

Poverty & Equity Brief

Middle East & North Africa

West Bank and Gaza

October 2022

Poverty in the West Bank and Gaza increased from 25.8 to 29.2 percent between 2011 and 2016/2017 at the official national poverty line. However, the overall trend hides a sharp divergence between the West Bank and Gaza. While there was an improvement in the West Bank, where poverty declined from 17.8 to 13.9 percent, poverty in Gaza rose from 38.8 to 53.0 percent. The national poverty rate using the international poverty line of \$6.85 in 2017 PPP for upper middle-income countries is substantially lower, and stands at 20.5 percent in 2016/17. Multidimensional poverty was low in 2016/2017, but there is evidence suggesting that it is likely being underestimated, since it measures only access to, and not quality of, services. The quality of water and electricity supply are particularly bad in Gaza, with almost no household being able to rely on regular and reliable supplies.

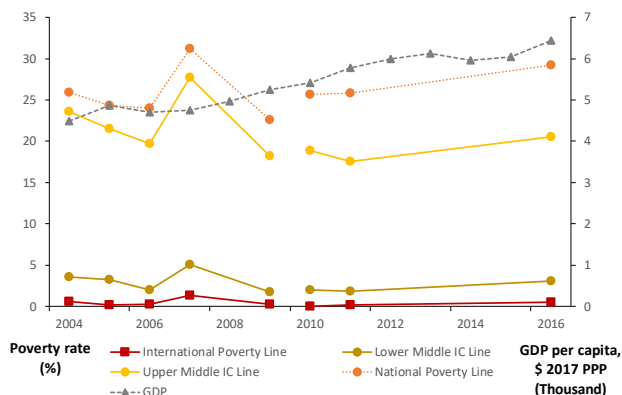
The annualized real growth rate of consumption per capita of the bottom 40 percent in the West Bank between 2011 and 2016/2017 was 1.8 percent compared to 0.3 percent growth for the whole population. The cost of the economic decline in Gaza was borne slightly more by the bottom four deciles compared to the whole population: consumption per capita declined by 2.9 percent among the four lowest deciles, compared to 2.5 percent for the total population. Accordingly, inequality measured by the consumption per capita Gini index, declined by 4.1 points in West Bank, while it increased slightly in Gaza by 0.6 points. Despite low employment over the 2011-2016/17 period, changes in labor market earnings were the key driver of declining poverty and inequality in the West Bank. In particular, an increase in the share of regular wage jobs reduced poverty and inequality. In contrast, declining transfers accounted for most of the increase in poverty in Gaza and outweighed the positive contribution of labor earnings over this period.

The economic slowdown has been exacerbated by the economic restrictions put in place because of the COVID-19 pandemic, and because of the impact of the May 2021 conflict in Gaza. Historically, restrictions on movement and access imposed by the Government of Israel, recurrent hostilities, and falling flows of aid have all had a negative impact on employment in both the West Bank and Gaza, as well as on social spending and income sources. In the West Bank, poverty status is sensitive to even small shocks in household expenditures, while in Gaza, changes in social assistance flows have been shown to greatly affect the population's wellbeing. Consequently, projections based on GDP per capita growth suggest that the poverty rate using the international poverty line of \$6.85 in 2017 PPP has increased by around 6 percentage points over the last five years.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	1,329.1	29.2	2016
International Poverty Line 4.4 in Israeli new shekel (2016) or US\$2.15 (2017 PPP) per day per capita	22.0	0.5	2016
Lower Middle Income Class Poverty Line 7.5 in Israeli new shekel (2016) or US\$3.65 (2017 PPP) per day per capita	134.8	3.1	2016
Upper Middle Income Class Poverty Line 14.1 in Israeli new shekel (2016) or US\$6.85 (2017 PPP) per day per capita	896.6	20.5	2016
Multidimensional Poverty Measure		0.6	2016
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		-0.89	2011-2016
INEQUALITY			
Gini Index		33.7	2016
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.34	2011-2016
GROWTH			
Annualized GDP per capita growth		2.17	2011-2016
Annualized Consumption Growth per capita from Household Survey		-0.55	2011-2016
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		0.11	2011-2016

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of September 2022, and Global Monitoring Database for the rest.

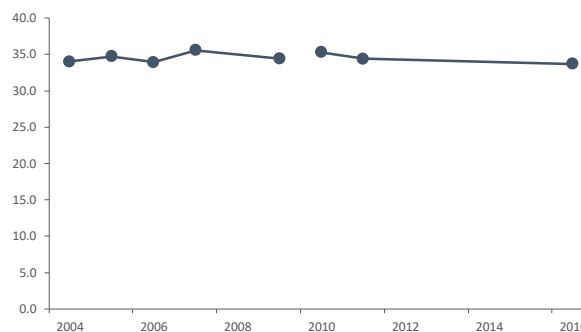
POVERTY HEADCOUNT RATE, 2004-2016



Source: World Bank using PECS/MNAPOV/GMD

INEQUALITY TRENDS, 2004-2016

Gini Index



Source: World Bank using PECS/MNAPOV/GMD

KEY INDICATORS

Distribution among groups: 2016	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	80	20	41	59
Rural population	88	12	27	73
Males	80	20	39	61
Females	79	21	41	59
0 to 14 years old	74	26	48	52
15 to 64 years old	83	17	36	64
65 and older	88	12	23	77
Without education (16+)	81	19	37	63
Primary education (16+)	76	24	42	58
Secondary education (16+)	80	20	39	61
Tertiary/post-secondary education (16+)	91	9	23	77

Source: World Bank using PECS/MNAPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

Multidimensional Poverty Measures: 2016	(% of population)
Monetary poverty (Consumption)	
Daily consumption less than US\$2.15 per person	0.5
Education	
At least one school-aged child is not enrolled in school	5.8
No adult has completed primary education	1.2
Access to basic infrastructure	
No access to limited-standard drinking water	3.2
No access to limited-standard sanitation	0.1
No access to electricity	0.0

Source: World Bank using PECS/MNAPOV/GMD

POVERTY DATA AND METHODOLOGY

The National Commission for Poverty Alleviation established an official definition of poverty in the West Bank and Gaza in 1998. The poverty line was set at the median expenditure level of certain key items of the poorest 25 to 30 percent of households and has been calculated every year. The spending patterns of a household with two adults and four children was used as the reference to develop the poverty line. Given the relative nature of the poverty line, the Palestinian Central Bureau of Statistics (PCBS) also constructed a consistent poverty trend for 2004–2009 using the 1997 line adjusted for inflation. In early 2011, the PCBS redefined the poverty line by changing the reference household to two adults and three children and started a new consistent poverty series beginning in 2010 (the numbers for the 2010-2016/17 period are comparable). The welfare aggregate includes expenditures on food and nonfood items; expenditures on health, education, and rent; and the purchases of durables during the last 12 months and purchases of transport during the last 3 years. The aggregate is spatially adjusted using a Laspeyres price index derived for the West Bank, Gaza, and East Jerusalem using a subset of food and nonfood prices from the CPI dataset. The most recent poverty trend for the Palestinian territories ends in 2017, and it is based on the Palestinian Expenditure and Consumption Survey (PECS) implemented over the period October 2016-September 2017. The next PECS survey is planned to run over the 2023 calendar year.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

HARMONIZATION

The numbers presented in this brief are based on the MNAPOV database. MNAPOV is a new data collection effort enacted in 2014, and managed by MNATSD. It covers 36 surveys from 11 countries. Two data points (surveys) are available for each country, except Algeria. The database is organized in 3 modules following the Global Monitoring Database (GMD) Harmonization guidelines, including the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.