

# Poverty & Equity Brief

## Middle East & North Africa

# West Bank and Gaza

April 2020

Poverty, measured using the national poverty line, increased in the West Bank and Gaza from 25.8 to 29.2 percent between 2011 and 2016/2017. However, trends in the West Bank and Gaza diverged sharply. There was a slight improvement in the West Bank, where poverty declined from 17.8 to 13.9 percent. In contrast, poverty in Gaza rose from 38.8 to 53.0 percent, leaving every second Gazan poor. The poverty rates at the international poverty line of \$5.50 2011 PPP for upper middle-income countries are close to the national ones. Multidimensional poverty was very low in 2016/2017 but this is likely to be an underestimate because it measures access to infrastructure and not the quality of services. The quality of water and electricity supply are particularly bad in Gaza, with almost no one having access to regular or reliable supplies. Monetary living standards in both regions remained fragile. In the West Bank, poverty is volatile to even small shocks to expenditures. In Gaza, which has effectively been reduced to a safety-net state, over 75 percent of households relied on some form of social assistance in 2017.

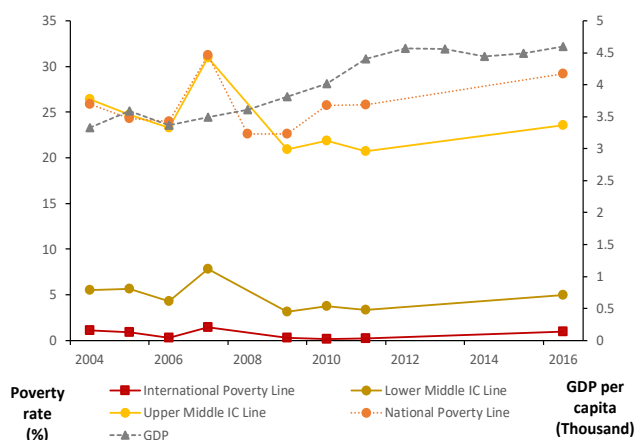
The annualized real growth rates of consumption per capita of the bottom 40 percent in the West Bank between 2011 and 2016/2017 was 1.8 percent compared to growth of 0.3 percent for the whole population. The cost of economic decline in Gaza was borne slightly more by the bottom four deciles compared to the whole population: consumption per capita declined by 2.9 compared to 2.5 percent respectively. Accordingly, inequality measured by consumption per capita Gini index, declined substantially in West Bank by 4.1 points, while increasing slightly in Gaza by 0.6 points. Despite low employment over the period 2011-2016/17, changes in labor market earnings were the key driver of declining poverty and inequality in the West Bank. In particular, an increase in shares 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 current outbreak of Corona virus is expected to increase poverty in two regions mostly through the labor market channel and potential increases in food prices.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	1,329.1	29.2	2016
International Poverty Line 5.2 in Israeli new shekel (2016) or US\$1.90 (2011 PPP) per day per capita	41.7	1.0	2016
Lower Middle Income Class Poverty Line 8.7 in Israeli new shekel (2016) or US\$3.20 (2011 PPP) per day per capita	216.9	5.0	2016
Upper Middle Income Class Poverty Line 15 in Israeli new shekel (2016) or US\$5.50 (2011 PPP) per day per capita	1,028.8	23.6	2016
Multidimensional Poverty Measure		1.1	2016
<b>SHARED PROSPERITY</b>			
Annualized Consumption Growth per capita of the bottom 40 percent		-0.89	2011-2016
<b>INEQUALITY</b>			
Gini Index		33.7	2016
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.34	2011-2016
<b>GROWTH</b>			
Annualized GDP per capita growth		0.87	2011-2016
Annualized Consumption Growth per capita from Household Survey		-0.55	2011-2016
<b>MEDIAN INCOME</b>			
Growth of the annual median income/consumption per capita		0.11	2011-2016

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

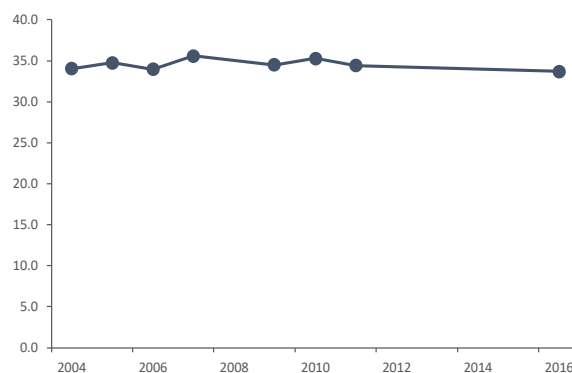
## POVERTY HEADCOUNT RATE, 2004-2016



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 (%)		Multidimensional Poverty Measures (% of people):	2016
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	76	24	41	59	<b>Monetary poverty (Consumption)</b>	
Rural population	86	14	27	73	Daily consumption less than US\$1.90 per person	1.0
Males	77	23	39	61	<b>Education</b>	
Females	76	24	41	59	At least one school-aged child is not enrolled in school	5.8
0 to 14 years old	71	29	48	52	No adult has completed primary education	1.2
15 to 64 years old	80	20	36	64	<b>Access to basic infrastructure</b>	
65 and older	86	14	23	77	No access to limited-standard drinking water	3.2
Without education (16+)	78	22	37	63	No access to limited-standard sanitation	0.1
Primary education (16+)	73	27	42	58	No access to electricity	0.0
Secondary education (16+)	78	22	39	61		
Tertiary/post-secondary education (16+)	89	11	23	77		

Source: World Bank using PECS/MNAPOV/GMD

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

## POVERTY DATA AND METHODOLOGY

The National Commission for Poverty Alleviation (1998) established an official definition of poverty in the West Bank and Gaza. 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. A household with two adults and four children and their spending patterns were 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 welfare aggregate includes expenditures on food and nonfood items; expenditures on health, education, and rent; and the purchases of durables during last 12 months and purchases of transport during 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 2016, and it is based on the Palestinian Expenditure and Consumption Survey implemented over the period October 2016–September 2017.

## 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.