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PALESTINE ECONOMIC POLICY
RESEARCH INSTITUTE (MAS)

Palestine Economic Update

October 2025

Key Messages :

- A ceasefire has ended two years of Israeli war that inflicted immense human suffering and left Gaza's economy, infrastructure and services in ruins, with aid still restricted and reconstruction needs estimated at around \$70bn.
- The West Bank remains a flashpoint, as Israeli demolition of Palestinian economic establishments there escalates, destroying key markets, farms and infrastructure and inflicting millions in losses that further erode livelihoods.
- The 2025 harvest season saw the weakest cyclical olive crop yield in sixteen years, in addition to settler violence, land destruction and access restrictions, while other agricultural activities remain constrained by Israeli closures, market distortions and weak value-chain infrastructure.

1. A Fragile Ceasefire

A ceasefire in Gaza took effect on 10 October 2025, ending two years of an Israeli war featuring widely documented war crimes,¹ that decimated lives and infrastructure. The ceasefire agreement, signed on 13 October at the Sharm El-Sheikh Summit with the participation of the US, Egypt, Qatar, and Turkey, outlines 20 points over two phases, including provisions for Israel's withdrawal from Gaza.² This is the third ceasefire since the war began, as the first two collapsed in November 2023 and February 2025.

1.1 Human and Material Devastation

Two years of continuous bombardment have left Gaza physically and socioeconomically destroyed. Israeli attacks killed over 68,000 Palestinians, among them 18,595 children and 12,400 women.³ Factoring in indirect deaths from starvation and lack of medical access, conservative estimates exceed 100,000 fatalities.⁴ Over 169,000 were injured, 70% of them women and children, and 11,200 remain missing, presumably buried under the rubble.

Israel dropped an estimated 125,000 bombs, erasing 90% of Gaza's built environment.⁵ Some 330,000 housing units were destroyed or damaged, displacing the vast majority of the population and leaving 1.5 million people in need of emergency shelter and essential household items.⁶ According to the United Nations Environmental Programme (UNEP), debris reached 61m tons by July 2025. In the first five days of the ceasefire taking effect, UNDP had cleared 81,000

tonnes of debris to provide access to humanitarian actors, a small fraction of what remains.⁷ Entire neighbourhoods were levelled, leaving hundreds of thousands of households without any residence.

The war has also devastated essential sectors:⁸

- Education: 92% of schools (518 out of 564) were destroyed or damaged, affecting 637,000 students. 63% of university buildings were destroyed.
- Health: 38 hospitals were destroyed; 15,600 critical patients await evacuation amid severe shortages.
- Infrastructure: 77% of roads have been damaged. 50 km of electrical lines were destroyed, resulting in \$728m in losses.⁹ Nearly 89% of WASH assets were damaged or destroyed, including 700,000 meters of pipeline, leaving half the population with less than 6 litres of water per day.
- Agriculture: Viable cropland shrank to 232 hectares (1.5%), causing \$2.8bn in losses and requiring \$15bn for ecological and agricultural recovery.¹⁰ All fishing areas were rendered inoperable.

The total destruction in all sectors is now estimated at over \$68bn, up from the \$49bn estimated in February 2025, figures based on satellite and other remote mapping methods, and to be verified and most likely increased in the coming months as field access becomes possible.¹¹

1 [Israel has committed genocide in the Gaza Strip, UN Commission finds | OHCHR](#)

2 [www.aljazeera.com/news/2025/10/13/world-leaders-gather](#)

3 [www.pcbs.gov.ps/site/lang_ar/1405/Default.aspx](#)

4 [www.medrxiv.org/content/10.1101/2025.06.19.25329797v3/gaza-projections.org/gaza_projections_report.pdf](#)

5 [www.aliqtisadi.ps/index.php/ar/Article/105779](#)

6 [www.ochaopt.org/content/reported-impact-t22-october-2025](#)

7 [www.un.org/unispal/document/unog-press-briefing-14oct25/](#)

8 [www.ochaopt.org/content/gaza-strip-22-october-2025](#)

9 [www.aliqtisadi.ps/index.php/ar/Article/105779](#)

10 [Land available for cultivation in the Gaza Strip as of 28 July 2025 | FAO](#)

[www.aliqtisadi.ps/index.php/ar/Article/105779](#)

11 [Gaza and West Bank Interim Rapid Damage and Needs Assessment | UN](#)

1.2 Displacement

With the ceasefire in place, hundreds of thousands began returning to ruined towns. Between 10 and 22 October, the Site Management Cluster recorded 546,000 population movements, mostly from southern to northern Gaza.¹² Upon their return, residents found only rubble, destroyed neighbourhoods, and uninhabitable cities, driving further displacement as they sought access to essential services. Yet 58% of the Strip remains under Israeli control, preventing many from returning.¹³ Around one million people still reside in 800 displacement sites across the Gaza Strip, with the vast majority of IDPs in makeshift and scattered sites in Deir al Balah and Khan Younis, where severe overcrowding persists. Only about 10% of IDPs are in collective centres or UNRWA-designated emergency shelters.¹⁴

1.3 Humanitarian Access and Constraints

The ceasefire agreement envisioned 400 daily aid trucks in the first five days, rising to 600. However, by 21 October, only 986 trucks had entered, far short of the 6,600 that were supposed to enter over this period.¹⁵ Israel briefly halted all deliveries on 19 October following accusations of ceasefire violations before restoring limited entry.¹⁶

On 9 October, the UN launched a 60-day humanitarian plan targeting 2.1 million people with food aid and 500,000 with nutrition support, alongside health, WASH, and shelter interventions.¹⁷ Essential requirements for an effective humanitarian response include: the sustained entry of at least 1.9m litres of fuel weekly; the resumption of cooking

gas entry; the opening of multiple relief corridors supported by functional crossings equipped with additional scanners; security guarantees to enable the collection of supplies from crossings; restoration of basic infrastructure; protection of humanitarian workers; rapid and unimpeded passage of aid across Gaza; and adequate funding.

The 2025 Flash Appeal for Palestine seeks \$4bn, but only 28% is funded.¹⁸ As of 21 October, the UN reported about 199,000 metric tons of approved aid and cleared by the Israeli authorities, 73% food supplies, awaiting entry into Gaza, pre-positioned across Jordan, Egypt, Israel, Cyprus, and the West Bank.¹⁹

Between 10 and 21 October, Israel denied 43 aid shipments (2,712 MT) from 12 NGOs, citing a lack of authorisation; these included food, health, WASH, and shelter materials. UNRWA remains barred from delivering aid inside Gaza but has pre-positioned supplies outside the Strip, enough food for 1.1 million people, flour for 2.1 million, and shelter materials for 1.3 million.²⁰

Despite these efforts, humanitarian agencies warn that even full compliance with the 600-truck target would barely meet the population's survival needs, let alone support recovery.²¹

1.4 Reconstruction Prospects

The Arab and International Organisation to Construct in Palestine (PALIMAR) announced on 11 October its readiness to implement Gaza's reconstruction plan in coordination with local and international partners.²² PALIMAR has begun clearing

¹² www.ochaopt.org/content/humanitarian-situation-gaza-strip

¹³ www.aljazeera.com/news/2025/10/9/map-of-gaza-shows

¹⁴ www.ochaopt.org/content/humanitarian-situation-gaza-strip

¹⁵ [Gaza government says 986 aid trucks entered Gaza Strip since ceasefire | AA](https://www.gazagovernment.gov.ps/en/press-releases/gaza-government-says-986-aid-trucks-entered-gaza-strip-since-ceasefire-aa)

¹⁶ UNRWA Situation Report 193 | UNRWA

¹⁷ www.ochaopt.org/content/humanitarian-situation-gaza-strip

¹⁸ www.unocha.org/news/un-relief-chief-outlines-60-day-plan

¹⁹ www.ochaopt.org/content/humanitarian-situation-update-334-

²⁰ UNRWA Situation Report 193 | UNRWA

²¹ [www.aljazeera.com/news/2025/10/14/israel-imposes-new-english.palinfo.com/news/2025/10/13/349710/;](https://www.aljazeera.com/news/2025/10/14/israel-imposes-new-english.palinfo.com/news/2025/10/13/349710/)

²² [PALIMAR confirms its readiness to launch the new phase of Gaza reconstruction | PALIMAR](https://www.palinfo.com/news/2025/10/13/349710/)

rubble and reopening main roads to support the return of displaced people and the delivery of relief aid.²³

Egypt and Germany will co-host an international conference in November to mobilise funding for Gaza's recovery under the Arab Reconstruction Plan²⁴ from March 2025 (see Table 1).²⁵ However, UNDP now estimates recovery needs at \$70bn, exceeding the \$53bn projected earlier in 2025 by the World Bank, EU, and UN, which had informed the Arab plan.²⁶

Beyond securing adequate funding, the pace of rehabilitation and reconstruction will depend on Israel's approval for the entry of essential materials, particularly construction materials and heavy machinery, given the destruction of most local equipment.²⁷ Other major obstacles include the presence of an estimated 200,000 tonnes of explosive residues and toxic materials, including unexploded ordnance,²⁸ as well as tens of thousands of bodies still buried beneath the rubble.²⁹ Even under favourable conditions, experts estimate that rebuilding Gaza's economy and infrastructure will take at least a decade.³⁰

Table 1: Early Recovery, Reconstruction and Development of Gaza Plan Implementation Timeline, March 2025

Phase	Activities	Funds (in \$bn)	Timeline
Early Recovery	Includes mine and unexploded ordnance removal, debris clearance, provision of temporary housing, and renovation of partially damaged buildings	3	6 Months
Reconstruction Phase - Stage 1	Restoring vital infrastructure, service networks, permanent housing units, and reclamation of 20,000 feddans	20	Until 2027
Reconstruction Phase – Stage 2	completion of infrastructure, establishment of industrial zones, fishing and commercial ports, and an airport	30	Until 2030

Source: UNISPAL

23 [PALIMAR begun removing rubble and opening main streets in Gaza City | PALIMAR](#)

24 www.un.org/unispal/wp-content/uploads/2025/03/Arab-Proposal-compressed.pdf

25 www.arabnews.com/node/2618462/world

26 english.wafa.ps/Pages/Details/163373

27 news.un.org/ar/story/2025/04/1140896

28 qudsnen.co/when-bombs-fell-silent-israels-hidden-war-against-gazas-land-air-and-water/

29 www.aa.com.tr/en/middle-east/what-gaza-needs-billions-required-for-recovery-from-israel

30 www.un.org/unispal/document/unog-press-briefing-14oct25/

2. Demolition of Economic Establishments in the West Bank

On 8 September 2025, Israeli forces demolished Beita Central Market (Al-Hesba), south of Nablus, inflicting estimated financial losses exceeding ILS 4m.³¹ As one of the West Bank's largest agricultural hubs, the market employed over 400 workers, traders, and farmers and supplied fresh produce to several districts. The demolition, carried out without prior notice, destroyed the administrative office, six internal and ten external commercial stalls, and critical infrastructure, including water, electricity, drainage, and sanitation systems. The Israeli army cited "lack of permits" in Area C as justification.³² By 23 September, 28 commercial facilities in Beita's market, two agricultural barracks in Khirbet al-Tawil south of Nablus, and multiple homes across the central and southern West Bank had been demolished.³³

2.1 Systematic Targeting of Livelihoods

Demolitions of Palestinian economic establishments have continued to escalate in 2025, deepening economic instability and threatening livelihoods. According to OCHA, 1,406 Palestinian structures were demolished between 1 January and 22 October 2025, displacing 1,782 people and affecting 39,198 others, such as workers, farmers, and families dependent on the destroyed facilities.³⁴

The demolished structures included 465 agricultural facilities, 363 inhabited residences, 264 livelihood-related buildings, 79 uninhabited homes, and 157 WASH facilities, underscoring the targeting of productive and social infrastructure rather than just housing.

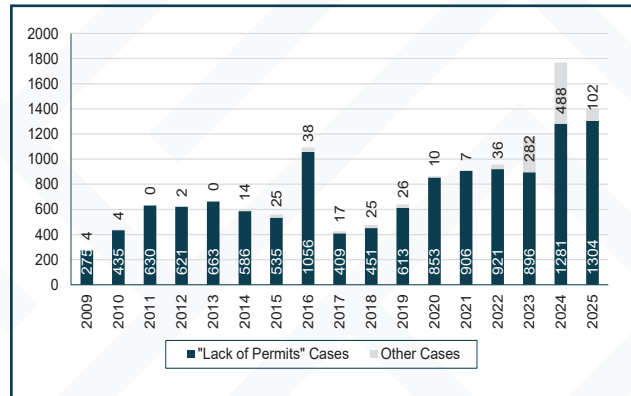
³¹ www.aliqtisadi.ps/ar/Article/105851

³² www.aliqtisadi.ps/index.php/ar/Article/105768

³³ [Israeli Violations of Human Rights and International Humanitarian Law in the West Bank | PCHR](#)

³⁴ [Data on demolition and displacement in the West Bank | OCHA](#)

Figure 1: Annual Demolitions of Palestinian Structures in the West Bank by Stated Cause 2009–2025



Most demolitions occurred in Area C, where 1,141 structures were razed, displacing 964 people and affecting 15,520 others. This area, which makes up roughly 60–63% of the West Bank, remains under full Israeli civil and security control, and the near-total denial of building permits to Palestinians there serves as the main pretext for demolitions. However, demolitions in Areas A and B, which are nominally under Palestinian civil authority, are also increasing: 75 structures were demolished in these areas up to 22 October 2025. Many of these occurred during military operations or were punitive demolitions, both of which violate international humanitarian law prohibitions on collective punishment and the destruction of civilian property. Among them were 15 economic structures, 11 of which were reportedly demolished for "lack of permits." This justification contravenes the Oslo framework, as the PA is the body formally responsible for civilian permitting in these areas, not Israel.

By the end of September 2025, 84 Palestinian schools had received Israeli demolition or stop-work orders, putting at risk the education of 12,855 students and the livelihoods of 1,076 teachers, mainly in Area C and East Jerusalem.³⁵ Meanwhile, the Al-Baydar Organization for the Defense of Bedouin Rights documented 320

³⁵ www.aliqtisadi.ps/ar/Article/105925

Israeli violations against Bedouin and rural communities during September alone.³⁶ These included the demolition and confiscation of agricultural barracks and family tents in Msafer Yatta, Susiya, and eastern Ramallah villages, disrupting herding activities and access to water resources.

3. 2025 Harvest Season

The 2025–26 olive harvest is shaping up to be the weakest in sixteen years, with yields falling to less than half the annual average.³⁷ Poor rainfall and erratic weather have reduced output, while Israeli settler violence and military restrictions have left vast groves inaccessible. The Ministry of Agriculture (MoA) estimates that over half a million olive trees across 35,000 dunums went unharvested last year, costing more than \$12m in losses, and expects an even sharper decline this season.³⁸ Around 80,000 dunums of olive land are currently off-limits due to closures and settler outposts, threatening roughly 15% of total production.³⁹

Masked Israeli settlers have been attacking Palestinian harvesters in the West Bank, with more than 150 settler attacks and over 700 olive trees damaged within the first week of the season.⁴⁰ In August, Israeli forces uprooted over 10,000 olive and almond trees across 350 dunums in Al-Mughayir near Ramallah.⁴¹ Together, low yields, insecurity and land devastation have made this season especially precarious for the 100,000 families reliant on olive cultivation and processing.⁴²

Amid broader economic struggles and similar devastating conditions, many farmers continued to harvest other crops, such as

grapes, guavas and dates. Agriculture remains a lifeline for numerous smaller Palestinian communities, particularly in rural areas, though its contribution to GDP (6.3%) and employment (6.8% in the West Bank) remains modest.⁴³

3.1 Grapes

According to the MoA, the 2025 grape season yielded about 60,000 tons, generating revenues above \$100m.⁴⁴ Hebron and Bethlehem accounted for 60% of production, with the remainder coming from the northern West Bank and the Jordan Valley. Roughly 10,000 farmers depend on this sector as their primary source of livelihood, with a total cultivated area of 54,000 dunums, including 32,000 in Hebron. Yet 20–30% of cultivated land is inaccessible due to Israeli restrictions, with repeated settler attacks that involve uprooting vines, destroying crops and grazing livestock in vineyards.⁴⁵ The sector also suffers from unfair competition as large quantities of Israeli grapes flood the local market, driving down prices and squeezing Palestinian farmers' profit margins.

In July 2025, the Agricultural Relief Committee and MoA launched the “Palestinian Grape Carton” campaign in the Hebron and Bethlehem governorates, distributing 60,000 boxes to 300 farmers in 15 communities in an effort to support the grape value chain and reduce production costs.⁴⁶ On 9 September, the “7th Grape and Women's Products Marketing Days 2025” in Al Khader in Bethlehem gathered 25 farmers and 14 women's associations over two days to highlight hardships, promote competitiveness and showcase cultivation techniques such as trellising, which can double productivity per dunum to 800 kilograms.⁴⁷

36 www.wattan.net/ar/news/472162.html

37 www.aliqtisadi.ps/ar/Article/101743/

38 www.aliqtisadi.ps/ar/Article/106560/

39 www.wafa.ps/pages/details/106011

40 apnews.com/article/israel-settlers-west-bank-attack-

41 lrcj.org/ar/article/5352/; <https://www.wattan.net/ar/video/>

42 [No olive branch: Natural resource destruction | IFPRI.](#)

43 www.pcbs.gov.ps/pcbs_2012/PressAr.aspx

44 www.aliqtisadi.ps/ar/Article/105907

45 Ibid

46 www.maannnews.net/news/2142552.html?utm

47 www.maannnews.net/news/2146720.html

3.2 Guava

According to MoA, about 4,000 dunums in Qalqilya, the primary production hub, are planted with guava, cultivated by roughly 700 farmers, each holding an average of 6 dunums.⁴⁸ Production this year is expected to reach about 20,000 tons, a 25% increase over 2024, driven by improved weather and a shift toward cultivating improved varieties with greater storage and transport resilience.

Each dunum produces 4–5 tons, sold at 10–12 shekels/kg under normal market conditions, though simultaneous ripening and limited domestic demand (about 5,000 tons) trigger price collapses and substantial farmer losses. This is on top of competition with imports from Israel. Exporting the excess supply would help stabilise prices, but this potential is hindered by a short shelf life, delays in obtaining export permits,⁴⁹ Israeli closures of crossings⁵⁰ and increased local production in Jordan. Weak value-chain infrastructure, especially cold storage, packaging and processing, further limits profitability.⁵¹

3.3 Dates

The date sector is one of Palestine's most productive and export-oriented agricultural industries. The National Committee for Date Production expects output to exceed 25,300 tons in 2025, up from 22,000 tons last season, 72% of which were exported.⁵² On average, 5–6 thousand tons are consumed locally.⁵³ There are about 893 date-palm farms across the West Bank, comprising 351,000 trees, including 322,000 fruit-bearing, mostly in the Jordan Valley.⁵⁴

48 www.aliqtisadi.ps/ar/Article/105786

49 www.palestineconomy.ps/en/Article/141/Guava-Revives-Qalqiliyas-Economy-Despite-its-Dcline-This-Year

50 openknowledge.worldbank.org/entities/publication/8e0db56b-78c0-5c15-a560-933f82b71863

51 pal-arc.org/uploads/1665898988397345460.pdf

52 www.moa.pna.ps/news/902

53 www.wafa.ps/Pages/Details/116811

54 www.moa.pna.ps/news/915

According to the 2021 Agricultural Census, palm plantations cover 28,943 dunums (4.3 % of horticultural trees): 27,482 in the West Bank and 1,461 in the Gaza Strip.⁵⁵ Jericho Governorate ranks first with about 27,206 dunums, followed by Khan Yunis with 624 dunums. However, the extensive damage to Gaza's farmland has destroyed much of its date-palm cultivated land, depriving thousands of families of crucial income and eroding a key component of Gaza's agricultural wealth.

3.4 Support for Agricultural Projects

On 10 September, the MoA, in partnership with the Food and Agriculture Organisation (FAO), launched the second batch of the agricultural support package.⁵⁶ This batch includes about 50 new projects, out of 350 projects planned by March 2026, with a total value of approximately \$33m. Farmers contribute 55–60% of project costs, while donor agencies (through the Ministry of Agriculture) cover the remaining 40–45%. The projects aim to enhance agricultural productivity and span various fields, including solar energy, water solutions, food processing, livestock improvement, and meeting Palestinian market needs. These efforts form part of the Ministry's broader strategy to mobilise financial resources and attract investment for agricultural development, expand agricultural insurance to protect farmers from shocks, and broaden access to agricultural credit.

4. September Trading Activity

The Al-Quds Index rose by 2.5% in September 2025 compared to the previous month, closing at 563.7 points on the last trading day.⁵⁷ Approximately 17.7m shares valued at \$30.4m were traded during the month, representing increases of 137.4% in volume and 154.2% in value compared to August 2025.

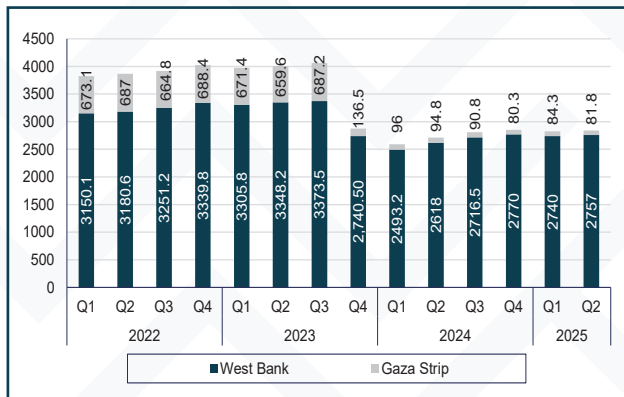
55 www.pcbs.gov.ps/Downloads/Book2627.pdf

56 www.palestinecabinet.gov.ps/portal/news/details/55991

57 www.pex.ps/reporting-center/bulletins

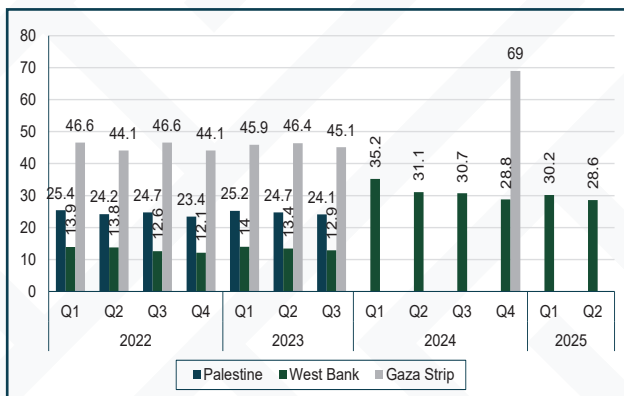
Gross Domestic Product

**Quarterly Real GDP (million USD
in 2015 prices) in Palestine by Region
Q1 2022 - Q2 2025**



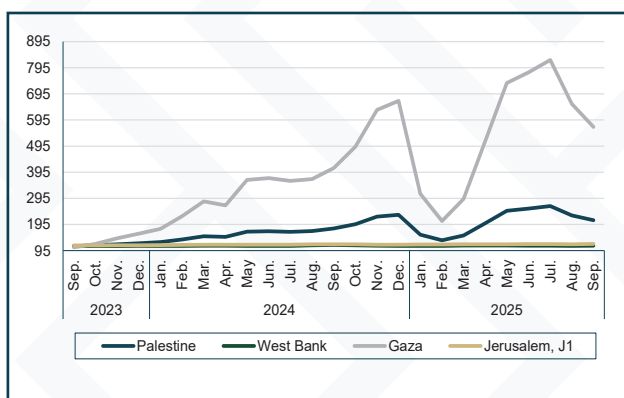
Unemployment

**Quarterly Unemployment (%)
in Palestine by Region
Q1 2022 - Q2 2025**



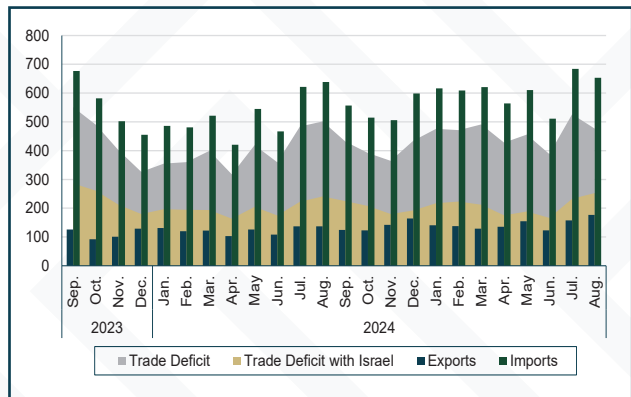
Inflation

**Monthly Consumer Price Index
(Base year = 2018) in Palestine by Region
September 2023 - September 2025**



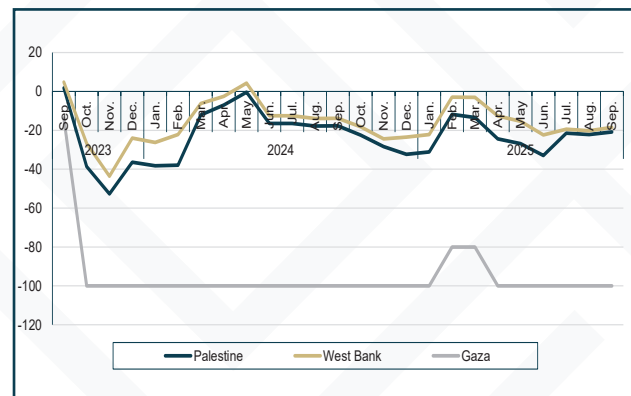
Trade

**Monthly Export, Imports, Trade Deficit and
Trade Deficit with Israel (million USD) in
Palestine, September 2023 - August 2025**



PMA Business Cycle Index

**Monthly Palestine Monetary
Authority Business Cycle Index
September 2023 - September 2025**



Banking

**Monthly Customer Deposits and Credit
Facilities (million USD) in Palestine
September 2023 - August 2025**

