MAS

PALESTINE ECONOMIC POLICY
RESEARCH INSTITUTE (MAS)

Palestine Economic Update

August 2026

Key Messages :

- Education in Gaza continues to face severe devastation, and a recent MAS roundtable proposed phased measures to restore access, address learning losses and psychosocial needs, and build long-term resilience.
- Palestine's new E-Kroka system aims to digitise accident reporting, accelerate insurance claims and build a unified traffic database, drawing on Jordan's experience with a similar system
- The draft Right to Information Law seeks to improve access to public information, strengthen disclosure and accountability, and address longstanding transparency gaps.
- Through PalTrade, initiatives under the EU4Trade project aim to lower export costs and improve Palestinian exporters' access to European and international markets.
- PEX-listed companies reported a 44.8% year-on-year increase in H1 2026 profits, but gains remained highly concentrated among larger companies operating in relatively defensive sectors or essential-service businesses

1. Recent MAS Work - Education in Gaza during the War: From Survival to Recovery and Renewal?

On 28 July, the Palestine Economic Policy Research Institute (MAS), in partnership and support from the Heinrich Boell Foundation (Palestine and Jordan), held a roundtable to discuss a background paper entitled "Education in Gaza during the War: From Survival to Recovery and Renewal?"[1] The paper examines the extensive destruction of Gaza's education system since October 2023, the challenges to maintaining learning during the war, emergency responses, and possible pathways towards recovery and a more resilient education system.

According to UNICEF, around 98% of school buildings in Gaza had been damaged, and more than 93% required major rehabilitation or complete reconstruction.[2] Approximately 700,000 school-age children had been deprived of regular face-to-face education for almost three academic years, while three in five children continued to receive no in-person learning. Another assessment covering 21 higher-education institutions across 38 campuses found that around 95% of assessed campuses had been damaged, including 22 destroyed.[3] Of 5,102 higher-education staff, 1,112, or around 22%, had been killed, injured or detained.

Prolonged education disruption has generated substantial learning losses alongside mounting psychological and social pressures. A UNICEF assessment conducted between December 2025 and January 2026 found that school-age children faced prolonged educational disruption and limited prospects for recovery without targeted support, while adolescents confronted shrinking opportunities, greater protection risks and increased reliance on negative coping strategies.[4] UNICEF also reported that the destruction of the education sector and worsening economic conditions had pushed some children into hazardous work to support their families.[5] Over the longer term, the erosion of basic learning and skills risks translating into lasting losses in human capital and weakening the capacities needed for recovery and reconstruction. In this context, Dahdouh et al. (2026) use the concept of "scienticide" to describe the systematic destruction of scientific and research capacity, encompassing researchers, institutions, research infrastructure and funding systems, with potentially long-lasting implications for knowledge production, innovation and intergenerational learning.[6]

MAS background paper presents a range of coping mechanisms that have helped preserve a minimum level of educational continuity, including online and distance learning, temporary learning spaces, community and informal education, and international academic partnerships.[7] In higher education, international partnerships have helped sustain some opportunities for learning, research collaboration, and professional development. However, the effectiveness of these coping mechanisms remains constrained by displacement, resource shortages, restricted access, weak digital infrastructure, and recurrent electricity and telecommunications disruptions.

Against the ongoing uncertainty, the paper outlines three possible scenarios for Gaza's education system. The first is continued crisis management and survival under severe constraints, where efforts

1 https://mas.ps/news/14402.html
2 UNICEF: State of Palestine Humanitarian Situation Update (Education), 30 April 2026
3 UNESCO: Assessment of damage and reconstruction needs for higher education institutions in Gaza
4 https://www.unicef.org/sop/reports/gaza-child-focused-assessment
5 https://www.unicef.org/sop/reports/annual-report-2025
6 https://www.tandfonline.com/doi/full/10.1080/
7 https://mas.ps/publications/14380.html

remain focused on maintaining minimum access to learning, coupled with support through community education, remedial programmes and psychosocial support. The second, gradual recovery, involves a phased restoration of educational services, rehabilitation of infrastructure and institutional capacity, and a gradual transfer of leadership from humanitarian actors towards national institutions. This is considered the most plausible medium-term scenario under improved political conditions and continued international support. The third is comprehensive reconstruction and transformation, which assumes greater political stability and substantial reconstruction investment and seeks not merely to restore the pre-war system but to build a more resilient one, with stronger digital, vocational, technical, university, and research capacities.

Accordingly, the paper proposes a phased recovery framework. Immediate priorities include restoring access through the rehabilitation of usable facilities and temporary learning spaces, addressing learning losses, integrating psychosocial support, and restoring education data and information systems. Medium-term priorities include rebuilding more resilient infrastructure, strengthening teacher capacity and digital learning systems, expanding technical and vocational education linked to reconstruction and labour-market needs, and developing sustained partnerships between Palestinian and international universities. Long-term priorities focus on building a more crisis-resilient education system, institutionalising blended learning, developing future-oriented skills, strengthening universities' role in research and innovation, and shifting from short-term humanitarian financing towards longer-term development partnerships.

Roundtable panellists stressed teacher empowerment, provision of adequate infrastructure and the integration of non-formal learning into the formal system, while also emphasising the limitations of online learning under current conditions. Panellists also argued that education should be placed at the centre of Gaza's recovery and reconstruction, both as a human-capital investment and as a form of social protection, with particular attention to unequal access, learning losses, vocational training and the role of universities in reconstruction planning.

Participants proposed more flexible and decentralised approaches, including modular learning, mobile education kits for hard-to-reach areas, stronger cooperation with international universities and a digital repository for educational materials and recorded lectures. They further stressed that educational recovery cannot be separated from mental health, food security and the inclusion of children with disabilities. Given the difficulty of rapidly restoring the pre-war system, the discussion pointed towards a phased expansion of educational opportunities, coordinated priorities and flexible financing under Palestinian leadership.

2. Digitising Accident Reporting

On 13 July, Palestine launched the National Electronic Traffic Accident Sketch System (E-Kroka), moving from paper-based accident documentation towards a unified electronic system linking police, vehicle, licensing and insurance information.[8] Beyond digitising the traditional accident sketch, E-Kroka is intended to accelerate information exchange, reduce errors and opportunities for manipulation, and establish a more comprehensive national database for traffic and economic policymaking. The system is also expected to accelerate insurance claims and compensation procedures.

In 2025, police recorded 15,088 road accidents in the West Bank, resulting in 10,755 injuries and 108 deaths.[9] Police-recorded

8 https://wafa.ps/news/2026/7/13/150297
9 https://www.palpolice.ps/annual-statistics/546548.html

accidents increased by 68% over the past decade, from 8,985 in 2015, when 8,563 injuries and 110 deaths were recorded.[10] This increase occurred alongside an even faster expansion of the licensed vehicle fleet, which nearly doubled from around 175 thousand vehicles in 2015 to 347 thousand in 2025.[11] Police data, however, do not necessarily capture minor incidents that do not require police involvement and are more likely to appear in insurance records.[12] According to the Palestine Capital Market Authority (PCMA), insurers reported 128,941 motor-related accidents in the West Bank in 2025,[13] equivalent to around 353 reported cases per day and about 22 reported accidents per 100 motor policies issued during the year.[14] Although police and insurance figures are not directly comparable because of differences in reporting criteria and coverage, the scale of the difference highlights the importance of better information exchange between police and insurers.

Under the previous system, accident sketches and related information relied on manual documentation and subsequently had to be transferred between police, insurers and other parties.[15] E-Kroka replaces much of this process with a standardised electronic record, allowing information to be exchanged more quickly. This should reduce administrative duplication and transcription errors, make documents easier to verify and archive, and shorten the time needed to process damage assessments and insurance claims.

The dominance of motor insurance in the Palestinian insurance market underscores the relevance and potential impact of E-Kroka. Motor premiums reached $294.4m in 2025, accounting for around 69% of total insurance premiums.[16] Across all insurance classes, companies paid $275.5m in compensation during the year. Motor insurance accounted for $239.0m of the sector's $332.3m in insurance contract expenses, or around 72%. More accurate and timely accident documentation could reduce administrative and claims-management costs, facilitate the identification of inconsistent or fraudulent claims and strengthen insurers' ability to assess risk. Over time, a comprehensive accident database could also improve actuarial analysis by identifying differences in risk across vehicles, drivers, locations and types of accidents. This could provide part of the data infrastructure needed for the PCMA's ongoing shift towards risk-based motor-insurance pricing, rather than relying primarily on broad tariff categories.[17]

2.1 Lessons from Jordan

Relevant Palestinian authorities have drawn directly on Jordan's experience, where E-Kroka was introduced in 2013.[18] Before the Palestinian rollout, a PCMA-led delegation of police and insurance representatives visited Jordan to examine E-Kroka and related digital insurance infrastructure.[19] Jordanian institutions highlighted faster procedures, more accurate compensation and technical-provision estimates, and improved databases for underwriting, claims management and traffic analysis.

According to the Jordanian Public Security Directorate, digitised accident documentation has also reduced human error and administrative costs, while enabling cross-checking of accident and vehicle records to identify irregularities, repeated claims and potential fraud.[20] The integration of GPS and GIS further supports accident localisation, traffic management, road-safety interventions and urban planning.

10 https://www.palpolice.ps/annual-statistics/408537.html
11 https://www.pcbs.gov.ps/media/pirdlivt/book2747.pdf
12 https://www.raya.ps/news/1221020.html
13 Insurance records may not necessarily correspond to unique physical crashes.
14 https://www.pcma.ps/en/2025/
15 https://journals.najah.edu/media/journals/full_texts/11.pdf
16 https://www.pcma.ps/en/2025/
17 PCMA: Major Developments of 2024
18 Public Security Directorate: E-Kroka
19 PCMA: Delegation Visits Jordan
20 Public Security Directorate: E-Kroka

Thus, Jordan's experience illustrates that much of E-Kroka's value lies in the data it generates. Its impact in Palestine, however, will depend on reporting quality, system interoperability, data-access and protection rules, and the extent to which the resulting information is incorporated into underwriting, law enforcement and road planning.

3. Right to Information Draft Law

On 28 July 2026, the Palestinian Cabinet referred the draft Right to Information Law to the President for issuance, following months of preparation, review and consultations involving government institutions, civil society and other stakeholders.[21] The draft establishes access to and circulation of information as the general rule, with restrictions treated as legally defined exceptions, and aims to strengthen transparency, accountability, public participation and good governance.

The draft legislation would establish a comprehensive framework governing access to information held by institutions covered by the law. The scope of the covered institutions extends beyond ministries and public bodies to a wider range of official and non-official institutions.[22] Each covered institution would be required to designate one or more officials responsible for information requests and to organise its records in a manner that facilitates access.[23] Applicants would not be required to justify their requests, while information could be requested electronically or in writing and institutions would be required to respond within legally prescribed periods. Moreover, the draft introduces proactive disclosure requirements as covered institutions would be expected to publish a wide range of information. These include their mandates and organisational structures, legislation, policies and plans, programmes and projects, performance indicators, procurement and tenders, budgets and annual reports. Following public consultation, the proposed period for establishing an information disclosure guide was shortened from two years to one year, while provisions were also introduced to strengthen reporting on information requests.[24]

Nonetheless, the right would be subject to a defined set of exemptions, including information concerning national security and confidential foreign relations, as well as information protected under specific legislation, such as personal and banking information. Following consultation, some exemptions contained in earlier drafts were removed or further clarified, while a three-part test was introduced to constrain their application.[25] The consultation process also altered the proposed oversight structure, although its final form cannot be confirmed until the legislation is issued. The latest publicly available draft preceding the final consultation phase envisaged an administratively and financially independent General Information Commission empowered to hear complaints, inspect records and investigate the concealment or destruction of information.[26] The structure was subsequently revised during the consultation process, but the final formulation has not been made publicly available. This is particularly significant given concerns raised by Palestinian media and civil-society organisations in 2023 over earlier proposals that would have placed oversight of access to information within the executive rather than an independent body.[27]

The legislation addresses a significant gap in Palestinian public-sector transparency. According to the Coalition for Accountability and Integrity (AMAN), only 10 of 42 public institutions published annual reports on their websites in 2025, while some official websites had remained inactive or outdated for years.[28] Palestine also continued to

21 https://pmo.pna.ps/ar/Article/6191
22 https://econsultation.moj.pna.ps/reports/details/2
23 https://econsultation.moj.pna.ps/consultation-details/96
24 https://econsultation.moj.pna.ps/reports/details/2
25 Ibid
26 https://econsultation.moj.pna.ps/consultation-details/96
27 https://www.aman-monitor.org/ar/Article/198
28 https://www.aman-palestine.org/activities/30535.html

perform poorly in the 2025 Open Budget Survey as its transparency score only rose from 8 to 14 out of 100 and its oversight score from 17 to 19, while public participation remained at zero.[29]

The Cabinet's referral marks an important step in a legislative process dating back to an initial draft discussed in 2005 and renewed through subsequent initiatives in 2013, 2018 and 2023.[30] However, international experience suggests that enactment alone will not guarantee greater transparency, which depends more on implementation. UNESCO reported that 141 countries and territories had legal guarantees for public access to information in 2025, but stresses that effective implementation requires functioning oversight, appeals procedures, record-keeping and institutional compliance.[31]

4. EU4Trade and the Rotterdam Logistics Hub

On 29 June, the Palestine Trade Center (PalTrade) launched the Rotterdam Logistics Hub, an initiative under the EU-funded EU4Trade project intended to strengthen the competitiveness of Palestinian exports and their access to European and international markets.[32] EU4Trade is a EUR 3m programme implemented by PalTrade from July 2024 to July 2027, focusing on market intelligence, SME export capacity and exporter training and support.[33]

The Rotterdam Logistics Hub is designed to address the high cost and complexity facing Palestinian exporters in reaching European buyers. By providing a logistics and distribution base in Rotterdam, the initiative aims to allow shipments from multiple Palestinian exporters to be consolidated into full containers, reducing freight costs and facilitating storage, product management and direct delivery across European and global markets.[34] The hub is also intended to give exporters a more permanent logistical presence in Europe, improving their ability to respond to buyers, manage inventory and shorten delivery times.

The initiative complements the Market Intelligence Hub (MIH), launched in April 2026 under the EU4Trade project.[35] The MIH provides Palestinian firms, particularly SMEs, with market data and analysis, information on export requirements and international standards, buyer intelligence and guidance on market-entry opportunities. Its services include market insights, buyer registries, export compliance guidance and specialized training aimed at helping firms identify viable markets and prepare products for export. Together, the MIH and Rotterdam Logistics Hub help identify, prepare, reach and distribute products in external markets, facilitating the export process for Palestinian traders.

Palestine's external trade is heavily concentrated and structurally imbalanced. Registered imports of goods reached $7.6bn in 2025, compared with exports of only $1.9bn, producing a trade deficit in goods of approximately $5.7bn, equivalent to 33.2% of GDP.[36] Trade is also highly concentrated in Israel, which accounted for 90% of Palestinian exports and 57.6% of imports in 2025. Thus, access to alternative markets remains limited despite longstanding preferential trade arrangements. Even with duty-free access for Palestinian industrial products to the EU since 1997, and for agricultural and processed food items since 2012, bilateral trade with the EU amounted to only around EUR 403m in 2025, with Palestinian exports to the EU of approximately EUR 50m.[37]

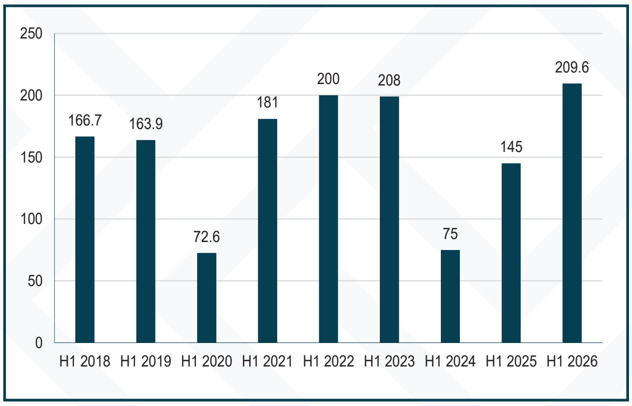
29 https://www.aman-palestine.org/activities/30331.html
30 https://repository.najah.edu/items/
31 https://www.unesco.org/en/monitoring-access-information
32 https://paltrade.org/single-news/122/en
33 https://www.eu4trade.ps/
34 https://paltrade.org/single-news/123/en
35 https://paltrade.org/single-news/110/en
36 PCBS: Preliminary Results of Registered Palestinian Exports and Imports of Goods for 2024-2026
37 https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/palestine_en

Decades of export-promotion programmes, industrial-zone development and preferential trade arrangements have not reversed Palestine's chronic trade deficit, indicating that the main barriers extend beyond trade support interventions.[38] Palestinian producers continue to operate under Israeli-imposed restrictions on movement and border access, constraints on the import of production inputs, and limited control over trade policy and external crossings.[39] The World Bank has repeatedly identified movement and access restrictions as a binding constraint on Palestinian private investment and trade,[40] while UNCTAD has documented the persistence of Palestinian dependence on the Israeli economy despite efforts to diversify external trade.[41] Initiatives such as the Rotterdam Logistics Hub and MIH can ease important information, capacity, and logistics bottlenecks, but their ability to ease the Palestinian trade deficit will remain limited so long as structural Israeli constraints on production, movement, access to inputs, and control over external trade persist.

5. Performance of PEX-listed Companies in H1 2026

In mid-August, 44 of the 47 companies listed on the Palestine Exchange (PEX) disclosed their financial statements for the first half of 2026, reporting a 44.8% increase in aggregate net profits to $209.6m compared with H1 2025.[42] Reported net profits were about 1% above their H1 2023 level, marking the first time since the war on the Gaza Strip that aggregate profits of listed companies exceeded their pre-war level. Thirty-five companies were profitable, reporting combined after-tax profits of $216.8m, up 42.9% from H1 2025. Nine companies recorded losses totalling $7.2m, 4.0% higher than in H1 2025. Overall, 22 reporting companies recorded an increase in net profits, while 22 recorded a decline. Two listed companies were suspended from trading, while one failed to disclose within the legal period.

Figure 1: Aggregate Net Profits Reported by PEX-Listed Companies H1 2018–2026 (USD millions)



The performance of listed companies contrasts sharply with conditions in the wider economy, which remains severely constrained. The West Bank GDP contracted by 8.1% in Q1 2026 compared with Q4 2025, and by 4.8% compared to Q1 2025.[43] The West Bank unemployment rate remained high at 27.9% in Q2 2026.[44] Israel's continued withholding of clearance revenues, the PA's persistent fiscal crisis and partial salary payments, excess-shekel and correspondent-banking risks, settler violence and movement restrictions, weak household purchasing power, and the stalled reconstruction and deep humanitarian crisis in the Gaza Strip continue to weigh heavily on economic activity.

However, the divergence becomes less pronounced once the composition of listed-company earnings is examined. Profits remain highly concentrated, with five companies accounting for 67.4% of aggregate H1 2026 profits, while the five largest contributors generated 80.7% of the $64.8m increase in profits compared with H1 2025. Aggregate H1 return on equity (ROE) reached around 4.5%, compared with a median of only

38 https://www.miftah.org/Display.cfm?DocId=22816&Category
39 https://mas.ps/en/publications/2726.html
40 World Bank Group: West Bank and Gaza Investment Climate Assessment: Fragmentation and Uncertainty
41 UNCTAD: The cumulative economic cost of occupation for the Palestinian people (2000–2024) and long road to recovery
42 Data obtained from the Palestine Exchange (PEX)
43 PCBS: Quarterly national accounts variables in Palestine for the years 2024-2025 at constant prices: 2015 is the base year
44 https://www.pcbs.gov.ps/media/otzcujcm.pdf

2.1%, further indicating that market-wide returns were driven disproportionately by a relatively small group of larger companies.

Aggregate shareholders' equity was equivalent to 1.95 times paid-up capital, but seven of the 44 reporting companies continued to carry accumulated losses, six of which had equity below paid-up capital. Five of the seven companies with accumulated losses were also loss-making in H1 2026, compared with only four of the other 37 companies. The strongest listed companies are disproportionately large and established firms operating in relatively defensive sectors or essential-service businesses, with stronger balance sheets and diversified revenue streams. Their results show resilience under adverse conditions, while weaker companies remain more exposed to the wider economic downturn.

5.1 Sectoral performance

The investment sector recorded the largest increase in profits between H1 2025 and H1 2026, rising by 79.1% and accounting for 25.1% of listed companies' aggregate net profits. However, the improvement was concentrated among four of the 11 listed investment companies.

Banks and financial services recorded the second-largest increase, with net profits rising by 52.6%. It also remained the largest source of listed-company earnings, accounting for 33.5% of listed companies' aggregate net profits. The banking-sector performance was largely driven by strong earnings growth among three of the seven listed banks and appears to reflect a combination of fee and foreign-exchange income, balance-sheet expansion and lower credit-loss provisioning compared with H1 2025. Banks nevertheless remained exposed to the PA fiscal crisis, the excess shekel crisis and the uncertainty surrounding correspondent-banking relations.

The services sector witnessed a 32% increase in net profits and accounted for 24.5% of listed companies' aggregate net profits. Earnings growth was driven primarily by strong operating performance among telecommunications companies, while several smaller service companies continued to experience earnings pressure.

Net profits in the industrial sector increased by 29.3%, with six of ten companies recording growth in net profits. Earnings growth was concentrated among established food and consumer-related producers, while other segments, notably pharmaceuticals, remained under pressure.

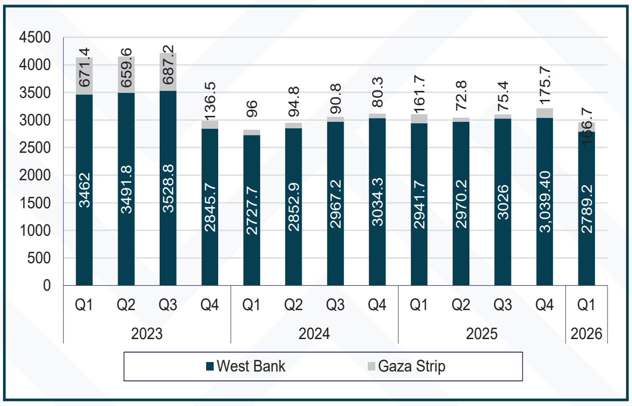
Insurance was the only sector to record an aggregate decline in earnings, with profits falling by 30.9%. Only three of eight insurers witnessed an increase in net profits, one of which generated 48.7% of the sector's total net profits.

Table 1: Selected Profitability Indicators for PEX-Listed Companies by Sector, H1 2026

Sector	H1 2026 profit ($m)	Change from H1 2025 (%)	Share of H1 2026 profit (%)	Contribution to aggregate profit change (%)	Aggregate H1 ROE
Banks & financial services	70.3	52.6	33.5	37.4	4.5%
Investment	52.6	79.1	25.1	35.9	3.1%
Services	51.3	32.0	24.5	19.2	8.6%
Industry	30.7	29.3	14.7	10.7	5.5%
Insurance	4.7	-30.9	2.2	-3.2	1.7%
Total	**209.6**	**44.8**	**100.0**	**100.0**	**4.5%**

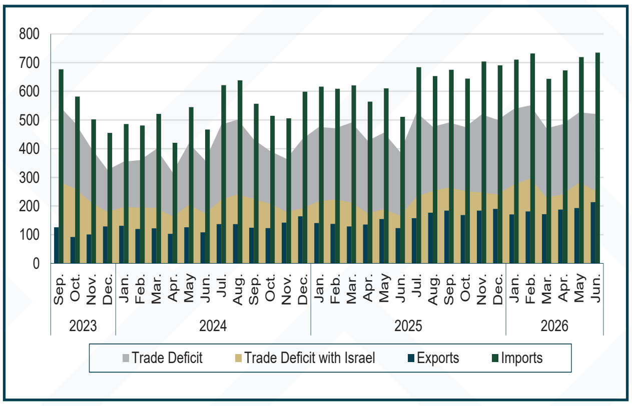
Gross Domestic Product

Quarterly Real GDP (million USD in 2015 prices) in Palestine by Region Q1 2023 - Q1 2026



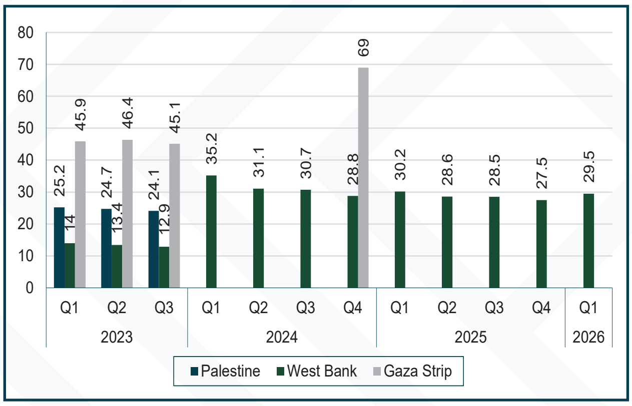
Trade

Monthly Export, Imports, Trade Deficit and Trade Deficit with Israel (million USD) in Palestine, September 2023 - June 2026



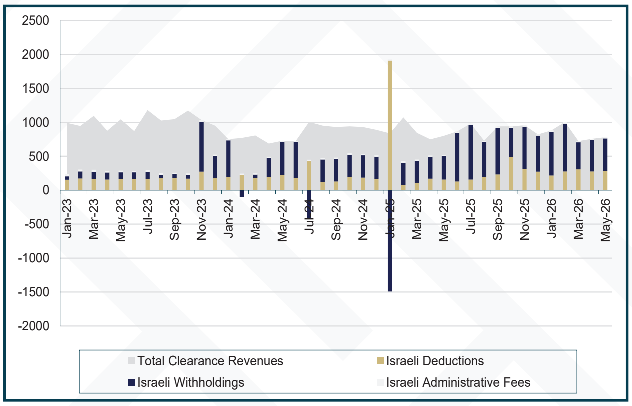
Unemployment

Quarterly Unemployment (%) in Palestine by Region Q1 2023 - Q1 2026



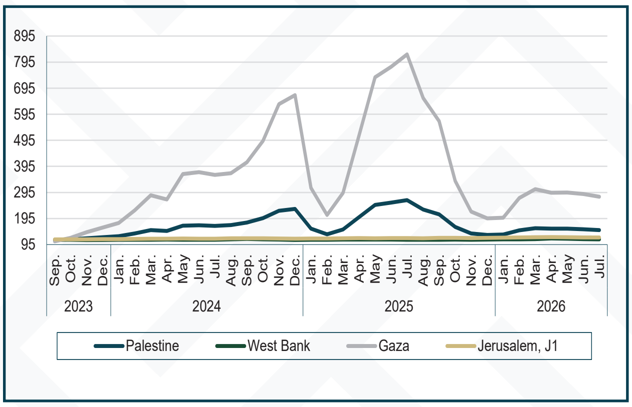
Clearance Revenue Flows

Monthly Total Clearance Revenues, Israeli Deductions, Withholdings and Administrative Fees (million ILS) January 2023–May 2026



Inflation

Monthly Consumer Price Index (Base year = 2018) in Palestine by Region September 2023 - July 2026



Banking

Monthly Customer Deposits and Credit Facilities (million USD) in Palestine September 2023 - July 2026