestinian Households-10<sup>th</sup> Round. (July-September, 2004). **Ramallah - Palestine**.

### 3.6: Humanitarian Aid

Results showed that 15.1% of Palestinian households for one/some individuals (92,000 households) in the Palestinian Territory had benefited from aid during the third quarter 2004: 14.0% in the West Bank and 17.2% in Gaza Strip. Results showed that 73.7% of households (452,000 households) in the Palestinian Territory confirmed the need for aid regardless of whether they actually received the aid (73.0% in the West Bank and 74.9% in Gaza Strip).

**Figure 3.2: Percentage Distribution of Households by Receipt of Aid and Region, 3<sup>rd</sup> Quarter, 2004**



Source: **Palestinian Central Bureau of Statistics, 2004.** Impact of Israeli Measures on the Economic Conditions of Palestinian Households-10<sup>th</sup> Round. (July-September, 2004). **Ramallah - Palestine.**

For the households who had benefited from aid data showed that during the third quarter 2004, 10.7% of households received a total aid of less than NIS 100; 46.0% received aid of less than NIS 200; and, 60.0% received aid of less than NIS 300, while 40.0% received aid of more than NIS 300.

UNRWA is the highest recurrent source of aid at a percentage of 28.9%, followed by PNA institutions (including ministry of social affairs) by 26.5%, then family and relatives by 17.7%, followed by 12.2% aid from labor unions. Charitable and religious institutes including Al-Zakat Committees contributed 8.8%, while international bodies and developmental institutes contributed 1.6%, political factions and parties contributed 2.4%, and local banks and local reform committees contributed 1.9%. Data showed that 40.3% of aid was in the form of food products and 32.2% in cash.

Data revealed that aid provided is in the form of food and small amounts of money. It did not focus on investment in productive projects that would create employment opportunities. 60.0% from the total aid received by households in the Palestinian Territory during the third quarter 2004 was less than NIS 300 as compared to 58.2% during the second quarter 2004. 40.3% of total aid received was in the form of food products during the third quarter 2004 as against 52.8% in second quarter 2004. 36.7% of households during the third quarter 2004 gave highest priority to food, followed cash payments by 24.6% and employment (20.3%).



## Reality of the Labor Market in the Palestinian Territory

Shortly after the Al-Aqsa Intifada began at the end of September 2000, the Palestinian labor market faced several set-backs after it had witnessed great and noticeable improvement due to the general improvement of the Palestinian economy. However, due to the strict Israeli siege on the Palestinian Territory by the Israeli occupation forces, the internal labor market was affected as raw materials needed for industry and construction were prohibited from entering the West Bank and Gaza Strip. This reflected negatively on economic activity. The number of workers decreased at different rates in all Palestinian economic sectors and especially construction, tourism, industry, agriculture, transport and communication. The closure influenced different aspects of life as well as the revenues received by the Palestinian National Authority from Israel which formed the greater portion of its financial resources. It is worth mentioning that since the Israeli occupation of the West Bank and Gaza Strip in 1967 Palestinians have depended on the Israeli labor market to absorb a great portion of the Palestinian labor surplus for which the Palestinian economy itself could not provide employment opportunities. This dependence increased proportionally with the passage of years due to Israeli policies aimed at negatively affecting the Palestinian economy through integration with the Israeli economy in order to be able to control Palestinian society politically and economically.

**Table 4.1: Indicators of the Palestinian Labor Force During the Period (2000-2004) (in Thousands)**

Indicators of labor force	Period			Variation of 3 <sup>rd</sup> qtr 2000,2003	Average Variation of 3 <sup>rd</sup> qtr 2000,2003	Variation of 3 <sup>rd</sup> qtr 2000 & 3 <sup>rd</sup> qtr 2004	Average Variation of 3 <sup>rd</sup> qtr 2000,2004
	3 <sup>rd</sup> qtr 2000	3 <sup>rd</sup> qtr 2003	3 <sup>rd</sup> qtr 2004				
Economically active Persons	735	817	845	82	11.2	110	15.0
Employed	661	624	619	*37	* 5.6	* 42	* 6.3
Unemployed	74	193	226	119	160.8	152	205.4

\* Negative Variation

Source: Palestinian Central Bureau of Statistics 2004. Labour Force Survey data base, (selected rounds 2000-2004).  
Ramallah - Palestine.

The setbacks faced by the Palestinian labor market are dangerous, whether they relate to its incapacity to absorb surplus labor, the low wages and young Palestinian employers, i.e., the dominance of small firms whose employment capacity is limited, or they relate to external factors, i.e., Israeli measures which impede movement and access to work places, expulsion of laborers and non-issuance of necessary permits. All of these setbacks harmed the Palestinian individual in particular and Palestinian society in general. This led to a rise in the rate of unemployment and the spread of poverty in the Palestinian Territory in a dangerous manner, as no hesitation should be saved without taking all available steps to control the deterioration, even minimally.

Alternative measures need to be taken to change conditions at different levels. Measures can be taken to prepare development programs for vocational training and university study in accordance with labor market needs, and focusing on sustainable development as the basis for proper employment through the initiation of a national fund for promotion and development.

#### **4.1: Man Power<sup>1</sup>**

During the third quarter 2004 the Man power (persons 15 years and above) were 2,089 thousand persons. This represented 54.1% of total population or 1,364 thousand persons, representing 56.0% in the West Bank, and 725 thousand persons representing 51.2%% in Gaza Strip.

#### **4.2: Labor Force (The Economically Active Population)<sup>2</sup>**

Main results showed that the number of laborers increased in the West Bank and Gaza Strip from 735 thousand persons in the third quarter 2000, i.e. before the Intifada, to 845 thousand persons in the third quarter 2004.

Regionally, the Palestinian labor force witnessed a noticeable rise in the West Bank during the third quarter 2004, to 583 thousand persons compared to 506 thousand persons during the third quarter 2000. In Gaza Strip it rose from 229 thousand persons during the third quarter 2000 to 262 thousand persons during the third quarter 2004.

Concerning sex distribution, results showed that the rate of contribution of males in the labor force to the total number of males of labor age dropped in the third quarter 2004 to 67.4% as compared with 72.9% in the third quarter 2000. Also the share of females in labor force dropped slightly from 13.8% in the third quarter 2000 to 13.0% in the third quarter 2004.

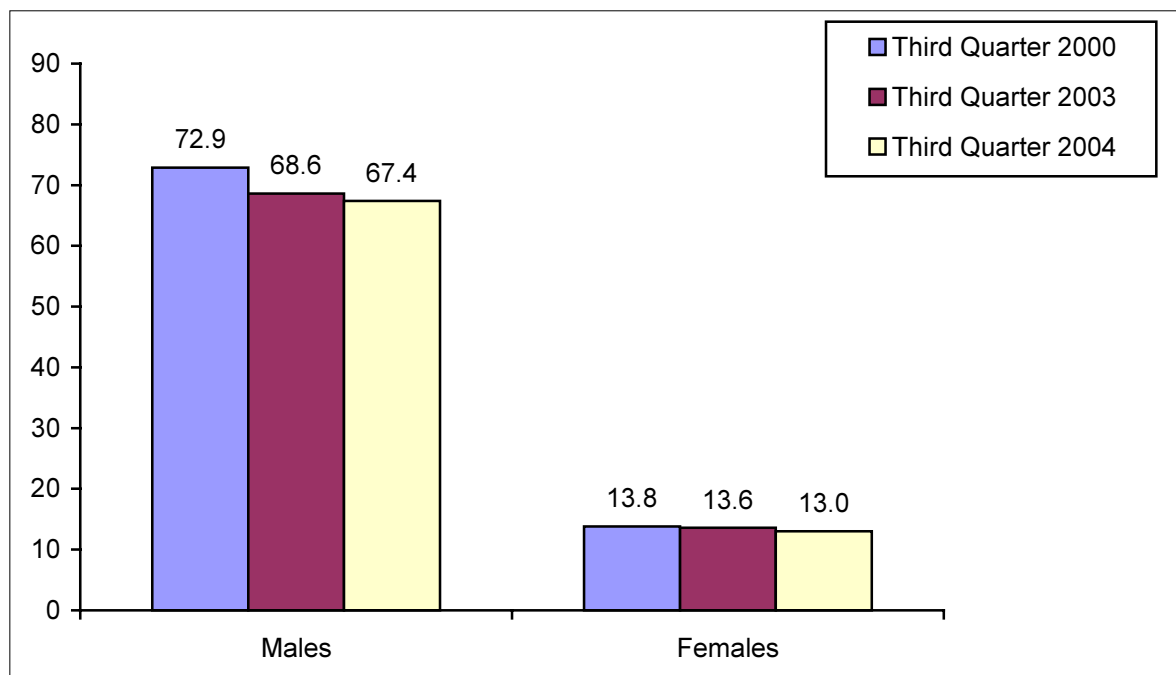
If discouraged persons outside the labor force are added to the labor force then the rate of contribution to the labor force in the Palestinian Territory would reach 43.9% (relaxed definition) in the Palestinian Territory, in the West Bank the rate would be 46.6% and 39.0% in Gaza Strip during the third quarter 2004.

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<sup>1</sup> Man power is the total of individuals in the West Bank and Gaza Strip and who have completed 15 years or more

<sup>2</sup> The economically active population: This group includes all individuals who are of labor age and the term employed or unemployed is applicable to them.

**Figure 4.1: Labor Force Participation Rate in the Palestinian Territory by Sex: 3<sup>rd</sup> Quarter 2000 and 3<sup>rd</sup> Quarter 2004.**



Source: Palestinian Central Bureau of Statistics 2004. Labour Force Survey data base, (selected rounds 2000, 2004).  
Ramallah - Palestine.

### 4.3: Unemployment<sup>3</sup>

The rate of unemployment since 2000 continued to rise in comparison to previous years reaching 31.3% in 2002. In the Palestinian Territory the unemployment rate in the third quarter 2004 was 26.8% as compared to 10.0% in the third quarter 2000. The unemployment rate in Gaza Strip was higher than that in the West Bank during the period 1995-2002. In the West Bank the rate rose from 7.5% in the third quarter 2000 to 22.3% in the third quarter 2004. In Gaza Strip it rose from 15.5% in the third quarter 2000 to 36.8% in the third quarter 2004. The unemployment rate of females is higher than that of males in the West Bank and Gaza Strip.

The number of the unemployed rose sharply in the third quarter 2004 as compared to the third quarter 2000. It rose from 74 thousand persons in the third quarter 2000 to 226 thousand in the third quarter 2004, i.e. it rose by 205.4%. Unemployment in the West Bank rose sharply in the third quarter 2004. It rose from 38 thousand persons in the third quarter 2000 to 130 thousand persons in the third quarter 2004, while in Gaza Strip it rose from 36 thousand persons in the third quarter 2000 to 96 thousand persons in the third quarter 2004.

On the other hand, the unemployment rate varied sharply in the Palestinian governorates in the third quarter 2004. The lowest rate in the West Bank was in Bethlehem and Jericho (16.6%), followed by Ramallah & Al-Bireh (17.5%), and Nablus and Salfit (18.5%). Jenin and Toubas scored the highest rates of unemployment (26.7%). In Gaza Strip the lowest rate was (33.7%) in Gaza followed by Rafah (34.9%) and in Deir Al-Balah (40.2%) was the highest rate.

<sup>3</sup> Unemployment includes that category of individuals within the labor age but who did not work at all during the reference period. They were ready to work and sought employment through newspaper, membership in labor offices, contact with friends and relatives and other means.

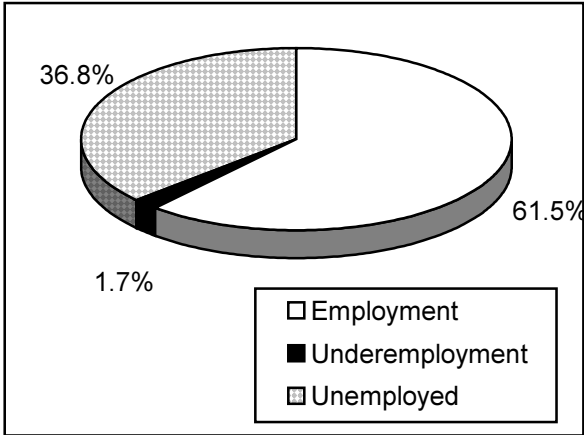
Data showed that the number of the unemployed males rose from 59 thousand persons in the third quarter 2000 to 195 thousand persons in the third quarter 2004, i.e. a rate of 230.5%. The number of unemployed females rose from 15 thousand persons in the third quarter 2000 to 31 thousand persons in the third quarter 2004, i.e. a rate of 106.7%.

**4.4: Employment and Underemployment**

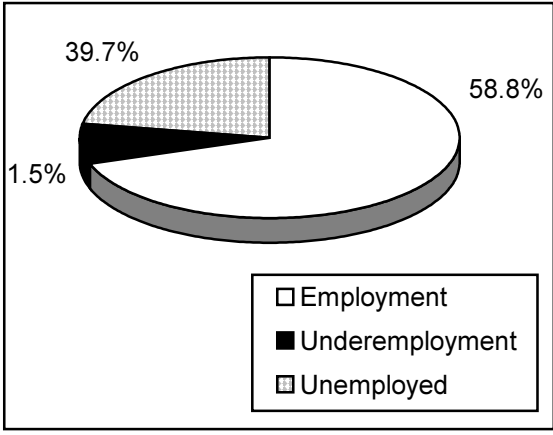
The results have shown the decrease of the rate of employment in the Palestinian Territory in the third quarter 2004 as compared to the third quarter 2000. The rate dropped from 90.0% to 73.2%, i.e., an average drop of 18.7%.

Regionally, in the West Bank the rate of employment experienced a sharp drop from 92.5% in the third quarter 2000 to 77.0% in the third quarter 2004, i.e., an overall fall of 16.8%. In Gaza Strip the rate of employed dropped from 84.5% in the third quarter 2000 to 63.2% in the third quarter 2004, i.e., an overall fall of 25.2%.

**Figure 4.2: Distribution of Labor Force in the West Bank by Relation to Labor, 3<sup>rd</sup> Quarter 2004**



**Figure 4.3: Distribution of Labor Force in Gaza Strip by Relation to Labor, 3<sup>rd</sup> Quarter 2004**



Source: Palestinian Central Bureau of Statistics, 2004. Press Conference on Labor Force Survey, Third Quarter 2004, Ramallah - Palestine.

The percentage of paid workers in the public sector was 27.7% in the third quarter 2000 as compared to 41.2% in the third quarter 2004.

Results show a drop in the percentage of those working in Israel and settlements in the third quarter 2004. It dropped from 22.1% in the third quarter 2000 to 9.3% in the third quarter 2004 (from 146 thousand laborers in the third quarter 2000 to 58 thousand laborers in the third quarter 2004, i.e., an average drop of 60.3%). This is incongruent with the general trend of increased labor in Israel and the settlements during the years 1995-2000 which was 16.2%, 14.1%, 17.1%, 21.7%, 23.0% and 19.6% for each year in the period.

The building and construction sector is the largest employer in Israel and the settlements. Results showed a dramatic drop in the number engaged in the building and construction sector in the third quarter 2004. The number of laborers dropped from 81 thousand in the third quarter 2000 to 24 thousand in the third quarter 2004, an average drop of 70.4%. Also, there was a drop in laborers engaged in the services sector and other branches from 9 thousand laborers in the third quarter 2000 to 6 thousand laborers in the third quarter 2004. It is worth mentioning that there was a large drop in the number of laborers in Israel and the settlements, and of those engaged in agriculture, forestry, and fishing by 9 thousand laborers, and another



drop of 6 thousand laborers for the trade sector, restaurants and hotels from the third quarter 2000 to the third quarter 2004.

#### **4.5: Economic Dependency Ratio<sup>4</sup>**

In the third quarter 2004, results show a rise in the economic dependency ratio in the Palestinian Territory to 6.2 (i.e., every working individual supported 6.2 non-employed persons in the West Bank and Gaza Strip) as compared to 4.8 in the third quarter 2000; it rose from 4.3 to 5.4 in the West Bank and from 5.9 to 8.5 in Gaza Strip.

#### **4.6: Labor Status**

The paid workers percentage dropped from 67.6% in the third quarter 2000 to 58.9% in the third quarter 2004. This percentage affected individuals who started to become self-employed and their percentage accordingly increased from 18.1% in the third quarter 2000 to 25.9% in the third quarter 2004.

#### **4.7: Economic Activity and Occupation**

The percentage of laborers engaged in the building and construction sector in the Palestinian Territory dropped markedly. The percentage dropped from 21.7% in the third quarter 2000 to 12.3% in the third quarter 2004. The third quarter 2004 witnessed a significant drop compared to the third quarter 2000 in the West Bank, falling from 24.2% in the third quarter 2000 to 14.3% in the third quarter 2004. Also, it dropped in Gaza Strip from 15.9% in the third quarter 2000 to 7.0% in the third quarter 2004.

It is noted that the distribution of laborers in the Palestinian Territory by occupation in the third quarter 2004 showed the highest rate to be among technical professionals, reaching 23.2%. This was followed by the services sector at 18.8%, professions and related trades at 17.5%, primary trades at 15.4%, those engaged in farming and fishing at 12.7%, those engaged in operating machines and assembly at 8.5%; and the lowest rate were those engaged in legislation and high administrative posts at 3.9%.

#### **4.8: Average Real Wages**

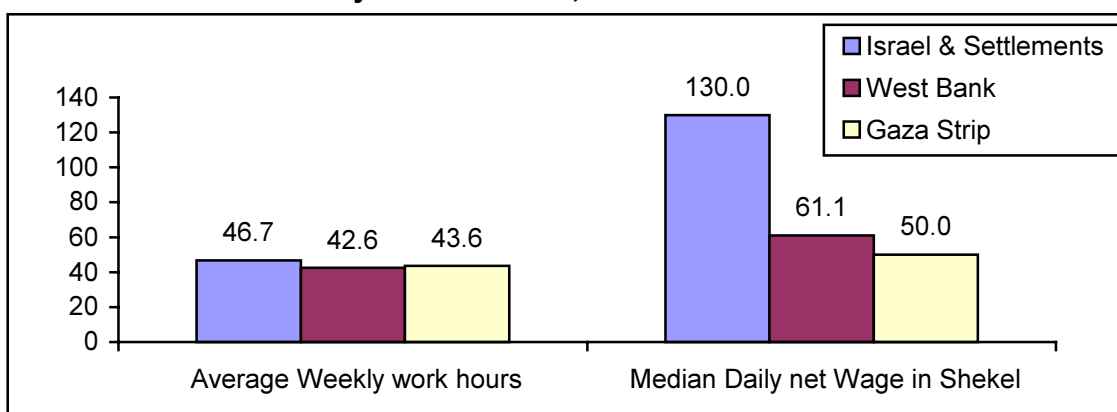
The average weekly work hours in all areas (the West Bank, Gaza Strip, Israel and settlements) dropped markedly by 4.4% between the third quarter 2000 and the third quarter 2004 (an average of 45.0 weekly hours during third quarter 2000 compared with 43.0 weekly hours during third quarter 2004). The average was decreased for employees in the West Bank from 46.2 weekly hours during third quarter 2000 compared with 42.6 weekly hours during third quarter 2004, however in Gaza the average was increased for employees from 42.8 weekly hours during third quarter 2000 compared with 43.6 weekly hours during third quarter 2004. The average was increased also for those employed in Israel and settlements from 45.0 weekly hours during third quarter 2000 compared with 46.7 weekly hours during third quarter 2004.

On the other hand there was a drop in the median daily net wage in (NIS) in all areas for the third quarter 2004 as compared to the third quarter 2000. The median daily net wage was NIS 70.0 in the third quarter 2000 and dropped to NIS 61.5 in the third quarter 2004. However the median daily net wage of those employed in Israel and the settlements increased from NIS 100.0 in the third quarter 2000 to NIS 130.0 in the third quarter 2004, i.e. an increase of 30.0%.

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<sup>4</sup> Economic Dependency Ratio was computed by dividing the population size including those employed by the number of laborers.

**Figure 4.4: Daily Average Wage and Mean Wage in NIS to Employees by Place of Work, 3<sup>rd</sup> Quarter 2004**



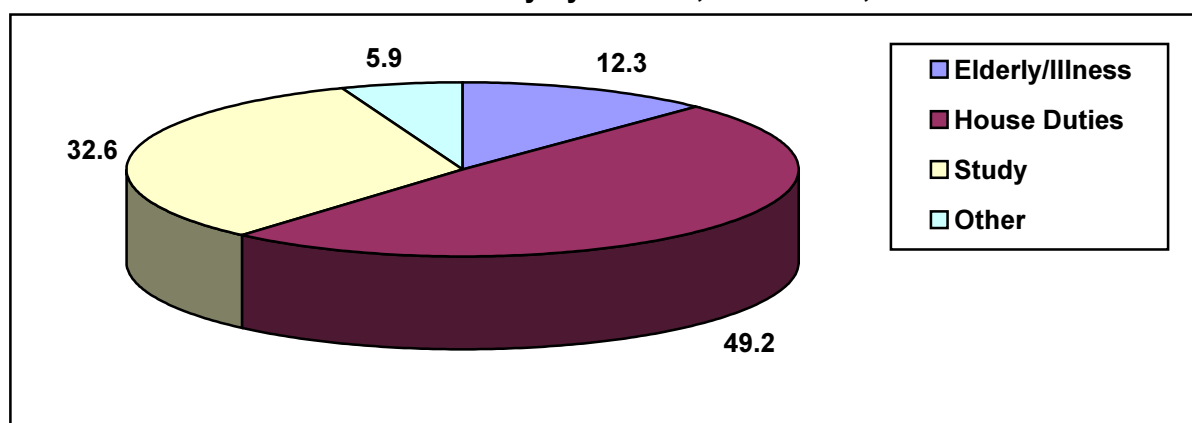
Source: Palestinian Central Bureau of Statistics, 2004. Press Conference on the Labor Force Survey Result, the Third Quarter 2004, Ramallah - Palestine.

On the other hand, daily average wage in the third quarter 2004 was NIS 73.4 for male laborers as compared to NIS 66.8 for female laborers in the West Bank. In Gaza Strip the daily average was NIS 58.0 for male laborers as compared to NIS 59.0 for female laborers. In Israel and settlements the average wage was NIS 125.4 for male laborers as compared to NIS 122.7 for female laborers.

#### 4.9: Persons Outside the Labor Force

The percentage of persons outside the labor force in the Palestinian Territory was 56.5% in the third quarter 2000 and rose to 59.5% in the third quarter 2004. The results showed that the percentage of persons not working because of study increased in the Palestinian Territory from 26.1% in the third quarter 2000 to 32.6% in the third quarter 2004. The percentage of persons who are neither working nor seeking employment due to being discouraged dropped from 9.8% in the third quarter 2000 to 5.9% in the third quarter 2004, i.e. a drop of 39.8% over the period.

**Figure 4.5: Percentage Distribution of Persons Outside the Labor Force in the Palestinian Territory by Reason, 3<sup>rd</sup> Quarter, 2004.**



Source: Palestinian Central Bureau of Statistics, 2004. Press Conference on the Labor Force Survey Result, Third Quarter 2004. Ramallah - Palestine.

## The Education Sector in the Palestinian Territory

### 5.1 Impact of Israeli Measures on the Education Sector in the Palestinian Territory

The education sector like other sectors has been exposed to all methods of Israeli aggression that affected various aspects of the educational process. Various educational institutions were destroyed or subjected to closure.

On many occasions the whole educational process was paralyzed due to military aggression. Since the beginning of Al-Aqsa Intifada and until 25 September 2004, about 1,125 schools had been closed down by the Israeli occupation forces; 295 schools have been damaged due to missiles and tank shelling. Human loss (in the form of transportation difficulties, access difficulties, and injuries and death) of school pupils, university students, teachers, employees and others in this sector due to the aggression reached 749 martyrs in the education sector: 516 martyrs who were school pupils/students; 198 who were university students; and 28 martyrs who were teachers. The number of injured is about 4,721 of which 3,409 are from school pupils/students; 1,554 were arrested, 638 from school pupils/students and 720 arrests of university students. It is worth mentioning at this point that the effect of Israeli measures did not only cause injuries, death, closure and destruction. They also had more adverse impact because the education of those who were injured seriously or who sustained permanent disabilities was disrupted temporarily or permanently and accordingly their ability to pursue education was affected, in addition to the psychological and social repercussions and the reflection on households.

**Table 5.1: Human Loss in the Education Sector in the Palestinian Territory for the Period 28<sup>th</sup> September 2000- 25<sup>th</sup> September 2004**

Status	Teachers	School Pupils/Students	University Students	Employees	Total
Martyrs	28	516	198	7	<b>749</b>
Detainees	167	638	720	29	<b>1,554</b>
Injured	54	3,409	1,245	13	<b>4,721</b>

Source: Ministry of Education and Higher Education 2004. Israeli Violations on Palestinian Education, 28/9/2000-25/9/2004, Ramallah-Palestine.

### 5.2: The Impact of the Expansion and Annexation Wall on the Education Sector in Areas Affected by the Wall

The results of a household survey, in localities where social and economic conditions have been affected as a result of the construction of the Wall, have shown for 90.0% of Palestinian households living west of the Wall the time factor of moving and crossing check points constituted a barrier as compared to 64.3% of those households living east of the Wall. Also, the time required to travel constituted an impediment to 73.5% of Palestine households living to the west of the Wall as compared to 53.1% of those living to the East of the Wall. Meanwhile moving and crossing conditions (permission, some ID Cards) constituted an impediment for 67.2% of the Palestinian households living west of the wall against 54.4% of living east of the wall. Over and above those difficulties, the bad economic conditions for households constituted another hindrance to the educational process as a result of the construction of the Expansion and Annexation Wall: 31.7% of Palestinian households living

west of the Wall reported that the bad economic conditions are an impediment to them as compared to 25.2% living east to the Wall.<sup>3</sup>

**Table 5.2: Percentage of Households Who Faced Mobility Restrictions, by Restriction and Location from the Expansion and Annexation Wall, July 2004**

Restrictions	Location from The Expansion and Annexation Wall		Total
	East of the Expansion and Annexation Wall	West of the Expansion and Annexation Wall	
Time Required to Pass	64.3	90.0	67.1
Timing (Schedule) of Passage	53.1	73.5	55.2
Moving/ Crossing Conditions (Permission, Some ID Cards)	54.4	67.2	55.8
Other	11.8	6.6	11.2

Source: Palestinian Central Bureau of Statistics, 2004. Impact of the Expansion and Annexation Wall on the Socioeconomic Conditions of Palestinian Households in the Localities Affected by the Wall, July 2003.

As a result of the difficulties of movement and in order to guarantee the continuation of the educational process and study, Palestinian households undertook many procedures to be able to adapt to and overcome those difficulties. Of these procedures, 48.1% of households resorted to taking alternative roads to get to school and 81.5% to universities, in addition to being absent from school due to closure (77.6%) and from university (81.0%) in the affected localities. Also 40.2% of households that have members at higher education institutions resorted to using permissions or special coordination, while 11.0% of households that have members at basic or secondary education did so. Some school pupils/students have been compelled to change their place of residence (4.5% for basic and secondary students and 34.6% for university students) or to change school (16.5%) or to change university (10.3%).

**Table 5.3: Percentage of Palestinian Households Facing School Educational Difficulties (Basic, Secondary) and Higher Education Caused by Location From the Expansion and Annexation Wall, By Coping Method, July-2004**

Coping Method	Total	
	Higher Education	Basic/ Secondary
Students Using Alternative Roads	81.5	48.1
Changing School	10.3	16.5
Changing Place of Residence	34.6	4.5
Absent from School Due to Closure	81.0	77.6
Using Permits, or Special Coordination	40.2	11.0
Enrolled at the Available Branch in the Locality	-	3.4
Other	2.3	4.5

Source: Palestinian Central Bureau of Statistics, 2004. Impact of the Expansion and Annexation Wall on the Socioeconomic Conditions of Palestinian Households in the Localities Affected by the Wall, July 2003.

Concerning covering the cost of education, 66.7% of households resorted to borrow and 35.2% used savings to enable their enrolled children to get to schools and complete their

<sup>3</sup> Palestinian Central Bureau of statistics, 2004. Impact of the Expansion and Annexation Wall on the Socioeconomic Conditions of Palestinian households in the localities in Which the Wall passes Through, July 2003.

study, and 67.4% of households who have members in higher education resorted to borrow and 45.9% to use savings.

**Table 5.4: Percentage of Palestinian Households By Coping Method of Educational Costs (Basic, Secondary) and Higher Education by Location from the Expansion and Annexation Wall, July 2004**

Coping Method	Total	
	Higher Education	Basic/ Secondary
Borrowed Money	67.4	66.7
Received Assistance	21.3	18.5
Used Savings	45.9	35.2
Worked	32.7	32.9
Other	11.0	10.1

**Source: Palestinian Central Bureau of Statistics, 2004.** Impact of the Expansion and Annexation Wall on the Socioeconomic Conditions of Palestinian Households in the Localities Affected by the Wall, July 2003.



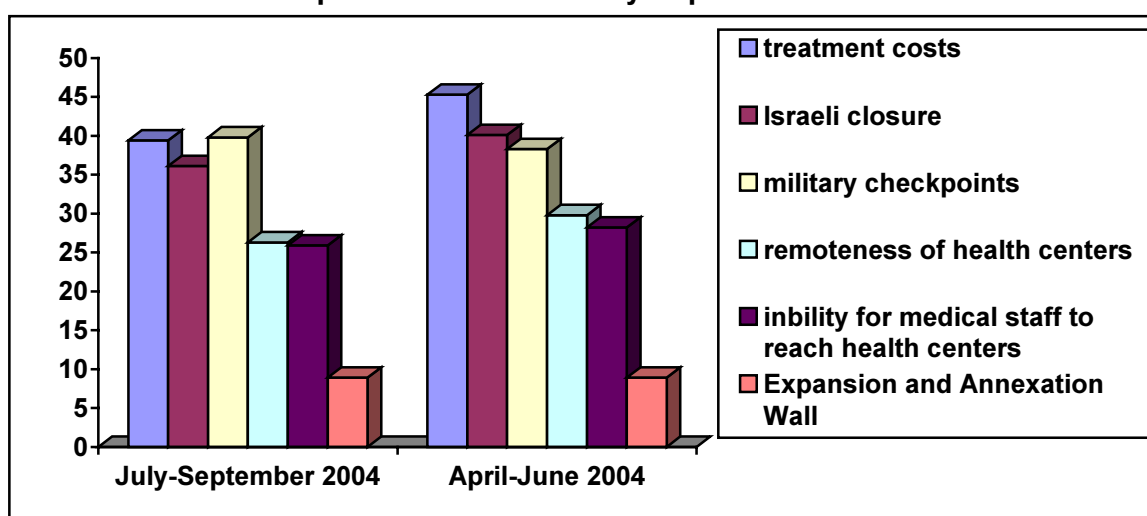
## The Health Sector in the Palestinian Territory

### 6.1: Accessibility to Health Services

The results of the survey on the impact of Israeli measures on the economic conditions of Palestinian households during the third quarter 2004, showed that 36.1% of Palestinian households in the Palestinian Territory reported that the Israeli siege constituted a barrier to obtaining health services; 43.2% of them are in the West Bank and 21.8% in Gaza Strip. 39.4% of households reported that the high cost of medical treatment impeded access to health services.

25.9% of Palestinian households reported that the inability of medical teams to get to health centers due to Israeli measures hindered receiving medical service and the numerous barriers and difficulties of movement and closures caused medical centers that provide basic services to residents to be out of reach. 26.3% of Palestinian households reported that remoteness of health centers impeded obtainment of health services; 39.8% of households ascribed that to military barriers; and 13.3% of households in the West Bank reported that the Expansion and Annexation Wall constituted a barrier to obtaining health services.

**Figure 6.1: Percentage of Households by Obstacles to Accessing Health Services, April-June 2004 and July-September 2004**



Source: Palestinian Central Bureau of Statistics, 2004. Impact of the Israeli Measures on the Economic Conditions of Palestinian Households; 10<sup>th</sup> Round (July-September, 2004).

### 6.2: Martyrs and Injured

#### Martyrs:

Since the beginning of the Al-Aqsa Intifada in September 2000 until the end of September 2004, Palestinian households had 3,438 martyrs, of which 1,712 were in the West Bank and 1,726 were in Gaza Strip. Results showed that children below 18 years constituted 19.9% of the total number of martyrs; those aged (18-39 years) constituted a high percentage (68.6%) of total martyrs; and those aged above 40 years of age constituted 11.5% of total martyrs. This showed that Israeli forces made no distinction between children, elderly, men or women in its aggression.

**Table 6.1: Number of Martyrs of Al-Aqsa Intifada in the Palestinian Territory by Age and Region for the Period 29<sup>th</sup> September 2000- 30<sup>th</sup> September 2004**

Region	Age					Total
	0-17	18-29	30-39	40-49	50+	
Palestinian Territory	683	1,860	500	179	216	<b>3,438</b>
West Bank	306	888	289	96	133	<b>1,712</b>
Gaza Strip	377	972	211	83	83	<b>1,726</b>

Source: Palestinian Central Bureau of Statistics, 2004. Database of Al-Aqsa Intifada Martyrs.

**Injured:**

In the period from September 2000 to the end of September 2004, the number of injured totaled around 27,811, of whom 10,603 injured were during the first year of the Intifada. The results showed different degrees of injuries. 48.8% of total injuries were sustained due to live and metallic bullets whereas injuries due to gas bombs were 23.0%.

**Table 6.2: Number of Injured of Al-Aqsa Intifada in the Palestinian Territory by Type of Injury and Year for the Period 29<sup>th</sup> September 2000- 30<sup>th</sup> September 2004**

Year	Kind of Injury				Total
	Live bullets	Metallic bullets	Gas bombs	Other or unknown	
2000	2,228	4,249	3,363	763	<b>10,603</b>
2001	1,441	1,233	1,489	2,232	<b>6,395</b>
2002	1,386	243	536	2,206	<b>4,371</b>
2003	1,011	327	215	1,441	<b>2,994</b>
Jan. 30 <sup>th</sup> Sept. 2004	1,059	387	784	1,218	<b>3,448</b>
<b>Total</b>	<b>7,125</b>	<b>6,439</b>	<b>6,387</b>	<b>7,860</b>	<b>27,811</b>

Source: The Palestinian Red Crescent Society, 2004.



## **The Expansion and Annexation Wall and its Impact on Palestinian Localities and Households**

### **7.1: Population Displacement**

The results revealed that the percentage of persons living west of the wall in the north of the West Bank who changed their place of residence was 2.8%, compared with 16.7% of those living east of the wall. In the middle of the West Bank this percentage was 39.6% for those west of the wall and 18.0% for those east of the wall, and in the south of the West Bank was 15.8% for those west of the wall and 13.1% for those east of the wall.

Also the results showed that the percentage of persons aged 16 years or more who are considering changing their place of residence and who live west of the wall in the north of the West Bank was 2.1%, compared to 2.2% for those who are living east of the wall. In the middle of the West Bank this percentage was 22.7% for those living west of the wall, and 4.4% for those east of the wall. In the south of the West Bank the percentage of those who are considering changing their place of residence was 2.3% for those east of the wall.

4.8% of Palestinian households who changed their place of residence indicated that the wall and other Israeli measures was the main reason, and 7.0% of Palestinian households indicated that work was the main reason. On the other hand, 31.0% of Palestinian households who are considering changing their place of residence indicate that the wall is the main reason, and 11.3% of Palestinian households indicate that work is the main reason.

**Table 7.1: Percentage of Palestinian Persons Who Changed/Considering Change of Place of Residence, by Region and Location from the Expansion and Annexation Wall, July 2004**

Region	Location from the Expansion and Annexation Wall				Total	
	West of the Expansion and Annexation Wall		East of the Expansion and Annexation Wall		Changed	Considering change
	Changed	Considering change	Changed	Considering change		
North West Bank	2.8	2.1	16.7	2.2	<b>16.3</b>	<b>2.2</b>
Middle West Bank	39.6	22.7	18.0	4.4	<b>23.4</b>	<b>9.4</b>
South West Bank	15.8	-	13.1	2.3	<b>13.3</b>	<b>2.3</b>

**Source: Palestinian Central Bureau of Statistics 2004.** Survey on the Impact of the Expansion and Annexation Wall on the Socioeconomic Conditions of Palestinian Households in the Localities Affected by the Wall, July 2004. **Ramallah - Palestine**

### **7.2: Families Dissociated from Each Other and from Relatives:**

30.6% of Palestinian households or one of their members in the localities affected by the expansion and annexation wall has been separated from relatives (45.3% of households west of the wall and 28.8% east of the wall). The results also revealed that 2.6% of the Palestinian households in the localities affected by the wall have been separated from the father (1.8% west of the wall and 2.7% east of the wall).

**Table 7.2: Percentage Distribution of Palestinian Households by Separation of Household and Location from Expansion and Annexation Wall, July 2004**

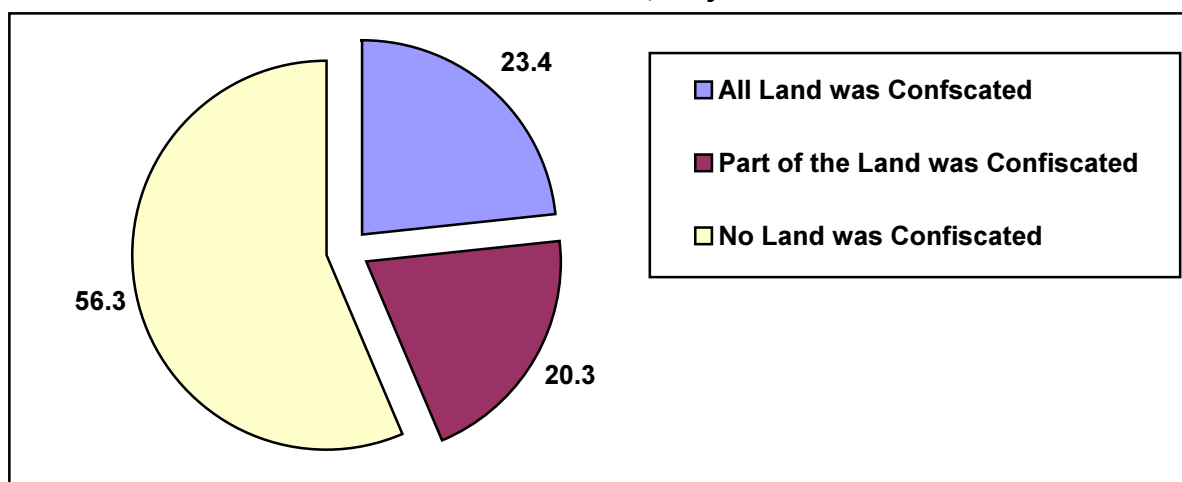
Household Members Some/All of them Separated from Relatives	Location from the Expansion and Annexation Wall		Total
	West of the Expansion and Annexation Wall	East of the Expansion and Annexation Wall	
All Households Separated	22.5	5.0	6.9
One Member/Some Members Separated	22.8	23.8	23.7
Not Separated	54.7	71.2	69.4
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Palestinian Central Bureau of Statistics 2004. Survey on the Impact of the Expansion and Annexation Wall on the Socioeconomic Conditions of the Palestinian Household in the Localities in which that the Wall Passed Through, July 2004. Ramallah - Palestine

### 7.3: Land Confiscation:

The results revealed that the percentage of households whose lands were confiscated totally was 9.1% of the households living west of the wall against 24.9% for east of the wall, while the percentage of the households living west of the wall whose parts of their land were confiscated was 19.9% against 20.3% for east of the wall. It's noticed that most of the confiscated land in the localities affected by the wall were used for agriculture, and it amounted 86.0%.

**Figure 7.1: Percentage Distribution of Palestinian Households by Land Confiscation in the Localities Affected by the Expansion and Annexation Wall, July 2004**



Source: Palestinian Central Bureau of Statistics 2004. Survey on the Impact of the Expansion and Annexation Wall on the Socioeconomic Conditions of the Palestinian Household in the Localities Affected by the Wall, July 2004. Ramallah - Palestine

### 7.4: Labor Market in the Localities Affected by the Wall:

The rate of unemployment in the localities affected by the expansion and annexation wall amounted 30.9%, (25.2% west of the wall and 31.6% east of the wall).

Most of the workers in the localities affected by the wall were paid workers as their percentage were 73.6% for west of the wall, and 62.8% for east of the wall. While it's noticeable that the percentages of employers and self-employed workers amounted 10.1% and 13.8% respectively in the localities west of the wall. The results also revealed that 13.8% of

workers in the localities affected by the wall works in Israel and settlements (24.6 % west of the wall and 12.4% east of the wall).

The services and other branches sector is the highest employer in the localities affected by the expansion and annexation wall at a rate of 63.8% for localities which located west the wall, and 65.0% for localities which located east the wall, and the lowest was those of engaged in agricultural, fishery and forestry at a rate of 0.3% for localities which located west the wall, and for localities which located east the wall the lowest was those of engaged in transportation , storage and communication at a rate of 3.5%

It is noted that the laborers distribution in the localities affected by the expansion and annexation wall by occupation showed that the highest rate was among Elementary Occupations as it reached 59.0%. This was followed by the Professionals, Technicians at a rate of 12.9%; those engaged in craft and related workers at a rate of 10.0%, and the lowest was those of engaged in skilled agricultural, fishery workers at the rate of 2.7%.

**Table 7.3: Percentage Distribution of Labour Force Participants Aged 10 Years and Over in the Localities Affected by the Wall by Labour Force Components and Location from Expansion and Annexation Wall, July 2004**

Location from The Expansion and Annexation Wall	Employed Persons	Unemployed Persons	Total
West of the Expansion and Annexation Wall	74.8	25.2	100
East of the Expansion and Annexation Wall	68.4	31.6	100
<b>Total</b>	<b>69.1</b>	<b>30.9</b>	<b>100</b>

Source: **Palestinian Central Bureau of Statistics 2004**. Survey on the Impact of the Expansion and Annexation Wall on the Socioeconomic Conditions of the Palestinian Household in the Localities Affected by the Wall, July 2004. **Ramallah - Palestine**



## **Economic Conditions in the Palestinian Territory**

Since the start of Al-Aqsa Intifada, the Palestinian economy witnessed a genuine and deep crisis as a result of measures carried out by the Israeli Occupation in the Palestinian Territory such as the siege of cities and Palestinian localities; closures; systematic destruction of the infrastructure of Palestinian society; and other oppressive and inhumane Israeli practices.

Undoubtedly, Israeli measures force the Palestinian economy into a real crisis in terms of the situation, performance and distortion of the structure. The main factors of production were affected by the destruction which caused deterioration in the performance of most economic activities. This led to a drop in Gross Domestic Product and reduction in the contribution of the various economic sectors.

Since the outset of Al-Aqsa Intifada, the Palestinian Central Bureau of Statistics introduced programs and work plans to monitor the impact of Israeli measures on the Palestinian people in different aspects of life: economic, social, cultural, educational and the environment. This was implemented by conducting a number of specialized field surveys that aimed at monitoring the impact of Israeli measures and measuring changes occurring in the main indicators.

### **8.1: Main Indicators**

Statistical data showed a negative relationship between economic growth and closures and Israeli measures. This is made clear by looking at the present crisis causing suffering to the Palestinian economy where:

- There was a decline in Gross Domestic Product<sup>3</sup> of the Palestinian Territory in constant prices in 2001, by 11.4% as compared to 1999. Due to the continuance of Israeli aggression, the drop reached 14.6% in 2002 compared to 1999.
- The decline in economic development is directly related to the decline in the individual share of Gross Domestic Product (Gross Domestic Product divided by population), which amounted to a drop of 18.9% in 2001, and further drop to 25.6% in 2002, and a 31.8% drop in the Gross National Income in the same year as compared to 1999.
- Due to the drop of Per Capita Income resulting from the drop in Gross Domestic Product and the decline in wages from the Israeli market by more than 57.6% in the Palestinian Territory in 2001, and 63.6% in 2002, the final household consumption (household expenditure on all commodities and services except expenditure on house construction, considered as formation of fixed capital, while rent is considered as a final consumption by households) decreased by 8.8% in 2001 and 10.5% in 2002 as compared to 1999. This decline will, in turn, affect the level of economic development as a direct consequence to the change in the local demand of locally produced or imported commodities and services.

The main economic indicators show that the downturn in the Palestinian economy during 2003 and 2004 will continue, as statistical data shows the Gross Domestic Product for the remaining West Bank and Gaza Strip<sup>4</sup> in 2003 at 4.011 billion U.S. dollars (11.1% decline

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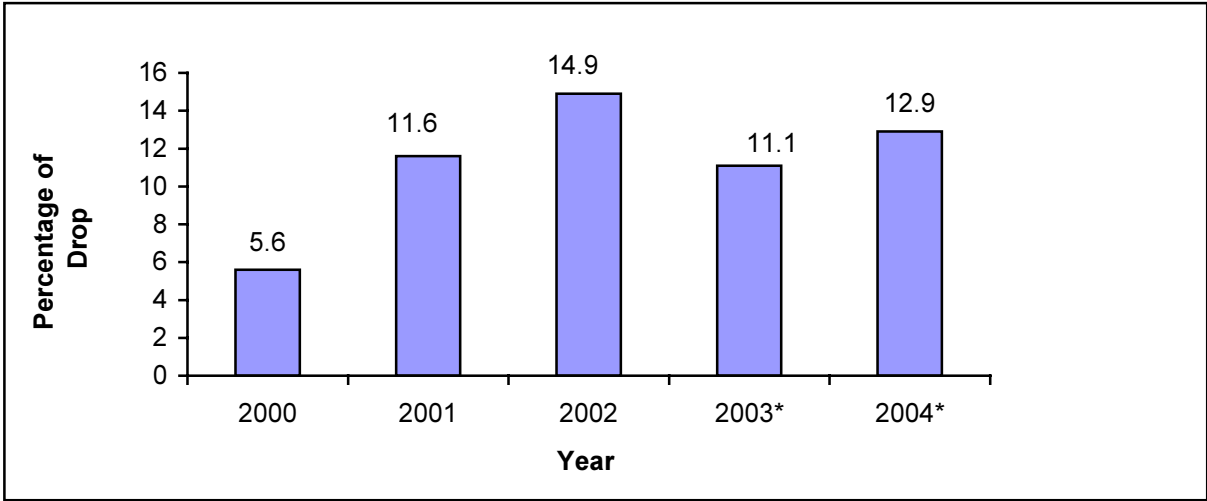
<sup>3</sup> Gross Domestic Product is an aggregate measure of production during a specific period of time normally one year or the value of market goods and services produced by some community during a specific period of time, normally one year.

<sup>4</sup> The remaining West Bank and the Gaza Strip: This refers to the West Bank and Gaza Strip excluding that part of the Jerusalem governorate which was forcibly annexed by Israel following the occupation of the West Bank in 1967.

comparing to 1999), and it is expected to reach 3.928 billion U.S dollars in 2004 according to the preliminary estimations (12.9% decline comparing to 1999) that the year of 2004 will have a decline comparing to 2003.

The following figures show the rates of decline in the Gross Domestic Product from 2000 to 2004.

**Figure 8.1: Percentage of Decline in the Gross Domestic Product in Constant Prices as Compared to 1999 in the Remaining West Bank and Gaza Strip**



\*Estimated data.

Source: **Palestinian Central Bureau of Statistics, 2003.** National Accounts at Current and Constant Prices 1994-2000. Ramallah – Palestine; **Palestinian Central Bureau of Statistics, 2004.** Press Release for the Palestinian National Accounts 2001-2002, Ramallah - Palestine.

**8.2: Gross Direct Losses**

**Losses in Economic Activities (Gross Domestic Product):**

The losses in economic activities amounted to 1,536 million U.S. dollars since the beginning of Al-Aqsa Intifada until the end of 2002, as direct losses of the main economic activities (agriculture, industry and construction, transport and communication, internal trade, services and others) amounted to 714.1 million U.S dollars which accrued in 2002 at a rate of 59.5 million U.S dollars per month. The estimated losses for the remaining West Bank and Gaza Strip in 2003 are approximately 500.9 million U.S dollars, and for 2004 it is expected to be approximately 583.7 million U.S dollars.

**8.3: Performance of the Economic Sectors**

**First: Foreign Trade and the Balance of Payments:**

**Foreign Trade:**

Palestinian foreign trade has been affected by events in Palestine since the outbreak of Al-Aqsa Intifada due to continuous closures and the prohibition on movement of goods to and from Palestine especially with the outside world, the objective being to control the Palestinian market while it is considered open to Israeli products.

The following table shows the movement of foreign trade during the years 1999, 2000, 2001 and 2002:

**Table 8.1: Movement of Imports and Exports From and to Palestine for the Years 1999-2002 (Value in Million U.S. Dollars)**

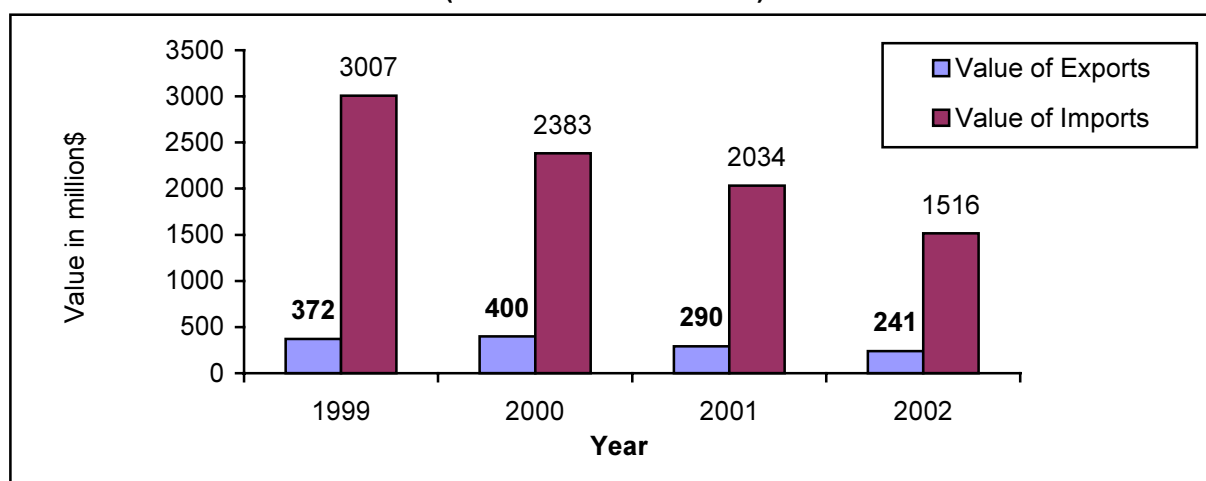
Indicator	1999	2000	2001	2002
<b>Imports</b>				
Imports from Israel	1,854	1,740	1,352	1,117
Imports From the Outside World	1,153	643	682	398
<b>Total</b>	<b>3,007</b>	<b>2,383</b>	<b>2,034</b>	<b>1,516</b>
<b>Exports</b>				
Exports to Israel	360	370	273	216
Exports to the Outside World	12	30	17	25
<b>Total</b>	<b>372</b>	<b>400</b>	<b>290</b>	<b>241</b>

Source: Palestinian Central Bureau of Statistics, 2004. Foreign Trade Statistics 1999-2002. Ramallah - Palestine.

By referring to the previous table one can notice the increase in the volume of exports and decrease in the volume of imports in 2000 as compared to 1999. The value of imports dropped by 20.8% and the value of exports increased by 7.5%. Also one notices the increase in the size of the deficit in the Balance of Trade in 2001 as compared to 2000 as a result of the higher rate of decline in exports as compared to the rate of decline in imports in 2001. Imports dropped by 14.7% compared to exports which dropped by 27.5%.

Also results showed that the value of imports in 2002 dropped by 25.5% as compared to 2001, and the value of exports dropped by 17.0%. The following table shows the movement of foreign trade during the years 1999, 2000, 2001 and 2002:

**Figure 8.2: Value of Exports and Imports by Year in the Palestinian Territory (in Million U.S. Dollars)**



Source: Palestinian Central Bureau of Statistics, 2004. Foreign Trade Statistics 1999-2002. Ramallah - Palestine.

### **Balance of Payments:**

Preliminary estimates of the Balance of Payments for remaining West Bank and Gaza Strip showed the following\* :

1. The Balance of Payments (Current Account) showed a deficit of 459.0 million U.S. dollars in 2002, i.e., a rate of 13.2% of Gross Domestic Product. This was less than the deficit in 2001. It is also noticeably less than in 2000 and ordinary previous years by a rate reaching approximately 75.0%.
2. The Trade Balance deficit, which amounted to 1,144.3 million U.S. dollars, played a major role in the Current Account deficit in 2002 as compared to 1,303.0 million U.S. dollars in 2001 and 1,890.4 million U.S. dollars in 2000. The consecutive reduction of the Trade Balance deficit resulted from:
  - The consecutive drop of imports especially from other countries (except Israel) mainly due to the decline in purchasing power and the Israeli measures.
  - The consecutive and direct decline of the value of exports due to the continuous Israeli policy of destruction of the productive Palestinian sectors including the exports sector. However the decline in the value of imports was greater than the decline in the value of exports.
3. Surplus in the Balance of Revenues and Payments resulting from compensation to those laborers in Israel contributed primarily to the reduction of the deficit in the Current Account. Those compensations amounted to 141.1 million U.S. dollars in 2002 and 200.4 million U.S. dollars in 2001, while in 2000 it reached 620.6 million U.S. dollars. Those values are considered low when compared with the compensation in the ordinary earlier years.
4. Current transfers surplus was an important factor in offsetting another part of the deficit in the current account due to:
  - Transfers of donor countries in spite of consecutive reductions of value. They amounted to 414.1 million U.S. dollars in 2002; 324.2 million U.S. dollars in 2001; and 179.1 million U.S. dollars in 2000.
  - Transfers of other sectors, especially household units that amounted to 612.7 million U.S. dollars in 2001; and 650.1 million U.S. dollars in 2002 as compared to 395.4 million U.S. dollars in 2000. Those values are considered high compared to the earlier years. Medical and food assistance as well as assistance to martyrs' households are considered as an important part.
5. Capital transfers amounted to 150.5 million U.S. dollars in 2002 as compared to 219.3 million U.S. dollars in 2001 and 188.4 million U.S. dollars in 2000. Government transfers constituted 51.0% of these transfers. This decrease is referred to reduction in donor countries' transfers.

### **Second: Movement of the Price Index**

Consumer Prices showed an increase of 15.28% during September 2004 compared with September 2000 (the outset of Al-Aqsa Intifada). The general Price Index in the Palestinian Territory increased by 2.8% during 2000, and increased by 1.23% during 2001, and continued increasing during 2002 by 5.71%. In 2003 the general price index increased by 4.4%, and during 2004 increased by 3.00%.

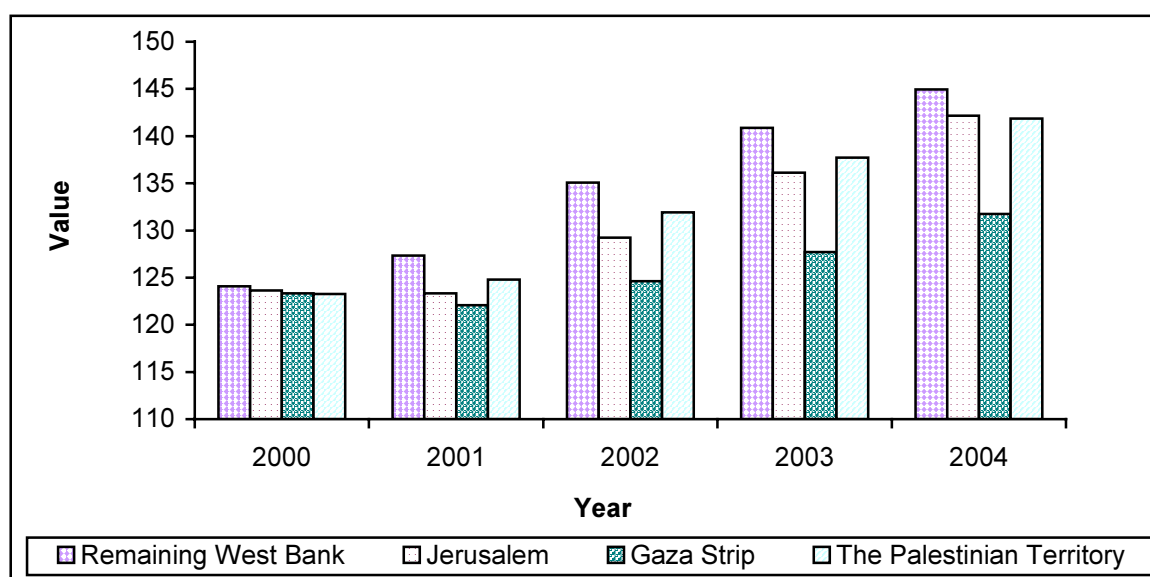
The following figure shows the Price Index during the years 2000, 2001, 2002, 2003, 2004:

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\* Note: data of the Balance of payment has been updated according to the updating of resources especially the statistics of foreign trade and national accounts.



**Figure 8.3: Price Index by Region and Year**



Source: Palestinian Central Bureau of Statistics, 2004. Prices and Price index 2000-2004. Ramallah - Palestine.

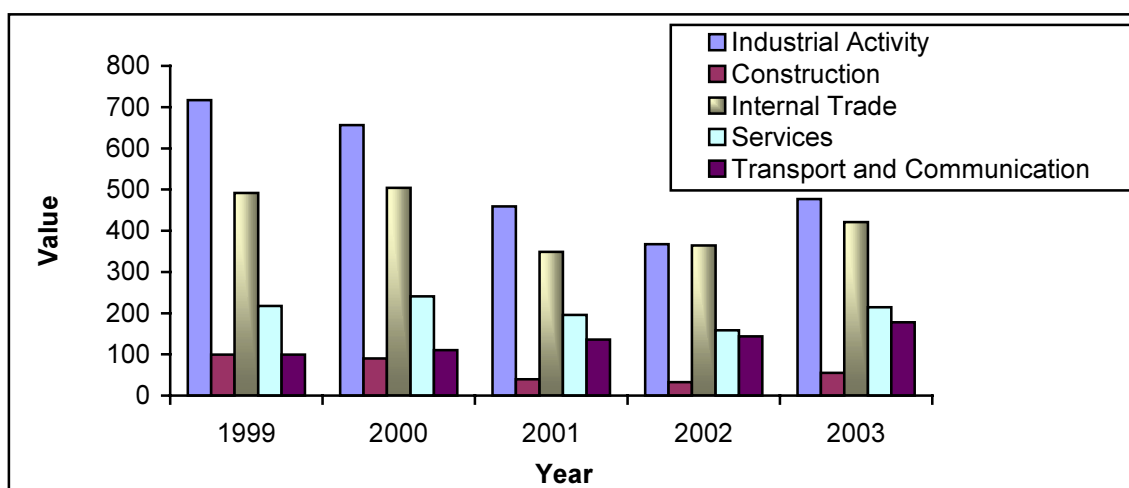
### Third: Performance of Economic Activities

The recent Israeli measures in the Palestinian Territory resulted in a deterioration of the performance of economic activities. This was evident through the setback of all indicators of these activities. The value added in the remaining West Bank and Gaza Strip in 1999 was 1,625.2 million U.S. dollars that decreased to 1,602.8 million U.S. dollars in 2000, i.e., a decrease of 1.4%. It continued declining in 2001 reaching 1,179.3 million U.S. dollar, i.e., a decline of 27.4% compared to 1999, and 26.4% compared to 2000. In 2002 the intensity of the decline in all indicators of the Palestinian economy increased, as the value added reached 1,066.0 million US dollars with a decline of 34.4% compared to 1999, and 9.6% compared to 2001. The results of 2003 showed an improvement in the Palestinian economy compared to 2002, as the value added amounted to 1,344.0 million U.S. dollars, i.e., an increase of 26.2%, but when comparing with the situation before Al-Intifada, the performance of the Palestinian economic activities were still below the required level, showing a decline of 17.2% compared with 1999.

Also the number of employees in the remaining West Bank and Gaza Strip in 2003 dropped by 9.4% compared to 2000. The value of production and the intermediate consumption in 2003 showed a drop of 21.3% and 28.7%, respectively, compared to 2000.

The figure below shows the value added in 1999, 2000, 2001, 2002 and 2003:

**Figure 8.4: The Value Added by Economic Activity and Year in the Remaining West Bank and Gaza Strip**



Source: Palestinian Central Bureau of Statistics, 2004. Economic Survey Series 1999-2003, Main Results, Ramallah - Palestine.

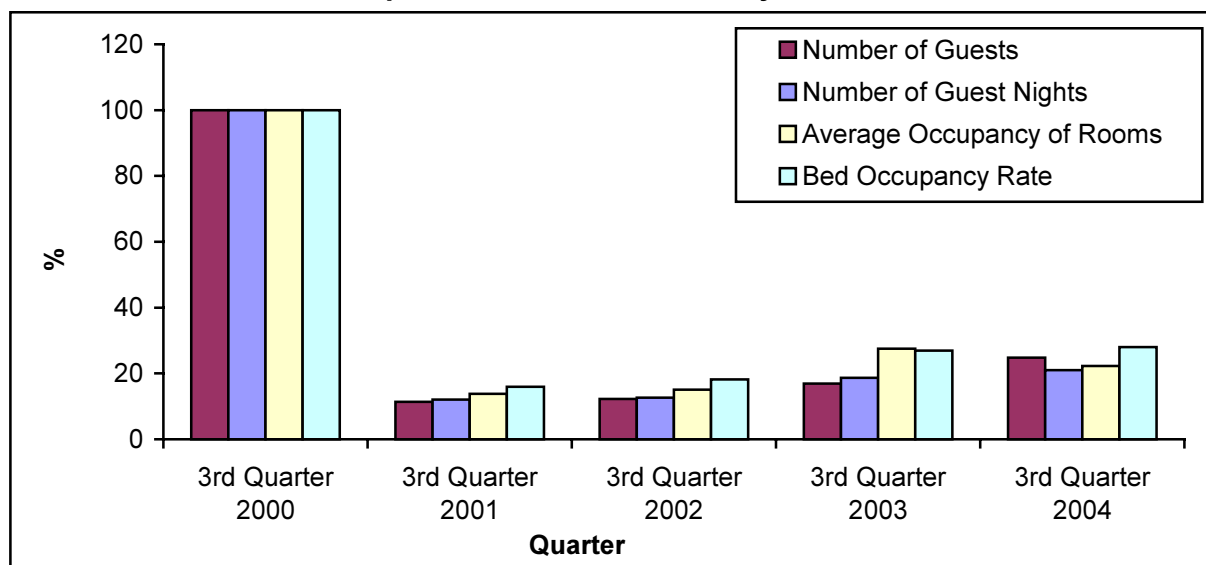
#### **Fourth: Indicators of the Tourism Sector**

- **Indicators of the Hotel Sector:**

The survey of hotels showed that Hotels Activity had been significantly affected during Al-Aqsa Intifada. The number of guests during the third quarter 2004 was 29,141 and the total number of nights they stayed was 70,468, while the number of guests during the third quarter 2000 was 117,335. This number dropped to 13,405 clients in third quarter 2001, and reached 14,388 clients in the third quarter 2002 and 19,821 in third quarter 2003. The rates of decline were 88.6%, 87.7%, 83.1% and 75.2% respectively when comparing the third quarter of 2001, 2002, 2003 and 2004 with the base quarter of 2000, due to the Israeli measures.

The following figure shows basic results of the most important indicators of Hotel Activity during the second quarter 2001, 2002, 2003 and 2004 compared with 2000:

**Figure 8.5: Percentage Change of the Most Important Indicators of Hotel Activity, Compared to 3<sup>rd</sup> Quarter 2000 by Quarter**



Source: Palestinian Central Bureau of Statistics, 2004. Hotel Activity in Palestinian territory 2000-2004. Ramallah - Palestine.

### Performance of Tourism Activities

Results of the survey of tourism activities in the Palestinian Territory showed a clear setback in most of the tourism activities indicators since the beginning of Al-Aqsa Intifada. The number of tickets sold by tourist and travel agencies was 29,705 in 2002, as compared to 71,532 in 2000, i.e., a percentage drop of 58.0%. Also, the number of tourist trips organized and executed by the travel and tourist agencies was 2,285 in 2002 compared to 11,103 trips in 2000. This comparison shows a clear drop in fulfilled trips by 79.0%. The number of vehicles used by the tourist rent companies dropped to 1,080 vehicles in 2002 as compared to 1,503 vehicles in 2000, i.e., a percentage drop of 28.0% in the number of vehicles.

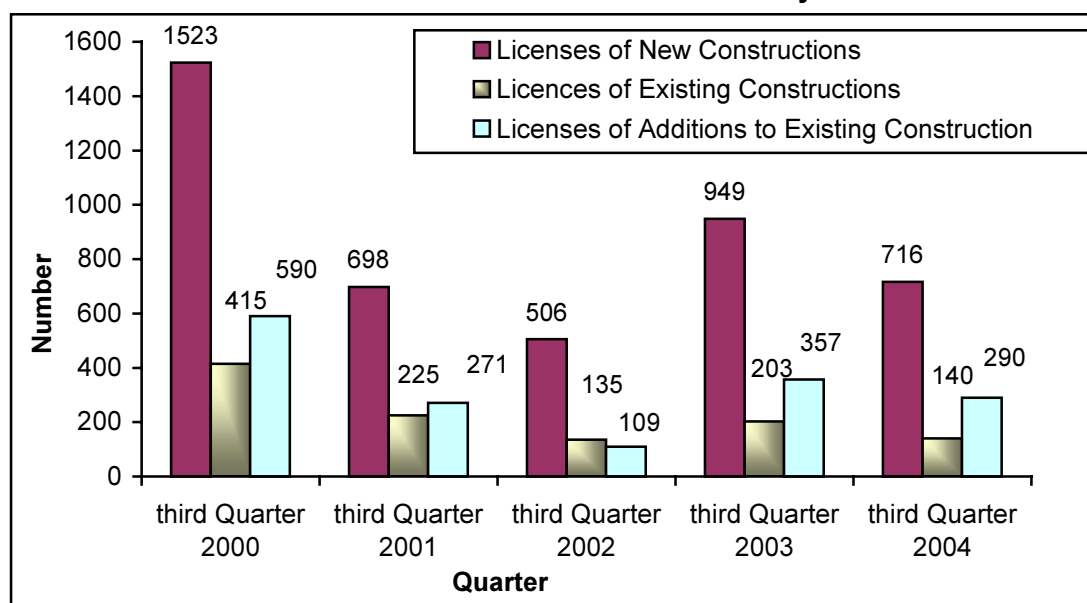
### Fifth: Construction Indicators

#### Number of Issued Licenses:

The number of issued licenses during the third quarter 2004 compared to the third quarter 2000 dropped by 53.0%, while it increased by 2.6% compared to the second quarter 2001. In the third quarter 2004 the number of issued licenses increased by 41.7% compared to the third quarter 2002. The third quarter 2003 witnessed a decline of 37.7% compared to the third quarter 2000. Also, during the third quarter 2001, it dropped by 54.2% compared to the same quarter in 2000. Clearly, the general trend has been an increase in the number of issued licenses since 1996 and until the third quarter 2000. This drop in the number of issued licenses continued in the Palestinian Territory during the third quarter 2004 as part of the economic recession induced by the harsh Israeli measures of closures and movement restrictions within the Palestinian Territory.

The following figure shows some of the indicators of issued construction licenses.

**Figure 8.6: Most Important Indicators of Issued Construction Licenses in the Palestinian Territory**



Source: Palestinian Central Bureau of Statistics, 2004. Building Licenses Statistics 2000-2004, Ramallah – Palestine.

#### **Sixth: The Agriculture Sector**

The Agricultural Sector, as is the case with all the other economic sectors, suffered during Al-Aqsa Intifada because of Israeli practices in the Palestinian Territory. Losses in this sector since the outset of Al-Aqsa Intifada in September 2000 and until the end of October 2004 had been distributed as follows:

1. Uprooted Trees: The number of damaged trees was 1,252,537 of all fruit trees in the Palestinian Territory on pretexts of security such as claiming that opening fire could occur through the trees or that the trees hamper vision from military outposts. At times trees were uprooted for new road construction for settlements or to create new settlements on the Palestinian Territory or to create buffer zones that are open to settlements. Most of the uprooted trees were first rank fruit trees that totaled 481,611 trees, followed by citrus and olive of the second rank that totaled 421,731 trees, then almond trees that totaled 82,859 trees.
2. Animal Husbandry and Agricultural Investments: The total loss of animal husbandry and agricultural investments in the Palestinian Territory during the period 1<sup>st</sup> October 2000 and 31<sup>st</sup> October 2004 was valued at 1,121.5 million U.S. dollars. Agricultural labor losses were highest and reached 331.8 million U.S. dollars as many farmers and agricultural laborers lost their jobs totally or partially. This was followed by uprooting trees and damaging crops and agricultural installations. These losses were valued at 309.7 million U.S. dollars. These were followed by the decline in the price of agricultural and animal products, causing losses reaching 151.6 million U.S. dollars. That was accompanied by the increase in the price of fodder and higher agricultural costs not to mention the paralysis of the movement of food products.

#### **8.4: Losses in Buildings and Public Establishments**

There were a significant number of private and public buildings in the Palestinian Territory damaged from Israeli aggression such as the continuous shelling of private houses, public buildings and police centers, especially during the periods of repetitive incursions.

Furthermore, the policy of house demolition under many pretexts resulted in the demolition of 65,998 buildings at a cost of 292.1 million U.S. dollars since the outset of the current Intifada until the end of June 2004 and distributed as follows:

- The number of buildings partially damaged reached 58,875 valued at 46.7 million U.S. dollars.
- The number of private buildings greatly damaged reached 6,540 valued at 172.2 million U.S. dollars.
- The number of damaged buildings and police centers reached 415, valued at 62.3 million U.S. dollars.
- The number of damaged public buildings reached 168, valued at 10.9 million U.S. dollars.



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