



MAS

PALESTINE ECONOMIC POLICY
RESEARCH INSTITUTE (MAS)

Palestine Economic Update

November 2024

Key Messages :

- The Gaza Strip remains engulfed in severe devastation, with the prospects for post-war recovery growing increasingly grim.
- The Palestinian Prime Minister unveiled phase one of the National Development and Reform Program, focusing on strengthening local economic capacities and enhancing institutional performance.
- A new decree-law seeks to establish a robust legal framework for digital services, facilitate electronic transactions, and advance digital transformation.
- A recent MAS roundtable explored temporary shelter solutions for Gaza's displaced population, recommending locally manufactured caravans and emphasizing proximity to original residences, integration into urban areas, and providing vocational training, psychological support, and child-focused centers.
- Companies listed on the Palestine Stock Exchange saw a 55% decline in net profits during the first nine months of 2024 compared to the same period before the war.

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1. Reverberating Socio-Economic Impacts of the War

On October 14, the United Nations Development Program (UNDP) and the United Nations Economic and Social Commission for Western Asia (ESCWA) jointly released a report titled “Gaza War: Expected Socio-Economic Impacts on the State of Palestine.”¹ The report, the third in a series since the war began, offers an updated and detailed analysis of the socio-economic consequences of the ongoing war in Gaza on Palestinians. The report reviews various statistics on casualties and the humanitarian impact of the war, including displacement, food insecurity, and malnutrition. It also addresses the economic consequences, infrastructure damage, and the resulting crises in health and education.

Impact	Latest Statistics (UNDP/ESCWA Report)
Loss of life and injuries	<ul style="list-style-type: none"> By September 2024, the Gaza Strip had seen at least 41,534 fatalities, including 11,355 children and 6,297 women. Around 96,092 individuals were reported injured. In the West Bank, approximately 700 people were killed, including 160 children, and around 5,750 were injured.
Displacement	<ul style="list-style-type: none"> Approximately 90% of Gaza’s population has been displaced, with many individuals being displaced up to 10 times. Between October 2023 and September 2024, over 4,450 individuals were displaced in the West Bank.
Food Insecurity and Malnutrition	<ul style="list-style-type: none"> By June 2024, 96% of Gaza’s population faced acute food insecurity, with 22% experiencing catastrophic food insecurity. By September 2024, severe acute malnutrition had caused the deaths of 34 people in Gaza, mostly children.
Economic Impact	<ul style="list-style-type: none"> In 2024, the Palestinian GDP is expected to contract by 35.1%, and the unemployment rate is projected to reach 49.9% by the end of the year. Overall poverty levels rose to 74.3%, with around 2.61 mn people newly impoverished. The Multidimensional Poverty Index (MPI) increased from 10.2% in 2017 to 30.1% in 2024.
Infrastructure Damage	<ul style="list-style-type: none"> By the third quarter of 2024, at least 151,265 infrastructure units in the Gaza Strip were damaged, including 60% of all buildings and 57% of agricultural land.
Health Crisis	<ul style="list-style-type: none"> By July 2024, the Gaza Strip had experienced over 492 attacks on health infrastructure. By September 2024, 986 health workers had been killed, and 43% of primary healthcare centers were only partially functional. In September 2024, vaccine coverage had dropped to 86%, and disease outbreaks, including cholera and polio, were prevalent.
Education Crisis	<ul style="list-style-type: none"> By the end of July 2024, 92.9% of school buildings in the Gaza Strip were damaged. By September 2024, approximately 625,000 students in Gaza were affected, with over 10,317 students and 416 educational staff killed. In the West Bank, there were 69 incidents of Israeli violence in educational facilities by September and 2,354 incidents of violence affecting students and staff.

¹ <https://www.un.org/unispal/wp-content/uploads/2024/10/>

1.1 Pathways for Recovery

The report emphasizes the urgent need for comprehensive recovery strategies to address the severe economic and social challenges caused by the war on Gaza. The displacement of over 1.9 mn Gazans into less than 13% of the Gaza Strip (around 53 square kilometers) designated by Israel as safe zones is intensifying the humanitarian crisis, causing overcrowding with a severe lack of safe shelters. The situation is compounded by the collapse of the healthcare system, widespread destruction, and severe challenges in accessing basic infrastructure services.

With this stark reality, the report highlights three possible scenarios for recovery following the war:

- The first scenario, “No-Early Recovery (NER),” assumes that early recovery will be hindered by the continuation of the current economic slowdown. This will result in a weak recovery over the next decade. The scenario envisions restrictions on the movement and entry of Palestinian workers, withholding of clearance revenues to the Palestinian Authority, and rising poverty rates, leading to a 34% decline in GDP by 2034 compared with pre-war levels.
- The second scenario, “Restricted Early Recovery (RER),” anticipates that recovery will depend solely on humanitarian assistance, with no structural changes. Like the NER scenario, this scenario expects minimal improvement in GDP and poverty rates, particularly for the middle-income class, with continued high poverty and unemployment levels.
- The third scenario, “Non-Restricted Early Recovery (NRER),” assumes significant international support (both humanitarian

and recovery-focused) alongside positive political shifts, such as allowing worker entry to Israeli markets and releasing clearance revenues. This scenario assumes eased restrictions and restored revenue and investment flows, which will help reduce unemployment and boost GDP.

The report emphasizes the critical conditions for recovery, urging decision-makers and donors to collaborate on strategies that integrate humanitarian aid with infrastructure reconstruction. It calls for focusing on job creation and development support to accelerate recovery. It calls for prioritizing vulnerable and marginalized groups, including women, children, and displaced persons, by providing health, education, and social programs. Additionally, the report stresses the need for investment in rebuilding residential areas and educational and health facilities while addressing environmental damage.

With the ongoing war and Israeli politicians threatening further sanctions on the crippled Palestinian Authority (PA), the only viable path forward is ending the war and allowing people to return to what remains of their homes. Relief and recovery efforts should prioritize providing Gazans with urgent and universal access to basic services.

2. Temporary Shelter for Gaza IDPs

On October 1, the Palestine Economic Policy Research Institute (MAS) hosted a roundtable titled “Providing Temporary Shelter for Gaza Strip IDPs in the 2023-2024 War: Needs, Challenges, and Alternative Solutions.”² Experts and stakeholders, including from Gaza Strip, discussed viable temporary shelter solutions suitable for Gaza’s unique circumstances. They evaluated options based on their ability to meet displaced persons’ needs and function effectively

² <https://mas.ps/publications/10733.html>

until reconstruction becomes possible. Temporary shelters are the safe housing of affected individuals in facilities that ensure life's necessities until they can return to their homes or rebuild what was destroyed. This differs from emergency shelters, such as tents or public/communal buildings, that cannot provide social protection for longer periods. Shockingly, now into the second winter of war, some 2mn people remain at the mercy of the elements with hardly any shelter, and no plans or funds in place to rapidly relieve the human misery entailed.

2.1 Challenges and Recommendations

The large-scale destruction caused by the war, which damaged or destroyed over 87% of Gaza's housing units (411,000 homes), displaced approximately 1.9mn people, 90% of Gaza's population.³ This catastrophic reality makes the provision of shelter a top humanitarian priority. However, the recovery effort in Gaza and the provision of temporary shelter face numerous challenges, including a severe humanitarian crisis that has left many families homeless and most families relying on makeshift shelters (temporary structures built using available materials to provide basic protection). The displacement of almost the entire population in Gaza requires large-scale, coordinated international and regional efforts to provide suitable temporary housing. Yet, land scarcity poses another obstacle as much of Gaza's (previously) inhabited land is privately owned, and public lands are outside urban centers. This is before accounting for the Israeli blockade, which restricts the import of essential building materials, alongside the economic hardships and critical shortages of water, fuel, and food in displacement centers.

The MAS paper suggests several temporary shelter alternatives, ranked by feasibility:

- **Locally Manufactured Caravans:** Constructed from metal frames, they offer durability, design flexibility, insulation, and privacy. Local manufacturing could reduce costs and create thousands of jobs, providing relief to Gazans.
- **Imported Caravans:** Imported caravans, especially from neighboring regions or the West Bank, are a viable short-term solution immediately after the war.
- **Lego Bricks or Adobe (Mud Bricks):** Cost-effective and environmentally sustainable, these materials could provide an alternative for temporary shelters where feasible.

The paper excluded tents and metal containers from consideration as they do not offer the basics of decent shelter. Tents are unsuitable due to poor insulation, sweltering in the summer and freezing in winter, worsening the suffering of the displaced. Metal containers have high costs, are poorly insulated, and the most impractical solution.

The paper also offers key recommendations for the geographical planning of temporary shelters and addressing the humanitarian needs of displaced individuals. It emphasizes that shelters should be located close to the places of original residences of the displaced, utilizing nearly 100 sites across Gaza identified by the Palestinian government for temporary. Private land use should only occur following legal agreements with the owners. At the same time, shelters should be built on municipally or government-owned land, ensuring integration into the urban landscape to maintain access to essential services, and preservation of private property rights. Shelters should be located on flat terrain with suitable drainage to prevent flooding. Furthermore, shelters should be connected to central infrastructure services, avoiding isolation from surrounding communities.

³ <https://www.ochaopt.org/content/reported-impact-snapshot>

To address the needs of the displaced in temporary communities, the paper stresses the importance of providing accessible vocational training, psychological support, and health services as immediate priorities. Involving displaced individuals in the construction and management of shelters is crucial for fostering a sense of empowerment. Child-focused centers can help mitigate educational disruptions, while strong cooperation between humanitarian agencies and local governments is essential to meet urgent needs and plan for sustainable development in the longer term.

3. Palestinian National Development and Transformation Program

On October 22, Palestinian Prime Minister Mohamed Mustafa presented the draft of the first phase of the National Development and Reform Program, to be implemented over the next two years.⁴ The program, which sets the framework for government priorities and areas for rapid intervention, aims to boost the economy and accelerate recovery. It seeks to address long-standing structural imbalances, increase self-reliance and reduce poverty and unemployment, while the PA is in parallel exercising the responsibilities that it can in humanitarian relief and recovery efforts imposed by the war. The program includes several initiatives that set the stage for comprehensive social, economic, and environmental development:⁵

Axis 1: Cross-Sectoral Development Initiatives

- Promote a green economy and increase reliance on renewable energy for electricity needs.
- Encourage private and civil sector investment in healthcare and strengthen

⁴ <https://www.palestinecabinet.gov.ps/portal/news/>

⁵ <https://www.palestineeconomy.ps/ar/Article/22358/>

the government health system.

- Develop the digital financial services sector, stimulate the digital economy, and enhance transparency.
- Work towards social justice and improve economic opportunities for vulnerable families.
- Focus on enhancing local governments' financial sustainability and improving their creditworthiness.
- Enhance crop productivity, support farmers, and reduce reliance on imported agricultural products for enhanced food security.
- Drive a comprehensive shift to improve the quality of educational outcomes for development.

Axis 2: Developing the Legislative Environment and Improving Institutional Performance

- Enhance local revenues and rationalize public expenditures.
- Strengthen governance and rule of law by supporting the legal framework and increasing judicial system efficiency.
- Improve the legislative and regulatory environment for investment and business through digitizing business services and updating relevant laws.
- Improve access to essential services in sectors such as water, energy, health, communications, education, and social protection.

4. Digital Transformation

On October 29, the Palestinian President approved the “Electronic Transactions and Trust Services” Decree Law to establish a robust legal framework for digital services, facilitate electronic transactions and promote digital transformation.⁶ This initiative is part of phase one of the “National Development

⁶ <https://www.wafa.ps/Pages/Details/106798>

and Transformation Program,” unveiled during the Palestinian cabinet meeting on October 22, which outlines key government priorities and areas for rapid intervention over the next two years.⁷

The law addresses critical aspects of electronic transactions, including electronic signatures, seals, delivery services, secure timestamping mechanisms, and certified digital authentication certificates. It also covered issues related to electronic transactions’ reliability such as verifying the parties’ identities, documenting transmission times, and safeguarding content integrity. Additionally, the law sets licensing and security standards for electronic trust service providers to build a secure and organized legal infrastructure for trust services. These measures are expected to boost consumer confidence and enhance the security of digital transactions in Palestine.

4.1 Fragmented Reform

The legal framework for Palestine’s digital economy has gradually evolved in recent years, beginning with the enactment of Decree-Law No. 15 on Electronic Transactions in 2017.⁸ This law established the legal foundation for electronic transactions, including the recognition of electronic signatures and records, to enhance the security and reliability of digital operations. It was followed by Decree-Law No. 16 of 2017 on Electronic Crimes, later replaced by Decree-Law No. 10 of 2018 on Combating Electronic Crimes, which addresses crimes such as identity theft and unauthorized system access. It details penalties to ensure a secure digital environment. These were followed by Decree Law No. (41) of 2022 on National Payments, setting the framework to regulate and facilitate electronic financial

transactions, new payment services, and secure electronic commerce while preventing fraud and forgery. This decree-law established unified standards for documentation and transaction integrity.

The Palestine Monetary Authority (PMA) has actively developed the legal and operational infrastructure for digital transactions. In 2018, the PMA issued Instructions No. 1 (amended in 2021), establishing guidelines for licensing digital payment companies. Since then, the PMA has issued numerous instructions related to digital transactions and developed several payment systems, including IBURAQ and E-SADAD.⁹

Despite these efforts, Palestine’s digital sector faces significant challenges, primarily due to political restrictions. Israeli limitations on imports of technological equipment and access to mobile broadband frequency spectrum have hindered the development of a robust digital infrastructure, delaying the sector’s progress. Moreover, the rapid growth of digital services has exposed gaps in the legal framework, particularly in regulating electronic transactions and addressing cybercrimes.

A 2021 World Bank report, Palestinian Digital Economy Assessment, highlighted several regulatory gaps, including the need for cybersecurity, personal data protection, and digital business registrations.¹⁰ It also highlighted poor coordination among PA ministries on digital policies and inadequate monitoring and evaluation of ICT-related strategies. The report recommended urgent reforms, including legislation on digital identity, cybersecurity, and data privacy, along with updates to intellectual property laws. The new decree law on electronic transactions—alongside initiatives like

⁷ <https://www.palestinecabinet.gov.ps/portal/news/>

⁸ <http://muqtafi.birzeit.edu/pg/getleg.asp?id=16935>

⁹ <https://www.pma.ps/en/PaymentSystems//Overview>

¹⁰ <https://tinyurl.com/2fpbb598>

the new companies law, online business registration, and ongoing discussions on personal data protection¹¹—represent significant steps in advancing digital transformation in Palestine.

5. October Trading Activity

Al-Quds Index decreased by 1.3% in October 2024 compared to September 2024 and 20% compared to October 2023, reaching 477.9 points on the last trading day.¹² About 9.5 mn shares worth \$13.9 mn were traded during the month, marking a 2.2% and 16.8% decrease in the number and value of traded shares compared to September 2024, respectively.

On 19 November, the Palestine Stock Exchange (PSE) announced that the net profits of listed companies reached \$95mn in the first nine months of 2024, revealing a 55% decline compared to the corresponding period a year earlier, before the war.¹³ Preliminary results show that 35 of the 48 listed companies reported profits, 11 reported losses, and two failed to disclose their results within the legal period.

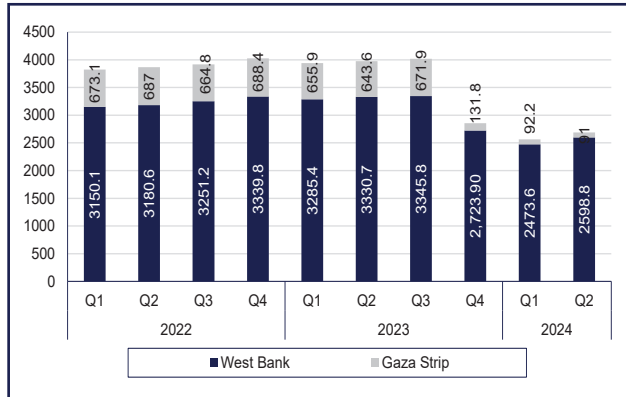
11 <https://7amleh.org/2023/10/03/wrqh-mwqf-bshan-m-sw-dh>

12 <https://tinyurl.com/389999t4>

13 <https://tinyurl.com/yc6dad8j>

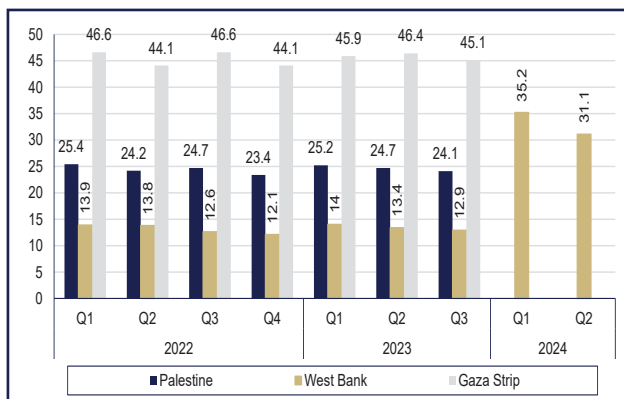
Gross Domestic Product

Quarterly Real GDP
(million USD in 2015 prices) in Palestine
by Region, Q1 2022 - Q2 2024



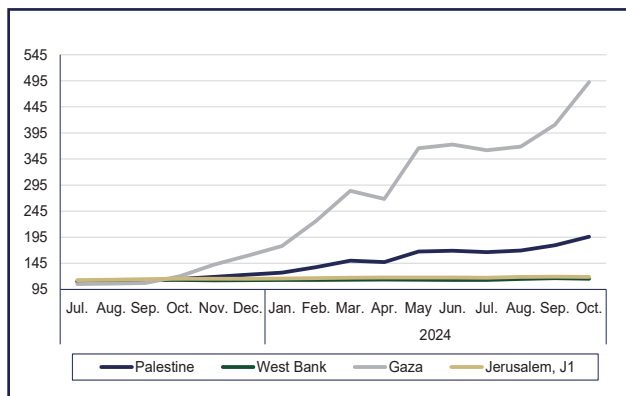
Unemployment

Quarterly Unemployment (%) in Palestine
by Region, Q1 2022 - Q2 2024



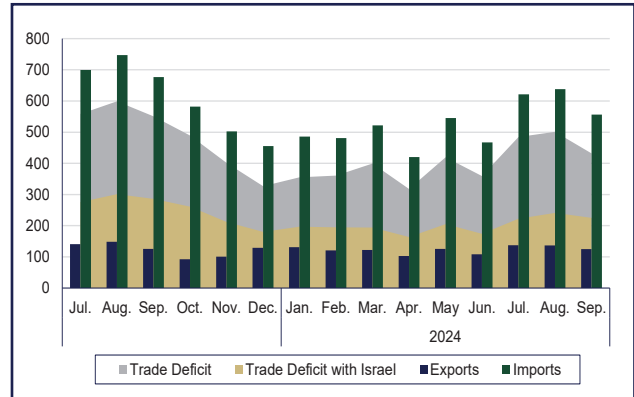
Inflation

Monthly Consumer Price Index
(Base year = 2018) in Palestine by Region
July 2023 - October 2024



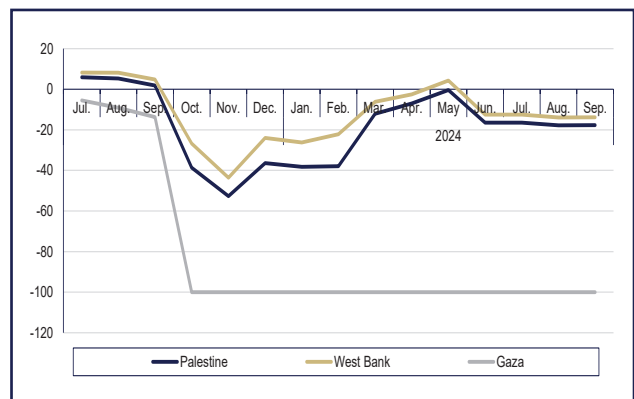
Trade

Monthly Export, Imports, Trade Deficit and Trade
Deficit with Israel (million USD) in Palestine
July 2023 - September 2024



PMA Business Cycle Index

Monthly Palestine Monetary
Authority Business Cycle Index
July 2023 - September 2024



Banking

Monthly Customer Deposits and Credit
Facilities (million USD) in Palestine
July 2023 - September 2024

