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**A 2011 Social Accounting Matrix
for the West Bank with
detailed representation of
households and labour accounts**

WORKING PAPER



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A 2011 Social Accounting Matrix for the West Bank with detailed representation of households and labour accounts

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Abstract

A detailed Social Accounting Matrix (SAM) for the West Bank is developed for the year 2011. The data used to build the SAM are obtained from various official sources in Palestine, mainly the Palestinian Central Bureau of Statistics. Major data sets include the Palestinian national accounts, the supply and use table, the balance of payments, the labour force survey data, the expenditure and consumption survey data, the economic survey report, the living standards report and the demographics report. The SAM provides data on 49 activities, 83 commodities, 110 households, 59 production factors and 58 tax accounts. Driven by the specificity of the West Bank economy, this SAM has several features including the classification of the households and labour accounts according to the workplace (West Bank, Israel and rest of the world), which in turn considers associating each household and each labour category with their eligibility to work in Israel. In addition to dividing the labour force into eligible and not eligible to work in Israel, the SAM also considers various eligibility levels. Other features of the SAM include the separation of transactions with Israel from those with the rest of the world as well as the separation of taxes collected domestically from those collected by Israel on behalf of the Palestinian National Authority. Furthermore, this SAM takes proper account of the compensation of labour for the self-employed and of household income from unincorporated capital. It also includes an account for non-profit organisations serving households and a *Zakat* account, which is introduced for the first time in SAM literature.

Key words: Social Accounting Matrix, agriculture, labour, trade, Palestine

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List of acronyms

Acronyms	Definition
BoP	Balance of Payments
CGE	Computable General Equilibrium
COGAT	Coordination of Government Activities in the Territories / Ministry of Defence, State of Israel
GDI	Gross Disposable Income
GDP	Gross Domestic Product
GNI	Gross National Income
GISHA	Legal centre for freedom of movement
GTAP	Global Trade Analysis Project
ILO	International Labour Organization
IMF	International Monetary Fund
ISIC	International Standard Industrial Classification
LFS	Labour Force Survey
MoF	Ministry of Finance / Palestinian National Authority
NA	National Accounts
NPISH	Non-Profit Institutions Serving Households
OECD	Organization for Economic Cooperation and Development
PCBS	Palestinian Central Bureau of Statistics
PECS	Palestinian Expenditure and Consumption Survey
PNA	Palestinian National Authority
RoW	Rest of the World
SAM	Social Accounting Matrix
SUT	Supply and Use Table
UN COMTRADE	United Nations Commodity Trade Statistics
US\$	United States of America Dollar

1 Introduction

1.1 Background

A social accounting matrix (SAM) is a comprehensive database, which encompasses information about the economic and social structure of a country or a region in a given time period that is usually a year (Thorbecke, 2000). The SAM is an accounting system, in which data are displayed in a single-entry matrix format (Pyatt and Round, 1985). It explicitly shows the interconnection between the structure of production in the economy and the distribution of factor income to households as well as the relationships between all institutions (households, enterprises, government, and trade partners) in the economy (Akkemik, 2012). A SAM is a square matrix, where each account is depicted by a row and a column. The SAM accounts refer to productive sectors, economic agents and institutions in the economy and if data are available, it can be disaggregated at the desired level. The accounting principle requires that for each SAM account income equates expenditure (Croes and Rivera, 2015).

In addition to providing a useful framework to display information and give a snapshot of an economy, a SAM is also used as a benchmark in economic modelling to assess the socioeconomic impact of different policies (Breisinger *et al.*, 2009). Since the development of the first SAM for the United Kingdom by Stone in 1962, SAMs have been constructed and used extensively for policy analysis in developing countries (Round, 2003). However, only a few SAMs have been developed for Palestine. The first SAM for Palestine was developed by the World Bank for the year 1998 with a focus on trade (Astrup and Dessus, 2001). Its distinctive feature is the inclusion of four trade partners: Israel, the countries having a free trade agreement with Israel, the members of the Arab league, and the rest of the world. It includes 31 activities/commodities, one household account and one government account. Another SAM was developed by Missaglia and Valensisi (2010) for the year 2006, which focusses on trade and considers two foreign partners (Israel and the rest of the world), a single production sector, two household groups and two factor types. A recent SAM for Palestine was compiled by Bayar (2013) for the reference year 2011. It comprises 16 activities/commodities, one factor labour, one factor capital, one aggregated household and one account for government. It includes 12 tax accounts with only income tax disaggregated by origin (from Palestine and from abroad). Two trade partners (Israel and rest of the world) are also considered.

The 2011 SAM presented here is developed as part of a project focusing on assessing the impact of the economic integration of agricultural and labour markets between Israel and the West Bank. The project's main objective is to analyse the potential benefits of removing border restrictions for households and the agricultural sector. To study the economy-wide effects of removing the restrictions, a regional computable general equilibrium model for the West Bank and Israel will be developed and SAMs for the two regions are needed. To this end, a SAM for Israel has already been developed (Siddig *et al.*, 2011) and now a SAM for the West Bank is also elaborated. Since the movement of products and labour between the

Gaza strip and Israel has been completely banned since 2007, this SAM focuses only on the West Bank and does not include the entire Palestinian territory. As the project's main target is to analyse the distributional effects of integrated agricultural and labour markets, the SAM is well disaggregated with respect to the agricultural sector, labour and household accounts.

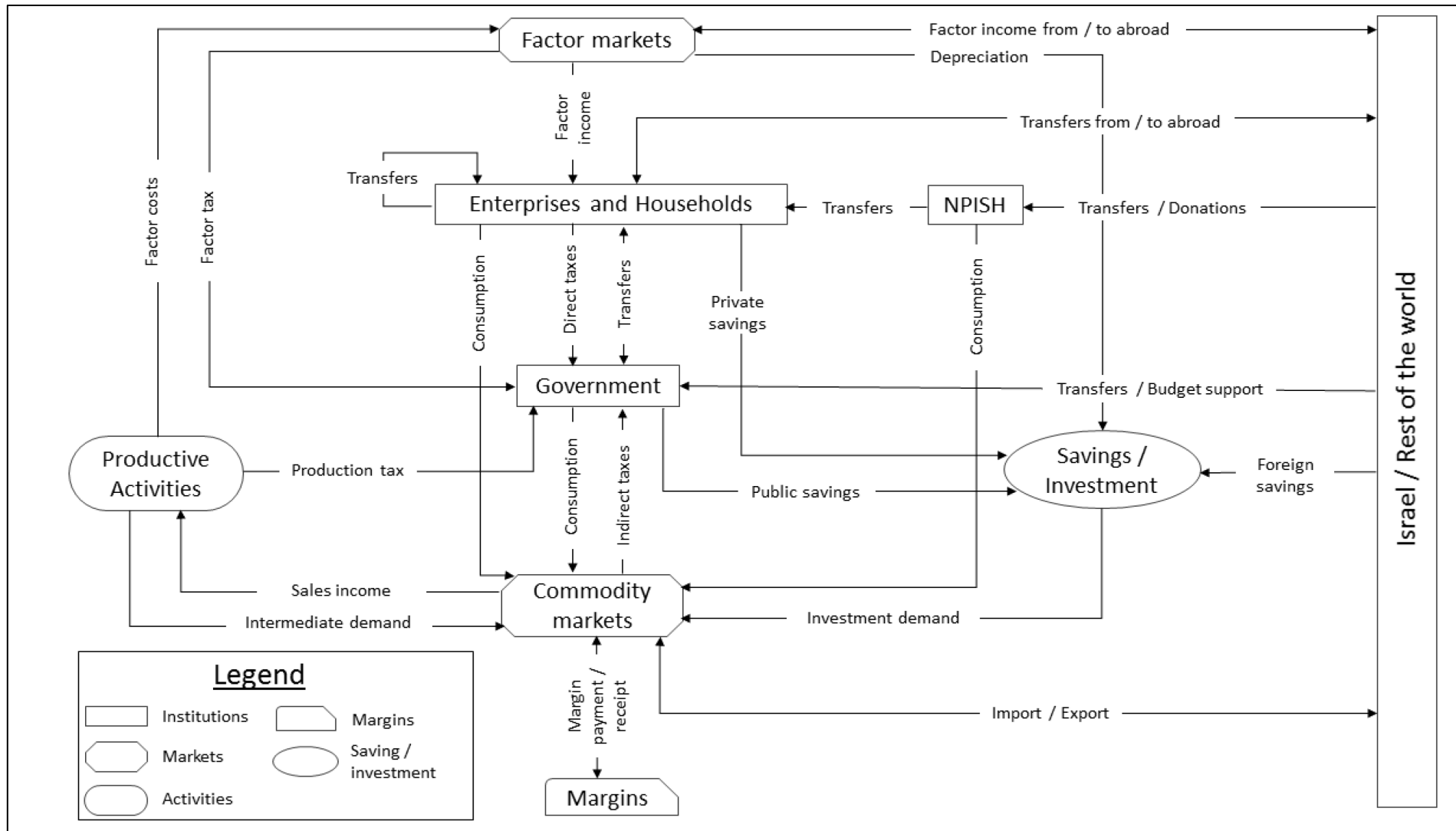
The year 2011 is selected as the base year because of data availability. Moreover, the year 2011 was a relatively "normal year" with stable political situation between Israel and Palestine, Therefore, it could serve as basis for policy simulations. A top-down approach as suggested by Reinert and Roland-Holst (1997) is followed in the construction of the 2011 West Bank SAM. To begin with, a macro SAM including only 15 accounts is assembled and estimated. This macro SAM, which is consistent with the national accounts data, is then disaggregated into a full SAM comprising 371 accounts. The remaining part of this chapter presents the structure and the main features of the SAM. In the second chapter, the construction of the macro SAM is described in detail. The third chapter presents the selection of the micro SAM accounts, the processing of the raw data, the disaggregation of the macro SAM entries and finally the estimation of the full SAM. In chapter four, the structure of the West Bank economy in 2011 is provided in light of the SAM.

1.2 Structure of the SAM

A common way of depicting the value transactions within an economy is to present them in a circular flow diagram. Figure 1 illustrates the circular flow diagram for the value transactions in the West Bank. In this diagram, expenditures made by one account are incomes for another account. Therefore, all income and expenditure flows are accounted for and the circular flow is closed. A SAM is a numerical representation of the transactions depicted in the circular flow diagram. It presents the information in a matrix form, where economic sectors and institutions are represented each by one account. Incomes to each account appear along the account's row, while expenditures appear along its column. Hence, a cell entry in the matrix represents a particular transaction within the economy flowing from the column account to the row account.

For the construction of the West Bank 2011 SAM, a standard SAM structure depicted in Table 1 is used. Table 1 displays the West Bank economy in a 15x15 matrix representing the major (aggregated) accounts and transactions. The accounts included are: commodities, margins, activities, factors of production, households, enterprises, Non-profit institutions serving households (NPISH), government, taxes collected domestically and taxes collected by the Israeli government on behalf of the Palestinian National Authority (PNA), saving-investment, and foreign accounts differentiating between Israel and the rest of the world.

Figure 1: Circular flow diagram



Source: Own illustration.

Table 1: SAM structure

		A	B	C	D		E	F	G	H	I	J	K	L	M	N		O
		Commodity	Margins	Activities	Factors		Households	NPISH	Enterprise	Government	Domestic tax	Tax Israel	Investment	Foreign sector		Total		
					Labour	Capital								Israel	RoW			
1	Commodity		Margins	Intermediate inputs			Private consumption	NPISH consumption		Government consumption			Investment demand	Exports to Israel	Exports to the RoW	Total demand		
2	Margins	Margins														Total margins		
3	Activities	Market output														Activity income		
4	Factors	Labour		Labour compensation										Compensation of employee from Israel	Compensation of employee from abroad	Labour income		
5		Capital		Capital and Land compensation											Capital income from RoW	Capital income		
6	Households				Labour income to households	Unincorporated capital income	Inter-household transfers	NPISH transfers to households	Dividends	Government transfers to households					Transfers to households from RoW	Household income		
7	NPISH														Transfers to NPISH	NPISH income		
8	Enterprise					Capital return to enterprise				Transfers to enterprises						Enterprise revenue		
9	Government								Investment profit		Domestic tax revenue	Tax clearance			Foreign grants	Government income		
10	Domestic tax	Indirect taxes		Production taxes	Factor tax		Income tax		Corporate tax							Domestic tax revenue		
11	Tax Israel	Indirect taxes			Factor tax											Total tax clearance		
12	Investment					Depreciation	Household savings		Enterprise savings	Government savings				Current account balance	Current account balance	Savings		
13	Foreign sector	Israel	Imports from Israel									Collection fee and retained payroll tax				Exchange outflow from Israel		
14		RoW	Imports from the RoW			Labour compensation to abroad	Capital payment to abroad	Household transfers to the RoW								Foreign exchange outflow		
15	Total	Total supply	Total margins	Activity expenditures	Labour expenditures	Capital expenditures	Household expenditures	NPISH spending	Enterprise spending	Government expenditures	Domestic tax revenue	Collected tax revenue	Investment	Foreign exchange inflow	Foreign exchange inflow			

Source: Own compilation.

1.3 Main features of the 2011 West Bank SAM

The current West Bank SAM has several distinctive features. Compared to the existing SAMs developed for Palestine, this SAM is different in various aspects mentioned as follows:

1. It focuses on the West Bank while other SAMs consider the entire Palestinian territory.
2. It is much more disaggregated as it comprises 371 accounts. Such a level of detail enables the user to aggregate this SAM to one or more alternative classifications.
3. It includes 83 commodity groups and 49 activity sectors. The separation between activities and commodities allows for an activity to produce several commodities and for a commodity to be produced by several activities. It also enables the valuation of income and expenditure flows in the activity accounts at producer prices, while the flows in the commodity accounts are valued at market prices.
4. It recognises the importance of the agricultural sector in the West Bank through its explicit representation of agriculture by eight commodities and four activities.
5. It provides comprehensive information on transaction costs represented by three margin accounts respectively for wholesale, retail trade and transport.
6. It includes a separate account for the non-profit institutions serving households (NPISH). These institutions play a significant role in the West Bank economy, which heavily rely on services they provide. The NPISH are depicted in the SAM as both an institution and a productive sector to highlight their role in providing services.
7. To the best of our knowledge, this SAM is the first to explicitly include an account for *Zakat*, which is a religious transfer payment that flows voluntarily from rich to poor households.
8. It differentiates 59 factor classes and 110 household groups. This high disaggregation of factor and household accounts aims at providing a good basis for the analysis of distributional effects of trade integration as well as changes in the factor markets.
9. It exhibits both the indirect and income tax revenue collected by Israel on behalf of the PNA. In addition, it explicitly accounts for the collection and processing fee that is levied by Israel on all gross clearance revenue collected on behalf of the PNA as well as the retained payroll tax collected on Palestinians working in Israel that is not transferred to the PNA.
10. This SAM is also innovative as it takes proper account of the remuneration of labour for the self-employed. Conventionally, the labour share of value added has only included the compensation of employees across sectors. However this measure suffers from a very big limitation, because it omits the contribution of the self-employed to labour income (Guerriero, 2012). Different approaches have been developed to adjust for this omission

and are summarized in Gollin (2002). However, most of these approaches do not fit the case of the West bank. Finally, it was decided to calculate the self-employment remuneration using the earning differentials between wage workers and self-employed as estimated in Gindling *et al.* (2016).

11. This SAM also recognizes that households derive income from unincorporated capital. Household activity is often disregarded as it usually refers to small-scale, informal and non-market activity (Round, 2003). Household activity includes both family enterprises (which employ family members) and micro enterprises (which hire employees). The income earned by such activity clearly represents both returns to labour and to capital. The extent to which earlier SAMs have taken proper consideration for household income from unincorporated capital is unclear in most cases. But this problem is explicitly tackled in constructing this SAM.
12. It is based on the most recent set of data available about the structure of the West Bank economy, consumption and expenditure behaviour of households and the structure of the labour force. The reference year for this SAM is 2011.

This SAM provides data for 59 production factor groups including 57 labour groups, one factor capital and one factor land. The labour factor is well disaggregated in order to capture the participation of the West Bank workforce in different labour markets and to allow for analyses in this area of great importance for the PNA. Domestic labour is first disaggregated by workplace considering that Palestinians are employed in the domestic labour market, the Israeli labour market or the rest of the world (other than Israel). Labour employed in the domestic market (inside the West Bank) is further disaggregated by activity sector and according to their qualification to obtain a work permit in Israel. This detailed disaggregation allows for the simulation of various degrees of relaxing the restrictions on labour movement between Israel and the West Bank.

Households are extensively disaggregated so as to allow assessing the distributional effects of various policies and political decisions. The SAM provides data on 110 household groups classified according to consumption quintiles, the skill level and the workplace of household members. Tax accounts are also well disaggregated in order to capture the different sources of government revenue. In total, 58 tax accounts are incorporated, among which 46 are factor use taxes, six are commodity taxes, two are direct taxes, one is factor income tax and one is production tax. The last two accounts refer to the tax revenue that is not transferred by Israel to the PNA. The factor and commodity taxes are separated according to the authority collecting them, whether it is the PNA or the Israeli administration. This separation is of particular importance because taxes collected domestically by the PNA constitute direct government income whereas taxes collected by Israel may be temporarily withheld and thus not constitute direct government income.

The SAM differentiates between two foreign partners: Israel and the rest of the world. This differentiation aims at depicting the fact that Israel is the main trade partner of the West Bank

and the existence of a customs union between Israel and the West Bank vis-à-vis third countries.

It is worth noting that East Jerusalem is not included in this SAM as the main data sources used, which are the national accounts and the balance of payments do not include it. Moreover, from a theoretical point of view, the East Jerusalem economy is more connected to the Israeli economy than to the rest of the West Bank. Therefore, it makes more sense to exclude it from a West Bank SAM.

2 Constructing the macro SAM

This chapter describes the process followed in constructing the macro SAM. First, it states the sources of data, then it presents the structure of the SAM. Next, the steps followed to generate the unbalanced prior macro SAM are described, and finally, the program used to estimate a final balanced macro SAM is presented.

2.1 Data sources

The information used to compile the prior macro SAM is derived from different sources, with the Palestinian Central Bureau of Statistics (PCBS) being the main data source. Other data sources include the Palestinian Ministry of Finance, the United Nations Commodity Trade Statistics (UN Comtrade), the International Monetary Fund (IMF) and the Coordination of the Government Activities in the Territories (COGAT – Israeli Ministry of Defence). PCBS data include the national accounts, the supply and use table, the balance of payments, the labour force survey data, the expenditure and consumption survey data, the economic survey report, the living standards report and the demographics report. Not all these datasets were available for the reference year of 2011. Therefore, some adjustments have to be made to obtain a consistent SAM. The key set of data to which all the other sources are compared to is the West Bank national accounts of 2011. Data on government revenue and expenditure are derived from the annual fiscal statement of the PNA published by the Ministry of Finance. Detailed information on import and export of goods are derived from the UN Comtrade database.

2.2 Assembling the prior macro SAM

This subsection presents the data sources as well as the procedures followed to derive the values for each entry of the macro SAM. Cells of the SAM are identified as shown in table 1 by their row number (from 1 to 15) and column letter (from A to O). The Cell carrying the value of total intermediate inputs, for instance, is identified in Table 1 by (1, C). This section is organised by cell entry of the macro SAM, starting with the top row (Row 1), covering all its cells from (1,B) to (1,N), then it moves to the second row and so on until the last cell in the bottom row (Row 15). The resulting prior macro SAM (in Million US\$) is presented in table 2.

(1, B) Margins

This entry includes trade and transport margins. Its value stems from the West Bank Supply and Use Table (SUT) of 2004 (PCBS, 2014a) and is scaled up using the National Accounts (NA) for the West Bank for the reference year 2011 (PCBS, 2014b) by assuming that margins are a constant share of production cost in trade and transport sectors.

(1, C) Intermediate inputs

This entry reports the demand for intermediate inputs by the productive activities. Its value is computed by summing up the sectoral intermediate consumption, which is provided in the NA for the year 2011 (PCBS, 2014b).

(1, F) Household Consumption

The value of household consumption in 2011 is derived from the NA (PCBS, 2014b).

(1, G) NPISH consumption

The value of NPISH consumption demand is taken from the 2011 NA (PCBS, 2014b).

(1, I) Government consumption

The value of total government consumption demand stems from the 2011 NA (PCBS, 2014b).

(1, L) Investment demand

The total value of gross fixed capital formation and change in inventories are from the 2011 NA (PCBS, 2014b).

(1, M) Exports to Israel

Total export from the West Bank to Israel is computed in several steps (Table 3). First, the share of Israel in total Palestinian export is derived from the UN Comtrade database (UN Comtrade, 2015). This share is applied to the total export from the entire Palestinian territory so as to come to the value of total Palestinian export to Israel. As no export from the Gaza strip was allowed to be sold in Israel in 2011 because of the blockade, the calculated value for total Palestinian export to Israel is attributed to the West Bank.

(1, N) Exports to the rest of the world

Total export of goods and services from the West Bank is taken from the 2011 NA (PCBS, 2014b). The value for export from the West Bank to the rest of the world is computed by subtracting export to Israel from total West Bank export (see Table 3).

(2, A) Margins

Total value of trade and transport margins paid by all commodities is reported in this cell. It equals the value paid to trade and transport commodities, displayed in the cell (1, B).

(3, A) Market output

This is the value of total domestic output computed by summing up the output of individual production sectors according to the 2011 NA (PCBS, 2014b).

(4, C) Labour compensation

Labour compensation is the part of labour in the total value added. It includes in addition to the compensation of employees, the compensation for own account workers' labour. The compensation of employees is computed by multiplying the average wage in the West Bank in 2011 by the number of wage workers (see Table 4). The data used are based on the labour force survey report of 2011 (PCBS, 2012a). The labour compensation of own-account workers is computed by multiplying the number of own account workers by their average earning (see Table 4). This average earning is calculated by adding to the average wage of wage workers the earning premium associated with self-employment in the Middle East and North Africa region, which is derived from Gindling et al. (2016).

(4, M) Compensation of employees working in Israel

This is the total value of labour income earned by Palestinians working in Israel. Its value is taken from the balance of payment (BoP) of 2011 (PCBS, 2016a). Because Gazan workers were banned from working in Israel in 2011, the total value of compensation of employees from Israel is attributed to the West Bank.

(4, N) Compensation of employees working in the rest of the world

First, the total compensation of employees from the rest of the world is computed for the entire Palestinian territory by subtracting the compensation of employees received from Israel from the total compensation of employees, using the 2011 BoP (PCBS, 2016a). Based on a PCBS expert guess, it is assumed that only a small fraction of the compensation of employees from the rest of the world accrues to the West Bank. In fact, besides Israel only a few West Bank workers commute to Jordan for work, while several Gazan workers commute to Egypt for work. Thus, 20% of the total compensation of employees from the rest of the world is assumed to accrue to the West Bank.

(5, C) Capital and Land Compensation

This is the part of value added accruing to factors capital and land. It is computed by subtracting the labour compensation from the total value added (see Table 4). Total value added itself is computed by summing up the sectoral value added from the 2011 NA (PCBS, 2014b). The part of land compensation in this aggregate is derived from the Palestinian Expenditure and Consumption Survey (PECS) of 2011 (PCBS, 2014c) and is scaled up to the entire West Bank population.

(5, N) Capital income from the rest of the world

The value of investment income from the rest of the world for the entire Palestinian territory stems from the 2011 BoP (PCBS, 2016a). The share that accrues to the West Bank is derived by applying to the total value the share of the West Bank in the total number of establishments in Palestine. Data on establishments is provided by the establishment census (PCBS, 2012b).

(6, D) Household income from labour

Household income from factor labour in the macro SAM is total labour income net of factor taxes and of labour compensation paid to the rest of the world.

(6, E) Household income from unincorporated capital and land

The household income from land is computed from the 2011 PECS (PCBS, 2014c) and is scaled up to the entire West Bank population. The household income from unincorporated capital is the part of the net capital income directly received by households. The net capital income is computed by adding to capital compensation (5, C) the investment income received from abroad (5, N) and subtracting the investment income paid to abroad (14, E) and depreciation (12, E). The share of net capital income that accrues to households is computed based on the share of unincorporated businesses in the West Bank economy. According to Fjeldstad and Zaghera (2002), the share of unincorporated businesses in the West Bank is about 76%.

(6, F) Inter-household transfers

These are transfers paid to households from other households, including the religious transfers to poor households (*Zakat*). The aggregate value of these transfers is derived from the 2011 PECS (PCBS, 2014c) and is scaled up to the entire West Bank population.

(6, G) NPISH transfers to households

Total transfers made by non-profit institutions to households is derived from the 2011 PECS (PCBS, 2014c) and is scaled up to the entire West Bank population.

(6, H) Household income from dividends

Income to households from enterprises is computed as a share of the net enterprise income before savings. The enterprise net income is computed by adding to capital return to enterprise (8, E) transfers received from the government (8, I) and subtracting the dividends paid to the government (9, H), and corporate taxes (10, H). The share of enterprise net income distributed in dividends to households is computed based on the example of the Paltel Group in 2009-2010 (Larudee, 2012). The Paltel Group was the major telecommunication company in Palestine over that time period and shared 65% of its profit as dividends. Accordingly, that share is also applied to the net enterprise income in the macro SAM so as to come to the value of enterprise payments to households as dividends.

(6, I) Government transfers to households

This entry includes all kinds of transfers made by the government to households, namely pensions, gratuities, allowances, etc. Total value of government transfers for the entire Palestinian territory is taken from the Ministry of Finance's fiscal development and macro performance report (MoF, 2012a). This value is adjusted for the West Bank, using the share of the West bank in the total number of households in the Palestinian territory. The number of households stems from the demographics report (PCBS, 2011).

(6, N) Transfers to households from the rest of the world

The value of transfers (remittances) from the rest of the world for the entire Palestinian territory stems from the 2011 BoP (PCBS, 2016a). The share that accrues to the West Bank is derived by applying to the total value the share of the West Bank in the total number of households in the Palestinian territory (PCBS, 2011).

(7, N) Transfers to NPISH from the rest of the world

Non-profit institutions serving households are funded by international organizations and foreign donors. The value for this entry is computed by summing up NPISH consumption (1, G) and NPISH transfers to Households (6, G).

(8, E) Enterprise income from capital

Capital return to corporate enterprises is computed using the share of corporate businesses in total businesses in the West Bank based on Fjeldstad and Zaghera (2002). Accordingly, corporate share of capital net income is about 24%.

(8, I) Transfers to enterprises by government

This is the value of subsidies transferred by the government to private enterprises. It is taken from the annual financial report of the Ministry of Finance (MoF, 2012b).

(9, H) Investment profit accruing to government

This entry shows the total value of dividends received by the government from enterprises in which it owns stocks. This value is taken from the Ministry of Finance's fiscal development and macro performance report (MoF, 2012a).

(9, J) Domestic tax revenue

Domestic tax revenue received by the government includes the indirect taxes (10, A), production taxes (10, C), factor taxes (10, D), income tax on households (10, F) and corporate tax on enterprises (10, H); all collected by the PNA. Data for these cells are obtained from the annual financial report of the Ministry of Finance (MoF, 2012b).

(9, K) Tax clearance with Israel

This includes all taxes collected by the Israeli administration that are transferred to the PNA. It comprises the indirect taxes levied on goods and services imported by the West Bank from and via Israel (11, A) and factor income tax levied on West Bank workers employed in Israel and its settlements (11, D).

(9, N) Foreign grants

Foreign grants to the government in the context of the West Bank usually take the form of budget support. The value of transfers to the government sector from the rest of the world for the entire Palestinian territory stems from the 2011 BoP (PCBS, 2016a). The share that accrues to the West Bank is derived by applying to the total value the share of the West Bank in the total Palestinian population (PCBS, 2011).

(10, A) Domestic indirect taxes

This encompasses various tax instruments, namely a value added tax, excise taxes and customs duties. Their values for the entire Palestinian territory are derived from the annual financial report of the Ministry of Finance (MoF, 2012b). Adjustments are made in order to derive their values for the West Bank. For the VAT, the share of the West Bank in total the Palestinian value added is used as a weight factor. For customs duties, the share of the West Bank in the total Palestinian import is used as a weight factor, and for excise taxes, the share of the West Bank in final consumption is used. Data on value added, import and final

consumption are taken from the NA (PCBS, 2014b). The initial values obtained at the end of this process are adjusted to match the total indirect tax value displayed in the 2011 NA (PCBS, 2014b).

(10, C) Production taxes

The total value for tax on production activities is computed by taking the tax rate from the 2004 SUT (PCBS, 2014a) and applying it to the tax base (total activity output) of 2011 taken from the 2011 NA (PCBS, 2014b).

(10, D) Domestic factor taxes

The value of factor use tax is derived from the annual financial report of the Ministry of Finance (MoF, 2012b) and adjusted for the West Bank by removing the share of the Gaza Strip. This is done by applying the share of West Bank workers in the total number of Palestinian workers to the total value of factor use tax collected in the domestic market. The workforce data stem from the 2011 labour force survey report (PCBS, 2012a).

(10, F) Income tax

The value of direct tax paid by all households in Palestine is derived from the annual financial report of the Ministry of Finance (MoF, 2012b). The income tax paid by households in the West Bank is derived by multiplying the total value by the share of households in the West Bank in the total number of Palestinian households. Household numbers stem from the demographics report (PCBS, 2011).

(10, H) Corporate tax

Corporate tax paid by enterprises is derived from the annual financial report of the Ministry of Finance (MoF, 2012b) and adjusted for the West Bank. The adjustment parameter used is the share of the West Bank in the total number of establishments on the Palestinian territory. Data on establishments is provided by the establishment census (PCBS, 2012b).

(11, A) Indirect taxes collected by Israel

Indirect taxes collected by Israel include customs duties, VAT on imports and excise tax on petroleum. These taxes are collected on Palestinian imports from or via Israel.¹ Details on the value of taxes collected by Israel on behalf of the PNA are reported in the Ministry of Finance's fiscal development and macro performance report (MoF, 2012a). Since the values in the report apply to the entire Palestinian territory, adjustments are made to derive the share of the West Bank. The adjustment consisted in applying to the total value the share of the West Bank in total clearance revenue, which was 97% in 2011 (MoF, 2012b). An additional sub account of this entry is the 3% percent collection and processing fee that is levied by Israel on all gross clearance revenues (Kanaan *et al.*, 2012).

¹ The Palestinian Authority could only reclaim customs duties on goods that were directly imported by Palestinian firms via Israel. Goods imported to Israel and re-exported by Israeli companies to the Palestinian territories are not eligible for re-claiming of customs duties (Fjeldstad and Zagha, 2002).

(11, D) Factor tax on payroll for West Bank workers employed in Israel

The Israeli administration collects on behalf of the PNA factor tax on Palestinian labour employed in Israel. According to the Paris Protocol, Israel is bound to transfer 75% of payroll taxes collected from Palestinians working in Israel proper and 100% of taxes collected from Palestinians working in the Israeli settlements (IMF, 2014). Two sub accounts are created, one for tax revenue accruing to the PNA and one for the tax revenue retained by Israel. The payroll tax revenue that is transferred by Israel to the PNA is reported in the annual financial report of the Ministry of Finance (MoF, 2012b). As no Gazan worker was employed in the Israeli economy in 2011, the total payroll tax transferred by Israel is attributed to the West Bank. With regard to the payroll tax revenue retained by Israel, it is estimated using the number of work permits delivered by Israel to Palestinians in both Israel proper and the settlements in 2011 (COGAT, 2011) to come to the share of Israel proper in the transferred payroll tax revenue. Then, the 25% of the gross payroll tax collected from Palestinians working in Israel proper are calculated and assigned to the relevant sub account.

(12, E) Depreciation

Depreciation in the West Bank economy in 2011 as a share in value added is derived from the economic survey report (PCBS, 2012c). This share is applied to the total value added taken from the 2011 NA (PCBS, 2014b) to come to the final value for this entry.

(12, F) Household savings

Gross domestic savings in 2011 are taken from the NA (PCBS, 2014b) and the share of private savings in total savings is derived from the IMF report on macroeconomic development and outlook (IMF, 2014). Private savings comprise household savings and enterprise savings. Thus, total private savings are computed and household savings are derived by subtracting the enterprise savings (12, H) from total private savings.

(12, H) Enterprise savings

Enterprise savings are computed based on the example of Paltel Group over 2009-2010 (Larudee, 2012), where the company kept 35% of its profit as savings. That share is applied to the net enterprise income to arrive at the enterprise savings in the macro SAM.

(12, I) Government savings

Gross domestic savings in 2011 stem from the NA (PCBS, 2014b) and the share of public savings in total savings is derived from the IMF report on macroeconomic development and outlook (IMF, 2014). This share is applied to gross domestic savings to come to the government savings in 2011.

(12, M) Current account balance with Israel

This value is computed as residual in the Israel account.

(12, N) Current account balance with the rest of the world

This value is computed as residual in the rest of the world account.

(13, A) Imports from Israel

The total import value for the entire Palestinian territory in 2011 is displayed in the NA (PCBS, 2014b). The share of Israel in total Palestinian import is derived from the UN Comtrade database (UN Comtrade, 2015). As 97% of the tax revenue collected by Israel accrues to the West Bank (MoF, 2012a), it is reasonable to assume the same share for the West Bank in total import from Israel. Using this adjustment share, the total import of West Bank from Israel is computed (Table 3).

(13, K) Collection and processing fee and payroll tax not transferred to the PNA

This entry includes the 3% collection and processing fee levied by Israel on all gross tax revenues collected on behalf of the PNA as well as the payroll tax collected on West Bank workers employed in Israel that is not transferred to the PNA. Their values are calculated based on the Ministry of Finance's fiscal development and macro performance report (MoF, 2012a).

(14, A) Imports from the rest of the world

The total import value of the West Bank in 2011 is obtained from the NA (PCBS, 2014b). The import value from the rest of the world is computed by subtracting the value of import from Israel from the total import value (Table 3).

(14, D) Labour compensation paid to the rest of the world

The total value of labour compensation paid abroad is computed by subtracting the net compensation of employees from abroad, taken from the 2011 NA (PCBS, 2014b), from the gross compensation of employees received from abroad (4, N).

(14, E) Capital payment to the rest of the world

Capital payment to the rest of the world is computed by subtracting from the gross capital income received from abroad (5, N) the net capital income from abroad that is derived from the 2011 NA (PCBS, 2014b).

(14, F) Household transfers to the rest of the world

Household transfers to the rest of the world from the West Bank are derived by subtracting from the gross transfers received from abroad by households (6, N), NPISH (7, N) and government (9, N) the net current transfer from abroad that is derived from the 2011 NA (PCBS, 2014b).

2.3 Estimation of a balanced macro SAM

A cross entropy program is used to estimate a balanced macro SAM from the prior SAM of Table 2. The cross entropy program is a technique to estimate the cells of a consistent SAM assuming that the initial data are inconsistent and measured with error (Robinson and McDonald, 2006). The estimation philosophy is Bayesian and interactive. The entropy approach used treats every cell in the SAM as being specified with an error support set whose weights are estimated. There is a prior, which is specified for each error distribution.

Additionally, fixed constraints are achieved by setting standard errors to zero. The cross entropy program used was developed by Robinson and McDonald (2006).

For the estimation process, constraints are imposed on the prior SAM such that row sums and corresponding column sums must equal. Additionally, relevant macro totals from the 2011 NA are fixed so that the final SAM reproduces these figures. For the estimation of the 2011 West Bank macro SAM, fixed totals are GDP, total savings, net current transfers from abroad, government, NPISH and household consumption, investment demand, intermediate inputs, market output and depreciation. The estimated balanced macro SAM is shown in Table 5.

2.4 Differences between the prior and the final estimated macro SAM

A major outcome of the balancing and estimation procedure is the increase of the labour income from Israel. This result was expected as no constraint was put on that corner of the SAM in the estimation process using the cross entropy program. No constraint was actually put on that, because the prior used for the labour income from Israel that is derived from the balance of payment is in our opinion too small. In fact, the initial value for labour income from Israel only accounts for 15% of the total labour income in the economy (cell “6, D”). Given other official statistics from the Labour Force Survey report (PCBS, 2012a), the share of the West Bank working population employed in Israel is 14% and average wage in Israel is double (91% higher) the average wage in the domestic West Bank market. Therefore, one would expect the share of labour income from Israel to be roughly 28% of the total labour income in the West Bank. In the final estimated SAM, this share has increased to 23%, which looks closer to the expectation. Nevertheless, adopting this new figure alters some macroeconomic estimates such as the net factor income from abroad, the gross national income (GNI) and the gross disposable income (GDI). The net factor income from abroad deviates from the national accounts value by 71%, while the GNI and the GDI deviate respectively by 6% and 5%. However, in the estimation process we fixed GDP, net current transfers from abroad and total savings to their values in the national accounts.

Beside the labour income from Israel, other entries also changed, but with no effect on the macro aggregates. This is the case for imports and exports, where the gross figures slightly depart from their initial values, but the net export remains the same in both the prior and the final SAM. This is also the case for transfers between households, NPISH and the government with the rest of the world, where the gross values changed, but the net remains constant. The same happens for individual components of domestic savings (households, enterprise and government savings), but total savings are kept constant. Finally, a noticeable change took place in government transfers to households and in foreign savings (current account balance). However, these values were either residuals or taken from sources that were not consistent with the national accounts in the first place

Table 2: Unbalanced prior macro SAM for 2011 (in Million US\$)

		Outgoings														
		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Incomings		Commodity	Margins	Activities	Labor	Capital	Households	NPISH	Enterprise	Government	Domestic tax	Tax Israel	Investment	Israel	RoW	Total
	1	Commodity		2055.4	4543.9			7459.8	188.5		1852.4			1754.3	1553.7	95.7
2	Margins	2055.4														2055.4
3	Activities	11117.5														11117.5
4	Labor			3868.2										662.8	14.8	4545.8
5	Capital			2703.7											72.5	2776.2
6	Households				4490.6	1722.6	60.2	7.4	289.2	570.6					423.4	7563.9
7	NPISH														195.9	195.9
8	Enterprise					543.8				0.1						543.9
9	Government								44.7		317.6	1101.9			457.6	1921.9
10	Domestic tax	216.2		1.7	38.3		7.1		54.3							317.6
11	Tax Israel	1127.6			9.6											1137.3
12	Investment					446.5	-218.1		155.7	-183.2			1742.2	293.5		2236.5
13	Israel	3923.3										35.4				3958.7
14	RoW	1063.7			7.2	63.3	419.1									1553.4
15	Total	19503.7	2055.4	11117.5	4545.8	2776.2	7728.2	195.9	543.9	2239.8	317.6	1137.3	1754.3	3958.7	1553.4	

Source: Own compilation.

Table 3: West Bank trade with Israel and the rest of the world

	a	b	c	d	e	f		g
	West Bank (WB) in Mill. US\$	Palestinian Territories (PT=WB+GS) in Mill. US\$	Share of Israel in PT trade (%)	Total value of PT trade with Israel in Mill. US\$ (b*c)	Share of WB in PT trade with Israel (%)	Value of WB trade with (in Mill. US\$)		
						Israel (d*e)	RoW (a-f)	
Exports	1,649.40	1,799.40	86.35	1,553.73	100	1,553.73	95.67	
Imports	4,987.00	5,723.20	70.67	4,044.67	97	3,923.32	1,063.67	

Sources. a, b : national accounts (PCBS, 2014b); c: UN Comtrade database (UN Comtrade, 2015) ; e : GISHA (2015) and MoF (2012a).

Table 4: Disaggregation of value added

a	b	c	d	e	f	g	h	h	i	j
Number of employed in WB	Number of wage workers	Number of own account workers a-b	Average annual wage per wage worker (in US\$)	Total compensation of employees (in Mil. US\$) b*d	Earning premium for self- employment in the MENA	Average annual earning per own account worker (in US\$) d*(1+f)	Total labour compensation of own account workers (in Mil. US\$) c*g	Total labour compensation (in Mil. US\$) e+h	Total Value added (in Mil. US\$)	Gross operating surplus (in Mil. US\$) i-h
534,192	342,468	191,724	6,374.215	2,182.965	37.9%	8,790.042	1,685.262	3,868.226	6,573.600	2705.374

Sources. a, b, c, d, i: labour force survey report (PCBS, 2012.b); f: Gindling et al. (2016); i: national accounts (PCBS, 2014b).

Table 5: Estimated and balanced final macro SAM (in Million US\$)

		Outgoings															
		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
Incomings		Commodity	Margins	Activities	Labour	Capital	Households	NPISH	Enterprise	Government	Domestic tax	Tax Israel	Investment	Israel	RoW	Total	
1	Commodity		2055.4	4543.9			7459.8	188.5		1852.4			1754.3	1556.2	95.1	19505.7	
2	Margins	2055.4														2055.4	
3	Activities	11117.5														11117.5	
4	Labour			3792.5										1119.7	15.3	4927.5	
5	Capital			2779.4											84.9	2864.3	
6	Households				4871.9	1816.5	60.2	7.4	285.9	367.1						370.7	7779.6
7	NPISH														195.9	195.9	
8	Enterprise					547.9				0.1						548.0	
9	Government								46.1		319.5	1104.1			551.0	2020.8	
10	Domestic tax	216.3		1.7	38.9		7.1		55.5							319.5	
11	Tax Israel	1127.9			9.7											1137.6	
12	Investment					446.5	-207.3		160.5	-198.9				1279.1	274.4	1754.3	
13	Israel	3921.6										33.5				3955.0	
14	RoW	1067.0			7.1	53.4	459.7									1587.3	
15	Total	19505.7	2055.4	11117.5	4927.5	2864.3	7779.6	195.9	548.0	2020.8	319.5	1137.6	1754.3	3955.0	1587.3		

Source: Own compilation.

3 Constructing the micro SAM

The micro SAM developed for the West Bank for the year 2011 has 371 accounts. This chapter describes the disaggregation of the macro SAM entries and the processing of the raw data conducted to estimate the micro SAM.

3.1 Selection of micro SAM accounts and disaggregation criteria

Five macro SAM accounts are further disaggregated. These are: activity, commodity, margins, labour and household accounts. In the following line the disaggregation criteria and the resulting micro SAM accounts are presented.

3.1.1 Activity

The disaggregation of activities is mostly based on the West Bank SUT of 2004 (PCBS, 2014a), which follows the International Standard Industrial Classification (ISIC Rev. 3). The SUT provides for 55 activity accounts of which two are zero accounts. Among the remaining 53, there are five financial accounts, with one reserved for imputed banking charges. This account has no production but uses intermediate inputs. For convenience and due to the focus on the real economy, all five financial activities were merged into one. Similarly, the sewage account has no production but uses some intermediate inputs. Therefore, it was merged with the activity water and electricity production, which is the only activity producing a sewage commodity in the SUT. As a result, the SAM has 48 sectors, of which 4 are agricultural sectors, 2 are mining sectors, 20 are manufacturing sectors, and 22 are service sectors. In addition to these sectors, one activity is introduced for non-profit institutions serving households (NPISH). The NPISH are depicted in the SAM in two ways: as institution and as activity. As an institution, they consume commodities and make transfers to households. However, NPISH also provide services and pay productive factors. Thus, there is the need to create an activity to capture this dimension of NPISH. The concordance table between the 55 SUT sectors, the 49 SAM activity accounts and two standard classifications (ISIC Rev.3 and GTAP) is illustrated in appendix 1.

3.1.2 Commodity

The disaggregation of commodities is also based on the West Bank SUT of 2004 (PCBS, 2014a). The SUT provides for 97 commodity accounts, out of which ten are zero accounts. Among the remaining 87, the four financial accounts are grouped into one and the sewage account is merged with the water account for the reasons developed above. As a result of this process, there are 83 commodity groups in the SAM with the possibility for each commodity to be produced by more than one activity. The SAM differentiates between 8 agricultural products, 2 mining products, 40 manufacturing products and 33 services. Appendix 2 shows the concordance between the 97 SUT accounts and the 83 SAM accounts.

3.1.3 Margins

The disaggregation of margins is also derived from the West Bank SUT of 2004, which provides for three types of margins: wholesale, retail sale and transport margins.

3.1.4 Factors

The 2011 SAM for the West Bank includes 59 factor groups, among which 57 are labour-groups, one is the factor capital and one is the factor land (Figure 2). Labour is first disaggregated between foreign and domestic labour. Domestic labour is further differentiated by workplace among those working inside the West Bank, those employed in Israel and those working in the rest of the world. This criterion aims at capturing the participation of the domestic workforce in different labour markets, with the internal domestic market employing most of the working population, while the Israeli market also employs a significant share (Figure 3). The labour groups are further disaggregated by skill level, which distinguishes between low and high skilled workers based on the number of years of education with the cutting edge set at 12 years of formal education. Workers with higher education (more than 12 years of schooling) are considered as skilled. This classification is consistent with the International Labour Organization (ILO) classification (ISCO-08), which has four skill levels with the highest two reserved for workers who visited a higher educational institution (ILO, 2012). Following this criterion, 71% of the working population are low skilled and 29% are high skilled (PCBS, 2014d).

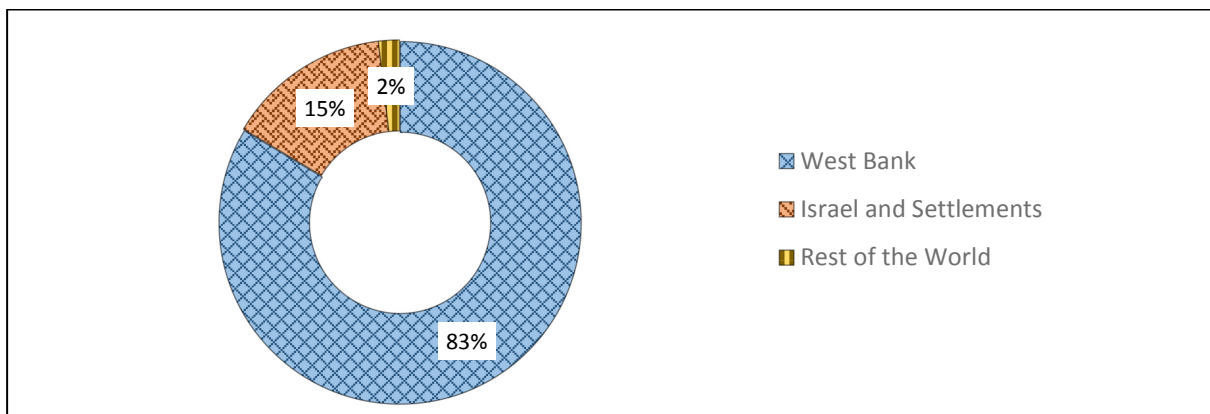
Domestic labour groups employed in the domestic labour market are further disaggregated by employment sectors. Six employment sectors are considered in the 2011 Labour Force Survey data (LFS) (PCBS, 2014d), namely: agriculture, manufacturing, construction, commerce and hotels, transport, and services. The main employer in the West Bank economy is the service sector, followed by commerce and hotels (Figure 4). Domestic labour groups employed in the domestic labour market are additionally differentiated by gender and qualification for work permit in Israel. According to the 2011 LFS, 25% of the working population employed in the domestic market is composed of females, while 75% are males (PCBS, 2014d). Only male workers are further classified according to qualification for a work permit in Israel as the share of female workers employed in Israel is negligible (1%) (PCBS, 2012b).

The work permit policy was introduced in Israel in the early 2000s in order to control and restrict the access of Palestinian labour to Israel (Etkes, 2012). The work permit is granted based on personal and civil status criteria presumably associated with a lower likelihood for Palestinian workers to be involved in attacks against Israelis. These criteria differ over time according to the intensity of the conflict between the two regions. At the height of the second Palestinian uprising (2000-2004), the main requirements were to be married with children, and be above the age of 34 years (Etkes, 2012). West Bank workers meeting these high requirements are classified as highly qualified for a work permit. In a period of low conflict like in 2014, the main criteria were to be married, and be above the age of 23 years (COGAT, 2014). West Bank workers only fulfilling these criteria are categorized as weakly qualified for

a work permit. The remaining workers are classified as unqualified for a work permit in Israel. Based on these criteria, 53% of the working population employed in the domestic labour market are unqualified, 15% only meet the weak qualification requirements and 32% are highly qualified (PCBS, 2014d).

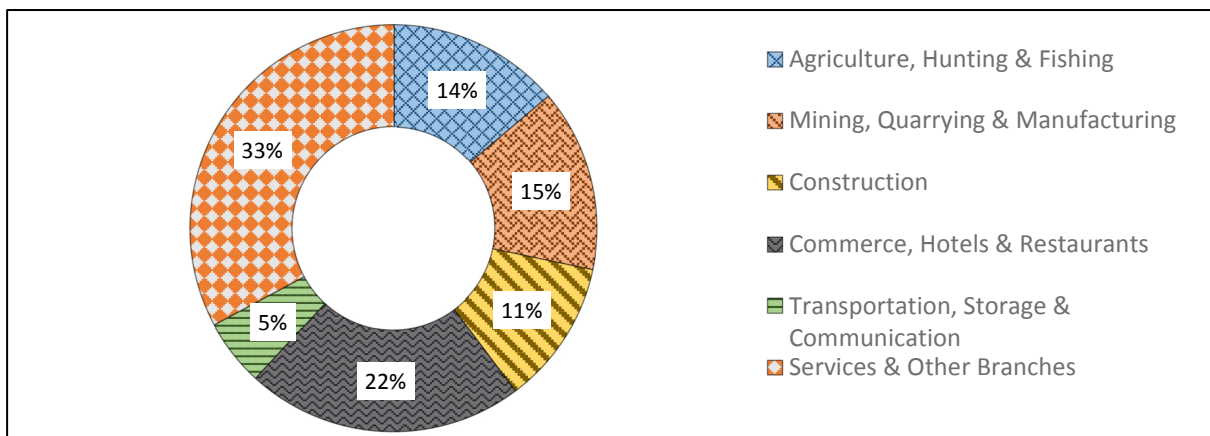
West Bank workers employed in Israel are further classified according to their permit situation. Among them, 62% work with a permit, while 38% do not have any work permit (PCBS, 2016b). Domestic labour employed in the rest of the world is also differentiated according to qualification for a work permit in Israel. This criterion is relevant when it comes to simulating the switch of employment from the rest of the world to Israel in case the mobility of Palestinian labour to Israel is eased. Based on this criterion, 55% of the working population employed in the rest of the world are unqualified for a work permit in Israel, 14% meet the weak qualification requirements and 31% meet the high requirements (PCBS, 2014d). Appendix 3 shows the list of the labour groups with the respective proportions of the total working population.

Figure 2: Distribution of West Bank working population by workplace



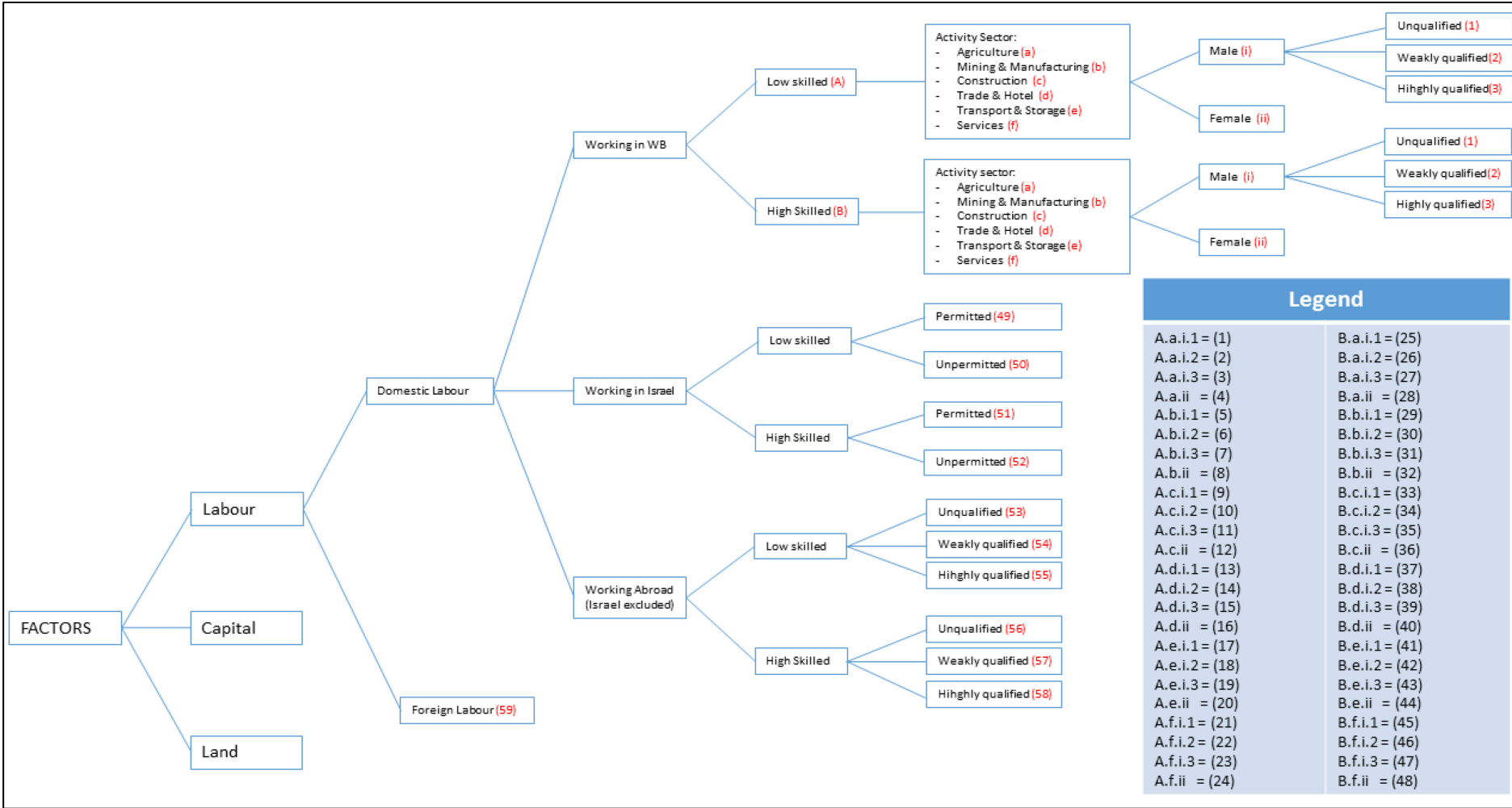
Source: PCBS, 2014d.

Figure 3: Distribution of the working population employed in the domestic market



Source: PCBS, 2012a.

Figure 4: Disaggregation of factor accounts



Source: Own illustration.

3.1.5 Household groups

Household data are derived from the Palestinian Expenditure and Consumption Survey (PECS) of 2011. Households in the SAM are disaggregated in order to incorporate sufficient detail to allow for policy analysis addressing income distribution and people's livelihoods. In this SAM, West Bank households are first disaggregated into expenditure quintiles for the purpose of cross-sectional comparisons based on the living standard. The quintiles are defined based on consumption expenditure per adult equivalent. Consumption expenditure is used instead of income, as income in developing regions like the West Bank is often underreported. By contrast, consumption expenditure, which includes both goods and services that are purchased and those that are produced for one's own consumption, shows the current actual material standard of living and reflects better the long-term average well-being (Haughton & Khandker, 2009). Equivalence scales are used for household grouping, as they are constructed to reflect the economies of scale that arise from sharing some living conditions such as housing space. The consumption per adult equivalent used is based on the square root scale (OECD, 2012). This equivalence scale divides household consumption by the square root of household size.

The second differentiation level is about the average skill level of the household's active members. This criterion is introduced in order to have a good mapping between the labour groups and the household groups. Household members who are at least age 15 (minimum age to enter the active population) are selected and their average number of years of schooling is calculated. When this average at household level is lower than 12 years, the household is considered as low-skilled household; otherwise, it is considered as high skilled household. Low skilled households make up 78% of the PECS sample and are more present in the poorer quintiles than in the richer ones (Table 6).

Table 6: Distribution of West Bank households by consumption quintiles and skill

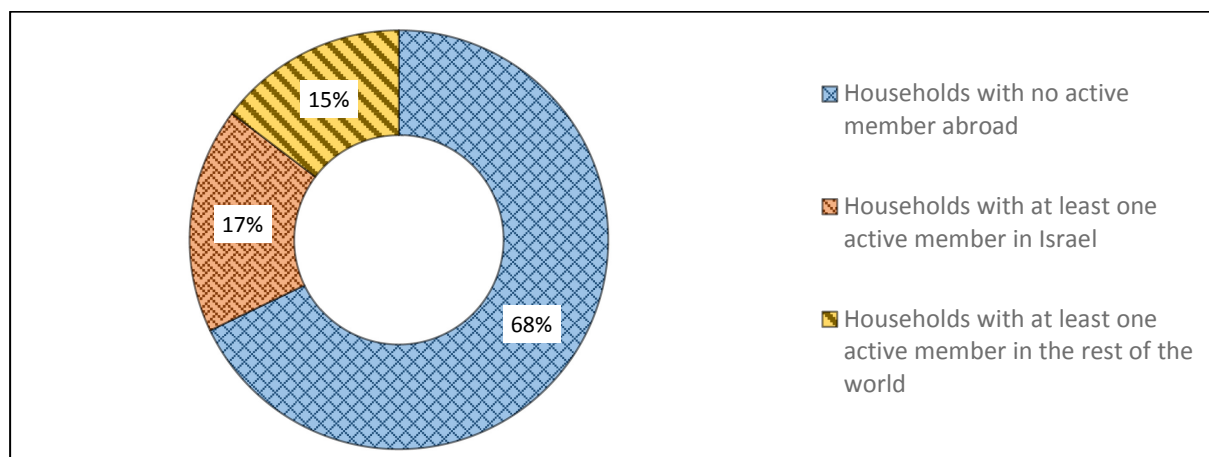
	Low skilled households		High skilled households	
	Number of households	Share	Number of households	Share
Quintile 1	484	20%	45	2%
Quintile 2	440	19%	91	4%
Quintile 3	384	16%	104	4%
Quintile 4	333	14%	134	6%
Quintile 5	204	9%	154	6%
Total	1846	78%	527	22%

Source: PCBS, 2014c.

The third disaggregation level is the workplace of the household active members. Similar to the classification adopted for the factor labour, three workplaces are considered: households with members working only inside the West Bank, with at least one member working in Israel and at least one member working in the rest of the world. Less than 1% of households have

members simultaneously working in Israel and in the rest of the world. Those households were merged with households having at least one member employed in Israel. As depicted in Figure 5, about 32% of households have at least one active member employed abroad either in Israel or in the rest of the world.

Figure 5: Distribution of households by workplace of their active members



Source: PCBS, 2014c.

Finally, households are further disaggregated based on the eligibility of their active members to a work permit in Israel. Likewise, for labour classification, three qualification statuses are considered: unqualified, weakly qualified and highly qualified workers. At household level, there are nine possibilities of household composition based on the eligibility of the household's active members. However, the combinations with less than 1% of the total are merged with others, so as to come to 4 consistent combinations (Table 7).

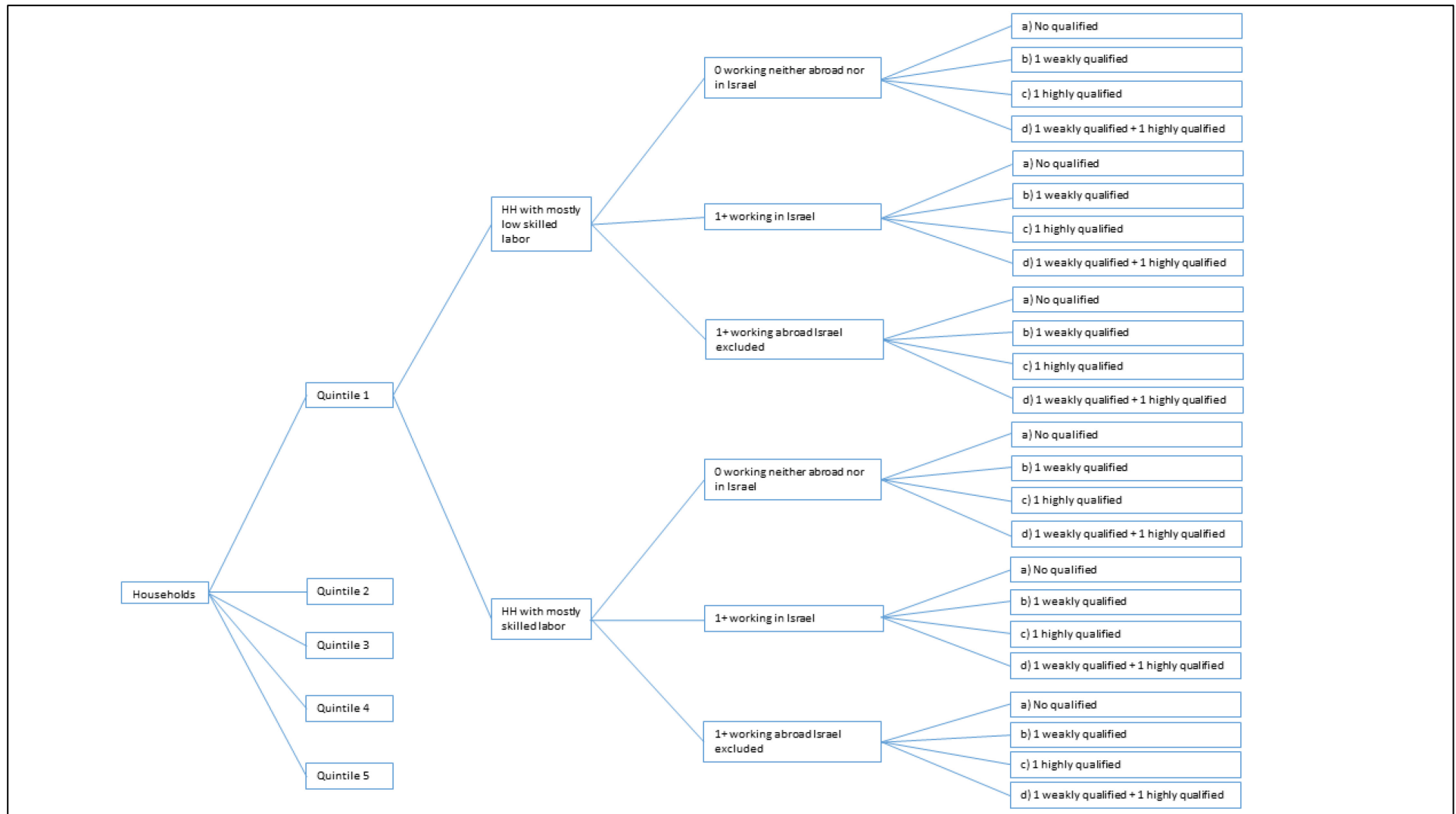
The stratified classification of households provides for 120 households (Figure 6). However, out of these 120 groups, 20 are empty and the final SAM actually comprises 110 household groups.

Table 7: Household classes according to number of qualified members

Initial combinations		Final combinations	
Description	Percent	Description	Percent
No qualified member	19.77	No qualified member	19.77%
1 weakly qualified member	18.85	At least 1 weakly qualified member	19.29%
2 weakly qualified member	0.44		
1 highly qualified member	56.35	At least one highly qualified member	56.70%
2 highly qualified member	0.35		
1 weakly and 1 highly qualified members	3.43	At least 1 weakly and 1 highly qualified members	4.24%
2 weakly and 1 highly qualified members	0.74		
1 weakly and 2 highly qualified members	0.05		
2 weakly and 2 highly qualified members	0.02		
Total	100		100

Source: PCBS, 2014c.

Figure 6: Disaggregation of household accounts



Source: Own illustration.

3.2 Disaggregation and processing of the raw data

This section describes the steps followed to move from each entry of the macro SAM to its corresponding disaggregated cells (or sub-matrices) in the micro SAM and shows how the raw data are processed. The approach followed is similar to that followed for the macro SAM. We refer to each entry of the macro SAM by (row, column) as reflected in Table 1.

(I, B) Margins

In the micro SAM, trade margins appear as payments from wholesale and retail trade margin accounts to the commodity accounts wholesale and retail trade services respectively. Transport margins appear as payment from the transport margins account to the commodity account Transportation by road. The initial values are derived from the 2004 SUT (PCBS, 2014a).

(I, C) Intermediate inputs

The intermediate input matrix is derived by summing up the input demand by activity and commodity for all economic agents in the economy except the NPISH. The input demand of NPISH is sorted by commodity and aggregated over activities and assigned to the activity account “anpish”. The initial values stem from the 2004 SUT (PCBS, 2014a). Next, these initial values are adjusted to match the 2011 NA values (PCBS, 2014b). The NA provides for 20 activity sectors. In a first instance, the NA sectors are mapped to the 49 SAM activity accounts. Subsequently, for the SAM activity accounts with one-to-one mapping to NA activity sectors, the shares across commodity accounts are kept constant and only the total is updated to the total input demand of that sector in the NA. In case of a mapping between one NA sector and several SAM activity accounts, the shares across activities and commodities are kept constant and the total is updated to the total input demand in the NA.

(I, F) Household Consumption

Initial values for the household consumption matrix are derived from the 2011 PECS (PCBS, 2014c). In the PECS, commodities are grouped based on the classification of individual consumption according to purpose. First, the commodity groups in the PECS are mapped to the SAM commodity accounts. For each household group, total consumption by commodity group is calculated. However, the initial values derived from the raw data were, to a certain degree, flawed. In fact, aggregated food expenditure made up only 12.4% of all households’ consumption expenditures, while the living standards report (PCBS, 2012d) shows for the year 2011 that food expenditure makes up 34% of all household consumption expenditure in the West Bank. Therefore, the initial values derived from the raw data are adjusted using the living standards report (PCBS, 2012d).

(I, G) NPISH consumption

NPISH institutions mostly consume services namely education, health and social work, recreational, and business services. The initial values are derived from the SUT of 2004 (PCBS, 2014b).

(1, I) Government consumption

The initial values for government consumption are derived from the SUT of 2004 (PCBS, 2014b).

(1, L) Investment demand

Initial values for Gross Fixed Capital Formation (GFCF) and change in inventories are taken from the 2004 SUT (PCBS, 2014b).

(1, M) Exports to Israel

The initial values for total export from the West Bank to abroad (Israel included) by commodity are derived from the SUT of 2004 (PCBS, 2014b). Detailed information on export by destination is derived from the UN Comtrade database (UN Comtrade, 2015). However, commodities in this database are listed according to the Harmonized System (HS) classification. Therefore, a concordance table between the HS classification and the 83 SAM commodity accounts is established first. Next, export to Israel and to the rest of the world by commodity is calculated and the share of Israel in the total export for each commodity is derived. These shares are applied to the initial values so as to come to the export to Israel by commodity. Since the UN Comtrade database only lists goods but not services, for the commodity accounts associated with goods, the share of Israel in total export is explicitly applied, while for accounts associated with services, the average share of Israel in total export is used instead.

(1, N) Exports to the rest of the world

The disaggregated export of goods and services from the West Bank to the rest of the world (Israel excluded) is computed by subtracting for each commodity account the value of export to Israel from the total value of export derived from the SUT (PCBS, 2014b).

(2, A) Margins

Income to margin accounts comes mostly from agricultural products and manufacturing commodity accounts. The initial values are derived from the SUT (PCBS, 2014b).

(3, A) Market output

The “Make matrix” is derived by summing up the market output by activity and commodity for all economic agents in the economy except the NPISH. The market output of NPISH is sorted by commodity and aggregated over activities and assigned to the activity account “anpish”. The initial values are derived from the SUT of 2004 (PCBS, 2014b). Next, these values are updated to match the 2011 NA figures (PCBS, 2014b). The NA provides data for 20 activity sectors. In the first instance, the NA sectors are mapped to the 49 SAM activity accounts. Subsequently, for the SAM activity accounts with one-to-one mapping to NA activity sectors, the shares across commodity accounts are kept constant and only the total is updated to the total market output of each sector based on the 2011 NA. In case of a mapping between one NA sector and several SAM activity accounts, the shares across activities and commodities are kept constant and the total is updated to the total market output in the NA.

(4, C) Labour compensation

The 2011 PECS (PCBS, 2014c) provides detailed information on economically active household members. The characteristics of these active household members are used to classify them along the criteria set for labour categories. The survey provides for 6 production sectors: agriculture, commerce and restaurants, construction, manufacturing and mining, transportation and communication, and services. Firstly, total income for each labour class is calculated by sector². Secondly, the 6 sectors of the survey are mapped to the 49 SAM activity accounts. In case of one PECS production sector being mapped to several SAM activity accounts, the value of labour compensation earned by one labour class from that PECS sector is split equally across all SAM activity accounts. The resulting matrix of initial values is adjusted using the distribution of value added across sectors from the SUT (PCBS, 2014a) to discriminate the labour compensation across sectors. The obtained values are further adjusted to match the totals of the 2011 NA (PCBS, 2014b). As the NA only has 20 sectors, while the SAM has 49, a correspondence table between the two is established and for each sector, the total from the NA is used.

To compute the part of labour compensation paid by activity “anpish”, workers employed by non-profit organizations and the United Nations Relief and Work Agency for Palestine refugees in the Near East (UNRWA) are selected from the PECS and their total income is calculated for each labour class. The obtained values are adjusted to match the share of NPISH in total value added in 2011. That share is calculated from the SUT (PCBS, 2014a), while the value added figure is taken from the 2011 NA (PCBS, 2014b).

With regard to labour income accruing to foreign workers, as no information on sectors employing foreign labour is available, the total value of labour compensation paid to abroad from the macro SAM is split across all sectors based on their respective shares in total value added taken from the SUT (PCBS, 2014a).

(4, M) Compensation of employees working in Israel

The matrix of factor income from Israel stems from the 2011 PECS (PCBS, 2014c). Household members employed in Israel are classified according to the criteria defined for the corresponding labour groups. Total income by labour group for workers employed in Israel is calculated and used as starting value.

(4, N) Compensation of employees working in the rest of the world

Factor income from the rest of the world matrix is derived from the 2011 PECS (PCBS, 2014c). Household members are classified according to the criteria defined for the corresponding labour groups. Total income received by household members employed abroad (other than in Israel and the West Bank) is used.

² Wage data for active household members are missing in the 2011 PECS (PCBS, 2014c). Therefore, the average wage per labour class is calculated from the 2011 LFS (PCBS, 2014d) and assigned to workers belonging to the same labour classes in the PECS. Compensation of labour for the own-account workers is directly imputed in the PECS for the respective workers by adding to the average wage received by their counterparts with similar demographic characteristics who are wage workers the earning premium estimated in Gindling et al. (2016).

(5, C) Capital and Land compensation

Land is considered a production factor only for agricultural activities. The total land compensation is distributed over the four agricultural activities based on their respective shares in total land use. Data on land use are derived from PCBS statistics (PCBS, 2015). The initial value for capital compensation paid by each activity is the sectoral gross operating surplus derived from the SUT (PCBS, 2014a).

(5, N) Capital income from the rest of the world

This is investment income received from the rest of the world. It is a one-to-one account transaction. Its value is the same as in the macro SAM.

(6, D) Household income from labour

This submatrix stems from the 2011 PECS (PCBS, 2014c), which provides detailed information on West Bank workers and their households of origin. The initial values for this submatrix are calculated as the total income earned by economically active household members classified by labour classes and mapped to their households of origin categorized by household groups.

(6, E) Household income from unincorporated capital and land

This submatrix is also derived from the 2011 PECS (PCBS, 2014c), which provides detailed information on household income sources. Income derived by households from land is explicitly provided in the raw data. Capital payment to households not transiting through enterprises is the unincorporated capital income. This includes a share of the own-account workers' mixed income as well as rent from buildings. The 2011 PECS provides for households' mixed income and rent from buildings. As only a fraction of the mixed income accrues to capital and acknowledging that this fraction is higher for the rich households than it is for the poor households, it is assumed a range from 0.2 to 0.6, with 0.2 being the share of capital in mixed income for the poorest quintile and 0.6 the one for the richest quintile. These shares are applied to the total mixed income and rent from building received by households to arrive at the starting values used for unincorporated capital income for each household group.

(6, F) Inter-household transfers

Total transfers received by each household group from other households in the West Bank is calculated from the 2011 PECS (PCBS, 2014c). Using the consumption per adult-equivalent as a wealth indicator, the household groups are ranked from rich to poor. Subsequently, a household group with a lower rank (i.e. a poorer household) receives equal transfers from all household groups with higher ranks. Thus, the wealthiest household group makes transfers to all the others and does not receive any transfer. On the expenditure side, the size of the household group is used as a weight factor to adjust the initial values and make sure that a household group with a smaller size carries less of the burden of the transfers than a larger household group, *ceteris paribus*. After this first round of adjustments, a second round of adjustments is conducted to recover the values of total inter-household transfers received by the different household groups, as this is the primal information.

With regard to *Zakat* transfers, the 2011 PECS (PCBS, 2014c) provides information on *Zakat* payment made by households. Total *Zakat* payments by household group is first calculated. The *Zakat* revenue is assumed to accrue only to the lowest income quintile households, since it is a religious transfer from rich to poor households. Again, households are ranked according to consumption per adult-equivalent, and households in the upper four quintiles make identical payments to households in the lowest quintile.

(6, G) NPISH transfers to households

The 2011 PECS (PCBS, 2014c) includes households' income from transfers from non-governmental institutions. This information serves as proxy for the households' income from NPISH transfers. Households are sorted by group and the transfers they receive from the non-governmental institutions are calculated and used as initial values for this submatrix.

(6, H) Household income from dividends

The initial values for this submatrix are derived from the 2011 PECS (PCBS, 2014c), which includes households' income from stocks, bonds and shares. The total income from these sources is calculated for each household group and is used as a starting value.

(6, I) Government transfers to households

The 2011 PECS (PCBS, 2014c) includes households' income from government aid. Subsequently, the total income received by households from government transfers is calculated for each household group and is used as a starting value.

(6, N) Transfers to households from the rest of the world

Initial values for household income received from the rest of the world are derived from the 2011 PECS (PCBS, 2014c). Households are sorted by household group and the total transfers they receive from the rest of the world is calculated for each group.

(7, N) Transfers to NPISH from the rest of the world

This submatrix is a one-to-one transaction between the institutions "Rest of the world" and "NPISH". Hence, its value is identical to that of the macro SAM.

(8, E) Enterprise income from capital

Capital return to corporate enterprises is a one-to-one transaction between the accounts "Enterprise" and "Capital". Therefore, the value of this transaction is identical in the micro and macro SAMs.

(8, I) Transfers to enterprises by government

The value of subsidies transferred by the government to private enterprises is a one-to-one transaction between institutions "Enterprise" and "Government". The value of this transaction is identical to that of the macro SAM.

(9, H) Investment profit accruing to government

The total value of dividends received by the government from fully or partially state-owned enterprises is a one-to-one transaction between institutions "Government" and "Enterprise". Hence, the value of this transaction is the same as in the macro SAM.

(9, J) Domestic tax revenue

Domestic tax revenue received by the government includes the indirect taxes (10, A), production taxes (10, C), factor taxes (10, D), income tax on households (10, F) and corporate tax on enterprises (10, H); all collected by the PNA. These are one-to-one transactions between the respective accounts and institution “Government”. Their values are identical in the micro and the macro SAMs.

(9, K) Tax clearance with Israel

This includes the indirect taxes levied on goods and services imported by the West Bank from and via Israel (11, A) and tax on payroll levied on West Bank workers employed in the Israeli economy (11, D). These are also one-to-one transactions between the respective tax accounts and institution “Government”. Hence, their values are identical in the micro and macro SAMs.

(9, N) Foreign grants

Total value of foreign grants to the government is a one-to-one transaction between the institutions “rest of the world” and “Government”. Its value is the same in the micro and macro SAMs.

(10, A) Domestic indirect taxes

This encompasses various tax instruments, namely value added tax (VAT), excise taxes and customs duties. The initial values for the VAT and the customs duties are based on the SUT (PCBS, 2014a). The excise duties for 2011 are derived from the Ministry of Finance fiscal development and macro performance report (MoF, 2012a).

(10, C) Production taxes

Initial values for production tax are derived from the SUT (PCBS, 2014a).

(10, D) Domestic factor taxes

Initial values for tax on payroll and workforce are derived from the 2011 LFS (PCBS, 2014d). Firstly, workers employed in registered firms are selected, as registered firms are likely to pay taxes. Assuming that the tax on payroll is a fixed share of workers’ income, workers are sorted by labour class and the total labour income is calculated and is used as initial value for payroll tax on each labour class.

(10, F) Income tax

Income tax on households stems from the 2011 PECS (PCBS, 2014c). The proxy used is household total income as income tax is proportional to the total income.

(10, H) Corporate tax

This is a one-to-one transaction between institution “Enterprise” and the tax account “direct tax”. Its value in the macro and micro SAMs is identical.

(11, A) Indirect taxes collected by Israel

Indirect taxes collected by Israel include customs duties, VAT on imports and excise tax on petroleum. Initial values for customs duties are derived from the SUT (PCBS, 2014a). Initial

values for VAT are computed by applying the VAT rate of 16% (Deloitte, 2014) to the import value of each commodity account for all West Bank imports from and via Israel. The excise tax levied by the Israel is only on petroleum products (MoF, 2012a), so on the commodity account “Coke and petroleum products”. The value of the excise duties is identical in both the micro and macro SAMs.

(11, D) Factor tax on West Bank workers employed in Israel

Similar to the tax on payroll levied on the domestic labour market, tax levied on the Israeli labour market is derived from 2011 LFS (PCBS, 2014d). Workers employed in registered businesses in Israel are sorted by labour group and the total income by labour group is used as the initial value, under the assumption that the tax paid is a fixed share of the wage.

(12, E) Depreciation

Depreciation is a one-to-one transaction between the accounts “Capital” and “Investment-Savings”. Its value is identical in the micro and the macro SAMs.

(12, F) Household savings

Household savings for each household group is computed as a residual in the respective household account.

(12, H) Enterprise savings

Enterprise savings is a one-to-one transaction between institution “Enterprise” and “Investment-Savings” account. Its value is identical in the micro and the macro SAMs.

(12, I) Government savings

Government savings is a one-to-one transaction between the institution “Government” and the “Investment-Savings” account. Its value is identical in the micro and the macro SAMs.

(12, M) Current account balance with Israel

This is a one-to-one transaction between the institution “Israel” and the “Investment-Savings” account. Its value is identical in the micro and the macro SAMs.

(12, N) Current account balance with the rest of the world

This is a one-to-one transaction between the institution “Rest of the world” and the “Investment-Savings” account. Its value is identical in the micro and the macro SAMs.

(13, A) Imports from Israel

The initial values for total import to the West Bank from abroad (Israel included) by commodity are derived from the SUT (PCBS, 2014b). Detailed information about the West Bank’s import by origin is derived from the UN Comtrade database (UN Comtrade, 2015). In this database, commodities are listed according to the Harmonized System (HS) classification. The correspondence between the HS classification and the 83 SAM commodity accounts is first established. Next, the value of import from Israel and the rest of the world is calculated for each commodity. Then, the share of Israel in the total import value is derived for each commodity. Subsequently, these shares are applied to the initial values, so as to derive the import value from Israel by commodity. However, since the UN Comtrade data are limited to

goods and do not include services, for the commodity accounts of goods, the share of Israel in total import is explicitly applied, while for commodity accounts of services the average share of Israel in total import value is used instead.

(13, K) Collection and processing fee and payroll tax not transferred to the PNA

This entry includes the 3% collection and processing fee levied by Israel on all gross tax revenues collected on behalf of the PNA as well as the payroll tax collected on Palestinian workers in Israel that is not transferred to the PNA. The value of this entry is identical in the macro and the micro SAMs.

(14, A) Imports from the rest of the world

Import of goods and services to the West Bank from the rest of the world (Israel excluded) is computed for each commodity by subtracting the value of imports from Israel from total import value by commodity.

(14, D) Labour compensation paid to the rest of the world

This is labour compensation received by foreign workers employed in the domestic West Bank economy. The value of the corresponding macro SAM entry is assigned to the labour group of foreign workers.

(14, E) Capital payment to the rest of the world

This is a one-to-one transaction between institution “rest of the world” and the factor account “Capital”. Its value is identical in the micro and the macro SAMs.

(14, F) Household transfers to the rest of the world

The volume of transfers made by each household stems from the 2011 PECS (PCBS, 2014c) and is used as the proxy for households’ transfers to the rest of the world. Households are sorted by household group and the total value of transfers they make is calculated and is used as the starting value.

3.3 Estimation of a balanced Micro SAM

To come to a final balanced SAM, the total of every single submatrix is first scaled up to the value of the corresponding entry in the macro SAM. Thus, the micro SAM was made consistent with the macro SAM. However, individual SAM accounts presented discrepancies. Therefore, the challenge was to remove the discrepancies in the individual SAM accounts, while keeping the consistency with the macro SAM. To achieve this goal, the SAM is estimated using the same cross entropy program used to estimate the macro SAM.

In the estimation process, macro totals such as the GDP are fixed with zero standard error. Additionally, the macro SAM totals are used as controls with zero standard errors. Moreover, individual SAM elements and account totals are also specified as controls so as to arrive at a final estimated SAM consistent with the macro SAM, balanced in every single SAM account and overall consistent with the 2011 NA (PCBS, 2014b).

3.4 Adjustment for domestic factor taxes

Domestic factor taxes have so far been considered as a payment from production factors to the government through the factor tax account (10, D). However, they are actually taxes on factor use by activities. Therefore, it is more intuitive to see them as a payment from activities to the government. To implement this correction, a factor tax account has been introduced for each production factor group. The initial value of factor tax paid by each production factor group is assigned to the corresponding factor tax account and split across activities based on the shares of each activity in the value added received by the respective production factor. To balance the activity and factor accounts, the values of factor tax are subtracted from the value added received by each production factor and previous payments of production factors to factor tax account are set to zero. On the government side, the values of the newly generated factor tax accounts are channelled to the government account, while the previous transaction between the government account and the old factor tax account is set to zero.

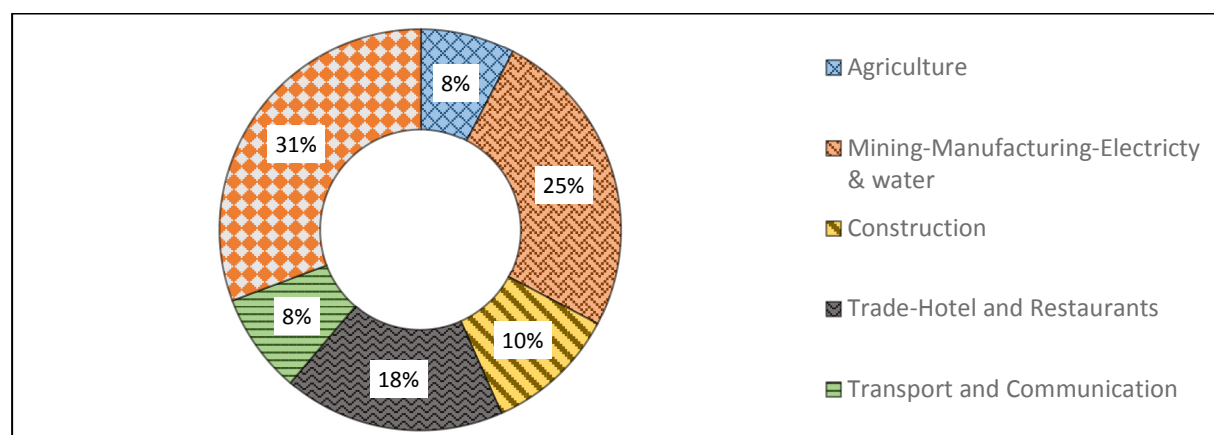
This factor tax correction is limited to the production factors used by domestic activities. Factor tax collected on West Bank workers employed in Israel is kept as factor income tax paid by the respective labour groups, since the Israeli activities are not represented in the SAM. As a result, there are 46 factor use tax accounts that are newly introduced.

4 Structure of the West Bank economy: observations from the SAM

4.1 Domestic production and input demand

Services are the dominant sector in the West Bank economy contributing to 31% of the total market output value. Agricultural production represents 8% of the total market output (Figure 7). In the agricultural sector, crop production forms 51% of the agricultural market output value, while animal production forms the remaining 49%.

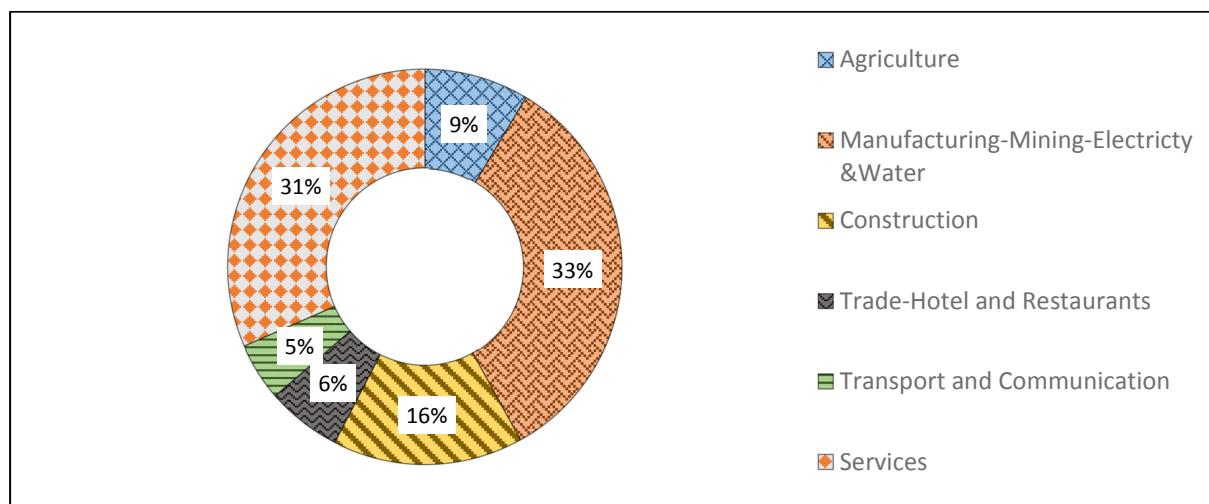
Figure 7: Domestic production by aggregated activities



Source: 2011-SAM.

The manufacturing sector is the most intermediate input demanding sector in the West Bank economy (Figure 8). Agricultural sector accounts for 10% of the total input demand, with crop production representing 30% of the agricultural sector input demand, against 70% for the animal production.

Figure 8: Intermediate input demand shares by aggregated activity sectors

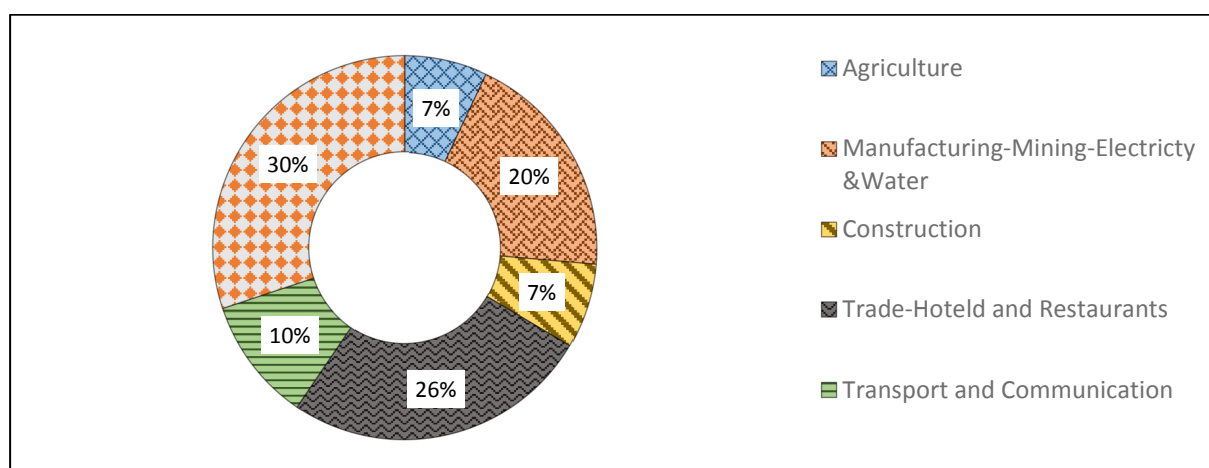


Source: 2011-SAM.

4.2 Production factors

The service sector accounts for 30% of the total value added, while the agricultural sector accounts only for 7% (Figure 9).

Figure 9: Value added shares by aggregated activity sectors



Source: 2011-SAM.

Labour accounts for 62% of the total value added net of depreciation and of production taxes. Capital makes up 38% of the net value added, while the share of land is negligible. A deeper look at the distribution of the value added across activities shows that services contribute to 44% of the total labour compensation, while trade and manufacturing contribute the most to the remuneration of capital (Table 8).

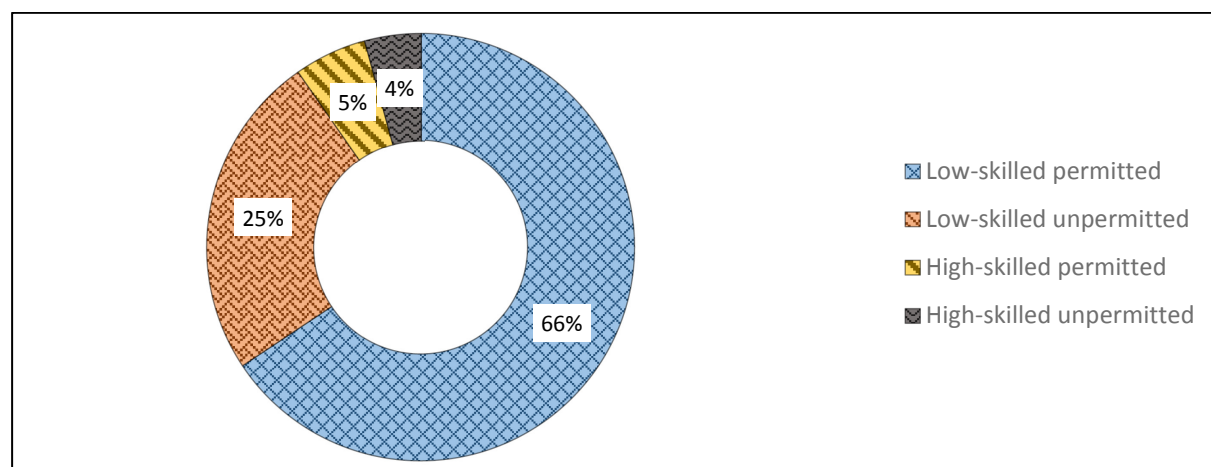
Table 8: Distribution of value added by activity

	Agri- culture	Manu- facturing	Construc- tion	Trade-Hotel and Restaurants	Transport and Communication	Services	Total
Low-skilled males	7%	20%	17%	28%	10%	18%	100%
Low-skilled females	41%	18%	0%	12%	0%	29%	100%
High-skilled males	2%	7%	6%	16%	4%	65%	100%
High-skilled females	1%	2%	0%	3%	1%	92%	100%
All labour	7%	13%	10%	20%	6%	44%	100%
All Capital	7%	28%	3%	34%	16%	12%	100%

Source: 2011-SAM.

One characteristic of the West Bank workforce is its participation in different labour markets. In addition to the domestic labour market, about 15% of the workforce is employed in Israel and 2% is employed in the rest of the world (PCBS, 2014d). As a result, 23% of the total West Bank labour income stems from Israel and 0.3% from the rest of the world. The compensation of employees received from Israel accrues mostly to low skilled labour, with permitted workers accounting for more than two thirds of the total (Figure 10).

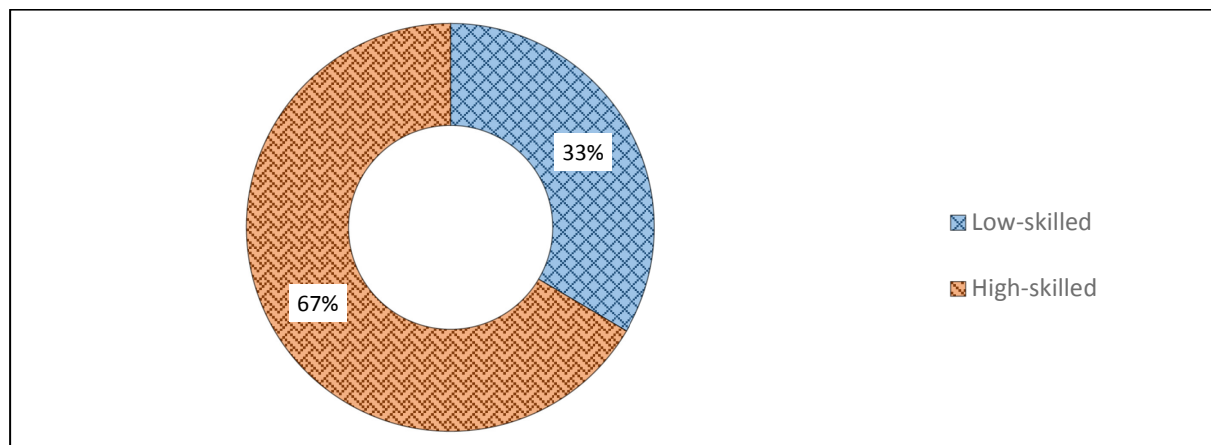
Figure 10: Share of compensation of employees received from Israel by labour groups



Source: 2011-SAM.

In contrast to the labour compensation received from Israel, where the low skilled labour makes up the lion's share, high skilled labour accounts for the largest share in the compensation of labour employees receive from the rest of the world (Figure 11).

Figure 11: Share of compensation of employees received from the rest of the world



Source: 2011-SAM.

4.3 Household income and expenditure

Households in the West Bank derive most of their income from labour (Table 9). Capital is an important source of income, accounting for 27% of all households' income. This result highlights the large proportion of the West Bank working population that is self-employed (36%) (PCBS, 2014d). Land revenue is negligible. Transfers from the NPISH are a higher share in the income for the poorer quintiles. By contrast, remittances are a higher share of the income received by the richest quintile. Transfers from the government make up 4.7% for all household's income and their shares are high in both the top and the lowest quintiles' incomes.

Table 9: Shares of household income by income source and household quintiles

	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	All households
Labour	82.23%	76.16%	65.41%	57.13%	49.05%	62.58%
Total capital	8.70%	14.43%	27.18%	33.21%	36.85%	27.00%
Land	0.25%	0.17%	0.05%	0.07%	0.03%	0.09%
Inter-household transfers	5.48%	5.04%	2.55%	4.64%	6.00%	3.67%
NPISH transfers	0.25%	0.17%	0.05%	0.07%	0.03%	0.09%
Government transfers	5.22%	4.87%	2.50%	4.57%	5.97%	4.72%
Remittances	2.53%	3.63%	4.14%	4.12%	7.24%	4.76%
Total	12.85%	15.86%	19.22%	22.55%	29.51%	100.00%

Source: 2011-SAM.

Analysing the distribution of household income from labour across the different labour groups shows that the richer the household, the less income it derives from low-skilled labour and the more income it earns from high skilled labour employed in the domestic market (Table 10). All household quintiles have members employed in Israel and in the rest of the world. However, the share of labour income from Israel is higher in the lower quintiles than in the top one. The share of labour income from the rest of the world is small for all the household quintiles.

Table 10: Distribution of labour income to households by labour and household groups

Labour groups		Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	All households
Working in the domestic market	Low-skilled	63.91%	50.18%	41.89%	36.82%	27.49%	42.83%
	High-skilled	14.24%	23.41%	33.04%	38.46%	54.42%	34.07%
Working in Israel	Low-skilled	20.43%	24.28%	23.20%	21.01%	14.85%	20.56%
	High-skilled	1.15%	1.77%	1.55%	3.40%	2.95%	2.23%
Working in the Rest of the world	Low-skilled	0.13%	0.12%	0.11%	0.11%	0.07%	0.11%
	High-skilled	0.14%	0.25%	0.21%	0.20%	0.23%	0.21%
Total		100%	100%	100%	100%	100%	100%

Source: 2011 SAM.

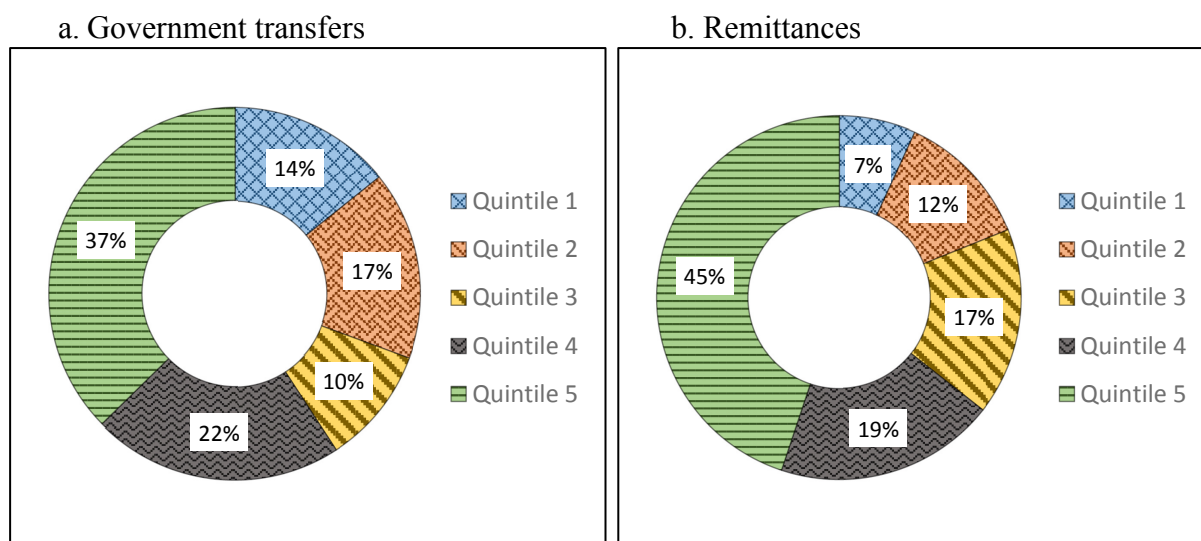
Investigating the share of total capital accruing to each household group informs that more than 40% of capital income accrues to the richest quintile (Table 11). The poorest quintile mostly derives capital income from unincorporated businesses. This result confirms that poor households usually do not own stocks and shares in incorporated businesses.

Table 11: Distribution of capital income among household quintiles

	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	Total
Total capital	4.14%	8.48%	19.35%	27.74%	40.28%	100%
- Unincorporated capital	4.76%	9.73%	21.49%	29.08%	34.94%	100%
- Incorporated capital	0.24%	0.48%	5.81%	19.25%	74.22%	100%

Source: 2011 SAM.

More than half of government transfers go to the top two quintiles (Figure 12a). This result, when considered along with the one for household income from labour (Table 10), can be understood since a large share of the government transfers is actually made of pension payments and richer households have a higher proportion of high-skilled workers employed in the domestic market, mostly working in the public sector. All household groups receive remittances from the rest of the world. The top quintile receives almost half of all remittances, while the lowest quintile only receives 7% of it (Fig 12b).

Figure 12: Share of income received by household groups by income source

Source: 2011-SAM.

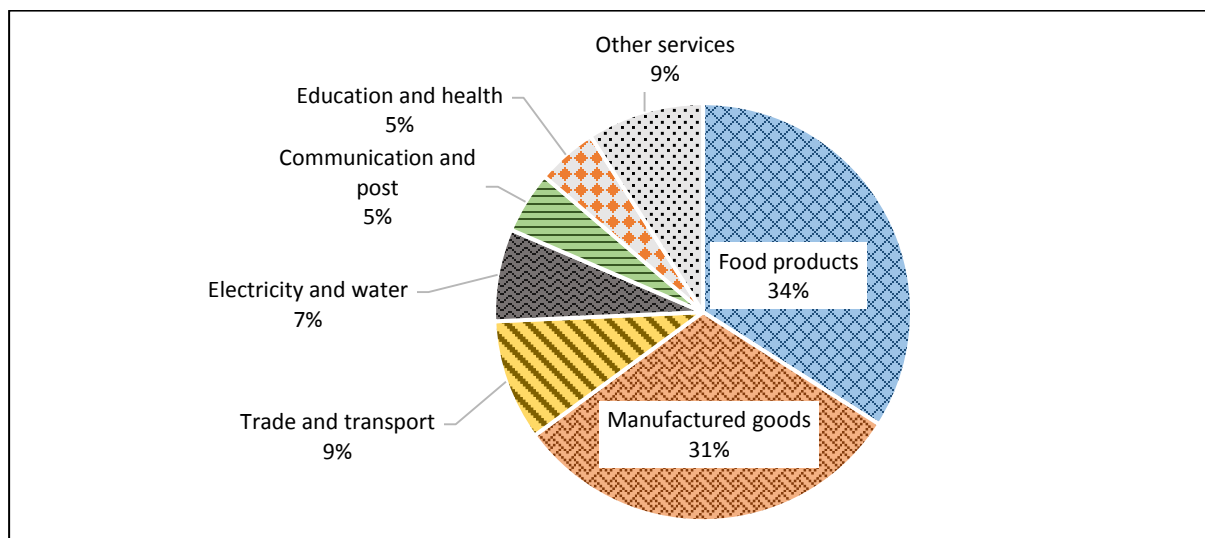
On the household expenditure side, the main expenditure line is the household consumption with on average 96% of all household total expenditures. Table 12 shows that for the top two quintiles consumption is greater than income, meaning that they have negative savings, whereas the three lowest quintiles actually have positive savings. The household savings rate is on average -3% of household total income. Gross inter-household transfers make up on average about 1% of household total expenditure, with the richest quintile having the highest share. The top quintiles make more transfers to abroad than the poorer ones. Direct tax rates on households are on average very low (0.1%).

Table 12: Household expenditure shares

	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	All households
Consumption	71.9%	89.9%	92.1%	111.6%	100.5%	95.9%
Gross inter-household transfers	0.1%	0.2%	0.4%	0.8%	1.6%	0.8%
Transfers to abroad	2.3%	3.6%	3.8%	4.7%	10.8%	5.9%
Direct tax	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Savings	25.6%	6.2%	3.6%	-17.2%	-13.0%	-2.7%
Total	100%	100%	100%	100%	100%	100%

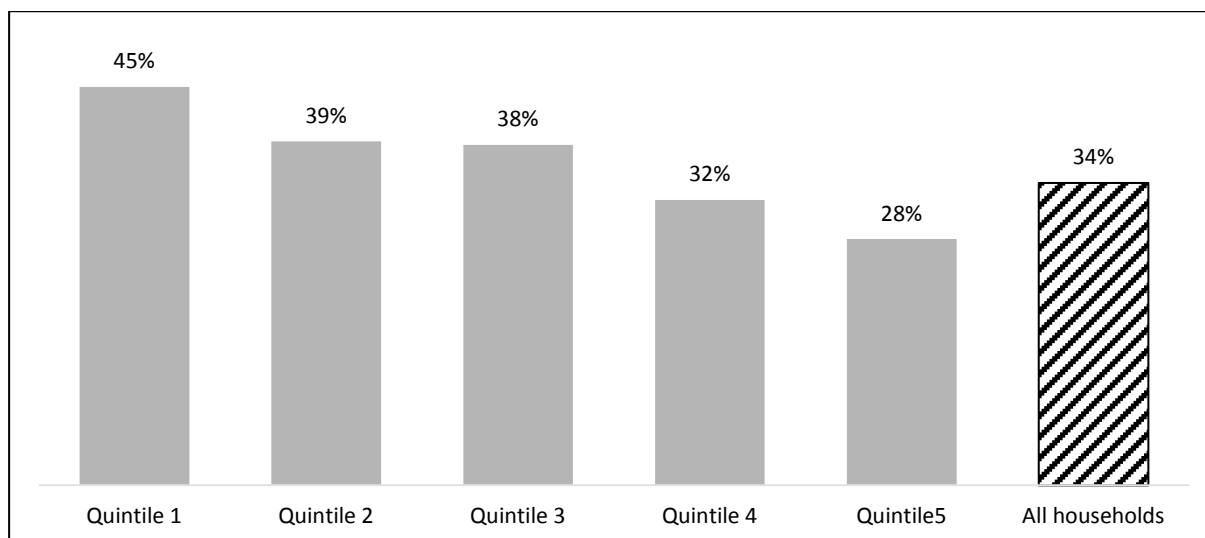
Source: 2011-SAM.

A deeper look at household consumption of different commodities informs that households spend one third of their consumption budget on food products and another one third on manufactured goods (Figure 13).

Figure 13: Household consumption expenditure by aggregated commodity groups

Source: 2011-SAM.

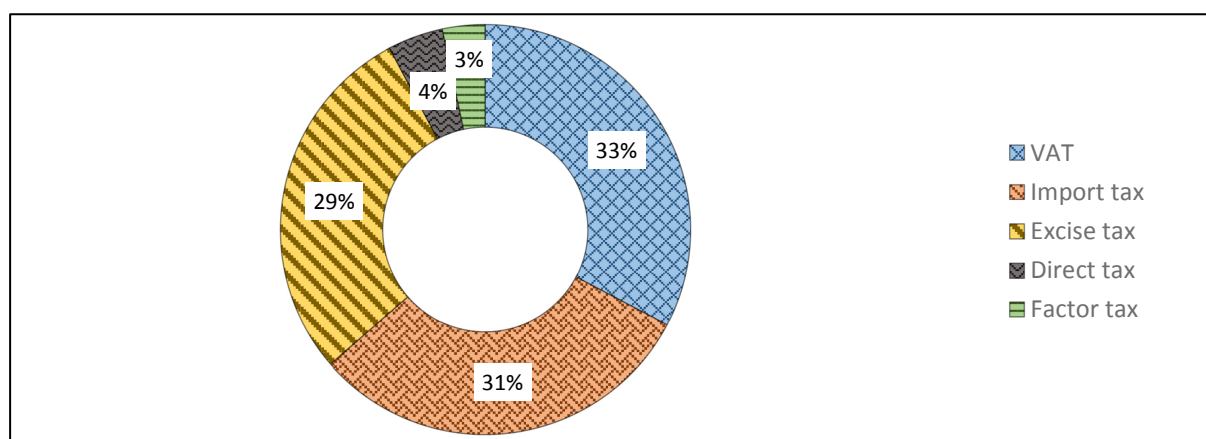
Food expenditure, including both agricultural products and processed food, represents on average 34% of household consumption expenditure. Households in the poorest quintile have the highest share, while the richest quintile has the lowest share (Figure 14).

Figure 14: Household food expenditure share in consumption expenditure

Source: 2011-SAM.

4.4 Government revenue and expenditure

The PNA collects revenue from various tax instruments, of which the main are the value added tax (VAT), the import tax and the excise tax (Figure 15).

Figure 15: Shares of government revenue from different sources

Source: 2011-SAM.

A particularity of the West Bank is that part of the tax revenue is collected domestically by the PNA itself, and another part is collected by the Israeli government on imports from and via Israel, as well as on West Bank workers employed in the Israeli labour market. About 78% of the total PNA tax revenue is collected by the Israeli administration and transferred to the PNA through the so-called “tax clearance”.

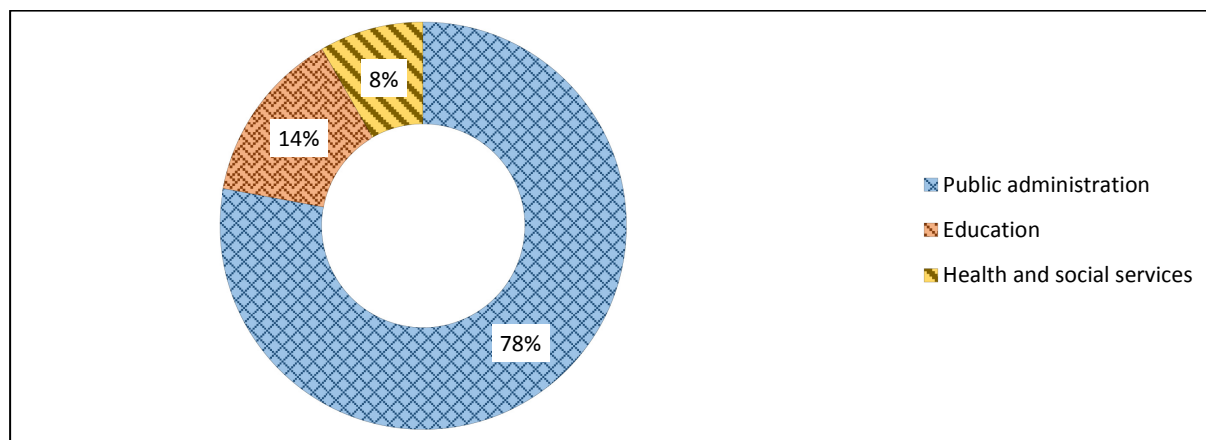
Domestic excises are collected on beverages and tobacco products, with tobacco accounting for 98% of the domestic excise tax revenue. Excise tax collected by the Israeli government is only on petroleum products. Most of the import tax revenue collected both domestically and by the Israeli government is on manufactured goods. Similarly, most of the VAT is on manufactured goods. In the domestic market, agricultural products are exempted from VAT (Table 13).

Table 13: Shares of indirect tax by commodity groups

	Agricultural products	Manufactured goods	Construction	Trade	Transport	Services	Total
Domestic import tax	3.7%	96.3%	0.0%	0.0%	0.0%	0.0%	100.0%
Domestic VAT	0.0%	84.5%	0.2%	4.2%	1.8%	9.3%	100.0%
Import tax Israel	3.7%	96.3%	0.0%	0.0%	0.0%	0.0%	100.0%
VAT Israel	7.5%	77.8%	0.1%	1.1%	12.0%	1.5%	100.0%

Source: 2011-SAM.

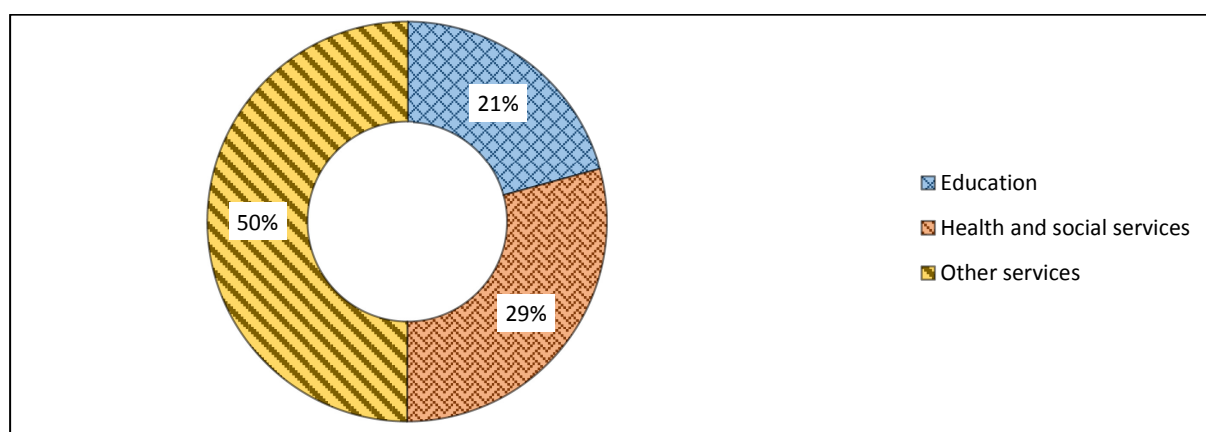
Government savings in 2011 are negative and represent -10% of government total income. Government revenue is spent on commodities and on transfers to households and enterprises. Government consumption makes up 83% of total government expenditure before savings and transfers to households forms the remaining 17%. Transfers to enterprises are negligible. The main commodity consumed by the government is public administration services (Figure 16).

Figure 16: Shares of government consumption expenditure by commodity groups

Source: 2011-SAM.

4.5 NPISH institution and activity

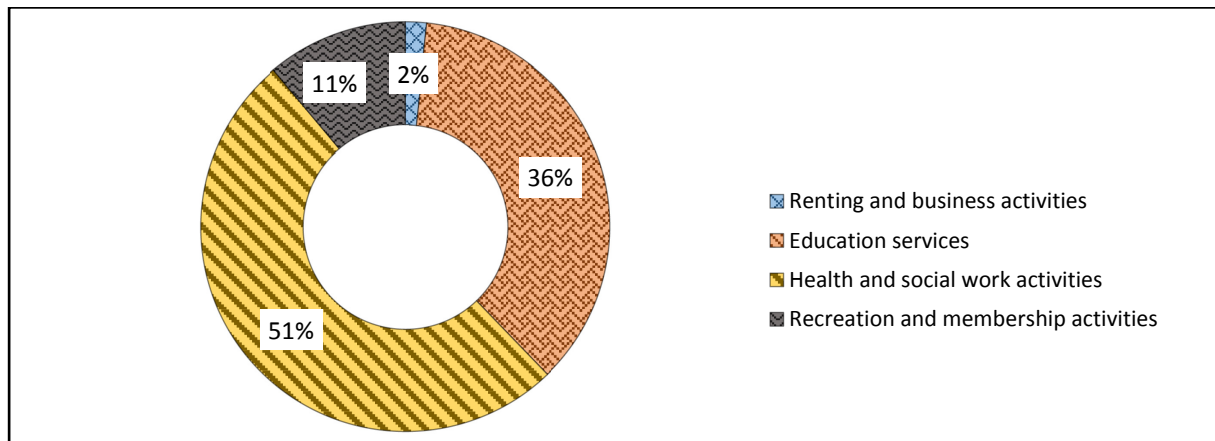
Non-profit institutions serving households play a significant role in the West Bank economy. In the SAM, they are depicted by an institution and an activity. The institution NPISH receive income from foreign donors and spends on consumption and transfers to households. In contrast to the other institutions present in the SAM, the institution NPISH does not save. About 96% of NPISH income is spent on consumption and 4% on transfers to households. The institution NPISH mostly consumes services (Figure 17).

Figure 17: Shares of NPSH consumption expenditure by commodity groups

Source: 2011-SAM.

With regard to the activity “anpish”, its total output forms 3% of the total domestic output. Its output is composed of 98% services. Among services, health and education form more than 80% of the total “anpish” activity output (Figure 18).

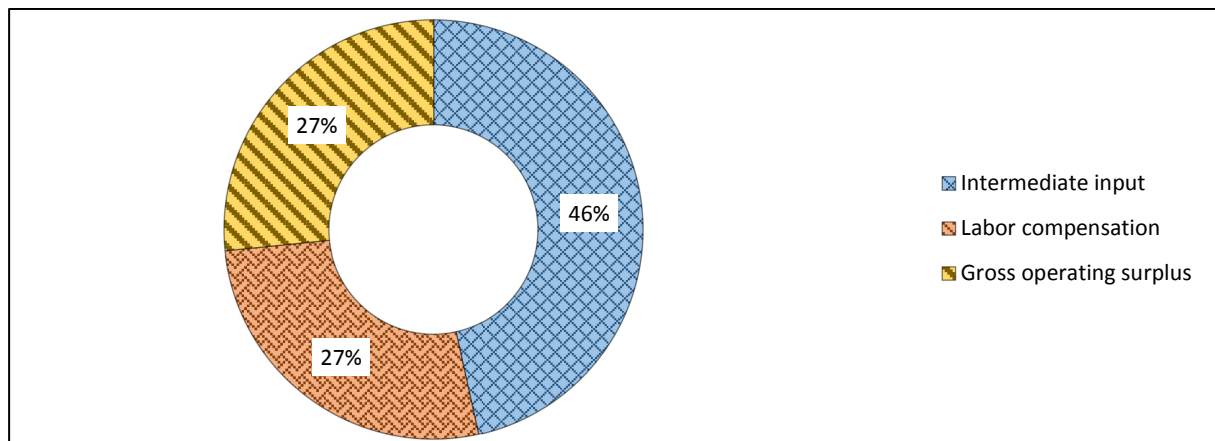
Figure 18: Shares of activity npish output by service commodities



Source: 2011-SAM.

On the expenditure side, about 54% of activity “anpish” revenue is spent on compensating production factors (Figure 19).

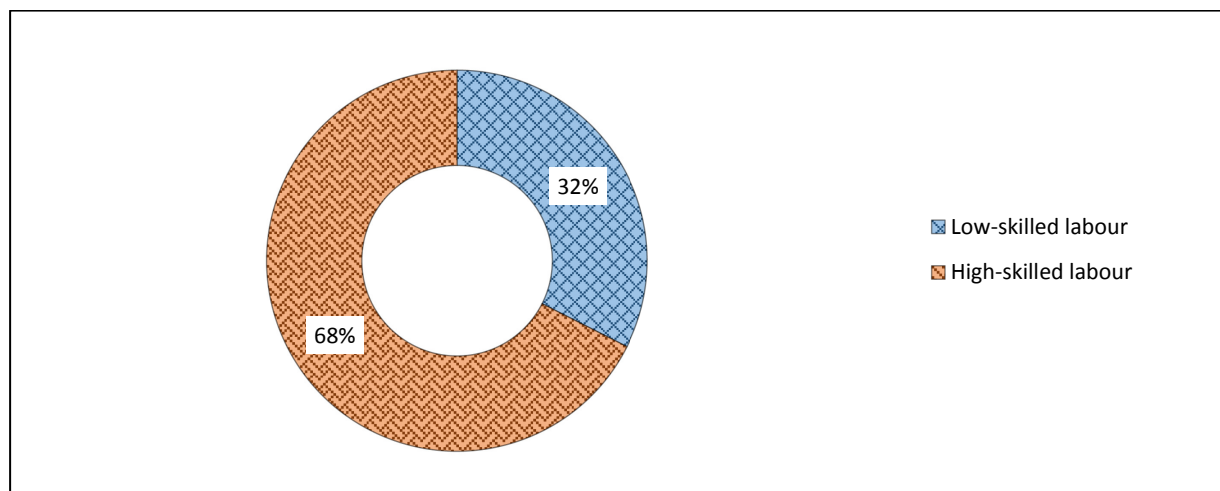
Figure 19: Shares of activity npish expenditure



Source: 2011-SAM.

Regarding the compensation of employee paid by activity “anpish”, it appears that the high-skilled workers get the highest share (Figure 20).

Figure 20: Shares of compensation of employees paid by activity npish

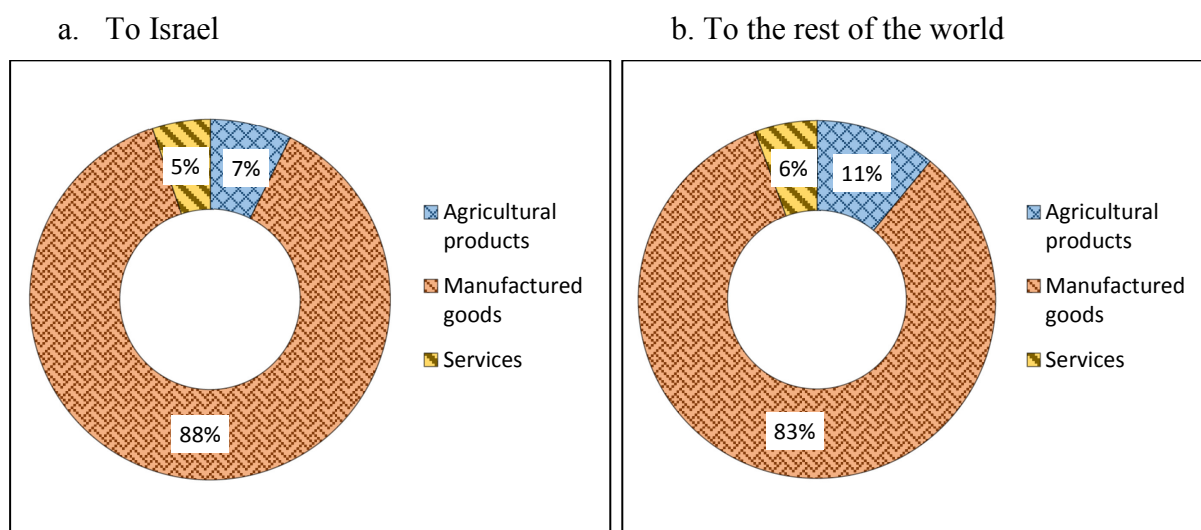


Source: 2011-SAM.

4.6 Transactions with foreign accounts

Two foreign accounts are included in the SAM: Israel and the rest of the world. Israel is the main trade partner of the West Bank. Regarding exports, Israel accounts for 94% of West Bank total exports. Most of West Bank exports to both Israel and the Rest of the world are manufactured goods (Figure 21). The total export makes up about 15% of the domestic production.

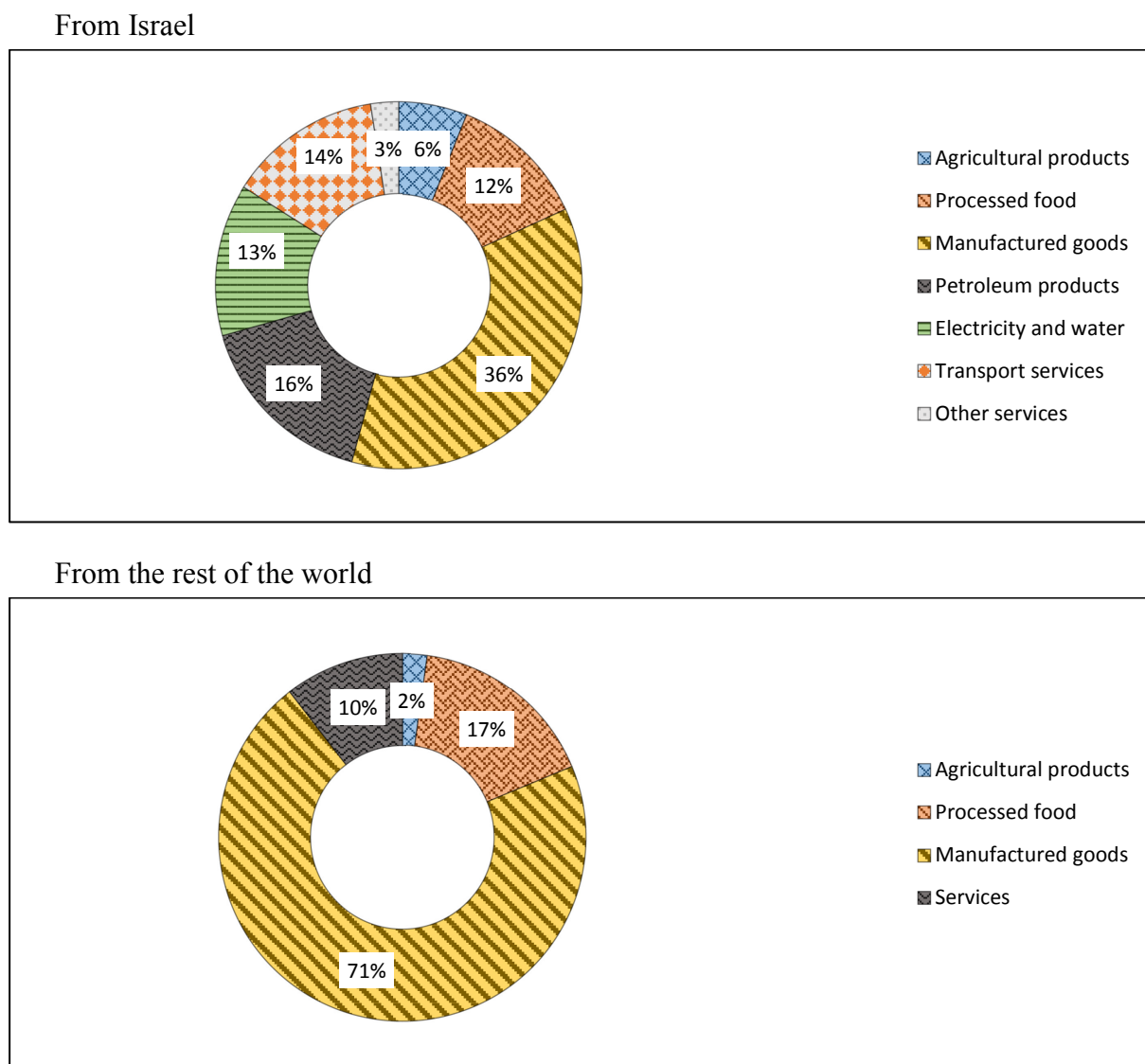
Figure 21: Shares of West Bank export by destination and commodity groups



Source: 2011-SAM.

Imports make up 36% of the total domestic demand³ for goods and services in the West Bank. From the import perspective, Israel remains the main trade partner with 79% of West Bank total import. Manufactured goods compose most of the imports from both Israel and the rest of the world (Figure 22).

Figure 22: Shares of West Bank import by destination and commodity groups



Source: 2011-SAM.

³ Total domestic demand is final demand (household, NPISH and government consumption demand) plus intermediate input demand.

5 Conclusion and suggestions for potential data improvement

The 2011 SAM for the West Bank has been developed from data gathered from different sources, including institutions inside Palestine such as the PCBS and the Palestinian Ministry of Finance as well as institutions outside Palestine like the IMF and the COGAT (Israel). These official sources were also complemented with estimates derived from articles mostly published in peer-reviewed journals. We made the national accounts of the West Bank for 2011 the reference data set to which the other sources were compared and when feasible adjusted. Despite these adjustments, the data taken from different sources were not always converging and this resulted in discrepancies that were removed during the estimation of both the macro and the micro SAMs using the cross-entropy program. In that process we kept some indicators constant and left others to be estimated by the program. Therefore, there are some entries of the SAM that are more reliable than others. Table 14 presents the data reliability matrix that shows the quality of the data based on the sources and the procedures followed to compile the macro SAM and to build each submatrix of the micro SAM. A grading scheme is adopted to illustrate the reliability level of each cell and is as follows:

- Grade A: data of best reliability. This includes entries in the macro SAM that are based on the national accounts and for which the corresponding submatrices in the micro SAM are based on the supply and use table.
- Grade B: data of second best reliability. This includes entries in the macro SAM whose values stem from official data sets other than the national accounts. This comprises the balance of payments and the Ministry of finance statement that were available for the whole Palestinian territory, from which the share of the West Bank is derived based on other official statistics. At the micro SAM level, submatrices corresponding to such entries are disaggregated based on official surveys such as the expenditure and consumption survey or the labour force survey.
- Grade C: this grade is attributed to entries in the macro SAM that are mostly driven by estimates derived from journal articles. Their values are the same in the macro and the micro SAMs.

In the data reliability matrix, there are two entries with grade C, which are related to enterprise income and saving. These are data not readily available and are therefore the Authors' first recommendation for further improvement. However, values for several entries with grade B were initially available only at national level. Although the proxies used to derive the shares for the West Bank in these national figures are consistent with the recommendation of the PCBS, having them explicitly displayed in the balance of payments or in the Ministry of finance statements will be useful for further improvement of the West Bank SAM. Finally, several micro SAM submatrices are disaggregated based on the 2004 supply and use table. Therefore, there is a room for updating those submatrices, whenever a more recent supply and use table is available. We will be making this document freely available online so that the SAM can be further improved and we are willing to share and cooperate

with those wishing to do so. This work is a major contribution for researchers interested in pursuing SAM-based analyses on the West Bank. Hence, the data will be made available to interested collaborators.

Table 14: Data reliability matrix

		Outgoings														
		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Incomings		Commodity	Margins	Activities	Labor	Capital	Households	NPISH	Enterprise	Government	Domestic tax	Tax Israel	Investment	Israel	RoW	Total
1	Commodity		B	A			B	A		A			A	A	A	
2	Margins	B														
3	Activities	A														
4	Labor			B										B	B	
5	Capital			B												B
6	Households				B	B	B	B	B	B						B
7	NPISH															B
8	Enterprise					C				B						
9	Government								B		B	B				B
10	Domestic tax	B		B	B		B		B							
11	Tax Israel	B			B											
12	Investment					B	B		C	B				B	B	
13	Israel	A										B				
14	RoW	A			B	B	B									
15	Total															

Source: Own compilation.

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Appendix

Appendix 1: Concordance table for activity accounts between the SAM, the SUT, ISIC Rev.3 and GTAP standard classifications

Sectors in the SUT			Sectors in the SAM			ISIC Rev.3		GTAP (GSC.2)	
No.	code	description	No.	code	description	code	Description	code	Description
1	A-A.011o1	Olive groves and farms	1	aaoliv	Olive	0113	Growing of fruit, nuts, beverage and spice crops including olives	5	Oilseeds
2	A-A.011r	Growing of cereal, other crops	2	aaocrop	Growing of cereals and other crops n.e.c.	0111	Growing of cereals and other crops n.e.c.	3	Cereal grains
								2	Wheat
								1	Paddy rice
								6	Sugar cane, sugar beet
								7	Plant based fibers
								8	Other crops
3	A-A.012	Farming animals	3	aalivstk	Farming animals	0121	Farming of cattle, sheep, goats, horses, asses, mules and hinnies; dairy farming	4	Vegetables, fruits and nuts
								0112	Growing of vegetables, horticultural specialties and nursery products
								0113	Growing of fruit, nuts, beverage and spice crops
3	A-A.012	Farming animals	3	aalivstk	Farming animals	0121	Farming of cattle, sheep, goats, horses, asses, mules and hinnies; dairy farming	11	Raw milk
								0121	Farming of cattle, sheep, goats, horses, asses, mules and hinnies; dairy farming
								0122	Other animal farming; animal products n.e.c.
4	A-A.r	Other agriculture	4	aaforest	Forestry	0200	Forestry, logging and related service activities	13	Forestry
5	A-B	Fishing				050	Fishing, aquaculture and service activities incidental to fishing	14	Fishing and Hunting
6	A-C.1410	Quarrying stone, sand and clay	5	abstone	Quarrying stone, sand and clay	1410	Quarrying of stone, sand and clay	18	Mineral nec
7	A-C.r	Other mining, quarrying	6	abomine	Other mining and quarrying	10	Mining of coal and lignite; extraction of peat	15	Coal
						11	Extraction of crude petroleum and natural gas; service activities incidental to oil and gas extraction	16	Oil

Sectors in the SUT			Sectors in the SAM			ISIC Rev.3		GTAP (GSC.2)	
						12	Mining of uranium and thorium ores	18	Mineral nec
					13	Mining of metal ores			
					14 except 1410	Other mining and quarrying			
8	A-D.1514ol	Manufacture of olive oil	7	acolivoil	Manufacture of olive oil	1514	Manufacture of vegetable and animal oils ans fats	21	Vegetable oils and fats
9	A-D.1514r	Manufacture of other vegetable oil and fats	8	acoilfat	Other vegetable oil and fats	1514	Manufacture of vegetable and animal oils ans fats	21	Vegetable oils and fats
10	A-D.151r	Manufacture of basic foods	9	acfood	Manufacture of basic foods	1511	Production, processing and preserving of meat and meat products	19	Bovine meat products
								20	Meat product nec
						1512	Processing and preserving of fish and fish products	25	Food products nec
						1513	Processing and preserving of fruit and vegetables	25	Food products nec
11	A-D.1520	Manufacture of dairy products	10	acdairy	Manufacture of dairy products	1520	Manufacture of dairy products	22	Dairy products
12	A-D.153	Manufacture of starches and animal feeds	11	acstarch	Manufacture of grain mills and starches	1532	Manufacture of starches and starch products	25	Food products nec
						1531	Manufacture of grain mill products	23	Processed rice
						1533	Manufacture of prepared animal feeds	25	Food products nec
13	A-D.15 rt 16	Manufacture of other food and beverages	12	acofbvtb	Manufacture of other food	154	Manufacture of other food products	24	Sugar
						155	Manufacture of beverages	26	Beverage and tobacco products
						160	Manufacture of tobacco products		
14	A-D.17	Manufacture of textile fibers and fabrics	13	actextile	Manufacture of textile	17	Manufacture of textiles	27	Textiles
15	A-D.18	Manufacture of clothes	14	accloth	Manufacture of wearing apparels	18	Manufacture of wearing	28	Wearing apparel
16	A-D.19	Manufacture of leather and leather products	15	acleather	Manufacture of leather products	19	Tanning and dressing of leather	29	Leather products
17	A-D.20	Manufacture of wood and basic wood products	16	acwood	Manufacture of wood products	20	Manufacture of wood and of products of wood and cork, except furniture;	30	Wood products
18	A-D.21	Manufacture of paper articles	17	acpaper	Manufacture of paper articles	21	Manufacture of paper and paper products	31	Paper products, publishing

Sectors in the SUT			Sectors in the SAM			ISIC Rev.3		GTAP (GSC.2)	
19	A-D.22	Manufacture of publishing and printing	18	acpublish	Manufacture of publishing and printing	22	Publishing, Printing and reproduction of recorded media		
20	A-D.23t24	Manufacture of coke, chemical prod.	19	acchemical	Manufacture of coke, chemical prod.	23	Manufacture of coke and refined petroleum products	32	Petroleum, coal products
						24	Manufacture of chemicals and chemical products	33	Chemical, rubber, plastic products
21	A-D.25	Manufacture of rubber, plastics	20	acrubber	Manufacture of rubber, plastics	25	Manufacture of rubber and plastics products		
22	A-D.2696	Manufacture of stone	21	acstone	Manufacture of stone	2696	Cutting, shaping and finishing of stone	34	Mineral products nec
23	A-D.26r	Manufacture of other non-metallic minera	22	aconmetal	Manufacture of other non-metallic minera	26 except 2696	Manufacture of other non-metallic mineral products	34	Mineral products nec
24	A-D.27t28	Manufacture of basic and fabricated metal products	23	acmetal	Manufacture of metal and metallic products	27	Manufacture of basic metals	35	Ferrous metals
						28	Manufacture of fabricated metal products, except machinery and equipment	36	Metals nec
								37	Metals products
25	A-D.29	Manufacture of machinery equipment	24	acmachine	Manufacture of machinery equipment	29	Manufacture of machinery equipment	41	Machinery and equipment nec
26	A-D.r	Manufacture of medical, electrical and residuals	25	acmedical	Manufacture of medical, electrical and residuals	30	Manufacture of office, accounting and computing	40	Electronic equipment
						32	Manufacture of radio, television and communication equipment and apparatus		
						33	Manufacture of medical, precision and optical instruments, watches and clocks	41	Machinery and equipment nec
						31	Manufacture of electrical machinery n.e.c.		
						34	Manufacture of motor vehicles, trailers and semi-trailers	38	Motor vehicles and parts
						35	Manufacture of other transport equipment	39	Transport equipment nec
						37	Recycling		
					36 except 3610	manufacturing n.e.c	42	Manufactures nec	
27	A-D.3610	Manufacture of furniture	26	acfurniture	Manufacture of furniture	3610	Manufacture of furniture		
28	A-E	Electricity, gas and water supply	27	adelectwat	Electricity and gas supply	401	Production, transmission and distribution of electricity	43	Electricity
						402	Manufacture of gas; distribution of gaseous fuels	44	Gas manufacture,

Sectors in the SUT			Sectors in the SAM			ISIC Rev.3		GTAP (GSC.2)	
							through mains		distribution
						41	Collection, purification and distribution of water	45	Water
29	A-F	Construction	28	afconst	Construction	45	Construction	46	Construction
30	A-G.5020	Maintenance and repair of motor vehicles	29	agmaintveh	Maintenance and repair of motor vehicles	5020	Maintenance and repair of motor vehicles	47	Trade
31	A-G.5050	Retail sale of fuel	30	agfuel	Retail sale of fuel	5050	Retail sale of automotive fuel		
32	A-G.50r	Sale of motor vehicles and parts	31	agvehicle	Sale of motor vehicles and parts	5010	Sale of motor vehicles		
						5030	Sale of motor vehicles parts and accessories		
						5040	Sale, maintenance and repair of motorcycles and related parts and accessories		
33	A-G.51	Wholesale	32	agwhole	Wholesale	51	Wholesale trade and commission trade, except of motor vehicles and motorcycles		
34	A-G.5260	Repair of personal and household goods	33	agretail	Repair of personal and household goods	5260	Repair of personal and household goods		
35	A-G.52r	Retail sale, remaining	34	aghhgd	Retail sale, remaining	52 except 5260	Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods		
36	A-H	Hotels and Restaurants	35	ahhotel	Hotels and Restaurants	5510	Hotels; camping sites and other provision of short-stay accommodation		
						5520	Restaurants, bars and canteens		
37	A-I	Transport, storage	36	aitransp	Transport, storage	60	Land transport and transport via pipelines	48	Transport nec
						61	Water transport	49	Water transport
						62	Air transport	50	Air transport
						63	Supporting and auxiliary transport activities; activities of travel agencies	48	Transport nec
38	A-I.6411	National post activities	37	aipost	National post activities	6411	National post activities	51	Communication
39	A-I.64r	Remaining communication	38	aicomm	Remaining communication	6412	Courier activities other than national post activities		
						6420	Telecommunications		
40	A-J.6511	Central banking	39	ajfinance	Financial services	6511	Central banking	52	Financial services nec
41	A-J.6519	Other monetary intermed.				6519	Other monetary intermediation		

Sectors in the SUT			Sectors in the SAM			ISIC Rev.3		GTAP (GSC.2)	
42	A-J.65Nom	Nominal banking sector							
43	A-J.660	Insurance, pension funding, except compulsory social security				66	Insurance and pension funding, except compulsory social security	53	Insurance
44	A-J.r	Other financial intermediation				659	Other financial intermediation activities	52	Financial services nec
						67	Activities auxiliary to financial intermediation		
45	A-K.7010	Other rental of buildings	40	akrental	Other rental of buildings	7010	Real estate activities with own or leased property	54	Business services nec
46	A-K.70rt73	Other real estate, renting, business activities	41	akrestate	Other real estate, renting, business activities	7020	Real estate activities on a fee or contract basis		
						71	Renting of machinery and equipment without operator and of personal and household goods		
47	A-K.74	Other business activities	42	akbusiness	Other business activities	72	Computer and related activities		
						73	Research and development		
						74	Other business activities		
48	A-L	Public administration, defense, compulsory social security	43	aladmin	Public administration, defense, compulsory social security	75	Public administration, defense, compulsory social security	56	Public Administration, Defense, Education, Health
49	A-M	Education	44	ameduc	Education	80	Education		
50	A-N	Health and social work	45	anhealth	Health and social work	85	Health and social work		
51	A-O.90	Sewage		adelectwat	Electricity and gas supply	9000	Sewage and waste collection, treatment and disposal and other environment protection services		
52	A-O.91t92	Membership org. And recreational activities	46	aombrecr	Other community, social and personal service activities	91	Activities of membership organizations n.e.c.		
						92	Recreational, cultural and sporting activities	55	Recreational and other services
53	A-O.930	other service activities, markets	47	aoservice	other service activities, markets	93	other service activities		
54	A-P	Private households with employed persons	48	aphh	Private households with employed persons	95	Activities of private households as employers of domestic staff		
55	A-Q	Extra-territorial organizations			Extra-territorial organizations	99	Extra-territorial organizations	56	Public Administration, Defense, Education, Health
			49	anpish	Activity non-profit organizations serving households				

Appendix 2: Concordance table for commodity accounts between the SAM and in the SUT

Accounts in the SUT			Accounts in the SAM		
No.	code	Description	No.	code	Description
1	P-A.011C	Cereals, other crops	1	cacer	Cereals, other crops
2	P-A.011OL	Olives	2	caoliv	Olives
3	P-A.011R	Fruits, nuts, beverages and spice crops, and flowers	3	cafruit	Fruits, nuts, beverages and spice crops, and flowers
4	P-A.011V	Vegetables, horticultural specialities	4	caveg	Vegetables, horticultural specialities
5	P-A.012A	Animals	5	caanim	Animals
6	P-A.012M	Milk	6	camilk	Milk
7	P-A.02	Forestry products	7	caforest	Forestry products
8	P-B	Fishery products	8	cafishery	Fishery products
9	P-C.1410	Stone, sand, clay	9	cbstone	Stone, sand, clay
10	P-C.R	Other ores, minerals	10	cbomine	Other ores, minerals
11	P-C.U	Unspec. ores, minerals			
12	P-D.1511	Meat, meat products	11	ccMeat	Meat, meat products
13	P-D.1512	Fish, fish products	12	ccfish	Fish, fish products
14	P-D.1513	Processed fruits, vegetables	13	ccfruit	Processed fruits, vegetables
15	P-D.1514OL	Olive oil	14	ccolivoil	Olive oil
16	P-D.1514R	Oils, fats	15	ccoilfat	Oils, fats
17	P-D.1520	Dairy products	16	ccdairy	Dairy products
18	P-D.1533	Prepared animal feeds	17	ccanimfeed	Prepared animal feeds
19	P-D.153R	Grain mills, starches	18	ccstarch	Grain mills, starches
20	P-D.1541	Bakery products	19	ccbake	Bakery products
21	P-D.154R	Sugar, cocoa, chocolate	20	ccSugar	Sugar, cocoa, chocolate
22	P-D.15R	Beverages	21	ccbev	Beverages
23	P-D.1600	Tobacco products	22	cctob	Tobacco products
24	P-D.17	Textiles	23	cctextile	Textiles
25	P-D.18	Wearing apparel, furs	24	cccloth	Wearing apparel, furs
26	P-D.1911	Leather	25	ccLeather	Leather
27	P-D.19R	Leather products, processed	26	ccleathpr	Leather products, processed
28	P-D.20	Wood, wood products	27	ccWood	Wood, wood products
29	P-D.21	Paper, paper products	28	ccPaper	Paper, paper products
30	P-D.22	Publishing, printing	29	ccpublish	Publishing, printing
31	P-D.23	Coke, petroleum products	30	ccCoke	Coke, petroleum products
32	P-D.2423	Pharmaceuticals	31	ccpharm	Pharmaceuticals
33	P-D.2424	Soaps, detergents, perfumes	32	ccsoap	Soaps, detergents, perfumes
34	P-D.24R	Other chemical products	33	ccochemi	Other chemical products
35	P-D.25	Rubbers, plastics	34	ccrubber	Rubbers, plastics
36	P-D.2694	Cement, lime and plaster	35	ccStone	Cement, lime and plaster

Accounts in the SUT			Accounts in the SAM		
37	P-D.2695	Articles of concrete, cement	36	ccCement	Articles of concrete, cement
38	P-D.2696	Stone, stone products	37	ccconcrete	Stone, stone products
39	P-D.26R	Other non-metallic mineral products	38	ccnonmetal	Other non-metallic mineral products
40	P-D.27	Basic metals	39	ccmetal	Basic metals
41	P-D.28	Fabricated metals	40	ccfabmet	Fabricated metals
42	P-D.29	Machinery, equipment	41	ccmachine	Machinery, equipment
43	P-D.30	Office, accounting and computing machinery	42	ccOffice	Office, accounting and computing machinery
44	P-D.31	Electrical machinery	43	ccelectmach	Electrical machinery
45	P-D.32	Radio, television and communication equipment	44	ccRadio	Radio, television and communication equipment
46	P-D.33	Medical and precision instruments	45	ccMedical	Medical and precision instruments
47	P-D.3430	Vehicle spare parts	46	ccVehicle	Vehicle spare parts
48	P-D.34R	Cars and lorries	47	cccar	Cars and lorries
49	P-D.35	Other transport equipment	48	cctranspequip	Other transport equipment
50	P-D.3610	Furniture	49	ccFurniture	Furniture
51	P-D.36R	Other manufacturing	50	ccomanuf	Other manufacturing
52	P-D.U	Unspec. manufacture			
53	P-E.40	Electricity, gas	51	cdelectricity	Electricity, gas
54	P-E.4100	Water	52	cewater	Water
55	P-E.U	Unspec. electricity, gas, water supply			
56	P-F	Construction	53	cfconst	Construction
57	P-G.5020	Maintenance and repair of motor vehicles	54	cgmaintveh	Maintenance and repair of motor vehicles
58	P-G.5050	Retail sale of automotive fuel	55	cgfuel	Retail sale of automotive fuel
59	P-G.50R	Sale of motor vehicles and parts	56	cgvehicle	Sale of motor vehicles and parts
60	P-G.5122	Wholesale of food, beverages, tobacco	57	cgwhfood	Wholesale of food, beverages, tobacco
61	P-G.5143	Wholesale of construction materials	58	cgwhconstmat	Wholesale of construction materials
62	P-G.51R	Other wholesale	59	cgowhole	Other wholesale
63	P-G.521T522	Retail sale of food, beverages, tobacco	60	cgrtfood	Retail sale of food, beverages, tobacco
64	P-G.5232	Retail sale of textiles, clothing, footwear, leather goods	61	cgrtcloth	Retail sale of textiles, clothing, footwear, leather goods
65	P-G.5233	Retail sale of household appliances	62	cgrthhappl	Retail sale of household appliances
66	P-G.5260	Repair of personal and household goods	63	cgrphhgd	Repair of personal and household goods
67	P-G.52R	Other retail sale	64	cgoretail	Other retail sale
68	P-G.U	Unspec. wholesale, retail trade			
69	P-H.5510	Hotels	65	chhotel	Hotels
70	P-H.5520	Restaurants	66	chresto	Restaurants
71	P-H.U	Unspecified hotels, restaurants			
72	P-I.6023	Freight transport by road	67	ciroad	Freight transport by road
73	P-I.60R	Passenger land transport	68	ciland	Passenger land transport
74	P-I.61T63	Other transport, storage, travel agencies	69	ciotransp	Other transport, storage, travel agencies

Accounts in the SUT			Accounts in the SAM		
75	P-I.6411	National post activities	70	cipost	National post activities
76	P-I.64R	Remaining communication	71	cicomm	Remaining communication
77	P-I.U	Unspec. transport, storage, communications			
78	P-J.6511	Central banking	72	cjfinance	Central banking
79	P-J.6519	Other monetary intermediation			Other monetary intermediation
80	P-J.660	Insurance, pension funding, except compulsory social security			Insurance, pension funding, except compulsory social security
81	P-J.R	Other fin. interm., auxiliary activities			Other fin. interm., auxiliary activities
82	P-J.U	Unspec. financial intermediation			
83	P-K.7010A	Imputed rentals of buildings	73	ckrental	Imputed rentals of buildings
84	P-K.7010B	Other rentals of buildings	74	ckbuild	Other rentals of buildings
85	P-K.70RT73	Other real estate, renting, business activities	75	ckrestate	Other real estate, renting, business activities
86	P-K.74	Other business activities	76	ckbusiness	Other business activities
87	P-K.U	Unspec. real estate, renting, business activities			
88	P-L	Public administration, defence; compulsory social security	77	cladmin	Public administration, defence; compulsory social security
89	P-M	Education	78	cmeduc	Education
90	P-N	Health, social work	79	cnhealth	Health, social work
91	P-O.90	Sewage		cewater	Water
92	P-O.91	Membership organisations	80	comembr	Membership organisations
93	P-O.92	Recreational, cultural and sporting	81	corecreation	Recreational, cultural and sporting
94	P-O.930	Other services	82	coservice	Other services
95	P-O.U	Unspec. other community, social, personal service activities			
96	P-P	Private households with employed persons	83	cphh	Private households with employed persons
97	P-Q	Extra-territorial organisations			

Appendix 3: List of labour groups with their frequencies and share of the working population

Labour group ⁴	Share of working population	Frequency in LFS	Labour group	Share of working population	Frequency in LFS
1	3.1%	22115	40	0.5%	3564
2	0.6%	4433	41	0.2%	1482
3	2.6%	18122	42	0.2%	1179
4	6.2%	43922	43	0.3%	2279
5	3.7%	25796	44	0.1%	918
6	1.8%	12676	45	2.3%	16408
7	3.0%	21386	46	1.7%	12238
8	1.9%	13044	47	4.6%	32542
9	3.3%	23364	48	7.9%	55796
10	2.3%	15859	49	9.3%	65511
11	3.8%	26569	50	4.0%	27914
13	5.0%	34961	51	0.7%	5256
14	2.4%	17240	52	0.6%	4502
15	5.0%	34843	53	0.2%	1583
16	1.2%	8259	54	0.1%	724
17	0.5%	3601	55	0.3%	2065
18	0.6%	4416	56	0.8%	5495
19	2.0%	14315	57	0.1%	1033
20	0.0%	253	58	0.3%	1890
21	2.1%	14980			
22	1.4%	10027	Total	100%	703839
23	2.8%	19462			
24	2.1%	15065			
25	0.7%	5195			
26	0.1%	779			
27	0.3%	2034			
28	0.4%	3116			
29	0.6%	4270			
30	0.3%	2258			
31	0.5%	3628			
32	0.3%	2427			
33	0.7%	5056			
34	0.3%	1835			
35	0.5%	3537			
36	0.0%	302			
37	1.4%	10177			
38	0.5%	3805			
39	1.2%	8334			

Source: PCBS, 2014d

⁴ For the description of labour groups refer to Fig.1