

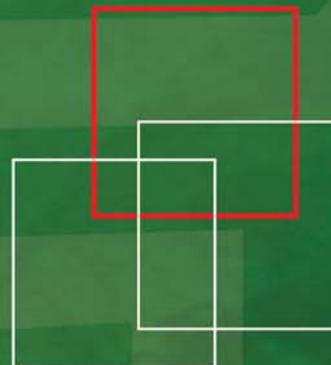


International Labour Organization  
Regional Office for Arab States



# Unprotected Employment in the West Bank and Gaza Strip

## A Gender Equality and Workers' Rights Perspective



GENDER EQUALITY AT THE **HEART** OF DECENT WORK



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Regional Initiative on Gender Equality and Workers'  
Rights in the Informal Economies of Arab States

# **Unprotected Employment in the West Bank and Gaza Strip**

**A Gender Equality and  
Workers' Rights Perspective**

Jamil Hilal, Saleh Al Kafri, and Eileen Kuttab<sup>1</sup>

International Labour Organization / Regional Office for Arab States  
Center for Arab Women Training and Research

June 2008

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## PREFACE

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The nature of employment is rapidly and dramatically changing around the world, including in Arab States. The increasing flexibility of labour markets at global and local levels has led to a rise of informal employment, self-employment and atypical forms of employment. This process, termed as informalization, has been accompanied by an increase of insecurity and poverty. Informalization also has a gendered nature with differential earnings, choices and locations of activities, level of competition, and time allocated to work, with significant implications for women, especially young women in Arab States. While employment is the main path out of poverty, International Labour Organization (ILO) Decent Work Agenda underscores the significance of quality as well as quantity of jobs generated.

Official statistics, laws, policies, and programmes have not been sufficiently capturing the informalization of jobs, thereby impeding the much needed extension of social protection to informal workers, especially in Arab States. To fill the gap, the ILO and Center for Arab Women Training and Research (CAWTAR) launched in January 2007 a regional initiative on Gender Equality and Workers' Rights in the Informal Economies of Arab States. Funded by the International Development Research Centre (IDRC), Arab Gulf Programme for United Nations Development Organizations (AGFUND), and the ILO, this two-year initiative aims to mainstream Arab States into the current global thinking on informal employment using the perspective of gender equality and workers' rights.

In this study, the concept of informal employment is used to refer to the characteristics of the job rather than the characteristics of the economic unit, and explicitly relates to social protection and entitlements. The size of informal employment is computed through direct calculations and indirect estimations based on official surveys. Furthermore, a gender equality and workers' rights perspective is applied to the analysis of informal employment in the Palestinian context. This perspective highlights the need to use labour rights and other relevant human rights standards to identify the problems facing informal workers, the political, economic, social, and cultural causes and consequences of informalization, and the claims, responsibilities, capabilities and actions required. It suggests ways to introduce policies and programmes providing equal opportunities to women and men; transform institutional norms, rules, procedures, and attitudes; and prioritize the rights of informal workers to exercise choices, access resources and remedies, gain voice, and organize towards equality of access, benefits, and genuine empowerment.

This case study is complemented by a policy brief, a regional overview, as well as a glossary on informal employment, and several other country case studies including Yemen, Syria and Lebanon. It is intended to influence the thinking within the Palestinian Authority (PA), workers' and employers' organizations, research institutions, and international agencies.

An initial draft of the case study benefited from inputs of members of the regional research network of the ILO/CAWTAR initiative during a workshop in Tunis in April 2007. Several people provided feedback on the different drafts of study including Ms. Simel Esim, Ms. Blandine Destremau, Ms. Elizabeth Villagomez, Mr. Domingo Carbonell, Mr. Jacques Charmes, Ms. Joann Vanek, Ms. Emanuela Pozzan, Ms. Susan Maybud, and Mr. Mansour Omeira. Ms. Raja Nehme translated the study from English to Arabic. Further editorial contributions were provided in finalizing the study by Mr. Mansour Omeira, Ms. Simel Esim, Ms. Elizabeth Villagomez, Mr. Domingo Carbonell and Ms. Emanuela Pozzan, Ms. Sana'a Abou Sleiman, Ms. Reham Rached, and Mr. Nabil Abdo.

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## EXECUTIVE SUMMARY

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The nature of employment is rapidly and dramatically changing around the world, including in Arab States. The increasing flexibility of labour markets at global and local levels has led to a rise of informal employment, self-employment and atypical forms of employment. This process, termed as informalization, has been accompanied by an increase of insecurity and poverty. Informalization also has a gendered nature with differential earnings, choices and locations of activities, level of competition, and time allocated to work, with significant implications for women, especially young women in Arab States. While employment is the main path out of poverty, International Labour Organization (ILO) Decent Work Agenda underscores the significance of quality as well as quantity of jobs generated.

Official statistics, laws, policies, and programmes, however, are not sufficiently capturing the informalization of jobs, thereby impeding the much needed extension of social protection to informal workers. This paper examines informal employment in the West Bank and Gaza Strip (WBGS) and argues that the best way to convey the meaning and significance of informal employment in this context is to view it as unprotected or unacknowledged work. This type of employment is no longer confined to small, unregistered enterprises with non-contractual work; instead, it now includes larger, registered enterprises with contractual employment but little or no social protection and entitlements. Informal employment, understood as unprotected or unacknowledged employment, is studied from the perspective of gender equality and workers' rights.

It is impossible to discuss informal employment and social protection in the WBGS without specifying the colonial-settler nature of Israeli occupation, and the ensuing unique socio-economic and political context of the territories occupied in 1967. The living conditions of Palestinians in the WBGS are radically different from those of every other Arab country. These territories have been subject to the longest colonial occupation in modern history, which in turn created new social relations and social networks. Occupation has affected all aspects of life as the occupying power came to control the economy, land, resources (particularly water), borders, urban growth, in addition to the movement of persons and commodities. Against this background, the relationship between the Palestinian economy and the Israeli economy has often been referred to as one of 'de-development' (Roy, 1996). De-development defines the forcible capture of the economy, an imposed relationship of dependency, and the halt of the free development of civil institutions.

Since the outbreak of the second intifada, Israel has unilaterally restricted the flow of Palestinian workers into the Israeli labour market by building the Separation Wall, dubbed the Apartheid Wall by Palestinians. It also reduced to a minimum the distribution of permits for Palestinians to work in Israel. Yet in the absence of sufficient income-earning opportunities in the occupied territories, many jobless Palestinian men, women, and children venture to Israeli settlements for work in homes, businesses and agriculture. Tens of thousands of others also enter Israel without permits to work for long hours in agriculture, construction, and other businesses for less than the minimum wage. In addition, they lack adequate protection against work hazards and have to settle for unsafe and unhealthy sleeping arrangements such as fields, construction sites, and urban undergrounds.

Unlike previous studies on Palestinian employment in the informal sector, this paper adopts an operational definition of informality focusing on the characteristics of the jobs rather than on the characteristics of the production units. The lack of adequate social protection, a violation of a basic human and social right, is the defining characteristic of what has been termed as informal employment. Informal work is understood as work that lacks adequate social protection or proper entitlements (rights). It refers to work that lacks some or all of the following: a specified minimum wage, health insurance, a pension scheme, paid holidays, job security, end of work compensation, paid maternity leave, paid sick leave, family allowances, unemployment benefits and insurance against sudden loss of income. Other features linked to working conditions are long hours, an unhealthy and unsafe work

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environment, and lack of protection against extreme weather conditions. In short, workers in unprotected employment conditions are vulnerable, insecure, and in some cases even unacknowledged as workers, such as homeworkers in subcontracting, own-account work and producing goods for the market from home. Poor working conditions apply to both men and women, and occur in unsafe and unhealthy workplaces tending to generate or perpetuate situations of poverty, for example sweat shops or outdoors, exposed to weather conditions and pollution.

The volume of informal employment in the Palestinian labour force within the WBGS has decreased since 2000, although still very high. This decline can be attributed to the heightened restrictions for workers to enter Israel without permits, and the corresponding increase in unemployment. This rise has been accompanied by a process of impoverishment and localization of the Palestinian labour force in the WBGS. The political economy of a colonial military occupation, the nature and limitations of the Palestinian Authority (PA), the de-developed, dependent, fractured, and distorted structure of the Palestinian economy, and the pressures by active regional and international economic and political actors set the larger context of informal employment in WBGS.

Despite improvements in recent years in the data sources available on employment in the WBGS, new accurate data is required to estimate more precisely the size of unprotected employment. The main data source is the Labour Force Survey that it is conducted by the Palestinian Central Bureau of Statistics (PCBS), which provides useful data on labour conditions on a quarterly basis. Other important sources are the Working Conditions Survey 2004 (WCS) and the PCBS Time Use Survey (TUS).

Palestinian labour market characteristics and trends are conditioned by the severe crisis suffered after the outbreak of the second intifada. Between 2000 and 2006, the labour participation rates of the population aged over 15 fell from 43.5 per cent to 41.2 per cent, and by 2006 unemployment was 23.6 per cent. The participation of women was strikingly low, standing at 14.4 per cent compared to an also relatively low 67.6 per cent for men. This needs to be put in the context of high unemployment rates, at 20.5 per cent for women and 24.2 per cent for men. Also, more than three fourths of unemployed women had completed over 13 years of schooling while most unemployed men have low levels of education, with only 85.2 per cent having completed less than 13 years of schooling.

Even if there might be some underestimation of women's home-based economic activities in the available datasets, the Palestinian labour markets are highly gender-segregated, offering women access to a very limited number of sectors. Moreover, these few sectors are in non-growth areas of the economy and are unable to absorb new women labour market entrants. There are also a large number of discouraged workers among women. All these factors result in a persistently high rate of unemployment among women (Jad, 1999).

The definition of informal employment used in this paper explicitly relates to social protection and entitlements. The size of informal employment is computed through direct calculations and indirect estimations from official surveys. For informality, the Palestinian population is classified into three categories: formal workers, informal workers, and non-employed (people without work, economically inactive or unemployed). The third category includes the unemployed and unpaid care workers. An extended definition of informal employment encompasses these two groups of workers, while in the narrow definition informal workers is also included. Groups of workers are classified according to the definition of informal employment given in this paper.

The trend of Palestinian informal employment under the extended definition has shown a slight yet constant decline since 2000. Figures for these categories of workers show different relationships of employment according to sex with a higher percentage of both men formal and informal workers than women workers. Under the extended definition, informal workers account for almost 60 per cent of women workers and only 16 per cent of men workers. This acknowledges that most unpaid care activities are primarily carried out by women and officially unaccounted for. In addition, informal employment of men decreases with age, while the opposite trend is found among women, a phenomenon likely to

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be linked to their reproductive and care roles. The importance of unpaid care work is amplified in the Palestinian context with limitations of social care services as a key focus area for social policy. The low levels of women representation in informal employment can also be attributed to structural limitations of the economy and to social and cultural constraints. Since the year 2000, women's employment declined slightly in agriculture and increased in the public sector, Non-Governmental Organisations (NGOs) and international bodies. Further estimations of informal employment are carried out by classifying workers by establishment size and working conditions. These changes in the parameters of informality affect the estimations of the magnitude of informal employment among Palestinian men and women and imply a variety of policy responses.

Any review of social protection schemes available for the Palestinian people in the WBGS must be placed within the context of the prevailing situation in these areas since 1948 and the Israeli military occupation in June 1967. The Palestinian Authority (PA) was established as a self-governing authority in 1994. Social welfare and social protection became part of its main mandate, as well as the provision of basic services for Palestinian people in these territories, excluding East Jerusalem, which Israel annexed in 1967 and in which it does not permit the PA to operate. Given the restrictions imposed by the occupation and the directives of international bodies, the PA was created without the material resources or the institutional infrastructure to be a redistributive and an interventionist state since much of its present public revenue is externally generated and its economy remains under the colonial grip of Israel.

Social protection in the private sector is regulated by the Palestinian labour legislation that requires all employers to insure their employees, entitles workers to sick leave and forbids employment of children under 15. It also dictates a number of specific rights for women workers such as maternity benefits. The labour law applies to all types of employment, regardless of the size or type of enterprise. In practice, this legislation is insufficiently enforced by the PA and is systematically violated, particularly by many of the smaller enterprises, to reduce costs and avoid paying the relevant taxation and social security contributions.

The existing labour law has important deficiencies: it does not specify a minimum wage; it does not provide a pension scheme as such; it does not oblige employers to provide health insurance. The current Palestinian labour legislation excludes large segments of the population, including own-account workers, seasonal workers, contributing family workers, domestic workers and those involved in unpaid house chores (which can include a number of activities for self-consumption) and reproductive work at home. Although unionization has been a national tool for political parties, women have been marginalized from leadership decisions, and continue to be under-represented among the membership. Hence, there is a need for workers to strengthen the unionization process increasing women's voices. There have also been some pilot initiatives of unemployed workers toward claiming their rights to work. The labour law as it stands does not provide the minimum security needed by large groups of workers. A new social insurance law was drafted in 2003 but was frozen because of difficulties in implementation and World Bank recommendations to concentrate on poverty alleviation.

Public sector employment has been a major strategy of the PA to address unemployment. Public sector employees are entitled by law to a series of benefits including job security, written contracts, paid holidays, health insurance, and paid sick leave. Recent political developments under the Hamas government, however, have caused government workers to lose their job security and accumulated benefits.

Women-headed households represent the main recipients of institutional social assistance programmes. The inadequacy of the existing social support systems has recently been evidenced in a PCBS report indicating that over a fourth of Palestinian households live under the poverty line. Even if the past five years showed an increase in educational attainment and declines in illiteracy rates, especially among women, they have not translated into improved quantity or quality of jobs. In fact, unemployment rates among young educated women have been on the rise without an end in sight.

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The exercise of focusing on informal employment, defined in this paper as unprotected or unacknowledged employment, aimed to bring into focus rights associated with workers, both women and men, as to contribute to getting them out of conditions of unprotected employment and vulnerability, and into conditions of formal employment. As such, the paper outlines guidelines for PA institutions, as well as international actors, to develop social policies generating decent working conditions for Palestinian women and men workers.

The lack of adequate and affordable social care infrastructure and services puts the burden of caring for the young, elderly, and the sick on women, thus limiting their employment options and again steering them into informal work arrangements often performed from home. Provision of social care services does not only relieve women of the supply side constraints to their labour force participation, but can also generate opportunities for them to work as providers in this field. To address the gender dimension of informality, policy frameworks need to recognize the importance of the provision of childcare, and encourage a more active role of men in the care responsibilities. They also need to take into account the family responsibilities of workers, including maternity benefits, part-time, flexible time, paid leave and unpaid leave for men and women, especially as it relates to private sector employment.

Informal workers need to be involved in the formulation of relevant policies, preferably through a democratic and participatory process of social dialogue. Yet, there is a continuing lack of organization and representation of key categories of informal workers, and there are also significant barriers preventing them from organizing. Although women are found in rural and other production and marketing cooperatives, they are often outside the realm of workers' organizations. Despite the process of democratization in Palestinian trade union movements, the long standing seclusion of the WBGs trade unions from each other, as well as the growing disconnect between West Bank trade unions resulting from Israeli bantustanization policies, impose further challenges to organize formal and informal workers alike.

In the light of these challenges, the PA has limited capacity as a self-governing body, both in policy and implementation. It lacks control over natural resources, borders, the generation of revenues, or the movement of goods and individuals within its walled, fragmented, and colonized territory. Needed measures include capturing informal work in labour force surveys and enacting all the necessary frameworks that acknowledge the value and worth of work and protect the social and economic rights of workers, foremost the right to paid work and access to decent work.

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## 1. Introduction

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This paper examines informal employment in the West Bank and Gaza Strip (WBGS) and argues that the best way to convey the meaning and significance of informal employment in this context is to view it as unprotected or unacknowledged work. This type of employment is no longer confined to small, unregistered enterprises with non-contractual work; instead, it now includes larger, registered enterprises with contractual employment but little or no social protection and entitlements. Informal employment, understood as unprotected or unacknowledged employment, is studied from the perspective of gender equality and workers' rights.

The paper is organised in five sections. First, it provides a socio-economic background of the WBGS. Second, it reviews the main studies addressing informality in the WBGS. Third, it assesses the size of Palestinian informal employment according to different indicators. Fourth, it maps out the existing formal and informal schemes of social protection and support in these areas. Finally, it concludes by proposing some practical recommendations.

### 1.1. The political economy of Israeli occupation

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It is impossible to discuss informal employment and social protection in the WBGS without specifying the colonial-settler nature of Israeli occupation, and the ensuing unique socio-economic and political context of the territories occupied in 1967. The living conditions of Palestinians in the WBGS are radically different from those of every other Arab country. These territories have been subject to the longest colonial occupation in modern history, which in turn created new social relations and social networks. The occupation has affected all aspects of life as the occupying power came to control the economy, land, resources (particularly water), borders, urban growth, in addition to the movement of persons and commodities. Against this background, the relationship between the Palestinian economy and the Israeli economy has often been referred to as one of 'de-development' (Roy, 1996). De-development defines the forcible capture of the economy, an imposed relationship of dependency, and the halt of the free development of civil institutions.

It is necessary to place work vulnerability in the context of a multi-dimensional layered crisis in which Palestinians have been trapped due to the prolonged colonial situation. Soon after its occupation of the WBGS in June 1967, Israel imposed a customs union and transformed the Palestinian economy into a captive market for Israeli products and services. The Palestinian population became a reservoir for cheap, unskilled, and semi-skilled labour highly dependent on the Israeli labour market. Meanwhile, Israel subjected the area to a colonization process, whereby nearly 300 colonial settlements were built in the West Bank, with an Israeli Jewish population that reached half a million before the end of 2006 (Isaac and Powell, 2007). The occupation also deepened the gender-segregated nature of the labour force, whereby a considerable share of men was employed in Israel, while women were relegated to agriculture, unpaid care work, and services within the territories. Political parties, movements, popular and professional organizations, particularly of women and workers, confronted the occupation and played a significant role in the first intifada. They acted within the national political and economic realms to sever the dependency on Israeli goods. Women played a significant part in this informal resistance economy, especially in care and home economies and agriculture.

Since the outbreak of the second intifada, Israel has unilaterally restricted the flow of Palestinian workers into the Israeli labour market by building the Separation Wall, dubbed the Apartheid Wall by Palestinians. It also reduced to a minimum the distribution of permits for Palestinians to work in Israel. Yet in the absence of sufficient income-earning opportunities in the occupied territories, many jobless Palestinian men, women, and children venture to Israeli settlements for work in homes, businesses and agriculture. Tens of thousands of others also enter Israel without permits to work for long hours in agriculture, construction, and other businesses for less than the minimum wage. In addition, they lack

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adequate protection against work hazards and have to settle for unsafe and unhealthy sleeping arrangements such as fields, construction sites, and urban undergrounds.

Israel continues to maintain the restrictions on movement of goods and services within the towns and villages of the West Bank. It also requires permits from Israeli military authorities to move between the WBGS, as well as between the two areas and East Jerusalem. The cantonization of the territories through closures, checkpoints, and the Separation Wall has greatly put off investment in the Palestinian economy and restricted the flow of Palestinian goods and services within them. Recent years have witnessed a decline in the number of enterprises in the territories. Israeli military actions and incursions have destroyed a significant portion of Palestinian physical infrastructures and private capital stock. The Gross Domestic Product (GDP) of the WBGS consequently fell sharply during the first years of the 21st century, resulting in record rates of unemployment and poverty.

Conditions have significantly deteriorated since late 2000, following the collapse of Camp David negotiations in July 2000. By 2005, real GDP was 9 per cent below its value in 1999, the unemployment rate had doubled since mid-2000 and averaged 24 per cent, and income per capita was down by a third since 1999. In 2005, deep consumption poverty affected 22 per cent of Palestinian households (United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), 2006)<sup>2</sup>. The economic and humanitarian crises were associated with the political crisis, as this period saw a systematic political boycott of the PA, including the total blockade of its former president until his passing in November 2005. This blockade was extended to a financial and diplomatic boycott in 2006 following the electoral victory of Hamas in the legislative elections of January 2006. Israel impounded the PA customs and tax revenues and the major donor countries withheld financial aid to the PA. The fiscal crisis of the PA led to a decline in real per capita consumption levels, including external assistance, by 12 per cent in the first half of 2006 as compared to the second half of 2005. As a result, the number of poor in deep poverty rose by an average of 64 per cent. Deep income poverty increased from 40.2 per cent of all households in 2005 to 55.6 per cent in the first half of 2006 (*ibid.*).

The continued occupation and meandering of political negotiations between the PA and Israel, and the sanctions taken against the Palestinian government following the electoral victory of Hamas in 2006 have deferred any plans for economic development and re-absorption of the current poor and unemployed into the labour market, with clear ramifications on gender imbalances within the labour market. The critical political and socio-economic situation faced by the Palestinian people has accelerated the bantustanization of the WBGS, the fragmentation of the labour markets, the informalization of employment, and the pauperization of the population (Farsakh, 2002).

Until March 2006, the public sector was the main contributor to protected employment in the WBGS, and in the Gaza Strip, it accounted for 41 per cent of total employment (UNRWA, 2006). Under the Hamas government, however, it could not provide protected employment due to the economic and other sanctions against the PA. The formation of the Hamas government in March 2006 was followed by the non-payment of regular salaries to about 165,000 employees of the government sector (some set the number as high as 180,000), which constitutes one quarter of the Palestinian workforce in the WBGS. The current caretaker government established in July 2007 only controls the West Bank, as Hamas retains control of the Gaza Strip. The caretaker government has started paying back salaries of government workers who were not appointed by the Hamas government, in an attempt to break down support to Hamas rule in the Gaza Strip. The imposition of sanctions has directly affected women, given the high share of women's employment in the public sector mainly in teaching, health, and secretarial work, and also indirectly with the non-payment of husbands' salaries.

The eruption of armed conflict between Hamas and Fatah at the end of 2006 and again in June 2007, coupled with the continuation of the Israeli occupation, the continued building of colonial

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<sup>2</sup> Deep consumption poverty is defined as the inability to meet basic human needs (food, shelter, and clothing). The individual monthly deep poverty line was estimated at about US\$ 64 (US\$ 2.10 per day).

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settlements, the construction of the Separation Wall, the Judaization of Jerusalem, and the cantonization of the WBGS made the situation of Palestinians in these areas extremely vulnerable and exposed, with no possibility of a just political solution to the conflict in sight. Restrictions of movement within the areas of the West Bank, between the WBGS, and between both and Jerusalem through checkpoints, other barriers, and the Separation Wall have had direct consequences on restricting opportunities for protected as well as unprotected work.

## **2. Defining informal employment in the Palestinian context**

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Unlike previous studies on Palestinian employment in the informal sector, this paper adopts an operational definition of informality focusing on the characteristics of the jobs rather than on the characteristics of the production units<sup>3</sup>. The lack of adequate social protection, a violation of a basic human and social right, is the defining characteristic of what has been termed as informal employment. Informal work is understood as work that lacks adequate social protection or proper entitlements (rights). It refers to work that lacks some or all of the following: a specified minimum wage, health insurance, a pension scheme, paid holidays, job security, end of work compensation, paid maternity leave, paid sick leave, family allowances, unemployment benefits and insurance against sudden loss of income. Other features linked to working conditions are long hours, an unhealthy and unsafe work environment, and lack of protection against extreme weather conditions. In short, workers in unprotected employment conditions are vulnerable, insecure, and in some cases even unacknowledged as workers, such as homeworkers in subcontracting and own-account work and producing goods for the market from home. Poor working conditions apply to both men and women, and occur in unsafe and unhealthy workplaces tending to generate or perpetuate situations of poverty, for example sweat shops or outdoors, exposed to weather conditions and pollution.

When thinking of unprotected employment, there are two important considerations. First, while paid domestic workers and other home-based workers are usually considered informal workers, the definition of informality or unprotected work excludes unpaid reproductive and care work, carried out predominantly by women. Second, unemployment is also relevant and closely linked to the concept of vulnerability that informality implies. Unemployment violates the right to work, and the unemployed are likely to enter or re-enter the labour market under conditions that are typically informal, that is unprotected and generally lacking basic workers' rights.

The volume of informal employment in the Palestinian labour force within the WBGS has decreased since 2000 but continues to be very high. This decline can be attributed to the heightened restrictions for workers to enter Israel without permits, and the corresponding increase in unemployment. This rise has been accompanied, as previously mentioned, by a process of impoverishment and localization of the Palestinian labour force in the WBGS. The political economy of a colonial military occupation, the nature and limitations of the PA, the de-developed, dependent, fractured, and distorted structure of the Palestinian economy, and the pressures by active regional and international economic and political actors set the larger context of informal employment in WBGS.

## **3. Review of existing surveys and studies on the informal sector**

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This section provides an overview of existing studies and surveys on informal employment in the WBGS. The first part reviews the Palestine Economic Policy Research Institute (MAS) studies of informal enterprises in the WBGS. The second part analyses the survey of micro and small enterprises in the WBGS carried out by Massar Associates, a real estate and business development company with headquarters in Ramallah. The final part of the section reviews other studies of the Palestinian informal sector.

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<sup>3</sup> This is in accordance with changes in international realities and definitions (Husmanns, 2004).

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### 3.1. The Palestine Economic Policy Research Institute (MAS) studies of informal enterprises

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The first comprehensive survey of the informal sector in the WBGS, undertaken by the PCBS in co-operation with MAS in 2003, aimed at discovering the “sector’s structure, characteristics, and features, and those of the people who operate within it” (Malki et al., 2004). A preliminary study was published in 2000 based on in-depth interviews with 64 owners of micro-enterprises (Malki et al., 2000) and in December 2004, MAS published the results of the survey.

The MAS preliminary study based on in-depth interviews concluded that workers of informal enterprises in the WBGS work long hours for low income, sometimes without a weekly day off, and that they lack the minimum social security coverage and occupational safety procedures. The study concludes that the key characteristics of the Palestinian informal sector are *‘intensive self-exploitation’* (e.g., long working hours, reliance on contributing family work) and bad working conditions. Enterprises in the informal sector are either family enterprises or other family members contributing to their establishment to help a member of the family. The family members provide the enterprise with their own low-cost labour or have family labour on hold for when it is needed. This applies particularly to children, women and the elderly. The study, however, concludes that the informal enterprises have a high degree of flexibility in response to changes in the demand for products and services. Informal enterprises are seen as low risk because they are set up in response to an existing demand and depend on kinship and personal networks for marketing. These informal enterprises are usually, apart from sub-contractors that work for traders and larger establishments, confined to a limited geographic area, such as the town quarter, village, or camp.

### 3.2. The short-sightedness of praising the informal sector

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The preliminary study undertaken by MAS concludes that the informal sector performs a valuable economic and social role. It is deemed to function as a shock absorber, performing a necessary complementary role to the formal sector.

This is a widespread functionalist rationalization of unprotected work, by which job insecurity, low wages, and bad working conditions are granted positive functions such as flexibility in responding to changes in economic and political situations, family conditions and towards combating poverty (Malki et al., 2000). Ignored are the vulnerabilities and lack of protection of workers and their families. Functionalist rationalization of the role and function of unprotected work deliberately ignores that such work is not sought out of choice but rather out of necessity (often desperate need), and that while it may protect the worker and his/her family against starvation, it does not, in most cases, protect against poverty and deprivation. Furthermore, economists and development practitioners do not usually consider the gender component of this kind of work, despite its role in protecting households from starvation, it adds further burdens and pressures on women and affects the gender relations and dynamics within the family.

### 3.3. The trap of circular definitions of informality

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The PCBS-MAS 2003 survey used two questionnaires to study the informal sector in the WBGS: one for a randomly selected representative sample of establishments, and the other for a randomly selected sample of households. Informal establishments were defined as establishments privately owned by residents and employing five or less individuals. The 2004 PCBS survey of establishments indicated that about 91 per cent of all establishments in the WBGS employed 4 persons or less (PCBS, 2004a). Of all the working establishments, 91 per cent belong to the private sector, 5 per cent to the government sector, 2.6 per cent to the NGO sector and 1.4 per cent to UNRWA and other international institutions. In 2004, approximately 258,000 individuals were employed in the WBGS, whereby 15.4 per cent were women. For PCBS-MAS survey, the number of workers in the establishment was used to define informality rather than the characteristics of the working conditions.

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The PCBS-MAS household survey of the informal sector intended to capture economic activities set up by individuals or families that do not fall within the definition of a formal establishment or enterprise. Formal enterprises were understood as having a defined place and location, the presence of an owner or manager, and operating within a specific economic sector. The agricultural sector was excluded from the study, which implies that the majority of women working informally within the agricultural sector were not counted. Professionals such as doctors, engineers, accountants and their establishments were not considered as informal. Enterprises that keep accounts, have regular relations with the tax authorities, and had investments in tools and equipments exceeding US\$ 10,000 were also excluded from the definition of informality. The study took into account the seasonal informal work and was consequently conducted in four quarters<sup>4</sup>. The survey excluded from its definition of the informal sector a reference to social protection, therefore the results of the survey only provided data related to some features of the economic activities studied; they did not provide comprehensive information on the nature and extent of protection in its various forms and job categories. The survey methodology could not give an estimate of the size of informal economy and its contribution to the GDP.

### 3.4. Profiles of informal household economic activities

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The results of the PCBS-MAS survey of household economic activities showed regional variations in the distribution of informal economic activities. For example, 70 per cent of activities were located in the West Bank, while 30 per cent were located in Gaza Strip; in the West Bank the majority of economic units were located in the north (27 per cent) and the south (30 per cent), where the incidence of poverty is highest, compared to the centre (14 per cent). The majority of those engaged in such enterprises lived in urban centres (53 per cent), followed by villages (37 per cent) and finally in refugee camps (10.5 per cent).

The PCBS-MAS household economic activity survey showed very low levels of women's participation in informal economic activities; only 11 per cent in the Gaza Strip and 8 per cent in the West Bank. These low figures of employment of women in the informal sector are due to the exclusion of agricultural workers, paid home workers and unpaid domestic workers from the definition of informal work.

A majority of people working in household economic activities were young, with a small percentage consisting of children (3 per cent) and people aged over 65 (2 per cent). Nearly 75 per cent of those in these enterprises had at most basic education. Two-thirds of the respondents said that their work guaranteed them a sufficient income to cover basic household needs. Around 30 per cent said they inherited the economic activity from the family or a relative, and another 30 per cent said the economic activity did not require any special training or education. Only 8 per cent said they learned their trade through the Israeli labour market<sup>5</sup>. Just over a third (38.5 per cent) said that their work was the result of the Israeli closures of the WBGS (Malki et al., 2004).

The PCBS-MAS household survey registered variations according to gender, region and type of settlement for these economic activities. There were more women in these economic activities in the Gaza Strip (11 per cent) than in the West Bank (8 per cent). In refugee camps (9.5 per cent), there was a slightly higher incidence than in village communities (9 per cent) and urban areas (slightly less than 9 per cent). The incidence of women's participation in household economic activities differs by region,

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<sup>4</sup> A sample of 6,053 enterprises (privately owned and employing less than 6 persons) was selected for the survey distributed in all districts of the WBGS. The household survey covered 12,720 for the whole year. Here the informal economic activity had to be carried out by an employer or own-account worker, and had to work outside enterprises but inside the WBGS. Once the samples were selected, they were separated from any establishment that had regular bookkeeping and a regular relation with the tax authorities, and those enterprises with instruments and tools exceeding 10 thousands Jordanian Dinars (roughly 15,000 USA dollars) in value. Also excluded were professionals like doctors, engineers, and lawyers.

<sup>5</sup> There were sectoral differences in the way informal activities were learned. More than half of those operating industrial activities inherited their trade from their families or learned from a relative. In trade activities over 70 per cent said they did not require skills. Half of those in service activities acquired skills through training at work (Malki et al., 2004).

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type of settlement, and incidence of poverty<sup>6</sup>. The incidence of informal household economic activities was higher in the southern and northern provinces than in the central provinces. There was a higher presence of women in informal economic activities in the household industry and handicrafts economic activities than in any other activities (Malki et al., 2004). Israel closures of the WBGS were the stated reason for two fifths of the operations of household economic activities.

Half of the informal household economic enterprises were set up with capital provided from family savings or the operator's own savings and more than quarter of these economic activities required no or very small amounts of capital for start-up. Only a small percentage (slightly less than 3 per cent) of the informal household economic activities was financed by loans from banks, NGOs or other non-profit lending institutions (Malki et al., 2000).

### 3.5. Profiles of informal establishments

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On the other hand, the results of the establishment survey provide a similar picture as far as the distribution of the household economic activities is concerned. Nearly 70 per cent were located in the West Bank (31 per cent were the northern districts, 25 per cent in the southern districts and 13 per cent in the central districts). The highest percentage of informal enterprises was found in commerce (65 per cent), followed by the service sector (17.5 per cent) and the manufacturing sector (17 per cent). The majority of the owners (70 per cent) of these enterprises stated that they established their enterprises as a means to create employment for themselves (Malki et al., 2000).

University-educated individuals accounted for 13.5 per cent and 11 per cent of the total workforce and of the surveyed informal enterprises in the WBGS, respectively. The percentage of women in informal enterprises was very low in both the West Bank (slightly less than 6 per cent), and Gaza Strip (less than 3 per cent). As could be expected there were significant differences by district and type of settlement: the northern part of the West Bank had the highest percentages of women in informal enterprises (8 per cent) and reached 14 per cent in village communities. Women-owned enterprises were concentrated in services and domestic commercial activities (*ibid.*).

The majority of household economic activities depended on own-account work. Most of them were established after the eruption of the second intifada (September 2000). Majority of informal enterprises with employees were established before the creation of the PA in 1994 (Malki et al., 2000).

While commercial activities dominated informal enterprises, service and construction activities dominated the household economy. Those operating enterprises had higher educational qualifications than those operating household economic activities. This seems to indicate that better educated (and older) individuals tend to set up enterprises, while less educated individuals go for other types of informal employment.

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<sup>6</sup> On the incidence of poverty in the West Bank and Gaza Strip, by region, type of settlement, educational level and size of household, and other indicators see Hilal (2006a).

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### 3.6. Characteristics of the informal sector according to the PCBS-MAS survey

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Using the previously mentioned definition of informality, the PCBS-MAS survey came out with the following results

#### Enterprises

- A majority of enterprises in the Palestinian economy were informal.
- Of all informal enterprises, just over two-thirds were located in the West Bank and the rest in the Gaza Strip.
- By sector, 65 per cent of enterprises operated in domestic commerce, 18 per cent in services and 17 per cent in industry.
- Over 90 per cent of enterprises had three or less workers; the average number of workers per enterprise was 1.96 in Gaza Strip and 1.73 in the West Bank.
- The average turnover of the single enterprise was US\$ 7,221.
- The total value of informal sector enterprises in 2003 amounted to nearly US\$ 115 million.
- The industrial sector was the leader in generating added value, contributing by nearly 43 per cent of the total; the service sector contributed 13 per cent of the total.
- The average wage (presumably including owners' income) in 2003 in informal sector enterprises was around US\$ 800 annually per worker, with wide regional variation (Malki et al., 2004).

#### Households

- Two-thirds of those in informal household economic activities were employers, and the rest were employees.
- Construction was the lead employer with 37 per cent of total employees, followed by commerce (29 per cent), the transport sector (17 per cent), industry (10 per cent) and services (7 per cent).
- The average wage of those in the household-based informal activities was similar to the wages in the informal enterprise activities (US\$ 809), again with wide regional variations (Malki et al., 2000).

### 3.7. The Massar Associates survey of micro and small enterprises

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Prior to the PCBS-MAS survey, other smaller scale studies of informal enterprises in the WBGS highlighted specific aspects of informal or work. One of the first surveys on the informal sector was conducted by Massar Associates in 2002 (Massar Associates, 2003). The Massar Associates survey was centred on small enterprises; but unlike the PCBS-MAS survey, it included agricultural enterprises and did not take into account seasonal variations.

### 3.8. Abundance of data, but limited for analysing working conditions and gender

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The Massar Associates survey concluded that men's ownership in the informal sector is much higher than expected. It explained this by the fact that more men are engaged in informal business activities due to the Israeli closures and the difficult situation of the Palestinian economy (Massar Associates, 2003). According to the Massar Associates survey, men owned 80 per cent of the enterprises in the West Bank and 92.5 per cent in the Gaza Strip. Women in rural areas and camps were more engaged in informal business activities than women in the cities (*ibid.*). The survey suggested that informal sector enterprises have grown in number over time and substantially increased since the eruption of the second intifada, which led to the intensification of closures, constraints on mobility through checkpoints, and increased political and economic instability.

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The survey concludes that although the number of informal sector enterprises have increased over the last decade, the nature of the enterprises themselves remained unchanged with no real growth in number of employees, capital and sales per enterprise. These informal sector enterprises tend to be static with little opportunity for growth and transformation. The largest proportion of informal businesses in the West Bank (42.5 per cent) and the Gaza Strip (49 per cent) perform trade activities according to this survey. The second largest segment of informal businesses in the West Bank was animal husbandry activities, with particularly high concentration in rural areas.

As to the characteristics of those in informal enterprises, the Massar Associates survey stresses the following points: regarding education, a noticeable proportion of entrepreneurs in this sector are illiterate (10.5 per cent in the West Bank and 7.5 per cent in the Gaza Strip); slightly less than half of entrepreneurs had any levels of primary and elementary school education and a significant proportion of university graduates were involved in informal activities, indicating employment problems faced by university graduates in finding suitable jobs. The majority of owners of informal enterprises were self-employed (67.5 per cent in the West Bank and 77 per cent in Gaza Strip) and considered their enterprise as their primary source of employment, particularly in cities and camps. Women have dual responsibilities of the household unpaid care work and the economic activities around the business. The majority of informal sector entrepreneurs in the WBGS did not own any other enterprises. Only 11 per cent of informal enterprise owners in the West Bank owned another enterprise, compared to 5.5 per cent in the Gaza Strip. On average, slightly more than two thirds of informal enterprises in the WBGS had no employees and about 75 per cent to 85 per cent of employees were directly related to owners (Massar Associates, 2003:24-26).

The most common form of compensation of employees in informal enterprises in the West Bank was payment of a salary (44 per cent) followed by piecework basis (33.5 per cent). Compensation on an hourly basis was widely used in the camps. In the Gaza Strip, the most common form of payment was on the basis of piecework (36 per cent) followed by a salary (34.5 per cent). Compensation in the form of pocket money was also frequent in the Gaza Strip (11.5 per cent) (Massar Associates, 2003). Furthermore, it seems that most informal enterprises operate from home; about 50 per cent of the West Bank and 55 per cent of the Gaza Strip informal enterprises use a home as their place of business. A significant proportion of enterprises operated on the streets (28 per cent in the Gaza Strip and 18 per cent in the West Bank), mainly in the cities. More enterprises in the West Bank (23 per cent) operated in marketplaces compared with the Gaza Strip (9 per cent). Enterprises operating from stalls were more frequent in the West Bank than in the Gaza Strip, while mobile enterprises were more frequent in the Gaza Strip than in the West Bank. Around 85 per cent of the enterprises in the West Bank had more than 90 per cent individual customers, compared to 83 per cent in the Gaza Strip. The remaining customers were retailers, wholesalers and contractors (Massar Associates, 2003).

The Massar Associates study estimated that informal enterprises employ an average of 188,000 people in the WBGS, which accounted roughly for a third of the total labour force (*ibid.*). It also estimated the added value of the informal sector in 2002 to be around US\$ 316 million, thus constituting approximately 7 per cent of Gross Domestic Income (GDI) at the time.

Despite the abundance of information on small enterprises that the MAS and Massar Associates surveys provide, our knowledge on the labour situation in terms of social protection and gender dimension of the workers in these small enterprises, as well as those engaged in other informal enterprises and situations, unpaid care work at home, other unpaid work, unemployment, etc.), is very limited, particularly in the precarious Palestinian political and economic circumstances.

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### 3.9. Other studies of the Palestinian informal sector

Other small-scale studies were reviewed by the PCBS-MAS study (Malki et al., 2004). In 2006, MAS published three studies based on data from the 2003 informal sector survey: the first on informal food processing industries, the second on informal handicraft industries, and the third on informal construction industries.

A study published by the Economic Research Forum (Esim and Kuttab, 2002) reviewed some of the studies on the Palestinian informal sector, giving special emphasis to the informal work of women. It also reported the results of a randomly selected survey of 300 women employed in micro-enterprises (using the enterprise as the unit of analysis) that was carried out in mid-2001 by the Institute of Women Studies at Birzeit University (see also Kuttab, 2006).

In addition to the previously mentioned studies, a survey of 2,254 Palestinian households in 19 communities in the WBGs was carried out by the Women Studies Institute at Birzeit University in the summer of 1999 and contains useful data on the informal employment of women (Giacaman and Johnson, 2002).

### 3.10. High vulnerability of women in informal economic activities

The Birzeit survey of women in micro-enterprises highlighted that women engaged in informal work to support the family or support the family enterprise that is already in existence, because it was the best option that the labour market allowed, because of interest in the work itself, as to gain a sense of independence and self-esteem, and because the women concerned possessed the necessary skills for the job.

The sectoral distribution of women's employment was as following: in commerce (35.5 per cent), services (35 per cent, particularly teaching, health sector, and social and personal services) and in manufacturing (23 per cent). The majority of women surveyed said they started the economic activity themselves. However, only a small percentage of the women were the actual owners, as husbands and parents owned the productive assets and real estate related to women's work. This illustrates the general situation of Palestinian women in relation to property ownership as only a small percentage of women claim their share of inheritance. The great majority of the women respondents (89 per cent) said they had no social security or any other kind of insurance. Half of the women in the sample who had children said they spent their income on their families, compared to one sixth of those without children. Only one tenth said they spent their income on various aspects of the economic activity itself. The data from the Birzeit University survey suggests that the majority of women do not spend their income on their personal welfare, regardless of the level of education. Nearly three quarters (71 per cent) of the sample said they decided independently on the way they spend their income. Experience was mainly gained through job training, the family, and self-learning.

Previous studies and surveys on the informal sector are not informative of the social protection aspects, which are of particular interest for the present study. Therefore, this case study uses other available data to provide an adequate picture of informal employment in the WBGs.

## 4. Informal employment in the West Bank and Gaza Strip

As indicated earlier, the informal employment estimations presented in this paper use definitions for informality, understood as lack of adequate social protection and entitlements to benefits, rather than establishment or economic activity size. This section starts with an overview of the data on the Palestinian labour force, followed by a focused discussion on indicators relevant to gender equality considerations as they relate to labour force participation and social protection.

## 4.1. Recent improvements and remaining gaps in statistics on informal employment

The main source of data on employment in the WBGS is the quarterly Labour Force Survey (LFS). This survey has been conducted by PCBS since 1995 using ILO definitions, and with ILO technical assistance. The LFS provides useful data for measuring changes in labour conditions and characteristics.

These surveys can be used to classify the population aged 15 years and above by labour force characteristics providing the population size in the labour force (employed and unemployed) and outside the labour force, especially unpaid care work and domestic work, which is overwhelmingly undertaken by women.

The second main source of data is the 2004 Working Conditions Survey (WCS) that made data on wage employees, as well as data necessary for classifying employees in relation to informal employment (regular wage employees in private sector) available. The WCS was attached with LFS in 2004, becoming even more useful.

The PCBS Time Use Survey (TUS) of 1999/2000 provided data on the time spent caring for children and the elderly, house management and other activities that fall under what is referred to unpaid care work. The TUS provided data on the gap between women and men in the time spent at home in unpaid care work.

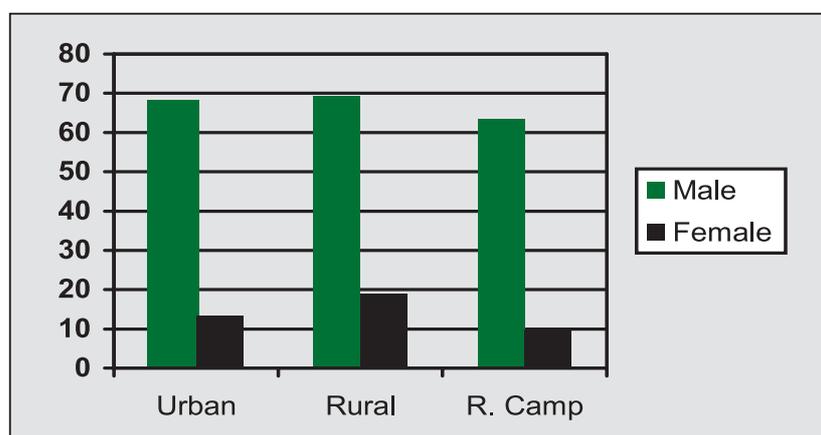
The Palestinian Economists Association conducted another survey in 2005 on women heads of households and the labour market that covered around 1,200 households headed by women. The survey provided data on the labour force participation rate of these women (about one third) and information on their needs among other indicators.

The data available help estimate rates of unprotected work in both formal and informal establishments. However, more adequate data is still needed to estimate more precisely the size of unprotected employment. An analysis of the trends during the period between 2000 and 2006 provides an idea of the rates of change in such employment and what factors are responsible for such changes.

## 4.2. Palestinian labour market characteristics and trends<sup>7</sup>

After the eruption of the second intifada in September 2000, the Palestinian labour market faced an increasingly severe crisis. By the end of 2006, a third of the Palestinian labour force had no hope of finding employment in the near future to secure a minimum level of income.

**Figure 1. Participation rate by locality type, 2006**



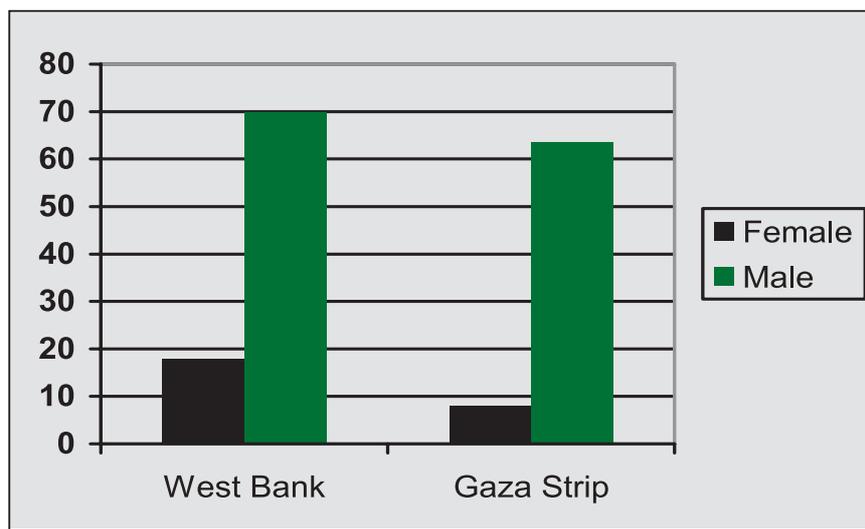
Source: PCBS (2007).

<sup>7</sup> Data for this section from PCBS (2007).

The labour force participation rate of the population aged 15 and above in the WBGS decreased from 43.5 per cent on the eve of the second intifada (July – September 2000) to 41.2 per cent in 2006. Taking into account that the rate reflects both employment and unemployment, the drop reflects both the slowdown in the economy caused by the continuing occupation and the withdrawal of part of the population from the active labour force.

In 2006, the overall labour force participation rate was 44.1 per cent in the West Bank and 36 per cent in the Gaza Strip, indicating a significant difference in the availability of job opportunities. The lack of job opportunities is reflected across all social and economic indicators, including employment indicators.

**Figure 2: Participation rate by region, 2006**



Source: PCBS (2007).

The participation rate of women in the WBGS is very low, standing at 14.4 per cent compared to 67.6 per cent for men. Participation rates of men and women are lower in Gaza Strip than in the West Bank. The number of participants in the labour force is estimated to be about 872,000, of which 605,000 are in the West Bank and 267,000 in the Gaza Strip. The participation rate of women in villages is the highest compared to other types of communities, thus reflecting the high rates of women working in agriculture.

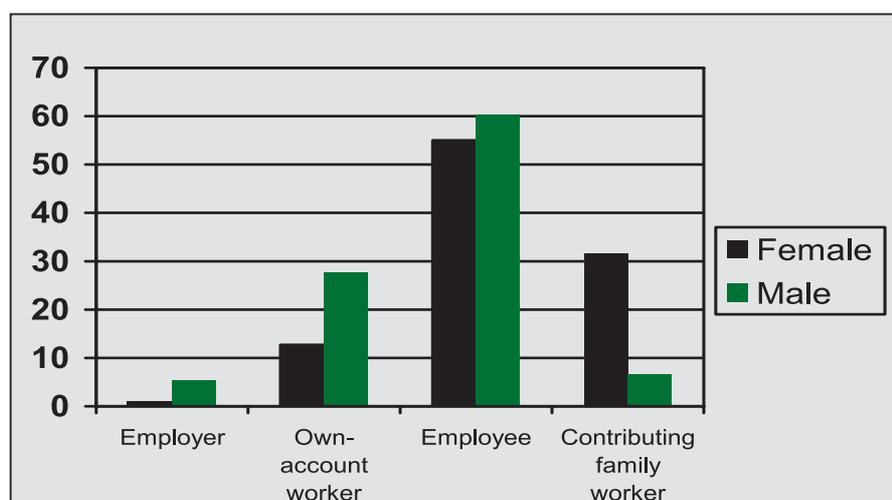
The percentage of employed persons in the WBGS in 2006 reached 76.4 per cent of all the labour force, of which around 10.4 per cent are underemployed.

#### 4.2.1. Unemployment

In 2006, the rate of unemployment was 23.6 per cent (18.6 per cent in the West Bank and 34.8 per cent in Gaza Strip). The unemployment rate among women reached 20.5 per cent compared to 24.2 per cent among men. More than three fourths of unemployed women had completed over 13 years of schooling while most unemployed men have low levels of education, with 85.2 per cent having completed less than 13 years of schooling. This reflects differences in the educational profile of unemployed Palestinian women and men, emphasising that unemployed women are much more likely to be educated than unemployed men.

## 4.2.2. Employment

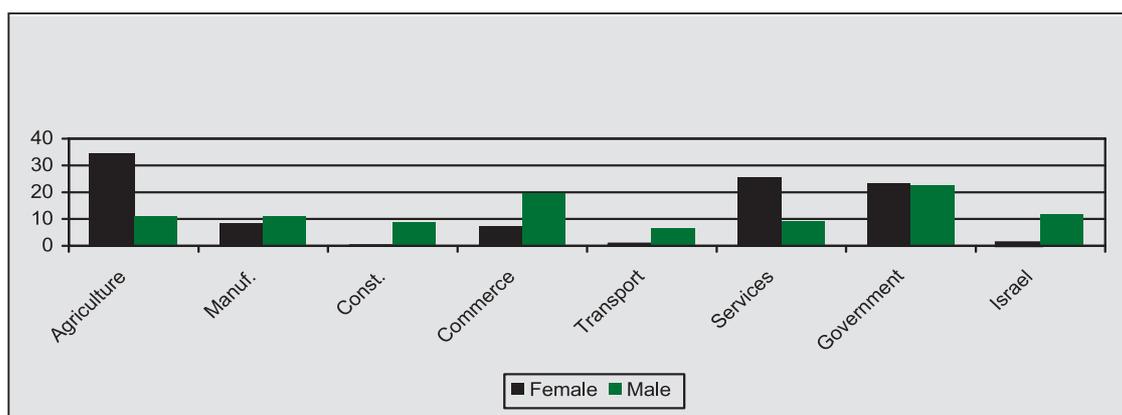
Figure 3. Percentage distribution of employment by employment status, 2006



Source: PCBS (2007).

In 2006, the percentage of wage employees stood at 59.3 per cent of the employed (55.0 per cent for women and 60.2 per cent for men). A third of employed women were working as contributing family workers, mainly in agriculture. The agriculture sector employs almost a third of Palestinian women workers (34.1 per cent), the service sector (e.g., education, health, public administration) employs 25.4 per cent followed by government sector (23.3 per cent). The sectoral distribution of employment among men is considerably different; 22.6 per cent of employed men work in the government sector and the second largest sector of employment for men is trade and commerce (19.4 per cent). These figures are reflected in Figure 4.

Figure 4. Sectoral distribution of employment, 2006



Source: PCBS (2007).

The low level of representation of Palestinian women in informal work is partly due to structural limitations of the economy as well as to ideological and cultural constraints. Even if there might be some underestimation of women's home-based economic activities in the available datasets, the Palestinian labour markets are highly gender-segregated, offering women access to a very limited number of sectors. Moreover, these few sectors are in non-growth areas of the economy and are unable to absorb new women labour market entrants. There are also a large number of discouraged workers among women. All these factors result in a persistently high rate of unemployment among women (Jad, 1999). The 2005 PCBS labour force survey in 2005 shows that women workers are concentrated mainly in the service sector - in health care, education, and general administration.

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### 4.2.3. Working conditions

When using the definition of informal work mentioned earlier, it is important to review the main indicators on job security and paid vacations that show the number of wage employees in the private sector and whether they have job security. The Working Conditions Survey conducted by PCBS between May and June 2004 highlights the discrepancy between men and women in terms of wage employment in the private sector (PCBS, 2004b). The survey revealed that 61.1 per cent of men in private sector wage employment did not get annual paid vacations, compared to 37 per cent of women. Also, 57.1 per cent of men did not have paid sick leave, compared to 31.4 per cent of women. Only 33.1 per cent of women felt secure in their jobs, compared to 55.6 per cent of the men, and only 34.8 per cent of men had written contracts with their employers, compared to 54.8 per cent of women.

Health insurance is another important indicator of work security. Figures indicate that 58.8 per cent of women employees in private sector (regular employees) had no private health insurance in 2004, compared to 67.5 per cent of men employees. Furthermore, 94.1 per cent of women employees had no public health insurance, compared to 96.4 per cent of the men employees. This means that at least 60 per cent of wage employees in the private sector did not have any health insurance in 2004, an extremely high percentage by any standards.

Informal workers are often referred to as unorganized labour, composed of workers without union membership or any other form of collective representation, action and voice. Strong labour unions increase the likelihood of being able to collectively bargain for better working conditions and wages. In the WBGs, survey results reveal that 84.2 per cent of employed women are not affiliated with a labour union compared to 62.0 per cent of employed men. Furthermore, 78.1 per cent of employed women and 79.4 per cent of employed men who are not affiliated with a labour union reported that they were unimpressed by the union's performance.

The May 2005 issue of the Social and Economic Monitor revealed that the wage gap between men and women narrowed during the intifada, as women's wages increased and men's wages declined (MAS et al., various dates). This is partly because many men lost their jobs in the relatively higher-paying Israeli labour market. Another explanation is women's concentration in the service sector, mainly in the government and UNRWA institutions, which has meant that many women have kept their jobs. Women receive relatively higher pay in the service sector (NIS 64.7 average daily wage) and lower wages in the industry sector (NIS 43.2 average daily wage). Half of women receive daily wages equivalent to NIS 53.8 or lower, while half of men workers receive wages equivalent to or less than NIS 61.5.

### 4.3. Assessing the size of informal employment

The definition of informal employment used in this paper is intrinsically related to social protection and benefit entitlements. Thus, informal employment can be computed through direct calculations and indirect estimations from official surveys. Table 1 classifies the Palestinian population into formal employment, informal employment, and non-employment. The category of non-employment encompasses all persons excluded from paid employment, such as the unemployed and unpaid care workers, in addition to other persons outside the labour force. This exclusion typically perpetuates conditions of vulnerability and insecurity. The unemployed may not find work, and when they do they are likely to be confined to insecure and unprotected work. In the absence of secure and protected employment, they are likely to remain in a state of movement in and out of informal job arrangements. The contribution of unpaid care workers is unacknowledged as work in labour force statistics and national accounts, although it necessitates long hours and spans a wide range of activities such as cooking, caring for children, cleaning, hosting guests, and organizing weddings, funerals, births, deaths and visits. These responsibilities fall almost

completely on the shoulders of women who have no direct access to income or social protection, unless through coverage of another family member. Considering the large size of households and labour intensive nature of social customs, these activities need to be explicitly taken into account when studying informal employment from a gender equality and workers' rights perspective.

**Table 1. Work classification of the Palestinian population**

| Formal employment                                                                                        | Informal employment                                                      | Non-employment                                                                  |
|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Employers                                                                                                | Informal self-employed and own-account workers                           | Unemployed                                                                      |
| Formal self-employed engaged in professional or technical activities (doctors, lawyers, engineers, etc.) | Contributing family workers                                              | Unpaid care workers                                                             |
| Regular wage employees in the private sector (monthly wages)                                             | Irregular employees, daily and weekly wage workers in the private sector | Others outside labour force (discouraged workers, old-age, ill, students, etc.) |
| Wage employees in the public sector, NGOs, and international agencies                                    | Workers in Israel and colonial settlements without permits               |                                                                                 |
| Workers in Israel and colonial settlements with permits/formal ID <sup>a</sup>                           | Agricultural workers                                                     |                                                                                 |

<sup>a</sup> Some of these workers who work on a daily basis or as contractors are classified as informal.

The distinction between formal and informal employment is not clear-cut, and often the available information may be insufficient to determine each. Some employment can be classified as informal without much doubt, as in the case of contributing family workers, informal self-employment and own-account work (according to occupations), some forms of agricultural work, workers in Israel and colonial settlements without permits, and daily/weekly wage workers. But employees in the public sector, international agencies, and NGOs, while considered as formal employment, may be working on a daily or weekly basis, have temporary contracts on a consultancy basis, or lack benefits, which would make their jobs informal. The level of skills, education and organization are the main factors to distinguish between the formal self-employed engaged in professional or technical activities (doctors, lawyers, engineers, etc.) and the informal self-employed and own-account workers. As such, the classification presented in table 1 needs to be refined according to the data available; the concluding section of this paper presents specific recommendations to better capture informal employment and key questions for inclusion in official surveys.

A first estimation of the evolution of informal employment in the WBGS over time is given in table 2, which shows changes affecting workers between 2000 and 2006 based on labour force surveys<sup>8</sup>. The second quarter of 2000 marks the eve of the second intifada, before the full siege and imposition of total closures in most areas of the WBGS.

Table 2 below reveals that the share of the population 15 years old and above engaging in formal employment remained fairly constant between 2000 and 2006, at 6 per cent of women and 24 percent of men. The share of men in informal employment decreased over this period from 40 per cent to 27 per cent, with a concurrent increase in the share of the unemployed from 5.9 per cent to 16 per cent. This is mainly due to the Israeli closures and restrictions on the mobility of Palestinians, translated in the drop of the share of men working in Israel without permits from 13 per cent to only 2.7 per cent. Over this period, less than 6 per cent of the women were in informal employment, and the employment to population ratio for women remained under 12 per cent. In fact, the majority of women are actively engaged in unpaid care work, at 61.5 per cent in 2000 and 57 per cent in 2006, compared to less than 0.5 per cent of men. Figure 5 illustrates the gender dimension of employment status in 2006.

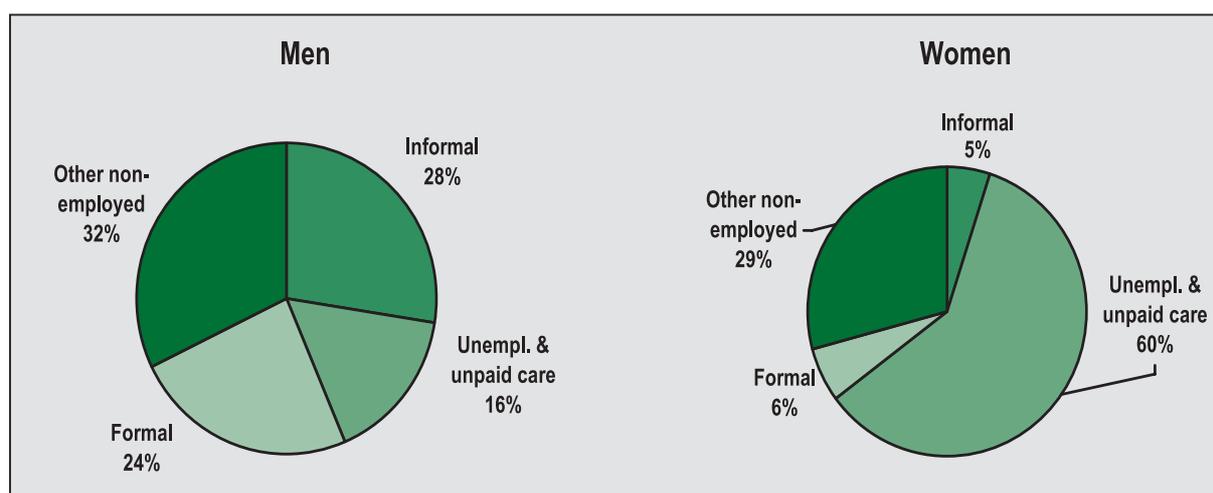
<sup>8</sup> The same quarter is used to avoid the seasonality effect.

**Table 2. Percentage distribution of population 15 years and above by sex and employment status, 2000-2006**

| Categories                                                               | Q2/2000     |             | Q2/2004     |             | Q2/2006     |             |
|--------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                                                          | F           | M           | F           | M           | F           | M           |
| <b>Formal employment</b>                                                 | <b>6</b>    | <b>24</b>   | <b>5.8</b>  | <b>21</b>   | <b>6</b>    | <b>24</b>   |
| Employers                                                                | 0.1         | 2.8         | 0.1         | 2.3         | 0.1         | 2.3         |
| Formal self-employed engaged in professional or technical activities     | 0           | 0.5         | 0.1         | 0.7         | 0           | 0.5         |
| Wage employees in the public sector, NGOs, and international agencies    | 3.5         | 13          | 3.7         | 11          | 3.9         | 13          |
| Workers in Israel and colonial settlements with permits/formal ID        | 0.1         | 1.8         | 0           | 1.6         | 0.1         | 2.3         |
| Regular wage employees in the private sector                             | 2.3         | 6.7         | 1.9         | 5.2         | 1.9         | 5.4         |
| <b>Informal employment</b>                                               | <b>5.5</b>  | <b>40</b>   | <b>5.3</b>  | <b>24</b>   | <b>5.1</b>  | <b>27</b>   |
| Informal self-employed and own-account workers                           | 0.5         | 9.8         | 0.6         | 9.9         | 0.8         | 11          |
| Contributing family workers                                              | 0.4         | 2.2         | 0.4         | 1.7         | 0.5         | 1.6         |
| Irregular employees, daily and weekly wage workers in the private sector | 0.6         | 8.9         | 0.5         | 4.9         | 0.4         | 6           |
| Workers in Israel and colonial settlements without permits               | 0           | 13          | 0.1         | 2.2         | 0           | 2.7         |
| Agricultural workers                                                     | 4           | 6.4         | 3.7         | 5           | 3.4         | 6.2         |
| <b>Non-employment</b>                                                    | <b>88.3</b> | <b>34.5</b> | <b>88.9</b> | <b>54.7</b> | <b>88.9</b> | <b>48.3</b> |
| Unemployed                                                               | 1.5         | 5.9         | 2.4         | 21.3        | 2.6         | 16          |
| Unpaid care workers                                                      | 61.5        | 0.5         | 58.4        | 0.2         | 57          | 0.1         |
| Others outside labour force                                              | 25.3        | 28.1        | 28.1        | 33.2        | 29.3        | 32.2        |
| <b>Unclassified</b>                                                      | <b>0.2</b>  | <b>0.8</b>  | <b>0</b>    | <b>0.4</b>  | <b>0</b>    | <b>0.4</b>  |
| <b>Table total</b>                                                       | <b>100</b>  | <b>100</b>  | <b>100</b>  | <b>100</b>  | <b>100</b>  | <b>100</b>  |

Source: Calculated from PCBS (2007).

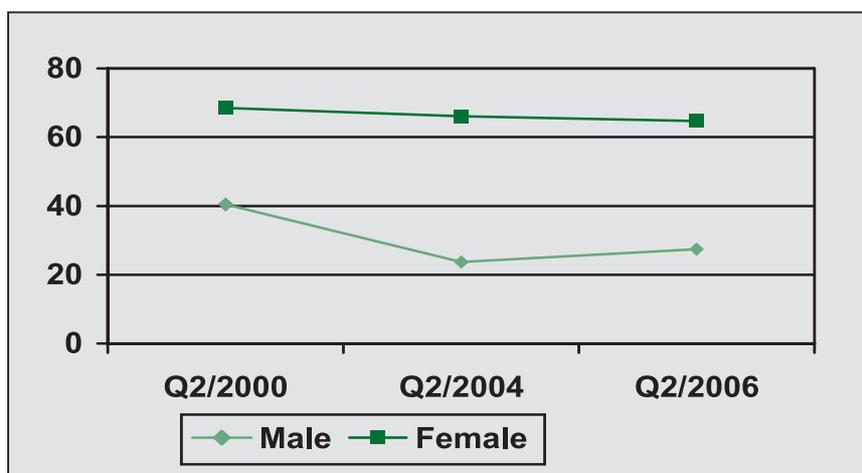
**Figure 5. Percentage distribution of population 15 years and above by sex and employment status, Q2/2006**



Source: Calculated from PCBS (2007).

Combining the unemployed and unpaid care workers reveals that women over the age of 15 are over-represented in this category, reaching 64.7 per cent in the second quarter of 2006, compared to 43.5 per cent among men. In contrast, the narrow definition of informal employment includes only 27.4 per cent of men over the age of 15 and 5.1 per cent of women. Consequently, studies of informal employment need to take into account other vulnerable and insecure sections of the population, specifically the unemployed and unpaid care workers. An extended definition of informal employment, which includes workers in the narrow definition in addition to unpaid care workers and the unemployed, can thus be introduced.

**Figure 6. Evolution of informal employment, extended definition, 2000-2006**



Source: Calculated from PCBS (2007).

While the share of informal workers among women remained fairly constant since the outbreak of the second intifada at 5.5 per cent in Q2/2000 and 5.1 per cent in Q2/2006, under the extended definition of informality, their share declined from 68.5 to 64.7 over this period. Among men, the share of informal employment decreased from 40.4 per cent in 2000 to 23.7 per cent in 2004, and rose again to 27.4 per cent in 2006. As noted above, this can be partly explained by the decrease in the size of informal Palestinian workers in Israel and colonial settlements. Meanwhile, their share under the extended definition decreased slightly, from 46.8 per cent in 2000 to 43.5 per cent in 2006. This has to be read in the context of rising rates of unemployment after 2000 and the consequent increase in numbers of discouraged workers dropping out of the labour force, with the share of economically inactive men rising from 28.6 per cent in 2000 to 32.3 per cent in 2006.

Table 3 shows the distribution of employed persons for the same group as in table 2 but without the economically inactive population (unemployed, unpaid care workers, and others outside the labour force). It reveals that the employment share of the public sector, NGOs, and international bodies rose significantly since the start of the second intifada, from 19.1 per cent in 2000 to 25.3 in 2006 for men, and from 29.7 per cent to 33.5 per cent over this period for women. Also, the share of women working in agriculture fell slightly from 34.1 per cent in 2000 to 33.4 per cent in 2006, while the share of men agricultural workers increased slightly from 9.7 per cent in 2000 to 11.1 per cent in 2006.

**Table 3. Classification A: Employed persons by sex, 2000-2006 (%)**

| Categories                                                               | Q2/2000     |             | Q2/2004     |             | Q2/2006     |             |
|--------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                                                          | F           | M           | F           | M           | F           | M           |
| <b>Formal employment</b>                                                 | <b>51.1</b> | <b>37.0</b> | <b>54.0</b> | <b>46.3</b> | <b>52.9</b> | <b>47.1</b> |
| Employers                                                                | 0.6         | 4.2         | 0.8         | 4.5         | 0.8         | 5.1         |
| Formal self-employed engaged in professional or technical activities     | 0.2         | 0.7         | -           | 1.0         | 0.7         | 1.6         |
| Wage employees in the public sector, NGOs, and international agencies    | 29.7        | 19.1        | 35.2        | 26.0        | 33.5        | 25.3        |
| Workers in Israel and colonial settlements with permits/formal ID        | 1.0         | 2.8         | 0.8         | 4.4         | 0.4         | 3.5         |
| Regular wage employees in the private sector                             | 19.6        | 10.2        | 17.2        | 10.4        | 17.5        | 11.6        |
| <b>Informal employment</b>                                               | <b>47.9</b> | <b>61.5</b> | <b>45.2</b> | <b>53.2</b> | <b>46.8</b> | <b>52.6</b> |
| Informal self-employed and own-account workers                           | 4.5         | 15.0        | 7.1         | 21.2        | 5.2         | 21.9        |
| Contributing family workers                                              | 3.6         | 3.4         | 4.4         | 3.1         | 3.3         | 3.8         |
| Irregular employees, daily and weekly wage workers in the private sector | 5.4         | 13.5        | 3.4         | 11.6        | 4.3         | 10.9        |
| Workers in Israel and colonial settlements without permits               | 0.3         | 19.9        | 0.1         | 5.2         | 0.6         | 4.9         |
| Agricultural workers                                                     | 34.1        | 9.7         | 30.2        | 12.1        | 33.4        | 11.1        |
| <b>Unclassified</b>                                                      | <b>1.0</b>  | <b>1.5</b>  | <b>0.8</b>  | <b>0.5</b>  | <b>0.3</b>  | <b>0.3</b>  |
| <b>Table total</b>                                                       | <b>100</b>  | <b>100</b>  | <b>100</b>  | <b>100</b>  | <b>100</b>  | <b>100</b>  |

Source: Calculated from PCBS (2007).

The Working Conditions Survey conducted by PCBS in 2004 allows for a more refined analysis of informal employment in the WBS, as it includes information on establishment size and working conditions for wage employees in the private sector who receive monthly wages. Classification B adopts small establishment size as additional criterion for informality, and classification C considers specific work conditions, namely paid vacation benefits, job security, and presence of a written contract as the criteria determining various levels of informality. The exercise is summarised in table 4.

**Table 4. Classifying Palestinian informal employment**

| Classification | Description                                                                                                                                                                                                                                                                                                                               | Type of survey                                    |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| A              | First classification of informal employment (table 3)                                                                                                                                                                                                                                                                                     | Labour Force Survey                               |
| B              | Adds to classification A the criterion of establishment size (table 5)                                                                                                                                                                                                                                                                    | Working Conditions Survey and Labour Force Survey |
| C              | Adds to classification A the criteria of working conditions (table 6):<br>* Level 1: no job security (informal)<br>* Level 2: paid vacation benefits but no job security (informal)<br>* Level 3: paid vacation benefits and job security (formal)<br>* Level 4: paid vacation benefits, job security, and contract availability (formal) | Working Conditions Survey and Labour Force Survey |

Classification B separates regular wage employees with monthly pay according to establishment size: those working in establishments of 5 employees and less are considered in informal employment (table 5). This is in line with the ILO definition, where one criterion for determining informal enterprises is when establishment size, in terms of employment, is below a certain threshold (Husmanns, 2004), set by PCBS at 6 employees (PCBS, 2004c).

**Table 5. Classification B: Employed persons by sex, Q2/2004 (%)**

| Classification B                                                                         | Female      | Male        | Total       |
|------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| <b>Formal employment</b>                                                                 | <b>40.8</b> | <b>38.7</b> | <b>39.1</b> |
| Employers                                                                                | 0.8         | 5.1         | 4.3         |
| Formal self-employed engaged in professional or technical activities                     | 0.7         | 1.6         | 1.4         |
| Wage employees in the public sector, NGOs, and international agencies                    | 33.5        | 25.3        | 26.9        |
| Workers in Israel and colonial settlements with permits/formal ID                        | 0.4         | 3.5         | 2.9         |
| Regular wage employees in the private sector (establishments with more than 5 employees) | 5.4         | 3.2         | 3.6         |
| <b>Informal employment</b>                                                               | <b>56.6</b> | <b>58.9</b> | <b>58.5</b> |
| Informal self-employed and own-account workers                                           | 5.2         | 21.9        | 18.7        |
| Contributing family workers                                                              | 3.3         | 3.8         | 3.7         |
| Irregular employees, daily and weekly wage workers in the private sector                 | 4.3         | 10.9        | 9.6         |
| Workers in Israel and colonial settlements without permits                               | 0.6         | 4.9         | 4.1         |
| Agricultural workers                                                                     | 33.3        | 11.1        | 15.4        |
| Regular wage employees in the private sector (establishments with 5 employees and less)  | 9.9         | 6.3         | 7.0         |
| <b>Unclassified</b>                                                                      | <b>2.6</b>  | <b>2.4</b>  | <b>2.4</b>  |
| <b>Table total</b>                                                                       | <b>100</b>  | <b>100</b>  | <b>100</b>  |

Source: PCBS (2007; 2004b).

The reliability of the indicator of establishment size, however, is reduced by the fact that it is based on self-reporting, and there is a likelihood of under-reporting. As an economic unit-based concept, it does not give an accurate enough picture of the quality of the job. Therefore, classification C uses specific work conditions to sketch the quality of the jobs across the informality-formality continuum, with insecure jobs lacking paid vacations and contracts on one end, and secure jobs with paid vacations and written contracts at the other end (table 6). Work contracts are not of great value in the Palestinian context, as discussed later in this paper.

**Table 6. Classification C: Employed persons by sex, Q2/2004 (%)**

| Classification C                                                                                          | Female      | Male        | Total       |
|-----------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| <b>Formal employment</b>                                                                                  | <b>44.2</b> | <b>40.3</b> | <b>41.0</b> |
| Employers                                                                                                 | 0.8         | 5.1         | 4.3         |
| Formal self-employed engaged in professional or technical activities                                      | 0.7         | 1.6         | 1.4         |
| Wage employees in the public sector, NGOs, and international agencies                                     | 33.5        | 25.3        | 26.9        |
| Workers in Israel and colonial settlements with permits/formal ID                                         | 0.4         | 3.5         | 2.9         |
| Regular wage employees in the private sector, (paid vacation benefits and job security)                   | 4.4         | 1.7         | 2.2         |
| Regular wage employees in the private sector (paid vacation benefits, job security, and written contract) | 4.4         | 3.1         | 3.3         |
| <b>Informal employment</b>                                                                                | <b>53.2</b> | <b>57.3</b> | <b>56.6</b> |
| Informal self-employed and own-account workers                                                            | 5.2         | 21.9        | 18.7        |
| Contributing family workers                                                                               | 3.3         | 3.8         | 3.7         |
| Irregular employees, daily and weekly wage workers in the private sector                                  | 4.3         | 10.9        | 9.6         |
| Workers in Israel and colonial settlements without permits                                                | 0.6         | 4.9         | 4.1         |
| Agricultural workers                                                                                      | 33.3        | 11.1        | 15.4        |
| Regular wage employees in the private sector (paid vacation benefits but no job security)                 | 3.2         | 1.8         | 2.1         |
| Regular wage employees in the private sector (no job security)                                            | 3.3         | 2.9         | 3.0         |
| <b>Unclassified</b>                                                                                       | <b>2.6</b>  | <b>2.4</b>  | <b>2.4</b>  |
| <b>Table total</b>                                                                                        | <b>100</b>  | <b>100</b>  | <b>100</b>  |

Source: PCBS (2007; 2004b).

The estimation of the size of informal employment in the West Bank and Gaza Strip is substantially affected by the definition of informality adopted. In Q2/2004, the share of women engaged in informal employment is estimated at 45.2 per cent (classification A), 56.6 per cent (classification B), and 53.2 per cent (classification C). In the same period, the share of men engaged in informal employment is estimated at 53.2 per cent (classification A), 58.9 per cent (classification B), 57.3 per cent (classification C).

In comparison, the already mentioned 2003 PCBS survey on the informal sector used establishments and households as target groups, as adopted by the 15th International Conference on Labour Statistics (ILCS) resolution (PCBS, 2004c). The survey considered workers in establishments with more than 5 employees as part of the formal sector, without attempting to identify informal or unprotected work, and excluded the agricultural sector.

**Table 7. Employment in 2003, excluding workers in Israel and colonial settlements**

| Both sexes            | Formal sector   | Informal sector* | Total           |
|-----------------------|-----------------|------------------|-----------------|
| Formal employment     | X               | X                | 243 250 (47.3%) |
| Informal employment** | X               | X                | 271 101 (52.7%) |
| Total                 | 244 928 (47.6%) | 269 423 (52.4%)  | 514 351 (100%)  |
| Women                 | Formal sector   | Informal sector* | Total           |
| Formal employment     | X               | X                | 49 949 (52.0%)  |
| Informal employment** | X               | X                | 46 086 (48.0%)  |
| Total                 | 48 743 (50.8%)  | 47 292 (49.2%)   | 96 035 (100%)   |
| Men                   | Formal sector   | Informal sector* | Total           |
| Formal employment     | X               | X                | 193 301 (46.2%) |
| Informal employment** | X               | X                | 225 015 (53.8%) |
| Total                 | 196 185 (46.9%) | 222 131 (53.1%)  | 418 316 (100%)  |

\* Source: PCBS (2004c).

\*\*Source: PCBS (2007).

Notes: Agricultural workers were added to the targeted workers in the informal sector survey. Total employment (514,351) excludes the workers in Israel and settlements; X = data not available.

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Slightly more than half of overall employment in 2003 was in the informal sector (table 7). The informal sector employed 269,000 people, 17.6 per cent of which were women. The table reveals that the methodology used captures only a restricted portion of the informally employed, because it classifies only workers who were clearly in the informal sector as defined at the time. Hence, a recommendation to the PCBS is the addition of new questions to the labour force survey that can capture the size and changes in unprotected work in the WBS. Due to the constraints of the informal sector survey methodology to capture a large segment of those in unprotected employment, this paper argues that questions pertaining to working conditions and social protection should be included in all labour force surveys.

#### **4.4. Mapping employment by social protection**

Tables A1, A2, and A3 in the Appendix indicate that informal employment according to lack of social protection decreases with age among men, while the opposite trend is found among women. This phenomenon is likely to be related to the reproductive roles of women in their life cycle as it relates to continuity in labour force participation. Considering that there is hardly any affordable, quality care facilities in the WBS, women opt for dropping out of work after having children and staying out until their children come of age. Considering that the labour market is already flooded with many younger men and women looking for work, older women can not easily find a secure job, having taken a break in their employment and settle for unprotected employment.

Informality of employment among both men and women decreases as the number of years of education increases. The rate of informal employment according to social protection status in the West Bank is higher than that of the Gaza Strip, due to the higher rate of public sector employment in the Gaza Strip. Informal work is lowest in refugee camps, probably due to the lower rates of agricultural employment and higher rates of employment with UNRWA and NGOs. In addition, the percentage of women's employment in agriculture increases with age, but decreases with years of schooling. More than half of women's employment in villages is in the agricultural sector. Tables A4, A5, and A6 provide further details disaggregated by sex, as well as more data on the different types of employment for over 15 year olds according to age, years of schooling, location and region.

#### **4.5. Unpaid care work**

Unpaid care work refers to work done usually in the domestic sphere, which performs reproductive activities, such as feeding, clothing, cleaning the household, and raising children. This section addresses the gender dynamics, relation between productive and unproductive work, and the role of women as primary care providers. In the Palestinian context where basic social sector services are limited, more burdens are placed on the household, mainly on women for care purposes of the elderly, sick, children, etc.

The percentage of women classified outside the labour force in 2006 reached 85.6 per cent, of which 66.1 per cent were classified as dedicating themselves exclusively to family and household responsibilities. In the same year, only 32.1 per cent of men aged 15 years and above were classified outside the labour force, and of these only 0.6 per cent were classified as dedicating themselves exclusively to family and household responsibilities. This highlights the importance of the gender dimension when discussing unpaid care work as being part of the unprotected labour force.

The 1999-2000 PCBS Time Use Survey revealed that women spent 5.33 hours per day in market and household work, of which 90.4 per cent could be classified as care work (PCBS, 2002). In comparison, men spent 6.01 hours per day in market and household work, of which only 15 per cent could be classified as care work. This signals an important message for policy-makers in terms of the time that women undertake as carers of others. One key area of focus is how social policy needs to take into account the supply and demand issues around care provision (child care, elderly care, care for the sick and the disabled) in the Palestinian context with strong implications for women's labour force participation.

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## 4.6. Women-headed households and the labour market<sup>9</sup>

Recent surveys show that 12 per cent of Palestinians households are headed by women who are either widowed, divorced, married but with their husbands imprisoned, working outside the country, disabled or ill due to the aggressions of the occupier, or who are single but reported themselves as household decision makers (Palestinian Economists Association, 2004). During 2004, more than half of the women heads of households (53 per cent) participated in the labour market. According to locality, the labour force participation rate for women heads of households was 57 per cent in villages, 54 per cent in towns, and 46 per cent in refugee camps. The unemployment rate among this group of women was 27 per cent. According to these survey results, the participation and unemployment rates of women heads of households were more than double those of the larger Palestinian women population in WBGS. Clearly, a main reason for this is the pressing need for employment and income among this population.

In 2004, employed women who are household heads were distributed as follows: employers (10.9 per cent), own-account workers (12.9 per cent), wage employees (73.7 per cent) and contributing family workers (2.5 per cent). These figures provide an initial indication toward estimation of informal employment among women heads of households. In this context, own-account workers and contributing family workers and employers of micro and small establishments (employing less than 6 people) are considered as informally employed mainly because they have no social protection associated with their work. On average, the establishments of women heads of households employed 0.8 employees, mostly in the form of contributing family workers. More than half of the women heads of households worked in the private sector (52 per cent), with a majority (57.0 per cent) working without a contract. This signifies that 48 per cent of employed women who are heads of households work in unprotected employment, assuming that the remaining wage employees work in the public sector, international bodies and NGOs. This result is reflective of the distribution of employment among the general population.

## 5. Social protection framework

Any review of social protection schemes operating in the WBGS should be placed within the context of the prevailing situation in these areas since 1948 and the Israeli military occupation in June 1967. The PA was established as a self-governing authority in 1994. Social welfare and social protection became part of its main mandate, as well as the provision of basic services for Palestinians in these territories, excluding East Jerusalem, which Israel annexed in 1967 and in which it does not permit the PA to operate.

It is also necessary to contextualize social protection provision within the period in which the PA was formed. This period was led by priorities set by the World Bank, International Monetary Fund, and European Union of the PA's activities, which guided it away from developing into a social state. This period was dominated by plans that minimized the role of the State as a welfare provider and encouraged its role as facilitator for capitalist investment and free trade. In other words, given the restrictions imposed by the occupation and the directives of international bodies, the PA was created without the material resources or the institutional infrastructure to be a redistributive and an interventionist state, since much of its present public revenue is externally generated and its economy remains under the colonial grip of Israel. Since Jerusalem was annexed by Israel in 1967, it came under its administration. The inhabitants of Jerusalem were issued special identity cards that differentiated their status from the rest of the inhabitants of the WBGS in terms of access to social services, the Israeli labour market, and Israeli tax regulations.

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<sup>9</sup> Household headship has 'real' (*de facto*) and 'perceived' (*de jure*) dimensions. The *de facto* head is the main decision-maker responsible for financial support and welfare of the household. The *de jure* head, traditionally associated with the male 'breadwinner', is a person who usually lives with the household and is recognized as head of household by its other members. Often implicit in women headship is the perceived problematic of the *de facto* status running counter to the established *de jure* norm, i.e., male headship. The PCBS defines the head of a household based on self-reporting and identification by other members of the household (*de jure*).

Palestinian workers have faced a rising unemployment rate, as access to the Israeli labour market declined or ceased, and work opportunities in the Arab oil economies deteriorated. As a result, the PA adopted a policy of using the public sector as an employment absorber, especially for university graduates, particularly since the Palestinian private sector was not equipped to provide jobs for most annual newcomers in the WBGs labour market. The situation promoted two contradictory trends: an increase in the number of those who need work and social protection, along with a decrease in the ability of the PA to adopt social security policies to meet the social needs of the workforce. Thus, a large portion of the workforce is expected to remain extremely vulnerable for the foreseeable future. The fact that work has become, to a certain degree, formally protected by law is obstructed by the weakness of the implementing power of the PA as well as its limited resources.

### Box 1

#### ALO and the right to social protection

The ILO definition of social protection, which was adopted by the Arab Labour Organization, stresses the rights that should cover old age and incapacity (pensions), death (protection to survivors), unemployment (benefits), health care (formal health insurance), maternity (benefits), employment injury and occupational diseases (compensations), and family allowance (per child). The definition covers both formal and informal schemes and includes the various forms of social protection available to citizens as statutory rights (i.e. enforceable by law), as well as informal support available to the neediest, including vulnerable workers and women, through civil society and informal networks.

This section examines social protection as provided by law to workers in the public and private sector. Workers in the public sector are included for two reasons. First, the overwhelming majority have formal protection (enforceable by law) and therefore, act as a reference for workers and employees in the private sector. Second, recent political changes following the electoral victory of Hamas have made them vulnerable, thus showing that social protection is highly dependent on political conditions. In this section, formal protection in the private sector, in the public sector and lastly informal protection and its limits will be reviewed.

## 5.1. Formal social protection in the private sector

The Palestinian labour law number 7 of the year 2000, which became effective on 25 December 2001, regulates work in the private sector<sup>10</sup>. It obligates employers to insure their employees with a locally licensed insurance company against work accidents (see Appendix 1)<sup>11</sup>. A worker has the right to have sick leave for medical treatment due to a work accident for a maximum period of 180 days, while receiving 75 per cent of his/her wages. The period is not considered as part of his/her paid annual holiday. In case of accidents at work leading to disability, the worker receives 75 per cent of his wages during the period of his temporary disability up to 180 days. In case of total disability, the worker receives a compensation of an amount of 3,500 workdays calculated on his last wage, or 80 per cent of his basic salary until his 60th birthday according to which one of the two is higher. In case of partial disability, the worker receives compensation proportional to that of total disability. This percentage of disability is to be determined by a medical committee. In case of death, the heirs receive compensation equal to 3,500 work days calculated on the basis of the last wage.

<sup>10</sup> This study benefited from discussions held by Jamil Hilal with Sana' Al'asi, economic activity co-ordinator –women issues in Miftah (The Palestinian Initiative for the Promotion of Global Dialogue and Democracy); Mahmud Ziada, co-ordinator of the department of trade union organizations in the Centre for Democracy and Rights of Employees; Mosa Abu Dheim, coordinator of the complaints unit in the Palestinian Independent Commission for Citizens Rights; Amina Al-Rimawi, member of the secretariat of the General Federation of Palestinian Workers Trade Unions- the Women Department; Gazi Al-Khalili, assistant deputy in the Ministry of Labour until 2006, and member of the committee for the retired public employees; and Muhammad Aruri, president of the newly formed Federation of the Unemployed.

<sup>11</sup> The Working Conditions Survey 2004 revealed that 7.5 per cent of the employed were exposed to work injuries (PCBS, 2004b).

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## Box 2

### Child labour in the West Bank and Gaza Strip

A 2004 PCBS survey indicated that children aged 5-17 constituted 34.9 per cent of the Palestinian population. Of the children in this age group, 3.1 per cent worked as wage or contributing family workers, 5.3 per cent among boys and 0.7 per cent among girls. Household economic needs constituted the main reason for 71 per cent of child labour among the Palestinian population. According to the survey, two-thirds of working children were engaged as contributing family workers, mainly in agricultural land, raising animals and fishing, with the remainder working as wage employees for others. Children in agriculture also constituted the majority of the working children aged less than 15. While the majority of the Palestinian children worked inside the WBGS, many others worked in Jerusalem as well as Arab villages in the north of Israel, and the Israeli side of the West Bank barrier, which cuts into the territory of the West Bank.

Source: PCBS (2004d).

The Palestinian labour law forbids the employment of children under the age of 15. A 2004 PCBS survey, however, found that despite this legislation 3.1 per cent of children aged 5-17 were working. Two thirds were working as contributing family workers and 71 per cent of the children worked because of economic needs. Nonetheless, 95.4 per cent of children aged 6-17 were attending school (PCBS, 2004c). It is illegal to employ persons less than 18 years old in dangerous and harmful work, in night jobs, during holidays, in week ends, or in overtime. Those who are under the age of 18 are to work for an hour less per day than adults, have a right to a paid annual holiday of three weeks, and are entitled to free medical examination during and when ending employment.

## 5.2. Protective regulations pertaining to women workers in the private sector

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The Palestinian labour law dictates a number of rights for women workers. In line with the Basic Law, it demands rights for women on par with men, in addition to women-specific rights. Women-specific rights include the right to be protected from dangerous employment and arduous work as defined by the Ministry of Labour, the right to be protected from working additional hours during pregnancy and during the first six months after giving birth, and the right to a fully paid maternity leave of 10 weeks as from at least 6 weeks after giving birth. Mothers also have the right to a fully paid hour per day for feeding their infants during one year. They also have the right to take a one-year unpaid vacation to care for their children or to accompany their husbands. The law also specifies the types of jobs that can be performed by women at night, such as jobs in hospitals, restaurants, theatres, cafés, cinemas, and music halls. The public health law (number 20 of the year 2004) gives priority to mothers and children in the provision of health care, as an integral part of the development strategy of the PA. Special care is to be given to women during pregnancy, birth, early childcare, as well as to child development.

Further protection for women is provided by the law that established a fund for maintenance of divorced or deserted women (nafaqa). This fund is used in instances of a religious court ruling on the maintenance of the wife and children when the husband is not found, absent, or unable to provide financial support for the wife.

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### 5.3. Loopholes in the labour law and its implementation

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The labour law applies to work in both formal and informal employment, including all types of employment regardless of the size and type of the establishment, the number of people it employs and whether it is registered or not. All that is required from the worker to claim his rights is to provide tangible proof of employment. The proof does not necessarily have to be a written contract, and can be for instance in the form of a pay slip, the testimony of other workers, or oral acknowledgement by the employer. Most small establishments, however, do not apply the law. Apart from the possible lack of knowledge of the law, most small establishment employ relatives, friends and neighbours. Even a more important reason of lack of compliance to the labour law is the absence of special courts dealing with labour disputes, which makes any lawsuit lengthy, costly and energy consuming. This leads workers and employees to settle their cases outside the courts and to accept much less than what the law guarantees them<sup>12</sup>.

The most common violations of law include not being paid one day of weekly rest and not being paid severance compensation or indemnity (the law specifies how it is calculated in case of the employer ending the services of the employee as well as in case where the employee resigns). A paid sick leave can only be implemented if it is authorized by a medical health committee appointed by the Ministry of Health, which meets only once a week in the Ministry (Ramallah and Gaza City). Larger enterprises, such as banks, insurance companies, communications, pharmaceutical companies, tend to abide by the law and some even provide additional entitlements to their employees (two-days of fully paid holiday per week, 13 months pay per year, 40 hours work week, etc...). Some of the larger enterprises provide a savings fund for their employees; for example Paltel, a communication company, has a saving fund, whereby the employee pays 6 per cent of his salary, and the company contributes 12 per cent.

Some enterprises try to avoid paying end of service compensation (indemnity) by exploiting loopholes in the law. One of the loopholes is the ability of the employer to employ workers on a trial basis for three months, then to dismiss them without compensation and then proceed to employ others. The law is not clear with regards to the right to compensation if a worker's contract is for less than a year. NGOs employ relatively large numbers of individuals on contracts on the basis of economic activity and abide by provisions of the labour law, but because of dependency on donor funds they are unable to provide more than short-term (one to two years) job security. Although the labour law is very clear about the entitlement of pregnant women to a paid maternity leave, it does not forbid the employer from dismissing pregnant women in their eighth or ninth month of pregnancy to deprive her from her right to a 10-week maternity leave.

### 5.4. Directions for amending the labour law

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The existing labour law provides basic legal protection to workers, but retains important shortcomings. First, it does not specify a minimum wage. Although it called for the formation of a committee with representatives of the Ministry of Labour, employers, and workers, that would recommend a minimum wage and although a decision was taken to form that committee, at the time of writing this report it had not yet met. Second, the labour law does not provide a pension scheme, but an indemnity. Third, it does not oblige the employer to provide health insurance for workers. Fourth, the law makes no clear provision for wage increases to cover the rise in living costs. Finally, the law does not clearly prohibit arbitrary dismissal, as it allows employers to terminate employment according to their discretion.

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<sup>12</sup> The Working Conditions Survey 2004 found that 81.7 per cent of the private sector wage employees received wages regularly, and 43.7 per cent of employees in the private sector got annual paid vacation, and 47.7 per cent got paid sick leaves. Half the employees (49.9 per cent) said they felt they had job security. Only 38.1 per cent of wage employees in WBGS had written contracts. Only a very small minority said they encountered sex discrimination (2.0 per cent for men and 3.0 per cent for women), but some 10.7 per cent of the total wage employee said they encountered insulting/verbal violence during work (11.6 per cent for men and 7.1 per cent for women). More significantly perhaps only 33.7 per cent of the wage employees (in the private sector) have private health insurance, 4.0 per cent have public health insurance and 35.0 per cent have insurance against work injuries (PCBS, 2004b).

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The labour law in its present form excludes large segments of the Palestinian labour force, including own-account workers, seasonal workers, contributing family workers, domestic workers, and those involved in unpaid domestic care and reproductive work at home. The law is clearly not sufficiently gender sensitive and does not protect women working within the previously mentioned spheres. The fact that the greatest majority of women are not unionized and the Palestinian women's movement is not unified and well-organized to advocate for working women's rights explains the reason why these rights are not fully specified and spelled out in detail by the law. Although the labour law is clear in its clause for equal treatment between men and women, it does not specify penalties for employers who violate this article of the law.

Another major problem concerns the implementation of the law. The Ministry of Labour does not have sufficient number of well-trained inspectors (men and women) to ensure adherence to the minimum standards of decent work<sup>13</sup>, nor does it have the required equipment to ensure that establishments employing workers adhere to the minimum conditions of physical safety and health requirements; consequently serious accidents leading to loss of life of working women and men have taken place. This is a question of policy and budget allocation that the PA needs to prioritize.

As mentioned earlier, there are no courts specialized in resolving labour disputes. Such disputes are not usually dealt within customary law. As a result, thousands of labour disputes, as conveyed by trade unionists, are blocked in the judiciary system waiting to be resolved. This has weakened confidence in the courts of law, and the impasse over resolution of labour dispute cases has virtually encouraged employers to violate laws and procedures protecting workers rights.

In addition to providing no protection for women and men in self-employment and contributing family work, the Palestinian labour law and its by-laws do not specify regulations concerning work performed by women in agriculture, as paid domestic workers or home-based production and service workers (mainly women running home nurseries and women producing food for sale or working from home - sewing, embroidery, etc.), in addition to contributing family work. In the last quarter of 2006, PCBS data shows that 12.4 per cent of employed women are classified as self-employed and 40.3 per cent as contributing family workers, while 46.7 per cent were classified as wage employees and 0.6 per cent as employers (PCBS, 2007).

There is an urgent need for workers' trade unions to strengthen their autonomous democratic self-organization and to attract the active membership of a much larger percentage of workers in general and women workers in particular. There are no official records of actual members of workers' trade unions. What does exist in this respect are estimates by the leadership of these unions, which have an interest in increasing the size of their unions<sup>14</sup>. In 2006, the percentage of those in the labour force classified as unionized stood at 19.4 per cent (Al-Botmeh and Odwan, 2007). Trade unions are empowered by law to engage in collective negotiations; therefore, they need to develop the ability to engage in social dialogue and consultation as means to ensure that workers' rights are protected and enhanced. The employers' organizations have to play a constructive role in ensuring social protection for employment in private sector, and to guard against letting the profit motive dictate solely their policy and plans. The political economy of occupation needs to be taken into consideration by both the public and the private sectors. Historical experience has shown, however, that without a strong trade union movement, workers' rights are unlikely to be respected.

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<sup>13</sup> Decent work is defined as work that offers opportunities for employment and income, respect for rights at work, social protection, and stronger social dialogue (Trebilcock, 2005). The new approach on informal unemployment emphasizes aspects lacking for decent work (rights, employment, social protection and social dialogue aspects). But the existence of a wide variety of workers and work situations, and the variety of political systems they inhabit as well as regional and international situations make recommendations to promote decent work no more than abstract formulas without concrete content such as: governance, macro policies, representation and voice, market enhancement and productive employment and, finally, the need for addressing vulnerabilities by improving working conditions.

<sup>14</sup> Trade union leaders admit that most of the workers who register as members do so to get health insurance which applies to the whole family, and others do register only when they are faced with a problem that needs the union intervention (Al-Botmeh and Odwan, 2007).

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## 5.5. The unemployed are seeking a voice

The experience of the unemployed in the last few years is instructive. Initiatives led by some civil society associations (discussed below) in raising the issues of the need for organizing the unemployed and seeking employment opportunities for them have had some success. A draft law called the ‘law for protection from unemployment’ is now on the agenda of the Legislative Council<sup>15</sup>. Some emergency employment (limited to two to three months at a time with very low wages), with the assistance of international organizations, has been provided to some sectors of the unemployed. Similarly, some of the civil society associations, in addition to UNRWA, have provided credits to small enterprises as a mechanism to provide a form of employment to some of the unemployed. But all these actions fall short from anything approaching the minimum requirement of decent work or fully dealing with the huge problem of unemployment.

Various forms of assistance given to the unemployed and to the poor will be dealt with in a later section of this paper, including an assessment of their effectiveness. Some spoke of the humiliation of economic activities that went on under the title of “food for work”, and the ineffectiveness of emergency employment programmes (from which most people are usually excluded) with their below poverty line allocations, two to three months time limits and the limitations of highly risky micro and small business credits as measures to fight poverty.

Furthermore, there is the increasing refugee population that is being reported by UNRWA and the pressures on basic social service delivery in the camps (education, health) and the increased pressures on an already extremely strained labour market.

### Box 3 Empowering the unemployed

In September 2006, a conference held in Ramallah to establish a federation of the unemployed was attended by some 480 delegates (with noticeable representation of women) from various governorates of the West Bank. Called for by an ad-hoc committee (some affiliated with the Centre for Democracy and Workers’ Rights and to the workers’ trade union movement), it elected a steering committee of 13 members including four women. The steering committee has been meeting regularly to launch the federation, develop its work plan and identify its financial sources. In Gaza, a federation of independent workers’ committees was established in 2004, where most of its membership is unemployed. These committees have been active in promoting the rights of the unemployed and in successfully seeking health insurance for the unemployed (those who register as members of the federation) and their families, through policy advocacy within the Ministry of Health. They have been negotiating with the Ministry of Labour to have its acknowledgement and support for the federations as representatives of the unemployed to utilize financial resources (mostly in the form of foreign donor assistance) available in the Ministry for the benefit of unemployed. What the organization of the unemployed achieved was to trigger a sense of empowerment, create a sense of having the ability to affect change, and provide a way out of frustration and despair. But a lot of efforts are still needed to empower Palestinian women and men in the workforce. Foremost among these is the strengthening of the autonomy (organizational and financial) and internal democracy (particularly regular free and fair elections) of the trade union movement, and ensuring the approval of a trade union law that ensures unions work for the interest of their members.

Source: Hilal interviews with key figures in the movement to organize the unemployed.

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<sup>15</sup> The draft was drawn by the Centre for Democracy and Workers’ Rights.

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People involved in the organization of the unemployed have reported a notable presence of women among them. They have also reported a decline of opposition among men, under the pressure of high unemployment, to their wives taking up paid work outside their homes. This has been observed in all segments of society, including those considered socially conservative. Data from PCBS supports this observation. The participation of women in the labour market has actually increased between the first quarter and the second quarter of 2006 from 12.7 per cent of the total labour force to 13.7 per cent. In the West Bank, the increase was from 16.0 per cent to 17.2 per cent, while in the Gaza Strip the increase was from 6.5 per cent to 7.2 per cent<sup>16</sup>. The number of women employed increased by 16,000 to reach a total of 116,000 (MAS et al., various dates). Such changes are temporary and relate to the hardening of the living conditions in the WBGS. Indeed, some analysts link this to the change in men attitudes towards women working outside their homes, as well as to the changing attitudes of women toward working as domestic workers in other people's homes. The change of attitude was brought about by the collapse of the Palestinian economy as result of closures, sanctions and restrictions on movements of labour and goods.

Another example of what appears to be new forms of effective unionization is the case of self-employed in the electricity sector, where a union was formed in each governorate. They set up proficiency tests for practicing the profession and for the standardization of processes and specifications. Their unionization gave them an opportunity to hold discussions with the Engineering Union, the Legislative Council and the Ministry of Labour, as a unified voice where they asked for the establishment of an institute to license those who can work in this field. They have also held internal discussions among themselves regarding securing social protection for the group and to avoid unfair internal competition.

In summary, the labour law as it stands does not provide minimum security for the self-employed, the unemployed, contributing family workers, homeworkers nor family helpers. The gap between legislation and the lack of enforcement/implementation needs to be acknowledged. The point is more about the capacities of the executive and judiciary branches of state and not so much about the legislative framework. This is why there has been a revival of customary law as it provides faster and much cheaper method for resolution of conflicts and disputes but reasserts the domination of men and the exclusion of women (Birzeit University, 2006).

Those in self-employment, contributing family work, and unemployed form a large percentage of the Palestinian labour force, as we have seen in section three of this paper (PCBS, 2007). The percentage of those in the self-employment category (women and men) rose from 18.7 per cent in 1999 (when the rate of unemployment was 11.8 per cent) to 27.8 per cent in 2003 (when the rate of unemployment was 25.6 per cent), to stand at 25 per cent in 2006 (when the rate of unemployment stood at 23.6 per cent) (MAS et al., various dates).

## 5.6. People with disabilities

A law that protects the rights of the disabled and their right to employment was passed in 1999 (law number 4 of 1999). It states that disabled persons have the right to enjoy free and decent life and to have access to all the services accessible to other citizens. The law calls on state authorities to provide the appropriate training for the disabled, with a contribution from the disabled not exceeding 25 per cent of the cost. People with disabilities have free health care by law, as provided to the government employees. The law calls on all government and non-government institutions to ensure that no less than 5 per cent of jobs are allocated to the disabled - whether disabled by the Israeli army,

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<sup>16</sup> Women's (15 years and above) participation rate in the labour force has somewhat increased over the last few years, as indicated by the following figures: 2000: 12.7 per cent; 2001: 10.4 per cent; 2002: 10.4 per cent; 2003: 12.8 per cent, and 2004: 13.2 per cent. The percentage for men (15 years and above) was respectively 70.1 per cent, 66.8 per cent, 65.5 per cent, 67.6 per cent, and 66.6 per cent (PCBS, 2004c).

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by work accidents, or born with disabilities - as required by the nature of work, and to make workplaces suitable for them. The employment provision, however, has not been implemented by governmental and non-governmental institutions alike, and few institutions have provided facilities for the disabled. The question of disablement is politically significant because a sizeable percentage of disabilities have been caused by the occupying Israeli army.

### **5.7. The shelved social insurance law (Number 3 of the year 2003)**

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A number of drafts for a law on social insurance were discussed since 1997 between representatives of companies, workers, the Palestinian government, representatives of women organizations and some interested NGOs. A final draft was agreed and the Legislative Council was able to pass the law after a third reading on 24 June 2001 and was signed by the president of the PA in 2003. A board of directors was established for the public institute of social insurance with representatives of workers, employers, and the government.

The law was meant to provide social protection for those employed in the private sector and civil society institutions in two main areas: work accidents (to be transferred from the labour law to the social insurance law) and an old age pension for all employees excluding the public sector based on a system of deductions of 5 per cent from the wages of employee and 8 per cent from the employer to be paid into a social insurance fund. The law applied equally to men and women. The board of directors headed by the Minister of Labour asked the Legislative Council to make some amendments to the law responding to recommendations received from the World Bank. The amendments requested not starting the implementation of the law until the institutional structure is set up, including the necessary by-laws and until the necessary funds become available (which were requested by the board of directors in the form of loans from the government, but had not been received). In short, the board asked the Legislative Council to amend the law so that it can be applied by stages (e.g., starting with large companies, and then proceeding to other businesses), instead of all at once<sup>17</sup>. The World Bank advice was crucial in freezing the law as it suggested that priority should be given to poverty alleviation. The colonial political context of the WBS, the lack of funds, the collapsed economy, the sanctions, the priorities of donors and the insufficient institutional preparations have all played a part in sabotaging a possibly effective pension scheme.

### **5.8. Withdrawal of support to vulnerable groups**

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There were other economic activities that were intended to provide social protection to vulnerable groups, such as the Palestinian Fund for Employment and Social Protection proposed by the ILO and supported by the PA (2004). The fund was intended to create job opportunities, finance small economic activities, and provide training facilities. Efforts to secure the necessary fund have been stalled since the electoral win of Hamas in January 2006. Similarly, a food security economic activity supported by the European Union with US\$ 30 million annually was also withdrawn for political reasons (following the election of Hamas). A GTZ technical training was also withdrawn due to similar reasons.

The only formal protection that is left for the worker is the one provided by the labour law, which as mentioned earlier, excludes many segments of workers in the private sector and does not deal with the needs and rights of unemployed workers. In the last few years, the unemployed added up to a quarter of the total labour force, while it composed a third of the total labour force when the underemployed were included (PCBS, 2007). A proposed law for the protection of the unemployed has been presented to the Legislative Council by the Centre of Democracy and Workers' Rights, but has not had a first

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<sup>17</sup> It seems the Legislative Council did amend the law to read that it could be applied in stages, but no time was set for its implementation; the collapse of the economy, the Hamas electoral win, and the sanction imposed on its government, meant that nothing could be done on this score.

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reading by the Council since it has been inactive due to Israeli measures since March 2006. Since January 2006 and the moment of finalizing this report, the Council was unable, because of sanctions, restrictions on movement and imprisonment of a large number of its members by Israel, to perform its legislative tasks.

## 5.9. Social protection for workers in the public sector

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Employment in the public sector was the major strategy used by the PA to deal with rising unemployment resulting from closures and other Israeli restrictive measures. It was also used as a mechanism to create a constituency for the leading political party of the PA<sup>18</sup>.

Until March 2006, employees in the public sector were the most protected of the Palestinian workforce in the WBGS. The electoral win of Hamas in the legislative election of January 2006, however, was met by the imposition of financial and political sanctions against the Hamas government, which resulted in its inability to pay salaries to its employees. This led to a long strike by government employees (from the 2 September 2006 to 15 January 2007) that paralysed the delivery of services to the public (education, health, vehicle licenses, travel documents and police and judiciary functions). Despite the formation of a unity government in March 2007, the sanctions remained and public sector employees could no longer claim the job security and work benefits that they had between 1994 and 2005, nor could they be sure of having the entitlements that the law provides. This is yet another example which highlights the contingencies and restrictions imposed by a settler-colonial situation and the political economy of occupation.

The rights and responsibilities of civil servants are outlined by the civil service law of 2005, which includes the retirement law for public employees (Number 7 of the year 2005), and the insurance and pensions law for those in the security services (Number 19 of the year 2004).

In line with some other Arab countries, formal workers in the public sector are entitled to the following benefits: job security with prospects of promotion, a written contract protected by law specifying a system for paid holidays (including the right for one month to go on pilgrimage to Mecca), paid sick leave, a pension at retirement (at the age of 60), a health insurance that covers his family<sup>19</sup>, entitlements in case work accidents and occupational diseases, an allowance for cost of living, and a family allowance (for wife if she is unemployed, and children until the age of 18 or graduation if they are at university)<sup>20</sup>. Family allowances are not given to the women if the husband is alive, but if he is deceased, she receives family allowance for her children. Otherwise, women have the same rights and entitlements as men, although their presence decreases the higher up the occupational scale one goes. Compensations for injuries inflicted on the job are calculated according to the severity of the injury or occupational illness and the last salary received. Similarly, the amount of the pension is calculated by the number of years serviced and the last salary received. These entitlements are not common in the private sector.

Some large firms and companies provide health insurance and a system for pensions and/or compensation payment at the end of service. Some international agencies, such as UNRWA, provide health insurance and a compensation sum at the end of service (calculated on the basis of number years of work); while some professional unions provide a retirement pension (e.g. the lawyers union, and the engineering

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<sup>18</sup> Employment in the public sector as a percentage of the labour rose from 16.4 per cent in 1998, to 19.8 per cent in 2000, to 22.2 per cent in 2003, to 25.8 per cent in the second quarter of 2006 (MAS et al., various dates). On the other hand, employment in Israel (and its colonial settlement) declined from 23 per cent of the Palestinian labour force in the WBGS in 1999 to 13.8 per cent in 2001, 9.7 per cent in 2003, and 9.6 per cent in 2006 (PCBS, 2007).

<sup>19</sup> The PCBS survey of Working Conditions in 2004, before the crisis of the PA, showed that 94 per cent of the public sector employees had public health insurance, and 3.2 per cent had private health insurance (PCBS, 2004b).

<sup>20</sup> The civil service law states that a percentage of jobs in the government sector should be given to freed prisoners from Israeli jails, those injured by Israeli military actions (or to their nearest of kin if they are incapacitated), and to families of those martyred by such actions.

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union). Yet as pointed out earlier, a large percentage of women employed in the private sector tend to have their maternity rights abused. Nevertheless, more women in paid employment are found in the public sector than in the private sector.

### **5.10. The inadequacy of existing social support systems**

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The Palestinian poverty report for the year 2004 issued by the PCBS found that 27 per cent of all households in the WBS live under the poverty line, using actual consumption as a measure, and 54 per cent of households suffer from income poverty (below US\$ 2.1 per capita per day). The report estimated that those suffering from extreme poverty (the poorest poor) by the actual consumption measure constituted 16 per cent of the population (PCBS, 2005). By mid 2006, nearly two thirds (62.7 per cent) of Palestinian households in the WBS (63.7 per cent in West Bank and 60.5 per cent in Gaza Strip) said that their income had declined since the second intifada started in September 2000. We believe that this emphasizes that poverty is not confined to household whose adults are unemployed, but that poverty encompasses households whose adults are employed, indicating the unprotected nature of their work.

The percentage of households living in income poverty was estimated in the second quarter of 2006 at 65.7 per cent (87.7 per cent in Gaza Strip and 55.6 per cent in the West Bank) (PCBS, 2006). The same survey revealed that two thirds of households in the WBS had to reduce their spending on basic needs during the period between mid 2005 and mid 2006 (58 per cent in the West Bank and 84 per cent in Gaza Strip), mainly on food and clothing. Food pattern consumptions changed; 98 per cent of the households reduced their consumption of meat, 96 per cent reduced the amount of fruit they used to consume and 82 per cent reduced the amount of food they used to consume before the intifada. Furthermore, 51 per cent reduced spending on education, 62 per cent on health, 74 per cent on entertainment and 82 per cent on house expenses. The effect of this reduction in food consumption is likely to have a negative effect children and women. Of all those surveyed, 61.5 per cent said they do not have enough money to pay for their basic daily needs. One third said they have sleep problems and a quarter said they are unhappy about their health situation (*ibid.*).

The above data, supported by high unemployment rates, clearly shows a society surviving at high levels of risk and vulnerability. The formal and informal support systems are not meeting the basic needs of the majority of the population, as indicated by the continued rise in rates of poverty. The explanation lies in the very low level of adequacy and effectiveness of social support and protection systems in a society that is under the grip of a colonial siege. As pointed out earlier, about 20 per cent of the labour force employed in the public sector is now under threat of joining the ranks of the poor<sup>21</sup>.

### **5.11. Participating in the labour force, as such, provides no protection against poverty**

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A survey carried out in mid-2006 by the PCBS about household survival strategies revealed that 80 per cent of households had to depend mainly on the household's income during the previous 12 months, while 17 per cent had to rely on assistance from relatives and friends (PCBS, 2006b). More than a quarter of respondents (28.5 per cent) mentioned having had to sell their jewellery (mainly owned by women), while 72 per cent said they had to reduce expenses. Almost half of the respondents (45 per cent) said they had to borrow money, 60 per cent had to buy on credit, 74 per cent had to postpone paying their bills and 50 per cent had to reduce adult consumption (of food) for the benefit of their children.

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<sup>21</sup> Since March 2006, sanctions were imposed on the government of Hamas following winning the elections on a programme that Israel, United States and Europe oppose. The sanctions amounted to collective punishment. Aid has been used as an instrument to pressure the PA and the Palestinian movement to lower their ceiling of demands for independence and self-determination. Economic and other forms of assistance to the Palestinians is viewed as charity and not as part of a more comprehensive system of compensations for the injustice, dispossession and suffering that has been inflicted upon them since 1948.

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It is significant to note that the data shows that the participation of the head of the household in the labour force does not in itself provide protection against poverty: 28.4 per cent of those in the labour force were, in 2005, poor, compared to 35.5 per cent for those outside the labour force<sup>22</sup>. This is a reflection on features of work: contributing family work, seasonal or irregular work, and low wages. It has been pointed out elsewhere (Chen et al., 2006) that one of the likely consequences of informal work is to reproduce poverty and the lower participation of women in paid work, whereby high rates of unemployment create high dependency which leads to poverty, particularly when wages are low.

More disturbing is the rise of poverty rates proportionally to the increase in the number of children within the household. This means a high percentage of children have become poor as the socio-economic crisis has had a more drastic impact on households with high dependency rates than on other households. This is related to two factors. First, regular formal assistance normally excludes households that have individuals in the working age, regardless of whether they are employed or unemployed and regardless of whether they are employed, of the size of their income, and of the size of their families. Second, rarely any of the emergency assistance targeted to the unemployed relate the amount of assistance to the number of dependents. Thus, consumption poverty rates increased between 1998 and 2005 proportionally with the number of children. While consumption poverty rates decreased by 5.0 per cent in households with no children, they increased by 51 per cent in households with one to two children, by 70 per cent in households with three to four children, by 63 per cent in households with five to six children, by 76 per cent in households with seven to eight children, and by 101 per cent in households with nine or more children (*PCBS, 2006 b*).

The same factors exposed above explain why the poverty rates among women headed households witnessed a very slight decline, while they rose significantly among the households headed during the period 1998 and 2005. Women headed households were targeted by institutional assistance programmes and by emergency aid programmes. The rate of consumption poverty among women headed household declined from 25.6 per cent in 1998 to 25.0 per cent in 2005, while for the same period it rose for household headed by men from 19.8 per cent to 29.8 per cent (*ibid*, table 35).

Households, whose main income comes from agriculture, have the highest incidence of poverty, reaching 50.4 per cent in 2005 (compared to 24.7 per cent in 1998). Work in agriculture is dominated by contributing family work, mainly performed by women, low wages, and seasonal work. It is unprotected work. The rate of poverty among households whose main source of income is the private sector was 32.6 per cent in 2005 (compared to 21.9 per cent in 1998). The rate of poverty among households, whose main source of income was the public sector, was 22.9 per cent in 2005 (compared to 18 per cent in 1998). In 2005, the rate of poverty among households, whose main source of income came from working in Israel, was 20.1 per cent (compared to 15.9 per cent in 1998). The rate of poverty among households that depended for their main income on family economic activities (other than agriculture) was 27.1 per cent in 2005 (compared to 16.6 per cent in 1998). The rate of poverty among households that depended on other sources (mostly depending on transfers) was 35.8 per cent in 2005 (compared to 19.7 per cent in 1998). This emphasizes that unprotected work exists in every sector of the economy, whether it is classified as formal, as in the public sector, or informal, as in much of the private sector, dominated by establishments employing less than five persons.

Agriculture, as a source of work, was followed, in terms of the poverty rates, by those who depended on transfers and were recipients of regular assistance. These were followed by households who had non-agricultural family economic activities and then by households whose heads were employed in the private sector (the greatest majority are very small economic activities). In comparison, work in the public sector and in Israel were the most protected against poverty, because of the security of employment (up to the beginning of 2006) in the public sector and the high wages (relative to those in WBGS) in Israel.

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<sup>22</sup> The PCBS published poverty reports, for a number of years. It used the same methodology for 1998 and 2005.

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## 5.12. Programmes of poverty alleviation

Programmes of poverty alleviation are related to the issue of informal employment and the inadequate work protection and entitlements, or lack thereof. A large percentage of the poor are employed but with poor wages and little or no protection, or work for no wages. Hence, attention needs to be given to the adequacy of programmes that address the poor.

All the programmes that target the poor in the WBGS clearly aim at alleviating deep poverty. Programmes of social assistance have faced a growing demand from poor people since the outbreak of the second intifada. Given the meagre resources at their disposal, they have had to contend themselves with the targeting of the 'poorest of the poor'. The three major organizations providing regular aid to the poor are the PA institutions, especially the Ministry of Social Affairs and the Ministry of Labour, UNRWA, and Zakat committees. In the absence of comprehensive and well targeted social protection schemes, informal social assistance schemes, although unstable and limited in scope, fill an essential gap for households in need. Therefore, they have to be closely reviewed to build upon, link to, complement, and expand the scope of formal schemes<sup>23</sup>.

### Two thirds of Palestinian households said they needed assistance, but less than a third received assistance, mostly in the form of food.

Both in 2004 and 2005, about two-thirds of Palestinian households said they needed assistance (MAS et al., various dates). In the second quarter of 2006, some 29.4 per cent of Palestinian households (15.3 per cent in West Bank, and 56.9 per cent in Gaza Strip) stated that they received assistance during the second quarter of 2006, compared to 27.2 per cent in the last quarter of 2005 (13.2 per cent in West Bank and 54.7 per cent in Gaza Strip) (*ibid.*). But the figures conceal wide regional differences: only 15.3 per cent of the West Bank households received assistance compared to 56.9 per cent in the Gaza Strip (PCBS, 2006b). During the three months period, two-thirds of the households which received assistance received it once (66.7 per cent in West Bank and 68.4 per cent in Gaza Strip); a fifth received assistance twice (16.5 per cent in West Bank and 23.5 per cent in Gaza Strip) and the rest received assistance three times (16.8 per cent in West Bank and 8.1 per cent in the Gaza Strip) (*ibid.*).

Of all the assistance, 80 per cent is provided in the form of food (62.4 per cent in the West Bank and 86.7 per cent in the Gaza Strip), compared to 18 per cent in terms of cash (31.2 per cent in the West Bank and 10.2 per cent in the Gaza Strip), 2.5 per cent in terms of emergency employment (2.5 per cent in West Bank and 2.3 per cent in Gaza Strip), and the remainder 2 per cent in other forms (*ibid.*). This is a clear indication that the aim of these assistance programmes is to prevent malnutrition and hunger.

### Average assistance for most households was less than US\$ 70 in the quarter

In terms of value of the assistance received by the households during the quarter, 47.8 per cent was valued at less than NIS 200 (less than US\$ 46.5), 24.5 per cent at between NIS 200-299 (between US\$ 46.5 and US\$ 69.5), and those who received more than NIS 300 (US\$ 46.5) constituted 27.7 per cent of the aid receiving families. The mean value of received assistance was NIS 200 (US\$ 46.5), and

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<sup>23</sup> In Q2/2005, Zakaat committees provided assistance to 1.6 per cent of households that received assistance in that quarter. In Q2/2006 the percentage was down to 1.1 per cent. In comparison, UNRWA assisted 58.4 per cent and 45.6 per cent respectively in the same quarters. The Ministry of Social Affairs' share for the same two quarters was 10.3 per cent and 14.4 per cent respectively; if assistance provided by other PA ministries is added, then the share of PA institutions rises to 15.6 per cent and 19.5 per cent respectively. Informal support from friends, acquaintances, neighbours, and relatives was 11.6 per cent (8.4 per cent from relatives), and 16.3 per cent (14.2 per cent from relatives) respectively for the two quarters. The share of international agencies (apart from UNRWA) jumped from 0.6 per cent in Q2/2005 to 9.1 per cent in Q2/2006, reflecting policies adopted after the Quartet's decision to impose sanctions on the Hamas government. The share of trade unions declined from 8.1 per cent in Q2/2005 to 0.5 per cent in the second quarter of 2006, reflecting the fact that its role is to distribute assistance when it becomes available from international sources. Political parties' share of assistance also rose to exceed that of Zakat committees (from 0.9 per cent to 1.6 per cent respectively), similarly with charitable organizations whose share rose from 2.8 per cent to 3.5 per cent respectively (MAS et al., various dates).

for the Gaza Strip it was NIS 150 (US\$ 35) (PCBS, 2006b). In terms of income, they are well below the poverty line. For the period March-May 2006, the main sources of income for households are presented in table 8.

**Table 8: Main sources of household income, March-May 2006**

|                                                               |       |                                                 |
|---------------------------------------------------------------|-------|-------------------------------------------------|
| Private sector                                                | 30.2% |                                                 |
| Government sector                                             | 18.0% |                                                 |
| Contributing family work (other than agriculture and fishing) | 14.1% |                                                 |
| Agriculture and fishing                                       | 4.7%  |                                                 |
| Social assistance                                             | 9.5%  |                                                 |
| Transfers                                                     | 5.8%  | 4.1% from within WBGS<br>1.7% from outside WBGS |
| Work in Israel                                                | 9.2%  |                                                 |
| UNRWA (salaries and wages)                                    | 2.1%  |                                                 |
| Other sources (mainly NGOs and political parties)             | 6.4%  |                                                 |

Source: (PCBS, 2006b).

Consequently, social assistance and transfers is the main source of income for 15.3 per cent of all households in the WBGS (10 per cent in the West Bank, and 25.6 per cent in Gaza Strip). In other words, one in every ten households in the West Bank depends totally on assistance (formal and informal), in comparison to one in every four households in the Gaza Strip. These figures refer to households where social assistance formed the main source of income, and not to the percentage of households that received assistance. In Q2/2006, these formed 29.4 per cent of all households (15.3 per cent in West Bank and 56.9 per cent in Gaza Strip).

Most households that receive assistance do not receive it regularly; for example in Q3/2005, about 70 per cent of the assistance-receiving households in the West Bank, and 48 per cent in Gaza Strip, received it once only. Only 13 per cent in the West Bank and 15 per cent in the Gaza Strip received assistance every month during that quarter (PCBS, 2005b). Two-thirds of households, who received assistance in that quarter, received less than US\$ 50 during that period, and only 17 per cent of the assisted households received assistance exceeding US\$ 100 in value (*ibid.*). It is true that assistance varies from quarter to quarter, but the variations are both ways and are limited. The important point is that assistance is irregular and its level is unstable, thus making it hard for recipient families to do any planning of any kind.

Health insurance coverage in WBGS has significantly improved since 2000. In 2005, 81 per cent of the population had basic health insurance (74 per cent in the West Bank, and 97 per cent in Gaza Strip), compared to 52 per cent in 2000. The four main providers of health insurance are: the Ministry of Health (47 per cent), followed by UNRWA (21 per cent), the private sector (21 per cent), and the NGO sector (11 per cent) (MAS et al., various dates). Palestinians with Jerusalem ID can use the Israeli health system. The expansion of health insurance coverage is largely due to the decision to include all the unemployed, as a result of the Israeli closures in the government health system. Nevertheless, around a fifth of the population still lacks health insurance coverage. Uncovered workers are most likely own-account workers, workers in small family enterprises, home-based workers, and agricultural workers.

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### 5.13. Improvement in education and health services

The illiteracy rate among the Palestinian population in the WBGS declined between 2000 and 2004, despite a remaining gender gap. It dropped from 16.1 per cent to 12 per cent among women, and from 5.6 per cent to 3.5 per cent among men. Also, educational indicators continued to improve in terms of the decrease in the average number of pupils per class, the increase in the ratio of teachers per pupils, and the enrolment of both girls and boys in schools. In the academic year 2005/6, girls in both government schools and in UNRWA schools out-numbered boys (50.2 per cent and 50.4 per cent respectively), only in private schools did the ratio favour boys (60 per cent to 40 per cent). In the same academic year, 70 per cent of the pupils were in government schools, 24 per cent in UNRWA schools, and 6 per cent in private schools (MAS et al., various dates). However, this does not necessarily reflect improvements in quality of education and in the skills acquired by students. Raising the level of compulsory education from the current basic (9 years of education) to the secondary level, and encouraging vocational and technical education are possible ways for forward.

In 2005, the PA took the decisions to establish a fund for social protection and a social safety net and allocated a budget for the benefit of the unemployed, the poor, and people with special needs. Through this initiative, the PA wanted to show commitment to ‘sustainable human development’ as an alternative to the policy of relief. As part of this effort, the Ministry of Social Affairs put forward a programme for the ‘protection of the poorest of the poor’, with a plan to raise the minimum individual monthly assistance from NIS 40 (about US\$ 9.3) to NIS 200 (US\$ 46.5). Nothing came out of these programmes and plans for political and economic reasons, despite the discourse of sustainable development and the rights of citizens (Hilal, 2006b). The primary reasons were the dependence on foreign aid, which can easily be withheld, reduced or shifted to other priorities, and the Israeli occupation, which keeps the conflict alive and the Palestinian internal developments unpredictable, as witnessed in 2006-2007.

Given the Israeli occupation of the WBGS, not much can be done other than alleviating poverty through social assistance and social safety net programmes. This is in fact what programmes of social assistance have been doing, as indicated by the gap between levels of poverty based on actual consumption and poverty levels based on income. For example, in 2004 poverty rates in refugee camps (where UNRWA is the main source of social assistance) were 32 per cent for consumption poverty compared to 58.5 per cent for income poverty. For cities, the rates were 24 per cent and 52 per cent respectively. For villages, the rates were 25 per cent and 54 per cent respectively (PCBS, 2005). It is not only social assistance that is responsible for the gap between the two poverty rates, but also the use of small plots of land and gardens around the house to grow food for household consumption. However, poverty remains a significant feature of life in the three types of communities despite the multiple agencies involved in assistance giving.

### 5.14 Women and social assistance

Women are the main recipients of institutional social assistance programmes. A high percentage of recipients of social assistance from the three programmes are women heads of households and main supporters of their families. A woman is entitled to social assistance once she is deprived of a man’s income, as is the case for widows, divorced, and singles living alone. In comparison, a man is entitled to social assistance in case of old age, or in case of illness that does not allow him to work. Although the three programmes may differ in the frequencies of their assistance, they target the very poor. Women headed households in villages have managed to keep a lower rate of poverty, in terms of consumption, than households headed by men. In addition, non-institutionalized and informal forms of assistance, such as from relatives, friends, neighbours, and individual benefactors, tend to target women based on cultural and religious perceptions that women who are alone need protection more than men. This, however, does not deny that women may likely be poorer than men because they have lower participation rates in paid employment and have to manage the household care system, but also its daily economy.

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Since the year 2000, the existing programmes of social assistance have basically amounted to supervising an expanding process of impoverishment, generated mainly through political and military mechanisms. Given the resources they possess, the three main agencies of social assistance – the PA, UNRWA, and Zakat committees – have tried to prevent mass starvation from taking place by targeting the poorest of the poor, instead of addressing socio-economic rights or providing social protection.

## 6. Conclusions and recommendations

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This study of informal employment in the WBGS focuses on informality as unprotected or unacknowledged employment. It aims to bring into focus rights associated with workers, both women and men. It is intended to contribute to getting informal workers out of conditions of unprotected employment and vulnerability, and into conditions of formal employment. This section highlights key conclusions and recommendations for PA institutions, workers' and employers' organizations, research institutions, and international actors to generate decent working conditions for Palestinian workers, both men and women.

The security situation and structure of employment combined have contributed to Palestinian women's exclusion from paid and protected employment. Another important factor is the reproductive and care roles that women play in Palestinian households. The potential and real role that Palestinian women play in the social, economic, and political realms can be further reinforced by bringing into focus their contributions through the household unit. The lack of adequate and affordable social care infrastructure and services puts the burden of caring for the young, elderly, and the sick on women, thus limiting their employment options and again steering them into informal work arrangements often performed from home. Provision of social care services does not only relieve women of the supply side constraints to their labour force participation, but can also generate opportunities for them to work as providers in this field.

To address the gender dimension of informality, policy frameworks need to recognize the provision of childcare as a basic element towards extending women employment opportunities and enabling them to move towards more formal employment activities. Policies can also encourage a more active role of men in assuming care responsibilities. Development policy frameworks need to take into account family responsibilities of workers, including through maternity benefits, part-time, flexible time, paid leave and unpaid leave for men and women, especially as it relates to private sector employment. Accordingly, sex-disaggregated data on all economic activities need to be compiled and set out in a Social Accounting Matrix. This would give a better picture of how and why women's economic activities often go unmeasured and under-valued. Data should be collected on variations in income, expenditure, and government spending within and between households and businesses, and within government committees and departments.

Informal workers need to be involved in the formulation of relevant policies, preferably through a democratic and participatory process of social dialogue. Yet, there is a continuing lack of organization and representation of key categories of informal workers, and there are also significant barriers preventing them from organizing. Although women are found in rural and other production and marketing cooperatives, they are often outside the realm of workers' organizations. Despite the process of democratization in Palestinian trade union movements, the long standing seclusion of the WBGS trade unions from each other, as well as the growing disconnect between West Bank trade unions resulting from Israeli bantustanization policies, impose further challenges to organize formal and informal workers alike. Considering the high levels of unemployment among the Palestinian population, especially the youth, social protection measures need to be specifically targeted to address the violation of the basic right of the unemployed to work. Employment creation efforts need, therefore, to be coupled with appropriate measures of protection from the repercussions of unemployment and the eventuality of being thrown into vulnerable and unprotected conditions of work.

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In addition, there is a need to capture informal work in labour force surveys. This includes adding questions to the questionnaires of standard labour force surveys such as the following (see Appendix 2):

1. Where do you mainly undertake your work?
2. (For employees only): Are you employed permanently or temporarily?
3. Do you get paid your wages (salaries) regularly and in full?
4. Does your employer pay contributions to the pension fund for you?
5. Do you benefit from paid annual leave or from compensation instead of it?
6. In case of incapacity to work due to health reasons, would you benefit from paid sick leave?

Furthermore, it is important to analyse informality and insecurity of employment by quantitative and qualitative analysis targeting the needs of the most informal and insecure segments of the population, including child labour, particularly girl child labour, the process of informalization, informal day labourers, and informal activities of workers at checkpoints. In parallel, the PA and international community need to look into adopting policies and initiatives that extend social security coverage to informal workers and their families. Specific measures can include the gradual extension of social insurance schemes, the introduction of special arrangements for these informal workers, the provision of non-contributory social pensions, the development of conditional or unconditional cash transfer programmes combining benefit payments with incentives to further education and health, and employment guarantee schemes.

A substantive amount of legislation has been passed by the Palestinian Legislative Council (Palestinian Legislative Council, 2005) to provide minimum formal social protection to those working. However, large segments of the working population remain excluded, from coverage under these laws, particularly home workers, unpaid workers, those employed in agriculture and those self-employed. The existing legislation is planned to establish a minimum wage (decent work requires a 'living' wage), provide formal protection to the unemployed, and re-activate the social security law (social insurance) to be applied gradually in accordance to resources available and need to be allocated to the welfare of citizens, particularly those with special needs. Despite current legislation, the lack of mechanisms necessary for its full implementation make it ineffective. There is an urgent need to form special labour courts to look into disputes concerning the implementation of the labour law and other relevant laws, and for the strengthening of the judicial system in general. This has to be preceded by resolving the dual authority situation that has arisen within Palestinian national political field.

In the light of these challenges, the PA has limited capacity as a self-governing body, both in policy and implementation. It lacks control over natural resources, borders, the generation of revenues, or the movement of goods and individuals within its walled, fragmented, and colonized territory. In fact, it is more appropriate to speak of the need for protection of the Palestinian people as a whole from dispossession, apartheid and pauperization. Therefore, it remains necessary for the PA to justify its existence and to do all it can to protect the interests and aspirations of the Palestinian people in the WBGS. Needed measures include enacting all the necessary frameworks that acknowledge the value and worth of work and protect the social and economic rights of workers, foremost the right to paid work and access to decent work. The PA is also responsible for providing the means to implement necessary social protection legislation. This requires adopting social and economic policies based on the social and economic rights of the population as the determinants of a life in dignity not left to whims, upheavals, and underlying risks.

In conclusion, the international community needs to realize and begin to rectify the great injustice inflicted on the Palestinian people. Palestinian communities everywhere, including the WBGS, have the inalienable right to self-determination and enjoy independence in the face of the uprooting, dispossession, and suffering imposed by the longest colonial occupation in modern history.

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## Appendix 1. Highlights from the Palestinian Labour Law

The labour law encompasses the following:

- Acknowledges the right to work for all those who are able,
- Calls for equal opportunities to all without discrimination of any kind,
- Bans discrimination among employees in conditions of employment,
- Prohibits employers from discrimination between women and men,
- Provides the right to form trade unions for workers to defend their individual and collective rights and interests
- Specifies an un-renewable paid trial period of work of three months,
- States that wages have to be paid regularly and delays should not exceed five days,
- States that any workers who worked for 45 hours a week has a right to a paid holiday of one full day,
- Entitles the worker to an annual two weeks paid holiday,
- Acknowledges the right to a three-week annual paid holiday for workers doing dangerous or harmful jobs or who have been employed for more than five years,
- States that national and religious holidays are not considered part of the annual paid holiday (10 days a year),
- States that sick leave is to be fully paid on condition that the sickness is certified by a medical report issued by a medical committee, as long as it does not exceed two weeks a year,
- Specifies that half a wage is to be paid for a period of another two weeks of sick leave,
- Specifies the maximum of weekly hours of work should not exceed 45 hours.
- States that in dangerous and night work the period of work is to be reduced by at least one hour daily,
- Entitles the worker to an hour of rest after every five hours of continuous work
- States that in the eventuality of an end to contract, the employee has the right to an ‘end of service honorarium’, calculated as a month wages for every year spent at work, on the basis of the last wage received. If the employee resigns, then he/she has the right to receive a third of ‘end of service honorarium’ for the first five years, and two-thirds for the following five years, and then full sum if he/she spent ten or more years. If the employer arbitrarily fires the employee, the latter has the right to be compensated for the amount of two months for every year of work on condition the compensation does not exceed wages of full two years of work, without this jeopardizing any of his/her legal rights.

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## Appendix 2. Additional questions for labour force surveys to capture informal employment

The questions to be added to the standard labour force surveys questionnaire to capture the informal employment:

For all respondents:

**Q1: Where do you mainly undertake your work?**

1. At your home (no special work space)
2. Work space inside or attached to your home
3. Factory, office, workshop, shop, kiosk, etc. independent from home
4. Farm or agricultural plot
5. Home or workplace of client
6. Employer's home
7. Construction site
8. Market or bazaar stall
9. Street stall
10. No fixed location (mobile)
11. Other, specify ...

For employees only:

**Q2: Are you employed permanently or temporarily?**

1. Permanently
2. Temporarily (stop)

**Q3: Do you get paid your wages (salaries) regularly and in full?**

1. Yes
2. No
3. Sometimes

**Q4: Does your employer pay contributions to the pension fund for you?**

1. Yes
2. No
3. Not applicable
4. Do not know

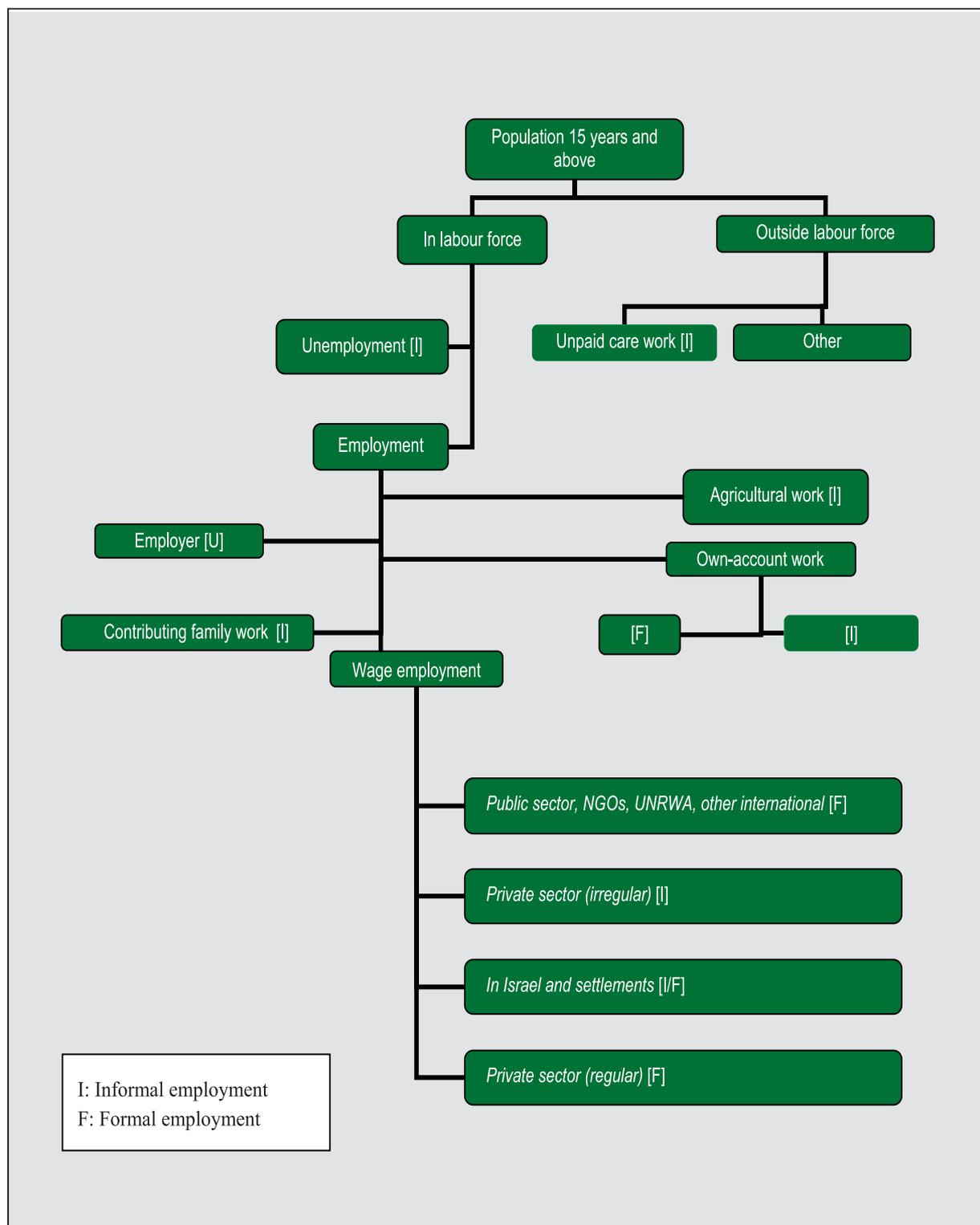
**Q5: Do you benefit from paid annual leave or from compensation instead of it?**

1. Yes
2. No
3. Do not know

**Q6: In case of incapacity to work due to health reasons, would you benefit from paid sick leave?**

1. Yes
2. No
3. Do not know.

### Appendix 3. Conceptualizing informal employment in the Palestinian context



## Appendix 4. Data on employment by sex, age, years of schooling, location, region & other characteristics

Table A.1. Employed persons by labour status, age, years of schooling, location, and region, 2006

|                           | Informal employment | Formal employment | Agricultural employment | Employment in Israel |
|---------------------------|---------------------|-------------------|-------------------------|----------------------|
| <b>Age</b>                |                     |                   |                         |                      |
| 15-29                     | 34.4                | 39.6              | 15.6                    | 10.4                 |
| 30-44                     | 31.2                | 46.5              | 13.1                    | 9.2                  |
| 45 +                      | 29.9                | 42.1              | 22.9                    | 5.1                  |
| <b>Years of schooling</b> |                     |                   |                         |                      |
| 0-9                       | 40.4                | 23.2              | 25.5                    | 11.0                 |
| 10-12                     | 38.6                | 36.0              | 14.8                    | 10.5                 |
| 13 +                      | 13.2                | 79.0              | 4.1                     | 3.7                  |
| <b>Locality type</b>      |                     |                   |                         |                      |
| Urban                     | 34.0                | 45.5              | 10.7                    | 9.7                  |
| Rural                     | 29.8                | 31.2              | 29.9                    | 9.2                  |
| Camps                     | 29.5                | 62.7              | 4.4                     | 3.4                  |
| <b>Region</b>             |                     |                   |                         |                      |
| West Bank                 | 33.2                | 37.1              | 17.8                    | 11.8                 |
| Gaza Strip                | 29.0                | 59.8              | 11.1                    | 0.1                  |
| <b>Group Total</b>        | <b>32.1</b>         | <b>43.1</b>       | <b>16.1</b>             | <b>8.8</b>           |

Source: PCBS (2007).

Table A.2. Employed male population by labour status, age, years of schooling, location and region, 2006

|                           | Informal employment | Formal employment | Agricultural employment | Employment in Israel |
|---------------------------|---------------------|-------------------|-------------------------|----------------------|
| <b>Age</b>                |                     |                   |                         |                      |
| 15-29                     | 38.5                | 36.0              | 13.3                    | 12.2                 |
| 30-44                     | 34.9                | 45.1              | 8.8                     | 11.2                 |
| 45 +                      | 32.9                | 44.4              | 16.5                    | 6.2                  |
| <b>Years of schooling</b> |                     |                   |                         |                      |
| 0-9                       | 43.9                | 25.7              | 17.3                    | 13.1                 |
| 10-12                     | 40.8                | 36.2              | 11.3                    | 11.7                 |
| 13 +                      | 16.1                | 74.5              | 4.5                     | 4.9                  |
| <b>Locality type</b>      |                     |                   |                         |                      |
| Urban                     | 37.7                | 42.2              | 8.6                     | 11.5                 |
| Rural                     | 34.0                | 32.4              | 22.0                    | 11.7                 |
| Camps                     | 32.1                | 59.9              | 4.2                     | 3.9                  |
| <b>Region</b>             |                     |                   |                         |                      |
| West Bank                 | 37.5                | 34.9              | 12.9                    | 14.7                 |
| Gaza Strip                | 31.6                | 58.4              | 9.9                     | 0.1                  |
| <b>Group Total</b>        | <b>35.8</b>         | <b>41.5</b>       | <b>12.1</b>             | <b>10.6</b>          |

Source: PCBS (2007).

**Table A.3. Employed Female population by labour status, age, years of schooling, location and region, 2006**

|                           | Informal employment | Formal employment | Agricultural employment | Employment in Israel |
|---------------------------|---------------------|-------------------|-------------------------|----------------------|
| <b>Age</b>                |                     |                   |                         |                      |
| 15-29                     | 11.9                | 59.2              | 28.3                    | 0.5                  |
| 30-44                     | 15.7                | 52.3              | 31.3                    | 0.6                  |
| 45 and above              | 18.4                | 33.2              | 47.9                    | 0.5                  |
| <b>Years of schooling</b> |                     |                   |                         |                      |
| 0-9 years                 | 22.8                | 10.7              | 66.1                    | 0.3                  |
| 10-12 years               | 21.6                | 34.4              | 42.7                    | 1.3                  |
| 13 and above              | 5.6                 | 91.0              | 3.0                     | 0.5                  |
| <b>Locality type</b>      |                     |                   |                         |                      |
| Urban                     | 15.4                | 62.1              | 21.6                    | 0.9                  |
| Rural                     | 15.2                | 27.1              | 57.5                    | 0.2                  |
| Camps                     | 13.6                | 80.4              | 5.6                     | 0.4                  |
| <b>Region</b>             |                     |                   |                         |                      |
| West Bank                 | 16.5                | 45.8              | 37.0                    | 0.7                  |
| Gaza Strip                | 8.4                 | 71.1              | 20.4                    | 0.0                  |
| <b>Group Total</b>        | <b>15.1</b>         | <b>50.0</b>       | <b>34.3</b>             | <b>0.6</b>           |

Source: PCBS (2007).

**Table A.4. Total population 15 years and above by labour status, age, years of schooling, location and region, 2006**

|                           | Informal employment | Formal employment | Unemployment | Unpaid care work | Outside labour force (other) |
|---------------------------|---------------------|-------------------|--------------|------------------|------------------------------|
| <b>Age</b>                |                     |                   |              |                  |                              |
| 15 – 29                   | 12.9                | 10.4              | 10.6         | 20.5             | 45.6                         |
| 30 – 44                   | 23.2                | 23.1              | 11.0         | 37.2             | 5.5                          |
| 45 +                      | 17.1                | 13.5              | 6.0          | 33.5             | 30.0                         |
| <b>Years of schooling</b> |                     |                   |              |                  |                              |
| 0-9                       | 20.7                | 8.0               | 9.6          | 34.5             | 27.2                         |
| 10-12                     | 16.7                | 11.2              | 8.7          | 30.3             | 33.1                         |
| 13 +                      | 8.4                 | 35.8              | 11.6         | 10.4             | 33.8                         |
| <b>Locality Type</b>      |                     |                   |              |                  |                              |
| Urban                     | 15.2                | 16.2              | 9.7          | 28.9             | 30.0                         |
| Rural                     | 24.1                | 10.9              | 9.2          | 25.7             | 30.1                         |
| Camps                     | 8.9                 | 16.5              | 10.8         | 29.8             | 33.9                         |
| <b>Region</b>             |                     |                   |              |                  |                              |
| West Bank                 | 20.8                | 15.1              | 8.2          | 26.9             | 29.0                         |
| Gaza Strip                | 9.4                 | 14.0              | 12.5         | 30.4             | 33.6                         |
| <b>Group Total</b>        | <b>16.8</b>         | <b>14.7</b>       | <b>9.7</b>   | <b>28.1</b>      | <b>30.6</b>                  |

Source: PCBS (2007).

Table A.5. Male population 15 years and above by labour status, age, years of schooling, location and region, 2006

|                           | Informal employment | Formal employment | Unemployment | Unpaid care work | Outside labour force (other) |
|---------------------------|---------------------|-------------------|--------------|------------------|------------------------------|
| <b>Age</b>                |                     |                   |              |                  |                              |
| 15 – 29                   | 22.5                | 16.1              | 16.7         | 0.1              | 44.6                         |
| 30 – 44                   | 37.1                | 36.1              | 18.8         | 0.2              | 7.8                          |
| 45 +                      | 27.0                | 23.7              | 12.0         | 0.4              | 36.9                         |
| <b>Years of schooling</b> |                     |                   |              |                  |                              |
| 0-9                       | 34.1                | 15.5              | 19.3         | 0.3              | 30.9                         |
| 10-12                     | 29.2                | 19.9              | 16.4         | 0.1              | 34.4                         |
| 13 +                      | 13.2                | 44.4              | 10.9         | 0.1              | 31.4                         |
| <b>Locality Type</b>      |                     |                   |              |                  |                              |
| Urban                     | 26.1                | 25.4              | 16.3         | 0.2              | 32.0                         |
| Rural                     | 36.6                | 17.5              | 15.1         | 0.2              | 30.6                         |
| Camps                     | 16.7                | 27.7              | 19.0         | 0.1              | 36.5                         |
| <b>Region</b>             |                     |                   |              |                  |                              |
| West Bank                 | 33.4                | 23.2              | 13.2         | 0.3              | 30.0                         |
| Gaza Strip                | 17.2                | 24.0              | 22.3         | 0.1              | 36.4                         |
| <b>Group Total</b>        | <b>27.7</b>         | <b>23.5</b>       | <b>16.4</b>  | <b>0.2</b>       | <b>32.2</b>                  |

Source: PCBS (2007).

Table A.6. Female population 15 years and above by labour status, age, years of schooling, location and region, 2006

|                           | Informal employment | Formal employment | Unemployment | Unpaid care work | Outside labour force (other) |
|---------------------------|---------------------|-------------------|--------------|------------------|------------------------------|
| <b>Age</b>                |                     |                   |              |                  |                              |
| 15 – 29                   | 3.0                 | 4.4               | 4.2          | 41.9             | 46.5                         |
| 30 – 44                   | 8.6                 | 9.6               | 2.8          | 76.0             | 3.1                          |
| 45 +                      | 7.9                 | 4.0               | 0.5          | 64.0             | 23.6                         |
| <b>Years of schooling</b> |                     |                   |              |                  |                              |
| 0-9                       | 8.2                 | 1.0               | 0.8          | 66.3             | 23.8                         |
| 10-12                     | 4.1                 | 2.2               | 0.9          | 60.9             | 31.9                         |
| 13 +                      | 2.4                 | 25.1              | 12.5         | 23.2             | 36.8                         |
| <b>Locality Type</b>      |                     |                   |              |                  |                              |
| Urban                     | 3.9                 | 6.6               | 2.9          | 58.7             | 27.9                         |
| Rural                     | 11.5                | 4.3               | 3.2          | 51.5             | 29.7                         |
| Camps                     | 1.4                 | 5.6               | 2.9          | 58.6             | 31.4                         |
| <b>Region</b>             |                     |                   |              |                  |                              |
| West Bank                 | 7.9                 | 6.8               | 3.1          | 54.1             | 28.0                         |
| Gaza Strip                | 1.6                 | 3.9               | 2.6          | 61.2             | 30.7                         |
| <b>Group Total</b>        | <b>5.7</b>          | <b>5.8</b>        | <b>3.0</b>   | <b>56.6</b>      | <b>29.0</b>                  |

Source: PCBS (2007).

**Table A7. Participation rate of children aged (10-17) years old by region and sex, 2006**

| Region       | Male       | Female     | Both       |
|--------------|------------|------------|------------|
| West Bank    | 12.3       | 2.3        | 7.4        |
| Gaza Strip   | 4.0        | –          | 2.0        |
| <b>Total</b> | <b>9.1</b> | <b>1.4</b> | <b>5.3</b> |

– = too few observations to record

Source: PCBS (2007).

**Table A8. Percentage of Palestinian workers in Israel and Israeli settlements by age and sex, 2006**

| Worker Status | 10-17 years | 18 years and above | Total      |
|---------------|-------------|--------------------|------------|
| Male          | 4.5         | 11.7               | 11.4       |
| Female        | 0.2         | 0.8                | 0.7        |
| <b>Total</b>  | <b>2.0</b>  | <b>9.7</b>         | <b>9.4</b> |

Source: PCBS (2007).

**Table A9. Percentage Distribution of Palestinian workers in Israel and settlements by age, sex and worker status, 2006**

| Worker Status     | 10-17 years | 18 years and above | Total      |
|-------------------|-------------|--------------------|------------|
| <b>Male</b>       |             |                    |            |
| With Permit       | 15.1        | 26.9               | 26.7       |
| Without Permit    | 70.7        | 25.0               | 25.9       |
| Israeli ID        | 14.2        | 48.1               | 47.4       |
| <b>Total</b>      | <b>100</b>  | <b>100</b>         | <b>100</b> |
| <b>Female</b>     |             |                    |            |
| With Permit       | –           | 27.1               | 27.7       |
| Without Permit    | –           | 20.2               | 20.0       |
| Israeli ID        | –           | 52.7               | 52.2       |
| <b>Total</b>      | <b>–</b>    | <b>100</b>         | <b>100</b> |
| <b>Both Sexes</b> |             |                    |            |
| With Permit       | 15.6        | 26.9               | 26.7       |
| Without Permit    | 70.2        | 24.9               | 25.8       |
| Israeli ID        | 14.1        | 48.1               | 47.5       |
| <b>Total</b>      | <b>100</b>  | <b>100</b>         | <b>100</b> |

– = too few observations to record

Source: PCBS (2007).