



Pål Sletten and Jon Pedersen

Coping with Conflict

Palestinian Communities Two Years Into the Intifada



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List of acronyms

COGAT	Israeli Coordinator's office for Government Affairs in the Territories
Fafo-AIS	Fafo Institute for Applied International Studies
GDP	gross domestic product
GNI	gross national income
ICBS	Israel Central Bureau of Statistics
IDF	Israeli Defence Force
JHU/AQ	Johns Hopkins University and Al Quds University malnutrition study data
MOSA	Ministry of Social Affairs
NGO	non-governmental organisation
NORAD	Norwegian Agency for Development Cooperation
OCHA	United Nations Office for the Coordination of Humanitarian Assistance
PCBS	Palestinian Central Bureau of Statistics
PGFTU	Palestinian General Federation of Trade Unions
PMA	Palestinian Monetary Authority
REAU	Regional Economic Affairs Unit of UNSCO
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNSCO	United Nations Special Coordinator's Office

Currency

Israeli New Shekel (NIS), Jordanian Dinar (JD) and US Dollars (US\$) are all used as tender in the West Bank and Gaza Strip. The approximate exchange rate at the time of the fieldwork was: 1US\$=4.6 NIS =0.7 JD

Executive summary

The escalation of conflict in the West Bank and Gaza Strip since the beginning of the current *intifada* has led to many deaths, children and adults being maimed for life, destruction of infrastructure and property, and severe setbacks for the Palestinian economy. It has created fear and desperation among the people of these territories.

The present report is the fruit of a rapid assessment of how households in four locations on the West Bank and Gaza Strip have adapted to the conflict and closures of access. It focuses particularly on how households finance their consumption and the impact of aid. Fieldwork was carried out in December 2002.

Having considered statistical evidence for malnutrition, interviewed health centres and households, we conclude that the situation has not yet developed into one where malnutrition is widespread.

A key factor for the continued food security for Palestinians in the West Bank and Gaza Strip is the fact that approximately two thirds of the labour force is still in employment. Earnings are distributed to family members, as well as relatives. Budget support for the Palestinian Authority has an important role in helping secure the livelihoods of a substantial part of the population.

However, budget support and inter-household transfers do not reach the very poorest part of the population. These people are poor because they do not have jobs to begin with and smaller kinship networks than others. For these people, direct assistance from the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) or the Ministry of Social Affairs is important.

Food aid, sale of assets and transfers from abroad play a relatively small role in financing the consumption of Palestinian households. Food aid is quite broadly distributed, but for many recipients it does not represent a large part of their income. Food aid is, however, very important to the poorest.

Job creation projects can be quite well targeted through the wage levels they offer, although they do not reach the poorest part of the population. These projects are an important source of income for participants and their families.

Of course, the most important aid Palestinians in the West Bank and Gaza Strip could get would be the cessation of the Israeli-Palestinian conflict and the lifting of closures.

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The authors would like to thank the people of Rantis, Beit Furik, Jericho and Gaza City for their hospitality and generosity in sharing their lives and experiences with us. They were told that they could not expect anything in return, except perhaps that the world would have a wider understanding of their plight. They have still been willing to be interviewed, in some cases a second time, and explain to the researchers how they try to handle a situation that has now lasted longer than anyone feared when the first fieldwork was undertaken in the spring of 2001.

Many people have been involved in making this study possible. The fieldwork was carried out by Mona Christophersen, Willy Egset, Gro Hasselknippe, Ane Mannsåker Roald, and Pål Sletten of Fafo. Kristin Dalen and Jon Pedersen supervised the fieldwork from Oslo, and Akram Atallah (Fafo Jerusalem) and Hani El Dada (Fafo Gaza) helped organise field operations.

We are grateful to our assistants and interpreters: Nahil Nasasrah and Youssef Hanani in Beit Furik; Roula Haddad in Rantis; Iman Barghouthi in both Beit Furik and Rantis; Fadi 'Ali, Wi'am 'Erekat and Khaldoun Freijat in Jericho; 'Atiya Abu 'Asi, Nahed Samour, Mustafa Hamad and Suhail al-Ghouf in Gaza.

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The Royal Norwegian Ministry of Foreign Affairs has funded the present study, and we would like to take this opportunity to express our gratitude to the staff both in Oslo and at the Representative Office in Al-Ram in the West Bank.

Notwithstanding all the information and assistance we have obtained from others, the Fafo Institute for Applied International Studies (Fafo-AIS) takes responsibility for the work and this report in its entirety, including all analyses and conclusions.

1 Introduction

When the second, or *al-Aqsa, intifada* broke out on 28 September 2000 it started a cycle of violence, but it was widely believed that this violence would be short-lived. Now, at the end of 2002, there are few signs of a reduction in conflict and violence. The World Bank (2002b:12) estimated that real gross domestic product (GDP) declined by 16 per cent in 2001 and forecast a further 21 per cent decline in 2002 to US\$2.95 billion. Some observers report widespread malnutrition (Johns Hopkins University et al. 2002), and many have characterised the situation as an evolving humanitarian disaster.

The Palestinian economy is heavily dependent on wage labour and small businesses. The majority of workers find their employment in the West Bank or the Gaza Strip itself where the chief employers are the Palestinian Authority and other public or semi-public service providers, such as international organisations and NGOs. However, in normal years about 120,000 workers also find employment in Israel, and bring in earnings that are more than twice as high as those paid in the territories. The Palestinian labour force is, to a large extent, a labour force of commuters, travelling either to Israel or to the central towns in the West Bank and the Gaza Strip. This makes the economy particularly vulnerable to closures that restrict travel to Israel and internally within the West Bank and Gaza Strip.

In 2001 Fafo-AIS carried out a study in four locations in the West Bank and Gaza in order to find out how people adapted to the conflict and closures. We found that although the situation was grave, it was not desperate. This was largely due to the fact that, despite closures, many still worked in Israel or received income from the public sector (including international organisations and NGOs). The private sector, however, was slowly being reduced to a shadow of its former self, through inability to access input and output markets, and because of a drop in demand. A vicious circle had been established: the drop in demand for goods and services had led to businesses scaling down or closing, which in turn led to even lower demand.

A year after our research, the conflict has intensified dramatically. There has been an increase in suicide bombings, gunfights between Palestinians and Israelis and targeted killings of Palestinian activists. There have been frequent incursions and large-scale deployments of Israeli troops into areas on the West Bank and Gaza Strip formerly under Palestinian control. There have been periods when work in Israel has been impossible. In most major population centres in the West Bank there have

been curfews. The Palestinian Authority has not always been able to pay its employees on time. The vicious circle of reduced demand and closure of businesses has become more severe. However, a mitigating factor has been the introduction of substantial international aid in the form of job creation programmes, food aid and the distribution of vouchers with which people can buy food and other necessities.

The purpose of the present study is to explore how Palestinians secure their daily livelihoods in these circumstances. Despite the many reports of a total breakdown of the Palestinian Authority and social organisation in general, it is striking that Palestinians manage to carry on. Our question is how they are managing to do it.

The focus of the study is directed at the basic question of securing livelihoods. That is, how do people secure an income? How do they manage? What forms of self-help or mutual aid exist? Included in this are how various forms of aid affect households, and how aid relates to other strategies of securing a livelihood. The approach is qualitative, and we aim to discover ways in which people cope, rather than assess their living conditions quantitatively.

The towns and villages where fieldwork was conducted

Fieldwork for this study was carried out in four locations: the villages Rantis and Beit Furik and the town of Jericho in the West Bank, and Gaza City. The settings

Table 1: The four localities at a glance

	Rantis	Beit Furik	Jericho City	Gaza City
Population				
Population in 1997	2,047	7,768	14,674	359,941
Households	298	1,298	2,421	52,515
Population younger than 15 years in 1997	945	3,511	5,655	180,586
Percentage of total population	46.2%	45.2%	38.5%	50.2%
Refugee population in 1997	182	97	6,393	187,768
Percentage of total population	8.9%	1.2%	43.6%	52.2%
Economically active population in 1997	437	2,034	4,749	75,601
Percentage of population 15 years and over	39.7%	47.8%	52.7%	42.2%
Infrastructure				
Water: Percentage of households connected to public network	90.5%	None	96.5%	96.5%
Sewage: Percentage of households connected to public sewage system	None	None	6.4%	86.1%
Electricity: Percentage of households connected to public grid	94.6%	98.1%	97.6%	98.0%

are very different. Rantis is a small village with approximately 2,000 inhabitants (1997). It is situated close to the 1948 armistice line (the 'Green Line') and the Israeli settlement of Ofarim. Being only 30km from both Ramallah and Jaffa, it serves as an entry point for workers travelling to Israel. Beit Furik is larger than Rantis – the 1997 census recorded nearly 8,000 inhabitants. Located close to Nablus in the northern part of the West Bank, it is also surrounded by four Israeli settlements (Itamar, Gidonim, Alon Moreh and Machora).

Jericho has 30,000 inhabitants and is the only large town in the West Bank that has not been reoccupied by the Israeli Defence Force (IDF) during the current *intifada*. At times it has suffered quite severe closures, although the nature of the closures and how severely they have been imposed have varied.

Gaza City is much larger than the other locations of study, having 367,000 inhabitants (1997). It is also part of the more or less continuous urban settlement of the Gaza Strip. While Gaza City has seen incursions of IDF at times during the last two years, it has not been the main flashpoint on the Gaza Strip. It has nevertheless at times been subjected to the effects of complete closure of access to Israel. Internal closures on the Gaza Strip have had a less severe effect on Gaza City than similar closures on the West Bank have had on Jericho, Rantis or Beit Furik.

When Fafo undertook the first study of the impact of closure, the study localities were primarily chosen to represent a variety of situations in which people were thought to be severely affected by the conflict. Jericho was cut off from the rest of the West Bank early in the *intifada*, and the two villages were closed off for long periods. However, during the confrontations in 2002, other localities have been more exposed to the conflict, in particular Jenin and Nablus and the southern part of the Gaza Strip.

Nevertheless, the four study locations still serve to provide good material for understanding the range of adaptations made by Palestinian households in response to the current conflict. Rantis is heavily dependent on workers being able to commute to Israel, and gets many of its services from Ramallah, a major flashpoint in the current *intifada*. Farming is important to both Rantis and Beit Furik. Even though Beit Furik is very close to Nablus, its relatively large size makes it an important market. Jericho has seen its economically very important tourist and casino sectors completely shut down. At times, the inhabitants of Gaza City have been totally banned from being able to go to work in Israel, but this is mitigated by the fact that a comparatively large number of them are employed by the Palestinian Authority.

The fieldwork

The fieldwork for this study was carried out from 26 November to 19 December 2002, by a multi-disciplinary team of Fafo-AIS researchers. Altogether 130 interviews and focus group discussions were conducted with households, groups of people, service providers and local leaders and officials, each lasting from a few minutes to several hours. The approach was qualitative. Through the interviews we aimed to find patterns in the adaptations and practices of people, and to understand how these came about. Our intention was to map out the type of resources available to people, the characteristics of the situations in which people act in terms of opportunities and constraints, and the strategies people choose in order to secure their livelihoods. We were not aiming to create a statistically valid sample or to calculate the numbers people finding themselves in particular situations.

In line with this aim, we did not visit a representative sample of Palestinian households in the four communities we studied. Our strategy for selecting households, individuals or institutions for enquiry was not based on trying to find 'representative' or 'typical' ones. There is no such thing as 'typical' – all of us have our own quirks and peculiarities and a unique set of resources. However, at the same time, all of us also have to relate to the context we are in and the society at large in orderly ways. Even in a situation as chaotic as that obtaining on the West Bank and Gaza Strip, people have to act and react in ways that makes sense to them and their peers. It is this sense, and its reason we aim to uncover.

In order to achieve this process of reflection and in order to select an appropriate set of respondents, the field workers were supported by a backup team in Oslo, Norway. The field researchers wrote field notes each day and sent the notes by e-mail to Oslo. A senior researcher and a research assistant went through the notes and synthesised the results. They suggested new avenues of enquiry to the field researchers based on what was emerging, and they put forward preliminary conclusions for the field workers to test. This process of structured feedback also ensured that the field workers were aware of what was emerging from the work of their colleagues, assisting them to formulate questions and explore new lines of enquiry.

Although we used approaches and techniques derived from the rapid assessment literature such as focus groups and ranking (Seaman et al. 2000), the overall approach drew more on traditional anthropological field techniques (see especially Van Velsen 1967) and may be described as rapid, co-ordinated ethnography.

The ongoing *intifada* and conflict

There is nothing new in my situation that I can tell you. Everything only gets worse. – Man from Rantis interviewed in April 2001, November 2001, and December 2002.

When we carried out fieldwork in the spring and autumn of 2001, we posed ourselves the question: ‘what if the conflict goes on?’ Our conclusion is well summed up by the quotation above.

The purpose of this chapter is to give a brief outline of the situation at present, as seen from the four locations of study. More general descriptions of how the conflict affects the various parts of Palestinian society can be found in, for example, the analyses carried out by the World Bank (World Bank 2002a) or OCHA (United Nations 2002).

The closure of the West Bank and Gaza Strip

Since the beginning of the *intifada* in September 2000, all four localities have been subject to strict closure by the IDF. On the one hand, *external closures* sealed off the Occupied Territories from Israel and other countries. This was done by cancelling the travel permits of Palestinians working in Israel and closing international border crossings as well as the border between Israel and the West Bank and Gaza Strip. The latter measure was more easily implemented against the Gaza Strip, but attempts were made to bar persons and vehicles from entering Israel from the West Bank too, through blocking off some roads with physical barriers and creating a network of checkpoints on open roads. Furthermore, Palestinians caught inside Israel without a permit will face fines or prison sentences. The external closure has made it increasingly difficult, often impossible, for Palestinians from all four study localities to travel to Israel or abroad. It has also made it difficult or impossible to export and import goods to and from Israel and other countries.

Another set of measures has been referred to as *internal closures*. These consist of a number of manned checkpoints combined with physical obstacles such as ditches and earth mounds blocking roads within the West Bank and the Gaza Strip. For example, the village of Beit Furik has been closed off from Nablus by two checkpoints on the road between Beit Furik and Nablus (a 5km distance) and a trench separating Beit Furik from the neighbouring village of Salem. In order to access the main roads in the West Bank, villagers must either pass the checkpoints (which are frequently closed, or which the IDF will allow people with permits or medical certificates to pass) or try to cross the hills to the east of the village to go down into the Jordan Valley.

The internal closure amplifies the impact of the external closure, as it makes it difficult or impossible to even reach the external borders of the West Bank and Gaza Strip. Furthermore, the internal closure divides the West Bank and Gaza Strip into a number of disjoint territories, where transport of goods or persons from one area to another is difficult or impossible, and where it is difficult to predict what travel conditions will be like.

Closure measures have been in place since October 2000, but how strictly the closure is being imposed has varied over the last two years. Moreover, one measure may be tightened in one area at the same time as it is being relaxed somewhere else. For example, in Gaza City, one merchant might have difficulty importing base course from Israel, while another finds it easy to import electrical appliances from Egypt.

Following the Israeli deployment of troops in areas formerly controlled by Palestinian security forces, a new restriction has been imposed in several of the main population centres in the West Bank, namely prolonged periods of curfew in parts of the territory. The locations studied have only been indirectly affected by this. Although both Beit Furik and Rantis have had closures, they have only been effective when the IDF soldiers actually were present in the villages.

Although restrictions on movement in the form of external closures, internal closures and curfews constitute the most important problem for the Palestinian population, but these have received less media attention than the ongoing violence. Closure profoundly affects the livelihood of the Palestinians and their access to basic services such as education and health services, and it makes any semblance of free movement impossible.

Physical damage

In all four localities there are buildings, roads and agricultural assets that have been damaged. After two years of *intifada*, the cumulative effects of this damage are increasingly being felt. However, the impact on the overall living conditions of the population in the four localities is still limited, since relatively few households have been affected. Of course, those families whose houses, agricultural assets or places of work have been destroyed or damaged are severely affected.

In order to enforce the closure, the IDF has damaged a number of roads across the West Bank and Gaza Strip. Furthermore, it has destroyed agricultural assets by razing trees and orchards close to checkpoints and junctions, destroying irrigation equipment and greenhouses in the process. For example, around the Netzarim junction on the southern outskirts of Gaza City, agricultural land as well as factories and houses have been razed.



Posters commemorating Gazans killed in intifada-related violence.

In the first year of *intifada*, the physical damage within the populated areas happened primarily through IDF attacks on specific Palestinian Authority installations as well as workshops and private houses. Of the four study locations, Gaza City and Jericho were both attacked.

In the second year of the *intifada*, further damage took place as a result of IDF incursions into areas controlled by Palestinian security forces, the so-called 'A-areas'. Minor incursions took place for a time. Large-scale incursions took place during the IDF's operation Defensive Shield in the spring of 2002. Although the IDF has entered both Rantis and Beit Furik, physical damage was minor, and none of the inhabitants were killed. The IDF has entered Gaza City, but has mostly remained in the outskirts. The most important incursion into Gaza City to date took place one month after the fieldwork, when Israeli forces destroyed 17 workshops and killed 14 persons in the Zeitoun neighbourhood in the middle of the city.

Violence and clashes

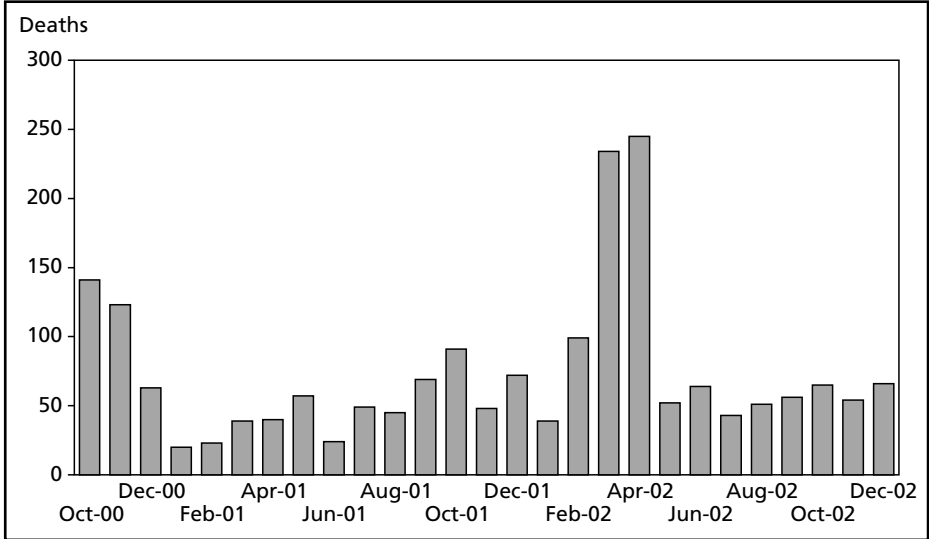
Since the beginning of the *intifada*, there have been ongoing clashes between the Palestinians and the Israelis in which people on both sides have been killed. People have been killed in *intifada*-related violence in all four study locations. The clashes range from misunderstandings at checkpoints to skirmishes and heavy fighting. Israel has practised a policy of killing wanted Palestinian militants throughout the *intifada*, most often through attacks from the air.

Tensions between settlers in the Occupied Territories and Palestinians have been high. Palestinians have attacked settlements on many occasions, and settlers have attacked Palestinians. In Beit Furik, villagers report that Israeli settlers attacked them on several occasions when they went to pick olives on land close to the Itamar settlement:

On 27 October 2002 my son and my husband went to pick olives. They met four settlers who started to chase them. Then the two changed direction and ran down towards the village. The settlers, who were armed with sticks, caught my son, and three settlers started to hit him badly. When my husband tried to help him, the fourth settler threatened him. When my husband started to scream and shout for help, they threatened to kill him if he did not stop. The settlers stopped only when they thought the boy was unconscious. When my husband ran to the boy, one of the settlers took off his shoes and put them in his mouth and said: “If you kiss my shoes, I will let you go”. Then the settlers took all the olives that were picked and left – they thought my son was dead. – Wife of olive farmer, Beit Furik

A crude measure of the intensity of the conflict is the number of Palestinian deaths in *intifada*-related violence, as reported by the Palestinian Red Crescent Society. The number of deaths has fluctuated between 25 and 75 per month since December 2000, with the exception of October 2001 and the period from February 2002–April 2002 during the IDF operation Defensive Shield when the death toll was much

Figure 1: Number of Palestinian deaths in *intifada*-related violence



Source: www.palestinercs.org

higher (Figure 1). The intensity of violent confrontations between the IDF and Palestinians shows a peak at the beginning of the *intifada*, and a second peak during the spring of 2002.

Fear and insecurity

In addition to closures, the physical damage and the violence, our interviews reveal how widespread fear and insecurity have become. Respondents fear violent death or personal injury in the most everyday of situations, such as going from one's home in the village to the hospital in the nearby city. People also have a more general fear of the future, not knowing what the situation will be in two months' time, or in two years.

The level of fear and insecurity is important because expectations of the future influence how households adapt to the situation. People may choose adaptations that yield less income because they carry less risk for losing property or suffering personal injury.

In Beit Furik, some youths have attempted suicide attacks:

These boys were around 17 years old. They were not religious; they hadn't reached the age of becoming religious. They were totally normal boys and I was shocked when I heard the news. If they were religious I could have understood how they took this decision, but they were just normal boys. They were not even politically active. Suddenly, two weeks ago they started to pray and read the Koran, but this is normal during Ramadan. There is nothing suspicious about people acting like this during Ramadan – it is seen as good. We don't know how this is happening, who they go to, where they get the explosives and so on.

How does the village react to these incidents? It is very difficult. Take me, I couldn't believe that this was happening, but these boys find themselves without jobs, without money, without any future. If they want to build a house, it is impossible because they have no money. Maybe they look at other martyrs and see that they at least have done something about the situation. They find themselves in a vacuum and have to do something. – Man in Beit Furik

Organisation of economic life under the *intifada*

The aspects of the *intifada* as described above affect the organisation of economic life in the four localities in three important ways. Firstly, there has been the

immediate loss of employment in Israel; secondly, damage has been caused to private enterprises; and thirdly, the public sector has been disrupted.

In all four localities, a large part of the workforce was employed in Israel or in Israeli settlements, and these workers lost their jobs when the *intifada* began. Many workers were nevertheless able to continue working in Israel. The number of people able to do this has varied over the two years of *intifada*, and differs between the localities. Many lost their work virtually overnight, and have been unable to go back to working in Israel since.

Private enterprises have seen their situation deteriorate over time. There has been a general collapse in demand in all four localities. Although some enterprises have been able to take advantage of the situation by producing cheaper substitutes for imported goods, the general picture is one of declining sales and falling profits, forcing enterprises to cut salaries or lay off workers. In addition to diminishing demand, enterprises have also experienced problems linked to the movement restrictions. Exports and imports have been hindered or delayed, inputs to factories (sometimes basic commodities like base course or cement) are unavailable, or are prohibitively expensive, and employees and customers cannot reach enterprises due to the movement restrictions.

Public services are also affected by the closure and the violence, but as long as the Palestinian Authority and the local authorities are able to pay their employees and at least some of the operating costs, they do not need to worry about a shortfall in revenue caused by the generally low levels of household income.

Health services and education have been somewhat disrupted, but not altogether blocked. The problems are bigger in the smaller localities, as the functioning of these services are more dependent on either getting goods (such as medicines) or persons (such as teachers) into the village, or travelling to the neighbouring city (Nablus or Ramallah) for accessing higher education and specialised health care. We have not tried to evaluate the functioning of these services as such in our investigation, so we cannot say how severe these disruptions have been. While households have to cut back on consumption of goods and services that must be paid for, public services continue to be available, largely independently of households economic resources.

For both education and health services, it is necessary to distinguish between the situation of refugees and non-refugees. While refugee households have access to these services from UNRWA, non-refugees depend on the Palestinian Authority. Of course, both refugees and non-refugees can (and do) also buy these services from private institutions.

2 Households and their work

The overall economic effect of the closure and conflict on households in the locations studied has been a dramatic fall in income. Nevertheless, households have been affected differently by the conflict, depending on how vulnerable they were before the *intifada*. Households which started with a relatively higher level of resources and opportunities have been able to cope better. The households in the sample may be divided into five distinct categories according to how they have been affected by the conflict and their response. We have termed these ‘job-keepers’, ‘pre-*intifada* poor’, ‘hibernators’, ‘day-to-day-strugglers’ and ‘entrepreneurs’. A final strategy for some is to leave the Occupied Territories altogether.

The job-keepers

The job-keepers are those that have kept their work and at a least major part of their income during the crisis. When the *intifada* broke out, the number of employed Palestinians dropped from 662,000 in the third quarter of 2000 to 479,000 in the fourth quarter of that year. By the second quarter of 2002, that number had fallen to 451,000 (PCBS 2002c). Two-thirds of employed people still have a job, although for many it is far from stable.

Many of those who still receive a stable income from their pre-*intifada* source work in the public sector. The Palestinian Authority employs some 120,000 persons (World Bank 2002a) and municipalities and village councils also employ people. The job-keepers group includes people who work for various organisations that take on public sector roles, such as international organisations and NGOs. The most important such organisation is UNRWA. It employs 11,000 local employees (UNRWA 2002) as regular staff in the West Bank and Gaza Strip.

A policeman in Gaza is one example of a job-keeper:

I began working as a policeman when the Palestinian Authority was established in 1994. Before this I was a student. At the start of the *intifada* my wage was NIS1,500 per month.

When the intifada started, I got more responsibilities. My brother lost his job in Israel, and my brothers and I now have to support him by paying the electricity bill, water bill, and buying food for him. Before the intifada, he paid these bills.

At work I have more to do now, and it is less predictable. Sometimes I must work all night. My salary was reduced because of the intifada tax, by some 10 per cent. Everybody in the Palestinian Authority must pay this.

And things are more expensive now! This is because the NIS is weaker, making all imported things more expensive.

Also, salaries are often paid late. The salaries should be paid on the first of every month, but in November we were only paid in the last week, and in December we were paid on the 12th.

So, my salary was reduced by NIS150 per month, and at the same time my expenses increased. We are five brothers, but one is sick and cannot work after a work accident, and one couldn't go to Israel any more, so the three of us working in the Palestinian Authority must now pay the bills. The water and the electricity totals NIS700–1,000 per month, and the telephone is NIS100–200 every second month. This means my expenses went up by NIS250–400 a month.

After the intifada, I get UNRWA assistance every 3–4 months because my wife is a refugee. This is the normal UNRWA intifada food basket. – Policeman in Gaza City

Although he was lucky to be able to keep his job, this policeman, like other job-keepers, is worse off. Job-keepers have to face increasing demands from others – since they have access to money, they are expected to share with kin.

The job-keeper category also includes private sector workers whose businesses have not ceased to operate.

Things in Gaza have become worse, of course. But the situation for my company is actually better now than a year ago, because we moved into a new line of business. A year ago, I was afraid that I might have to fire my two employees, but I've been able to keep them, and pay their wages regularly. – Computer storeowner, Gaza City

Few are as successful as this person, but there is still a demand for goods and services in the West Bank and Gaza Strip. Even though private enterprises have experienced huge difficulties and some have scaled down and laid off workers, or even gone out of business altogether, others have been able to keep operating.



Agricultural worker harvesting cauliflowers in Jericho. The cauliflowers in the picture made it to a shop in Abu Dis the same morning.

The pre-*intifada* poor

The pre-*intifada* poor are obviously those who were poor before the *intifada*. Although poverty may arise for several reasons, many of this group are poor because their households lack members who are able to work, so they are excluded from the labour market. UNRWA and the Ministry of Social Affairs define such households as special hardship cases and provide assistance, as the following example shows.

Nasira lives in a house that is being renovated by UNRWA. There are 19 people in the household. Nasira and her husband have 13 children in the age groups one month to 25 years. Three of their children are physically handicapped. Their oldest son is married and his wife and three children also live in this house. They live upstairs.

Nasira's husband does not work anymore. He used to be a fisherman, but he had to stop five years ago because of injuries to his back. He has done some fishing since, but very seldom. Last time he went fishing was in April.

The oldest son is also a fisherman, but due to the closure he is not able to fish. He earns NIS50 each time he is able to fish.

Since 1990, the household has been receiving aid every three months from UNRWA as a result of its special hardship status: 30kg of flour (10kg a month), rice, sugar, cooking oil, canned sardines as well as NIS150. The special hardship status of the household has been granted because of the three handicapped children.

Since 1988 the house has been receiving 50kg of flour, 10kg of rice and 1 can of cooking oil as well as NIS250 from the Ministry of Social Affairs.

During Ramadan the household got NIS1,000 from friends and relatives as Zakat. They spent everything during Ramadan. – Fisherman's family in Gaza City

As the example indicates somewhat paradoxically, the situation of the pre-*intifada* poor has not worsened dramatically during the *intifada*. Their main source of income is food and cash assistance, now as before the *intifada*, and to some extent they receive more of this, as more organisations are distributing aid. They are, however, not able to benefit from projects such as job creation, often for the same reason that they are poor in the first place – the lack of household members who can work. Moreover, non-refugee pre-*intifada* poor have faced more difficulties than before, because support payments from the Ministry of Social Affairs have not been paid on time. By contrast, among the refugees the so-called 'special hardship' case households identified by UNRWRA have continued to receive support regularly throughout the *intifada*.

The hibernators

The two groups discussed so far have preserved their basic way of securing a livelihood throughout the *intifada*. They are affected by the conflict, but their basic means of securing a livelihood have not changed. In contrast the next three groups represent different ways of adapting to income shortfalls.

The hibernators are those who have experienced a sharp drop in income and have not really found alternatives. One example is a worker who has lost his work in Israel, and is hoping for the opportunity to regain it.

Hassan lives in a flat in a four-storey building. He has five younger brothers who all live with their families in other flats in the house. Their parents built the house, the last floor being added after the advent of the Palestinian Authority. His household consists of himself and his wife, their two children, his aunt (his father's sister), and two of his sisters. The aunt and sisters have been living there

for many years. Hassan has several other sisters who are married and live elsewhere.

Hassan used to work in Israel, installing solar water heaters in houses. At the time he earned NIS250 per day, and worked 22–24 days per month. I calculate that he was able to make NIS5,500 per month, a figure with which he agrees. He received his pay daily or weekly. All of this money he brought home to his parents, who organised the household. “Whatever the son owns, the father owns too.” His father built and owned the house. The parents died less than a year ago.

This income was enough to support the seven members of his own household and one of his brothers who has had a work accident and is unable to work, as well as the wife and seven children of this brother – 16 people altogether. His other four brothers all work for the Palestinian Authority.

After the intifada started, all permits were cancelled. I haven’t been able to go to Israel for one single day in these two years. I tried to go to the municipality to find work, but there was no work in Gaza, so I stayed at home and waited. I had some savings, but they were finished after 7–8 months. I also received some assistance from the Israeli labour office, but it didn’t last long. – Former worker in Israel, Gaza City

Since such workers were comparatively well off to begin with, they have only reluctantly taken up other work, if at all, but have instead lived off their savings or relatives and reduced consumption while hoping for better times.

The hibernation strategy is one that is becoming increasingly difficult, as savings wither away and there are no more household effects that can realistically be sold. The result may be that households move from this adaptation to become ‘strugglers’, a category described below.

A particular form of the hibernation strategy is to depend on work in Israel and the settlements. In the third quarter of 2000, that is, just before the start of the *intifada*, some 146,000 Palestinians were working in Israel and in Israeli settlements. About 70 per cent lost their jobs immediately when the *intifada* erupted. The Israeli Coordinator’s office for Government Affairs in the Territories (COGAT) reported that on 11 December 2002s 35,500 Palestinians had valid work permits for Israel, the settlements, industrial zones or for trading and business. Of these, 19,000 were for employment in Israel or in the olive harvest in Israel.

The worker from the Gaza Strip referred to above is one example of an ‘Israel-worker-hibernator’. The Gaza Strip has had complete closures for extended periods. Still, the hope of returning is not completely vain. The pre-*intifada* numbers of workers entering Israel from the Gaza Strip every day were around 30,000. By

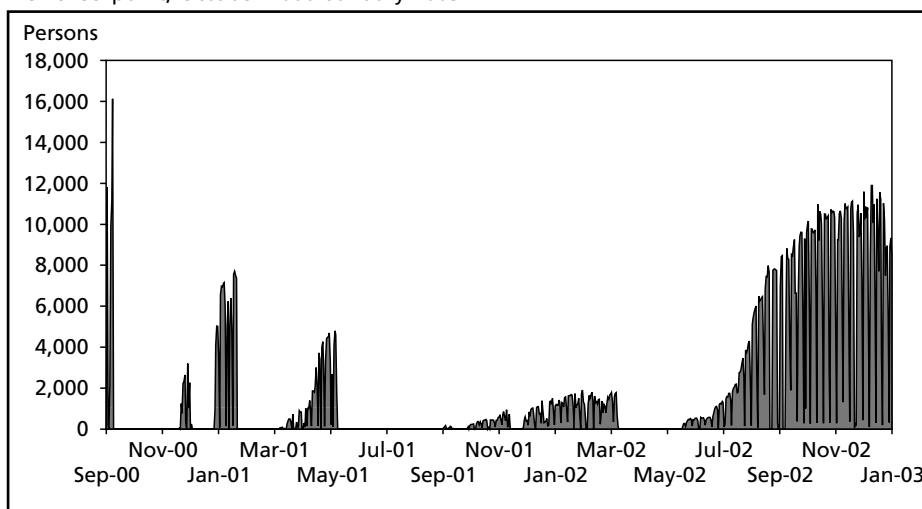
contrast, numbers during the *intifada* have been much smaller. However, workers have been allowed to enter Israel at times, and since May 2002 the numbers have picked up (See Figure 2.) Thus, it has been reasonable to keep at least a hope of commuter work alive.

A similar situation pertains on the West Bank, except for the fact that workers there may try to pass into Israel without a permit. This, however, is not easy:

When he goes to Israel he goes over the mountains. This is very dangerous, so he takes a big risk. They live in the factory while they are in Israel, nine men in one room, and they can't go out after work! They have to work during day, and stay in this room during night. – Wife of Beit Furik man working in Israel

But even if the risk is great, many take it. They prefer this to trying to finding lower-paid and perhaps just as uncertain work within the West Bank. Waiting for the next opportunity to work in Israel or in the settlements requires that the household has sufficient resources saved to sustain itself.

Figure 2: Palestinians labour flows to Israel and settlements from the Gaza Strip across the Erez checkpoint, October 2000–January 2003



Source: UNSCO Regional Economic Affairs Unit

The day-to-day strugglers

The day-to-day-strugglers are those with unstable and intermittent employment. This status may represent what happens to hibernators after a time. When savings are exhausted, and aid is insufficient for their needs, they have to do something in order to generate at least some income. Some respondents did not have savings or goods to sell; they therefore started out as strugglers. Work of a temporary nature is available for people in the West Bank and Gaza Strip, so there are some opportunities for strugglers. This is the case in the building sector, where workers are often contracted only until the job is complete. They must then look for work again. The story of a former shop assistant in Jericho illustrates the kind of flexibility strugglers have to show:

During the 1990s there were at least 25 buses of tourists every day, sometimes up to 100 buses and more, such as in the Christmas time. He worked behind the counter in the shop that belonged to a friend of the family, working from 7am to 9pm. The tourists bought many goods and they also gave tips for the coffee he served. He made a regular salary of NIS3,000 per month, and usually had some foreign currency from the tips. Two months after the *intifada* began, the shop closed and never opened again.

At the beginning of the *intifada*, he lived off bank savings and helped his brothers and other friends for about a year. Now, the savings are finished and he is very nervous about the future. He used to have set of souvenirs for sale from his home, but now all have been sold to the handful of tourists that have visited Jericho during the *intifada*. He had a breakdown one year ago. For four months he was unable to leave the kitchen. Then his wife arranged for a visit to the psychiatrist and he is now on medication. Because he has metal implants in his arm and foot because of injuries as a child, and cannot perform hard physical work.

He tries to support his family by taking small jobs, for example, working in shops in Jericho. Jobs are scarce. In November he had to get some money for extra food, especially for the children. A neighbouring farmer offered him the opportunity to sell spinach in Jerusalem, where it would fetch a good price. For 15 days he sneaked out of Jericho and into Jerusalem. Although he was afraid of having to cross illegally into Jerusalem, he was able to make relatively good money in November from spinach sales – NIS1,650. Then there was no more spinach to sell.

He visits local farmers where he obtains free tomatoes and other vegetables. The farmers are generous in the high season – the alternative to giving tomatoes away is often to let them rot. – Former tourist worker, Jericho

The story also illustrates the case of a man who starts by using his savings, but then discovers that they do not suffice and that he has to secure his livelihood in other ways.

The struggler has to weigh up his or her options and decide what to do next.

Selling tomatoes has been my main source of income this year. But now the tomato season is over. Now I will try to get a permit and try to get a job again [in Israel]. I would have preferred to work in Ramallah because then I could get work for a whole month. In Israel I can only get for one day at the time, and the soldiers come all the time and stop us. But I didn't succeed in getting a job in Ramallah. When you are going there you need NIS20 a day for transportation and food alone, and I don't have that. – Man Rantis

The example shows a characteristic of the day-to-day-struggler's livelihood adaptation – it is transient. The man hopes for work which will last a month, but thinks it is nearly hopeless, partly because he does not have the resources to travel to places where work may be available.

The problem that breadwinners face is what to do next when one source of income fails. People consider a limited range of options. In a focus group discussion in Gaza City, five men were asked to talk about the easiest options for generating income for a person with few resources. They agreed on the following four:

- Open a small grocery store.
- Drive a taxi.
- Sell goods or vegetables in the street.
- Sell vegetables from a cart.

While all of them require some resources to start with, they are low-cost, and barriers to entry are small. Driving a taxi was considered the easiest option, as long as the taxi is an unregistered taxi owned by somebody else, thus avoiding taxes and licence requirements. Selling goods on the street is also easy to begin – it only requires that you are able to obtain goods on credit from a shop. Selling goods from a cart requires having the cart and perhaps a donkey for pulling it, thus requiring some capital. A small shop obviously requires more resources than any of these options.

The men were also asked to consider the risks involved. Driving a taxi was regarded as the most risky, followed by having a shop, selling on the streets and having a small cart. The group's reasoning was that a taxi might have accidents or breakdowns. A shop is an uncertain venture because it has quite high initial costs and recurrent costs which have to be paid regardless of sales. The initial outlay for selling

on the street is less. In contrast, if one has the money to buy a cart, selling vegetables is not associated with much risk, because one has to buy a small amount of vegetables every day to be sold the same day. The potential loss is therefore small.

Another aspect of the consideration of different options for work is their respectability. Here the group considered that shopkeeping was the most respectable, followed by taxi driving, street vending and selling from a cart.

When you stand in shop, you're the owner, you have proper clothes, and people come into your place. When you drive a taxi you can decline passenger – you don't have to accept anybody. But when you sell in the street, anybody can come and talk to you and bother you. – Focus group discussion, Gaza City

The options that the men in the focus group came up with were the options that we found that households with limited resources had engaged in. In a later interview, these options were used as the basis for asking questions:

Look, I've tried all of these: I've tried to find work in construction, I sold vegetables from a cart, I drove a taxi – the only thing I haven't tried is opening a shop. None of them were any good – it is impossible to make money here. – Unemployed construction worker, Gaza

It appears that these options will only be tried when other options are exhausted. This is because the income-generating potential is extremely limited, particularly compared to what, for instance, a construction worker in Israel earned before the *intifada*. Nevertheless, in a situation where there is no other option, even those who had relatively well-paid jobs before the *intifada* will engage in these low-profit activities.

The problem with these low-cost adaptations is that the productivity of such activities is very small, a problem that increases as more and more people engage in these activities. When one unemployed Palestinian begins selling Chinese clothes in the street, he makes a little money from this, but when three other line up next to him with the same clothes, the market for each one decreases and they all make even less money. If the overall situation does not improve, we therefore expect an increasing number of Palestinians to engage in low-productivity efforts such as street sales, all of them making less and less money. Two examples illustrate this point, one from Gaza City, the other from Rantis:

Last year my husband worked as a driver in Gaza City. He stopped doing this because of the competition. All the workers who had lost their jobs in Israel started to work as taxi drivers. He is also too old to compete. [The husband is 55 years old.] – Wife of man who used to work in Israel

There are many new shops in the village since the intifada. Just down the street here there are three new shops, one for fruit and vegetables, one for food and one electrical appliances shop. [Here respondents tried to count up the shops they knew about, and decided there were 23, of which at least 12 were opened during the intifada. Most of these are small shops people have opened in a room in their own home.] – Villager in Rantis

It may come as a surprise that Palestinians are able to find alternative sources of income even in the current situation. But the fact that there are open options should be seen more as a sign of the downward slide of the Palestinian economy than as a sign of its vitality. As more and more Palestinian households find themselves in a situation where they need to find alternative income sources, more and more Palestinians will engage in low-income activities normally associated with less developed countries – such as street vending, taxi driving and so on. The productivity of Palestinian labour hence declines, making it steadily more difficult to maintain the pre-*intifada* standard of living.

The entrepreneurs

In spite of all the difficulties that people face, some of the post-*intifada* adaptations have turned out to be profitable. The entrepreneurs are those who have had to change occupation or income source, and who have managed to do so. An example of this category is a shopkeeper in Rantis who first set up a coffee shop serving workers waiting to pass through the checkpoint to Israel, and has since expanded his business substantially. He used to have his little stall just outside his house at one end of the village. Now he has moved the coffee stall 50–100m down the road into the village. In addition to his little stall, he now also has a brand new food shop – big for Rantis – with a rich variety of products. The shop has a brand new colour television hanging high on the wall for him to watch when he is bored or for entertaining his customers. Outside his shop there are always cars and taxis waiting for people coming back from Israel, ready to take them to destinations all over the West Bank.

My situation is good. I think my situation is better than for the other people in the village, because I have gone from bad to better. I moved my shop down here first of all because I had problems with the [Israeli] soldiers. Once the soldiers came there and hit both my son and me, so I felt forced to move my shop. I think that the soldiers thought I helped the workers to sneak into Israel. On that day the soldiers didn't find any workers they could catch and make trouble for,



The new store of the successful coffee shop entrepreneur.

so they came to me and started to hit me and asked me why I was helping the workers to go to Israel. This didn't happen only once. It happened several times. So I moved my stall down here about eight months ago. But they come down here as well. They were here two weeks ago, and hit me again. This happens all the time.

Now I have got a much bigger shop, even though half of it is on credit. When I built this shop I took half of everything on credit. I owned the land before, so I didn't pay for that. The cost for the shop was NIS25,000. I had saved half and the rest I took on credit from different shops for the materials and for [paying] the workers. I am luckily dealing with people who trust me. They know I will pay when I get money. I moved here with my stall eight months ago, but this shop is only two months' old. So I have not paid any of my debt yet. It is difficult to say when I can start the down payment, but I believe I will have paid everything within a year.

My customers are still mainly workers who go to Israel. Some pass by here every day, and others stay in Israel for a while. I think about 500 workers pass through here. Half – 250 – will come and go every day, the other half will stay inside Israel for a period of time. But they don't always succeed in entering Israel. All these people come from outside Rantis, many of them come from Beit Rima for instance, and others come from Nablus and Salfit. Those who come

from Rantis are in addition to this, I think about 100. They usually buy things elsewhere, but sometimes they buy from me. – Shopkeeper, Rantis

The shopkeeper is not the only one in Rantis who had set up a new shop, but was easily the most successful. His shop was in a good location, and he was the first to grab the opportunity that the closure-induced delays offered.

The computer shop in Gaza that had been able to keep its employees represents another kind of entrepreneur. It had stayed in its main area of business, but switched from selling computers to refilling ink-jet cartridges. The refilled ink-jet cartridges sell well, because people now choose these instead of factory new ones.

Another businessman in Gaza City has switched from the hibernator role into an entrepreneur:

Due to the difficult situation for my factories, I have been forced to spend my savings during the last two years. Three months ago I started a new type of business. I became a trader. I go to Egypt where I buy cheap goods, and I sell it to shops in Gaza City. It started after a friend of mine, who owns a clothes shop, asked me to go to Egypt and buy clothes for him there. I lived in Cairo between 1981 and 1987, and I still have friends and some relatives there, and a house.

The income from the last trip to Egypt was NIS4,000. I bought medicines and cigarettes for NIS 10,000 and sold it for NIS15,000, and had travel costs of around NIS1,000. I spend my own money and I get paid when I sell the goods to the shop owners. It would not be possible for these shop owners to import this themselves, because you need *wasta*¹. Not all Palestinians can operate like I do, but I get some help from a high-ranked friend in Egypt to cross the border easily. – Trader, Gaza City

The three examples of successful adaptations represent exploitation of niches created or widened by the conflict and closure. Before the *intifada*, people did not wait for long at checkpoints and so would not buy much there. Before, people willingly bought new printer cartridges. Also, merchants in Gaza City had other suppliers, and few incentives to find new ones.

The international aid to the West Bank and Gaza Strip also creates opportunities. An entrepreneur in Gaza used to be a contractor in Israel, employing Palestinian construction workers to work on building projects all over the country. This enterprise stopped immediately when the border to Israel was closed, because even if it had been possible for Palestinian workers to go to Israel intermittently, it was not possible to take on a large building project under these conditions. So this contractor opened a bakery in Gaza City instead, with 5–15 employees. The bakery

¹ *Wasta* denotes using personal contacts or bribes to obtain something.

needed an initial investment of US\$250,000, half of which he obtained as a loan through UNRWA's Microfinance and Microenterprise Programme.

The occurrence of entrepreneurship varies. In Jericho there are not many on the low end of the scale – in all there are only four or five people with carts selling bananas, a similar number of new falafel stands, and three or four people selling cheap clothes. In the much smaller Rantis, on the other hand, there are several new shops, perhaps opened because of the success of the coffee shop catering for the workers passing by.

There is thus a continuum between the entrepreneur and the day-to-day struggler. The entrepreneur is simply a struggler who found something that paid off. Most of the day-to-day strugglers engage in activities that many others also have chosen, with the attendant high levels of competition and small levels of profit.

The leavers

The fifth and last category we used is the leavers. Some reports suggest that up to 100,000 Palestinians may have left the West Bank for Jordan and Western countries since the beginning of the *intifada*. The number seems very high, and would be a substantial increase over the migration rates that prevailed under the Israeli administration from 1967–1993 when annual migration was usually 0.5–2 per cent of the population, that is, 5,000–15,000 from the West Bank and 3,000–7,000 from the Gaza Strip (See ICBS 1993:760). According to one high-ranking Palestinian Authority Official interviewed by Fafo in another context, many of these out-migrants have been young, well-educated persons employed by the private sector. Out-migrants also include Palestinian Authority employees who have resigned from their positions and left the territory.²

Obviously we could not interview those who had already left, but we did speak to some who were considered leaving.

One 40 year old man had started his working career in Jericho but in 1987 left for Ecuador and started a business together with his uncle who already lived there. Due to the difficult economic situation in Ecuador, he returned to Jericho

² See also Bocco et al (2001:35–38) who presents indications that Palestinians have left the West Bank and Gaza Strip, although without giving any estimates of the numbers. A World Bank report (2002:35) makes reference to poll data suggesting that “2 per cent of respondents said that family members had gone abroad for extended periods”. The report goes on to cite anecdotal information suggesting that “many of those leaving are highly-skilled and internationally mobile, exactly those that Palestinian society can least afford to lose”.

in 1990. He started a bookshop, and went on to work at the municipality until he got a job at a hotel. He lost this job when the *intifada* started. Now he gets by through acting as a middleman for computer shops in Ramallah, getting a commission on every computer he sells. He also earns some money from translating from Spanish to Arabic, and altogether makes something like NIS300 per month.

His wife makes NIS2,300 per month as a teacher. In addition, they can borrow money from his brothers. However, they still buy chocolate and soft drinks. They eat meat three to four times a week, as they also did before the second *intifada* broke out. They usually eat white meat, since they prefer it. They have been able to save some money, and have very limited debts. At the moment they have one unpaid electricity bill. Sometimes they buy goods on credit, but pay the bill within two or three days.

In the last two months he has received food vouchers from the Red Cross worth NIS310. For Ramadan, they got a tank of olive oil from the father in law in Jerusalem.

They have cut back on electricity; limit the use of the telephone and the car. He tried to grow vegetables in the garden plot, but the hot summer killed them off.

He is now considering going abroad if he is able to find a job there. One option is Ecuador, but he considers travelling there very expensive. Another option is Jordan, but there is not much work, or the Gulf. In the past three months he has sent applications and his resume to web-based employment agencies in the Gulf, but so far without success. He expects to make US\$1,000–3,000 per month there. An acquaintance from the municipality left only one month ago, and he had spent three years searching for jobs in the Gulf.

The man is an example of people who had found relatively well-paid jobs in the developing tourist sector, but who experienced a sharp drop in income after the *intifada* began. Nevertheless, compared to many others, he is relatively fortunate as his wife is still working. He has tried to find jobs, but without much success. However, he still has resources. Not the least of these is that he already has the experience of working abroad. Therefore he considers leaving as a difficult, but possible, option.

Obviously the categorisation of households into job-keepers, pre-*intifada* poor, hibernators, day-to-day-strugglers, entrepreneurs and leavers are ideal types. Sometimes a single household combines elements of several strategies, because there is more than one breadwinner in the household. However, since the labour force participation rate for women is in the region of 12 per cent for the occupied

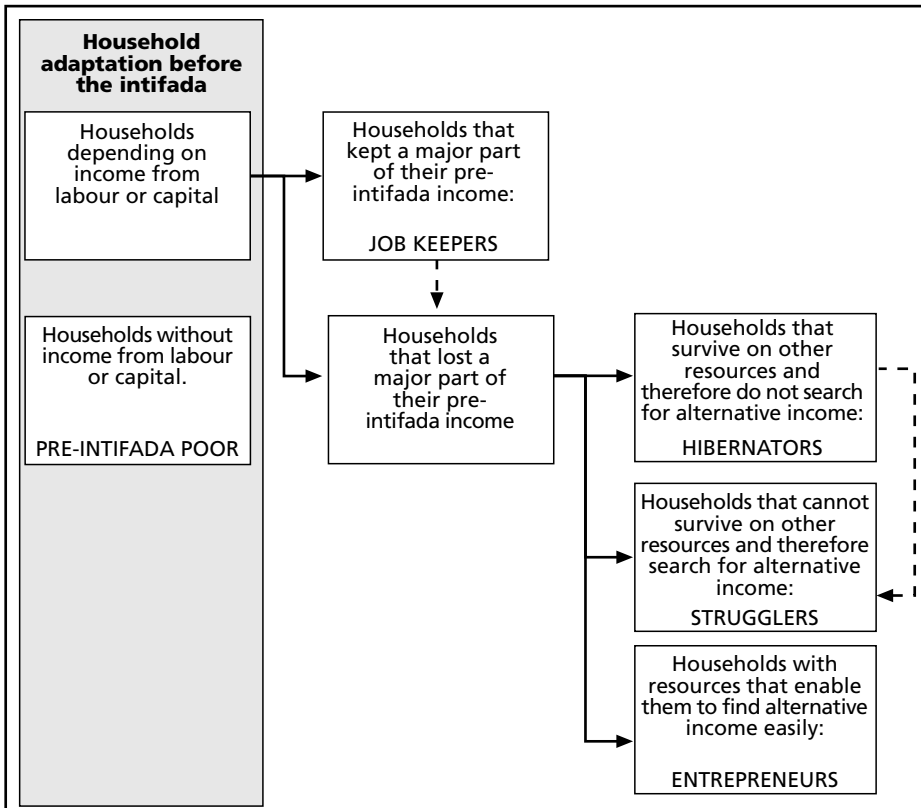
territories (PCBS 2002c), the livelihood adaptation of the husband in most cases represents the overall adaptation of the household. Furthermore, households may change their adaptation, and move from one of the categories to another.

The five main categories are summed up in Figure 3. This shows how the closure and conflict has created a basic division between those whose income has been substantially reduced and those who have not suffered this fate. Those with reduced income try different strategies, and may shift between them. Finally, and not shown in the diagram, a household may take the option of leaving the Occupied Territories.

A question of particular interest is the number of Palestinians falling into each category. Using data from the PCBS, (1998, 2002b and 2002c), the World Bank (2002a) and UNRWA (2002), we have tried to answer this. These figures should be treated with caution, and are provided in order to give an idea of the relative size of the groups.

First, we assume that the percentage of pre-*intifada* poor in the Palestinian population is the same as the number of UNRWA special hardship cases in the refugee population, namely nine per cent.

Figure 3: Categories of households and transitions between them



Second, we estimate the number of job keepers as the number of Palestinian Authority employees (124,000 in the second quarter of 2002) plus the number of local UNRWA staff (11,000 as of 30 June 2002). PCBS reported the total employment as 451,000 in the second quarter of 2002. This leaves 316,000 employed outside the Palestinian Authority and UNRWA, and we assume that 50 percent³ of these are job keepers and the others are strugglers or entrepreneurs. This yields a total of 293,000 job keepers. If each supports a household of 6.37 persons, being the average household size in 1997 (PCBS 1998), this places 52 per cent of the population in the category of job keepers.

Third, we assume that no more than 2 per cent of the population are in the category of leavers.

The remaining 37 per cent of the population are then in the three last categories – hibernators, strugglers and entrepreneurs – and we do not attempt to estimate the relative size of these three groups.

³ The assumption that 50 per cent of those counted as employed outside of the Palestinian Authority and UNRWA are job keepers is of course crucial, and is merely based on our impressions during fieldwork.

3 Making ends meet

We have seen in the previous chapter that the massive loss of jobs that has occurred since the start of the *intifada* forced many households to find new ways of securing their income. Some have been successful, but many have not. Others have kept their work, but have lower incomes or higher demands for supporting relatives or friends than before, thus leaving less for consumption. Consequently the households must try as best they can to balance income and consumption at new low levels of income. This chapter attempts to make an inventory of the strategies Palestinian households use in this situation, ranging from the rich and resourceful to the poor and destitute.

In general, we distinguish four main strategies: The first is simply adjusting consumption to the reduced income level. The second strategy is to depend on credit from others including the special form of delaying or defaulting on payments. The third is to use savings or sell assets. The fourth is to receive support of various forms. This includes support from relatives within the occupied territories or abroad, and also donations from other Palestinians in the form of Zakat (alms). It also comprises help in kind or cash, including emergency assistance, from various governmental or non-governmental organisations.

In practice, households are forced to choose a combination of these strategies. We will discuss them in more detail below.

Consumption reduction and substitution

In general, most things can be bought in shops and markets in the West Bank and Gaza Strip as they could before the *intifada*. Shopkeepers explain that goods are available, but that people cannot afford them. To some extent the same is true of services. Nevertheless, because of the closure services such as transport, health and education have been disrupted, either because the provider cannot come to the user, or the user cannot come to the provider.

There are two main ways of reducing outlays for consumption. First, one may reduce the quality of the goods bought or substitute one type of good with a cheaper

one that can serve the same purpose. The second strategy is to buy less. Palestinian households employ both strategies.

Food consumption

Food is the main item of expenditure for the average household in the West Bank and Gaza Strip (Table 2). It made up 38 per cent of the average household consumption in 1998. Most of the food consumed by households was bought, with only 1 per cent being produced by the household itself. No other item, except for the imputed value of owner-occupied dwellings, exceeded 10 per cent of total expenditure. For the poorest part of the population, food represents an even larger proportion of consumption expenditure.

Food is easily suited for both the reduction and substitution strategies, as one case from Rantis shows:

I think the children are hungry sometimes when they go to bed. When I come back from the shop, the children often ask me for a banana or something, because they want it, but I don't have anything for them, because I don't have money to buy this. The situation is like this, they get enough food, but they don't always get what they want.

I think maybe my wife eats less than before. She makes food for the children and me and gives us first, so I think she eats less to give us more. You see this affects us, I am telling you the truth now. – Shopkeeper, Rantis

The case also illustrates the role that intra-household allocation may have in reduction strategies. It is likely that at least some households differentiate between their members when providing food or other resources, but few would be as open about it as the shopkeeper who volunteered the observation about his wife.

The substitution strategy is well documented by the various shopkeepers, who told us that demand for expensive types of chocolate and sweet crackers have dropped, but the cheap ones are still selling.

To say household substitution strategies are just a question of abstaining from expensive types of chocolate or bananas would be misleading, to say the least. There is a continuum ranging from abstaining from luxury goods to having nothing, with the midpoint being the substitution of fresh goods for canned or frozen ones. Many respondents lament their inability to afford fresh meat. The pre-*intifada* poor fisherman's household in Gaza discussed above put it like this:

The situation has changed after the husband stopped working. We used to buy fresh meat, but now we can only buy frozen meat, and we can only afford to buy the cheapest things. – Fisherman's family in Gaza City

The quote illustrates the fact that there is considerable emphasis on buying fresh meat and vegetables. Canned or frozen food is a mark of poverty. One factory worker told that he was now only able to have fresh meat or fish on weekends. Some say that people get sick from frozen food. Nevertheless, fresh meat or fish are two of

Table 2: Average monthly household consumption in NIS by consumption groups (January–December 1998)

Average household size	7.0	
Food cash expenditure	1,184	37%
Own produced food in kind	42	1%
TOTAL FOOD CONSUMPTION	1,226	38%
Non-food cash expenditure	1,543	48%
- Clothing and footwear	247	8%
- Housing	214	7%
- Furniture and utensils	121	4%
- Household operations	38	1%
- Medical care	115	4%
- Transport and communications	298	9%
- Education	105	3%
- Recreation	90	3%
- Personal care	61	2%
- Tobacco & Alcohol beverages	136	4%
- Other non-food consumption expenditure	117	4%
Own produced non-food in kind	456	14%
- Other than food	5	0%
- Estimated rent value of own dwelling	450	14%
TOTAL NON-FOOD CONSUMPTION	1,999	62%
TOTAL CONSUMPTION (= Total food consumption+ total non-food consumption)	3,225	100%
- Own produced food in kind	42	1%
- Own produced non-food in kind	456	14%
+ Remittances in cash	85	3%
+ Taxes in cash	5	0%
+ Other than non-consumption expenditure	122	4%
= TOTAL CASH EXPENDITURE	2,940	91%

Source: PCBS Expenditure and Consumption Levels: Final Report (January-December, 1998) taken from www.pcbs.org

the first items that are dropped from the consumption basket, together with fruits and chicken. Then frozen meat and fish are dropped, leaving sugar, vegetables, cereals, oil, peas and beans.

We could not, during our fieldwork, find anyone unlucky enough to be at the dismal end of the continuum, that of having no food at all. However, we did find households in which the number of meals had been reduced to only one a day.

Non-food consumption

It goes without saying that food must be consumed regularly. Consumption of other goods and services may be deferred or cancelled entirely. This applies to furniture, clothes, and other durable consumer goods that many households avoid buying, or at least scale back their expenditure on such items. Nevertheless, some purchases must be made, for instance young couples who get married must find a place to live and buy furniture – bedroom furniture being the minimum.

Several respondents claim that engaged couples have postponed their weddings, waiting for things to improve, but have now given up waiting and decided to get married anyway.

The couple has been engaged already for 10 months and should now be married, if they had the means. But they had to wait. He is 32, and this is a late age to get married – his family expects him to go ahead. Here, he says, you cannot “make all sorts of calculations about marriage and children – when you reach my age, getting married is the only thing you want”. They have decided to get married in two months from now – God willing. – Engaged couple, Jericho

The couple’s wedding will be less expensive than they would have wanted, but they think it is impossible to postpone it any longer.

Although it seems reasonable that people delayed weddings when the *intifada* broke out, it is difficult to trace this in marriage statistics. According to the PCBS (2002b:31), there were 24,874 marriages in the West Bank and Gaza Strip in 1999, 23,890 in 2000, and 24,635 in 2001. Such figures need to be interpreted with care, as marriage rates are influenced by the age and sex composition of the population, and are likely to show cyclical tendencies. Nevertheless, it seems that there has not been much change in marriage rates as a result of the *intifada*.

We found that it was difficult to find any Palestinian who had stopped smoking because of lack of money.

My husband now works from time to time at people’s houses doing minor tasks like picking fruit from a tree for a small amount of money so that he can finance his smoking. He smokes 1–2 packets of cigarettes every day. Each costs NIS7 each. – Refugee household, Jericho

The husband in this refugee household in Jericho buys cigarettes for NIS200–400 per month, a relatively large sum of money for a poor household. In comparison, average monthly consumption for a household of seven people in the West Bank and Gaza Strip was NIS3,225 in 1998 (Table 2).

Some respondents had switched to cheaper brands or begun buying tobacco and making cigarettes themselves. Other respondents told us that they smoked more when they were unemployed than before because of the stress they experienced.

It seems that use of medical services has not been hindered by lack of money. The unemployed may register for free health insurance as part of the trade unions' *intifada* assistance, and this insurance covers all members of the household. We found that even very poor households had access to medical services and medicines, either through UNRWA (if they were refugees) or by using the free health insurance introduced by the Palestinian Authority at the beginning of the *intifada*. However, such services were sometimes disrupted by closures, in particular in the villages. While primary health care is available in the villages, the villagers need to go to Nablus and Ramallah to consult specialists and go to the hospital. When closures are in place, this is sometimes difficult, and both the villagers and the health workers in Rantis and Beit Furik regard this as one of the biggest problems created by the closure.

Similarly, access to education has not been hindered, even though many households report that they find it difficult to pay school fees. Nevertheless, schools can afford to show some lenience towards households that do not pay, because the fees are intended to cover only parts of the schools' costs. Again, the disruption caused by the closure is more important than the problems caused by parents being unable to pay school fees.

Living on credit

An option in crisis is to postpone payment for goods and services used. The two most important forms are strategic non-payment of bills and obtaining credit in shops.

Strategic non-payment of bills

A strategy for reducing cash expenditures is to delay payment of every bill that can be delayed. Prime candidates for non-payment are utility bills (water and electricity) and municipal user charges, since the consequences of non-payment follow much later, if at all. Non-payment of accounts in shops can only go to a certain

point before shopkeepers stop giving goods on credit. Non-payment of electricity bills can, in some instances, go on for a year at a time without any consequences.

We haven't paid the last 13 electricity bills, we haven't paid anything since last Ramadan, but luckily our electricity has not been cut off. The municipality knows about our situation – that we have no money – and we don't use much electricity. Only for the TV and the fridge. – Unemployed man from Beit Furik

Similar stories were found in all four localities, both in the fieldwork described in this report and in the fieldwork performed in 2001. For some households, this may be an important coping strategy as long as it can be sustained – that is, until the utility company or the municipality reacts by disconnecting the electricity. The electricity bill of a Palestinian household may be in the range NIS50–250 per month. By comparison, the value of UNRWA's food packages under the Emergency Food Aid Programme has been around NIS40-50 per month⁴. The net effect for a household of not paying its electricity bill is therefore higher than the effect of receiving UNRWA food packages.

However, the possibility of following such a strategy varies between the localities, depending on the institutional setup. In Beit Furik, electricity is bought from a nearby settlement, and the municipality is responsible for paying the bill for the entire village. The municipality in Beit Furik will disconnect households that do not pay, and such disconnections are accepted as a necessary measure in order to ensure that electricity is available to the rest of the village.

I used to have NIS½ million in the bank to cover for the electricity bills. But now some people haven't paid for 10 months, others haven't paid for a year. When I need the money for paying the bill, I go to the Imam who calls for prayers and ask him to tell the village that they have to pay their electricity bills, otherwise the electricity will be cut.

I will cut the electricity of a family if I know they have money. But if a family doesn't have the money I will cover for them. I still have some money in the bank, because we have reduced all other expenses for the municipality. – Mayor of Beit Furik

For the mayor of Beit Furik, getting people to pay their electricity bills has been a constant problem since the beginning of the *intifada*. He knows that he must disconnect those that do not pay, and at the same time he knows the difficult situation of these households.

⁴ The UNRWA figure is obtained by multiplying the value of a food package (US\$20-23 according to the Gaza Field Office) by the average number of food packages received per month. (12 rounds of distribution over 26 months of *intifada*.)



Technicians from the electricity company disconnects households in Rantis

In Rantis, electricity is supplied by the Jerusalem Electricity Company, and households pay their bills directly to the company. The electricity company is a much more distant entity that does not know the details of the situation of each household, nor does it enjoy the same degree of legitimacy as the municipality in Beit Furik does.

When we came back here the second time we were met by many of the villagers at the entrance to the village. They wanted to throw us out of the village, and they shouted at us and the women cried. Nobody was violent, no stone throwing; they just shouted to us that they wanted us to leave. We went back to Ramallah and reported this to the manager. He contacted the leaders in the village council, and explained the situation of the electricity company to them and asked them to be co-operative. Then the village sent a message to the people in the village from the mosque (from the loudspeakers), and asked the people to be co-operative towards us. Now we are back, but the situation for collecting money is the same. It is very difficult to get the money. – Electrician from Jerusalem Electricity Company

During the fieldwork in Rantis, the electricity company had sent a team to Rantis to disconnect those that had not paid. The technicians were at first met with strong opposition from the villagers. After contacting the village council, the villagers ceased the open hostility, but it was still difficult to make people pay. The process of

negotiation between villagers and technicians was similar to what we observed in Gaza and Jericho; there is no fixed limit for how much a household should pay, and there is an ongoing negotiation over these payments between the electricity companies and the customers. In the end, the companies appear to take a lenient stance towards those customers that are in “a difficult situation” but are still able to pay at least part of their dues.

The example of electricity was used here, but the pattern is similar for municipal user charges. In Jericho and Gaza City, municipal charges also cover the cost of water. In Beit Furik, trucks deliver water, and households pay for each tank received – non-payment of the water bill is therefore an option in Jericho and Gaza City, but not in Beit Furik.

Non-payment of bills occurred also before the *intifada*. This was especially the case for water-bills. However, the practice appears to have become much more frequent than before.

Credit in shops

One of the findings from the 2001 fieldwork was that households coped with the income shortfall through running up credit in different shops. It then appeared to be a mechanism that made it possible for at least some households to keep consumption at near pre-*intifada* levels. But already in April and June 2001 this system was coming to an end, and credit was no longer being extended to households that had lost their pre-*intifada* source of income and had not managed to generate income from a new source.

Credit now appears to have its normal function, that is, smoothing consumption over the income cycle. It is still possible to obtain credit. Nevertheless shopkeepers will not extend credit to customers that they think cannot or will not pay. This means that for those who kept their income, the situation has not changed much. They still get credit. The situation has not changed for the pre-*intifada* poor either. They may still get credit, but only for small sums. By contrast, those who have lost their pre-*intifada* income must demonstrate that they have found a new income source before it is possible to obtain credit.

Shops have different policies in this respect, and it seems at least some shops misjudge their customers and extend credit to customers who do not pay. The case of a former worker in Israel now turned shopkeeper illustrates this:

Altogether, people owe me NIS1,000. I give credit to those people I know have a job, and who will pay me back. I gave credit to one man that I don't think will pay, he is our neighbour. He paid a little cash in the beginning, and then he began taking some goods on credit. After four months he had NIS300 of

debts. Then I stopped giving him credit. Now he says that he can't pay. People told me afterwards that one shouldn't give credit to this man. Since I've been working in Israel, I didn't know the way people in Gaza do business. – Former worker in Israel, now shopkeeper, Gaza City

Some households still have debts in several shops from the beginning of the *intifada*, when credit was extended on the assumption that the *intifada* would only last a few months and that people would soon get their jobs back. In a supermarket in Gaza City, the shopkeeper was cautious about giving credit already during the first fieldwork, and remains cautious today. Even so, some people still owed him money from the beginning of the *intifada*, and he did not believe he would ever be able to collect all of his debts.

Tellingly, when discussing possible income-generating activities in a focus group in Gaza City, one of the participants made the following observation:

Opening a shop gives more income than driving a taxi, but on the other hand some of this income is in the form of credit, and you never know when you'll get paid. It depends on the type of shop and its location. If you're in a main street or close to a Ministry many people come to shop, and you don't know them, and you don't have to give credit. If your shop is in your house, your neighbours will come, and you must give credit. – Taxi driver, Gaza City

This shows that the evaluation of creditworthiness is influenced by social relations with the customers. Although knowing a customer is an advantage because this makes it easier to evaluate his or her creditworthiness, not knowing the customer is better, because it is easier to refuse credit altogether.

Using savings and selling assets

A perplexing observation of the macro-economics of the two years of the *intifada* is that after an initial drop, private savings do not appear to have been reduced much. Deposits in banks operating in Palestine by Palestinian residents (that is, excluding other banks and the Palestinian Authority and local authorities) stood at US\$3.20 billion in June 2002, compared with US\$3.12 billion in June 2000 (PMA 2002:Table 4 and PMA 2001:Table 4). With the exception of the very rich, the household members interviewed denied that they had any bank savings left (if they ever had any to begin with). It is most likely that private savings accounts comprise a few large ones, which have comparatively stable deposits, and many small ones with very infrequent deposits. Thus, the savings accounts do not reflect the hardship

or lack of hardship for the majority. Moreover, these accounts probably also include the accounts of private institutions and of Palestinian companies.

We did not find any households which had sold durable household goods such as televisions or refrigerators. Most likely this is because there simply is no market. The few who would consider buying such assets already have the goods in question, and those who do not do not have the money to consider buying such items in the current situation. In fact, some well-equipped apartments depended on aid to have something to eat. In one case, a former worker in Israel from Gaza complained that when the aid distributors had seen his well-furnished home, they said that he was in no need of aid. From his point of view, however, he did not have any income, and he could not eat his nice sofa.

The sale of gold in the form of jewellery appears common and many of the households interviewed said they had done so.

We have sold gold twice, the first time one year ago, the second time four months ago, both times to one of the gold traders in town. We only got one third of the original price for the jewellery. On the last occasion, we sold gold for NIS2,500 to pay the lawyer. Now we only have very few pieces of gold left. – Refugee household, Jericho

The members of a Jericho household consisting of three brothers and their families told that they sold all their gold two years previously. It was sold to one of the local gold traders, who gave them half of the original price of the gold. The last necklace was sold when one of the brothers had a baby and his wife stayed a night at the hospital.

The experience of only receiving a low price recounted in the example above is typical. The gold traders say that when deciding what they will pay for a piece of jewellery, they take account of both the workmanship and the weight, but the weight is by far the more important factor. By contrast, when a jeweller sells to a customer, the emphasis tends to fall on the workmanship. Gold traders deny that the prices have dropped during the *intifada*, and say this is because the price is not fixed locally, but rather reflects the international pricing of gold. (In fact the gold price increased substantially during the *intifada* period – about 30 per cent in 2002 (www.goldcentral.com)).

It should be stressed that the purchase of gold and subsequent resale is a traditional way of saving and meeting large or unexpected expenses. As one man put it:

We have no savings, only my wife's gold. I don't know how much she has, maybe JD170. We have not spent this yet, this is only for emergencies. She sold some of her gold during the first *intifada*. I don't know how much she sold then, but this time we didn't sell anything. – Street vendor, Rantis

Thus, having to sell gold does not necessarily mean that the household is poorer than it was before, this is also a normal means of household saving for emergencies or for major expenditures, such as building a house. For many it is the main way of saving.

Relying on transfers

Relying on the family: Inter-household redistribution

An important safety net for Palestinian households has always been the extended family network. We also found this to be an important redistributive mechanism in all of the localities studied, albeit differentiated along the lines of the situation of the individual household, the strength of the family network, and the resources available to the other families in the network.

‘Inter-household redistribution’ is redistribution that takes place between Palestinian families within the West Bank and Gaza Strip.

My brothers help me here in the house; they pay the bills, and buy food for us. When they come home in the evening, they always have a bag of groceries for my wife. I used to be the richest, now I am the poorest of us. I can only hope they will help me, for now that our parents are dead, I am the father of the family.
– Former worker in Israel

The example of a man who used to work in construction in Israel and who now receives help from his younger brothers who live with their families in the other flats in the same building is cited above. Before the *intifada*, this man paid the electricity and telephone bills for all five families living in the house, and also helped his younger brothers in other ways. The inter-household flows were then reversed, with his younger brothers helping him. The brothers have even gone to the step of opening a small shop for their older brother:

The shop was opened six months ago by my brothers, in order to help me. They made the decision, and then they took part of the open space on the ground floor to make a shop. They bought furniture, a fridge, and groceries. Then they told me that this shop was for me because I don't have a job. However, I don't make any money from this shop, it is more like a hobby. – Former worker in Israel, Gaza City

The example also shows that help through family networks is not only food and cash distribution, but may also be help in setting up income-generating activities.

The extent of redistribution depends on the available resources. This man was relatively lucky. Four of his five brothers were employed by the Palestinian Authority. Others were less lucky: We interviewed another man in Gaza City who also had five brothers, but none of them were able to keep their jobs when the *intifada* broke out. The possibility for depending on help from the closest kin was therefore much less, although these brothers helped each other when one of them could find a temporary source of income.

A particular form of this adaptation is to merge households and pool their resources. This may happen in stages: In the first stage, a household that loses its electricity connection may reconnect via a cable to a relative living next door. In a second stage, the households may begin cooking together. They may move on to living together. An example from Beit Furik shows how this happens:

I had no electricity for the last two months because I haven't paid my bills for 14 months. Now I only have electricity for the light, not for the fridge and other things, I get this via a cable from the neighbour's house. They are my relatives, and it is totally legal. I also did this the last time they cut my electricity. Then I didn't pay anything. I think I have to pay this time, but I don't know how much. I have no electricity for cooking, so now I cook in my parents' house. In this house we only sleep. – Wife of unemployed man, Beit Furik

But such transfers are not automatic, and may be denied even when relatives have the resources to help. For instance, this may happen in cases where there are conflicts within the family network:

My brothers in law pay for the electricity and water bills. But their help stops here. For money for food, I depend on UNRWA. I don't have a good life in this house. I lack money, and cannot fulfil the children's needs. They often ask me why God took their father away and left them in this difficult situation. I don't have an easy relation with my in-laws. I think my sisters-in-law fear that one of the brothers will take me as a second wife, as this is the custom among Palestinians. I used to have a good relation to these people before my husband died, but this changed some time after I became a widow.

My brothers-in-law are all people with relatively good economies, but they never give anything to me or my children except at Eid – then one of them bought some clothes for the children, and they gave me some money. But they did not invite us to Iftar during Ramadan, and not for Eid either.⁵ – Widow living in the same house as her husband's family, Jericho

⁵ Iftar is the traditional meal for breaking the fast each day during Ramadan and is often enjoyed with family and friends. Eid refers to Eid-Al-Fitr, the feast marking the end of Ramadan.

While this widow seemed to live relatively comfortably in the house of her husband's family, she said that the family didn't help her as much as they could have. The husband's family owned a factory, and were relatively wealthy, but because of a strained family relationship, they kept her at a distance. Similar cases were found in all localities, demonstrating that while some families will go to great lengths to help each other, other families are less forthcoming.

It should be noted that inter-household transfers are nothing new, but that both the *need* for such transfers and the *ability* to provide them, have changed under the *intifada*. Before the *intifada*, such transfers were traditionally provided to the poor, but also, as noted above, within networks where one household was notably more or less resourceful than close relatives. This was the case for the man working in Israel, whose brothers worked in the Palestinian Authority, and the inter-household transfers mainly happened through covering bills for the poorer brothers. The need for such transfers has now increased, as Palestinians deprived of their income watch their standard of living plummet. At the same time, the ability to provide these transfers has decreased, as many who before the *intifada* were well off now find themselves with substantially less income.

Relying on the family: Remittances from abroad

Remittances from abroad are often assumed to have been important to Palestinians during the first *intifada*. There is little indication that remittances from abroad now play a large role in the financing of Palestinian households.

Nevertheless, we did find some examples of households receiving remittances from abroad, but they were hard to find, suggesting this is not very common.

Our telephone was cut off for a year, but we got the line back in April after paying our debts. We got the money from my wife's brothers and sisters in Amman. Their situation is somewhat better; they have jobs. Every now and then they send money, sometimes JD30, sometimes JD50, sometimes JD100. The last time they sent money was in August 2002, when they sent JD200. My wife also went to see them during Ramadan, and they bought her clothes for the children and some things for the house, to an approximate value of JD100–150. – Restaurant chef with intermittent income, Jericho

We also found examples of remittances going out of the West Bank and Gaza Strip. In one case, a family sends part of the rent for a house that belongs to the family to relatives in Jordan. Similarly, a man in Rantis would send olives and olive oil to relatives in Jordan. These arrangements are not new, but it is interesting to observe that this has not stopped under the *intifada*, as one could have expected.

A Gaza taxi driver told us that while he used to finance his son's studies in Germany, he is no longer in a position to do so. But the son has not begun sending remittances back to his parents – whatever money he can make in Germany he needs for himself. We did identify several such cases of remittances being sent out of the West Bank and Gaza Strip before the *intifada*, remittances that have now stopped.

The cessation of transfers either into or out of the Occupied Territories may happen for other reasons than economic hardship, as the following exemplifies:

My family in Jordan used to send JD20 for Eid every year, but not this year, because nobody is going to Jordan this year. Now the bridge is closed, and we used to send this money with people that travelled across the bridge. My husband's brothers can't help us because they also are in a bad situation now. – Wife of chronically ill man, Rantis

The transfers often take place as physical transactions, where a person is asked to bring cash or kind across the border. This may be more difficult than before due to the closure. One household in Rantis ventured the reasonable explanation that this was the why remittances had actually stopped during the *intifada*, instead of increasing.

But the lack of transfers is not only the difficulty associated with the transfer:

I have some cousins in the United Arab Emirates who went there in the 1970s. Their parents used to live in this house before, and I supported them. These cousins send some money for their sister, and she distributes it to the needy. They don't know I'm needy, and I don't want to tell them. – Former worker in Israel, Gaza City

Here it is clear that pride may also play a role – people do not want to appear destitute to their relatives abroad.

Zakat: Relying on good people

One of the duties of Muslims is to give donations and alms, known as Zakat or Sadaqat⁶ to poor Muslims, both during the month of Ramadan, and regularly all through the year. Such donations are either made via charities or Zakat committees, or directly to poor or needy households. We found both rich people and poor people giving Zakat, depending on their resources. A rich man in Beit Furik had established a donation list for himself of over 100 people, based on information from friends and family, as well as from the municipality. A worker in Israel gave

⁶ Zakat and Sadaquat are both religiously mandated forms of donations within Islam. We only use the term Zakat in this text.

more modestly to people in the neighbourhood that he knew needed assistance. While the former would go secretly in order to avoid being seen as bragging, the latter would go openly in order to be an example for others:

When we distribute the Zakat money, my wife and I will go to each individual on the list and deliver the money. We do this at night to respect their feelings; in this way nobody knows who are receiving the Zakat money. This is also according to our traditions. – Wealthy man, Beit Furik

I gave NIS100 in Zakat during Ramadan. I gave to my neighbour, who has a kidney disease and cannot work. I went openly to his house and gave him the money, so that other would see it and be encouraged to give Zakat. – Worker in Israel, Gaza City

In Gaza and Jericho, it is possible to make the donations to special Zakat committees which will in turn distribute money to those considered needy. In Beit Furik and Rantis there are no such committees, and the donations are therefore made directly.

While some households give Zakat, others receive – a household does not both give and receive Zakat. The question of eligibility is difficult. While it is clear that recipients should be “poor or needy people”, it is not clear what the criteria are for deciding who fits into such a category.

Traditionally, poor or needy people are defined as those unable to fend for themselves through working, that is, widows, orphans and the disabled. These categories are still the prime recipients of Zakat donations. In some cases, we found that also households with an able-bodied man received such assistance.

We have no trees, and don't pick any olives for others, but we got 20kg of oil from different people in the village as Zakat. We also got NIS250 in Zakat from the mosque. – Unemployed construction worker, Rantis

One of the poorer households we interviewed in Rantis was disconnected from the electricity grid during the fieldwork. It turned out that this household had received Zakat, both from individuals and from the mosque, despite the fact that the household has an able-bodied man and his wife works in the local kindergarten.

Our field observations seem to indicate that the traditional hardship cases – the widows, orphans, and disabled – are the largest recipients of Zakat. This is likely to be because the pre-*intifada* poor are still the poorest group. Nevertheless, even for this group, our observations indicate that Zakat is of limited importance.

Social security and emergency assistance

In addition to receiving transfers in cash or in kind from their extended family network, remittances from abroad, or as Zakat, Palestinians receive transfers from the Palestinian Authority and UNRWA, as well as from different NGOs. This section describes how households benefit from these transfers.

Before the *intifada*, a number of households received such transfers based on certain eligibility criteria. The most important programmes were aimed at the traditionally poor households, namely those without a male breadwinner. These households qualified for support from UNRWA's special hardship programme (if they were refugees) and the Ministry of Social Affairs (which paid reduced benefits to households already supported by UNRWA).

I have a sick husband, and it is dangerous for him to stay alone. He needs somebody to look after him. One day he poured boiling water over himself. My husband started being ill in 1993, and after a few months he began getting spasms and losing his consciousness. And it only gets worse and worse. Now during Ramadan he got spasms up to 11 times a day. – Wife of disabled man, Rantis

Since the husband is unable to work because of his disease, the household has therefore been receiving monthly cash assistance from the Ministry of Social Affairs (MOSA). The wife used to work in Ramallah, but the household was still eligible for assistance because of the husband's disability. As they are not refugees, they do not receive assistance from UNRWA.

While UNRWA's assistance to the special hardship cases has continued at the same level as before the *intifada*, the MOSA assistance has been delayed and interrupted because of the financial situation of the Palestinian Authority. The wife of the disabled man explained to us her households experienced this:

The Ministry of Social Affairs gives us NIS300 per month. We got our last payment on 7 November. Before that I think we got it on 17 October, and this month we haven't got any money yet. The money we got in October should have been in February, so there is a big delay. In 2000, we got all the payments, but in 2001 we only got for four months. In 2002, we have got all the payments again, but very late. We are now eight months behind schedule. I think this money is lost for us; we will never get it. During those months we didn't get our payments, we survived by the help of others. – Wife of disabled man, Rantis

Needless to say, for those households that used to depend on these transfers before the *intifada*, the interruption resulted in a dramatic drop in income.

To some extent these households were able to compensate by obtaining assistance from other sources. Various NGOs provided cash and kind assistance to poor households and most poor households had received assistance from more than one source. The wife of the disabled husband told us that the household had received food baskets five or six times during the *intifada* from the Red Cross and from other NGOs.

Households that were not eligible for cash and kind assistance before the *intifada* received such assistance during the *intifada*. UNRWA, UN agencies, development aid agencies and various NGOs are operating such programmes. Different criteria were used for determining who benefits from these programmes, but it seemed that most households received at least some assistance, even wealthier ones. The importance of such assistance varies quite a lot. For some households, this assistance was vital, for others it was merely welcome extra income. Because these households had an able-bodied man within them, it was possible for many of them to find at least some income from new sources, as described above, and they were therefore less needy than those who received assistance before the *intifada* – that is, the households without a male breadwinner.

These programmes are described in more detail below.

4 Consumption and malnutrition

There have been reports of increases of malnutrition as a consequence of the hardship faced by Palestinians in the West Bank and Gaza Strip during the years of the *intifada*. Both the Palestinian Central Bureau of Statistics (PCBS 2002) and a group consisting among others of Johns Hopkins University and Al Quds University (JHU/AQ) have published studies of the nutrition situation in the occupied territories during the summer of 2002 (JHU/AQ 2002).

While the press release of the PCBS study reported very high levels of malnutrition in the West Bank and Gaza Strip, it appears that their figures were calculated using a definition of malnutrition that would result in reports of about 16 per cent malnutrition in a country such as Norway or any other country with no malnutrition. The most recent PCBS data uses conventional definitions it has used in previous years. Comparing the data, it appears that there has been no increase in malnutrition in either the West Bank or the Gaza Strip. Moreover, it appears that there is no acute malnutrition, since a level of 2.3 per cent is regarded as absence of malnutrition, and some chronic malnutrition, especially in the Gaza Strip (Table 3).

The JHU/AQ data, on the other hand, do appear to show relatively high levels of malnutrition in the Gaza Strip. In the West Bank there are no significant differences between the PCBS and JHU/AQ.

Table 3: Malnutrition in the West Bank and the Gaza Strip according to PCBS and JHU/AQ

	Source/Year	Percentage of children aged 6–59 months with:	
		Acute malnutrition	Chronic malnutrition
West Bank	PCBS 1996	2.2	6.7
	PCBS 2000	1.5	7
	PCBS 2002	2.3	7.7
	JHU/AQ 2002	4.3	7.9
Gaza Strip	PCBS 1996	3.7	8.2
	PCBS 2000	1.4	8.3
	PCBS 2002	2	10.6
	JHU/AQ 2002	13.3	17.5
Middle East/North Africa	UNICEF 2003:91	6	22
Least developed countries	UNICEF 2003:91	11	43

Source: PCBS numbers for 1996 and 2000 are taken from www.pcbs.org.

During our fieldwork we visited health centres in all four locations studied. In the West Bank villages and Jericho, the health workers interviewed stated that there was no malnutrition due to lack of food in their areas. The health workers could in some cases pinpoint families with malnourished children, but held that their condition was due to factors other than lack of food in the family. Thus, in the West Bank locations we studied, the perception of the health workers matches the statistical evidence of PCBS and JHU/AQ that there is no evidence of widespread malnutrition.

In the Gaza Strip the evidence is more mixed. First, the surveys show chronic malnutrition. Second, local NGOs we interviewed did report malnutrition and also increases in malnutrition during the *intifada*. Some organisations pointed to the inability of many households to buy fresh meat.

In both the West Bank and the Gaza Strip other forms of malnutrition than can be detected through measures of weight and height exist. In particular there are high rates of anaemia. However, there is little evidence that this has increased during the *intifada*.

5 Humanitarian assistance and development aid

Since the creation of the Palestinian Authority, international donors have continuously funded various development efforts in the West Bank and Gaza Strip, and the level of per capita development assistance has been among the highest in the world. After the outbreak of the second *intifada*, the donor community mounted a massive emergency-assistance programme.

By the end of 2002, multi-sector donor assistance exceeded US\$1.1 billion. In comparison, the pre-*intifada* level of annual development and relief assistance was estimated at approximately US\$0.5 billion (United Nations 2002). The World Bank (2002a:11) has estimated the total gross national income (GNI) loss for the first 15 months of the *intifada* at US\$2.4 billion, compared to a 1999 GNI of US\$5.4 billion. Notwithstanding its large size, the aid is not enough to compensate for the losses the Palestinian economy has suffered.

The emergency support sometimes comes at the cost of postponing or cancelling longer-term development programmes, but much has also been financed through new funds. There is no clear distinction between emergency and development assistance. While some types of assistance fall neatly into one category or the other, others could be placed in either. As an example, UNRWA's Infrastructure Improvement for Refugee Camps Programme is placed under the employment creation umbrella, but could also be viewed as infrastructure development assistance.

In this chapter, we discuss the various types of emergency assistance as observed during the fieldwork and how it reached the households we studied. We concentrate of the following channels of support:

- Budget support to the Palestinian Authority.
- Food distribution to households.
- Emergency employment creation, sometimes as part of development assistance or reconstruction efforts.
- Cash assistance to households.

The impacts of these various forms of support on households differ.

The Humanitarian Plan of Action

At the time of writing, international donors are engaged in planning assistance to be given during 2003. An important document in this respect is the UN consolidated inter-agency appeal for the West Bank and Gaza Strip for 2003: *Humanitarian Plan of Action 2003 Occupied Palestinian Territories* (United Nations 2002). The document contains the requirements of the various UN agencies working in the West Bank and Gaza Strip, and does therefore not cover budgetary support to the Palestinian Authority or bilateral projects operated by the donors' national aid agencies.

Table 4 is drawn from the plan, and breaks down the requirements for 2003 by type of assistance. The Humanitarian Plan of Action calls for a large-scale effort of food assistance with 45 per cent of the funds being allocated to this purpose, primarily to be channelled through UNRWA's emergency food assistance programme. The second largest item, accounting for 17 per cent of the total, is 'Economic recovery and infrastructure', which comprises a number of employment creation activities.

The Humanitarian Plan of Action notes that the most efficient way improving the situation is the end of conflict and lifting of internal and external closures. Recognising that this may be far off, it recommends a strategy that is directed at filling the direct needs that have risen because of the crises, while attempting to do this in a way that secures Palestinian capacity to deliver services. Nevertheless, 45 per cent of the requirements stipulated in the plan relates to the provision of food, mainly through emergency handouts.

Table 4: Summary of Humanitarian Plan of Action requirements by sector as of 10 December 2002

Sector name	Original requirements (Million US\$)	Percent
Agriculture	5	2
Co-ordination and support services	2	1
Economic recovery and infrastructure	50	17
Education	18	6
Family shelter and non-food items	31	11
Food	130	45
Health	21	7
Security	14	5
Water and sanitation	20	7
GRAND TOTAL	291	100

Source: United Nations 2002

Budget support to the Palestinian Authority

Since the outbreak of the *intifada*, the Palestinian Authority has depended on budget support from donors in order to be able to keep operating. This means that the Palestinian Authority has been able to:

- Provide regular wage employment to some 120,000 persons, and pay the wages every month, although with some delays.
- Provide public services to the Palestinian population, in particular education and health services.
- Provide a basic safety net to special hardship cases through the Ministry of Social Affairs.

The 120,000 employees of the Palestinian Authority represent 18 per cent of Palestinian employment pre-*intifada* (third quarter 2000) and 27 per cent of Palestinian employment by the second quarter of 2002 (PCBS 2000; 2002c). The immediate effect of Palestinian Authority employment is to give wages to these 120,000 Palestinians, who in turn support their households. Assuming somewhat unrealistically that all these employees live in households whose only income is this salary, and using an average household size of 6.37 (PCBS 1998), this means that some 764,400 Palestinians have employment by the Palestinian Authority as the basis for their livelihoods.

Moreover, we have seen in the previous chapters the salary from working in the Palestinian Authority is often distributed to others in kinship networks that are without a regular income. This redistribution was found to be an important coping mechanism in all four localities. Households that had a least one close relative working in the Palestinian Authority were better off than those that did not. If we assume that each household which receives wages from the Palestinian Authority helps one other household, the money reaches around half the Palestinian population within the West Bank and Gaza Strip.

Therefore the budget support to the Palestinian Authority reaches both the job keepers working for the Palestinian Authority, as well as other groups such as hibernators or strugglers. It probably does not reach the pre-*intifada* poor as efficiently, since one of the characteristics of this category is its lack of networks.

Income provided through the Palestinian Authority injects money into the economy and thereby creates local demand. Shopkeepers told us that not only were Palestinian Authority employees among the privileged that they would continue to extend credit to, but also that it was noticeably easier to have a shop in Gaza City located close to the ministries – in that part of town, more people have money.

One should bear in mind that in addition to employment in the Palestinian Authority, public sector employment also includes those employed in local authorities such as municipalities and village councils. The financial situation for the local authorities is also difficult, as an increasing number of households and private enterprises have stopped paying municipal user charges. Moreover, fees from new registration of businesses are drying up. According to Gaza City Municipality, 1,145 new business were registered in 1999, but in 2002, there were only 317 new registrations by July, implying a fall in new registrations of around 50 per cent.

The situation of Gaza Municipality is similar to that of the local authorities in Jericho and Beit Furik. Revenues such as building and professional licenses, or the registration fee described above diminish due to the economic hardship. Revenues from user charges (electricity and/or water) have been withering away as households stop paying. Moreover revenues in the form of transfers from the Palestinian Authority have stopped because of the dire financial situation which obtains. To the extent that local authorities fulfil some of the same functions as the Palestinian Authority (safe employment, provision of services), this is problematic.

The provision of public services from the Palestinian Authority ensures that households have access to at least primary health services and basic education almost regardless of their economic situation. This does not mean that households have unimpeded access to these services, only that the access does not depend on the financial situation of the household. Both health services and education have been severely disrupted by ongoing closures of access by the IDF. Access to higher education and specialised health services do, to some extent, depend on the financial resources available to a household. For example, universities with a better reputation charge higher fees that may make it impossible for poorer households to send their children there.

MOSA offers income support to poor households, consisting of cash and food distribution, as well as provisions for medical treatment. Eligible families include those with no male breadwinner, or with a total income below a certain level. The target group is thus the same as UNRWA special hardship cases, except that UNRWA only covers refugees while, in principle, anyone can have assistance from the Ministry of Social Affairs. UNRWA cash assistance is adjusted according to family size and transfers from other sources. In both cases, the target group are those we have termed the *pre-intifada* poor – the unemployable poor who have no income from either labour or capital, and who depend on transfers for survival.

This income support is important to the target group. The households we interviewed who received this support were among the most impoverished. If MOSA is unable to make these payments, such households fall into deep poverty immediately, unless they can obtain transfers from family or NGOs.

While the provision of services such as health and education and the provision of assistance to the special hardship cases appeared to be well targeted (reaching the pre-*intifada* poor), the provision of safe employment is clearly not targeted. The employees of the Palestinian Authority count themselves lucky today, having a regular income and being able to support their own households, as well as being able to help relatives who are less fortunate. However, these persons find themselves in this situation more through luck than because they have been considered especially needy. There is a clear redistributive effect in this, as persons who before the *intifada* represented the Palestinian lower middle class are now direct recipients of the international assistance that goes to budget support to the Palestinian Authority. If the Palestinian Authority did not receive this support, it would have had to lower wages and reduce the number of employees.

The importance of the budget support cannot be overemphasised. If the Palestinian Authority were to stop paying wages, the situation in the West Bank and Gaza Strip would turn much worse almost immediately. This would affect not only the Palestinian Authority employees themselves, but also those who depend on their support, and those in the private sector who rely on their expenditure. A large part of aggregate demand for goods and services within the West Bank and Gaza Strip is generated by government employees. Furthermore, the pre-*intifada* poor would lose their main safety net, and non-refugees would lose access to public services.

Food distribution

As mentioned above, food distribution is a major element of the UN's proposed action plan and it is also an important in the current aid. During our fieldwork, we collected data on different food distribution programmes and their importance for recipients. Indeed, a many of our respondents were recipients of food aid in one form or another. For some of them the food aid represented a crucial safety net. For others, it was useful support, but not crucial or even important to the well-being of the household.

Types of food distribution

When discussing food aid, it is important to try to distinguish different approaches taken by different agencies. The following dimensions are useful for classifying food aid programmes:

- Emergency *intifada* distribution vs. continuation of pre-*intifada* programmes.

- Targeted distribution (to special hardship cases and community poverty lists) vs. blanket distribution to a broad selection of households.
- Food baskets (the most common form) vs. vouchers that can be used for buying food in certain pre-selected stores (for instance, the Red Cross Urban Voucher Programme in Jericho).
- Large-scale programmes (UNRWA and MOSA) vs. small-scale programmes (as measured by number of families reached).
- One-off handouts (for instance, the donation of 70,000 chickens from the Egyptian Chicken Farm Workers' Union) vs. sustained effort (for instance, the UNRWA Emergency Food Aid Programme which has been ongoing since the end of 2000).

These dimensions define programmes that reach different recipients differently. A programme that is targeting particularly vulnerable groups, and provides them with a reliable source of staple foods, is vital to those recipients who come to depend on them. Most of the programmes that we are aware of define such groups as households without a breadwinner, and their only source of income is the assistance they get either from public institutions, UNRWA, charities, or their family network.

We get support from UNRWA as a special hardship case, and the Ministry of Social Affairs. From UNRWA we receive food every three months and NIS400. From the Ministry we get NIS330 per month, but in the last nine months the money hasn't come regularly. Sometimes we get food aid from Islamic institutions, from Fatah and foreign NGOs. This year, we got four food packages from such institutions. With the food aid we get, we have enough flour, rice, beans, cooking oil and sugar for the year. – Disabled man, Gaza City

This household, discussed earlier as one of the pre-*intifada* households, is a poor family of 12 who survive on the assistance they get from diverse sources. The man has a heart disease and cannot work, and the children are not yet wage earners. The household therefore has no income. For this family, food assistance is literally the only reason why there is any food on the table. Its regular nature makes it a dependable source of food. With the food they receive, this household claims that expenses for other food items are as low as NIS100 per month. They buy tomatoes and potatoes, and some frozen meat, and this way, they can get by.

Another type of programme distributes more broadly. An example is the programme of the Palestinian General Federation of Trade Unions (PGFTU), which reaches out to all its unemployed members. In its latest round of food distribution, it reached 66,000 households in the Gaza Strip. Assuming an average household



Rantis and settlement Ofraim.

size of 7.3⁷, this distribution reached some 481,800 persons, or nearly half of the population in the Gaza Strip. By definition, this programme excludes the pre-*intifada* poor, as these households are not unemployed because of the *intifada*, but were unemployed for other reasons when the *intifada* began. The programme is also supposed to exclude the job-keepers and those who have found new work, but this is somewhat difficult to do. It is relatively easy to exclude employees of the Palestinian Authority, municipalities and UNRWA, but it is difficult to find out if a beneficiary has kept his or her job in a private company or not. It is very likely that at least some of the recipients of this assistance are indeed job-keepers.

Some households have received food handouts from more than one source, as is explained by a former worker in Israel who has received food packages from UNRWA, the Salah Association, the trade union, and the mosque:

My wife is a refugee, and we have received food handouts from UNRWA every third month – maybe ten times in total. The last time was about a month ago. She received two coupons then, and with these coupons she can go to the UNRWA distribution centre and collect food. The food that is sugar, lentils, flour and other things is worth around NIS100.

⁷ The figure of 7.3 is the average size of Gaza households with three or more members as found in the Census of 1997 (calculated from PCBS 1998:Table 23).

Once I received a food package from Salah Association, and twice I got food packages from the mosque. The packages from the mosque come in the form of coupons, like UNRWA. The mosque distributed to everybody in the neighbourhood, needy or not. – Former worker in Israel

This story is very common. Households which receive food assistance usually receive it from several different sources. This is not necessarily problematic, as long as the different organisations that distribute are aware of this overlap. We do not know whether this is always the case.

Household perspectives on food aid

Recipients are generally happy about receiving food packages, but they also question whether there are alternatives. Several of our respondents, even those who had received food packages, were critical about food distribution and said they would prefer either cash distribution or employment creation.

I think the best assistance I could get is money so I could pay my electricity bill and my credit in the shops. I don't care so much about finding food; I can organise my home and myself. We will manage, with the help from my family, but I don't like the claims from the shops and the electricity company. – Wife of unemployed man, Rantis

This woman agrees with the general argument of economists for cash handouts: they say let recipients have the choice, since it is the recipients who best know their situations, and the best alleviation strategy is cash.

The counter-argument relates to intra-household distribution: Cash assistance is believed to be more easily spent on other items, such as tobacco, whereas food assistance is more certain to reach the most vulnerable, namely women and children. However, our respondents had differing views on this, and there was no consensus about whether this was a possible problem with cash assistance.

A second criticism that people had against food distribution is that food aid is not long-term, and that it would be better to provide people with income-generating activities.

Food aid is ok, what can we say? But it is not enough for us to live. Such a box with food is enough for us to live for a month, because we have no children. For families with children it is very little. The best help would be if there was some project that could give us a stable income, for instance some cows or something like that. – Wife of blind man, Beit Furik

And even if such income-generating activities only lasted a short time (for example, short-term employment creation), this would still be preferable because it would be better for the workers' self-esteem.

A third argument against food distribution made by some respondents is that all this help took away the attention from what they felt was the real issue, namely the Israeli occupation.

A fourth argument raised by some of the shopkeepers interviewed was that food distribution takes away their market. A shopkeeper in Gaza City told us that the mosque had handed out food to almost every household in the neighbourhood, and that sales of certain commodities stopped for a period afterwards.

The Red Cross has attempted to counter this effect by distributing vouchers that can be used for purchases in selected shops. In Jericho, five such shops were selected, and 1,000 households received vouchers worth US\$90 every month. US\$25 are tied up in a fixed parcel of West Bank goods (primarily food), and the remaining US\$65 are for free purchase, so that beneficiaries can buy whatever they need with the vouchers. There are certain exceptions: the coupons cannot be used to purchase tobacco, telephone cards, baby formulas, electrical appliances or building supplies.

Our respondents were equivocal about the vouchers, however. Their main concern was that they thought some shops charged higher prices when someone came with a voucher than when payment was in cash.

The case for food aid

The question on the usefulness of food distribution depends on the type of distribution, and its intended impact. The arguments for distributing food to the most vulnerable households seems clear – without assistance these households would not have food on the table. This distribution is limited in scope and existed before the *intifada*. It is essentially a continuation of the assistance given to pre-*intifada* poor before the *intifada*.

It is less obvious why large segments of the Palestinian population need to receive such assistance. In our view, there is little evidence of widespread malnutrition. Many of the recipient households are still able to afford food, perhaps by reducing other consumption or employing another of the strategies described previously. The job-keepers and entrepreneurs do not need this assistance in order to afford food. If some of the households currently in the category of day-to-day strugglers are unable to afford food, they could probably be reached through employment creation projects instead.

Employment creation

The second large component of the proposed humanitarian action plan is emergency employment creation. Such programmes have been operational since the beginning of the *intifada*, and similar programmes were also in operation before the *intifada*. Like food aid programmes, they differ substantially. The programmes we observed in the four localities can be grouped according to the following characteristics:

- Duration of employment: Short-term (for instance UNRWA's 3-month contracts) vs. long-term (for instance the Co-operative Housing Foundation's 2-year contracts).
- Emphasis on creating the maximum number of workdays (for instance by cleaning streets) vs. emphasis on the usefulness of the output (laying sewage pipes in a refugee camp).
- Employing workers directly vs. indirect hire via sub-contractors.

These differences are partly the result of different policies from the different donors, partly an attempt at achieving different aims with different projects, and partly a reflection of what can be realistically achieved. In at least one instance, a project became notably less geared towards the usefulness of output because the necessary materials were lacking due to closure, and the organisers had to devise an alternative.

As is described below, different employment projects may target different types of households. However, it should be noted that the pre-*intifada* poor are not being reached through this type of assistance, since they are, by definition, not in the labour market. As these households represent the most destitute in Palestinian society, it is necessary to ensure that appropriate types of assistance are targeted to reach them.

In Rantis, the United Nations Development Programme (UNDP) operated an employment creation project to construct a new community centre. This project could be described as giving medium-term employment at good salaries, using sub-contractors, and focussing on the usefulness of the output rather than the labour content:

The village council advertised in the mosque and in the shop that they needed bids for building a new community centre. The building should have three floors, and they wanted to know the price for each square meter. My offer was NIS110 per square metre. There were no conditions about how many workers to employ, or what kind of salary they should have.



Employment creation in Rantis: Construction of a new health clinic.

I will need four workers daily for the job. There is no fixed date for finishing the building, but I think I need five to six months to finish it. These four workers will work for me daily during this period, and in addition I will hire some extra workers occasionally. – Contractor for new community centre, Rantis

While the village council told us that this was an employment creation project, the contractor was aware of no constraints on salaries or labour content. The salaries of the workers employed was in the range NIS70–140 per day, which is a relatively generous wage compared with other employment opportunities in the West Bank and Gaza Strip. It should be noted that a total of nine bids were made and that the lowest bid won, indicating that the daily wage level for construction workers in Rantis is actually in the NIS70–140 range.

The project in Rantis has no mechanism that targets it to particularly vulnerable households or workers. Given the relatively high wages, it probably reaches out to construction workers who are either job-keepers or at least able to find intermittent income from time to time. It is possible that some of these workers are in the category of strugglers, but if so, this is more by chance than design.

NORAD operated an employment-creation programme in Jericho. One of the sub-projects consisted in cleaning up roadsides in and around Jericho City. The project employed 103 people for 78 working days each, on daily wages of NIS33.

The focus of this project was clearly to create the maximum number of workdays, giving workers short-term employment on low salaries, hiring directly through the local branch of the trade union:

Several of the planned projects ran into problems of material supply during periods of closure. US\$50,000 was thus reallocated to a project for cleaning up the roadsides for garbage and vegetation, which also should facilitate the use of roadsides for pedestrians, where there are no pavements. Wages were to be set as an “average of current wages” and intended to enable people to “get by” in the 3-month project period. – Official at Jericho Municipality

The employment creation projects are much more important for the recipients than the food distribution is, as the sum received by each worker is high compared with the value of a food package. The total wage paid for employment on the NORAD project in Jericho for 78 days at NIS33 per day was NIS2,600. At the UNDP project in Rantis, the lowest earner made NIS70 per day. If we assume four months and 20 days per month this gives a total of NIS5,600 in total wages per person. Thus the income that can be achieved compares very favourably with the value of an UNRWA food basket in the range NIS100–110 for a three-month period, although a cash handout of NIS300–400 may complement the package. However, the employment creation jobs are only available for a limited period, whereas the UNRWA food distribution has been going for two years.

Because of the low wage and short contract, the project in Jericho is likely to have reached the day-to-day strugglers, as other groups – job-keepers, hibernators and entrepreneurs – would not be willing to work on these terms. When the wages are low enough, employment creation projects are self-targeting. In Beit Furik, as well as in Gaza and Jericho, we found cases of people refusing to work on employment creation projects because wages were deemed too low. This mechanism ensures that the households most in need are the beneficiaries of the aid because those with better options will not apply. However, in both Jericho and Gaza, the demand for work at employment creation projects appeared to have been much larger than the number of posts available:

Selecting the workers was the most difficult part – those not selected were very angry and in the beginning of the project they had to request the presence of a police officer outside the office to calm down angry applicants. – Official at Jericho Municipality

An indication that the projects are not entirely self-targeting can be seen by the fact that organisers of employment creation projects often use a range of criteria for selecting the most needy, since there are not enough jobs for everybody. Such procedures are more formalised and complex in the large cities, where lists of appli-

cants are being generated and applicants are ranked based on predefined criteria. In the villages, the village council makes lists, and selection criteria appear to be more informal and less transparent. In the case of indirect hire (that is, hiring by sub-contractors), criteria for the selection of participants may or may not apply.

Once employed at an employment creation project, wages should also be sufficiently low so that workers will leave when better job opportunities open up. We found examples of this in Gaza, where workers left as soon as they got permits to go to Israel. We also found a case of the opposite – a worker refusing a regular job in order to hold on to an employment creation project job, because the latter was seen to be more stable.

The employment creation projects obviously have a multiplier effect in the economy, as any injection of money would have. However, some of the employment creation projects are designed specifically to achieve a higher multiplier effect. In Gaza, UNRWA have begun using locally manufactured tiles for paving roads, thereby creating employment not only through the hiring of workers for paving roads, but also at the tile manufacturer.

Nowadays, we implement our projects with the maximum amount of labour input. Instead of paving roads with asphalt, we use tiles that are locally produced.
– Official at the UNRWA Gaza Field Office

The impact of the employment creation projects are therefore *first*, the employment of a certain number of workers for a limited period, *second*, the induced demand for supplies from suppliers, which may be increased through sourcing locally, and *third*, the output produced by the project, such as a community centre or clean roadsides. To some extent, maximising the last impact will decrease the two others – employing people to sweep streets has a high labour content, but the usefulness of the street-sweeping itself may be debatable.

Cash assistance

Direct financial assistance to household is a less common form of emergency aid, although it does exist, notably as part of the Palestinian General Federation of Trade Unions' programme for unemployed workers under the *intifada*:

Our intifada assistance was in the form of cash assistance up to the new Palestinian Minister of Labour was appointed – he cancelled the cash assistance, and moved all the funds into emergency job creation. The payments were of NIS400–600, and in the Gaza Strip, a total of 195,805 such payments have been made,

reaching a total of 112,000 families. Some families received the cash assistance twice; others three times, and some (very few) received it four times. – Official of the PGFTU

The PGFTU has been giving cash assistance to unemployed persons since December 2000, but the programme was recently stopped, and all funds were moved into employment creation. The assistance was given on a monthly basis, but instead of distributing to all registered unemployed every month, there were rolling payouts of NIS400–600, so that each household have received this assistance on average two times since December 2000. Assuming a payout of NIS600 and two payouts over 24 months, this makes for an average monthly cash assistance of NIS50.

As noted during the discussion of the PGFTU food distribution programme, targeting the unemployed specifically excludes the pre-*intifada* poor, as they are unemployed and unemployable. It is not clear that all recipients are unemployed as there is no registration of those working in the private sector, particularly the self-employed. This means that some job-keepers, entrepreneurs and day-to-day strugglers with intermittent income have received this assistance.

However, the Ministry of Social Affairs and UNRWA also operates cash assistance programmes, and although some of these are aimed at *intifada* victims, the largest such programmes are aimed at the special hardship cases – that is, the pre-*intifada* poor. These cash handouts have been operating according to the same principles as before the *intifada*, in terms of which the special hardship cases receive food handouts and cash assistance from either UNRWA (for refugees) or the Ministry of Social Affairs (for non-refugees). In other words, this assistance is an ongoing programme, not an emergency programme.

But while UNRWA has kept paying out this assistance, the Ministry of Social Affairs has been forced to cancel or delay such payments because of the financial problems of the Palestinian Authority. According to the Ministry of Social Affairs, such payments were seven months behind schedule in January 2001, and were being paid only one month in three (World Bank 2002a).

From the Ministry of Social Affairs, we get NIS330 per month, but the last nine months (since March) the support has not come regularly. Sometimes we get this money only every two months. – Poor household Gaza City

Several households classified as special hardship cases told us that the money from the Ministry are still delayed, and sometimes not paid at all. It goes without saying that for those households that are classified as special hardship cases, losing this assistance represents a sharp drop from an already low level of income.

Theoretically, cash assistance presents several advantages compared with in-kind assistance: Firstly, recipients are expected to benefit more from cash assistance than

from in-kind assistance, because they themselves are better judges of their own needs, and can then buy the goods needed. Second, cash assistance introduces fewer distortions into the economy, and allows enterprises and workers to adjust to actual demand, rather than residual demand after food has been distributed.

On the other hand, there are also some disadvantages. The most common counter-argument is that donors are unwilling to distribute cash to any given population, preferring other methods such as budget support, development projects and, as a last resort, food distribution. A second line of reasoning is that cash distribution is more vulnerable to embezzlement of funds. While this may be the case, generally speaking, one should not forget that there are already programmes in place for distributing cash, and there have been few concerns about the embezzlement of these funds. A third argument against cash assistance is that the intra-household allocation of cash assistance could be different from the intra-household allocation of food assistance.

6 Conclusions

The escalation of conflict in the West Bank and Gaza Strip since the beginning of the current *intifada* has led to many deaths, children and adults being maimed for life, destruction of infrastructure and property, and severe setbacks for the Palestinian economy. It has created fear and desperation among the people of these territories.

Nevertheless, Palestinians in the West Bank and Gaza Strip cope with the situation amazingly well and manage to secure their livelihoods. Having considered the statistical evidence for malnutrition in the West Bank and Gaza Strip, having interviewed health centres and having attempted to identify children who are malnourished because of poverty and lack of food in the family, we have concluded that, despite the dramatic fall in income, the situation is not yet one of widespread malnutrition.

The question then is how do Palestinians manage to achieve this in the face of so much adversity?

Many have in fact retained their jobs. This is particularly the case for employees of the Palestinian Authority and various international organisations and NGOs, but is also true for many who work in the private sector. We have termed these the *job-keepers*.

In contrast to the job-keepers are those who did not have a job before the *intifada* – we have termed these the *pre-intifada poor*. These people were not the only poor before the *intifada* broke out. Many others worked, but earned little. However, the situation of the *pre-intifada* poor has not changed much in economic terms, except that some, particularly non-refugees, receive less than they did before because the Palestinian Authority has not always been able to pay out stipulated social security payments.

Another group lost work or opportunities for business, but managed successfully to find other ways of securing an income. We have termed those *entrepreneurs*. They make up a small minority.

We have also identified a group of *hibernators*, those that wait for better times while drawing on their savings or getting support from relatives. They go back to their original jobs if the opportunity arises. This particularly pertains to the workers who used to work in Israel before the closures were imposed.

The *day-to-day strugglers* do not have enough savings or networks to draw on to become hibernators – or they do not want to. They constantly try to find new ways of securing an income, but fail to achieve a stable livelihood adaptation. Nevertheless, they do manage to find some work, and earn some money.

Finally, there are indications that some leave the West Bank and Gaza Strip as a consequence of the situation. Informal estimates are quite high, but there is little hard evidence for the importance of this group we have referred to as *leavers*.

There are four basic mechanisms for the continued food security of the population of the West Bank and Gaza Strip. Firstly, the wages paid to the *job-keepers* have both a very important direct effect and also a very important trickle-down redistributive effect. To the extent that jobless are part of kin networks, they will receive at least some support from relatives that have kept their job. However, inter-household transfers do not reach the pre-*intifada* poor, who are to a great extent as destitute as they are precisely because they do not have such networks. The second mechanism is therefore the direct aid that is paid out to the pre-*intifada* poor, both in the form of food and cash. This has been important for that group also before the *intifada* started. Zakat, or private, voluntarily-given aid, also has some role to play for this group.

Thirdly, delays in payment or complete non-payment of utility bills have some importance, even though in normal years such bills do not make up a very large proportion of the expenses. Nevertheless, the importance of delays and non-payment is probably as large as, or larger, than that of handouts of food.

Fourthly, households do not have to face sudden large health expenditure, which ordinarily might easily throw a household into abject poverty, because of the health insurance introduced by the Palestinian Authority at the beginning of the *intifada*.

Two findings that are surprising is that neither selling of assets such as gold or furniture, nor transfers from family abroad appear to have much significance for the Palestinian households in our study. These findings echo the results we found in our previous studies.

Some features of international aid with respect to the groups identified are worth mentioning. The most important one is that several of the ways in which households retain the possibility of putting food on the table are indirectly through budget support to the Palestinian Authority. Inter-household transfers would not work without the *job-keepers*, because without them there would be nobody with any money to transfer. Private sector employment also strongly depends on continuing inter-household transfers which are indirectly dependent on Palestinian Authority employment.

For those that participate, the effect of job-creation projects is substantial. Job-creation projects are also partially self-targeting, because people who already have

a job in most cases do not apply for such low-paid work. Thus, there is little problem of leakage of aid to those that do not need it.

The impact of food distribution is probably slight compared to job-creation projects because food distribution reaches large parts of the population, including those where household members have retained their jobs and thus probably do not need food handouts. For many people, food handouts represent a small addition to their household incomes. Nevertheless, the food distribution reaches the *pre-intifada* poor, while job creation projects usually do not because the most destitute households do not have members who can be employed.

A common problem with distribution of food aid is that it distorts markets. For example, with massive influx of food aid, prices for similar commodities may drop, forcing producers out of the market or impacting negatively on retail businesses. These effects are not likely to be large in the West Bank and Gaza Strip. Food is generally imported and the economy is extremely open. This, and the small size of the territories, mean that price effects are probably slight. Moreover, the food aid is unlikely to force shops out of business, since food aid will allow people to use their money for other purchases than food, or other types of food.

The main benefits and drawbacks of various types of humanitarian aid are outlined in Table 5 (overleaf). In our view, budget support to the Palestinian Authority and other activities that ensure that a large number of employees still get their pay cheques is the most important form of aid that can be given, if combined with specific support for the most destitute who would not necessarily be reached by this form of aid. Examples of such support are the programmes of the Ministry of Social Affairs and UNRWA for special hardship cases. Job creation projects may also play an important role, especially if these are combined with projects that aim to build or repair infrastructure important to health, education or private businesses.

Of course, the most important form of aid Palestinians in the West Bank and Gaza Strip can receive at the moment is the cessation of conflict and lifting of closures.

Table 5: Benefits and drawbacks of various types of humanitarian aid

Type	Channel	Benefits	Drawbacks
Budget support to the Palestinian Authority	Wages to employees	Very wide reach through household transfers Indirectly supports private sector by keeping up demand	Does not generally reach the poorest
	Health and education expenditure	Assures that all can afford health and education	
	Cash support to special cases	Well targeted	Administration overhead
Aid in kind	UNRWA Emergency Food Aid	Very wide reach Reaches the poorest refugees	Only targeted towards refugees Also reaches comparatively well to do. Relatively small amounts
	UNRWA and MOSA food distribution to special hardship cases.	Reaches the poorest refugees	
	PGFTU Food distribution to unemployed	Reaches those that have lost jobs	Does not reach households with no jobs or with very poorly-paid jobs Relatively small amounts compared to income
	Red Cross Vouchers redeemable at local shops	Gives households ability to decide what they need the most. In principle does not distort local markets	Administration overhead Few shops participate
Cash handouts	UNRWA and MOSA cash assistance to special hardship cases.	Reaches hardship cases and the poorest Allows household to decide what they need most	Administrative overhead (but well established procedures) UNRWA only reaches refugees Intermittent payment from MOSA
	Cash assistance by the PGFTU (Note: These handouts have now been discontinued.)	Very wide reach Reaches the poorest Allows household to decide what they need most Supports private sector by keeping up demand	Also reaches comparatively well to do. Administrative overhead
Job creation	Direct hire by existing organisations, such as UNRWA or the Municipalities	Reaches the poorest part of those who have lost their jobs May support local businesses Partly self-targeting	May in some cases crowd out other employment opportunities Not necessarily very productive activities Administrative overhead
	Indirect hire by contractors	Reaches the unemployed Supports local businesses Partly self-targeting Less administrative overhead	May crowd out other employment opportunities May be less well targeted May have less transparent hiring procedures

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Coping with Conflict

Palestinian Communities

Two Years Into the Intifada

The escalation of the Palestinian-Israeli conflict after 28 September 2000 has led to many deaths, and the destruction of infrastructure and property. As part of their response to the second intifada, the Israeli authorities imposed severe movement restrictions in the West Bank and Gaza Strip. This closure has resulted in severe setbacks for the Palestinian economy, including the loss of employment and increased poverty. Now, at the end of 2002, there are few signs of a reduction in conflict, violence and economic decline.

This report describes how Palestinian households in the West Bank and Gaza Strip have adapted to conflict and closure. Based on Fafo field studies carried out in November and December 2002, the report examines the effects of aid and describes how households finance their consumption.



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