



# IMPACT OF THE GAZA WAR ON SMES IN THE WEST BANK

*Small and Medium Enterprise Assistance for Recovery and  
Transition (SMART) Project*

*November 2023*

This publication was produced by the Small and Medium Enterprise Assistance for Recovery and Transition (SMART) Project under Cooperative Agreement No. 72029421CA00001 at the request of the United States Agency for International Development (USAID). This document is made possible by the support of the American people through USAID. Its contents are the sole responsibility of the author or authors and do not necessarily reflect the views of USAID or the U.S. Government.

# IMPACT OF THE GAZA WAR ON SMES IN THE WEST BANK

## *Small and Medium Enterprise Assistance for Recovery And Transition (SMART) Project*

Program Title: Small and Medium Enterprise Assistance for Recovery and  
Transition (SMART) Project

Sponsoring USAID Office: USAID/West Bank and Gaza

Cooperative Agreement No.: 72029421CA00001

Recipient: DAI

Date of Publication: November 2023

Author: The SMART Project Team

*Cover Photo Caption: Electrical engineers from Palestine Polytechnic University visit Ostry Company, a paper manufacturing company in Jericho to conduct Sustainability Audit, September 2023.*

# CONTENTS

<b>EXECUTIVE SUMMARY</b>	<b>1</b>
REGIONAL ECONOMIC OUTLOOK	1
SECTORAL RESILIENCE	2
RECOMMENDATIONS	2
<b>ECONOMIC BACKGROUND</b>	<b>3</b>
THE ECONOMIC SITUATION BEFORE OCTOBER 7	3
THE IMPACTS OF THE SECURITY EVENTS SINCE OCTOBER 7	5
IMPACT ON PALESTINIAN INTERNATIONAL TRADE	7
IMPACT ON THE PALESTINIAN LABOR MARKET	8
IMPACT ON PRODUCTIVITY	9
KEY FISCAL AND ECONOMIC INDICATORS	9
LONG TERM IMPACT OF THE WAR ON INVESTMENT	12
GENDER AND YOUTH-BASED IMPACTS	13
THE CASE FOR RESILIENCE BASED PROGRAMING	14
<b>REGIONAL ECONOMIC OUTLOOK</b>	<b>17</b>
INTRODUCTION	17
JENIN	17
NABLUS	19
TUBAS & THE NORTHERN VALLEYS	21
TULKAREM	22
QALQILYA	24
SALFIT	25
RAMALLAH AND AL-BIREH	26
JERICHO & AL-AGHWAR	28
BETHLEHEM	29
HEBRON	31
PRIORITY REGIONS FOR INTERVENTION	32
<b>SECTORAL RESILIENCE</b>	<b>35</b>
AGRICULTURE	36
TOURISM/HOTELS	38
INFORMATION TECHNOLOGY	40
MANUFACTURING BACKGROUND	41
STONE AND MARBLE	42
FURNITURE MANUFACTURING	45
PAPER MANUFACTURING	47
PLASTICS MANUFACTURING	49
GARMENT MANUFACTURING	51
FOOD PROCESSING	54
SUMMARY AND RANKING	56
<b>RECOMMENDATIONS</b>	<b>57</b>
RESILIENCE PRIORITIES	57
<b>REFERENCES</b>	<b>61</b>

## EXHIBITS

Exhibit 1: Real GDP Growth in WBG.....	3
Exhibit 2: Labor Force Participation and Unemployment Rates in WBG.....	4
Exhibit 3: Total Debt Liabilities of the PA (in % of GDP).....	4
Exhibit 4: Commercial Crossings Out of the West Bank.....	6
Exhibit 5: Critical Checkpoints Across the West Bank.....	6
Exhibit 6: Exports and Imports in WBG.....	7
Exhibit 7: Estimated Losses by Sector in the West Bank.....	9
Exhibit 8: PMA Business Cycle Index.....	10
Exhibit 9: Inflation in Israel, the West Bank and Gaza (percent change year-over-year).....	12
Exhibit 10: Checkpoints, Crossings, and Security Events in the West Bank.....	14
Exhibit 11: Employment by Sector - Jenin.....	17
Exhibit 12: Exports by Sector – Jenin (in US\$ thousand).....	18
Exhibit 13: Employment by Sector - Nablus.....	19
Exhibit 14: Exports by Sector – Nablus (in US\$ thousand).....	20
Exhibit 15: Employment by Sector - Tubas.....	21
Exhibit 16: Exports by Sector – Tubas (in US\$ thousand).....	22
Exhibit 17: Employment by Sector - Tulkarem.....	23
Exhibit 18: Exports by Sector – Tulkarem (in US\$ thousand).....	24
Exhibit 19: Employment by Sector - Qalqilya.....	24
Exhibit 20: Exports by Sector – Qalqilya (in US\$ thousand).....	25
Exhibit 21: Employment by Sector - Salfit.....	25
Exhibit 22: Exports by Sector – Salfit (in US\$ thousand).....	26
Exhibit 23: Employment by Sector – Ramallah and Al-Bireh.....	27
Exhibit 24: Exports by Sector – Ramallah and Al-Bireh (in US\$ thousand).....	27
Exhibit 25: Employment by Sector – Jericho.....	28
Exhibit 26: Exports by Sector – Jericho (in US\$ thousand).....	29
Exhibit 27: Employment by Sector – Bethlehem.....	30
Exhibit 28: Exports by Sector – Bethlehem (in US\$ thousand).....	30
Exhibit 29: Employment by Sector – Hebron.....	31
Exhibit 30: Exports by Sector – Hebron (in US\$ thousand).....	32
Exhibit 31: Factoring the Regional Impact of Security and Economic Conditions.....	32
Exhibit 32: Ranking Governorates by Regional Impact Factors.....	33
Exhibit 33: Value of Economic Sectors’ Losses of Production during October 2023 (US\$ thousand).....	35
Exhibit 34: Leading Export Sectors from the West Bank.....	35
Exhibit 35: Leading export markets for West Bank Agriculture, 2021.....	36
Exhibit 36: Agriculture, Hunting and Fishing Exports from the West Bank, 2021 US\$ thousand.....	36
Exhibit 37: Number of Hotel Guests in the West Bank by Governorate, First Half of the Year (2019-2023).....	39

Exhibit 38: Leading export markets for West Bank Stone and Marble, 2021 .....	42
Exhibit 39: Exports of Other non-metallic mineral products (Stone and Marble), 2021 (US\$ thousand) .....	43
Exhibit 40: Leading export markets for West Bank Furniture, 2021 .....	45
Exhibit 41: Exports of Furniture from the West Bank, 2021 (US\$ thousand) .....	45
Exhibit 42: Leading export markets for West Bank Paper and Paper Products, 2021 .....	47
Exhibit 43: Exports of Paper and Paper Products, 2021 (US\$ thousand) .....	47
Exhibit 44: Leading export markets for West Bank Plastic, 2021 .....	49
Exhibit 45: Exports of Rubber and Plastic Products, 2021 (US\$ thousand) .....	49
Exhibit 46: Leading export markets for West Bank ready-made garments, 2021 .....	51
Exhibit 47: West Bank exports of outsourced services for sewing and ready-made clothes, 2021 (US\$ thousand) .....	52
Exhibit 48: West Bank exports of wearing apparel; dressing and dyeing of fur, 2021 (US\$ thousand) .....	52
Exhibit 49: Leading export markets for West Bank food and beverages, 2021 .....	54
Exhibit 50: West Bank Exports of Food and Beverages, 2021 (US\$ thousand) .....	54
Exhibit 51: Leading Manufactured Products .....	55
Exhibit 52: Factoring the Relative Importance of Sectors .....	56
Exhibit 53: Ranking Sectors by Impact Factors.....	56
Exhibit 54: Region-Sector Cluster Matrix.....	57
Exhibit 55: Recommended interventions .....	58

## ACRONYMS AND ABBREVIATIONS

AHA	Arab Hotel Association
AHLC	Ad Hoc Liaison Committee
BWF	Business Women Forum
F4J	Finance for Jobs
GoI	Government of Israel
GDP	Gross Domestic Product
ICRC	International Committee of the Red Cross
ILO	International Labor Organization
IMF	International Monetary Fund
IDF	Israel Defense Forces
MSME	Micro, Small, and Medium Enterprise
MoNE	Ministry of National Economy
PalTrade	Palestine Trade Center
PA	Palestinian Authority
PCBS	Palestinian Central Bureau of Statistics
PFI	Palestinian Federation of Industries
PCMA	Palestinian Capital Market Authority
PMABCI	Palestinian Monetary Authority Business Cycle Index
PSCC	Private Sector Coordination Council
PSO	Private Sector Organization
SMART	Small and Medium Enterprise Assistance for Recovery and Transition
SME	Small and Medium Enterprise
TA	Technical Assistance
UAE	United Arab Emirates
USAID	U.S. Agency for International Development
WBG	West Bank and Gaza

## EXECUTIVE SUMMARY

The Palestinian economy is in a state of acute crisis. Even before the current war on Gaza, which began October 7, 2023, the World Bank had predicted that the economy of the West Bank and Gaza (WBG) “...will continue facing a combination of slow growth and high poverty rates unless substantial policy change takes place”<sup>1</sup>. Since the start of the war, economic activity in Gaza has come to a near complete stop while the West Bank lost 37% of production, or US\$ 515 million, in the month of October alone.

In addition to the economic impacts of destroyed infrastructure, check points, and border closures, settler violence is also impeding access to inputs and markets and leading to loss and damage of goods. Delays in shipments and related storage fees are raising costs. Reduced investment and loss of hard-earned trade relations will likely extend the economic downturn well into the future. Meanwhile, unemployment is expected to keep rising as the 17% of Palestinians previously working in Israel are now banned, others are often unable to reach their places of employment in the West Bank, and still other workers are being laid off as business operations decline.

The human cost of the war continues to grow. As of November 21, over 13,300 Gazans have been killed—68 percent of them children and women—and more than 1.65 million people have been internally displaced<sup>2</sup>. As of November 17, 203 Palestinians in the West Bank have been killed by the Israel Defense Forces (IDF) and Israeli settlers, with 106 people killed in Jenin, Nablus, and Tulkarem alone<sup>3</sup>. 2,960 Palestinians have been detained by the IDF in the West Bank during the same time span<sup>4</sup>.

This report presents a snapshot of the West Bank’s economy today, with detailed descriptions of the impacts of the war by region and sector. It also describes a framework for economic resilience planning and priorities to help businesses anticipate/prepare, mitigate, and recover in this time of war—and to strengthen their operations to promote growth in the future. The report relies on readily available data from formal sources such as the Ministry of National Economy (MoNE) and the Palestine Central Bureau of Statistics (PCBS). It also uses unpublished data and observations gathered by the Small and Medium Enterprise Assistance for Recovery and Transition (SMART) team from official sources, private sector leaders and representatives, and the project’s pool of beneficiary firms.

## REGIONAL ECONOMIC OUTLOOK

The analysis of economic and security conditions in the 10 West Bank governorates, excluding Jerusalem<sup>5</sup>, enabled a ranking of governorate by urgency of resilience intervention. The factors included in this analysis are closure impact, contribution to the production of essential goods, imports from Israel as a percentage of total imports, exports to Israel as a percentage of total exports, governorate exports as a percentage of total exports, and the unemployment rate. The following results cluster governorates based on the urgency of intervention, from most urgent to least.

*Hebron, Nablus, Jenin, Tulkarem, and Tubas:* Hebron, the southernmost governorate in the West Bank, carries a large economic weight due to its size and heavy concentration of manufacturing firms. The

---

<sup>1</sup> World Bank. (2023). Racing Against Time: World Bank Economic Monitoring Report to the Ad Hoc Liaison Committee. World Bank. <https://documents1.worldbank.org/curated/en/099638209132320721/pdf/IDU0e8b2e87e098b004a7a09dcb07634eb9548f4.pdf>.

<sup>2</sup> PCBS. (2023c). PCBS Homepage. [www.pcbs.gov.ps/](http://www.pcbs.gov.ps/). <https://www.pcbs.gov.ps/Downloads/book2646.pdf>

<sup>3</sup> OCHA. (2023a). Data on casualties. OCHA. <https://www.ochaopt.org/data/casualties>

<sup>4</sup> PCBS. (2023g, November 8). Israeli Occupation Aggression on Palestine since Oct.7th 2023, Latest Update 14:00, 08/11/2023. [www.pcbs.gov.ps](http://www.pcbs.gov.ps/). <https://www.pcbs.gov.ps/default.aspx>

<sup>5</sup> Jerusalem was not included in the analysis due to lack of data on economic activities in East Jerusalem.

other four governorates all share borders in the north and have been subjected to the highest level of security threats since October 7. The governorates have intensive interdependencies due to the primacy of Nablus as a market for agricultural products and other goods, reliance on Arab citizens of Israel as consumers and tourists, dependence on Israeli markets and employers, and limited routes to the rest of the West Bank. Resilience interventions in this cluster must target agriculture and/or food production and can support garment services intended for the Israeli market—addressing the market gap created by the loss of production from the Gaza Strip.

**Bethlehem and Ramallah:** Bethlehem and Ramallah depend on services that require political stability to survive and thrive. In particular, the tourism industry has been decimated as travel by international tourists, Arab citizens of Israel, and local and international governmental and non-governmental organizations is not possible in the near term. The ICT sector in Ramallah is also hard hit as international clients wait and see how the situation will evolve.

**Qalqilya, Salfit and Jericho:** Qalqilya and Salfit are somewhat less impacted by the conflict. Jericho provides Palestinian access to the outside world through the King Hussein Bridge and has faced a high number of incursions and closures that impact economic activity. These smaller governorates all share deep commercial ties to Ramallah.

## SECTORAL RESILIENCE

PCBS characterizes the overall private sector impacts of the war as “production paralysis for the majority of establishments”<sup>6</sup>. One third of private sector companies in WBG have stopped production, including nearly all the 56,000 firms in the Gaza Strip, for total losses of US\$ 713 million in WBG.

SMART selected nine major sectors (out of 37 for which data is available) based on their export potential. The team analyzed their performance before the war, current and projected challenges, market outlook, labor outlook, coping mechanisms, and proposed resilience interventions. All sectors are facing liquidity shortages and lack of access to inputs and markets. The primary coping mechanism across sectors is to institute flexible working arrangements or to temporarily lay off workers. Other challenges are related to sector-specific conditions such as an overwhelming reliance on the Israeli market (furniture), lack of local inputs (paper), or complete closure of the market (tourism).

The nine target sectors were ranked by the urgency of needs for interventions based on the following factors: presence in distressed locations, critical importance to local market (essential goods), and potential for exports. The sectors are ranked as follows: 1. Food and Beverages; 2. Agriculture; 3. Garments; 4. Furniture; 5. Paper; 6. ICT; 7. Stone and Marble; 8. Plastic; 9. Tourism.

## RECOMMENDATIONS

Companies across regions and sectors reported difficulties arising from various liquidity shortages such as cash-only policies by vendors, bounced checks, lost contracts, etc. Other common issues include reduced access to markets as the movement of goods and people is curtailed.

Recommendations made by sector include support for access to liquidity and finance, operational support, retooling and production improvement, provision of new equipment, supply chain optimization, training and upgrading of the workforce, and product diversification.

---

<sup>6</sup> PCBS. (2023d). PCBS: Press Release on the Losses of Private Sector in Palestine due to the Israeli occupation Aggression on Gaza Strip. [Wwww.pcbs.gov.ps. https://www.pcbs.gov.ps/site/512/default.aspx?tabID=512&lang=en&ItemID=4628&mid=3171&wversion=Staging](https://www.pcbs.gov.ps/site/512/default.aspx?tabID=512&lang=en&ItemID=4628&mid=3171&wversion=Staging)



## ECONOMIC BACKGROUND

The ongoing war on the Gaza Strip has dire humanitarian, political, and economic ramifications. The effects of the conflict are not restricted to the Gaza Strip, however. They are accompanied by a growing wave of violence across the West Bank and East Jerusalem. Constraints to economic activity are already having major negative implications on revenue and employment. Further economic impacts will be felt in Israel and around the world.

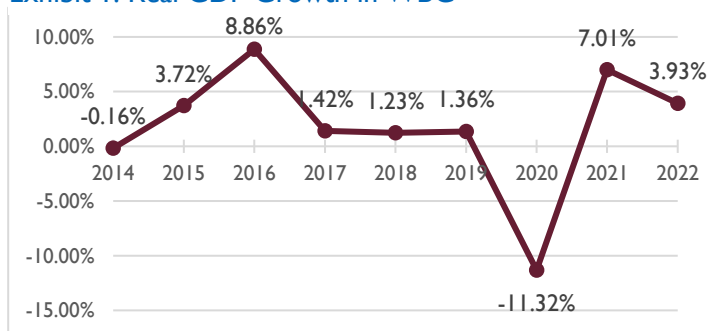
The security and political dynamics in the Gaza Strip remain fluid, so no valid estimate of economic damage or predictions for the future can be made at this time, while data is less available for East Jerusalem. Therefore, this report focuses on the impact of the war on the West Bank.

## THE ECONOMIC SITUATION BEFORE OCTOBER 7

In its economic monitoring report to the Ad Hoc Liaison Committee (AHLC) in September 2023, the World Bank described the economic context of the WBG as being marked by elevated risks. “The economy will continue facing a combination of slow growth and high poverty rates unless substantial policy change takes place”<sup>7</sup>. Assuming the pre-war continuation of Israeli restrictions on movement access and trade in the West Bank, the near blockade of Gaza, the Palestinian internal divide, and the lack of a conclusive reform program from the Palestinian Authority (PA), the report expected “economic growth [...] to hover around 3% over the medium term, and due to rapid population growth, the real income per capita is expected to stagnate at best”<sup>8</sup>. “Economic activity in the West Bank rose by 4.3% y/y in Q1-2023”, while “Gaza’s economy contracted by 2.6% due to the worsening performance of the agricultural, forestry, and fishing sector [...] after the Government of Israel (GoI) restricted the sale of Gazan fish in the West Bank in August 2022.”<sup>9</sup> Gross domestic product (GDP) growth is shown in Exhibit 1.<sup>10</sup> This impacted total unemployment (Exhibit 2)<sup>11</sup>, which “rose from 24.4% in 2022 to 24.7% in Q2 2023, mostly driven by an increase in Gaza’s unemployment rate, which rose from 45.3% to 46.4% [...]. In the West Bank, the unemployment rate reached 13.4% in Q2-2023, up from 13.1% in 2022”<sup>12</sup>.

Furthermore, the World Bank expected the fiscal struggles of the PA to worsen in 2023 due to Israeli deductions from customs clearance revenues<sup>13</sup> (which the GoI collects on behalf of the PA), less-than-optimized clearance revenue collection methods, and lack of sustainable fiscal policy reforms by the PA<sup>14</sup>. These long-standing fiscal struggles, which were compounded by the COVID-19 pandemic,

Exhibit 1: Real GDP Growth in WBG



<sup>7</sup> World Bank. (2023). Racing Against Time: World Bank Economic Monitoring Report to the Ad Hoc Liaison Committee. World Bank. <https://documents1.worldbank.org/curated/en/099638209132320721/pdf/IDU0e8b2e87e098b004a7a09dcb07634eb9548f4.pdf>.

<sup>8</sup> *Ibid.*

<sup>9</sup> *Ibid.*

<sup>10</sup> Statistics are courtesy of the PCBS and SMART/DAI staff calculations.

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*

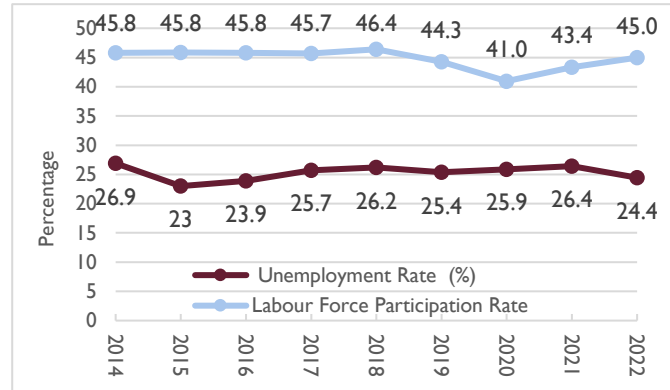
<sup>13</sup> Clearance revenue or customs clearance are indirect taxes on imports into the Palestinian market collected by Israel on behalf of the PA as stipulated by the Paris Protocol (the Protocol on Economic Relations) as a part of the Oslo Accords. Israel deducts unpaid electricity bills, the payments made to the families of Palestinian prisoners by the PA, as well as service fee before transferring the rest to the PA. In 2022, clearance revenue accounted for 64% of the total revenue of the PA. Clearance revenue is often used as a means of political pressure by Israel on the PA.

<sup>14</sup> The PA has historically maintained high budgetary deficits due to a large wage bill. The international financial institutions have repeatedly recommended spending reform to counter this as budgetary support has decreased in recent years. However, net lending and nonoptimal taxation practices have contributed to the deficits as well.

were previously mitigated by arrear accumulation and domestic bank financing, which “is no longer viable”. This has resulted in “financing options [that] are more and more limited, [and] worryingly raising fiscal sustainability risks”<sup>15</sup>.

Since expansionist fiscal policy is the only macroeconomic policy avenue open for the PA (see below), limiting this tool could have devastating effects on the economy. In cases of financial delinquencies by the PA or partial payments to public sector employees, the effects will be borne by the entire Palestinian economy. The public sector employs 24% of the Palestinian labor force<sup>16</sup>. This means that loss of income will not only impact them, their families, and Palestinian businesses that depend on their consumption, it will also impact the Palestinian financial system. Currently, PA employees account for 16% of loans given out by local banks<sup>17</sup>.

**Exhibit 2: Labor Force Participation and Unemployment Rates in WBG**



The PA’s fiscal struggles impact the Palestinian private sector even more profoundly. Dependency on borrowing and arrears to finance the budget deficit has created substantial domestic debt that is expected to rise. “Domestic debt stood at 85% of total debt at the end of 2022. Arrears are estimated to be its largest component (67%), though uncertainties remain about their exact size pending a dedicated audit. Arrears are largely to the pension fund—in the form of unpaid government and employee contributions—but also to PA suppliers and contractors, as well as public sector employees who have been paid only partial salaries since November 2021. Other components of the domestic debt include loans and overdrafts from commercial banks to the Palestinian Authority, and promissory notes held by the private sector.”<sup>18</sup> (See Exhibit 3) While the International Monetary Fund (IMF) diagnoses the Palestinian banking sector as stable, it notes that asset deterioration is increasing. In short, the health of the Palestinian financial system, the viability of the Palestinian private sector, as well as the livelihood of a large percentage of the workforce are heavily dependent on the solvency of the PA.

**Exhibit 3: Total Debt Liabilities of the PA (in % of GDP)**

	2019	2020	2021	2022
Gross debt liabilities	34.5	47.1	50.2	49.1
Domestic debt	27.6	39.1	43.1	41.7
Loans and overdrafts	8.9	14.0	13.5	12.9
Promissory notes /I	...	...	2.0	1.0
Arrears/I	18.6	25.1	27.7	27.8
External debt	6.9	8.0	7.0	7.5

/I Figures are estimates due to insufficient official data  
Source: IMF (2023)

Even before the events of October 7 the international donor community was concerned with the effects of the security situation on the economy of the WBG. In its report to the AHLC the IMF stated that “following the progressive worsening of the security situation over the last year, tensions

<sup>15</sup> World Bank. (2023). Racing Against Time: World Bank Economic Monitoring Report to the Ad Hoc Liaison Committee. World Bank. <https://documents1.worldbank.org/curated/en/099638209132320721/pdf/IDU0e8b2e87e098b004a7a09dcb07634eb9548f4.pdf>

<sup>16</sup> PCBS. (2022b). H.E. Dr. Awad Presents the current status of the Palestinian labour force in 2022. Pcb.gov.ps. <https://pcbs.gov.ps/post.aspx?lang=en&ItemID=4500>

<sup>17</sup> IMF. (2023, September 13). West Bank and Gaza: Report to the Ad Hoc Liaison Committee. IMF.

<https://www.imf.org/en/Publications/CR/Issues/2023/09/12/West-Bank-and-Gaza-Report-to-the-Ad-Hoc-Liaison-Committee-539149>

<sup>18</sup> Ibid.

with Israel could escalate further, leading to a tightening of Israeli-imposed restrictions on the movement of labor, capital, and goods”<sup>19</sup>. The International Committee of the Red Cross (ICRC) reported that “since January of [2023], more than 360 people have been killed in the occupied West Bank and over 2,000 wounded, making it the deadliest year in over a decade”<sup>20</sup>.

## THE IMPACTS OF THE SECURITY EVENTS SINCE OCTOBER 7

### THE IMMEDIATE IMPACT OF THE WAR ON THE GAZA STRIP

The security situation in the Gaza Strip has brought life, including economic activity, to a near complete stop. Moreover, the level of damage on the ground is constantly increasing and remains difficult to quantify.

As of November 21, the PCBS reports that over 13,300 Gazans have been killed, of whom 68% are children and women. As of the same date, more than 1.65 million people in Gaza were internally displaced<sup>21</sup>. The continuing loss of life and internal displacement is coupled with massive shortages of food, water, fuel, and medical supplies.

Communications and internet services are also being shut down on a regular basis. As of mid-November, fuel shortages to telecommunications providers are further impeding communications. “Since 11 October, Gaza has been under a full electricity blackout, following Israel’s halt of its electricity and fuel supply to Gaza, which in turn triggered the shutdown of Gaza’s sole power plant. This has forced essential service infrastructure to rely on backup generators, which are limited by the scarcity of fuel in the Strip.”<sup>22</sup> “On November 18, 123,000 liters of fuel entered Gaza from Egypt. The Israeli authorities confirmed that they would start allowing the entry of a daily amount of nearly 70,000 liters of fuel from Egypt, which is well below the minimum requirements for essential humanitarian operations. Fuel is set to be distributed by UNRWA to support food distribution, and the operation of generators at hospitals, water and sanitation facilities, shelters, and other critical services.”<sup>23</sup>

The Gaza Strip is dependent on imports to fulfill its basic food, power, fuel, raw material, and medical needs. Nearly all external trade (including with the West Bank) is conducted through the Rafah Crossing (with Egypt) and the Karam abu Salem Crossing (Kerem Shalom, with Israel). Since October 21, 1,139 trucks of humanitarian supplies have entered Gaza via Egypt (excluding fuel)<sup>24</sup>, compared to 500 trucks needed per day in Gaza.<sup>25</sup> The Kerem Shalom Crossing with Israel has remained closed since October 7.

### THE IMMEDIATE IMPACT OF THE WAR ON THE WEST BANK

Since the start of hostilities in the Gaza Strip, the West Bank has been in a state of security unrest as well. As of November 17, 203 Palestinians have been killed by the IDF and Israeli settlers across the

---

<sup>19</sup> *Ibid.*

<sup>20</sup> ICRC. (2023, October 31). Israel and the Occupied Territories: Rising violence in the West Bank may have irreversible consequences for communities. Reliefweb.int. <https://reliefweb.int/report/occupied-palestinian-territory/israel-and-occupied-territories-rising-violence-west-bank-may-have-irreversible-consequences-communities>

<sup>21</sup> PCBS. (2023c). PCBS Homepage. [www.pcbs.gov.ps/](http://www.pcbs.gov.ps/). <https://www.pcbs.gov.ps/Downloads/book2646.pdf>

<sup>22</sup> OCHA. (2023, October 31). Hostilities in the Gaza Strip and Israel: Flash Update #25. OCHA. [https://ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-25?\\_gl=1](https://ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-25?_gl=1)

<sup>23</sup> United Nations Office for the Coordination of Humanitarian Affairs - occupied Palestinian territory | Hostilities in the Gaza Strip and Israel | Flash Update #43. (2023, November 18). United Nations Office for the Coordination of Humanitarian Affairs - Occupied Palestinian Territory. [https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-43?\\_gl=1](https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-43?_gl=1)

<sup>24</sup> *Ibid.*

<sup>25</sup> Statement of Ministry of Interior, Al-Jazeera Channel.

West Bank, with 106 people killed in Jenin, Nablus, and Tulkarem alone<sup>26</sup>. Moreover, 2,960 Palestinians have been detained by the IDF in the West Bank during the same time span<sup>27</sup>.

## CLOSURES AND CHECKPOINTS IN THE WEST BANK

As a direct result of the Gaza war and the rising unrest in the West Bank, the IDF have increased their restrictions on movement within the West Bank. “In early 2023, [the United Nations Office for the Coordination of Humanitarian Affairs] OCHA documented 565 movement obstacles in the West Bank, including East Jerusalem and excluding H2. These include 49 checkpoints constantly staffed by Israeli forces or private security companies, 139 occasionally staffed checkpoints, 304 roadblocks, earth-mounds, and road gates, and 73 earth walls, road barriers and trenches”<sup>28</sup>.

Checkpoints and closures across the West Bank have varying effects on the economic activities and livelihoods of Palestinians based on their geographical location and function. The passage of goods from the West Bank to Israel and the world can only be conducted through five major commercial crossings (Exhibit 4). The closure of any of these crossings will disrupt the passage of goods from the geographical area it services.<sup>29</sup> Palestinian businesses thus have often reverted to transporting goods through other commercial crossings to move their products, which increases transportation costs, causes delays, and increases losses due to damages during transport.

### Exhibit 4: Commercial Crossings Out of the West Bank

Name in English	Location
Jalamah Crossing	Jenin
Beitunia Crossing	Ramallah
Sha'ar Ephraim goods passage	Tulkarem
Tarqumiyah Crossing	Hebron
King Hussein Bridge Border Crossing	Jordan

Source: The SMART Project – USAID based on the Palestinian Shippers’ Council’s data

The closures of intra-West Bank checkpoints have equally disruptive effects on the economic lives of Palestinians. The SMART Project has identified eleven checkpoints throughout the West Bank, the closure of which would have disproportionate obstructive effects (Exhibit 5). These “critical checkpoints” are placed on central roads across the West Bank and their closure would cut off entire governorates from the others.

### Exhibit 5: Critical Checkpoints Across the West Bank

Name in English	Location
Ramallah Bethlehem (Container) checkpoint	Bethlehem
The Jericho DCO	Jericho
Mu'arrajat Checkpoint	Jericho
Qalandya Checkpoint	Ramallah
Hamra Checkpoint	Nablus
Huwara Checkpoint	Nablus
Sarra Checkpoint	Nablus
Deir Sharaf Checkpoint	Nablus
Beit El Checkpoint	Ramallah
Tulkarem-Nablus Checkpoint	Tulkarem
Dotan Checkpoint	Tulkarem

Source: The SMART Project – USAID

<sup>26</sup> OCHA. (2023a). Data on casualties. OCHA. <https://www.ochaopt.org/data/casualties>

<sup>27</sup> PCBS. (2023g, November 8). Israeli Occupation Aggression on Palestine since Oct.7th 2023, Latest Update 14:00, 08/11/2023. [www.pcbs.gov.ps](http://www.pcbs.gov.ps). <https://www.pcbs.gov.ps/default.aspx>

<sup>28</sup> OCHA. (2023b, August 25). Movement and Access in the West Bank. OCHA. <https://ochaopt.org/2023-movement>. H2 refers to Israeli-controlled areas.

<sup>29</sup> The King Hussein Bridge is the only direct access point from the West Bank to the outside world that does not pass through Israel proper. It is under Israel administrative and security control.

Disruptions to economic activities in the West Bank also include general commercial strikes as a show of solidarity with the Gaza Strip. Since October 7, at least five days of general strike were declared throughout the West Bank, with many others declared in almost all Palestinian cities in association with IDF military operations in those cities.

### THE IMPACT OF SETTLER ATTACKS ON ECONOMIC ACTIVITIES IN THE WEST BANK

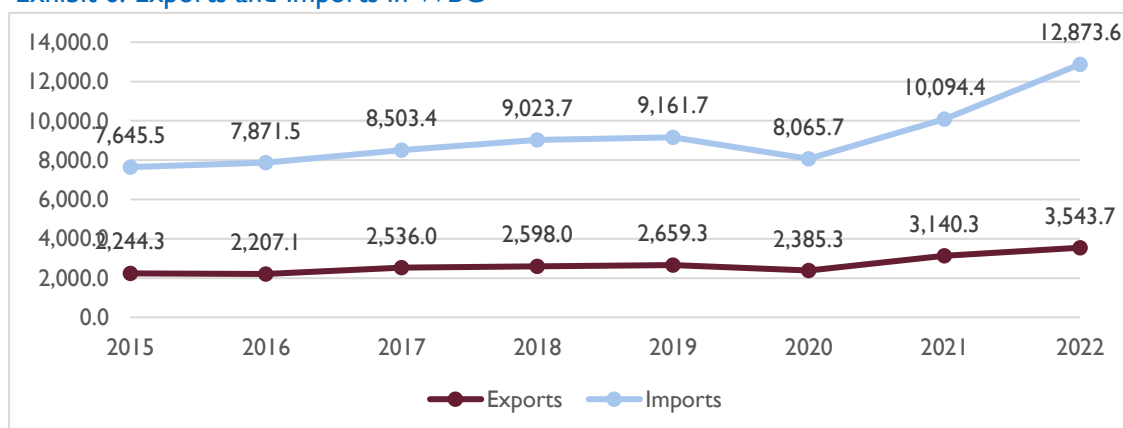
Settler violence has seen a significant increase during the conflict. OCHA reported an average of six cases per day of settler-related incidents in the West Bank since October 7 compared to three per day on average during 2023 until that date<sup>30</sup>. Furthermore, roughly 1,000 Palestinians have been displaced since October 7, 2023<sup>31</sup>.

The International Labor Organization (ILO) reported that during the olive harvest season (October and November) of 2022 settler violence had a disproportional effect on agriculture in the West Bank. Settlers attacked Palestinian farmers more frequently during the olive harvest season including “scores of incidents of settler violence during the 2022 harvest, involving violence, theft, damage of equipment and the destruction of hundreds of olive trees”<sup>32</sup>. This has intensified during the 2023 season and will have a significant effect on a major economic lifeline for Palestinian farmers.

### IMPACT ON PALESTINIAN INTERNATIONAL TRADE

The Palestinian economy in the West Bank is dependent on Israeli-controlled border crossings for all imports and exports. In 2022, Palestinian exports (goods and services) totaled roughly US\$3.5 billion (18.5% of GDP), while imports of goods and services totaled roughly US\$12.9 billion (67.4% of GDP) (Exhibit 6). In 2022, direct exports to Israel accounted for 88% of total Palestinian goods exported, while direct imports from Israel accounted for 56.5% of total imports. In 2021, the West Bank accounted for roughly 99% of all exports from the Palestinian market<sup>33</sup>.

Exhibit 6: Exports and Imports in WBG



At the early stage of the war, the Gol imposed new restriction on Palestinian imports and exports. For the first ten days of the war, Israel stopped all imports and exports to and from the WBG, while imposing fines on Palestinian importers for the extra storage space and time. In the ensuing period, Israel allowed for only 20% of imports intended for the West Bank to pass through the usual port of

<sup>30</sup> Incidents include violence, threats of violence, destruction of property, closures, and limiting of access to areas.

<sup>31</sup> UNHCR. (2023, November 18). Hostilities in the Gaza Strip and Israel | Flash Update #43. United Nations Office for the Coordination of Humanitarian Affairs. [https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-43?\\_gl=1](https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-43?_gl=1)

<sup>32</sup> ILO. (2023). The situation of workers of the occupied Arab territories. ILO. [https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---relconf/documents/meetingdocument/wcms\\_883198.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_883198.pdf)

<sup>33</sup> Statistics in this section are courtesy of the PCBS, PMA and SMART/DAI staff calculations PCBS. (2023a, March 3). Preliminary Results of Registered Palestinian\* Exports, Imports of Goods by Month, Quarter and country for 2021 and 2022. PCBS. [https://www.pcbs.gov.ps/statisticsIndicatorsTables.aspx?lang=en&table\\_id=1730](https://www.pcbs.gov.ps/statisticsIndicatorsTables.aspx?lang=en&table_id=1730)

Ashdod, while rerouting the remaining 80% to the Haifa port. All imports intended for the Gaza market remain stalled.

Furthermore, all imports and exports are now subject to extra security screenings and extra storage time, with alterations made to the export processes for goods from the West Bank. After the start of the war, Palestinian producers coordinated individual shipments directly with Israeli officials for the first two weeks. The newly imposed procedure stipulates that each intended shipment must be coordinated by an Israeli counterpart on behalf of Palestinian producers.

While the impact of the complete shutdown of shipments to the Gaza market will be devastating and long-lasting, the economic impact of the new restrictions on the West Bank is significant as well. Firstly, the increased cost of storage due to extra security measures is completely borne by the Palestinian businesses and will increase the cost of trade and decrease the margin of profit. Furthermore, shifting roughly 80% of the Palestinian trade to the Haifa port increases transportation costs, which will also be borne by Palestinian businesses. Finally, the abrupt shift in operational procedures has created confusion and delays in access to raw materials.

The current crises will severely impact the export and import of goods due to closures. It will also devastate Palestinian imports and exports of services with Israel—one of the few sectors in which the Palestinian economy runs a positive trade balance with Israel. Specifically, in 2021, the Palestinian market exported services worth US\$245M to Israel, which is 15% more than the services imported from Israel<sup>34</sup>.

## IMPACT ON THE PALESTINIAN LABOR MARKET

In 2022, roughly 17% of the Palestinian workforce was employed in Israel. These workers earn 267% more than their counterparts who are employed in the Palestinian labor market.<sup>35</sup> “The large differential between wages in the Occupied Palestinian Territory and those in Israel and the settlements, coupled with elevated levels of job vacancies in Israel after the pandemic and the decision by the Israeli authorities to allow more Palestinian workers into Israel, have led to the number of Palestinians employed in Israel and the settlements reaching 193,000, an all-time high”.<sup>36</sup> The vast majority of Palestinian workers in Israel, roughly 90%, are from the West Bank. These workers’ wages, roughly US\$69 per workday on average, have ceased due to Israel’s ban on Palestinian workers during the war.<sup>37</sup> This has led not only to a sudden increase in unemployment in the West Bank since October 7, but also to a disproportionate decrease in the national income due to their relatively high wages.

Even as those formerly working in the Israeli market re-enter the labor force in the West Bank, Palestinian businesses have begun downsizing or deferring salary payments, adding to the unemployment burden. Unless the Israeli market reopens to Palestinian workers after the war, there will be a significant labor surplus. “Unemployment rates are estimated to increase from being 25.5% in 2022 to exceed 28% in 2023 as a result of the war on Gaza Strip and its repercussions on Palestine as a whole.”<sup>38</sup> In 2022 Hebron and Jenin governorates recorded the highest unemployment rate in the West Bank with 16.9% and 16.8% respectively<sup>39</sup>.

---

<sup>34</sup> *Ibid.*

<sup>35</sup> Statistics in this section are courtesy of the PCBS and SMART/DAI staff calculations

<sup>36</sup> ILO. (2023). The situation of workers of the occupied Arab territories. ILO. [https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---relconf/documents/meetingdocument/wcms\\_883198.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_883198.pdf)

<sup>37</sup> Statistics in this section are courtesy of the PCBS and SMART/DAI staff calculations

<sup>38</sup> PCBS. (2023f, October 16). Socio-Economic Indicators on the Impact of the Israeli Occupation War on Gaza Strip, 2023. PCBS. [https://www.pcbs.gov.ps/portals/\\_pcbs/PressRelease/Press\\_En\\_GazaUnderAttack2023E.pdf](https://www.pcbs.gov.ps/portals/_pcbs/PressRelease/Press_En_GazaUnderAttack2023E.pdf)

<sup>39</sup> PCBS. (2022c). The Results of the Labour Force Survey, 2022. Wwww.pcbs.gov.ps. <https://www.pcbs.gov.ps/post.aspx?lang=en&ItemID=4421>

## IMPACT ON PRODUCTIVITY

According to the PCBS, economic sectors in the West Bank during October 2023 lost about 37%, or US\$515M, of monthly production compared to usual. The exhibit below illustrates the estimated loss according to sector<sup>40</sup>.

Exhibit 7: Estimated Losses by Sector in the West Bank

Sector	Value of monthly production in Oct war (US\$ million)	Value of normal monthly production before the war 2023 (US\$ million)	Value of monthly losses during the month of October (US\$ million)	% of monthly losses during the month of Oct 2023
Industrial	291	485	194	40%
Construction	5.5	18.5	13	70%
Internal Trade	260	434	174	40%
Transport and Storage	6	12	6	50%
Telecommunication and Information Services	48	60	12	20%
<b>Total</b>	<b>866</b>	<b>1,381</b>	<b>515</b>	<b>37%</b>

Source: PCBS (2023c)

A survey conducted by the Ministry of National Economy (MoNE) on challenges facing the private sector showed:<sup>41</sup>

- A decline in industrial productivity of private sector facilities in the West Bank, averaging 49%.
- 69.6% of industrial private sector facilities are operating below their usual production capacity, and 26.8% of industrial private sector facilities are operating at normal production capacity, mostly in the food sector.
- 63% of industrial private sector facilities reported a decrease of more than 50% of their production capacity and 37% reported a decrease of less than 50% of their production capacity.
- 91.4% of private sector facilities reported a drop in their normal monthly sales; 54% of them reported a drop in sales of less than 50%, while 46% reported a drop in sales of more than 50%.
- The main sectors affected by the current situation are clothing, footwear, children's toys, household tools, furniture, cleaning products, and certain food items.

## KEY FISCAL AND ECONOMIC INDICATORS

### THE PALESTINIAN MONETARY AUTHORITY BUSINESS CYCLE INDEX <sup>42</sup>

The Palestinian Monetary Authority Business Cycle Index (PMABCI), a measure of economic activity, deteriorated rapidly during October, recording -38.6 points compared to 1.8 points in September,

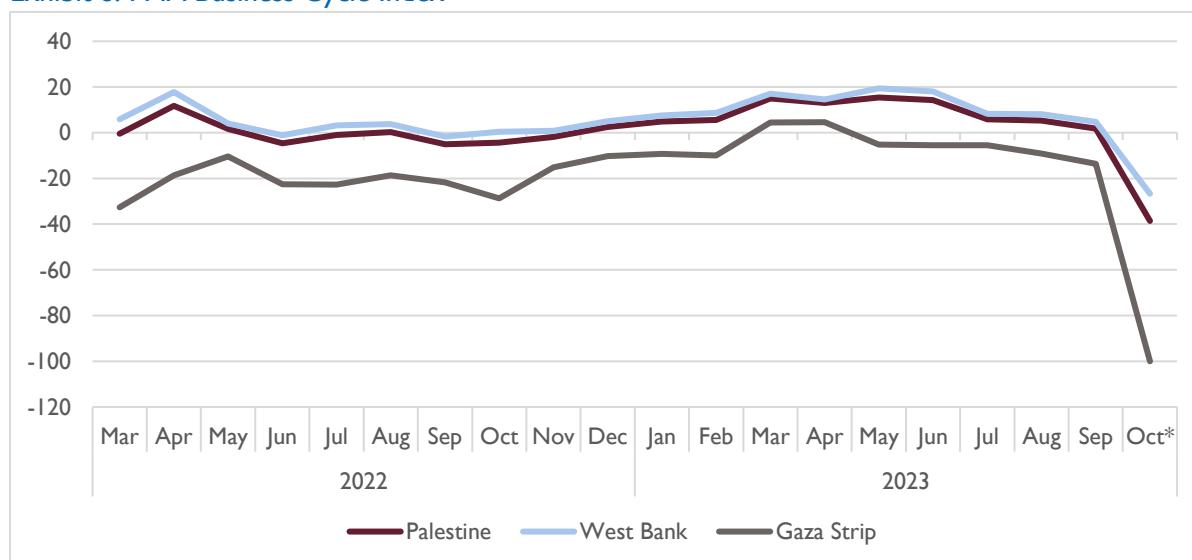
<sup>40</sup>PCBS. (2023d). PCBS: Press Release on the Losses of Private Sector in Palestine due to the Israeli occupation Aggression on Gaza Strip. [Www.pcbs.gov.ps](https://www.pcbs.gov.ps/site/512/default.aspx?tabID=512&lang=en&ItemID=4628&mid=3171&wvversion=Staging). <https://www.pcbs.gov.ps/site/512/default.aspx?tabID=512&lang=en&ItemID=4628&mid=3171&wvversion=Staging>

<sup>41</sup> Al Quds. (2023, November 13). The Ministry of National Economy Monitors the Israeli Complications on Economic Movement. <https://www.alquds.com>. <https://www.alquds.com/ar/posts/100596>

<sup>42</sup> This section is a consolidation of PMA publications: PMA. (2013, April 8). PMA Launches the "PMA Business Cycle Indicator" (PMABCI). Palestine Monetary Authority. <https://www.pma.ps/en/Media/Press-Releases/pma-launches-the-pma-business-cycle-indicator-pmabci>; PMA. (2023, October 30). The PMA Business Cycle Index (PMABCI) – October 2023. Palestine Monetary Authority. <https://www.pma.ps/en/Media/Press-Releases/the-pma-business-cycle-index-pmabci-october-2023> as well as data from SMART partners.

due to the war (see exhibit below)<sup>43</sup>. The index is based on a monthly business survey conducted by the Palestinian Federation of Industries (PFI), starting from November 2012, based on stratified random sampling, taking into consideration: firm size, industry, and the geographical distribution (West Bank and Gaza Strip). The index has recently expanded to include more economic sectors beyond industry to include agriculture, construction, transportation and storage, retail and wholesale, telecommunications, and renewable energy.

**Exhibit 8: PMA Business Cycle Index**



Source: PMA (2023). \* Estimated value for the Gaza Strip.

The overall index in the West Bank declined from 4.8 points in September to -26.7 points in October. Declines were seen in the manufacturing index (4.2 to -6.6), the agriculture index (-2.2 to -5.3), the construction index (0.2 to -3.6), the trade index (0.9 to -8.3), the renewable energy index (0.2 to -0.7), the transport and storage index (0.9 to -1.9), and the IT and communications index (0.5 to -0.2). Business owners in the West Bank indicated a decrease in production, sales, and inventory levels and their expectations were negative about production and employment levels for the next three months. Estimates for the index in the Gaza Strip are -100 in October due to the cessation of all economic activity<sup>44</sup>.

## LIQUIDITY AND FINANCE

An initial assessment of liquidity conducted by the Finance for Jobs (F4J) Project suggests that:

- Sales credit collection rates across the West Bank market have decreased across several sectors at varying rates (40% to 60% of sales credit balance), depending on the sector and type of offering.
- There was an increase in value and percentage of bounced cheques between October 15 and October 30 (5% to 15% of total checks receivables). In total, 60% more checks bounced

<sup>43</sup> This indicator aims to monitor fluctuations in economic activity, including production, and employment, and their repercussions on the Palestinian economy. The value of this indicator ranges from minus 100 to positive 100; a positive value indicates favorable economic performance, and the bigger this value the better the economy. But if the value is negative, then economic performance is worsening the closer it gets to minus 100. On the other hand, a value close to zero indicates that economic performance did not change and unlikely to do so in the near future.

<sup>44</sup> PMA. (2023c, October 30). The PMA Business Cycle Index (PMABCI) – October 2023. Palestine Monetary Authority. <https://www.pma.ps/en/Media/Press-Releases/the-pma-business-cycle-index-pmabci-october-2023>



in October 2023 compared to the same month in 2022. These checks valued over US\$240M, which is an increase of roughly 50% over October 2022<sup>45</sup>.

- Suppliers have altered their payment terms and started demanding payments to be fully paid in advance as opposed to previously agreed upon terms.
- Companies with outstanding debts are assessing their ability to proceed with debt repayment on schedule; debt restructuring is being considered assuming continuity of the current situation. Most banks have put credit facilities on hold.

## CHANGE IN STOCK REPURCHASE/BUYBACK REGULATIONS

To mitigate the volatility of the stock market, the Palestinian Capital Market Authority (PCMA) allowed publicly traded companies listed on the Palestinian stock exchange to repurchase their stock without the need for extraordinary general assembly meetings, as the law stipulates. Publicly traded companies use stock repurchasing or buybacks to “consolidate ownership, preserve stock prices, return stock prices to real value, boost financial ratios, or reduce the cost of capital”<sup>46</sup>. It also resulted in more liquidity in the hands of small investors, which is needed in times of crisis.

The added latitude will last for the next three months as per the PCMA’s press release in late October<sup>47</sup>. However, this directive indicates a lack of trust in the Palestinian market by the PCMA and, by extension, the private sector as they are seeking to mitigate the effects of a market downturn with increased flexibility and liquidity.

## CURRENCY, INTEREST RATES, AND INFLATION

The Palestinian economy is governed by the Protocol on Economic Relations, i.e., the Paris Protocol, which stipulates use of the Israeli Shekel, Jordanian Dinar, and US Dollar as the main currencies for internal economic transactions and depositories. Due to the lack of national currency and the lack of control over borders, the PA lacks the ability to implement any form of monetary policy and is limited to fiscal policy. The Palestinian economy is thus subject to the changes in the Israeli economy and lacks the means to protect against the volatility of the international economic system. Shocks to the Israeli economy have magnified effects on the weaker and derivative Palestinian economy.

---

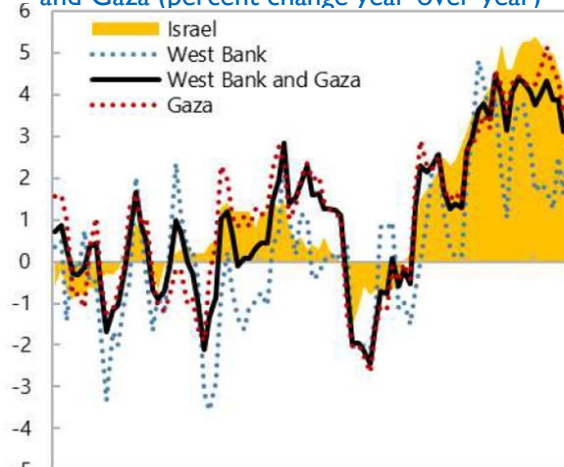
<sup>45</sup> PMA. (2023b). Monthly and Quarterly Data. Www.pma.ps. <https://www.pma.ps/en/Statistics//MonthlyandQuarterlyData>. Circulated Checks in Palestine (Oct, 2023)

<sup>46</sup> Segal, T. (2023, March 30). Stock Buybacks: Why Do Companies Buy Back Shares? Investopedia. <https://www.investopedia.com/ask/answers/042015/why-would-company-buyback-its-own-shares.asp#toc-the-bottom-line>

<sup>47</sup> PCMA. (2023). Press release: The Palestinian Capital Market Authority allows listed public joint-stock companies to purchase their shares without requiring a contract and the approval of the extraordinary general assembly. PCMA. <http://www.pcma.ps>

A key issue to consider is the effect of exchange rates on inflation. The Bank of Israel (BoI) has historically kept the interest rate at 4.75%—a relatively high rate compared to other developed economies (Exhibit 9). The stated intention was that this sustained high interest rate is an attempt to curb inflation, which would slow economic growth. Israel’s GDP is expected to grow by 2.3% in 2023 and by 2.8% in 2024<sup>48</sup> compared to 4.2% on average between 2009 and 2022<sup>49</sup>.

**Exhibit 9: Inflation in Israel, the West Bank and Gaza (percent change year-over-year)**



Source: IMF (2023)

The BoI reported on the state of the shekel by saying that, “[s]ince the outbreak of the war, there has been a further significant depreciation of the shekel, in addition to the depreciation since the beginning of the year. In view of the war’s impact and to stabilize the markets, the Bank of Israel announced a program to sell up to US\$30 billion in foreign exchange, and a program to make swap transactions up to US\$15 billion in the foreign exchange market. Since the previous interest rate decision, the shekel has weakened by 6.3% against the US dollar, by 4% against the euro, and by 4.8% in terms of the nominal effective exchange rate [...] The depreciation of the shekel poses a significant risk of increase in the pace of inflation, and the development of the exchange rate in the coming months will have an impact on it.”<sup>50</sup>

High inflation and lower than expected economic growth will negatively impact the Palestinian economy. The Palestinian economy’s inflation rate stayed under 1.4% between 2015-2021 and then spiked in 2022 to 3.74%. As the economy is expected to contract, this increase in prices will put Palestinians and Palestinian SMEs under tremendous strain<sup>51</sup>.

## LONG TERM IMPACT OF THE WAR ON INVESTMENT

### REALLOCATION OF INVESTMENT

Previous assessments have shown that conflict has a negative effect on private and public investment. Countries tend to shift fiscal policy towards the war effort, while “people invest less and retreat into those subsistence activities that are less vulnerable”<sup>52</sup>. Similarly, businesses tend to maintain their liquidity to enhance flexibility, extending the economic downturn in affected war zones. Many firms have decided to defer capital investments due to this uncertainty. Furthermore, anecdotal evidence gathered by the SMART team indicates a reluctance by businesses to accept non-cash payments, especially checks, as the percentage of bounced checks has already increased since the beginning of the war.

<sup>48</sup> Bank of Israel. (2023, October 23). The Monetary Committee decides on October 23, 2023 to leave the interest rate unchanged at 4.75 percent. [www.boi.org.il](https://www.boi.org.il). <https://www.boi.org.il/en/communication-and-publications/press-releases/b23-10-23/>

<sup>49</sup> Milesi-Ferretti, G. M. (2023, October 23). The Israel and Gaza war: Economic repercussions. Brookings. <https://www.brookings.edu/articles/the-israel-and-gaza-war-economic-repercussions/>

<sup>50</sup> Bank of Israel. (2023, October 23). The Monetary Committee decides on October 23, 2023 to leave the interest rate unchanged at 4.75 percent. [www.boi.org.il](https://www.boi.org.il). <https://www.boi.org.il/en/communication-and-publications/press-releases/b23-10-23/>

<sup>51</sup> SMART calculations based on PMA data

<sup>52</sup> World Bank. (2003). Civil War and Development Policy. World Bank. <https://openknowledge.worldbank.org/server/api/core/bitstreams/ce680d98-c240-5747-a573-b4896762e5f5/content>

## ROLE OF PRIVATE SECTOR INSTITUTIONS

The representative bodies of the Palestinian private sector remain in a state of inaction and disorganization. The chief representative body of the private sector is the Private Sector Coordination Council (PSCC). This comprises the ten largest Palestinian private sector organizations (PSOs) representing the major productive sectors in the economy, as well as membership-based organizations dedicated to a singular issue such as PalTrade (export promotion) and the Business Women's Forum (women's economic empowerment). The PSCC is not a permanently staffed body, relying on a rotational system by which a PSO leads the secretarial duties for a short period of time. This secretarial role is occupied by the four largest Palestinian PSOs:

- The Palestinian Federation of Industries (PFI)
- The Palestine Trade Center (PalTrade)
- The Federation of the Palestinian Chambers of Commerce, Industry, and Agriculture
- The Federation of Palestinian Businessmen Associations.

As a result of its format and role, the PSCC remains a nominal and rotational coalition that depends on its members and cannot act autonomously.

Similarly, the member representative institutions are unable to set clear intervention or policy reform recommendations<sup>53</sup>. As of the drafting of this report, the representatives of the private sector have not initiated any substantial steps in response to the crisis. They remain unable to systemize effective policy or procedural aid for their member businesses in the West Bank, let alone Gaza-based members.

It is noteworthy that many PSOs have suffered directly from the ongoing conflict. In the Gaza Strip, the PFI building was severely damaged by airstrikes, while most of the Gaza-based staff members of the partner organizations have been internally displaced and unable to work. In the West Bank, staff members have been unable to leave their locales due to security risks and closures which have caused significant disruptions and delays.

## GENDER AND YOUTH-BASED IMPACTS

In 2022 18.6% of women over age 15 participated in the labor force in WBG, compared to 70.7% of men. Labor participation among youth between the ages 15-24 years reached an average of 30.8% in 2022, 50.1% for males and 10.6% for females<sup>54</sup>. 41% of working women have completed 13 years of schooling, suggesting that more educated women are more likely to be in the labor force. However, education is not sufficient to significantly drive labor participation as the unemployment rate among women who have completed 13 years of schooling is 45.9% compared to 18.3% among men<sup>55</sup>.

These numbers are higher when looked at in Gaza alone, where women's unemployment was 66.2% before the war (compared to 29% in the West Bank). In 2022 young graduates in Gaza faced 74% unemployment (compared to 29% in the West Bank)<sup>56</sup>.

Prior to the war the percentage of female-headed households in Palestine had increased from 8.8% in 2007 to 11.7% in 2022. This percentage was higher in the West Bank (12.1%) than in the Gaza

---

<sup>54</sup> PCBS. (2023b). Palestinian Labour Force Survey Annual Report: 2022. PCBS. <https://www.pcbs.gov.ps/Downloads/book2658.pdf>

<sup>55</sup> *Ibid.*

<sup>56</sup> UNDP. (2023). Gaza war: expected socioeconomic impacts on the State of Palestine. <https://www.undp.org/sites/g/files/zskgke326/files/2023-11/2301926E-Policybrief-GazaWAR-ESCWA-UNDP-English-4pm.pdf>

Strip (10.9%)<sup>57</sup>. Since the first month of the war however, 1,725 new households in Gaza are now headed by women. This will have long term implications for poverty if the women leading these households are unemployed or have not yet participated in the labor market<sup>58</sup>.

## THE CASE FOR RESILIENCE BASED PROGRAMING

The recent devastation of the Gaza Strip and increased violence and resulting economic isolation of firms across the West Bank (Exhibit 10) have demonstrated the fragility of the Palestinian economy and the effects that unforeseen crises may have on the economy and private sector. As demonstrated above, the economy of the West Bank has suffered from disruptions of access, movement, settler violence, labor market disruptions, liquidity, and risk concerns, fluctuating exchange rates and impending inflation. These are interwoven with the impacts of global economic shocks such as COVID-19, the war on Ukraine, and weather events due to climate change. The effects are magnified by the inherent dependency of the Palestinian economy on Israel’s economy and control of land and borders.

Activities focused on resilience are needed to support Palestinian regions, sectors, and firms to prepare for the shocks to come. These activities must also offer potential for growth (if shocks do not come to pass) to be feasible and justifiable considering low incentives and inability to invest in capital expenditures. SMART has thus identified the immediate need to develop and implement resilience activities to support firms to continue operations under current and potentially deteriorating conditions.

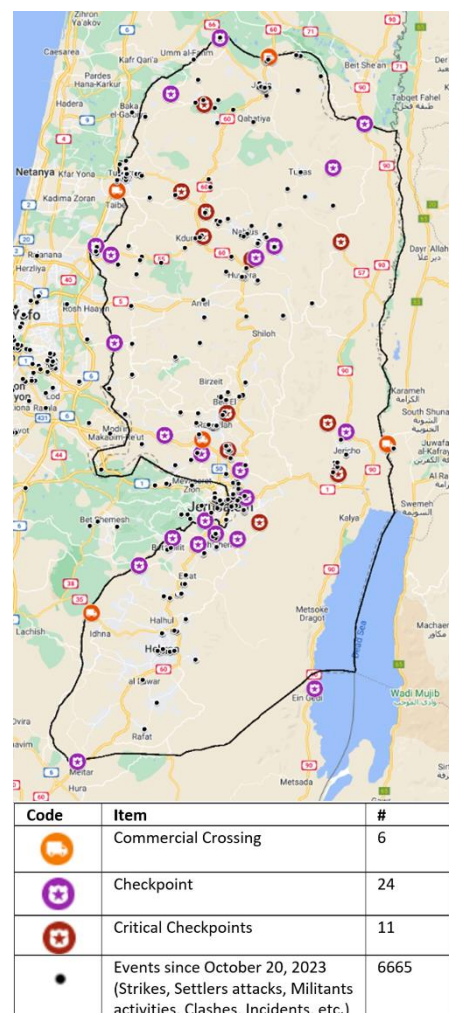
## A RESILIENT WAY FORWARD FOR PALESTINIAN SMES

The U.S. Economic Development Association (EDA) states that “economic resilience in the context of economic development aims to prepare regions to anticipate, withstand, and bounce back” from shocks or crises. Shocks may be felt as downturns in the national economy, regional economy, particular sectors, or other localized shocks. The EDA thus differentiates between two key forms of resilience:

1. **Steady-state** resilience initiatives, which are long-term efforts to bolster the ability to withstand or avoid a shock in advance.
2. **Responsive** resilience initiatives, which take place following an incident or crisis.<sup>59</sup>

The USAID SMART project emphasizes the need to anticipate risk and institute sustainable, systemic, preemptive measures that strengthen local capacities and resources in advance of potential or expected shocks. This form of intervention will thus constitute an expansion on the steady-state resilience model. These interventions will focus on

Exhibit 10: Checkpoints, Crossings, and Security Events in the West



<sup>57</sup> PCBS. (2023b). Palestinian Labour Force Survey Annual Report: 2022. PCBS. <https://www.pcbs.gov.ps/Downloads/book2658.pdf>

<sup>58</sup> UNDP. (2023). Gaza war: expected socioeconomic impacts on the State of Palestine. <https://www.undp.org/sites/g/files/zskgk326/files/2023-11/2301926E-Policybrief-GazaWAR-ESCWA-UNDP-English-4pm.pdf>

<sup>59</sup> U.S. EDA. (n.d.). Economic Resilience. U.S. Economic Development Administration. Retrieved November 8, 2023, from <https://www.eda.gov/resources/comprehensive-economic-development-strategy/content/economic-resilience>

resilience plans that can help businesses **anticipate/prepare, mitigate, recover, and grow** in cases of crises. The resilience plans will also be designed to induce growth in cases where no crisis happens.

Examples of resilience mechanisms include shifting to crops that support food security and/or are climate-resilient; preparing contingency plans for the closure of the tourism sector; or forming industrial clusters to ensure continued production in the face of equipment or infrastructure damage, or restrictions on movement of goods and people.

## ECONOMIC RESILIENCE

Systems are “interconnected sets of actors—governments, civil society, the private sector, universities, individual citizens, and others—that jointly realize a particular well-being outcome or a set of outcomes. Systems and the interaction between people, entities, and structures are essential for managing risks and responding to shocks and stresses.”<sup>60</sup> SMART has identified three kinds of systems within which to build resilience:

- Regional systems (by governorate or groups of municipalities);
- Sector or value chains systems, including groups of firms and their suppliers; and
- Market systems, both export-oriented and domestic markets.

Companies operating within these systems make choices about adaptive resilience strategies based on the needs of their sector, as well as their own business models and the interaction between their businesses and the system.

## RESILIENCE MECHANISMS<sup>61</sup>

SMART has identified six business resilience factors based on the literature and the project’s experience supporting businesses to recover following the COVID-19 pandemic:

1. **Workforce Flexibility:** Training and upgrading for employees, adjusting work schedules—such as through part-time shifts, and support to pay salaries will enable continued production while managing costs.
2. **Social and Environmental Priorities:** Increased efficiency in production processes will help to reduce emissions and waste, institute circular economy processes, or address social needs.
3. **Production Method Diversity:** Cost-sharing inputs, supply chain optimization, and introduction of needed equipment will address challenges to obtaining inputs, scaling up production or accessing new markets.
4. **Product/Service Diversity:** Developing and offering new products or services using existing skills, machinery, etc. will help meet emerging market demand.<sup>62</sup>

---

<sup>60</sup> USAID. (2022). 2022 Resilience Policy Revision. USAID. <https://www.usaid.gov/sites/default/files/2022-12/Resilience-Policy-Revision-Jan-2023.pdf>

<sup>61</sup> Compiled and summarized from: Small Business Britain. (2021). How to be resilient: Lessons on surviving a crisis. Small Business Britain. <https://smallbusinessbritain.uk/downloads/Small-Business-Britain-How-To-Be-Resilient.pdf>, European Commission. (n.d.). 2020 Strategic Foresight Report: Charting the Course Towards a More Resilient Europe. European Commission. Retrieved November 8, 2023, from [https://commission.europa.eu/system/files/2021-04/strategic\\_foresight\\_report\\_2020\\_1\\_0.pdf](https://commission.europa.eu/system/files/2021-04/strategic_foresight_report_2020_1_0.pdf), Allas, T., Birshan, M., Impey, A., Mayfield, C., Mischke, J., & Woetzel, J. (2021, June 3). Lessons on Resilience for Small and Midsize Businesses. Harvard Business Review. <https://hbr.org/2021/06/lessons-on-resilience-for-small-and-midsize-businesses>. Aviva. (2020, January 23). Business Resilience: The 6 factors. [www.aviva.co.uk](http://www.aviva.co.uk). <https://www.aviva.co.uk/business/business-perspectives/featured-articles-hub/redefining-business-resilience/>

<sup>62</sup> Sable, P. (2022, July 6). What Is Product Diversification? Definition & Strategies. Chisel Labs. <https://chisellabs.com/glossary/what-is-product-diversification-its-strategies/#:~:text=Product%20diversification%20refers%20to%20the>

5. **Financial Diversity:** Improving access to finance grants, loans, subsidized interest rates, etc. to will help businesses maintain liquidity.
6. **Digital Shift:** Increasing the usage of digital technologies in technical or operational domains will help to reduce costs, improve quality, increase flexibility, access new markets, etc.

# REGIONAL ECONOMIC OUTLOOK

## INTRODUCTION

The West Bank is administratively divided into 10 districts called governorates, each of which are run from a central city<sup>63</sup>. The governorates are diverse in geography, population size, climate, and economic activity. They also face varying degrees of security threats and transportation obstacles. While some challenges extend beyond the borders of any one governorate, numerous challenges can be categorized as general and apply to the majority of regions.

This section presents the economic realities of each one of the West Bank’s governorates. Each section will start with an overall brief on the governorate, followed by a description of its major economic sectors, its employment realities and composition of its economic establishments, and its main trading partners and exporting sectors. Each governorate’s subsection will list its unique challenges. Finally, the section will conclude with a prioritization of regions according to their level of exposure to conflict and economic disruption.

## JENIN

### GOVERNORATE BRIEF

Jenin is the northernmost governorate in the West Bank with a population of 352,875. The land area of the governorate is 584 km<sup>2</sup> and its neighboring governorates are Nablus, Tulkarem, and Tubas. Jenin governorate is dependent on access to Israel for imports (69% of total imports) and exports (78.5% of total exports) through the Jalameh checkpoint, which has been frequently shut or open in a limited fashion for the last few months. The frequent closing of this checkpoint has impacted the movement of goods as well as the entry of Arab citizens of Israel, who are an important market for producers in Jenin. Furthermore, Jenin is cut off from the rest of the West Bank by two main checkpoints: Deir Sharaf (Nablus) and Dotan (Tulkarem).

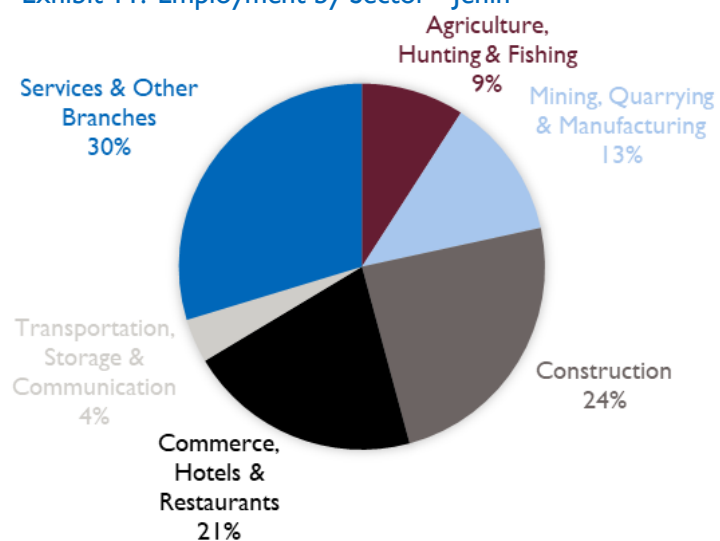
### MAJOR ECONOMIC SECTORS

The stone and marble sector, food production, and the agricultural sector are Jenin’s most important productive sectors for the economy and employment.

Manufacturing and stone and marble mining employes 12.5% of the working population of Jenin, the largest of any other productive sector (Exhibit 11). It also contributes roughly US\$19M to Jenin’s annual exports.

Agriculture’s importance extends beyond sheer employment. Not only does it contribute to local consumption, but it also contributes to neighboring governorates’ consumption and as an industry input. The largest

Exhibit 11: Employment by Sector - Jenin



<sup>63</sup> Jerusalem was not included in the analysis due to lack of data on economic activities in East Jerusalem.

exporting sector in Jenin remains manufacturing of food products at US\$23.5M in 2021, which is partially dependent on Jenin’s internal agricultural products.

## ENTERPRISE COMPOSITION AND EMPLOYMENT

As in the rest of the West Bank, microenterprises make up the vast majority of firms in Jenin, with 92%<sup>64</sup> employing between 1-4 workers. Of the non-agricultural enterprises, the largest segment of microenterprises (313) and SMEs (90) are concentrated within the food manufacturing sector. This is followed by furniture manufacturing, and stone and marble production.

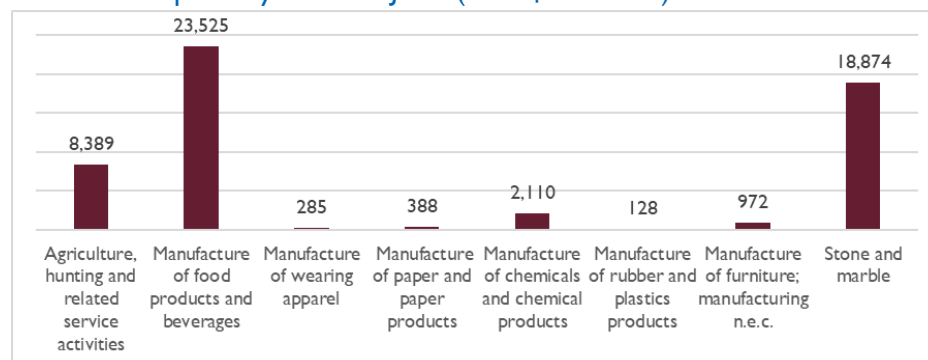
The governorate has an unemployment rate of 16.8% among labor force participants 15 years and older, one of the highest in the West Bank.

## MAJOR MARKETS

In 2021, imports totaled over US\$633M, while exports totaled a little over US\$80M. This is equivalent to a 7.9:1 import-to-export ratio, the second highest in the West Bank to Ramallah. The key exporting sectors are as follows (Exhibit 12):

- The **stone and marble** sector exports almost exclusively to Israel (98%),
- Exports of **food products** are diversified as the UAE (24%) and Jordan (7%) make up roughly a third of Jenin’s export partners.

Exhibit 12: Exports by Sector – Jenin (in US\$ thousand)



- In **agriculture**, Israel accounts for just under 82% of Jenin’s exports<sup>65</sup>. Other

markets include Jordan (5.3%), Republic of Korea (3.9%), Germany (2.8%), Saudi Arabia (1.7%), and the UAE (1.6%).

- **Garment** exports to the Israeli market amount to over US\$5.15M<sup>66</sup>, including factories that Israeli apparel companies contract for manufacturing services.

## CHALLENGES

- Increased military activity and incursions, beyond any other governorate causing disruptions to economic activity and infrastructure damage.
- Increased closures of Jalameh crossing and Deir Sharaf and Dotan checkpoints.

<sup>64</sup> According to PCBS data in 2022, these establishments do not include agricultural holdings, which total 20,125 holdings.

<sup>65</sup> No formal data is readily available as to the size of this economic activity. SMART calculated that the agricultural export from Jenin to Israel amounts to roughly 300 tons of produce per day.

<sup>66</sup> This economic activity entails the shipping of textiles from the Israeli market under a service contract to a Palestinian producer. The Palestinian producer thus, cuts, sews, and reships the final product back to the same Israeli original supplier. This is considered a service rather than a good.



- Increased unemployment due to day laborers' inability to cross the Israeli border.
- Shrinking local market due to Arab citizens of Israel inability to access Jenin.
- Jenin governorate is dependent on access to Israel for imports (69% of total imports) and exports (78.5% of total exports). Disruptions to this flow affect the supply of production inputs and market access for outputs of goods.

## NABLUS

### GOVERNORATE BRIEF

Nablus governorate is strategically situated in the center of the northern portion of the West Bank. Nablus is the second largest governorate in the West Bank after Hebron, 598 km<sup>2</sup>, with a population of 431,584. It is thus a central trade and manufacturing hub for its smaller neighboring governorates of Tubas, Jenin, Tulkarem, Salfit and Qalqilya. Nablus is heavily impacted by lack of access to the Israeli market as it does not have a commercial checkpoint. Israel typically accounts for 49% of total Nablus goods imports and 92% of its exports.

Entrances into the governorate, especially the city of Nablus, is restricted by four main internal checkpoints:

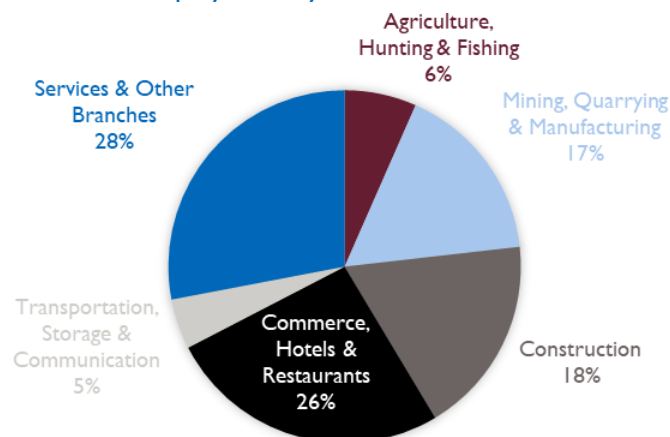
- Hamra Checkpoint
- Huwara Checkpoint
- Sarra Checkpoint
- Deir Sharaf Checkpoint

These checkpoints, and other smaller ones across the governorate, restrict the movement of goods and people. They not only hinder the ability of inhabitants to import essential goods, but they disrupt the export of goods and people's access to work inside the city of Nablus or in other parts of the West Bank.

### MAJOR ECONOMIC SECTORS

Nablus is home to many manufacturing enterprises, 2,806, especially in furniture, food products, and wearing apparel. Nablus also has a significant number of chemical product manufacturers that mostly produce soap and hygiene products. Nablus is also home to the largest sector of garments manufacturing services to the Israeli market, which is considered a service export. Dense population, settlements, and settlement roads limit the ability of the agricultural sector and the stone and marble sector to grow.

Exhibit 13: Employment by Sector - Nablus



Commerce remains central to the economic activities within the Nablus governorate due to its position within in the north of the West Bank as well as constant influx of Arab citizens of Israel as tourists and shoppers (Exhibit 13). Significantly, Nablus is home to Al-Najah University, the largest Palestinian university with over 24,000 undergraduate and graduate students from across the country. This is an additional driver of the commerce and services sectors<sup>67</sup>.

## ENTERPRISE COMPOSITION AND EMPLOYMENT

The most recent data on firm size at the governorate level (2017) indicate that 88% of Nablus’s 15,987 establishments employ four workers or less, while the percentage of SMEs is roughly 10% of enterprises. Compared to national standards, Nablus is home to more developed businesses than smaller governorates.

Nablus has an unemployment rate of 13.8% among labor force participants 15 years and older. This is around the average unemployment in the West Bank, despite the influx of workers from other smaller governorates, especially in services and commerce. The ongoing closures of the checkpoints and settler activities around the city of Nablus cause significant disruptions in production and employment. Smaller villages in the governorate depend on the city, and ability to travel to Ramallah, for employment.

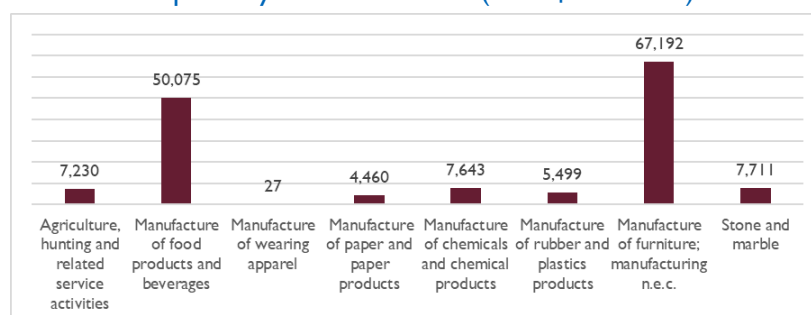
## MAJOR MARKETS

As the central governorate in the northern West Bank, Nablus relies on production inputs from its neighbors, especially agricultural produce from Jenin, Tulkarem, and Tubas which supplies Nablus’s food processing factories and provides fresh produce for local consumption. The centrality of Nablus’s position, as well as the governorate’s large commercial and manufacturing sector, justify low dependence on Israel for imports.

Nablus’s manufacturing power is reflected in its contribution to exports which is in some cases solely targeted at the Israeli market. Nonetheless, Nablus remains dependent on imports, which exceed the governorate’s exports 4.3:1. The key exporting sectors can be summarized as follows (Exhibit 14):

- **Furniture exports** are almost entirely bound for the Israeli market.
- **Food manufacturing products** are more diversified, with 78% bound for Israel, 9% to Saudi Arabia, and 4.4% to Qatar.

Exhibit 14: Exports by Sector – Nablus (in US\$ thousand)



- **Stone and marble** production is intended almost exclusively for the Israeli market.
- Similarly, over 10% of Nablus’s **chemical products** (mostly traditional soaps) are sent to the Jordanian and US markets, while the rest is intended for the Israeli market.

<sup>67</sup> An-Najah University. (n.d.). An-Najah National University: Our University at Glance. Www.najah.edu. Retrieved December 4, 2023, from <https://www.najah.edu/en/najah-university/>

- The garment service exports to the Israeli market amount to over US\$12.2M.

## CHALLENGES

- Nablus is dependent on the Israeli market for 92% of total exports.
- Checkpoints and closures endanger its access to fresh food needs and food production industry inputs, due to dependency on neighboring governorates.
- Lack of access for Arab citizens of Israel for whom Nablus is a popular tourist and shopping destination.
- Closures and settler activities impact workers access to Nablus and other governorates, including Ramallah.

## TUBAS & THE NORTHERN VALLEYS

### GOVERNORATE BRIEF

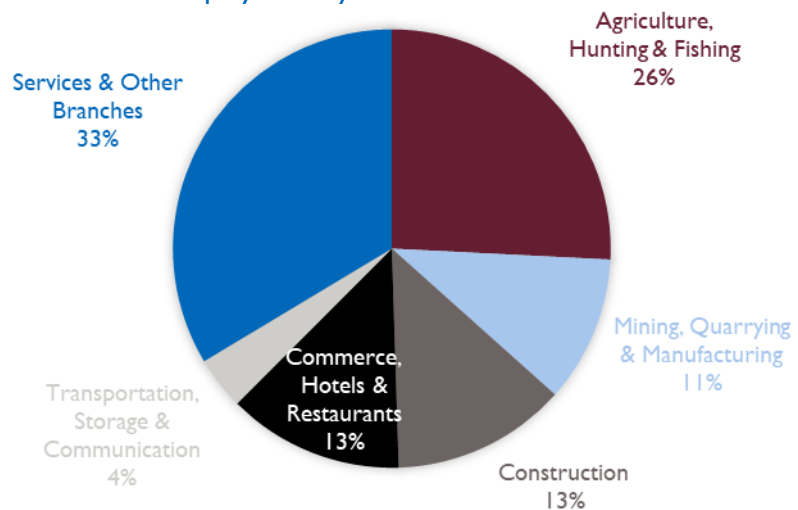
Tubas is a governorate situated at the northeastern corner of the West Bank. It is home to 68,779 people and its land area is 409 km<sup>2</sup> in the Jordan Valley, suitable for cultivation. Tubas borders Jenin, Nablus, and Jericho, while bordering Jordan on the East. The governorate is highly rural and dominated by agricultural lands. Tayaseer checkpoint in the northern part of the governorate controls access to a large proportion of Tubas’s cultivated lands.

### MAJOR ECONOMIC SECTORS

Tubas’s economy is dominated by agricultural production (Exhibit 15). Tubas’s agricultural products are directed to either the local food manufacturing sector or to neighboring governorates as fresh produce or as inputs into food manufacturing sectors; especially in Nablus. Notably, much of the agricultural produce from Tubas is directed at the Israeli market as exports<sup>68</sup>.

Tubas is also home to a significant stone and marble sector and furniture production.

Exhibit 15: Employment by Sector - Tubas



### ENTERPRISE COMPOSITION AND EMPLOYMENT

There are 1,760 economic establishments active in Tubas, 92% of which are microenterprises and 7.6% are SMEs. Of its total operating economic establishments, roughly 200 (11.4%) are

<sup>68</sup> No formal data is readily available as to the size of this economic activity. SMART calculated that the agricultural export from Tubas to Israel amounts to roughly 200 tons of produce per day.

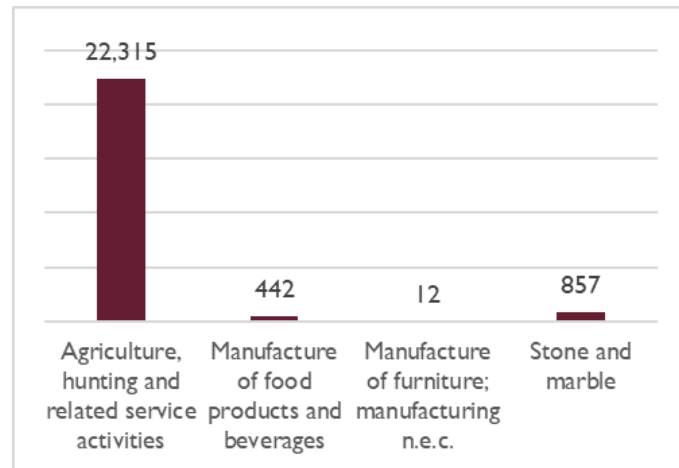
concentrated in the manufacturing sector, specifically food production, furniture production, and stone and marble sectors. However, the economy of Tubas is dominated by agriculture. Since these sectors are labor intensive, Tubas has a relatively low unemployment rate at 10.6%. Roughly 26% of all employed wage earners work in the agricultural sector. Given the small population, access to neighboring markets, and its agrarian economic composition, Tubas’s workers make up a relatively small portion of the West Bank’s day laborers who depend on access to Israel for employment.

## MAJOR MARKETS

Tubas has one of the lowest dependencies on imports compared to exports, as imports only outpace exports 2.12:1. Tubas’ exports are mostly comprised of the following (Exhibit 16):

- **Agricultural** exports dominate and are mostly exported to Türkiye (26.6%), the UK (24.4%) and Germany (10.7%)
- 48.4% of Tubas’s **stone and marble** exports target the Kuwaiti market.
- 67.4% of total **food production** exports target the Saudi Arabian market.

Exhibit 16: Exports by Sector – Tubas (in US\$ thousand)



## CHALLENGES

- Tubas is dependent on Israel for 92% of imports, the majority of which is energy.
- Constant closure of checkpoints to other parts of the West Bank, especially Nablus, impacts access to agricultural inputs and markets for the governorate’s agricultural products.
- Closure of Tayaseer, a minor checkpoint within the governorate connecting to agricultural lands, hinders access to the governorate’s largest economic activity.
- Agricultural production in the governorate is facing difficulty meeting the increased demand from the local and Israeli markets.

## TULKAREM

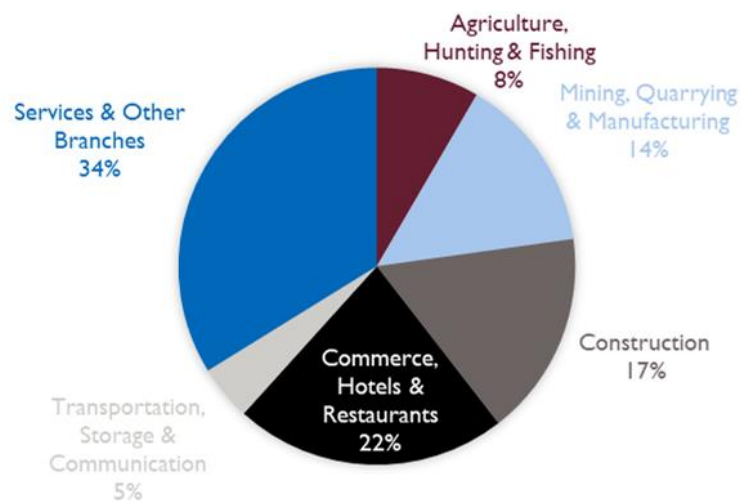
### GOVERNORATE BRIEF

The Tulkarem Governorate is a northwestern governorate in the West Bank that is home to 205,946 inhabitants. Its land area is relatively small at 246 km<sup>2</sup> and much of it is dedicated to cultivated land. It borders Jenin, Nablus, and Qalqilya. The city of Tulkarem is also home to the Tulkarem refugee camp which has been subject to numerous IDF incursions since October 7. Tulkarem is an easy governorate to surround due to its small land size (third smallest), proximity to the wall, and proximity to Israel. It is also controlled by two critical checkpoints; Innab (access to Nablus); Dotan (access to Jenin) as well as the Sha’ar commercial checkpoint with Israel.

## MAJOR ECONOMIC SECTORS

Much like other northern governorates, Tulkarem's economic activity is centered on agriculture and food production. Fresh produce supplies the local market as well as the needs of neighboring governorates especially Nablus. Much of the agricultural produce from Tulkarem is directed to the Israeli market as exports<sup>69</sup>. Mining and manufacturing employ 14.4% of residents, while agriculture employs 8.4% of residents of the governorate (Exhibit 17).

Exhibit 17: Employment by Sector - Tulkarem



Tulkarem is also home to significant furniture production intended for local market consumption as well as stone and marble production for the local market.

## ENTERPRISE COMPOSITION AND EMPLOYMENT

There are 7,314 operating economic establishments within the governorate, 91% of which are microenterprises and 8% are SMEs. Manufacturing enterprises total 982 in Tulkarem, the largest sector by number of enterprises in the governorate.

The unemployment rate in the governorate is consistent with the average across the West Bank at 13.9%.

## MAJOR MARKETS

Tulkarem's import to export ratio is relatively high at 6.8:1. Tulkarem is relatively dependent on Israel in imports (55%), and exports to Israel (72%). The largest exporting sectors are listed below (Exhibit 18):

- **Stone quarrying**<sup>70</sup> accounts for 56.8% of total exports from the governorate, which caters completely to the Israeli market.
- **Food production** which amounts to 24% of total exports, of which 26% are sent to Kuwait, 22% are sent to the UAE 19.7% and are sent to Jordan.

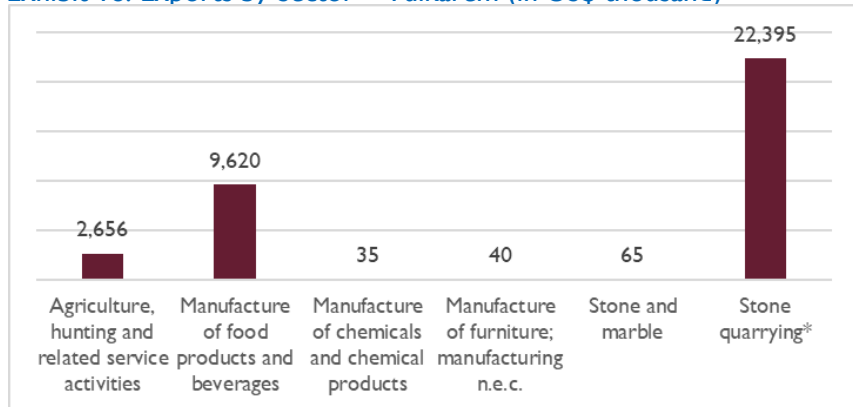
<sup>69</sup> No formal data is readily available as to the size of this economic activity. SMART calculated that the agricultural export from Tulkarem to Israel amounts to roughly 150 tons of produce per day.

<sup>70</sup> Stone quarrying, different from stone and marble mining, involves the production of construction material by breaking stone into smaller pieces and components. Israel's construction market depends on imports from the West Bank in the sector almost completely.

- **Agriculture**<sup>71</sup> amounts to 6.6% of total exports from the governorate, of which 36.5% is bound for Türkiye, followed by the UK (25%) and the UAE (14.5%).

- The **garment service** exports to the Israeli market amount to over US\$8.1M.

Exhibit 18: Exports by Sector – Tulkarem (in US\$ thousand)



## CHALLENGES

- Tulkarem has been badly impacted by IDF military operations causing disruptions to economic activity and infrastructure damage.
- Tulkarem is impacted by disruption in the access to Nablus, which is a key market for its agricultural products.

## QALQILYA

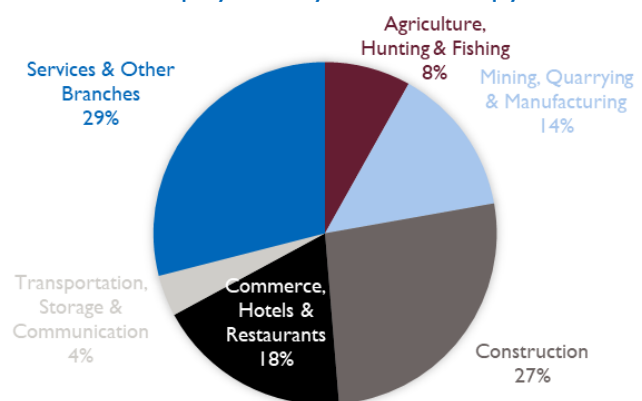
### GOVERNORATE BRIEF

South of Tulkarem along the West Bank’s northwestern border with Israel is the governorate of Qalqilya. The governorate is home to a population of 127,025 and its land area is 165 km<sup>2</sup> the contiguity of which is severely hindered. Qalqilya city is almost completely surrounded by the Wall and Israeli settlements. Movement restrictions are contingent on one critical DCO checkpoint which connects the city of Qalqilya with the rest of the governorate, the West Bank, and the world.

### MAJOR ECONOMIC SECTORS

Qalqilya’s economic activities are quite diverse. Economic activity is spread between agriculture, manufacturing, and commerce. Within the manufacturing sector’ 647 establishments, over 95% are concentrated in the manufacturing of furniture, food products, apparel (garments), and stone and marble (Exhibit 19).

Exhibit 19: Employment by Sector - Qalqilya



### ENTERPRISE COMPOSITION AND EMPLOYMENT

Qalqilya has almost 4,000 operating economic establishments within the governorate, over 90% of which are microenterprises while 8% are SMEs. The manufacturing sector contains primarily micro-

<sup>71</sup> Ibid.

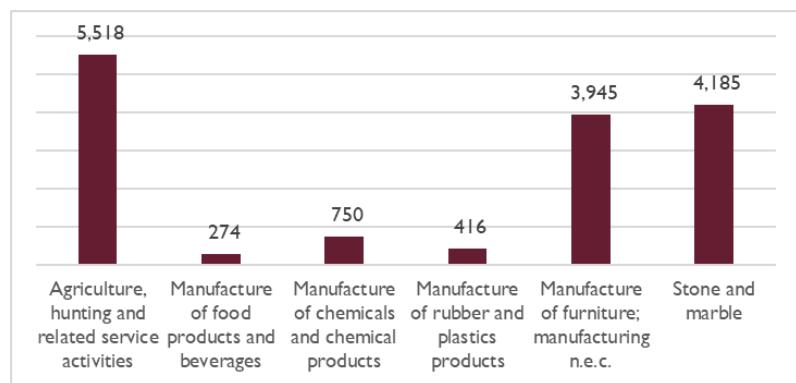
sized producers of furniture and food products. Notably textiles and garments manufacturing enterprises are more diverse in size, with a high concentration of SMEs (36%).

Qalqilya’s unemployment stands at 11.5%, comparatively lower than its neighbor to the north. Notably, around 8% of the governorate’s employment is in the agricultural sector (higher than the national average), while over 14% are employed in the manufacturing and stone and marble sectors.

## MAJOR MARKETS

Qalqilya’s import to export ratio stands at 5.5:1. 71% of total imports into Qalqilya and 89% of all its exports depend on Israeli markets. Unlike the rest of the West Bank, Qalqilya’s garment industry is not a large exporter and is intended for the local market. The largest exporting sectors are (Exhibit 20):

Exhibit 20: Exports by Sector – Qalqilya (in US\$ thousand)



- **Agriculture**, accounting for 27% of the governorate’s total exports, 35% of which are sold in the Jordanian market.
- **Stone and marble** (20%), exported almost completely to the Israeli market
- **Furniture manufacturing** (19%), almost completely to the Israeli market.
- **Garment service** exports to the Israeli market amount to around US\$1.6M.

## CHALLENGES

- Frequent closures and the lack of other outlets make the governorate of Qalqilya exceptionally vulnerable.
- Heavy dependence on the Israeli market, including Arab citizens of Israel as visitors and shoppers, which is impacted by closures.

## SALFIT

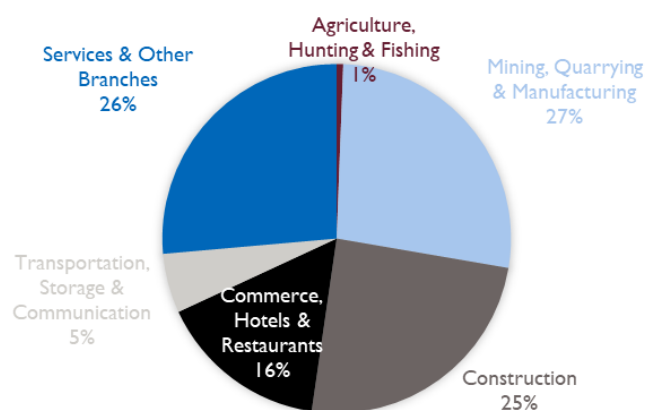
### GOVERNORATE BRIEF

Situated on the northwestern border between Qalqilya and Ramallah, Salfit governorate has a population of 85,902. The governorate’s land area is 204 km<sup>2</sup> and is severely impacted by settlement expansion.

### MAJOR ECONOMIC SECTORS

Salfit’s small physical size as well as the expansion of settlement activity in the

Exhibit 21: Employment by Sector - Salfit



governorate helps explain its economic make-up. Unlike its immediate northern neighbors, agriculture does not play a major factor in the economy of the governorate. Similarly, Salfit’s largest economic sectors are stone and marble mining and manufacturing, especially furniture and food production (Exhibit 21).

## ENTERPRISE COMPOSITION AND EMPLOYMENT

The governorate has 552 manufacturing enterprises, with a relatively high concentration of furniture producers. Salfit’s firm size distribution is similar to the rest of the West Bank. 89% of all establishments are microenterprises and roughly 10% are SMEs. However, this trend is less pronounced in food production, as 30% of the establishments are SMEs, and garment manufacturing, with 41% SMEs.

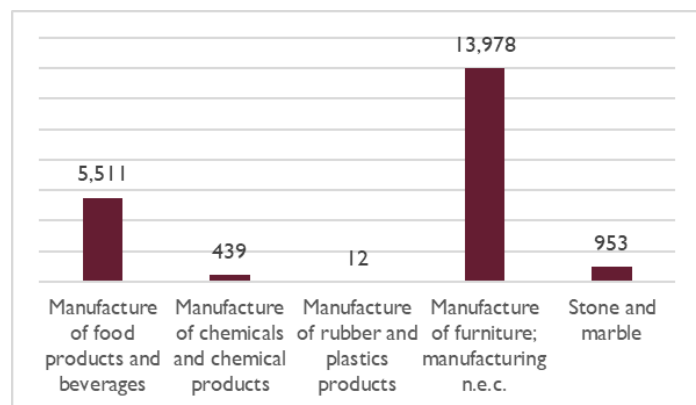
Salfit’s unemployment is at 13.1%. 27.1% of all employed wage earners work in mining and manufacturing, while less than 1% work in agriculture—the lowest percentage in the West Bank.

## MAJOR MARKETS

Salfit’s import to export ratio is 2.9:1, meaning they have a more favorable trade balance than their neighbors to the north. Their main exports are as follows (Exhibit 22):

- **Furniture** accounts for 39%, nearly all of which goes to Israel.
- **Food products** make up the second largest export category (15%) with the two largest importers being the UAE (44%) and Kuwait (33%).

Exhibit 22: Exports by Sector – Salfit (in US\$ thousand)



The governorate’s imports from the Israeli market are relatively low (48.8%). However, 86% of Salfit’s exports are bound for the Israeli market.

## CHALLENGES

- Movement is subject to settler-controlled routes, which engulf the governorate’s access points to Ramallah and Nablus.
- Settlements and settler roads limit agricultural production.

## RAMALLAH AND AL-BIREH

### GOVERNORATE BRIEF

The Ramallah and Al-Bireh governorate is the administrative center of the West Bank and is home to over 370,000 inhabitants. Its land area is 855 km<sup>2</sup> situated in the middle of the West Bank. It is home to the majority of PA ministries and much of the diplomatic presence in the WBG. The governorate and the city of Ramallah in particular are controlled by two critical checkpoints: Beit El



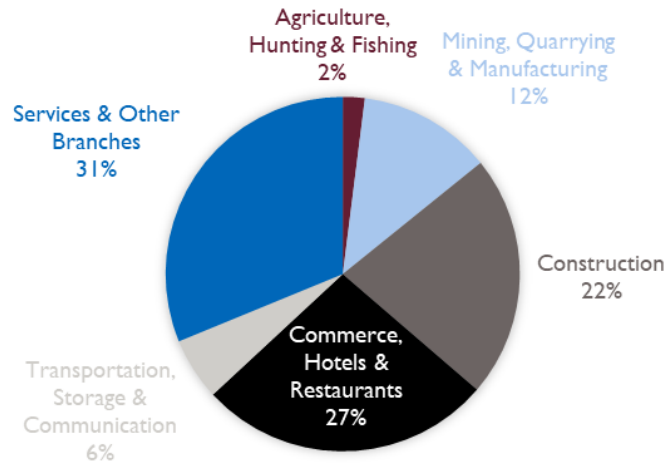
(to the north) and Qalandia (to the south). These checkpoints impact access to neighboring markets as well as worker access from other governorates into Ramallah’s higher wage labor market.

## MAJOR ECONOMIC SECTORS

The economic activity in Ramallah and Al-Bireh is dominated by the public sector, NGOs, INGOs, and services establishments. Nonetheless, the governorate is home to roughly 2,000 manufacturing establishments.

Ramallah manufacturing is split among furniture, food products, wearing apparel and stone and marble production (Exhibit 23). The services sector, which accounts for 95% of services exports, includes outsourced services for computer and information services.<sup>72</sup>

Exhibit 23: Employment by Sector – Ramallah and Al-Bireh



## ENTERPRISE COMPOSITION AND EMPLOYMENT

There are 14,607 establishments in the governorate, 83% of which are microenterprises. This applies to the main manufacturing sectors of furniture and garments. Notably, food production and stone production tend to have larger enterprises; roughly 34% and 40% are SMEs respectively. The governorate is thus home to a relatively high percentage of SMEs (15.3%) and large enterprises.

The governorate has one of the lowest unemployment rates in the West Bank at 9.7%. Construction and commerce comprise roughly half of employment in Ramallah. Mining and manufacturing amount to 12.2% of employment, while agriculture amounts to only 2% of employment in the governorate. Furthermore, Ramallah’s central role in administration makes it a destination for labor force from across the West Bank that work in the governorate’s large services sector.

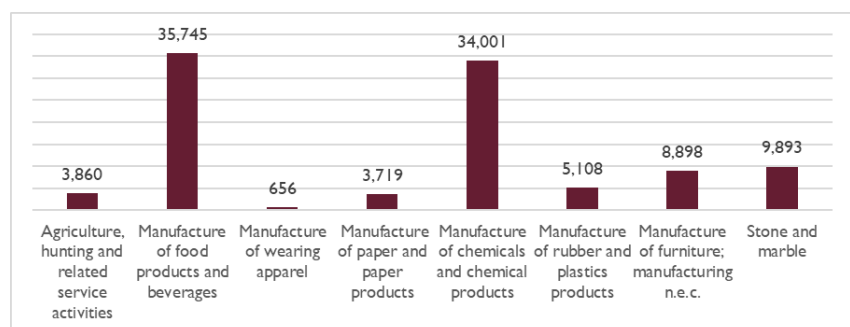
## MAJOR MARKETS

Ramallah and Al-Bireh is the most import-dependent governorate in the West Bank. The imports into the governorate outpaced exports 13.2 to 1. On the other hand, Ramallah and Al-Bireh imports only 39.6% of its goods from Israel, the lowest such percentage in the WBG.

Nevertheless, the exports out of Ramallah and Al-Bireh governorate can be categorized as follows (Exhibit 24):

- **Chemical products** are intended almost exclusively for the Israeli market (96%).

Exhibit 24: Exports by Sector – Ramallah and Al-Bireh (in US\$ thousand)



<sup>72</sup> This sector entails provide remote services, coding, debugging and software solutions to Israeli companies and international companies in Israel. The sector has expanded in recent years to include non-Israeli companies.

- **Food product** exports are especially independent of the Israeli export market, as over 22.6% of them target the US market.
- **IT outsourcing** exports, targeted almost entirely at the Israeli market, total over US\$22.5M.

Ramallah and Al-Bireh’s goods exports, however, remain limited and thus make ascertaining new markets difficult.

## CHALLENGES

- Closures, incursions, and strikes impact the ability of workers to reach Ramallah from the rest of the West Bank.
- Work disruptions in Ramallah impact the rest of the West Bank, particularly in services and administrative sectors.
- Closures impact access to fresh produce and products from the rest of the West Bank, increasing prices in the governorate.

## JERICHO & AL-AGHWAR

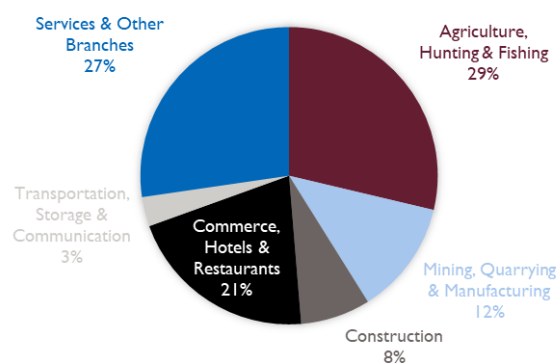
### GOVERNORATE BRIEF

Jericho is the smallest governorate in the West Bank in terms of population at 55,268. Located in the eastern West Bank and on the Jordanian border, its land area is 593 km<sup>2</sup>. Jericho is an important economic governorate despite its small size. Jericho is the main access point that Palestinians and Palestinian goods have to the outside world, as it has the only international border crossing with Jordan. Jericho is also surrounded by critical checkpoints (the DCO and Mu'arrajat Checkpoints) that connect the governorate with the rest of the West Bank. Thus, disruptions to access and movement in and out of the Jericho governorate can have far reaching effects throughout the West Bank.

### MAJOR ECONOMIC SECTORS

Jericho’s key economic activity is its agricultural sector (Exhibit 25). Jericho’s agricultural sector contributes to the production of locally consumed fresh produce, inputs into food processing and production in other governorates, as well as cash crops production intended for exports. Furthermore, Jericho is home to a significant, if not diversified, manufacturing sector, especially furniture, garments and its own food production. The governorate is also home to significant glass production, which exports almost exclusively to Israel.

Exhibit 25: Employment by Sector – Jericho



### ENTERPRISE COMPOSITION AND EMPLOYMENT

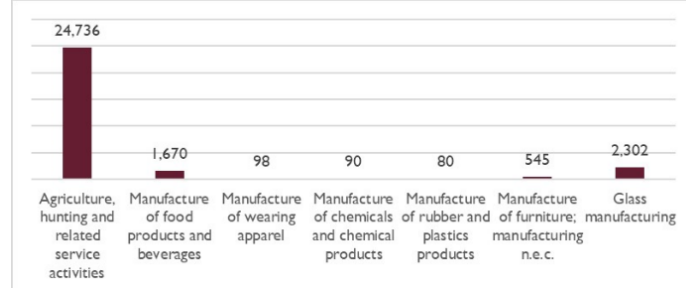
The governorate is home to 1,313 economic establishments, with the lowest unemployment rate in the West Bank at 9.5%. SMEs amount to roughly a quarter of establishments, while the vast majority

are microenterprises. The majority of the SMEs are concentrated in the food product sector, which relies on agricultural production of farms in Jericho and Tubas.

## MAJOR MARKETS

The governorate holds the highest export to import ratio in the West Bank at nearly 1:1. Less than 37% of the governorate’s imports come from Israel, while only 6% of its exports go to Israeli markets. Jericho’s largest exporting sectors are (Exhibit 26):

Exhibit 26: Exports by Sector – Jericho (in US\$ thousand)



- Agriculture**, which outpaces all other sectors in the governorate combined, representing over 38% of the total exports from the Jericho governorate with well spread markets in the UAE (15%), USA (11%) and Türkiye (10.6%). Similarly, to other agricultural governorates, no formal figures exist of Jericho’s agricultural exports to Israel, which are assumed to far outweigh all other destinations.
- The **food processing** sector exports to Jordan (61%), Australia (23.5%) and Japan (10%)
- The **glass** production sector exports exclusively to Israel.

## CHALLENGES

- The small manufacturing sector creates a dependency on agriculture, which is vulnerable to changing markets and access.
- Trade has been disrupted repeatedly during the ongoing conflict, which impacted prices of non-exported agricultural goods.
- Closures of checkpoints around Jericho impacts the travel of the majority of Palestinians.
- Agricultural production in the governorate is facing difficulty meeting the increased demand from the local and Israeli markets.

## BETHLEHEM

### GOVERNORATE BRIEF

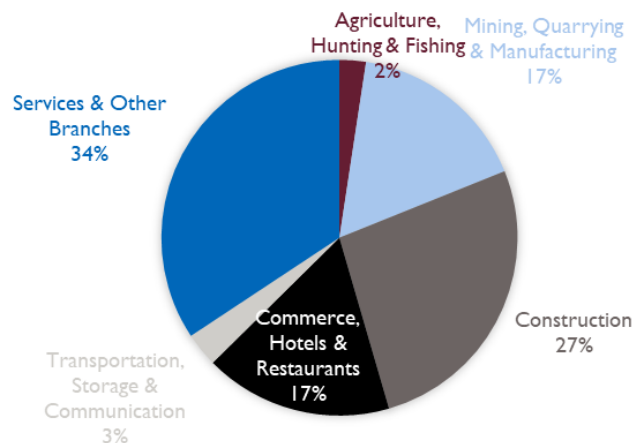
South of Jerusalem, the Bethlehem governorate is home to 244,704, mostly concentrated in the three bordering urban districts of Bethlehem, Beit Jala, and Beit Sahour. Its land area is 655 km<sup>2</sup>. It is home to multiple historical and religious sights that not only make it a tourist destination, but also give it deep local and international significance. The governorate’s access to Israel is funneled through Tarqumiah’s commercial checkpoint to the south (within the Hebron Governorate).

## MAJOR ECONOMIC SECTORS

Bethlehem's economy is dependent on tourism. Tourism is a seasonal economic activity in Bethlehem centered around the major religious holidays namely October to January and March till April. Thus, the sector is highly reactive to disruptions in the business and security environment during the peak season.

Bethlehem also has a strong manufacturing sector. Most manufacturing sector production is in furniture, food, garments and textiles as well as stone and marble (Exhibit 27).

Exhibit 27: Employment by Sector – Bethlehem



## ENTERPRISE COMPOSITION AND EMPLOYMENT

The 8,394 enterprises in the governorate include a slightly lower proportion of microenterprises (86%) than other governorates and slightly higher percentage of SMEs (12%). Bethlehem has a thriving industry of micro-sized furniture, garments, foods, and handicrafts producers. It also has a large stone and marble sector, both in terms of the number of firms and their size.

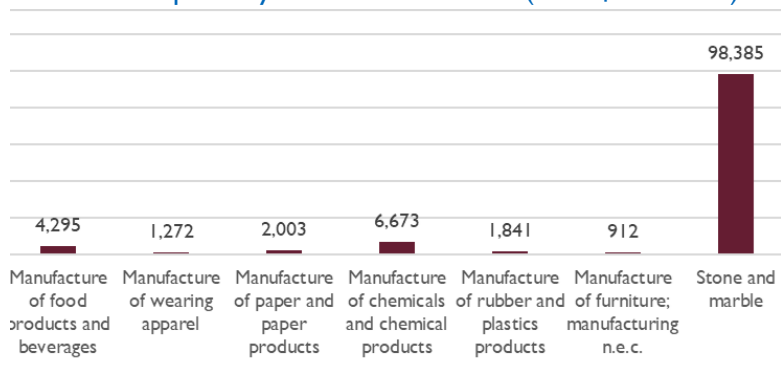
Of the 284 stone and marble companies in Bethlehem, 32% employ 5-9 workers, 19% employ 10-19 workers, and 11% employ 20 or more workers. Unemployment was at 15% in 2022, as the region was on the road to recovering from COVID-19 related travel restrictions which devastated the tourism industry. Bethlehem's tourism industry is comprised of relatively larger establishments as all of them employ over 10 workers.

## MAJOR MARKETS

Bethlehem has an import to export ratio of 3.6:1. Its major exports are as follows (Exhibit 28):

- **Stone and marble** products account for 73% of all exported commodities. 88% of stone and marble exports go to Israel, while the remainder is bound for Jordan (8.1%) and Saudi Arabia (1.5%).

Exhibit 28: Exports by Sector – Bethlehem (in US\$ thousand)



- **Food products** are almost exclusively exported to Israel,
- 48% of Bethlehem's **chemical product** exports go to Israel, 22% to Algeria and 17% to Jordan.

## CHALLENGES

- Bethlehem is dependent on tourism. Any crises in the region have a long-term negative impact on the industry.
- Closures and delays at the Container checkpoint can separate the entirety of the governorate (and the whole southern West Bank) from access to the rest of the West Bank.
- Stone and marble as well as food production exportation is almost entirely intended for the Israeli market.

## HEBRON

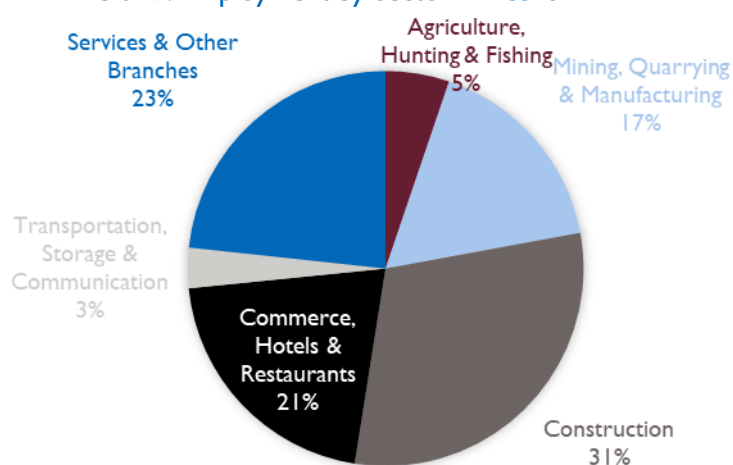
### GOVERNORATE BRIEF

Hebron is the southern-most, largest, and most populated governorate in the West Bank. It is home to 822,435 inhabitants who live in an area of roughly 1000 km<sup>2</sup>. Due to its size, Hebron is separated from the rest of the West Bank through two separate layers of checkpoints. Two main checkpoints control movement between Hebron and Bethlehem (its closest geographical neighbor) and the entire south of the West Bank (Hebron and Bethlehem) can be reached only through the Container checkpoint, on the road from Bethlehem to the north. This means that any security events that lead to closures in either one of the governorates will impact roughly 40% of the West Bank inhabitants. Such closures have occurred repeatedly in recent months, especially since October 7.

### MAJOR ECONOMIC SECTORS

Due to its population size, historical economic makeup, and land area, Hebron is a commercial and manufacturing hub in the West Bank (Exhibit 29). Hebron's manufacturing establishments are concentrated in furniture production, food production, stone and marble products, leather shoes and footwear, and garments. Hebron also has a significant agricultural sector especially in fruits and olives.

Exhibit 29: Employment by Sector – Hebron



### ENTERPRISE COMPOSITION AND EMPLOYMENT

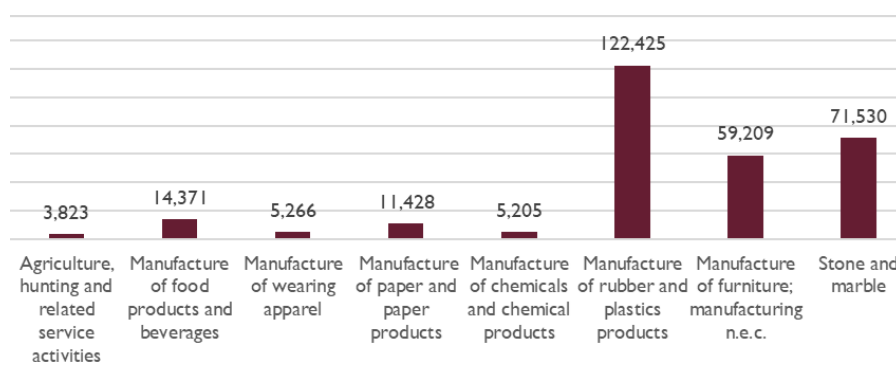
Hebron has 21,609 enterprises, 3,337 of which are in the manufacturing sector. 89% of firms are microenterprises, while only 10.4% are considered SMEs. Most of the manufacturing enterprises in the governorate are in furniture (10% are SMEs), food production (27% are SMEs), stone and marble (41% are SMEs), and wearing apparel (28% are SMEs).

Unemployment remains relatively high in Hebron at 16.9%. Mining and manufacturing account for roughly 17% of all employment in the governorate, while employment in agriculture is lower than the national average at 5.2%.

## MAJOR MARKETS

The Hebron governorate is a center of Palestinian exports to the outside world. Firstly, Hebron’s import-to-export ratio is 3:1, one of the lowest ratios in the West Bank. 96% of total exports are destined for Israel. By contrast, Hebron’s dependence on Israeli imports (50%)

Exhibit 30: Exports by Sector – Hebron (in US\$ thousand)



is rather limited compared to other governorates or its northern neighbor (Bethlehem, 69%). The largest exporting sectors are (Exhibit 30):

- **Rubber and plastic products** manufacturing, exported almost exclusively to Israel.
- **Stone and marble** exports target the Israeli market primarily (89.5%) with additional exports to Jordan (6.4%) and the UAE (1.4%).
- **Manufacturing of furniture** targets the Israeli market almost exclusively.

## CHALLENGES

- A single access point, the Container checkpoint, controls movement between Hebron and the rest of the West Bank.
- Tarqumia checkpoint is far from the port of Haifa, the only currently available port for Palestinian goods inside Israel. This increases transportation costs.

## PRIORITY REGIONS FOR INTERVENTION

Considering the varied security and economic realities of each of the governorates in the West Bank, this section identifies priority regions for intervention. The factors included in the identification process are summarized in the exhibit below.

Exhibit 31: Factoring the Regional Impact of Security and Economic Conditions

Factor	Means of Calculation	Justification of Impact
Impact of closures	The impact of closure was ascertained by combining incidences of settler violence, military incursions, and checkpoint closures that impact economic activity. Each governorate was assigned a degree of impact that corresponds to anecdotal and formal data on the security situation.	Higher number of violent activities and interruptions of the economic cycle in the governorate increases its vulnerability and need for intervention.
Contribution to essential goods	This is a measure of the governorate’s contribution to agricultural and food production, and wearing apparel. These three categories of goods correspond to basic human needs of food security, cleanliness and hygiene, and clothes. The agriculture and food portion of the ranking was calculated by dividing cultivated land in the governorate by total cultivated land in the West Bank, the resulting percentage was added to percentage of food producing establishments in the governorate out of the whole of the West Bank. The chemical production component was	Higher contribution by the governorate to essential goods production implies higher significance of the governorate in the economic wellbeing of the West Bank.

Factor	Means of Calculation	Justification of Impact
	extracted out of the percentage of chemical producing establishments in the governorate out of the whole of the West Bank. The wearing apparel portion was calculated out of the percentage of apparel producing establishments in the governorate out of the whole of the West Bank.	
Percentage of import from Israel	Calculated based on dividing the total imports from Israel over the total imports of the governorate.	High levels of dependency on Israeli markets increases the vulnerability to border closures.
Percentage of exports to Israel	Calculated by dividing the total exports to Israel over the total exports of the governorate. Corrections were made to account for the informal data in the agricultural sector based on primary data collection from the SMART team.	High levels of dependency on Israeli markets increases the vulnerability to border closures.
Contribution to total export from West Bank	Calculated as a percentage of the contribution of the governorate to total exports out of the West Bank.	Higher percentage implies higher significance of the governorate in the economic wellbeing of the West Bank.
Unemployment rate	Percentage of unemployed persons, who are seeking jobs, from the total of the participating people in the labor force.	Higher unemployment rate in the governorate increases vulnerability to economic shocks,

Once all factors were calculated, the sum of all values was measured. The governorates were then ranked, with the higher value signifying higher urgency and importance of the intervention in the governorate. The results are shown in the exhibit below.

**Exhibit 32: Ranking Governorates by Regional Impact Factors**

Factor	Weight	Hebron	Nablus	Jenin	Tulkarem	Tubas	Bethlehem	Ramallah and Al-Bireh	Jericho	Qalqilya	Salfit
Impact of Closures	25	18	25	25	25	20	18	18	20	15	15
Contribution to essential goods	25	25	25	20	18	20	15	15	20	15	10
Percentage of imports from Israel out of governorate's total imports	15	10	10	12	10	15	12	7	6	12	8
Percentage of Exports to Israel out of total governorate exports	15	15	14	12	12	11	13	14	10	13	13
Governorate's export percentage of total export in WB	10	10	4	2	1	0	3	4	1	0	1
Unemployment rate	10	10	8	10	8	6	9	6	6	7	8
<b>Total</b>	<b>100</b>	<b>88</b>	<b>86</b>	<b>81</b>	<b>74</b>	<b>72</b>	<b>70</b>	<b>63</b>	<b>63</b>	<b>62</b>	<b>55</b>
Ranking		1	2	3	4	5	6	7	8	9	10

In order to design the most impactful and inclusive interventions, the governorates can be clustered according to highest urgency for resilience interventions as follows:

**Hebron, Nablus, Jenin, Tulkarem, and Tubas:** Four of these governorates share borders in the northern West Bank and have been subjected to the highest level of security threats since October 7. The governorates have intensive interdependencies as Jenin, Tubas and Tulkarem depend on Nablus for markets for their goods, especially agricultural products. They also share a dependence on Arab citizens of Israel as consumers and tourists as well as access to Israeli markets for their products and employment of their workforce. Moreover, garment services intended for the Israeli market represent a sector with high growth potential, especially with the loss of production from the sector from the Gaza Strip. Finally, closures in Nablus impact the ability of Jenin and Tulkarem's products from reaching the rest of the West Bank. On the other hand, Hebron, the southernmost

governorate in the West Bank, carries a large economic weight due to its size. Resilience interventions in this cluster must target agriculture and/or food production.

*Bethlehem and Ramallah:* Both governorates depend on services that are in turn dependent on overall political stability. Bethlehem's and Ramallah's tourism industry crisis must be addressed on a national level as they are dependent on international tourists and Arab citizens of Israel as well as stays and events organized by the large number of local and international governmental and non-governmental organizations. Similarly, Ramallah's IT services sector depends on overall stability.

*Qalqilya, Salfit and Jericho:* These governorates remain less impacted by conflict, save for Jericho. Jericho has been subjected to a high number of incursions and closures that not only impact the governorate's economic activity, but also the access of Palestinians to the outside world through the King Hussein Bridge. However, all these smaller governorates share deep commercial ties as they contribute to workforce needs in Ramallah. Moreover, any agricultural intervention will end up benefiting them, especially Jericho as it is home to many agricultural establishments.



# SECTORAL RESILIENCE

## INTRODUCTION

PCBS characterizes the overall private sector impacts of the war as “production paralysis for the majority of establishments”<sup>73</sup>. One third of private sector companies have stopped production, including nearly all the 56,000 firms in the Gaza Strip. In the West Bank, repercussions of the war include increased travel restrictions and delays across checkpoints and crossings, delays in accessing needed production inputs and getting exports to market through the ports, and challenges receiving payments. Transportation challenges are compounded by increased security concerns due to settler violence. The exhibit below illustrates the value of economic losses by sector in the month of October 2023, with a total of US\$713M, US\$515M in the West Bank.

**Exhibit 33: Value of Economic Sectors’ Losses of Production during October 2023 (US\$ thousand)**

Sector	Value of monthly losses during the month of the War		
	West Bank	Gaza Strip	Total
Industry	193,991	47,456	241,447
Construction	12,996.8	2,783.8	15,780.6
Internal Trade	173,692.3	91,444.9	265,137.2
Transport and Storage	6,065.3	2,776.3	8,841.6
Telecommunication and Information	11,974.8	1,604.2	13,579.0
Services	116,603.1	51,805.2	168,408.3
<b>Total</b>	<b>515,323.3</b>	<b>197,870.4</b>	<b>713,193.7</b>

Source: PCBS (2023c)

Unemployment has increased dramatically in the last month and will likely continue to rise. 85% of Gazans are now out of work, while West Bank firms are seeking to keep workers employed through flexible work schedules for highly skilled core employees. This will likely only be feasible through November. Many workers are unable to reach their places of employment due to closures and thus cannot be paid. The ban on Palestinians working inside Israel has also brought those workers back to the local market, where they are unemployed.

This section focuses on the impacts of the war on the ability of productive sectors in the West Bank to operate and continue employment. It addresses current and projected challenges, market and labor outlooks, coping mechanisms, and proposed resilience interventions. To facilitate this exercise, SMART focused on nine major sectors (out of 37 for which data is available) based on their export potential (Exhibit 34). The sectors selected are also instrumental in resilience in cases of crises as they supply essential goods for the local market (Agriculture, Food production, Garments), key contributors to the productivity of other sectors (ICT, Paper, Plastic), and/or contribute disproportionately to exports (Furniture, Stone and Marble, Tourism).

**Exhibit 34: Leading Export Sectors from the West Bank**

Sector	Exports, 2021 (US\$ million)	% of total exports
Agriculture, Hunting, Fishing	79.8	6.2
Stone and Marble	224.5	17
Tourism/Hotels	20	1.5
ICT	10	.07
Furniture	159	12.3
Paper	22.7	1.8
Plastic	142	11
Garments	11.2	0.9
Food and Beverages	162.3	12.6

Source: PCBS (2022c)

<sup>73</sup> PCBS. (2023d). PCBS: Press Release on the Losses of Private Sector in Palestine due to the Israeli occupation Aggression on Gaza Strip. [Wwww.pcbs.gov.ps. https://www.pcbs.gov.ps/site/512/default.aspx?tabID=512&lang=en&ItemID=4628&mid=3171&wversion=Staging](https://www.pcbs.gov.ps/site/512/default.aspx?tabID=512&lang=en&ItemID=4628&mid=3171&wversion=Staging)

## AGRICULTURE<sup>74</sup>

### BACKGROUND

Agriculture serves as a staple sector in the Palestinian economy. In addition to its contribution to GDP and employment, it is instrumental to food security and provides inputs to the large food and beverages manufacturing sector. It is also an important export sector, with US\$85.6M in 2021, 79.8% of which originates in the West Bank. Israel is the market for 27% of agricultural exports from the West Bank, followed by Türkiye (11%), the UK (10%) and the UAE (7%) (Exhibit 35). The primary agricultural exports include fresh produce, dates, fresh herbs, dried herbs, and olive oil.

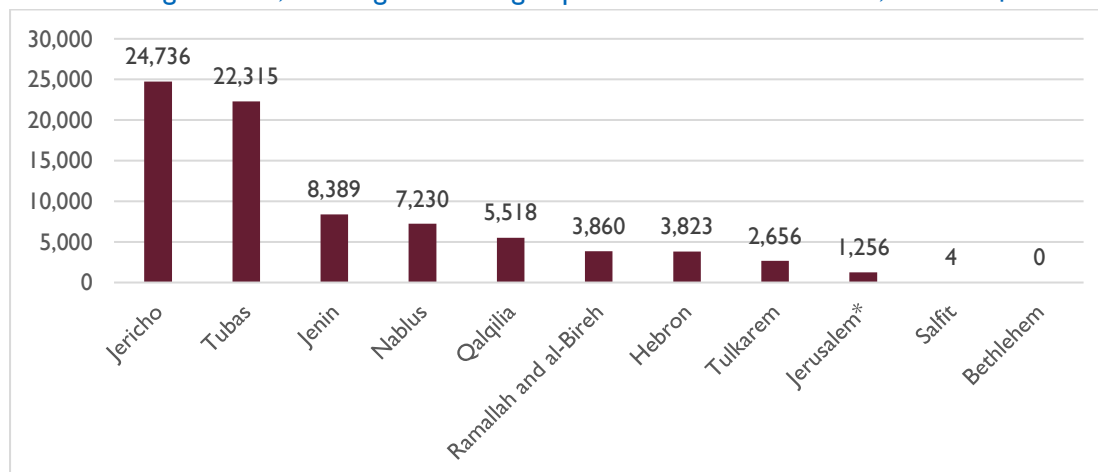
Exhibit 35: Leading export markets for West Bank Agriculture, 2021

Export Markets	Total (US\$ thousand)	%
Israel	22,926	27
Türkiye	9,509	11
United Kingdom	8,798	10
United Arab Emirates	5,987	7
United States of America	5,191	6
Netherlands	3,530	4
Germany	3,268	4
Jordan	2,692	3

Source: PCBS (2022c)

According to the latest Agricultural Census from 2022 the West Bank was home to 82.4% of agricultural holdings, compared to 17.6% in the Gaza Strip. While the number of farm holdings in the West Bank is highest in Hebron and Jenin, roughly 60% of exports are from the Jordan Valley (Jericho and Tubas Governorates) followed by Jenin Governorate to the north (Exhibit 36).

Exhibit 36: Agriculture, Hunting and Fishing Exports from the West Bank, 2021 US\$ thousand



Source: PCBS (2022c)

Agriculture in the West Bank is dominated by micro and small enterprises producing for local consumption; 47% of all agricultural holdings are smaller than three dunums and 69% are less than six dunums. Moreover, the declared purpose of 66% of all holdings in the West Bank is for own consumption or sustenance farming, 16% is mainly for own consumption with some sales, 14% is mainly for sale with some consumption, and 4% only for sale.<sup>75</sup>

<sup>74</sup> This section is based on PCBS Data and primary data collected by SMART through interviews with farmers in the West Bank.

<sup>75</sup> PCBS. (2022a). Agriculture Census, 2021. PCBS. <https://www.pcbs.gov.ps/Downloads/book2646.pdf>

## CURRENT AND PROJECTED CHALLENGES

### MOVEMENT OF PRODUCTS TO MARKETS

It is still possible to transport products from farms to operational wholesale markets in the West Bank and to Israel. However, delays are caused by early closure of check points and border crossings and security issues on the roads. Delays negatively impact the quality of the products, leading to lower prices, while more than doubling transportation costs borne by farmers. In addition to these delays, settler violence has not only affected the movement of products but has also put the lives of farmers and transporters at risk.

### SHORTAGE OF LIQUIDITY

Due to lack of liquidity, small farmers can no longer access inputs and products. Palestinian and Israeli input suppliers are demanding cash payments and no longer provide a line of credit to farmers or accept checks. Moreover, input prices have increased by 10 to 15%.

### SHORTAGE OF INPUTS

The reduction of working hours in Israeli factories has led to shortages of critical inputs. In addition, imported inputs are delayed as food products from overseas through Haifa and Ashdod ports are given priority over other products by the Israeli Authorities.

### UNMET DEMAND

The absence of products from Gaza to both the Israeli and West Bank markets, and the reduction of production in Israel due to shortened business hours have increased the price and demand for vegetables in both the Israeli and local markets. Yet producers are unable to scale up production to meet demand due to the shortage of liquidity, absence of a line of credit or acceptance of checks. There is a risk of losing the Israeli market if West Bank producers cannot scale up and Israel imports vegetables from other countries.

## MARKET OUTLOOK

### LOCAL MARKET

The main wholesale markets in the North of the West Bank are in Beta, Nablus, Qabatia, Tulkarem and Qalqilya. Jericho is the main market in the Jordan Valley, and Hebron, Halhul and Bethlehem markets are key in the south. These are still functioning, and demand is expected to increase, even as movement and access challenges raise costs.

### ISRAELI MARKET

Increased demand is expected in the Israeli market due to decreased working hours and production across most economic sectors inside Israel, as well as the cessation of production in Gaza. The Israeli market is a main market for West Bank vegetables and consumes around 50% of the vegetables produced. The movement of products to Israel is still accessible, although with major delays.

### INTERNATIONAL MARKET

International markets for dates, fresh herbs, dried herbs, olive oil are the EU, UK, the Far East, and the Gulf countries. The access to the UK and EU is through Ashdod or Haifa ports and the Far East and Gulf countries are accessed through the King Hussein (Allenby) border crossing to Jordan. The products to the Far East countries are then shipped through Aqaba port while the products to the Gulf countries are transferred by road. The Aqaba port can be used as an alternative to Ashdod or Haifa to reach the EU and UK when the border crossings are closed between the West Bank and

Israel. However, this will increase the shipment period by at least two weeks and will disrupt the sustainability of product delivery.

## LABOR OUTLOOK

The prohibition on Palestinian workers entering Israel has increased the supply of labor in the West Bank. This will likely lead to lower wages and enable farmers to scale up their operations. However, farmers are not able to absorb additional labor immediately as November/December is a transitional planting season. As operations scale up during the harvest season, however, more labor will be needed.

## COPING MECHANISMS

In the transitional planting season, farmers are now determining what to grow. They face a great deal of uncertainty as they lack assurances regarding future access to markets. Coping mechanisms are oriented around saving money and reducing the risk of spoilage through:

- Reducing fertilizer and pesticide use to cut costs, which introduces the risk of reduced crop yields.
- Planting different crops that are more durable and can withstand market volatility.

## PROPOSED SECTORAL RESILIENCE INTERVENTIONS

- *Cost-share inputs for small farmers:* Coordination between farmers or cost-share mechanisms with donor-funded projects can assist procurement of high-quality inputs to maintain both high levels of production and quality. This can also be applied to provision of greenhouses, net houses, irrigation systems and critical equipment.
- *Introduce needed equipment:* During border closures, cold storage facilities can be used to maintain the freshness of produce with short shelf-life. The same units can be used as freezing facilities for storage after the war. This will protect farmers from price fluctuations and secure off season produce at higher price and support exports to Israel and other markets.
- *Improve access to finance:* Support financing through a loan guarantee fund or by covering the interest rates on new or existing loans.

## TOURISM/HOTELS

### BACKGROUND

The commerce, hotels, and restaurants sector is a major source of employment, employing 24.3% of workers in 2022. According to PCBS, in 2021 there were 94 Hotels in the West Bank, 50% of these in Bethlehem Governorate alone, followed by Jerusalem with remaining hotels being distributed among cities in the West Bank. The hotels in the West Bank employ around 2,500 workers, relying on additional hourly staff during the peak high season. Around 40% of hotels employ between 10-20 employees and 60% employ more than 20 employees.

The tourism sector in the West Bank consists of two primary channels: 1) international religious pilgrims; and 2) friends and family visits from Arab citizens of Israel. Foreign visitors are the primary target market for the sector in Bethlehem, Jerusalem, and Jericho, while friends and family are the markets for Jericho, Jenin, Tulkarem, and Ramallah. The first channel, focusing on Bethlehem and

Jerusalem, was the most heavily affected by COVID-19 and the crisis in Ukraine—as Russian, Ukrainian and Eastern European tourists are important foreign markets—as affirmed by the Arab Hotel Association (AHA) and hotels in Bethlehem. However, by 2023 hotel stays in Nablus, Ramallah and Al-Bireh, Jerusalem and Bethlehem had approached or exceeded pre-pandemic levels (Exhibit 37).<sup>76</sup>

**Exhibit 37: Number of Hotel Guests in the West Bank by Governorate, First Half of the Year (2019-2023)**

Governorate	2019	2020	2021	2022	2023
Jenin	9,060	790	3,424	5,090	4,965
Nablus	15,139	2,738	5,398	13,504	19,414
Ramallah and Al-Bireh	17,809	5,533	4,815	35,996	36,801
Jericho and Al Aghwar	20,451	5,991	42,258	25,278	32,535
Jerusalem	57,660	17,539	1,666	11,186	57,619
Bethlehem	232,457	56,274	0	48,805	221,377
Other Gov.	52,817	10,766	14,841	4,896	7,024
<b>Total</b>	<b>363,385</b>	<b>90,570</b>	<b>58,765</b>	<b>144,755</b>	<b>379,735</b>

Source: PCBS (2023h)

## CURRENT AND PROJECTED CHALLENGES

### MARKET CLOSURE

The Gaza War has brought the tourism and hotel sector to a halt. International workers and tourists in the West Bank were evacuated and the U.S. State Department has strongly advised against travel. Rising security concerns from settler violence across the West Bank will keep many domestic and international visitors at home for the foreseeable future.

### INCREASED UNEMPLOYMENT

Ninety percent of all hotels have lost all revenues. Many hotel owners held on to all employees in October and partially in November, but by mid-month more than 60% of employees have temporarily lost their jobs. By the beginning of December, most hotel employees will likely be laid off.

## MARKET OUTLOOK

### LOCAL MARKET

The sector is expecting an increase in the local market as the security situation improves. This expectation relies on the return of Arab citizens of Israel as visitors to overnight stays, which is dependent on immediate easing of the situation rather than seasonal tourism or long-term stability. Return to productivity is also dependent on the resumption of workshops, conferences and events carried out by local and international organizations and companies.

### INTERNATIONAL MARKET

Hotels will continue to rely on international tourists for occupancy, particularly religious pilgrims who visit from various markets. However, most tourists have cancelled their room reservations for December through February, and it might take a long time to get the tourism cycle back to normal. Beyond the cities of Bethlehem and Jerusalem, some hotels located in the West Bank will rely on business delegations, local overnight, extended stay rentals, in the upcoming summer season, especially in Jericho to keep their hotels operational.

<sup>76</sup> Wafa. (2022, December 22). Tourism to Palestine getting back to pre-pandemic normal with 700,000 visitors in 2022, says tourism minister. English.wafa.ps; Wafa: Palestine News and Info Agency. <https://english.wafa.ps/Pages/Details/132478>

## LABOR OUTLOOK

The majority of hotel owners were able to maintain employees in October and partially in November. Following November most will keep only key experienced employees and mainly in the maintenance departments.

## COPING MECHANISMS

- Some hotels will keep engaging some key workers to conduct basic maintenance or housekeeping or even minor renovations. This will help maintain their hotel until re-opening.
- Hotels find it particularly challenging to adjust in these circumstances as they are not production facilities and are entirely dependent on guests. Based on previous experience with COVID-19, hotels will likely be the last sub-sector to recover as it will take some time to regain tourist confidence.

## PROPOSED SECTORAL RESILIENCE INTERVENTIONS

- *Training and upgrading for employees* to ensure a smooth transition once hotels are operational again. This program may include a stipend for employees who were temporarily laid off.
- *Improve access to finance*: Support hotels through tailored technical assistance (TA) focused on access to finance to help mitigate liquidity issues.

## INFORMATION TECHNOLOGY

### BACKGROUND

The Palestinian IT sector witnessed significant growth since 1997, with many software firms providing Enterprise Resource Planning (ERP) and other software for the local market. Several of these developed into outsourcing firms. The sector's contribution to the Palestinian economy over the last decade was 5-7% of GDP annually, with an average of US\$543.5 million of value-add a year.

There were more than 8,700 employees in the sector among software, hardware, and telecom companies. A pool of developers in WBG contributes 2,500 of the total labor market excluding freelancers. 65% of these employees (1,625) work in the West Bank with around 875 in Gaza before the war. Among Gazan IT employees, approximately 40% (350) worked with West Bank companies.

### CURRENT AND PROJECTED CHALLENGES

#### SHORTAGE OF LIQUIDITY

Product-based companies that operate locally are facing difficulties retaining clients and collecting payments. They expect this trend to grow as the economic impact of the war expands. There is an overall liquidity problem to cover operations and an uncertainty in expansion plans or new projects due to returned checks, slow collections, and deterioration in sales.

#### REDUCED MARKETS

Demand for services from Israeli and international markets has been severely undercut with any growth halted. Some startups have seen investor interest stop or dry up even at advanced stages of the due diligence process.

## LABOR INEFFICIENCY

Those with contracts are seeing employee efficiency has dropped, and those relying on Gaza staff are looking for alternatives.

## MARKET OUTLOOK

### LOCAL AND ISRAELI MARKET

These markets have largely paused for the near term. The local market is expected to resume operations after the war. Resumed exports to the Israeli market are less certain.

### INTERNATIONAL MARKETS

Outsourcing companies with ongoing contracts in international markets are largely unaffected if they don't have Gazan employees or partners, but some have seen a reluctance among their clients to continue or expand contracts. Startups who rely on business trips and investments are hugely affected with their plans being terminated or on hold.

## LABOR OUTLOOK

Due to lack of liquidity and declining demand, firms are increasingly unable to pay salaries and meet other financial obligations. Cost-cutting measures include layoffs, hiring freezes, and reduced work hours.

## COPING MECHANISMS

- Hiring freezes have been enforced across many companies with expected layoffs in the near future.
- Some Gazan companies handed over critical contracts to companies in the West Bank to complete project assignments. This model needs to be further assessed when the war is over for potential support.

## PROPOSED SECTORAL RESILIENCE INTERVENTIONS

- *Salary subsidies:* Salary subsidies for the Gaza based employees of West Bank companies, for up to three months, will allow the employees to remain on the payroll and hasten recovery once the war is over.
- *Training and upgrading:* Workforce development coupled with a stipend scheme will help to retain existing staff.
- *Strengthen access to markets:* Business development consultants can be hired in new and existing export markets to bring in new clients and support sector attendance at export promotion or marketing events.

## MANUFACTURING BACKGROUND

Manufacturing represents 87.89% of the total industrial sector in WBG and 11.2% of GDP, employing 139,000 workers. Industrial production in WBG increased by 3.27% in 2022 over the previous year, after an all-time high of 14.13% growth in 2021 following -7.95% in 2020 as a result of

the COVID-19 pandemic<sup>77</sup>. Just prior to the outbreak of the war, the Ministry of National Economy announced that the manufacturing sector was expected to grow by an additional 2.5% in GDP in the next six years and create an additional 79,000 new jobs<sup>78</sup>.

Manufacturing sub-sectors in Palestine include furniture, paper, plastics, garments, food processing, engineering and metallurgical industries, chemical industries, pharmaceuticals and veterinary, construction industries, handicrafts, and leather and shoes. The following sections review the first five of these sub-sectors.

## STONE AND MARBLE

### BACKGROUND

The stone and marble industry is one of the most important industries in Palestine. It contributes to around 25% of the revenues from industrial sectors, 4.5% of GDP, and exports of US\$181M. The industry hires around 25,000 direct employees and around 20,000 indirect workers which is the highest among Palestinian industries.

Stone and marble annual exports are estimated at around US\$181M with around 90% exported to Israel, though a good percentage of products exported to Israel are re-exported through Israeli buyers. Both Jordan and the Gulf Markets remain the leading regional markets representing around 15% of total revenues from exports (Exhibit 38). Other international markets include the US and Asia.

#### Exhibit 38: Leading export markets for West Bank Stone and Marble, 2021

Export Market	Total (US\$ thousand)	%
Israel	204,059	91
Jordan	12,583	6
United Arab Emirates	2,023	1
Saudi Arabia	1,757	1
Kuwait	1,385	1

Source: PCBS (2022c)

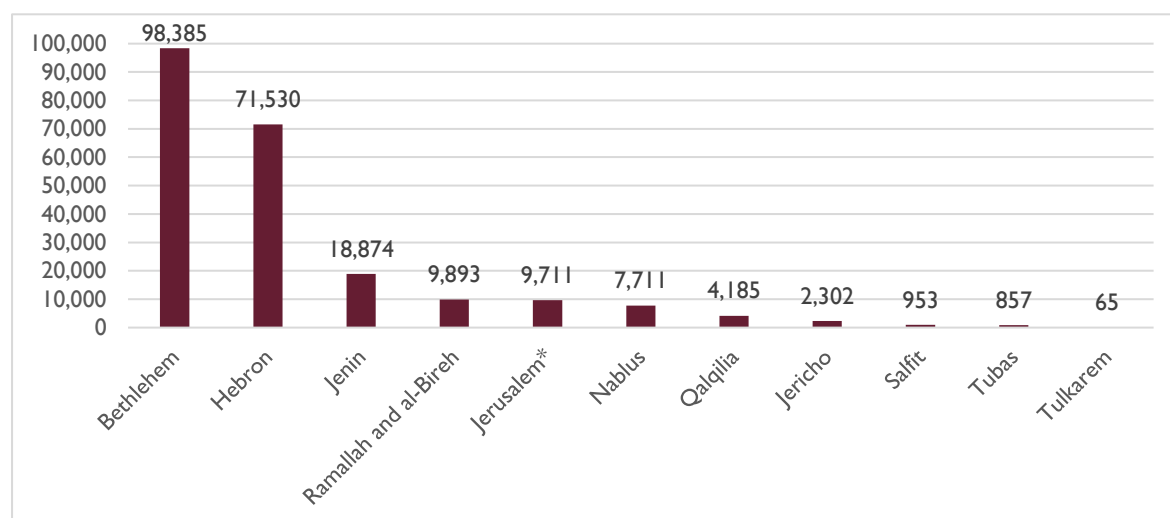
As shown in the exhibit below, exports of stone and marble come from many governorates across the West Bank. However, the primary sources of exports are Bethlehem (US\$98M) and Hebron (US\$71M).

<sup>77</sup> Trading Economics. (2021). Palestine Industrial Production - 2021 Data - 2022 Forecast - 2012-2020 Historical. Tradingeconomics.com. <https://tradingeconomics.com/palestine/industrial-production>

<sup>78</sup> Manufacturing sector expected to grow by 2.5% and absorb 79,000 jobs in six years – Ministry of Economy. (2013). WAFA Agency. <https://english.wafa.ps/Pages/Details/137793>



Exhibit 39: Exports of Other non-metallic mineral products (Stone and Marble), 2021 (US\$ thousand)



Source: PCBS (2022c)

The stone industry includes 1,160 establishments distributed between producers (600), quarries (250), workshops (230) and crushers (80). Before the war these firms faced several challenges that remain today. As an energy-intensive sector, stone and marble faces challenges in the rising cost of electricity (compared to competitor countries of Egypt and Türkiye). Furthermore, compliance with the Door-to-Door policy instituted by Israel is dramatically raising costs for each factory—in the tens of thousands of shekels a year. Door-to-door compliance requires large investments in security cameras, personnel, security checks, GPS devices, fenced off loading areas, etc., which factories can ill afford.<sup>79</sup>

## CURRENT AND PROJECTED CHALLENGES

35% of Stone and Marble companies have completely shut down since the start of the war. Half of producers are working at 40% capacity and the remaining are working sporadically part-time.

### PRODUCTION AND TRANSPORTATION COSTS

Cost of production has been on the rise following increases in transportation costs due to long delivery time between cities and closed checkpoints.

### SHORTAGE OF LIQUIDITY

Stone producers rely on payments from both WB and Israeli clients through post-dated checks. They are now experiencing bounced checks due to insufficient bank funds or potentially due to deliberate actions from Israeli clients. This is causing financial disruption in the market, insufficient cash flow, major loss in revenues and business uncertainty. The deteriorating political atmosphere might handicap the financial sector and lead to large volumes of default payments.

### UNEMPLOYMENT

Employees are now having a difficult time reaching factories due to road closures and lack of access from certain villages—these employees are being asked to take vacation days. Core skilled labor employees who can reach work are getting compensated, but most daily-wage workers are no longer employed. Industry stakeholders and sector representatives have decided to compensate

<sup>79</sup> The Portland Trust, 2022

their core employees through November but will need to re-visit this decision in early December—if the conflict is prolonged many people will lose their jobs.

### RAW MATERIAL ACCESS

The sector depends on local stone raw materials through quarrying with a large percentage being in Area C. Access to quarries has become difficult due to transportation limitations.

## MARKET OUTLOOK

### LOCAL MARKET

Stone producers are the main suppliers of building stone in the local West Bank and Gaza markets. Since the Gaza market is currently closed, and West Bank construction projects have either temporarily slowed down or postponed work, this will negatively affect producers. However, when the conflict ends there might be increased demand for stone and marble in the Gaza market due to the extensive rebuilding required.

### ISRAELI MARKET

90% of exports are to Israel, and stone sector producers have now lost at least 60% of current revenues from the Israeli market. Following the end of the war, the construction sector in the Israeli market may return to post-war levels.

### INTERNATIONAL MARKETS

Stone producers target both Jordan and the Gulf as the go-to leading regional markets which represents around 15% of total export revenues. Stone producers sell in global markets such as the US but in very minimal quantities. Regional and global exports have also seen a decrease in sales by at least 50% and firms are concerned that international clients will lose confidence in Palestinian companies if the conflict continues to disrupt their ability to meet demand. Ongoing efforts to diversify into new international markets through improved marketing will continue and expand following the end of the war.

## LABOR OUTLOOK

In general, stone factories are holding on to their employees, but some employees are having a difficult time reaching factories due to road closures and are not being paid. Firms will revisit their approach by the end of November and will likely begin to lay off employees if the war continues past that time. Once producers regain lost or reach new markets, core employees should get back to a normal business routine and daily workers will be rehired.

## COPING MECHANISMS

- To increase workforce flexibility, some producers are adopting an alternating work schedule to keep workers on a partial payroll.
- Some producers are identifying and contacting old contacts in regional markets to diversify the export markets.

## PROPOSED SECTORAL RESILIENCE INTERVENTIONS

- *Strengthen market access:* Since regional markets, including Jordan and the Gulf, rely on building stone in construction and are familiar with Palestinian stone, targeting those markets under a fast response program will yield new revenues. A strong marketing outreach campaign and mobilizing trade show participation, with political support from Gulf markets,

will yield access to large scale projects and fast sales cycles. TA is also needed to help stone producers expand in current existing regional and international markets.

- *Improve access to finance:* Support stone producers through access to finance tailored TA to help mitigate liquidity issues.

## FURNITURE MANUFACTURING

### BACKGROUND

The furniture and wood industries combined had an output of US\$848M in 2019. The sector employs more than 10,000 workers among all Palestinian Furniture factories including showrooms.

Wood and furniture products have traditionally been a leading export in both the West Bank and Gaza, with 80% of output destined for exports—the vast majority to Israel (99.6%), although some portion of that is re-exported to additional destinations (Exhibit 40).

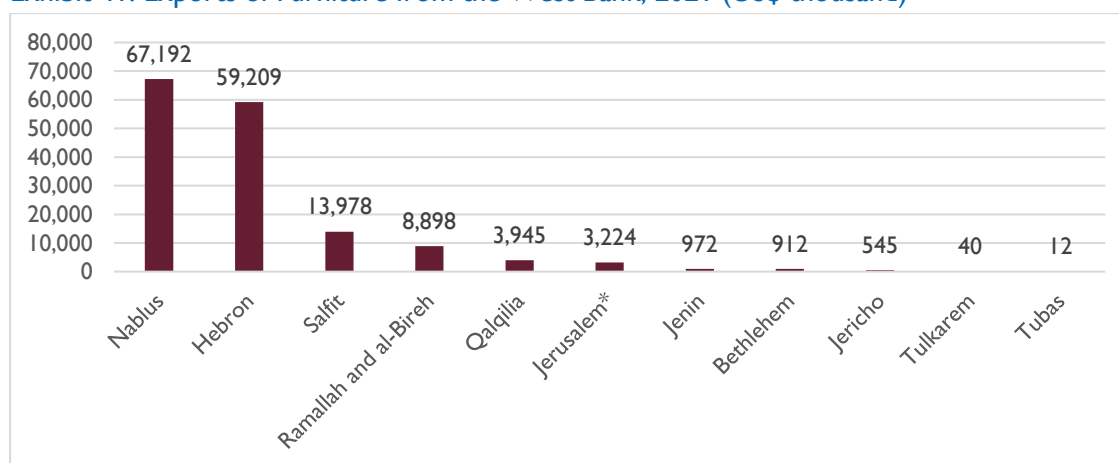
Exhibit 40: Leading export markets for West Bank Furniture, 2021

Export Market	Total (US\$ thousand)	%
Israel	158,316	99.61%
Jordan	407	0.26%
United States of America	158	0.10%
United Kingdom	50	0.03%

Source: PCBS (2022c)

In the West Bank, Nablus was the leading exporter in 2021 with (US\$67M) followed by Hebron (US\$59M) (Exhibit 41).

Exhibit 41: Exports of Furniture from the West Bank, 2021 (US\$ thousand)



Source: PCBS (2022c)

There is an important cluster of producers concentrated in Nablus and Hebron governorates where they represent around 43% of furniture manufacturers, however the sector remains ubiquitous across the West Bank. Around 85% of the establishments in the sector are microenterprises, while roughly 14% are SMEs. Establishments tend to be larger in Salfit (29% are SMEs) and Nablus (23% SMEs).

The Furniture sector is segmented into three major categories:

- Home Furniture: 60% of total production.

- Office Furniture: 15% of total production.
- Kitchen Furniture: 25% of total production.

## CURRENT AND PROJECTED CHALLENGES

As with other manufacturing and agriculture sectors, Palestinian producers face challenges in production and market access. Sector representatives and stakeholders had been working with donor projects and Israel to dedicate the Deir Sharaf checkpoint in Nablus as the main checkpoint crossing for furniture products, but these activities were put on hold. Prior to the war there were important growth opportunities for Gaza manufacturers in the Israeli market.

### MARKET CHALLENGES

- For West Bank producers, most furniture exports into the Israeli market have been temporarily stopped with the exception of previous orders and on-going work. There has been a decrease in local sales of at least 70%.
- Local transportation has been difficult and transportation costs have increased due to long delivery time between cities.
- There is uncertainty among WB producers towards the status of the Israeli market. Producers are not sure if business relationships will get back to pre-war status.

### LIQUIDITY CHALLENGES

Many manufacturers sell based on partial cash and postdated checks; however, with bounced checks there will be a cashflow constraint. Suppliers are requesting cash payment terms from SME manufacturers which is hindering sustainability of operations.

## MARKET OUTLOOK

### ISRAELI AND LOCAL MARKETS

West Bank producers target and rely on both the Israeli and local markets to sell home and kitchen furniture products. The ongoing war has a severe impact on the furniture sector in the local market as home building and renovation projects are on hold. The Israeli market is currently not performing, though its outlook may change after the war.

### LABOR OUTLOOK

For the near-term, operational factories in the West Bank are holding on to workers, but those who are unable to get to the factories are not being paid.

Many firms are unable to maintain salaries and are either depending only on a few skilled workers or arranging an alternate schedule to keep the majority on partial payroll. There are some short-term layoffs. In general, there is always a shortage of skilled labor in this sector as many employees have worked in the Israeli market. The availability of skilled labor post war will determine whether there will be a surplus in skilled labor or further decline in case demand in the Israeli market increases.

### COPING MECHANISMS

- To increase workforce flexibility, some producers are adopting an alternating work schedule to keep workers on a partial payroll.

## PROPOSED SECTORAL RESILIENCE INTERVENTIONS

- *Training and upgrading of the workforce*, to improve the skill set in the West Bank.
- *Adoption of critical equipment* to increase production capacities for small and medium size companies to fulfill potential increased demand in both the local and Israeli market.

## PAPER MANUFACTURING

### BACKGROUND

The manufacturing of paper and paper products is a growing sub-sector, with exports now exceeding pre-COVID-levels. The domestic paper and packaging sector plays an important enabling role for other sectors such as agriculture and food and beverages as high-quality packaging allows exporters to adhere to standards and certifications in domestic and international markets.

In 2021 total exports of paper and paper products were US\$22M. 97% of exports went to Israel, with the remaining 3% to Jordan (Exhibit 42).

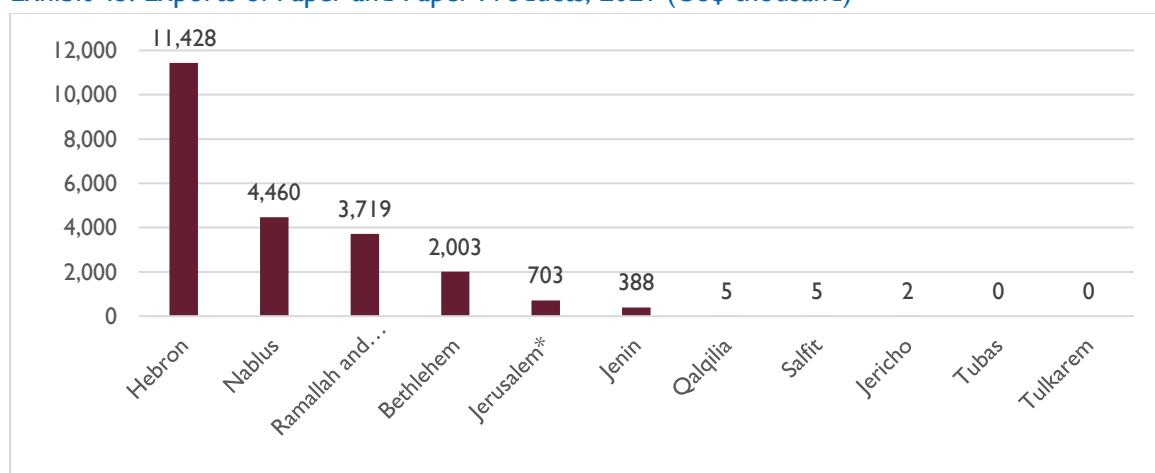
Exhibit 42: Leading export markets for West Bank Paper and Paper Products, 2021

Export Market	Total (US\$ thousand)	%
Israel	22,013	97%
Jordan	701	3%

Source: PCBS (2022c)

Hebron is the leading exporter of paper and paper products in the West Bank (US\$11.4M), followed by Nablus (US\$4.5M), and Ramallah and Al-Bireh (US\$3.7M) (Exhibit 43).<sup>80</sup>

Exhibit 43: Exports of Paper and Paper Products, 2021 (US\$ thousand)



Source: PCBS (2022c)

<sup>80</sup> PCBS. (2021b). Registered Foreign Trade Interactive Database. <http://Foreigntrade.pCBS.gov.ps>. <http://foreigntrade.pCBS.gov.ps/external-trade/#>

## CURRENT AND PROJECTED CHALLENGES

### ACCESS TO PRODUCTION INPUTS FROM ISRAEL

The paper industry supply chain is heavily dependent on imports of raw materials—primarily from Israel. This war has led to a scarcity of these resources, disrupting the flow of production, causing delays, limitations, or even halting manufacturing activities altogether.

### POOR LIQUIDITY

The war triggered a liquidity crisis for firms operating in the paper sector. This left firms grappling with insufficient funds to support their everyday operations. Paper sector firms are struggling to cover essential expenses, such as paying employee salaries and meeting other critical financial obligations.

### DECLINING DEMAND

The decline in consumer demand for paper products had a significant effect on production levels within the industry. This has led companies to a surplus in production capacity and widespread workforce reductions.

## MARKET OUTLOOK

### LOCAL MARKET

Domestically, firms are suffering from bounced checks and general unpredictability of receiving payments. Transportation obstacles are also limiting firms' ability to fulfill orders and maintain consistent delivery schedules.

### ISRAELI MARKET

Market share in Israel has gone from about 70% to 10% in the last month, due both to bounced checks from the Israeli market and the decline in demand.

## LABOR OUTLOOK

Due to lack of liquidity and declining demand, firms are increasingly unable to pay salaries and meet other financial obligations. Cost-cutting measures are including layoffs, hiring freezes and reduced work hours.

## COPING MECHANISMS

- Supply chain management has become a critical focus for many firms amidst the ongoing conflict. To mitigate the disruptions triggered by the crisis, some companies are actively exploring alternative suppliers, notably from neighboring regions like Jordan. By diversifying their sourcing networks, these firms aim to reduce their reliance on affected supply chains and secure alternative routes for essential materials.
- In response to reduced orders and a shrinking market, several companies have implemented modifications in their work modalities. Some firms have squeezed their operational schedules, operating for shorter periods such as twice a week, yet striving to fulfill all their orders within these limited workdays.
- Recognizing the need to optimize resources, many businesses have transitioned from a full-time work model to a part-time basis.

## PROPOSED SECTORAL RESILIENCE INTERVENTIONS

- **Improve access to finance:** All companies reported difficulties arising from the vendors' recent cash-only policy. Providing support to businesses by assisting with production inputs will ease the liquidity challenges they encounter due to the conflict.
- **Supply chain optimization:** Identify and establish alternative sourcing options for critical raw materials to reduce dependence on specific suppliers.

## PLASTICS MANUFACTURING

### BACKGROUND

Based on data from the Union of Plastics and firms within the sector, there are around 260 plastic production companies in Palestine, with around 75% located in the West Bank and 25% in Gaza, employing around 7,000 workers. The sector's total production is estimated at US\$175M.

Exports from the sector amount to around US\$136M. With exports to the Israeli market accounting for 99.3% of total exports from the sector and very minimal exports going into regional markets including Jordan and Oman (Exhibit 44).

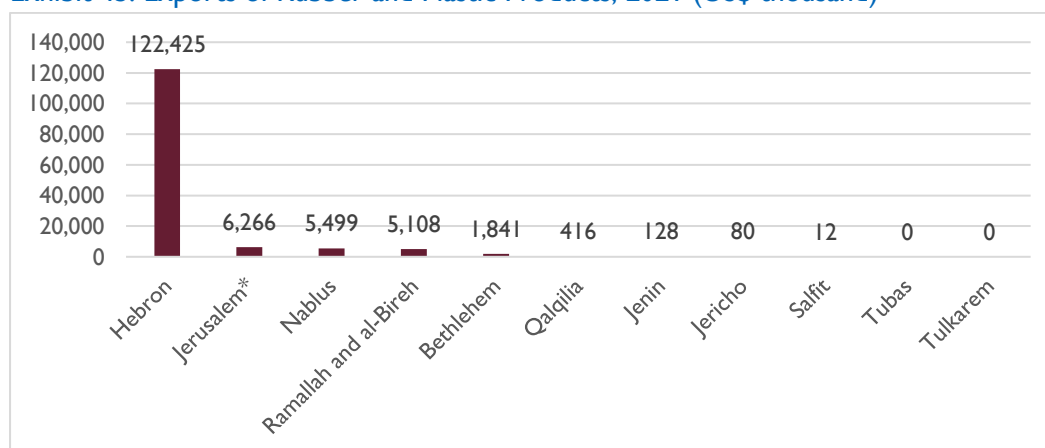
Exhibit 44: Leading export markets for West Bank Plastic, 2021

Export Markets	Total (US\$ thousand)	%
Israel	134,466	99.2%
Jordan	943	0.7%
Oman	101	0.1%

Source: PCBS (2022c)

Around 45% of the 195 plastic factories located in the West Bank are in Hebron Governorate forming a critical mass of producers and workers who cover many exports and local sales. The remaining manufacturers are concentrated in Nablus, Ramallah, and Jenin. The exhibit below showcases the majority of exports to Israel from manufacturers in Hebron.

Exhibit 45: Exports of Rubber and Plastic Products, 2021 (US\$ thousand)



Source: PCBS (2022c)

Approximately 20% of all plastic products manufactured are sold in both the West Bank and Gaza markets, estimated at US\$35M. Around 44% of firms are SME's and 48% are microenterprises, who represent the critical mass of sector manufacturers and have potential to scale up.

## Plastic Products Categories and Sub-Sector Inputs:

- Construction sector/sanitary: water pipes, fittings, sewage pipes, water tanks, electric: pipes, trunks, sockets, shrink wrap
- Agriculture sector: inputs for food and dairy products; plastic small containers; plastic products in various sizes
- Disposables for home & restaurant use: bags, cups, plates, utensils, tablecloth
- Furniture: tables, chairs, other
- Toys
- Rubber and other products

## CURRENT AND PROJECTED CHALLENGES

### ACCESS TO MARKETS

West Bank producers have completely lost the Gaza market and seen a 60% decrease in sales to both Israel and the local market. Local transportation has been difficult and transportation costs have increased due to long delivery time between cities and closures at checkpoints.

### ACCESS TO INPUTS

Producers report an increase in import of raw materials through Haifa and Ashdod ports. These are accompanied by delays in port processing and higher cost of local transportation. Large size companies can temporarily accommodate higher costs as they work at a mass scale, but small and medium sized firms are facing higher raw material prices since they buy from second-hand suppliers.

### LIQUIDITY SHORTAGES

West Bank manufacturers are facing major cash flow shortages, especially when dealing with postdated checks, bounced checks and major market revenue interruption.

### LABOR

Workers in the West Bank market are facing a hard time getting to work in certain cities and villages. Most workers are either working on part-time bases, have lost their jobs or are being asked to take vacation time. If the current situation continues, it is expected that many jobs will be lost.

## MARKET OUTLOOK

### LOCAL AND ISRAELI MARKETS

The production focus should be on products that are in high demand within the value chain sub-sectors such as inputs that goes into agri-business, food and agriculture sectors as well as construction, and automotive sector. These products would be targeted initially for the West Bank and Israeli markets.

Following the Gaza War, all three markets including Gaza, West Bank, and Israel will remain major markets for the plastic sector within the various sub-sectors. The Gaza market in particular will need all types of plastic products in sectors such as construction, food, agri-business, and home use. During the rebuilding effort to come, there will be enormous demand for construction materials such as plastic pipes, fittings, water tanks, electric trunks, and products in the Gaza market.



## LABOR OUTLOOK

Some manufacturers with on-going work are alternating worker's schedule to circulate the majority of their employees to keep them on partial payroll. Other factories who have some on-going businesses are retaining workers, but there are payment stoppages and layoffs. If the situation remains, or if markets are lost or not fully recovered, there will be major job loss.

## COPING MECHANISMS

- 60% of West Bank manufacturing companies are working on part-time bases or temporarily slowed down due to the current situation, and around 40% of manufacturers stopped operations.
- Manufacturers that have on-going business or that have enough resources, are either alternating machine production to control cost and production output or producing extra inventory to be ready once the situation starts to get back to normal.
- No major interventions are taking place to overcome loss in sales; thus, the market is waiting to see how things unfolds and looking for opportunities.

## PROPOSED SECTORAL RESILIENCE INITIATIVES

- *Supply chain optimization*, to identify new suppliers of raw materials from Gulf countries or through Gulf markets who could use land transportation through Jordan.
- *Invest in small scale recycling equipment* to produce raw materials from plastic waste to be re-used for manufacturing. This will contribute to lowering overall product cost, sound environmental practices as well as circular economy objectives.
- *Improve access to finance* to support plastic producers through access to finance tailored TA to help mitigate liquidity issues.

## GARMENT MANUFACTURING

### BACKGROUND

Based on data from the Palestinian Federation of Garment, Textile and Leather Industries, and the PCBS there are around 5,000 garment and textile facilities in West Bank. These are mostly MSME's employing around 25,000 workers.

Among the total production facilities in the West Bank, around 75% outsource their garment services to the Israeli market with a total export of US\$38.3M. Exports of ready-made garments are also centralized to Israel, which accounts for 96.6% of this market (Exhibit 46).

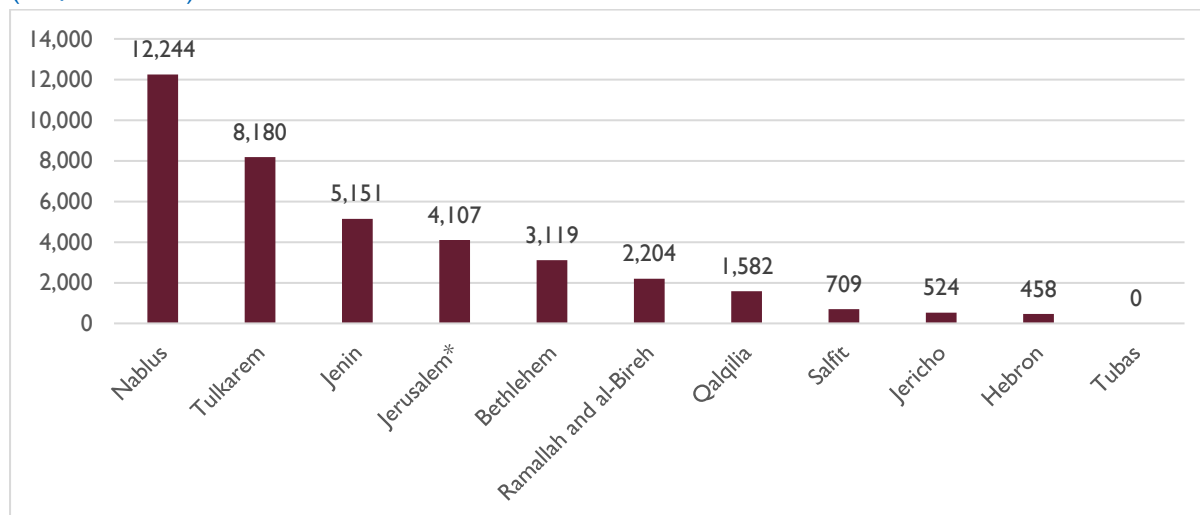
Exhibit 46: Leading export markets for West Bank ready-made garments, 2021

Export Markets	Total (US\$ thousand)	%
Israel	10,854	96.6%
Portugal	349	3.1%
Jordan	27	0.2%
UK	10	0.08%

Source: PCBS (2022c)

In 2021, the West Bank's exports of garment outsourcing services were concentrated in Nablus (US\$12.2M), Tulkarem (US\$8.2M), Jenin (US\$5.2M), Jerusalem (US\$4.1M) and Bethlehem (US\$3.1M) (Exhibit 47).

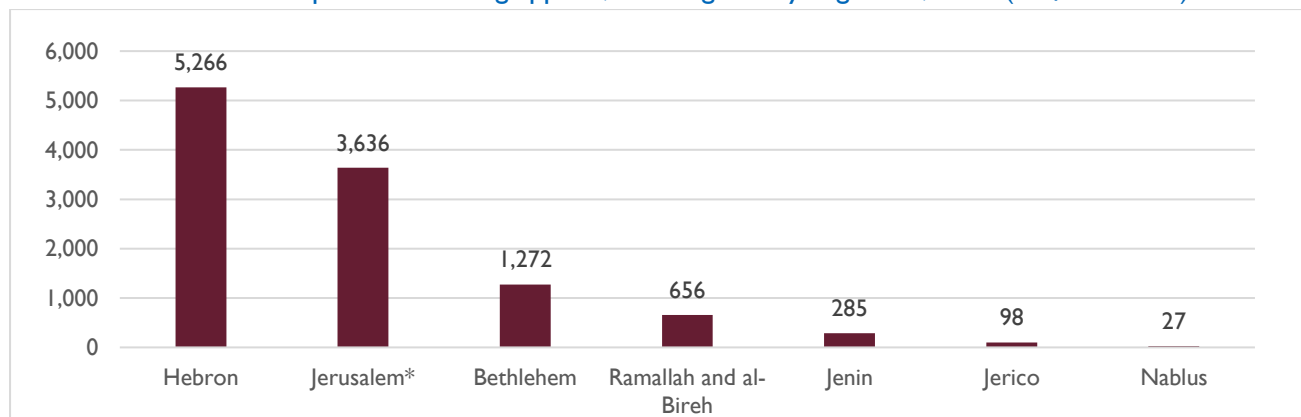
**Exhibit 47: West Bank exports of outsourced services for sewing and ready-made clothes, 2021 (US\$ thousand)**



Source: PCBS (2022c)

Around 25% of the facilities produce ready-made garment products. In 2021, garment exports from the West Bank for ready-made garment products were concentrated in Hebron (US\$5.2M), Jerusalem (US\$3.6M), and Bethlehem (US\$1.2M) (Exhibit 48)<sup>81</sup>.

**Exhibit 48: West Bank exports of wearing apparel; dressing and dyeing of fur, 2021 (US\$ thousand)**



Source: PCBS (2022c)

<sup>81</sup> PCBS. (2022c). Registered Foreign Trade Interactive Database. <http://Foreigntrade.pcbs.gov.ps>. <http://foreigntrade.pcbs.gov.ps/external-trade/#>

## CURRENT AND PROJECTED CHALLENGES

### LOGISTICS AND SECURITY CHALLENGES

There are challenges in the movement of people, products and transportation and logistics issues between West Bank cities due to closures. Transportation to Israel is impacted by increased security checks and early closure of crossings.

### ACCESS TO INPUT & LIQUIDITY SHORTAGES

Access to inputs and raw materials has fallen as Israeli input providers are no longer accepting cheques or providing lines of credit to Palestinian buyers. There are also delays in customs clearance procedures and logistics for imports from abroad.

### UNMET DEMAND

With the temporary cessation of Gazan production, there is increasing demand from the Israeli market that the West Bank is ill equipped to meet. This raises the risk that Israeli buyers will move to other countries to meet demand.

## MARKET OUTLOOK

### LOCAL AND ISRAELI MARKET

Gazan garment exports had a high market share in the West Bank and Israeli markets and was seen as the primary source for both. The absence of products from Gaza due to the current war increases the demand for textile/garment products from the West Bank in both the Israeli and local markets. West Bank producers thus have a prospect to scale up their operations to meet the additional expected demand as well as to expand into new products such as bed sheets and pillowcases for hospitals.

There are several risks to this scenario however: loss of the Israeli market if Israel moves to import garments from other countries; bounced checks from Israeli buyers; and additional security regulations that will increase the cost of transport and impede/complicate access to Israel markets.

### LABOR OUTLOOK

The return of workers from Israel will result in a surplus of labor in the West Bank market. This will likely lead to lower wages and enable textile producers to scale up operations—but only as markets re-open. The garment sector is a labor-intensive sector so the demand for skilled labor will increase in the market.

### COPING MECHANISMS

- No coping measures are currently in place. However, there will be a need for expansion in the very near future to replace Gazan exports.

### PROPOSED SECTORIAL RESILIENCE INTERVENTIONS

- *Scale-up production:* Support SMEs to expand their production capacity to respond to the potential demand from WB & Israeli markets.
- *Training and upgrading:* Support SMEs with vocational trainings to scale up their production quality level to meet the expected potential demand and subsidized with a stipend program.

## FOOD PROCESSING

### BACKGROUND

Manufacturing of food and beverages made up 35% of WBG’s exports in 2021, with the bulk of exports coming from food products. Both food and beverages sub-sectors witnessed significant growth in exports in recent years. Manufacturing of food products had an export growth of 11% from 2018-2021 and manufacturing of beverages saw export growth of 242%, despite a drop in 2021 as a result of the COVID-19 pandemic.<sup>82</sup> 67% of exports go to the Israeli market, but there is a more diverse set of markets for this product, across the Gulf countries, Jordan, the US, UK, and Canada (Exhibit 49).

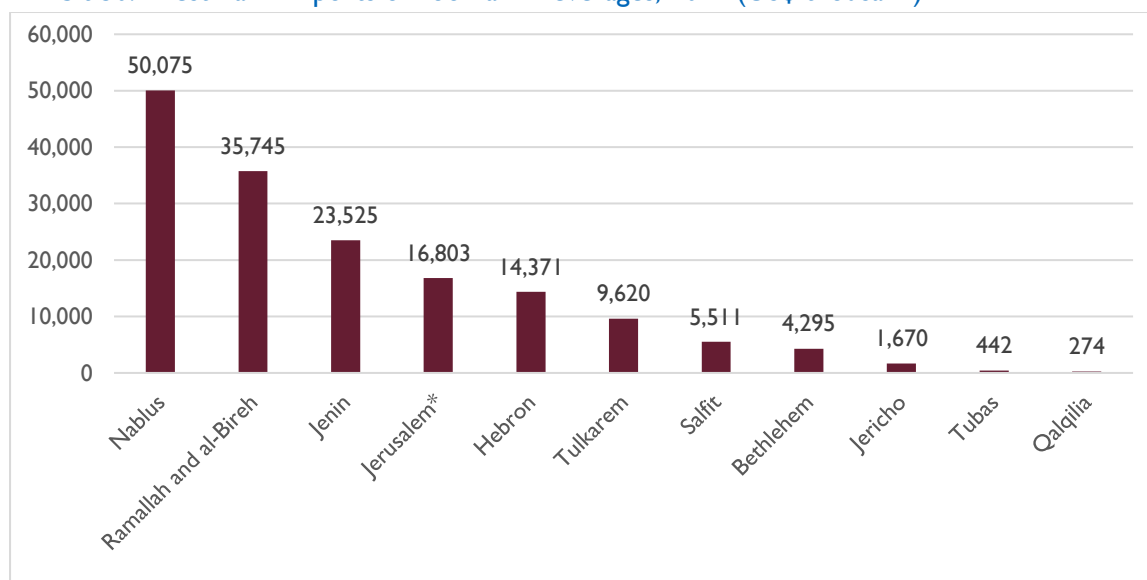
Exhibit 49: Leading export markets for West Bank food and beverages, 2021

Export Markets	Total (US\$ thousand)	%
Israel	108,710	67
United Arab Emirates	10,784	7
Saudi Arabia	9,001	6
Jordan	8,949	6
United States of America	8,595	5
Kuwait	5,927	4
Qatar	2,689	2
United Kingdom	1,114	1
Canada	1,065	1

Source: PCBS (2022c)

Exports are primarily from Nablus (US\$50M), followed by Ramallah and Al-Bireh (US\$35.7M), and Jenin (US\$23.5M) (Exhibit 50).

Exhibit 50: West Bank Exports of Food and Beverages, 2021 (US\$ thousand)



Source: PCBS (2022c)

Food processing is a diverse sub-sector, including a range of product categories as listed in Exhibit 51.

<sup>82</sup> Author’s calculations using the Global Trade Atlas

## Exhibit 51: Leading Manufactured Products

Manufactured Food Products	
Meat products	Bread and bakery products
Processing and canning fruits and vegetables	Sugars and sweets
Vegetable oils and fats	Pasta and noodles
Milk & dairy products	Soft drinks and non-carbonated beverages
Wheat flour & cereal products	Other food products
Animal feed	

Source: PIPA

## CURRENT AND PROJECTED CHALLENGES

### INABILITY TO ACCESS MARKETS

Movement of products within the West Bank market are limited to accessible buyers. Buyers in some villages are not accessible due to closed check points and in some cases metal gates are placed at the entrance of villages and locked by Israeli Security Forces. Furthermore, some villages are accessed through dirt roads and damage to products can lead to losses.

The Movement of products to Israel and international markets is still accessible. However, significant delays are caused due to the early closure of border crossings and the increased security checks. International markets are accessed through Ashdod or Haifa ports and the Allenby crossing where additional security regulations increase the cost of transport and packaging and could impede/complicate market.

In addition to the above delays, the Israeli settler violence has affected the movement of products and imposed a life-threatening circumstance to workers and drivers of transport companies.

### REDUCED ACCESS TO INPUTS

Access to food raw materials and packaging materials from Israel is disrupted due to the refusal of Israeli suppliers to accept checks or provide a line of credit to Palestinian buyers. Furthermore, there has been a reduction of working hours of Israeli factories. Custom clearance delays of input products thorough Haifa and Ashdod ports has also disrupted the production process.

### MARKET OUTLOOK

In addition to the loss of 50% of the Israeli market, the Gaza markets was totally lost and there is a risk of reduced demand from the Israeli market if Palestinian products are replaced by other sources. However, the demand for the locally produced products is likely to increase in the WB market due to the shift of the consumers to buying locally made over imported products. Furthermore, there will be a much higher demand in the Gaza market as West Bank factories are most likely to be the source for humanitarian assistance providers.

### LABOR OUTLOOK

Most of the food manufacturers in the WB kept their workers, while some of them opted for alternate work schedules. They are expected to hire additional labor for some subsectors, to meet the additional demand from the local market.

### COPING MECHANISMS

- Due to the reduction in demand, many manufacturers shifted to alternate workers schedule to keep the majority on partial payroll.

## PROPOSED SECTORAL RESILIENCE INTERVENTIONS

- *Scale-up production* and align with direct initiatives of humanitarian food assistance to Gaza to source WB products.
- *Introduce needed equipment* to food processing facilities and small dairy farmers (cooling tanks) to meet the increased local demand from subsectors and potential humanitarian assistance for Gaza.

## SUMMARY AND RANKING

All the sectors in the West Bank economy are under strain, resulting in an almost complete halt in production in many firms. Based on the results of the analysis above, this section prioritizes those sectors that require immediate intervention balanced with the interventions that will be most fruitful. Prioritization factors, their means of calculation and justification are included in the exhibit below.

Exhibit 52: Factoring the Relative Importance of Sectors

Factor	Means of Calculation	Justification of Impact
Presence in distressed location	Each governorate was assigned a score that corresponds to anecdotal and formal data on the security situation. Those sectors that are most heavily represented in distressed locations gain higher ranking. The extent of agricultural production in a governorate was determined by SMART data gathering. Due to the limited distribution of tourism (hotels) and ICT establishments, they were included in Bethlehem and Ramallah to account for them.	Higher incidence of violence and interruptions of the economic cycle in the governorate increase its vulnerability and need for intervention. Sectors concentrated in high volatility governorates receive higher grades indicating the need for immediate intervention.
Critical importance to local market (essential goods)	This is a ranking of essential sectors—agricultural and food production and wearing apparel—and those that contribute directly to them as they correspond to basic human needs of food security and clothes.	Higher contribution by the governorate to essential goods production results in a higher ranking due to the impact of these products on welfare in the whole of the West Bank.
Sector potential for exports	Calculated based on the percentage of the contribution of the governorate to total exports out of the West Bank and the expected changes in the market for the sector in Israel and locally.	Higher percentage implies higher significance of the sector in the economic wellbeing of the West Bank.

Each factor was assigned a weight based on its relative importance and the sectors were ranked with the higher value signifying higher urgency and importance of intervention in the sector. The results are included in the exhibit below.

Exhibit 53: Ranking Sectors by Impact Factors

Factor	Weight	Food & Beverage	Agriculture	Garments	Furniture	ICT	Paper	Stone and Marble	Plastic	Tourism (Hotels)
Presence in distressed locations	40	40	40	40	40	30	40	30	30	30
Critical importance to local market (essential goods)	40	40	38	36	34	32	24	30	26	24
Potential for export	20	20	20	20	10	15	12	15	12	5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>98</b>	<b>96</b>	<b>84</b>	<b>77</b>	<b>76</b>	<b>75</b>	<b>68</b>	<b>59</b>

To identify key interventions, the sectors were clustered by thematic commonalities. Each sector could belong to multiple clusters, however. The outcome clusters in the following manner:

- **Essential sectors for local market consumption** (Food and Beverage Production, Agriculture, Garments): These sectors are key contributors to essential human needs in times of crises including food, beverage, clothing, and health products. While the sectors contribute to exports, much production is locally consumed as they address local needs in times of crisis.
- **Essential production support sectors** (Paper, Plastics, ICT): These sectors are essential back-end contributors to other productive sectors. They provide infrastructure for communication and marketing (ICT), inputs to essential production (such as inputs to agricultural production) and packaging for exporting sectors (Paper and Plastics).
- **Essential export centric sectors** (Furniture, Stone and Marble, Tourism): These sectors are exporters that act as overall forklifts of the economy of the West Bank as they bring in consumers into the market (tourism) or increase access to the international market (furniture and stone and marble).

## RECOMMENDATIONS

The following recommendations are based on the findings from the Regional Resilience and Sectoral Resilience analyses. These will form the basis for future development of high-impact, feasible, and sustainable programming.

## RESILIENCE PRIORITIES

All regions in the West Bank continue to be heavily impacted by the war and related economic crisis. Close examination of the realities of the West Bank’s governorates identified regional clusters based on priority of intervention. These are mapped to the sectors ranked by priority of intervention as shown in the exhibit below.

Exhibit 54: Region-Sector Cluster Matrix

Governorate		Sector								
		Food Processing	Agriculture	Textiles and Garments	Furniture	ICT	Paper	Stone and Marble	Plastics	Tourism
Group 1	Hebron	✓		✓	✓		✓	✓	✓	
	Nablus	✓	✓	✓	✓		✓		✓	✓
	Jenin	✓	✓	✓	✓					
	Tulkarem	✓	✓	✓	✓					
	Tubas	✓	✓		✓			✓		
Group 2	Bethlehem	✓			✓			✓	✓	✓
	Ramallah	✓			✓	✓		✓		✓
Group 3	Jericho	✓	✓		✓			✓		
	Qalqilya	✓	✓	✓	✓					
	Salfit	✓			✓			✓		

Specific recommendations by sector are summarized in the exhibit below and described in more detail.

## Exhibit 55: Recommended interventions

Factor	Access to Finance	Easing Restrictions	Scale-up Production	New Equipment	Supply Chain Optimization	Training/ Upgrading	Product Diversification	Strengthen Market Access
Food and Beverage	X	X	X	X				
Agriculture	X	X	X		X			
Garments	X	X	X			X	X	X
Furniture	X	X	X			X		X
Paper	X	X			X			X
ICT	X	X				X		X
Stone and Marble	X	X						X
Plastic	X	X		X	X			
Tourism	X	X				X		

## AGRICULTURE AND FOOD AND BEVERAGE MANUFACTURING

Agriculture and food and beverage manufacturing are critical sectors in the distressed regions to the north (Nablus, Jenin, and Tulkarem) as well as Hebron, particularly with regards to food processing. These sectors are considered essential for food security. There are a large number of establishments—particularly in agriculture—while food and beverage manufacturing is a leading export sector. Near term recommendations include:

**Scaling up production:** The agriculture and food and beverage manufacturing sectors will be critical for food security in the West Bank, near term humanitarian aid in Gaza, and over the next year as Gaza rebuilds its agricultural sector after the war. The market in Israel is likely to remain important. These sectors also have more diverse export markets than many, and there will thus be a critical need to scale up production with a focus on durable, resource efficient products.

**Introduce needed equipment:** During border crossing closures cold storage units can be used to maintain the freshness of produce with short shelf-life. The same units can be used as freezing facilities, thus allowing farmers to store produce following the crisis. This will protect farmers from price fluctuations and secure off season produce at higher price and support exports to Israel and other markets. For food processing facilities and small dairy farmers, cold storage facilities can be used to meet the increased local demand from subsectors and potential humanitarian assistance for Gaza.

**Cost-share inputs for small farmers:** Coordination between farmers (either informally or through formal mechanisms such as cooperatives), or cost-share mechanisms with donor-funded projects to procure high-quality inputs will help to maintain both high levels of production and quality. This can also be applied to provision of greenhouses, net houses, irrigation systems and critical equipment.

## GARMENT MANUFACTURING

Garment manufacturing is an important sector in distressed locations and clothing is considered an essential good. Furthermore, the market in Israel will be important to maintain, even as producers seek to expand to new markets. Recommendations include:

**Scaling up production:** With the significant market gap in Gaza, this sector can scale up and diversify products to meet existing market needs in the West Bank and new market needs in Gaza and Israel. With between 96.6% of exports going to Israel, garment producers should assess the likelihood of Israel continuing as a major market.



*Product Diversification:* At the same time, diversification may be necessary. Traditional products will be needed but new items—including hospital linens—have been identified as important in the near term.

*Training and upgrading:* Support to garment production SMEs for vocational trainings will enable them to scale up their production quality level to meet the expected potential demand, and this can be subsidized with a stipend program.

## FURNITURE

Furniture manufacturing is an important sector in the distressed locations in the north and Hebron. It also has many establishments and is the source of significant exports. Maintaining the current market in Israel—which was previously fulfilled by Gazan producers—will be important for the future as this is the major market for both the West Bank and Gaza. The Gaza market is also likely to be in great need when rebuilding efforts begin. Recommendations in this sector are:

*Scaling up production:* With the current loss of furniture producers in Gaza, West Bank manufacturing will need to scale up to meet current needs in the West Bank, prepare for the significant needs required by the Gaza market when it is ready to rebuild. This may include the adoption of new equipment to increase production capacities for SMEs.

*Training and upgrading of the workforce:* Scaling up will be enhanced by an improved skillset in the West Bank, including through coordination with vocational training institutions.

## PAPER

Paper is a small but growing sector centralized in the distressed regions of Hebron and Nablus. It is of particular importance as a packaging input to agriculture and food and beverage manufacturing. Paper is particularly vulnerable during the crisis as most inputs are imported from just a few suppliers, so any changes in quantity and access will have large effects.

*Supply chain optimization* has become a critical focus for many firms, which must identify alternative sources for raw materials to reduce dependence on specific suppliers. Some companies are actively exploring alternative suppliers, notably from neighboring regions like Jordan. By diversifying their sourcing networks, these firms aim to reduce their reliance on affected supply chains and secure alternative routes for essential materials.

## ICT

The ICT sector is primarily located in Ramallah and is not as affected by movement and access constraints. However, it has many international contracts that are in danger of being cancelled or not renewed for political reasons or due to lack of confidence from clients.

*Training and upgrading:* Workforce development coupled with a stipend scheme can support staff retention.

*Strengthen access to markets:* Hiring business development consultants in regional markets and current export markets to bring in new clients and support sector attendance at export promotion or marketing events in the region.

## STONE AND MARBLE

The stone and marble sector is centralized in Bethlehem and the distressed region of Hebron. It is a major source of both employment and exports for the West Bank.

*Strengthen market access:* Regional markets rely on building stone in construction and are familiar with Palestinian stone, so targeting those markets under a fast response program will yield new revenues. A strong marketing outreach campaign and mobilizing trade show participation, with political support from Gulf markets, will yield access to large scale projects and a fast sales cycle. TA is also needed to help stone producers expand in current existing regional and international markets.

## PLASTIC

Plastic is almost entirely produced in the distressed region of Hebron and nearly all exports are concentrated to the Israeli market. Furthermore, it has an important role to play in both agriculture infrastructure and building.

*Supply chain optimization:* Identifying new suppliers of raw materials from Gulf countries or through Gulf markets would stabilize the plastics supply chain, assuming the suppliers could use land transportation through Jordan.

*New Equipment:* Investing in small scale recycling equipment would enable plastics manufacturers to produce raw materials from plastic waste to be re-used for manufacturing. This will contribute to lowering overall product cost as well as advancing sound environmental practices and circular economy objectives.

## TOURISM

Tourism is a critical sector for jobs and revenue in the West Bank, with international tourism primarily impacting Bethlehem and Ramallah. As long as conflict and insecurity remain, the sector will be completely closed. Maintaining some employment in the sector and preparing for the future are the focus for tourism.

*Training and upgrading:* With the extreme fragility of the tourism and hotels sectors, a strategic approach will include sector cooperation on marketing and upgrading facilities, skillsets, and offerings.

## REFERENCES

- Al Jazeera. (2023, November 9). *Deadly assault on Jenin refugee camp as Israel raids on West Bank intensify*. Al Jazeera. <https://www.aljazeera.com/news/2023/11/9/deadly-assault-on-jenin-refugee-camp-as-west-bank-raids-intensify>
- Al Quds. (2023, November 13). *The Ministry of National Economy Monitors the Israeli Complications on Economic Movement*. <https://www.alquds.com>. <https://www.alquds.com/ar/posts/100596>
- Allas, T., Birshan, M., Impey, A., Mayfield, C., Mischke, J., & Woetzel, J. (2021, June 3). *Lessons on Resilience for Small and Midsize Businesses*. Harvard Business Review. <https://hbr.org/2021/06/lessons-on-resilience-for-small-and-midsize-businesses>
- An-Najah University. (n.d.). *An-Najah National University: Our University at Glance*. [www.najah.edu](http://www.najah.edu). Retrieved December 4, 2023, from <https://www.najah.edu/en/najah-university/>
- Aviva. (2020, January 23). *Business Resilience: The 6 factors*. [www.aviva.co.uk](http://www.aviva.co.uk). <https://www.aviva.co.uk/business/business-perspectives/featured-articles-hub/redefining-business-resilience>
- Bank of Israel. (2023, October 23). *The Monetary Committee decides on October 23, 2023 to leave the interest rate unchanged at 4.75 percent*. [www.boi.org.il](http://www.boi.org.il). <https://www.boi.org.il/en/communication-and-publications/press-releases/b23-10-23/>
- European Commission. (n.d.). *2020 Strategic Foresight Report: Charting the Course Towards a More Resilient Europe*. European Commission. Retrieved November 8, 2023, from [https://commission.europa.eu/system/files/2021-04/strategic\\_foresight\\_report\\_2020\\_1\\_0.pdf](https://commission.europa.eu/system/files/2021-04/strategic_foresight_report_2020_1_0.pdf)
- ICRC. (2023, October 31). *Israel and the Occupied Territories: Rising violence in the West Bank may have irreversible consequences for communities*. Reliefweb.int. <https://reliefweb.int/report/occupied-palestinian-territory/israel-and-occupied-territories-rising-violence-west-bank-may-have-irreversible-consequences-communities>
- ILO. (2023). *The situation of workers of the occupied Arab territories*. ILO. [https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---relconf/documents/meetingdocument/wcms\\_883198.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_883198.pdf)
- IMF. (2023, September 13). *West Bank and Gaza: Report to the Ad Hoc Liaison Committee*. IMF. <https://www.imf.org/en/Publications/CR/Issues/2023/09/12/West-Bank-and-Gaza-Report-to-the-Ad-Hoc-Liaison-Committee-539149>
- Milesi-Ferretti, G. M. (2023, October 23). *The Israel and Gaza war: Economic repercussions*. Brookings. <https://www.brookings.edu/articles/the-israel-and-gaza-war-economic-repercussions/>
- Morrar, R., & Khalidi, R. (2021). *Comprehensive Response to Socio-Economic Impacts of The Covid-19 Pandemic in Palestine Under Occupation - Response and Interventions for Addressing Impacts of the Coronavirus Pandemic in the Gaza Strip ( Pillar 5 )*. MAS. <https://mas.ps/en/publications/4501.html>
- OCHA. (2023a). *Data on casualties*. OCHA. <https://www.ochaopt.org/data/casualties>
- OCHA. (2023b, August 25). *Movement and Access in the West Bank*. OCHA. <https://ochaopt.org/2023-movement>
- OCHA. (2023c, October 31). *Hostilities in the Gaza Strip and Israel: Flash Update #25*. OCHA.

[https://ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-25?\\_gl=1](https://ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-25?_gl=1)

- OCHA. (2023d, November 1). *The other mass displacement: while eyes are on Gaza, settlers advance on West Bank herders*. Reliefweb.int. <https://reliefweb.int/report/occupied-palestinian-territory/other-mass-displacement-while-eyes-are-gaza-settlers-advance-west-bank-herders-enhe>
- PCBS. (2021). *Labour Force Participation Rate*. www.pcbs.gov.ps. [https://www.pcbs.gov.ps/Portals/\\_Rainbow/Documents/Labour\\_Force\\_Participation%20Rate\\_2015-2020.html](https://www.pcbs.gov.ps/Portals/_Rainbow/Documents/Labour_Force_Participation%20Rate_2015-2020.html)
- PCBS. (2022a). *Agriculture Census, 2021*. www.pcbs.gov.ps. <https://www.pcbs.gov.ps/Downloads/book2646.pdf>
- PCBS. (2022b). *H.E. Dr. Awad Presents the current status of the Palestinian labour force in 2022*. www.pcbs.gov.ps. <https://pcbs.gov.ps/post.aspx?lang=en&ItemID=4500>
- PCBS. (2022c). *Registered Foreign Trade Interactive Database*. Foreigntrade.pcbs.gov.ps. <http://foreigntrade.pcbs.gov.ps/external-trade/#>
- PCBS. (2022d). *The Results of the Labour Force Survey, 2022*. www.pcbs.gov.ps. <https://www.pcbs.gov.ps/post.aspx?lang=en&ItemID=4421>
- PCBS. (2023a). *Palestine in Figures 2022*. www.pcbs.gov.ps. <https://pcbs.gov.ps/Downloads/book2654.pdf>
- PCBS. (2023b). *Palestinian Labour Force Survey Annual Report: 2022*. www.pcbs.gov.ps. <https://www.pcbs.gov.ps/Downloads/book2658.pdf>
- PCBS. (2023c). *PCBS Homepage*. www.pcbs.gov.ps/. <https://www.pcbs.gov.ps/Downloads/book2646.pdf>
- PCBS. (2023d). *PCBS: Press Release on the Losses of Private Sector in Palestine due to the Israeli occupation Aggression on Gaza Strip*. www.pcbs.gov.ps. <https://www.pcbs.gov.ps/site/512/default.aspx?tabID=512&lang=en&ItemID=4628&mid=3171&wversion=Staging>
- PCBS. (2023e, March 3). *Preliminary Results of Registered Palestinian\* Exports, Imports of Goods by Month, Quarter and country for 2021 and 2022*. www.pcbs.gov.ps. [https://www.pcbs.gov.ps/statisticsIndicatorsTables.aspx?lang=en&table\\_id=1730](https://www.pcbs.gov.ps/statisticsIndicatorsTables.aspx?lang=en&table_id=1730)
- PCBS. (2023f, October 16). *Socio-Economic Indicators on the Impact of the Israeli Occupation War on Gaza Strip, 2023*. www.pcbs.gov.ps. [https://www.pcbs.gov.ps/portals/\\_pcbs/PressRelease/Press\\_En\\_GazaUnderAttack2023E.pdf](https://www.pcbs.gov.ps/portals/_pcbs/PressRelease/Press_En_GazaUnderAttack2023E.pdf)
- PCBS. (2023g, November 8). *Israeli Occupation Aggression on Palestine since Oct.7th 2023, Latest Update 14:00, 08/11/2023*. www.pcbs.gov.ps. <https://www.pcbs.gov.ps/default.aspx>
- PCBS. (2023h). *The Palestinian Central Bureau of Statistics and the Ministry of Tourism and Antiquities jointly issue a press release on the occasion of World Tourism Day, 27/09/2023*. www.pcbs.gov.ps. [https://www.pcbs.gov.ps/portals/\\_pcbs/PressRelease/Press\\_En\\_WorldTourismDay2023E.pdf](https://www.pcbs.gov.ps/portals/_pcbs/PressRelease/Press_En_WorldTourismDay2023E.pdf)
- PCMA. (2023). *Press release: The Palestinian Capital Market Authority allows listed public joint-stock companies to purchase their shares without requiring a contract and the approval of the extraordinary general assembly*. PCMA.

<http://www.pcma.ps/%d8%aa%d8%b5%d8%b1%d9%8a%d8%ad-%d8%b5%d8%ad%d9%81%d9%8a-%d9%87%d9%8a%d8%a6%d8%a9-%d8%b3%d9%88%d9%82-%d8%b1%d8%a3%d8%b3-%d8%a7%d9%84%d9%85%d8%a7%d9%84-%d8%a7%d9%84%d9%81%d9%84%d8%b3%d8%b7%d9%8a%d9%86/>

- PIPA. (n.d.). *Food and beverage industry*. www.pipa.ps. Retrieved December 4, 2023, from <http://www.pipa.ps/page.php?id=Iab350yI749840YIab350>
- PMA. (2013, April 8). *PMA Launches the “PMA Business Cycle Indicator” (PMABCI)*. Palestine Monetary Authority. <https://www.pma.ps/en/Media/Press-Releases/pma-launches-the-pma-business-cycle-indicator-pmabci>
- PMA. (2023a). *Distribution of Credit Facilities by Economic Activities*. Palestine Monetary Authority. <https://www.pma.ps/en/Statistics//TimeSeriesData>
- PMA. (2023b). *Monthly and Quarterly Data*. Palestine Monetary Authority. <https://www.pma.ps/en/Statistics//MonthlyandQuarterlyData>
- PMA. (2023c, October 30). *The PMA Business Cycle Index (PMABCI) – October 2023*. Palestine Monetary Authority. <https://www.pma.ps/en/Media/Press-Releases/the-pma-business-cycle-index-pmabci-october-2023>
- Sable, P. (2022, July 6). *What Is Product Diversification? Definition & Strategies*. Chisel Labs. <https://chisellabs.com/glossary/what-is-product-diversification-its-strategies/#:~:text=Product%20diversification%20refers%20to%20the>
- Segal, T. (2023, March 30). *Stock Buybacks: Why Do Companies Buy Back Shares?* Investopedia. <https://www.investopedia.com/ask/answers/042015/why-would-company-buyback-its-own-shares.asp#toc-the-bottom-line>
- Small Business Britain. (2021). *How to be resilient: Lessons on surviving a crisis*. Small Business Britain. <https://smallbusinessbritain.uk/downloads/Small-Business-Britain-How-To-Be-Resilient.pdf>
- Trading Economics. (2021). *Palestine Industrial Production - 2021 Data - 2022 Forecast - 2012-2020 Historical*. Tradingeconomics.com. <https://tradingeconomics.com/palestine/industrial-production>
- U.S. EDA. (n.d.). *Economic Resilience*. U.S. Economic Development Administration. Retrieved November 8, 2023, from <https://www.eda.gov/resources/comprehensive-economic-development-strategy/content/economic-resilience>
- UNDP. (2023). *Gaza war: expected socioeconomic impacts on the State of Palestine*. www.undp.org. <https://www.undp.org/sites/g/files/zskgke326/files/2023-11/2301926E-Policybrief-GazaWAR-ESCWA-UNDP-English-4pm.pdf>
- UNHCR. (2023, November 18). *Hostilities in the Gaza Strip and Israel | Flash Update #43*. United Nations Office for the Coordination of Humanitarian Affairs. [https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-43?\\_gl=1](https://www.ochaopt.org/content/hostilities-gaza-strip-and-israel-flash-update-43?_gl=1)
- USAID. (2022). *2022 Resilience Policy Revision*. USAID. <https://www.usaid.gov/sites/default/files/2022-12/Resilience-Policy-Revision-Jan-2023.pdf>
- Wafa. (2013). *Manufacturing sector expected to grow by 2.5% and absorb 79,000 jobs in six years – Ministry of Economy*. Wafa Agency. <https://english.wafa.ps/Pages/Details/137793>

World Bank. (2003). *Civil War and Development Policy*. World Bank.  
<https://openknowledge.worldbank.org/server/api/core/bitstreams/ce680d98-c240-5747-a573-b4896762e5f5/content>

World Bank. (2023). *Racing Against Time: World Bank Economic Monitoring Report to the Ad Hoc Liaison Committee*. World Bank.  
<https://documents1.worldbank.org/curated/en/099638209132320721/pdf/IDU0e8b2e87e098b004a7a09dcb07634eb9548f4.pdf>