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PALESTINE ECONOMIC POLICY
RESEARCH INSTITUTE - MAS

Palestine Economic Update

Special Bulletin

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Key Messages

- The war on the Gaza Strip has caused a catastrophic humanitarian situation, with over 60% of housing destroyed or damaged, severe water and food shortages, and a dire displacement crisis affecting 1.7 million individuals. Buildings, infrastructure, and essential services like healthcare and WASH facilities are extensively damaged.
- Escalating violence and restrictions in the West Bank are causing further economic hardships. Severe access limitations, closure of checkpoints, and economic losses have intensified humanitarian needs.
- International aid efforts, including a UN Flash Appeal, seek \$1.2 billion to address the Gaza and West Bank crisis. About 21% of this amount was covered by 28 November. Despite disruptions in developmental aid, humanitarian assistance continues.
- Palestine faces a severe economic downturn that extends beyond the destruction caused by the war in Gaza. Early estimates show an across-the-board decline in production, investment, private consumption, and trade. Hundreds of thousands of jobs have been lost, and unemployment rates are expected to reach unprecedented levels, exacerbating existing socioeconomic challenges.
- This special Update summarizes the main socio-economic information produced by international development and humanitarian agencies since the War began.

1. Gaza Flash Updates

The War resulted in a rapidly deteriorating and catastrophic humanitarian situation in the Gaza Strip, marked by a massive displacement crisis. Gazans continue to suffer from severe water, food, fuel and electricity shortages. The electricity crisis, coupled with the ongoing ban on fuel entry by Israeli authorities, crucial for running life-saving equipment, severely impacts essential services in the Gaza Strip, including health services, water pumping, desalination stations, and sewage treatment facilities. Telecom networks went out of service after 'all energy sources' were depleted.¹ Compounding the crisis, key crossings like Kerem Shalom with Israel and the Israeli pedestrian crossing of Erez remain closed, severely limiting the flow of aid.

The Palestinian fatality toll in the Gaza Strip as of 23 November stood at 14,800, of whom 6,000 were said to be children and 4,000 women.² About 7,000 others, including some 4,700 children and women, are estimated to be missing and may be trapped or dead under the rubble, awaiting rescue or recovery. Another 36,000 Palestinians have reportedly been injured.

1.1 Buildings and Infrastructure Destruction

The war in the Gaza Strip has caused unprecedented destruction to housing and economic infrastructure damage, creating a dire and lasting humanitarian crisis in the Gaza Strip.³ As last reported, over 60% of the housing stock had been struck, and some 43,000 units have already been lost, leading to an urgent need for rubble removal.⁴ As of November 22, satellite imagery analysis indicates that 23.5% to 30.6% of all structures across the Gaza Strip, roughly 67,700 to 88,100 buildings, have been either destroyed or damaged since the war's beginning.⁵ In the northern half, an estimated 46.9% to 58.2% of buildings have likely sustained

damage, constituting about 71.4% of all damage across the Strip. This exacerbates an existing housing crisis, as even before the conflict, the Gaza Strip faced a shortfall of 71,000 housing units.⁶

The situation has further worsened due to the destruction of basic infrastructure. Since the war's onset, the Gaza Strip has endured a complete electricity blackout, resulting from Israel's cessation of electricity supply and fuel shortages for its sole power plant.⁷ Between 7 and 11 October, the electricity supply was reduced by 120 MW, leaving only 80 MW operational, including 65 MW from the power plant. This forced essential services to rely on limited backup generators, aggravating fuel scarcity. Independently owned fuel generators, with an estimated capacity of 15 to 20 MW, have mainly since shut down due to fuel shortages. The situation is worsened by the targeting of solar cells, with approximately 70% destruction and a reduced capacity of no more than 5 MW out of 20 MW as of October 11.⁸ PENRA reports indicate that by 8 November, 70% of the Gaza Strip's electricity transmission and distribution networks had been destroyed, resulting in an estimated \$80 million in direct damage. The overall demand for electricity in the Gaza Strip was around 500 MW in 2021, underscoring an already severe shortfall in meeting energy needs.⁹

The Gaza Strip's telecommunications infrastructure has been severely compromised, with around 34% of internal networks reportedly out of service by November 5. Over 50% of communication infrastructures, including cables, towers, and exchanges, have been destroyed. Damage to cell towers has halted internet and communication capabilities, exacerbated by fuel shortages for backup generators, resulting in a complete loss of services.¹⁰ Despite some local efforts and international collaboration for

1 <https://www.aljazeera.com/news/2023/11/16/telecommunications-cut-off-in-gaza-after-fuel-runs-out>

2 <https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-38>

3 <https://www.npr.org/2023/11/09/1211571220/israel-gaza-damage-map-satellite-imagery>

4 <https://mopwh.ps/Controls/newsremplet.aspx?id=9681>

5 <https://www.conflict-damage.org/>

6 <https://bit.ly/40OGZ7W>

7 <https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-36>

8 <https://www.bnews.ps/ar/node/22294andhttps://bit.ly/3us3TPy>

9 <https://www.palestineconomy.ps/ar/Article/21310/and https://al-shabaka.org/briefs/confronting-energy-poverty-in-gaza/>

10 www.bnews.ps/ar/node/22350

temporary restoration, the challenges persist due to extensive damage and ongoing resource scarcity.¹¹ Israel's disruptions of communications and internet services, including satellite connections, have isolated the region further.¹²

1.2 Displacement

Since October 7, about 1.7 million individuals in Gaza have reportedly been internally displaced, with around 896,000 seeking refuge in 99 facilities in the south.¹³ This severe overcrowding raises health risks, accelerating the spread of diseases. The sheer volume of displaced persons hampers UNRWA's ability to provide effective services. UNRWA shelters are overcrowded nine times their intended capacity, leading to inadequate sanitary conditions, with 160 people sharing one toilet and only one shower unit for every 700 people.¹⁴ Israel's ongoing ground offensive is further displacing residents from the Northern to the Southern Gaza Strip. Since November 5, at least 200,000 evacuees have moved through Israeli military-opened time-specified corridors, facing hazardous conditions, including arbitrary arrest, humiliating treatment and long treks on foot, up to 20 kilometres in some cases.¹⁵

1.3 Healthcare

The healthcare system in the Gaza Strip is on the verge of total collapse due to infrastructure damage, fuel shortages, and ongoing conflict.¹⁶ The Israeli siege and occupation of Al-Shifaa' Medical Complex (much more than a hospital) dealt a severe blow to what was the central nervous system of the Strip's healthcare system. Among the 72 primary health clinics, 53 are out of service, while 25 out of 35 hospitals face similar challenges, either due to fuel shortages or direct bombings.¹⁷ Hospitals in Gaza City and

northern Gaza are non-operational, with Al Ahli Hospital as the sole functioning medical facility, supporting over 500 patients. Health response efforts have shifted south, focusing on supporting nine hospitals, 18 primary healthcare centres, and 130 partially operational mobile teams.¹⁸

Active ground operations and fuel scarcity hinder rescue efforts, leaving the Palestine Red Crescent Society (PRCS) unable to respond to numerous emergency calls. 193 health staff have been killed so far, and ambulance services have been severely depleted.¹⁹ Over 350,000 patients with non-communicable diseases urgently need care, with pregnant women and infants dependent on services like incubators are particularly vulnerable. Al Shifa Hospital, the largest medical complex in the Gaza Strip, which was raided by Israeli forces, lost 51 patients, including four premature babies, between November 11 and 18 due to power outages.²⁰ The World Health Organization (WHO) warned against evacuations of patients from hospitals in the north of Gaza called for by Israeli authorities, considering them a potential "death sentence" due to overwhelmed southern hospitals.²¹

1.4 Water, Sanitation, and Hygiene (WASH)

The critical health situation in the Gaza Strip is exacerbated by a catastrophic water crisis, with 97% of the water already unfit for human consumption before the war. Residents now receive only 2-3 litres per day, which is insufficient for basic survival, and face challenges due to the scarcity and high cost of bottled water.²² Fuel shortages have led to the shutdown of municipal water wells, disrupting essential services, while airstrikes have damaged water and sewage infrastructure, including reservoirs. The northern Gaza Strip lacks operational desalination plants, forcing people to consume brackish water mixed

11 <https://www.aliqtisadi.ps/ar/Article/97272>

12 https://ochaopt.org/sites/default/files/OPT_Flash_Appeal_EN_Rev_2.pdf#page=1&zoom=auto,-19,842

13 <https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-50>

14 https://www.emro.who.int/images/stories/palestine/WHO_Sitrep_11.pdf

15 <https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-38>

16 <https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-38>

17 <https://www.palestinercs.org/public/files/image/2023/News/>

[latestresponse23012023/PRCS%20OR%20156.pdf](https://www.palestinercs.org/public/files/image/2023/News/latestresponse23012023/PRCS%20OR%20156.pdf)

18 <https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-38>

19 https://reliefweb.int/attachments/d8110771-ffc3-4a40-b91b-c0ac829a5dd3/WHO_oPt_Sitrep_12.pdf

20 <https://english.wafa.ps/Pages/Details/139412>

21 <https://bit.ly/3utUeOW>

22 <https://www.anera.org/blog/gazas-water-crisis-puts-thousands-at-risk-of-preventable-death/>

with seawater.²³ Other available water sources are increasingly contaminated with sewage, leading to common symptoms of waterborne illnesses, particularly affecting children.²⁴ Overcrowded shelters with limited access to toilets and handwashing facilities contribute to the spread of diseases, evidenced by reported outbreaks of chickenpox, scabies, and diarrhoea. The halt in solid waste management further increases the risk of airborne diseases.²⁵

The escalating healthcare crisis, compounded by damaged infrastructure, shortages in essential services, and difficulties in managing disease outbreaks during the conflict, is evident in the reported 33,551 cases of diarrhoea, predominantly in children under five, since mid-October 2023.²⁶

1.5 Food security

The food security crisis in the Gaza Strip is marked by critical shortages and operational challenges. In the Northern Gaza Strip, no bakeries have been operational since November 7 due to fuel, water, and wheat flour shortages, leading to hazardous coping mechanisms like meal skipping and unsafe cooking practices.²⁷ Aid agencies have been unable to distribute aid in the north due to insufficient supplies and widespread destruction. The only functioning mill in the Strip, located in Khan Younis, has been unable to operate due to a lack of electricity and fuel before being shut down completely after being targeted by Israeli forces.²⁸

Essential food items like rice, pulses, vegetable oil, wheat flour, dairy products, eggs, and mineral water are nearly depleted or absent from market shelves, exacerbated by price hikes and hindered distribution. The general price level of food and non-alcoholic beverages surged by 10%, and

food items are very scarce. The price of mineral water saw a staggering 74% increase, dried vegetables experienced a 47% price hike, fresh vegetables rose by 32%, and fresh fruits rose by 27%.²⁹ The scarcity of essential food items and their price hikes underscore the growing food security crisis in the Gaza Strip. The purchasing power of Palestinian households in the Gaza Strip declined by 11% in October 2023 compared to the previous month.

1.6 Humanitarian Efforts and Aid

The Rafah Crossing with Egypt has seen only 1,723 trucks with essential supplies enter the Strip between October 21 and November 23.³⁰ This falls short of meeting the immense needs of the displaced population in the Gaza Strip and represents a mere fraction of the pre-hostility daily entry of 500 truckloads.³¹ No less than 100 trucks are needed daily to guarantee basic necessities, according to the UN.³² On October 18, Israel announced it would allow two fuel trucks a day to enter the Gaza Strip for basic humanitarian services and to restore telecommunication services.³³ UNRWA said it required 160,000 litres of fuel daily for basic humanitarian operations, more than double what has been agreed.

Up to November 11, the WFP has delivered essential food and cash aid to more than 764,000 individuals in shelters and communities throughout the Strip and the West Bank. They also delivered 1,291 metric tons of food, including canned fish and date bars, to Gaza via 72 trucks through the Rafah crossing. With the rapid escalation of needs, WFP urgently needs a minimum of \$112 million to maintain its emergency operations and reach 1.1 million impacted people through December.³⁴

The WHO had sent 16 trucks with medical supplies into the Strip by November 9 as part of

23 <https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-36>

24 <https://www.anera.org/blog/gazas-water-crisis-puts-thousands-at-risk-of-preventable-death/>

25 <https://views-voices.oxfam.org.uk/2023/11/water-catastrophe-gaza/>

26 <https://bit.ly/46i0CWg>

27 <https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-40>

28 <https://bit.ly/46mvANt>

29 <https://www.pcbs.gov.ps/site/512/default.aspx?tabID=512&lang=en&ItemID=4626&mid=3171&wversion=Staging>

30 <https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-39>

31 <https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-21>

32 <https://news.un.org/en/story/2023/10/1142532>

33 <https://www.bbc.com/news/world-middle-east-67455962>

34 <https://bit.ly/3SSTYmN>

a larger effort, including 166 trucks from various sources.³⁵ Financial commitments include WHO's estimated need of \$110 million for health efforts until January 2024. More urgently, the WHO reported a \$50 million need to support its provision of medicines and medical supplies, as well as health interventions.³⁶

UNRWA, in partnership with UNICEF, has provided some relief at one of the most crowded shelters by installing a desalination plant in Khan Younis to supply potable water for 21,700 IDPs.³⁷ Water aid from Egypt addresses only about 4% of the population's needs.

In response to the escalating humanitarian crisis in the Gaza Strip and the West Bank, including East Jerusalem, the UN and its partners have launched a Flash Appeal, seeking \$1.2 billion to assist 2.2 million people in the Strip and 500,000 in the West Bank.³⁸ Coordinated by OCHA on behalf of the Humanitarian Country Team, the Flash Appeal involves over 70 local and international organisations. It aims to address the unprecedented scale of the crisis, focusing on meeting immediate life-saving needs until the end of the year. The budget prioritises critical areas such as Food Security (25%), Health and Nutrition (19%), Shelter and Non-Food Items for reintegration and winterisation (17%), Water, Sanitation, and Hygiene (12%), Education (9%), Multi-purpose Cash Assistance for emergency financial support (8%), Protection (4%), Coordination and Support Services for strategic assessments and enhancing UNRWA's response (5%), and Logistics to improve delivery capabilities (1%). Emergency telecommunications are essential for coordination and information sharing, pending access and authorisation. By 28 November, 21% (or \$261.4 million) of this amount was covered.³⁹

2. West Bank Flash Updates

The Gaza war has heightened tensions in the occupied West Bank, including east Jerusalem, resulting in reported excessive force by the Israeli military during clashes and Palestinian protests. This has led to fatalities, injuries, and numerous arrests. The escalation involves increased use of airstrikes, drone strikes, and missiles in densely populated refugee camps.⁴⁰ From October 7 to November 25, Israeli forces and settlers killed 223 Palestinians, including 56 children, and injured 2,877 in the West Bank.⁴¹ By 18 September, 181 Palestinians had been killed in the West Bank or Israel over the year.⁴² Settler attacks have risen from three to eight per day, displaying increased brutality.⁴³ At least 1,149 individuals, including 453 children, were forcibly displaced due to settler violence in Area C. Discriminatory planning policies displaced 135 Palestinians in Area C and East Jerusalem due to lack of building permits, with an additional 45 affected by punitive demolitions.⁴⁴ The olive harvest season in the West Bank has been severely impacted due to fears of venturing into the fields.

Severe access restrictions have been imposed across the West Bank, particularly near Israeli settlements and in the seam zone.⁴⁵ Since the Gaza offensive began, Israeli forces have closed 108 checkpoints and added ten iron gates between cities, significantly restricting movement and isolating residents.⁴⁶ This constitutes a substantial portion of the 565 movement obstacles in the West Bank, including 49 permanently staffed checkpoints, 139 intermittently staffed ones, 304 roadblocks, earth mounds, and gates, along with 73 earth

35 <https://bit.ly/3QN0IFL> and <https://bit.ly/3R9NHSr>
 36 https://www.emro.who.int/images/stories/palestine/WHO_oPt_Sitrep_10.pdf?ua=1
 37 <https://bit.ly/49KzN0z>
 38 https://ochaopt.org/sites/default/files/OPT_Flash_Appeal_EN_Rev_2.pdf#page=1&zoom=auto,-19,842
 39 <https://app.powerbi.com/>

40 https://ochaopt.org/sites/default/files/OPT_Flash_Appeal_EN_Rev_2.pdf#page=9&zoom=80,-255,516
 41 <https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-39>
 42 <https://www.ochaopt.org/poc/5-18-september-2023>
 43 <https://www.unocha.org/news/todays-top-news-occupied-palestinian-territory-afghanistan>
 44 <https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-39>
 45 https://ochaopt.org/sites/default/files/OPT_Flash_Appeal_EN_Rev_2.pdf#page=9&zoom=80,-255,516
 46 <https://bit.ly/3MUGx2e>

walls and trenches.⁴⁷ These restrictions isolate Palestinian communities, limiting access to essential services like health and education. The closure has revoked access rights for workers and traders with valid permits, causing economic losses (NIS 1.5-2 billion in lost monthly income or 15% of GNI). The private sector is operating at an estimated half capacity, with a significant drop in trade and GDP. Escalating economic hardship is increasing the demand for humanitarian assistance in vulnerable communities.⁴⁸

As of November 10, the WHO reports critical strain on basic services and livelihoods in the West Bank, including East Jerusalem. There is a high demand for emergency medical supplies, and at least 400 patients and their companions from the Gaza Strip stranded in the West Bank urgently need primary health care and medications for chronic conditions. Additionally, some 5,491 Palestinians from Gaza working in Israel and currently sheltering in the West Bank also require health care support. The situation is further compounded by checkpoint closures, insecurity, and movement restrictions, severely hindering access to primary and hospital care for ambulances, healthcare workers, and patients. There is also an increasing shortage of essential medicines and medical supplies, affecting first response, primary care, and hospital care, highlighting the overstretched first response capacities amid the growing number of casualties.⁴⁹

3. Economic Toll of the War

On November 9, the United Nations Development Programme (UNDP) and the Economic and Social Commission for Western Asia (ESCWA) issued a joint rapid assessment of the anticipated socioeconomic impacts of the Gaza war.⁵⁰ Economic metrics show a severe decline, including a 5 to 13 percentage point increase in the unemployment rate (from 24.7% in Q3 2023) and an 8.4% GDP decline (\$1.7 billion) as the war extends into a second month. The International Labour Organization (ILO) recently reported an estimated 61% reduction in employment in the Gaza Strip and a 24% drop in the West Bank.⁵¹ The poverty rate is estimated to rise to 35.8% in the second month of the war, compared to a baseline of 26.7% for 2023, and could further increase to 38.8% if the conflict persists into the third month.⁵² The conflict is projected to roll back the Palestinian economy significantly, with the Human Development Index (HDI) regressing by up to 19 years, effectively erasing progress since the early 2000s.

3.1 Economic activity

Preliminary calculations from UNDP and ESCWA reveal alarming, if conservative, economic impacts of a three-month war, projecting a significant 15% Palestinian GDP loss compared to pre-war 2023 expectations.⁵³ Key indicators include a 44.3% decline in investment, an 18.3% reduction in private consumption, a 27.7% drop in exports, and a 14.3% fall in imports, signalling widespread economic disruption. Further deterioration in economic metrics is expected as the war protracts. The lasting negative impact on potential output and productivity emphasises the need for urgent and comprehensive strategies to address the prolonged economic challenges anticipated after the conflict.

47 <https://www.ochaopt.org/2023-movement>

48 https://ochaopt.org/sites/default/files/OPT_Flash_Appeal_EN_Rev_2.pdf#page=9&zoom=80,-255,516

49 https://www.emro.who.int/images/stories/WHO_oPt_Sitrep_12.pdf

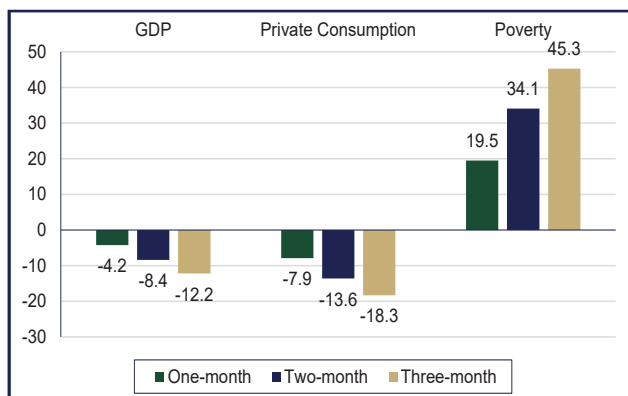
50 <https://www.undp.org/publications/gaza-war-expected-socio-economic-impacts-state-palestine>

51 https://www.ilo.org/beirut/publications/WCMS_901136/lang-en/index.htm

52 <https://www.undp.org/publications/gaza-war-expected-socio-economic-impacts-state-palestine>

53 Ibid

Figure 1: Estimated percentage change in Palestinian GDP, private consumption and poverty relative to levels expected for 2023 under three war scenarios



Source: UNDP and ESCWA (2023)

On November 9, the Palestine Central Bureau of Statistics (PCBS) reported that one-third of private sector establishments in Palestine have ceased production, with around 56,000 establishments in the Gaza Strip facing near-total production halts.⁵⁴ The Gaza Strip operates at best around 16% of its productive capacity, focusing on essential health and food services. In contrast, the West Bank experienced a 37% loss of productive capacity in October 2023 due to severe restrictions, closures, employment loss in Israel, and escalating tension. Collectively, private sector establishments in Palestine incurred losses exceeding \$713 million in the first month of the Gaza war.

3.2 Unemployment shock

The employment situation in the Gaza Strip is devastating, with the ILO reporting that a substantial portion of the workforce, comprising over 182,000 workers (approximately 61% of jobs), is now inactive.⁵⁵ This exacerbates Gaza's longstanding struggle with one of the world's highest unemployment rates, at 45.1% as of the third quarter of 2023.⁵⁶ In the West Bank, significant job losses are estimated at 208,000 (a 24% reduction), primarily attributed to the

termination of employment opportunities in Israel and Israeli settlements in the West Bank. The total job loss translates into daily labour income losses of approximately \$480 million in the first month of the war. The economic impact is profound, highlighting the immediate and widespread consequences of the conflict on Palestinian livelihoods.

The cessation of Palestinian employment in Israel and Israeli settlements is poised to have a profound and enduring impact, with indications pointing towards potential long-term consequences. Reports suggesting Israeli intentions to replace Palestinian labour with foreign workers raise concerns about the lasting nature of these changes.⁵⁷ In the third quarter of 2023, around 177,400 Palestinians were employed in Israel and Israeli settlements.⁵⁸ The loss of this employment translates to approximately \$288.2 million (NIS 1.1 billion) in lost income in the first month of the war.

The continuation of Israel's decision to withhold employment opportunities for Palestinians in 2024 could have severe consequences on the economic landscape. With the West Bank already facing challenges in absorbing new entrants to the labour force, the unemployment rate could increase from 13.1% in 2022 to 38.4% in 2024.⁵⁹ When factoring in the lost employment in Gaza, the overall unemployment rate for Palestine could soar to 42.4% from the 24.4% recorded in 2022. Such an increase would likely have a devastating impact on private consumption and investment, exacerbating economic hardships. In 2022, the compensation of Palestinian workers in Israel and Israeli settlements amounted to \$2.8 billion or 15% of GNI.

Although there are indications that around 8,000 workers were allowed to return to their workplaces in Israel, according to anecdotal evidence, this number remains marginal, underscoring the challenges and uncertainties surrounding the

54 https://pcbs.gov.ps/portals/_pcbs/PressRelease/Press_Ar_PrivateSectorsLos2023.pdf

55 https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_901136.pdf

56 https://www.pcbs.gov.ps/portals/_pcbs/PressRelease/Press_Ar_LFSQ32023A.pdf#page=6&zoom=100,-145,325

57 <https://www.dw.com/en/israel-hamas-war-will-indian-workers-replace-palestinians/a-67417429>

58 https://www.pcbs.gov.ps/portals/_pcbs/PressRelease/Press_Ar_LFSQ32023A.pdf

59 <https://mas.ps/publications/9502.html>

future of Palestinian employment in Israel.⁶⁰

Inflation and vulnerability

The Gaza Strip witnessed an unprecedented 12% surge in consumer prices in October 2023, marking the highest monthly increase ever recorded, even compared to the levels observed during the 2014 war.⁶¹ This spike is primarily attributed to the siege and closure of crossings, which have disrupted the availability and affordability of food and fuel. The cost of essential food items and non-alcoholic beverages in Gaza rose by 10% in October 2023, significantly amplifying the financial burden on households and their ability to afford necessities. The siege has also led to dramatic hikes in fuel prices, with diesel and gasoline experiencing increases of 129% and 118%, respectively. Transport expenses have surged by 179%, particularly affecting displaced households moving within the Gaza Strip.

The Gaza Strip was grappling with a dire socioeconomic situation even before the current war, with an estimated poverty rate of 61% in 2020.⁶² The ongoing conflict has exacerbated economic hardships significantly. The poverty rate in Palestine, using the international poverty line for higher middle-income countries, is projected to have risen from the calculated baseline of 26.7% for 2023 to 31.9% after just one month of war, impacting an additional 300,000 individuals.⁶³ As the conflict persists, the anticipated trajectory indicates a further increase in the poverty rate, reaching 35.8% after two months and 38.8% after three months of war. Even before the latest escalations, faced with an ongoing fiscal crisis and a drop in donor support, the Palestinian Ministry of Social Development has been making partial and irregular payments through the Cash Transfer Programme for around 109 thousand poor and vulnerable households.⁶⁴

60 <https://www.timesofisrael.com/ministry-wants-8000-west-bank-palestinians-to-replace-foreign-farmhands-who-fled-war/>

61 https://pcbs.gov.ps/portals/_pcbs/PressRelease/Press_Ar_CPI1102023A.pdf

62 <https://bit.ly/47qGBYE>

63 <https://www.undp.org/publications/gaza-war-expected-socio-economic-impacts-state-palestine>

64 <https://bit.ly/3ukddeQ>

3.3 Public revenues

The Palestinian National Authority (PNA) has rejected reduced clearance revenue transfers after Israel deducted an additional ILS 600 million (\$161 million), equivalent to budgetary contributions to the Gaza Strip.⁶⁵ Israel's ongoing withholdings from clearance revenues (taxes it collects on behalf of the PNA) in amounts equivalent to allocations made by the PNA to Palestinians imprisoned by Israel and the families of those killed by Israeli forces have increased from a monthly average of ILS 50 million in 2019 to ILS 102 in 2023.⁶⁶ This is in addition to regular deductions by Israel to cover unpaid Palestinian obligations to Israeli utility and healthcare suppliers (net lending), amounting to ILS 2.1 billion in 2022 or 18% of clearance revenues.

Clearance revenues constitute the primary source of the PNA's public revenues, making up nearly 65% (\$3.1 billion) in 2022.⁶⁷ The strain on these revenues has compelled the PNA to cover approximately 80-85% of public employee salaries since November 2021.⁶⁸ The recent deduction has led to delays in transferring salaries for October, as confirmed by the Palestinian Ministry of Finance.⁶⁹

The cessation of employment in Israel, leading to a decline in economic activity in the West Bank, is anticipated to result in a 9.6 to 17% reduction in PNA tax revenues in 2024.⁷⁰ This projection doesn't yet account for the additional impact of the ongoing war on public revenue. The continuous financial strain on the PNA is expected to weaken domestic demand further, exacerbating existing vulnerabilities.

3.4 International aid

On October 8, the German government temporarily suspended around \$360 million of official development assistance (ODA), placing funding

65 <https://english.wafa.ps/Pages/Details/139132>

66 <https://bit.ly/49QGXR4>

67 <https://www.pmf.ps/documents/accounts/monthly/2022/Dec.2022.Ar.pdf>

68 <https://documents1.worldbank.org/>

69 <https://www.bnews.ps/ar/node/22380>

70 <https://mas.ps/publications/9502.html>

and projects under review.⁷¹ On November 7, Germany released \$75.8 million commitments to UNRWA and has pledged an additional \$21 million in new funding.⁷² These funds will help provide basic services for displaced people in the Gaza Strip and assistance for Palestinian refugees in Jordan.

On October 9, the EU announced that it would not suspend payment of development aid to Palestinians, worth \$728 million, reversing course after an earlier announcement that it would freeze all aid payments.⁷³ Nevertheless, the EU stated that it would evaluate all upcoming Palestinian developmental aid, budgets, and projects, making necessary adjustments. This review does not concern humanitarian assistance. On November 6, the EU announced an additional \$27.3 million in humanitarian aid, bringing the total EU humanitarian assistance for the Gaza Strip this year to over \$109 million. This will focus on basic needs such as health, food, water and sanitation.

On October 13, the UN initiated a flash appeal for \$294 million to address urgent humanitarian needs in Palestine.⁷⁴ Subsequently, on October 18, the United States announced a humanitarian assistance package of \$100 million, and on October 23, the UK committed a total of \$37.6 million in humanitarian aid.⁷⁵ Despite pauses in developmental assistance, countries like Sweden continued their dedication to humanitarian aid. On November 2, Sweden contributed \$13.8 million in humanitarian assistance to Gaza.⁷⁶ Japan followed suit on November 4, pledging an additional \$65 million in humanitarian aid.⁷⁷ Other nations, including New Zealand (\$10 million), the Netherlands (\$11 million), and Ireland (\$10 million), also made humanitarian contributions.⁷⁸ Other countries also demonstrated their ongoing commitment by providing support for humanitarian efforts.

4. October Stock Market Performance

Reflecting economic challenges and rising uncertainty, the Al-Quds index reached 597.6 points on the last day of trading in October 2023, a decrease of 5.7% from the previous month.⁷⁹ The services index witnessed the largest drop, -6.9%, followed by the banking and financial services index, -5.9%. The industrial sector index saw the most moderate drop, -0.5%. Stock trading activity significantly decreased; 11.8 million shares with a total value of \$22.2 million were traded during October, marking a 52.1% decrease in the number and a 69.5% decrease in the value of traded shares compared to September 2023.

71 https://donortracker.org/policy_updates?policy=germany-suspends-funding-to-palestine-2023

72 <https://bit.ly/46GL0N3>

73 <https://bit.ly/3QOC8ib>

74 <https://bit.ly/47vwmW0>

75 <https://bit.ly/47qGFhS>

76 <https://bit.ly/3RayJvC>

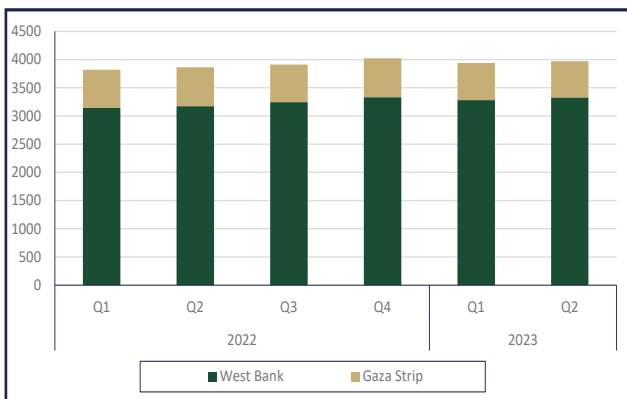
77 <https://www.japantimes.co.jp/news/2023/11/04/japan/politics/japan-israel-palestinians-yoko-kamikawa-trip/>

78 <https://bit.ly/3sJQkB5>

79 <https://bit.ly/3Xfcbv7>

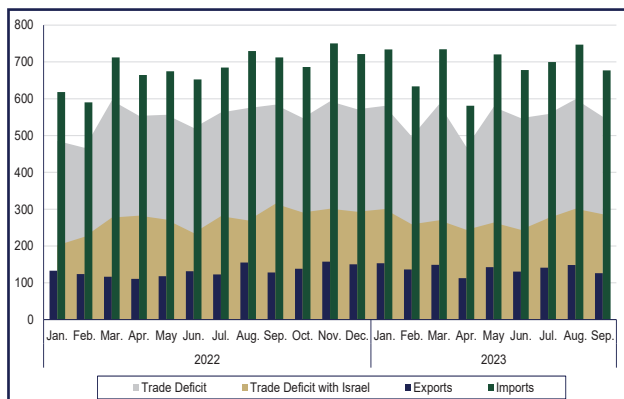
Gross Domestic Product

Quarterly Real GDP (million USD in 2015 prices) in Palestine by Region, Q1\ 2022 - Q2 2023



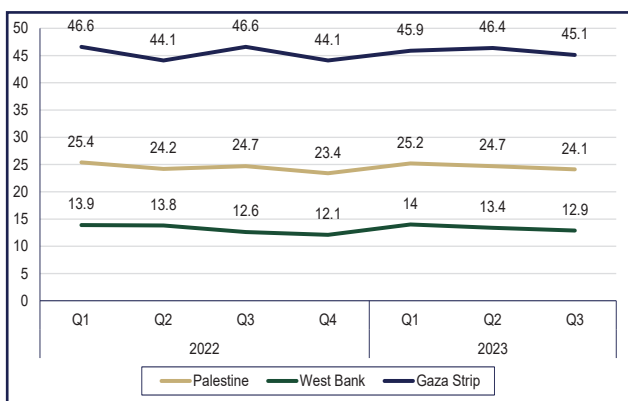
Trade

Monthly Export, Imports, Trade Deficit and Trade Deficit with Israel in Palestine, January 2022 - September 2023



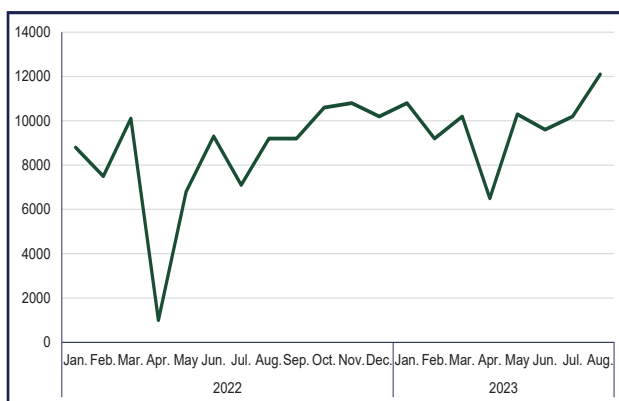
Unemployment

Quarterly Unemployment (%) in Palestine by Region, Q1 2022 - Q3 2023



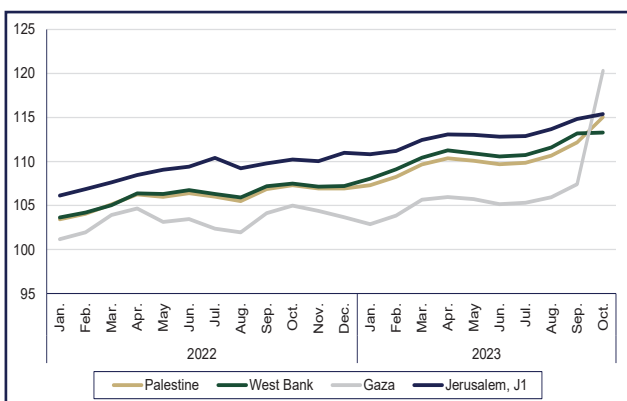
Gaza Movement of Goods

Monthly Entries and exits of commodities through the Gaza Strip crossings (in truckloads), January 2022 - August 2023



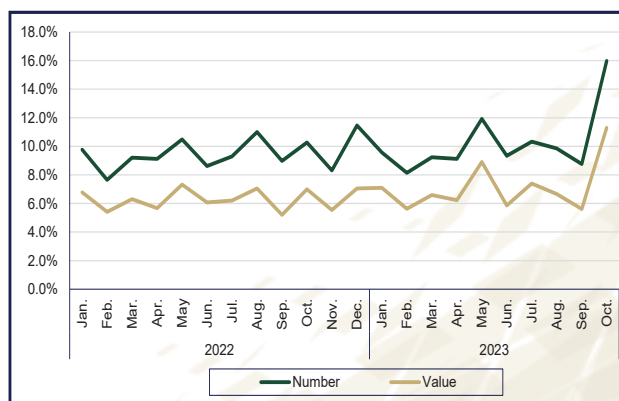
Inflation

Quarterly Unemployment (%) in Palestine by Region, Q1 2022 - Q3 2023



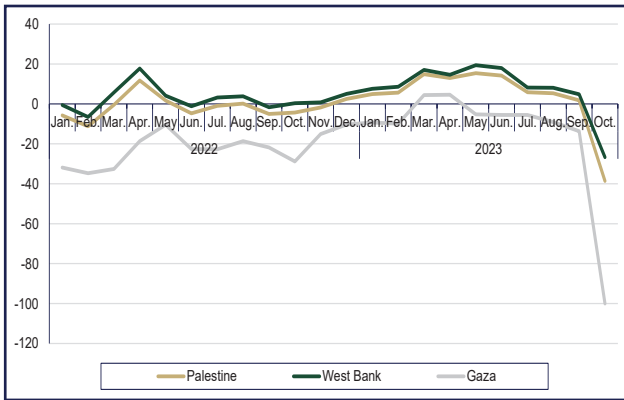
Bounced Cheques

Monthly Bounced Cheques (% of Circulated Cheques) by Number and Value in Palestine, January 2022 - October 2023



PMA Business Cycle Index

**Monthly Palestine Monetary Authority
Business Cycle Index,
January 2022 - October 2023**



Stock Market Index

**AI-Quds Index Monthly Closing,
January 2022 - October 2023**

