



Shared Prosperity Dignified Life



E/ESCWA/UNDP/2023/Policy brief.1

Gaza war: expected socioeconomic impacts on the State of Palestine

Preliminary estimations until 5 November 2023



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Key messages

The Gaza war has already caused massive loss of life and infrastructure damage, which will have short- and long-term socioeconomic consequences, and cause long-term deprivation and a reduction in human development that will propagate to all the occupied Palestinian territory.

**Massive
loss of life**

**Massive
infrastructure
damage**

Note: Figures and estimations in the present paper do not include occupied East Jerusalem for lack of data.

The shock to Palestinian economic activity has been severe as a result of the total siege of Gaza, destruction of capital, forced displacement, restrictions on movement of people and goods in the West Bank.

While around 390,000 jobs have already been lost since the start of the war, early estimates (figure 1) indicate that the gross domestic product (GDP) loss in 2023 could range between 4 and 12 per cent, and between 4 and 9 per cent of GDP in 2024, compared with pre-war estimates, depending on the duration of the war.

Poverty is also expected to rise sharply by between 20 and 45 per cent, depending on the duration of the war.¹

A sharp decline is expected in the Human Development Index (HDI), setting the State of Palestine back by between 11 and 16 years, depending on the intensity of the conflict.

390,000
jobs **lost**

Poverty
expected to
rise between
20% and 45%

HDI of the **State of Palestine**
set back between
11 and 16 years

The economic consequences of the war will have direct and indirect effects on the humanitarian situation, and vice versa, including large-scale displacement.

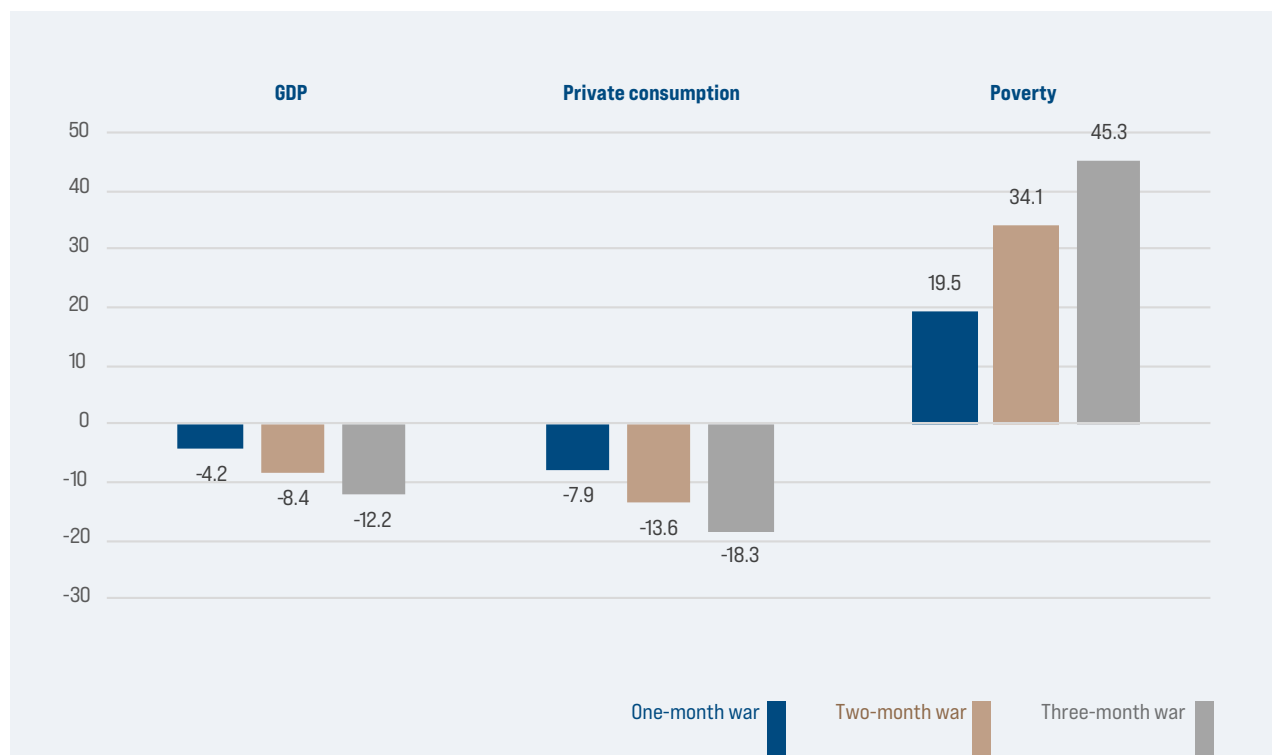
Economic recovery in Gaza following a ceasefire will not be immediate, considering the large-scale destruction and uncertain access to resources, including materials and equipment owing to the siege on Gaza.

The regional impacts of the Gaza war are multi-layered and dependent on the scale and scope of the military escalation.

Multi-layered
regional impacts
of the Gaza war



Figure 1. Impact of one-month, two-month and three-month war scenarios on GDP, private consumption and poverty in the State of Palestine (Percentage change relative to levels expected for 2023)



Source: Estimates based on the computable general equilibrium (CGE) model simulations of the Economic and Social Commission for Western Asia (ESCWA), and calculations from the United Nations Development Programme (UNDP) economists, using available data and the international poverty line of \$6.85 (2017 PPP) as at 28 October 2023. Estimates are subject to change once more data become available.



1

Impact on lives

With a density of about 6,300 people per km², Gaza is one of the most densely populated regions worldwide. Some parts of northern Gaza have a population density of over 30,000 per km². Around 40 per cent of Gaza's population are children under the age of 15, and 60 per cent of the population are refugees. Living conditions in Gaza on the eve of the war were already precarious in view of the Israeli blockade imposed since 2007 coupled with recurrent military escalations, leading to rampant poverty, unemployment and food insecurity.²

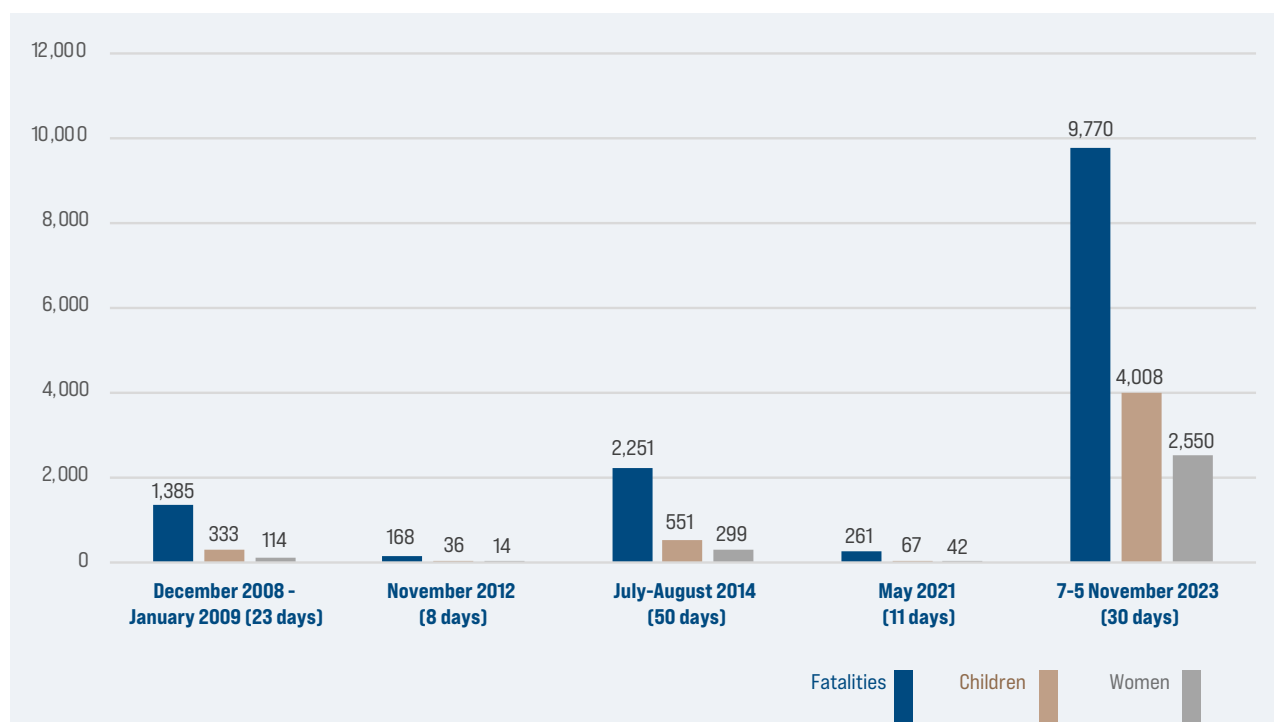
The toll of the current war on human life has been unprecedented. By 3 November 2023, four weeks into the war, the reported death toll in Gaza due to Israeli bombardment and military operations had reached 9,770, including 4,008 children and 2,550 women (67 per cent of all fatalities), (figure 2).³ At least 23,516 people have been injured⁴ and around 2,100 have been reported missing in Gaza, including 1,200 children who are likely trapped or dead under the rubble.⁵ The reported death toll, reached in only four weeks, has already far surpassed the toll of all past violent escalations since 2007 combined. The number of children reportedly killed in a little over three weeks in Gaza has exceeded the total number of all children killed each year since 2020 in armed conflicts in more than 22 countries.⁶

In the West Bank, tensions are escalating. According to the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), by 3 November 2023, 135 Palestinians had been killed by Israeli security and military forces and by settlers, including 42 children, with at least 2,247 people injured.⁷ In Israel, 1,400 people were killed and at least 5,400 wounded.⁸

The current war has already resulted in more than twice as many internally displaced persons (IDPs) as the 2014 war.⁹ The number of IDPs in Gaza since the start of the war is estimated at almost 1.5 million.¹⁰ This massive displacement has occurred amid severe humanitarian conditions, including a shortage of electricity, food, water and medicines, caused by the total siege of Gaza since 9 October 2023. This has exacerbated the longstanding humanitarian crisis resulting from the 16-year blockade of Gaza. By 3 November 2023, a total of 421 trucks carrying

humanitarian supplies entered Gaza through the Rafah crossing with Egypt. These supplies are just 3 per cent of the pre-war inflow into Gaza and, according to the United Nations, just 15 per cent of what is needed since the start of the war to prevent further deterioration in an already dire humanitarian situation. In addition, the entry of fuel into Gaza remains banned.¹¹



Figure 2. Total fatalities in Gaza by age and sex during major escalations, 2008–2023

Source: Compiled by UNDP based on [QCHA database](#) for historical records, and on OCHA, [Hostilities in the Gaza Strip and Israel, flash updates #1-28](#).

2

Health-related impacts

Since the start of the Gaza war, over one third of its hospitals and almost two thirds of health-care centres have shut down, either owing to damage sustained due to Israeli bombardment or a lack of fuel because of the siege. By 3 November 2023, the World Health Organization (WHO) had documented 101 attacks on health-care facilities in Gaza; the remaining 13 hospitals still operational in Gaza City and North Gaza have received evacuation orders.¹² Health-care facilities across Gaza may have to stop working if the fuel shortage and bombing continue. The still-functioning hospitals have been forced to operate at their bare minimum owing to a lack of fuel,¹³ and are overwhelmed by increasing numbers of casualties. The number of wounded¹⁴ has already surpassed by more than six times the 3,500 beds¹⁵ that hospitals had before the war. In addition to the severe damage to health infrastructure, the siege of Gaza has resulted in a critical shortage of medical supplies.¹⁶

Moreover, about 50,000 Gazan women are estimated to be pregnant, including 5,500 expected to have delivered within one month from the start of the war and another

5,500 estimated to deliver in the second month of the war, amid a shortage of neonatal care.¹⁷

Furthermore, a lack of access to food, water and electricity is likely to exacerbate the health situation, especially for those with chronic health conditions.¹⁸ The average water consumption for all needs, including drinking, cooking and hygiene, was estimated to have dropped to three litres¹⁹ per day per person by 20 October 2023, compared with the pre-war consumption level of 80 litres per day per person, which was already significantly below the minimum standard recommended by the WHO (150 litres/day per person). Current water consumption in Gaza has plummeted to an average of 8 per cent of pre-war daily levels.²⁰ All five wastewater treatment plants have shut down owing to fuel shortages or damage, and the accumulation of solid waste continues to pose an immense public health risk in overcrowded shelters.²¹

The people of Gaza were already in a heightened state of stress. This is bound to have exponentially worsened since the beginning of the war, given the severe

stressors the Palestinians are experiencing. The State of Palestine was already ranked the fourth highest Arab country in terms of stress prevalence (37.6 per cent). It also ranked third in depression prevalence (34.7 per cent). Gaza, in particular, experienced a significantly higher prevalence of stress (47.4 per cent) and depression (50.8 per cent).²²

The war will have a disproportionate impact on persons with disabilities. About 6.8 per cent of the total population in Gaza are categorized as persons with disabilities – higher than the country average estimated at 5.8 per cent.²³ This number is likely to increase owing to a mounting number of injured and decreasing health-care capacities.

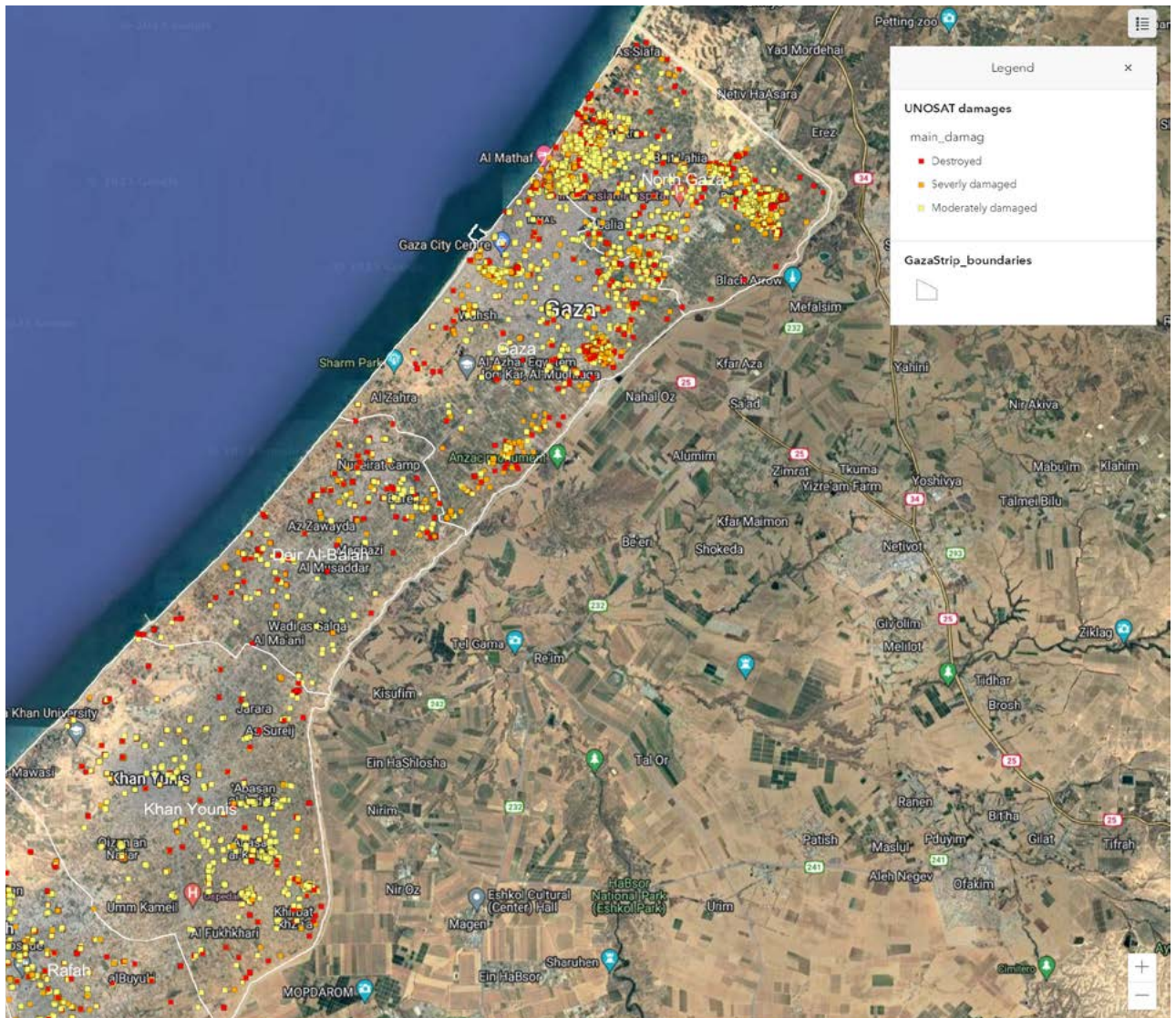
3

Building and infrastructure damages

At least 45 per cent of the housing stock in Gaza has been reportedly destroyed or damaged by Israeli bombardment.²⁴ By 3 November 2023, at least 35,000 housing units had reportedly been completely

destroyed, while about 212,000 units had been partially damaged.²⁵ Over 40 per cent of education facilities have been damaged, including at least 33 schools of the United Nations Relief and Works Agency for

Figure 3. UNOSAT damage assessment in Gaza



Source: UNOSAT (accessed on 30 October 2023).

Palestine Refugees in the Near East (UNRWA).²⁶ As a result, 625,000 students have no access to education.²⁷

On 3 November 2023, UNDP conducted a preliminary damage assessment of buildings using the United Nations Satellite Centre (UNOSAT) rapid comprehensive damage assessment for five governorates: North Gaza, Gaza City, Deir Al-Balah, Khan Yunis and Rafah (figure 3). This assessment indicates that between 4.2 and 6.6 per cent of structures located in those governorates have been destroyed or damaged. Moreover, according to a damage analysis of satellite data conducted on 28 October 2023, and published by the Washington Post on 1 November 2023, almost 30,000 buildings north of Gaza's wetlands have been damaged.²⁸ However, satellite imagery can underestimate damages as it can only detect damage to rooftops not sides of buildings, and buildings may also house a varying number of housing units.²⁹

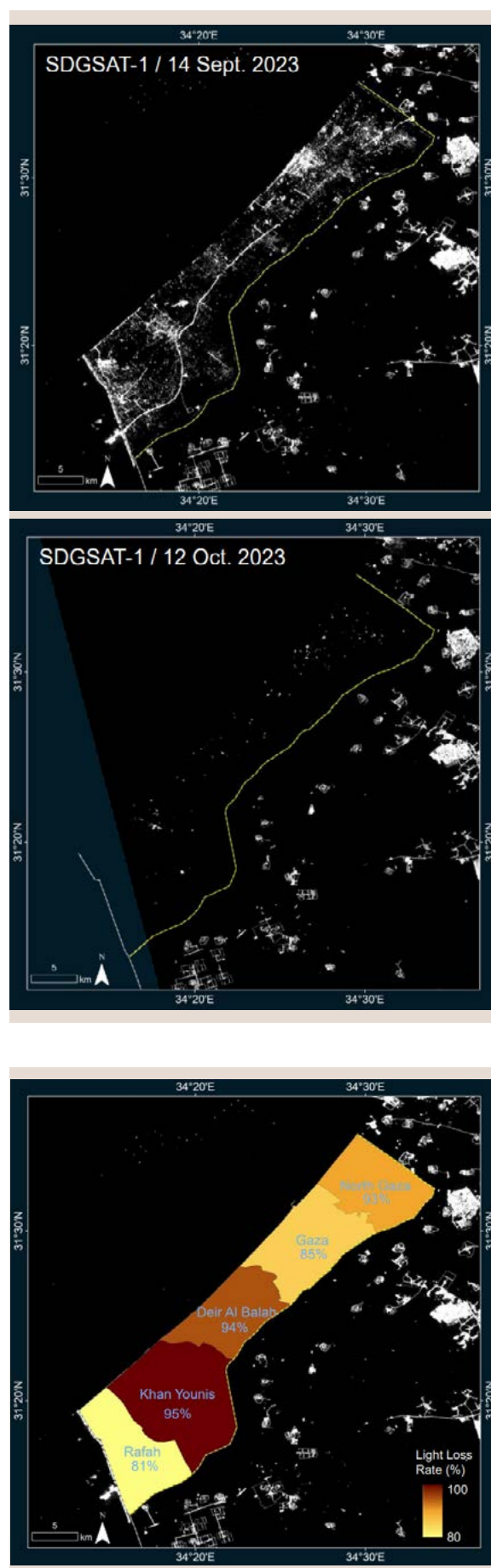
Using night-time light satellite imagery, UNOSAT estimated that 90 per cent of luminosity was lost in some areas of Gaza by 11 October 2023, compared with 14 September 2023 (figure 4). The Khan Yunis Governorate suffered the most severe power outage, with a loss rate of around 95 per cent.³⁰ Luminosity has remained very low since then across Gaza.

According to the agriculture damage assessment conducted by UNOSAT in just two governorates, North Gaza and Gaza City, over 36 per cent of greenhouses have been destroyed or damaged by the war. Moreover, 1,023 fields have been damaged, as evidenced by the presence of craters by 15 and 26 October, respectively, in North Gaza and Gaza City.

Satellite imagery also shows a total of 539 damaged segments across the road network in northern Gaza.

Since 7 October 2023, Israel has completely cut off water flow to Gaza several times, including on 9 October 2023, and most recently on 30 October 2023. By 4 November 2023, 20 water and sanitation facilities had been destroyed.³¹ A lack of fuel has caused total disruption or inadequate operation in the delivery of services, such as water, sewage pumping stations, wastewater treatment plants and electricity.³² By 4 November 2023, 60 municipal water wells and at least 25 sewage pumping stations had shut down owing

Figure 4. Night-time satellite imagery variation in Gaza (14 September–11/12 October 2023)



Source: UNOSAT (accessed on 17 October 2023).

to a lack of fuel and the inability of personnel to reach them.³³

This level of destruction will set Gaza back by many years. It will not only reduce short-term GDP growth, but will also have long-term implications. Moreover, if previous reconstruction efforts are to be taken as a reference, reconstruction will be slow, with severe consequences for

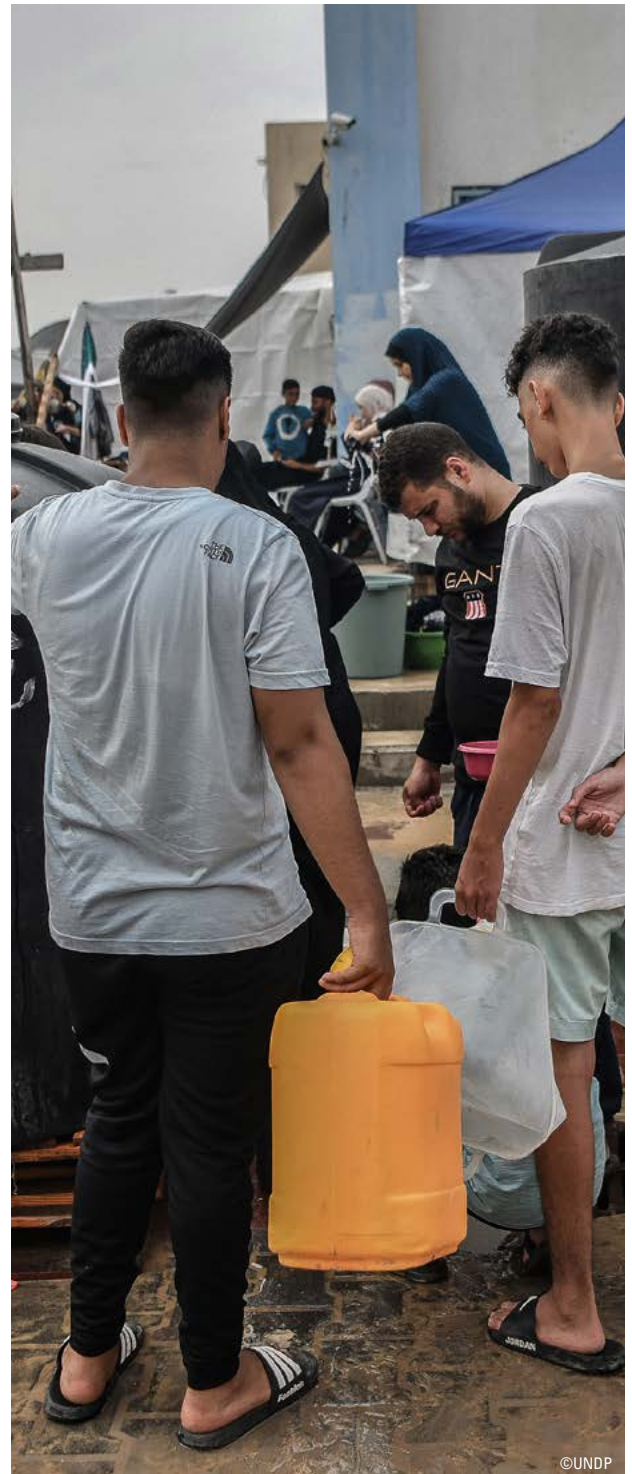
economic activity, health, education and long-term development prospects. For example, one year following the 2021 offensive, only 200 of the 1,700 destroyed houses had been rebuilt.³⁴ In addition to the large amount of financing required for reconstruction, a ban on dual-use building materials allowed through border crossings means that rebuilding efforts are unlikely to proceed at the necessary pace.

4

Poverty, food insecurity and human development

The incidence of poverty and food insecurity will further increase in the State of Palestine. The socioeconomic situation of Gazan households was already dire before the current war, which is expected to have a profound and multifaceted impact. The poverty rate in Gaza (as defined by the national poverty line) is estimated to have reached 61 per cent in 2020.³⁵ According to ESCWA computable general equilibrium (CGE) model simulations for the State of Palestine³⁶, considering three scenarios for the war, the poverty rate (using the international poverty line more appropriate for higher middle-income countries) is expected to increase from the current calculated baseline of 26.7 per cent for 2023 to 31.9 per cent in the one-month war scenario, to 35.8 per cent in the two-month scenario, and to 38.8 per cent in the three-month scenario.³⁷

Acute or moderate food insecurity already affected 62.9 per cent of households in Gaza in 2022. Over 73 per cent of households in Gaza reported having received humanitarian aid in the six months prior to the assessment, while over 50.5 per cent of households stated 'non-governmental organization (NGO) or charity assistance' as their main source of income.³⁸ The war has so far caused an increase in food prices in Gaza, and food stocks are running out.³⁹ This has raised the risk of malnutrition, particularly among pregnant women, infants and young children, which can lead to cognitive impairment, potential onset of disease, and eventually pandemics.⁴⁰ In 2021, stunting in Gaza affected more than 10.3 per cent of children under five, while underweight and wasting affected 2.5 per cent and 2.4 per cent of children, respectively.⁴¹ By 3 November 2023, food stocks were reported to be sufficient for less than a week, and the only operative mill cannot grind wheat owing to electricity outages.⁴²



Rising poverty and food insecurity are also expected to significantly impact newly formed female-headed households. Since the start of the current war, 1,725 new households are now headed by women in Gaza as a result of the death of their male heads, and 23,181 female-headed households have lost their homes.⁴³ Their situation will be especially difficult if the new female head is unemployed, or has never participated in the labour market.

Multidimensional poverty has increased. It is expected to deteriorate as the war takes its toll on education, health and basic services, and as the limited fiscal space diminishes the efficiency of existing social protection programmes, leaving the increasingly vulnerable population without adequate support to cope with the consequences of war.⁴⁴

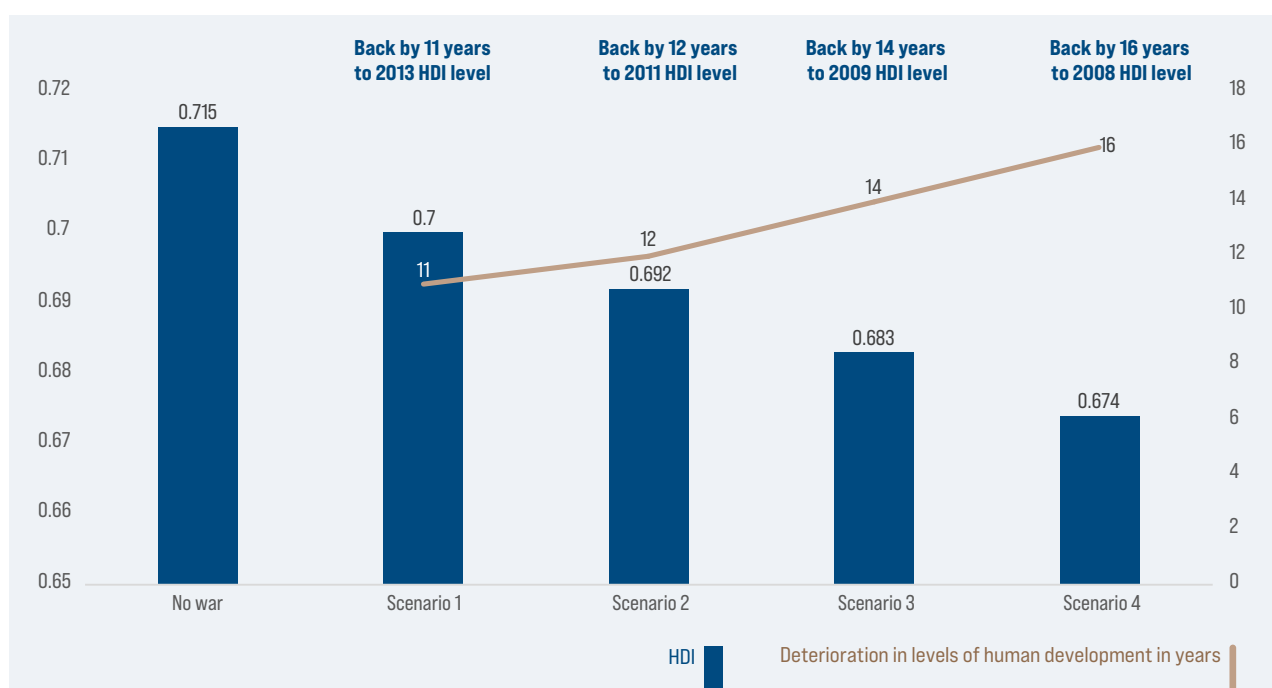
By the beginning of the third week of the war, nearly all of the Gazan population was estimated to have become multidimensionally poor (96 per cent) based on the national multidimensional poverty index (MPI), which counts the simultaneous deprivations people face across seven dimensions of well-being and includes 22 indicators tailored to the Palestinian context (as opposed to the global MPI, which is tailored to capture more extreme forms of deprivation in the poorest countries worldwide).⁴⁵ In other words, almost all of the 2.3 million Palestinians

residing in the enclave are multidimensionally poor and require basic support for survival.⁴⁶

The war will likely result in a significant drop of overall human development by 11 to 16 years for the State of Palestine, owing to diminished educational attainment, lower life expectancy, a decline in per capita income, and undernourishment. HDI declined from 0.703 in 2013 to 0.698 in 2014, and from 0.716 in 2020 to 0.715 in 2021,⁴⁷ in the aftermath of the July–August 2014 escalation and the May 2021 escalation, life expectancy declined by 1.4 years. Given the magnitude of the current war (over three times as many fatalities in less than half the time, and much greater overall infrastructure damage), along with the CGE model estimates on the decline of GDP, a strong impact on HDI is expected.

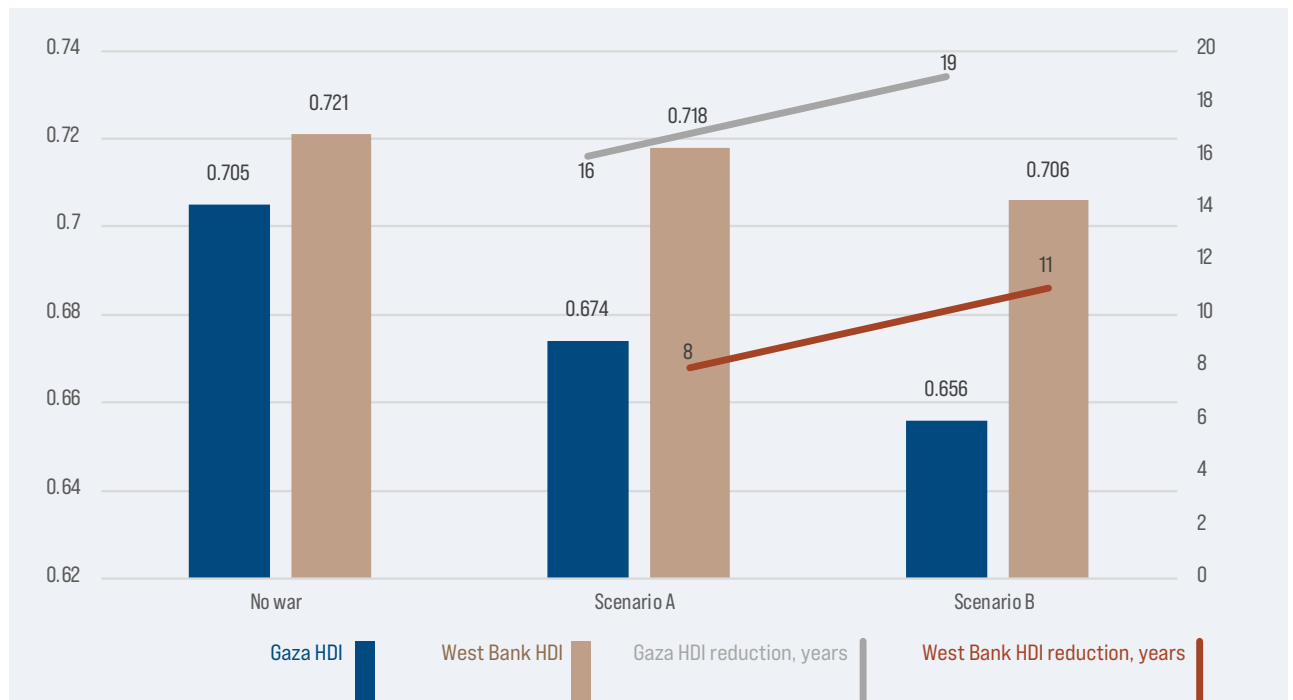
The impact of the war on HDI was assessed under several scenarios (figure 5). Scenario 1 assumes a one-year reduction in life expectancy, a 0.5-year decrease in expected years of schooling, no impact on mean years of schooling, and a 10 per cent decline in the gross national income (GNI) per capita compared with 2021. The simulation shows that HDI will decline from 0.715 in 2021 (latest available data) to 0.700 in the post-war period, which would set the State of Palestine back by approximately 11 years (to 2012 levels).

Figure 5. Reduction in HDI for the State of Palestine, simulation results



Source: UNDP Human Development Reports, *State of Palestine*.

Note: The right axis indicates HDI levels and the left axis indicates the number of years of development lost. Post-war figures are UNDP estimates based on four scenarios, as described in the text.

Figure 6. Reduction in HDI at the subnational level, simulation results

Source: UNDP estimates using subnational data from the [Subnational Human Development database](#), version v7.0. Aggregated data for Gaza and the West Bank are arithmetic means of the respective regional HDIs.

In scenario 2, the impact on educational attainment remains constant, given that these indicators tend to change slowly. This scenario assumes a two-year decline in life expectancy and a decline in GNI per capita of 15 per cent compared with its 2021 level. The simulation indicates that HDI will drop to 0.692 in the post-war period, effectively setting the HDI of the State of Palestine back to its 2011 levels, thus setting the country back by 12 years.

Scenario 3 assumes that expected years of schooling decline by one year, no impact on mean years of schooling, a three-year decline in life expectancy, and a decline in GNI per capita of 15 per cent compared with its 2021 level. Under this scenario, the simulation indicates that HDI will drop to 0.683 in the post-war period, back to levels seen in 2009, thus setting the State of Palestine back by 14 years.

Given the current trends in the number and age structure of fatalities, 40 per cent of whom are children, estimates suggest larger reductions in life expectancy, if the same pace of fatalities continues until December 2023.

Scenario 4 assumes a five-year decline in life expectancy, while holding the rest of scenario 3 assumptions constant. This would drag HDI down to 0.674, and would set the country back by 16 years (to 2007 levels).

However, averages hide the details of the human development impacts at the subnational level. Assuming a scenario of a two-year reduction in life expectancy, a one-year reduction in expected years of schooling, no reduction in mean years of schooling, and a 20 per cent decline in GNI per capita in Gaza, HDI for Gaza is estimated to drop to 0.674 from the estimated level of 0.705 in 2021, thus pushing back HDI for Gaza to the level observed in 2007. Alternatively, assuming a five-year reduction in life expectancy, a one-year reduction in expected years of schooling, a 0.5-year reduction in mean years of schooling, and a 20 per cent decline in GNI per capita in Gaza, HDI is projected to further drop to 0.656, which is the level observed in 2004.

In the West Bank, assuming no reduction in life expectancy, no reduction in expected years of schooling, no reduction in mean years of schooling, and a 5 per cent decline in GNI per capita, HDI for the West Bank is estimated to become 0.718 from an estimated level of 0.721 in 2021. Alternatively, assuming a one-year reduction in life expectancy, a 0.5-year reduction in expected years of schooling, no reduction in mean years of schooling, and a 10 per cent decline in GNI per capita, HDI will drop to 0.706, which is the level observed in 2012.

5

Economic implications of the war

The present paper estimates the economic impact of the current war under various assumptions and expert opinions, as well as through a dynamic CGE model for the State of Palestine, so as to further analyse the specific economic impacts of the conflict. In the CGE model, three scenarios of the current war were considered, along with their corresponding transmission channels of its effects. The first scenario assumes a one-month duration of the war and a 4 per cent capital stock destruction during that month for the whole of the occupied

Palestinian territory. The second scenario assumes a two-month spell of the war and a 6 per cent capital stock destruction. The third scenario estimates a three-month duration and a 7 per cent capital stock destruction. The simulation also assumes that total factor productivity will drop to zero in Gaza, and to 50 per cent of its monthly average in the West Bank. Moreover, all financial flows – both public and private – into the occupied Palestinian territory are postulated to stop during the assumed duration of the war.

A. Expected impact on jobs and businesses

Unemployment in Gaza was already three and a half times higher (46 per cent) than the West Bank (13 per cent). The two governorates from which Israeli authorities ordered the evacuation of civilians, namely North Gaza and Gaza City, accounted for 56.2 per cent of total employment in Gaza. Unemployment is higher among women (66.2 per cent in Gaza compared with 29 per cent in the West Bank) and young graduates (74 per cent in Gaza compared with 29 per cent in the West Bank).⁴⁸ Services employ the highest share of workers, followed closely by commercial activities, restaurants and hotels. Employment in services such as tourism tends to be highly vulnerable to shocks.⁴⁹ The State of Palestine also suffers from a high rate of informality (53 per cent of all workers in 2022), where jobs lack social security and other benefits and protections. About 14 per cent of the Palestinian labour force⁵⁰ works in Israel or in Israeli settlements, with around 20,000 workers from Gaza, according to the International Labour Organization (ILO).⁵¹

Since the Israeli authorities cancelled their permits at the outset of the current war, thousands of Palestinian workers have been stranded in the West Bank or detained by Israeli authorities,⁵² many of whom were released back to Gaza on 3 November 2023.⁵³ Israel has suspended work permits for all Palestinians workers in its territory since the start of the war, who generate an estimated income of about \$3 billion a year. Furthermore, the Israeli-imposed restrictions on movement within the West Bank are creating difficulties for around 67,000 Palestinian workers who have



jobs in governorates other than their place of residence, putting them at risk of losing their jobs.⁵⁴ Previous studies have indicated a strong impact of violence and mobility restrictions on wages, employment and GDP in the State of Palestine.⁵⁵

As the war hits the one-month mark, 61 per cent of employment in Gaza, equivalent to 182,000 jobs, is estimated to have been lost, according to ILO. Around 24 per cent of employment in the West Bank has also been lost, equivalent to 208,000 jobs.⁵⁶ Preliminary ESCWA CGE model results show an increase

in unemployment of between 5 and 13 percentage points compared with 24.7 per cent unemployment just before the current war, depending on the duration of the war.

Conflict can also have multifaceted repercussions on businesses. The current war could particularly hurt the operations of micro, small and medium enterprises, which are estimated to comprise 98 per cent of all enterprises in the State of Palestine and already have limited capacity and resources to withstand shocks, thus increasing unemployment levels.

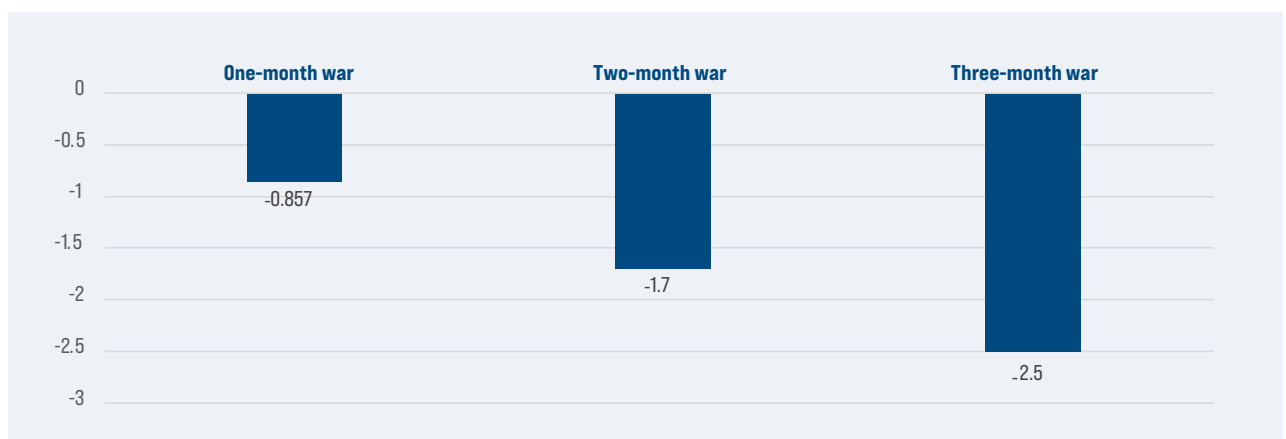
B. Macroeconomic aspects

Preliminary calculations point to a potential GDP loss of up to 15 per cent for a three-month war compared with the level projected for 2023 before the war. In addition, the dynamic CGE model for the State of Palestine, examining three scenarios described at the beginning of the present chapter, shows that all three scenarios point to a significant slowdown in economic activity in the occupied Palestinian territory.

As the war hits the one-month mark, Palestinian GDP is expected to have declined by about 4.2 per cent compared with pre-war estimates for 2023, a loss of about \$857 million. If the war extends to a second month, the estimated economic loss would rise to 8.4 per cent of GDP, or \$1.7 billion. If it extends to a third month, the loss would rise to 12.2 per cent of GDP, or \$2.5 billion (figure 7).

The drop in GDP is expected to be due to a reduction in trade and capital inflows, future investments and productivity, higher production costs including for transport and greater overall insecurity,⁵⁷ with lasting negative effects on potential output and productivity for years to come. Moreover, as the war approaches the one-month mark, total investment is expected to have declined by up to 15.3 per cent compared with pre-war estimates for 2023, while total exports and imports are expected to have declined by up to 13.2 per cent and 4 per cent, respectively. If the war extends to three months, investment is estimated to decline by up to 44.3 per cent, exports by up to 27.7 per cent, and imports by up to 14.3 per cent. It is therefore clear how quickly the economic effects of the war worsen as it protracts.

Figure 7. GDP loss for the State of Palestine in 2023 in the one-, two- and three- month war scenarios (Billions of dollars)



Source: Estimates based on ESCWA CGE model simulations, and calculations from ESCWA and UNDP economists, using available data as at 28 October 2023. Estimates are subject to change once more data become available.

The war will likely also have effects on GDP in 2024. Under an optimistic scenario where all economic activity returns to normal, and only the capital stock destruction effect continues to propagate through the economy in 2024, GDP in 2024 will decline by an additional \$904 million (4.2 per cent of expected 2024 GDP) if the war lasts one month, an additional \$1.5 billion GDP loss (6.9 per cent of 2024 GDP) if the war lasts two months, and an additional \$1.9 billion (8.7 per cent of 2024 GDP) if the war lasts three months.

The fiscal position of the State of Palestine is unsustainable, as evidenced by its public debt before the current war. Debt is now expected to deteriorate owing to a potential halt/reduction in revenues collected by Israel on behalf of and transferred to the Palestinian Authority, which constituted around 64 per cent of total revenues in 2022. Meanwhile, the Palestinian Authority has not been able to pay the full salaries of public servants. The financial stability of the State of Palestine will also be at much greater risk because of the war. IMF had already warned before the war that there were risks of banking sector instability due to liquidity withdrawals, lower fiscal spending, disruption of relations with Israeli banks, and rising non-performing assets, notably in real estate. The war is expected to amplify loan default risks, putting considerable pressure on the banking sector of Gaza and of the rest of the occupied Palestinian territory, and threatening financial stability.⁵⁸

The ongoing war raises the possibility of wider regional and global repercussions. Examining possible regional and global consequences, the current war has the potential to transmit its impact through oil and gas prices, which have seen moderate increases thus far. Further escalation could lead to substantial price surges, resulting in elevated production and transport costs, and ultimately higher inflation. Regional escalation may disrupt trade flows, especially if it leads to port and border crossing closures. Bloomberg has estimated a 1 per cent decline in global GDP growth in the event of a widespread regional war.⁵⁹ In addition, the war could compel neighbouring countries to redirect resources from development to security expenses. Investors may also adopt a more cautious and risk-averse approach, delaying investment decisions, in a scenario of heightened volatility across major asset classes in the region, and across the commodities, tourism and real estate sectors. Moreover, the war could negatively impact neighbouring countries' consumer confidence.

As the war hits the
1 month mark:
Palestinian **GDP**
is expected to
decline by 4.2%

If the war extends to a
2nd month:
the estimated
economic loss
would rise to
8.4% of GDP

If the war extends to a
3rd month:
the estimated
economic loss
would rise to
12.2% of GDP

6

Final remarks

In addition to the catastrophic loss of life, the current Gaza war and the full siege by Israel continue to undermine the human security of the Palestinian people, and have plunged the Gazan population into unprecedented deprivation and multidimensional poverty, leading to a full-fledged humanitarian catastrophe. The people of Gaza are not only facing physical destruction of homes and critical infrastructure, but are also grappling with a loss of access to essential services, including health care, water, energy, food, education, employment, income, remittances, and basic rights and freedoms.

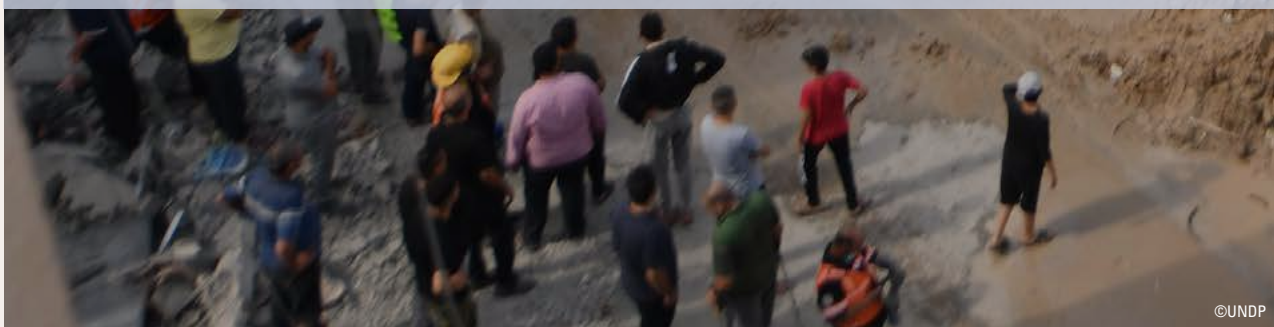
The United Nations Humanitarian Country Team in the State of Palestine is requesting \$1.2 billion to meet the immediate needs of 2.7 million people (the entire population of Gaza and 500,000 people in the West Bank) by the end of 2023.

Gaza was already enduring the long-term effects of protracted occupation. Consequently, although some of the systemic effects of the current war may not be observed because they have already occurred (for example, capital movements, restrictions on trade and limited movement of labour), the war will only compound these challenges.

Addressing the repercussions of the war on the Palestinian economy, society and human development will require unprecedented efforts. Some of the impact, particularly on the lives of Palestinians, will be long-term, and social and economic rehabilitation and recovery will be slow and challenging.

Even though the current war will have a prolonged impact on human capabilities in Gaza for years to come, a swift ceasefire and sustained flow of humanitarian assistance would produce a tangible immediate reduction in the deprivation level for hundreds of thousands of Palestinian families.

It is crucial to handle the post-war phase differently from previous military escalations. Post-war reconstruction and recovery efforts for Gaza should learn from past mistakes, and should not be restricted to dealing with the immediate humanitarian, social and economic needs resulting from wars and military escalations.



Endnotes

1. According to the international poverty line of \$6.85 per day (PPP).
2. PCBS data on Unemployment (Quarter 2, 2023); World Bank, Economic Monitoring Report to the Ad Hoc Liaison Committee, September 2022; Food Cluster Sector. Food Insecurity in Palestine, 2022; OCHA, Humanitarian Needs overview 2023.
3. OCHA figures on fatalities and injured are based on data from the Ministry of Health in Gaza, whereas those on infrastructure damage are based on data from the Ministry of Public Works and Housing.
4. OCHA, [Hostilities in the Gaza Strip and Israel, Flash Update #28](#), 3 November 2023.
5. Ibid.
6. According to the [Annual Reports of the United Nations Secretary-General on Children and Armed Conflict](#), a total of 2,985 children were killed across 24 countries in 2022. The death toll of children was 2,515 in 2021, and 2,674 in 2020 across 22 countries.
7. OCHA, [Hostilities in the Gaza Strip and Israel, Flash Update #28](#), 3 November 2023.
8. Ibid.
9. OCHA, [Gaza: internally displaced persons](#), 11 April 2016.
10. OCHA, [Hostilities in the Gaza Strip and Israel, Flash Update #28](#), 3 November 2023.
11. Ibid.
12. Ibid.
13. OCHA, [Hostilities in the Gaza Strip and Israel-reported impact, Day 24](#), 30 October 2023.
14. State of Palestine, Ministry of Health, [Press release](#), 19 October 2023; OCHA, [Hostilities in the Gaza Strip and Israel-reported impact, Day 24](#), 30 October 2023.
15. UNRWA, [Situation Report #6 on the Gaza Strip and the West Bank](#), 16 October 2023.
16. Palestinian Central Bureau of Statistics, [PCBS highlights socio-economic indicators on the impact of the Israeli occupation war on Gaza Strip](#), 16 October 2023.
17. UN News, [Humanitarians call for urgent aid access to Gaza](#), 12 October 2023.
18. According to the initial health assessment by the UNRWA mobile medical team, over 37,000 IDPs have non-communicable diseases requiring medical attention ([UNRWA Situation Report #13](#)).
19. Palestinian Central Bureau of Statistics, [Press release highlighting that the children and women of Gaza Strip face an unprecedented humanitarian disaster](#), 24 October 2023.
20. OCHA, [Hostilities in the Gaza Strip and Israel, Reported Impact, Day 28](#), 3 November 2023.
21. UNICEF, [Humanitarian Situation Report, No. 3 \(20–26 October 2023\)](#); OCHA, [Hostilities in the Gaza Strip and Israel, Flash Update #17](#), 23 October 2023.
22. [Arab Barometer Survey, Wave 5, 2018–2019](#).
23. Palestinian NGOs Network, [Fact sheet: The reality of persons with disabilities in the Gaza Strip during Corona pandemic](#), 30 September 2020.
24. OCHA, [Hostilities in the Gaza Strip and Israel, Flash Update #28](#), 3 November 2023.
25. Ibid.
26. OCHA, [Hostilities in the Gaza Strip and Israel, Flash Update #21](#), 27 October 2023.
27. OCHA, [Hostilities in the Gaza Strip and Israel, Flash Update #28](#), 3 November 2023.
28. Washington Post, [Tracking damage within the Gaza Strip through maps](#), 1 November 2023.
29. The UNOSAT comprehensive damage assessment is conducted by human experts and may require additional time for thorough analysis. As a result, the latest assessments for North Gaza, Gaza City and Khan Yunis are dated 15 October 2023. For Deir Al-Balah and Rafah, they are dated 21 and 28 October 2023, respectively. It is possible that further damage has occurred since those dates.
30. UNOSTAT, [Nighttime Light Analysis Gaza Strip, Occupied Palestinian Territory](#), 18 October 2023.
31. OCHA, [Hostilities in the Gaza Strip and Israel – reported impact, Day 29](#), 4 November 2023.
32. Rachel Wilson and others, [Gaza's limited water access, mapped](#), CNN, 18 October 2023.
33. OCHA, [Hostilities in the Gaza Strip and Israel – Flash Update #29](#), 4 November 2023.
34. Maram Humaid, [A year on from war, Gaza frustrated at slow reconstruction](#), Al-Jazeera, 10 May 2022.
35. The poverty rate in 2020 was estimated to be 61 per cent using national poverty lines, according to the World Bank, [Economic Monitoring Report to Ad Hoc Liaison Committee](#), 10 May 2022.
36. For more on the technical notes, see M. H. Bchir and others, [DIVA: A CGE model for the study of African diversification](#), 2006; and ESCWA and UNDP, [A methodological note for assessing the socioeconomic impacts of the Gaza war](#), Technical document (available upon request).

37. Based on ESCWA CGE model simulations, according to available data as at 28 October 2023.
38. OCHA, [Multi-sectoral needs assessment \(MSNA\): key sectoral findings – Gaza](#), July 2022.
39. According to the [Gaza Market Monitoring Flash Update #2](#), Gaza's estimated overall stocks of key food items are sufficient to cover around 24 days for wheat flour, 19 days for sugar, 14 days for pulses, 13 days for rice and 7 days for vegetable oil. The report also shows that more than 20 per cent of shops contacted in Gaza reported an increase in the level of prices in the first two days of escalation, compared with 56 per cent on 14 October 2023.
40. OCHA, [Hostilities in the Gaza Strip and Israel. Flash Update #18](#), 24 October 2023.
41. Abdel Hamid El Bilbeisi and others, [Households' food insecurity and their association with dietary intakes, nutrition-related knowledge, attitudes and practices among under-five children in Gaza Strip, Palestine](#), *Frontiers in Public Health*, vol. 10, 2022.
42. OCHA, [Hostilities in the Gaza Strip and Israel. Flash Update #28](#), 30 October 2023.
43. UN-Women, [Facts and estimates: Women and girls during the conflict in Palestine](#), 2 November 2023.
44. MPI is a composite index that includes non-monetary dimensions of well-being such as health, education and living standards. It is a product of the headcount ratio (the proportion of the multidimensionally poor population out of the total population) and intensity of deprivation (average deprivation score experienced by people in multidimensional poverty).
45. The revised Arab MPI was conceived as a regional benchmarking tool to motivate member States to produce their national measure that would be more suitable to reflect the sociocultural type of deprivations. It includes five dimensions: health, education, housing, access to services and assets. The classification of multidimensional poverty is set at a deprivation score of 20 per cent. In other words, households deprived in at least one dimension or more than one-fifth of all indicators will be considered multidimensionally poor. The Palestinian national MPI consists of seven dimensions tailored to the particular context of the State of Palestine. Six of these dimensions comprise the social well-being component and cover 21 indicators in education, health, employment, housing conditions and access to services, safety and use of assets, and personal freedom. A seventh dimension, monetary poverty, captures economic well-being using the national poverty line. For more information, see ESCWA, [Nowcasting the national multidimensional poverty index for the State of Palestine \(2017–2022\)](#), 2023.
46. ESCWA, [War on Gaza 2023: an unprecedented and devastating impact](#), October 2023.
47. UNDP, [Human Development Report Indicators, State of Palestine Profile](#), 2022.
48. PCBS, [Press Release on the Results of the Labour Force Survey, Second Quarter \(April – June, 2022\) Round](#).
49. UNDP, [Lives versus livelihoods: the Covid-19 pandemic and labour markets in Arab States](#), 2021.
50. Based on PCBS, [Palestine Labour Force Survey 2021](#) (accessed on 1 November 2023).
51. ILO, [Impact of the Israel-Hamas conflict on the labour market and livelihoods in the occupied Palestinian territory](#), Brief No. 1; Reuters, [Israel reopens Gaza crossings, lets Palestinians back to work after two weeks](#), 28 September 2023; Gisha, [Israel refuses to reveal information about thousands of Gaza residents being held in Israeli detention facilities](#), 19 October 2023.
52. Various sources estimate that the number of workers expelled to the West Bank ranged between 5,000 and 6,000. As for the recently released detained workers, the Israeli authorities have not yet revealed any information about them. Gisha, [Israel refuses to reveal information about thousands of Gaza residents being held in Israeli detention facilities](#) (19 October 2023); Gisha, [Israeli cabinet decision to return Gaza workers to the Strip](#) (3 November 2023).
53. El Pais, [Israel returns thousands of Palestinian workers to Gaza as bombing continues](#), 3 November 2023. As of 2022, 153,000 Palestinians worked in Israel and Israeli settlements in the West Bank, and generated an income of around \$3 billion per year, which constituted about one quarter of the West Bank's GDP according to a report by the United Nations Conference on Trade and Development (UNCTAD).
54. ILO, [Impact of the Israel-Hamas conflict on the labour market and livelihoods in the occupied Palestinian territory](#), Brief No. 1.
55. Some studies found that the impact on wages was much higher than that on employment. For example, a study found that placing one checkpoint one minute away from a locality would significantly reduce its residents' hourly wage by 5.2 percentage points, and reduce their probability of being employed by 0.5 percentage points (Massimiliano Cali and Julia Oliver, [West Bank check-points damage economy, illustrate high cost of trade barriers](#), 18 July 2013).
56. ILO, [Impact of the Israel-Hamas conflict on the labour market and livelihoods in the occupied Palestinian territory](#), Brief No. 1.
57. Hannes Mueller and Chanon Techasunthornwat, [Conflict and poverty](#), World Bank working paper 9455, 2020.
58. IMF, [West Bank and Gaza: Report to the ad hoc liaison committee](#), 8 September 2023.
59. Ziad Daoud and others, [Wider war in Middle East could tip the world economy into recession](#), 13 October 2023.