

## al-shabaka executive summary

# UNLOCKING THE LABOR MARKET FOR PALESTINIAN WOMEN

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## Key Points

- Palestinian women's participation in the labor force is much lower than in the rest of the Arab World, despite higher levels of primary and secondary education.
- The fact that women's participation is highly concentrated in agriculture and services, while employment in manufacturing has declined, is a result of Israel's systematic destruction of Palestinian productive sectors since 1967.
- Gaps in the credit system have deterred women's entrepreneurship, while secondary education skewed toward literary studies have inadequately equipped women for the work force.
- Reforms must address demand side factors for women's labor by protecting and promoting local production.

## A Declining Share in Productive Sectors and More Segregation

In 2014, Palestinian women's labor force participation rate in the OPT stood at 19.4% compared to 25% in the Arab region and 51% in the rest of the world. This is particularly striking given that Palestinian girls' primary and secondary school enrollment ratios [are higher](#) than boys in the entire Middle East and North Africa region.

Palestinian women's participation in the labor market is highly concentrated in agriculture and services, yet virtually non-existent in construction and transport. Women's participation in the manufacturing sector has declined since 1995, suggesting that the segregation of women into a few sectors is actually rising over time. Further, Palestinian women have persistently earned only around 80% of men's wages in the West Bank and Gaza Strip.

Women's entrepreneurship accounts for only about 15% of women's employment at best and has not exhibited any major increases over the past 15 years. On the other hand, 65% of Palestinian women are willing to launch a business, [indicating a clear discrepancy](#) between potential entrepreneurship and actual outcomes.

## Israel's Undermining of the Economy and Other Factors

The compression in the demand for labor as a result of Israel's systematic destruction of the Palestinian agriculture and manufacturing sectors is the paramount factor explaining the low female labor force participation rates. The geographic, physical and social ruptures created by checkpoints and permanent closures within the West Bank and Gaza have had a serious impact on Palestinians' mobility, making it more difficult for women than men to seek employment outside their local communities.

In addition, women entrepreneurs face more hurdles in accessing commercial credit than men do for a number of reasons, including lack of the collateral necessary to access commercial loans. Although bank lending has risen substantially in the past few years, it is irrelevant to women's entrepreneurship and the sectors that employ women.

The growing imbalance in secondary enrollments in favor of the literary stream has increased the percentage of students who leave school without qualifications or skills. This has serious repercussions as women tend to be concentrated in teaching, nursing and secretarial work.

Palestinian labor law number seven currently excludes large segments of the work force including spheres in which women are predominantly located. The labor law must include a clear clause for equal treatment between men and women, and specify penalties for employers who violate this article of the law.

## Policy Focus on Demand Side and Challenge Israel's Erosion of the Economy

Policy interventions must design practical interventions which promote the demand for women's labor. Policies must also challenge Israel's continued efforts to undermine the productive capacity of the Palestinian economy, and put in place trade policies that prioritize protecting production over opening local markets to international competition before they are ready to compete.

- The best opportunity to expand the productive sectors (agriculture and manufacturing) would be to replace imports of Israeli goods and services by local production. Emphasis should be placed on the more than \$600 million of [the \\$5 billion in goods and services](#) that Palestinians imported from Israel that are agricultural products and simple manufacturing goods.
- There is a need to increase the number of vocational education establishments throughout the OPT that cater to girls, and set up an incentive system for girls to participate.
- The labor law's coverage must be broadened to include segments of the labor force largely employing women, including unpaid domestic work.
- New forms of credit guarantees that can improve access to credit for small business should be



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introduced, including models that target women-owned businesses. In addition, collectively run economic ventures and cooperatives can effectively address competition to empower individual economic actors and the economy as a whole.

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