

Government Funding of the Israeli Settlements in the West Bank, Gaza Strip and Golan Heights: Update

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Local Government Budgets

The income of municipal budgets consists of two columns, one for the *regular budget* and one for the *development budget*. Income for the regular budget includes allocations from the central government and self-income -- from taxes, fees and the like.

* Looking at the income column of the *regular budget*, we find that in 2001, the average per capita income in the Jewish settlements in the West Bank, Gaza Strip and Golan Heights was NIS 6,189, in contrast to NIS 4,924 in localities in Israel proper.

The figure for Jewish development towns was NIS 5,386, for localities in the "Forum of 15" (relatively affluent communities that do not require special funding from the central government to balance their budgets), NIS 5,360, and for Arab localities,

NIS 3,759.

These figures are similar to the figures for 2000, and, for that matter, to the figures for the last decade.

* Looking at the income of that part of the *regular budget* in the Jewish settlements in the West Bank, Gaza Strip and Golan Heights whose source is the central government, we find that the per capita average was NIS 4,202, compared with NIS 1,874 for localities in Israel proper.

The figures for other types of localities are as follows: Jewish development towns, NIS 2,756; Arab localities, NIS 2,628; "Forum of 15", NIS 1,258.

* Looking at the column of the municipal *development budget*, we find that the average per capita income in the Jewish settlements in West Bank, Gaza Strip and Golan Heights was NIS 2,027, compared with NIS 1,095 for the localities in Israel proper.

The average for the Jewish settlements in the West Bank, Gaza Strip and Golan Heights was higher than that for Arab localities in Israel, NIS 1,076; for the "Forum of 15", 1,015, and for Jewish development towns, NIS 1,008.

* In 2001, the Jewish settlements in the West Bank, Gaza Strip and Golan Heights were over-funded in the amount of NIS 1,266 per capita in their *regular budgets* and in the amount of NIS 932 per capita in their *development budgets* (over-funding: the difference between the average per capita income in the West Bank, Gaza Strip and Golan Heights, and in Israel proper).

* When the average per capita over-funding is multiplied by the number of residents, we arrive at a total of NIS 284 million in over-funding in the *regular budget* and NIS 209 million in over-funding in the *development budget*, a total of NIS 493 million.

During the 1991-2002 period, over-funding of the Jewish settlements in the West Bank, Gaza Strip and Golan Heights amounted to no less than NIS 4.5 billion (And this is an underestimate, as we have complete figures for the development budgets beginning only in 1994).

Home Construction

(Figures are available for the West Bank and Gaza Strip only)

* In 2001, the total investment (including both public and private investment) in home construction in the West Bank and Gaza Strip was NIS 1.4 billion, less than the investment in 2000 -- NIS 1.8 billion (in 2002 prices). The decrease is a result of the Intifada, and it is in keeping with the general trend in home construction in Israel in 2001. It should be noted that this decrease comes on the heels of three consecutive years of high investments in home construction in the West Bank and Gaza Strip, 1998-2000 (the Netanyahu and Barak administrations).

* In 2001, the *share* of public investment in home construction in the West Bank and Gaza Strip (39%) was three times that in Israel proper (13%). This is the biggest difference since 1990 (See Table 1).

Table 1: Ratio Between the Share of *Public* Investment in Home Construction and the Total Investment in Home Construction in the West Bank and Gaza Strip and in Israel Proper, 1990-2001

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Ratio	1.4	1.2	1.7	2.0	1.7	2.3	2.4	2.0	2.3	2.9	2.8	3.0

Note: A value of 1 indicates an identical share of public investment in Jewish settlements in the West Bank and Gaza Strip and in localities in Israel proper. A value of 2 indicates that the share is double in the West Bank and Gaza Strip.

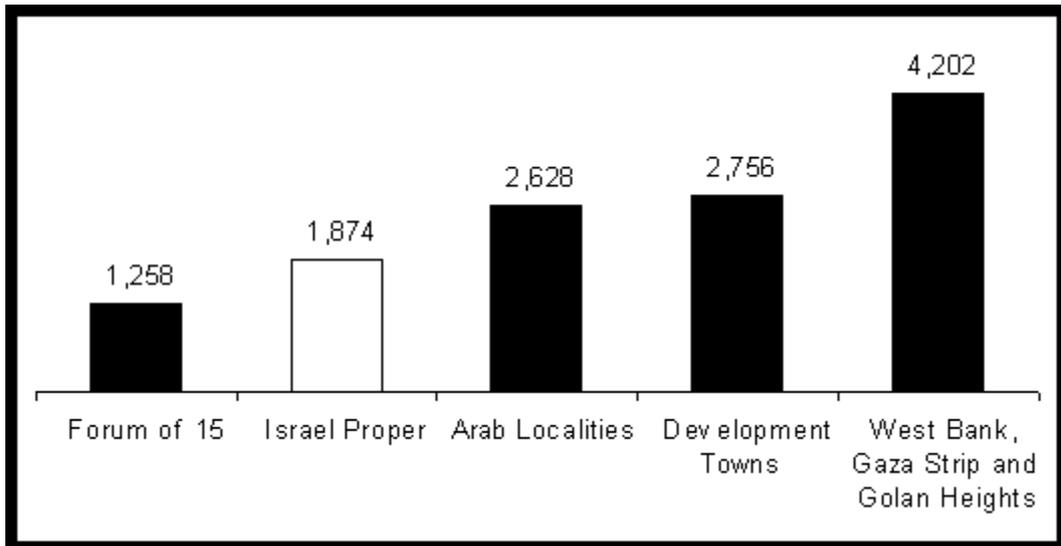
Source: Adva Center analysis of Central Bureau of Statistics, *Construction in Israel*, various years; Central Bureau of Statistics, *Statistical Abstract of Israel*, various years.

An examination of the per capita public financing (by dividing the total investment in home construction by the number of residents, and for the case of the West Bank and the Gaza Strip, the number of Jewish settlers) reveals that in 2001, the per capita government investment in home construction in the West Bank and Gaza Strip was 5.3 times that in Israel proper.

* In 2001, public over-funding of home construction in the West Bank and Gaza Strip amounted to NIS 454 million.

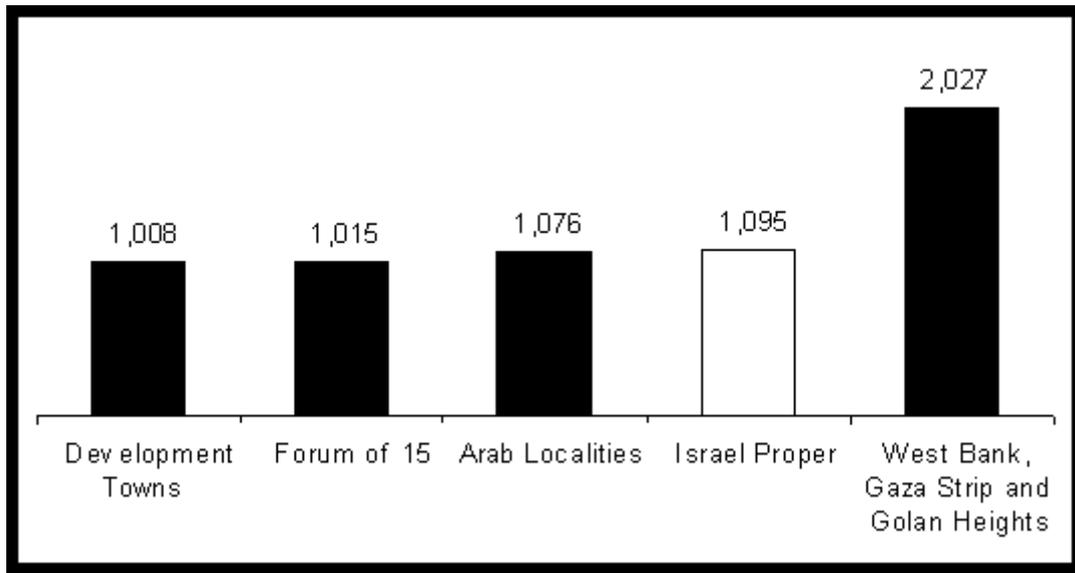
* During the period of 1991-2001 public over-funding of home construction in the West Bank and Gaza Strip totaled NIS 5.8 billion.

**Local Government Income Per Capita from the Central Government,
Regular Budget, 2001**
(NIS, 2002 prices)



Sources: Adva Center analysis of CBS, *Local Authorities in Israel, Financial Data*, various years; CBS, *Local Authorities in Israel, Physical Data*, various years; Website of the Ministry of the Interior: Department for Municipal Administration, *Local Authorities in Israel*, various years and Department for Auditing Local Governments, *Report of Audited Financial Data for Local Governments, 2001* (www.moin.gov.i).

Local Government Income Per Capita, *Development Budget*, 2001
(NIS, 2002 Prices)



Sources: Adva Center analysis of CBS, *Local Authorities in Israel, Financial Data*, various years. CBS, *Local Authorities in Israel, Physical Data*, various years; Website of the Ministry of the Interior: Department of Local Administration, *Local Governments in Israel*, various years and Department of Local Government Audits, *Report on Audited Data of Local Governments, 2001* (<http://www.moin.gov.il>).