



MAS

PALESTINE ECONOMIC POLICY
RESEARCH INSTITUTE (MAS)

Policy Brief

Issue (4)

“Communal Coping”: Systematic Demographic Devastation and Labour Market Dynamics in the Gaza Strip

The Palestine Economic Policy Research Institute (MAS) regularly publishes applied and scientific studies, in addition to brief research papers, as part of an annual series of roundtable sessions on important economic topics of interest to the public and decision-makers. The policy briefs outline the key recommendations of selected scholastic activities, in order to disseminate this information and maximize the benefits derived from this series of sessions.

July 2025



MAS

PALESTINE ECONOMIC POLICY
RESEARCH INSTITUTE (MAS)

Tel No. +970 (2) 2987053/4

Fax No. +970 (2) 298055

info@mas.ps

ww.mas.ps

“Communal Coping”: Systematic Demographic Devastation and Labour Market Dynamics in the Gaza Strip

Prepared by: Palestine Economic Policy Research Institute (MAS)

Policy Brief (4)
July, 2025

This Policy Brief was prepared with funding from Heinrich Boll Stiftung (Palestine and Jordan)

 **HEINRICH
BÖLL
STIFTUNG**
فلسطين والأردن

This document has been produced with the support of the Heinrich-Böll-Stiftung. The views expressed herein are those of the author(s) and therefore do not necessarily reflect the opinion of the Heinrich-Böll-Stiftung.

1. Background

The ongoing war on the Gaza Strip, waged by Israeli military forces since 7 October 2023, stands as one of the most devastating and deadliest in modern history. This escalation has inflicted unprecedented levels of devastation on the civilian population and critical infrastructure, leading to widespread displacement and loss of life. It has resulted not only in a humanitarian catastrophe but also in a systematic breakdown of the Palestinian labour economy. Even prior to this period, the Gaza Strip was grappling with long-standing vulnerabilities stemming from a prolonged blockade and conditions that have severely undermined its socio-economic resilience. Most economic activities in the Strip remain in total paralysis, hence, labour market dynamics have undergone profound structural distortions.

This policy brief draws on detailed evidence to explore how systematic demographic collapse including massive displacement, loss of life, and gendered social disruptions has translated into acute labour market dysfunction. It also highlights how Gazans, especially women, youth, and displaced families, have demonstrated remarkable resilience through informal work, communal solidarity, and adaptive coping strategies. These findings form the basis for urgent policy interventions aimed at stabilizing, rebuilding, and rehumanizing Gaza's labour market.

2. Key Challenges

2.1 Demographic Devastation and Labour Force Disruption

The war has irreversibly transformed Gaza's population structure. By 2025, Gaza's population declined by 6%, with over 1.9 million people 90% of the total displaced from their homes. The sheer scale of housing destruction (92% damaged or destroyed) has turned entire districts into no-go zones. Beyond the physical toll, the demographic implications are alarming: more than 52,000 people killed, including 17,581 children and 12,048 women. These figures reflect not only individual tragedies but a hollowing out of Gaza's future workforce and caregivers.

Family units have fractured under the dual strain of loss and displacement. Traditional support systems have eroded, giving rise to female and even child-headed households. The psychosocial trauma is pervasive, with at least half a million people requiring mental health support.

2.2 Collapse of the Labour Market

The economic collapse in Gaza is total. Real GDP per capita fell by 84.9%, and unemployment soared past 80% in 2024. Labour force participation has declined to just 29.9%, with women's participation at a staggering low of 12.3%.

In tandem with unemployment figures mentioned earlier, many in the Gaza Strip face severe underemployment or have exited the labour force entirely. Informal work has become a primary survival strategy, with increasing reliance on small-scale street vending and irregular jobs. Child labour is also rising. Working conditions have sharply deteriorated, with widespread reports of low wages, lack of

social protection, unsafe environments, and no formal worker representation. At the same time, all formal education and vocational training systems have collapsed. Educational institutions have been systematically targeted, with most schools and universities either destroyed, damaged, or repurposed as shelters for internally displaced people. Hundreds of teachers, trainers, and university lecturers have been killed, severing future pathways for skill development and labour force renewal in the Gaza Strip.

Further, with over 73.8% of young people not engaged in employment, education, or training, and youth unemployment hovering above 80%, an entire generation is at risk of permanent disconnection from the decent work.

2.3 Economic Sector Losses and Wage Erosion

At the sectoral level, the impact is equally devastating. Gaza's commerce, services, and industrial sectors lost over US\$2.2 billion, wiping out nearly 90% of employment in these areas. In the transport and logistics sectors, roads, fleets, and essential infrastructure were destroyed, resulting in wage losses exceeding US\$242 million. Agriculture, once a lifeline for the local economy, has been crippled. More than 80% of arable land is either destroyed or inaccessible, while fishing fleets have been decimated by long blockades.

In contrast, household incomes declined by approximately \$953 million more than three times the losses in wages reflecting the profound economic collapse that has disrupted daily life in Gaza. This significant gap between lost wages and declining household income highlights the Gaza economy's heavy reliance on self-employment and informal activities, and underscores the fragility of social safety nets

This collapse has triggered acute food insecurity. According to the Integrated Food Security Phase Classification, every individual in Gaza is now projected to experience crisis-level hunger or worse, with 469,500 people facing catastrophic conditions.

2.4 Rise of Informal and Crisis-Driven Professions

Amid widespread devastation, shadow economy in the Gaza Strip has basically disrupted and reshaped economic and social life, where illegal markets have become essential for procuring basic goods, such as food and fuel, as Israeli closures and shortages persist. Citizens have turned to informal, crisis-driven work to survive. Traditional jobs have vanished, replaced by adaptive micro-enterprises and informal labour. Street vending, queue-for-hire services, and ad hoc construction or sanitation work have proliferated. Makeshift professions such as “cash hoarders” and banknote cleaning have emerged in response to liquidity shortages and infrastructural breakdowns.

2.5 Communal Coping Mechanisms

Amid the rubble of war and the chaos of displacement, social cohesion in the Gaza Strip emerged as a cornerstone of collective resilience. The local community launched self-initiated efforts most notably, community kitchens to meet urgent needs for food and care. This adaptive response reflects a complex system of social, economic, and psychological coping mechanisms deeply rooted in the cultural fabric of Gazan society.

In overcrowded shelters and displacement centers, various forms of family and community solidarity surfaced, including pooled incomes, shared childcare responsibilities, mutual support in securing food, and the exchange of information about missing relatives.

However, in some instances, these responses were not without negative aspects. Some families were compelled to resort to harmful coping strategies such as child labor or early marriage of girls to alleviate economic burdens. It is essential to distinguish between these patterns to avoid legitimizing or justifying harmful practices under the guise of adaptation.

3. Policy Approaches and Actions to Prepare for Recovery

- 3.1 Labour market and households' data availability in wartime is important to assess how warfare disrupts individual labour market trajectories and behavioural responses. Yet, existing data for Gaza's labour market frequently lacks longitudinal depth, which is crucial for tracking individuals over time to rigorously analyse how conflict-induced shocks influence employment status, participation decisions, coping strategies, and human capital development. Without such temporal insights, it becomes difficult to understand the pathways through which conflict alters labour market dynamics at the micro level and, in turn, aggregates into macroeconomic disruption.
- 3.2 Given the complexity of the situation on the ground, the continued blockade, and the severe restrictions on the movement of people and goods, economic and humanitarian interventions are critical to alleviating the collapse of livelihoods and enhancing the resilience of the population. Expanding the scope of humanitarian assistance is an indispensable form of direct intervention. This includes the urgent mobilization of international resources to secure basic needs such as food, water, cash transfers, and fuel. The absence of these essentials not only exacerbates the public health and social crisis, but also undermines any attempt to rebuild local production networks. In this context, **restoring vital service infrastructure such as bakeries and community kitchens** is crucial to ensure fair and efficient food distribution in an environment marked by scarcity and the absence of effective local governance.
- 3.3 Relying solely on aid cannot serve as a sufficient or sustainable strategy. There is a pressing need for a dual approach that combines immediate humanitarian response with the activation of economic recovery tools. This is evident in **the importance of launching emergency employment programs, such as "cash-for-work"** schemes that provide temporary income in a context of mass unemployment and the collapse of formal economic activity. Financing skill-building projects is another key pillar in enhancing employability, especially for youth who have been forcibly cut off from education and vocational training.
- 3.4 **Small and medium-sized enterprises (SMEs) are central to this approach. Providing small grants or concessional loans can help these businesses resume operations,** inject liquidity into the local economy, revive markets, and support trade integration across borders when conditions allow.
- 3.5 Moreover, **revitalizing critical productive sectors such as food industries, textiles, and construction materials as well as supporting agriculture and fisheries,** constitutes a strategic development priority. These sectors are not only sources of income, but also essential for bolstering food security and reducing dependency on imports. Reviving these sectors requires the provision of key production inputs, the rehabilitation of local markets and

transport networks, and financing for the reactivation of factories and farms that were partially or fully damaged all through transparent and effective mechanisms.

- 3.6** In parallel, strengthening social protection and psychosocial support is a vital dimension of intervention, given the deep psychological impact of the war, particularly on women and children. **Expanding UNRWA and UN agency programs to include psychosocial services within communities represents a cornerstone of recovery efforts.**
- 3.7** **This process must be rooted in multi-level partnerships** that connect UN agencies and NGOs with local councils and community committees to ensure that assistance reaches the most affected populations based on clearly defined local priorities. Strengthening these partnerships also requires moving beyond top-down service delivery models toward participatory approaches that empower communities to identify their needs and influence the design and implementation of interventions.
- 3.8** Looking ahead, **recovery efforts must not be confined to immediate responses but must also include long-term investments in rebuilding vital infrastructure** such as electricity, water, and markets as a prerequisite for restoring economic capacity. These efforts should be designed within an integrated development framework that balances the urgent need for survival through food, cash transfers, and health services with the creation of sustainable employment opportunities.
- 3.9** It is also essential to formally recognize and institutionalize the role of community-based coping mechanisms that emerged during the crisis, and to invest in and support them. Local initiatives such as solar energy or water collection projects offer innovative, adaptive solutions that reduce reliance on vulnerable resources and demonstrate the population's resilience and ingenuity in the face of disaster.