

5. Multiple Dimensions of Poverty: The Truth Behind Perceptions?

“The issue is not hunger. It is idleness, uncertainty and despair”⁵³.

This chapter examines the non-income dimensions of poverty and deprivation in the West Bank and Gaza. With some of the best child nutrition outcomes in the world, the West Bank and Gaza performs strikingly well in terms of important measurable indicators of human development: nearly all children are immunized, almost all children of school going age are enrolled and attendance rates are consistently high. However, these investments in human capital have not translated into productive employment, which is reflected in people’s perceptions of their own poverty status: subjective poverty rates did not decline as steeply as consumption poverty between 2007 and 2009. In assessing their own wellbeing, households place value on broader measures of capability and on labor market outcomes in particular. This suggests that multiple dimensions of deprivation are at work in the West Bank and Gaza and that these matter in how people evaluate their own wellbeing. What is striking is that in Gaza in 2007, as consumption poverty increased, households became increasingly vulnerable, simultaneously suffering multiple deprivations. While in 2009, consumption poverty in Gaza dramatically declined by 16 percentage points, the incidence of multiple deprivations fell by only 3 percentage points. Neither subjective poverty rates nor broader measures of deprivation in 2009 reflect the strong recovery suggested by consumption poverty. Perceptions of wellbeing in the West Bank and Gaza are consistent with the reality of an economy where fundamental structural factors have not improved.

1. Introduction

- 5.1 Poverty encompasses multiple and diverse dimensions. Income, or lack thereof, is a relevant and key dimension—the means and resources to access necessary goods and services for meeting minimum basic needs. Measures of consumption poverty, based on household expenditures on a preselected bundle of goods and services, estimate this dimension of poverty. Insofar as this measure includes expenditures on education and health, consumption poverty is a multidimensional measure of poverty. However, consumption poverty measures, by design, exclude all household and individual characteristics that cannot be transacted in markets. For example, education or health outcomes have intrinsic values beyond their costs while the welfare loss from unemployment is potentially associated not only with the observed income loss but also with a lower perception of quality of life and human dignity. Health, nutrition, education, physical security, voice, justice, and capacity and opportunity to improve one’s life are also essential dimensions of poverty and wellbeing (World Bank 2010). This inherent multidimensionality is perhaps best conceptualized by Amartya Sen’s approach to poverty as capability-deprivation—being deprived of those capabilities and freedoms of value for a functional life (Sen 1985). Thus, understanding the multiple dimensions of poverty and subjective perceptions about poverty must take into account non-monetary aspects of overall welfare and living standards.
- 5.2 Such an approach is particularly important in the context of the West Bank and Gaza, where the trajectory of consumption poverty indicates a worsening of living standards in 2007 followed by

⁵³ ‘Trapped by Gaza Blockade, Locked in Despair’, New York Times, July 14, 2010.
http://www.nytimes.com/2010/07/14/world/middleeast/14gaza.html?_r=2

a quick recovery in 2009. However, this is not accompanied by commensurate improvements in fundamental structural factors: there is little evidence of sustained GDP growth, the private sector remains sluggish, and unemployment and discouragement continue to be high. A multidimensional approach to understanding poverty and deprivation can help further our understanding of this fragile recovery.

- 5.3 This chapter complements the analysis of Chapter 2 by exploring non-consumption dimensions of poverty and wellbeing. Chapter 2 focused on consumption-based poverty and showed that West Bank and Gaza have followed starkly divergent paths. While the former has been making steady progress in poverty reduction, the latter has seen high volatility with a dramatic poverty increase in 2007 and an encouraging reduction thereafter. Labor market conditions are at the core of the contrast. Gaza residents face a severe scarcity of jobs, with aid-driven public sector employment acting as the main buffer. The West Bank, on the other hand, experienced growth across all sectors between 2007 and 2009.
- 5.4 Building on these findings, this chapter extends the examination of poverty in four directions. First, this chapter presents levels and trends in health status, with a special focus on child malnutrition and its evolution in a conflict-affected context. Second, the chapter looks at another dimension of human development, the area of education and schooling, examining both enrollment and attendance rates and associated outcomes. Third, it takes advantage of the availability of self-reported rankings of poverty in the PECS to examine subjective or self-assessed poverty, its relationship to consumption poverty and explores what underlies these judgments.
- 5.5 Finally, this chapter brings these multiple dimensions of poverty together, exploring their incidence over time and identifying the presence of overlapping deprivations. This analysis is different from typical poverty diagnostics in the following sense. First, unlike the standard poverty diagnostics, some household and individual characteristics will be treated as important aspects of poverty beyond their linkage to consumption poverty alone. Second, this analysis pays attention to overlaps of multiple deprivations and their evolution over time, focusing on increases in multiple deprivations in times of economic and political instability. Finally, we attempt to anchor these incidences of deprivation within the subjective self-assessment of poverty to try and understand how people evaluate each dimension of deprivation and their overlaps. As a result, we hope to shed light on why this subjective measure of poverty differs from the consumption based measure, and what deprivations are important in explaining a household's self-assessment of poverty status.
- 5.6 Most of the evidence on human development outcomes discussed in this chapter comes from utilizing three rounds of the Demographic and Health Survey (DHS), collected by PCBS in 2000, 2004 and 2006.⁵⁴ The DHS offers three unique advantages. First, the DHS team measures height and weight of children, providing high quality anthropometric data to study nutrition outcomes. Second, the DHS collects information on school attendance, permitting us to examine education outcomes beyond just enrollment, and assess quality dimensions of the education system through student absenteeism. Third, the DHS contains an array of demographic and socio-economic

⁵⁴ An additional round was collected in 2009, but was unavailable at the time of this analysis.

information—aside from income and consumption—about households and their members, making it possible to characterize correlates and drivers of health and education outcomes. The analysis on subjective poverty, the incidence of different and multiple dimensions of deprivation, and their relation to subjective poverty is based on five rounds of the PECS covering the period 2004 to 2009.

2. Health and Early Childhood Nutrition

- 5.7 Health is an essential dimension of any characterization of wellbeing and human development. In a context of conflict and economic volatility and uncertainty, like the West Bank and Gaza, health status and health care access may well be at risk. Media reports often suggest dire health and nutritional conditions. In this section, we attempt to establish the facts and trends in health outcomes, especially the nutritional status of children using representative DHS data.
- 5.8 Health outcomes, especially in early childhood, have strong repercussions for long term economic and physical well being. Poor nutritional conditions in the first few months of a newborn can have irreversible adverse consequences on cognitive development. Measuring nutrition at a national scale, however, can be very challenging. It is a time-intensive and costly data collection exercise to gather height, weight, and other anthropometric measures. The West Bank and Gaza has invested in three rounds of the Demographic and Health Surveys- 2000, 2004 and 2006- which collects detailed data on anthropometry and other correlates of health status. This data forms the basis for the analysis in this section.
- 5.9 In terms of indicators of early childhood nutrition, the West Bank and Gaza is among an outstanding performer. Among children under the age of 5, only 11.5 percent suffer from stunting (low height for age), and a mere 1.4 percent are affected by wasting (low weight for height). Compared to a sample of more than 130 countries, nutritional indicators in the West Bank and Gaza are better than almost any other country in the world. The prevalence of stunting among children is akin to American levels rather than to the performance of most middle and low income countries. In the average middle income country 3 out of 10 children are stunted, more than three times the figure for the West Bank and Gaza (Figure 61⁵⁵). Performance in terms of wasting incidence is even more compelling. One in 10 children in a middle income country suffers from wasting; the rate is 7 times lower in the West Bank and Gaza (Figure 62). Thus, judged by its anthropometric outcomes, the West Bank and Gaza performs better than most other countries in the world, irrespective of income.

⁵⁵ The sizes of the circles indicate the relative population sizes of the countries.

Figure 61: Incidence of Stunting in Palestinian territories and Around the World

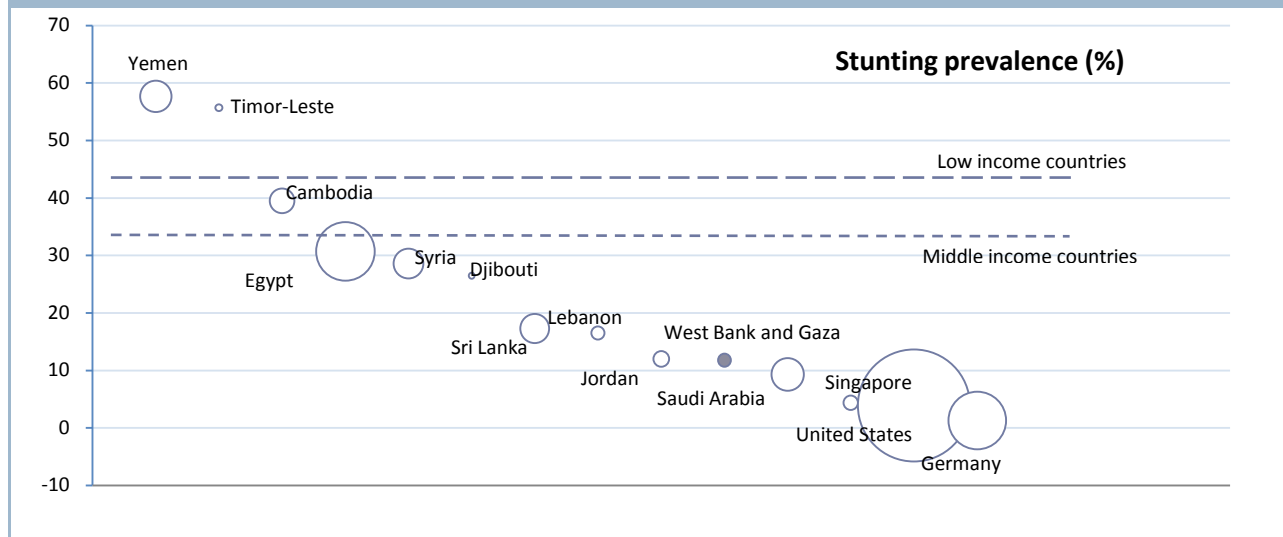
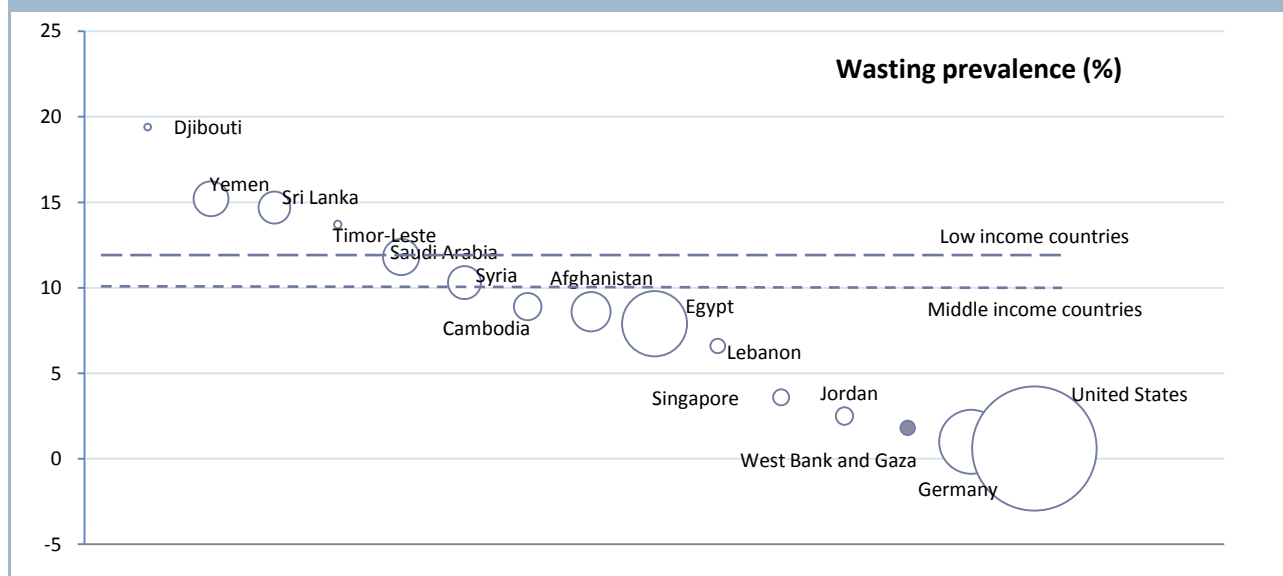


Figure 62: Incidence of Wasting in Palestinian territories and Around the World



Sources: World Health Organization, Global Database on Child Growth and Malnutrition; Size of bubbles proportional to total population.

5.10 It is indeed impressive that there are very few countries across the developing world --low and middle income--that exhibit better nutrition indicators than the West Bank and Gaza. This result may come as a surprise to many, and perhaps seems contradictory to general beliefs and perceptions, as well as media reports. For example, Lancet (2009) in a series of short articles on the status of nutrition and related issues in the Palestinian territories portrayed a rather alarming situation. However, it failed to place these figures within the global context. Even if this benchmarking exercise is limited by data availability, it is important to note that the pool of countries in the sample includes a variety of middle income countries from the region, such as

Jordan, Turkey, Egypt, Morocco, and the West Bank and Gaza fares far better than these in terms of early childhood nutrition indicators.

5.11 Figure 63 and Figure 64 present a more systematic assessment of the relative performance of the West Bank and Gaza. The figures present the association between nutrition outcomes and GDP per capita (in log scale of PPP US dollars). It is worth noting that overall and across countries the link between GDP and stunting and wasting, particularly the latter, is weakly negative. In general, this implies that countries with higher income are associated with better nutrition indicators. For the West Bank and Gaza's level of GDP per capita (PPP) of \$2,900,⁵⁶ the performance commensurate with the overall trends would be stunting rates of 31.6 and wasting rates of 7.9 percent. By any measure or comparison, nutritional outcomes of children in the WBG are excellent.

Figure 63: Stunting and GDP Per Capita

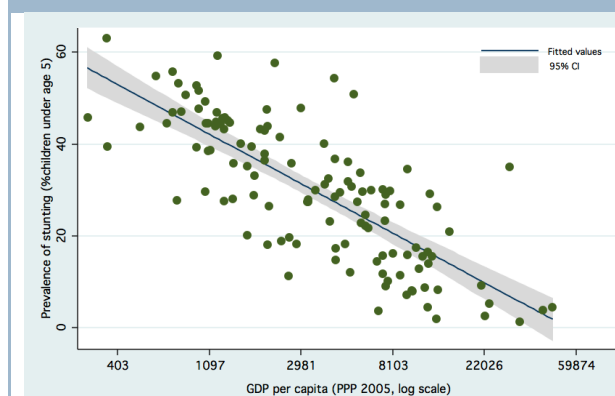
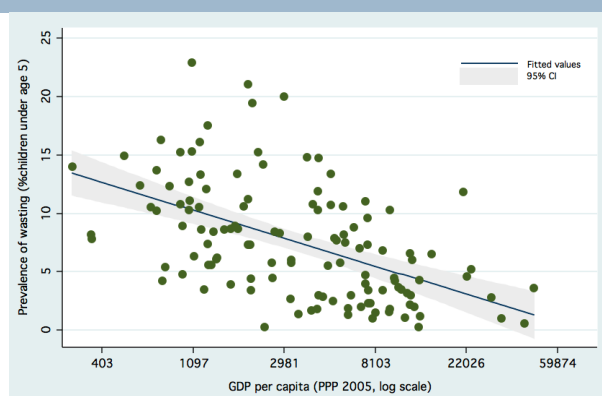


Figure 64: Wasting and GDP Per Capita



Sources: World Health Organization, *Global Database on Child Growth and Malnutrition*; and World Bank, *World Development Indicators*.

5.12 These outstanding nutrition results are consistent with other indicators of child health and nutrition. For example, almost all children are immunized against diphtheria, pertussis, tetanus, measles and tuberculosis. Vaccination rates in the West Bank and Gaza exceed those of the average middle-income country. There is also near universal coverage of prenatal care—every pregnant woman is attended at least once by skilled health personnel. Important nutrition

Table 9: Health and Nutrition-Related Markers

	Palestinian territories	Middle Income
Received immunization (ages 0-5)	99%	
Received DPT3 (ages 1-5)	95%	81%
Received Measles (ages 2-5)	96%	83%
Received BCG (ages 0-5)	99%	88%
Prenatal care	99%	84%
<u>Nutrition markers</u>		
Breastfed (ages 1-5)	97%	
Breastfed >=6 months (ages 1-5)	89%	
Diarrhea last 2 weeks (ages 0-5)	12%	

Source: DHS 2006. WHO Database.

⁵⁶ CIA Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/we.html>

inputs such as breastfeeding behavior and diarrhea incidence are in line with the observed anthropometric measures, and overall, present a consistent story of good child health and nutritional outcomes.⁵⁷

- 5.13 Overall incidence rates of stunting and wasting have been relatively stable over time. Looking across regions, the West Bank tends to have lower incidence rates than Gaza. Wasting rates are comparable and show a similar evolution across regions over time. Stunting, however, has increased relatively more in Gaza, reaching 14 percent in 2006 (Table 10), which is a concern in the light of the severe economic crisis in Gaza in 2007, a year for which data is not available. Nevertheless, these rates are still very low by international standards.

- 5.14 Do the good outcomes reported above, which are average rates for all children aged 0-5, mask age-specific trends? For example, it may be that younger children are confronting relatively worse environments than those

Table 10: Stunting and Wasting Time Trends

	Stunting			Wasting		
	2000	2004	2006	2000	2004	2006
National	9.0%	9.1%	11.5%	1.6%	2.6%	1.4%
West Bank	8.8%	8.5%	9.5%	1.8%	3.0%	1.7%
Gaza	9.4%	9.9%	14.2%	1.4%	2.1%	1.2%

Source: DHS

faced by children born a few years earlier. This is especially relevant in the West Bank and Gaza context where conflict-related closures and restrictions periodically impeded access to markets, employment and health services. We break down the analysis into annual cohorts and compare outcomes for selected cohorts to isolate the effect of year-specific conditions on anthropometric outcomes (Table 11). In other words, we compare, for instance, the outcomes of those children below one year of age in 2004, with those in the same age group in 2006 and in 2010. Comparing outcomes by age cohorts across years can hone in on the effect of year-specific conditions on nutritional outcomes. We find mixed results—while rates of stunting have increased for the 2006 cohort, rates of wasting decreased. Since measures of wasting are more responsive to changes in nutrition, this suggests that in this period, nutritional intake was improving. However, the results on stunting -- which is less responsive to changes in nutrition -- are indicative of chronic conditions. Their trends show in general small changes, although they display a worsening trend.

⁵⁷ A usual marker that is looked at is “exclusive breastfeeding” among children 6 months-old or younger. WHO database lists a rate of exclusive breastfeeding of 26.5 for West Bank and Gaza compared to 39.5 for middle income countries. However it is unclear, for the Palestinian context, how this measure is calculated, and on the basis of which instrument. For this reason, we have chosen not to feature this information in the table.

Table 11: Nutrition over Time by Age Groups

	Stunting			Wasting		
	2000	2004	2006	2000	2004	2006
0-11 months	4.4%	4.4%	6.3%	4.6%	6.0%	2.6%
12-23 months	10.0%	12.0%	15.7%	1.2%	2.0%	1.2%
24-35 months	11.5%	10.8%	13.0%	1.0%	1.4%	1.1%
36-47 months	10.4%	12.2%	12.0%	0.2%	1.7%	1.1%
48-60 months	8.7%	6.3%	10.3%	0.8%	1.3%	1.3%

Source: DHS

5.15 Overall, stunting and wasting levels for the national and regional populations are relatively low by any standard, and especially for a conflict-affected developing country. However, some of the indications of worsening outcomes suggest the need to explore sources of vulnerability. For example, certain groups and families may lack resources or information so that children face more difficult conditions. We examine two such contexts, looking at employment of household head and education of the mother.

5.16 Lack of employment of household head may be a strong indicator of lack of resources. Particularly in Gaza given the high incidence and persistence of joblessness--explored in

Table 12: Stunting and Wasting by Employment of Head

	Stunting		Wasting	
	Gaza strip	West Bank	Gaza strip	West Bank
Employed	12.7%	9.5%	1.3%	1.6%
Unemployed	18.1%	9.3%	0.7%	1.7%
Out of force	13.1%	11.2%	1.0%	0.9%

Source: DHS 2006

detail in Chapter 3--it is not a temporary shock to household's budget constraint. Tellingly, we find that in Gaza, in households where the head does not have a job, stunting rates are almost 5 percentage points higher than in households where the head is employed (Table 12). In West Bank, where unemployment is not a chronic condition, we do not observe such a gap.

5.17 Mother's education is known to be an important predictor of children's nutritional status. It is partly related to information--better educated mothers are more informed about inputs for appropriate nutrition. It may also be a proxy for

Table 13: Stunting and Wasting by Education of Mother

education	Stunting		Wasting	
	West Bank	Gaza strip	West Bank	Gaza strip
<elementary	13.3%	16.6%	2.3%	3.8%
elementary	9.9%	8.1%	2.6%	3.6%
preparatory	5.3%	9.9%	1.5%	2.1%
secondary	8.7%	8.6%	1.2%	1.9%
>secondary	4.5%	8.5%	2.3%	0.0%

Source: DHS

better economic status. We find that lower levels of education of the mother are highly correlated with higher levels of stunting, both in the West Bank and in Gaza (Table 13).

5.18 In addition, in the absence of income or expenditure data in the DHS, we use housing conditions and ownership of durables to generate a wealth index and rank households accordingly. We find that children of poorer households in both the West Bank and Gaza are at significant disadvantage vis-à-vis children living in

Table 14: Stunting and Wasting by Wealth Quintiles

	Stunting		Wasting	
	Gaza strip	West Bank	Gaza strip	West bank
poorest	19.5%	12.4%	1.8%	1.6%
second	13.1%	8.8%	0.7%	1.5%
middle	12.3%	8.0%	1.0%	1.2%
fourth	14.6%	9.7%	1.6%	1.4%
richest	10.7%	8.6%	0.8%	2.8%

Source: DHS

wealthier households (Table 14) the poorest fifth of Gaza's population are almost twice as high as in the richest fifth. While the contrast is not as stark in the West Bank, it is still sizable. On the other hand, wasting rates are too low to pick up meaningful variation over the wealth distribution.

5.19 To summarize, our analysis suggests that the performance of the WBG in terms of child nutrition outcomes is remarkable, especially considering the conflict context. Unlike other self-reported indicators of health status, this analysis is based on DHS data that follows strict field protocols to ensure accurate measurement. The examination of trends does suggest some cause for concern. While wasting trends suggests nutrition intake has not worsened and may be improving, the evidence on stunting is more mixed. It has remained relatively low for West Bank, but it shows an increase in Gaza for 2006. The upcoming 2010 round of the DHS provides an opportunity to extend this analysis in this direction.

5.20 Finally, it is important to acknowledge that this is a partial picture on health outcomes. There are many other dimensions of health, one of the most pertinent in this context being mental wellbeing. The literature documents extensive evidence of an association between mental health and conflict as well as other 'stressors' in a wide array of settings (Summerfield 2000). Common mental health disorders in conflict situations include depression, anxiety and post-traumatic stress disorder (PTSD) (Lancet 2003), with intensity and duration of symptoms varying with the degree of exposure, with women typically suffering worse symptoms.

5.21 A population-based study completed by WHO in 2000 found that about a fifth of a random sample of Gazans presented symptoms of PTSD. Even though these numbers are based on a small sample size of 600 observations, these prevalence rates are substantially above the rates typically found in Western countries. Exposure to conflict is among the most important predictors of psychological health disorders. Moreover, cumulative exposure is found to increase the risk of disorder, implying the scope for adaptation is limited (De Jong et al). In a context such as West Bank and Gaza, mental health illnesses are therefore likely important health issues. A more systematic assessment of the exposure to conflict and mental health risks is essential.

3. Education: School Attendance and Absenteeism

5.22 This section explores another dimension of human development covered in the DHS- education. Evidence from PECS presented in Chapter 2 shows that enrollment outcomes are consistently high over time and across regions with an average of 90 percent enrolment for the school age population. In this section, we use more detailed education outcome data from the DHS to go

further: we validate the enrolment findings from the PECS, examine student attendance and absenteeism rates, and explore what drives these trends.

- 5.23 In 2006, about 95 percent of all school age children (ages 5-17) are enrolled in schools.⁵⁸ 8 percent of children miss a day of school in the West Bank, and the figure is twice as high in Gaza (Table 15). This may be reflective of the uncertainty and instability, especially in Gaza following the political transition in 2006

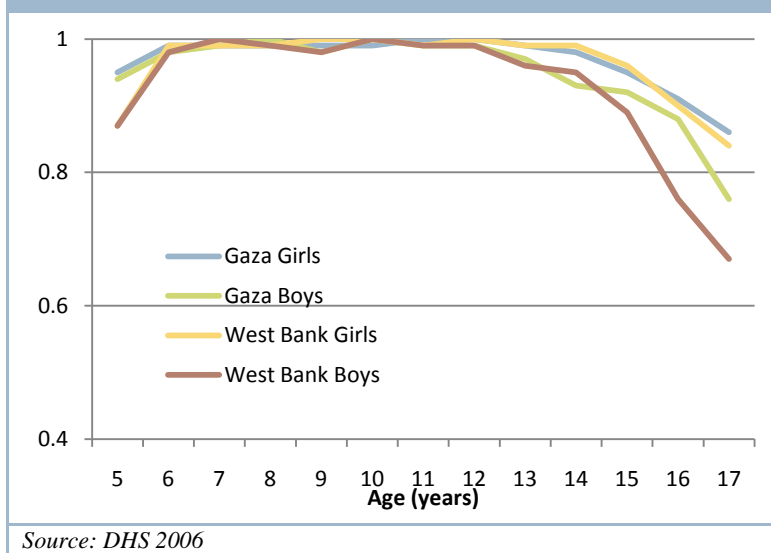
Table 15: Education Indicators for Children (Age 5-17)

	Enrollment	Days attended past week	Missed 1 day or more
Gaza	0.96	5.11	0.15
West Bank	0.95	5.35	0.08

Source: DHS 2006

- 5.24 Breaking down the analysis by age and gender, we find that access to basic education is near universal—all children, whether girls or boys, whether in Gaza or West Bank, enroll in school between the ages of 6 to 12. However, differences between girls and boys begin to emerge in the teenage years, especially among late teens—at 17 years of age, rates of enrollment are more than 10 percent higher for girls than for boys (Figure 65).

Figure 65: Enrollment by Age and Gender

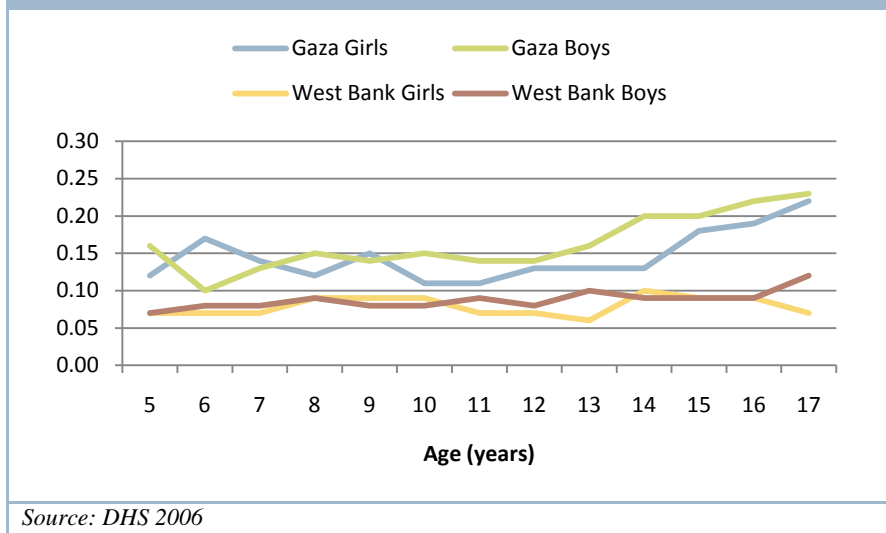


- 5.25 Similarly, regional differences in enrollments appear among boys in the late teens, with higher enrollment rates among boys in Gaza. While the data does not allow us to explore the reasons for these trends, one plausible explanation for the lower enrolment rates among boys in their late teens is that they begin to enter the labor market. This may be more pronounced in the West Bank, with better labor market opportunities. Among 16-year old boys, in Gaza, only 5 percent had a job in 2006, compared to 16 percent in the West Bank. Among 17-year olds the gap narrows but it is still evident—11 percent of boys in Gaza are employed compared to 18 percent in West Bank.

⁵⁸ Depending on the level, school weeks have 5 to 6 days.

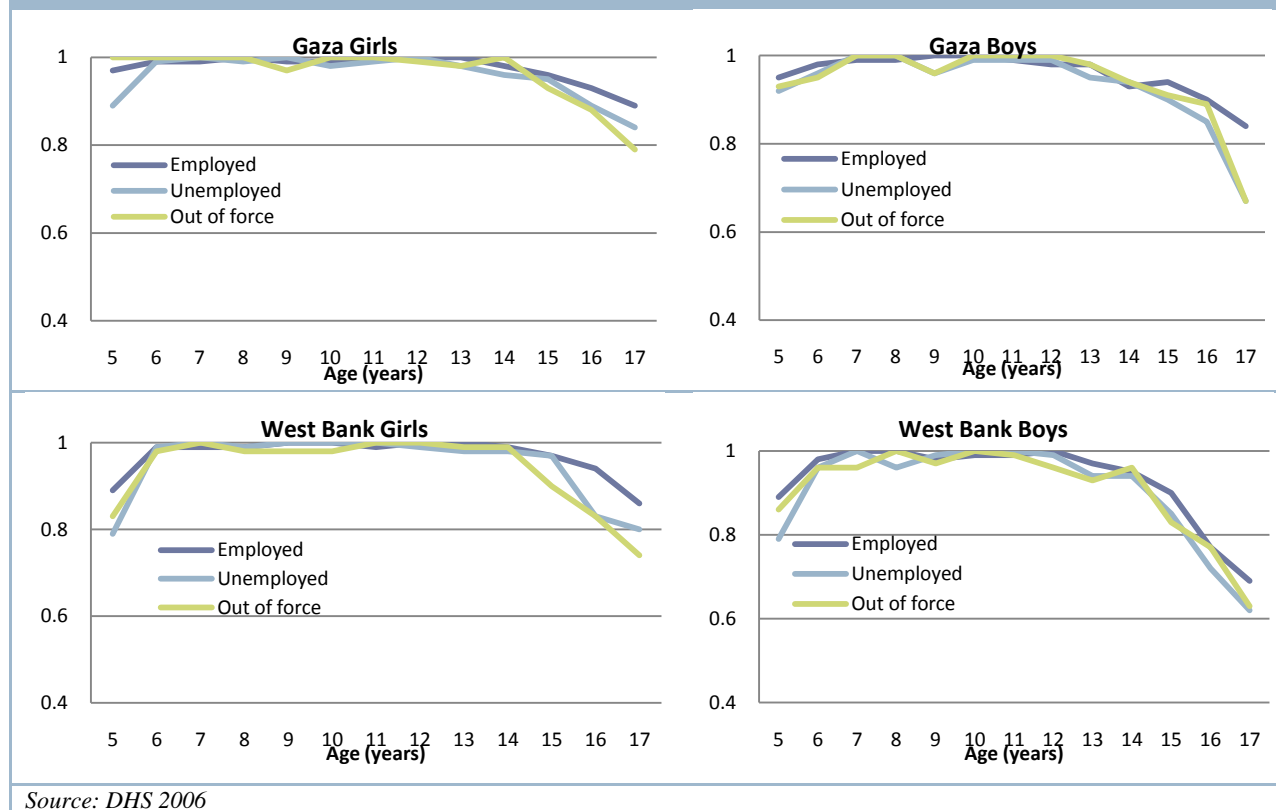
5.26 Student absenteeism rates—the proportion of children that miss school days among enrolled children—are consistently higher in Gaza than in West Bank for all ages and gender. If anything, the gap tends to widen with age. Among 6 year olds, rates of absenteeism for girls and boys are 17 and

Figure 66: Missing one or more Days of School in Last 7 Days



10 in Gaza, compared to 7 and 8 percent in West Bank. Among 17 year olds, absenteeism rates in Gaza for girls and boys are much higher at 22 and 23, while in the West Bank they remain at 7 and 12 percent.

5.27 The relationship between children’s educational outcomes and the household’s labor market outcomes are further explored below. When the head of household has a job, we may expect that economic conditions in the household are better, and the pressure for teenagers to trade-off school for work is reduced. For instance, in Gaza, enrollment rates for 17 year old boys are almost 20 points higher if head is employed than for boys in households where the head is unemployed or out of the labor force (Figure 67).

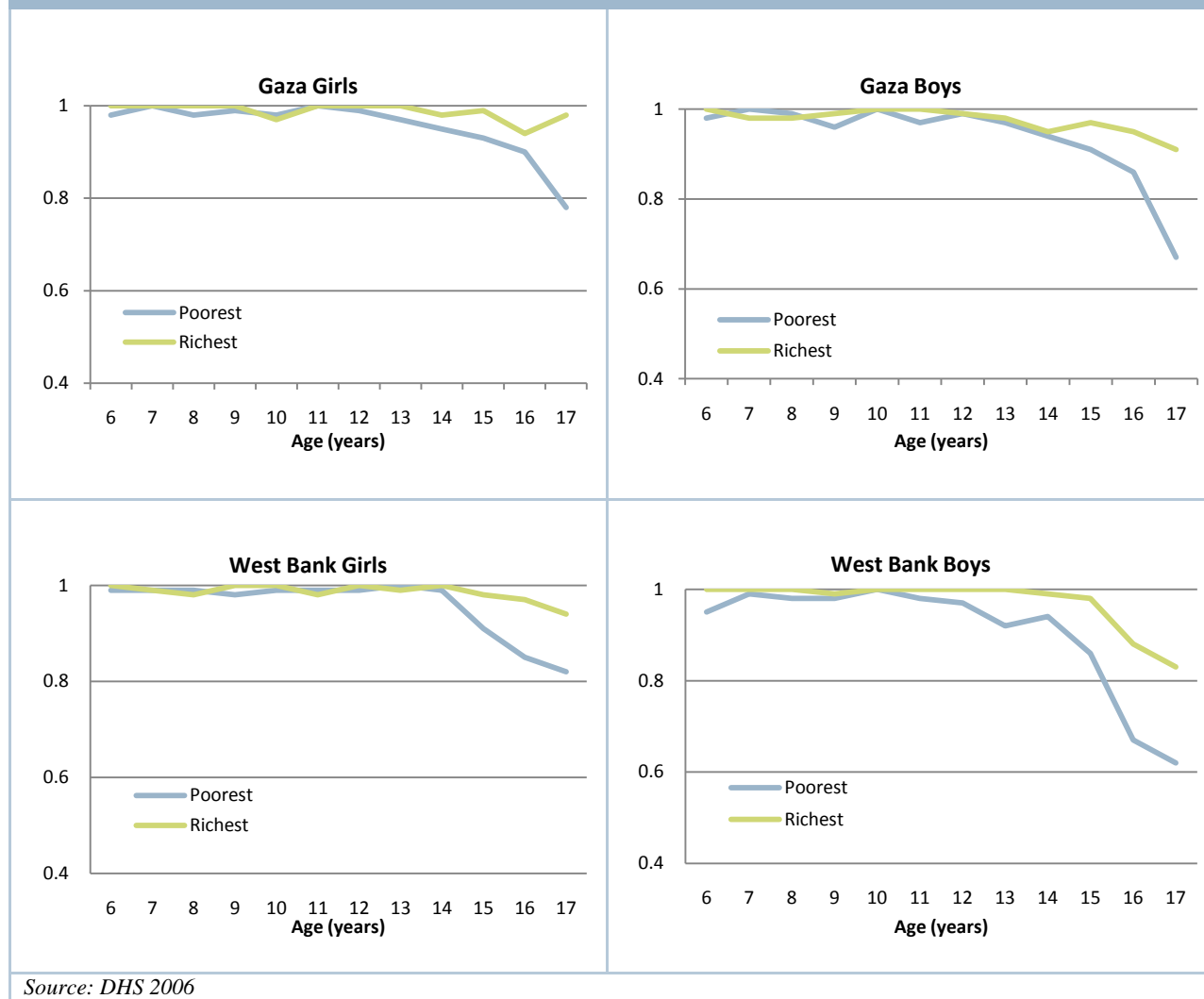
Figure 67: Enrollment and Employment Status of Household Head

5.28 There is a less clear pattern between student absenteeism and household head's employment (Figure 68). If anything, it appears that children are more likely to miss school days when the head is employed than when the head is unemployed, especially in late teens. This suggests there are distinct determinants of enrolment and attendance conditional on enrollment. While the household head's employment is a strong predictor of enrolling children in school, attendance appears strong even among jobless heads. This suggests that different factors might explain enrolment and attendance. In particular, when the head of household does not have a job, attendance rates may continue to be high if there are compensating factors at play. For instance, if physical safety is a concern, the parent can now ensure the child reaches school safely. Alternatively, the loss of a job may not have a very adverse impact on income if the household has access to coping mechanisms such as social assistance and remittances.

Figure 68: Student Absenteeism and Employment Status of Household Head

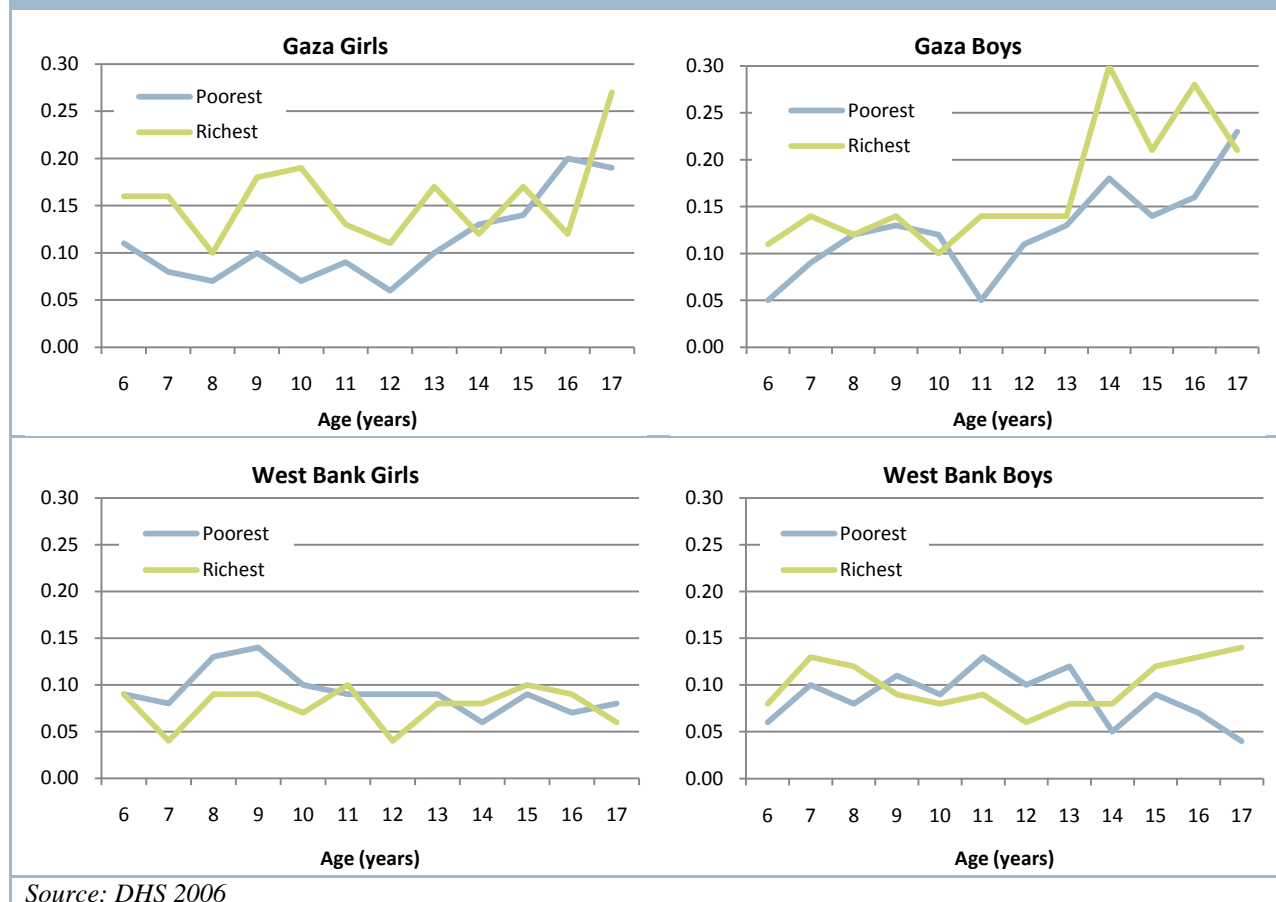
5.29 In terms of enrollment, we find a positive association between the wealth index (described above) and enrollments in school, a link that holds for all ages, for both boys and girls, and for both regions. It is heartening to see that irrespective of wealth, a vast majority of children in the poorest and richest quintiles are enrolled in school when young. It is only in the teenage years that a wealth differential kicks in enrollment rates. For example, at age 17, only 67 percent of boys from the poorest households are enrolled in school in Gaza, compared to more than 90 percent for boys in the wealthiest contexts (Figure 69).

Figure 69: Enrollment and Quintiles of Household Wealth



- 5.30 The pattern between student absenteeism and wealth is potentially indicative of the role of the school as a protective environment for the poor. Conditional on enrolling in school, children from the poorest households tend to miss fewer days than children from wealthier households. In Gaza, only 11 percent of 5-year-old boys from poorest households miss school days, compared to 21 percent for the wealthiest (Figure 70).

Figure 70: Student Absenteeism and Household Wealth



- 5.31 Children missing school days reflect a number of interrelated conditions, beyond the binary associations with employment and wealth described above. Other relevant characteristics, such as education and age of household head, or whether there are more obstacles to access schools in rural or refugee camps contexts are likely to have a role, and may confound the observed links with employment and wealth. We fit a probabilistic model (Probit) to better understand correlates and drivers of student absenteeism (regression results reported in Table 38 in the Annex to Chapter 5).
- 5.32 We highlight three findings from our analysis particular to Gaza. First, we find that children are less likely to miss school days if the household head is more educated—for every additional year of education of the head the probability that a child misses school goes down by 1 percentage point. Further, as household size increases, children absenteeism goes down—typically larger household are poorer, but controlling for economic status, an additional household member reduces the potential burden on the child to miss school due to household chores. Finally, attendance in school is negatively correlated with household wealth. This may be the result of two factors. On one hand, wealthier households can afford complementary measures such as private tutors and home schooling. On the other hand, poorer households may gain value from the better access their children have to services when in school.

5.33 In the West Bank, we find that children are more prone to miss school days in rural areas. However, we do not find a significant association between absenteeism, employment and wealth. After accounting for household and head's characteristics, there is no clear pattern between the likelihood of missing school days, and employment and economic conditions. A potential determinant worth mentioning, although we are not able to assess its relevance at this point, is closures. If movement of people across space is restricted this may well impact the possibilities to access the school any given day, beyond economic conditions and other characteristics of the household.

4. Subjective Wellbeing

Levels and Trends of Subjective Wellbeing

5.34 PECS, the same instrument that collects information to measure consumption-based poverty, compiles poverty-related subjective assessments. A household informant is asked to provide a judgment on the following two main areas:

- Rate the household's situation and rank it in one of four categories: good, middle, poor, very poor
- Assess the total amount of money needed to satisfy basic needs.

5.35 While the first of these questions is broad in scope, the second one is restricted to the income dimension. Each measure presents its own pros and cons. The first measure gives room for respondents to consider other dimensions of poverty beyond just income. This flexibility makes it interesting as a vehicle to characterize poverty more broadly (as explored in the next section). However, the inbuilt subjectivity and relativity of this implies that each respondent will use their own judgments which can either be influenced by their immediate peer or reference group or by aspirations that guide their view of what constitutes a reasonable standard of living to be non-poor. This very heterogeneity in self-assessments allows us to explore why some households consider themselves as poor when they in fact lie above the poverty line and vice-versa.

5.36 The second subjective measure, basic needs income question anchors the response in more concrete terms. However, the notion of what constitutes basic needs will still vary from one person to another depending on aspirations and context, but the question focuses all respondents on the income dimension. Even more importantly, this reported minimum income is not directly comparable to a consumption-based measure as it may not include the same basket of goods and services that underlie the constructed consumption based poverty line.

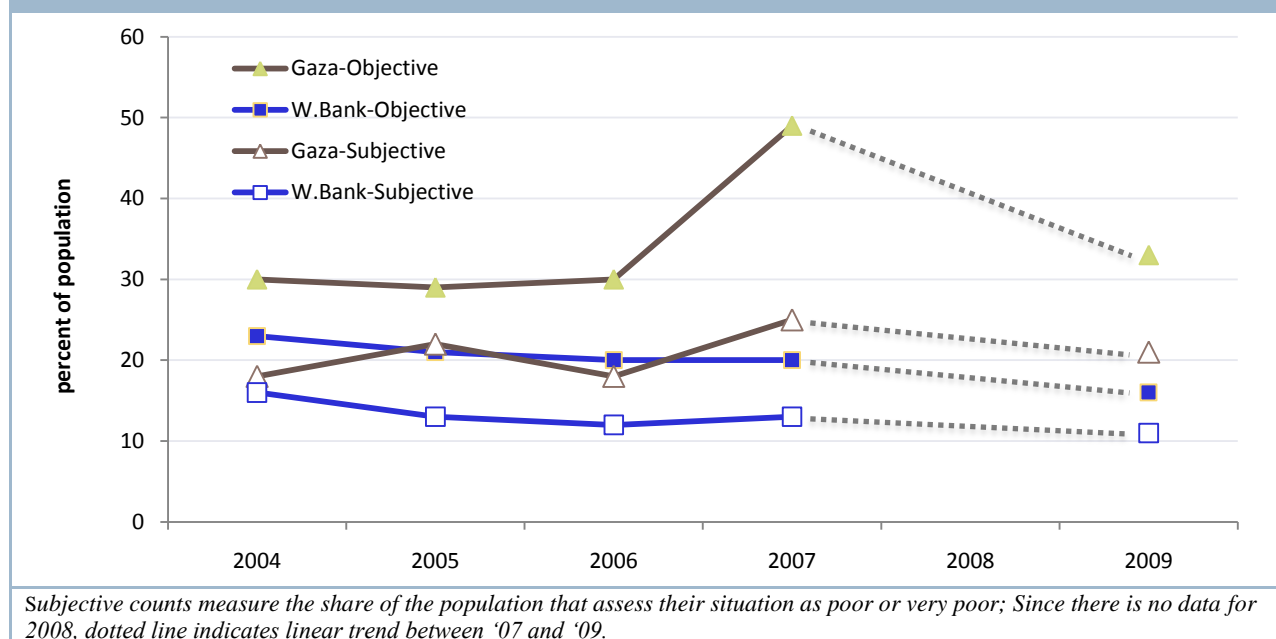
5.37 Keeping these caveats in mind, the analysis suggests some interesting insights that reinforce the spatial and time trends in the evolution of consumption poverty as described in Chapter 2.

- Defining subjective poverty as the self-assessed condition of poor or very poor, we find that in 2009, in the West Bank one in ten people are in subjective poverty. In Gaza, the rate is twice as high. Thus, whether we look at subjective or objective measures of poverty, households in Gaza are substantially worse off.
- In both regions subjective poverty rates follow time-trends that are consistent with the trends in consumption-based rates. Subjective wellbeing deteriorates severely in Gaza in 2007, and exhibits an encouraging improvement in 2009. Relative to 2004, however, only West Bank has seen a reduction in

subjective poverty—exactly the same case as with objective poverty. Figure 71 fully describes trends and comparisons.

- While both subjective and objective trends are similar, subjective poverty exhibits less volatile behavior. This is particularly true of Gaza, where in 2007 objective poverty increased by 20 points, or 66 percent compared to 2006, while subjective poverty went up 6 points, or 33 percent relative to 2006.
- Over time and across space subjective poverty rates are consistently lower than objective rates; both in West Bank and in Gaza, the subjective rate is about two thirds of the objective rate. The differential rates may suggest that households value other things over and above consumption levels. A subsequent analysis in sub-section 4.2 aims to improve our understanding of these other dimensions.

Figure 71: Objective and Subjective Poverty Head Counts Compared



5.38 Turning our attention to our second subjective measure, the income for basic needs question (Minimum Income Question or MIQ),⁵⁹ we construct an alternative poverty definition by comparing income reported in MIQ to actual income or expenditure levels⁶⁰, with the caveat that households with the same income may be classified differently if their basic needs assessments differ sufficiently.⁶¹

5.39 We find that MIQ-based poverty compares fairly well with subjective poverty in Gaza, following a similar trend and levels. As the previous subjective poverty measure, the MIQ measure is also below the objective consumption-based poverty rates, and is less volatile over time. In sharp contrast, in the West Bank, poverty rates based on MIQ are higher than both subjective and

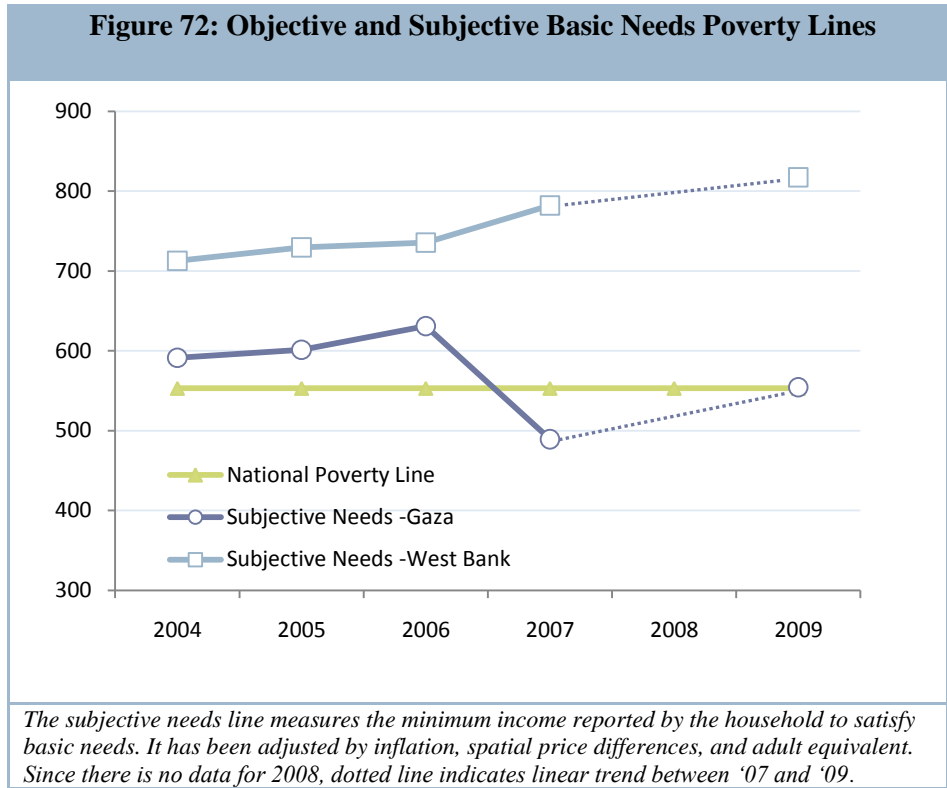
⁵⁹ Referred to in the literature as Minimum Income Question, or MIQ (Pradhan and Ravallion, 2000, Kapteyn et al 1988)

⁶⁰ The difference between income and expenditure is given by savings. If savings are widespread among people at the lower end of the income distribution, then using income or expenditure to compare to MIQ is not innocuous. While we do not have the data to test this empirically, this is unlikely the case.

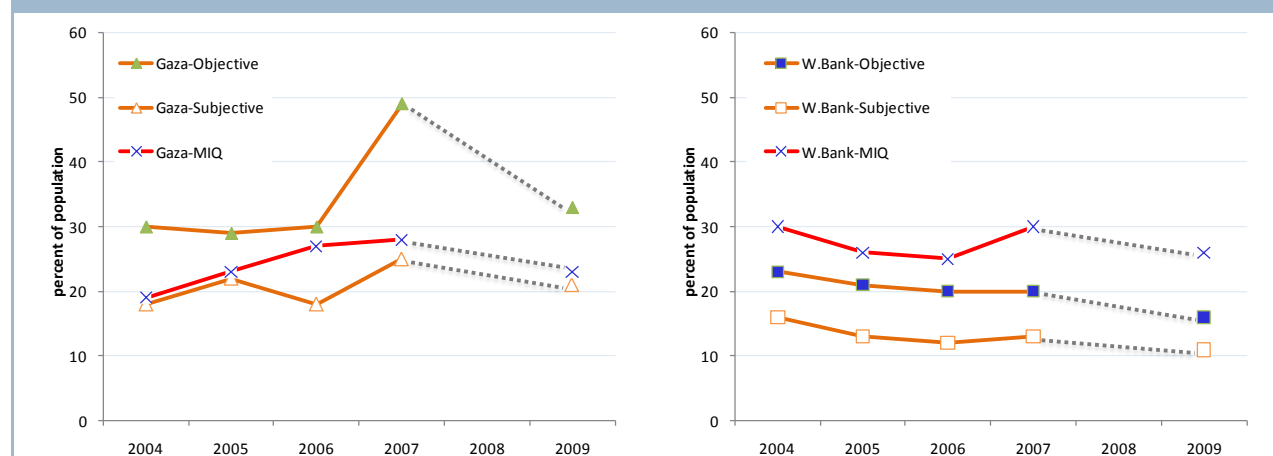
⁶¹ Pradhan and Ravallion, op.cit., undertake an alternative regression-based approach. For the purposes of this chapter, we do not deem necessary to go down that road, since the interest is set on the raw reports and how they compare with the subjective assessment of poverty across space and time.

objective poverty measures. The difference is not trivial, with gaps ranging from 5 to 15 points, as is evident in Figure 72.

5.40 These findings are revealing in terms of understanding how individuals evaluate the income needed to meet their basic needs. Even though West Bank residents enjoy better socio-economic status, their minimum income valuations are such that they appear poorer than Gaza residents based



on this measure. Clearly, subjective notions of what constitutes basic needs and the income required to meet them are not the same across the two regions. In the West Bank, where there is more likely a larger and richer set of opportunities relative to Gaza, this wider range of options seems to be accompanied by higher aspirations and ambitions, leading to larger evaluations of what constitute basic needs.

Figure 73: Three Measures of Poverty, by Region, 2004-2009

Objective line represents official consumption-based poverty rates. Subjective line measures the share of the population that assess their situation as poor or very poor. MIQ line shows the share of the population with expenditure levels lower than self-reported minimum income for basic needs.

Since there is no data for 2008, dotted line indicates linear trend between '07 and '09.

Table 16: Subjective Poverty does not Mean Objective Poverty

Year		Gaza			West Bank		
		Subjective Measure			Subjective Measure		
		Nonpoor	Poor	Total	Nonpoor	Poor	Total
2004	Nonpoor	63.7	6.1	69.8	68.7	7.9	76.6
	Poor	18.6	11.6	30.2	15.1	8.3	23.4
	Total	82.3	17.7	100.0	83.8	16.2	100.0
2005	Nonpoor	62.7	8.8	71.5	72.3	6.2	78.6
	Poor	15.6	12.9	28.5	15.1	6.4	21.5
	Total	78.3	21.7	100.0	87.4	12.6	100.0
2006	Nonpoor	62.5	7.5	70.0	73.3	6.5	79.9
	Poor	19.4	10.7	30.0	14.7	5.5	20.1
	Total	81.8	18.2	100.0	88.0	12.0	100.0
2007	Nonpoor	42.5	8.1	50.6	73.3	6.5	79.8
	Poor	32.0	17.4	49.5	13.3	6.9	20.2
	Total	74.5	25.5	100.0	86.6	13.4	100.0
2009	Nonpoor	59.6	7.2	66.8	78.2	6.1	84.2
	Poor	19.2	14.0	33.2	11.1	4.7	15.8
	Total	78.8	21.2	100.0	89.2	10.8	100.0

Source: PECS

- 5.41 So what explains the difference between subjective poverty assessments and consumption-based measures of poverty? Are all those who assess themselves as poor (or very poor) also objectively poor? In the absence of panel data, one way to understand what explains subjective poverty assessments and what distinguishes these from the consumption-based poverty rate is to look at both measures jointly, to examine joint distributions and to study their correlates. Table 16 presents the overlaps and discrepancies between these two measures, for each year and each region, based on the first measure of subjective poverty.
- 5.42 In any given year, the diagonal cells (*italicized*) represent the proportion of households who consider themselves both subjectively and objectively poor or both subjectively and objectively non-poor. The off-diagonal cells represent the proportion of households who are poor by one measure and not by another. Based on our findings in Figure 70, that show that fewer households consider themselves subjectively poor, we would expect to find positive values below the diagonal. What is surprising is that some households consider themselves to be subjectively poor when in fact they are above the poverty line.
- 5.43 In 2009 in Gaza, for instance, almost 20 percent of the population is below the poverty line but does not consider itself poor, while 7 percent are not poor but do consider themselves poor. In the West Bank, these percentages are 11 and 6, respectively. These figures are non-negligible. Overall, of all the subjectively poor in Gaza, one third are above the poverty line, while in the West Bank, among those households who report themselves as poor, about half are above the poverty line.

What Characteristics Drive Households to have Contradictory Subjective and Objective Poverty Status?

- 5.44 Why do subjective assessments of poverty status differ so much from consumption based poverty measures? In the following analysis, we use a multinomial logit model to understand this question.⁶²
- 5.45 The results suggest that poor households whose heads have at least a secondary education are more likely to consider themselves not poor, especially in the West Bank. In both territories, non-refugee status, larger household size and having an employed head of household are all characteristics that make poor households more likely to not consider themselves as poor. Conversely, households who are above the poverty line with better educational attainment, employment, job security and larger families, are less likely to report that they are poor. Some characteristics are more important than others in each of the territories. Consistent with the higher returns to education in the West Bank as discussed in Chapter 3, education plays a more important role in poor households evaluating themselves as non-poor relative to Gaza. Not surprisingly, having a job is equally important in both regions and is strongly associated with a more favorable assessment of their poverty status. Refugee status is more pertinent in Gaza where

⁶² See Annex to Chapter 5. Table 39. The dependent variable is the four possible combinations of objective and subjective poverty status: Poor-Poor; Nonpoor-Nonpoor; Nonpoor-Poor; Poor-Nonpoor. Explanatory variables include household and household head characteristics addressing demographics, labor market attachment, and contextual variables. Models are run separately for Gaza and West Bank. Models were also run fully interacted by time dummies to test differences in regression coefficients across time, but overall we did not find significant changes.

non-poor refugee households are more likely to consider themselves as poor. Finally, poor households with larger families are more likely to report themselves as non poor in the West Bank, perhaps reflecting the greater potential for work opportunities in the West Bank relative to Gaza.

- 5.46 Taken altogether, these results are strongly suggestive of the dimensions that households value beyond consumption. Even when current consumption conditions are unfavorable, households value other dimensions such as education, non-refugee status, large families, and employment. These are important measures of broader capabilities and are important drivers of consumption poverty itself. In fact, these characteristics may be valued by households because of their very potential as mechanisms to move out of consumption poverty.

5. Multiple Dimensions of Deprivation

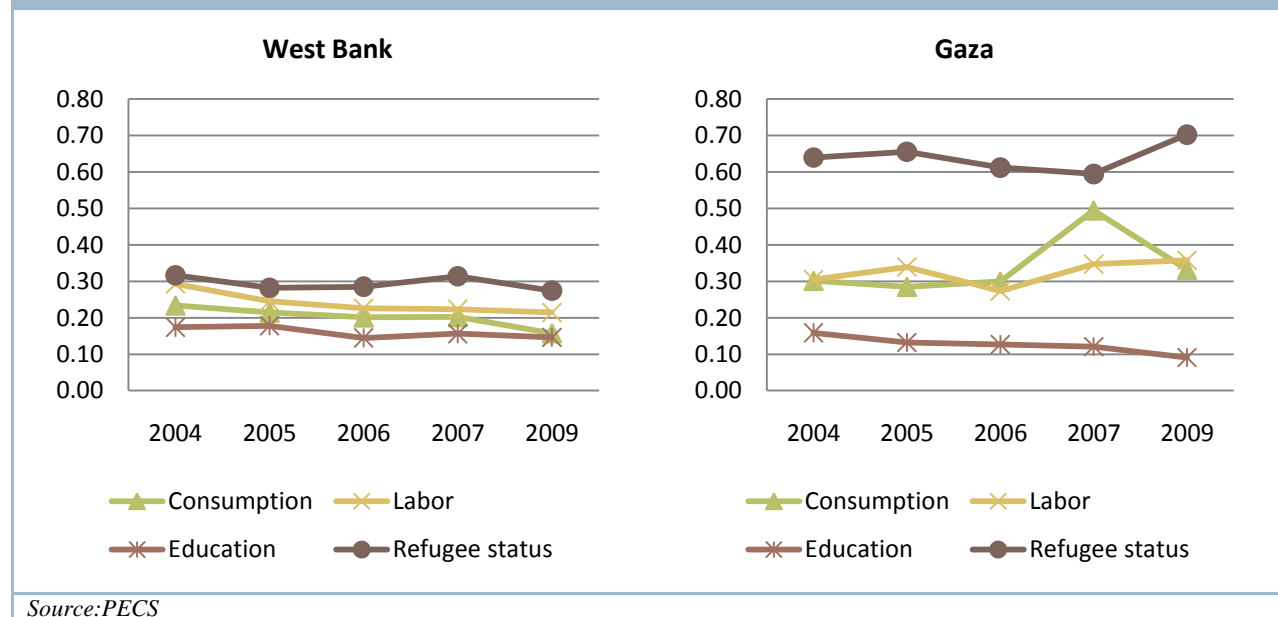
- 5.47 While trends in consumption poverty indicate a worsening of living standards in 2007 followed by a quick recovery in 2009, poverty diagnostics also seem to indicate that recovery in other dimensions such as employment and private sector growth were limited. A closer examination of the drivers of poverty as undertaken in Chapter 2 also confirms the existence of multiple drivers of poverty with some- education and labor force status among them-having particularly strong and enduring associations with poverty status (Chapter 2, Table 38a). This analysis of the determinants of poverty also indicates that the importance of these different dimensions of deprivation, like refugee status for instance, varied across time and across the two regions. The preceding analysis in this chapter confirms that while the West Bank and Gaza perform very well in health outcome measures such as anthropometrics, and in education measures such as universal access and enrolments, there is a clear and positive association between wealth and employment status of the household head and enrollment outcomes. Moreover, as the analysis of the measure of subjective self-assessment of poverty status demonstrates, residents of West Bank and Gaza value other dimensions of wellbeing beyond income when assessing their poverty situation. In particular, two dimensions are of particular importance for households: having a job and education attainment. They play an important role in determining whether households consider themselves not to be poor when in fact their expenditure levels are below the consumption poverty line. This suggests that multiple dimensions of deprivation are at work in the West Bank and Gaza and that these matter in how people evaluate their own wellbeing.
- 5.48 Building on the examination of non-income dimensions of poverty and subjective measures of poverty in this chapter, this explores multiple dimensions of poverty or deprivation explicitly. Since consumption poverty measures from the PECS do not include those dimensions of deprivation that may have intrinsic value over and above that measured by market expenditures, in this section, we first consider the incidence and trends over time for some dimensions of deprivation that are available in the same dataset. Next, the analysis identifies the presence of overlapping dimensions of deprivation, suggesting that certain households may be more vulnerable than others. Tracking these multidimensional deprivations over time also yields insights into when, whether and how some households fared particularly poorly. Finally, we explore how subjective assessments of poverty status might be related to these dimensions of deprivation. Moving beyond the incidence of single and multiple deprivations, we explore the

“intensity” of this incidence by treating the strength of the association between each dimension and the self assessment of poverty as the average weight or importance of that dimension. We compare the resulting measures of weighted incidences or intensities along single and multiple dimensions with their incidences, illustrating why and how subjective, objective, and multidimensional measures of poverty might differ.

- 5.49 The simple analysis in this section focuses on four main dimensions of deprivation:
- i. Consumption poverty: A household is denoted as consumption deprived if its consumption expenditures are below the poverty line.
 - ii. Labor force status deprivation: A household is defined as being deprived on the labor dimension if the head of the household is either unemployed or out of the labor force
 - iii. Education deprivation: A household is said to be deprived on the education dimension if the head of the household has less than secondary education or if any adult member of the household is illiterate
 - iv. Refugee status: A household is denoted as a refugee household if the household reports being registered as refugees, either living in camps or outside
- 5.50 The choice of these dimensions of deprivation is motivated by the analysis of the determinants of poverty in Chapter 2. Health outcomes are not included here partly because evidence from the preceding analysis and chapters suggests that performance on indicators such as anthropometrics continues to be good and that most households have physical access to health facilities. The main reason for not including health outcomes is that the PECS does not include rich health indicators that are strongly associated with poverty status, and it is important to use the same data source when examining deprivations along multiple dimensions.

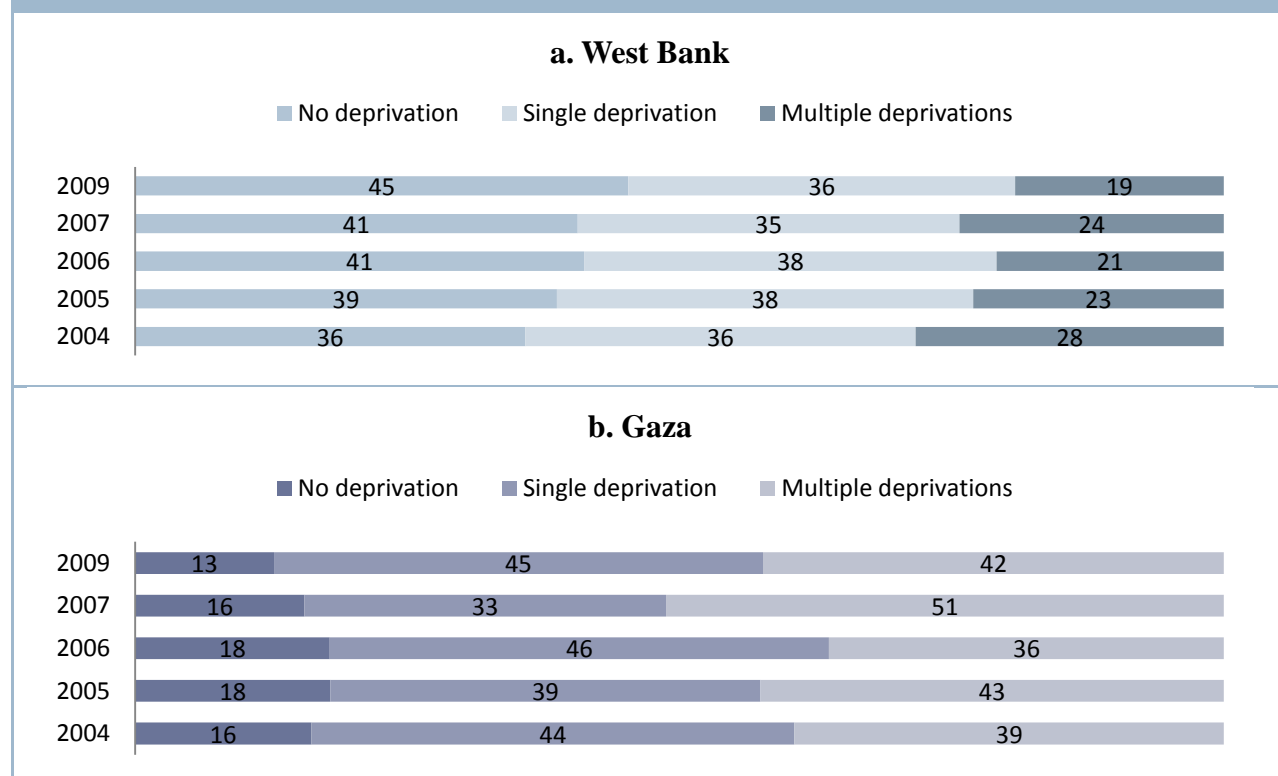
Multidimensionality of Poverty: Comparing and Tracking Dimensions of Deprivation

- 5.51 Figure 74 shows the trends of consumption poverty and deprivations along the dimensions of labor force status, educational attainment, and refugee status in the West Bank and Gaza for the period between 2004 and 2009. As in the rest of this poverty assessment, the incidence of each of these dimensions of deprivation shows the stark regional disparities between the West Bank and Gaza. In every dimension of deprivation other than education, households in Gaza had higher incidences of deprivation in every year relative to those in the West Bank. In Gaza, as shown in the poverty diagnostics, consumption poverty rose in 2007 and returned to its pre-2007 level in 2009. However, other trends suggest that this recovery needs to be seen with caution. A larger proportion of households in Gaza reported having the head of household unemployed or out of the labor force in 2007 relative to earlier years, and this has only increased in 2009. Moreover, an additional 10 percent of households in Gaza are registered refugees in 2009 relative to 2007. In contrast, in the West Bank, along all dimensions of deprivation, incidence seems to be falling gradually over time.

Figure 74: Time Trends of Different Dimensions of Deprivation

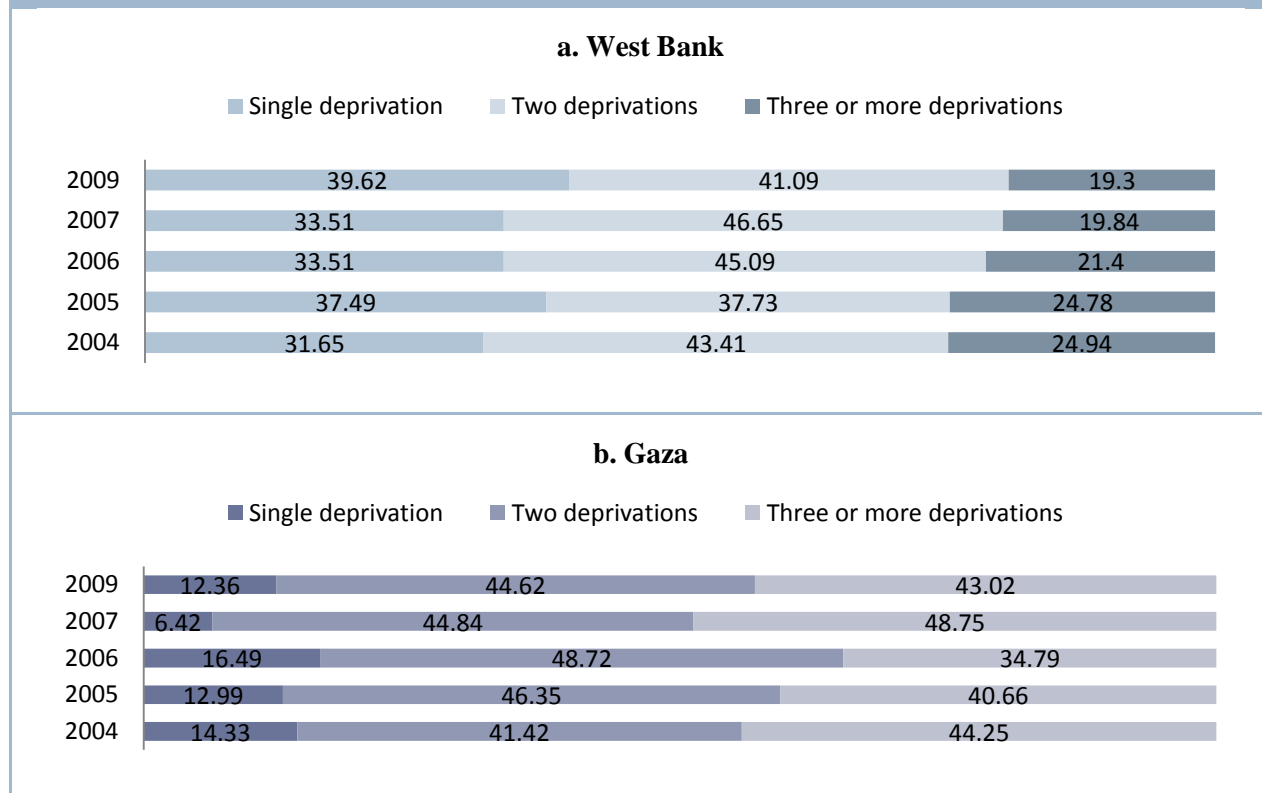
Overlapping Dimensions of Deprivation

- 5.52 In order to better understand the relationship between these different dimensions of deprivation, as well as the regional and time trends in their evolution, Figure 75a and Figure 75b plot trends in overlaps of deprivations. “Single” refers to the share of households who suffer from only one dimension of deprivation while “multiple” refers to the share of households who suffer at least two or more dimensions of deprivation. Figure 75a shows that in the West Bank, the proportion of households who did not have any deprivation along these dimensions has been increasing steadily since 2004, whereas those who are deprived along a single dimension alone has remained steady over time, with no difference between 2004 and 2009 levels. However, there was an increase in the proportion of households simultaneously suffering from multiple deprivations in 2007, which has since come down.
- 5.53 In Gaza, on the other hand (Figure 75b) there has been a steady decline in the proportion of households without any deprivation; in 2009 only 13 percent of households had no deprivation. This figure is less than a third of the corresponding measure in the West Bank. Moreover, the large increase in consumption poverty among households in Gaza was accompanied by a 15 percentage point increase in the proportion of households that suffered along multiple dimensions. Importantly, this number has not yet come down to its 2006 levels, suggesting that the recovery in Gaza has been an incomplete one. In fact, almost 19 percent of households in Gaza simultaneously suffered from three or more deprivations in 2007, and this number has only come down to 16 percent in 2009 (Table 17).

Figure 75: Overlapping Dimensions of Deprivation- West Bank**Table 17: Overlapping Deprivations in the West Bank and Gaza (Share of Households)**

Year	West Bank				Gaza			
	No deprivation	Single deprivation	Two deprivations	Three or more deprivations	No deprivation	Single deprivation	Two deprivations	Three or more deprivations
2004	35.84	35.87	19.72	8.58	16.19	44.37	24.61	14.83
2005	38.76	38.23	16.38	6.64	17.94	39.49	27.89	14.69
2006	41.25	37.89	15.74	5.12	17.88	45.85	24.89	11.38
2007	40.64	35.09	19.21	5.05	15.54	33.21	32.57	18.68
2009	45.31	35.54	14.31	4.84	12.76	44.91	26.02	16.32

5.54 One of the overarching findings in the analysis throughout this poverty assessment is the role of labor market outcomes in explaining poverty status. As Figure 74 shows, the regional trends in the incidence of unemployment and inactivity of the household head are also ones of divergence between the two territories, with gradual improvement in the West Bank and steady deterioration in Gaza. Figure 76 focuses on those households who are deprived on the labor dimension, to understand how this increase in the incidence of multiple deprivations especially in Gaza in 2007, might have increased the vulnerability of these households.

Figure 76: Multiple Deprivations for Households with Unemployed or Inactive Heads- West Bank

5.55 While in the West Bank, the proportion of households suffering from overlapping deprivations has been declining, even among those households who were already deprived along the labor dimension, in Gaza, these households are far more vulnerable to multiple deprivations in general, and especially since 2007. Between 2006 and 2007, there was a large increase in the share of households suffering three or more deprivations and the incidence of multiple deprivations among households with unemployed or inactive heads remains high even in 2009. Thus, in Gaza, both the incidence and multidimensionality of poverty worsened dramatically between 2006 and 2007. The observed recovery in consumption poverty is not mirrored in these other measures of deprivation that are yet to recover fully in 2009. Among those households in Gaza that were already vulnerable in terms of their labor market outcomes, the crisis of 2007 exposed a very large majority to multiple deprivations, and these households continue to remain vulnerable in 2009.

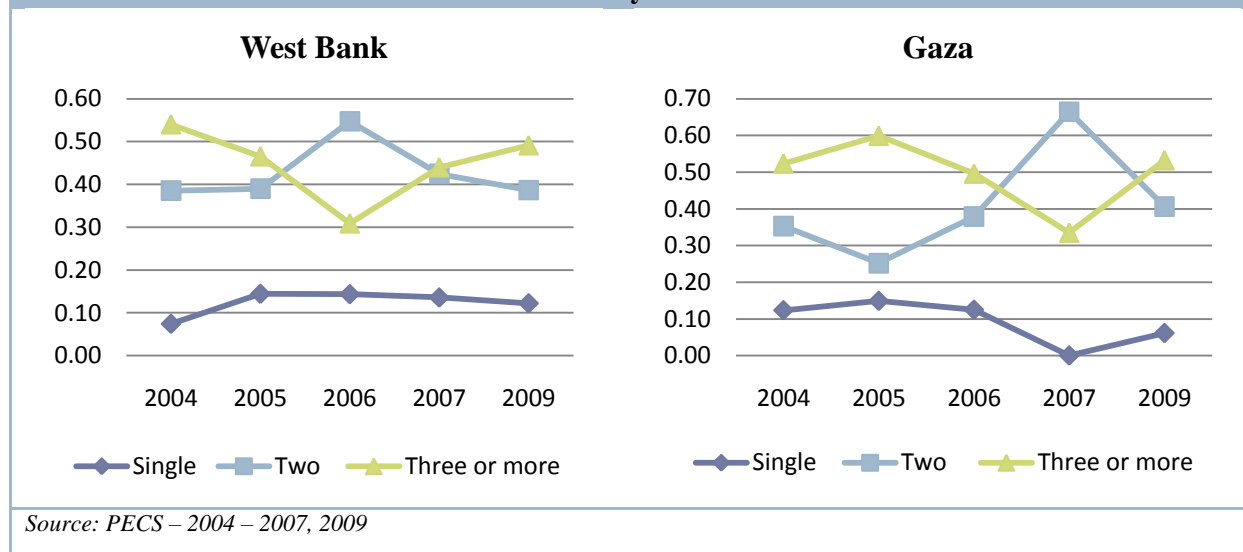
Relating Subjective Poverty and Multiple Dimensions of Deprivation: How do People Evaluate Different Dimensions of Deprivation and Their Overlaps?

5.56 In the above analysis, we report each dimensions of deprivation (consumption poverty, labor deprivation, education deprivation and refugee status), and all combinations of overlaps as if they were equally important. This begs the question: How do these different dimensions of deprivation matter to people's own assessment of their poverty status. Perhaps people care much more about consumption poverty than any other dimension. In that case, policies that reduce poverty not only

address the immediate objective but also improve people's perceptions about their own lives. On the other hand, addressing consumption poverty might not be enough if people feel that their standards of living and quality of life are much more strongly determined by not being gainfully employed, by their status as refugees or by the presence of both deprivations together. Moreover, such valuations of different and multiple dimensions of poverty in determining a subjective assessment of poverty might vary over time and space.

- 5.57 In order to further understand how self-perceptions of welfare are determined along and by multiple dimensions of deprivation, we adopt a *revealed preference* approach, whereby a household's preferences can be revealed by their behavior. We regress a measure of self-reported subjective poverty status on all combinations of these preselected dimensions and treat the regression coefficients as the average valuation (or weight) of that dimension or combination of dimensions in the self-assessment of poverty status. We use a dummy variable measure of subjective poverty that takes the value 1 for all households that report that they are "poor" or "very poor", and 0 otherwise. For each year and region, we estimate the coefficients of each of the deprivations and each overlap to understand their role in self-assessed poverty status.
- 5.58 Table 40 and Table 38 present the results of this exercise, demonstrating that there is significant variation over time and space in the relative evaluations of different and multiple dimensions of deprivation. In the West Bank, neither educational deprivation alone, refugee status alone or their combination are important in whether a household assesses itself to be poor. Not surprisingly, consumption poverty is positively and significantly associated with the subjective poverty status. After 2007, deprivation along the labor dimension alone becomes positively associated with subjective poverty, unlike in the preceding three years. What is also revealing is that in general, the presence of multiple overlapping deprivations is associated with a higher likelihood that a household considers itself to be poor. Figure 77 plots the time trend in the valuations of single, two and three or more dimensions of deprivation over time. For ease of interpretation, the coefficients plotted have been normalized to sum to one. Thus, while the weight of each dimension and its combination varies over time (Table 40), the presence of multiple deprivations is consistently and strongly associated with subjective poverty in the West Bank, accounting for 88 percent of the total on average.

Figure 77: Evaluating Single and Multiple Overlapping Deprivations in Self-Assessments of Poverty Status

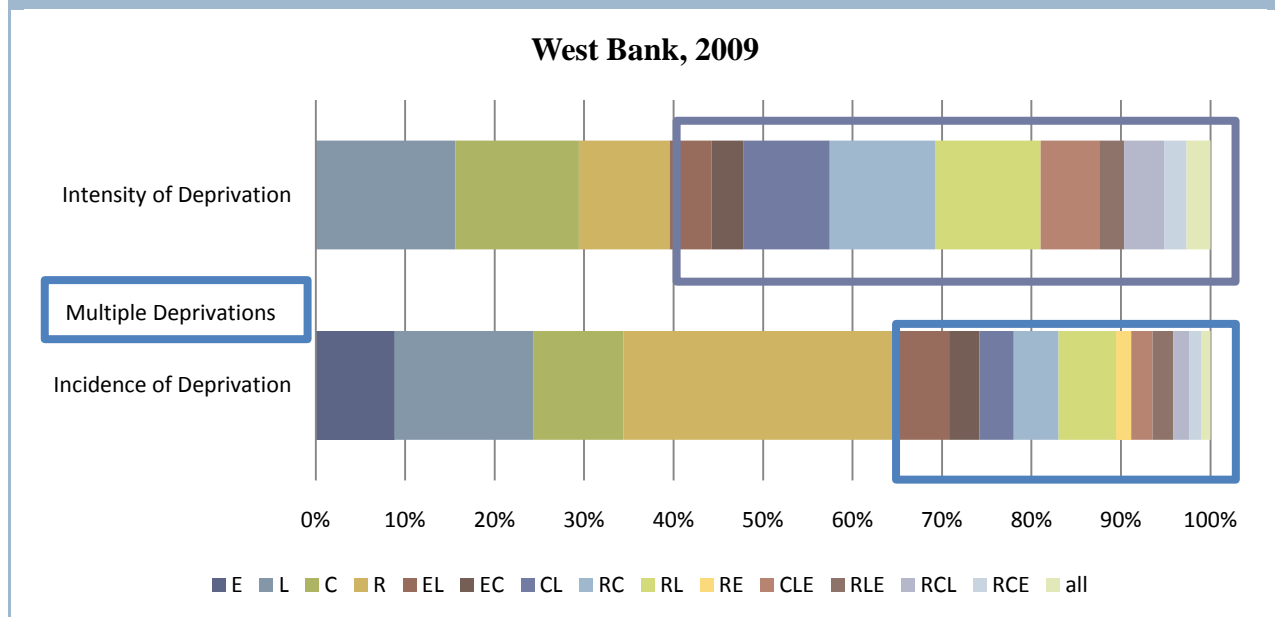


5.59 In Gaza, as well, education and refugee status alone are not important predictors of subjective poverty status, and neither is their combination, except in 2007. Surprisingly, consumption poverty alone is not significantly associated with subjective poverty in 2007. This is potentially driven by the increasing weight placed by households on the presence of overlapping dimensions of deprivation rather than a single dimension in the context of the severe economic crisis of 2007. This suggests that households may be adjusting their evaluation of their own status, especially in times of crisis, taking into account the worsening of general conditions in the economy. Compared to the West Bank, Gaza residents place even greater weight on the presence of multiple deprivations in evaluating their own welfare: on average, the presence of multiple deprivations accounts for 95 percent of the total weight of the dimensions we consider (Figure 77).

How do Perceptions of Deprivation Differ from the Incidence of Deprivation?

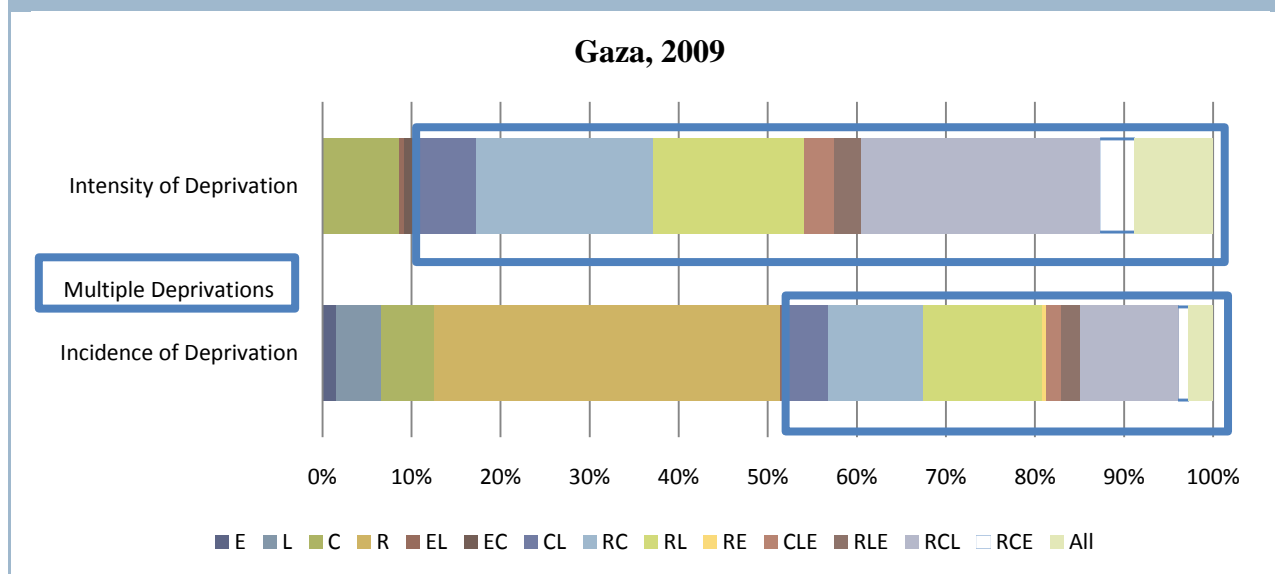
5.60 The preceding analysis explores how subjective assessments of poverty status might be related to different dimensions of deprivation. This suggests that if households' self-assessments of their own welfare are important, given the variation across time and space in how different dimensions matter, it is important to not just look at the incidence of a certain kind of deprivation, but also at its "intensity" or its weighted incidence. Based on the subjective valuations of each dimension and all its possible combinations, we derive this weighted incidence as the product of the incidence and the corresponding subjective valuation. Figure 78 and Figure 79 compare these resulting measures of perceived intensities with their corresponding incidences or occurrences for the West Bank and Gaza in 2009.

Figure 78: Comparing the Incidence and Intensity of Deprivations in the West Bank in 2009



5.61 This comparison between incidences of deprivation and their weighted incidences or intensities demonstrate that while the proportion of households who suffer from multiple deprivations may not appear to be very large in the West Bank, the presence of multiple deprivations plays a much more important role in terms of how households perceive their own wellbeing. For instance, in the West Bank in 2009 (Figure 78), the share of multiple deprivations in incidence is around 25 percent while its share in the intensity of deprivation is around 60 percent.

Figure 79: Comparing the Incidence and Intensity of Deprivations in Gaza in 2009

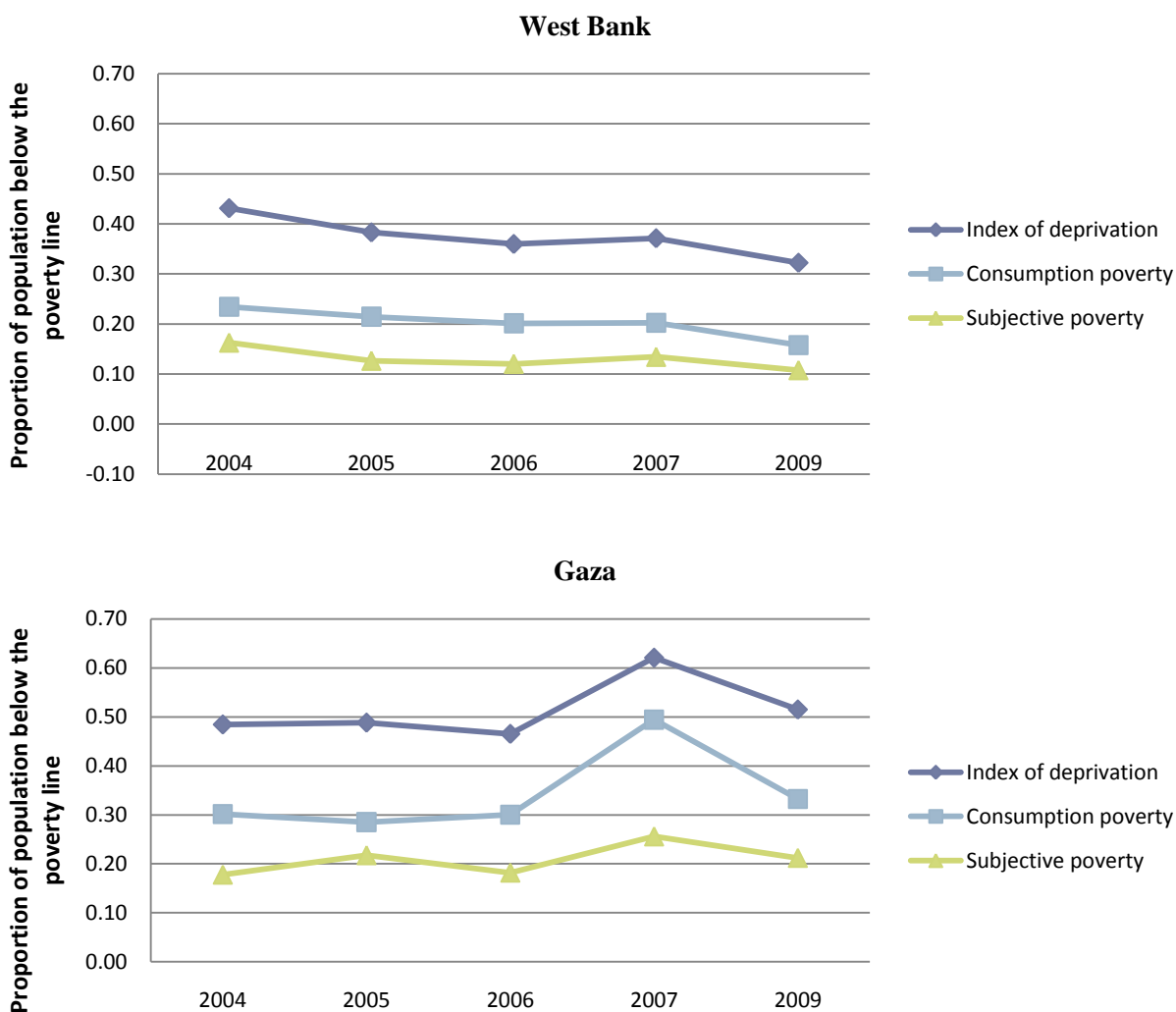


5.62 In Gaza, however, the incidence of multiple deprivations, at 50 percent, is double that of the West Bank. As in the West Bank, the perceived intensities of multiple deprivations are far more

important, accounting for 90 percent of the overall intensity. Consumption poverty is the only dimension that matters by itself to how households in Gaza evaluate their wellbeing: all other dimensions of deprivation that matter are multiple and overlapping.

A Broader Index of Multidimensional Deprivation

- 5.63 The preceding analysis indicates that different dimensions of deprivation matter to households in the West Bank and Gaza in assessing their welfare. The value or weight placed on each dimension also varies, although in general, the presence of multiple overlapping deprivations is very important in assessing subjective poverty status. The next part of the analysis uses these estimated weights and valuations to create an index of multidimensional deprivation, exploring how this multidimensional index compares with the levels and trends of consumption and subjective poverty.
- 5.64 In order to create this index, we first estimate the average weights of each of these deprivations and each of their overlaps in influencing self-reported subjective poverty status for the entire period covering 2004 and 2009. In the spirit of the Multidimensional Poverty Index (MPI), we then calculate a weighted average of all dimensions of deprivation for a household, and if a household falls above a certain threshold, the household is identified as poor along this index of deprivation. After assigning 0 to the remaining households, we create regional headcounts separately for the West Bank and Gaza for each year as the proportion of households who suffer more than the threshold level of deprivation. The resulting Index of Deprivation is plotted alongside consumption-based and subjective poverty headcounts in Figure 80.

Figure 80: Comparisons in Trends of Headcount Rates Among Different Measures

Source: PECS – 2004 – 2007, 2009

5.65 All three measures suggest quite similar trends in both the regions. It is important to note that the level of the headcount rates for the Index of Deprivation is not useful in itself as we can artificially increase this level by reducing the cutoff (currently we chose a cutoff of 30 percent of total deprivation). On the other hand, the trend does contain useful information since the indices of deprivation headcounts are directly comparable over time within a region. With this in mind, Table 14 shows that in the West Bank, consumption poverty, multidimensional deprivation and subjective poverty all showed significant improvements since 2004. On the other hand, in Gaza, it was consumption poverty that increased most dramatically in 2007 and recovered most rapidly in 2009. Subjective poverty rates seem to be the least volatile of the three measures, with the relatively smallest increases in 2007 and the relatively smallest declines thereafter. The multidimensional index of deprivation is less volatile than consumption poverty rates. What is

revealing is that this index did not recover as rapidly as consumption poverty rates between 2007 and 2009, perhaps reflecting the lack of significant improvements in other dimensions of the Gaza economy, and in labor market outcomes in particular.

Box 10: Multiple Dimensions of Poverty: Comparing Measures

A central innovation of the Human Development Report of 2009 is the UNDP-OPHI Multidimensional Poverty Index or MPI¹. Based on three broad dimensions of deprivation chosen for ease of cross-country comparisons- education, health and living standards-, the MPI (based on the 2006 MICS), finds that the West Bank and Gaza is one of the best performers in the world, with less than 1 percent of its population MPI poor. This outstanding result is not surprising given the remarkable performance of the WBG in terms of human development achievements, which is validated in the findings of this poverty assessment as well.

However, these dimensions of deprivation are not the same as those suggested by detailed household data and the analysis of the determinants of consumption poverty. As an experiment, we measure multidimensional poverty along these dimensions instead (see Index of Deprivation below)- consumption poverty, labor market deprivation, educational deprivation and refugee status, all of which are highly correlated with subjective poverty status. While the levels of the Index of Deprivation cannot be interpreted as it can be changed arbitrarily by changing the cutoff-- we do find that the residents of the WBG are significantly deprived along these dimensions. Another interesting feature of this experiment is in the design and construction of weights for each of the dimensions of deprivation considered. Taking advantage of a unique feature of the PECS, the measurement of subjective poverty, we assign weights to each dimension of deprivation according to their relative importance in determining subjective assessments of poverty status. The resulting measure therefore includes those objective dimensions of deprivation that are also important in households' self- assessments of wellbeing.

Given that any choice of weights choice is arbitrary and ad hoc, this measure of multiple dimensions of deprivation nevertheless has an interesting interpretation. If we are of the opinion that subjective poverty is important for policy makers, which may be increasingly true in the context of the Middle East and North Africa region, where consumption poverty is relatively low and discordant with public perceptions of satisfaction with their quality of life, then this analysis can shed light on why this may be the case.

¹ Alkire, Sabina & Maria Emma Santos. 2010. Occupied Palestinian Territories Country Briefing. Oxford Poverty & Human Development Initiative (OPHI) Multidimensional Poverty Index Country Briefing Series. Available at: www.ophi.org.uk/policy/multidimensional-poverty-index/mpi-country-briefings/

5.66 Thus, the poverty narrative of the last decade in the West Bank and Gaza is remarkably consistent whether we look at the determinants of consumption poverty, measures of subjective poverty, or explicitly take multiple dimensions of deprivation into account. Consumption poverty by itself is very important; however, other dimensions – education, labor market outcomes and refugee status- are also important in understanding poverty, vulnerability and the resilience of the recent economic ‘recovery’.