



# General Assembly

Distr.: General  
10 September 2024

Original: English

---

## Seventy-ninth session

Item 34 of the provisional agenda\*

### Question of Palestine

## **Economic costs of the Israeli occupation for the Palestinian people: the economic impact of the Israeli military operation in Gaza from October 2023 to May 2024**

### **Note by the Secretary-General\*\***

The Secretary-General has the honour to transmit to the General Assembly the report prepared by the secretariat of the United Nations Conference on Trade and Development.

---

\* [A/79/150](#).

\*\* The present document was submitted to the conference services for processing after the deadline for technical reasons beyond the control of the submitting office.



## Report prepared by the secretariat of the United Nations Conference on Trade and Development on the economic costs of the Israeli occupation for the Palestinian people: the economic impact of the Israeli military operation in Gaza from October 2023 to May 2024

### *Summary*

The present report is submitted pursuant to General Assembly resolution [77/22](#), in which the Assembly requested the United Nations Conference on Trade and Development (UNCTAD) to continue to report to it on economic development in the Occupied Palestinian Territory, including East Jerusalem, and the economic costs of the Israeli occupation for the Palestinian people. The report complements previous UNCTAD reports to the Assembly ([A/71/174](#), [A/73/201](#), [A/74/272](#), [A/75/310](#), [A/76/309](#), [A/77/295](#) and [A/78/303](#)).

Since the early 1990s, Israel, the occupying Power, has imposed restrictions on the movement of goods and people in and out of Gaza. The restrictions have been greatly intensified since the 2007 takeover by Hamas of the Gaza Strip. For 17 years, 2.3 million Palestinian people have been confined to a small, 365 km<sup>2</sup> enclave with one of the highest population densities in the world. Entry of goods has been reduced to basic needs and humanitarian relief. In addition, Gaza has endured numerous extensive military operations in just over a decade and a half: in 2008–2009, 2012, 2014, 2021, 2022 and May 2023 and since October 2023. The restrictions, closures and recurrent military operations have resulted in the utter destruction of Gaza's infrastructure and productive base. The hollowing out of the economy has cultivated a profound dependency on external aid.

The war that followed the attacks by Hamas and other Palestinian armed groups on 7 October 2023 devastated the remnants of Gaza's economy and infrastructure. The intense military operations in Gaza resulted in an unprecedented humanitarian, environmental and social catastrophe and propelled Gaza from de-development to utter ruin. The far-reaching repercussions will linger for years to come, and it may take decades to return Gaza to the status quo ante.

The income loss in Gaza caused by 16 years of closures and severe economic and movement restrictions and repeated military operations is staggering. According to thorough estimations described in the present report, in the absence of those constraints, by the end of 2023 it is estimated that Gaza's gross domestic product (GDP) would have been, on average, 77.6 per cent higher than its actual level. This implies a conservatively estimated cumulative loss of \$35.8 billion (in constant 2015 dollars) of unrealized GDP potential during the period 2007–2023 – equivalent to 17 times the GDP of Gaza in 2023.

The damage caused by the war between 7 October 2023 and 20 May 2024 reduced GDP per capita in Gaza by over one half, while other factors redoubled the income loss. Furthermore, physical damage to Gaza's infrastructure caused during the period from 7 October 2023 until the end of January 2024 was estimated at \$18.5 billion – equivalent to seven times Gaza's GDP in 2022.

Once a ceasefire is reached, a return to the 2007–2022 growth trend would imply that it would take Gaza 350 years just to restore GDP to its level in 2022.

## I. Objective and scope

1. The present report is submitted pursuant to General Assembly resolution [77/22](#), in which the Assembly requested the United Nations Conference on Trade and Development (UNCTAD) to continue to report to it on economic development in the Occupied Palestinian Territory, including East Jerusalem, and the economic costs of the Israeli occupation for the Palestinian people. It adds to seven reports prepared by UNCTAD and submitted to the Assembly on the subject.

2. In the context of 57 years of Israeli occupation, Israel has imposed closures and severe economic and movement restrictions on Gaza since June 2007 and conducted a number of major military operations, which destroyed its infrastructure and the productive base of its economy. Prior to October 2023, the economy of Gaza was hollowed out and its people were nearly completely dependent on international aid. On 7 October 2023, Hamas and other Palestinian armed groups launched large-scale attacks on Israel and committed numerous acts of terror. Since then, Israeli sources have reported a total of over 1,500 Israelis and foreign nationals killed in this context, including at least 338 women and 38 children, and 690 members of the security forces. Around 6,200 Israelis and foreigners were injured, according to official Israeli sources. Furthermore, 33 attacks on Israeli medical facilities and personnel were recorded. In addition, some 250 people, both Israelis and foreign nationals, including approximately 65 women and 34 children, were abducted and taken into Gaza, with some subsequently released in November. Following the attacks on 7 October, Israel launched a military operation in Gaza. The ensuing war in Gaza destroyed nearly all of what was left of Gaza's economic base and life-sustaining infrastructure.

3. The objective of the present report is to evaluate the economic impact of the latest Israeli military operation in terms of three key indicators, using different time periods based on the availability of data: gross domestic product (GDP) loss, the time horizon for recovery, and the direct impact of the damage on economic activities from the war up until 20 May 2024. Furthermore, building on the findings of UNCTAD in 2020 (see [A/75/310](#)), the present report provides an assessment of the cumulative economic cost of the Israeli closures and other restrictions and the aforementioned military operations between 2007 and 2023 on Gaza. Finally, other data on the war, ongoing at the time of writing, are included up until 12 August 2024.

4. The military operation was still ongoing at the time of conclusion of the present report. Hence, all quantitative assessments are lower-bound, interim estimates of the loss and damage inflicted on Gaza in terms of the economic impact, cost and time frame for recovery.

## II. Background and context

### A. Before October 2023

5. Israel has occupied Gaza and the West Bank, including East Jerusalem, since June 1967. Despite the unilateral disengagement in 2005, Israel has retained effective control over Gaza's airspace and areas around all land borders with Israel, including crossing points, and sea areas adjacent to Gaza, except for the 12 km border with Egypt, part of which was reoccupied by Israel in May 2024.

6. Since the early 1990s, the Palestinian people in Gaza have been subjected to prolonged, severe restrictions on their movement in and out of the Strip and a separation policy with the occupied West Bank, including East Jerusalem. Israel has restricted Gaza's exports and imports and banned or restricted the importation of critical production inputs and technology. Furthermore, for two decades, Israel has not allowed the construction and operation of airports or seaports. Since 2007, the

restrictions have been greatly amplified. The blockade and closures by Israel of Gaza, one of the most densely populated areas in the world, since 2007, following the takeover by Hamas of the Gaza Strip the same year, may amount to collective punishment, which is prohibited by international law.

7. At just 365 km<sup>2</sup>, Gaza's area has one of the highest population densities in the world – 6,085 people per square kilometre in 2023. Furthermore, citing security grounds, Israel restricts Palestinian access to areas within 300 m of the Gaza side of the perimeter fence, with areas several hundred metres beyond deemed not safe, thereby preventing, discouraging or restricting human and productive activities therein.<sup>1</sup> The resulting buffer zone along the eastern border of Gaza that entails 24 per cent of the total area of Gaza is effectively “off limits”, thus worsening the high population density problem.<sup>2</sup>

8. Several military operations were conducted by Israel in Gaza before October 2023, including in 2008–2009, 2012, 2014, 2021, 2022 and 2023. The operations caused internal displacement, death and repeated destruction of physical infrastructure, residential buildings, capital stock and productive assets, including agricultural land, rendering them unproductive, crops, livestock sheds, greenhouses, fruit trees, storage facilities, boats, fishing equipment, agribusinesses, irrigation canals, water pumping systems, electricity networks, Internet networks, factories, office buildings, educational facilities and healthcare centres.<sup>3</sup>

9. Prior to October 2023, much of the damage from previous military operations remained unrepaired, while the people suffered the consequences of living in chronic conflict conditions, with inadequate access to clean water, without electricity for much of the day and without a proper sewage system. Close to half of the workforce was unemployed, and two thirds of the population lived in poverty.<sup>4</sup>

10. The impact of military operations on the productive base of Gaza has been examined by the International Monetary Fund, which notes that the military operation in 2008–2009 destroyed the equivalent of over 60 per cent of the total capital stock, including machinery, buildings, tools and equipment, and that the military operation in 2014 resulted in the decline of 85 per cent of the capital stock that had survived the previous operation.<sup>5</sup> The erosion of the capital stock has stunted growth potential, constrained productivity growth and entrenched poverty and dependency on international assistance.

11. A cycle of destruction and insufficient reconstruction was set in motion. In the period 2007–2022, Gaza's GDP grew only by 1.1 per cent, while the population grew by 61 per cent, leading to real GDP per capita shrinking by 27 per cent, from \$1,994 in 2006 to \$1,257 in 2022. Meanwhile, the share of Gaza in the Palestinian economy contracted from 31 per cent to 17.4 per cent as its growth performance lagged behind the economy of the occupied West Bank, which has also been operating well below potential.<sup>6</sup>

12. During the same period, Gaza's labour force grew by 112 per cent and the number of unemployed workers increased by 157 per cent. As a result, unemployment rose

<sup>1</sup> United Nations, Office for the Coordination of Humanitarian Affairs, “Gaza Strip: the humanitarian impact of 15 years of the blockade”, June 2022.

<sup>2</sup> State of Palestine, Palestinian Central Bureau of Statistics, “Dr. Ola Awad, reviews the conditions of the Palestinian people via statistical figures and findings, on the 74th Annual Commemoration of the Palestinian Nakba”, 15 May 2022.

<sup>3</sup> UNCTAD, “Preliminary assessment of the economic impact of the destruction in Gaza and prospects for economic recovery”, January 2024.

<sup>4</sup> Ibid.

<sup>5</sup> International Monetary Fund, “West Bank and Gaza: report to the Ad Hoc Liaison Committee”, 31 August 2017.

<sup>6</sup> TD/B/EX(74)/2, paras. 46 and 47.

from 34.8 to 45.3 per cent, one of the highest figures in the world. A dearth of jobs has resulted in lost generations of impoverished, unskilled and deskilled workers.<sup>7</sup>

13. Key economic indicators before and after 2007 illustrate aspects of the de-development of Gaza. Upon the establishment of the Palestinian Authority in 1994, Gaza had about the same standard of living as the West Bank. However, the ratio of Gaza's GDP per capita to that of the West Bank fell from parity in 1994 to 44 per cent in 2007 and reached 28 per cent in 2021.<sup>8</sup>

14. UNCTAD estimated the impact of restrictions and military operations on household welfare, noting that, if the economy of Gaza had been allowed to continue to grow at the same pace as that of the West Bank, that is, by 6.6 per cent, the annual GDP of Gaza would have been 50 per cent higher in 2017 and GDP per capita would have been 105.5 per cent higher than its actual level in 2018.<sup>9</sup>

15. For over a decade and a half prior to October 2023, Gaza was largely removed from the national and international development agenda, as the recurrent destruction transformed Gaza into a humanitarian crisis area, with 80 per cent of the population dependent on international aid.<sup>10</sup>

## B. Unparalleled devastation

16. Following the large-scale attacks by Hamas and other Palestinian armed groups on 7 October 2023, which included numerous acts of terror, Israel launched a large-scale military operation, which has resulted in a catastrophic situation for the 2.3 million inhabitants of Gaza, who were already living under dire social and economic conditions in view of 57 years of occupation and 17 years of closures. The military operation has caused a severe death toll, the destruction of civilian infrastructure, and multiple mass displacement of the Palestinians living in Gaza.

17. According to the Ministry of Health in Gaza, as at 12 August 2024, 39,897 Palestinians, the majority of them women and children, had been killed. At least 92,152 Palestinians had been injured and thousands more were missing, very likely trapped or dead under the rubble.<sup>11</sup> The prevalence of disability is expected to increase significantly as a result of injuries, compared with the estimates prior to October 2023 of 21 per cent of households reportedly having a member with a disability. By 29 July 2024, the death toll was a multiple of the combined toll of all past Israeli military operations since 2007.

18. The number of children killed over the first three weeks of bombing exceeded the combined total annual number of children killed in armed conflicts in more than 20 countries over the past three years.<sup>12</sup> By May 2024, more than 14,000 Palestinian children were killed. Thousands more were injured or lost family members, loved ones or friends, while about 17,000 children were estimated to be unaccompanied or separated.<sup>13</sup>

<sup>7</sup> Ibid.

<sup>8</sup> Ibid., para. 47. The earliest available data on Palestinian GDP date back to 1994, the year the Palestinian Central Bureau of Statistics began compiling and publishing economic statistics. This roughly coincided with the signing of the Oslo Accords and the establishment of the Palestinian National Authority.

<sup>9</sup> A/75/310, para. 41.

<sup>10</sup> See TD/B/EX(74)/2.

<sup>11</sup> United Nations, Office for the Coordination of Humanitarian Affairs, "Humanitarian situation update, No. 203: Gaza Strip", 12 August 2024.

<sup>12</sup> Save the Children, "Gaza: 3,195 children killed in three weeks surpasses annual number of children killed in conflict zones since 2019", 29 October 2023.

<sup>13</sup> UNICEF, "Statement by UNICEF Executive Director Catherine Russell on military operations and border closures in Rafah, Gaza", 9 May 2024.

19. More than eight months into the operation, an estimated 1.7 million people, or nearly 80 per cent of the population of Gaza, were internally displaced, many of them displaced several times.<sup>14</sup> The United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) estimates that nearly 1 million women and girls were displaced.<sup>15</sup> Many of the displaced were sheltered in severely overcrowded schools run by the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), clinics and other public buildings, and some camped in open space near shelters.<sup>16</sup>

20. Displacement and the inability of people to leave Gaza have further severely aggravated the already extremely high density of a population lacking basic services and supplies, who only have access to unclean water and inadequate sanitation and hygiene systems. These conditions elevate public health risks to dangerous levels. Overcrowding and poor sanitary conditions at shelters contribute to the spread of infectious diseases and reinforce the impact of rising malnutrition on present and future health.<sup>17</sup> The poliovirus was detected in July 2024 in environmental samples from Khan Yunis and Dayr al-Balah, and three children presenting suspected acute flaccid paralysis, a common symptom of polio, have since been reported in the Gaza Strip. Moreover, an estimated 52,000 pregnant women have been caught in the war, with an estimated 180 deliveries every day. However, only three overwhelmed maternity hospitals remain. Persons with disabilities have lost their assistive devices or these have been damaged, and they have been cut off from medical services and medication needed as a result of the destruction of hospitals and disruption of services. According to the United Nations Satellite Centre (UNOSAT), between 7 October and 26 November 2023, 37,379 buildings, or 18 per cent of the total structures in Gaza, were damaged.<sup>18</sup> By 7 January 2024, 69,147 buildings were damaged; by 29 February, 88,868 buildings were damaged, equivalent to 35 per cent of Gaza's total structures.<sup>19</sup> The number of damaged or destroyed buildings had reached 137,297 by 3 May 2024,<sup>20</sup> more than six times the number of buildings damaged in the 2014 military operation.<sup>21</sup> The scale of destruction of housing and civil infrastructure, and the resulting rubble, has limited the movement of persons with disabilities and their access to protection, safety, essential services and humanitarian assistance.

21. By the end of July 2024, 88 per cent of school buildings had sustained some level of damage. Hospitals suffered heavy damage, 21 out of 36 hospitals were out of service, and 43 per cent (45 out of 105) of primary health facilities were not

<sup>14</sup> United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), "UNRWA situation report, No. 107, on the situation in the Gaza Strip and the West Bank, including East Jerusalem", 14 May 2024.

<sup>15</sup> UN-Women, "Gender alert: the gendered impact of the crisis in Gaza", January 2024.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> UNOSAT, "Occupied Palestinian Territory: Gaza Strip – imagery analysis: 26 November 2023", UNOSAT Gaza Strip Comprehensive Damage Assessment database. Available at [https://unosat.org/static/unosat\\_filesystem/3769/OCHA-OPT-003\\_UNOSAT\\_A3\\_Gaza\\_Strip\\_OPT\\_CDA\\_20231126\\_V2.0.pdf](https://unosat.org/static/unosat_filesystem/3769/OCHA-OPT-003_UNOSAT_A3_Gaza_Strip_OPT_CDA_20231126_V2.0.pdf).

<sup>19</sup> UNOSAT, "Occupied Palestinian Territory: Gaza Strip – imagery analysis: 29 February 2024", UNOSAT Gaza Strip Comprehensive Damage Assessment database. Available at [https://unosat.org/static/unosat\\_filesystem/3804/OCHA-OPT-005\\_UNOSAT\\_A3\\_Gaza\\_Strip\\_CDA\\_March2024\\_v1.pdf](https://unosat.org/static/unosat_filesystem/3804/OCHA-OPT-005_UNOSAT_A3_Gaza_Strip_CDA_March2024_v1.pdf).

<sup>20</sup> UNOSAT, "Occupied Palestinian Territory: Gaza Strip – imagery analysis: 3 May 2024", UNOSAT Gaza Strip Comprehensive Damage Assessment database. Available at [https://unosat.org/static/unosat\\_filesystem/3861/OCHA-OPT-014\\_UNOSAT\\_A3\\_Gaza\\_Strip\\_OPT\\_CDA\\_31052024.pdf](https://unosat.org/static/unosat_filesystem/3861/OCHA-OPT-014_UNOSAT_A3_Gaza_Strip_OPT_CDA_31052024.pdf).

<sup>21</sup> According to UNOSAT, in the 2014 military operation's 51 days of bombardment, 22,737 structures were damaged. See "Density of damage assessment in Gaza Strip, Occupied Palestinian Territory", 19 September 2014, UNOSAT Gaza Strip Comprehensive Damage Assessment database. Available at [https://unosat.org/static/unosat\\_filesystem/847/UNOSAT\\_A3\\_Density\\_Map\\_Gaza\\_Strip\\_20140828.pdf](https://unosat.org/static/unosat_filesystem/847/UNOSAT_A3_Density_Map_Gaza_Strip_20140828.pdf).

operational.<sup>22</sup> Over 62 per cent of residential buildings were damaged or destroyed, and over 59 per cent of the water, sanitation and hygiene sector infrastructure was heavily damaged, impacting water and sanitation services. Meanwhile, about 62 per cent of Gaza's electricity feeder lines were damaged or destroyed.<sup>23</sup> The full closure of Gaza imposed on 9 October included shutting off Israeli-supplied water (two connection points were subsequently reopened) and electricity, as well as restricting the entry of all imports, including food and fuel.<sup>24</sup>

22. Prior to 7 October 2023, nearly three in four adults in Gaza suffered ailments consistent with depression symptoms.<sup>25</sup> The damage to health facilities and the restrictions on the delivery of humanitarian supplies have caused major disruption to healthcare provision at a time of great need for mental and physical healthcare.

23. By mid-May 2024, about 625,000 students had lost access to education and effectively lost the school year – the third major interruption in the past four years. The large-scale destruction of educational and health infrastructure, houses, schools, universities and hospitals, missed school days, and mental health impact will have a lasting impact on the quality of life and lifetime earning potential of the active and future workforce. The extensive damage will set human development several decades back and undermine human capital formation for generations to come. The damage suffered by health and education facilities, lost school years, trauma, and various forms of disability have strong long-term consequences for health, productivity, employment prospects and quality of life.

24. Since 7 October 2023, Israel has intensified restrictions on the entry of humanitarian supplies, food, water, fuel and other needed items for the 2.3 million Palestinians of Gaza. Following the full closure of Gaza by Israel until 21 October, the humanitarian supplies being allowed entry have been far below what is required to meet the extensive needs of the people in Gaza. Between 8 October 2023 and 20 May 2024, the number of trucks allowed to enter Gaza dropped by 80 per cent.<sup>26</sup>

25. The continued restrictions have precipitated a severe food security crisis as the population exhausted its ability to cope. A humanitarian crisis has spread across Gaza, with a high risk of famine persisting across the whole Gaza Strip. About 96 per cent of the population in the Gaza Strip (2.15 million people) faces high levels of acute food insecurity until September 2024. While the whole territory is classified as being at emergency levels of food insecurity (Integrated Food Security Phase Classification (IPC) phase 4), over 495,000 people, or 22 per cent of the population, are still facing catastrophic levels of acute food insecurity (IPC phase 5). In phase 5, households experience an extreme lack of food, starvation, and exhaustion of coping capacities.<sup>27</sup> Nearly 31 per cent, or one in three children under 2 years of age, was acutely malnourished in northern Gaza. In Rafah, where delivery of humanitarian aid was relatively less restricted during the early months of the operation, 10 per cent of children under 2 years of age were acutely malnourished.<sup>28</sup>

<sup>22</sup> United Nations, Office for the Coordination of Humanitarian Affairs, "Reported impact snapshot: Gaza Strip", 17 July 2024.

<sup>23</sup> Ibid.

<sup>24</sup> [A/HRC/55/28](#), paras. 18 and 19; and World Bank, "Impacts of the conflict in the Middle East on the Palestinian economy", May 2024.

<sup>25</sup> World Bank, "Note on the impacts of the conflict in the Middle East on the Palestinian economy", February 2024.

<sup>26</sup> UNRWA, Gaza Supplies and Dispatch Tracking database, available at [www.unrwa.org/what-we-do/gaza-supplies-and-dispatch-tracking](http://www.unrwa.org/what-we-do/gaza-supplies-and-dispatch-tracking).

<sup>27</sup> Integrated Food Security Phase Classification, "Gaza Strip: IPC acute food insecurity special snapshot – 1 May–31 September 2024", 25 June 2024.

<sup>28</sup> World Bank, "Impacts of the conflict in the Middle East on the Palestinian economy".

26. Solid waste and rubble generated by the military operation pose long-term threats to public health, the environment, agricultural lands and the aquifer. By the end of April 2024, the military operation had left about 37 million tons of debris, with 200 kg of rubble per square metre in impacted areas.<sup>29</sup> It could take 14 years of work to remove the debris in an optimistic case scenario, assuming higher effectiveness in removal than for previous military operations.<sup>30</sup> For comparison, the 2014 military operation produced about 2.5 million tons of rubble, and its removal extended over two years after the termination of the operation. If the latest military operation had ended by April 2024, and debris removal were to proceed at the 2014 pace, it would take about 30 years to clear the rubble.<sup>31</sup> If the complications arising from unexploded ordnance, estimated at over 10 per cent of ammunition fired, are taken into account, clearing the rubble may take even longer.<sup>32</sup>

### III. Economic impact of the war in Gaza

#### A. Economic collapse

27. By the end of January 2024, the damage to the infrastructure was estimated at about \$18.5 billion, equivalent to about seven times Gaza's GDP in 2022. Residential buildings accounted for 72 per cent of the total damage, while commerce, industry and services sector buildings accounted for 9 per cent. The remainder is accounted for by infrastructure and services such as education, water, sanitation and hygiene, health, energy, information and communications technology, municipal services and transport.<sup>33</sup> The continuation of the war beyond January caused further damage and destruction.

28. Economic activity across all productive sectors in Gaza ground to a halt, except for minimum humanitarian health and food services provided under conditions of severe water, fuel and electricity shortages and severe access constraints. Figure I shows that the value added in all sectors saw extraordinarily large declines in the fourth quarter of 2023 compared with the fourth quarter of 2022: by 96 per cent in construction, 93 per cent in agriculture, 92 per cent in the industrial sector and 76 per cent in the services sector.

---

<sup>29</sup> UN News, "Gaza's unexploded ordnance could take 14 years to clear", 26 April 2024.

<sup>30</sup> Ibid.

<sup>31</sup> Palestine Economic Policy Research Institute, "Palestine economic update", April 2024.

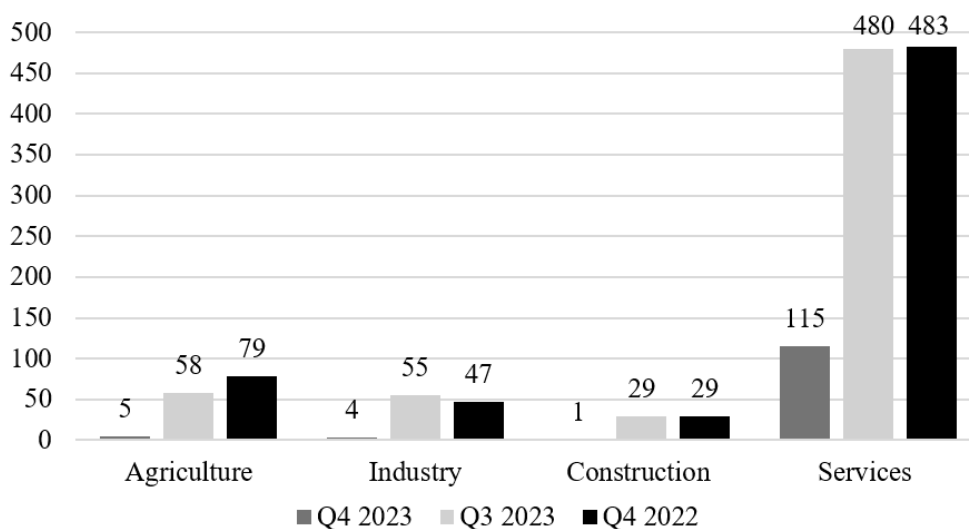
<sup>32</sup> Ibid.

<sup>33</sup> World Bank, European Union and United Nations, "Gaza Strip interim damage assessment: summary note", 29 March 2024.



Figure I  
**Gaza quarterly sectoral GDP**

(Millions of constant 2015 United States dollars)



Source: UNCTAD calculations based on Palestinian Central Bureau of Statistics quarterly national accounts data available at [https://www.pcbs.gov.ps/statisticsIndicatorsTables.aspx?lang=en&table\\_id=3538](https://www.pcbs.gov.ps/statisticsIndicatorsTables.aspx?lang=en&table_id=3538).

29. In the fourth quarter of 2023, Gaza registered its largest economic drop in recent history. GDP contracted by 81.3 per cent compared with the fourth quarter of 2022 and by 80.8 per cent compared with the third quarter of 2023. The GDP loss in the fourth quarter of 2023 amounted to \$545 million (constant 2015 dollars), equivalent to 26 per cent of Gaza's GDP in 2023 (see figure II).<sup>34</sup>

30. For the entirety of 2023, Gaza's economy contracted by 22.6 per cent. Over 90 per cent of that contraction took place in the fourth quarter, following 7 October 2023. The share of Gaza in the Palestinian economy dropped from 31 per cent in 2007 to 17 per cent in 2022 and to 14 per cent by the end of 2023.

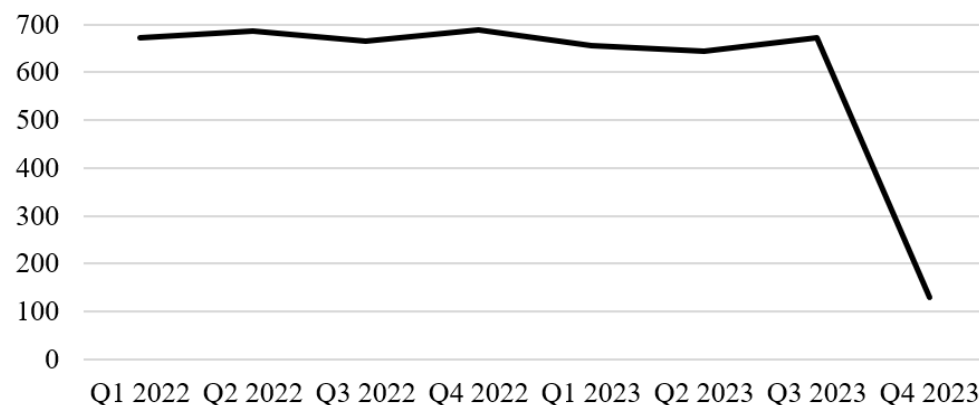
31. In the fourth quarter of 2023, GDP per capita contracted by 82.3 per cent compared with the fourth quarter of 2022 and by 81.4 per cent compared with the third quarter of 2022 (see figure III). For the entirety of 2023, GDP per capita contracted by 25 per cent compared with 2022, which represents just a third of its peak in 2005.<sup>35</sup>

<sup>34</sup> The quarterly GDP contraction due to the Israeli military operation in 2014 was only 37 per cent. UNCTAD calculations based on Palestinian Central Bureau of Statistics quarterly national accounts data, available at [www.pcbs.gov.ps/statisticsIndicatorsTables.aspx?lang=en&table\\_id=3538](https://www.pcbs.gov.ps/statisticsIndicatorsTables.aspx?lang=en&table_id=3538).

<sup>35</sup> Ibid.

Figure II  
**Quarterly real GDP in Gaza, 2022–2023**

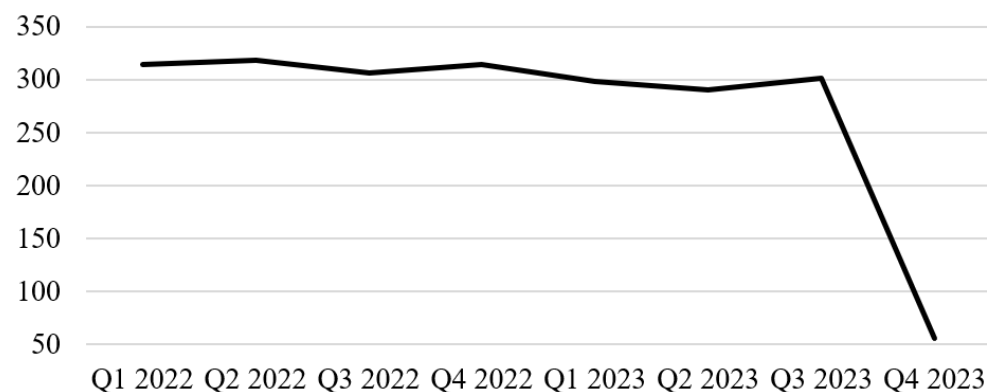
(Millions of constant 2015 United States dollars)



Source: UNCTAD calculations based on Palestinian Central Bureau of Statistics quarterly national accounts data available at [https://www.pcbs.gov.ps/statisticsIndicatorsTables.aspx?lang=en&table\\_id=3538](https://www.pcbs.gov.ps/statisticsIndicatorsTables.aspx?lang=en&table_id=3538).

Figure III  
**Quarterly real GDP per capita in Gaza, 2022–2023**

(Constant 2015 United States dollars)



Source: UNCTAD calculations based on Palestinian Central Bureau of Statistics quarterly national accounts data available at [https://www.pcbs.gov.ps/statisticsIndicatorsTables.aspx?lang=en&table\\_id=3538](https://www.pcbs.gov.ps/statisticsIndicatorsTables.aspx?lang=en&table_id=3538).

32. By the end of the third quarter of 2023, unemployment in Gaza was at 45.1 per cent.<sup>36</sup> The International Labour Organization (ILO) estimates that 61 per cent of employment, or 182,000 jobs, has been lost compared with pre-October 2023 levels.<sup>37</sup> By December 2023, unemployment had reached 79.3 per cent. By the end of January 2024, Gaza had lost two thirds of its pre-October jobs (201,000 jobs), and unemployment reached 81.7 per cent in the first quarter of 2024, a rate likely to worsen or persist for as long as the military operation continues.<sup>38</sup>

<sup>36</sup> State of Palestine, Palestinian Central Bureau of Statistics, “Labour force survey (July–September, 2023) round (Q3/2023) before the war in Gaza”, 8 November 2023.

<sup>37</sup> ILO, “Impact of the war in Gaza on the labour market and livelihoods in the Occupied Palestinian Territory”, Bulletin No. 1 (2023).

<sup>38</sup> ILO, “Impact of the war in Gaza on the labour market and livelihoods in the Occupied Palestinian Territory”, Bulletin No. 3 (2024); and UNCTAD calculations.

33. Gaza's economy was in a dire state prior to October 2023 and was among the worst performers in the world. Based on UNCTAD calculations provided in table 1, the income and employment impact of the war during its first three months was nearly equivalent to the cumulative impact of 16 years of closures and six past military operations.

Table 1  
**Gaza 2006–2023, selected economic indicators**

<i>Indicator</i>	2006	2022	2023	2006–2022 percentage change	2006–2023 percentage change	2022–2023 percentage change
Population (thousands)	1 349	2 166	2 221	60	65	3
Population density (people/km <sup>2</sup> )	3 696	5 934	6 085	60	65	3
Real GDP (millions of 2015 dollars)	2 691	2 723	2 100	1	-22	-23
Real GDP per capita (2015 dollars)	1 994	1 257	946	-37	-53	-25
Share of Gaza in Palestinian GDP (percentage)	31	17	14	-45	-54	-16
Labour force (thousands)	267	527	531	97	99	1
Unemployed workers (thousands)	93	239	421	157	353	76
Unemployment rate (percentage)	35	45	79	28	126	76
Poverty (percentage)	39 <sup>a</sup>	65	96	66	146	48

Source: Palestinian Central Bureau of Statistics and ILO data and UNCTAD calculations.

<sup>a</sup> 2007.

34. UNCTAD estimates that, if the Israeli military operations and restrictions were to continue throughout 2024, Gaza's annual GDP may plunge below the level observed in the fourth quarter of 2023, implying the loss of over 80 per cent of pre-October 2023 GDP. The economy may contract by an additional 75.4 per cent in 2024 compared with 2023. GDP may fall from \$2.1 billion in 2023 to \$516 million – a loss of \$1.55 billion. Combined with the \$545 million GDP loss incurred in the fourth quarter of 2023, the total loss may reach \$2.1 billion by the end of 2024 – equivalent to 100 per cent of Gaza's GDP in 2023. This income loss is separate from the cost of replacing the assets and infrastructure destroyed or damaged during the war following 7 October 2023.

35. The estimated reduction in absolute GDP would also imply a 76.2 per cent decline in per capita GDP in 2024, falling to \$225 or 9 per cent of its 2005 peak and 18 per cent of its 2022 level. Meanwhile, unemployment would continue to hover around the 80 per cent level observed in the fourth quarter of 2023 and first quarter of 2024 if the war were to continue until the end of 2024.

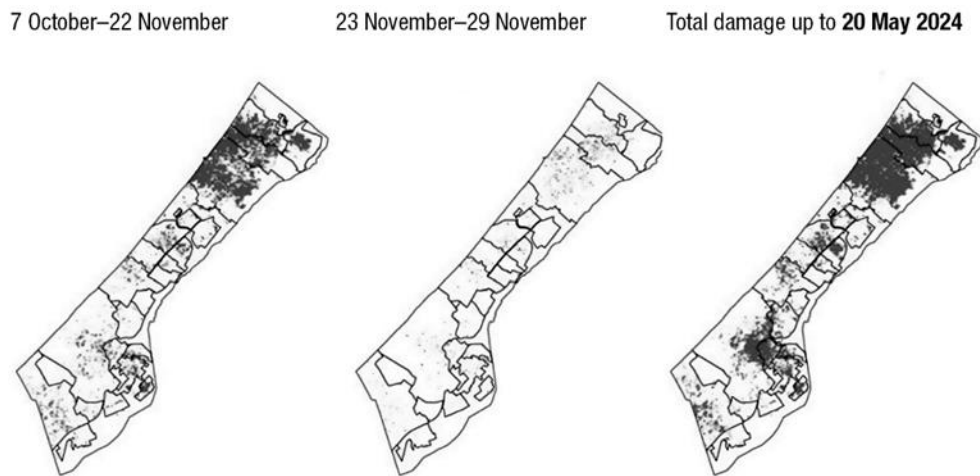
## **B. Immediate impact of the war on GDP per capita**

36. A reliable method for estimating the immediate impact of the war following 7 October on economic activity in Gaza, given the lack of reliable, timely data, is to use satellite images of damage and night-time lights (NTL). NTL has been widely used as a measure of economic development and is available on a daily basis.<sup>39</sup> The Black Marble Visible Infrared Imaging Radiometer Suite night lights measurements are shown to be accurate proxies for economic activity, especially for highly

<sup>39</sup> Xi Chen and William D. Nordhaus, "Using luminosity data as a proxy for economic statistics", *Proceedings of the National Academy of Sciences*, vol. 108, No. 21 (May 2011); John Gibson, Susan Olivia and Geua Boe-Gibson, "Night lights in economics: sources and uses", *Journal of Economic Surveys*, vol. 34, No. 5 (December 2020); and John Gibson and others, "Which night lights data should we use in economics, and where?", *Journal of Development Economics*, vol. 149 (March 2021).

disaggregated spatial units.<sup>40</sup> The maps in figure IV represent likely damage to human settlements (cities, towns, villages) across Gaza and are based on 40 x 40 m spatial resolution data. Each darker pixel on each map represents a 40 x 40 m area, which is likely to have been bombed in the corresponding time period.

Figure IV  
Damage intensity of 40 x 40 m pixels



Source: Palestinian Central Bureau of Statistics, damage analysis of Copernicus Sentinel-1 satellite data by Corey Scher of the Graduate School and University Center of the City University of New York and Jamon Van Den Hoek of Oregon State University, available at <https://www.conflict-damage.org> (accessed on 28 May 2024).

Note: The designations employed and the presentation of material on these maps do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

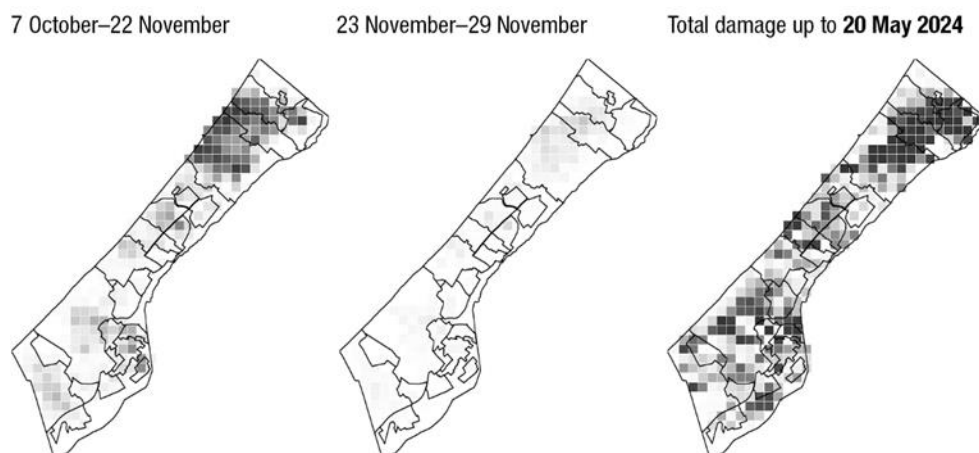
37. To estimate the immediate impact of the damage on infrastructure and its downstream effect on economic activity caused by the war approximated by NTL, a panel of 365 grid cells of 1 km<sup>2</sup> was constructed for the whole of the Gaza Strip for the damage and NTL. Each cell was observed from 5 October 2023 to 20 May 2024 for both variables.

38. The three maps in figure V show damage to the Gaza Strip in comparison to the pre-7 October 2023 period, taken as a baseline (zero damage).<sup>41</sup> Until 20 May, the average number of bombarded cells was 331 per square kilometre (52.9 per cent of each grid surface and of the total area of the Gaza Strip). The 1 km<sup>2</sup> grid cell with the highest number of bombarded 40 x 40 m cells is in Bayt Lahya, with 624 cells bombarded out of 625 (99.8 per cent of its grid surface). The map on the left shows the damage up to 22 November 2023; the one in the middle shows the damage caused between 23 and 29 November, which includes the seven-day humanitarian pause from 24 to 30 November; and the one on the right shows the damage up to 20 May 2024.

<sup>40</sup> Ibid.

<sup>41</sup> Each 1 km<sup>2</sup> grid cell aggregates 625 of the 40 x 40 m grid cells available in the damage data. The associated measurement represents the number of 40 x 40 m cells damaged within each 1 km<sup>2</sup> grid.

Figure V  
**Damage intensity grids of 1 km<sup>2</sup> caused within specific periods between  
 7 October 2023 and 20 May 2024**



*Source:* Palestinian Central Bureau of Statistics; UNCTAD calculations, based on the damage analysis of Copernicus Sentinel-1 satellite data by Corey Scher of the Graduate School and University Center of the City University of New York and Jamon Van Den Hoek of Oregon State University, available at <https://www.conflict-damage.org> (accessed on 28 May 2024).

*Notes:* The designations employed and the presentation of material on these maps do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The period between 23 and 29 November 2023 includes the seven-day humanitarian pause from 24 to 30 November.

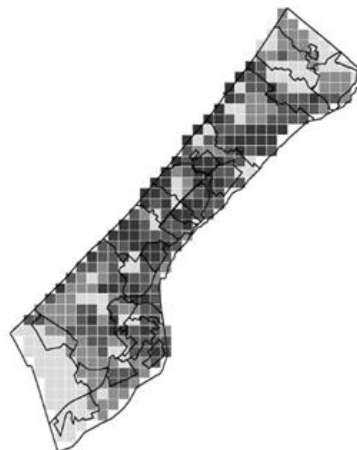
39. The NTL measurements are obtained from the Black Marble project of the United States National Aeronautics and Space Administration (NASA), using day/night boundary radiance during the night of each respective day, expressed in watt per steradian per square centimetre, aggregated at a 500 x 500 m level. NTL data are aggregated at a 1 x 1 km grid level, composed of four 500 m x 500 m units, for compatibility with the resolution of the damage maps.

Figure VI  
 NTL at different days in 2023–2024, grids of 1 km<sup>2</sup>

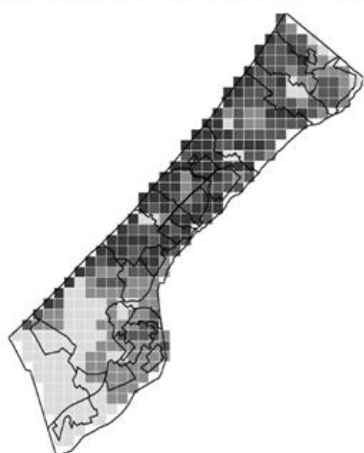
Average NTL for the nights  
 between 22 September and 6 October 2023



The night of 23–24 November 2023



The night of 30 November–1 December 2023



The night of 20–21 May 2024



*Source:* Palestinian Central Bureau of Statistics; UNCTAD calculations, based on the Black Marble NASA project, specifically the VNP46A1 VIIRS/NPP Daily Gridded Day Night Band Linear Lat Lon Grid Night product suite, available at <https://ladsweb.Modaps.eosdis.nasa.gov/> (accessed on 28 May 2024).

*Notes:* The designations employed and the presentation of material on these maps do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The four maps in the figure show NTL in the Gaza Strip to illustrate the damage to economic activity. The map on the top left shows the average NTL for the nights between 22 September and 6 October (before the military operation). The map on the top right shows NTL on the night of 23 November (at the end of the first period of the data on damage). The map on the bottom left shows NTL on the night of 30 November (at the end of the seven-day humanitarian pause). The map on the bottom right shows NTL on the night of 21 May 2024.

40. The impact of the war on NTL is estimated by comparing the average change in NTL in grid cells that were damaged by bombing with the change in NTL in grid cells that were not bombarded, compared using the difference-in-differences estimation. The pre-war NTL average of the daily measurements between 22 September and

6 October is used for comparing the estimates, for more robust results when conducting various different model specifications.<sup>42</sup>

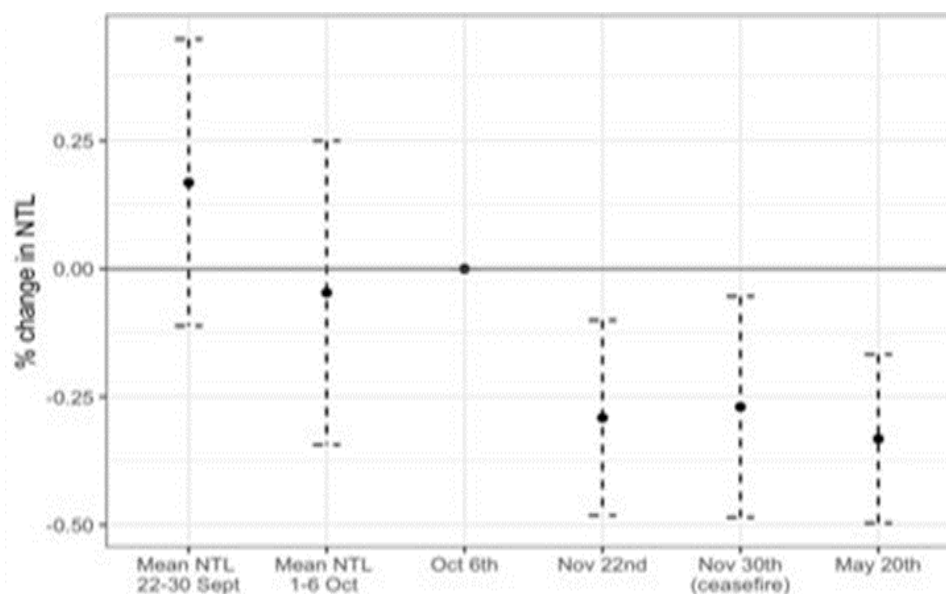
41. The first round of Israeli bombardment between 7 October and 22 November reduced NTL by 27.5–30.0 per cent. The cumulative effect of bombardment between 7 October and 30 November, which includes both the first round of bombing and the seven-day humanitarian pause, is a reduction in NTL of 20.2–25.8 per cent. The difference between the two estimates suggests that the seven-day humanitarian pause allowed NTL to recover by between 5 and 7 per cent.

42. The cumulative effect of the war between 7 October 2023 and 20 May 2024 was a reduction in NTL of 41.7–44.9 per cent. The estimate measures the change in average NTL before and after bombardment for grids that include at least one 40 x 40 m cell that was bombarded in that period. Two more NTL measurements are included in the data set: the average NTL for 22–30 September and the average for 1–6 October. These data points are included in order to evaluate the absence of pre-existing trends in the change in NTL which would invalidate the causal interpretation of the estimates, which is illustrated in figure VII.

43. In addition to the cumulative impact, the impact of the intensity of damage on NTL is considered: each extra damage caused by a bombarded 40 x 40 m cell within each 1 km<sup>2</sup> grid corresponds with an NTL loss of 0.088 per cent. This implies, in a linear setting, that the 1 km<sup>2</sup> grid which suffered the highest level of damage incurred an NTL loss of 55 per cent. When considering a non-linear estimate, the grid cells that suffered the highest level of damage experienced NTL loss greater than 60 per cent, as shown in figure VIII. It should be noted that excluding Rafah would yield an NTL loss of 47.2 per cent, around 2–3 per cent higher.

Figure VII

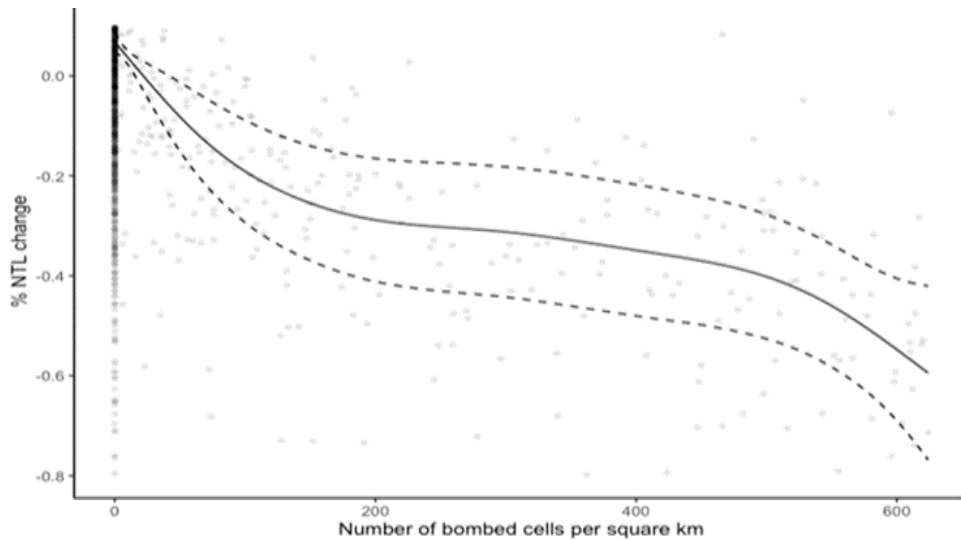
**Point estimates and 95 per cent confidence interval of NTL percentage change over different points in time**



Source: UNCTAD calculations based on the damage and NTL data between 22 September 2023 and 20 May 2024.

<sup>42</sup> Difference-in-differences estimation attempts to measure the effects of a sudden change in the economic activity because of a certain event or policy referred to as a treatment. The estimation is done by taking the difference between the average change in NTL for damaged grids and undamaged grids between the pre-war levels and NTL at a certain date.

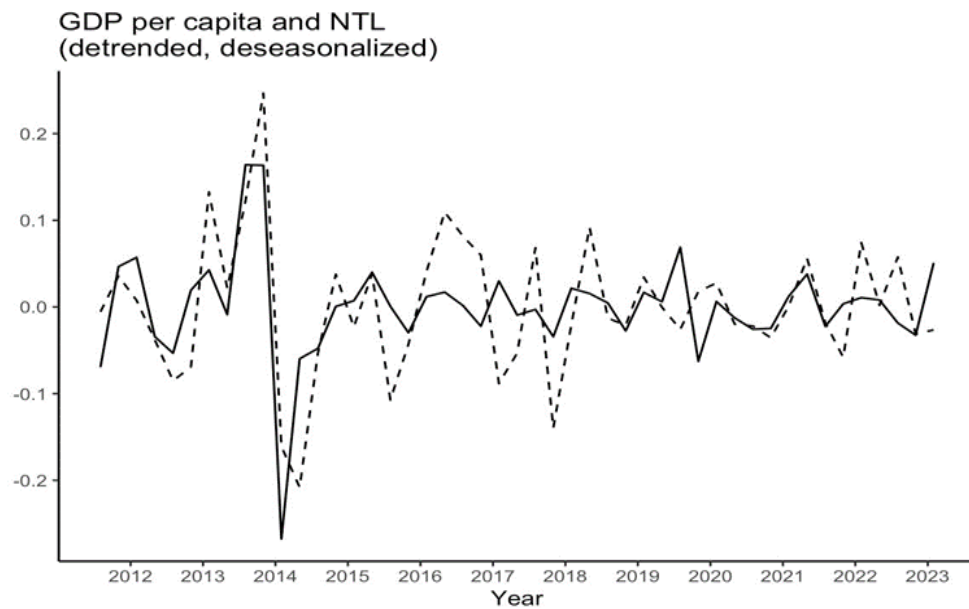
**Figure VIII**  
**Impact of number of bombed 40 x 40 m cells per square kilometre on NTL**  
**(percentage change)**



*Source:* UNCTAD calculations based on the damage and NTL data between 22 September 2023 and 20 May 2024.

*Note:* The dotted line above and below the solid line represent the 95 per cent confidence interval of the estimates.

**Figure IX**  
**Log quarterly NTL and GDP per capita, Q1 2012–Q3 2023**



*Source:* UNCTAD calculations based on quarterly Black Marble NTL data and Palestinian Central Bureau of Statistics GDP per capita data.

*Note:* To use NTL as a predictor of GDP per capita, UNCTAD estimated the elasticity of quarterly GDP per capita in Gaza with respect to quarterly NTL from the first quarter of 2012 to the third quarter of 2023. At 1.22, the elasticity implies that a 1 per cent reduction in NTL is associated with a 1.22 per cent reduction in GDP per capita. As shown in the figure, NTL is a good predictor of GDP per capita. For example, looking at the impact of the 2014 war, NTL data closely mirror the decline in GDP per capita caused by the war, even in absolute terms.



44. The elasticity of NTL with respect to GDP per capita therefore implies a 33.6–36.6 per cent reduction in GDP per capita between 7 October and 22 November 2023. Once the seven-day humanitarian pause from 24 to 30 November is taken into account, the fall in GDP per capita between 7 October and 30 November 2023 is estimated to be in the range of 24.6 to 31.5 per cent. Between 7 October 2023 and 20 May 2024, the fall in GDP per capita is estimated to be between 50.9 and 54.8 per cent. It is crucial to note that the estimated GDP per capita loss accounts only for the effect of the damage caused by the war; it does not account for the impact of other factors on output.

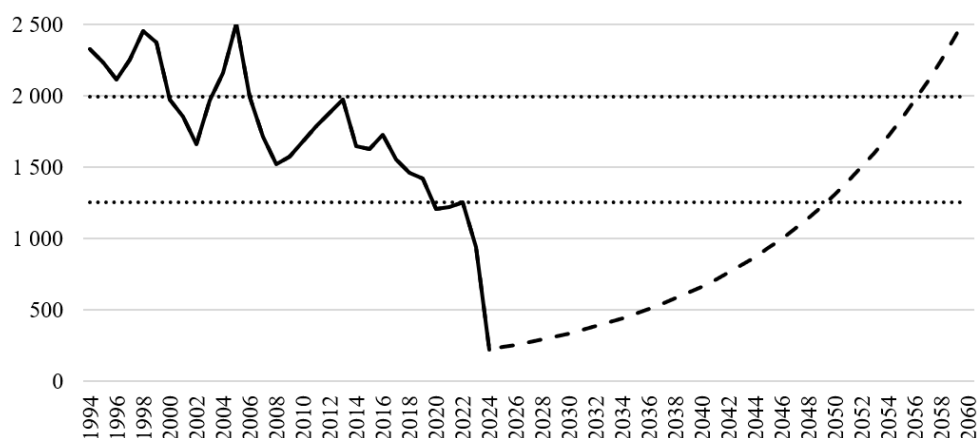
#### IV. Long-lasting impact: prospects for the recovery of Gaza

45. The possibility and speed of recovery of Gaza depend on the intensity and duration of the war, as well as the scope and speed of reconstruction, all of which were unknown as at 12 August 2024.

46. Assuming no military operation, and freedom of movement of goods and people and a significant level of investment, and population growth of 2.8 per cent per year, UNCTAD estimates that Gaza's GDP per capita will return to its 2022 level by 2050, to its 2006 level by 2057 and to its 1994 level by 2059 (see figure X).

Figure X

##### GDP per capita assuming 10 per cent average annual GDP growth (1994–2060)



Source: UNCTAD projections for 2024 onward. The data for the period 1994–2023 are actual data from the Palestinian Central Bureau of Statistics available at [https://www.pcbs.gov.ps/site/lang\\_en/741/default.aspx](https://www.pcbs.gov.ps/site/lang_en/741/default.aspx).

Note: The upper dotted line represents the GDP level in 2006, while the lower dotted line represents the 2022 level.

47. However, it is important to note that the return of GDP per capita to pre-October 2023 levels does not mean restoration of well-being because GDP and GDP per capita recovery does not account for the cost of replacing damaged assets and infrastructure. Considering the reconstruction cost, in an optimistic scenario of double-digit growth rates facilitated by a large injection of foreign aid, it will take several decades for Gaza to return to the pre-October 2023 welfare levels.

48. Therefore, once a ceasefire is reached, a return to the pre-October 2023 status quo would not put Gaza on the path needed for recovery and sustainable development. UNCTAD estimates that, if the 2007–2022 growth trend returns, with an average growth rate of 0.4 per cent, it will take Gaza 350 years just to restore the GDP levels of 2022, with GDP per capita continuously and precipitously falling, driven by population growth. This underscores the urgency of a political horizon leading to a

two-State solution and significant economic support by the international community to facilitate recovery from the immense damage caused by the war.

49. Ideally, the initial phase of reconstruction requires a substantial infusion of investment to rebuild vital institutions and infrastructure to foster economic recovery. This, in turn, would pave the way for the private sector and foreign direct investment to assume a prominent role in economic recovery.

50. At present, it is hard to ascertain the extent of foreign aid required to bring Gaza back to the level of socioeconomic conditions that prevailed prior to 7 October 2023, let alone what is needed to implement the 2030 Agenda for Sustainable Development. Preliminary UNCTAD estimations, and also considering recovery costs from past military operations, suggest that several tens, possibly more, of billions of dollars will be needed just to restore Gaza to pre-7 October 2023 conditions and that even more resources will be needed to create conditions conducive to sustainable development.

51. Immediate and robust budgetary support, alongside technical assistance and advisory services to the Government of the State of Palestine, will be important to avert the collapse of the Government and to enable it to address its challenges, strengthen its governance capacity, pave the way for long-term reconstruction, and prepare it to reassume its responsibilities in Gaza.

52. There is an urgent need for concrete steps towards unifying Gaza and the occupied West Bank politically, economically and administratively. Gaza is and must remain an integral part of an independent, democratic, contiguous, sovereign and viable Palestinian State, as part of resolving the conflict in line with international law, including relevant United Nations resolutions. This solution would need a unified infrastructure and enhance energy security across the Occupied Palestinian Territory. New modalities for dispensing relief have been proposed in response to the widespread devastation for the people of Gaza. One proposal suggests a two-year, renewable, unconditional universal emergency basic income programme as part of a comprehensive recovery plan to be implemented with support from the international community.<sup>43</sup> Said proposal foresees an unconditional monthly payment to cover the cost of a basic basket of essential goods and services, with an additional payment for the most vulnerable, including persons with disabilities. The level of income provided would depend on the available resources, but at \$100–\$150 per person per month, it is seen as a potentially highly beneficial approach.<sup>44</sup>

53. Among the merits of the proposed universal basic income is ease of implementation with considerably lower administrative costs and fewer bureaucratic complications, thereby maximizing the net impact of foreign aid. Furthermore, direct cash payments will be more effective in stimulating the local economy, especially with regard to food production, than imported food aid, which tends to have a negative impact on domestic producers.

## V. Cumulative cost of closures, other restrictions and recurrent military operations

54. Building on the methodology developed by UNCTAD,<sup>45</sup> the present section provides estimates of the cumulative economic cost exacted by 16 years of Israeli closures and economic and movement restrictions and of recurrent military operations in Gaza during the period 2007–2023.

<sup>43</sup> Palestine Economic Policy Research Institute, “‘Recovery dividends’: an emergency basic income for Palestine”, February 2024.

<sup>44</sup> Ibid.

<sup>45</sup> See A/75/310.

55. Endogeneity, overlapping causal factors and measurement problems complicate estimation of the economic cost of the prolonged closures, economic and movement restrictions, and military operations that took place during the period 2007–2023 as well as Palestinian political division. Furthermore, the costs of closures and other restrictions cannot be delineated and estimated separately from the cost resulting from military operations. Nonetheless, a counterfactual growth path (scenario) can be estimated, a scenario in which the closures, other restrictions and military operations did not occur, and GDP implied by this hypothetical scenario, calculated. The deviation of GDP in the counterfactual scenarios from its baseline (actual) values reflects the combined cost of closures, other restrictions and military operations.

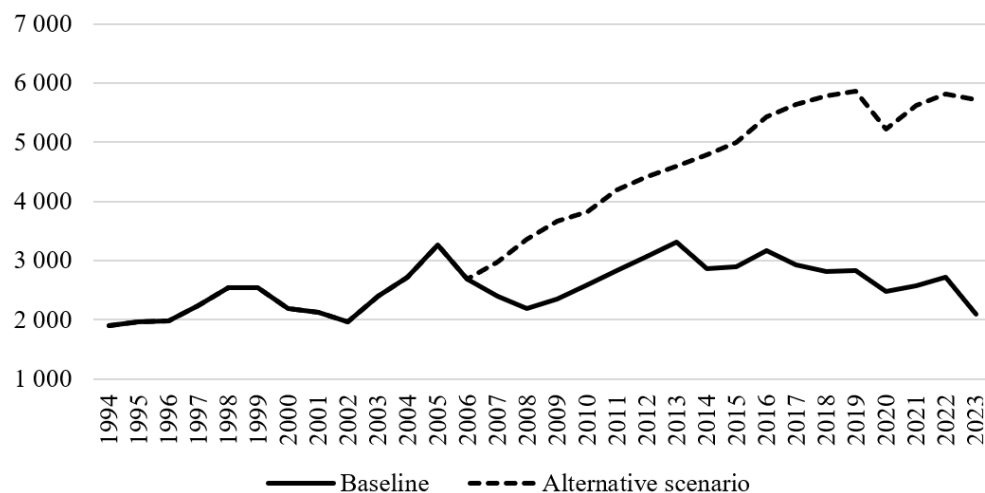
56. The counterfactual growth path (scenario) is constructed assuming that the share of Gaza in the Palestinian economy remained at the same level as in 2006. In other words, it is assumed that Gaza's economy grew at the same rate as that of the occupied West Bank during the assessment period 2007–2023. In reality, during these 16 years, Gaza's actual share in the Palestinian economy plunged from 31 per cent in 2006 to 14 per cent in 2023. The closures, restrictions and military operations are likely to be the key drivers of the steep decline in Gaza's share in the Palestinian economy. The economic cost is the difference between the baseline, which is the actual GDP and GDP per capita figures, and the counterfactual scenario figures.

57. If Gaza's economy had continued to grow at the same rate as that of the West Bank in the period 2007–2023, it is estimated that its annual GDP would have been, on average, 77.6 per cent higher than its actual level. This implies an estimated cumulative loss of \$35.8 billion (in constant 2015 dollars) of unrealized GDP potential during the period 2007–2023. The sum is equivalent to 13 times Gaza's GDP in 2022 and 17 times its GDP in 2023 (see figure XI and table 2). Meanwhile, it is estimated that GDP per capita in 2023 would have been \$2,575, or 172.3 per cent higher than its actual level (see figure XII and table 3).

Figure XI

**Gaza: GDP, actual (baseline) and counterfactual scenario (absent the closures, other restrictions and military operations), 1994–2023**

(Millions of constant 2015 United States dollars)



Source: UNCTAD calculations. Baseline scenario is the actual figures from Palestinian Central Bureau of Statistics national accounts data (1994–2023).

Table 2  
**Gaza: real GDP, actual (baseline) and counterfactual scenario, 2007–2023**

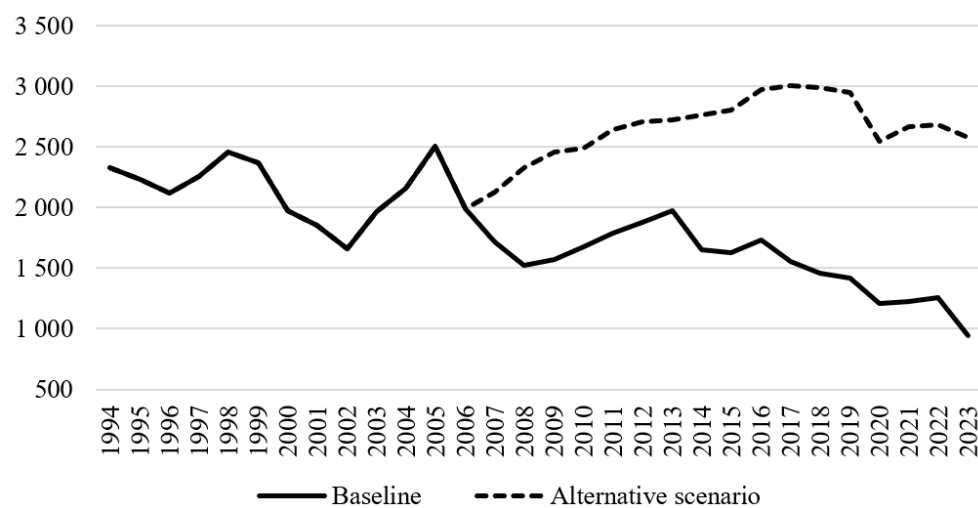
(Millions of constant 2015 United States dollars)

<i>Year</i>	<i>Baseline scenario</i>	<i>Alternative scenario</i>	<i>Difference</i>	<i>Percentage difference</i>
2007	2 393.2	2 973.2	580.0	24.2
2008	2 196.7	3 363.0	1 166.3	53.1
2009	2 350.8	3 667.7	1 316.9	56.0
2010	2 586.3	3 834.6	1 248.3	48.3
2011	2 840.5	4 200.1	1 359.6	47.9
2012	3 076.7	4 427.7	1 351.0	43.9
2013	3 320.5	4 590.9	1 270.4	38.3
2014	2 860.7	4 788.8	1 928.1	67.4
2015	2 900.1	4 997.3	2 097.2	72.3
2016	3 164.9	5 436.8	2 271.9	71.8
2017	2 921.4	5 644.2	2 722.8	93.2
2018	2 818.9	5 775.9	2 957.0	104.9
2019	2 830.2	5 866.8	3 036.6	107.3
2020	2 473.3	5 219.3	2 746.0	111.0
2021	2 578.1	5 616.2	3 038.1	117.8
2022	2 722.7	5 817.6	3 094.9	113.7
2023	2 100.4	5 719.9	3 619.5	172.3
<b>Cumulative</b>	<b>46 135.4</b>	<b>81 940.0</b>	<b>35 804.5</b>	<b>77.6</b>

Source: UNCTAD calculations. Baseline scenario is the actual figures from Palestinian Central Bureau of Statistics national accounts data (1994–2023).

Figure XII  
**Gaza: GDP per capita, actual (baseline) and counterfactual scenario, 1994–2023**

(Constant 2015 United States dollars)



Source: UNCTAD calculations. Baseline scenario is the actual figures from Palestinian Central Bureau of Statistics national accounts data (1994–2023).

Table 3  
**Gaza: real GDP per capita, actual (baseline) and counterfactual scenario, 2007–2023**  
 (Constant 2015 United States dollars)

<i>Year</i>	<i>Baseline scenario</i>	<i>Alternative scenario</i>	<i>Difference</i>	<i>Percentage difference</i>
2007	1 714.7	2 130.3	415.6	24.2
2008	1 521.4	2 329.2	807.8	53.1
2009	1 575.6	2 458.2	882.6	56.0
2010	1 679.4	2 490.0	810.6	48.3
2011	1 788.7	2 644.8	856.1	47.9
2012	1 880.3	2 705.9	825.6	43.9
2013	1 971.5	2 725.8	754.3	38.3
2014	1 651.3	2 764.3	1 113.0	67.4
2015	1 628.9	2 806.8	1 177.9	72.3
2016	1 730.8	2 973.3	1 242.5	71.8
2017	1 556.6	3 007.4	1 450.8	93.2
2018	1 458.3	2 988.0	1 529.7	104.9
2019	1 422.2	2 948.1	1 525.9	107.3
2020	1 207.6	2 548.4	1 340.8	111.0
2021	1 223.9	2 666.2	1 442.3	117.8
2022	1 256.8	2 685.4	1 428.6	113.7
2023	945.7	2 575.4	1 629.7	172.3

*Source:* UNCTAD calculations. Baseline scenario is the actual figures from Palestinian Central Bureau of Statistics national accounts data (1994–2023).

58. The closures, other restrictions and military operations and war stunted Gaza's economy and resulted in significant GDP loss and fostered poverty and aid dependence. However, it should be stressed that the quantitative assessment based on the counterfactual scenario gives partial, lower-bound, conservative estimates for at least two reasons: (a) it assumes a growth performance under conditions of enduring occupation, where the constraints on economic activity are not fully lifted but persist at their significant pre-2007 levels; (b) it does not take into account the considerable negative impact of occupation on the economy of the occupied West Bank, including East Jerusalem, extensively documented by UNCTAD, other United Nations organs, the World Bank, the International Monetary Fund and other organizations.

59. Therefore, the estimates provided in the present report are conservative and partial. By restricting the span of assessment, it leaves out the cost of 39 years of occupation from 1967 to 2006 and considers just a fraction of the total costs of the destruction of Gaza during the period 2007–2023. The toll exacted by the war in 2024 adds to the tally. Furthermore, the estimated cost above does not include the costs of replacing infrastructure, as well as public and private assets destroyed during several major military operations, including in 2008–2009, 2012, 2014, 2021, 2022 and May 2023 and during the war since October 2023, nor does it account for non-tangible assets such as human capital formation, likely to be strongly affected, as exemplified by the loss of education of one school year for children in Gaza.

## VI. Concluding observations

60. I strongly condemn the horrific attacks by Hamas and other Palestinian armed groups in Israel on 7 October 2023 and the continued holding of hostages in Gaza. Nothing can justify these acts of terror. I reiterate my call for all hostages to be released immediately and unconditionally.

61. Civilians throughout Gaza face grave danger. A humanitarian ceasefire is needed immediately. The scope of death and destruction in Gaza as a result of the war has been catastrophic, unprecedented and horrifying. Nothing can justify the collective punishment of the Palestinian people. I unequivocally condemn the widespread killing and maiming of civilians in Gaza, including women and children.

62. Prior to October 2023, stringent air, sea and land closures and restrictions, including on the importation of technology and essential inputs, had a severe impact on Gaza's economy and precipitated a deep humanitarian crisis within the densely populated Strip. The socioeconomic challenges were daunting even before October 2023.

63. Since 7 October 2023, hostilities of an unprecedented intensity have taken place in Gaza. Economic activity across all productive sectors ground to a halt, except for minimum humanitarian, health and food services provided under conditions of severe water, fuel and electricity shortages and access constraints. The intense hostilities have made the already precarious living conditions far worse for the people of Gaza, half of them children.

64. Israel's military response and the war have resulted in a catastrophic situation for Gaza's 2.3 million inhabitants, who were already living under dire social and economic conditions in view of 57 years of occupation and 17 years of closures of Gaza. Monetary poverty has widened and deepened, while multidimensional poverty has engulfed the entire population, given deprivations in food, education, health and basic infrastructure.

65. Absent the closures, economic and movement restrictions and recurrent rounds of escalations and the war since 7 October at a minimum, Gaza would very likely have at least maintained its share in the Palestinian economy and its GDP would have been about 77.6 per cent higher and GDP per capita would have been about 172 per cent higher than the actual figures in 2023.

66. The constraints on the Palestinian economy in general, and in Gaza in particular, are not solely a consequence of recent events but are rooted in a prolonged 57-year occupation and 17 years of closures. Achieving sustainable development across the Occupied Palestinian Territory requires ending the occupation and extending substantial financial and political support from the international community.

67. The future of the Palestinian people in the Occupied Palestinian Territory will be largely determined by the actions of the Government of Israel, the Government of the State of Palestine, donors and the international community. The vicious cycle of destruction and partial reconstruction must be broken by ending the occupation and by a negotiated two-State solution, based on international law and relevant United Nations resolutions.

68. A new approach to economic rehabilitation centred around peacebuilding cannot merely aim to restore the pre-October 2023 status quo. Only sustainable political solutions and lifting the debilitating Israeli closures, in line with Security Council resolution 1860 (2009), will restore hope to the long-suffering population of Gaza. Piecemeal, reversible measures cannot be a substitute for lifting the closure off Gaza to allow its economy to recover, and to trade normally and freely with the West Bank, including East Jerusalem, and the rest of the world.

69. There is an urgent need for concrete steps towards unifying Gaza and the occupied West Bank politically, economically and administratively. Gaza is and must remain an integral part of an independent, democratic, contiguous, sovereign and viable Palestinian State, as part of resolving the conflict in line with international law, including relevant United Nations resolutions. The international community should play a key role in facilitating such a solution by providing consistent political, technical and financial support.

70. Beyond a permanent ceasefire and immediate relief, the recovery and sustainable development of Gaza demand urgent action from the international community to inject massive aid for rebuilding the devastated Gaza Strip. Building Gaza back fully and better is not impossible. History shows that rebuilding war-torn societies is possible if the international community rallies together.

71. For this to succeed, there will be a need to convene an international conference for the reconstruction of Gaza during which donors can make credible pledges to a fund dedicated for reconstruction, relief and budget support for the Government of the State of Palestine. A comprehensive recovery plan for the State of Palestine, not just Gaza, is needed for fostering long-term recovery, peace and stability. The plan should address immediate humanitarian needs and prioritize the restoration of critical, life-sustaining infrastructure as part of a comprehensive intervention to facilitate the two-State solution and lay the economic foundations for lasting peace and stability in the Occupied Palestinian Territory, Israel and across the region.

72. Rapid restoration of infrastructure and essential services is crucial for containing the long-term consequences of the recent, unprecedented war. There is a glaring, urgent need for an extensive recovery programme that prioritizes rebuilding the entire infrastructure, especially in such vital public goods as water, sanitation and hygiene, education, and health, in addition to the restoration of full public access to electricity. Throughout the recovery process, gender perspectives will need to be included to account for differentiated needs. Likewise, accessibility for persons with disabilities must be integrated into rebuilding and reconstruction in order to protect their rights and ensure their inclusion in society.

73. This solution would be enhanced by enabling a unified Government of the State of Palestine to develop the natural gas fields discovered in the 1990s in the Mediterranean Sea off the shore of Gaza to help to finance the reconstruction of infrastructure and rebuild the productive base of Gaza and enhance energy security across the Occupied Palestinian Territory.<sup>46</sup>

74. Development gains can be maximized by fostering a synergy linking relief to development whereby donor-funded reconstruction efforts prioritize employing Palestinian workers and professionals and contracting Palestinian firms from Gaza, as well as the West Bank, including East Jerusalem.

75. The ability of UNRWA to meet the growing needs of Palestine refugees across the Occupied Palestinian Territory has been significantly limited. UNRWA remains the largest humanitarian actor in Gaza by far and is the backbone of the humanitarian response. Its vital role in providing essential support, mitigating the impact of humanitarian crises and fostering regional stability is widely recognized and has become even more crucial during this war.

76. The Palestinian people's right to development, self-determination and statehood cannot be replaced by humanitarian and economic assistance, essential as these may be in the interim. The devastation and misery of the past months have reinforced a

---

<sup>46</sup> *The Economic Costs of the Israeli Occupation for the Palestinian People: The Unrealized Oil and Natural Gas Potential* (United Nations publication, 2019).

simple truth: Palestinians and Israelis can no longer wait to establish a viable political horizon. Now is the time to lay the foundations for a better future for Palestinians, Israelis and the people of the broader region. Israelis, Palestinians, the States of the region and the broader international community must urgently take steps that will enable the parties to re-engage on the long-delayed political path to achieving a two-State solution.

77. The United Nations remains committed to supporting Palestinians and Israelis in ending the occupation and resolving the conflict in line with international law and relevant United Nations resolutions and bilateral agreements in pursuit of the vision of two States – Israel and a fully independent, democratic, contiguous, viable and sovereign Palestinian State, of which Gaza is an integral part – living side by side in peace and security within secure and recognized borders, on the basis of the pre-1967 lines, with Jerusalem as the capital of both States.

---