



OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

**SOCIO-ECONOMIC REPORT – JUNE 2010**

Since 1996 UNSCO has continually monitored and reported on socio-economic conditions in the occupied Palestinian territory and in the process established an extensive socio-economic database. UNSCO does not create raw data but rather uses available data which, in the occupied Palestinian territory (oPt) is relatively abundant. However, the data that is available tends to remain dispersed and is not always automatically shared between institutions. The objective of the database is to bring together in one place a wide variety of data on socio-economic conditions and by doing so present a broader, more detailed perspective on socio-economic conditions. The purpose of this report is to: 1) broaden the access to this database through publication of the most recent data gathered; and 2) provide readers with up to date information on socio-economic conditions in the occupied Palestinian territory.

The report is divided into four sections:

Section 1 consists of a one-page fact sheet which provides a snapshot view of the socio-economic situation for the current and previous reporting period and it provides, for reference purposes, base line figures for the period just prior to the outbreak of the second *Intifada*.

Sections 2 and 3 report on the macro-economic situation and the economic activity throughout the oPt, including private sector and banking activity. Section 4 focuses on access of goods in and out of the Gaza strip. All sections provide data on the last six reporting periods for each indicator as well as base line data, which is pre *Al-Aqsa intifada*. In addition, summary analysis on observed trends is presented below each table.

In addition, this month's report includes an analysis of the unemployment situation in Gaza, based on a desk review of recent research and field interviews with relevant stakeholders in Gaza

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## I. SOCIO-ECONOMIC FACT SHEET – JUNE 2010

A. GENERAL	Baseline 2004	Previous period	Previous period	Current period	B. FISCAL SITUATION	Baseline 1999	Previous period	Current period
<b>Indicator</b>	<b>2004<sup>1</sup></b>	<b>Q3-2004</b>	<b>Q4-2009</b>	<b>Q1-2010</b>	<b>Indicator (US\$ millions)</b>	<b>1999-Q4<sup>3</sup></b>	<b>Q1-2010</b>	<b>Q2-2010<sup>4</sup> (budget)</b>
1. GDP (\$US)	4,198.4	1,120.9	1,327.4	1,365.4 <sup>2</sup>	1. Revenue	235	448.2	440.4
2. GDP per capita (\$US)	1,317.0	350.4	354.6	362.1	2. Expenditure	235	261.1	294.1
					3. Net lending	0	73.9	67.7
					4. Balance	0	-310.3	-367.8
					5. External Budget support (including TIM)	0	207.6	317.5
Source: PCBS					Source: World Bank Ministry of Finance			
C. MACRO-ECONOMIC	Baseline	Previous period	Current period	D. PRIVATE SECTOR	Baseline	Previous period	Current period	
<b>Indicator<sup>5</sup></b>	<b>2004</b>	<b>May-2010</b>	<b>June 2010</b>	<b>Indicator</b>				
1. Consumer Price Index <sup>6</sup>				1. New Company Registrations	<b>Aug-2000<sup>8</sup></b>	<b>May-2010</b>	<b>June 2010</b>	
Total	100	127.60	127.90	Total	231	141	148	
West Bank	100	124.94	125.18	West Bank	137	111	117	
Gaza Strip	100	130.71	130.88	Gaza Strip	94	30	31	
2. Truck movement <sup>7</sup>	<b>Aug-2000</b>	<b>May-2010</b>	<b>June 2010</b>	2. Area Licensed for new Construction (x 1000 m <sup>2</sup> )	<b>Q2-2000</b>	<b>Q4-2009</b>	<b>Q1-2010</b>	
<u>Imports</u>				Total	739.7	593.5	531.5	
Karni - conveyor belt/chute	4,373	736	764	West Bank	665.3	593.5	531.5	
Sufa	4,384	0	0	Gaza Strip	74.4	0	0	
Rafah	953	0	0	3. Banking (US\$ thousands)	<b>Q2-2000</b>	<b>Q4-2009</b>	<b>Q1-2010</b>	
Kerem Shalom	0	1,914.5	2,199	Loans	1,234	2,232	2,587	
Kerem Shalom (fuel)	0	144	193	Deposits	3,328	6,655	6,935	
Nahal Oz	904	0	0	Loans/Deposits Ratio	37.1 %	33.54%	37.30%	
<u>Exports</u>								
Karni	2,460	0	0					
Kerem Shalom	0	0	0					
Source: PCBS (1), Ministry of National Economy, General Petroleum Corporation .					Source: Ministry of National Economy (1), Engineering Offices and Consulting Firms (2), Palestine Monetary Authority (3)			
E. LABOR FLOWS	Baseline	Previous period	Current period	F. CLOSURE	Baseline (Open)	Complete Closure	Partial Closure	
<b>Indicator</b>	<b>Q2-2000</b>	<b>Q4-2009</b>	<b>Q1-2010</b>	<b>Indicator</b>	<b>Aug-2000</b>	<b>June-2010</b>	<b>June-2010</b>	
1. Labor Force size				1 <b>Indicator</b>				
Total	706,174	963,500	953,900	1. Effective closure days <sup>10</sup>				
West Bank	483,796	656,900	649,000	Karni (Conveyer Belt)	100 %	67%	33%	
Gaza Strip	222,378	306,600	304,900	Kerem Shalom	0 %	13%	0%	
2. Unemployment	8.8 %	24.8%	22.0%	Nahal Oz (fuel)	100 %	100%	0%	
3. Adjusted Unemployment <sup>9</sup>	18.5 %	30.2%	28.0%	Sufa (aggregates)	100 %	100%	0%	
				Rafah (commercial)	100 %	100%	0%	
				Rafah (passenger)	100 %	0%	0%	
Source: PCBS				Source: UNSCO				

<sup>1</sup> The base year for GDP is 2004

<sup>2</sup> These numbers may be adjusted

<sup>3</sup> No available baseline data on the year 2000.

<sup>4</sup> These numbers may be adjusted

<sup>5</sup> For a more detailed report on sections C (Macro-economy) and D (Private sector), see data below.

<sup>6</sup> CPI Base year for 2004 = 100

<sup>7</sup> MoNE data does not include aggregates or aid flows in Aug 2000.

<sup>8</sup> On indicators measured on monthly basis, August, 2000 was used as a baseline since Intifada broke up.

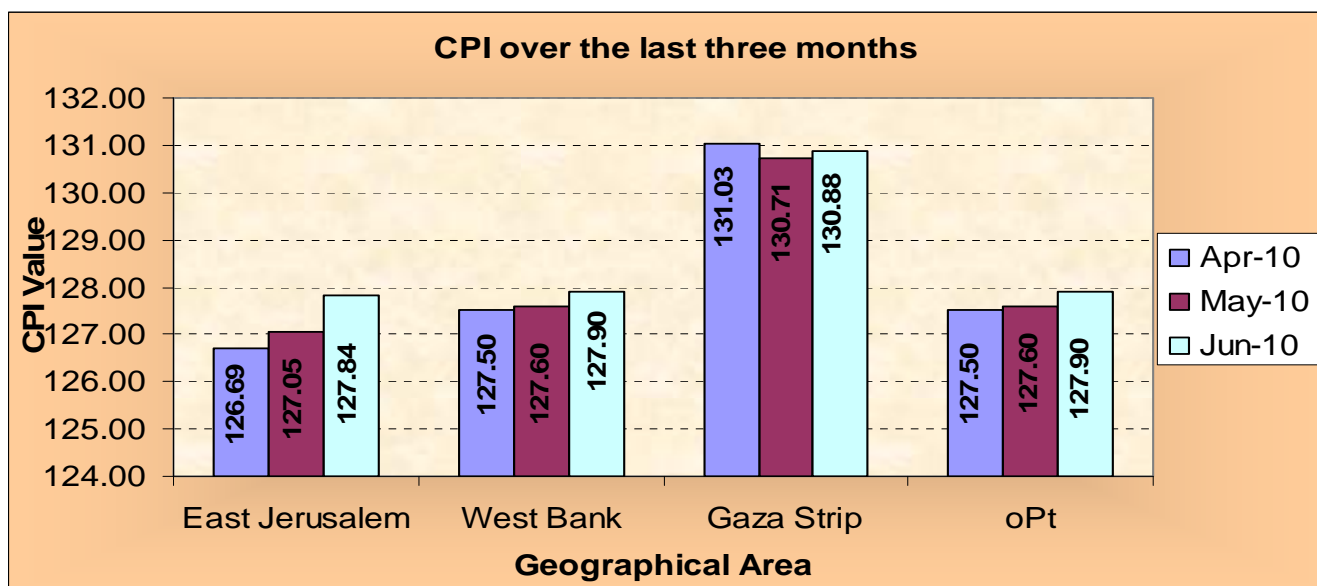
<sup>9</sup> Adjusted unemployment is calculated by adding discouraged workers (i.e. unemployed but no longer seeking work) to the ILO standard.

<sup>10</sup> Effective closure days are calculated by adding all days when a crossing was fully or partially closed excluding weekend and holiday. Partial closure means that crossing was partially closed for more than one hour but not for a full day where it is considered full closure. Karni - conveyor belt/chute -The conveyor belt/chute for cereals and animal feed at Karni is the only operational one. Rafah Crossing for passengers is partially opened for humanitarian purposes.

## II. MACRO-ECONOMIC INDICATORS – JUNE 2010

Indicator	Baseline Aug-04	Jan -2010	Feb - 2010	Mar -2010	Apr -2010	May -2010	June -2010
<b>Palestinian consumer price index (by region and expenditure group)</b>							
<b>Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem )</b>							
Food and soft drinks		143.57	142.17	142.26	141.93	141.64	142.35
Alcoholic Beverages and tobacco		145.14	145.38	145.40	145.38	145.29	145.38
Textiles, clothing and footwear		107.86	108.26	106.96	107.76	108.60	109.33
Housing		126.89	127.38	127.59	127.52	127.27	127.71
Furniture, household goods		115.48	115.63	115.18	115.41	115.72	115.30
Medical care		114.84	114.96	114.51	113.85	114.87	115.34
Transportation		119.16	119.49	120.27	121.01	121.37	120.51
Communications		107.03	106.97	106.89	107.01	107.07	106.97
Recreational, cultural goods & services		102.72	103.00	102.62	102.75	103.06	102.82
Education		110.32	110.32	110.34	110.34	110.34	110.34
Restaurants and cafes		135.04	136.09	135.59	136.19	136.58	136.97
Miscellaneous goods and services		117.48	117.42	117.48	118.51	119.37	119.95
All items of consumer price index		<b>127.83</b>	<b>127.48</b>	<b>127.44</b>	<b>127.50</b>	<b>127.60</b>	<b>127.90</b>
<b>Major Groups of Expenditure (Jerusalem)</b>							
Food and soft drinks		144.65	142.19	143.89	143.17	143.38	145.05
Alcoholic Beverages and tobacco		134.06	133.94	133.79	133.78	133.45	133.79
Textiles, clothing and footwear		112.88	113.88	111.57	112.77	113.81	115.71
Housing		120.57	120.52	120.71	120.70	120.87	121.38
Furniture, household goods		107.87	107.73	107.20	107.92	108.50	108.05
Medical care		125.97	126.29	125.02	124.09	125.99	126.02
Transportation		123.84	125.38	126.31	127.76	127.87	128.20
Communications		103.62	103.62	103.62	103.62	103.62	103.57
Recreational, cultural goods & services		107.71	107.72	106.92	107.17	107.63	107.10
Education		112.05	112.05	112.05	112.05	112.05	112.05
Restaurants and cafes		146.72	147.97	146.80	147.97	148.72	149.23
Miscellaneous goods and services		110.72	110.93	110.91	111.80	112.55	113.22
All items of consumer price index		<b>126.69</b>	<b>126.17</b>	<b>126.56</b>	<b>126.69</b>	<b>127.05</b>	<b>127.84</b>
<b>Major Groups of Expenditure (Rest of the West Bank)</b>							
Food and soft drinks		141.02	140.01	139.51	139.15	138.03	138.60
Alcoholic Beverages and tobacco		143.66	144.68	145.31	145.22	145.29	145.22
Textiles, clothing and footwear		95.17	95.43	94.55	96.22	97.50	98.01
Housing		134.50	135.1	135.49	135.36	134.83	135.16
Furniture, household goods		100.73	100.05	99.65	99.71	99.99	100.07
Medical care		110.28	109.94	110.35	110.01	110.61	111.92
Transportation		117.62	117.45	118.23	118.71	119.31	117.59
Communications		108.05	107.83	107.47	107.93	108.18	107.83
Recreational, cultural goods & services		92.62	92.73	92.73	92.84	92.96	92.75
Education		106.46	106.46	106.52	106.52	106.52	106.52
Restaurants and cafes		128.59	129.42	128.86	129.40	129.35	129.39
Miscellaneous goods and services		122.60	122.46	122.63	122.99	124.75	126.31
All items of consumer price index		<b>125.56</b>	<b>125.24</b>	<b>125.11</b>	<b>125.14</b>	<b>124.94</b>	<b>125.18</b>
<b>Major Groups of Expenditure (Gaza Strip)</b>							
Food and soft drinks		148.78	145.81	143.98	144.86	144.10	144.69
Alcoholic Beverages and tobacco		156.63	156.63	156.63	156.63	156.58	156.58
Textiles, clothing and footwear		115.03	114.66	114.39	113.93	113.95	113.88
Housing		121.71	123.28	123.26	123.13	122.29	122.86
Furniture, household goods		144.71	145.32	145.34	144.83	144.70	144.25
Medical care		98.28	98.57	98.57	98.57	98.57	98.57
Transportation		125.78	125.69	126.17	126.45	126.84	125.80
Communications		105.58	105.58	105.48	105.48	105.48	105.48
Recreational, cultural goods & services		100.21	100.55	100.75	100.68	101.08	101.24
Education		107.59	107.59	107.59	107.59	107.59	107.59
Restaurants and cafes		150.13	151.35	151.46	152.37	152.47	152.04
Miscellaneous goods and services		120.01	119.72	120.10	121.50	121.49	121.63
All items of consumer price index		<b>132.27</b>	<b>131.30</b>	<b>130.64</b>	<b>131.03</b>	<b>130.71</b>	<b>130.88</b>
Source: PCBS							

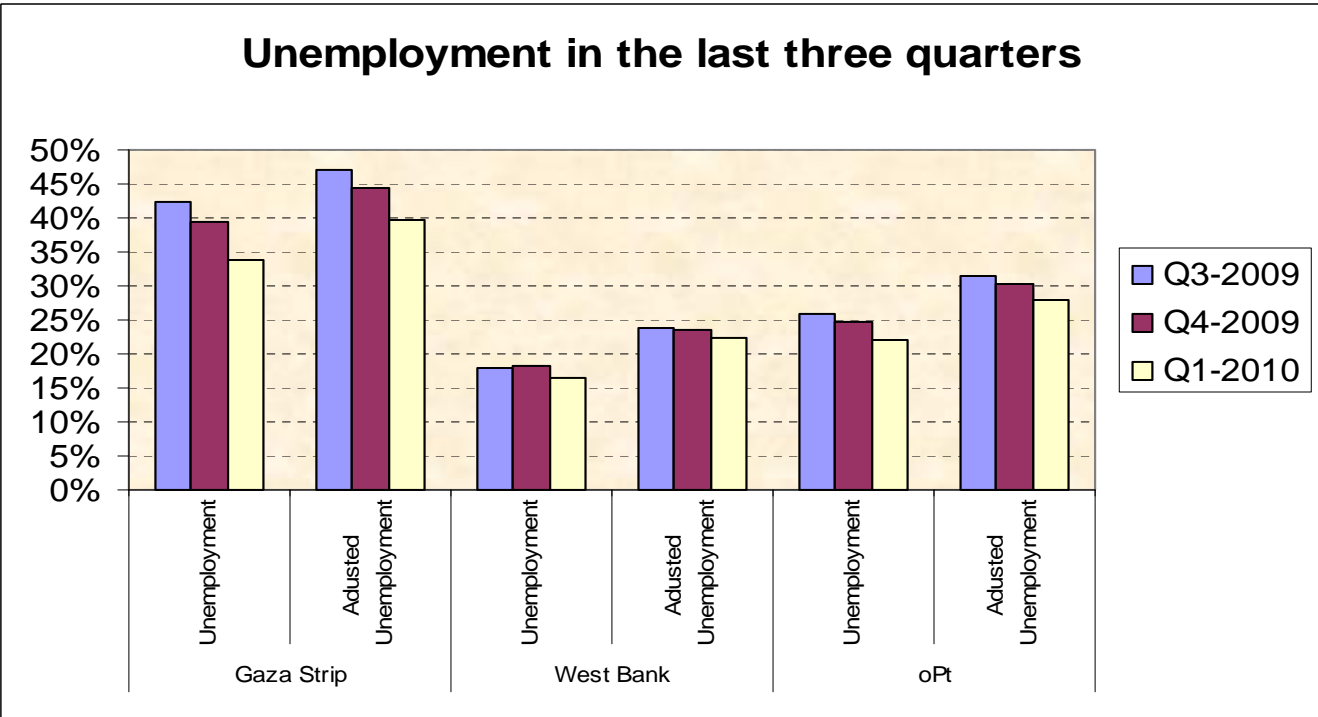
The Palestinian CPI reached 127.90 in June 2010, an increase of 0.24% compared to May 2010. Increases were recorded in the Food and Soft Drinks sector (0.50%), in Miscellaneous Goods and Services (0.49 %) Textiles, Clothing and Footwear (0.67 %) and Medical care (0.41% each) while the Transportation sector experienced a 0.71% price decline.



Indicator	Baseline Q2-00	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-2010
<b>Labor Force</b>							
<b>Unemployment and Adjusted Unemployment<sup>11</sup> in occupied Palestinian territory</b>							
Labor Force -Total	706,174	896,100	934000	949,800	955,400	963,500	953,900
Labor Force - West Bank	483,796	604,000	620400	649,600	644,800	656,900	649,000
Labor Force - Gaza Strip	222,378	292,100	313600	300,200	310,600	306,600	304,900
<b>occupied Palestinian territory</b>							
Unemployment	8.8%	27.9%	25.4%	22.2%	25.8%	24.8%	22.0%
Adjusted Unemployment	18.5%	33.4%	30.6%	28.0%	31.4%	30.2%	28.0%
<b>West Bank</b>							
Unemployment	6.5%	19.8%	19.5%	15.9%	17.8%	18.1%	16.5%
Adjusted Unemployment	15.8%	26.0%	25.1%	21.2%	23.7%	23.5%	22.4%
<b>Gaza Strip</b>							
Unemployment	13.8%	44.8%	37.0%	36.0%	42.3%	39.3%	33.9%
Adjusted Unemployment	24.2%	48.8%	41.5%	42.1%	47.1%	44.3%	39.7%
Source: PCBS							

The overall unemployment rate decreased from 24.8% in the 4<sup>th</sup> quarter 2009 to 22.0% in the 1<sup>st</sup> quarter 2010 (compared with 25.4% in the 1<sup>st</sup> quarter 2009). The Gaza Strip experienced a decline from 39.3% in the 4<sup>th</sup> quarter 2009 to 33.9% in the 1<sup>st</sup> quarter 2010 while the rate in the West Bank declined from 18.1% to 16.5%. The Tulkarm governorate registered the highest unemployment rate among the West Bank governorates (24.9%) followed by Hebron governorate at (21.2) while Jericho and Aghwar governorate registered the lowest unemployment rate (7.0%). For the Gaza Strip, Khan Younis governorate registered the highest unemployment rate (41.0%) followed by Deir Al Balah governorate (35.8%), and the Gaza city governorate (32.9%).

<sup>11</sup> Adjusted unemployment is the total number of unemployed in addition to those who are unemployed and don't seek any employment.



Indicator	Baseline Aug-00	Jan - 2010	Feb - 2010	Mar -2010	Apr -2010	May -2010	June -2010
<b>Exchange Rate</b>							
Exchange Rate	4.05	3.72	3.74	3.75	3.73	3.78	3.86
Source: PCBS							

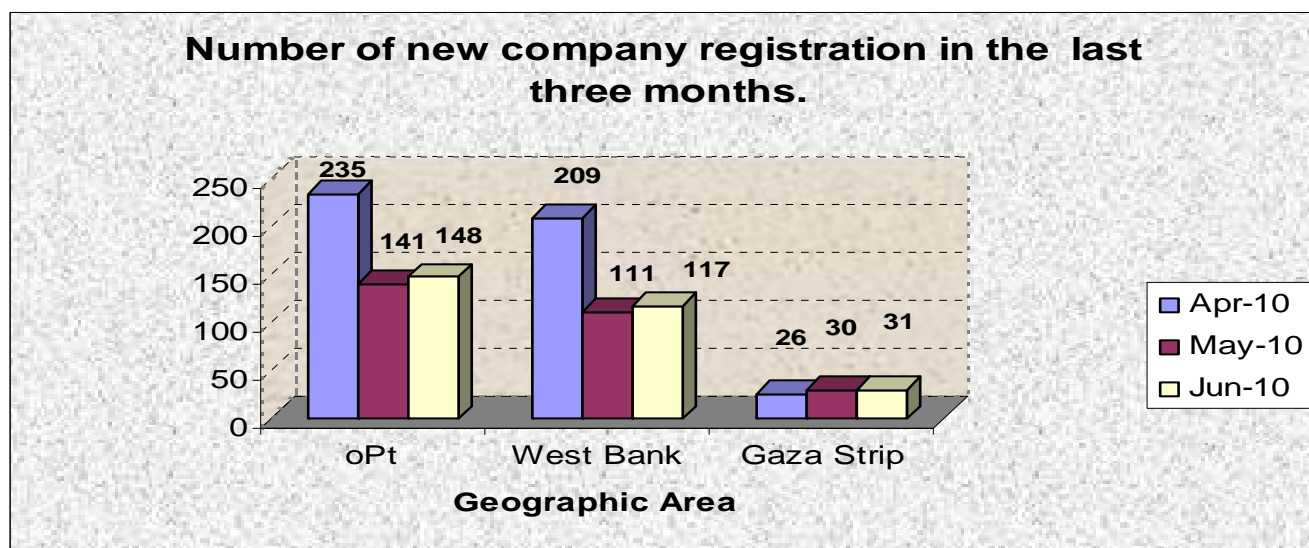
The exchange rate between the US dollar and the NIS increased by approximately 2.12% in June 2010 compared to May 2010.

### III. ECONOMIC ACTIVITY – JUNE 2010

Indicator	Baseline Aug.2000	Jan - 2010	Feb - 2010	Mar -2010	Apr -2010	May -2010	June -2010
<b>Number of new company registrations (by region and legal status)</b>							
<b>Gaza Strip</b>							
Private	81	10	8	11	6	5	11
Private Limited	12	19	13	26	20	25	20
Public Limited	0	0	0	0	0	0	0
Foreign	1	0	0	0	0	0	0
<b>Total</b>	<b>94</b>	<b>29</b>	<b>21</b>	<b>37</b>	<b>26</b>	<b>30</b>	<b>31</b>
<b>West Bank</b>							
Private	42	73	55	30	69	34	53
Private Limited	95	76	76	8	135	74	61
Public Limited	0	0	1	1	1	0	0
Foreign	0	1	1	1	4	3	1
Non- Profit	0	0	0	0	0	0	2
<b>Total</b>	<b>137</b>	<b>150</b>	<b>133</b>	<b>40</b>	<b>209</b>	<b>111</b>	<b>117</b>

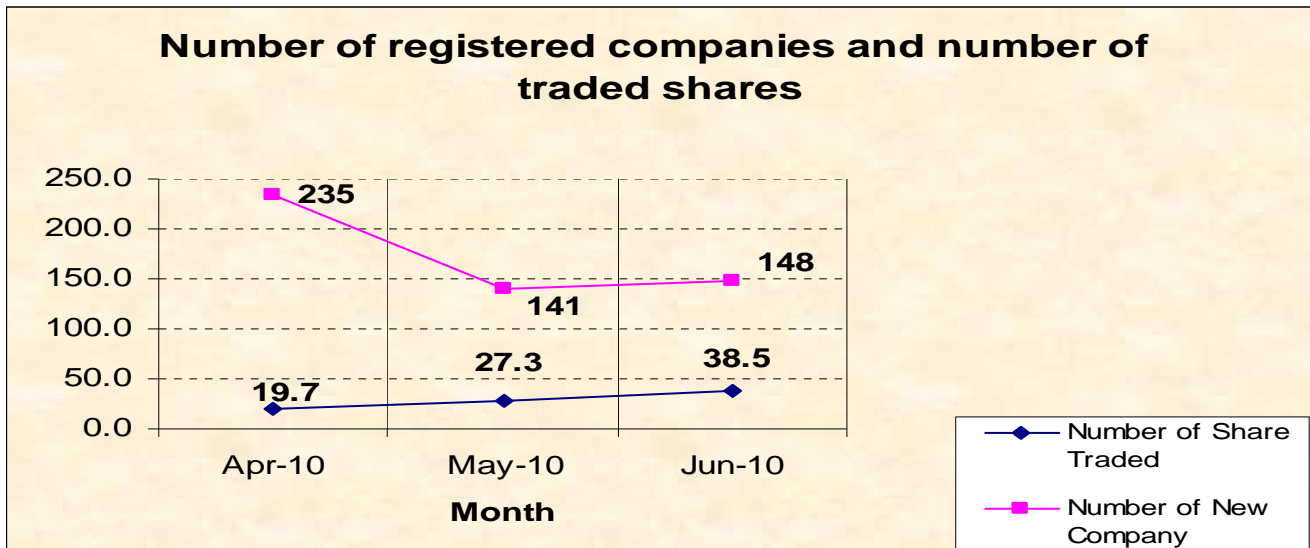
Source: Ministry of Economy

The number of new company registrations is used as a proxy indicator for the vitality of the local economy as well as the ability of the local economy to create new employment. New company registrations in the West Bank increased by 5.41% compared to May 2010. When compared to pre-Intifada levels, new company registrations have experienced a decline of approximately 14.6 %. In for Gaza data from the Ministry of Economy in Gaza indicates 31 new registered companies for June 2010. On such basis, the number of newly registered companies in Gaza shows an increase of approximately 3.33% compared to May 2010.



Indicator	Baseline Aug-00	Jan - 2010	Feb - 2010	Mar - 2010	Apr - 2010	May -2010	June - 2010
<b>Palestinian Securities Exchange</b>							
<b>Volume of trade</b>							
Number of shares traded (x million)	7.02	10.1	33.3	18.6	19.7	27.3	38.5
Value of shares traded (x million US\$)	13.06	21.0	70.3	43.7	30.6	41.0	76.8
Al-Quds index	265.23	502.43	525.18	503.17	501.72	491.52	515.84
Source: Palestinian Securities Exchange (PSE)							

Similar to bank credit and deposits, data on the Palestinian stock exchange is used as a proxy indicator of Palestinian perceptions vis-à-vis the state of the national economy. Data for June 2010 shows an increase in terms of number of stocks traded of approximately 41.04 % and an increase in terms of value of shares traded of approximately 87.20 %. The Al-Quds index increased by 4.95 %.



Indicator	Baseline Aug-00	Jan - 2010	Feb - 2010	Mar - 2010	Apr - 2010	May -2010	June -2010
<b>Area licensed for new construction (Gaza Strip, square meters)</b>							
Northern District	27,902	15,330	10,130	18,400	15,440	22,800	25,650
Gaza	50,116	2,550	7,520	7,560	9,260	18,300	21,440
Al Wastah	15,984	1,230	1,290	2,450	3,170	5,450	7,520
Khan Younis	51,146	8,770	9,850	9,540	14,830	17,300	18,870
Rafah	39,429	4,470	3,620	5,540	7,240	8,550	9,630
<b>Gaza Strip Total</b>	<b>184,577</b>	<b>32,350</b>	<b>32,410</b>	<b>43,490</b>	<b>49,940</b>	<b>72,400</b>	<b>83,110</b>
Source: Engineering Offices and Consulting Firms							

Indicator	Baseline Aug-00	Jan - 2010	Feb - 2010	Mar - 2010	Apr - 2010	May -2010	June -2010
<b>Area licensed for new construction (West Bank, square meters)</b>							
Ramallah & Al- Bireh & Jerusalem		48,482	77,299	73,738	96,907	67,548	120,793
Nablus		31,722	21,131	53,877	57,315	45,523	57,548
Tulkarm		22,842	23,718	30,368	24,146	32,789	33,894
Hebron		16,131	40,470	71,110	30,366	49,481	28,274
Bethlehem		2,505	13,322	14,194	15,692	28,521	32,379
Jenin		12,818	12,335	20,084	20,988	26,581	21,093
Qalqilya		3,166	5,792	760	1,047	454	4,721
Salfit		0	0	0	0	0	0
<b>Total</b>	<b>345,685</b>	<b>137,666</b>	<b>194,067</b>	<b>264,131</b>	<b>246,461</b>	<b>250,897</b>	<b>298,702</b>
Source: Engineering Offices and Consulting Firms							

Similar to new company registrations, the area licensed for new construction is also used as a proxy indicator for economic vitality. June 2010 data shows an increase in the area licensed for new construction of approximately 19.05% compared to the previous month in the West Bank. When compared to pre *intifada* levels, area licensed for new construction has now experienced a decline of 13.59 %.



Indicator	Q1-09	Q2-09	Q3-09	Q4-09	Q1-2010
<b>Bank Credit</b>					
<b>Bank Credit by economic activity (x million US\$)</b>					
Agriculture	40	41	37	39	47
Manufacturing & Mining	165	174	179	185	194
Real estate and Lands	190	219	238	266	292
General Trade	312	351	360	341	379
Transportation	18	16	23	25	24
Tourism, Hotels & Restaurants	29	31	35	39	44
Public Services	240	252	323	328	347
Financial Services & Facilitations granted to financial institutions	45	46	69	73	70
Financing granted to the investment of the shares	67	66	56	56	54
Finance the purchase of cars	43	48	56	57	68
Total Public Sector	582	749	722	637	870
Financing for consuming purposes	66	60	65	77	88
Others in the private sector	45	47	97	111	111
<b>GRAND TOTAL</b>	<b>1,842</b>	<b>2,100</b>	<b>2,261</b>	<b>2,234</b>	<b>2,587</b>
Total Excluding theirs in the Public Services and Total Public Sector	1,020	1,099	1,216	1,269	1,370
<b>Bank Credit by economic activity (as percentage of total)</b>					
Agriculture	2.2%	2.0%	1.6%	1.7%	1.8%
Industry & Mining	9.0%	8.3%	7.9%	8.3%	7.5%
Real estate and Lands	10.3%	10.4%	10.5%	11.9%	11.3%
General Trade	16.9%	16.7%	15.9%	15.3%	14.6%
Transportation	1.0%	0.8%	1.0%	1.1%	0.9%
Tourism, Hotels & Restaurants	1.6%	1.5%	1.6%	1.8%	1.7%
Public Services	13.0%	12.0%	14.3%	14.7%	13.4%
Financial Services & Facilitations granted to financial institutions	2.4%	2.2%	3.1%	3.3%	2.7%
Financing granted to the investment of the shares	3.7%	3.2%	2.5%	2.5%	2.1%
Finance the purchase of cars	2.4%	2.3%	2.5%	2.6%	2.6%
Total Public Sector	31.6%	35.7%	31.9%	28.5%	33.6%
Financing for consuming purposes	3.6%	2.8%	2.9%	3.4%	3.4%
Others in the private sector	2.5%	2.3%	4.3%	5.0%	4.3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Bank Credit by Economic Branch (excluding Total public sector and Public Services) (% of total)</b>					
Agriculture	3.9%	3.8%	3.1%	3.0%	3.4%
Manufacturing and Mining	16.2%	15.8%	14.7%	14.6%	14.2%
Real estate and Lands	18.6%	20.0%	19.6%	21.0%	21.3%
General Trade	30.5%	31.9%	29.7%	26.9%	27.6%
Tourism, Hotels & Restaurants	1.8%	1.5%	1.9%	2.0%	1.8%
Transportation	2.8%	2.8%	2.9%	3.1%	3.2%
Financial Services & Facilitations granted to financial institutions	4.4%	4.2%	5.7%	5.8%	5.1%
Financing granted to the investment of the shares	6.6%	6.0%	4.6%	4.4%	4.0%
Finance the purchase of cars	4.2%	4.3%	4.6%	4.5%	4.9%
Financing for consuming purposes	6.4%	5.4%	5.3%	6.0%	6.4%
Others in the private sector	4.4%	4.3%	8.0%	8.7%	8.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Source: PMA					

Data on bank credit is another proxy indicator for economic progress and business confidence (increasing use of bank credit, particularly in the main productive sectors) or decline (decreasing use of bank credit). The Palestine Monetary Authority provides adjusted data once every three months. In relative terms, general trade and public services show an increase in the use of credit. Bank credit to the public sector indicates an increase of approximately 36.50% in Q1-2010 when compared with Q4-2009. (Please note the PMA has adjusted the indicators for bank credit by economic activities starting Q3-2008. Due to such significant changes in the methodology, current trends cannot be compared to those prior to 2008.)

Indicator	Baseline Q2 -00	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-2010
<b>Bank Credit</b>							
<b>Bank Credit by type ( million US\$)</b>							
Loans	512	1,113	1,159	1,339	1,500	1,565	1,874
Overdrafts	653	707	673	751	753	659	705
Leasing	0	10	10	10	7	8	8
BA & Discounted Bills	69	0	0	0	0	0	0
<b>Total</b>	<b>1,234</b>	<b>1,830</b>	<b>1,842</b>	<b>2,100</b>	<b>2,261</b>	<b>2,232</b>	<b>2,587</b>
<b>Bank Credit by type (as percentage of total)</b>							
Loans	41%	60.8%	62.9%	63.8%	66.4%	70.1%	72.4%
Overdrafts	53%	38.6%	36.5%	35.8%	33.3%	29.5%	27.3%
Leasing	0%	0.6%	0.6%	0.5%	0.3%	0.3%	0.3%
BA & Discounted Bills	6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Source: PMA							

Disaggregating bank credit by the type of credit, the data shows an increase in loans and overdrafts. Loans currently represent 72.4 % of all credit extended compared to only 41% in the *pre-Intifada* period.

Indicator	Baseline Q2-00	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-2010
<b>Bank Credit</b>							
<b>Bank Credit by borrowing entity (million US\$)</b>							
Businesses	752	1,045	1,020	1,099	1,216	1,269	1,370
Consumers	429	534	582	749	722	637	870
Public Services	52	250	240	252	323	328	347
<b>Total</b>	<b>1,234</b>	<b>1,830</b>	<b>1,842</b>	<b>2,100</b>	<b>2,261</b>	<b>2,234</b>	<b>2,587</b>
<b>Bank Credit by borrowing entity (as percentage of total)</b>							
Businesses	61%	57.1%	55.4%	52.3%	53.8%	56.8%	53.0%
Consumers	35%	29.2%	31.6%	35.7%	31.9%	28.5%	33.6%
Public Services	4%	13.7%	13.0%	12.0%	14.3%	14.7%	13.4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Source: PMA							

Disaggregating bank credit by borrowing entity shows that consumer lending has experienced an increase of approximately 36.50 % in Q1 -2010 compared to Q4-2009.

Indicator	Baseline Q2-00	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-2010
<b>Bank Deposits (excluding deposits of the PMA and commercial banks)</b>							
<b>Distribution of Public sector deposits by depositor and type (million US\$)</b>							
<b>Public Institutions and Local Auth.</b>							
Current Accounts	17.3	54.6	57.9	65.1	81.6	78.2	78.9
Time Deposits	39.2	72.4	74.4	78.6	78.7	74.7	76.2
Sub-total	56.5	127.1	132.3	143.7	160.3	152.9	155.1
<b>Government</b>							
Current Accounts	37.6	276.6	243.2	199.5	275.4	232.6	310.9
Time Deposits	77.5	191.3	152.7	158.3	176.2	180.6	180.0
Sub-total	115.1	467.9	395.9	357.9	451.6	413.2	490.9
<b>Total Public sector deposits</b>	<b>171.6</b>	<b>595.0</b>	<b>528.1</b>	<b>501.6</b>	<b>612.0</b>	<b>566.1</b>	<b>646.0</b>
<b>Distribution of Private sector deposits by residency and type (million US\$)</b>							
<b>Residents</b>							
Current Accounts	746.5	1,686.7	1,704.2	1,794.5	2,014.3	1,890.2	1,975.1
Savings Accounts	440.4	1,364.7	1,366.9	1,474.4	1,535.4	1,608.3	1,632.7
Time Deposits	1,895.70	2,047.0	1,939.9	1,925.1	1,835.9	1,891.3	1,879.3
Sub-total	3,082.6	5,098.4	5,011.0	5,194.0	5,385.5	5,389.7	5,487.1
<b>Non-Residents</b>							
Current Accounts	3.3	41.1	100.7	139.9	162.8	152.1	167.3
Savings Accounts	2.4	24.8	31.1	40.5	51.1	61.5	69.2
Time Deposits	8.9	65.0	76.2	88.1	91.8	104.6	108.2
Sub-total	14.6	130.9	208.0	268.5	305.7	318.2	344.6
<b>Total Private sector deposits</b>	<b>3,097.2</b>	<b>5,229.3</b>	<b>5,219.0</b>	<b>5,462.5</b>	<b>5,691.2</b>	<b>5,708.0</b>	<b>5,831.8</b>
<b>Total Deposits (public and private)</b>	<b>3,268.8</b>	<b>5,824.3</b>	<b>5,747.1</b>	<b>5,964.1</b>	<b>6,303.2</b>	<b>6,274.1</b>	<b>6,477.8</b>
Source: PMA							

Bank deposits for the Q1- 2010 indicate an increase in public sector deposits of approximately 14.11% and an increase in private sector deposits of 2.17% compared with Q4- 2009.

Indicator	Baseline Q2-00	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-2010
<b>Value of Loans and Deposits (million US\$)</b>							
Total Loans	1,234	1,830	1,842	2,100	2,261	2,232	2,587
Total Deposits	3,328	6,269	6,165	6,390	6,687	6,655	6,935
Loans/Deposits (ratio)	<b>37.06%</b>	<b>29.19%</b>	<b>29.88%</b>	<b>32.86%</b>	<b>33.81%</b>	<b>33.54%</b>	<b>37.30%</b>
Source: PMA							

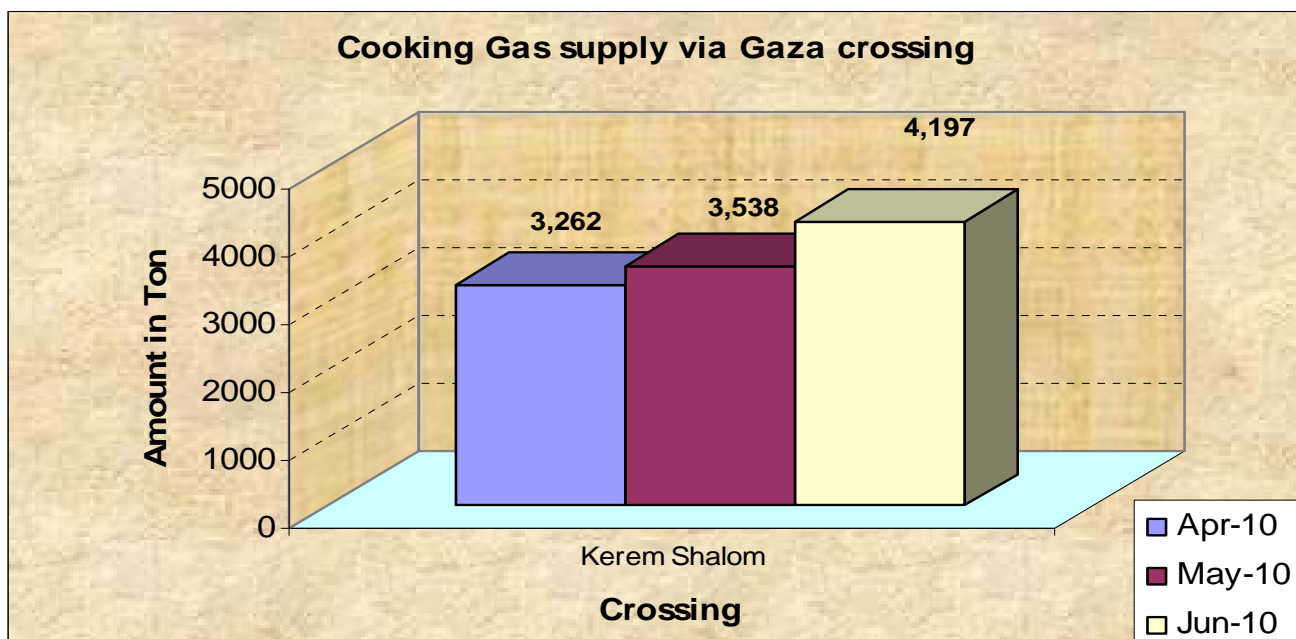
In a functioning economy, an increase in the loans versus deposits ratio is perceived as a positive sign, as monies are not saved but invested or consumed, each of which acts as a stimulant for the economy. Since September 2006, this ratio had steadily declined in the oPt signaling little optimism in the prospects for the Palestinian economy. However, Q1-2010 indicates an increase in total loans of approximately 15.88 %, and an increase in total deposits of 4.20 % compared with Q4- 2009.

## IV. GAZA ECONOMIC ACCESS – JUNE 2010

Indicator	Baseline Aug-00	Jan -2010	Feb -2010	Mar -2010	Apr -2010	May -2010	June -2010
<b>Volume of registered fuel sales in the Gaza Strip (x 1000 liters/ton)</b>							
<b>volume of registered fuel sales in the Gaza Strip ( Nahal Oz Crossing )</b>							
Petrol (Liter)	3,188.9	40.0	0.0	0.0	0.0	0.0	0.0
Diesel (Liter)	11,343	0.0	0.0	0.0	0.0	0.0	0.0
White diesel (Liter)	243.1	0.0	0.0	0.0	0.0	0.0	0.0
cooking gas (Ton)	1.9	0.3	0.0	0.0	0.0	0.0	0.0
Industrial Diesel (Liter)	n.a	752	0.0	0.0	0.0	0.0	0.0
<b>volume of registered fuel sales in the Gaza Strip ( Kerem Shalom )</b>							
Petrol (Liter)	0.0	0.0	112.6	0.0	64.7	45.3	79.5
Diesel (Liter)	0.0	0.0	377.3	0.0	393.3	0.0	569.2
White diesel (Liter)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
cooking gas (Ton)	0.0	2	2.9	3.8	3.3	3.5	4.2
Industrial Diesel (Liter)	0.0	6,713	6,291.5	5,446.5	5,276.1	4,527.1	3,553.7
Source: General Petroleum Corporation							

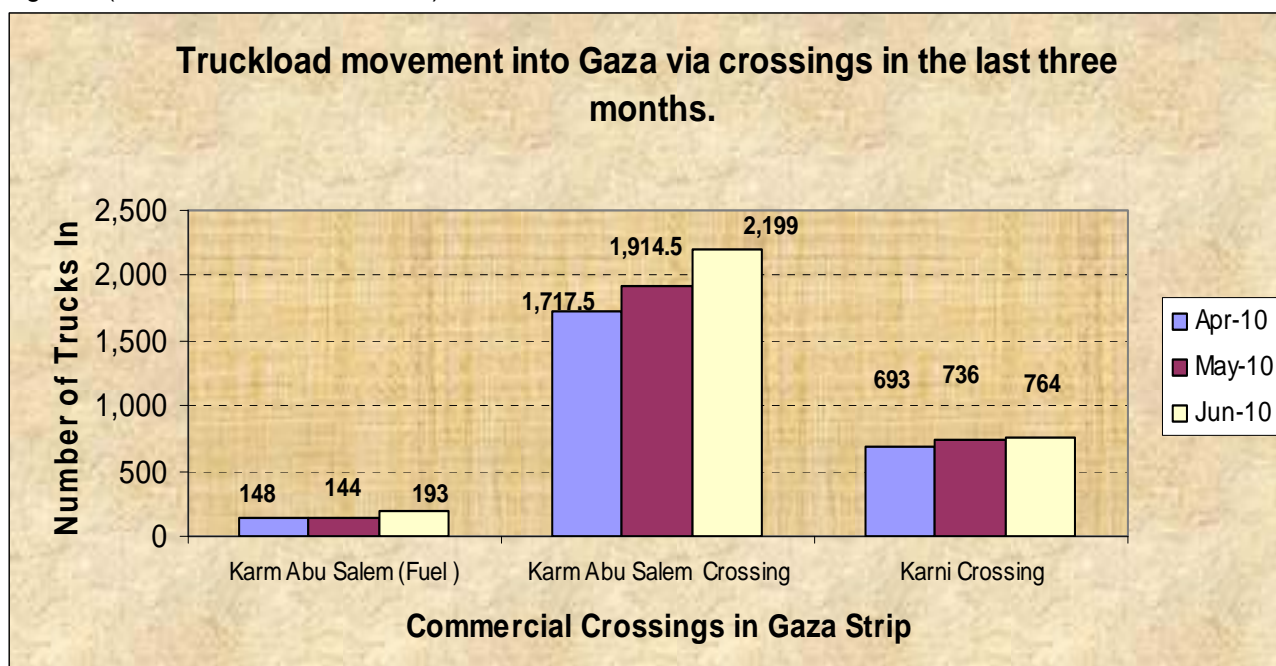
There was a significant increase in the amount of imported cooking gas, with 4,197 tonnes allowed in through Kerem Shalom, which represents an 18.63% increase compared to the volume allowed in May 2010. During the reporting period, 35,000 liters of petrol and 281,249 Diesel were imported for UNRWA, 44,500 liters of petrol and 123,999 Diesel for the private sector, and 164,000 liters of diesel for the World Bank.

On 01 Jan 2010, Israel declared Nahal Oz fuel pipelines closed, with fuel being transferred to Gaza only via Kerem Shalom.



Indicator	Baseline Aug-00	Jan - 2010	Feb - 2010	Mar - 2010	Apr - 2010	May -2010	June -2010
<b>Truck Loads Movement</b>							
<b>Al Montar/ Karni commercial crossing</b>							
Total Truck Loads Exports	992	0	0	0	0	0	0
Total Truck Loads Imports	2,923	551	549	785	693	736	764
<b>Karem Abu Salem / Kerem Shalom commercial crossing</b>							
Total Truck Loads Exports	0	44	28	34	5	0	0
Total Truck Loads Imports	0	1,413	1,555	1,728.5	1,717.5	1,914.5	2,199
<b>Sufa commercial crossing</b>							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	4,384	0	0	0	0	0	0
<b>Nahel Oz commercial crossing (fuel)</b>							
Total Truck Loads Imports	904	12	0	0	0	0	0
<b>Karem Abu Salem / Kerem Shalom commercial crossing (fuel)</b>							
Total Truck Loads Imports	0	85	132	161	148	144	193
<b>Truckloads Imports Exclude Industrial Diesel supplies to power plant</b>							
Source: Baseline: Ministry of National Economy; General Petroleum Corporation							

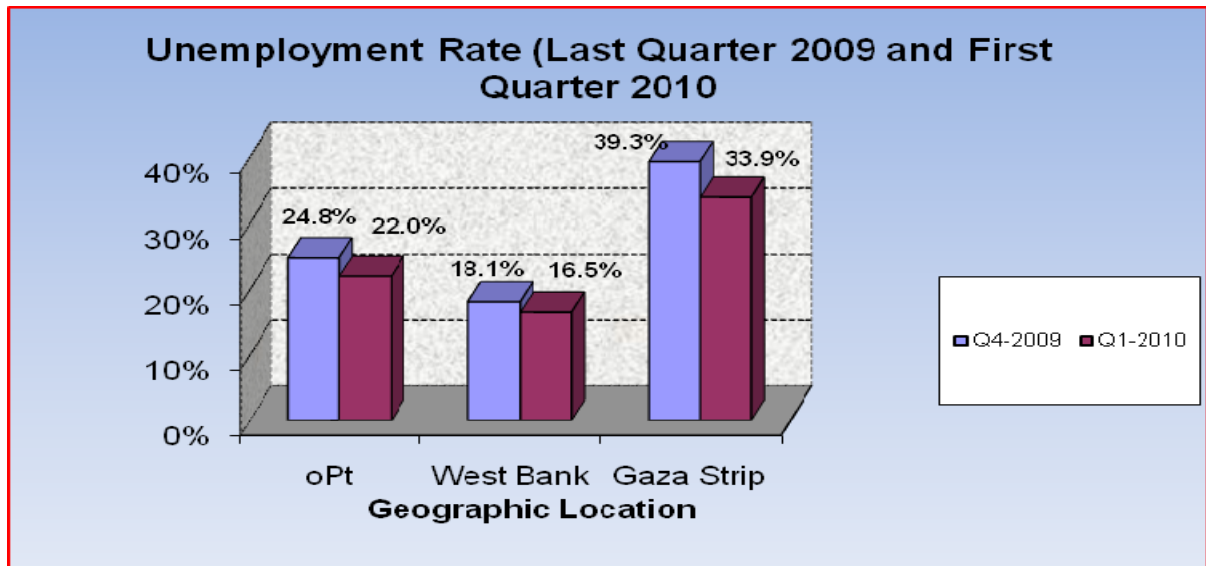
June 2010 data indicates an increase in the total number of imported truckloads to the Gaza Strip by approximately 13%, compared to May 2010 (3,156 vs. 2,794.5). Karni crossing has remained closed since 12 June 2007 for the movement of goods in and out of Gaza. The single conveyor belt/chute for cereals and animal feed at Karni was open for a total of 8 days. 764 truckloads of animal feed (58.1%), and wheat (31.7%), and gravel (10.2% for UNRWA 151 Housing Units at Khan Yunis Project) entered Gaza via the conveyor belt. Of the 2,199 truckloads entering Gaza during the month through Karem Shalom (Karm Abu Salem), 343 (or 15.60%) were designated for humanitarian aid agencies and the remaining 1,856 (or 84.40%) were for the private sector. Food items made up the majority of imported goods (1,217.5 truckloads, or 55%) while 981.5 truckloads, or 45%, were for non food items.



## Unemployment in the Gaza Strip

Unemployment rates throughout the occupied Palestinian territory (oPt) witnessed a significant decrease in the first quarter of 2010, dipping from 24.8 % in the last quarter of 2009 to 22.0% <sup>12</sup>in the first quarter of 2010. In the West Bank the rate decreased from 18.1% to 16.5% while in Gaza Strip, the rate decreased from 39.3 % to 33.9%.

It is worth noting, at the same time, that underemployment<sup>13</sup> increased from 6.6% to 6.8%. While the rate showed a slight decrease in the West Bank (from 7.1% to 6.1%) underemployment in Gaza increased from 5.4 % to 8.1%.



In the Gaza Strip, increases in employment were recorded mostly in the sectors of Agriculture, Mining and Construction while the sectors of Commerce, Restaurants and Hotels and other services experienced a decline in their employment rate.

<sup>12</sup> PCBS Figures.

<sup>13</sup> Underemployment exists when a person's employment is inadequate in relation to alternative employment, account being taken of his/her occupational skills( PCBS).

## Employment and Unemployment in Gaza

(In percent of total employment and the labor force respectively)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-2010
<b>Employment by sector (1)</b>					
Agriculture	8.4	4.8	4.9	7.3	9.9
Mining	5.6	4.2	6.0	5.7	6.0
Construction	1.0	0.7	0.9	1.0	1.3
Commerce, restaurants and hotels	16.9	18.4	18.6	19.5	18.2
Transportation, storage and communication	5.1	4.9	6.4	6.4	6.4
Services and other branches	63.0	67.0	63.2	60.1	58.2
<b>Unemployment rate (2)</b>	37.0	36.0	42.3	39.3	33.9

1/ Source Palestinian Central Bureau of Statistics, Labor Force Survey, Table 23.

2/ Source Palestinian Central Bureau of Statistics, Labor Force Survey, Table 15.

Recent research and interviews with the business community in Gaza have highlighted the following Factors for the recent decrease in unemployment:

. Economic activity benefited first and foremost from significant cash injections from multiple sources such as regular salary payments by PA and the and authorities in Gaza, cash support to vulnerable households by the international community donors (European Union, World Bank, UNRWA and others) and PA cash transfers to the poor families.

. The end of the 2009 and beginning of 2010 also marked the peak of the tunnel activity (, notably due to rumors of the Egyptian “iron wall” on the Gaza border); while tunnel activity itself has proven to be a large employment generation scheme, there is significant evidence that merchants were stocking goods at increased levels to ensure availability of goods in the event that tunnels would be closed.

. In the absence of significant reconstruction and implementation of pledged assistance, a number of households and businesses initiated “home grown” coping strategies, including the registration of new businesses, and house renovations using material coming in through the tunnels.

. At the same time, a number of small scale donor projects did get underway in late 2009 and early 2010, generating short to medium term employment activity (through Cash for Work schemes, and in agriculture for target groups and renewed economic activity for a range of suppliers.

. The recent policy decision from the Government of Israel should generate a number of “shift” in the economic patterns of the Gaza Strip. In particular, tunnels should now focus their “activity” towards importing materials that remain prohibited or on the “dual use” list such as cement and construction materials. At the same time, increase entry of other items has already led to a decrease in prices of materials such as furniture, glass, and aluminum.

However, most economic experts believe that in the absence of large scale implementation of infrastructure Projects and the resumption of exports, which would support private sector revitalization significant Changes in unemployment rates will remain seasonal and circumstantial at best, and that sustained economic development for Gaza’s growing population will remain difficult to achieve.