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Survival Entrepreneurship in Gaza: Informal Economic Adaptation and the Prospects for Recovery after the War

7th October 2023 – to Date



Prepared by: Wael Moh'd Fteaha

Project: From Survival to Civic Engagement: Empowering Youth in Gaza



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The opinions expressed in this paper do not necessarily represent the opinions of Pal-Think or the donor.

1. Introduction:

Since the 7th of October 2023, Gaza strip was subjected to massive and devastated Israeli assault which affected all aspects of life, including civilians' houses, infrastructure and other community facilities. Israel launched an aggressive military operation involving heavy raids on military and government facilities, open agricultural fields and civilian populations which was followed by an ongoing invasion. On 11th October 2025, the US and Arab mediators managed to reach a ceasefire. *As per Palestinian Ministry of Health (MoH) as of 21st May 2026; 72,775 Palestinians were killed, 172,750 others were injured. 883 were killed and 2,648 were injured since the ceasefire on 11th October 2025.*

This paper will highlight the implications of the ongoing conflict on the economic situations and entrepreneurship projects before, during and after the war on the Gaza strip and possibilities of recovery. The paper will conclude with a set of recommendations to promote entrepreneurship as part of an economic recovery strategy aimed at reducing youth unemployment.

2. Before the 7th October 2023:

Since June 2007, the Israeli authorities have imposed a tight blockade on the Gaza strip, which has led to a notable collapse in the Palestinian economy, with increased poverty and unemployment rates, particularly among young people and university graduates. It is worth noting that majority of the Gaza population depended on external aids provided by UNRWA and international organizations. The ongoing Israeli military operations caused a severe damage to local factories and other economic facilities in Gaza. Furthermore, the blockade restricted import and export activities, which in turn deteriorated the agricultural and manufacturing sectors in Gaza. Additionally, the role of local private economic sectors has declined as Gaza became economically dependent on Israel.

81.5% of individuals in Gaza live below the national poverty line, 71% of whom are Palestinian refugees, 64% are food insecure. In 2021, the unemployment rate stood at 47%, with an overall youth unemployment rate of 64%. In 2020, the per capita gross domestic product (GDP) was US\$1,049, which is four times lower than in the West Bank and Jordan. Consequently, 80% of the population in Gaza now depends on humanitarian assistance. This includes 1.1 million Palestinian refugees who receive food assistance from UNRWA, compared to just 80,000 in 2000. This represents an astonishing increase of 1,324%. Between 2007 and 2022, 292 of the water wells in Gaza used for both domestic consumption and farmlands were damaged or destroyed by Israel. 81% of water extracted from Gaza aquifers does not meet WHO water quality.¹

Gaza Strip suffers from demographic pressure on the basic resources of production factors, as well as the latest series of repeated wars on Gaza Strip, which led to almost complete destruction of the most basic necessities of life for the Palestinian individual, where unemployment and poverty rates increased to reach their highest levels; unemployment rates exceeded 45% during the first half of 2023. In addition, more than 50% of the young graduates are unemployed, the

¹ <https://www.unrwa.org/gaza15-years-blockade>

Palestinian per capita income in Gaza Strip is equivalent to the half of the Palestinian per capita in the West Bank, and poverty and malnutrition rates have worsened until they exceeded 80%. The economic indicators for the first half of 2023 indicate a decline in Gaza Strip contribution to the gross domestic product in the State of Palestine from about 34% for the years before 2006 to fall below 18%, which led to a structural distortion in the ability of Gaza Strip to recover. The above indicators show that Gaza Strip has been suffering from a difficult economic situation before the current Israeli war on Gaza Strip. During the first half of 2023, Palestine's gross domestic product (GDP) increased by 3% compared to the same period last year, which, in return, made the increase in per capita income does not exceed 1% compared to the same period of 2022. During the first half of 2023, Palestine's consumer price index increased by 3.82% compared to the first half of 2022. Prices of some goods increased, which have negatively affected the Palestinian household's expenditure and the purchasing value has decreased, which, in return, negatively impacted poverty levels in Palestine. ²

3. During the War (7th October 2023 – 11th October 2025):

The people of the Gaza Strip faced catastrophic economic conditions during the war due to the unstable security situation, constant danger, frequent displacement, and lack of financial resources. In an attempt to cope with these conditions and become financially resilient, people started their own projects, some of which were illegal, such as stealing from humanitarian aid trucks and then reselling the goods at higher prices, sometimes making them unaffordable for people in Gaza. People in Gaza improvised their own projects, women innovating food production processes such as bread making and clothing recycling for use in tents. Young people started selling vegetables, fruit, flour, cigarettes and lighters. Prices were high because the quantity of goods entering Gaza was limited, and both the Egyptian and Israeli authorities imposed high taxes on these goods. Some people used donkey carts and old cars fueled by cooking oil to transport displaced people to safe places, charging high prices for this service. Others set up internet cafés and local networks, while some activated public generators to supply houses with electricity, charging five or six times the normal price. Some people recycled plastic items to create fuel, which was dangerous given the frequent Israeli airstrikes. As cash flow was limited in Gaza during the war, some people worked in currency trading and transactions through bank apps, earning high commissions.

4. After the War (11th October 2025 – To Date):

The economic situation in Gaza has deteriorated to its worst in decades as a result of the latest war, which began on 7th October 2023. The local economic infrastructure was seriously affected where many factories, farms and factories were demolished leading the local production to shrink. Many local laborers in Gaza lost their jobs, causing unemployment and poverty rates to dramatically increase. Therefore, the local community shifted from productivity to dependency on external aids to fulfill their basic needs. Goods' prices have increased as a result of blockade and fuel shortage. Commercial and agricultural sectors have also collapsed as import and export activities declined.

The economic situation in Gaza during the war is in a state of near-total collapse, with nearly 100% of the population living in poverty and a GDP contraction of 86% in the first quarter of

² <https://www.pcbs.gov.ps/en/post-details/?postId=20477>

2024. The war has caused roughly \$18.5 billion in damages, halted most commercial activities, and triggered over 79% unemployment as of December 2023. Damage to infrastructure is catastrophic, impacting all sectors of the economy. By December 2023, unemployment reached 79.3%, with 61% of jobs (182,000 jobs) lost. Basic commodity prices soared to about 250% in August 2024 compared to August 2023 due to severed supply chains. The agri-food sector is devastated, and fishing is crippled, cutting off incomes for thousands. Nearly all commercial operations have halted, making the population entirely dependent on aid. The Palestinian Authority faces severe revenue shortages.³

As per the Gaza Chamber of Commerce & Industry (GCCCI) 2025 annual report, **Humanitarian Aids & Private Sector**

Sector	Items	Percentage
Humanitarian Aids	44% food parcels, 21% food items, and 8% flour)	72%
	Shelter Materials	12%
	Medical Supplies	8%
	Fuel	2%
	Production materials to support local production sector	0%
Private Sector	Dry food items	48%
	Vegetables and fruits	22%
	Shelter materials	4%
	Cooking gas	3%
	Hygiene materials	3%
	Frozen food and eggs	2%
	Coffee, nuts, soft drinks biscuits, chocolate and spices	19%

Gaza Consumer Price Index (GCPI)

Month	Percentage	Description
January 2025	530%	redetected a huge increasing on food items caused by restriction of the crossings
July 2025	2,993%	
August 2025	1,454%	This indicated fragility of the local market and instability of prices despite markable decline of prices.
December 2025	147%	

Commission on Local Currency Prices' Rates

Month	Percentage	Item	Normal Price	New Price	Causes
January	17%	25 Kg Flour Bag	\$11.5	\$160	Instability of prices in the local market
May	32%	Rice, potato & onion	NA	NA	The price increased to 10 times than normal
June & July	42%	hygiene materials, diapers & soap	NA	NA	Notable increase of price
December	14%				

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³ <https://www.unocha.org/publications/report/occupied-palestinian-territory/humanitarian-situation-update-224-gaza-strip-enarhe>

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<https://www.gazacham.ps/InformationCenter/Details?slug=%D8%AA%D9%82%D8%B1%D9>

5. Interviews:

5.1 National NGOs' Sector:

The Women's Affairs Technical Committee (WATC) is a Palestinian national NGO that works to eliminate gender-based violence (GBV), develop women's roles in the community, and empower women. The WATC focuses on marginalized and disadvantaged women in rural areas and refugee camps. *Doaa Abu Jayyab, the WATC Coordinator of Development and Small Projects*, has reported that women's entrepreneurship and small economic projects have faced many challenges during and after the war. These projects were negatively affected by deteriorating humanitarian and economic situations, as well as the priorities and basic needs of the Palestinian community. Initially, the projects focused on food processing, sewing and tailoring, as these projects met the needs of families and the local community, for example providing bread, pastries, fast meals, as well as clothes and bedcovers. Moreover, these activities could easily be carried out inside houses and shelters with limited resources, and these projects helped women ensure an income for their families, as many had lost their livelihoods. However, as the crisis continued and some recovery took place, women's interests evolved to include other activities such as beauty and hairdressing, home gardening, chicken and sheep farming, and other projects and services. This shift reflects women's attempts to cope with the changing economic situation, with the aim of creating sustainable projects and ensuring a sustainable income for their families. Despite the importance of these projects in enhancing women's resilience and supporting their families, they have faced many challenges:

- *The ongoing war in the Gaza Strip and the unstable security situation.*
- *Complete cut-off of electricity, telecommunications and the internet.*
- *Difficulty in analyzing the local market and unavailability of raw materials.*
- *Frequent displacement caused by airstrikes resulted in delays to training activities.*
- *Challenges in movement and transportation due to a lack of fuel, caused by the closure of crossings.*
- *The psychological pressures experienced by the trainees were reflected in their ability to concentrate and persevere.*

5.2 Private Sector:

S.M. is a local construction materials supplier based in Beit Hanoun, in the northern part of the Gaza Strip. He owned a large 12,000-square-metre store where he ran one of Gaza's most advanced construction block factories, with a daily production capacity of 2,000 blocks, as well as supplying cement, steel, and aggregate. He was a member of the Gaza Response Mechanism (GRM), which is managed by the United Nations Office for Project Services (UNOPS). After the 2014 war, the GRM supported humanitarian projects and helped local people to rebuild their demolished houses through the United Nations Relief and Works Agency (UNRWA) and some international NGOs. The store, the block factory and several vehicles were destroyed in the latest war, causing the owner to lose approximately 2 million USD worth of assets, including the block factory, construction materials, heavy vehicles and other facilities; meanwhile, more than 30 workers have lost their jobs.

[%8A%D8%B1-%D9%88%D8%A7%D9%82%D8%B9-%D8%A7%D9%84%D8%A3%D8%B3%D9%88%D8%A7%D9%82-%D9%88%D8%B3%D9%84%D8%A7%D8%B3%D9%84-%D8%A7%D9%84%D8%A5%D9%85%D8%AF%D8%A7%D8%AF-%D9%81%D9%8A-%D9%82%D8%B7%D8%A7%D8%B9-%D8%BA%D8%B2%D8%A9-%E2%80%93-2025](#)

The owner said, “I was lucky because one loader and two trucks were in Gaza City when the war started. They were partially damaged by nearby airstrikes. I could not work during the war due to unstable security conditions and the risk of airstrikes targeting these heavy vehicles. Moreover, I was unable to work with these vehicles during the ceasefire because fuel and oil were so expensive and spare parts and tires were unavailable in Gaza due to the closed borders and high maintenance costs”. The owner has finally reported that he lost everything during Israel's military campaign on Gaza: “I will not be able to work again because of the fragile security situation and the fact that the Israeli authorities are preventing construction materials from entering Gaza, as well as the unavailability of spare parts. I hope that a real, long-lasting ceasefire will be maintained so that I can resume my work as before”.

6. Conclusion:

Gaza strip has been undergoing severe humanitarian crisis in the past two decades as a result of the latest war and the previous escalation since 2007. More than 72 thousand were killed and 172 thousand were injured, 90% of the populations were displaced and live in dilapidated tents or unsuitable shelters along with a wide range of destroyed homes and residential neighborhoods. Primary and health sectors were seriously affected as many hospitals and health facilities were affected. There are huge numbers of patients and injured individuals in need of immediate treatment. Restrictions on the crossings led to a drastic shortage of food and medications. An outbreak of a contagious disease and a shortage of drinking water of an adequate quality and quantity have been caused by the massive destruction of infrastructure, including water and sewage networks. Many local and international humanitarian and human rights organizations have described the situation in Gaza as catastrophic, with many neighborhoods and houses completely demolished and civilians remaining under threat due to airstrikes and displacement. Moreover, Israel annexed more than 60% of the land to the east, south and north of Gaza; most of these areas are agricultural fields and farms.

7. Recommendations:

- Empower and activate the role of the 'National Administrative Committee' to carry out their civil and security responsibilities, ensuring stability, and supervising the reconstruction and rehabilitation of infrastructure in accordance with the agreement. Furthermore, ensure the immediate delivery of basic services such as health, education and municipal services.
- The international community must put pressure on the Israeli authorities to facilitate flow of goods and humanitarian aids through Gaza crossings and to activate movement of Rafah crossing as per 2005 agreement with EU. Moreover, to achieve sustainable coordination between the three parties, namely Egypt, the Israeli authorities and the National Committee, the European side will provide supervision. This will facilitate trading and import/export activities.
- To develop an urgent integrated relief, recovery and sustainable plans targeted the different sectors of the Palestinian economy; local production, trade, import and export, agriculture, entrepreneurship projects and investments. This requires capacity building of local staff with regional and international support.

- To integrate the entrepreneurship and job-creation projects within the reconstruction and recovery plans through direct support to these projects, especially those carried out by youth and university graduates aimed at reducing unemployment among these groups. Furthermore, financial compensation should be provided to affected economic entities to ensure the continuity of their services.
- Legal, legislative and financial facilitations to be given to youth entrepreneurship projects. PNA to facilitate registry of new entrepreneurship project, to reduce taxes, or even to be exempted. The Palestinian Monetary Authority and local banks to facilitate their procedures to these projects.
- To enhance regional and international economic partnerships with the local sector through investment and fund raising through facilitation of legal and financial regulations given by PNA and the National Committee. These partnerships will include regional Arab companies, Palestinian expats and businessmen in the Arab countries as well as international companies aimed at achieving long-lasting and sustainable development of the Palestinian economy in the Gaza strip.
- To compensate the local commercial sector, including destroyed factories, farms and other local facilities, aimed at supporting these commercial facilities to resume their services. This would be facilitated by a fund-raising forum.
- To form "anti-monopoly legal committee" aimed at unifying the local market prices and to regulate cash commission and to initiate reliable digitalized payment system to protect local people from exploitation.
- To support local community, especially youth, university graduates and bread-winner women, with non-profit small projects and emergency incubators to fulfill their basic needs.