
Palestinian economic prospects look bleak, according to World Bank report

17 September 2008 – The Palestinian economy is becoming increasingly aid dependent, and Israel's policy of border crossings closures in the Gaza Strip is eroding the occupied territory's industrial backbone and paralyzing its municipal services, a [World Bank report](#) warns today.

Real per capita gross domestic product (GDP) is now 30 per cent below its height in 1999 as the economy shrinks and the population grows, according to the report on Palestinian economic prospects.

The report has been published amid growing concern over the occupied Palestinian territories' stability, with recent UN reports indicating that unemployment has reached nearly 30 per cent, and the percentage of those living below the national poverty rose to 57 per cent in 2006.

Today's report noted that so far this year the Palestinian Authority has received \$1.2 billion in external budget support but requires another \$650 million and \$300 million in development aid, highlighting the fact that as the Palestinian economy declines, it is becoming more aid dependent.

It also draw attention to the crippling economic effect of Israel's blockade on the Gaza Strip, stating that 98 per cent of its industrial operations have been shut down – out of 3,900 industries, only 23 are operating.

"Closure of Gaza is also resulting in the collapse of the municipal sector. Municipalities, providing key services such as water, sewage, solid waste [disposal] etc. are facing a deep financial crisis," the report stated.

"The impoverishment of the population and the near absence of private sector activities imply that municipalities are unable to collect fees for service provision and are unable to pay staff salaries."