



A Year of War: Palestinian Authority Stable but Facing Multi-Layered Crisis

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Since the outbreak of the war between Israel and Hamas in October 2023, the Palestinian Authority (PA) has been in deep crisis. Although its leadership is maintaining a level of stability, the situation is exacerbated by Israeli military and political actions and the rapid expansion of Jewish settlements. The PA's re-strengthening depends on a ceasefire in Gaza and implementing the unpopular internal reforms conditioned in the EU aid package.

The West Bank One Year after the 7 October Attacks. [Security in the PA has consistently deteriorated](#) in the past year. Despite the high frequency of operations and the allocation of large forces (including airstrikes), the Israeli army and services have been unable to dismantle Palestinian armed groups, neither those affiliated with Hamas and Palestinian Islamic Jihad nor strictly local ones (such as the Tulkarm Brigade). Most of the fighting is taking place in the northern part of the PA, including Jenin and Nablus, and the total number of Palestinians killed in clashes, including civilian casualties since 7 October, has reached about 700, while some 6,400 people have been wounded (UN figures). Hamas and other groups continue attacks on Israeli military and settler targets in the West Bank and on Israeli territory itself (including the Jaffa attack on 1 October this year). Attempted suicide bombings have also been reported in recent months.

The scale of [attacks by Jewish settlers](#) remains at a very high level. The total number of them documented by the UN since 7 October is about 1,400, including group and organised assaults on Palestinian villages or the displacement of smaller settlements. Jewish settlement in the West Bank is also growing faster than ever. Israel has seized about 2,400 hectares of Palestinian territories as "state land" (as much as in the entire 1993-2023 period) since 7 October 2023, a designation allowing their transfer for settlement. The Israeli authorities, [including the far-right Finance Minister Bezalel Smotrich](#), who is responsible for

administrative oversight of the West Bank, decided to significantly expand existing settlements and allocate record financial and infrastructure support (road construction), including for "outposts" (settlements created in violation of even Israeli law). Forty-three new "outposts" were established in the last year, and some existing ones legalised.

Besides the war, the PA is operating in the reality of a deep economic crisis. According to UN agencies, the West Bank has seen a 4.5% decline in GDP per capita, while unemployment has risen to 32%, a result of the continued ban on Palestinian workers entering Israel. More than 90% of businesses have reduced their operations and employment due to, among other things, transportation restrictions enforced by the Israeli army or settler violence (mainly in the agricultural sector). At the fiscal level, Israel withholding funds due to the PA under bilateral arrangements is a significant burden, resulting in a \$1.8 billion budget gap. In addition, the situation will be exacerbated by Israel's ban on the UNRWA, responsible for humanitarian aid in the Gaza Strip and some public services in the Palestinian territories, including East Jerusalem.

Political and Social Situation. The continuation of the Gaza war and its effects on the West Bank are successively undermining the position in the PA of the ruling Fatah. Despite this, administration led by President Mahmoud Abbas continues to maintain internal stability. [The change of government and the assumption of the prime minister's portfolio by Mohammed Mustafa in March this year](#) has not

translated into a more profound transformation of the current political alignment. [The succession option for President Abbas](#) remains undefined. The PA administration's participation in the management of the Gaza Strip, both now and in the post-war perspective, is blocked by the Israeli government. At the same time, there have been arrangements for ad hoc cooperation with the PA, for example, in [controlling the Rafah border crossing with Egypt](#). However, from the PA's perspective, socio-political resistance to interacting with Israel in any form is also a constraint.

Fatah is also continuing talks with Hamas on political reconciliation, but the effectiveness of these efforts remains negligible. The signing of another reconciliation agreement by the two groups in Beijing this July (and with 12 other Palestinian groups) was primarily symbolic and image-enhancing. The dynamics of these talks were also affected by the death of [Hamas leader Ismail Haniyeh](#) in an Israeli attack in July this year.

Although the PA authorities' ratings have improved recently, they remain highly unpopular. This is especially true of President Abbas, with about 90% of those surveyed demanding he resign (data from PCPSR). Public support for Hamas in the West Bank is also declining, although the group remains the most popular political force (37%, Fatah 18%). The Palestinian public is pessimistic about the chances of changing the *status quo*, that is, reconciliation between Fatah and Hamas or reforms under the Mustafa government. There is also a majority for armed confrontation with Israel (56%), while support for a two-state solution has increased slightly (38%).

Foreign Relations. The PA's financial crisis has raised the significance of external partners, primarily from Western countries, since July this year. The European Commission began transferring funds to stabilise the PA's public finances. The bulk of the EU support, which is expected to amount to €400 million, remains contingent on the PA administration's implementation of internal reforms. While some of this relates to non-controversial changes at the institutional level, the remainder involves two politically and socially sensitive issues that have been a constant feature of Israel's and [its allies' demands on the PA](#). The first concerns changes to school textbooks and the removal of anti-Israel content and content glorifying political violence. The second is reforming the system of benefits provided to Palestinians in Israeli prisons accused of terrorism and their families. From the PA's perspective, accepting these conditions could undermine its stability, as the majority of the population would perceive it as a betrayal of the nation.

On the diplomatic front, the PA is continuing its strategy of mobilising support at the bilateral level and in multilateral forums, working to [further Israel's international isolation](#). A favourable political aspect for the authorities is the further expansion of recognition of Palestinian independence in the global community—since last year, some Caribbean and European (Spain, Slovenia, Ireland, Norway) countries have made such a decision. Also evident is the further strengthening of relations with prominent non-European actors (including the choice of [China](#) as a mediator in the Fatah-Hamas talks and President Abbas' visits to [Russia](#)) and intensive political dialogue within the region with [Turkey](#) and [Saudi Arabia](#), among others.

Conclusions and Outlook. The level of escalation that the Israeli-Palestinian conflict has reached since 7 October 2023, the dramatic humanitarian situation in the Gaza Strip, and increased Israeli repression will further radicalise public sentiment among Palestinians and fuel fighting in the West Bank. A change in this trend is impossible without a ceasefire in the Gaza Strip, which would enable economic stabilisation of the West Bank. At the same time, the end of hostilities will not put the brakes on the activity of Jewish settlers or on the political forces representing them, as they are taking advantage of the crisis to expand their territory and consolidate their influence as much as possible. Hence, it will be necessary for the EU and other countries to ratchet up the sanctions regime against the Israeli far-right and put more political pressure on the government of Benjamin Netanyahu to loosen the financial restrictions against the PA.

Maintaining stability among the political elite remains a priority for the Fatah leadership. Implementing the reforms conditioned by the EU will financially strengthen and improve the PA authorities' international negotiating position (e.g., vis-à-vis the U.S.). Still, the leadership's extreme unpopularity among the public, coupled with further Israeli retaliation, could lead to an outbreak of internal discontent that the weakened authorities will find challenging to quell. Nonetheless, despite the crisis, the PA remains an entity capable of practical involvement in the future governance of the Gaza Strip. This is a crucial aspect for strengthening its political position and credibility in the long term. At the same time, the current conditions in the Gaza Strip point to the persistence of Hamas administrative structures after the war, which will force Fatah to cooperate with the group in some form. The PA may push back some of the difficult decisions (e.g., on the issue of reform), adjusting further steps according to the outcome of the U.S. presidential election and the new administration's approach to the situation in the Middle East.