The Palestine Strategic Report 2018 – 2019

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Chapter Two

Palestinian Demographic and Economic Indicators

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Introduction

Statistical studies reflect the resilience of the Palestinian people and their attachment to their land, despite all forms of suffering under the Israeli occupation and despite the conditions of forced asylum in the Diaspora. Although about half of the Palestinian people live outside Palestine, most Palestinians still reside in neighboring countries and aspire to return to their land.

This chapter examines the demographic and economic indicators of the PA in the WB and GS, where data are available for such kind of studies. Undoubtedly, the current economic indicators do not genuinely reflect the Palestinian people's capabilities, because the PA economy is dominated by Israel and curtailed by the terms and restrictions of the Oslo Accords and the Paris Protocol. However, these indicators make it possible to understand the reality of the Palestinian economy in the WB and GS, and the extent to which Israel exploits the Palestinians, their resources and potential.

First: Demographic Indicators

1. The Palestinian Population Worldwide

The Palestinian Central Bureau of Statistics (PCBS) has reconsidered its previous data and provided updated figures with reduced estimates of the numbers of Palestinians, especially in Palestine, upon which we based our statistics. As for data not provided by the PCBS, statistics were based on available figures. Notably, the number of Palestinians in the Diaspora remains difficult to ascertain, since available data could be inconsistent.

Available figures indicate that the number of Palestinians worldwide reached 13.35 million in 2019 compared to 13.05 million in 2018, an increase of 2.3% (see table 1/2).

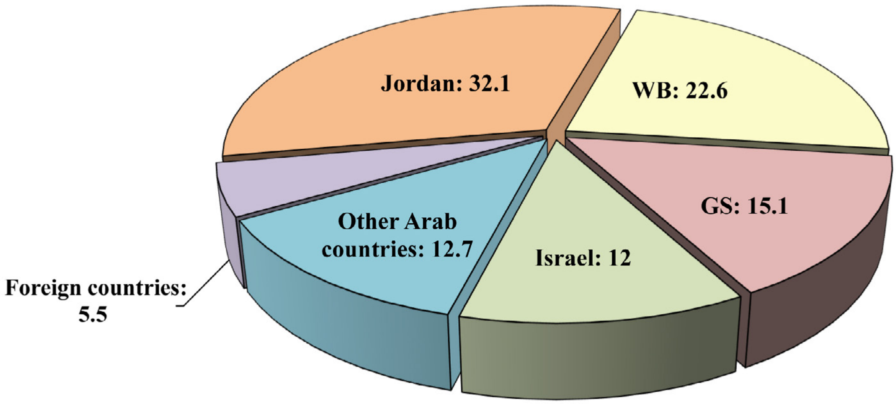
Table 1/2: Palestinian Population Worldwide Estimate by Place of Residence at the End of 2018 and 2019 (thousands)[1]

Place of residence Population estimates		2018		2019	
		Population estimates	Percentage (%)	Population estimates	Percentage (%)
Palestinian territories occupied in 1967	WB	2,954	22.6	3,020	22.6
	GS	1,961	15	2,019	15.1
Palestinian territories occupied in 1948 (Israel)*		1,568	12	1,597.5	12
Palestinians in historic Palestine		**6,483**	**49.6**	**6,636.5**	**49.7**
Jordan**		4,187	32.1	4,290	32.1
Other Arab countries		1,663	12.7	1,696	12.7
Foreign countries		717	5.5	727.5	5.5
Palestinians in diaspora		**6,567**	**50.3**	**6,713.5**	**50.3**
Total		**13,050**	**100**	**13,350**	**100**

* For the Palestinian population in the 1948 occupied territories, the number excludes the Palestinians in the 1967 occupied territories including the Jerusalem governorate, Arab Syrians and Lebanese, non-Arab Christians and those classified as "Others." Israeli statistics publish figures different from PCBS figures, and show that the number of Arab Palestinians in the 1948 occupied territories reached about 1.918 million in 2019, and if we deduct the 358 thousand East Jerusalem citizens (based on 2018 statistics) and the number of citizens in the Golan Heights which is around 25 thousand, the number becomes about 1.535 million.

** The number of Palestinians in Jordan is based on 2009 PCBS statistics reaching 3,240,473, and on the 2.47% annual growth rates in 2016, issued by the Jordanian Department of Statistics, Population and Housing, Demographic Statistics, http://dosweb.dos.gov.jo

Palestinian Population Worldwide Estimate by Place of Residence at the End of 2019 (%)



Based on 2019 estimates, Palestinians in historic Palestine are estimated at 6.637 million, constituting 49.7% of Palestinians worldwide. Palestinians in the 1967 occupied territories are estimated at 5.039 million and constitute 37.7% of Palestinians worldwide, while Palestinians in territories occupied in 1948 (Israel) are estimated at 1.597 million, constituting around 12% of Palestinians worldwide (see table 1/2).

Palestinians in the Diaspora were estimated at 6.713 million at the end of 2019, comprising 50.3% of Palestinians worldwide, mostly concentrated in neighboring Arab countries, particularly Jordan where Palestinians (most of whom are holders of Jordanian nationality) are estimated at 4.29 million, representing 32.1% of Palestinians worldwide. As for other Arab countries, the number of Palestinians is estimated at 1.696 million, 12.7% of Palestinians worldwide, mostly living in neighboring Arab countries: Lebanon, Syria, Egypt and the Gulf countries. Palestinians in foreign countries are estimated at a total of 727 thousand, 5.5% of Palestinians worldwide (see table 1/2).

It should be noted that these numbers are estimates, as it is difficult to uncover accurate statistics for Palestinians in the Diaspora. Moreover, the estimated number of Palestinians in foreign countries was based on the PCBS 1.5% growth rate, whereas the real increase is assumed to be over 2%.

At the end of 2018, Palestinians worldwide reached 13.05 million, of whom 4.915 million were living in WB and GS, and around 1.568 million in the territories occupied in 1948 (Israel), compared to 6.567 million living abroad; 4.187 million in Jordan, 1.663 million in other Arab countries and 717 thousand in foreign countries (see table 1/2).

2. The Demographic Characteristics of the Palestinians

a. The WB and GS

At the end of 2019, the number of Palestinians in WB and GS was estimated at 5.039 million, of whom about 3.02 million lived in WB (59.9%) and 2.019 million (40.1%) in GS. This means that the growth rate reached 2.5%, given that the number of Palestinians in the WB and GS was 4.915 million at the end of 2018.

Estimates for 2017 indicated that 42.2% of Palestinians in WB and GS were refugees descending from the territories occupied in 1948. Refugees comprised 26.3% of the WB population and 66.1% of the GS population. Based on available statistics, the number of refugees in 2019 is estimated at 2.129 million (about 794 thousand in WB and 1.335 million in GS).

Table 2/2: Palestinian Total and 1948 Refugee Population in WB and GS 2018–2019 (thousands)[2]

Year	Place of residence	Total Population		Refugees (1948 Palestinians)	
		Estimates	Percentage (%)	Estimates	Percentage (%)
2018	WB	2,954	60.1	777	26.3
	GS	1,961	39.9	1,296	66.1
	WB & GS	**4,915**	**100**	**2,073**	**42.2**
2019	WB	3,020	59.9	794	26.3
	GS	2,019	40.1	1,335	66.1
	WB & GS	**5,039**	**100**	**2,129**	**42.2**

Note: The 2018 and 2019 figures are estimates based on percentages published by the PCBS (26.3% of the WB population and 66.1% of the GS population are refugees).

As for population count by governorate, Hebron has the largest population (752.8 thousand or 14.9% of the WB and GS population), followed by the Gaza Governorate with 687.3 thousand or 13.6% of the WB and GS population, then the Jerusalem Governorate with a population of 456.6 thousand or 9.1% of the

WB and GS population. As for the Jericho and Rift Valley Governorate, it is the least populated with 1% of the WB and GS population. The following table shows the estimated population count in the WB and GS governorates based on PCBS estimates:

Table 3/2: Estimated Population Count in WB and GS by Governorate 2018–2019 (thousands)[3]

Governorate	2018		2019	
	Estimates	Percentage (%)	Estimates	Percentage (%)
WB	**2,953.9**	**60.1**	**3,019.9**	**59.9**
Jenin	322	6.6	328.7	6.5
Tubas and Northern Jordan Valley	62.4	1.3	63.8	1.3
Tulkarem	190.2	3.9	193.6	3.8
Nablus	396.2	8.1	403.9	8
Qalqilya	115.2	2.3	117.7	2.3
Salfit	77.5	1.6	79.3	1.6
Ramallah and al-Bireh	336.8	6.8	344.1	6.8
Jericho and Rift Valley	50.9	1	51.9	1
Jerusalem	446.6	9.1	456.6	9.1
Bethlehem	222.6	4.5	227.5	4.5
Hebron	733.5	14.9	752.8	14.9
GS	**1,961.4**	**39.9**	**2,019**	**40.1**
North Gaza	383.8	7.8	396.9	7.9
Gaza	670.1	13.6	687.3	13.6
Dayr al-Balah	282	5.7	290.2	5.8
Khan Yunis	383.7	7.8	395.6	7.9
Rafah	241.8	5	249	4.9
Total (WB & GS)	**4,915.3**	**100**	**5,038.9**	**100**

The Palestinian community in WB and GS is young with more than a third of its individuals (38.3%) aged under 15, with a stark difference between WB and GS, reaching 36.3% in the former and 41.4% in the latter (see table 4/2). Statistics indicate that the median age (the age dividing the population into two numerically equal groups, i.e., half of the population is below that age and half is older) in the WB and GS has increased throughout 2000–2019 from 16.4 years in 2000 to 20.7 years in 2019. Comparing the data of the WB and GS separately over the same period shows that the median age in WB increased from 17.4 years in 2000 to 21.7 years in 2019, while in GS it increased from 14.9 years in 2000 to 19.2 in 2019.[4] Although the median age is lower in the GS than in the WB, it increased over 2000–2019 by 28.9% in GS compared to only 24.7% in WB.

As for the elderly (65 years and over), they constitute a small percentage of the total population, estimated at 3.3%, with 3.6% in the WB and 2.8% in the GS in 2019. Here again, it is noted that the Palestinian community in the GS is younger than that in WB.[5]

In 2017, 16% of households were headed by an elderly person, 17% in WB and 14% in GS. Also, the average size of households headed by an elderly person was usually relatively small reaching 3.7 individuals (3.3 in WB and 4.3 in GS) compared with 5.4 individuals for households headed by a non-elderly person.[6]

Data also shows that 42% of the elderly in WB and GS have not completed any formal educational qualification (26% for males and 56% for females), while the elderly who have completed middle school and above did not exceed 15%. Notably, 26% of the total population aged 18 years and over hold an intermediate diploma or a higher degree (25% for males and 27% for females).[7]

As for the distribution of population by sex, the number of males at the end of 2019 in WB and GS reached 2.56 million compared to 2.48 million females with a gender ratio 103.2 males per 100 females. In the GS, the number of males reached 1.02 million males compared to 996 thousand females with a gender ratio of 102.4, while the number of males in the WB reached 1.54 million compared to 1.48 million females with a gender ratio of 104.[8]

Data shows that the dependency rate (number of dependent persons per 100 individuals of working age, 15–64 years) in the WB and GS decreased from 100.6 in 2000 to 71.2 in 2019. Remarkably, there is a big difference in dependency rate in WB and GS, where it decreased in WB from 94.3 in 2000 to 66.2 in 2019, while in GS it decreased from 112.8 in 2000 to 79.2 in 2019.[9] Also, 2018 data shows that 11% of households are headed by females in the WB and GS, with 12% in WB and 9% in GS.[10]

Life expectancy has increased in WB and GS, from 70.7 years in 2000 to 72.9 years in 2019 for males, and from 72.2 years in 2000 to 75.2 years in 2019 for females. In GS, life expectancy was 73.6 years (72.5 years for males and 74.7 years for females), while in WB, it reached 74.3 years (73.2 years for males and 75.5 years for females) in 2019. The higher life expectancy is mainly due to improved health care, and lower infant mortality rates (see table 4/2).

Available data indicates a decline in Crude Death Rate (CDR) in WB and GS, where it decreased from 4.5 deaths per thousand population in 2000 to 3.7 deaths per thousand population in 2019. A slight difference is noted regarding the CDR between the WB and GS, where in 2019 it reached 3.9 deaths per thousand population in WB compared to 3.5 deaths per thousand population in the GS (see table 4/2).

Natural population growth (the difference between birth and death rates) in the WB and GS decreased from 3.6% in 2000 to 2.5% in 2019. In GS, the natural population growth rate decreased to 2.9% compared to a 2.2% decrease in WB.[11]

There are indications that the fertility rate of Palestinian women has decreased, especially since the 1990s. Based on the results of the Palestinian household survey in 2014, there was a decrease in the total fertility rate in the WB and GS where there were 4.1 births per woman during 2011–2013 compared to 5.9 in 1999. Comparing WB with GS shows an increased fertility rate in GS compared to WB during 1999–2013; where in the WB there were 3.7 births per woman over 2011–2013 compared to 5.5 births in 1999; while in GS there were 4.5 births per woman over 2011–2013 compared to 6.8 in 1999.[12]

Data available for 2019 reveals a decline in the average household size in WB and GS compared to 2000, where it decreased from 6.1 persons in 2000 to 5 in 2019. The average household size in WB declined from 5.7 persons in 2000 to 4.6 in 2019, and in GS from 6.9 persons in 2000 to 5.7 (see table 4/2).

As for housing density (persons per room), in 2017, it was high in GS compared to WB, where it was 1.6 persons/room in GS compared to 1.3 in WB, while the total average housing density in GS and WB was 1.4 persons/room (see table 4/2).

The percentage of Palestinian households in which a family member owned a housing unit was approximately 85%, with 85% in WB and 83% in GS. Available data shows that 62% of households in WB and GS, in 2017, use safe drinking water as defined by the Sustainable Development Goal indicators, with 95% in WB and 11% in GS,[13] which triggers concern regarding the health of Palestinians in the GS.

In addition to the decline in the average household size, a decrease is also observed in the Crude Birth Rate (CBR) in WB and GS, as it deteriorated from 40.9 births per thousand in 2000 to 30.2 in 2019. Furthermore, in WB, it was estimated at 27.7 births per thousand compared to 34 in GS (see table 4/2).

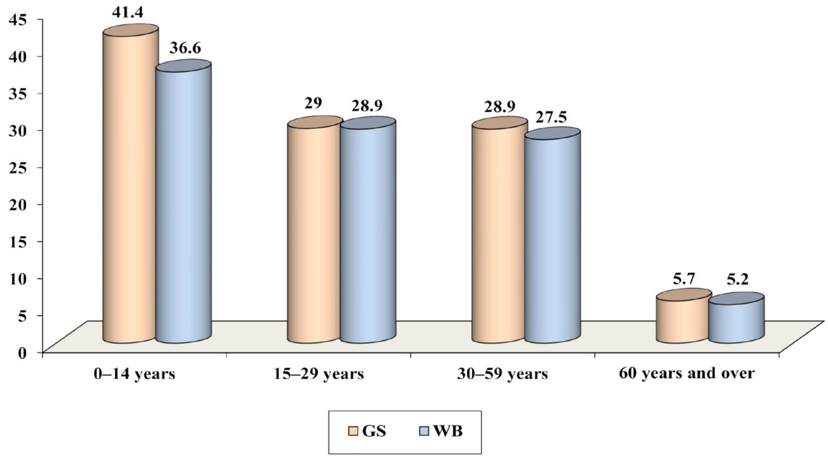
As for marriage characteristics, 2019 data indicates that 58.7% of Palestinians aged 14 and over are married, where 57.8% of males who are 14 years and over are married compared to 59.6% of females. Those divorced represent 1.1% of the total population aged 14 years and above. The registered marriages in 2018 indicate a decline in the number of marriage contracts compared to 2017, as they decreased from 47,218 in 2017 to 43,515 in 2018. The general marriage rate decreased to 9 marriages per thousand in 2018 (9.7 cases in WB and 7.8 cases in the GS) compared to 10 marriages per thousand in 2017.[14]

The 2017 data revealed that 19.4% of the population (10 years and above) in WB and GS have completed high school. The illiteracy rate for individuals aged 10 years and over is 2.9%. The illiteracy gap is significantly marked among males and females in 2017 at 1.5% and 4.3% respectively, while in 1997, it was 6.7% and 16.8% respectively. This represents a significant decline over 20 years, especially among females. As for the illiteracy rate among the Palestinians aged 15 and over, it was 3% in WB compared to 2.4% in GS in 2018.[15]

Table 4/2: Selected Demographic Indicators of Palestinians in WB and GS[16]

Indicator		WB	GS	WB & GS
Population density (persons/ km²) (2019)		534	5,533	836
Population growth (2019)		2.2	2.9	2.5
Average family size (2019)		4.6	5.7	5
Life expectancy at birth (males) (yrs) (2019)		73.2	72.5	72.9
Life expectancy at birth (females) (yrs) (2019)		75.5	74.7	75.2
CBR (births per thousand population) (2019)		27.7	34	30.2
CDR (deaths per thousand population) (2019)		3.9	3.5	3.7
Infant mortality rate (deaths per thousand live births) (2014)		17	19.6	18.2
Average number of rooms in the housing unit (2016)		3.4	3.6	3.5
Age structure (%) (2019)	0–14 years	36.6	41.4	38.3
	15–29 years	28.9	29	28.8
	30–59 years	27.5	28.9	25.3
	60 years and over	5.2	5.7	4.4
Average housing density (2017) (persons/ room)		1.3	1.6	1.4

Age Structure in WB and GS 2019 (%)



b. The Palestinian Territories Occupied in 1948 (Israel)

Palestinians living in Israel at the end of 2019 were estimated at 1.598 million compared to 1.568 million in 2018. Available data shows that they are a young community where individuals aged under 15 represent 32.8% of males and 31.8% of females, while those aged 65 years and over amounted to 4.4% of males and 5.3% of females (see table 6/2).

Available estimates for 2018 indicate that the fertility rate for Palestinians residing in Israel was 3.04 births per woman, while the average Palestinian household size was 4.5 persons. Data reveals that the CBR and CDR reached 23.3 births and 2.8 deaths per thousand respectively, while infant mortality rate was 5.4 deaths per thousand live births. Notably, these figures exclude Arab citizens in the Syrian Golan Heights, citizens in J1 of the Jerusalem governorate as well as Lebanese Arabs who have moved to live temporarily in Israel since it considers all these within its population and as part of the Arab population as a whole (see table 6/2).

According to the Israeli Central Bureau of Statistics (CBS) data at the end of 2018 (which also include East Jerusalem and the Golan Heights), Muslims in the 1948 territories counted for 1.598 million comprising 85% of the population, while Druze counted for 143 thousand and Christians 135 thousand comprising 7.6% and 7.2% respectively.[17]

c. Jordan

Palestinians living in Jordan at the end of 2019 were estimated at 4.29 million from 4.187 million at the end of 2018, most of whom held Jordanian citizenship (Jordanian citizens of Palestinian descent) (see table 1/2).

According to the Jordanian Department of Statistics, annual population growth was 2.47% in 2016, a percentage that included Jordanian citizens of Palestinian descent. According to PCBS figures in 2010, the total fertility rate among Palestinian women in Jordan was 3.3 births per woman, and the CBR was 29.2 births per thousand people. The infant mortality rate in Palestinian RCs was 22.6 deaths per thousand live births, while the mortality rate for children under five years of age was 25.7 deaths per thousand live births.

According to a study by FAFO Foundation regarding the living conditions in Palestinian RCs in Jordan in 2011, 39.9% of RC residents were under 15 years old, while those aged 65 and above comprised 4.3%. The average household size was 5.1 persons per household.[18]

According to United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), there were 2,376,481 Registered Persons (RPs) in Jordan as of 1/2/2019 compared to 2,327,540 RPs on 1/1/2018. According to 2019 estimates, around 17.3% of them, or 412 thousand, live in the 10 RCs in Jordan.[19]

d. Syria

According to UNRWA figures, the total RPs in Syria was 643,142 as of 1/2/2019 compared to 631,111 on 1/1/2018.[20]

Palestinian refugees in Syria (PRS) have suffered the reverberations of the Syrian crisis and the internal conflict. Action Group for Palestinians of Syria (AGPS) has documented grave physical violations against PRS from the beginning of the war in 2011 until July 2019. It revealed that 5,258 Palestinians have been subjected to physical abuse as a result of the ongoing violence, in addition to thousands of wounded who have been injured for various causes since the start of the war.[21]

In October 2019 AGPS revealed that the number of Palestinian refugees who died or were killed due to the conflict in Syria since 2011 had reached 4,006 refugees, including 487 female refugees and 311 refugees shot by snipers. Most fatalities among refugees were in al-Yarmouk RC in south Damascus.[22]

In October 2019, AGPS's monitoring and documentation team revealed 329 documented cases of Palestinian refugees who have been declared missing since the start of the war in Syria, of whom 37 were female refugees.[23]

In its report entitled Syria Regional Crisis Emergency Appeal 2020, UNRWA revealed that 438 thousand Palestinian refugees had remained in Syria. It estimated that two thirds of the Palestinian refugees were displaced from their original residence at least once since the beginning of the war, and 40% were still internally displaced as of the end of 2019, where 91% live in absolute poverty. UNRWA also predicted that 27,700 PRS will continue to live in Lebanon in 2020, with 45% living in Palestinian RCs in Lebanon. 89% are in critical need of sustained humanitarian assistance and 55% have no valid legal residency documents.[24]

Since the eruption of the war, PRS who fled Syria to live abroad were estimated at 183 thousand refugees, according to AGPS figures in February 2020, distributed as follows:

Table 5/2: Distribution of Palestinian Refugees From Syria Abroad According to AGPS–February 2020[25]

Country	Lebanon	Jordan	Egypt	Gaza	Sudan	Turkey	Greece	Europe	Total
Number	27,700	17,343	3,500	350	500	10,000	4,000	120,000	**183,393**

Because of the current political situation and the war in Syria, the available data on the social and family conditions of Palestinians in Syria cover only the period 2009–2010. They indicate that the Palestinian community in Syria is a young one and that, as of 2009, individuals aged under 15 years comprised 33.1% of the total population, while those aged 65 years and above comprised 4.4%. The 2010 data indicate that the total Palestinian fertility rate in Syria was 2.5 births per woman and the CBR 29.2 births per thousand, while the annual growth rate was 1.6%. Palestinian Infant mortality rate in Syria was 28.2 deaths per thousand live births, while the mortality rate among children aged under 5 years reached 31.5 deaths per thousand live births.[26]

e. Lebanon

According to UNRWA figures, RPs residing in Lebanon as of 1/2/2019 constituted a total of 533,885 of whom 50.7% live in RCs, compared to 524,340 on 1/1/2018.[27]

The census in Palestinian RCs and gatherings in Lebanon for 2017, published in June 2019, showed that 36% of the Palestinian refugees in Lebanon live in Saida, 25% in the North, 15% in Tyre, 13% in Beirut, 7% in the Chouf region and 4% in the Beqaa valley. About 5% of the Palestinian refugees have another citizenship besides their Palestinian nationality.[28]

The campaign launched by the Lebanese Ministry of Labor on 6/6/2019 regarding “foreign labor” sparked reaction among Palestinian refugees, who felt that they were targeted by the campaign despite their unique political and legal status, as they did not go to Lebanon in search of job opportunities but due to forced displacement carried out by the Zionist gangs in the 1948 war. The Palestinians protested the decision of the Ministry to prevent Palestinians from working without possessing work permits through demonstrations, sit-ins and strikes, which almost paralyzed life in most RCs. The protests lasted for more than two months and came to an end after Lebanese Prime Minister Saad Hariri promised to review the

Ministry's decision, while emphasizing the importance of the document published by the Lebanese parties in January 2017, which stressed Palestinian refugees' right to work.

On 17/10/2019, popular protests were launched in Lebanon against the political echelon, who had failed on the economic, social and political levels, with widespread corruption affecting state institutions. Following that, Lebanese people suffered more economic deterioration that had even harsher reverberations on the Palestinians.

According to the Population and Housing Census in the Palestinian RCs and Gatherings in Lebanon 2017, people aged under 15 comprised 29% while those aged 65 years and above comprised 6.4%. The average household size of the Palestinian family in Lebanon was four members and families headed by women comprised 17.5%. The fertility rate among Palestinian women in Palestinian RCs and gatherings in Lebanon was 2.7 births per woman.

f. General Comparisons Among Palestinians

Before comparing the major demographic indicators summarized in table 6/2, we would like to point out that, occasionally, some data are used for different years, which may disturb the comparison process. Nonetheless, they remain useful as general indicators, according to the latest available statistics. The following are the main observations:

- The percentage of Palestinians under the age of 15 is highest in GS and lowest in Lebanon.
- The percentage of Palestinians aged 65 and over is highest in Lebanon followed by the territories occupied in 1948 (Israel) and Syria, and it is lowest in GS.
- CBRs are highest in GS, then in Jordan and Syria, followed by WB then Lebanon, and the lowest are in the territories occupied in 1948 (Israel). This rate is consistent with the general trend of births in the past years, where GS remained the area with the highest rate of the CBRs, which leads to demographic pressure on the besieged GS, which has a limited capacity.
- CDR remained high in WB and GS reaching 3.7 deaths per thousand in 2019. This was due to Israeli policies pursued over decades, particularly the killing of Palestinians.

Table 6/2: Selected Demographic Indicators of Palestinians by Residence[29]

Indicator	WB 2019	GS 2019	WB & GS 2019	Israel 2018	Jordan 2011	Syria (2009–2010)	Lebanon 2017
% of individuals under 15 years	36.3	41.4	38.3	32.8 males 31.8 females	39.9	33.1	29
% of individuals 65 years and over	3.6	2.8	3.3	4.4 males 5.3 females	4.3	4.4	6.4
Sex ratio (males per 100 females)	104	102.4	103.2	102.7 (2015)	–	100.4	102
CBR (births per 1,000 population)	27.7	34	30.2	23.3	29.2 (2010)	29.2	25.8 (2010)
CDR (deaths per 1,000 population)	3.9	3.5	3.7	2.8	–	2.8 (2006)	–
Total fertility rate (births per woman)	3.7 (2011–2013)	4.5 (2011–2013)	4.1 (2011–2013)	3.04	3.3 (2010)	2.5	2.7
Average household size (individuals per house)	4.8 (2017)	5.6 (2017)	5.1 (2017)	4.5	5.1	4.1 (2010)	4

3. Palestinian Refugees

The issue of Palestinian refugees remains of crucial importance, especially regarding the right of return. The number of Palestinian refugees reached nearly 8.7 million at the end of 2018, representing around two thirds of the Palestinian population worldwide (66.9%).[30] It should be noted here that the estimated number of Palestinian refugees differs from UNRWA's estimates because the Agency limits the number of refugees in statistics to those registered in its five areas of operation: WB, GS, Jordan, Syria and Lebanon.

Most Palestinian refugees live outside historic Palestine, where the largest group of refugees were displaced due to the 1948 *Nakbah*. According to estimates by BADIL Resource Center for Palestinian Residency and Refugee Rights, the total refugee population is about 6.7 million, of whom 5.55 million are registered with UNRWA. The second largest group of refugees was the result of the 1967 *Naksah*, and their number is estimated at 1.237 million. About 42.4% of refugees (2,603,174 refugees) registered with UNRWA reside in WB and GS, in addition to about 415 thousand internally displaced persons (IDPs) inside the Green Line, as of 2019.[31] The largest refugee population outside historic Palestine is in Jordan with 2,376,481 refugees as of 2019.[32]

Table 7/2: Palestinian Refugees and IDPs by Group at the End of 2018[33]

	Population	Percentage (%)
UNRWA registered 1948 refugees	5,545,540	63.7
Non-registered 1948 refugees	1,161,812	13.3
1967 refugees	1,237,462	14.2
IDPs in 1948 territories	415,876	4.8
IDPs in 1967 territories	344,599	4
Total	**8,705,289**	**100**

Refugee numbers remain estimated figures, especially when it comes to Palestinians abroad, outside UNRWA's operation areas, where there are no official statistics, nor accurate knowledge of growth rates. There is also the difficulty of resolving problems of replication due to changes in country of residence or citizenship, as is the case with the Palestinians of Jordan, Lebanon and Syria, and Palestinians in historic Palestine residing abroad.

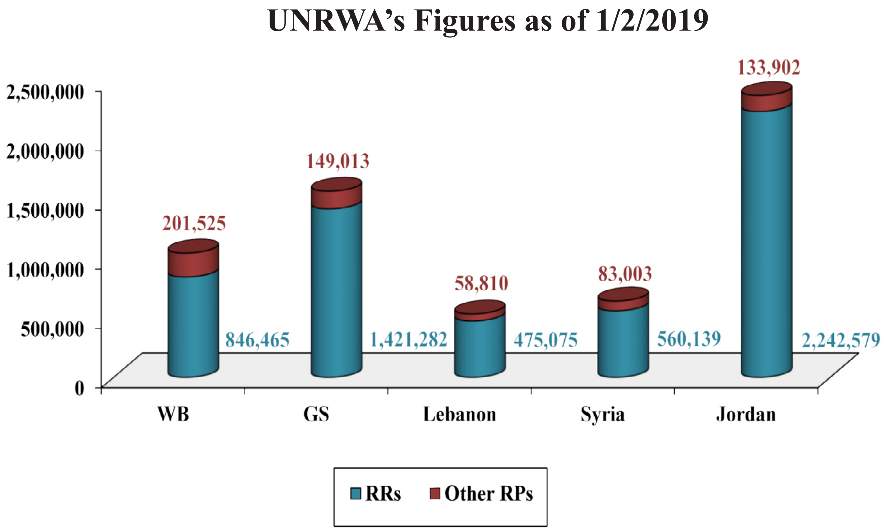
Table 8/2 shows that the numbers registered with UNRWA are different from the total number of refugees and IDPs, while statistics by the Agency have been limited to registered refugees in its five areas of operation: WB, GS, Jordan, Syria and Lebanon. Thus, these statistics do not accurately reflect the refugee population worldwide as they exclude many refugees residing outside UNRWA's operation areas, and even do not include a lot of those residing in its areas of operations, because they did not need to register with the Agency and benefit from its services. Also, UNRWA's figures exclude the Palestinian refugees who took refuge after the 1967 war, when around 330 thousand Palestinians were displaced from their land. Besides, there are refugees who had to flee Palestine under different circumstances (other than war) and were prevented from returning. As a result, UNRWA statistics are incomplete and should not be dealt with as factual numbers reflecting the reality of the refugee population in 1948 (except in Syria and Lebanon to some extent). These numbers only reflect those who have registered with UNRWA, and can receive its aid and services, rather than all Palestinian refugees.

Remarkably, the RPCs (the RPs registered in UNRWA's 58 RCs) are less than a third of the total RPs, based on UNRWA figures. Data shows that the highest percentage of RPCs is in Lebanon reaching 50.7% of RPs, then the GS comprising 37.8% of RPs.

In 2013, UNRWA provided updated statistics regarding the number of refugees in the areas of its operation where recent digitization of UNRWA's registration records has enabled it "to present more detailed beneficiary statistics." UNRWA classified those registered with it into two categories, labeling them "Registered Refugees (RRs)" and "Other RPs." The latter category included those eligible to receive the Agency's services according to the UNRWA website. It is likely that these include beneficiaries who do not qualify for UNRWA's definition of the Palestinian refugee, which is a limited definition that does not cover all categories of refugees.

Table 8/2: UNRWA-RPs According to Their Area of Operation as of 1/2/2019[34]

	WB	GS	Jordan	Syria	Lebanon	Total
RRs	846,465	1,421,282	2,242,579	560,139	475,075	**5,545,540**
Other RPs	201,525	149,013	133,902	83,003	58,810	**626,253**
Total RPs	**1,047,990**	**1,570,295**	**2,376,481**	**643,142**	**533,885**	**6,171,793**
Increase in RPs over the past year	2.5	3.6	2.1	1.9	1.8	**2.5**
Official camps	19	8	10	9	12	**58**
RPCs	256,758	593,990	412,054	194,993	270,614	**1,728,409**
RPCs as % of RPs	24.5	37.8	17.3	30.3	50.7	**28**



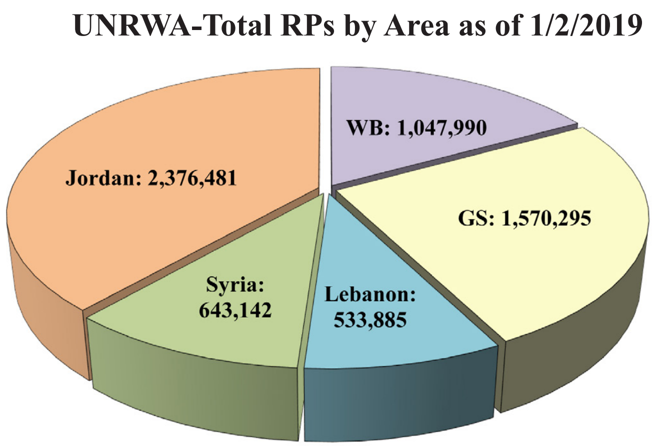


Table 9/2 indicate that the UNRWA refugee communities, like the Palestinians in general, are young, where 30.8% of refugees registered with the Agency are children under the age of 18, with highest rate in the GS (42.5%) and lowest in Lebanon (22.7%).

The 2018 data shows that fertility rates among refugees in WB and GS are the highest among UNRWA's five operation areas (3.6 births per woman), as is the case for the average family size in WB and GS (5.6 individuals per household). The dependency ratio (number of dependent persons per 100 individuals of working age, 15–64 years) among registered refugees is significantly high in the

GS (91.2) mainly due to the high percentage of people aged under 15, which may be challenging in light of the high unemployment and deteriorating economic conditions.

Table 9/2: Selected Demographic Indicators of Palestinians by Residence 2018[35]

Indicator	GS	WB	Jordan	Syria	Lebanon	Total
% of children less than 18 years	42.5	28.4	26.3	29.2	22.7	**30.8**
Average household size (individual per house)	5.6	5.6	5.2	4.8	4.7	**5.3**
Fertility rate	3.6	3.6	3.2	2.7	2.7	**3.2**
Dependency ratio	91.2	73.1	52.3	63.4	57.9	**65.6**

The PCBS data in mid-2019[36] indicated that refugees in WB and GS are more exposed to unemployment than others, as the unemployment rate among refugees (aged 15 years and over) reached 40% compared to 24% among non-refugees. A significant difference was observed in the unemployment rate between refugees in the WB and GS, which was at 19% in the former compared to 54% in the latter.[37] In Lebanon, the unemployment rate among Palestinian refugees (15 years and over) was 55% of labor force, while poverty was above 65%, further exacerbated by the recent deterioration of the economic situation in Lebanon at the end of 2019 (according to a study conducted by the American University of Beirut in 2015).[38] The poverty rate among Palestinian refugees living in RCs in WB and GS was 45.4%, 29.4% in the cities and 18.7% in the countryside.[39]

Regarding education, figures showed that refugees are better educated than non-refugees in WB and GS, where the illiteracy rate was 2.5% among refugees (aged 15 years and over) compared to 3% among non-refugees, while holders of a bachelor's degree and above comprise 16% for refugees and 14% for non-refugees.[40]

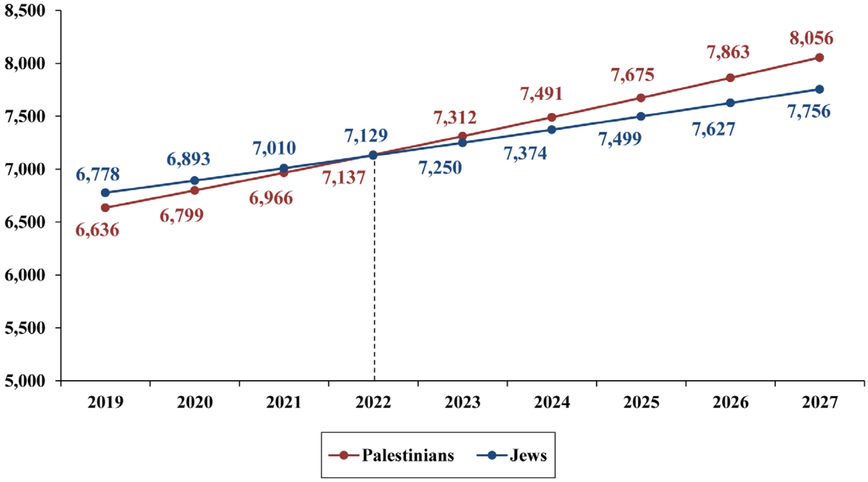
4. Demographic Growth Trends

Despite the relative decline in the rate of natural population growth among the Palestinian population, the rate remains high compared to other populations including the Israelis. Based on PCBS estimates, Palestinians in historic Palestine reached 6.64 million at the end of 2019, while Jews reached 6.78 million according to Israel's CBS estimates. Based on annual growth rates, Palestinians are expected to outnumber Jews in historic Palestine in 2022, 7.14 million Palestinians and 7.13 million Jews, with the trend expected to continue over the coming years.

Table 10/2: Estimated Population Count of Palestinians and Jews in Historic Palestine 2019–2027 (thousands)[41]

Year	Palestinians in historic Palestine	Jews
2019	6,636	6,778
2020	6,799	6,893
2021	6,966	7,010
2022	7,137	7,129
2023	7,312	7,250
2024	7,491	7,374
2025	7,675	7,499
2026	7,863	7,627
2027	8,056	7,756

Estimated Population Count of Palestinians and Jews in Historic Palestine 2019–2027 (thousands)



5. Palestinians Outside Palestine and the Right of Return

The Palestinian people continued to resist all attempts to liquidate the Palestine issue, whether through the Deal of the Century or other plans, and events continued within and outside Palestine to reiterate the Palestinians' right to land and holy sites, especially the right of return, in addition to confronting the attempts to liquidate the UNRWA and terminate its mandate. Palestinians outside Palestine, which constituted half of the Palestinian population in 2018–2019, continued to hold events and activities as reminders of their inalienable historical rights to Palestine, reminding younger generations of the importance of clinging to their lands and right of return.

Under the slogan "70 Years on…and We Shall Return," the Palestinians in Europe Conference held its 16th annual conference on 29/4/2018 in the Italian city Milan; and on 27/4/2019, the 17th annual conference was held in Copenhagen, Denmark under the slogan "With Unity and Steadfastness, We Shall Return." Thousands of Palestinians and Arabs participated in the two events alongside delegations from across Europe and further afield. The events, held to commemorate the *Nakbah*, were also attended by prominent Palestinian figures from the occupied land and abroad, along with European, Muslim and Arab public figures, and delegations representing pro-Palestine institutions and sectors. The two events were organized by the Palestinians in Europe Conference and the Palestinian Return Centre (PRC), in cooperation with Palestinian-European institutions.[42]

In January 2018, the Popular Conference for Palestinians Abroad (PCPA) launched a Twitter campaign under the theme "Jerusalem Electronic Day" with hashtag "Jerusalem brings us together." The campaign was meant to support occupied Jerusalem and to emphasize rejection of US President Donald Trump's decision recognizing the city as the capital of Israel. The campaign called for a continued Arab, Islamic and international movement in support of Jerusalem and Palestine.[43]

On 14/3/2018, the PCPA launched popular and national events marking the 70th anniversary of the *Nakbah* under the slogan "We Shall Return." The events were launched in collaboration with different Palestinian foundations to support the Palestine issue together, activate the role of Palestinians abroad and shed light on the suffering of Palestinian refugees in RCs.[44] In this context, the PCPA, in collaboration with the Turkish Association for Solidarity with Palestine (*Filistin Dayanışma Derneği*—FİDDER), organized a literary and artistic festival in Istanbul in April 2018.[45] In the same month they called for organizing demonstrations on Fridays in places of Palestinian presence and wherever possible, in support of the Marches of Return in Gaza.[46]

The PCPA conducted visits to pave the way for new international relations and mobilize efforts in support of the Palestine issue, including a visit to India in April 2018 and another to Turkey in the same month and on 19/12/2018. The PCPA organized many events related to Jerusalem, refugees, the right of return, the Jewish Nation-State Law, the situation in the GS, and normalization.[47]

Latin American and Caribbean countries remain supportive of Palestinian rights, and the Palestinians there constitute a human and economic bloc of significant weight. Throughout 13–16/6/2019, prominent leaders of the communities there called for holding the first constituent conference in Latin America and the Caribbean, in San Salvador in El Salvador, where they announced the establishment of the Palestinian Union of Latin America (*Unión Palestina de América Latina*—UPAL) to represent the Palestinian communities. This Union presented a balanced national discourse commensurate with the political environment there, as it emphasized national unity, the rejection of division, and the recognition of the PLO as a sole legal representative, while holding on to Palestinian fundamentals. UPAL demanded an exit from the Oslo Accords, reiterated the right of return and support for resistance, based on international law.[48]

Second: Economic Indicators in WB and GS

1. GDP in PA Territories (WB and GS)

Gross Domestic Product (GDP) is used to measure economic development locally, regionally and internationally, a widespread indicator that reflects overall economic activity and is expressed in real value after excluding price changes. Because of the importance of this indicator, countries around the world are keen to measure it and make its data available for researchers and decision makers, and the PCBS regularly issues GDP data, including current development and future forecasts.

a. GDP Growth

According to PCBS, there was a discrepancy in GDP growth during 2013–2018. While the growth rate fell to 0.2% in 2014 due to the Israeli war, it increased over 2015–2017, at an average of 4.7%, then fell again in 2018 to 1.2% with the sharp deterioration in the GS economy and the growth of the WB economy at a slower pace.

Developments on the global and regional levels negatively affected the performance of the local economy in light of a resurgence of the slowdown in various regions of the world, including developed and industrial countries.[49]

In 2019, annual growth rate reached 4.1% in the first quarter (Q1) followed by a decline in the second quarter (Q2) to 2.3%, in light of the clearance revenue crisis and diminishing grants, then a sharper decline to about 0.6% in the third quarter (Q3), when demand was affected by the prevailing financial crises. The annual growth rate in the fourth quarter (Q4) also decreased, reaching 0.9%, hence annual growth rate for 2019 reached 1.2%.[50]

Thus, the average growth for 2018–2019 remained low and stood at 1.2%, reflecting the repercussions of Israeli policies preventing Palestinians from using their resources and taking independent decisions in addition to the reverberations of the Palestinian internal division.

As for 2020, we tend to adopt forecasts for the baseline scenario issued jointly by the Palestine Monetary Authority (PMA) and PCBS expecting a GDP growth of 2.4%. For 2021, we expect growth of 3.9%, which is within the overall trend trajectory of 2013–2020 and reflects the circumstances in the PA territories over this period. Thus, average growth of 2020–2021 is anticipated to be 3.15%, which will barely cover average population growth.

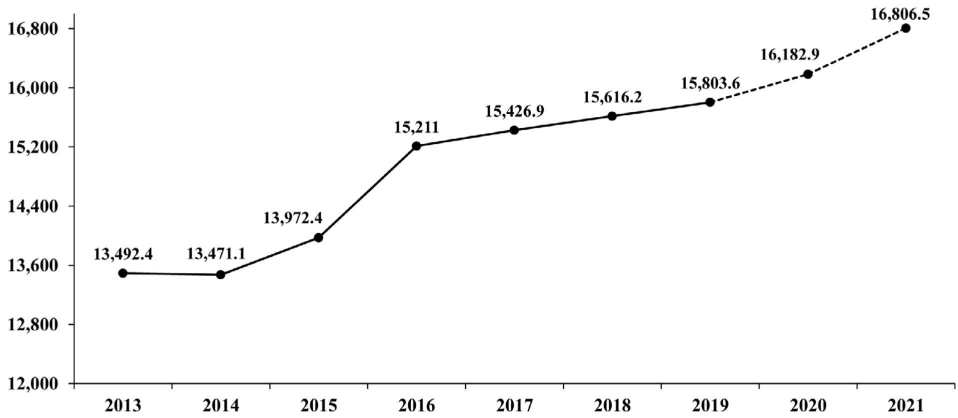
Table 11/2: GDP in PA Territories 2013–2021 at Constant Prices ($ million)[51]

	Actual							Forecasts	
	2013	2014	2015	2016	2017	2018	2019	2020	2021*
GDP	13,492.4	13,471.1	13,972.4	15,211	15,426.9	15,616.2	15,803.6	16,182.9	16,806.5
Annual growth rate (%)	+4.7	–0.2	+3.7	+8.9	+1.4	+1.2	+1.2	+2.4	+3.9

* Based on the trend trajectory 2013–2020 at 2.5%.

Note: The data excludes those parts of Jerusalem, which were annexed by Israel in 1967. The base year is 2015. This will be applied to all the following tables in this chapter.

GDP in PA Territories 2013–2021 at Constant Prices ($ million)



b. GDP Growth in WB and GS

There was significant variation in GDP growth rates between WB and GS in 2018 and 2019. In GS, GDP went down by 3.5% in 2018 and up by 1.6% in 2019, compared with growth in WB by 2.3% and 1.1% for 2018 and 2019 respectively. As for share in GDP by region, there is obvious deterioration in the GS share since 2014, declining from 24.6% in 2013 to 18.1% for 2018–2019, indicating weak GDP growth in the GS. Thus, there is an urgent need to increase Palestinian GDP growth. In return, the WB share was 81.9% of total GDP in 2019, although its share of the population is 60% compared to 40% in the GS.

Table 12/2: GDP in WB and GS 2013–2019 at Constant Prices ($ million)[52]

Year	WB		GS		WB & GS	
	GDP	Percentage (%)	GDP	Percentage (%)	GDP	Percentage (%)
2013	10,171.9	75.4	3,320.5	24.6	**13,492.4**	**100**
2014	10,610.4	78.8	2,860.7	21.2	**13,471.1**	**100**
2015	11,072.3	79.2	2,900.1	20.8	**13,972.4**	**100**
2016	12,046.1	79.2	3,164.9	20.8	**15,211**	**100**
2017	12,505.5	81.1	2,921.4	18.9	**15,426.9**	**100**
2018	12,797.3	81.9	2,818.9	18.1	**15,616.2**	**100**
2019*	12,938.6	81.9	2,865	18.1	**15,803.6**	**100**

* There are no detailed data for each of the WB and GS; thus, figures were estimated based on available data, which took into consideration the GDP of the first three quarters and Palestinian GDP growth rate.

GDP in WB and GS 2013–2019 at Constant Prices ($ million)

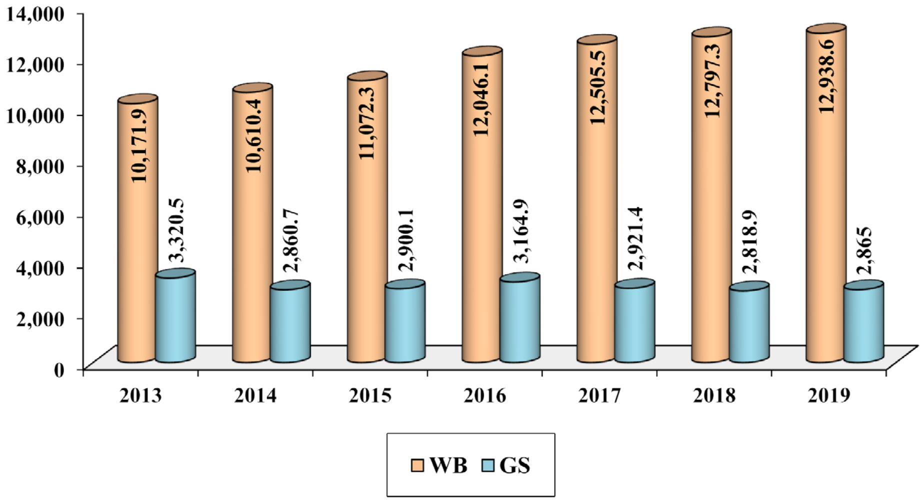


Table 13/2: GDP Growth in WB and GS 2013–2019 at Constant Prices ($ million)[53]

		Actual						Estimates
		2013	2014	2015	2016	2017	2018	2019*
WB	GDP	10,171.9	10,610.4	11,072.3	12,046.1	12,505.5	12,797.3	12,938.6
	Average annual growth or deterioration (%)	+3.7	+4.3	+4.4	+8.8	+3.8	+2.3	+1.1
GS	GDP	3,320.5	2,860.7	2,900.1	3,164.9	2,921.4	2,818.9	2,865
	Average annual growth or deterioration (%)	+8.9	–13.8	+1.4	+9.1	–7.7	–3.5	+1.6

* There are no detailed data for each of the WB and GS; thus, figures were estimated based on available data, which took into consideration the GDP of the first three quarters, the Palestinian GDP growth rate and population count.

c. GDP in PA Territories and Israel

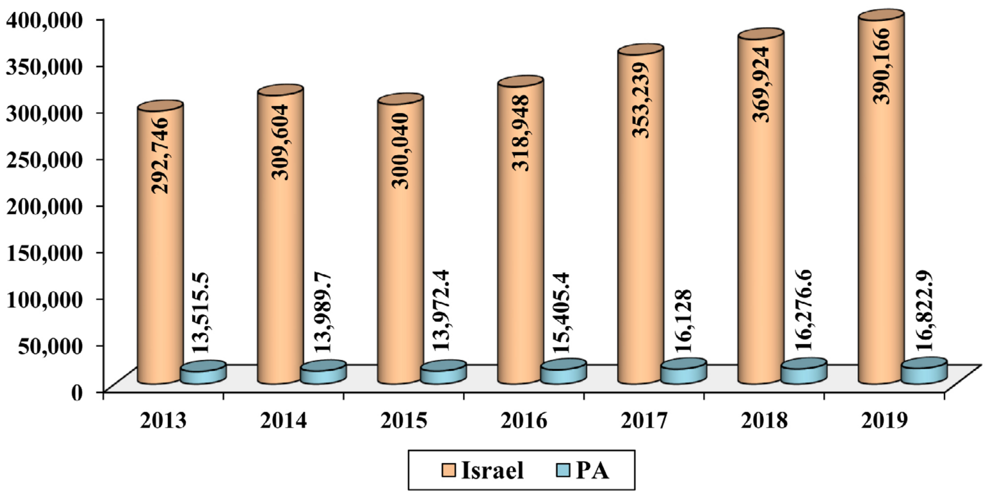
Examining the Israeli GDP at current prices, which reached $369.924 billion in 2018, and $390.166 billion based on the estimates of the first three quarters of 2019, we note that Israeli GDP is 23 times the size of its Palestinian counterpart (2,273% and 2,319% for 2018 and 2019 respectively). This is a clear indication of the nature of the Israeli occupation and its impact on the Palestinian economy, the extent to which it exploits Palestinian resources, and prevents Palestinians from realizing the free and efficient use of their energies and potentials.

Table 14/2: GDP in PA Territories and Israel 2013–2019 at Current Prices ($ million)[54]

Year	PA	Israel	% Palestinian GDP to Israeli GDP
2013	13,515.5	292,746	4.6
2014	13,989.7	309,604	4.5
2015	13,972.4	300,040	4.7
2016	15,405.4	318,948	4.8
2017	16,128	353,239	4.6
2018	16,276.6	369,924	4.4
2019*	16,822.9	390,166	4.3

* Based on estimates of the first three quarters of 2019.

GDP in PA Territories and Israel 2013–2019 at Current Prices ($ million)



2. GDP per Capita in PA Territories

GDP per capita reflects the average per capita share of achieved or anticipated GDP and is directly related to the GDP growth and inversely related to the population growth. The GDP per capita is an important measure of real per capita income but, despite its importance, it does not show the reality of the differences of individual incomes, and the large gap between the rich and the poor as well as between governorates.

a. Average Growth of GDP per Capita

The GDP per capita in the PA territories reached $3,373 in 2019 compared to $3,418 in 2018. Table 15/2 shows that the GDP per capita decreased to 1.3% for 2018 and 2019 due to weak overall growth and high population growth. Comparing per capita income between the WB and GS shows that the disparity is large and the former is higher despite its limited growth during the same period, while GS witnessed a decline where the GS per capita income represented 46.3% and 29.6% of that of WB for the years 2013 and 2019 respectively. These differences are mainly due to the blockade and the ongoing internal division as well as an absence of specific policies to help maintain production in this situation (see table 16/2).

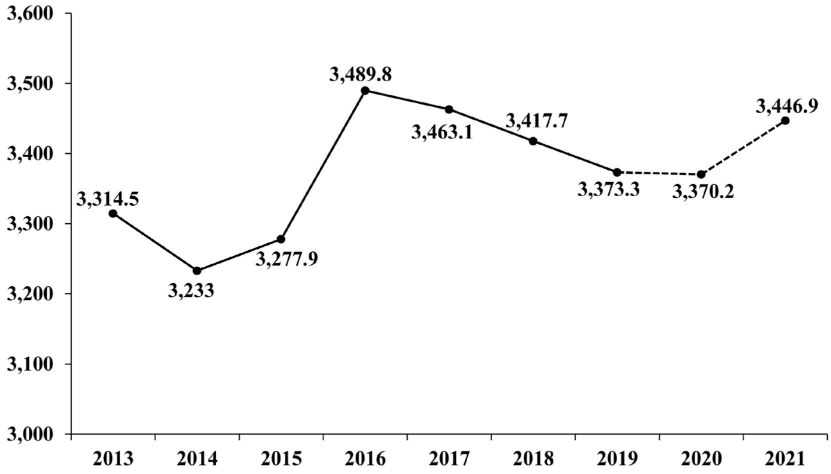
Forecasts for 2020 anticipated negative growth by around 0.1%, whereas in 2021, it is anticipated to be 2.3%, i.e., an average of 1.1% based on the overall trend trajectory. A remarkable deterioration of growth in GS is expected along with a relative improvement in WB, indicating that the gap in GDP per capita between the two regions will continue to widen.

Table 15/2: GDP per Capita in PA Territories 2013–2021 at Constant Prices ($)[55]

	Actual							Forecasts	
	2013	2014	2015	2016	2017	2018	2019	2020	2021*
GDP per capita	3,314.5	3,233	3,277.9	3,489.8	3,463.1	3,417.7	3,373.3	3,370.2	3,446.9
Average annual growth or deterioration (%)	+2.2	–2.5	+1.4	+6.5	–0.8	–1.3	–1.3	–0.1	+2.3

* The year 2021 was calculated based on the 2013–2020 trend trajectory, which is 0.5%.

GDP per Capita in PA Territories 2013–2021 at Constant Prices ($)



b. GDP per capita in WB and GS

The GDP per capita was high in WB relative to GS in 2018, amounting to $4,854 versus $1,458 in GS, with a difference in their respective growth rates relative to the previous year. According to estimates, there was a decrease in the GDP per capita in WB in 2019 to $4,812 or 0.9% from 2018, and a decrease to $1,439 in GS by 1.3% (see table 16/2).

The average per capita income in GS is currently a third of that of WB, knowing that it was 85% on average over 1994–2000.[56] This was the direct result of the disparity in output and financial inflows between the two regions, in addition to the Israeli blockade of GS, and Egypt's closure of the border with GS most of the year. This deterioration on the level of the WB and GS was partially compensated for by the fact that the per capita real gross domestic income (per capita real GDI) achieved partial improvement in the following years reaching $3,784.5 in 2018.[57]

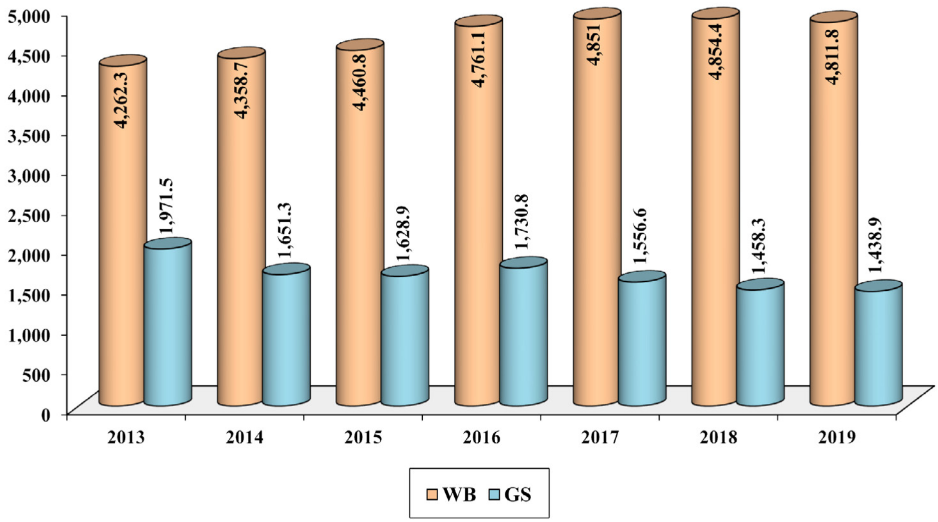
The above suggests giving greater attention to the causes of this gap, identifying how wealth is concentrated and distributed, and highlighting the need to adopt appropriate economic policies to improve output and performance to correct the current situation.

Table 16/2: GDP per Capita in WB and GS 2013–2019 at Constant Prices ($)[58]

		Actual						Estimates
		2013	2014	2015	2016	2017	2018	2019
WB	GDP per capita	4,262.3	4,358.7	4,460.8	4,761.1	4,851	4,854.4	4,811.8
	Average annual growth or deterioration (%)	+1.6	+2.3	+2.3	+6.7	+1.9	+0.1	–0.9
GS	GDP per capita	1,971.5	1,651.3	1,628.9	1,730.8	1,556.6	1,458.3	1,438.9
	Average annual growth or deterioration (%)	–4.9	–16.2	–1.4	+6.3	–10.1	–6.3	–1.3

Note: There are no detailed data concerning WB and GS in 2019; thus, figures were estimated based on available data, while taking into consideration the GDP per capita for the first three quarters, average Palestinian growth and population count.

GDP per Capita in WB and GS 2013–2019 at Constant Prices ($)



c. Comparison of GDP per Capita Between PA Territories and Israel

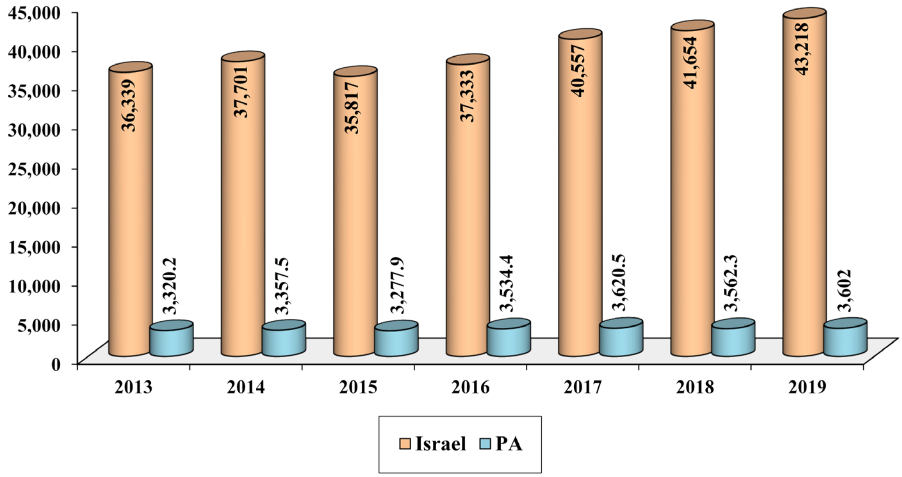
There is a significant gap between GDP per capita in PA territories and Israel. At current prices, it was $3,562 and $3,602 in the PA territories in 2018 and 2019 respectively, while in Israel (at current prices) it was $41,654 and $43,218 for the same period. This means the latter was 12 times higher than the former. This is primarily due to the Israeli occupation and its policies that prevent the normal growth of the Palestinian economy, leading to a decline in Palestinian GDP. This has happened at a time when Palestinians experienced higher rates of population growth than the Israeli side and worked in harsh conditions under occupation, which had a negative impact on wages, living standards, and savings. Furthermore, the huge gap between the two sides has allowed Israeli individuals to enjoy a far higher standard of living than Palestinians.

Table 17/2: GDP per Capita in PA Territories and Israel 2013–2019 at Current Prices ($)[59]

Year	PA	Israel	% Palestinian GDP per capita of Israeli GDP per capita
2013	3,320.2	36,339	9.1
2014	3,357.5	37,701	8.9
2015	3,277.9	35,817	9.2
2016	3,534.4	37,333	9.5
2017	3,620.5	40,557	8.9
2018	3,562.3	41,654	8.6
2019*	3,602	43,218	8.3

* Based on estimates for the first three quarters of 2019.

GDP per Capita in PA Territories and Israel 2013–2019 at Current Prices ($)



3. Public Debt

Public debt is an exceptional source of public revenue meant for specific purposes, which enable the debtor to pay the debt and its interest on specific dates. It is also important as it relates to social justice and to the present and future standard of living, especially when the debt accumulates and its arrears become due, as happened after the Trump administration halted its annual financial aid and Israel failed to transfer clearance revenues regularly. Public debt is the result of the PA's fiscal policy and the current budget deficit alongside the fragile and unsustainable financial situation. Its increase is due to the growth of uncontrolled public spending, the institutional expansion of the PA in addition to Israel's control of local resources and clearance revenues. Government borrowing is subject to the Public Debt Law No. 24 of 2005 where existing public debt stock may not exceed 40% of GDP.[60]

The PA has always borrowed (especially locally) to cover its public budget deficit rather than funding productive or development projects. As the deficit gap continues, debt is perpetuated, pay obligations or to perform much-needed services.

Table 18/2: PA Government Public Debt 2013–2021 ($ million)[61]

	Actual							Forecasts*	
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Domestic debt	1,268	1,128	1,467	1,440	1,501	1,338	1,577	1,586	1,635
External debt	1,109	1,089	1,071	1,044	1,042	1,032	1,218	1,113	1,119
Total public debt	2,377	2,217	2,538	2,484	2,543	2,370	2,795	2,698	2,754
Gross public debt growth rate	–4.3	–6.7	+14.5	–2.1	+2.4	–6.8	+17.9	–3.5	+2.1
GDP at current prices	13,515.5	13,989.7	13,972.4	15,405.4	16,128	16,276.6	16,822.9	17,537	18,132
Total public debt as % of GDP	17.6	15.8	18.2	16.1	15.8	14.6	16.6	15.4	15.2

* Based on the trend trajectory for 2013–2019.

PA Government Public Debt 2013–2021 ($ million)

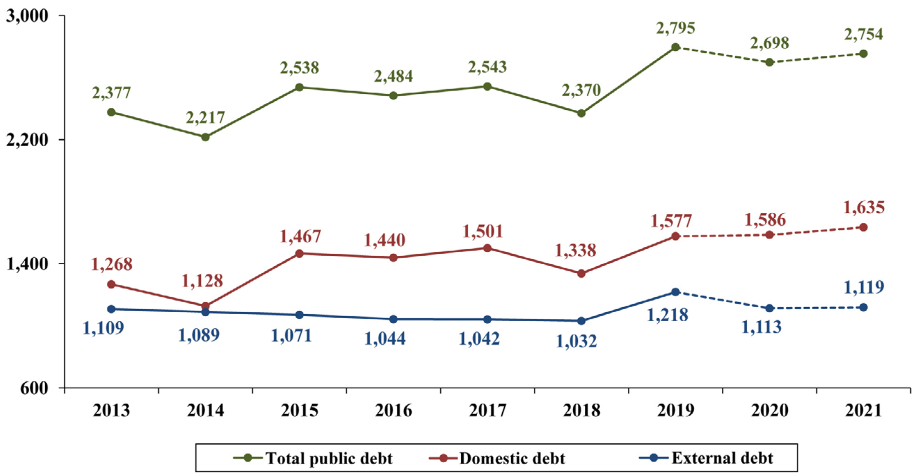


Table 18/2 shows that domestic debt grew in 2019 at a rate of 17.9% compared to the previous year, and its share of total public debt increased from 53.3% in 2013 to 56.4% in 2019 due to the ease of obtaining it with simple lending procedures, justified by the need to activate lending institutions and its supposedly positive impact on the Palestinian economy.

External debt has remained relatively stable over the period under examination with fluctuating debt-to-GDP ratio, while total debt increased by 17.9% in 2019 compared to the previous year, and its ratio to GDP remained stable with some fluctuation. Notably, the changes in debt are partially related to changes in the dollar exchange rate against the shekel; therefore, the value of debt varies from time to time according to the currency used.[62]

As the PA has sought to hide the risks of public debt, it introduced a new term "debt arrears," a category of domestic debt with deferred repayment aiming to show that debt is within acceptable limits, due to the government's influence, despite the damage caused by this step. These arrears are distributed and diversified, but their net accumulated value at the end of Q4 2019 amounted to $3,900 million, down by 5% compared to the end of Q3 2019, and by 14% compared to the end of Q4 2018.[63] This high percentage of debt arrears represents 23.1% of GDP on an annual basis, and when added to the public debt, the total debt becomes $6,695 billion, 39.8% of GDP, close to the permissible percentage amounting to 40% only. Ultimately, the Palestinian net debt per capita is approximately $1,329.

The 2019, government debt interest reached $52.6 million (187.9 million shekels), of which $46.9 million (167.5 million shekels) were paid. This interest has placed additional burdens on the public treasury and drain its resources, which requires limiting them as much as possible.[64]

Therefore, the total debt will decline by 3.5% in 2020, then increase by 2.1% in 2021 with an average of 0.7%, which is an indicator of the fluctuation in the rise of debt and the severity of the public debt crisis. This is because the debt increased sharply in 2019, and in 2021 it is expected to increase, according to the overall trend trajectory.

4. The PA's General Budget

The general budget is part of the government's sovereign financial responsibility, which include the collection of funds under certain legislation. This collection enables the competent authority to carry out its activities. The Ministry of Finance and Planning strives, by virtue of its jurisdiction, to provide an annual budget consistent with available resources and taking into account political changes and internal developments, while striving to increase revenue.[65] However, the PA did not issue the 2019 budget and instead issued an emergency budget.

Table 19/2 shows that total net revenues, which include local, clearance and tax revenues, decreased by 5.2% in 2018 due to the decline in clearance funds. Also, total net revenue continued to deteriorate in 2019 to about 5.3% due to the continued decrease in clearance and local revenues.

Current expenditures include wages and salaries as well as non-wages the majority of which are transfer expenditures as social and operational allocations to conduct business, net loans deducted by Israel in exchange for various services, and other allocations such as taxes and revenues which are due for local government bodies.

Current expenditures increased by 8% in 2019 causing a large deficit in the general economic balance. Yet, this deficit is expected to follow a declining trend in 2020–2021 compared to 2019, since the increase in net public revenues is expected to be higher than the increase in total current expenditures, part of which is due to the decrease in salaries of GS employees, large numbers of whom were forced to retire while the salaries of others were halted.

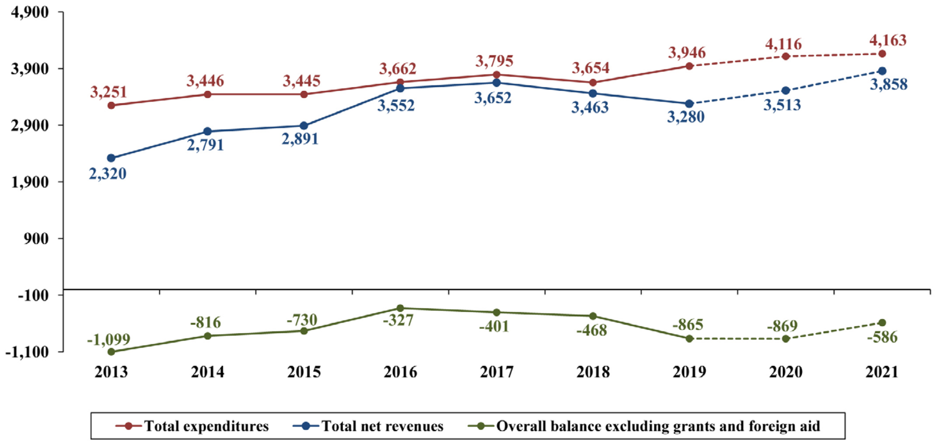
The deficit of the overall balance, excluding grants and foreign aid, as a result of adding development expenditures spent on new facilities or the development of existing facilities, increased over 2018–2019 to around $865 million in 2019, which was mostly covered by grants and foreign aid. After grants and foreign aid were delivered, the deficit decreased to around $377 million, which is usually covered by local bank financing such as borrowing or delaying the payment of arrears or trying to reschedule the dues of some external debts. However, these policies, in dealing with the public budget deficit, have a negative impact on production and economic growth. Remarkably, grants and foreign aid remain of great importance whether in converting the budget deficit to a surplus in many years or in reducing the deficit to the lowest possible level.

Table 19/2: PA Fiscal Operations 2013–2021 Cash Basis ($ million)[66]

	Actual							Forecasts*	
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total net revenues	2,320	2,791	2,891	3,552	3,652	3,463	3,280	3,513	3,858
Domestic revenues	852	875	913	1,317	1,222	1,346	1,214		
Clearance revenues	1,691	2,054	2,047	2,332	2,483	2,255	2,203		
Tax returns	–223	–138	–69	–97	–53	–138	–138		
Total expenditures	3,251	3,446	3,445	3,662	3,795	3,654	3,946	4,116	4,163
Salaries and wages	1,814	1,900	1,760	1,927	1,954	1,658	1,862		
Non-wage expenditure	1,226	1,259	1,352	1,421	1,533	1,682	1,693		
Net lending	211	287	301	270	266	268	319		
Earmarked payments	0	0	32	44	42	46	73		
Current balance	–931	–655	–554	–110	–143	–191	–666	–603	–305
Development expenditures	168	161	176	217	258	277	199	266	281
Overall balance excluding grants and foreign aid (deficit)	–1,099	–816	–730	–327	–401	–468	–865	–869	–586
Grants and aid	1,358	1,230	797	766	720	664	488	444.4	372.4
Overall balance including grants and foreign aid	259	414	67	439	319	196	–377	–425	–214

* Based on the trend trajectory for 2013–2019.

PA Fiscal Operations 2013–2021 Cash Basis ($ million)



Thus, there is a need to benefit from the experiences of others in facing the challenges of the budget deficit, the decrease in external support and the increase in government debt. Undertaking fundamental reforms is a major factor in dealing with the high public debt and inefficient government services, including the adoption of policies to enhance fiscal transparency and predictability,[67] especially as the government's finances face risks and uncertainties amidst reliance on foreign aid and grants, as well as on local borrowing. Notably, there is need more than ever to prepare an exceptional emergency budget, which takes into account the developments of the novel coronavirus (COVID-19) and its health, financial and economic reverberations.

5. Work, Unemployment and Poverty

Labor force is one of the economic resources which engage in productive work. It is characterized by the management capabilities; planning and taking executive decisions.

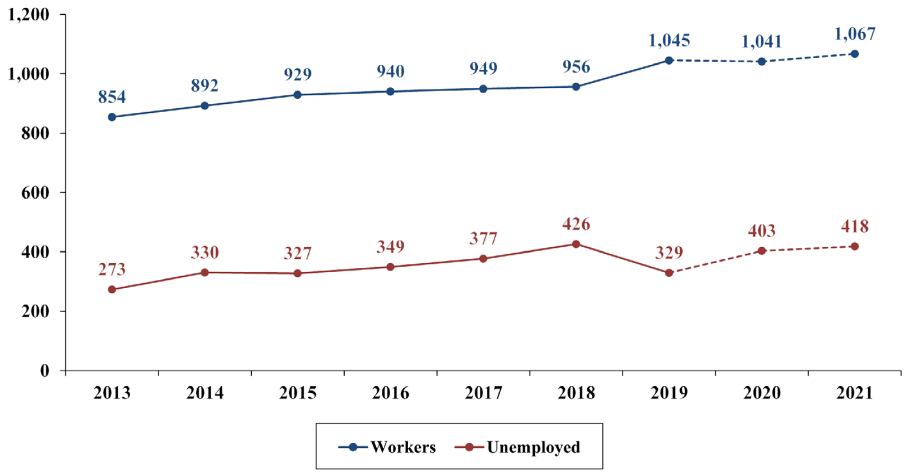
The Palestinian territories have a large manpower resources due to high population growth which totaled 5.039 million in 2019 of whom 3.02 million reside in WB and 2.019 million in GS.[68]

Table 20/2: Distribution of Palestinians Aged 15 Years and Above in WB and GS by Labor Force and Unemployment 2013–2021 (thousands)[69]

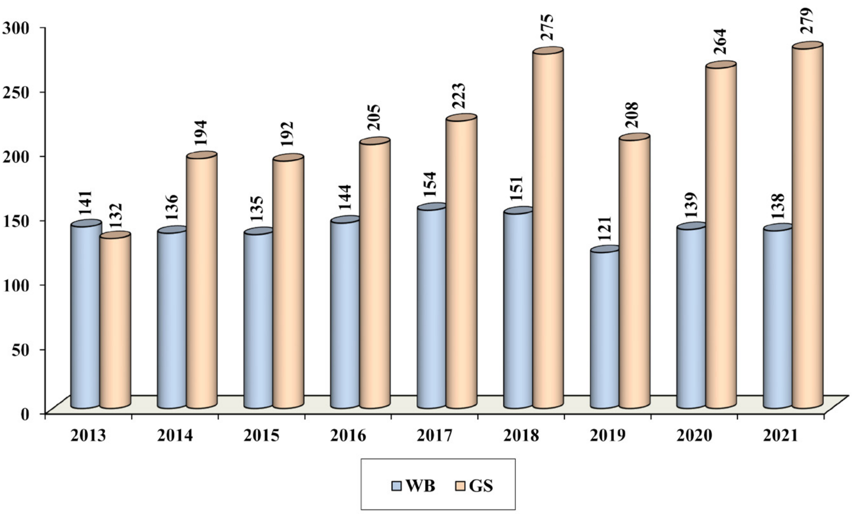
		Actual							Forecasts*	
		2013	2014	2015	2016	2017	2018	2019	2020	2021
WB	Labor force	732	778	788	797	824	853	886	901	924
	Workers	591	642	653	653	670	702	765	762	786
	Unemployed	141	136	135	144	154	151	121	139	138
	% of unemployment	19.3	17.5	17.1	18.1	18.7	17.7	13.7	15.4	15
GS	Labor force	395	444	468	492	502	529	488	543	560
	Workers	263	250	276	287	279	254	280	279	281
	Unemployed	132	194	192	205	223	275	208	264	279
	% of unemployment	33.4	43.7	41	41.7	44.4	52	42.7	48.7	49.9
WB & GS	Labor force	1,127	1,222	1,256	1,289	1,326	1,382	1,374	1,444	1,484
	Workers	854	892	929	940	949	956	1,045	1,041	1,067
	Unemployed	273	330	327	349	377	426	329	403	418
	% of unemployment	24.2	27	26	27.1	28.4	30.8	24	27.9	28.1
Workers in Israel		99.1	101.8	112.3	116.8	122	127	133	139	145
Workers in settlements		–	–	22.4	20.8	21	22	23	–	–

* Based on the trend trajectory for 2013–2019.

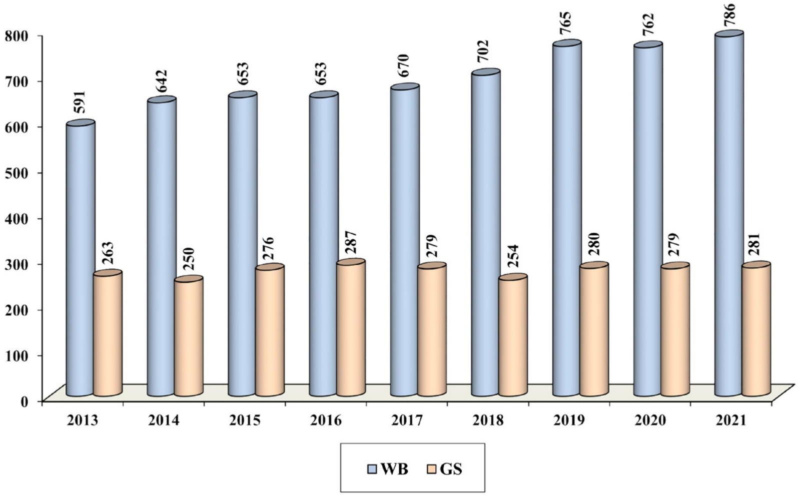
Distribution of Palestinians Aged 15 years and Above in WB and GS by Labor Force and Unemployment 2013–2021 (thousands)



Unemployed Palestinians in WB and GS 2013–2021 (thousands)



Palestinians Workers in WB and GS 2013–2021 (thousands)



The labor force and its distribution in Palestine witnessed structural changes in 2019 as a result of adopting the labor underutilization definition, which makes the number of the unemployed less. However, it is important to stress that discouraged workers should not be ignored as these are not included among the unemployed. Accordingly, the size of the labor force decreased in 2019 compared to 2018, and the number of unemployed declined sharply.

Workers suffer in many forms, as some work part-time or intermittently, and many work at low wages or are not paid at all. About 40 thousand people, one third of whom are youths, enter the labor market annually, while the Palestinian labor market absorbs about 8 thousand at most.[70] The number of Palestinians working in Israel and the settlements in 2019 reached about 133 thousand, including 23 thousand in settlements (see table 20/2).

Child labor in WB and GS is high, reaching 3% (5% in WB and 1% in GS), the figures revealing significant differences between both regions.[71] Notably, this category has lost its right to a minimum basic education and remains unskilled, less productive and subject to onerous tasks, long working hours and low wages.

There has also been an increase in cases of disabilities affecting the ability of workers to perform their work in part or in full, permanently or temporarily. Most of these cases constitute wasted production capacity, depriving families of the income necessary to meet their needs and achieve food security.[72] There is keenness to establish new bodies and institutions or to activate established ones, such as the Palestinian Fund for Employment and Social Protection, to be a national umbrella supporting youths and graduates in financing their projects and transferring experience to them,[73] in collaboration with foreign institutions. There is also the Advisory Council on Women's Issues, which provides consultations on women's policies and future work trends.[74]

Graduates were encouraged to have online businesses, away from internal division and the blockade, yet these efforts remain limited and require support in order to expand.

While the Palestinian unemployment rate generally increases, fluctuating from time to time, it has decreased significantly since 2019 due to the exclusion of discouraged workers from the unemployment rate. Accordingly, the unemployment rate in WB and GS decreased from 30.8% in 2018 to 24% in 2019. Yet, the difference in unemployment rates between the WB and GS are huge, reaching 13.7% in the former and 42.7% in the latter in 2019. As for discouraged workers, given that their rates in GS are high, their exclusion in 2019 led to a decrease in the unemployment rate from 52% in 2018 to 42.7% in 2019 (see table 20/2).

The government works diligently, in partnership with the relevant parties, to link between general education and the labor market and to explore students' aspirations and specialization interests. It spreads awareness to change society's perception of vocational and technical training, classifies universities in line with the labor market and stops the recurrence of programs, closing some of them.[75] Nonetheless, these steps and associated policies fall short of seriously addressing the problem.

The general poverty rate (without financial assistance) in GS reached 59.8% at the end of 2017 compared to 42.3% for deep poverty, rates reflected in the food insecurity situation.[76]

Palestinian government policies did not limit high poverty and high unemployment rates, while production projects, which provide additional job opportunities or achieve job stability, were not supported sufficiently. In 2020–2021, the unemployment rate is expected to increase with a widening gap between WB and GS, which will require policies commensurate with the severity of the problem, despite the fact that large numbers of workers, especially from WB, still work in Israel and the settlements, and mostly lack job stability and guaranteed workers' rights.

6. Industrial Activity

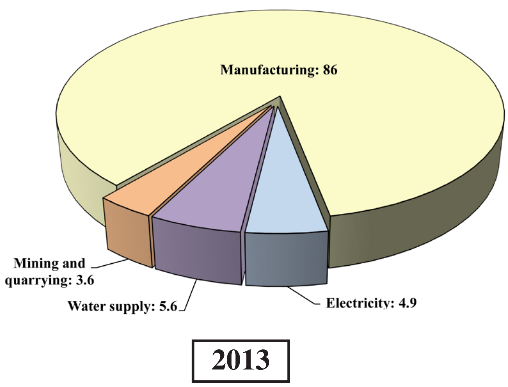
Industrial activity represents one of the most important commodity production activities, especially in the developed world and emerging countries. It includes exploring potential wealth and preparing it for local use as well as for exportation, expanding motive power, providing manufacturing inputs, handling waste, supplying the local market with its needs and exporting its surplus, thus reducing trade deficit.

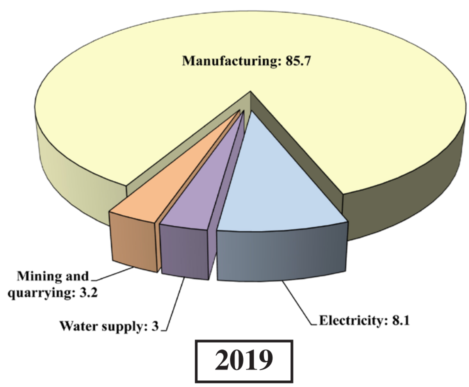
Table 21/2: Industrial GDP in PA Territories 2013–2019 at Constant Prices ($ million)[77]

Year	2013	2014	2015	2016	2017	2018	2019*
Mining and quarrying	65.5	59.3	48.7	46.4	43	66.7	66.8
Manufacturing	1,582.1	1,437.9	1,302.4	1,499.6	1,756.8	1,762.8	1,766.3
Electricity, gas, steam and air conditioning supply	89.6	123.6	158.2	158.6	171.2	165.9	166.2
Water supply, sewerage and waste management	103.1	99.9	120.4	124.8	123.2	61.2	61.4
Total	1,840.4	1,720.7	1,629.7	1,829.4	2,094.2	2,056.6	2,060.7
% of GDP	13.6	12.8	11.7	12	13.6	13.2	13
Average annual growth or deterioration (%)	+4.8	–6.5	–5.3	+12.3	+14.5	–1.8	+0.2

* The total was calculated from the annual growth rate, and industrial branches were calculated according to the activity growth rate.

% Industrial Sector Activities of GDP, 2013 and 2019





Industrial GDP in PA Territories 2013–2019 at Constant Prices ($ million)

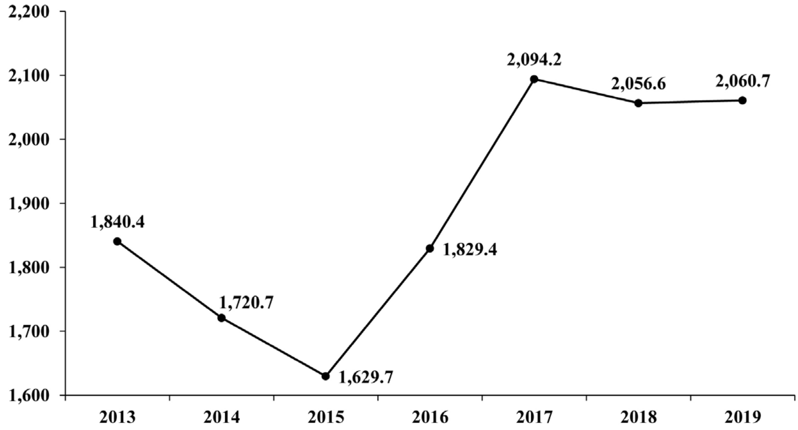


Table 21/2 indicates that industrial activity decreased 1.8% in 2018 and then witnessed limited (0.2%) improvement in 2019 with a trend towards volatility and relative stability. The table also shows that manufacturing dominated most industrial activity despite the importance of other industrial branches. Mining achieved a significant recovery in 2018, while manufacturing achieved a limited increase in 2019 with stability and slight improvement. The building stone was the most exported product with a value of $150.7 million and 13% of total exports of 2018.[78]

Electricity supply decreased by 3.1% in 2018, then improved slightly in 2019. Activity related to water and sanitation also decreased, with a huge drop of 50.3%, without an obvious explanation for the decline, despite the increase in demand for water, and the increase in wastewater and waste due to population growth.

The overall trajectory for the period 2013–2020 indicates the possibility of growth in total industrial activity reaching 3.7% in 2021, with an average of 3.3% for 2020–2021.

As for the current industrial strategies and policies, the following is noted:

a. The PA's reliance on clearance funds, as the most prominent source of public revenue has contributed to the increase of imports beyond export growth at the expense of developing and encouraging national industry.
b. There is an interest in industrial cities and new industrial areas, such as Tarqumiya, whose plans have been developed, and their first stages are due to start in 2020, where windows for investment are open to complete the transactions smoothly.[79] Development projects are also being launched using alternative energy.

c. Industrial enterprises face the challenge of technicians' underdeveloped skills and inexperience, and low levels of education. Thus, they need rehabilitation, for they are unable to keep pace with advanced production technologies.[80]

d. The success of disengagement from Israel requires well thought out methodologies within the aim of increasing public and private investments, while organizing and developing the industrial sector, protecting national product, implementing relevant laws and the national industrial strategy for the next 10 years. Yet these steps did not achieve their goals except for remarkable growth in 2017, which deteriorated again later.[81] The return of such relations with the Arab countries may be of great importance for the development of this industry, such as the cases of Jordan, Iraq, Egypt and Saudi Arabia, and more recently with the Russian Federation. However, this remains subject to overcoming Israeli impediments.

7. Agricultural Activity

Agricultural activity is productive work characterized by providing for the needs of food crops such as grains, legumes, vegetables and fruits, as well as livestock and fish products. It is also important in enabling benefitting from arable land, cultivation and creating job opportunities. This activity achieves food security, includes exporting the surplus, while using agricultural products in manufacturing industries, especially food.

Agriculture has an important social, economic and cultural role in the life of Palestinians, in terms of preserving their identity and connection to the land, whose cultivated area has shrunk to about 1,627 million donums (1.6 million km^2), one sixth of the original area in 1967.[82] This is due to settlement expansion and Israel depriving the Palestinians of opportunities to cultivate their land and harvest their crops.

Table 22/2: Agricultural GDP in PA Territories 2013–2019 at Constant Prices ($ million)[83]

Year	2013	2014	2015	2016	2017	2018	2019
Agricultural GDP	1,049.4	1,077.9	1,035.2	1,142.9	1,074.1	1,091.1	1,080.2
Average annual growth or deterioration (%)	–3.4	+2.7	–4	+10.4	–6	+1.6	–1
% of GDP	7.8	8	7.4	7.5	7	7	6.8

Agricultural GDP in PA Territories 2013–2019 at Constant Prices ($ million)

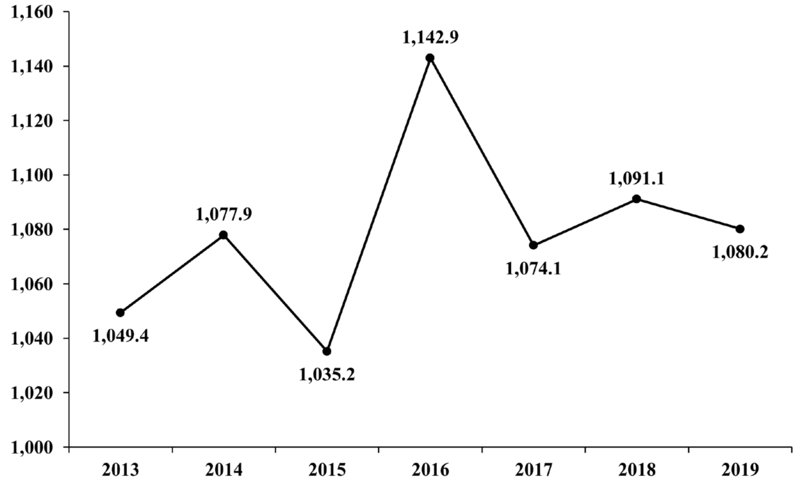


Table 22/2 shows sharp fluctuations in agricultural GDP with limited improvement in 2018 and a 1% decline in 2019, reflecting weak networking with manufacturing industries, especially food. For a quarter of a century, the Palestinian economy has suffered structural distortions in agriculture, as a source of income, employment and food security.[84] Palestinians still depend on Israel to import most of their plants, animals and crops under intense competition, with Israel always keen to impede agricultural activity and seize more land.

Weak economic growth reflected the decline in agricultural GDP by an average of 6.9% in 2018–2019, while in in 2013–2017, it was 7.5%.

As for 2020, based on the joint forecasts of the PMA and the PCBS, 2.2% agricultural growth is expected, with the possibility of a limited increase of 0.4% in 2021, based on the overall trend trajectory, hence a limited 1.3% average growth in 2020–2021. This is in the context of the major challenges to agricultural activity on the one hand, and the attempts to improve input efficiency and self-reliance on the other.

However, given the political conditions, policies related to agricultural activity need to be reconsidered, to improve and increase GDP, in order to support and preserve the land itself and achieve greater national resilience.

8. Trade

Trade is one of the most prominent forms of international economic relations. It is essential for societies that can obtain various commodities with the highest specifications, according to the standards of the World Trade Organization, which seeks to liberalize trade and accelerate its easy flow.

Table 23/2: Commodity Trade Balance in PA Territories 2013–2021 at Current Prices ($ million)[85]

	Actual							Forecasts	
	2013	2014	2015	2016	2017	2018	2019	2020	2021*
Trade volume	6,065	6,627	6,183	6,291	6,919	7,695	6,844	7,193	7,485
Exports	901	944	958	927	1,065	1,155	1,068	1,160	1,192
Imports	5,164	5,683	5,225	5,364	5,854	6,540	5,776	6,033	6,293
Deficit	–4,263	–4,740	–4,268	–4,437	–4,789	–5,385	–4,708	–4,873	–5,101
% Deficit to total imports	82.6	83.4	81.7	82.7	81.8	82.3	81.5	80.8	81.1
% Deficit to GDP	31.5	33.9	30.5	28.8	29.7	33.1	28	27.8	28.1

* Based on the trend trajectory.

PA Trade Indicators 2013–2021 ($ million)

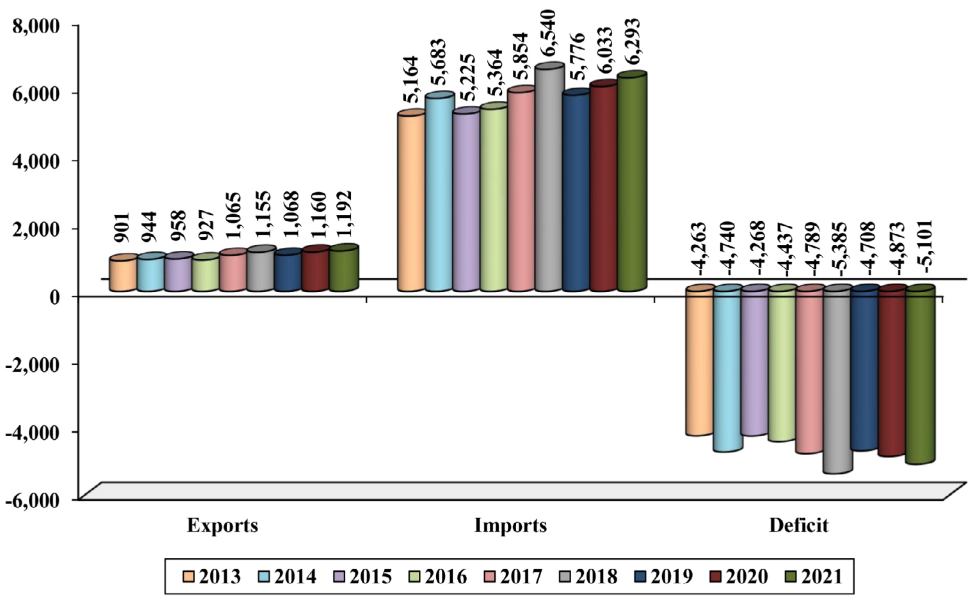


Table 23/2 shows an 11.2% increase in trade volume in 2018 by and an 11% decrease in 2019. A 5.1% and 4.1% increase are anticipated for 2020 and 2021 respectively, which emphasizes the deep international economic relations enjoyed by Palestine despite fluctuations in trade exchange from one year to another.

The trade deficit in 2019 was about $4,708 million, a 12.6% decrease when compared to the previous year, constituting 28% of the GDP. However, this deficit will increase by 3.5% in 2020 based on the baseline scenario of PMA and PCBS statistical forecast.

In 2018, building stone, plastic bags, olive oil, scrap iron and cigarettes were among the top 10 exports, while electrical energy, diesel, portland cement, gasoline, and cigarettes were among the top 10 imports.[86]

Israel accounted for the largest share of Palestinian imports with 55.3% and 55.5% during 2017 and 2018, respectively. Turkey ranked second with 10%, and then China with 7.3% in 2017 and 10% in 2018. At the level of Palestinian exports, Israel also continued to receive the majority, with 82.5% and 83.7% during 2017 and 2018 respectively, which meant that Israel was interested in isolating Palestinians from other partners and keeping them dependent (see table 24/2).

To reduce the large trade deficit, the PA has tried to gradually disengage from Israel, diversify its import sources, organize the needs of the local market from oil derivatives and import them from licensed Jordanian companies, and increase Jordanian electric supply at a lower cost.[87] Import sources include Iraq, Egypt, the Russian Federation and Turkey, which contributes to reducing the trade deficit remains high to the benefit of Israel.[88] But in general, the preferential dealings the PA enjoyed with a number of countries did not facilitate the entry of Palestinian products to foreign markets.[89] Ultimately, Palestinian statistics need to cover all evidenced trade so that official authorities' data would can cover the entire trade exchange and be an effective factor in shaping successful economic policies.

At the time of writing, no data was available on PA imports and exports in 2019. Yet, according to the preliminary PCBS data, regarding foreign trade in goods in December 2019, imports from Israel accounted for 56% of total PA imports, while exports to Israel accounted for the majority of the PA exports (83%).[90]

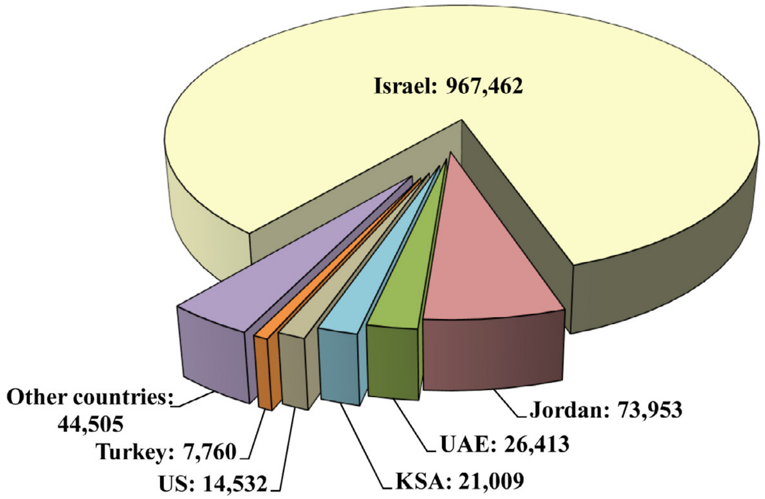
Notably, the Israeli CBS provided different figures regarding the 2018 trade with the PA, where Palestinian imports from Israel reached $3,994 million, which was higher than the Palestinian figure by around $362 million, while the Palestinian exports to Israel reached $859 million, which is lower than the Palestinian figure by $108 million.[91]

Table 24/2: Volume of Palestinian Trade, Exports and Imports in Goods in PA Territories to/ from Selected Countries 2017–2018 ($ thousand)[92]

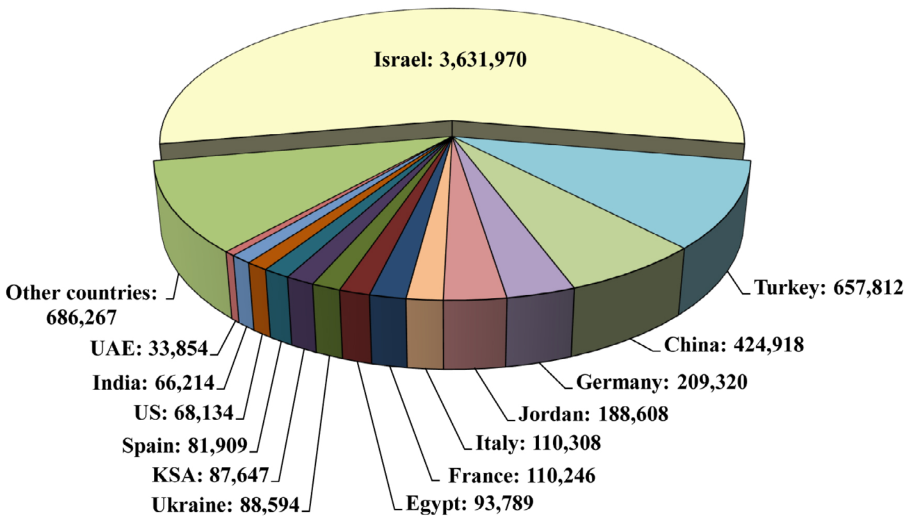
Country	Trade volume		Palestinian exports to:		Palestinian imports from:	
	2018	2017	2018	2017	2018	2017
Israel	4,599,432	4,113,402	967,462	878,617	3,631,970	3,234,784
Turkey	665,572	587,055	7,760	7,846	657,812	579,208
China	425,407	428,698	489	19	424,918	428,680
Jordan	262,561	230,405	73,953	77,197	188,608	153,208
Germany	211,409	216,280	2,090	1,635	209,320	214,645
Italy	111,415	108,416	1,108	1,410	110,308	107,006
France	111,124	81,783	878	2,450	110,246	79,333
KSA*	108,655	92,513	21,009	15,247	87,647	77,266
Egypt	93,799	69,587	9	119	93,789	69,469
Ukraine	88,594	66,360	–	–	88,594	66,360
US	82,665	75,498	14,532	13,871	68,134	61,627
Spain	82,036	70,828	127	329	81,909	70,499
India	66,658	46,207	444	153	66,214	46,054
UAE	60,267	65,152	26,413	26,701	33,854	38,451
Other countries	725,630	666,550	39,360	39,290	686,267	627,260
Total	**7,695,224**	**6,918,734**	**1,155,634**	**1,064,884**	**6,539,590**	**5,853,850**

* Kingdom of Saudi Arabia (KSA).

Palestinian Exports in Goods in PA Territories to Selected Countries 2018 ($ thousand)



Palestinian Imports in Goods in PA Territories from Selected Countries 2018 ($ thousand)



9. External Financing and Its Impact

External financing has remained a major source of support for the Palestinian treasury, and sometimes turned the budget deficit into a surplus. There are various forms of external financing to Palestinians, as well as various sources and uses, with the difficulty of assuring its continuity or regularity, unlike other forms of humanitarian project support.

The PA has largely depended on US aid, which reached a peak of $918 million in 2009, with an annual average of $527.7 million during 2008–2018. However, US aid has decreased and was used as leverage to extract more Palestinian concessions, until it reached a low point in 2018 at $147 million.[93]

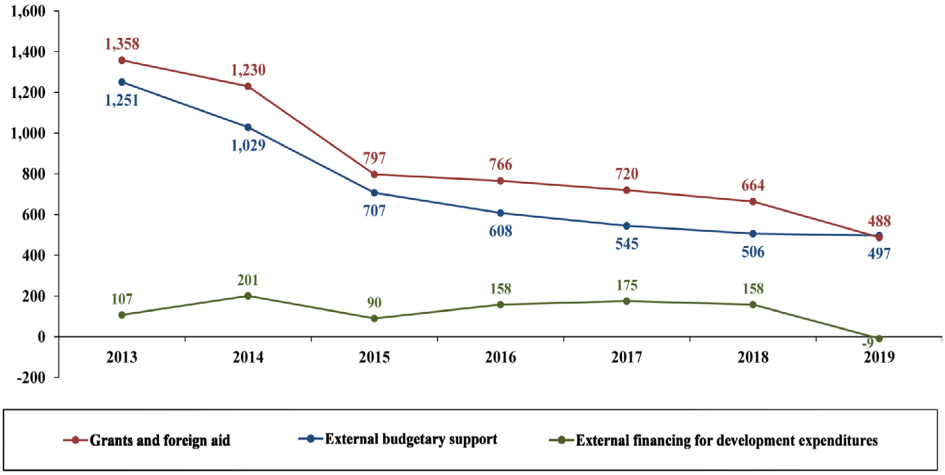
Table 25/2 shows that total foreign aid decreased significantly to $488 million in 2019 with a decrease of 26.5% compared to 2018, and 64.1% compared to 2013. Also, support for development projects did not receive sufficient attention, remained low and volatile with a sharp decline in 2015, reaching $90 million, down by 55.2% compared to 2014, and this decline and volatility continued at a negative level in 2019.

Table 25/2: External Financing to the PA 2013–2019 ($ million)[94]

	2013	2014	2015	2016	2017	2018	2019
External budgetary support	1,251	1,029	707	608	545	506	497
External financing for development expenditures	107	201	90	158	175	158	–9*
Grants and foreign aid	1,358	1,230	797	766	720	664	488
Average annual growth or deterioration (%)	29.7+	–9.4	–35.2	–3.9	–6	–7.8	–26.5
% of Development expenditures out of total external financing	7.9	16.3	11.3	20.6	24.3	23.8	–

* This is because the Ministry of Finance returned $124.8 million to the US Consulate in response to the US position on Jerusalem.

External Financing to the PA 2013–2019 ($ million)



In 2020–2021, foreign aid seems set to be governed by new and unstable considerations, most importantly the US attempts to impose Trump's deal on the PA along with developments related to the coronavirus pandemic (COVID-19). Generally, foreign aid is politicized and costly rather than being a straightforward humanitarian donation, thus, for sustainable Palestinian development, it will be necessary to adopt a strict strategy to gradually eliminate it. Therefore, the general budget deficit gap should reach the lowest possible level to have a completely balanced budget within a few years, based on specific agendas and policies.

As for donors in 2019, the Mecanisme Palestino-Européen de Gestion et d'Aide Socio-Economique (PEGASE) topped the list with $196.1 million, then the Kingdom of Saudi Arabia (KSA) with $176.4 million, followed by The World Bank with $64.9 million. As for 2018, the KSA led with $222.4 million, followed by PEGASE with $183.8 million and Kuwait with $52.6 million (see table 26/2).

Arab funding increased again in 2018–2019, after falling to $213 million in 2016. In 2018, it exceeded international financial aid by 45.4%, while in 2017, it constituted 36.4% of international support.

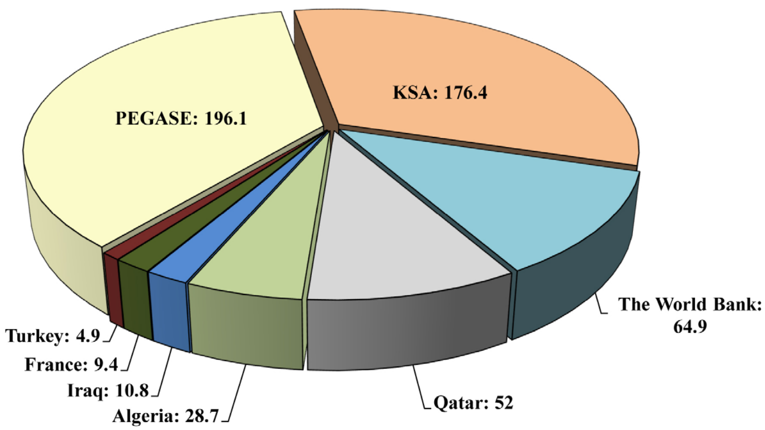
Table 26/2: Sources of External Financing for the PA 2016–2019 ($ million)[95]

Donor	2016	2017	2018	2019
Arab donors	**212.9**	**145.2**	**305.5**	**267.9**
– KSA	183	92.1	222.4	176.4
– Algeria	26.7	52	26.7	28.7
– Qatar	–	–	–	52
– Egypt	3.2	1.1	3.6	–
– Kuwait	–	–	52.6	–
– Iraq	–	–	–	10.8
International donors	**393.6**	**399.3**	**210.1**	**275.3**
– PEGASE	205	240.3	183.8	196.1
– The World Bank	94.4	76.2	10.4	64.9
– US	76.5	73.6	–	–
– France	17.7	9.2	9.5	9.4
– Turkey	–	–	6.4	4.9
Development financing	**153.9**	**175**	**160**	**–9.4***
Total	**760.4**	**719.5**	**675.6**	**533.8**

* This is because the Ministry of Finance returned $124.8 million to the US Consulate in response to US position on Jerusalem.

Note: External financing and development financing figures are different in tables 25/2 and 26/2, because of the difference in shekels exchange rate adopted as an annual average between the PMA and PA Finance Ministry.

Sources of External Financing for the PA 2019 ($ million)



10. Economic Repercussions of the GS Siege

The GS siege has negatively affected all aspects of life and made 2019 economically the worst year on record, with production and income levels deteriorating. Commercial stores, institutions and companies were forced to close, due to their inability to survive amidst direct and indirect monthly losses estimated at $100 million.[96] Palestinian MP Jamal al-Khudari, head of the Popular Committee Against the Siege, stated that 100% of Gaza's factories were totally or partially affected by the Israeli blockade and successive attacks, while hundreds of factories and shops closed, causing hundreds of thousands of workers to be laid off.[97] Israel has been controlling imports and exports under security pretexts, while other events have exacerbated the suffering, such as repeated Israeli attacks and the targeting of the production and urban structure. The GS Ministry of Finance revealed that 400 trucks enter the Strip daily through the Karm Abu Salem crossing, while 20 trucks per day carry exports.[98] In addition, Israel continued with its endeavor to destroy the fishing sector, a vital sector for the Palestinian and household economies; thus, making those working in this sector among the poorest in GS.[99] The economic situation in GS was exacerbated by the punitive policies the PA imposed on the employees there.[100]

The World Bank warned that the GS's conditions have steadily deteriorated, and stressed that the economy could not survive without access to external markets, noting that the manufacturing sector has shrunk by as much as 60% over the last 20 years.[101] The World Bank also warned that the GS economy was collapsing, suffering from a decade-long blockade and a recent drying up of liquidity, with aid flows no longer enough to stimulate growth.[102] Mounir Kleibo, International Labour Organization representative in WB and GS, said that the levels of poverty and deprivation in GS were unparalleled in modern history, and that there was an urgent need to change Gazan's conditions after 12 years of blockade.[103]

In 2018 and 2019, the unemployment rates in GS increased by 52% and 42.7% respectively, with a remarkable difference between unemployment rates in WB and GS. In Q4 2019, the unemployed counted for 121 thousand and 208 thousand in WB and GS respectively (see table 20/2). Also, Gaza's contribution to GDP declined from 34.7% in 2004 to 18.1% in 2018.[104] The GDP per capita in Gaza in 2019 was 29.2% of that of WB, which indicates the huge differences between the WB and the GS. The infrastructure in GS remains destroyed in the field of electric supply, sanitation and water salinity.

The UN launched a $348 million plan at the end of 2019, 76% of which targeted GS to meet Palestinians' urgent humanitarian needs during 2020.[105] There was a limited breakthrough, from the beginning of 2019, in the movement of people and goods through the Rafah crossing between GS and Egypt, where quantities of goods such as oil derivatives, cooking gas and construction materials entered.[106] Departures from GS for humanitarian reasons increased, in addition to the easing of procedures at the Beit Hanoun crossing (Erez).

The GS remains the region most vulnerable to damage, serious health risks and economic repercussions in light of the spread of COVID-19, which puts the Strip in urgent need of reintegration into the Palestinian homeland as a preventive tool in the face of explosive risks.

11. Outlook for PA Economic Performance 2020–2021

Palestinian economic performance is challenged by uncertainty, extreme fluctuations, and high level of risks, thus it varies significantly according to local and external developments, the most important of which are:

a. Doubts about the Palestinian government implementing the Sectorial Strategy for Development of the National Economy 2017–2022, building an independent economy to reduce dependency, establishing an attractive business environment for investment, regulating the internal market and protecting the consumer.[107] There are also doubts regarding ending the occupation, strengthening the national product and boycotting Israeli products as well as achieving sustainable and balanced development. By restoring national capabilities and harnessing them to serve the strategic goal, sustainable and balanced development can create jobs and fight unemployment and poverty, especially as the government has adopted a cluster-based development policy.[108]

b. The ability to overcome the division and bolster the national position in addition to conducting legislative and presidential elections.

c. The continuation of Israeli practices obstructing development, such as intensifying roadblocks across WB and the complete control of the crossings, in addition to Israel's evasion of its obligations, and its insistence on holding the equivalent of financial allocations to the prisoners, the wounded, and the families of the killed.

d. The ability to implement the US decision supporting the two-state solution, rejecting the policy of annexation, settlement, and fait accompli in addition to unilateral measures, and acknowledging the aspirations of the Palestinian people to establish their own state. In addition, the ability to invest this decision,[109] in light of the US president's announcement of the "Deal of the Century," under which Israel plans to annex the Jordan Valley and large parts of the WB, while undermining the two-state solution.[110]

e. The ability to deal with huge Israeli impediments including preventing Palestinians from reaching and exploiting resources such as Area C, with estimates of annual losses due to this deprivation of around $4.3 billion according to the World Bank.[111] The easing of restrictions on dual-use goods will result in an additional cumulative growth of 6% in WB and 11% in GS starting 2025.[112] The losses of Palestinian companies were estimated at $1.1 billion due to the expansion of the work of the Israeli communication networks in the WB.[113] Moreover, there are problems related to the PA itself, especially regarding its seriousness in adopting international recommendations and the recommendations of the Coalition for Integrity and Accountability—AMAN, notably that Palestine ranks high on the Global Corruption Barometer of Transparency International.[114]

f. The possibility of presenting an exceptional general budget commensurate with the state of emergency declared since March 2020 to face the repercussions of the COVID-19.

The outcome of the aforementioned repercussions makes it difficult for a breakthrough during the present crises. The variables, ongoing uncertainty and new developments, especially the worldwide COVID-19 crisis, mean it is difficult to rely on a specific scenario to predict the present and the future. However, the scenario of deficit gaps continuing is the most likely, in light of fluctuation of foreign financing and the tendency for deterioration and the consequent need for expanded domestic borrowing, while keeping most of it as deferred-payment arrears. This would be coupled with the negative impact on performance and a likely limited GDP growth with an average of 3.15% for 2020–2021, would not be enough to improve the current standard of living.

Conclusion

Half of the Palestinian people remain steadfastly living in their historic land; and more than three quarters of the Palestinians in diaspora are still residing in the countries surrounding Palestine, which indicates that the Palestinians are committed to their land and aspire to return. Significantly, the number of Palestinians continues to increase in historic Palestine, and they are expected to outnumber Jews within a few years, which is a threat to the core of the Zionist settlement project.

Although about two thirds of the Palestinian people are "refugees" living in harsh suffering under the occupation and in the diaspora, they continue to stand firm holding on to their right to return and end the occupation.

The economic data concerning the PA indicates the extent of the Israeli exploitation of Palestinian natural resources, and the severity of the blockade and the suffering of the Palestinian people under the occupation. Data also shows Israel's dominance over the PA's exports, imports, and border ports; hence the PA's economic dependence on Israel. This dependency is evident in the figures, which show that 84% of PA exports and 56% of its imports are from Israel. Also demonstrated in the figures is Israeli GDP being 2.3 times more than PA GDP, in addition to the fact that the Israeli per capita income is 12 fold that of the per capita income in PA territories.

The PA budget continues to suffer from fundamental crises, mainly because its revenues are fundamentally linked to tax revenues collected by the Israeli authorities; and to external grants and support, which are usually conditional and "politicized."

In such conditions, it is imperative to break away from Israeli economic hegemony and strive to build a resistance economy, which is not subject to the pressures and requirements of the occupation.

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This Report

Al-Zaytouna Centre is pleased to present to its readers the Palestine Strategic Report (PSR) 2018–2019, the 11th PSR to be published.

With an academic methodology and comprehensive, and objective approach, the report comprehensively details developments concerning the Palestine issue and provides the latest information and data available at the end of 2019, along with analyses and forecasts running into 2020–2021.

This report is the result of collaborative work between 14 experts and researchers. In eight chapters, it addresses the internal Palestinian scene; Palestinian demographic and economic indicators; the situation in Jerusalem and the holy sites; the specifics of Israeli aggression, Palestinian resistance and the peace process; the complexities of Israeli-Palestinian dynamics, including the internal situation in Israel; and Palestine's Arab, Islamic and international relations.

The PSR now occupies a prominent position as an indispensable reference document, integral to Palestine studies and research. Al-Zaytouna Centre hopes the PSR will continue to make valuable contributions in this field.

Prof. Dr. Mohsen Mohammad Saleh

The Palestine Strategic Report 2018 – 2019

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