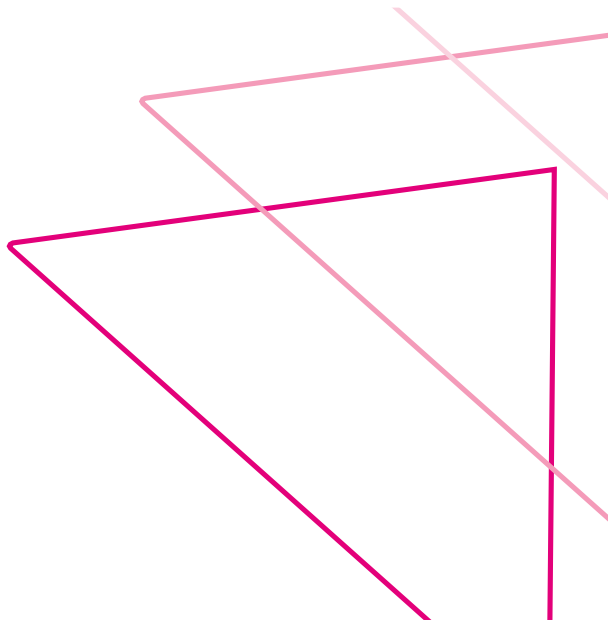
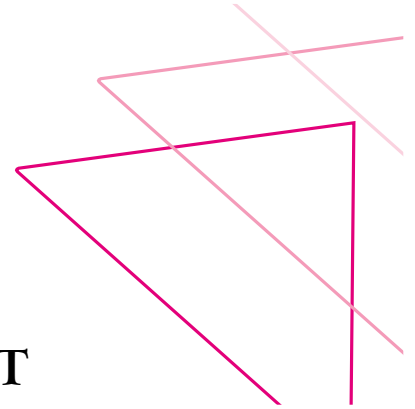


# PALESTINE HUMAN DEVELOPMENT REPORT 1998-1999



BIRZEIT UNIVERSITY

**DEVELOPMENT STUDIES PROGRAMME**

April 2000

**This Report was undertaken in coordination and cooperation with UNDP and the Ministry of Planning and International Cooperation's Department of Human Development and Institution Building, and with funding from the Government of Japan. The views expressed here are solely those of the researchers and do not necessarily represent those of the institutions to which they are affiliated.**

Copyright© 2000  
Development Studies Programme  
Tel: (972) 2 - 295 - 9250  
Fax: (972) 2 - 295 - 8117  
P. O. Box 1878, Ramallah  
e-mail: [dsp@birzeit.edu](mailto:dsp@birzeit.edu)  
[dsp@palnet.com](mailto:dsp@palnet.com)  
Homepage: [www.birzeit.edu/dsp](http://www.birzeit.edu/dsp)

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Layout & Printing Supervision: Al-Nasher Advertising Agency



**The Palestinian Authority**  
Ministry of Planning & International Cooperation  
Minister's Office

## Foreword

It is with pleasure that I introduce the first Palestine Human Development Report, 1998-1999. With this Report, Palestine takes its place among country human development reports issued by the United Nations Development Programme.

The Ministry of Planning and International Cooperation is proud to be a partner in this pioneering national effort. The Ministry, which contributed to the preparation of the Palestine Human Development Profile, 1996-1997, coordinated the work of the Ministerial Committee, the governmental committee that supervised the different stages in the preparation of the Report. We also took part in supervision of the research and community-based processes, in cooperation with the Development Studies Programme at Birzeit University and the United Nations Development Programme, on which the Report depended.

The Ministry of Planning and International Cooperation holds human development among its top priorities, and has established a special Directorate for Human Development and Institution-Building. The Palestinian National Authority has introduced concepts of comprehensive and long-term development in its development plans and strategies. To implement this human development approach, the Palestinian National Authority and its various institutions are devoting extensive efforts to eradicate poverty, integrate marginalized areas in the development process and empower women. These efforts are part of the process of national liberation, which comes at the forefront of all priorities, and includes continuing the work to establish the independent Palestinian state, with Jerusalem as its capital, and arriving at a just solution for the Palestinian refugee question.

We hope this Report will have the positive impact that it deserves. I would like to take this opportunity to thank the teams that prepared the Report, including the researchers, ministerial committees and advisory committees, and wish them success in their efforts.

**Dr. Nabil Sha'ath**

Minister of Planning and International Cooperation

## Acknowledgments

On behalf of the Development Studies Programme, I would like to extend our gratitude to President Yasser Arafat for inaugurating the conference on the Palestine Human Development *Report*, 1998-1999 (September 1999), and for extending his patronage to its proceedings. I would also like to thank the representatives of the President at the conference, Dr. Nabil Kassis, Minister for Bethlehem 2000, and Dr. Yousef Abu Safiyah, Minister of the Environment, for their presentations.

The Development Studies Programme appreciates the contributions of the many individuals from institutions of the Palestinian National Authority, from non-governmental organizations and associations, and from political parties, who generously offered advice and information, and provided the data necessary for the completion of the *Report*. Thanks are also due to the many researchers and other participants who attended workshops organized by the DSP for this project.

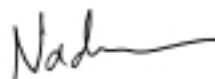
Special thanks are due to the Ministry of Planning and International Cooperation, headed by Dr. Nabil Shaath, and particularly to Director-General Dr. Mohammad Ghadiyah and the staff of the Department of Human Development and Institution Building. Their cooperation and role in coordinating the activities of the Ministerial Committee were important for the successful outcome of this project. We would also like to thank the members of the Technical Advisory Committee and the Ministerial Committee for their efforts in ensuring quality and timeliness in the preparation of the *Report*.

The Development Studies Programme was established in Birzeit University, Palestine, in 1997 with the generous assistance of the Government of Japan. The Programme has enjoyed continuing support from the United Nations Development Programme (UNDP), particularly from Country Representative, Mr. Timothy Rothermel, and Human Development Unit Coordinator, Mr. Sufian Mushasha, who helped develop the concepts and tools for human development analysis in Palestine.

Special thanks are due to Dr. Hanna Nasir, the President of Birzeit University, Dr. Carmela Armanios-Omary, Vice-President for Administrative and Financial Affairs, and Mr. Ramzi Rihan, Vice-President for Planning and Development, for their strong advocacy of the work of the Development Studies Programme. Development expert Mr. Ibrahim Dakkak also played an important role through his continuing advice and guidance during the planning and preparation of the *Report*.

A collegial thanks is due to the staff of the Development Studies Programme for their diligent work during all stages of the preparation of the *Report*-a *Report* we are proud to present to the Palestinian people everywhere.

**Nader Izzat Said**



Team Leader

Director, Development Studies Programme



**Birzeit University**  
**Development Studies Programme**

**Human Development Report-Palestine**  
**1998-1999**

**Work Team:**

**Nader Izzat Said**                      **Team Leader**

**Members of the Advisory Committee**

Jamil Hilal+  
Omar Abdel Razek+  
Ramzi Rihan  
Ghazi Surani  
Mohammad al-Samhuri  
Mohammad Ghadiyah  
Sufian Mushasha  
Tafida Jarbawi  
Lisa Taraki  
Itemad Muhanna  
Samir Abdullah  
Izzat Abdul Hadi  
Sami Abu Zarifeh  
Omar Shaaban  
Salah Abdul Shafi  
Mohammad Nasr  
Majed Abu Sharkh  
Mustafa Barghouti  
Eileen Kuttab

**Members of the Ministerial Committee\***

Ministry of Planning and International  
Cooperation (coordinator)  
Ministry of Social Affairs  
Ministry of Sports and Youth  
Ministry of Finance  
Ministry of Health  
Ministry of Labor  
Ministry of Culture  
Ministry of Agriculture  
Ministry of Industry  
Ministry of Housing  
Ministry of Local Government  
Ministry of Justice  
Ministry of Religious Affairs  
Ministry of Education  
Ministry of Interior  
Ministry of Higher Education  
Ministry of Economy and Trade  
Ministry of Public Works

---

**Research Team**

Hadeel Rizek-al-Qazzaz      Research Coordinator  
Ayman Abed al-Majid      Researcher  
Muhsen Abu Ramadan      Gaza Strip Coordinator

---

Vera Noufal                      Translator  
Anita Vitullo                      English Editor

**Administration**

Nouran Nasif al-Atshan      Executive Director  
Raqia Abu Ghosh              Resource Centre  
Nawal Abu Hadeed              Resource Centre  
Feletsia Barghoti              Media  
Sana' Muaddi                      Technical Assistant

\* Ministry representatives are listed in the Appendix.

+ Main Researcher

# Contents

## Foreword

## Acknowledgments

## Executive Summary

---

### Chapter 1: General framework for human development in Palestine

---

The HDR: Themes and objectives .....	16
Methodology for preparing the report: A participatory methodology .....	19
Sustainable human development: Conceptual issues .....	20
Measuring development .....	23
Participation as a strategy for human development .....	24
The development environment in Palestine .....	27

---

### Chapter 2: Human development profile

---

Part One: Indicators for the Human Development Index (HDI) .....	35
The Human Development Index (HDI) .....	35
Gender-related Development Index (GDI) .....	36
Economic indicators .....	37
Education indicators .....	43
Health indicators .....	48
Part Two: Human conditions: Features and issues .....	52

---

### Chapter 3: PNA institutions and the management of development

---

Institutionalization of PNA .....	63
Separation of powers: Balance and complementarity .....	69
Human resources and organizational structure .....	73
Visions, objectives and structures .....	75
Centralization and decentralization .....	78

---

### Chapter 4: Economic policies and human development

---

Employment and wages .....	85
Investment and development .....	91
The Palestinian public sector .....	96
The Palestinian private sector .....	99
Public sector-private sector relationship .....	99
Macro-economic policies .....	100

---

**Chapter 5: Civil society organizations and human development**

---

Civil society as a development concept .....	106
Diversity among civil society organizations .....	107
Diversity in sphere of activity and forms of relationship with the public .....	111
Non-governmental organizations and the PNA .....	113

---

**Chapter 6: Towards a Palestinian vision of development**

---

Palestinian specificity .....	125
Basic issues .....	126
Human development indicators .....	134
Future indicators .....	134
Conclusion and general recommendations .....	136

---

**Appendices**

---

A. Human development indicators for Palestine .....	140
B. Methodological notes .....	158
C. Definition of terms .....	167
D. References in Arabic .....	171
E. References in English .....	179
F. List of participants in research for HDR .....	182
G. List of members of the Ministerial Committee .....	183



## List of Information Boxes

1-1 Sustainable human development is not possible under occupation .....	15
1-2 The Palestine Human Development Profile, 1996-1997 .....	16
1-3 Population, Housing and Establishments Cencus .....	17
1-4 Strong desire for participation in the process of development .....	19
1-5 The importance of Palestinian specificity .....	21
1-6 Components of the Human Development Index (HDI) .....	23
1-7 Indicators of sustainable human development and the importance of Palestinian specificity .....	24
1-8 Deep-rooted development .....	25
1-9 Participation in development and participatory development .....	26
1-10 National issues are development issues .....	28
1-11 International concern over deterioration of living conditions .....	29
2-1 The securities exchange .....	40
2-2 Poverty from the perspective of the poor .....	42
2-3 Education in Jerusalem .....	43
2-4 The educational system and curriculum .....	44
2-5 Overcrowding in schools .....	45
2-6 Educational counseling .....	46
2-7 Teachers: An important role in passing the Civil Service Law .....	47
2-8 Quality of university education .....	48
2-9 Mental health .....	50
2-10 Maternal mortality .....	52
3-1 On PNA institution building President of the State of Palestine, Yasser Arafat	63
3-2 The main problems facing the executive authority .....	67-68
3-3 PNA institutions and the Palestinian public .....	68
3-4 Confidence in PNA institutions .....	70
3-5 The PLC: Achievements and challenges .....	70-71
3-6 Monopolies Companies and other bodies .....	72
3-7 Employees of PNA institutions .....	73
3-8 Human resources: Diversity of background and orientations .....	73
3-9 Performance of the PNA from the public perspective .....	74-75
3-10 Supervising the executive authority .....	78

3-11 Women and local government councils .....	79
3-12 Fear of deterioration in public services .....	80
3-13 Optimism and pessimism .....	80
4-1 Economic development from the perspective of the Palestinian public .....	85
4-2 Drop in relative participation of women in the labor market .....	88
4-3 Economic growth without sustainable job opportunities .....	90
4-4 The poor get poorer, and the rich richer .....	91
4-5 Commercial agreements, treaties and funds .....	94
4-6 Monopolies do not advance human development .....	94
4-7 Chambers of commerce and industry, industrial and businessmen's associations	95
4-8 Public investment and donor countries .....	97
5-1 Civil society: A broader framework .....	107
5-2 Transparency and accountability .....	108
5-3 Palestinian universities are civil society institutions .....	108
5-4 NGO work and poverty .....	111
5-5 Diversity of target groups .....	111
5-6 Activating the role of general assemblies .....	112
5-7 Palestinian NGOs and the public .....	113
5-8 Diverse perspectives on the PNA-NGO relationship .....	114
5-9 Reasons for tension between the PNA and the NGOs .....	115
5-10 NGOs and the future .....	116
5-11 NGOs and the law .....	116
5-12 Diverse viewpoints on the development vision .....	117
5-13 NGO unions and networks .....	118
5-14 Cooperation for development .....	119
6-1 Planning for development .....	127
6-2 Funding the process of development and self-reliance .....	128
6-3 Palestinian refugees .....	130
6-4 The Basic Law and non-discrimination .....	130
6-5 The future of education .....	131
6-6 Report on strengthening PNA institutions (ROCAR) .....	132

## Index of Tables

1-1	Palestinian population indicators .....	31
2-1	Human development indicators and HDI .....	35
2-2	Per capita GDP by geographic region and year .....	38
2-3	Share of economic sectors in labor force employment (1995-1997) .....	39
2-4	Number of students to every computer by school sector 1998/1999 .....	47
2-5	Health indicators: Progress and challenges (1998) .....	49
2-6	Fertility rates according to region and age .....	51
3-1	Results of survey on inter- and intra-ministerial relations (%) .....	75
3-2	Results of opinion poll on administrative and financial systems in PNA ministries .....	76
4-1	Relative distribution of workers from the WBGS according to worker status %	86
4-2	Share of the public and private sectors in production in the WBGS .....	87
4-3	Number of PNA employees and their distribution between the civil and military sectors .....	87
4-4	Distribution of workers in the WBGS between the public and private sectors	89
4-5	Decline in size of investments .....	92
4-6	Contribution of the public and private sectors in the GDP in the WBGS .....	96

**Palestine Human Development Report  
1998-1999**

**Executive Summary**

***This Report is  
a report for all  
Palestinians***

***The official  
statistics issued by  
the Palestinian  
Central Bureau of  
Statistics (PCBS)  
provided the basic  
data on which the  
findings of the  
Report are based***

## **Introduction**

This *Palestine Human Development Report 1998-1999*, is the most comprehensive *report* to date on the status and needs of human development in Palestine. It examines the factors that are necessary in order to maintain positive change, and to meet the many challenges facing the establishment of a modern Palestinian state, where sustainable human development can be achieved. This *Report* is a *report* for all Palestinians. It is presented at this particular time in order to contribute to the foundation of the modern Palestinian state, and to document for history where we stand at present and what we aspire for the future.

The *Report* represents a major effort by hundreds of researchers, experts, representatives of official and nonofficial institutions, and representatives of non-governmental organizations (NGOs) and political parties for a comprehensive view of human development in Palestine. However, more specialized focused studies are now needed to provide clearly defined and detailed programs of action for each sector. This *Report* in itself cannot achieve the desired outcomes unless decision-makers at all levels make use of its recommendations in formulating their strategies and policies.

The focus of the *Report* on strengthening

and empowering people and institutions expresses the participatory methodology used in its preparation, in itself a reflection of the increasing cooperation between academic institutions, Palestinian National Authority (PNA) institutions, NGOs and the private sector. This cooperation was tangibly demonstrated by the extent of public participation in the workshops that were convened in all parts of the West Bank and the Gaza Strip (WBGS) in the course of preparing the *Report*.

This work also reflects a concern that the viewpoints of all parties in the development process should be represented objectively, supported by the necessary evidence, data and analysis. The importance and credibility of the *Report* is enhanced by the fact that it has been an academic research endeavor, characterized by objectivity and a balanced analysis of actual conditions and prospects for the future, and supported by scientific evidence.

The official statistics issued by the Palestinian Central Bureau of Statistics (PCBS) provided the basic data on which the findings of the *Report* are based. The *Report* was enriched by the series of studies and polls carried out by the Development Studies Programme (DSP) through which thousands of Palestinians in various regions were interviewed. Specialized studies on PNA institutions,

civil society organizations and the private sector were also employed.

The preparation of the *Report* took place under the supervision of a group of committees and specialized experts, among them the Technical Advisory Committee and the Ministerial Committee representing eighteen Palestinian ministries. These committees reviewed the *report* during the various stages of its preparation. Thus the present *Report* represents a genuine Palestinian endeavor, rooted in the demands of the Palestinian public and representing a grass-roots appeal for development and progress at all levels.

## ■ **Significance and conclusions of the Report**

- The *Palestine Human Development Report* presents a comprehensive view of the stage through which the Palestinian people are living, and offers integrated recommendations for the roles of all sectors of society, and the general framework governing their relationship, with a view toward achieving optimal human development.
- The *Report* presents a **holistic concept of development** that combines social, cultural, economic and political dimensions and places

the human being at the center, as the initiator of the development process and the beneficiary of its results. It calls for expanding life opportunities and for achieving the highest degree possible of social justice, while strengthening resolve to contribute to the process of development through practical measures on both the local and national levels.

- The *Report* calls for continued efforts to expand the scope available for development in Palestine. Among the most vital tasks on the agenda of the Palestinian negotiator is to **expand the scope of collective choices for the Palestinian people in the context of achieving their national project.**
- In this context, the *Report* calls for strengthening all efforts **to achieve national unity and to exploit all available (although limited) resources** in order to achieve a development structure characterized by institutions based on rational and objective thinking, and governed by the rule of law. This requires integrated and fully developed organizational structures and job descriptions for institutions, departments and staff, and a move away from personalized administrative systems in favor of institutions based on order and accountability.
- The *Report* calls for institutionaliz-

***The present Report represents a genuine Palestinian endeavor, rooted in the demands of the Palestinian public and representing a grass-roots appeal for development and progress at all levels***

ing relations among the different sectors of society within the concept of **full and effective partnership in the development process**. The *Report* also stresses the importance of providing the suitable political and social environment that will draw in all parties to participate in the development process, according to the principle that sustainable participation is participation that benefits people. Such participation depends on the degree of commitment people have in their systems of social and political organization, in the absence of any form of internal or external coercion, be it political, social or economic.

- Various studies have indicated a **widespread desire among the public to participate in the development process**, as well as an awareness that constraints of a general nature, both institutional and economic, hinder the participation of individuals in the development process.
- The *Report* underlines the importance of establishing a balance between external funding, which continues to be a vital and necessary source for the development process in Palestine, and self-financing. It demonstrates that there are possibilities for enhancing self-reliance by improving the mechanisms for retrieving taxes collected by Israel from Palestinian

workers working inside Israel, and by implementing a taxation system prepared by the Finance Ministry for better collection of taxes. In addition, citizens will be motivated to pay their taxes once they are convinced that they are the beneficiaries of PNA budgets and that this revenue will be spent for the benefit of society as a whole.

- Activating the domestic role of banks also is an important part of the process. In addition, revenue from public authorities and the levying of taxes on monopolistic companies could also constitute an important income source for the Finance Ministry. This should be accompanied by sound utilization of public funds, and avoidance of bureaucratic excess and non-rationalized expenditure. Most certainly, the creation of an atmosphere of belonging, the promotion of the feeling of citizenship, and implementation of rationalized public fiscal policies approved by the Legislative Council are all measures that would further self-reliance.

## ■ **Our rank in the world**

- Palestine's development status can be measured and compared with that of other countries, keeping in mind

that its standing is influenced by additional historical and political factors. Upon examining the Human Development Index (HDI), which measures income, educational attainment and life expectancy, from a relative and approximate perspective, we find Palestine in the bottom half of countries in the Medium Human Development ranking (ranking 100 out of 175 countries). On the other hand, Palestinians have been able to achieve results during recent decades with limited economic and administrative resources, demonstrating that with due attention to education and health issues within a community-based orientation, and with civil society taking an effective role, the potential for balanced human development can be enhanced and risks of deterioration mitigated.

- This also reinforces the importance of making additional efforts in the fields of education, health, and social programs, and towards the fair distribution of power and wealth (Palestine is ranked as follows: 94 in education; 74 in life expectancy; and 115 in income level, out of 175 countries).<sup>1</sup> This data indicates that Palestine ranks higher with human development measurements rather than with economic development indicators. It also indicates that,

despite the importance of economic growth as a main catalyst in the development process, the rational and effective use of resources may be the more important factor. Development does not depend solely on allocated sums, but also on their distribution among the various budgetary items. Thus it is imperative **to increase the share of various human development areas in the public budget.** The data also underlines the necessity of reviewing some prevailing hypotheses on Palestinian human resources, and developing them in a manner suitable for the requirements of the 21st century.

### ■ **Warning of deterioration**

- After examining the various indicators, the *Report* warns of the risk of deteriorating conditions, particularly in the main human development areas. On one hand, there is regression in the real value of the per capita gross domestic product (GDP), an increase in poverty rates and a perception of relative deprivation in marginalized areas and among vulnerable groups. In relative terms, budget allocations for education and health tend to be reduced over time. Despite an increase in the numbers of schools,

***Palestine is in the bottom half of countries in the medium human development ranking***



clinics and hospitals, these absolute increases do not correspond to the size and nature of population increase: over 47% of the Palestinian population is under 15 years of age, and fertility rates, linked to population increase, are among the highest in the world. The numbers of students per classroom and per teacher are rising, and university lecture halls are overcrowded. All of these pressures are accompanied by long-term challenges on social security systems, especially on old-age and pension schemes, as the coming decades will witness a major increase in the percentage of elderly in the population.

- Over and above all these factors, economic crisis looms if current conditions continue to prevail, for these indicators all point to the danger of a rise in unemployment rates unless investment is promoted to create jobs in Palestine itself. The public sector is nearing saturation in employment, and it is not expected to expand further. Government employment constituted the main means of addressing unemployment problems in Palestine over the last five years; the government sector today employs over 20% of the labor force. The Israeli market is also not expected to absorb more workers than it does at present, and

pressure will likely continue to replace Palestinian labor with international manpower.

- Economic growth, both in quantity and quality, in Arab Gulf countries will not enable them to provide more than a partial solution, assuming certain political arrangements are reached. In this case, economic growth in the Palestinian Territories oriented towards the Arab world could become the main way to address the unemployment problem, but this can only be achieved if studied efforts and political will are devoted towards that end. With rising unemployment rates, poverty rates will also increase and social problems will multiply in Palestinian society. When Palestinians were asked to assess their economic conditions and levels of living over time, the majority expressed the view that their conditions have worsened or remained the same during the last few years.

## ■ Economic growth

- In view of the kind of economic growth currently taking place in Palestine, the *Report*, using the standards of human development, cautions against the emergence of the following characteristics:

### **Growth without job opportunities**

Economic growth is not always accompanied by sustainable job opportunities, since growth can affect the overall economy but does not necessarily lead to an increase in jobs. In Palestine, the apparent decrease in unemployment rates for the year 1998 was accompanied by an increase in the absolute numbers of those seeking work (the unemployed), a decrease in real wages of the employed and an increase in their work hours. The projections for job creation are not encouraging, since employment in the public sector has started to decrease, and employment rates have become more stabilized. The public sector will clearly not be able to alleviate future economic crises through employment. At the same time, there has been a decrease in women's labor force participation rate. In a sample survey carried out by the Development Studies Programme of 1,200 Palestinians, more than 75% of those interviewed believed that job opportunities were not available to those seeking them. The percentage was significantly higher in the Gaza Strip compared to the West Bank.

### **Growth without mercy**

A merciless growth is one where benefits accumulate for the rich and exclude the poor. In Palestine the number of poor is increasing and poverty is concentrated in areas where public and private investments should

be centered. The average consumption for the poor in goods and services does not exceed 9%, while the poor represent 25% of the population. In an opinion poll, 73% affirmed that the gap between rich and poor was increasing; the percentage of those who believed this was higher in the Gaza Strip than in the West Bank. About 55% of those interviewed considered that the development projects implemented by the PNA do not benefit all sectors of society, while 61% stressed that geographical regions benefit unequally from development projects. A greater percentage, 76%, stressed that international assistance does not bring equal benefit to all Palestinians.

### **Growth that disempowers people**

Human development requires growth that empowers people, enhances their capabilities and promotes democracy in principle and in practice. Political repression and favoritism among the economic and political elite constitute the gravest dangers to the stability and very existence of society. Monopolies should be dealt with as undemocratic phenomena, counter to basic economic wisdom. The opinion sample demonstrated that 93% of Palestinians considered difficult economic conditions to be an important factor obstructing their participation in the development process.

### **Rootless growth**

This is the opposite of deeply-rooted growth that benefits from continuity with the past and from the lessons and examples of the collective experience. This is particularly the case in the Palestinian context where the experience of development, while under different rubric, did not begin only with the establishment of the PNA, but has roots that go deep into the struggles of the Palestinian people and the central role played by its dynamic civil society.

Perhaps the most important lesson to be gained from this experience is that limited economic resources cannot destroy the determination of a society to improve to the maximum its own human development levels. A developing society is one that can use its resources to create a life that is qualitatively better, especially in the fields of health, education and social welfare.

### **Growth that sacrifices the rights of future generations**

Desired development is one that safeguards the rights of future generations. Development becomes mere futureless growth without clearly-defined policies to conserve limited economic resources, without measures to protect the environment from pollution and collapse, and without balanced population policies.

## **■ The bases of a development perspective**

Perhaps the most important contribution of the *Report* is providing the bases of a Palestinian development perspective, a perspective that is based on a comprehensive concept of development and the vital synergy between the general national interests and developmental concerns.

The outcomes of numerous studies carried out by the Development Studies Programme in PNA institutions, in civil society organizations and in the private sector have all demonstrated a common factor which limits their capacities to achieve target development ceilings: the lack of a development vision which could determine the orientation, unify efforts and guide the process of decision-making within a set of considered priorities and common values representing the broadest framework of consensus. The most important elements of such a development perspective, as introduced by the *Report*, are the following:

- **An emancipatory concept of development** that places the Palestinian human being, Palestinian national issues and the rights of future generations at the center of the development process in the effort to achieve Palestinian rights according

to the principles of international law. It underlines the interconnection between the right to self-determination and the right to development (which is both a collective and an individual right at the same time), and the implications of the connection between the process of national liberation and the building of society.

- A perspective which deals with all the main elements impacting the nature of the development environment in Palestine, including Israeli occupation, the policies of the PNA and the role of donor countries. To improve the development environment means to broaden collective and individual options for people in general. It requires a clear Palestinian agenda, and national unity in support of that agenda.
- The opportunity to **participate in development** and to benefit from its fruits is a human right. From this standpoint, the Palestinians can depend on their long-standing history of popular participation, and the spirit of collective development and the creative skills gained from the experience. In order to promote participation in the development process there has to be a **democratic environment** that encourages economic initiatives by individuals, community participation in decision-making and funding (on the

principle of decentralized government), and makes use of pluralism and diversity in society for the purpose of upgrading the level of development. Thus development is linked to the process of democratic transformation, to the expansion of participation in developmental decision-making, and to the balanced division of roles within the concept of the social contract, in recognition of the importance of pluralism, and dangers of authoritarianism.

- **Development in Palestine is linked to the degree of achievement of institution-building** where government institutions are regulated on the basis of people-friendly regulations, transforming institutions into mechanisms for service to citizens, and for protection of their rights rather than deprivation of rights. Institutional regulations rather than personal subjective judgments should arbitrate in disputes. Such a process requires the rule of law and fair application of the law, and will result in the human being becoming the focus of all institutional work.
- **PNA institutions** are responsible for drawing up strategies, and for providing the suitable development environment and funding for the development process. In order to do that they have to take the lead in the

*The development process can be transformed into an integrated project of civilization*

development process, and become a responsible leadership based on persuasion, dialogue and fulfillment of development needs.

- **Civil society** is considered the best guarantor for providing outreach to marginalized groups and areas, to alleviate poverty and to consolidate democracy. Civil society organizations, and especially political parties, need to overcome their current crisis and become main actors in the development process in order to promote a comprehensive vision of the process of national struggle, based on a grass-roots constituency and broad participation.
- **The private sector** constitutes an important support in the development process by contributing reliable and balanced economic growth. It requires a favorable development environment and a clear idea of its sectoral role to encourage more responsibility toward community issues.
- The synergy in the roles of these sectors in working together is extremely vital, for it is a synergy based on mutual respect and on partnership between them without any single sector predominating over others, provided **modern legislation** is in place to regulate the relationship.
- Among the most important elements

in the initial perspective proposed by the *Report* is the mainstreaming of important marginalized groups, which make up the overwhelming majority of society, and investing in their capacities. This can be accomplished by enacting laws that abolish discrimination against these groups, and by devoting attention to remote areas facing pressures as a result of political conditions, due to their proximity to Israeli settlements or because of restrictions imposed by the agreements, especially in Jerusalem and in Areas “C”, (under complete Israeli control).

- **Genderize the development perspective:** Development should also be viewed from the perspective of Palestinian women and their interests in the process. The incorporation of their interests and role in the process would strengthen the possibilities of alternative development to the advantage of society as a whole.
- In considering these proposals, the development process can be transformed into an integrated project of civilization. It requires an understanding of the vital interrelation between the different elements of development, with a focus on people and their awareness of the importance of participation in the development process, and the rights they are entitled to. The *Report* calls for starting work on what is possible,

while raising the ceiling of possibilities: government institutions with good governance, an active civil society, merciful economic growth, wide-scale grassroots participation, mainstreaming of marginalized groups, devoting greater attention to

modern education and healthcare in a comprehensive way, and to poverty eradication *programs*, and guaranteeing the best investment of available human and material resources.

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1. The reader will notice minor changes in the international ranking of Palestine in comparison with the contents of the Summary of the Report that was published earlier. The data in the present *Report* are the final outcome.

## **Chapter One: General framework for human development in Palestine**

**The HDR: Themes and objectives**

**Methodology for preparing the Report: A participatory methodology**

**Sustainable human development: Conceptual problems**

**Measuring development**

**Participation as a strategy for human development**

**The Development environment in Palestine**

The declaration of a Palestinian State and its concrete establishment has become an achievable goal. To actually accomplish it will require the development of Palestinian institutions compatible with "modern state" structures, both in form and in content. Their development must safeguard the principles of the rule of law, and the separation of the three powers while maintaining balance and complementarity in their tasks. The establishment of the hoped-for Palestinian state and the development of its role will require transforming the work methodology developed during the "transitional stage" into a new work methodology guided by a holistic and liberating development perspective, based on partnership and balance among the different sectors of society.



## Introduction

Public participation in the development process<sup>1</sup> is of vital importance for the achievement of integrated and sustainable human development. On the Palestinian level, there is a dire need to develop the concept of participation and the capabilities of people to participate and to defend their rights, to stimulate their motivation and increase their productivity levels, and to activate their role as change agents on the national level in the political, economic and social fields.

The development process is activated and strengthened under a system that allows and encourages individuals and groups to participate by creating an empowering environment. Such an environment would expand the choices before the individual by providing real life opportunities, and by developing sufficient capacities, to empower individuals to invest in these options in the best manner possible. In this way they participate in developing society and in benefiting from the fruits of development. Participation implies that people become involved in the economic, social, and political processes affecting their present and devise plans for the future of coming generations.<sup>2</sup>

In order to make the Palestinian individual the target of development benefits, it is necessary to begin with

a community foundation, capable of responding to the needs of the current transitional stage. Such a foundation would provide the necessary elements to achieve the overall national goals of the Palestinian people, and to free the individual from the restrictions limiting his/her political, economic, and social opportunities.

To achieve comprehensive development requires an effective interaction between human resources and social institutions, including PNA institutions, the private sector and civil society organizations. For these institutions to succeed in integrating the individual in the development

### **Box 1-1: Sustainable human development is not possible under occupation**

The transitional stage under which Palestinian society has been living since 1993 still continues. Despite achievements that took place in recent years, namely the establishment of the Palestinian National Authority (PNA) on Palestinian land, and Palestinian takeover of responsibility for social and economic development, the Israeli occupation continues to maintain its control, in different ways and to varying degrees. Over more than 85% of the lands of the WBGS (about 90% of West Bank lands) remains under Israeli control, and Israel continues to isolate the two regions from each other while closing off Jerusalem to both regions. Moreover, Israel continues to control natural resources, including water and nature preserves. Israel has also maintained its military control over the borders and border crossings, thus perpetuating the dependency of the Palestinian economy on the Israeli economy, and preventing the building of an independent Palestinian economy, subject to responsible and sound planning. The achievement of sustainable human development in Palestine is conditioned on a crucial factor: putting an end to Israeli occupation and Israeli control over Palestinian resources, and enabling the Palestinian people to exercise their right to self-determination and the establishment of a sovereign Palestinian state.

process, it will be necessary to institutionalize authority in a balance between the three powers in government, executive, legislative, and judicial. This would facilitate a complementary partnership that would allow positive interaction among the components of society as both a possible and rational option.

### ■ **The Human Development Report: Theme and objectives**

The *Palestine Human Development Report* focuses on the reciprocal relations between people and the available opportunities for building institutions that allow for effective participation in the development

process. The *Report* analyzes the stage through which the Palestinian people in the WBGS are living, focusing on the processes and cumulative experiences of reconstruction. During this stage, the features of a "state" are emerging as work proceeds on building the Palestinian state and strengthening and regulating what is necessary to move from a reactive approach towards a pro-active approach in the development process. For this reason, it is necessary to present an analysis of the three pillars of society: PNA institutions (Chapter 3), the private sector (Chapter 4), and civil society organizations (Chapter 5). The *Report* looks to the future by presenting a set of recommendations for a framework for a comprehensive

#### **Box 1-2: The Palestine Human Development Profile, 1996-1997**

Both in conception and in methodology, the Palestine Human Development Profile, 1996-1997, was modeled primarily on the human development reports published by the UNDP. However, the Profile devoted attention to the conditions or characteristics of the transitional stage following the establishment of the PNA. Through description and analysis, the Profile explored the then current problems facing human development in Palestine. At the same time, it attempted to provide an initial mapping of development institutions, both governmental and non-governmental, and of problems and issues requiring additional in-depth studies. It highlighted a number of problems facing development after the establishment of the PNA, most prominent among them: economic dependency, the continuing occupation and the restrictions of the transitional stage, the nascent experience of the PNA and the overlap of authorities between it and the Israeli government, the dependence of the PNA on assistance from donor countries that was aimed, primarily, at maintaining the negotiating process and mitigating the negative impact of Israel's security and economic policies.

The Profile also pointed out the oscillation of the Palestinian regime between institution-building based on the separation of powers and respect for the rights of the citizen, and the lack of democratic conditions in practice. The Profile also drew attention to the uneven development between one Palestinian region and another, as demonstrated by various indicators. It pointed out the importance of PNA institutions devising comprehensive and clear development policies with the participation of different sectors of the public in order to achieve a higher degree of human development and social justice, and to contribute to the achievement of the national goals of Palestinian society.

Palestinian vision of development. It also presents recommendations in various areas related to completing the reconstruction process (Chapter 6).

The transition from the Profile format to the *Report* format was not an easy one for the research team and the specialized committees preparing the *Report*. The new format was chosen in view of interrelated conceptual and practical considerations, most importantly:

1. The research experience accumulated during preparations for the Profile in identifying constraints and problems of development in the WBS. Thus the Human Development *Report* represents an advance on the Human Development Profile in more than one area.
2. Availability of new statistical and qualitative data during the year 1998, in addition to the PCBS's Population, Housing and Establishments Census, published in late 1997.
3. Adopting the development of human and institutional resources in Palestine as a defining theme of the *Report*. This theme, which requires in-depth analysis and not the mere description that was predominant in the Profile format, was approved after extensive discussions and based to a large extent on the results of participatory research.
4. Even with the continuing high levels of political and economic uncertainty, the format of the *Report* allows policy recommendations to be presented. The present *Report* is the first of a planned series that will address development issues in Palestine over time, measuring variables, that reflect different aspects of the Palestinian situation.
5. Adopting the *Report* format also carried a political meaning since, in addition to its research function, it places Palestine among country development *reports* issued by the

***The Report places Palestine among country development reports issued by the UNDP***

### **Box 1-3: Population, Housing and Establishments Census**

The PCBS conducted a Population, Housing and Establishments Census, the first ever under a Palestinian national authority. The efforts of thousands of researchers, administrative staff, volunteers, political and social groups and governmental and non-governmental organizations contributed to the success of the survey. Surveys such as this, which provide basic data on demographic, social and economic conditions, are considered to be developmental imperatives since they facilitate the monitoring of the development status of Palestinian society. As reports on the census findings are published in sequence, Palestinian decision-makers will be able to plan development policies on an accurate statistical basis. The census was a major data source for the present *Report*.

***There is a problem related to the ability of a Palestinian development strategy to encompass the majority of the Palestinian people***

UNDP. Even though at the present stage the *Report* is not capable of addressing all the detailed requirements for the establishment of the state, it does discuss the main elements necessary for the transition from a situation of uncertainty to social and institutional stability. For this reason, the *Report* has focussed on providing analyses of the main institutions of society: institutions of the public sector (the PNA), institutions of the private sector (the market) and institutions of civil society and its non-governmental organizations. To develop the work of these institutions, and to explore ways for them to coordinate and participate in order to achieve an atmosphere that enables development, constitutes the framework for the establishment of the modern state.

6. The present *Report* conforms to the methodology of international country *reports*, but maintains its unique character. Even though a Palestinian national authority has been established, enjoying powers and responsibilities affecting various aspects of the social, economic and political life of the Palestinians in the WBGS, it continues to be restricted by the ceilings imposed in the agreements for the transitional stage that

terminated on May 4, 1998, but without the Israeli side having fulfilled its obligations. This situation maintains the complications and barriers imposed on the planning and implementing capacities of the PNA institutions and other institutions in society. These limitations are visible in the continuing foreign control of natural resources, external trade and border crossings, and imposed separation between the WBGS, and between these two areas and Jerusalem. Obviously, this specificity impacts on the concept of development in the WBGS, its progress and its potential.

The specificity of Palestinian conditions also present, over and above the general problems, a problem related to the conditions of Palestinian development strategy, and the extent of its ability to encompass the majority of the Palestinian people (whether in Areas "A", "B" or "C", or in the diaspora). Even though the present *Report* pertains to that part of the Palestinian people living under a Palestinian authority (in the WBGS), it bears in mind the strategic importance (both in developmental and political terms) of including the Palestinian people as a whole in all conceptual activities on human development. This goal should continue to guide all future *reports*.

Generally, the present *Report* seeks to urge the various parties in the development process in Palestine to make the changes necessary for the transition towards an institution-based development environment, with stronger participation and accountability. The analyses and recommendations presented in the *Report* emanate from the recognition of the importance of the human development concept. This concept advocates the expansion of the scope of choices and capacities of people by investing in social capital. This will enable the needs of the current generation to be met with the highest degree possible of fairness and social participation without compromising the rights of future generations. Meanwhile the relationship between motivation and productivity should be reinforced, and a harmonious environment for the various sectors of society (whether public or not) and the basis for common action among them should be created, in order to guide Palestinian society towards improved development.

### ■ **Methodology for preparing the Report: A participatory methodology**

In line with the position advocated by the *Report* to strengthen participation in development activities, a methodology of broad participation was adopted in the preparation of this *Report*. The *Report* is regarded as the outcome of efforts made by a large number of Palestinians through their participation in the Technical Advisory group and Ministerial committee, or in conducting or reviewing research activities. The viewpoints of Palestinians on the issues addressed in the *Report* were gathered through interviews, workshops and focus research group meetings, with government officials, non-governmental experts and activists, and representatives of grassroots organizations, the poor, "job-seekers," youth, children and residents of marginal areas.

*Changes are necessary for transition to an institution-based development environment, with stronger participation and accountability*

*A methodology of broad participation was adopted in the preparation of this Report*

#### **Box 1-4: Strong desire to participate in the development process**

In an opinion survey conducted by DSP, the great majority of Palestinians (87%) expressed a strong desire to participate in developing their society. At the same time, about 50% of individuals considered themselves influential in their local communities. About 58% considered that general conditions do not allow them to participate in developing their community, while 50% said that personal circumstances (marriage and children for women, advanced age for men and women, or physical disability) play a role in hindering their participation in development. There was the belief on the part of 79% that participation in important decision-making is limited to a small group of people. The feeling that the benefits from development are not distributed equitably may lead to the non-participation of others; 55% of those surveyed said that the different sectors of society do not equally benefit from economic development projects.

*DSP, Public Opinion Poll, June 1999.*

The preparation process of the *Report* demonstrated the increasing cooperation between academic institutions, PNA institutions, NGOs and the private sector. It also showed a concern that the viewpoints of all parties in the development process should be represented, supported by evidence, analyses and data. Most importantly, the *Report* has been an academic research endeavor, characterized by objectivity and a balanced analysis of actual conditions and prospects, supported by scientific evidence.

The *Report* relied mainly on official statistics provided by the PCBS. In some instances, it also made use of the statistics published by PNA ministries and agencies, as indicated in the relevant footnotes, the Statistical Appendices, the List of References and in the Appendix "Notes on Methodology." A series of studies, prepared by specialists in various fields and reviewed by sector specialists, provided the background papers for the preparation of the *Report*. When necessary, and where official figures were lacking, the *Report* also gathered data by using the survey method to canvass about important issues, or used data produced by local non-governmental organizations, or by international institutions.

A large number of specialized committees and experts supervised the

preparation of the *Report*. The Technical Advisory Group and the Ministerial Committee, representing eighteen Palestinian ministries, reviewed the *Report* at different stages of its preparation. Special research groups were established to conduct studies and individuals with long-standing experience in development provided advice and guidance during the preparation and reviewed the final draft. Thus, hundreds of Palestinians took part in the discussion of the many issues addressed by the *Report*, issues which were expanded on through the studies published separately by the Development Studies Programme.

## ■ **Sustainable human development: Conceptual issues**

Human development involves expanding choices for people and building their capacities so that they may better use these choices. From this perspective, the concept of development is taken beyond the economic approach, which looks at development in terms of economic growth as measured by Gross Domestic Product (GDP) or other similar indicators. The concept of sustainable human development reinstates the necessary interrelationship between economic, social, political, cultural and environmental

development and its relationship to the rights of future generations, while directing attention to issues of equality, social justice, civil liberties and human rights.

In spite of the progress achieved in furthering the concept of sustainable human development, we can make a number of observations surrounding the use of this concept in the literature produced by the UNDP:

**The possibility of overlooking power relations:**

Some of the terminology used in defining the concept, such as expanding the choices of people and participation, could be applied in a way that ignores the reality of power relations in society: the distribution of authority, wealth and influence. It could also be interpreted as endorsing inequality, with all that encompasses in the form of discrimination and marginalization on the basis of gender, class, race and other grounds. Moreover, the terminology that is used does not suggest mechanisms on how to avoid imperatives (be they governmental, institutional or international) that are implicit, in one way or the other, in planned development models.<sup>3</sup>

**Ambiguity of policy-related content:**

The concept of human development presents problems when used as a guide to devise concrete policies for

a specific social formation, with its own particular political, economic, cultural and historical structure.

**Indigenizing the concept:**

Even though the concept rejects those ideas that regard non-European cultures and social values as obstacles in the path of economic development, it does not sufficiently address the international and regional reality of these societies and their political systems. This becomes clear in the case of Palestine, and has been also true with numerous other societies.

**The vital importance of social capital:**

The concept of sustainable human development considers "social capital" to be vital for conserving, developing and sustaining other forms of capital.

**Box 1-5: The importance of Palestinian specificity**

Adopting the concept of sustainable human development theoretically and practically requires taking the following unique factors into consideration: continued Israeli occupation, the nature of the transitional stage, the importance of linking human development with the right to self-determination, conditions of dispersion under which the Palestinian people are living, the incomplete process of PNA institution-building and of defining their authorities, the depth of the Palestinian development experience undergone by various social institutions, and the statistical nature of the data. Even though external factors are important, there should be a distinction made between them and the internal factors that can be addressed within the process of self-development.

***The borders of PNA jurisdiction are not identical to the borders of Palestinian society in the WBGS and the concept of sovereignty usually enjoyed by modern states does not apply to the PNA***

***There is prevailing uncertainty over the political, economic and security future of Palestine because of external factors***

## **Human development and the right of self-determination**

The Palestine Human Development Profile, (1996-1997), addressed the problems involved in the concept of human development by focusing on the specificities of the Palestinian case. It used concepts linked to this particular case, such as de-development, vulnerability, extreme dependency, fragmentation, transition, and others. The borders of PNA jurisdiction are not identical to the borders of Palestinian society in the WBGS and the concept of sovereignty usually enjoyed by modern states does not apply to the PNA. As was indicated earlier, the Palestinian case is distinguished by the plurality of the population groups that should be included in any *report*, and the political implications and assumptions that could be read into the inclusion of some of these groups, and exclusion of others. The current Palestinian situation, due to the features described, places harsh and burdensome constraints on the ability to plan for development. This is due not only to the limits of territorial jurisdiction and the fragmentation of the PNA, but also to the prevailing uncertainty over the political, economic and security future of Palestine because of external factors.<sup>4</sup>

The concept of human development implies that the Palestinian people

exercise its right to self-determination, as stipulated by international resolutions. For it to do so would necessitate an end to the occupation, and compensation for all the violations endured as a result of dispossession, displacement, de-development, coercion and the expropriation of its resources. In the context of the WBGS, the concept would involve economic restructuring away from relations of dependency, regaining control over natural resources, border crossings, and other functions, and possessing the freedom to forge relationships at the Arab and international levels on new bases.

## **Expanding choices: A broader framework**

A liberating concept of human development does not end with the right to self-determination and political independence, but involves, as a necessary condition, the eradication of all forms of local oppression and coercion. In other words, human development means generating democratic structures on the political, social, and economic levels, including the right to exercise freedom of expression, opinion, and association, the right to equality and to social justice. This concept implies a new mode of power relations in society, within the institutions of government and the state, between the



state and society, and also within the institutions of civil society, and the implications of these power relations for economic relations.

The emancipatory concept of development also means concern for the quality of life available to members of society. Quality of life is reflected in areas such as life expectancy, health care, a healthy environment, education, information, social support systems, mental health and family health, and the absence of poverty and need, all of which are represented in the ability of members of society to access fixed resources and services and to make use of them.

## ■ Measuring development

The problem of measuring human development is linked to the challenges faced by the concept itself. On one hand, human development measures do not distinguish between growth resulting from unplanned or from planned processes. Societies vary in the outcomes and the extent of influence and effectiveness of the spontaneous (unplanned for) processes, and of the planned processes, according to the history of each society and the nature of its economic and political systems. On the other hand, the Human Development Index (HDI) cannot, as a result of the simplification in its

choice of the three areas, reflect the qualitative aspects of social life (to what extent a society enjoys civil, democratic and human rights). Development, as measured by income, health and education indicators, can take place under oppressive regimes. Also the HDI does not measure the wide disparities present within the same society in wealth, education and life opportunities.

***Human development means generating democratic structures on the political, social, and economic levels***

### **Box 1-6: Components of the Human Development Index (HDI)**

The Human Development Index (HDI), as defined by UNDP, is composed of three basic components: life expectancy (measured by life expectancy at birth), knowledge (measured by knowledge of reading and writing ratios among adults, and average years of schooling), and level of living (measured by purchasing power based on the average real per capita GDP).

Even though gender-sensitive measures were introduced, they were not sufficient to solve the problem of how to measure a concept that tends to consider disparity within the same society, or among different societies to be steps on a single scale. The difference between the possessor and non-possessor of power or wealth is not a difference of degree. Such disparities cannot be canceled by special reformist policies, though some of their results can be mitigated under strong, interventionist policies by the governmental and non-governmental institutions of society.

***The indicators should also take into consideration the Arab dimension of Palestinian development***

Such disparities often reflect the distribution of power, privileges, instruments of control and legal systems established primarily during the struggle among social groups over resources and their distribution, and over decision-making and implementation. It is important to consider development as a strategy that takes place through processes evolving within society, in order to expand the ability of institutions and individuals to control external influences obstructing the self-guided development process.

**Box 1-7: Indicators of sustainable human development and the importance of Palestinian specificity**

In addition to other indicators, monitoring the state of development in Palestine requires assessing the extent of dependence on (or disengagement from) Israeli occupation, politically and economically. It also requires measuring the progress toward building institutions and institutionalizing participatory democracy, especially through the concept of citizenship. These indicators should be monitored over time in future human development reports. The present Palestine Human Development Report assists society in learning about itself and, by shedding light on disparities between social groups and regions, enables enlightened decision-making for allocating resources according to the degree of deprivation and regional, social, and gender needs.

The indicators should also take into consideration the Arab dimension of Palestinian development, its Arab cultural, regional and historical ties. Sustainable development requires planning that incorporates the Arab regional level. In addition, the *Report* examines other special indicators, for

example, the percentage of Palestinians in camps and in the diaspora out of the total Palestinian population; Israeli settlements in the WBGs in terms of residents, areas and apartheid by-pass roads; economic dependency (Palestinian labor inside Israel, trade with Israel, control of border crossings and air- and seaports, ratio of external funding in the financing of development projects, etc.); territorial fragmentation (separation of Jerusalem, the WBGs from each other); incapacitation of the labor force as a result of resistance against the occupation (prisoners, the wounded and the handicapped). Development indicators should be expanded to be more capable of highlighting disparities according to geographic regions, gender, social groups and location of residence, whether village, rural area or city.

**■ Participation as a strategy for human development**

Achieving human development depends on broad-based public participation in development processes. Participation means the ability to contribute to decision-making on matters of relevance to daily lives and surroundings, and to make a creative contribution to the development of

society. It can also mean the ability to access markets and ownership of resources and to benefit from the fruits of development and public services. The UNDP *Report on Human Development* (1993) noted the correlation between participation, democratic transformation and the emergence of NGOs in various parts of the world. Of utmost importance is the fact that people's needs and aspirations to participate in development often are met by inflexible institutional systems and disabling environments.

institutions involved in development, and began to be positively perceived by governmental and non-governmental organizations.

Participation is considered the basic means to empower people and prepare them for the long and arduous process of development. Participation was placed at the core of the process because it allows targeted groups the opportunity to be involved in their own development activities, guarantees that proposed projects serve their cultural, social and economic objectives, and guarantees

***The fact is that people's needs and aspirations to participate in development often are met by inflexible institutional systems and disabling environments.***

#### **Box 1-8: Deep-rooted development**

Palestinians have been engaged in development for decades through their unions, political parties, non-governmental organizations and institutions affiliated with the Palestine Liberation Organization (PLO). They accumulated experience in methods of resistance against deterioration resulting from external factors, and moved from reacting to being pro-active through the process of development for steadfastness, resistance development, household economy, voluntary work, the Intifada, and other local developmental concepts and methods. These concepts and experiences, which are deeply rooted in the process of the social and political evolution of Palestinian society, should be put to use in the current development process.

### **The concept of participation**

The concept of participation emerged after it was found that development projects and plans failed when people were excluded from participation in them, while those projects that involved people in the development process met with greater success. The concept of participatory development was endorsed by international

their implementation by peaceful means, removed from social and political conflict. Participation, according to this perspective, also enables people to organize themselves through the dialogue and interaction that is created.

This understanding of participation involves a number of dimensions, including: a cognitive dimension that

involves resorting to local experience, an instrumental dimension that is based on enabling the targeted groups to possess the instruments necessary for self-development, a political dimension represented in endowing development projects and plans with local legitimacy, and a social dimension based on orienting development projects and plans towards meeting the basic needs of people and combating poverty. Perhaps it was this approach to participation that gave rise to interest in decentralization, considering that it will strengthen participation and influence development-related decisions at the local level.<sup>5</sup>

#### **Box 1-9: Participation in development and participatory development**

There is some confusion between the concept of “participation in development” and “participatory development.” The first concept does not go beyond the idea of mobilizing people to cooperate in pre-set plans of action that allow no room for control by the concerned people. In this case the idea of participation is an “instrumental” one that regards people as one of the “resources” required for economic development. In contrast, the concept of “participatory development” implies the generation of an empowering process for the concerned people by giving them responsibility in designing, implementing and sustaining the projects and initiatives, by creating autonomy and self-reliance.

### **Empowerment and participation**

Participatory development is distinguished by the fact that it aims at empowering vulnerable, marginalized

and excluded groups, and in being long-term and deep-rooted. Participatory development is an empowering development that involves the concerned people in all stages of the development process and in control of the distribution of its benefits, based on people organizing themselves by depending on their own capacities. The concept of empowerment has a pivotal position as an objective of participation in various forms and levels within the strategies of human development. With due appreciation of the importance of the "empowerment" discourse from the theoretical and applied perspectives, caution should be employed against using it as a propaganda slogan, or practicing it bureaucratically or from above. It could be rendered counter-productive if the local cultural environment and the expertise acquired by people are disregarded. Danger also exists if people are led to believe that real authority is restricted to the authority of the state and the economy and that they can only access such authority if they participate in the planning, implementation and execution of development projects. This slogan could be misused and transformed by the authorities and involved institutions into a purely superficial process as a result of technocratic and manipulative procedures.

## **The people as a source of power**

The empowerment discourse may consciously or unconsciously assume that ordinary people are weak when they come up against a repressive authority. But, as numerous and diverse examples in the modern history of the Palestinians demonstrate, people are able to confront and to be pro-active in different ways. Palestinian history has outstanding examples to demonstrate this, dating back to the pre-1936 revolution period, the emergence of the Palestinian resistance movement in the 1960s, and up to the popular Intifada in the late 1980s. The experience of Palestinian community-based activities are another outstanding example of the abilities and capacities of people to affect the development process or, at least, to mitigate the harm resulting from regression in various areas of life.

## **■ The development environment in Palestine**

Since the *Palestine Human Development Profile, 1996-1997*, was issued, no major changes have taken place in the development environment in the country other than the fact that

the "transitional" nature of the Palestinian-Israeli agreements and the subsequent provisions are assuming features of permanence. On the political level, negotiations are still faltering, and many of the points concerning the transitional stage have not been implemented, other than the withdrawal of the Israeli army from a number of Palestinian towns and the decrease in days of closure imposed on the WBGs. Uncertainty continues to characterize the political situation due to conditions prevailing in negotiations between the PNA and Israel. Moreover, Israel continues to expropriate Palestinian land and to build settlements on them, and continues with its plans to Judaize Jerusalem.

There still exists a serious contradiction between the Israeli and the Palestinian visions of the final status agreement. This has given rise to political anxiety among Palestinians in view of the major distortion in the balance of forces. As for the internal political scene, political parties are still afflicted by major crises in their platforms and in their organizational affairs and leadership, in addition to other considerations having to do with the unsuitable circumstances prevailing. This has rendered their participation ineffective, both in the development process and in the political process.

*The "transitional" nature of the Palestinian-Israeli agreements and the subsequent provisions are assuming features of permanence*

*As for the internal political scene, political parties are still afflicted by major crises in their platforms and in their organizational affairs and leadership*

**Box 1-10: National issues are development issues**

In the context of the Arab-Israeli conflict, national issues which constitute the major concern for the Palestinian people are still pending. Any political settlement that does not lead the Palestinians to acceptable solutions on the questions of Jerusalem, the refugees, the land, settlements, water and borders will endanger the possibilities of development in the region and present a threat to the individual and collective security of its population. A number of UN resolutions could provide the basis for a solution, for example:

**Refugees:**

Resolution 194, issued in December 1948, stipulates the right of the refugees to return to their homes to live in peace with their neighbors, and of compensation for those who choose not to return.

**Land and settlements:**

Resolution 242, issued in November 1967, stipulates the withdrawal of all Israeli armed forces from the territories occupied, and recognizes the territorial integrity and sovereignty, and the political independence, of all states in the region and their right to live in peace within secure and recognized borders. The Security Council has affirmed on numerous occasions the applicability of the Fourth Geneva Convention on the Occupied Palestinian Territories, which prohibits the establishment of settlements in occupied territories. The General Assembly issued numerous resolutions that affirm the illegitimacy of Israeli settlements in the Occupied Territories, and in particular in Arab Jerusalem.<sup>6</sup>

**Jerusalem:**

Resolution 252 on Jerusalem, issued in 1968, stipulates that all the legislative and administrative measures and procedures taken by Israel, and changes in the legal status of Jerusalem, are illegitimate and cannot change the status of the city. This position was reaffirmed on several subsequent occasions.

**International representation:**

The level of representation of Palestine at the UN was raised to full membership in some of the political, regional and developmental groupings (July 7, 1998).

On the economic level, the movement of persons and goods within the PNA areas, and to and from these areas, is still governed by Israeli conditions and restrictions. The use of water, land and infrastructure is still governed by agreements made for the transitional stage, which block the use of the greater part of these resources in development plans. The shortage in raw materials in local markets, and the difficulties impeding import and export operations also contribute to this trend. The Palestinian economy has not undergone any transformations to decrease its dependency on the Israeli economy, or reduce its structural distortions and geographic fragmentation. It is an economy primarily made up of small family-run local establishments, which gives special importance to the informal sector and informal labor. The implications of this can be seen in the

high percentage of workers with very low wages, lack of minimal job security or health benefits, and the poor ability of the Palestinian economy to be competitive. The regulatory environment is still incomplete as far as promoting investments is concerned or guaranteeing a financial system able to provide large loans with suitable interest rates.

The years 1997 and 1998 witnessed a decline in the standard of living as a result of limited labor markets, restrictions imposed on the entry of Palestinians to the Israeli labor market, the limited ability of the PNA to impact the direction of the Palestinian economy (including restrictions imposed by the Paris Economic Protocols between Israel and the PLO), and the Israeli economy exporting inflation to the Palestinian economy.

As for financing Palestinian development, external funding is still needed and indications are that the need will continue. No serious efforts have been made to devise ways for more sustainable alternatives that would be able to achieve a higher level of development.

### **The regulatory and institutional environment**

Since the inception of the PNA, a number of official and non-official parties have made efforts to improve the regulatory environment in Palestine. Even though the Palestinian Legislative Council (PLC) is taking a greater role than before in the area of issuing legislation, the completion of the process and its effective implementation require that the executive branch demonstrate greater acceptance of the role of the legislative branch, and indicate

#### **Box 1-11: International concern over the deterioration of living conditions**

At the meeting of Non-governmental Organizations organized by the International Committee for the Inalienable Rights of the Palestinian People, Cairo, on April 2, 1998, UN Secretary-General Kofi Anan expressed his concern over the deterioration of the economic situation of the Palestinians in the WBGS. He stated that economic and social conditions in the Palestinian territories continue to be very grave, and that the decline in living conditions and concern over the future are burdening the peace process. These facts are confirmed by the reports of the United Nations Special Coordinator (UNSCO), which give evidence of the decline in living standards and in per capita GDP. The reports emphasize the role of Israeli policies (closures and similar measures) in the decline of living standards.

administrative preparedness for implementation.

As for the separation of powers and balance and complementarity in their work, no basic changes have taken place in this area; the executive branch continues to control, to a large extent, the work of the legislative and judiciary branches. Some positive steps have been taken, such as approval of the Law of the Judiciary in its third reading, and its referral for ratification by the executive branch, and the appointment of an Attorney-General and a Chief Justice. However, the judiciary branch continues to suffer from numerous problems that hinder its work and jeopardize the rule of law. This is important, particularly in light of the increasingly negative manifestations of the prevalent tribal system that works against equitable implementation of the law. In addition, the interference of the executive branch in the work of the judiciary, and the takeover by certain security organs of the role of the judiciary in some cases, have led to undermining the principle of the rule of law. Such an atmosphere increases feelings of instability and of lack of security among citizens in general, and among the private sector and investors in particular. It should also be noted that an increasing number of arrested individuals are detained without trial.

The Basic Law, although officially still a draft law, can be used as a reference in order to identify certain features of legislation in Palestine. The draft Basic Law stipulates that legislation is the responsibility of the legislative branch, but the executive branch also enjoys certain legislative authorities, such as drawing up secondary legislation and the right to initiate proposals of legislation. To date, the Basic Law has not been ratified by the President of the PNA following its approval by the PLC in its third reading. In addition, a number of other laws were passed in the PLC, but were not ratified by the executive authority.

## **Population**

The first Palestinian Population, Housing and Establishments Census (1997) indicates that Palestinian society is a young society with high fertility rates high dependency ratios and a high average number of family members, in comparison with regional and international profiles. These figures greatly influence development planning, particularly in light of limited resources and the potential for added population growth from the return of Palestinians to their homeland.

The percentage of participation of the Palestinian labor force is 41.4%, of



**Table 1-1: Palestinian population indicators, 1997**

Total population of the WBGS nearest hundred	2,895,700
Jerusalem	328,600
Rest of the West Bank	1,544,900
Gaza Strip	1,022,200
Percentage of refugees from the population in the WBGS	41.4%
Percentage of camp residents	16%
Estimates of Palestinian population outside the WBGS*	5,000,000
Total Palestinian population*	8,000,000
Population under the age of 15	47%
Total fertility rate	6.1
Fertility rate (West Bank)	5.6
Fertility rate (Gaza Strip)	6.9
Average family size	6.4
in the West Bank	6.1
in the Gaza Strip	6.9
Dependency ratio	101.2

Source: PCBS, Census, 1997.

● Estimates of the Research Team based on available data.

which 21.3% are holders of university or secondary degrees, and 20.1% have completed basic schooling stage. As for land and water resources, Palestinians have access to one-fifth of the land of the WBGS while four-

fifths fall under the control of Israeli settlers or the Israeli government.<sup>7</sup> Average annual consumption of water for a Palestinian is 35-50 cubic meters of water, compared to 150-200 cubic meters for an Israeli settler.<sup>8</sup>

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1. The term "public" is used to denote members of society, both individuals and groups.
  2. Human Development Report 1993, p.21.
  3. See Owen and Shanton, "Marx and Deliberate Development," in Faleh Abdul-Jabbar (editor), Post-Marxism, Dar al-Mada li al-Thaqafa wa al-Nashr, 1998.
  4. For an in-depth discussion on the concept of sustainable human development in general, and in relation to the Palestinian condition in particular, see "Human Development in Palestine: Preliminary Contributions to the Discussion on the Concept and the Indicators," Birzeit University, Development Studies Programme, 1998.
  5. See "Decentralization: A Survey of Literature from a Development Studies Perspective," Development Studies Report Office, Occasional Papers (1992) 13.
  6. An independent Palestinian state was also recognized for the first time, in Resolution 181 (1947).
  7. Estimates of the Research Team, based on available data.
  8. Palestinian Water Authority, 1998.

## **Chapter 2: Human development profile**

### **Part One: Indicators for the Human Development Index (HDI)**

The Human Development Index (HDI)

Gender-related Development Index (GDI)

Economic indicators

Education indicators

Health indicators

### **Part Two: Human conditions: Features and issues**



## Introduction

Chapter Two of this *Report* examines human development indicators in order to assess the state of human development in Palestine. This chapter follows a comprehensive methodology indicating the strong relationship between economic, social and political processes that underlines the state of development. Economic indicators are considered along with indicators on education, health, environment, human rights, the rights of various social groups, such as workers, women, youth, the elderly, the disabled and other issues. In other chapters, indicators related to the degree of institution-building, the rule of law, democracy, participation, the investment environment, and the role of civil society institutions are presented in order to emphasize the dynamic nature of the development process. A profile of how individuals evaluate their living conditions is also presented, indicating their understanding of the development process and its impact on their political and development-related practices and choices. The profile also shows how the public regards living conditions in comparison to past years.

## Part One:

### Indicators for the Human Development Index

#### ■ The Human Development Index (HDI)

Despite the many reservations mentioned regarding the use of HDI indicators, they are still useful from a relative, if not an absolute perspective, particularly for purposes of self-comparison over time. Years from now, the same index can show the degree to which Palestinian society was able to break away from the restrictions imposed on its development efforts and to translate available resources into plans to raise the economic level, educational attainment, and health status of individuals. According to its HDI (0.70), Palestine is placed in the Medium Development level, ranking 100 out of 175 countries. The average HDI value for the group of countries considered as medium development is (0.662). The relatively low

**Table 2-1: Human development indicators and HDI<sup>1</sup>**

Indicator	Nominal value	Index	Rank number of countries
Per capita GDP (\$) 1997	1,500*	0.52	115 (175)
Adult literacy rate (%) 1997	85.5	0.855	—
Aggregate enrollment rate for basic, secondary and university education 1997/1998	72.4	0.724	—
Educational attainment index	—	0.81	94 (175)
Life expectancy at birth (years) 1997	71.5	0.77	74 (175)
Human Development Index (HDI)	—	0.70	100 (175)
Gender-related Development Index (GDI)	—	0.638	96 (144)
Gender Empowerment Measure (GEM)	—	0.290	85 (103)

\* Adjusted value = \$ 2,286.

real per capita GDP lowers the HDI for Palestine.

The index value points to a set of related processes and results:

- The possibility of transforming limited economic resources into human development, especially in the fields of health and education.
- The important role of civil society and of public participation in bringing about development and in continuing constructive resistance against the negative consequences of Israeli occupation.
- The importance of remittances received by Palestinians from various national or foreign sources.
- The importance of focusing on social policies in the areas of health, education, and poverty-alleviation programmes, and on integrating various social groups in the development process.

As to the low ranking of Palestinian society compared to other countries, there are a set of reasons which could explain this:

- The continuance of Israeli policies which, for both political and economic reasons, aim at keeping the Palestinian economy under Israeli control.
- Lack of ability for self-sustainment on the part of the Palestinian economy due to the absence of a national economic infrastructure.

- Expenditure on state institutions that consume a large part of the budget without leading to clear development results, for reasons that will be examined later.
- Preoccupation with infrastructure projects, which show economic returns only in the longer run and only if there is an encouraging investment environment.
- The slight increase in the GNP (and the GDP), resulting mainly from an increase in prices, accompanied by a greater population growth, led to a decrease in real per capita income.
- The important achievements made in the areas of education and health may be at risk, unless suitable mechanisms for their sustainability are established.

## ■ Gender-related Index (GDI)

The gender-related human development index (GDI) adjusts the average achievement for each country, based on the HDI indicators for income, life expectancy, and education, according to gender disparity. According to the estimated data, the GDI ranks Palestine (0.638) ranks 96 among 144 countries. In comparison to other Arab countries, in absolute terms, Palestine ranks after Kuwait, Bahrain, Qatar, United Arab Emirates, Libya,

*The important achievements made in the areas of education and health may be at risk, unless suitable mechanisms for their sustainability are established*

Lebanon, Saudi Arabia, Tunisia, Algeria, Oman and Syria. Only Egypt, Morocco, Yemen, and Sudan rank lower than Palestine.

When comparing the general standing of the HDI with the GDI, despite a persistent and obvious gender gap, Palestine has a smaller gap than other Arab countries. For some Arab countries, particularly the oil-producing countries, the HDI is higher than the GDI (with both values higher in comparison to Palestine), which indicates that the gender gap is wide. For example, Oman ranks 78 according to the HDI, but ranks 85 according to GDI. Saudi Arabia ranks 69 according to the HDI, and 78 according to GDI.

The Gender Empowerment Measure, which measures the empowerment of men and women in the economic and political fields,<sup>2</sup> is 0.290 for Palestine. Palestine ranks 85 out of 103 countries, lower than Kuwait, Tunisia, and Syria, but higher than the United Arab Emirates, Algeria, Jordan, Sudan and Mauritania, and near to Egypt and Morocco. The remaining Arab countries do not provide data in this area, either because of the absence of a regime allowing women to participate in public life or because official data is lacking. The PCBS is the first in the Arab world to establish a Gender Unit to disaggregate and analyze national statistical data by gender.

The availability or scarcity of economic resources is clearly not the decisive factor in guaranteeing gender equality. Both wealthy and less wealthy countries have achieved a high degree of gender equality, while in other wealthy countries a wide gender gap continues to exist. Balanced and well-targeted development policies, even within existing economic limitations, could achieve greater gender equality in society. Real equality between men and women is still a very distant goal and, without a collective will and enlightened measures to achieve equality, there is always the danger of a decline in the rights of women that have already been achieved.

### ■ Economic indicators

The Palestinian economy continues to be in a state of vulnerability and the ability of Palestinians to control their economic resources is still very limited. This vulnerability is the result of Israeli policies that aim to keep the Palestinian economy dependent on the Israeli economy. Dependency can be seen in a number of indicators, including in the articles of the Paris Protocol that keep restrictions on the Palestinian economy, the trade balance, dependence on the Israeli market for employment of Palestinian labor and the volatility of this market according to the political interests of

***Balanced and well-targeted development policies could achieve greater gender equality***

***Real equality between men and women is still a very distant goal***

***Vulnerability could become a permanent feature of the economic structure of Palestinian society***

Israel, and in inflation rates. Economic vulnerability is also manifested in the continuing dependence on foreign assistance for financial operations and for infrastructure, and for covering the current budget deficit of the PNA. The weak economic policies of the PNA could lead, at least indirectly, to this vulnerability becoming a permanent feature of the economic structure of Palestinian society.

**National income**

The GDP value for the WBGS was \$3.575 billion in 1995, \$3.897 billion in 1996 and \$4.200 billion in 1997, whereas GNP was \$4.235 billion in 1995, \$4.509 billion in 1996 and \$4.900 billion in 1997. The per capita GNP was \$1,772 in 1995, \$1,779 in 1996 and \$1,763 in 1997. The ratio between the GDP and the GNP increased from 84.4% in 1995 to 91.7%, reflecting the steady decrease in remittances from labor in the Israeli market and from other external sources.

**Trade balance**

The balance of payments deficit continued to rise through 1997, reaching a 50% increase over 1995 levels. Imports rose by 26%, while exports experienced a drop of 18%. Imports were four and a half times the value of exports in 1997.

**Inflation**

The sharp depreciation in the value of the Israeli shekel over the last three years (over 30%), and the increasing hike in prices led to a decline in living standards, particularly for those with salaries linked to the Israeli currency without adjustments. Most are low-ranking employees in the public sector, and workers employed in the private sector. Even though inflation rates fell at the beginning of 1997, they began to rise again during the early months of 1998.

**Labor and unemployment**

The labor force participation rate was 41.4% in 1998 but the rate for women's participation remained low (11.3%) when compared to men (70.3%) and to many

**Table 2-2: Per capita GDP, by geographic region and year<sup>3</sup>**

Region	1995	1996	1997
Jerusalem	1,925	1,900	1,833
Rest of West Bank	1,625	1,691	1,588
Gaza	1,205	1,232	1,262
WBGS	1,496	1,537	1,500

Source: PCBS.



countries in the world. Participation rates in the Gaza Strip were lower, at 36.4% (65.9% for males and 5.9% for women), than in the West Bank, at 44.2% (14.3% for women and 72.8% for men).

The labor absorptive capacity of the local market increased during recent years; the proportion of the labor force in the private sector was about 66%, the public sector, about 20%, and the Israeli market, 17%. Despite the rise in the absorptive capacity, unemployment rates declined but continued to be high: an average of 23.8% in 1996, 20.3% in 1997 and 14.4% in 1998.

Unemployment rates were consistently higher in the Gaza Strip than in the West Bank, reaching 19.6% in 1996, 17.3% in 1997 and 11.5% in 1998 in the West Bank, and 32.5%, 26.8% and 20.9% in the Gaza Strip for the same years. The results indicate higher unemployment rates among women (15.2%) compared to men (14.4%). Youth are the most affected by this problem: about 28% of the 15-24 year age group were unemployed in 1997, although unemployment rates

decreased among youth in 1998 to 22.6%. While employment rates went up, real wage rates decreased. The average real wage for a worker in the Gaza Strip was NIS 38.5 (a little over \$ 9) in 1997 (compared to NIS 41 in 1996). In the West Bank real wages also decreased from NIS 49 in 1996 to NIS 46.3 in 1997.

### Economic sectors

In the industrial sector, labor force employment decreased between 1995 and 1997, while employment rates in the services sector increased (decreasing again in 1998). The agricultural sector accounted for the lowest share of employment, and the employment rate in the construction sector fluctuated, decreasing 0.8% between 1995 and 1997, and rising 4.3% in 1998. The banking sector continued its growth both in the number of banks and the size of holdings: banks increased to 22 (10 Arab banks, 9 local and 3 foreign) and holdings rose to \$2.907.5 billion, representing growth of \$707.2 million in 1998.

*Youth are the most affected by unemployment*

**Table 2-3: Share of economic sectors in labor force employment (1995-1997) (%)**

Year	Agriculture	Construction	Industry	Services
1995	12.7	19.2	18.0	49.8
1996	14.2	16.8	17.4	52.2
1997	13.1	18.4	16.4	52.1
1998	13.8	22.7	16.8	46.7

Source: PCBS.

***Foreign funding continues to provide for the greater part of the development process led by PNA institutions***

**Tourism sector**

The tourism sector faces numerous constraints, including restrictions imposed by internal and external borders, the severe shortage in tourism services and guides, especially guides who are knowledgeable about their cultural heritage, and the continuing Israeli falsification of the cultural heritage of the Palestinian people. In general, the data indicates that there were 92 hotels in the WBGS by the end of 1998, with 3,682 rooms, most of them in Jerusalem, Bethlehem, Ramallah and Gaza city. Despite indications of low room occupancy rates in 1998, compared to 1996, major efforts are being put into the Bethlehem 2000 project at present, that aims to promote tourism to the Holy Sites during the millennium celebrations. This historic opportunity could promote the establishment of mechanisms for organizing and sustaining tourism.

**International assistance**

Foreign funding continues to provide for the greater part of the development process led by PNA institutions, covering more than 90% of expenditure on investment and infrastructure projects. Donor countries disbursed about 80% of the funds they had pledged to provide the PNA in the year 1997. From 1994 and up to 1998, donor countries made pledges totalling \$5.160 billion, of which about 67.2% (\$469 million) has been disbursed. The greater percentage of these funds were disbursed as "public investments" (\$914 million), followed by "transitional and budgetary assistance" (\$524.7 million), and "technical assistance" (\$459.7 million). According to the data published for 1994-1998, the largest amount of funding was directed to "education" (\$293.5 million), followed by "water and sanitation" (\$246.3 million), "health" (\$206.9

**Box 2-1: The securities exchange**

The establishment of the securities exchange is considered an important step in providing opportunities for investment finance. Efforts to establish a Palestinian securities exchange began in early 1997. The exchange is intended to attract private sector investors, regulate stock trading and enable buyers to evaluate the standing of companies. Although 20 companies have listed their activities in the exchange, especially during the second half of 1998, no new companies have joined due to increasing uncertainty resulting from the stall in the peace process and in the investment environment. The size of trading in the market continues to be weak and fluctuating, and shows the need to activate and regulate market operations at the legal level. The total market value of the listed companies was \$587.8 million at the end of 1998, compared to \$660.1 million at the end of June of the same year. The size of trading also witnessed a sharp decline during the second half of the same year.

*Source: Financial Market 1999; MAS Economic Monitor, no. 5, 1999.*

million), "institution building" (\$157.5 million), "humanitarian assistance" (\$121 million), "police" (\$94.1 million), and "housing" (\$89.5 million). "Agriculture," received \$41.4 million and "human and social development," \$54.7 million. Funding for "industrial development" was low during the period, reaching only \$18.8 million. Under the category "women," \$13.5 million was disbursed.<sup>4</sup>

## Poverty

Using a medium poverty line (\$350), the poverty rate for the WBGs was 23%. If the city of Jerusalem is excluded, in view of its particular economic situation, the rate rises to 25% or one-quarter of the population. The abject poverty line is 15% for the WBGs<sup>5</sup>. As for disparities between regions and different groups, the following main points should be underlined:

1. There were marked differences in the distribution of poverty between the WBGs; the poverty rate in the West Bank was about 16%, while in the Gaza Strip poverty extended to 38% of the population.
2. Although as a whole the Gaza Strip is poorer than the West Bank, the absolute number of poor is almost equal for both regions. Of those poor, two out of every three poor families in the Gaza Strip live in abject poverty, and in the West Bank one out of every two poor families live in abject poverty.
3. Poverty is most extensive in the southern and central areas of the Gaza Strip, where more than half the population lives under the poverty line. In the city of Gaza and the northern part of the Strip, about 31% are poor. In the West Bank, poverty is greatest in the Jenin Governorate where the rate is 28%, followed by the Hebron Governorate where 24% are poor.
4. The poverty rate in villages was much higher than expected, and in the Gaza Strip was equivalent to the poverty rate in the camps (41% in villages and 42% in camps). In the West Bank, the poverty rate is higher in villages than in any other residential community, reaching 18%, compared with 14% in the camps and 12% in cities.
5. The poverty rate is higher among female-headed households (30%), compared to male-headed households (22%).
6. The percentage of poor families in Jerusalem (living under the Israeli poverty line) was about 29% in 1996.
7. There is a correlation between the age of the household head and poverty rates: households headed by a person over 65 years of age show higher poverty rates (over 31%).

***The poverty rate in villages was much higher than expected***

8. While poverty does not exempt the educated (the ratio of the poor among university degree holders reaches 8%, and among diploma holders, 12%), the poverty rate decreases with the increase in the educational attainment of the household head. Among households headed by a person with no educational attainment, the rate of poverty is 32%.
9. Poverty is not restricted to those excluded from the labor market. The proportion of the poor among those active in the labor force was 20%, and 75% of the total poor population are working poor. As is well known, social assistance programs do not deal with this sector although it accounts for the majority of the poor. The data indicates that the main reason for poverty is not social marginalization resulting from social transformations alone, but simply the result of non-availability of jobs or of jobs that generate sufficient incomes to sustain a reasonable living standards.
10. While the poor make up 23% of the population, they consume only 9% of commodities and services. Poor individuals spend on healthcare one-quarter of what non-poor individuals spend.

### **Box 2-2: Poverty from the perspective of the poor**

The views of poor people were gathered on a number of issues relating to their lives and surrounding conditions. The survey was based on an in-depth study of hardship cases receiving assistance from the Ministry of Social Affairs, UNRWA and the Zakat (Islamic alms tax) committees, representing the poorest of the poor, and among those excluded from the labor market):

Those interviewed stressed:

- The importance of cash subsidies as the most important form of assistance, particularly in the case of the elderly, the disabled, those who lack income or who have limited income, and households that have lost their provider.
- The low value of the assistance, and its insufficiency in covering their most vital needs.
- The deterioration of housing and health conditions of poor families and their need for basic requirements, such as food, clothing and care for the elderly.
- The idea that children are a future source of income, and the hope that family conditions will change through their children.
- The poor considered that the basic problem is the overall political and economic situation. They also mentioned a number of problems, such as: lack of appropriate care for the needy, and particularly for the elderly, the disabled, those suffering from mental or chronic illnesses; the rise in prices and the reduction in social welfare; the mismanagement of the economy
- In their overall attitude to life and the future, those interviewed used phrases expressing a high degree of fatalism (for example, "Poverty is predestined"), but others used phrases expressing the desire and the feeling of an ability to change ("Everything is possible").

Source: "Poverty in Palestine: Case Studies," Development Studies Programme, 1999.

## ■ Education indicators

Even though Palestinians in the WBGS have made important achievements in the levels of educational attainment, these achievements should not be over-estimated, since they can regress under unbalanced population and financial factors. When we compare the Palestinian situation in the WBGS with the other countries in the world, Palestine is in the lower half: more than 90 countries have higher levels in this area, three countries are even with Palestine, and 82 countries have lower levels. Despite significant effort made by the concerned bodies in the field of education to meet the requirements of modern education quantitatively and qualitatively, there is major concern in a number of areas. All require linking education to a plan for sustainable development that safeguards the rights of future generations to education and participation. The Ministry of Education is currently in the process of preparing a five-year plan for education in Palestine, and similar efforts are underway in the Ministry of Higher Education.

The education sector, in its different stages, involves 35% of the population, as students, teachers and administrators. In the pre-university stage, the number of male and female students enrolled was 889,895, distributed over kindergartens (77,173), basic education (746,914), and secondary education (65,808) in 1998-1999. In the same year, 96,576 students enrolled in the first year of basic schooling, of which 49.1% were females, and 50.9% males. Of these first year students, 60.4% enrolled in schools in the West Bank and 39.6% in the Gaza Strip.

### **Enrollment rates and total educational attainment rates**

The enrollment rate at the basic education level for the year 1997-1998 was 93.6%, the rate for the secondary level was 51.6% for the same year. Enrollment for female students at the basic education level was 94.06%, compared to 93.1% for male students. Enrollment rates at the secondary education level were 51.4% for

#### **Box 2-3: Education in Jerusalem**

Almost one-half of the students in Jerusalem receive education in schools under Israeli supervision. The situation will become more serious if Israeli Law 564 (for the year 1969) is applied. This stipulates the right of the Israeli Education Ministry and the local authorities (the Jerusalem Municipality) to supervise education in the city, and all official and non-official institutions in it (including the NGOs and private institutions). There are 28,188 male and female students enrolled in the 63 schools, including kindergartens, in Jerusalem that are under the supervision of the Palestinian education system (1998-1999). The Israeli Education Ministry and the Jerusalem Municipality supervise 51 schools and kindergartens in which 27,222 students are enrolled (1998-1999).

*Source: Palestinian Ministry of Education, 1999.*

*It is generally considered that the illiteracy rate is higher than that provided by the present data, particularly when functional literacy and pseudo-literacy are examined*

females and 51.7% for males. The enrollment rate for university education was 21.5% (19.5% for females, and 23.4% for males). In general, the total enrollment rate for basic, secondary and university education reached 72.4% (72.2% for females, and 72.5% for males).

The results of the Population, Housing and Establishments Census (1997) indicate that 11.8% of the population over 10 years of age is illiterate. When we add the "barely literate" to the illiterate, the ratio of those whose educational level is insufficient to adapt to the requirements of practical life goes up to 28.5%. Statistics reveal gaps between men and women, for the percentage of women in the less educated groups continues to be high and constitutes a source of concern. When the illiteracy rate is calculated for the population over 15 years of age, the rate increases to 13.9% (7.7% for males, and 20.1% for females). It is generally considered that the illiteracy rate is higher than that provided by the present data, particularly when functional literacy and pseudo-literacy are examined.

The ratio of the population with attainment in the tertiary educational level (post-Tawjihi, the secondary certificate exam) does not exceed 8.7% of the population over 10 years of age. The number of persons holding a PhD certificate reaches 1,906 out of the total

population of the WBGs (i.e., 6.1 for every 10,000 of the population). Women make up 7.2% of the PhD certificate holders, bringing the gender gap up to 77.6% in this area.

#### **Box 2-4: The educational system and curriculum**

Despite continuous efforts to produce a Palestinian curriculum, so far no plans prepared in this area have been implemented. Among the most important factors to be evaluated in producing the curriculum are: how far they succeed in becoming an integral part of the development process, so that the material presented is of relevance to modern life, reflects technological developments and enables the Palestinian individual to cope positively with current challenges. The curriculum should encourage a spirit of creativity and innovation among Palestinian students, and address contemporary issues in a manner that promotes equality between men and women. It should devote adequate attention to democracy, human rights and the environment, mainstream those with special needs, and establish the spirit of citizenship while repudiating all forms of fanaticism, prejudice and racial discrimination.

### **Supervision over education**

The participation of the private sector in academic education has increased to serving 14.6% of the total number of students (1998-1999), compared to

11.95% in earlier years. UNRWA continues to supervise the schooling of 23.9% of the total number of students, while the government sector supervises 61.5% of the total. The non-governmental and private sector are contributing to the establishment of schools as a response to the increase in the numbers of students, thus providing wider options for families in their choice of schooling for their children. Yet this growing role also shows the inability of public schools to absorb the increase in demand for schools, and could lead to widening the opportunity-gap between students in private schools and those in public schools.

As for that part of the sector supervised by UNRWA, the importance of its continuity and vitality must be underlined, for any reduction in the role of UNRWA will lead to grave consequences in the near future. Greater attention should be devoted as well to the quality of education

available to students and to the teaching environment in these schools, particularly in the UNRWA schools in the West Bank where violence is noticeably widespread.

### **Drop-out rate**

The drop-out rate for female students in the first secondary year Humanities stream is 9% and in the second secondary year is 7.6% (1997-1998). For male students in the same classes the rates are 5.7% and 2.9%. These statistics raise questions as to inequalities in access to the educational system, and to system-friendliness in terms of its availability, quality, curriculum and teaching methods. Dropout rates increase as a result of economic pressures on poor families. The lack of availability of secondary level schools (and even basic level schools) in remote villages, particularly in the West Bank, also leads to higher drop-out rates, especially among

***Greater attention should be devoted to the quality of education available to students and to the teaching environment in schools***

***Dropout rates increase as a result of economic pressures on poor families... and the lack of availability of secondary level schools (and even basic level schools) in remote villages***

#### **Box 2-5: Overcrowding in schools**

The number of students per classroom in UNRWA schools in the Gaza Strip is about 50, compared to 33 students per classroom in public schools, and 25.2 in private schools. The average classroom size is 37.2 students per classroom in the basic level, and the average ratio of students to every teacher is 29.5. The highest ratio is in UNRWA schools, particularly in girls' schools where there are 40.8 students per teacher, while boys' schools average 38 students per teacher. In public schools, the average for girls' schools is 30.2 students per teacher, and for boys' schools 27 students per teacher. According to the data, overcrowding is increasing with time.

*Source: Ministry of Education, 1999.*

***Vocational education has not been given the attention it deserves***

female students. Dropout rates are higher in public schools than in UNRWA and private schools. It should be noted that these rates account only for the number of students who leave school during the academic year and not students who do not return to school after the summer vacation, which could double the rates.

### **Vocational Education and Training**

Vocational education has not been given the attention it deserves. It is restricted to the secondary stage, and the percentage of students enrolled in it does not exceed 3.26% of the total number of secondary level students (1998-1999). The percentage of females in vocational education does not exceed 18.7% of the total, and they are limited to the commercial branch. Fields of specialization are still limited, providing mainly commercial, agricultural and industrial education. The curricula for these specializations have not been updated to be compatible with technological developments.

In 1998, the number of male and female students who enrolled in vocational training courses was 28,790 (43.8% of them female); 54.3% of the trainees were over 19 years of age. Most of the training was in the field of computers (46.8%). The remaining areas of training were

limited to commerce, health, handicrafts, rehabilitation and electronics.

### **Employees of the education sector**

Teachers (and school principals) make up 79% of all those employed in the sector of academic education and kindergartens. Administrative employees comprise 10.8%, technicians 1.2% and the remaining 0.9% are assistants and caretakers. The percentage of teachers without any university certification is 6.8%, most of them in kindergartens.

#### **Box 2-6: Educational counseling**

In 1996, the Ministry of Education appointed a number of educational counselors to work in its schools. Although this is important and necessary, a major effort should be exerted to develop the work of these counselors, and to transform their approach from one of 'taming' students to a counseling and empowering role in the context of humane concepts.

Teachers continue to suffer difficult economic conditions, compared to the effort and quality of the role demanded of them. Though data is lacking on the spread of poverty among teachers, it is generally thought to constitute a widespread phenomenon in their ranks, since the gross

***Though data is lacking on the spread of poverty among teachers, it is generally thought to constitute a widespread phenomenon in their ranks***



salary of a university-graduate school teacher is only NIS 1,521 a month (about \$355) while the poverty line at the beginning of 1998 was put at NIS 1,685 for a family of 6.

**Box 2-7: Teachers: An important role in passing the Civil Service Law**

Palestinian teachers played an effective role in pressuring legislative and executive institutions to pass the Civil Service Law that will lead to improving the conditions of teachers and other public service employees. They organized protest campaigns, and other activities to highlight the importance of exercising freedom of expression without threats of detention or dismissal from work. The effective role they played compelled officials to address a number of important issues, a process that benefited society as a whole.

**Technology and services in schools and kindergartens**

The number and quality of libraries, science labs and computer labs does not meet the educational requirements of students. Only 12% of schools have computer labs, with ten or more computers. The number of computers available in all schools is 4,044, of which 2,507 are in public schools, 98 in UNRWA schools and 1,439 in private schools. In general, there is

about one computer available for every 188 students.

**Table 2-4: Number of students to every computer by school sector (1997-1998)**

UNRWA	Private	Public	Total
2,035	33	205	188

Source: PCBS, 1999.

Many schools lack any computers for educational use, which confirms that the inequitable distribution of resources will lead to disparities in educational opportunities among students. Computers that are available are not only used by students, but also for administrative purposes. In terms of basic needs, 16.6% of all schools and kindergartens have no reliable supply of water, and 9.8% have no electricity.

**The crisis of higher education**

Palestinian universities continue to suffer from a lack of a stable funding base. To date, no part of their budgets are allocated to guarantee their sustainability, or to develop their community servicing capacities. Nor has the PNA paid its financial obligations to the universities. It is expected that financial crises in Palestinian universities will be aggravated unless a communal-governmental formula can be made to provide for the financing of education. Strikes, the deteriorating material conditions, declining staff morale and the lack of the necessary facilities and

*Many schools lack any computers for educational use*

*Palestinian universities continue to suffer from a lack of a stable funding base*

equipment will all contribute to the deterioration of university education, in quantity and in quality. Palestinian universities suffer from a lack of science labs, modern technology and procurement of new books and periodicals. Some of them are greatly overcrowded.

The number of male and female students enrolled in Palestinian universities was 60,846 in 1998-1999,<sup>6</sup> 44.9% female students and 55.1% male students. In 1997-1998, total enrollment was 52,427 (43.6% female, and 56.4% male). Students were concentrated in the arts and sciences (47.3%). The percentage of students enrolled in business administration was 23.0%, and in scientific and technical schools, 23.8%. Students enrolled for graduate studies constituted 2.8% of the total number. The number of male and female students enrolled in intermediate community colleges for 1998-1999 was 5,936, (53.4% female, and 46.6% male). In 1997-1998, the number of male and female students enrolled was 4,299 (54.7% female, and 45.3% male). The teaching faculty in community colleges numbered 2,791 (10.7% female).

## ■ Health indicators<sup>7</sup>

It is still difficult to measure health conditions of Palestinians, due to the lack of adequate data. Although this subject has been raised elsewhere and often (including in the *Palestine Human Development Profile, 1996-1997*), with the exception of the data provided by the General Census, no important changes have been introduced into data collection methods or in the calculation of the basic health-related indicators. The indicators published by governmental and non-governmental institutions reveal contradictions in statistical information, and a lack of agreement on concepts and methods of measurement, which in turn leads to major gaps in the data. The statistics published by the Ministry of Health (MoH) are in need of standardization of methodology within WBGS. For internal reasons, it was difficult to make a comprehensive and final assessment on progress and challenges in the health sector. For this *Report*, the Research Team used the life expectancy figure issued by PCBS.

### Box 2-8: Quality of university education

In a survey conducted to assess the extent of compatibility of higher education with the current job market, 60% of managers consider the impact of new graduates employed in their institutions to be poor or very poor in improving the quality of production or services. The employing institutions assessed the performance of new graduates, such as: efficiency in the field of specialization (60%), computer skills (58%) and research and report-writing abilities (60%).

Source: Centre for Palestinian Research and Studies, 1998

**Table 2-5: Health indicators: Progress and challenges (1998)**

Progress	Challenges
<ul style="list-style-type: none"> <li>● Decrease in number of births by 6.25% compared to 1996.</li> <li>● Decrease in infant mortality rates in the West Bank by 3.1 for every 1,000 births.</li> <li>● Increase in the percentage of persons with health insurance, particularly those employed in the public sector.</li> <li>● Greater clarity in cooperation between governmental and non-governmental (local and international) health institutions, particularly in the area of primary healthcare.</li> <li>● The MoH, in cooperation with international donors, built several hospitals. (The European Hospital (although not get inaugurated due to many problems) and the New Jericho Hospital) and increased hospital beds in some hospitals.</li> <li>● Members of the community collected major donations to build an annex to Ramallah Hospital, in order to meet growing needs (the hospital addition has not started operation to date); donations by members of the local community for building an annex to the Jenin Government Hospital (already commenced partial operation).</li> </ul>	<ul style="list-style-type: none"> <li>● The fertility rate is still at 6.1 births per woman, a rate higher than most countries in the world.</li> <li>● Fertility among the 15-19 year age group accounts for 9% of total fertility.</li> <li>● A rise in high infant mortality rates in the Gaza Strip, at the rate of 2.5 for every 1,000 births.</li> <li>● The ability of government health insurance to meet the needs of the insured is still questionable.</li> <li>● 17.7% of deaths of children are due to accidents, and 13.8% due to congenital disorders.</li> <li>● Management systems, job descriptions and regulations in hospitals continue to be ambiguous or are not applied, which has led to numerous complaints and, in some cases, death as a result of negligence.</li> <li>● Quality of services and care for patients continues to be highly questionable and in need of examination and monitoring, particularly in government hospitals.</li> <li>● The ongoing financial crisis of the governmental health sector has noticeably reflected itself on health services, in shortages of medication and health services inside hospitals, etc.</li> </ul>

Source of data: Palestinian Ministry of Health, 1998.

## Life expectancy at birth

There continue to be discrepancies in the estimates of life expectancy at birth. According to estimates based on the final results of the General Census, life expectancy at birth in the WBGS is 69.93 years for men, and 73.15 for women in 1998, while the MoH estimates 69 years for men, and 71

years for women for 1996-1997. Estimates reached by NGOs working in the health sector and by international health organizations are lower. If the lower figures by the MoH are adopted, HDI rank for Palestine would be 104 (instead of 100), and life expectancy rank would be 83 (instead of 74).

## *The geographic distribution of health services is unbalanced*

### **Primary healthcare and hospitals**

Primary healthcare is considered to be an area most expressive of the partnership for development between the governmental and non-governmental sectors. The MoH operates about 60% of the 598 primary healthcare clinics, and the rest (40%) are operated by NGOs, UNRWA and the private sector; of the latter, 26% are under the supervision of Palestinian NGOs. The government sector employs about 41% of primary healthcare workers, while the non-government sector employs 59%, and of these 35% are employed by Palestinian NGOs. The NGO services are distributed in a balanced manner between the WBGS: 62.5% of NGO healthcare clinics are located in the West Bank and the rest, 37.5%, in the Gaza Strip. The government sector, on the other hand, operates 91% of its clinics in the West Bank and 9% in the Gaza Strip. While the non-government sector operates 38 hospitals, with 1,559 hospital beds, the governmental sector operates 12 hospitals, with 1,698 hospital beds.

The number of workers employed in the Palestinian health sector is approximately 11,000; one-third are employed by the MoH. There are about 83 doctors for every 100,000 persons. The ratio is 91/100,000 in the Gaza Strip, and 81/100,000 in the West Bank. Obviously, the geographic distribution

of health services is unbalanced, and some governorates lack hospitals (such as Salbit, the central parts of the Gaza Strip and Rafah), while hospital bed adequacy is greater than the need in some other areas.

### **Health insurance and referrals for treatment**

The number of persons with health insurance from the government sector was about 1,035,761 persons in 1998. There is no new data available for the percentage of those insured by the private sector. Referrals for treatment outside the government sector accounted for 10.4% of the budget of the MoH in 1998, compared to 18.2% in 1996, and 18.9% in 1995. The cost of these referrals for treatment outside during these years amounted to more than \$49,209,918.

#### **Box 2-9: Mental health**

The field of mental health and counseling has not been developed in Palestine. In view of the importance of the psychological aspects in securing a happy life and in enabling a person to participate effectively in the development process, the various institutions of society should devote greater attention to this area, particularly in light of the fact that the few available centers are not adequately equipped, and deal with mental health employing conventional methods.

## Health conditions of Palestinian women

The concept of women's health goes beyond physical health to include mental and social wellness. Physical health risks are often accompanied by social risks caused by discrimination against women, the chronic inferior position suffered by many women, physical and mental violence directed against women, restrictions on their freedom of movement and travel, and prejudice before the law, particularly in the Personal Status Law. The health conditions of women are also affected by so-called modern diseases, as increasing numbers of women die of cancer, particularly breast and uterine cancer. Official and communal concern about these two diseases is still of a formal nature, and much effort has yet to be made in this direction.

### Fertility rates

The total fertility rate for 1998 was 6.1 births per woman (5.6 births in the West Bank, and 6.9 in the Gaza Strip). Fertility in the 15-19 year age group accounted for 9% of total fertility among Palestinian women (12% for the Gaza Strip alone). This indicator confirms the widespread phenomenon of early marriage, the focus of much attention in Palestinian society from many institutions. However, this

attention has not been transformed into policies or laws to limit the extent of the practice. Concerning the use of contraception, 50.7% of women in the West Bank, and 33.9% of women in the Gaza Strip have used contraceptives. The data also indicated that a large percentage of women do not take part in decisions affecting their sexual and reproductive health. 44% of the women do not take part in decisions related to pregnancy, and about 31% do not participate in decisions related to their marriage.<sup>8</sup>

***Physical health risks are often accompanied by social risks caused by discrimination***

**Table 2-6: Fertility rates according to region and age**

Age	West Bank	Gaza Strip	Total
15-19	0.096	0.126	0.107
20-24	0.288	0.337	0.305
25-29	0.287	0.344	0.305
30-34	0.230	0.279	0.246
35-39	0.151	0.202	0.167
40-44	0.063	0.085	0.071
45-49	0.006	0.008	0.007
Total	5.61	6.91	6.04

Source: PCBS, 1997.

### Healthcare for pregnant women

Statistics indicate that 89% of all pregnant women visited health clinics, and 21% of these visited more than one clinic.<sup>9</sup> A substantial percentage of births (7%) still takes place at home

with the help of a traditional midwife (6,405 births).

#### **Box 2-10: Maternal mortality**

Maternal mortality rates continue to present a source of concern for the reproductive health of Palestinian women. Of concern also is the fact that the statistics on this phenomenon are disputed. According to the MoH, maternal mortality rates are higher for the West Bank than for the Gaza Strip, due to the fact that remote villages that are too far from health clinics. For the year 1998, maternal mortality rates were 60-80 maternal deaths per every 100,000 live births.

## **Part Two:**

### **■ Human conditions: Features and issues**

In this part of the *Report*, the main characteristics and issues related to some important groups in society are presented. These groups should be deliberately and methodologically empowered and integrated in the development process, in a manner that will achieve development and benefit society as a whole. To focus on these particular groups does not mean that there are no other vital or marginalized groups. The issues concerning them are discussed only in brief here, without the detailed examination they deserve. Other specialized studies have addressed their roles in development, and it is expected that future studies will address those issues not dealt with so far, in a detailed and focused manner.

## **Refugees**

- Refugees represent about 41% of the population.
- UN resolutions affirm the right of the Palestinians to return and to compensation.
- Refugee camps are the poorest locales of residence; the poverty rate in the Gaza Strip camps is 42%. The living conditions of Palestinian refugees in the camps in the diaspora, especially in Lebanon, are sub-human by any standards.
- The Higher Council for Refugees and Refugee Camps, which includes ministers and other officials, was established in 1998 in order to secure financial support to improve living conditions in the camps, in coordination with UNRWA.
- UNRWA is undergoing a financial crisis that has reduced its services.
- Overcrowding (especially in the camps of the Gaza Strip), and the feeling of relative deprivation (especially in the camps of the West Bank in proximity to the cities), leads to social problems that have negative effects on the daily security of camp residents (such as violence, and the potential for prevalence of weapons and drugs).

## **The labor force and workers**

- Human resources (15 years of age or above) constitutes 53% of the total population; of these, 41.4% participate in the labour force.
- About 70% of males participate in the labor force; the participation of women is about 11.3%.
- The labor force participation rate is about 44% in the West Bank, and 36% in the Gaza Strip.
- The numbers of those joining the labor force will increase progressively, since about 47% of all Palestinians are under 15 years of age.
- The PNA is a major employer of the labor force (20%).
- Civilian workers make up 56% of all PNA employees; the security account for 44%.<sup>10</sup>
- Women make up about 20% of government sector employees, concentrated in education, health and assistant administrative work.
- The data indicates that 63,000 members are registered in the trade unions, however, the great majority of them do not take part in trade union activities. Women account for 8% of the membership.
- The adoption of occupational safety and security methods in the majority of Palestinian factories

remains problematic, reflected in the high number of deaths and injuries in these factories.

- The great majority of employees in establishments work without contracts (about 81%).
- Over two-thirds of all establishments do not provide their workers with health insurance.
- One-half of all establishments do not give their workers paid leave.<sup>11</sup>
- Palestinian workers inside Israel continue to face problems related to closures, lack of work permits, lack of compensation and arbitrary dismissals.

## **Palestinian women**

- In 1998, women actively participated in the debate on laws and legislation, and the activities of the women's movement underlined their role in demanding equal rights with men in all fields. The experience of the Model Parliament was outstanding in this debate.
- Male and female enrollment rates are equal at the level of basic education, but the gap increases in secondary and university level education.
- Women make up only 3% of all Masters and PhD degree holders.

The percentage of women decreases in specialized professions, with

the percentage of women engineers, lawyers and doctors at about 12%, and women judges at 4%.

- The participation of women in decision-making positions is limited. Women make up 7.5% of the membership of the Palestinian National Council, and 5.6% of the Palestinian Legislative Council, about 3% of the Council of Ministers, 1% of Local Councils, and 23% of the boards of charitable societies.
- The membership of the General Union of Palestinian Women is 50,000, but there are many questions as to the quality and effectiveness of membership, and the absence of elections in recent years.
- The activism of women's institutions led to granting working women maternity leave (10 weeks) and an hour daily leave for breastfeeding, in addition to the possibility of having their passport issued without the prior signature of a guardian.
- The participation of women in the labor force is still weak, and there are no indications of a significant increase in the future.
- Laws still discriminate against women, particularly in the area of personal status and violence against women; a priority for the coming period is to pass legislation

that guarantees women equality with men by law.

## **Children and Youth**

- Palestinian society is a young society, the percentage of children under 15 years of age is 50% in the Gaza Strip, and 47% in the West Bank.
- Child labor is an important issue that should be addressed, especially in view of current difficult economic conditions: the percentage of those working from the 12-16 age group is 6.6%.
- The law does not yet specify a minimum age for marriage, although many voices have been raised demanding that it be linked to the age of legal responsibility and compulsory education (18 years of age). Of married women, 40% were married under 18 years age (1997); for men the percentage was 2.7% in the same age group.
- The number of children per teacher in kindergartens is 29 to 1, higher than in neighboring Arab countries. Forty-four percent of teachers have a secondary schooling certification or less.
- Many institutions organized creative activities to promote the participation of children and youth, such as campaigns to promote creative writing and reading.



Some university students continue to suffer from the high cost of university education.

- University students practice democratic elections in selecting their representatives.
- There is a concrete need to activate the energies of youth in community development; the future interests of youth should be mainstreamed in development planning.
- Over 43,000 children live with only one of their parents, of these 92.5% live with their mothers (1997).
- Orphanages provided care for 1,980 children in 1998, while more than 2,800 children were provided care in 1996.

## **The Elderly**

- The percentage of the population over 60 years of age accounts for 5.2% of the total population. It is expected that the number of elderly will increase significantly over the coming decades, which underlines the importance of initiating policies of concern to the elderly.
- There are 18 old age homes (15 in the West Bank, and 3 in the Gaza Strip), one of them governmental. There are demands for reviewing the policies followed by these homes, and their methods of caring for the elderly.<sup>12</sup>

In most cases (98%), the elderly depend on non-official social support systems, such as self-reliance, or reliance on sons, daughters or relatives.

- There are charitable institutions and societies that offer daytime services to the elderly, such as providing hot meals, and organizing recreational activities. These activities are in need of institution building and of an effective, organizing role by government institutions, in coordination with the local community.<sup>13</sup>

## **Political Prisoners and Released Prisoners**

- To date, 2,500 Palestinians are still being held in Israeli prisons.
- Demands for their release have widespread, popular support.
- Tens of thousands of former prisoners are in need of re-integration into society, from an economic, social and psychological perspective.
- The Programme for the Rehabilitation of Liberated Prisoners, and later, the Ministry for the Affairs of Prisoners and Released Prisoners, have organized assistance given to released prisoners, particularly in the area of health insurance,

training, loans and education. However, an assessment should be conducted to find out how well released prisoners have been integrated in society, with released prisoners participating in the assessment process.

## **The Disabled**

- About 2% of the population are disabled.
  - The General Union for the Disabled was established in 1992, with 6,000 members.
  - The Palestinian disabled are unable to access 98% of public facilities, either wholly or partially.
  - Health services are not oriented to the disabled and their needs, which has negative implications for all aspects of their lives.
  - Programmes for rehabilitation and training are limited in outreach and in quality.
  - The Palestinian Legislative Council passed a modern law for the disabled in Palestine, and the law was ratified. It is important to create the mechanisms necessary for its implementation.
  - There is a need to expand the Programme for Social Rehabilitation, particularly in the area of prevention.
- Dozens of institutions provide programmes of treatment, care and rehabilitation, the majority of them centered in the vicinity of Ramallah, Bethlehem and Gaza city.

## **Human Rights**

- Israel continues to expropriate land, build settlements, Judaize Jerusalem, demolish houses, kill Palestinians and hold detainees in administrative detention.
- Israel also continues to impose restrictions on the movement of Palestinians, separates the West Bank from the Gaza Strip, and places barriers on the movement of trade.
- Jerusalem continues to be isolated by force from the WBGS, while Israel prohibits freedom of movement for the residents of the WBGS and access to Jerusalem and to its places of worship.
- The Israeli Supreme Court legitimized the use of physical force, including forms of torture, during the interrogation of Palestinian detainees.
- The withdrawal of the Jerusalem ID from Jerusalem Palestinians has become a serious problem, and requires a major campaign to halt the policy.

- The number of political detainees in PNA prisons is estimated at 300, while hundreds of detainees (for political or criminal reasons) are being held without trial. Moreover, there are *reports* indicating the use of torture in prisons.
- Capital punishment was carried out against three Palestinians, in violation of human rights.
- A number of radio and television broadcasting stations have been closed down, and journalists detained.

## **Cultural Life**

- There has been an increase in the number of cultural centres and public libraries, in addition to an increase in the number of cultural and artistic activities.
- Public libraries are severely under-resourced in books, equipment and computers. There are estimates indicating the need for 400 additional public libraries.
- There are no private radio or film broadcasting stations in the Gaza Strip.
- The Palestinian television and cinema production sector lacks infrastructure, and to date there is no significant cultural production in these areas.
- The private sector contributes to

the funding of the summer cultural festivals.

- Cultural and artistic festivals are few in number and restricted to certain areas.
- The Ministry of Culture organizes a number of activities in the area of art and literature, particularly in appreciation of the contributions of writers and intellectuals.
- The Union of Palestinian Writers has held internal elections to select its representative body.
- The Union of Palestinian Journalists continues to be hindered by disputes as to its membership, elections and the approach to the role of journalism.
- The culture of development requires up-to-date awareness of issues of citizenship, the importance of initiative taking and creativity, respect for personal freedom and pluralism.

## **Food and environmental security**

- Interest is increasing concerning issues related to food and environmental security for Palestinians. For example, numerous ministries (such as Supply, Environment and Health) and NGOs have made efforts to address the problem of spoiled food.

- In 1997, the total quantity of spoiled food confiscated was 63,969 tons, valued at NIS 5,104,517, and in the first quarter of 1998, the amount confiscated was 249,677 tons.<sup>14</sup>
- According to statistics published by the MoH, there were 506 cases of food poisoning from spoiled food between January 1997 and the end of September 1997.
- There are preliminary efforts in the area of the environment, although not institutionalized or put into law, which aim to mitigate the negative effects of Israeli occupation, the ambiguous or unimplemented policies of the PNA, and infringements by the private sector.
- There are seven Palestinian industrial zones in the West Bank, adjacent or in close proximity to residential areas, with inadequate infrastructure. Israel operates seven industrial zones in the West Bank, but there is little information available about them. There are also 71 Israeli military areas in the West Bank and 29 in the Gaza Strip.
- Stone-cutting industries are considered to be the main reason for the degradation of some populated residential areas by pollution. Smoking is legal in public places, and the percentage of smokers is noticeably high, especially among the young.
- The disposal of all kinds of waste-solid, medical and toxic-is a highly problematic process.
- Even though numerous awareness-raising programs stress the importance of environmental conservation, environmental conditions have not been substantially improved, particularly regarding pollution caused by quarries and infrastructure construction. Officials have been practically apathetic in addressing problems of dust, and toxic and medical waste.
- Owners of workshops and factories have been inclined to violate the law more frequently, in the absence of decisive and consistent law enforcement.
- Even though the PNA established a Ministry of Environment, environmental awareness is only beginning. Existing legislation does not provide for a system to assess the environmental implications of proposed projects. Cooperation between all institutions of society and all citizens to create a sound environment has become a necessity, particularly because environmental pollution is a main source of contagious diseases.

- Even though Israeli occupation continues to affect the Palestinian environment and is one of the main reasons for its destruction, the responsibility for confronting this problem is shared by society itself and by its institutions.

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1. Changes in education and life expectancy indices were introduced after taking into consideration the comments by PCBS on the data published in the Summary Report. However, the general ranking of Palestine remains almost the same. The methodology used will be explained in a special appendix at the end of the Report. The formulae and comparisons used are the same as those used by the International Human Development Report, 1999. It measures parliamentary representation, managerial and organizational positions, professional and technical positions and income from wages.
  2. According to the information provided by the International Monetary Fund (IMF), GDP for the years 1995/1996/1997 was \$3,222 million/\$3,219 million/\$3,253 million, and GNP for the same years was \$3,469 million/\$3,399 million/\$3,545 million successively. Per capita GDP was, for the same years, \$1,424/ \$1,346/ \$1,261.
  3. 1997 was \$3,222 million/\$3,219 million/\$3,253 million, and GNP for the same years was \$3,469 million/\$3,399 million/\$3,545 million successively. Per capita GDP was, for the same years, \$1,424/ \$1,346/ \$1,261.
  4. There are additional items that can be added to the already existing ones, due to their similarity. There are other items whose value varies according to the method of classification, and their integration in some cases with other items. The items under "undefined or multi-sectoral" are unclear as to their nature and items of disbursement. See: *MOPIC Quarterly Monitoring Report of Donors Assistance*, Dec. 31, 1998.
  5. The results provided do not take into consideration variations in commodity prices and exchange rates. The poverty line has been calculated on the basis of expenditure and consumption data and not on income levels, for which data was lacking. The line reflects the amount needed by a six-member family (two adults and four children) to cover basic needs. See: *The National Commission for Poverty Alleviation, Palestine: Poverty Report 1998*; and MOPIC, 1998.
  6. The Ministry of Higher Education does not have statistics pertaining to the number of Palestinian students completing their studies abroad. Available information shows that the number of students who are awarded scholarships, grants, or chairs outside the country does not exceed 800 students per annum.
  7. Data provided by the Palestinian MoH, 1998.
  8. Association for Planning and Protection of the Family, "Participation of Women in Decision-making as to Sexual and Reproductive Health," Survey, 1997.
  9. HDIP, 1997.
  10. World Bank Mission to the Palestinian Territories, unpublished data, 1997.
  11. Ministry of Labor, 1997.
  12. Society for Atta' Services, 1998; see also, Fahoum Shalabi, "Old Age Homes in the West Bank and the Gaza Strip."
  13. *Ibid.*
  14. Ministry of Supply, 1998.



## **Chapter 3: PNA institutions and the management of development**

**Institutionalization of PNA**

**Separation of powers: Balance and complementarity**

**Human resources and organizational structure**

**Visions, objectives and structures**

**Centralization and decentralization**

It is not easy to formulate objective measurements for institution-building, especially under circumstances of transition. Institution-building is not an action that has fixed starting and ending points, but it is a process that is continually evolving. It is important that concerned decision-makers will progress enough in building institutions so as to instill confidence in citizens and investors and draw them towards participation in the development process. Institution-building will thus resolve a lack of confidence and will establish continuity with all parties to the development process through participation. Public institutions should concentrate on carrying out their roles and functions, in devising strategies policies, and regulations. Such strategies should empower citizens, so that they may attain their rights and perform their duties. This process should take place within a systematic professional partnership with NGOs and the private sector.



## Introduction<sup>1</sup>

The Palestinian National Authority (PNA) is the first national authority to be established on Palestinian land since the rise of Palestinian national consciousness at the beginning of the twentieth century. Since its establishment in 1994, the PNA has been confronted with many issues related to its authorities, performance, the conditions governing its work, and the relationship between the political and the developmental in its plans of action. The present chapter will focus on the question of institution-building and the transformation of institutions towards state institutions during the transitional period. It will examine the most important challenges and achievements, and the potential for streamlining the transformation process. This chapter will also address issues related to PNA institutions and patterns of relations with society, specifically in areas involving development. It examines the major importance of the national issue and the difficulty, if not the impossibility, of separating the national issue from development efforts.

## ■ Institutionalization of PNA

The PNA was established in 1994 as a result of the Declaration of Principles (Oslo Agreement), signed in 1993 between the Israeli government and the Palestine Liberation Organization (PLO). The PNA continues to face major problems resulting from the delayed implementation of the Agreement and the regulated agreements that followed, and from limited control over the land, natural resources, and even human resources. Nevertheless, the PNA has taken important steps in a number of areas related to building public institutions. Among the most outstanding of these achievements:

- Establishment of an infrastructure for PNA executive institutions, including ministries, departments and agencies, at both the national and local levels. These institutions were provided with staff, buildings, equipment, and means of communication and transportation.
- The Palestinian Legislative Council (PLC) was established following

*PNA continues to face major problems resulting from the delayed implementation of the agreements, and from limited control over the land, natural resources, and even human resources*

### **Box 3-1: On PNA institution-building President of the State of Palestine, Yasser Arafat,**

The President of the State of Palestine emphasized the importance to the PNA of: "completing the task of building institutions and administrative bodies that base their work on a network of laws and regulations, to serve our goal of establishing the foundations of a modern state characterized by the rule of law and the independence of the judiciary; a state that safeguards freedoms and human rights, and respects political pluralism and multiple parties. We also emphasize our commitment to consolidate the principles of accountability and transparency in all the institutions of the PNA and to pursue a policy of comprehensive administrative reform."

*From a speech before the Palestinian Legislative Council, May 8, 1998.*

Palestinian elections at the beginning of 1996. After an exploratory and experimental period, the PLC has started to assume its role in legislation and oversight.

- There is an interest in building institutions in the judicial system and in guaranteeing its independence. However, this interest has not been clearly defined or translated into practice so far. The overlap between the various security bodies has decreased to some extent.
- Organizational structures for public institutions and departments, including job descriptions, have been established. There are also initial attempts to identify areas of duplication and inconsistency in the work of public institutions, in order to improve coordination internally and among the different institutions.
- Major efforts have been made to reform the tax system and methods of tax collection, and to establish uniform standards to govern the financial regulations and procedures in PNA institutions and bodies. As a result, PNA income from tax revenues has equaled or surpassed countries at similar development levels.
- Some ministries and public institutions have drawn up work plans that include projected activities for coming years.
- Several ministries provide important services to the public, such as services in education and health; issuing of passports and other official documents; providing cash and in-kind assistance to needy families; and implementing infrastructure projects.
- International sources of funding were secured, and a network of international relations established. These resources were used in ways similar to that followed by other countries that receive international assistance.
- The relationship between the PNA and the private sector continues to be a subject of debate. A large number of laws and procedures have been issued to regulate this relationship, but implementation is still in an early stage.
- Debate continues about the relationship between the PNA and civil society, specifically NGOs, political parties and unions. Laws to regulate this relationship have been issued and their implementation is expected to take place in the near future.

## **The impact of the transitional stage**

A number of features have characterized the process of PNA institution-building during the transitional stage. Despite the transitional nature of the current stage, the emerging institu-

tional structures are similar to those required by state institutions. To build institutions that will serve the goals of Palestinian society both for development purposes, and simultaneously for a state structure, requires additional efforts. These efforts should not be constrained by the limitations of the transitional stage, but should be an integral part of a long-term vision.

There is an urgent need to build state institutions and, in order to secure the rights of future generations, construction should proceed on foundations that are clearly defined and focused on sustainable development. Palestinians can also benefit from the experiences of neighboring, fraternal countries. However, it is important to avoid adopting ready-made models, especially those that distance the public from participation in governance and from the development process, or those that regard their citizens as mere development tools contributing to increased production without proportionate benefits.

Prolonging the transitional stage maintains limits imposed by the political agreements, denies the PNA full jurisdiction over its territories, natural resources and border crossings, and keeps restrictions on its economy and external relations. This situation will keep the PNA in need of assistance from donor countries and

organizations, who have their own terms and priorities. Prolonging transition will ultimately lead to wasting efforts needed for the process of institution building and human development and will take its toll on the process of comprehensive development, democratic transformation, and establishing the rights of citizenship and the rule of law. What is being established now will determine whether transitional institutions can transform into institutions for development, capable of devising self-sustainment mechanisms.

The nature of the transitional stage has also influenced the formative process for the establishment of the PNA. The first bodies to be established were the security and police organizations, followed by the ministries and other civil departments and institutions, and the PLC following general elections in January 1996. Thus the executive authority was established before the legislative authority. The judiciary authority remained dependent on the executive authority, without any mechanism in place to guarantee its independence, or a basic law endorsing the independence of the judiciary and regulating the relationship between the three branches. This situation gave the executive authority an advantageous position by virtue of having precedence, and allowed it to set up institutions in the manner it found most suitable.

***Institution-building efforts should not be constrained by the limitations of the transitional stage, but should be an integral part of a long-term vision***

*The forced separation between the WBGS gave rise to cumbersome government institutions*

## **Separation of the WBGS**

The forced separation between the WBGS gave rise to cumbersome government institutions due to the necessary duplication of all PNA bodies, executive, legislative and judiciary. This administrative duplication entailed additional costs which further burdened the PNA. The judiciary in the West Bank was forced to remain separated from its counterpart in the Gaza Strip although the enactment of new laws and the attempts to unify them continues. The administrative history of each region makes it imperative that special mechanisms be established to guarantee unification and enforcement of the laws in both regions<sup>2</sup>; there is an urgent need to unify the laws between the two regions without delay.

The factors mentioned above led to progressive and significant growth in numbers of employees in the civil, military, legislative and judicial institutions and bodies between 1994 and 1997. From 1994 to the end of 1996, employment figures in PNA institutions and bodies had tripled, and PNA employees made up over one-fifth of the employment in the WBGS. Although lower than in neighboring countries, the number of public sector employees remains high in comparison with the requirements of the Palestinian situation. Palestine lacks the need to build regular and

specialized armed forces, or a large economic sector controlled and managed by a central authority, as is the case in other countries.

The seriousness of forced separation between the West Bank, the Gaza Strip and Arab Jerusalem goes beyond duplication in PNA bodies, and the resulting waste in resources, efforts, time and hardships in planning. The absence of "a safe passage," and Israel's refusal to provide for territorial integrity as specified in the text of the Declaration of Principles, signed in September 1993, have forced a situation where two societies are emerging with separate social organization, economic conditions, cultural life and political expectations. It has also led to the creation of a separate status for Palestinians of Arab Jerusalem which Israeli policies have isolated from the rest of the West Bank and where Israel applies its own laws.

Separation is aggravated by maintaining different education curricula and judicial systems, and by the lack of economic integration between the two regions. This is a challenging situation for the Palestinian negotiator and planner, for it requires devising ways to ameliorate the effects of forced separation between the WBGS. It calls for urgency in unifying laws and curricula between the two regions, for unification of administrative

structures and development vision of the government sector, and for the PLC to play a more prominent role as a unifying body for all three regions.

### **Relationship between PNA and PLO institutions**

The relationship between the PNA and PLO institutions is ambiguous. The Declaration of Principles was signed by Israel and the PLO, and the structures of the PLO are supposed to provide the frame of reference for the PNA and its institutions. In reality the role of the PNA, especially its executive and legislative bodies, has become the decisive role, particularly concerning wider social and development-related issues. The institutions of the PLO no longer play

an effective supervisory accountability role. All decisions related to the development process, as well as all political decisions, are taken by the "Palestinian Leadership," composed of the President of the PNA, who is also the Chairman of the PLO Executive Committee, the PNA Council of Ministers and the leadership of different institutions of the PLO. This confusion in roles leads to the predominance of the political over the developmental, and to an ineffective merger between the political process and the development process, which is very different from the important theoretical linkage between them. Moreover, the role of the PLO should not be disregarded, for it continues to be the sole legitimate representative of the Palestinians, wherever they may be.

***All decisions related to the development process, as well as all political decisions, are taken by the "Palestinian Leadership"***

#### **Box 3-2: The main problems facing the executive authority**

1. The role of the Palestinian Council of Ministers vacillates between an executive and a political body. This makes it difficult to evaluate its performance in development, particularly without comparing it to a development vision governing its work (a Ministerial Statement was issued only on the programme of action and policies of the Council of Ministers). The Council of Ministers does not supervise the work of public authorities nor does it monitor their activities directly; most of these authorities are accountable to the President of the PNA. The Council of Ministers does not discuss and approve the by-laws and procedures regulating the work of the ministries and public institutions, which are intended to end duplication and overlap, and to define powers and responsibilities clearly.
2. The Council of Ministers has not established clear and approved organizational structures for ministries and public authorities. Although the "Civil Service Law" has been passed, its implementation has caused confusion which has not yet been resolved.
3. The number of employees in the government sector is very high, and increases constantly.
4. Power centers have emerged within institutions and ministries, compounded by duplication, conflict, and overlap of powers, interference of the security organs in the work of ministries and specialized institutions, interference of the latter in the work of other ministries or organizations, and the difference in laws between the WBGS.

- 5. The lack, or non-application, of procedures, by-laws and work regulations in ministries and public institutions has given rise to waste of public funds and abuse of public office. Some examples are: exceeding the public budget allocations, extravagant furnishing of offices, use of government cars for private purposes and the involvement of public officials as investors or board members in private companies.
- 6. There is an absence of laws to regulate the work, and define the mandate and powers of the security bodies. This has led to excess numbers of people on the payroll of these bodies and overlap and duplication in their work, especially in higher levels. There is no mechanism for clear and effective supervision, nor any body entrusted with supervision over the operations of these bodies, a situation which has allowed their interference in the work of the judiciary, the ministries and public institutions, and in the work of other security bodies.

### **Absence of a development vision**

The process of PNA institution-building began without a clear vision of the mechanisms for this process, or a developed philosophy of its foundations and its relations with the different institutions and formations in society. The resulting process was characterized by experimentation and spontaneity. While acceptable during

the early stages of institution-building, its perpetuation will lead to blocking and weakening the development process. The fact that the PNA lacks a unified empowering development vision has led to confusion and conflict within its institutions, and will give rise to continuing problems that will hold it back from assuming its empowering leadership role in development. In this vacuum, each

#### **Box 3-3: PNA institutions and the Palestinian public**

A public opinion poll on a number of issues related to institution-building reveals the urgent need to take into account the interests and aspirations of the Palestinian people, and the potential for investment of human capital in the development process. Following are some of the most important results:

-79% considered that participation in decision-making is limited to a small group of people.

-69% considered that senior posts in the PNA are not equally accessible to all those who are qualified.

-60% did not agree with the statement "The PNA works for the interests of all, on an equal basis," while 20% agreed, and 16% considered the statement to apply to a certain extent.

-64% considered that transactions cannot be speedily processed in government institutions, if the concerned applicant is not "well-connected." The percentage was higher in the Gaza Strip than in the West Bank.

-34% agreed that government institutions offer qualitative service to the public, 31% disagreed, and 27% replied "somewhat." A larger percentage from the West Bank agreed with the last expression, than from the Gaza Strip.

-20% agreed to the following statement: "All sectors of society benefit from the economic development projects implemented by the PNA," while 55% did not agree.

*DSP, Palestinian Public Opinion Poll, June 1999.*

ministry and public institution continues to formulate its own development policies, without reference to a comprehensive frame, embraced by national consensus. As a result, public employees are demoralized and feel excluded from the policy-making process, which in turn has led to visible on-the-job apathy, where keeping office hours is an end in itself. The method of appointments in different PNA organs and institutions reflected this approach by, taking into consideration different political, factional, tribal and regional clusters.

The PNA must develop a clear vision of the nature of the society and the state it is seeking to build, a vision harmonious with national aspirations and reflecting the highest level of national consensus. Such a vision should be based on participation and a respect for pluralism (using the Declaration of Independence as a basis, for example), and should be congruent with the concepts of sustainable human development. In other words, it is necessary to combine national tasks with the tasks of building a modern democratic state and a development environment. While the task is not that of the PNA alone—for it is the responsibility of the various political and civil forces in society as well—the PNA should develop a vision of its role in society

and undertake all its leadership responsibilities. The process of institution-building was negatively affected by the decision of the Palestinian opposition forces to abstain from participating in the governmental institution-building process, and from forging alternative bases and visions for it.

### ■ **Separation of powers: Balance and complementarity**

The factors mentioned above have led to the predominance of the executive power over the other powers of government, threatening the future of civil life in Palestine. Such a situation has negative impact on the effectiveness and sustainability of the development process, especially in the absence of constitutional checks and guarantees to control the relationship between the three powers in a well-defined manner.

The PNA continues to operate without constitution or articulated vision of the nature of the state it aspires to become and the nature of the society it wants to contribute to developing. It is urgent that the separation of powers be implemented, and a constitution be adopted for the future state of Palestine. PNA institutions should be separated from those of the PLO, and the relationship between them clearly

*There is absence of constitutional checks and guarantees to control the relationship between the three powers in a well-defined manner*

### **Box 3-4: Confidence in PNA institutions**

The percentage of those sampled who said they had trust in any of the PNA institutions (executive, legislative or judiciary) did not exceed one-third: 24% said they trust PNA institutions in general and 31% said they trust them "somewhat." On the other hand, 38% said they do not trust PNA institutions. As for the PLC, 30% said they trust the PLC, while 35% said they do not. Trust in the judiciary was slightly higher at 33%, and equal to those who do not trust the judiciary. In the Gaza Strip, the percentage of those who trust the judiciary declined to 27%, while in the West Bank it was 37%. The percentage of those who do not trust the judiciary in the Gaza Strip went up to 43%, and those who do not trust the PLC to 47%. Trust in the security bodies was 33% and, in the case of the police, increased to 40%. The percentage of those in the Gaza Strip who do not trust the security bodies was 42%. Noteworthy is that trust in all of these institutions was lower in the Gaza Strip than in the West Bank. The percentage of those who gave no opinion was higher in the West Bank where the PNA has a less extensive presence than in the Gaza Strip.

*DSP, Palestinian Public Opinion Poll, June 1999.*

established. The importance of having a basic law or constitution in place, based on the principles endorsed in the Declaration of Independence, increases with the ending of the transitional stage, and the expected declaration of an independent Palestinian state on Palestinian land. The enforcement of a body of laws is also required,

particularly those delineating and regulating the relationship between the public sector and civil society, including the Charitable Associations and Organizations Law, the Political Parties Law, the Law on the Independence of the Judiciary, the Civil Service Law, the Local Elections Law and several other laws.

### **Box 3-5: The PLC: Achievements and challenges**

The PLC has succeeded in generating its own dynamic, and has taken important strides towards the creation of its own institutions, including: setting up permanent and specialized committees; approving its internal standing orders; developing a network of relations with civil society organizations, including human rights organizations, and with official and non-official Arab and international organizations; and forming its administrative teams. The PLC also established its legislative role and its role in monitoring the executive authority. However, the PLC has not succeeded so far in taking up its full role in consolidating democratic life in Palestine and in effectively monitoring the executive authority. These shortcomings are due to several factors, among them:

1. Absence of a Basic Law or a constitution regulating the relationship between the PLC, the executive branch, and the PLO institutions.
2. Lack of cooperation on the part of the executive authority with the PLC. The executive authority has obstructed the work of the PLC in issuing legislation and in monitoring, ignored many of its decisions, and delayed submission of the budget to the PLC.
3. The political composition of the PLC is not diverse; the great majority of its members are affiliated to the same political organization. A high percentage of PLC members are also members in the executive branch (as ministers, advisors to the President of the PNA, or as senior PNA officials).





- ▶ 4. Israeli measures hinder the movement of PLC members, the operation of its committees and, in some instances, even interfere with its meetings.
- 5. The PLC continues to lack experienced staff in parliamentary affairs and, although there have been improvements in this area, the PLC still lacks standing administrative orders that would guarantee the necessary coordination and complementarity in the work of its committees and departments.
- 6. Most of the decisive sessions of the PLC begin with a legal quorum, but only a small number of the members remain for plenary meetings and even for voting on draft resolutions.
- 7. The PLC adopts redundant resolutions and sometimes adopts resolutions of an executive nature, not within its mandate.
- 8. The relationship of PLC members with their constituency is an administrative relationship, lacking vitality and interaction.
- 9. From the sample mentioned, 24% of Palestinians considered the PLC to be playing the role required of it in development. However, 45% of the sample did not agree that it was, while another 20% agreed "somewhat."

## The judiciary

The status of the judiciary in Palestine is closely linked to a set of factors that limit its performance in enforcing the principles of the rule of law, and protecting the rights of citizens. The prevailing culture is among the more prominent factors responsible for the present situation, for it does not take the rule of law seriously, both at the popular and official levels. In addition, the history of the Palestinian judiciary has reflected the separation of the West Bank from the Gaza Strip, and the application of a different code of law in each region, a legacy that has led to confusion in the enforcement of the law under the PNA. It is not clear why a reasonable degree of unification of procedures and legislation between the two regions has not been achieved so far. Meanwhile, the judiciary suffers from an overlap in powers: the Ministry of Justice, the Public-

Prosecutor and other institutions have all intervened and tried to influence the work of the judiciary. The judiciary also lacks the expertise and the facilities necessary to carry out the role required of it. There are, for instance, only 37 judges and 16 public prosecutors. In the year 1998, each judge had to examine an average of 7,084 cases (at an average rate of 28 cases a day). There is one bailiff per 200,000 persons, a rate low by international standards. To date, the Law on the Independence of the Judiciary has not been ratified.

## Security bodies

There are nine different security bodies in the PNA: the percentage of the number of persons working in the police and security bodies in the PNA-controlled territories compared to the total population is among the highest percentages in the world, and the

*The percentage of persons working in the police and security bodies in the PNA-controlled territories compared to the total population is among the highest percentages in the world*

process of establishing security institutions still continues.

In light of these facts, there is concern over interference by these organs in political life, and over their partiality. Human rights and citizens' rights organizations have monitored numerous incidents involving transgressions by security bodies of individual rights, such as arbitrary detention, detention without trial, torture, refusal to submit to decisions of the judiciary, and interference in issues that do not fall under their sphere of competence. These bodies need to incorporate a high degree of professionalism and discipline before the law in their work, and to provide continuing education for their members on the concept of citizenship. Their role and very existence is to protect the rights of citizens and their access to those rights, irregardless of class, gender, religion, age or other factors. The institution-building of the security bodies requires that scientific research be undertaken to assist them in their work, in investigating the causes and motives behind certain forms of behavior disruptive of public order and social security (crime, drugs, juvenile delinquency, violence against women and children, destruction of public property, etc.), to enable these bodies to fulfill their duties towards all citizens.

Institution-building in this field requires that a number of steps be taken: a reduction in the number of security bodies as much as possible; formalization of the relationship between the security bodies and the executive and judiciary branches; education of the security bodies on respect for citizens' rights, and respect for the law and its fair enforcement. It also requires that these bodies be subject to supervision, similar to the non-military public bodies, and abide by the law.

#### **Box 3-6: Monopolies Companies and other bodies**

The PNA has established, or taken part in the establishment, of a number of companies and bodies active in trade, industry and services. This phenomenon has been questioned and criticized from a variety of sources (see Chapter Four). Criticisms focused on the fact that this situation has created PNA monopolies, which affect the ability of other companies and institutions with private capital to compete, and, in addition, hinder the monitoring of the legal and administrative regulations of these companies and institutions. Companies that are owned by the PNA are also in conflict with the policies of the donor countries, the World Bank and the IMF, all of which support developing the role of the private sector, and restrict the role of the state to providing the infrastructure and the legal framework that will promote investments by private capital and free trade.<sup>4</sup>

## ■ Human resources and organizational structures

The pattern in operations of PNA bodies has produced an organizational structure that is, in most cases, that of an inverted pyramid, due to the multiplicity of senior posts (under-secretary, assistant under-secretary, director-general) and mid-level posts (director), compared to the lower executive functions. It has also led to difficulty in devising job descriptions as required in the transitional stage, all of which has led to dysfunctional over-employment in the bodies and institutions of the PNA.

### Box 3-7: Employees of PNA Institutions

No accurate figures are available as to the numbers of employees in PNA bodies and institutions, however, signs point to an increase in the number of government employees from 22,000 in mid-1994, to 75,000 by the end of 1996; the number may have exceeded 100,000 during 1998. It is difficult to calculate the number of government workers due to multiple payrolls. A number of government employees and experts are paid by international assistance programs. The Ministry of Local Government does not have a complete registry of all those employed in the organs of local government (municipal and local councils) in the Ministry, because these councils rely on self-finance and external assistance, in varying degrees.

## Diversity of human resources

The PNA has drawn on three distinct labor pools in forming its institutions and organs. The first is the body of employees in the PLO institutions, and the cadres of some of its political factions, be they returnees or residents of the WBGS who were distributed between the security bodies, the new ministries and other PNA authorities and institutions. The second pool is public employees working for the Jordanian and Egyptian administrations, and for the Israeli Civil Administration. Most were employed in institutions of education, health, social affairs and the judiciary. The third pool is those working for NGOs in the WBGS or in the private sector. Each of these groups brought with them a diversity of concepts and experiences, and differing visions of what it means and what is required to build PNA institutions in a transitional stage, with transformation into a sovereign state as the ultimate goal.

### Box 3-8: Human resources: Diversity of background and orientations

In a survey conducted by the DSP, about 68% of those occupying the posts of director-general or director in PNA ministries began work in their ministries following the establishment of the PNA, while the proportion of those who worked in these ministries before the PNA was 26% of the total. In addition, 44% of all these directors spent most of their working life outside Palestine, while 46% did so in Palestine. As for the political orientations of these directors, the majority described themselves as supporters of the Fatah movement, while the rest considered themselves independents or leftists or did not name a specific political orientation.

## **Duplication and overlap in the work of ministries and authorities**

PNA public institutions remained without a vision to guide their role or their plans. It is not surprising, then, that conflicting visions and perceptions emerged in these institutions as to their role and to the methods of practicing and advancing this role. This situation was also reflected in the confused relationship of each public institution with other public institutions, NGOs and international parties, and on the evaluation of these relations. Individual perspectives, governed by subjective considerations and measures, rather than a common goal, led to dissipation of efforts and waste of resources.

In addition, the establishment of a large number of ministries has also led to confusion, duplication and competition, obstructing the forging of a policy with a rational approach to institutional development. Under such conditions, delineation and description of tasks and authorities in a number of ministries and authorities was not undertaken. It would have been feasible to merge a number of civil authorities and administrations into a single ministry working in a specific field, and thus eliminate many of these problems of excessive bureaucracy: competition, confusion, excess workers, outright unemployment, under-employment and waste of human and financial resources.

Moreover, certain tasks do not warrant a special ministry, but can be entrusted to a center or authority with clearly-defined functions and powers.

## **Importance of organizational structures and administrative and financial systems**

The institutional performance of certain ministries and specialized agencies has improved since their establishment in 1994 or 1995. Such improvement can be seen in the fields of education, health, social welfare and infrastructure, and in the availability of data and studies on various aspects of Palestinian life. However, this improvement falls short of what is expected or acceptable. Moreover, there is a prevalence of a service-oriented approach in the work of these institutions, and a lack of a participatory development vision.

### **Box 3-9: Performance of the PNA from the public perspective**

A significant percentage of the public evaluates the performance of the executive and legislative authorities positively, even though a high percentage of the public also believes that there is corruption in PNA bodies and fears it will remain so in the future. These results indicate an understanding of the circumstances surrounding the PNA, the pressures imposed on it and the importance of giving the PNA the chance

*The establishment of a large number of ministries has also led to confusion, duplication and competition, obstructing the forging of a policy with a rational approach*

to carry out its duties. The 1999 survey indicated that 49% of those surveyed evaluated the performance of the PLC positively (while 17% evaluated it negatively, 25% "somewhat," and the rest gave no opinion); 49% evaluated the performance of the government positively (while 15% evaluated it negatively, 23% "somewhat," and the rest gave no opinion); 48% evaluated the performance of the judiciary and the courts positively (while 20% evaluated it negatively, 19% "somewhat," and the rest gave no opinion); about 56% evaluated the performance of the institution of the presidency positively (while 11% evaluated it negatively, 14% "somewhat," and the rest gave no opinion); and 56% evaluated the performance of the security bodies and the police positively (while 18% evaluated it negatively, 19% "somewhat," and the rest gave no opinion).<sup>5</sup>

## ■ Visions, objectives and structures

A significant number of employees in government institutions believe that their institution does not have a clear policy, that the administration is not streamlined and does not follow a well-defined plan of action. A large percentage of these employees feel they do not have job security, do not participate in decision-making and consider working conditions to be inadequate. According to a survey conducted by the DSP, the majority of directors and director-generals described the relationship inside their ministries as undemocratic. They also expressed genuine concern about the working relationship, cohesiveness and complementarity of skills within each ministry, with other ministries and with the branches of the same ministry in the West Bank and in the Gaza Strip.

**Table 3-1: Results of survey on inter- and intra-ministerial relations (%)**

	Yes	Somewhat	No	No response
Relations in PNA ministries are democratic	12.9	32.3	43.5	11.3
Relations in our ministry are professional	32.3	33.9	27.4	6.4
Relations in our ministry are democratic	14.5	29.0	53.3	3.2
Administrative skills in our ministry are harmonious in their development vision	13.1	29.5	54.1	3.3
Administrative skills in our ministry complement each other	9.7	22.6	64.5	3.2
Relations with other ministries are complementary	31.1	27.8	34.6	6.5
Relations between ministry offices in the WBGS are consistent and complementary	20.0	23.3	46.7	10.0

***The majority of directors and director-generals believe the vision and objectives of their ministries are incomplete***

***The administrative system was criticized for being bureaucratic, traditional, lacking in comprehensiveness, unwritten and unapplied in some cases***

The survey revealed that the majority of directors and director-generals believe the vision and objectives of their ministries are incomplete, ambiguous or inadequate. They were nearly unanimous in describing organizational structures as either non-existent, or incomplete, primitive, ambiguous, or highly centralized and serving personal interests. Organizational structures were also criticized for being unequally applied among employees, for lack of controls in their application, and for their diverse interpretations without any professional standards, depending on the person in charge of implementation.

In one of the main ministries, the organizational structure has been changed ten times, and has not been finalized yet. Most importantly, in many cases there is no harmony between organizational structures in the West Bank and those in the Gaza Strip. When asked about the clarity of these structures to all the employees

in the ministry, 30% of the directors responded that they were clear to all employees and 13% said they were somewhat clear. As for the rest (57%), they declared that the structures were not clear at all (although they may be clear as far as decision-makers in the ministry are concerned).

### **Administrative and financial systems**

There was near-unanimity about whether there are administrative and financial systems in place in the ministries. The administrative system was criticized for being bureaucratic, traditional, lacking in comprehensiveness, unwritten and unapplied in some cases. Job descriptions for the different departments and sections were either lacking or poorly written. In addition, employment procedures were not clear and, in many instances, not based on open competition and eligibility.

**Table 3-2: Results of opinion poll on administrative and financial systems in PNA ministries**

<b>How does employment take place in your ministry?</b>	
In a centralized and non-competitive manner.	52%
As a result of free competition.	19%
A combination of both styles.	29%
<b>Are the management and finance systems adequately clear for all the employees in the ministry?</b>	
Yes, for all of them.	20%
Yes, for the senior employees only.	13%
Somewhat.	23%
No.	44%

The directors criticized the financial system, despite considering it clear and detailed, for being bureaucratic, centralized, not applied equitably, in need of developing and in need of a degree of independence from the Ministry of Finance which applies procedures that the directors consider to be obstructive of the work carried out by their ministries. The directors asked for independent and sustainable budgets for each ministry. They also criticized both the administrative and finance systems for not being adequately clear for all employees in the ministries.

### **The Civil Service Law**

The debate surrounding the Civil Service Law revealed the high degree of confusion resulting from the arbitrariness that governed the building of institutions and bodies of the PNA. The rationale did not devote adequate attention to real priorities and needs, and did not define powers and responsibilities in specific terms. Appointments did not take place according to needs, qualifications or experience, and not even as a response to what could be described as the need to reward militants. They took place on grounds nearer to tribal and regional considerations and, in other cases, on grounds of favoritism,

personal connections and political loyalties. This gave rise to the administrative inverted pyramid in most of the public institutions, which resulted in overlap in authorities within the ministry and between different ministries, and encouraged tension, conflicts and individual interests that obstruct planning, initiative-taking and clarity of vision.

Thus it is virtually impossible to separate between implementing the Civil Service Law, and conducting comprehensive administrative reform, which would result in the implementation of the Law. Such reform should start by ratifying the Basic Law, and endorsing the principle of the separation of powers. The government (the Council of Ministers) should hold separate meetings to address government affairs, and to forge policies and strategies at various levels. The Civil Service Law should not be regarded merely as an instrument to improve the salaries of government employees, but as an instrument to organize the civil service on a modern and effective basis. Unless such conditions are made available, it is most likely that the policy of appeasements and exceptions will become the rule. Lastly, enabling resources should be made available to the PNA for the enforcement of any law, including the Civil Service

*The paradigm governing the relationship of the central authority with local authorities and councils is a centralized one*

Law, the cost of which is estimated at \$300 million annually out of a public budget that does not exceed \$1 billion.

**Box 3-10: Supervising the executive authority**

The Commission of the Public Controller, set up at the end of 1995, and directly accountable to the President of the PNA, has taken an important step in producing a report on the performance of several ministries and other civil authorities of the executive authority. However, the report focused only on financial matters, while overlooking the role of security bodies in the work of the civil institutions. It also did not address other issues such as customs collection, disbursement of public property (particularly state lands), and excess employment within the civil service. Yet this report was not adopted by the executive authority as a basis for initiating reforms in the civil service. The PLC in turn issued another report, after conducting a study of the report by the Commission of the Public Comptroller and adopting specific recommendations and procedures, but it was also rejected by the executive authority. In this matter, importance is given to the role of Palestinian human rights institutions in monitoring PNA violations and the role played by a number of other organizations active in the field of human rights.

**■ Centralization and decentralization**

The laws approved by the PNA (and specifically the Law of Local Councils, approved on 12/10/97), and the current policy followed by the Ministry of Local Governments, indicate that the paradigm governing the relationship of the central authority with local authorities and councils is a centralized one. This centralized paradigm may be one of the factors behind the successive postponements of the elections for local councils, even though the law regulating these elections was approved in late 1996. Despite repeated declarations by officials in the Ministry about preparedness for holding these elections, they have not been held to date. Meanwhile, municipal and village council elections were replaced by the appointment of committees, on tribal or factional bases. This process transforms committee members into employees, instead of being representatives of their local communities. The above paradigm is supported by the fact that all decisions and directives are issued by the Ministry of Local Governments centrally and transmitted to the local committees. Such decisions include zoning for purposes of regulating construction, and transformation of village councils into municipalities without clear justifications for doing



so. It is a paradigm that does little to encourage local councils to devise means, plans and initiatives to develop local resources (both material and human), and to reduce their dependence on central resources.

a spirit of initiative and responsibility into local communities, broaden their participation in public life, develop their human and material resources, and boost their ability to challenge restrictions, obstacles and external transgressions. All this would lead in

### **Box 3-11: Women and local government councils**

The gap between the work of local councils and women in the community continues to be very wide. Even though these councils affect the lives of women much more than does any other governmental institution, the plans and projects prepared by these councils do not mainstream issues and concerns pertaining to women, nor do they have any gender focus in their work. The percentage of women appointed as members in these councils does not exceed 1%, despite continuous appeals by the women's movement for greater integration of women in local government, and a Ministry of Local Governments decision to appoint women in every council.

*The gap between the work of local councils and women in the community continues to be very wide*

Objective circumstances surrounding the Palestinians in the WBGS have influenced choices about the kind of relationship between central and local administrations. This situation can be described as follows: an infrastructure inherited by local councils after decades of occupation; scarce local resources; forced separation of the West Bank and Gaza Strip; wide areas of West Bank lands remaining under classifications as "Area B" and "Area C"; the condition of the PNA as a self-rule authority; low population figures; and limited geographic space. Although these factors are of major importance, the adoption of decentralization as a system of governance would infuse vitality and

turn to achieving a higher level of sustainable human development.

The ideal solution may lie in gradual transition into a system in which local authorities would enjoy the powers of local government. This can first be applied in larger cities, which have the necessary human and material resources, then applied in other municipal councils and village councils, as suitable conditions develop. However, such an approach would require the implementation of the Local Elections Law, and consolidation of the responsibility of these councils before their local communities. In addition, it requires amending the Law of Local Councils to allow local communities greater participation in the forging and

implementation of local development plans, and in the public life of their communities.

### **Box 3-12: Fear of deterioration in public services**

There is serious concern about a possible deterioration in public services, particularly those measured by the human development indicators in the areas of health, education and social welfare. Such concern stems from the insufficiency and instability of funding, the weak administrative experience of some officials, inefficient supervision and monitoring, and the overlap in responsibilities. These concerns are seen in the way Palestinians appraised their living conditions during recent years.

- **Economic Conditions:** 44% of Palestinians felt that their standard of living had not changed since the establishment of the PNA, while 41% felt their conditions had grown worse. On the other hand, 14% felt their living conditions had improved.
- **Educational Conditions:** 35% of those surveyed believed they could not afford adequate education for themselves or for their children, while 29% believed they could afford it; 36% described their ability in this respect as "fair," 64% assessed educational services positively; 27% assessed the services as average; while 9% described them as poor or below average.
- **Health Conditions:** The situation is more serious in terms of health services. One-third of those surveyed considered that they could not afford adequate healthcare in the event of illness, be it their own or that of a family member, 36% described their ability as "fair," while 31% declared they could afford it. At the same time, 39% gave a positive assessment of health services, 26% gave a negative assessment, while 36% considered them "fair,".

*DSP, Palestinian Public Opinion Poll, June 1999.*

taken into consideration in institution-building:

- A political and legal environment should be created that promotes the completion of institution-building in PNA bodies, authorities and departments.
- Clarity of vision and objectives should be developed, as well as adequacy and compatibility of work methods and internal administration and structure in these institutions with the vision and objectives. Clarity of vision, objectives and work methods is necessary at the level of each public institution, as well as at the aggregate level including all institutions, and in the relationships between them.
- Institutional capability should be developed to accumulate experience and transfer new information from the individual to the institution, and vice versa.
- Mechanisms should be generated for continuing assessment of institutional work, by the staff and the beneficiaries of each institution.

***A political and legal environment should be created that promotes the completion of institution-building in PNA bodies***

### **Conclusion**

There is a tendency to reduce the process of institutional development into a process of training, rehabilitation and capacity-building for institution staff, in isolation from the comprehensive components of institutional work.<sup>6</sup> This tendency should be avoided, and the following points

### **Box 3-13: Optimism and pessimism**

About one-third of all directors and director-generals surveyed described their feelings about the future as optimistic; 11% were pessimistic and 31% described their feelings as "in between." Those remaining, 24%, were not able to specify the nature of their feelings about the future.

The process of public institution-building is in need of streamlining and review to reflect political and developmental priorities at the national level, and the distribution of available and potential resources. Decentralization and re-organization of public administrations should be accompanied by the provision of human resources suitable in qualifications, experience and training for the mission of each institution. Functions should be based, firstly, on empowering citizens to enable them to obtain their rights and to contribute to the process of development. Their main allegiance should be to the citizens in general, or to that group of citizens targeted by the mission of the institution. Secondly, it should be based on providing consultations, studies and proposals to policy-makers to contribute to the empowerment of citizens, and to attaining their rights. PNA institutions should not be transformed into quasi-NGOs, either in the way they obtain funding or the kinds of services they provide, or in their methods of work. Such an overlap leads to wasted efforts and to losing their original objectives which are to provide an enabling environment, to draft policies and strategies, and to offer basic services that every citizen is entitled to. In order to carry out these

functions, mechanisms should be established to interact and communicate with citizens, according to the group or groups targeted by the relevant ministry or institution. The quality of the relationship between the institution and its citizens is the best way to judge its performance and the extent of its actual participation in the development process, and make it possible to further improve its performance.

The time has come for streamlining the structures of public institutions to be compatible with their role in empowering citizens, broadening their choices, and their current and future capacities. This requires a greater focus on those fields in which the PNA has an enabling role (especially in the educational, health, social and legislative fields), and the allocation of funds and efforts in their direction. Streamlining becomes feasible once this role and the relationship with the community are defined according to the resources available. The process also requires that a development strategy be drafted for the critical next period, that will impose on the donor community respect for the Palestinian will and Palestinian development priorities. There can be no effective public institution structure if it lacks clarity in its vision of development and in its scale of priorities.

***PNA institutions should not be transformed into quasi-NGOs, either in the way they obtain funding or the kinds of services they provide, or in their methods of work***

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1. Data on government employee opinions in this Chapter are based on a survey conducted by the DSP in a number of Palestinian ministries, and on an opinion poll and a series of in-depth interviews with a number of senior officials in government institutions, in addition to a number of research papers. See the appendices for details.
  2. Fifteen laws were approved by the President of the PNA (up to the end of 1998), after PLC approval and submission for ratification. These are not adequate for unifying all the different aspects of daily life in the WBGS.
  3. Quoted from: "The Palestinian Independent Commission for Citizens' Rights, Third Annual Report," 1999.
  4. There are several examples of declared positions by the PNA, expressing commitment to privatization, encouragement of the private sector, and creation of the suitable environment for investment, through issuing legislation and through negotiations with Israel (see "Interview with the Director-General of PEC DAR," *Al-Ayyam* newspaper, January 16, 1999).
  5. See Opinion Poll No. 28, conducted by the Centre for Palestine Research and Studies, January 1999.
  6. For a clearer idea about PNA government employee structures, see: Ghania Malhis, "International Conference on Employment in Palestine - Ramallah," Ministry of Labour, 1999. This study indicates an increase in educational levels for civil service employees, in comparison to private sector employees, and an increase in rates of employment for women in the government sector, compared to the private sector, due to their increase in the fields of health, education and social affairs. The study also indicates a rise in average age of employees in the public sector compared to the private sector (due to the formation of the public sector, and the inherited staff from the Israeli Civil Administration, and PLO cadres). The study also reveals over-employment in senior administrative and supervisory positions, leading to some ministries having a greater number of directors than staff in lower positions.

## **Chapter 4: Economic policies and human development**

**Employment and wages**

**Investment and development**

**The Palestinian public sector**

**The Palestinian private sector**

**Public sector-private sector relationship**

**Macro-economic policies**

*For the first time in its history, the Palestinian economy in the WBGS is under the supervision of a national authority*

## **Introduction**

Economic growth is regarded as an important factor in expanding the material means to meet the needs of the public, and to broaden their choices. Thus economic growth is a necessary, although not a sufficient, condition for human development. Moreover, the relationship between the two is not automatic; rapid economic growth may be accompanied by slow human development and vice versa. They may enhance each other, or stifle one another. That is why decision-makers should devote special efforts to avoid a growth that does not expand job opportunities or that is merciless, rootless and futureless.<sup>1</sup>

For the first time in its history, the Palestinian economy in the WBGS is under the supervision of a national authority that bears the responsibility for managing economic policies and the various social services. A civil service was established under Palestinian administration and with Palestinian implementation, and incurred criticism when it expanded in size past all expectations. The performance of the public sector, and its relationship with the private sector, has also raised many questions about its role in the process of human development.

At the same time, the absence of clear macroeconomic policies increased the

burdens borne by the Palestinian economy, and created a situation where there were no independent mechanisms for economic growth, and under continuing siege and dependency imposed by Israel on the Palestinian economy. In addition, the PNA does not have clearly-defined development orientations, or a demonstrated commitment to the declared government policy of giving the private sector a main role in development.

Therefore, the distribution of powers and tasks, and the implementation of regulations, were vulnerable to manipulation. This situation gave rise to monopolies and favoritism between those with political clout and investors, while excluding vital social groups from the development process including women, the poor and other marginalized groups. The lack of market regulations led to frequent violations by the private sector to the detriment of the environment, health, human rights and workers' rights. Social support systems were too overwhelmed to provide adequate and reliable protection for all those harmed as a result of the lack of fair macroeconomic policies.

This chapter presents an analysis of the main economic policy issues in the WBGS, specifically, employment, wages, poverty, investment, the

regulatory environment for investment, economic growth, and the relationship between public sector and private sector.

an increase of about 13.8% over 1997. In addition there was a rise in full employment to 77.8% in 1998, compared to 69.4% in 1997. This

#### **Box 4-1: Economic development from the perspective of the Palestinian public**

- 93% of Palestinians considered difficult economic conditions among the main factors hindering their effective participation in the development of their society; 37% considered company practices in the private sector to be part of these impediments.
- 48% believed that the Palestinian economy was not based on free competition (the percentage was higher in the Gaza Strip than in the West Bank), while only 23% considered it to be a free market economy, characterized by fair competition.
- 21% believed economic development projects implemented by the PNA were of benefit to all sectors of society, while 55% believed that some sectors did not benefit from these projects; 61% said that benefits from development projects implemented by the PNA were not distributed evenly over all geographic regions.
- 76% believed that international assistance does not bring equal benefits to all Palestinians, while 9% believed it does.

*DSP, Palestinian Public Opinion Poll, June 1999.*

## **■ Employment and wages**

A distinction has to be drawn between sound growth accompanied by an increase in job opportunities, improvement in productivity, more equitable distribution of income, and improvement in working conditions, and unsound growth that does not benefit the lives of individuals and the community. Employment in the West Bank and Gaza Strip increased by 8.44% in 1997, compared to an increase of 0.06% in 1996. There were 58,450 new job opportunities in 1998,

coincided with a decrease in levels of unemployment and partial employment, which is usually considered an indicator of improved conditions in labor markets. Yet the data indicates a decrease in real wages, and increase in working hours and average workdays, which indicates the possibility of a drop in living standards for wage-earning employees. The increase in job opportunities was concentrated in the public sector, under an employment policy that has grown to become an economic

*Sound growth is accompanied by an increase in job opportunities, improvement in productivity, more equitable distribution of income, and improvement in working conditions*

burden. Workers in jobs inside Israel accounted for a substantial portion of the increase in the numbers of employed Palestinians.

### **Social profile of Palestinian workers**

Wage-earning workers made up the largest group of workers in 1998, representing 65.3%, followed by self-employed, 21%, and unpaid family workers, 7.9%. Employers made up 5.8%. The proportion of the self-employed is an indicator of the size of the informal sector in the economy, which increases its activity during periods of economic recession and rises in unemployment, and shrinks in periods of economic growth and prosperity.

26.6% came from the PNA. The main economic sectors providing new job opportunities were the commerce sector, restaurants and hotels (33.7%), the construction sector (31.8%), and the manufacturing and mining sector (11%). As for the distribution of workers according to economic activity, the data indicates that the services sectors (commerce, restaurants, hotels, transportation, storage, communications and other services) were the main employers in the Palestinian economy, with their share of employment reaching 51% in the Palestinian territories (46.7% in the West Bank and 57.9% in the Gaza Strip) in 1998. Among the reasons for the increased share of the services sector in employment in the

**Table 4-1: Relative distribution of workers from the WBSG according to worker status (%)**

Worker status	1995	1996	1997	1998
Employer	6.8	5.7	5.4	5.8
Family member, without wages	10.1	10.7	10.1	7.9
Self-employed	21.1	22.8	23.1	21.0
Wage-earning employee	61.6	60.8	61.4	65.3
Number of workers	402,350	402,613	436,588	---

Source: PCBS, Surveys of the Labour Force.

***73.4% of the new job opportunities added in 1997 came from the Palestinian private sector and the Israeli economy***

### **Workers according to economic activity**

The data indicates that 73.4% of the new job opportunities added in 1997 came from the Palestinian private sector and the Israeli economy, while

Gaza Strip, compared to the West Bank, is the lesser importance of productive sectors (agriculture, mining, quarries and manufacturing industries) in the Gaza Strip, and the increased importance of public sector.



**Table 4-2: Share of the public and private sectors in production in the WBS (including Arab Jerusalem)\***

Year	Public sector contribution (%)	Private sector contribution (%)	Production (in millions of \$)
1994	12.7	87.3	5,286.26
1995	16.5	83.5	6,077.95
1996	22.4	77.6	6,731.24

Source: PCBS. National accounts.

\* The private sector includes the NGOs. Production includes intermediary consumption, and value added.

The share of public sector employment is increasing incrementally, reaching about one-fifth of the labor force. The relative importance of the public sector role in employment varies between the WBS: 27.7% in the Gaza Strip in 1997, compared to 14.3% in the West Bank. The distribution of PNA workers between the civil and military sectors in 1997 was 55.8% working in civil institutions and 44.2% in military services. The average annual increase in the number of PNA employees was 30% per annum between 1994-1997 (43.6% in the military sector, and 22.5% in the civil sector).

The expansion of public sector employment led to an increase in expenditure on current costs at the expense of investment, which in turn increased the PNA budget deficit, covered by grants, donations and local and foreign loans.

The share in employment of the Palestinian private sector fell from 70% in 1995, to 66% in 1997, as did the agricultural sector, decreasing over time from 14.5% in 1996 to 12.1% in 1998. Employment in the industrial sector and the services sector tended to stabilize, while the construction

*The relative importance of the public sector role in employment reached 27.7% in the Gaza Strip in 1997, compared to 14.3% in the West Bank*

**Table 4-3: Number of PNA employees and their distribution between the civil and military sectors**

End of year	Civil	Military	Total
1994	25,500	14,000	39,300
1995	34,800	24,000	58,800
1996	41,020	34,020	75,040
1997	48,400	38,400	86,800
1998*	---	---	92,000

Source: World Bank Mission to the Palestinian Territories, 1998.

\* Initial estimates.

sector fluctuated over time due to dependency on the Israeli labor market, and political volatility in the region.

## Unemployment

Unemployment was 14.4% in the Palestinian territories in 1998 (12.3% in the West Bank, and 21.5% in the

### Box 4-2: Drop in relative participation of women in the labor market

There are indications that the decrease in job opportunities for women is due to structural reasons related to the labor market itself, both in the kind of jobs available and in their quality. In spite of the increase in job opportunities in general in 1998, the participation of women in the labor force decreased by 11.3%. This could be attributed to the following reasons:

- 48% of all new job opportunities in 1997 and 56% in 1998 were inside Israel (where males occupy 97.6% of available jobs).
- Job opportunities in the PNA tend to favor males over females. The proportion of males out of the total number of workers was 82.5% in 1997, compared to 17.5% for females. There were 8,797 new job opportunities provided in the public sector up to the third quarter of 1997: 7,266 employed males (82.6% of available jobs), compared to 1,531 jobs employing females.
- In the private sector, most new job opportunities in 1997 were concentrated in the construction sector (31.8%), and in commerce, restaurants and hotels (33.7%), where men occupied the great majority (99.2% in construction, and 93.7% in commerce, restaurants and hotels sector).

## Men and women in the labor market

The share of men out of the total number of workers (full employment and underemployment) increased from 83% in 1996 to 85% in 1997, at the expense of women's participation which decreased from 17% to 15% over the same period. The absolute number of working women decreased by 9% (5,240 job opportunities) in 1997, compared to 1996.

Gaza Strip). Unemployment levels have been steadily decreasing since 1996. But in spite of the relative decrease in unemployment rates, the absolute number of job seekers (unemployed)<sup>2</sup> has risen from 89,900 in 1995 to 126,000 in 1996, only to decrease again to 115,900 workers in 1997. High unemployment rates in the Gaza Strip (compared to the West Bank) are attributed to the weaker capacity of the economy in the Gaza Strip to provide job opportunities, and

its greater dependence on labor inside Israel, compared to the West Bank. Moreover, Israeli closure procedures are applied on the Gaza Strip more strictly than they are in the West Bank.

problem of unemployment that was aggravated by the repeated closures imposed on the WBGS, by absorbing the largest numbers of unemployed in PNA institutions.

**Table 4-4: Distribution of workers in the WBGS between the public and private sectors<sup>3</sup>**

Quarter/Year	Public sector share (%)	Private sector share (%)	Total number of workers
4/1995	15.8	84.2	338,110
2/1996	20.2	79.8	347,960
3/1996	20.3	79.7	350,390
4/1996	21.4	78.6	355,250
1/1997	22.2	77.8	346,840
2/1997	20.4	79.6	383,090
1-2/1998 (average)	23.7	76.3	368,880

The problem is aggravated when we consider the phenomena of under-employment, and discouraged workers, both of which are widespread in the WBGS.

Underemployment reached 8.4% in the West Bank and 2.3% in the Gaza Strip (6.5% in the Palestinian Territories in 1998). On the other hand, disguised unemployment is widespread in the public sector, where it is estimated that only one-half of the current number of employees is needed.<sup>4</sup> But as a result of the Israeli policy of separating the West Bank and the Gaza Strip, the PNA duplicated institutions in the two regions. It also attempted to address the

In addition, there are large numbers of discouraged workers.<sup>5</sup> When we add discouraged workers to the unemployed, the unemployment rate increases from 23.9% to 32.65% in 1996, and from 20.98% to 30.14% in 1997. These rates reflect the extent of difficulty involved in finding job opportunities in the Palestinian labor market, and the psychological conditions and frustration suffered by thousands of job seekers. It was also revealed that discouraged labor in the WBGS aggravates the complexity of the problems among the marginalized groups in society, where it is more widespread among women than among men, and among the less-educated and the young.

*Laborers make additional efforts and spend more time at work in an attempt to compensate for the decline in real monthly wages*

## Wages

The data indicates a decline in living standards and working conditions of Palestinian laborers, as real monthly wages declined and average work days increased in the WBGS. Real monthly wages declined by 5.9% in 1997 over the previous year (9.6% decline in the West Bank, 11% decline in the Gaza Strip and a 0.11% increase in wages of Palestinian laborers inside Israel). Average monthly work days increased by 2% overall, with most of the increase in the Gaza Strip (5.9%), and inside Israel (5.6%); in the West Bank, the increase in average monthly work days was only 0.3%. This means that workers make additional efforts and spend more time at work in an attempt to compensate for the decline in real monthly wages. The increase in differences between workers in the Israeli labor market, and those in the WBGS labor markets should also be noted. In 1998 the per capita average real wage increased for a fully employed worker by 8.5% to NIS 59.5, and monthly income went up by 10.1% to NIS 1,347 (\$353.54), while the Palestinian worker put in an average of 1.3 additional work days compared to 1997.

In the public sector, the average daily wage was NIS 53.3 in the West Bank and NIS 45.9 in the Gaza Strip in the third quarter of 1997.<sup>6</sup> Public sector wages compared to average level of

wages for the same period are 2.2% lower for the West Bank, and 4.8% higher for the Gaza Strip. The importance of the public sector as a source of workers' compensations (wages and other advantages) increased to 53% in the Gaza Strip in 1996 and 46% in the West Bank. This increase came at the expense of the private sector contribution which steadily declined.

### **Box 4-3: Economic growth without sustainable job opportunities**

Economic growth in the WBGS did not lead to progress in human development, because it did not achieve greater levels of independence and sustainability. It was marked by a decline in productivity and real wages, and a decrease in the absolute participation rates of men and women in the labor force. This, in turn, led to a decline in the living standards of workers, who had to devote greater effort and more time at work, and received lower wages. Even though job opportunities increased (by about 8% in 1997), this increase was not sufficient to impact on unemployment levels that remained high in the Palestinian economy. These indicators reveal that economic growth in Palestine, besides being modest, is neither consistent nor sustainable as a result of Israeli closure policies, the institutionalized dependence on foreign assistance, and the lack of a mechanism for self-sufficiency.

## **Poverty and the inequitable distribution of services and income**

Poverty is widespread in the WBGS with a high percentage, about 23%, of all Palestinian households under the poverty line, and about 14% in deep poverty. Of poor families, 60% cannot meet their basic needs of food, and housing. Poverty is more prevalent in southern, central and northern Gaza Strip, and in the governorates of Jenin and Hebron. Refugee camps and villages also suffer higher poverty rates compared to the cities.

In spite of the short history of the experience and the persistent external factors, a large number of procedures still need to be established in order to promote investment. On one hand, work is continuing on legal reforms, but the slow pace of these operations and the complex procedures have not created investor confidence. In addition, many practices by PNA bodies and officials in the Palestinian public sphere, combined with bureaucracy in economic transactions, have repelled Palestinian expatriate capital and foreign capital. Moreover, Palestinian public sector employment

***60% of poor families cannot meet their basic needs of food, and housing***

### **Box 4-4: The poor get poorer, and the rich richer**

Economic policies did not persuade Palestinians that the gap between rich and poor was narrowing; in fact, 73% said the gap between the two groups was increasing. The percentage of Palestinians who felt this was higher in the Gaza Strip than in the West Bank.

*DSP, Palestinian Public Opinion Poll, June 1999.*

## **■ Investment and development**

The establishment of the PNA offered a historic opportunity to promote the Palestinian economy by introducing real reforms in the regulatory and investment environment. The establishment of the PNA also led to the growth of the public sector, and to its substantial contribution to investment and employment, and to the setting up of institutions that facilitate the process of investment.

policy and administrative performance have been the target of considerable criticism; there are numerous examples demonstrating abuse of power and administrative and financial corruption in a number of PNA organs.

Investment capital declined in 1998. The records of the relevant ministries indicate that during this year there was a decrease in the number of applications submitted for licenses, and in the size of capital registered in these applications.

***A large number of procedures still need to be established in order to promote investment***

**Table 4-5: Decline in size of investments**

Item	1996	1997	1998
Number of registered companies	-	718	347
Capital of registered companies (in millions of dollars)	-	85.2	19.8
Number of factories licensed	66a	103	84
Capital of factories licensed (in millions of dollars)	76.1	50.2	17.0
Number of applications for investment incentives	104	68	19
Capital of applications for investment incentives (in millions of dollars)	182.5	160.7	123.9

Source: Archives of relevant ministries.

*The PNA issued a number of important economic laws*

*Opinion polls indicate that Palestinians widely believe that favoritism and personal connections are used commonly in official processing*

### **Regulatory environment for investment**

The PNA issued a number of important economic laws, such as the Law for Promotion of Investment, the Law of the Palestinian Monetary Authority, the Law for the Registration of Residential Apartments and the Law for the Regulation of Currency Exchange. Various studies that have analyzed these laws have concluded that they are similar to laws prevalent in the region. There are some reservations as to their lack of harmony with international trends, however, such as linking the Palestinian Monetary Authority with the Ministry of Finance, and granting the government power of intervention in decisions related to monetary policy. As for the Law for the Regulation of Currency Exchange, it prohibits money changers from providing loans, thus depriving a large sector of citizens from access to credit that cannot be provided by

commercial banks, due to the high degree of risk involved. Among the important laws that could positively effect the regulatory environment and that should be given priority are: the Basic Law, the Law of Public Freedoms, the Labor Law, the Income Tax Law, the Anti-Monopoly Law, the Law of Companies and the Bankruptcy Law.

### **Procedures and regulations**

Opinion polls indicate that Palestinians widely believe that favoritism and personal connections are used commonly in official processing. They believe the procedures followed are ambiguous at best, and totally lacking in other cases. Procedures are often not published or are published in a confusing manner. Thus the procedures and their follow-up increase in number, and are burdensome for trade, investment and construction operations. In addition, the

fact that many economic and investment activities are conditioned on the approval of the security bodies, encourages abuse of power, discourages entrepreneurs and pollutes the investment environment. In fact, the powers granted to the security bodies in general facilitated their interference in economic activities; in return for securing necessary licenses, allowing operations, or facilitating procedures with tax authorities and at the border security personnel would demand a percentage of the profits without contributing to the capital. This led, in certain cases, to the migration of Palestinian capital, especially expatriate capital. It also led to the obstruction of many local investment projects.

On the other hand, the PNA obliged companies importing to the Palestinian market to deal through a Palestinian agent (or a Palestinian distributor), thus limiting the monopolization of the Palestinian market by Israeli importers. This decision encouraged foreign companies to regard the Palestinian economy as separate from the Israeli economy and to have separate agencies. A prevalent view is that such procedures have consolidated existing monopolies, and caused losses to small merchants.

The PNA also required that an Arabic-language composition and usage sticker be appended on imported products, which contributes to enhancing public safety. An institute for standards and specifications was established, and it began work on Palestinian specifications, some of which have already been adopted. As for public safety, the Palestinian Ministry of Labor established a division for Public Safety and Occupational Health to protect workers at the workplace, although this institution still lacks mechanisms that define and enforce public safety and set sanctions in the event of violations.

The Ministry of Supply conducts intensive inspection campaigns to monitor the sale of basic goods and their fitness for human consumption. However, in addition to a shortage of staff, ministry employees complain of an inability to control all channels of entry for products with expired dates, due to the long border between the West Bank and Israel, and the use of Israeli settlements as an intermediary point for the entry of such products. The Palestinian inspectors also lack adequate powers to follow and inspect trucks. There is a need for reviewing and streamlining investment-related procedures, reducing bureaucratic red-tape, ending any role for the security bodies in these procedures,

***There is a need for reviewing and streamlining investment-related procedures and for reducing bureaucratic red-tape***

and making some of these issues subject to the judicial authority in an institutionalized manner.

#### **Box 4-5: Commercial agreements, treaties and funds**

The PNA concluded a number of commercial agreements with governments and international agencies, although Israeli procedures have so far obstructed the possibility of benefiting fully from these agreements. Free trade agreements were concluded with the EU and with the US, and another agreement with IFTA is ready for signature. In addition, commercial trade agreements were concluded with Jordan and with Egypt. The International Investment Guarantee Agency has established an investment guarantee fund to support the Palestinian economy for investments brought in from outside the WBGS. The World Bank and International Finance Corporation (IFC) helped the PNA establish the Real Estate Mortgage Corporation, to promote housing loans. The Corporation will provide long-term loans to commercial banks and financial institutions for their use in providing loans for housing.

is to establish companies similar to the electricity companies. Transportation has always been owned by the private sector in the form of monopolistic concessions for different routes.

#### **Box 4-6: Monopolies do not advance human development**

Monopolies have raised genuine concern among Palestinians about high prices for poor services. However, the experience of many countries has demonstrated that telecommunications, fuel, tobacco and cement sectors, for example, can be regulated in a way that allows free competition and gives the incentive for efficiency, upgrades the level of services and lowers costs.

## **The infrastructure**

The PNA policy on infrastructure services is to empower the private sector so that it will become the provider. In fact, the telecommunications sector was transformed into the Palestinian Telecommunications Company. The Gaza Electricity Company, along with similar electricity companies in West Bank areas, was established to provide electricity services as part of the private sector, whereby the companies are initially owned by local councils entrusted with servicing the area. As for water, the issue is still undergoing discussion, but the general orientation

## **Institutions**

Public institutions have progressed considerably since their establishment, and are being dealt with normally by investors. The registration of companies is now the sole responsibility of the Ministry of Economy and Trade. Work has also commenced (though at a slow pace) on the commercial registry. The Ministry of Economy and Trade has established relatively good relations with the different institutions of the private sector. The Department of Investment in the Ministry has reached



an advanced stage of organization in the application of the Investment Promotion Law. According to this Law, the Ministry should decide within 30 days after the submission of each application, otherwise the applicant is automatically granted the exemptions provided for in the Law. The Ministry of Industry has also developed a prominent relationship with different industry owners, and has helped set up industrialist associations in different branches of industry. It is also taking part in the drafting of a plan to develop internal and border industrial zones.

of total deposits by the end of 1997. This loan percentage is considered small in comparison with neighboring countries and with the role expected of the banking sector in economic development in Palestine, especially since 53% of these loans were form of loans to cover overdrawn accounts, that is, to finance short-term commercial operations. Much still remains to be done to develop financial services, particularly related to investment; there is a need for specialized banks for housing, industrial development and investment. Commercial banks are also in need of developing their services, by reducing the time required for carrying

#### **Box 4-7: Chambers of commerce and industry, industrial and businessmen's associations**

The chambers of commerce and industry played a prominent role in the development process in Palestine during the occupation by issuing certificates of origin to Palestinian products. They continue their contribution by providing support services in the area of export, import, information, training, and coordination with chambers of commerce and industry in the Arab world and on the international level. The establishment of industrial and businessmen's associations helps provide services to members in various fields. It is important to give attention to this kind of contribution to the process of development, without allowing such unions to be transformed into monopolistic centers, that burden society and endanger public interests.

#### **Palestinian financial institutions**

Palestinian financial institutions have developed and expanded both vertically and horizontally. The banks operating in the WBGS and their branches spread out rapidly, with deposits gradually increasing to \$2.090 billion by the end of 1997. Loans offered by these banks also increased to \$612 million, making up about 30%

of total deposits by the end of 1997. This loan percentage is considered small in comparison with neighboring countries and with the role expected of the banking sector in economic development in Palestine, especially since 53% of these loans were form of loans to cover overdrawn accounts, that is, to finance short-term commercial operations. Much still remains to be done to develop financial services, particularly related to investment; there is a need for specialized banks for housing, industrial development and investment. Commercial banks are also in need of developing their services, by reducing the time required for carrying

out transactions, and by adopting a marketing policy that caters to depositors and other clients. On the other hand, the securities exchange was established and began operations in February 1997. Although not yet a barometer for the Palestinian economy, it does constitute an important step in providing sources of credit for Palestinian investments.

However, the establishment of a market without laws regulating its work leaves it vulnerable to bankruptcy or sudden collapse.

### ■ The Palestinian public sector

The Palestinian public sector underwent major expansion after the establishment of the PNA due to the growth of all its components: the government sector, government companies and the activities of local councils. The government sector expanded several times over when the PNA was established. This expansion can be seen in the following:

1. The number of employees in PNA bodies and ministries increased from about 22,000 in 1994, to over 87,420 in mid-1998.<sup>7</sup> As a result, the government payroll increased from \$304.3 million in 1995 to \$220.4 million for only the first half of 1998, accounting for 61% of the total current expenses of the PNA during that period. Government wages in 1996

accounted for 45% of all wages and compensations disbursed in the WBGS. It should be noted that the proportion of workers in the government sector in the Gaza Strip (27.7%) was higher than in the West Bank (14.3%).

2. The Palestinian budget increased from \$587.1 million in 1995, to \$1,858.1 million in 1998 (a rise of 216%). In addition, the value of investment (capital) expenditure allocated in the budget also increased significantly, going up from \$143.4 million in 1995 to \$937.2 million in 1998. However, the almost complete dependence of the PNA in financing capital expenditure through assistance from donor countries has led to incomplete achievement of those plans. Whereas actual capital expenditure during 1995 was \$189.3 million, it rose to \$345 million in 1997, and stood at \$198.8 million during the first half of 1998.
3. The contribution of the public sector in the GDP went up from 12.4% in 1994, to 24.9% in 1996.

**Table 4-6: Contribution of the public and private sectors in the GDP in the WBGS (including Arab Jerusalem)<sup>8</sup>**

Year	Public sector contribution %	Private sector contribution %	GDP (in millions of dollars)
1994	12.4	87.6	2,975.00
1995	19.2	80.6	3,574.86
1996	24.9	75.1	3,896.75

Source: PCBS.

## Sectoral distribution of public expenditure

Palestinian current and capital public expenditure was distributed over a large number of areas, including more than 30 ministries, in addition to numerous other departments and institutions. However, current expenses were largely focused on a limited number of areas, namely: Security, the Ministries of Education, Health and Social Affairs, and the Office of the President. While the share of these areas decreased from about 78% of the budget for 1996, to about 73% of the public budget

for 1998, they continue to take up a substantial proportion. The share of security (about 30%) is large compared to other countries and the share of basic public services (education and health) has declined relative to other sectors. As for capital expenditure, there are no specific figures for allocations published. The Budget Report covers the allocation of a portion of the capital needs of ministries and other institutions, but most of the planned capital expenditure appears within the budget of the Ministry of Finance.

*The share of security (about 30%) is large compared to other countries*

### Box 4-8: Public investment and donor countries

Public investment and disbursements by donor countries have contributed to curtailing the decline in education, health and poverty indicators. From 1994, and up to mid-1998, over \$1,000 million from donor countries was disbursed, as can be seen in the following table:

Sector	Donor Assistance (in millions)
Education	\$293.5
Health	\$188.5
Housing	\$87.1
Social and human development	\$44.7
Institution building	\$249.3
Other infrastructure areas	\$77.5
Development of democracy	\$70.0
Environment	\$6.8

Still, investment in these areas was much lower than needs. It is expected that this will have a negative impact on indicators in the future, especially in light of high population growth rates and population needs, fewer Palestinian laborers in the Israeli market and the concluding of the donor country support period.

Source: MOPIC, 1998.

*Public investment and disbursements by donor countries have contributed to curtailing the decline in education, health and poverty indicators*

***To accelerate the passing of legislation regulating public monopolies, and prohibiting private monopolies***

***To stress on social investment***

## **The Palestinian public sector: Recommendations**

The Palestinian public sector can carry out the following tasks with a view to achieving sustainable human development:

1. Continue to provide public facilities, which include water, electricity and sanitation, within a management philosophy based on efficiency and competition, and adherence to acceptable levels of quality and continuity.
2. Continue to provide basic education, and draw up plans to develop it, reducing the number of students per classroom, and the number of students per teacher, and raising the living standards of teachers. In addition, curricula should be developed to keep up with scientific developments.
3. Continue to provide primary healthcare, and guaranteeing that all citizens have access to these services. These services should be made qualitatively competitive with services offered by the private sector in order to avoid a dual health system: a developed system provided by the private sector at high costs, and only accessible to the rich; and another governmental system, at low cost, but of low quality, characterized by overcrowding, serving only those who are unable to afford the private sector care.
4. Provide the physical infrastructure, including roads, sources of energy and water, water networks, electricity and sanitation, and maintain and develop existing facilities in the service of population, and the process of development.
5. Regulate the communications market to guarantee that the monopoly concession will not be abused by the Palestinian Telecommunications Company, and accelerate the passing of legislation regulating public monopolies, and prohibiting private monopolies.
6. Provide various social security systems that protect families from fluctuations in their income and consumption, and to protect them from poverty by providing them with basic minimum needs. Such systems should place specific responsibilities on individuals, the private sector and the public sector in funding the different forms of insurance.
7. Stress the importance of social investment namely the extent of increase accrued in social capital. This would include investments in the various economic sectors, in various public services (education, health, culture and social welfare), in addition to developments in social and political institutions, in social relations and in the overall regulatory framework. There is a

close relationship between investment and human development indicators that fall under social capital, such as parliamentary and democratic institutions, freedom of the media, respect for human rights, information technology, the judiciary and others.

### ■ **The Palestinian private sector**

The Palestinian economy underwent radical transformations after 1993. These developments created major opportunities and challenges for the future of the Palestinian economy. In spite of the optimism that accompanied the peace process, the overall performance of the Palestinian economy was poor: the real GNP decreased by 18%, and per capita GNP decreased by 35% between 1992 and 1996. This decrease was a consequence of Israeli policies of closure and separation. The overall downturn of economic performance was accompanied by a decrease in the relative role of the private sector in economic life in the WBS. The data indicates that the contribution of the private sector in the GDP fell from 87.6% in 1994 to 75.1% in 1996, while the share of the public sector increased. The contribution of the private sector to production also gradually decreased, from 87.3% in 1994 to 77.6% in 1996. Even with this decrease, the private

sector continues to play the main role in production.

The contribution of the private sector in investment decreased from 19% of the GDP in 1993 to 10% in 1997. Real private investment also decreased by 38% between the years 1993 and 1996. The activities of the private sector extended to investments in infrastructure-related fields, such as the Palestinian Telecommunications Company financed and run by the private sector with the participation of the PNA, and the Central Transportation Station in al-Bireh built by the Palestine Real Estate Investment Corporation. There are continuing attempts to set up private companies for production and marketing of electricity. The size of private sector investments is estimated at \$1.5 billion, of which 75% is joint investments between local and expatriate Palestinian capital, and 25% local investments.<sup>9</sup>

### ■ **Public sector-private sector relationship**

Declarations by Palestinian officials imply that the Palestinian economy will rely on the private sector to play the leading role in the development process, and the public sector will prepare the enabling environment for development. In this manner the public sector will complement and regulate the role of the private sector. No doubt such a

*The overall downturn of economic performance was accompanied by a decrease in the relative role of the private sector in economic life*

***Hegemony of the private sector over the state cannot be acceptable; nor can it be acceptable to abuse political influence by setting up monopolies that expose society to grave risks***

relationship can only be forged through ongoing discussion, and through trial and error; it cannot be determined according to an idealistic paradigm. On the one hand, hegemony of the private sector over the state cannot be acceptable; nor can it be acceptable to abuse political influence by setting up monopolies that expose society to grave risks. As for the present "strategy," it continues to be ambiguous. The role of the public sector has not been elaborated in all its aspects, and so far the relationship between the two sectors cannot be described as an effective one. At this stage, there is a particular need for an active and leading role by the PNA in development, not only in the economic sphere, but also as it relates to the general political environment, human rights and the regulatory environment. This is in addition to its role in providing basic needs and public services, such as public facilities (water, electricity, sanitation, basic education, healthcare, infrastructure, social security systems and others) that have a direct impact on the quality of life of every citizen.

**■ Macro-economic policies**

There are many questions about the extent to which the PNA holds the keys to economic policy, and how far it can exploit this to bring about sustainable human development. The ability of the PNA to formulate an independent

economic policy appears to be limited by the political and economic agreements signed by the PLO and the Israeli government. This is very clearly manifested in the areas of foreign and domestic trade, Israeli control of the border crossings and the movement of individuals and goods, and Israeli control over the number and kind of Palestinian labor allowed entry into the labor market. In addition, there are a number of internal constraints impeding the formulation and application of economic policies to promote human development, among them:

- the emergence of bureaucratic cliques that are influential at decision-making levels and have economic ties with Israel;
- marginalization of the institutional role in development;
- constraints on the role of the Palestinian private sector which prevent it from playing a main role in economic development and thus reduce its ability to impact overall economic policies;
- the weak structure of social capital;
- and the weakness of the PNA democratic system on the economic level, and particularly in the field of development.

The lack of a clear vision and policies with specific objectives leads to

economic policies developing in most cases as reactions to or as attempts of falling into step with the perceptions of donor countries.

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1. UNDP, 1996. Merciless growth takes place when most of the economic benefits of growth accrue to the rich, while excluding the poor; silent growth is growth that is not accompanied by the spread of democracy, and social and economic participation; rootless growth is growth that drains away the cultural identity of the people, by marginalizing and dissipating it.
  2. DSP uses the term "job seekers" instead of "unemployed," because of the active connotations of the former.
  3. Data for 1995-1997: MAS: Economic Monitor, no. 2, 1997. Data for 1998: UNSCO Report, Autumn, 1998.
  4. Interview with Dr. Mohammad Shtaiyeh (PECDAR), *Al-Ayyam* newspaper, Sept. 5, 1997.
  5. Discouraged workers are those who searched for work for a long time in vain, and eventually gave up searching. As a result, statistics do not include them within the category of "unemployed."
  6. PCBS, unpublished data.
  7. This number does not cover all employees, since there are employees working in various PNA bodies, but without their names being listed in the registry (see Malhis, 1998).
  8. The private sector includes the NGOs.
  9. Jamil Hararah (Director-General for Investment in the Ministry of Economy and Trade), *Al-Ayyam* newspaper, April 20, 1998.

## **Chapter 5: Civil society organizations and human development**

**Civil society as a development concept**

**Diversity among civil society organizations**

**Diversity in sphere of activity and forms of relationship with the public**

**Non-governmental organizations and the PNA**





## **Introduction**

Historically, development activity in Palestine has depended on the initiatives of civil society organizations. Until the establishment of the PNA, these initiatives were almost always in conflict with existing governments in their goals, policies, and methods of work. The aim of these initiatives was to effect a kind of development that would contribute to resisting Israeli occupation and to attaining an adequate standard of living for the Palestinians. Successive governments played a limited role (and in many cases, a subversive role) in providing social services to the population and in investing in human capital. NGOs had an important role in filling the gap created by the policies of successive governments.

Many charity and relief societies were established, based on family and political bases, and offered services to the poor sectors of Palestinian society. These societies were most active during and after the outbreak of wars, providing forms of assistance to those devastated and dispossessed by the events. Such non-governmental organizations played an important role under Israeli occupation.

Occupation policy deliberately neglected the Palestinian economy, and fostered dependency on the Israeli economy, while ignoring infrastruc-

ture and basic community services for the Palestinians. The absence of a national authority, or any official Palestinian governing body in the WBS, led to the growth of civil (non-governmental) organizations and institutions to cover needs, and to provide the community with various basic services. In general, Palestinian NGOs filled two major roles: they contributed to resistance against Israeli occupation, and supported Palestinian society by protecting it from the consequences of occupation.

Within these initiatives, many organized bodies were established in the form of charitable organizations, NGOs and academic institutions as well as organizations of a more popular composition, such as trade unions, political parties and local committees. All of these bodies played a major role in the development process through their efforts to halt the Israeli policy of de-development. Despite this, Palestinians were able to maintain a "reasonable" level of human development by international standards, particularly in the fields of education, health and social programs.

The Palestinian experience with organized community work is considered to be one of the richest experiences at the international level, both in its ability to safeguard the Palestinian social fabric, and through the services it offered to compensate

***Palestinian NGOs played two major roles: they contributed to resistance against Israeli occupation, and supported Palestinian society by protecting it from the consequences of occupation***

*The Palestinian experience with organized community work is considered to be one of the richest experiences at the international level*

in some cases for the lack of government services. This experience was distinguished by a high degree of grass-roots participation; NGOs depended on the spirit of community initiatives and constructive participation by various sectors of the public in order to implement their activities and, in some cases, to protect them.

### ■ **Civil society as a development concept**

The human development concept regards civil society as a sphere for the mobilization and organization of individuals for wide-scale and effective participation in the development process. In this concept, civil society is considered a partner in economic, social and political development, and contributes to alleviating the negative impact of economic growth and economic policies that leave large sectors of society virtually unprotected. Civil society also contributes to the development process by carrying out tasks that government institutions do not usually perform, particularly in serving disadvantaged groups and areas, thus expanding economic and political opportunities and choices for members of society. The existence of civil society also has political meaning indicating the nature of the prevailing political regime, and the size of

democratic space allowed by the government. This in turn gives rise to competition between organizations of civil society, on the one hand, and government institutions. This competition is more intense in the presence of external development funding, and when NGOs are affiliated with political parties in the opposition. The great diversity in NGO activities and forms of organization makes it difficult to place them all in a single group, either from a theoretical, legal or procedural viewpoint.

### **Civil society and the state**

Civil society is considered the advocate and the embodiment of democracy, political freedom and civil rights. But however valid this view might be, supported as it is by comparative studies, there is a tendency to oversimplify the relationship between the state and civil society, reducing the state to government (the executive authority only), and ignoring the extensive diversity of NGOs. This diversity can be seen in the activities of each NGO, the social groups it targets, its sources of funding, vision, internal structure and the conditions surrounding its establishment.

This viewpoint also tends to place NGOs outside society, regarding them

as bodies that provide services or carry out tasks related to development, and that mobilize or advocate from outside society. It tends not to regard them as a vital part of the social formation with their own specificity, and interacting within a regional and international environment that has its influence and extension inside these organizations. This perspective also tends to oversimplify the relationship of NGOs with the state or the central authorities. In reality this relationship may take different forms, varying in degrees and complexity. The tendency to oversimplify also affects NGOs' relationship with each other, which can be characterized by coordination, competition or conflict, according to their field of activity, vision, source of funding and social roots.

## ■ Diversity among civil society organizations<sup>1</sup>

The organizations of Palestinian civil society are diverse in their activities and vision. The most prominent kinds of organizations are:

### Charitable societies

These organizations aim at alleviating poverty and deprivation and assisting those in dire need, without trying to introduce qualitative change in the conditions of these groups. These societies represent the largest group of NGOs, nearly one-third. This is partly a reflection of their history, since a considerable number of these organizations could only form as charitable and religious societies, and avoided any activities of a clear political or developmental nature.

#### **Box 5-1: Civil society: A broader framework**

The forms of relationship between the PNA and NGOs can vary according to the variation in types and functions of these organizations. There is a need to regulate this relationship on an impersonal basis, through legislation drafted with the participation of the concerned parties. These laws should safeguard the independence of civic and non-governmental organizations in relation to the executive authority of the state, define their frames of reference, strengthen their public accountability, and monitor their budgets through the relevant organs of the central authority. To compress the organizations of civil society into a single type, with a unified vision and identical *modus operandi*, negates the main component characteristic of civil society, which is the space where diverse and divergent (and in some cases, contradictory and conflicting) social, intellectual and political expressions and visions are represented, competing and coexisting together. These diverse formations are the expression of the diverse and complex socio-economic and political composition of any society, and including the Palestinian society in the WBGS.

### **Box 5-2: Transparency and accountability**

On many occasions, civil society organizations, and particularly those involved in development activities, have been requested to consolidate networking and coordination among them, and to demonstrate the principles of transparency, accountability and democratic methods in their dealings with the public and with their staff.

*The NGOs are demanding that the laws and regulations governing their relationship with the PNA be clearly specified*

### **Organizations with empowerment or development-oriented policies**

These organizations make up about 20% of NGOs, the vast majority of which are urban-based (85.5%). Their aims are to effect change in the capabilities of their constituency and improve their life opportunities. They are very diverse in the size of their outreach, and in their effectiveness. These NGOs are among the most recently established. Most began by being linked to the PLO and to its factions, but eventually followed an independent path. The organizations benefited from the supportive international environment for development-oriented NGOs, the transformations in the status of the PLO, and the nature of the political period.

These organizations and institutions played an important role in providing services that were lacking due to the policies of Israeli occupation authorities and the absence of a national authority or state. They are now demanding that the laws and

regulations governing their relationship with the PNA be clearly specified. The PNA needs to provide a comprehensive development policy within which its relationship with civil society will be clear. Most of the NGOs have maintained their independence, while establishing working partnerships with PNA institutions. Their relationship with the PNA is different than their previous relations with the PLO and its factions before the establishment of the PNA.

### **Box 5-3: Palestinian universities are civil society institutions**

Universities are among the most important channels of the development process. In Palestine, universities were established by civil initiatives, with support from the community and the PLO. At present government regulations are being applied to these universities. The universities' real accountability, however, lies in the extent to which they participate in the development of Palestinian society and provide qualitative education to serve its objectives. Palestinian universities continue to suffer from chronic financial crisis, a condition that limits their qualitative contribution to development.

### **Political parties and forces**

Even though the political parties make up a small portion (1.5%) out of the total number of civil organizations, their influence is

widespread. Opinion polls indicate that about 60% of all adults support an existing political faction or party. Most of these organizations are active in the WBGS (and some of them in Palestinian communities abroad). Some parties or movements are active in the Gaza Strip alone, appearing after the PNA was established, but their activities and influence are very limited.<sup>2</sup> There are differences among these parties' ideological frames of references, their relations with the PNA, and their political and social platforms. They also hold different perspectives concerning a political settlement, the tasks remaining for the national liberation movement, and the nature of the desired Palestinian political system. On the social level, there are secular perspectives and religious perspectives.

Political parties and organizations can play an extremely important role in consolidating a democratic political system, and in vitalizing civil society because of their diversity, legitimacy and freedom of action. However, they have been blamed for a decline in grassroots activities and effectiveness in presenting political and developmental platforms and alternatives. They also have made a very limited contribution in influencing the Law of Political Parties, a draft law that has not been passed to date.

## **Unions and trade unions**

Popular organizations, and labor and professional unions are active in organizing and mobilizing the people and particular groups to defend their interests. These unions were an extension of the PLO and its main factions. The Islamic movement began to participate in such forms of organization in the last two decades. These unions account for a significant share of civil organizations (about 11%, without taking into consideration their branches). However, their membership and grassroots support have declined substantially in recent years after the Intifada and the establishment of the PNA.

The unions are criticized, along with other organizations of civil society, for being an elitist and disregarding the rules of the democratic process. Most unions have not held elections for many years, and are no longer close to the grassroots they once represented. Some have reoriented themselves from being popular unions to working as pressure groups that receive funding from international organizations. Many of the leaders of unions are currently employed in PNA institutions. Some of these organizations have been affiliated, in one way or another, with institutions of the executive authority. An exception to this rule are university student groups, that are set up

***Political parties and organizations can play an extremely important role in consolidating a democratic political system***

***Most unions have not held elections for many years, and are no longer close to the grassroots they once represented***

according to political affiliation, and run for elections once a year inside each university. Another exception could be some of the chambers of commerce and industry.

Popular unions, and political parties, can play an important role in consolidating democracy, on the political, social and economic levels. They can use their role as intermediaries representing the public and defending the interests of various social sectors and groups, not only in the face of violations or policies of the central authorities and the public sector, but also in the context of working conditions in the private sector and market volatility.

### **Human rights and advocacy organizations**

This group includes civil institutions and organizations with a diversity of interests and activities, such as: organizations for the defense of human rights, civil freedoms, democracy, children, women, prisoners, and the handicapped; and organizations for environmental conservation, combating drug addiction, preventing traffic accidents, and others. Many of these organizations emerged in the 1990s, in response to local needs and international interest in these areas. They account for about 5% of the total number of civil organizations in the WBGS. Their relationship with the

PNA varies, from a relationship of complementary work and coordination (such as the organizations for prisoners, handicapped and against drug abuse), to that of "pressure group," to a relationship of criticism and conflict (as is the case with some of the organizations that defend human rights and public freedoms). Some of these organizations have been criticized for their work being influenced by funding imperatives, especially their quality and sustainability, and because their reports do not adequately address the Palestinian public.

### **Institutions of culture, research and artistic expression**

These organizations make up a sizeable portion (about 18%) of Palestinian civil society institutions. They have diverse fields and spheres of activity, including: many local cultural fora (seminars and lectures), and public education centers (public health, childcare, democracy and civic rights, etc.), public issue centers, specialized research centers (media, water, environment), and centers of multi-disciplinary developmental work, both university-affiliated and independent centers. There are also institutes that are specialized in policy research directed to decision-makers, and others that focus on training and rehabilitation, which are private sector-oriented.

*Some of these organizations have been criticized for their work being influenced by funding imperatives, especially their quality and sustainability, and because their reports do not address the Palestinian public*

## Sports clubs

Clubs that organize sports activities for youth account for about 19% of the total number of civil organizations in the WBGs. Over one-half are based in villages, one-third in cities, and one-sixth in camps. The development role of sports institutions (both NGO and governmental) is not clear in this area, and Palestinian sports has so far not been promoted to become competitive on the Arab or international levels.

### **Box 5-4: NGO work and poverty**

There is a correlation between the activities of NGOs and poverty rates. It is estimated that about 76% of all NGOs are in the West Bank, and 24% in the Gaza Strip. Of the West Bank NGOs, 43% are based in the north, 35% in the center, and 22% in the south, while 69% of the Gaza Strip NGOs are based in the city of Gaza. When these figures are compared to the population distribution, and poverty rates according to geographic distribution, it is clear that the areas with greater poverty are not given proportionate attention by many of the NGOs. This underscores the importance of the role played by these organizations in alleviating poverty, and the usefulness of comprehensive planning towards that end. It also points to the importance of extending NGO activities to the poorer areas, which some NGOs have already begun.

## ■ Diversity in sphere of activity and forms of relationship with the public

Most of the NGOs are active locally within the community in which they are based (city, village, camp), while some are active on the national level. NGOs are concentrated in cities; two-thirds (65.5%) have their main headquarters in urban areas, even those that have extended their activities to villages and camps. About 27% of all NGOs operate in a single village, and about 7.5% in a single camp.<sup>3</sup> NGOs also vary as to the size of the public they work with.<sup>4</sup>

Social and charitable Palestinian NGOs provide different kinds of assistance: in-kind assistance, financial assistance, loans, health services, educational services, rehabilitation or training. Some organizations provide more than one kind of assistance or service.

*There is a correlation between the activities of NGOs and poverty rates*

### **Box 5-5: Diversity of target groups**

Youth are the sector most targeted by Palestinian NGOs. About 39% of all NGOs offer "youth services," either as a main or secondary field (divided among sports 19%, training 6%, education 6%, and culture 8%)<sup>5</sup>. The organizations targeting women and workers make up about 19% of the NGOs, those focusing on economic development about 12%, those targeting the groups with special needs about 8% (prisoners, veterans, handicapped and elderly), and human rights organizations and research institutes about 3% each, out of the total number of NGOs.



*The decline in voluntary work in the last decade deserves examination*

*Most NGOs employ a small number of employees*

## **NGOs and participation**

The majority of Palestinian NGOs have a long history of involvement with the people, however, a definite decline has taken place in their constituency. This can be seen in the visible drop in membership, and in the limited communication between the public and the leadership of these organizations, especially in setting priorities, contributing to decision-making and actual participation in projects.

The decline in voluntary work in the last decade deserves examination by the NGOs to understand its causes, relationship to living conditions, prevalence of individualist values, low value of participation, political developments (dependence on the PNA), and the work methods and programs of the NGOs themselves. The vocational transformation of a number of NGOs could also be a reason behind the decline in voluntary work. In a considerable number of NGOs, voluntary work has shrunk to membership of their administrative boards and general assemblies.

A lack of clarity in the roles of NGO administrative boards and general assemblies, and in their relationship with management of the institution, raise doubts as to democracy in these organizations and the extent of transparency in their work. This problem is not restricted to the work

of Palestinian NGOs, but has emerged as a problem in the work of Arab NGOs as well.<sup>6</sup> The decline in voluntary work has also affected membership of the popular organizations and unions (in particular, among women and workers) and, in varying degrees, the membership of most of the political parties and organizations that formed the PLO.

### **Box 5-6: Activating the role of general assemblies**

The data indicate that 80% of all NGOs have a general assembly, while 18% have a board of trustees. In 69% of the NGOs, an elected administrative board manages the work. Though such data should be viewed with caution, they do indicate an interest, at least nominally, in having effective general assemblies in the institution.

NGOs vary in the numbers of salaried employees. The available data indicate that most NGOs employ a small number of employees. A modest percentage, 19% of all NGOs (including charitable societies and clubs), offered their services solely dependent on voluntary efforts.<sup>7</sup> About 70% of the representatives of these institutions declared that they depend on volunteers for the implementation of their projects. On the other hand, 43% of NGOs employ 1-10 employees, and about 25%

employ 11-50 employees. The NGOs that are members of the Palestinian NGO Network tend to employ a greater number of employees compared to the organizations that are members of the General Union of Charitable Societies. There are a number of reasons, the most important being that more funding is available for the Network partners, and the kind of services provided by its member organizations require a higher level of specialization and professionalism in their work.

## ■ NGOs and the PNA

The establishment of a Palestinian national authority for the first time on Palestinian land has raised the need to re-assess the experience of Palestinian NGO work and its role in the context of the new political, economic, and legal conditions resulting from the Palestinian-Israeli peace agreements. In general, the relationship between PNA institutions and NGOs is characterized by cooperation and coordination at times, and by competition and conflict at others.

*The relationship between PNA institutions and NGOs is characterized by cooperation and coordination at times, and by competition and conflict at others*

### Box 5-7: Palestinian NGOs and the public

When asked whether Palestinian NGOs and charitable societies devote attention to needy groups in society, 42% of the Palestinian public gave a positive response, while 21% gave a negative response. The percentage of satisfaction with the work of these organizations was higher in the West Bank than in the Gaza Strip.

- On whether NGOs have played their expected role in the development process, results were as follows:

	Yes	Somewhat	No
NGOs	39%	34%	19%
Political parties	24%	19%	45%
Professional and trade unions	34%	23%	22%

- When respondents were asked whether they were members in any of these organizations, the response was as follows:

	Yes	No
NGOs	16%	84%
Political parties	16%	84%
Professional and trade unions	19%	81%

- Regarding their confidence in these organizations, the respondents expressed higher confidence in social institutions than in institutions active in the political sphere:

	Have confidence	Somewhat confident	Lack confidence
Palestinian universities	68%	24%	6%
Zakat committees	57%	21%	16%
Women's unions and organizations	30%	26%	28%
Political opposition	24%	19%	45%
Professional and trade unions	34%	23%	22%

The relationship between the PNA and Palestinian NGOs has been influenced by a number of variables, dating back to the long history of PLO institutions being tied to these organizations before the establishment of the PNA. This relationship essentially favored the political role over the developmental role in the work of these organizations in the 1970s and 1980s. This gave rise to organizations that had mainly political and party-affiliated objectives guiding their activities,

although they did also offer various services to different sectors of society.

Alongside these organizations, other organizations with a focus on development emerged beginning in the late eighties. This new approach was the result of experience with the Intifada and its new needs that included, in addition to the political basis for confrontation, unified economic and social institutional support to activate popular participation in the struggle against Israeli occupation.

#### **Box 5-8: Different perspectives on the PNA-NGO relationship**

There are divergent viewpoints among officials in PNA institutions about the relationship with NGOs. Some officials believe in the need to establish clear and strict mechanisms to regulate the work of NGOs. This perspective is part of their approach to the relationship with civil society in general, either because these officials have concerns over the emergence of a political and developmental alternative to their own role, or because they believe that firmness is necessary to check the financial and administrative dealings of NGO leaders. With such an approach, it is difficult to see a role for the effective partnership which many independent NGOs have been calling for.

The other approach among PNA officials is for regulating the work of these organizations under a "modern" law that allows these organizations to operate, and secures a reasonable degree of participation, transparency and accountability. The advocates of the second approach regard the work of these organizations from a pragmatic perspective. Too much control over the work of these institutions could lead to a reduction in their necessary services, the lack of which will cause greater suffering among the people, and lead to higher demands on the PNA to provide these necessary services. Others uphold the importance of the "partnership" between the NGO community and the PNA for completing the process of national liberation and strengthening the construction process.

Some PNA officials believe in the necessity of having NGOs that will monitor PNA institutions and hold them accountable. A number of these NGOs were originally established for political purposes and, in the absence of an official political opposition to the PNA, the existence of such organizations becomes a real necessity. In this context, it should be noted that many PNA officials and employees were, and continue to be, part of the institutions of civil society, and maintain their roles, and direct and effective relations with them.

As for the Palestinian civil institutions that operated under occupation (particularly the charitable societies), friction with Israeli authorities and government institutions gave them rich experience in dealing with "government bodies" and their requirements. Even though these institutions refused to comply with the requirements of occupation, they had to learn the rules of dealing with such authorities for the minimum necessary to keep themselves in operation. Moreover, many of the societies operative in the West Bank and Jerusalem had experience in working in accordance with Jordanian law, and working with the various ministries in Jordan.

As for relations with the PNA, some assume that the newness of the relationship between NGOs and the PNA (established in 1994) is the reason behind the "misunderstanding" between the two sides, and their lack of acceptance of each other. This assumption could be partly true, but to exaggerate its importance would reflect a simplistic analysis of a complex issue. According to this assumption, time will provide the solution to bridge the gap between "the parties". However it is not reasonable to address this issue by depending mainly on the healing role of time. All these assumptions should be re-examined, taking into consideration that the PNA

was established based on the legitimacy of the PLO, which has a long-standing relationship with Palestinian civil organizations.

#### **Box 5-9: Reasons for tension between the PNA and the NGOs**

Many of those surveyed (81%) consider the main reason for the tension to be competition over funding. This is followed in order by: the difference in experience between the leaderships from exile and those from inside the WBGS (52%); the Law of Organizations and Charitable Associations (52%); the political role played by the NGOs (46%); the difference over the concept of civil society and participation (42%); and the difference in their approach to development (32%). These results indicate that the tension is not only due to differences in vision over core issues (development), but also over methods of funding and administration (differences in experience and concepts).

For many years NGOs considered themselves to be the basis of development work in Palestine, especially in the absence of an official national authority on Palestinian land. Although they did receive support from the PLO and from Arab and foreign countries, they were the party present on the ground, implementing different programs and providing services, and directly involved in the daily issues and concerns of people in Palestine. Moreover, the political atmosphere under which many of the NGOs were established encouraged the concept of effective participation in decision-making, and even more so in implementing those decisions. On the other hand, the mentality of the politician, not the development

worker, continued to dominate the concepts and methods of work of many leaders of Palestinian NGO work.

funding is at the center of this competition, despite the fact that NGOs receive most of their funds from their international counterparts,

*A number of NGOs have become an inseparable part of PNA institutions in terms of funding, administration, and type of programs*

#### **Box 5-10: NGOs and the future**

About 42% of those surveyed felt that NGOs enjoy a reasonable degree of freedom under the PNA; 21% of them regarded the future with a high degree of confidence and optimism; 60% regarded the future with a moderate degree of confidence and optimism; and 17% with a low degree of confidence and optimism.

While a number of NGOs have become an inseparable part of PNA institutions in terms of funding, administration, and type of programs, many others have remained largely independent of the PNA in these areas. This has generated a kind of "competition" between the PNA and these organizations. International

rather than directly from "donor governments." The relationship between local and international NGOs goes beyond funding relations to an affinity in positions, in particular in the area of internationally recognized human rights, gender, the environment, civil rights and reproductive health.

#### **Box 5-11: NGOs and the law**

The Union of Charitable Societies and the Palestinian NGO Network have worked for the passage of a modern law to regulate their relationship with the PNA, and safeguard their independence. These organizations succeeded in setting up organized and effective lobbying committees that brought about PLC acceptance of many of their proposals, and the introduction of these proposals into the draft text of the Law of Organizations and Charitable Associations. The PLC voted on the draft law and approved it. However, controversy continues as to the legitimacy of the law, and on the interference of the executive authority in the process. Nevertheless, the work that preceded the passing of the law, and the wide-scale and effective NGO participation, have set an example to be followed by other institutions, and by NGOs in neighboring countries. A special ministry was set up for NGOs in June 1999. To date, it has not drafted a clear and specific vision of its work and relationship with civil society organizations and with other ministries, and there are questions as to whether its role is development-focused or political in nature.

There are many appeals and attempts to forge a "participatory" relationship between NGOs and the PNA in drafting plans and policies and in implementation. However, it would be unrealistic to assume that the "competition" or the "contradiction" between them will come to an end in the near future. This is not surprising, particularly in developing countries and societies. In many cases, governments in these countries have hesitated over whether to accept any role for the NGOs, and "estranged" relationships between the two sides have prevailed for decades. Governments tend to regard their own role to be "in direct control" of the work of these organizations. The theoretical debate as to how to regulate NGO activities is still ongoing in many countries years after they have gained independence. It cannot be assumed that laws grow more "NGO-friendly" with the passage of time, and that authorities become accustomed to the existence of such organizations.

## Conclusions

- The most obvious conclusion is that sustainable human development of Palestinian society requires activating civil society to its maximum capacity, particularly in light of scarce natural resources. The young age of PNA government institutions gives the Palestinians the advantage of establishing their institutions through partnership, benefiting from experiences of other countries.
- Civil society organizations should not be seen as rigid or static units. They are potent social formations operating in a dynamic context. The history of Palestinian NGOs during the last decades, under successive authorities and different political and economic conditions, is a clear demonstration. Not surprisingly, a large number of NGOs were established in the WBGS in the 1980s and 1990s in response to the changing

*It would be unrealistic to assume that the "competition" or the "contradiction" between NGOs and the PNA will come to an end in the near future*

*Sustainable human development of Palestinian society requires activating civil society to its maximum capacity*

### Box 5-12: Divergent viewpoints on the development vision

One of the reasons behind the "competition" or "friction" between PNA institutions and NGOs is their different viewpoint on development work and on methods of organizing civil society. For example, NGOs active in the health sector tend to focus on primary healthcare programs, whereas the Ministry of Health focuses on secondary healthcare in addition to its work in primary healthcare. Many human rights, democracy and women's organizations regard themselves as monitors of the work of government agencies. Some PNA organs are opposed to this role, regarding it as interference in their internal affairs, or even, in some cases, as a threat to internal security. With such divergent perspectives and differences of opinion, the Palestinians have no agreed-upon development vision that would help set objectives, maintain clarity and regulate the relationship among the parties to "the social contract." The lack of a consensus on developmental goals has contributed to confusion and inconsistency in dealings between the different parties.

***Civil society cannot be regarded as a set of identical organizations or uniform units automatically lumped together***

conditions in these areas, and to national, regional, and international transformations.<sup>8</sup> Civil society cannot be regarded as a set of identical organizations or uniform units automatically lumped together; nor can the relationships between them and their grass roots be over-simplified or stereotyped. Civil society should also not be seen as a formation of organizations, institutions and bodies that exist parallel to society, or operate on its peripheries. Civil society organizations exist and operate under dynamic social, economic and political conditions, and they change according to the transformations of their society. Thus they are influenced by society, and they influence society at the same time.

- The diversity of existing NGOs is reflected in the diverse relations forged between these NGOs and other civil organizations. It is difficult to establish coordination and cooperation among the wide range of NGOs that differ in their vision, objectives, or target social groups; it is easier to facilitate coordination among NGOs working in the same field or in the same specialization, or among political organizations with differing ideologies and orientations.

**Box 5-13: NGO unions and networks**

About 85% of the organizations surveyed are affiliated with a local union or network. One of the oldest and most popular unions is the Union of Charitable Societies, while the newest and most influential for development and policy-making is the Palestinian NGO Network. The majority of those interviewed (71%) said that relationships within these networks were democratic. 70% said that the member organizations benefit from membership. The organizations take part in decision-making, draw up plans, implement joint activities, and take part in seminars and various training activities. Some of those interviewed indicated that several unions did not hold meetings at regular intervals, kept power centralized and had unnecessary bureaucracy. Among representatives of institutions, 52% said that cooperation and coordination among them was weak, while 65% felt positive about cooperation and coordination among institutions active in the same field.

- Coordination and cooperation between civic organizations and PNA institutions is a necessity, especially to complete reconstruction and development, and to achieve a unified view of development. This is particularly true of organizations working in the fields of health, education, agriculture, social welfare, and vocational training. It does not apply in the same way to other NGOs, such as

human rights organizations, political parties in the opposition, and groups, unions and trade unions representing special interests which may conflict with those of the PNA or with the private sector, although all these groups may share the same general national concerns.

- Moreover, an independent judiciary gives wider protection to civil organizations than a judiciary controlled by the executive authority.

Compared to other countries, Palestinian civil society is a society based on institutions in spite of the setbacks it has experienced in the

#### **Box 5-14: Cooperation for development**

The relationship between NGOs and the executive authority institutions gain special importance in determining the nature of the relationship between civil society and political authorities. Of the NGOs in the sample, 71% declared that there was a work relationship between them and PNA institutions, and 35% of them consider that they have contributed to influencing decision-making in PNA institutions, for example, on issues such as the rights of women and children. The work of NGOs with specific ministries—the Ministries of Agriculture, Health, Public Works, Planning, Industry, Municipal Affairs, Education, Labor, Interior, Transportation, Higher Education, Housing, Supply, Tourism, Justice, Culture, Social Affairs, Youth and Religious Affairs—involved both cooperation, and also efforts to influence their policies. From the number of ministries dealt with by NGOs, it is clear that the civil society institutions have given attention to all sectors of institutional work.

- The nature of relations between an NGO or a political organization on one hand, and the authority or the state on the other, differs according to the specialization of the latter. For example, the relations of some NGOs (represented in the NGO Network) with the PLC are different from their relations with PNA ministries. Similarly, the relations of political parties with the PLC differ from their relations with executive authority officials or with its security bodies.

last few years. The sheer number of civil organizations gives evidence to a culture of institutions. The increasing number of NGOs also indicates that more groups are becoming interested in effecting change, using community-based activities to influence their future in an organized manner, through sustainable civil action, based on institutions rather than individuals. The size of NGOs also indicates attention to institution-building; without institution-building,



development efforts will be dissipated and growth will not be forthcoming.

- NGOs have demonstrated their readiness to propose and draft a general framework of principles and concepts regulating their relations with the PNA. This framework would be comprised of: a legal framework according to which civil organizations are guaranteed legitimacy, continuity and independence, and which

provides mechanisms for transparency and accountability; and a professional framework which promotes moving from relief work to sustainable development work, under the principle of participation. Finally, civil organizations see the establishment of the PNA as providing an opportunity to consolidate their role in resisting occupation, and in promoting development and civil society.

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1. These remarks are based on a number of sources, including research conducted by DSP among NGOs, a sample survey of the Palestinian public, and a series of workshops and meetings.
  2. The draft Law of Political Parties has not been approved by the PLC to date.
  3. It is difficult to determine an exact percentage for the distribution of these organizations for the following reasons: the lack of a comprehensive and accurate survey of these organizations, the lack of an accurate agreed-on definition for a civil society organization (for example, including political parties), and the ambiguity as to whether the estimate includes the branches of the main organization or not. The above percentages were based on unpublished estimates prepared by the Social Studies Unit at MAS. The second study does not cover the branches of civil organizations, including political parties, in case they exist, in villages and camps. According to a small sample of NGOs surveyed by the DSP, the NGOs were distributed as follows: 76% in the West Bank and 24% in the Gaza Strip. In the West Bank, they were distributed as follows: 43% in the north; 35% in the center; and 22% in the south. In the Gaza Strip, 69% of all NGOs were based in the city of Gaza. As for distribution according to residential areas, the same study provided the following percentages: 72% in cities, 21% in villages and 6% in camps.
  4. Over one-half of all social, developmental or charitable organizations provide services and assistance to a very small number of families (less than 100 families), and about 10% provide assistance to a relatively large number of families (more than 1,250 families). As for individual assistance, the number of NGOs that provide assistance to a very small number of individuals (less than 750 individuals) was over 73%, while NGOs that provided assistance to a large number (more than 5,250 individuals) did not exceed 14% (Jamil Hilal and Majdi al-Malki, September 1997, *op. cit.*).
  5. Youth (the age group of 15 to 39) constitute 38.1% of the population in the West Bank (not including that part of the Jerusalem annexed by Israel in 1967) and the Gaza Strip (PCBS, Population, Housing and Establishments Census, 1997, Final Results - Summary, November 30, 1998, Table 2). Thus youth do not enjoy a special advantage when their size relative to the total population is taken into consideration.
  6. In a study comparing a sample of Arab NGOs with Palestinian NGOs, 32.5% of the Palestinian NGO sample said they face problems due to shortage of volunteers, compared to 38% of the aggregate Arab sample; 11% of Palestinian NGOs said this problem arises sometimes (while 12% of the aggregate sample said the same); 41% said they faced no problems as to volunteers (while 45% of the aggregate sample said the same). 72% of the Palestinian sample considered that the shortage of volunteers was due to their preference for salaried work (compared to 51% of the aggregate Arab sample), and 13% said it was due to the decline in the value of voluntary work (compared to 41% of the aggregate sample). As for shortage of female volunteers, 30% said it was due to the decline in the value of voluntary work (equal to the percentage in the aggregate sample), 29% said it was because of traditions and conventions (compared to 44% of the aggregate sample), and 22% said it was due to their preference for salaried work (compared to 37% of the aggregate sample). See: Shahida al-Baz, 1997, *op. cit.*, Table 17, p. 219.
  7. Out of a sample of charitable, social and developmental organizations (numbering 272 organizations, and excluding the Zakat committees that depend to a large extent on voluntary work), the percentage of organizations that depend completely on voluntary work was 15%, organizations with less than five employees made up about 33%, and the percentage of organizations with over 20 salaried employees was 17% (Jamil Hilal and Majdi al-Malki, September 1997, *op.cit.*)
  8. Out of a sample of charitable, social and developmental organizations (numbering 272 organizations, and excluding the Zakat committees that depend to a large extent on voluntary work), the percentage of organizations that depend completely on voluntary work was 15%, organizations with less than five employees made up about 33%, and the percentage of organizations with over 20 salaried employees was 17% (Jamil Hilal and Majdi al-Malki, September 1997, *op.cit.*)



## **Chapter 6: Towards a Palestinian vision of development**

**Palestinian specificity**

**Basic issues**

**Human development indicators**

**Future indicators**

**Conclusion and general recommendations**



## **Introduction**

The analyses presented on development management in Palestine had one point in common: the lack of a development vision to guide and unify all efforts toward a desired objective. This situation is a result of the young age of the Palestinian experience in integrating the main components of society: the political authority, civil society and the private sector. Political and social variables, and the rapid pace of events have also contributed to a loss of orientation. This reinforces the need to revive organized and democratic debate in society in order to reach a harmony among different development trends and interests. Optimal utilization should be made in this process of human and material resources, and respect should be paid to intellectual, political and social pluralism.

The formulation of a development vision requires more explicit and detailed discussions that have the support of decision-makers and wide-scale public participation. The last chapter in this *Report* attempts to clarify a set of issues to be taken into consideration in order to arrive at such a vision. However, it does not claim to provide a comprehensive vision.

Theoretically, a development vision is the broad framework that takes into consideration all political, social and economic variables, and provides the guidelines for a development strategy

adopted by institutions of society. These guidelines direct different areas of development work towards the long-term objectives, taking into account the interfacing that exists among them. A vision of development is shaped through a process of ongoing debate in society; a democratic debate in which all sectors of society take part with a view to achieving the best for all members of society. This process is complemented by input from centers of thought and learning that interact with society. Basically, a development vision is devised in the service of a realistic goal. It is a clear policy supported by a level of consensus in society and bound by the limits of material and political reality, with the aim of enhancing human capacities and incrementally raising standards of living, both materially and qualitatively.

### **■ Palestinian Specificity<sup>1</sup>**

In the context of development in Palestine, it is important to take into consideration the relationship between the political (national) and the developmental. In this context, the question relates to the ability of Palestinian society to make development choices, a basic and necessary condition for any kind of development, at a time when the Palestinian people continues to be denied the right to self-determination on its land. Self-

*To arrive at a development vision requires more explicit and detailed discussions that enjoy the support of decision-makers and wide-scale public participation*

## ***Real development places the human being at the center of the development process***

determination in this case includes two main components:

- Political self-determination for the Palestinian people;
- The means for effective participation of the Palestinian people in the process of development.

The *Palestine Human Development Profile, 1996-1997* offered a definition of the concept of development, basing the concept on

*"recognition of the importance of development in all aspects of life, and the right of the individual to enjoy integrated sustained development on the basis of equality and fairness...[And] the importance of devising strategies which start and end with the individual in society."*

This definition is in harmony with other definitions of the concept of development for Palestine, among the most important being:

*"Development is no less than a project of civilization for society as a whole in most of its walks of life, if not in all of them. As such, it requires a process of radical and in-depth social re-education of citizens on a wide front."<sup>12</sup>*

These definitions provide an indigenous version of the concept of human development adopted by the UNDP, which advocates widening the choices before people and strengthening their capacities to participate in development and reap its benefits. They all serve

Palestinian goals and provide the basis for development in Palestine, once the necessary conditions for development stipulated by international law are made available. The above definitions place the human component at the center of the development process, respect the humanity of the individual, and regard them as a full partner in development. They are in harmony with international law, and provide the best investment in pluralism and democracy in the development process.

## **■ Basic issues**

Numerous factors are involved in the discussion of a development vision for Palestine, some of which will be briefly presented here. As mentioned earlier, the need remains for a detailed examination of these issues in the future. Among the most important of these issues are the factors impacting the establishment of a development-friendly environment in Palestine: continued Israeli occupation, the role of the PNA, and the influence of donor countries and foreign funding.

## **Factors relating to the development environment**

The report highlights three main factors shaping the development environment in Palestine. The policies resulting from these factors determine

the possibilities and content of sustainable human development in Palestine.

1. **Israeli occupation:** No other single factor is of greater importance than the impact of continuing Israeli occupation on the state of human development in Palestine. Therefore, Palestinian development activity in all its aspects must be emancipatory, balancing the processes of construction and liberation.
2. **The role of PNA institutions:** Perhaps the most important task facing the PNA (particularly in the political sphere) is re-shaping the relationship with the Israeli side to secure greater freedom for Palestinian society, allowing it to gain greater control over its development process. The PNA is still searching for suitable mechanisms through which to assume its

leadership role in the development process: a role of responsible leadership based on wide participation and on social justice.

3. **Donor countries:** In spite of potential self-support resources, donor countries are still heavily relied on as the main source of development funding. This funding aims at supporting PNA institution-building, and capacity-building for the Palestinian economy as it moves towards a free market economy with a greater role for the private sector. The funding issue continues to raise important concerns: first, the role of international aid in reinforcing the state of dependency; second, the extent of compatibility between the donor agenda and Palestinian interests; third, the real benefits to Palestinian development, since part of the funds allocated for

*No other single factor is of greater importance than the impact of continuing Israeli occupation on the state of human development in Palestine*

#### **Box 6-1: Planning for development**

Development planning continues to be a subject of debate among Palestinians. Part of the problem has to do with the limitations on the Palestinian ability to plan: which part of Palestine is to be covered by Palestinian planning, and from where will the resources to secure implementation of these plans come. In spite of this, several attempts at planning have been made. Ever since the formulation of the PLO's "Economic Development Program," several successive Palestinian Development plans have been drawn up by MOPIC for the years 1997, 1998-2000 and 2000-2003. These conceptual or planning frameworks, all of which were presented to the donor countries, include investment programs based on the principles of free market economy, promotion of investment and a leading role for the public sector in the development process. However, it should be noted that these plans; 1) are not based on a comprehensive long-term development vision; and 2) offer a shopping list that is not clearly integrated in a manner that would secure the sustainability of the development process. In addition, even though extensive efforts were made, the preparation of these plans did not provide for participation from the public or from within the government sector. Certainly, development planning does not only depend on the Palestinian factor; the role of donor countries and their modes of operation affect planning as well.



Palestinians revert back to the donor countries themselves; and fourth, the current trend towards borrowing, which could burden future generations with debt.

#### **Box 6-2: Funding the process of development and self-reliance**

Funding depends on both external and self-support resources. In spite of the importance of foreign funding for development, especially during the current stage, there is potential for optimizing self-support funding. On one hand, the Palestinian Ministry of Finance collects nearly \$1.15 billion annually in taxes (representing 40% of what should be paid by the Palestinian taxpayer and of what should be transferred by Israel to the PNA from various taxes and customs duties). This constitutes a potential reserve since this amount can be doubled, once suitable mechanisms for tax collection are established, and when Palestinians are motivated by beneficial economic and fiscal policies to pay taxes. Revenue from monopolies can provide an important asset when added to the Ministry of Finance budget. Developing the banking sector environment in Palestine, its relations with fiscal authorities and the conditions under which it operates, will lead to greater investment of domestic savings. Lastly, and of great importance, is the management of public funds; no doubt there are several areas where savings could be made with better management and disbursement policies and practices.

*It is not possible to talk about sustainable development without widening the scope of democratic practices*

#### **Popular participation in development**

Beneficial development is development that stems from the people's conviction and their readiness to take part under a socio-economic-political system that provides the opportunities to do so. When such conviction and readiness to take part in the development process exist, it is the responsibility of a wise leadership to translate these given conditions into objectives and executive programs of work that

maintain the right balance between capacities and challenges, while continuously adapting these programs to be responsive to defined objectives. A capable development leadership is one that keeps in close communication with the grass roots and is responsive to their needs, and is capable of mobilizing the public and of expressing their rights as they themselves would express them. Such a leadership will devise detailed and applied development programs that are both convincing to the public, and responsive to their needs. In brief, an aware political leadership is part of an aware development leadership. Development needs an environment capable of producing the desired leadership on the following bases:

1. It is not possible to talk about sustainable development without widening the scope of democratic practices. It is also not possible to talk of human development if it emanates from the top of the pyramid of authority and without effective and sustainable grass-roots participation. This process requires a rational exchange and interaction between the leaders and the public that will yield beneficial development.
2. The Palestinian people are entitled to attain the level of development achieved by developed countries; however, for effective develop-

ment it is important to be realistic and balance possibilities and capacities in order to optimize developmental results.

The responsibility for activating public participation mechanisms does not lie with the government alone; NGOs and private sector institutions can become an integral part of the development process, with a high level of responsibility towards society. The responsibility of NGOs is related to their role in providing various social and economic services, in activating public participation in development, and in representing the interests of different groups, and particularly marginalized groups, to make them beneficiaries of development.

The private sector can affect economic policies related to promoting the role of workers and economically deprived areas. This responsibility goes beyond the concept of material gain (though the latter is important to sustain it), to include social responsibility and support for culture, and the fine arts and for health and education development. Partnership among all sectors of society provides the main guarantee and the only secure mechanism that the Palestinians will have to depend on the future. This is specially the case in light of forecasts of economic decline that could result

in various social problems. Such problems will have to be addressed collectively, based on national unity and real participation by the public. Such a participatory system will enable Palestinians to broaden their collective choices toward any proposals or future projects and, in the current process of negotiations, on the political or economic levels.

### **Vital groups and sustainable human development**

In applying the concept of participation, a courageous and qualitative leap must be taken in order to achieve comprehensive and sustainable human development. Such a leap is basically dependent on establishing suitable and effective mechanisms to integrate vital groups, whose resources have not been sufficiently tapped, into the development process. These groups not only have a right to participate in development, but their participation is necessary and should override any existing disagreements among differing schools of thought. Palestinian society and its development leadership can set a successful example of their ability to integrate all social groups in the development process, so that all people become the producers of development as well as its beneficiaries. The following groups are selected as examples:

***The responsibility for activating public participation mechanisms does not lie with the government alone***

***Establishing suitable and effective mechanisms to integrate vital groups, whose resources have not been sufficiently tapped, into the development process***

***The question of Palestinian refugees is of primary importance to any development planning in Palestine***

1. **Palestinian refugees:** The question of Palestinian refugees is of primary importance to any development planning in Palestine. In addition to its political and human dimensions, any successful development plan should consider the national rights of refugees along with their human rights. As refugees constitute the majority, whether on Palestinian land or outside of Palestine, the process of integrating them and their aspirations in the development process requires research and extensive efforts by political and social forces and decision-makers.

**Box 6-3: Palestinian refugees**

According to Palestinian estimates, there are about 5 million Palestinian refugees and Palestinians living at present in the diaspora; of these 75% live in Arab countries and in Palestine, and are registered with UNRWA, and the rest in different countries around the world. According to UNRWA estimates (for the year 1998), there are 3,521,130 Palestinian registered refugees, living in 59 refugee camps (10 camps in Jordan, 12 in Lebanon, 10 in Syria, 19 in the West Bank and 8 camps in the Gaza Strip). Palestinian refugees are distributed as follows: 41.5% of them reside in Jordan, 10.4% in Lebanon, 10.3% in Syria and 37.8% in the WBGS (22% in the Gaza Strip and 15.8% in the West Bank).

rights they are entitled to in Palestinian society. Despite clear stipulations in the Declaration of Independence and in the draft Basic Law about equality between men and women, major and persistent efforts are required in many areas, such as education, health, labor, wages and personal and civil rights. Basic changes have to be introduced in legislation, and especially in the Personal Status Law, to benefit of women and the family in general. Just as the benefits of the participation of women will reflect on society as a whole, the responsibility for bringing about such positive change also falls on all sectors of society.

**Box 6-4: The Basic Law and non-discrimination**

"Palestinians are equal before the law and the judiciary without any discrimination among them because of race, sex, color, religion, political creed or disability."

*Article 9, Draft Basic Law, in its third reading before the PLC.*

***Fundamental changes have to be introduced in legislation, and especially in the Personal Status Law, to benefit women and the family in general***

2. **Palestinian women:** Women make up one-half of Palestinian society. While Palestinian women have been forthcoming in effective participation in national and development activities, the size of this participation has not been proportionately reflected in the

3. **Jerusalem and Areas (C):** Jerusalem is the target of a campaign of Judaization that affects the political and developmental future of its population. The size of social problems (housing, legal and educational rights) in Jerusalem is a source of concern and will have implications for the region as a

whole. Continuous efforts should be devoted to the city and its population. The claim that Jerusalem falls outside the scope of Palestinian development work cannot be maintained anymore.

The claim based on Israeli illegal annexation of city, serves to deprive Jerusalem of external donor funding for Palestinian development efforts. The same situation applies to a large extent on the areas referred to as "Areas (C)," which do not fall under the control of the PNA. In many of these areas poverty is widespread, and there is a need for organized efforts to improve the infrastructure and for social programs to develop these areas and integrate them with the rest of the regions over which the PNA exercises its sovereignty.

4. **Youth and children:** Addressing the question of development requires integrating the interests of future generations within the current process of construction. The interests of youth should be an important standard in evaluating the extent to which various plans and projects can be conducive to development. These

interests are part of the population question as a whole, and of how far available and potential resources can be used in providing a suitable standard of living for them in the future. If population increase is not accompanied by productive economic growth that is beneficiary to all, health and education resources will not be able to provide quantitative and qualitative services to citizens. This will subject social programs to major pressures, and poverty rates will increase as a result of rising unemployment.

The absorption capacity of the Palestinian economy for the coming years is not yet proven. Basic changes are not expected in the structure of the economy and in job opportunities available locally or abroad. Thus any development vision for the future should include the interrelationship between the rights of future generations, population increase, available resources for services and the absorption capacity of the Palestinian economy under external pressures that are not expected to disappear in the near future.

***Jerusalem is the target of a campaign of Judaization that affects the political and developmental future of its population***

***Any development vision for the future should consider the interrelationship between the rights of future generations, population increase, available resources and the absorption capacity of the Palestinian economy***

#### **Box 6-5: The future of education**

Serious attention should be devoted to the question of education in Palestine, especially in light of indicators such as the large annual increase in the number of students, estimated at 6-7% per annum. Annually there is a need for over 2,000 classrooms and 2,000 teachers. This is added to the unsolved problem of overcrowding in schools, and the futility of the system of multiple shifts. The absence of a modern Palestinian curriculum continues to thwart the educational process. In addition, Palestinian higher education continues to suffer the problem of financial crisis threatening academic life in Palestinian universities.

***Sustainable human development based on cooperation and partnership, regulated and safeguarded by the rule of law***

**Institution-building and democracy**

There is near unanimity on the public level, in PNA institutions, NGOs and the private sector on the importance of building institutions in a streamlined manner to provide the foundations and the suitable environment for sustainable human development based on cooperation and partnership, regulated and safeguarded by law. The PNA has demonstrated its interest in the various

reports issued by local and international bodies; it has appointed specialized committees to address the problems indicated, and to present recommendations as to the suitable procedures to effect change. In spite of this strong interest, real institutional work is still in the beginning stage. Though there are some modest achievements in this area, further achievements would certainly activate available resources and raise the level of all political and developmental work.

**Box 6-6: Report on strengthening PNA institutions (ROCAR)**

The PNA established a senior-level committee for administrative development. Their "Report on Strengthening PNA Institutions," known as the ROCAR Report, offered the following suggestions for developing the administrative performance of PNA institutions:

- A formal constitution or basic law, that establishes the main principles governing the complete process inside PNA institutions;
- A more streamlined Office of the Presidency, in order to strengthen the ability of the President to offer more effective political and diplomatic leadership, and to transfer routine tasks to branch offices;
- A more effective PLC, with stronger participation in decision-making on public policies, the budget, monitoring and external oversight over the Comptroller's Commission;
- A more independent judicial system, and strengthening of the rule of law, under the supervision of a higher judiciary council;
- Financial operations that are more transparent, accountable and standardized that will lead to achieving better equilibrium between the cost and effectiveness of public administration and employment, and will strengthen the confidence of the public;
- A more streamlined public administration, adopting clear standards for employment, with major cuts in the numbers of employees and a simpler organizational structure;
- A police force subject to civilian control, subject to political, financial and legal supervision by the PLC and the relevant ministries.

In spite of the importance of these recommendations and the greater importance of setting up the senior-level committee itself, the Palestinian public anxiously awaits positive changes that will improve the daily lives of citizens, affirm the principles of participation and justice in the distribution of available resources, and halt certain negative phenomena mentioned in the various reports issued by PNA institutions and civil institutions. The process of development is an ongoing and normal process that should stem basically from the demands put forth by the Palestinian public to the PNA, that are clearly specified up in all parts of this *Report*.

Institution-building is closely linked to legislation, and the separation and balance of authorities. It is of utmost importance that legislation be responsive to the interests of different groups in society. The work that started towards improving the role of the judiciary branch must be maintained in an effective and radical manner, so that the judiciary authority will develop into an effective organ highly respected by members of society.

### **Civil society organizations**

The vital role played by Palestinian civil society contributes to affecting balanced and sustainable human development. Interaction between civil society institutions is a result of the prevailing concepts of democracy and participation, and their role in the development process. When civil society is allowed an adequate role, development will necessarily include all sectors of society, because these institutions and groups are representative of the interests of their public. In addition, political parties have an important role in promoting the kind of democracy needed for development. The laws that are being drafted and implemented on political parties, NGOs, workers' rights, and integration of the disabled, are clear

indications of the kind of society that is currently being formed in Palestine.

### **The private sector**

The private sector remains the prime activator for economic development in Palestine. In order to do this, it needs a favorable investment environment that would render its participation possible and effective. This environment is determined by legislation, commercial practices and the relationship of the public sector and its senior officials with private monopolies, among other factors. Public interest requires that the Palestinian market be open for all Palestinian and Arab investors who are willing to invest, without bureaucratic or artificial restrictions that would make their participation virtually impossible. Investors need a reasonable degree of safety provided by institutional and regulated procedures. At the same time, the private sector cannot expect to have the exact same market economy that is applied in other countries; it requires creative thinking on the part of investors to deal with the constraints imposed on the Palestinian economy. Moreover, the responsibility of the private sector towards building and consolidating institutions of the PNA and of civil society are greater than in other countries.

***Political parties have an important role in promoting the kind of democracy needed for development***

***The private sector remains the prime activator for economic development in Palestine***

***The responsibility of the private sector towards building and consolidating institutions of the PNA and of civil society are greater than in other countries***

## ■ Human development indicators

There have been important achievements in the area of human development in Palestine over the last decades and since the establishment of the PNA. However, there are concerns over the possibility of a decline in development indicators, with negative implications for various aspects of life in health, education and social affairs. Reasonable economic growth will help to provide the resources necessary to support various human sectors. In addition, the establishment of a sustainable infrastructure suitable for development will alleviate the burden facing society in the future and the risk of potential decline. Human development, as measured by the index proposed by UNDP, is not sufficient to indicate the quantitative and qualitative conditions of development, as the *Report* demonstrates. However, giving attention to the indicators, and allocating sufficient funds for capacity-building and for upgrading the ability of people to contribute to the development process, will ultimately lead society to move in a positive direction. Such a move will bring about participation both in the process of development and in reaping its benefits.

## ■ Future indicators

A large number of indicators can be used for monitoring the development process in Palestine. These indicators point to progress or decline in the development process under certain changing circumstances and policies. Following is a list of these indicators (based on importance, data availability and need for in-depth studies conducted in the future):

1. The land area and size of the population living in PNA-controlled areas. This is related to the nature of political solutions for permanent status issues, including the question of refugees and Jerusalem. For this, the indicator used would be the degree of conformity of political agreements with international legality.
2. The balance and separation of authorities, the atmosphere of democracy provided for political parties and other NGOs, and the extent of compliance with the principles of freedom of opinion and expression, as stipulated in the draft Basic Law.
3. Holding of regular and scheduled elections, and the percentage and quality of participation in them.
4. Extent of integration of vital groups in the development process, particularly women, the disadvantaged, the poor, the disabled and released prisoners.

5. Numbers of political prisoners, prisoners held without trial, and cases of torture.
6. Size and distribution of poverty. The decline in poverty rates (especially in areas of Gaza, north and south of the West Bank, and in camps and certain rural areas) is an important indicator for how balanced development policies are, and how far current policies achieve such a balance. This is linked to unemployment rates, the absolute number of job seekers (unemployed), and the decline in unemployment and poverty rates among those participating in the labor force, especially among youth.
7. Real average wages.
8. Extent of legislation and compliance of the executive authority with legislation; its administrative and financial abilities to implement legislation; extent of compliance of legislation enacted in Palestine with the draft Basic Law, the Declaration of Independence and international conventions.
9. Extent of ability of society to achieve gender equality in various spheres of life, including enactment of laws and particularly in personal status laws; extent of participation by women in decision-making, including local councils, the PLC, the judiciary and appointments to PNA ministries.
10. Self-financing of the development process as a percentage of total funding needed; other economic indicators such as rate of change in the balance of trade deficit.
11. Number of students per teacher in schools; other qualitative indicators related to responsiveness of curricula to development requirements, and the establishment of a modern independent Palestinian state; the role of society and the PNA in financing higher education.
12. Quality and quantity of health services, specially in the area of infant mortality and immunization coverage; in addition, the number of accidents among children, suicides and "honor killings" must also be monitored.
13. Monitoring cultural indicators related to the number of artistic and theatrical productions.
14. Monitoring population policies, and how far they are compatible with human rights and the rights of women, and their effectiveness in reducing unbalanced population growth rates.
15. Percentage of households with electricity, drinking water and connected to sewage networks.
16. Percentage of communities that suffer from pollution produced by quarries and stone-cutters.
17. Reliability of official data,



particularly that relate to health indicators.

These partial indicators point to prevailing conditions in different sectors in Palestine. Data and scientific studies should be provided in all these areas. Research studies should monitor and analyze the interrelationship between poverty, unemployment and population policies, on one hand, and the making of current economic, social and political policies, on the other. Limited foreign labor markets, and job saturation of the public sector, make it imperative that policies, be drafted giving the private sector and civil society a vital role in creating new job opportunities. Among the most important challenges facing Palestinian development is the mainstreaming of the interests of children and youth in future development plans, and making sure that their opportunities in political, economic and social development are not wasted.

## ■ **Conclusions and general recommendations**

The *Palestine Human Development Report, 1998-1999* presents an integrated conception of the necessary bases to move Palestinian society forward towards modern statehood. The *Report* urges all parties to the development process to make the changes necessary to move to a state of

development based on institutions, with stronger participation and accountability. While the *Report* focuses on social, economic and political structures at the internal level, it also stresses the importance of achieving national goals, and the relationship of the latter with the process of development and construction. The *Report* presents a set of interrelated core issues that constitute the general framework for sustainable human development in Palestine, taking into consideration the necessary relationship between the limited elements for and the realistic potentials of development. In general, the report focuses on the following issues:

- The necessary link between development and construction, and completing the Palestinian national project; the kind of development desired is an emancipatory development based on the right of the Palestinian people to self-determination and to statehood, its right to development and to all the other rights endorsed by international conventions.
- Building the institutions of society should continue along scientific bases inspired by the principles of the rule of law, a Basic Law or a constitution, the separation and the balanced relationship between the three authorities of government, and human rights concepts.

- Institution-building should be based on recognition of intellectual and social diversity and the vitality of pluralism, in order to effect development that will be of benefit to all sectors of society.
- Development efforts in Palestine should be based on a participatory approach. The Palestinian specificity in development requires interaction and complementarity among all sectors of society: governmental, non-governmental and private.
- Participatory development requires empowerment of the public by widening choices for individuals to practice their rights in various spheres of life, including the economic, health and education spheres. It also requires participation in the process of democratic transformation, with a wider sphere of participation in political decision-making and within the different institutions of society. The Palestinians have demonstrated a great desire to participate and have demanded that the suitable environment and mechanisms for participation be provided.
- PNA institutions have taken major steps in the process of institution-building. However, the lack of clear objectives, the weakness and inconsistency in organizational structures and job descriptions, and the overlap between institutions and within the same institution, all lead to an unnecessary waste of resources.
- The Palestinian private sector has not taken up its role towards the development process. This is due to subjective factors pertaining to the private sector itself, but it is also linked to institutional factors related to economic policies that have not succeeded so far in establishing an encouraging investment environment. The role of the Palestinian private sector must expand to include its social and national responsibilities.
- The NGO sector has a long history of activity in the development process. Its accumulated experience can be tapped in order to develop realistic visions of development. The role of the Palestinian NGO sector should complement the role of other sectors, taking into consideration the special role of some NGOs in being catalysts for change and promoting human rights. Political parties and unions should also take up their role in the development process.
- A qualitative and courageous leap is needed to devise suitable and effective mechanisms for integrating vital groups. The capabilities of these groups are not invested in the development process, and they do not receive the benefits resulting

from the process. It is important to eliminate all forms of discrimination against women, and to integrate them along with other social groups in the development process. Special consideration should be given to the strategic interests of the Palestinian refugees and the residents of the refugee camps.

- It is possible to create a balance between external funding and self-support funding for the process of development in Palestine. Developing self-reliance will have its positive impact on Palestinian conditions in general, and in safeguarding the rights of future generations.
- Even though the Palestinian people have made important achievements, there is real concern over the possibility of deterioration in their development status, particularly in human development indicators. Balanced efforts should

be devoted to economic and social policies, with special focus on appropriate budgetary allocations for education, health and other social functions, taking into account the role of these policies in achieving the Palestinian national project.

- A development vision for Palestine will guide and unite efforts towards the desired objectives. Such a vision should be based on the political right of the Palestinian people to self-determination, and on the effective participation of individuals and groups in the development process. It should recognize the importance of comprehensive development based on the principles of equality, justice and safeguarding the rights of future generations, and on the need to devise development strategies that start and end with human beings.

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1. This chapter is based on papers presented in several workshops held under the title, "What Kind of Development for Palestine?" and particularly the paper presented by Mr. Ibrahim Dakkak. See the Appendix for a complete list of participants.

2. Yusif Sayigh, *Elusive Development*, publisher? 1992.



## **Human Development Indicators, Palestine**

### **Human Development Report 1998-1999**

#### **(A) Aggregate Indicators in Palestine:**

- Human Development Index
- Economic Indicators
- Employment and Unemployment Indicators
- Education Indicators
- Health Indicators
- Demographic Indicators
- Gender Indicators
- Social Indicators
- Human Poverty Indicators

#### **(B) Regional Indicators: The West Bank and Gaza Strip**

- Population, Family and Health Indicators
- Employment and Unemployment Indicators

#### **(C) Governorate Indicators**

- Population & Sex ratio
- Students per Teacher and Students per Classroom
- Percentage Distribution of Employed Persons by Economic Activity 1997
- Percentage Distribution of Employed Persons by Economic Activity 1998
- Poverty Indicators
- Monthly Household Expenditure by Expenditure Groups

#### **(D) HDI Indicators: Comparisons with Neighboring Countries**

**Note:** Statistics issued by the PCBS were used, after re-calculating some of them by the DSP to make them consistent with the UNDP methodology (as indicated #). Only sources other than PCBS are indicated when used. In addition to the PCBS statistics, other statistics that appeared in the Summary Report were adjusted by the PCBS (letter of the PCBS director, 9/11/99). The data were checked by several statistical experts, among them Dr. Yusif Daoud and Dr. Hazim Shunnar.

## List A : Aggregate indicators in Palestine

**Table (1): Human Development Index**

Life expectancy at birth	(year) 1997	71.5
Adult literacy rate	(%) 1997	85.5
Combined first-, second- and third level gross enrolment ratio	(%) 1998/1997 #	72.4
Per capita GDP	(\$ ) 1997	1500
Adjusted real per capita GDP	(\$ ) 1997 #	2286
Life expectancy index		0.77
Life expectancy index- rank (out of 175)		74
Education index		0.81
Education index- rank (out of 175)		94
GDP index		0.52
GDP index - rank (out of 175)		115
HDI value		0.70
HDI index- rank (out of 175)		100
Gender-related development index- value		0.638
Gender-related development index - rank (out of 104)		96
Gender empowerment measure- value		0.290
Gender empowerment measure- rank (out of 103)		85

**Table (2): Economic indicators**

Total GNP	1997 (in millions \$)	4900
Total GDP	1997 (in millions \$)	4200
Per capita GNP	1997 (\$)	1763
Per capita GNP	1997 (\$)	1500
Per capita GNP	1997 (\$)	1537
GDP growth annual rate	1996-1997	-2.4
Exports of goods & services	1997 (in millions \$)	1069.1
Imports of goods & services	1997 (in millions \$)	3879.7
Trade balance	1997 (in millions \$)	-2810.1
Percentage share of economic sectors in GDP:	1997	
Agriculture		6.4
Industry		17.6
Building and construction		8.9
Services <sup>1</sup>		67.1
Inflation rate	(%) 1997/1998	7.6/7.8
Percentage of Palestinian trade with Israel out of total foreign		85
Commitments by donor countries <sup>2</sup>	1994-1998 (in millions \$)	5160
Disbursements by donor countries <sup>3</sup>	1994-1998 (in millions \$)	3469
Gross capital formation	1997 (in millions \$)	1571.2
Final consumption	1997 (in millions \$)	5278.0
Gross investment to GDP	1997 (%)	37.7
Total liabilities and assets in the banks <sup>4</sup>	1998 (in millions \$)	3336.65
Public expenditures <sup>5</sup>	1998 (in millions \$)	1814.37
Public revenues <sup>6</sup>	1998 (in millions \$)	1777.5
Budget deficit <sup>7</sup>	1998 (in millions \$)	-36.87
Tax revenues <sup>8</sup>	1998 (in millions \$)	678.5
Poverty rate <sup>9</sup>	1997	23

1. Services include wholesale, retail trade, transport, financial intermediation, other services, public administration, and defense.

2. MOPIC 1998

3. Ibid.

4. Palestine Monetary Authority 1998.

5. Ministry of Finance 1998.

6. Ibid.

7. Ibid.

8. Ibid.

9. Poverty Report 1998

**Table (3): Employment Indicators 1998**

Proportion of the labor force over the age of 15	(%)	41.4
Proportion of women in the labor force		11.3
Percentage of the labor force according to economic activity:		
Agriculture		12.1
Industry		15.9
Building and construction		22.0
Services <sup>10</sup>		50.0
Number of workers in Israel	1997	82,000
Number of workers in the West Bank and Gaza Strip	1997	478,000
Full employment rate		79.1
Underemployment rate		6.5
Unemployment rate		14.4
Reasons for remaining outside the labor force: (%)		
Old-age / illness		10.5
Housework		54.9
Education or training		25.1
Other reasons		9.5
Distribution of employed by occupation: (%)		
Legislator, senior officials and managers		3.9
Professionals, technicians and clerks		16.5
Services, shop and market workers		6.4
Skilled agriculture and fishery workers		9.2
Craft and related trade workers		24.7
Plant and machine operators and assemblers		8.3
Elementary occupations		31
Unemployment rate (15-24)		22.6
Percentage distribution of employed persons by employment status: (%)		
Employer		5.8
Self employed		21.0
Wage employee		65.3
Unpaid family member		7.9
Average monthly work days		23.0

10. Services include commerce, hotels, restaurants, transportation, storage, communications, services and other branches.



**Table (4): Basic Education Indicators 1997/1998<sup>11</sup>**

Adult literacy	(%)	85.5
Combined first-, second- and third level gross enrolment ratio	(%) #	72.4
Enrollment in basic education	(%) #	93.6
Enrollment in secondary education	(%) #	51.6
Enrollment in higher education	(%) #	21.5
Enrollment in secondary technical education from total secondary education	(%) #	3.26
Enrollment in natural and applied sciences from total enrollment in higher education	(%) #	23.8
Annual increase in school enrollment	(%) #	6.45
Number of students per teacher in schools		29.5
Average number of students per class in schools		36.5
Illiteracy rate	(%)	13.9
Number of counselors (per 1000 students)	#	0.26
Number of students per computer in schools	#	188
Share of education from international assistance <sup>12</sup>	(%) 1994-1998	7.9

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11. All education statistics are for the scholastic year 1997/1998.

12. MOPIC 1998.

**Table (5): Health Indicators<sup>13</sup>**

Life expectancy at birth (years)		71.5
Children vaccinated against:	1998*	
Measles		93.6
BCG		90.5
HBV		92.5
OPV		97.3
MMR		91.8
DPT		98.0
Cases of AIDS (per 100,000)	1998*	1.3
Hospital beds (per 1,000)	1998*	1.0
Number of hospitals	1998*	52
Number of doctors (per 10,000 people)	1998*	8.3
Number of nurses (per 10,000 people)	1998*	14.1
Health facilities ( per 10,000 people)	1998*	20.7
The handicapped as a percentage of total population	1997	1.8
Number of people with governmental health insurance	1998*	1,035,761
Average maternal mortality (per 100,000)	1998*	60-80
Child mortality below the age of 5 (per 1,000 births)	1995	33.2
Infant mortality (per 1,000) live births	1995	27.3
Child mortality below the age of 5 (per 1,000 births)	1998*	20
Infant mortality per 1000 live births	1998*	14.9
Women who have received some form of health care during pregnancy <sup>14</sup>	1998 (%)	89.0
Births under some form of health supervision	1998* (%)	93.0
Fertility rate among women 15-19 of total	1997 (%)	8.9
Localities (1-4 Km ) away from the nearer health clinic <sup>15</sup>	1998 (%)	15.1
Households connected to public water networks	1997 (%)	83.1
Households connected to public sewage networks	1997 (%)	33.2
Smokers (over 15 years of age)	1997 (%)	23
Percentage paid by government health insurance out of health expenditure	1998*	45.0
Percentage of expenditure on referrals outside the government sector from the budget of the government health sector	1998*	10.4
Share of health from international assistance <sup>16</sup>	1994-1998 (%)	5.4

13. Source of data indicated by \* is the Ministry of Health , 1998.

14. HDIP 1998

15. Ibid

16. MOPIC 1998

**Table (6): Basic Demographic Indicators**

Population 1998 (millions)	1998	2.9
Population forecast 2008 (millions)	2008	4.55
Date population doubles		2015
Proportion of population below the age of 15	1997 (%)	47.0
Proportion of population over the age of 65	1997 (%)	3.5
Annual natural rate of population growth	1997	4.08
Net migration	1997	3.45
Average crude births (per 1,000)	1998	42.01
Average crude death (per 1,000)	1998	4.65
Total fertility rate	1997 (%)	6.1
Percentage of women who have used contraceptives <sup>17</sup>	1998	44.8
Average family size	1997	6.4
Dependency ratio	1997	101.2
Refugees as a proportion of population	1997 (%)	41.4
Females headed household	1997 (%)	9.0
Households by tenure of housing unit	1997 (%)	78.1
Main types of family:	(%)	
Nuclear family		73.2
Extended family		23.0
Composite family		0.5
Single individual		3.3
Palestinians 12 years and over by marital status:	1997 (%)	
Never or legally engaged		40.8
Married		54.5
Divorced		0.7
Widowed		3.8
Not stated		0.2

17. HDIP 1998

**Table (7): Gender and Human Development Indicators**

Indicators		Females	Males	Ratio of females to males(gap) #
Population distribution	1997 (%)	49.22	50.78	96.93
Life expectancy at birth	1997 (years)	73.1	69.9	104.6
Average marriage age	1997	18	23	78.3
Adult literacy ratio	1997 (%)	79.0	91.9	86.0
Enrollment rates in the stages of education # 1997/1998: (%) #				
Basic education		94.06	93.1	101.0
Secondary education		51.4	51.7	99.4
Higher education		19.5	23.4	83.3
Basic and secondary and higher education		72.2	72.5	99.5
Drop out rates of the secondary level	1997/1998 #	8.3	4.3	193.0
Share of adjusted real per capita GDP	1997 (\$) #	385.5	4127.9	9.3
Labor force from the total labor force over the age of	15%	11.3	70.3	16.1
Unemployment rate	(%)	15.2	14.4	105.6
Distribution of workers according to profession 1998 (%) #				
Legislators and higher administrative employees		0.3	2.9	10.3
Artisans, specialists, and clerks		4.2	9.5	44.2
Service employees and retailers		0.4	4.7	8.5
Skilled employees in agriculture and fishing		3.3	4.4	75.0
Handicraft employees and others		1.6	18.5	8.6
Machine workers and assemblers		0.1	6.6	1.5
Primary professions		1.4	23.8	5.9
Percentage of the labor force according to economic activity: 1998 (%) #				
Agriculture		3.3	6.7	49.3
Industry		1.8	11.1	16.2
Building and construction		0.1	17.7	0.6
Services		6.1	34.8	17.5
Ministers in the Ministerial Council	1999	1	29	3.4
Members in workers union	1997 (%)	7.64	92.36	8.3
Judges (number)		3	65	4.6
Seats in local government <sup>18</sup>	1999	40	3680	1.0
Members in PLC	1999	5	83	6.0

18. Ministry of Local Government, 1999

**Table (8) Selected Social Indicators**

Spending on Security (% of running governmental spending)	1997	29.15
Spending on Ministry of Education (% of running governmental spending)	1997	16.70
Spending on Ministry of Health (% of running governmental spending)	1997	11.25
Spending on Ministry of Social Affairs (% of running governmental spending) <sup>19</sup>	1997	5.93
Number of Security employees in security apparatus (per 1,000 people)	1998 #	45
Number of Doctors (per 1,000 people)	1998	0.83
Number of Teachers (per 1,000 people)	1998 #	10.5
Palestinian abroad (million)	1998	5.0
Population density person / km2	1998 #	500
Poverty rate <sup>20</sup>	1997	23.0
Suicide attempts (number)	1997	231
Suicide (number of cases)	1997	22
Divorce rate	1997	0.7
Number of reported rape attempts	1997	43
Number of reported rape cases <sup>21</sup>	1997	81
Political prisoners in Palestinian prisons <sup>22</sup>	1998	300
Political prisoners in Israeli prisons <sup>23</sup>	1998	3000

**Table (9) Selected Human Poverty Indicators 1997**

Illiteracy rate	14.5
Unemployment rate	14.4
Poverty rate	23.0
Poverty gap rate	6.0
Poverty severity	2.3
Absolute Poverty <sup>24</sup>	14.2

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19. Ministry of Finance 1998

20. Poverty report 1997

21. Ministry of Interior 1997

22. Palestinian Human Rights Organizations Reports 1998

23. Ibid

24. Poverty Report 1998

## List B: Aggregate indicators and differences between the West Bank and the Gaza Strip

Table (1): Population, Health and Family Indicators

Indicators		West Bank	Gaza Strip	Palestine
Natural rate of population growth	1998	3.9	4.4	4.08
Population growth (net migration)	1998	3.45	3.45	3.45
Population	1997 (million)	1.873476	1.022204	2.895683
Percentage distribution of the population according to age 1997 (%)				
0-14		45.0	50.2	47
15-29		27.6	25.8	26.9
30-49		17.6	16.5	17.2
Over 50		9.8	7.5	9.1
Refugees as a proportion of the population	1997	26.5	65.1	41.4
Percentage of women who have used contraceptives <sup>25</sup>	1998	50.7	33.9	44.8
Child mortality below the age of 5 (per 1,000 births)	1995	32	41	33.2
Infant mortality (per 1,000 live births)	1995	25	32	27.3
Child mortality below the age of 5 (per 1,000 births) <sup>26</sup>	1998	17	25.5	20.0
Infant mortality (per 1,000 live births) <sup>27</sup>	1998	9.5	18.1	14.9
Average family size	1997 (persons)	6.1	6.9	6.4
Average crude births	1997 (per 1,000)	40.3	45.06	42.01
Average crude death rates	1997 (per 1,000)	4.73	4.51	4.65
Total fertility rate	1997 (%)	5.6	6.9	6.1
Females headed Households	1997 (%)	9.5	8.0	9.0
Main types of family: 1997 (%)				
Nuclear family		74.0	71.8	73.2
Extended family		21.7	25.3	23.0
Composite family		0.6	0.3	0.5
Single individual		3.7	2.6	3.3
Households by tenure of housing unit	1997 (%)	75.3	83.2	78.1
Households with TV sets	1997 (%)	86.4	81.4	84.6

25. HDIP 1998.

26. Ministry of Health 1998.

27. Ibid.

**Table (2): Employment indicators**

Indicators		West Bank	Gaza Strip	Palestine
Per capita GDP	1997 (\$)	1588	1262	1500/1456
Per capita GNP	1997 (\$)	1915	1388	2229/1702
Share of agriculture sector to GDP <sup>28</sup>	1997 (\$)	6.9	8.0	6.4/7.3
Participation rate in the labor force (15 and above) 1998	1998	44.2	36.4	41.4
Unemployment rates	1998 (\$)	11.5	20.9	14.4
Share of women in the labor force	1998 (\$)	14.3	5.9	11.3
Distribution of workers according to the economic activity:		1998 (\$)		
Agriculture and fishing		13.8	8.0	12.1
Mining, stone crushing		16.8	13.6	15.9
Building and construction		22.7	20.5	22.0
Services <sup>29</sup>		46.7	57.9	50.0
Distribution of workers according to the employment status:		1998 (\$)		
Employers		6.5	4.0	5.8
Self employed		21.5	19.7	21.0
Wage employee		63.0	71.0	65.3
Family members without wages		9.0	5.3	7.9

28. The three above indicators for West Bank do not include Jerusalem. As for the figures for Palestine, the first figure includes Jerusalem and the second figure does not.

29. See footnote 10.

## List C: Governorate Indicators

Table (1): Population distribution and sex ratio 1997

Governorate	Population	Sex Ratio(men/women)
Jenin	203026	103.8
Tubas	36609	103.1
Tulkarm	134110	102.2
Qalqilya	72007	105.7
Salfit	48538	103.6
Nablus	261340	103.3
Ramallah	213582	100.4
Jerusalem	328601	102.1
Jericho	32713	101.7
Bethlehem	137286	104.8
Hebron	405664	104.9
North Gaza	183373	103.7
Gaza	367388	103.6
Deir al-Balah	147877	102.4
Khan Younis	200704	102.5
Rafah	122865	102.0



**Table (2) : Average Number of Students per Teacher and per Classroom:**

Governorate	Indicator year	Student per Teacher		Student per Classroom	
		97/98	98/99	97/98	98/99
Jenin		27	27.4	32	31.8
Nablus		28	28.1	32	32.7
Salfit		26	26.1	29	29.6
Tulkarm		28	29.7	33	32.9
Qalqilya		27	28.8	32	31.2
Ramallah		24	24.9	30	29.9
Jerusalem		20	20.9	29	28.5
Jerusalem Suburbs		---	23.2	---	28.3
Bethlehem		25	25.7	31	31
Jericho		28	27.1	33	32
Hebron		29	29.1	35	34.6
South Hebron		29	28.9	33	33
Gaza		34	35.2	43	42.8
Khan Younis		34	34.9	44	44.2

**Table (3) : Percentage Distribution of Employed Persons by Economic Activity 1997**

<b>Governorate</b>	<b>Economic activities</b>			
	<b>Agriculture</b>	<b>Industry</b>	<b>Building and Construction</b>	<b>Services</b>
Jenin	32.3	10.4	17.3	40.0
Tulkarm and Qalqilya	19.7	16.8	20.2	43.3
Nablus	12.7	21.9	14.0	51.4
Ramallah	5.5	15.3	28.1	51.1
Jerusalem	1.0	13.1	13.9	72
Bethlehem and Jericho	16.7	22.6	16.4	44.3
Hebron	15.2	19.0	22.3	43.5
North Gaza	8.5	17.5	18.1	55.9
Gaza	1.8	18.0	16.2	64
Middle Gaza	11.1	13.4	14.7	60.8
South Gaza	13.8	8.2	16.6	61.4

**Table (4): Percentage Distribution of Employed Persons by Economic Activity 1998**

<b>Governorate</b>	<b>Economic activities</b>			
	<b>Agriculture</b>	<b>Industry</b>	<b>Building and Construction</b>	<b>Services</b>
Jenin	27.3	11.4	20.2	41.1
Tulkarm and Qalqilya	18.9	14.4	21.9	44.8
Nablus	10.8	21.3	17.6	50.3
Ramallah	6.2	15.7	29.3	48.8
Jerusalem	0.7	13.6	16.8	68.9
Bethlehem and Jericho	14.0	20.5	25.4	40.1
Hebron	14.3	18.9	26.0	40.8
North Gaza	7.1	14.9	22.5	55.5
Middle Gaza	1.7	17.7	19.1	61.5
Gaza	9.8	12.1	17.6	60.5
South Gaza	15.7	8.0	22.0	54.3

**Table (5) Poverty Rates by Governorate 1997<sup>30</sup>**

<b>Governorate</b>	<b>Poverty</b>	<b>Poverty Gap</b>	<b>Poverty Severity</b>	<b>Absolute Poverty</b>
Jenin	27.6	6.4	2.3	15.0
Tulkarm and Qalqilya	16.5	4.0	1.4	9.6
Nablus	11.5	3.1	1.2	7.3
Ramallah	9.1	1.7	0.5	3.8
Jerusalem	2.7	0.2	0.03	0.3
Bethlehem and Jericho	16.3	3.8	1.4	8.4
Hebron	24.4	7.1	2.9	17.5
North Gaza	30.8	8.2	3.1	20.5
Middle Gaza	39.5	12.7	5.6	27.3
South Gaza	50.8	14.4	5.6	34.6
<b>Total</b>	<b>22.5</b>	<b>6.0</b>	<b>2.3</b>	<b>14.2</b>

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30. Poverty Report 1997.

**Table (6): Monthly Household Expenditure by Expenditure Groups and Governorate 1997**

Groups of Expenditure	Governorate							
	Jenin	Nablus	Tulkarm and Qalqilya	Ramallah and Jericho	Jerusalem	Hebron	Bethlehem	Gaza
Food	38.1	37.9	41.4	36.4	39.3	38.6	41.0	37.1
Medical Care	4.1	4.4	4.2	5.2	2.7	4.2	5.5	3.1
Education	2.4	4.3	2.6	2.6	3.6	3.2	3.3	4.5
Housing	6.8	8.5	6.7	7.1	7.7	6.7	6.2	7.0
Clothing	8	9.6	8.6	8.4	9.7	9.4	9.3	7.3
Transport and Communication	11	12.4	10.9	11.8	9.2	11.3	12.1	9.4
Other	29.6	22.9	25.9	28.5	27.8	26.6	22.6	31.5
<b>Total Expenditure in JD</b>	<b>497.02</b>	<b>550.94</b>	<b>519.40</b>	<b>743.81</b>	<b>810.34</b>	<b>579.13</b>	<b>611.91</b>	<b>490.32</b>

## List D: Comparisons with Neighboring Countries

### HDI Indicators<sup>31</sup>

HDI	Palestine	Jordan	Lebanon	Syria	Egypt	Israel
Life expectancy at birth (years)	71.5	70.1	69.9	68.9	66.3	77.8
Adult literacy rate (%)	85.5	87.2	84.4	71.6	52.7	95.4
Combined first, second and third level gross enrollment ratio 1998 (%) #	72.4	66	76	60	72	80
Adjusted per capita GDP (\$) #	2286	3450	5940	3250	3050	18150

Life expectancy index	0.77	0.75	0.75	0.73	0.69	0.88
Education index	0.81	0.80	0.82	0.68	0.59	0.90
GDP index	0.52	0.59	0.68	0.58	0.57	0.87
HDI value	0.70	0.715	0.749	0.663	0.616	0.883
Gender-related development and index value(GDI)	0.638	---	0.734	0.640	0.603	0.879
Gender empowerment measure value(GEM)	0.290	0.220	---	0.317	0.275	0.496

31. Statistics are for the year 1997. Statistics for countries other than Palestine are taken from Human Development Report, UNDP 1999.

## **Methodological notes**

### **B-1 General notes**

#### **Chapter One: General framework for human development in Palestine**

A number of background papers were prepared for this chapter by:

- Jamil Hilal ("Implications of the concept of sustainable human development on development planning and research methodology in the Palestinian case");
- Nader Said and Hadeel al-Qazzaz ("Human development: International and national experiences and Palestinian orientations");
- Ramzi Rihan ("Problems related to the concept and indicators of sustainable human development in Palestine");
- Mudar Kassis ("Problems of measuring human development in Palestine");
- Mohammad Ghadiyah ("A comprehensive review of the literature on human development");
- Faisal Awartani (A critique of human development indicators).

#### **Chapter Three: PNA institutions and the management of development**

A specialized study was prepared on the subject, based on the following research methodologies and techniques:

- 1. Questionnaire:** A six-part questionnaire was designed focusing on the following: the vision, objectives, role and values of the ministries through the researched group; management; productivity in the ministries; relations with other parties, such as the various organs of the PNA, and institutions of Palestinian civil society, the UN and donor countries; and general assessments of important issues inside the ministries, and relations with other parties.

The questionnaire was distributed to all operative ministries of the PNA (twenty-four ministries), and to three other government institutions (Bureau of Public Employees, Commission of the Public Comptroller, Commission of Public Intelligence). Questionnaires were distributed to 101 Directors and Directors-General in these ministries and institutions, 31 of which were women. Over 50% of the questionnaires were sent to 10 ministries that are in greater contact with the public as service providers. The number of questionnaires filled in and returned was 62, from 19 ministries and one public institution. The rest of the questionnaires were not returned, and five individuals in the survey sample refused to complete the questionnaire.

Those surveyed were selected according to several criteria:

Position: they had to be in positions of responsibility-directors-general (43), directors (14) or heads of divisions (5).

Gender: 60% of those surveyed were males and 34% females, and 4% did not state their gender.

Place of work: 58% of those surveyed worked in the West Bank, 23% in the Gaza Strip, 11% had offices in both the West Bank and the Gaza Strip, and 8% did not state the location of their work.

Place of residence: Of those surveyed, 44% had formerly resided outside Palestine, 47% in Palestine, and 9% did not state place of residence.

2. **Interviews:** interviews were made with Under-Secretaries and Directors-General in seven Palestinian ministries that had a role in providing direct services (Ministry of Health, Ministry of Education, Ministry of Economy and Trade, Ministry of Social Affairs, Ministry of Youth and Sports, Ministry of Finance, and the Ministry of Labour) to discuss issues of relevance to PNA institutional work.
3. **A special questionnaire:** Data was collected about the official position of each ministry on development management, and statistical information on employees in the ministry, such as number, specialization, ranking, educational attainment and other basic information.
4. **Reports of different ministries:** Bulletins and publications issued by the ministries were collected; in addition to the organizational structure charts proposed for some of these ministries, and other documents useful for research.
5. **Background papers for this chapter were prepared by the researchers:**
  - Jamil Hilal ("The Historical and Political Context for the Establishment of PNA Institutions").
  - Izzat Abdul-Hadi ("Visions, Objectives and Roles of PNA Ministries").

#### **Chapter Four: Economic policies and human development**

Six studies were prepared to provide the background for this chapter:

- Omar Abdul-Razeq ("Investment and human development");
- Bassem Makhoul ("Growth and employment");
- Omar Abdul-Razeq and Bassem Makhoul ("The relationship between private and public sectors");
- Mohamad Nasr ("A conceptual theoretical introduction");
- Salah Abdul-Shafi ("Economic policies");
- Mahmoud Jafari ("Economic policies for development").

#### **Chapter Five: Civil society organizations and human development**

The following methodology was followed in the research:

1. **A research questionnaire:** A sample made up of 50 NGOs in the WBGS was selected for the study. A cross-sectional sample was selected from a file including a list of all civil organizations, prepared by the Centre for Palestine Research and Studies in 1988. A four-part questionnaire was designed, dealing with participation inside the institution; relations between the institution and its beneficiaries; relations with other institutions; and information about the institution.
2. **Background papers for this chapter were prepared by the researchers:** Jamil Hilal, Mudar Kassis, Nader Said, Hadeel Qazzaz, Mohamad Mobayid.



## Chapter Six: Towards a Palestinian vision of development

The DSP held a number of specialized seminars to address the question: "What kind of development for Palestine?" A number of leading pioneers in the field of development, and representatives of many sectors of Palestinian society addressed these seminars, as a result of which a number of bases and orientations for a Palestinian vision of development were drawn up. Papers were presented by 38 experts, and over 1,000 participants took part in the discussions.

Presentations were made by:

Ibrahim Dakkak	Sami Abu Zarifeh	Izzat Abdul-Hadi	Nader Said
Ibrahim Abu Lughod	Saji Salameh	Ali Shaath	Mohammad Dahman
Ahmad Majdalani	Sakhr Habash	Ali Jaradat	Hadeel Qazzaz
Ahmad Dahlan	Saleh Raafat	Omar Abdul-Razek	Hisham Awartani
Bassam al-Salhi	Salah Abdul Shafi	Omar Shaaban	Mohammad al-Samhour
Jamil Hamami	Adel Samara	Adnan Abu Amer	Nizar Basalat
Jamila Saidam	Abdul-Karim Qais	Ghazi al-Sourani	Mostapha Shehadeh
Rawya al-Shawa	Abdul-Rahim Mallouh	Lamia Qattineh	Haitham Halabi
Zahira Kamal	Abdul-Jawad Saleh	Mohamad Ghadiyeh	
Zainab Ghounaimi	Atef Saad	Mohsin Abu-Ramadan	

### B-2 Technical note. Computing the indices<sup>1</sup>

#### 1. Human Development Index (HDI)

To construct the HDI, maximum and minimum values are determined for each indicator:

- Life expectancy at birth: min. 25 years, max. 85 years.

$$\text{Index} = \frac{\text{Actual Value} - \text{min. Value}}{\text{Max. Value} - \text{min. Value}}$$

Life expectancy for Palestine: 71.5 years

$$\text{Life expectancy index} = \frac{71.5 - 25}{85 - 25} = \mathbf{0.77}$$

1. These indices computed to fit the methodology provided by UNDP (Human Development Report 1999).

● Educational attainment

Adult literacy rate: min. 0%, max. 100%.

Total enrollment rate: min. 0%, max. 100%.

Adult literacy rate for Palestine: 85.5%

Total enrollment rate for Palestine: 72.4%

$$\text{Adult literacy index} = \frac{85.5 - 0}{100 - 0} = \mathbf{0.855}$$

$$\text{Rate of enrollment index} = \frac{72.4 - 0}{100 - 0} = \mathbf{0.724}$$

$$\text{Educational attainment index}^2 = (2(0.855) + 1(0.724))^{1/3} = \mathbf{0.81}$$

● Real per capita GDP: using PPP, min. \$100, max. \$40,000.

Adjusted real GDP per capita (PPP\$): 2286

Adjusted real GDP per capita (PPP\$) index<sup>3</sup>

$$\frac{\log(2286) - \log(100)}{\log(40,000) - \log(100)} = \mathbf{0.52}$$

To calculate the HDI use

$$= (\text{Life expectancy} + \text{educational attainment} + \text{per capita GDP})^{1/3}$$
$$(0.77 + 0.81 + 0.52) / 3 = \mathbf{0.70}$$

## 2. Gender-related Development Index (GDI)

Population:

Total: 2,895,524

Females: 1,425,177

Males: 1,470,347

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2. Enrollment was calculated from the statistics for the scholastic year 1997/1998, the population of the same age group was taken from the PCBS population projections for the year 1997.

3. The following assumptions were used to calculate per capita GDP Purchasing Power Parity in dollars, based on available data in ESCWA reports on income calculations for the ESCWA region, in addition to available data about on income for Jordan in the Human Development Report 1998:

1. Per capita GDP PPP in Egyptian Pounds for Palestine compared to Jordan is 0.4927 for the year 1995 (ESCWA).

2. Per capita GDP for the year 1995 (PPP in dollars \$2,063).

3. Percentage of nominal per capita GDP to GDP (PPP in dollars) for the year 1995 is 0.656.

4. Assuming this percentage remained fixed for the year 1997, per capita GDP (PPP in dollars) for the year 1997 was calculated to be \$2,286.

Percentage share of population (%):

Females: 49.22

Males: 50.78

**Step One:**

*Computing the equally distributed life expectancy index*

Life expectancy at birth (years):

Females: 73.1

Males: 69.9

Life expectancy index

$$\text{Females: } \frac{73.1 - 27.5}{60} = \mathbf{0.76}$$

$$\text{Males: } \frac{69.9 - 22.5}{60} = \mathbf{0.79}$$

Equally distributed life expectancy index:

$\{[\text{Female population share X (female life expectancy index)}^{-1}] + [\text{male population share X (male life expectancy index)}^{-1}]\}^{-1}$

$$\{[0.4922 \times (0.76)^{-1}] + [0.5078 \times (0.79)^{-1}]\}^{-1}$$

$$=(0.648 + 0.643)^{-1} = \mathbf{0.774}$$

**Step Two:**

*Computing the equally distributed educational attainment index*

Adult literacy rate (%):

Females: 79.0

Males: 91.9

Adult literacy rate index:

$$\text{Females: } 79.0 - 0/100 = 0.79$$

$$\text{Males: } 91.9 - 0/100 = 0.919$$

Combined gross enrollment ratio (%):

Females: 72.2

Males: 72.5

Combined gross enrollment index:

Females:  $72.2 - 0 / 100 = 0.722$

Males:  $72.5 - 0 / 100 = 0.725$

Educational attainment index:

$2/3(\text{adult literacy index}) + 1/3(\text{combined gross enrolment index})$

Females:  $2/3(0.79) + 1/3(0.722) = 0.767$

Males:  $2/3(0.919) + 1/3(0.725) = 0.854$

Equally distributed educational attainment index

$\{[\text{Female population share X (educational attainment index)}-1]+[\text{male population share X (educational attainment index)}^{-1}]\}^{-1}$

$\{[0.4922 \text{ X } (0.767)^{-1}]+[0.5078 \text{ X } (0.854)^{-1}]\}^{-1}$

$= (0.641 + 0.594)^{-1}$

**= 0.809**

### Step Three:

*Computing the equally distributed income index*

Percentage share of economically active population:( Census 1997)

Females: 10.8

Males: 89.2

Ratio of female non-agricultural wage to male non-agricultural wage (0.750) (UNDP, global estimate)

GDP per capita: \$2,286 (PPP\$)

Total GDP PPP\$:  $\$2286 \times 2.895683 \text{ million} = \$6619.53 \text{ million (PPP\$)}$

$$S_f = \frac{0.750 \times 0.108}{(0.750) \times 0.108 + 0.892} = \mathbf{0.083}$$

Female total GDP (PPP\$) =  $0.083 \times 6619.53 \text{ million (PPP\$)} = 549.4 \text{ million (PPP\$)}$

Male total GDP (PPP\$) =  $6619.53 \text{ million (PPP\$)} - 549.4 \text{ million (PPP\$)} = 6070.13 \text{ million (PPP\$)}$

Per capita female GDP (PPP\$) =  $549.4 \text{ million (PPP\$)} / 1.425177 = 385.5 \text{ (PPP\$)}$

Per capita male GDP (PPP\$) =  $6070.13 \text{ million (PPP\$)} / 1.470506 = 4127.9(\text{PPP\$})$

$$W_{yf} = \frac{\log(385.5) - \log(100)}{\log(40,000) - \log(100)} = \mathbf{0.0225}$$

$$W_{ym} = \frac{\log(4127.9) - \log(100)}{\log(40,000) - \log(100)} = \mathbf{0.621}$$

Equally distributed income index:

$$\begin{aligned} & \{ \text{female population share} \times [W(yf)]^{-1} \} + \{ \text{male population share} \times [W(ym)]^{-1} \} \\ & \{ (0.4922 \times [0.225]^{-1}) \} + \{ (0.5078 \times [0.621]^{-1}) \} \\ & = \mathbf{0.333} \end{aligned}$$

**Step Four:**

*Computing the GDI*

$$1/3(0.774 + 0.809 + 0.333) = \mathbf{0.638}$$

### **3. Gender Empowerment Measure (GEM)**

Population:

Total: 2,895,524

Females: 1,425,177

Males: 1,470,347

Percentage share of population (%):

Females: 49.22

Males: 50.78

**Step One:**

*Calculating indices for parliamentary representation and administrative and managerial, and professional and technical, positions*

Percentage share of parliamentary representation:

Females: 5.7

Males: 94.3

Percentage share of professional and technical positions:

Females: 27.9

Males: 72.1

Percentage share of administrative and managerial positions:

Females: 13.6

Males: 86.4

Calculating the EDEP for parliamentary representation:

$$\begin{aligned} & \{ [0.4922 \times (5.7)^{-1}] + [0.5078 \times (94.3)^{-1}] \}^{-1} \\ & = \mathbf{11.0} \end{aligned}$$

Calculating the EDEP for administrative and managerial positions:

$$\{[0.4922 \times (13.6)^{-1}] + [0.5078 \times (86.4)^{-1}]\}^{-1}$$

= **23.8**

Calculating the EDEP for professional and technical positions:

$$\{[0.4922 \times (27.9)^{-1}] + [0.5078 \times (72.1)^{-1}]\}^{-1}$$

= **40.0**

Indexing parliamentary representation:

$$11/50 = \mathbf{0.22}$$

Indexing administrative and managerial positions:

$$23.8/50 = \mathbf{0.476}$$

Indexing professional and technical positions:

$$40/50 = \mathbf{0.8}$$

Combining the indices for administrative and managerial, and professional and technical, positions:

$$(0.476 + 0.8) / 2 = \mathbf{0.638}$$

### **Step Two:**

*Calculating the index for female and male income*

Percentage share of economically active population:

Females: 10.8

Males: 89.2

Ratio of female non-agricultural wage to male non-agricultural wage: (0.750) (UNDP, global estimate)

GDP per capita: \$2,286 (PPP\$)

Total GDP PPP\$: \$2286 X 2,895,683 = \$6619.53 million (PPP\$)

$$S_f = \frac{0.750 \times 0.108}{(0.750) \times 0.108 + 0.892} = \mathbf{0.083}$$

Female total GDP (PPP\$) = 0.083 x 6619.53 million (PPP\$) = 549.4 million (PPP\$)

Male total GDP (PPP\$) = 6619.53 million (PPP\$) - 549.4 million (PPP\$) = 6070.13 million (PPP\$)

Per capita female GDP (PPP\$) = 549.4 million (PPP\$) / 1.425177 = 385.5 (PPP\$)

Per capita male GDP (PPP\$) = 6070.13 million (PPP\$) / 1.470506 = 4127.9 (PPP\$)

Index of female per capita GDP:  $385.5 - 100 / 40000 - 100 = \mathbf{0.007}$

Index of male per capita GDP:  $4127.9 - 100 / 40000 - 100 = \mathbf{0.101}$

Calculating the equally distributed income index

$$\{[0.4922 \times (0.007)^{-1}] + [0.5078 \times (0.101)^{-1}]\}^{-1}$$

$= \mathbf{0.013}$

**Step Three:**

*Computing the GEM*

$$(0.22 + 0.638 + 0.013) / 3 = \mathbf{0.290}$$

## C. Definition of terms<sup>1</sup>

### The economy

- **Gross National Product (GNP):** The market value of all the final goods and services produced during a specific period of time (usually one year).
- **Net payments from abroad:** Payments to foreign factors of production used locally minus payments for Palestinian factors of production used abroad.
- **Gross Domestic Product (GDP):** Gross National Product minus net transfer payments.
- **Real per capita GDP in dollars according to Purchasing Power Parity:** Per capita GDP of a country converted to US dollars to equalize purchasing power to the currency of a country. The UNDP has used Purchasing Power Parity for international GDP comparisons. These comparisons will be more accurate than comparisons based on exchange rates which are extremely unstable.
- **Real per capita GDP:** Real GDP for a given year divided by the population of the country during that year.
- **Rate of inflation:** Measured by the growth rate of the GDP implicit deflator for each given period of time.
- **Trade balance deficit:** Occurs when imports of goods and services exceed export of goods and services.
- **Purchasing power:** The quantity of goods and services that an amount of money can purchase.
- **Remittances:** Funds that workers abroad send to their families living in the WBGS.
- **Labor force:** Total number of people aged 15 and over and below the age of 65 who are able and willing to work (both the employed and the unemployed).
- **The employed:** Whoever is aged 15 and over, and who has worked for a wage for at least one hour during the week prior to the survey, or who has worked for no wages in a family establishment or in a voluntary institution.
- **The unemployed (or job-seekers):** Those aged 15 and over who do not have work and are actively searching for jobs.
- **Official employment in Israel:** Palestinian workers who are working in Israel with permits.
- **Unofficial employment in Israel:** Palestinian workers who are

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1. Definitions of terms were adopted from international statistical definitions used by the UNDP Human Development Reports, or those used by the PCBS. Where definitions were not available from these sources, experts were consulted.



working in Israel without permits.

- **Government expenditure:** The expenditure of all central and other government offices, administrations and institutions. It includes current expenditure and capital or developmental expenditure, but does not include regional, domestic or private expenditure.
- **Public sector:** Includes all productive activities and services provided by all branches and at all levels of government (central government, and local councils).
- **Gross capital formation:** (or what is known as investment) is the combination of the following three components: Gross fixed capital formation, change in deposits, and net holdings in valuables; investment is measured by the purchasing price, as is the case in measuring consumption.
- **Final consumption expenditure:** The final consumption of families (made up of expenditure on all goods and services, with the exception of expenditure on construction of housing); the final consumption of the government and non-profit institutions (measured by the value of production minus the value of payments from sales).
- **Average consumption:** Total

individual monthly consumption of the following items:

1. Money spent on purchase of goods and services for daily consumption.
  2. Value of goods and services that the family receives from the household wage-earner, and which is used for the consumption of the family.
  3. Goods that are consumed during a specific period of time, and that are produced by the family.
  4. Estimated house value (in the event of ownership).
- **Average expenditure: Total individual monthly expenditure on the following items:**
    1. Money spent on purchase of goods and services for daily consumption.
    2. Value of goods and services that the family receives from the household wage-earner, and which is used for the consumption of the family.
    3. Expenditure on fees and taxes (non-investment), charity (Zakat), donations, gifts, interest payments on debts, and other non-consumption items.
  - **Consumption of food as a percentage of total family consumption:** Consumption calculated from the details of GDP (expenditure at

market prices at the national level) specified in United Nations System of National Accounts, mostly included in the fourth (1980) and fifth (1985) stages of the International Comparison Programme.

- **Percentage of poor families:** Percentage of poor families from the population.
- **Abject poverty:** As estimated in the Palestine Poverty Report, for a 6-member household (for the year 1997).
- **Severity of poverty:** A mean indicator for total consumption deficit.
- **Poverty gap:** The percentage of decrease in the average income of the poor from the poverty line.

## Education

- **Literacy:** A person is considered literate if he/she can read and understand a short and simple paragraph on his/her daily life.
- **Basic education:** The foundation of education and the basis upon which other stages of education are based. Its duration is 10 years (age 6-15).
- **Secondary education:** Scholastic education which follows basic education. Its duration is 2 years (age 16-17).
- **Higher education:** Education

provided in universities and community colleges. The prerequisite to enroll in higher education is completion of the secondary stage, or its equivalent, and obtaining the General Secondary Education Certificate (Tawjihi), or its equivalent. It is considered to be for the age group of 18-22 (5 scholastic years).

- **Total enrollment rate:** Number of students enrolled in any educational level, whether or not they belong to the appropriate age group, as a percentage of the population who come under the appropriate age group.

## Health

- **Crude birth rate:** Number of live and still births per every 1000 of the population for a given period of time.
- **Crude death rate:** Annual number of deaths per every 1000 of the population.
- **Infant mortality rate:** Annual number of infant (under 1 year of age) deaths per every 1000 of the population.
- **Child mortality rate:** Annual average number of child deaths below the age of 5 per every 1000 of the population, who were born live during the past five years. (the probability of death during the

period between birth and the fifth birthday).

- **Life expectancy at birth:** Number of years that a newborn child is expected to live, under the prevailing mortality patterns at the time of his/her birth.
- **Fertility:** Actual reproductive (childbearing) performance of an individual, couple, group, population or society. (The actual number of births a woman had during her reproductive life).
- **Total fertility rate:** Average number of live births a woman has during her life, if she could reproduce at each age period according to the fertility rates prevailing for all stages of life.

### **Miscellaneous definitions**

- **Rest of the West Bank:** The West Bank, excluding East Jerusalem.
- **East Jerusalem:** The eastern part of the city of Jerusalem (the part that was under Jordanian rule) occupied by Israel in June 1967 and annexed on June 28, 1967.

- **Zakat committees:** Voluntary institutions that collect the Islamic alms tax (Zakat) and donations from those able to contribute, and distribute the alms to those in need according to a specific social survey mechanism.
- **Occupancy rate:** Average number of persons per room living in a house. It is calculated by dividing the number of people living in a house over the number of rooms.
- **Dependency rate:** Average number of persons supported by a person who works, or is able to work.
- **Gender:** A term that indicates social differences between males and females.
- **Percentage of women to men (gender gap):** It measures the gap separating what has been achieved by men and women in the same field. The participation rate in the labor force (the percentage of women to men) is 16.1%, which means that in order to achieve equality, women should accomplish achievements at a rate of 84% to catch up with the achievements of men.

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## **F. List of Participants in Research**

Jamil Hilal	Hazem Shunnar
Omar Abdel-Razek	Ayoub Mostapha
Bassem Makhoul	Mohammad Ghadiyeh
Izzat Abdul-Hadi	Mahmoud al-Jafari
Mohammad al-Moubayid	Itimad Mohanna
Suha Hindiyyeh	Abdallah Hourani
Salam Kanaan	Faisal Awartani
Sami Abu Zarifeh	Yusif Daoud
Salah Abdul-Shafi	Mohammad al-Samhuri
Ramzi Rihan	Iman Radwan
Mudar Kassis	

## G. List of Members of Ministerial Committee

Ministry of Planning	Mohammad Ghadiyeh (Coordinator)
Ministry of Labor	Ghazi Khalili and Abdul-Aziz Qdeih
Ministry of Finance	Nabhan Othman and Issa al-Danaq
Ministry of Health	Ghaleb Abu Baker and Faisal Abu Shahla
Ministry of Agriculture	Adel Bright and Mahmoud Abu Samra
Ministry of Social Affairs	Abdalla Hourani and Hani Saba
Ministry of Sports and Youth	Rabiha Diab and Jamila Abu Samhadaneh
Ministry of Industry	Atef Maidani and Sami Abu Zarifeh
Ministry of Culture	Issam Arab al-Batran and Yusif Shaaban
Ministry of the Interior	Sajida Tareq Zaki
Ministry of Housing	Afnan Ayesh and Abdul-Karim Abdeen
Ministry of Economy and Trade	Maha Abu Issa, Ghazi al-Sourani and Orouba al-Barghouti
Ministry of Higher Education	Ribhi Abu Sneineh
Ministry of Local Government	Imad al-Sa'id and Hasan Abu Samhadaneh
Ministry of Awqaf and Religious Affairs	Mohammad al-Kawasmeh and Mahmoud al-Nairab
Ministry of Justice	Hana Issa and Mohammad Abu Shawish
Ministry of Education	Said Assaf and Haifa Al-Agha
Ministry of Public Works	Majdi Abu Gharbiyeh

\* The names are listed according to the records of the various ministries.