



**INTERNATIONAL MONETARY FUND—THE WORLD BANK**  
**WEST BANK AND GAZA**  
**ECONOMIC DEVELOPMENTS IN 2006—A FIRST ASSESSMENT**

**MARCH 2007**

*After having experienced a modest recovery in 2003–05, the Palestinian economy suffered another decline in 2006, as a result of the domestic and international political difficulties.*

*Although hard data are scarce, real GDP is estimated to have fallen within a range of 5 to 10 percent in 2006, less than initially had been feared, but still leaving average real per capita GDP at almost 40 percent below its 1999 level. Stronger-than-expected official and private inflows have helped prevent a much sharper decline in incomes and consumption in 2006, thus cushioning the overall contraction. But with a larger decline in investment, from an already low level, this also signals a further hollowing out of the Palestinian economy and an increase in its dependency on foreign aid.*

FULL REPORT:

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