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**PALESTINE ECONOMIC POLICY
RESEARCH INSTITUTE (MAS)**

**Evaluation of Social Protection in the Occupied Palestinian Territories:
End-of-service Indemnity, Paid Sick Leave, Insurance Against
Employment Injury, and Paid Maternity Leave**

2023

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Foreword

This study was commissioned by the International Labour Organization (ILO) to contribute to the ongoing dialogue on social security reforms following the First National Conference on Social Dialogue held in March 2021. The conference recommended a review of the main provisions of the suspended law, particularly those related to the replacement of certain regulations, which govern the responsibilities and obligations of employers under the Labour Law, including end-of-service indemnity/severance payment, employment injury, paid maternity leave, and paid sick leave. The aim of the study is to examine the effectiveness and accessibility of social protection entitlements that employers are required to provide under the current Labour Law (Law No. 7 of 2000). Additionally, the study seeks to evaluate the perceptions of employers, workers, and the general public regarding social protection and the decision to enact the Suspended Social Security Law No. 19 of 2016 in Palestine. Drawing on the results of a field survey conducted by MAS Institute in collaboration with the Palestinian Central Bureau of Statistics (PCBS) in Palestine, the study explores the potential for reform and improvement of social security as an alternative means of financing and managing necessary protection systems to secure the risks identified in the current Labour Law.

The study has concluded that the inspection activities conducted by the Ministry of Labor (MoL) cannot be characterized by optimal efficiency, and the penalties imposed by labor law do not effectively deter non-compliant employers or ensure full and comprehensive access to social protection benefits. Additionally, burdening employers with the responsibility and associated costs of providing social protection places a heavy burden on them, and many are expected to resist compliance. Furthermore, the Palestinian judicial system lacks specialized labor courts for resolving disputes, further hindering workers' access to legal and social protection. To address these issues, it is advisable to resume dialogue and negotiation between the parties involved within the labor system to replace the provisions of labor law related to social protection with a social security system.

We would like to express our gratitude to the research team at the institute, led by Dr. Belal Fallah, and to the ILO and its office in Palestine for providing the opportunity to conduct this study and for providing the necessary facilities during the study's implementation phase, as well as for their informative insights. We also extend our deep appreciation to PCBS for their significant efforts in collecting quantitative data and completing it within the specified timeframe. Lastly, we thank everyone who contributed to providing support and active participation in terms of time and effort during the implementation and preparation of this study.

Raja Khalidi
Director General

Executive Summary

Research Objectives

- The aim of this research is to explore the efficacy and accessibility of current employer liability provisions, under the current labour law, including end-of-service indemnity/severance payment; employment injury; paid maternity leave; and paid sick leave. This assessment covers the following evaluation inquiries: the extent of existing legal protections; effectiveness of access to labour protections; extent of awareness among workers regarding provisions of social protection; and reform and areas of improvement with respect to social insurance.

Methodology

- The methodology of this research encompasses reviewing relevant literature and conducting interviews with stakeholders to explore the efficacy of existing social protection schemes.
- The methodology utilizes various sets of secondary data from multiple sources, including work inspection activities from the MoL; court litigation activities from the Higher Judicial Council (HJC); labour market characteristics from the PCBS's labour force survey (LFS).
- This research also relies heavily on primary data related to work conditions from a representative sample of establishments and workers operating in the Palestinian private sector, except for the agriculture sector and part of the construction sector (i.e., employers and workers who do not operate inside establishments). The primary data was gathered using the work condition survey (WCS) and qualitative interviews. The WCS data allowed for estimating the compliance rate regarding the social protection provisions, and evaluation of workers' and employers' awareness of these provisions as well as perceptions of the suspended social security law No. 19 of 2016.

Coverage of Social Protection

- Provisions for end-of-service indemnity cover all wage workers in the private sector. The data show that for most workers who have previous employment, they were entitled to a third or two third of the last monthly wage per year, a matter that is tied to their employment duration. However, existing provisions leave low wage earners behind as the value of end-of-service indemnity for this cohort is below the poverty line and the minimum wage.
- In the case of employment injury, the labour law mandates that employers in the private sector are liable to incur all treatment costs. Still, the labour law allows employers to shift the financial burden of treatment costs and cash compensation for temporary/permanent leave to insurance firms. A main impediment of this current provision is that insurance firms can delay disbursing cash compensation and wage loss resulting from injuries and/or temporary leave until treatment is completed, even if the period of treatment is lengthy. Thus, workers may be subjected to shocks from loss of income.
- The labour law mandates that workers shall receive fourteen days of paid sick leave per year. If needed, they shall be entitled to half of this value for another fourteen days. Notably, a costly approval of a medical board is a requisite for paid sick leave. If the approval is requested by employers and that the leave extends more than 3 days, workers should pay NIS 350 per leave to cover the service of the medical board; equivalent to 2.5 times the average daily wage in the private sector of the West Bank.
- The labour law mandates that employed women who have spent 180 days at work before every delivery are entitled to a ten-week paid maternity leave, at least six weeks of which shall be taken after childbirth. As far as the requirements to receive maternity leave, the labour law is constraining in comparison to that of Civil Service law No.4 of 1998. The latter does not condition maternity leave on completing a number of working days prior to childbirth. Though, it should be noted that the cost of worker benefits under the civil service law is shared among taxpayers, while private employers bear the full cost.

Compliance to Social protection provisions: it varies by type of social protection

- The results show that two thirds of establishments provide paid sick leave. Though, the compliance rate in the West Bank is higher than in the Gaza Strip. The results also show that 71% of the establishments, comply with insuring workers against employment injury (all through private health insurance).
- The findings of the end-of-service indemnity show that only 36% of workers with previous employment did receive this benefit. The compliance rate in the West Bank (40%) is double that in the Gaza Strip. Two-thirds of the workers received this benefit in accordance with provisions of the labour law. Notably, among those who did not

- receive the end-of-service indemnity, the majority (about 92%) did not take any measures against their employers.
- The majority of employers complying with end-of-service indemnity save cash for the accrued amount (52% on a regular basis vs. 23% on an irregular basis). Close to a third of them do pay the “accrued” amount often on a yearly basis. While such a practice violates provisions of the labour law, employers utilize it to reduce the associated financial risk in case many workers quit jobs.
 - Among women who gave birth while working for their current employer, the majority (85%) indicate that they enjoyed a paid maternity leave. Of all women who did receive this benefit, 71% took fully paid vacation of 10 weeks, as mandated by the labour law. Still, the data show differential compliance by region, where the share in the West Bank amounts to 69% as opposed to 49% in the Gaza Strip. Importantly, this conclusion does not necessarily suggest that the reported estimates of compliance to paid maternity leave reflect the compliance rate of all employers, as many women may choose to work for complying employers.

Evaluating Effectiveness of Institutional Capacity to deliver the current labour law

- Sanctions mandated by the labour law lack effective deterrence: practices applied by MoL inspectors are not optimally effective as non-complying employers receive multiple warnings before being sanctioned (referred to court). In addition, the mandated sanctions do not fully guarantee access to social protection. The impacted workers may have to file civil lawsuits in court to force compliance. For workers, pursuing this venue is costly and risky as they may fear retaliation from employers mainly when alternative job opportunities are rare.
- End-of-service-indemnity/severance payment is not enforced via field inspection as it accrues only at the end of employment duration. If a worker is denied this benefit, she can file a complaint to the MoL or file a lawsuit against non-complying employers. Under the pressure of lengthy and costly litigation, workers may concede to employers and accept payment values that are below what is granted by law. The WCS data show that 22% of workers who received end-of-service indemnity did experience such a concession. Thus, this kind of mediation may violate Article (6) of the labour law which regards provisions of the labour law as the minimum and unwavered workers’ right.
- Regarding the settlement of labour disputes, the labour law provides a road map to only settle collective disputes (between a group of workers and employer(s)). Recently, in 2021, Law No. 32 regarding Mediation in Civil Disputes has been ratified to regulate judicial mediation, including labour disputes. Still, the WCS data show that most of the disputes have been resolved via direct negotiation between workers and employers (about 80% resolved) or mediation via the MoL (in most cases resolved or else referred to court), whereas only 15% of those referred to court were resolved. Markedly, the latter is the main channel utilized to settle disputes (for about two-third of the cases). Such direct negotiation venues do not guarantee that workers receive the minimum work benefits as mandated by the labour law. The findings also show that Half of all disputes involved end-of-service indemnity payments. About half of working women who encountered a dispute with their previous employer indicated that it was related to maternity leave.
- Inspection activities of the MoL are not optimally efficient as the extent of inspections varies considerably across governorates in a manner that does not accord with the number of establishments per governorate. The reason is mainly related to the insufficient and disproportionate distribution of human resources (inspectors).
- The Palestinian judicial system lacks specialized courts for labour lawsuits, a matter that hampers workers’ access to effective legal and social protection. Judges are overloaded with lawsuit cases and the litigation procedures, including those of labour lawsuits, are prolonged by an existing inefficient notification system.

Workers’ and Employers’ Awareness Regarding Social Protection Provision

- The WCS data show that 39% of the employers indicated that they were approached by the MoL for awareness raising regarding provisions of labour law. Most of those who were targeted highly rated such awareness activities.
- The extent of awareness among employers and workers was further examined by directly testing their knowledge of selected articles of the social protection provisions. The findings suggest that the employers’ knowledge of this matter is limited; out of 8 true/false statements, employers answered half correctly. The findings for the workers are similar; out of 10 statements, they answered about 4 statements correctly. The majority of employers have poor knowledge regarding provision of end-of-service indemnity, paid annual leave, and due time of paid maternity leave. Like the employers, most of the workers have poor knowledge concerning provisions of end-of-service indemnity and annual paid leave.
- Using WCS employer data, the study tested whether MoL’s awareness activities are correlated with the extent of employers’ knowledge regarding provisions of social protection. The evidence shows a positive correlation only in the Gaza Strip.

The Suspended Social Security Law No. 19 of 2016

- The WCS data provide insight into employers' and workers' stances regarding the suspended social security law. Only 34% of the employers believe that the law should have been implemented, though one-third of this group have reservations regarding specific provisions. Employers that oppose the law are a minority, representing only 14%. For the latter group, the main reasons are related to the lack of trust in the administration of the social security fund, reservations over some of the social security provisions, and risks associated with the collapse of the PA. Still, the majority of employers (52%) have not yet chosen a position on this law.
- At the regional level, the share of employers who think that the suspended law should have been implemented in the West Bank is similar to that of the Gaza Strip. Still, only 2% of the employers in the Gaza Strip oppose it, whereas the corresponding share in the West Bank is 14%. Also 62% of the employers in the Gaza Strip have not yet chosen their position as opposed to 52% in the West Bank.
- As for workers, the share of those who think that social security law should have been implemented is 19% (18% in the West Bank vs. 23% in the Gaza Strip). Less than half of this group do have some reservations on specific provisions. About 20% of the workers disapprove the law such that almost all of them reside in the West Bank (28% in the West Bank vs 1% in the Gaza Strip). Still, many of the workers are undecided. They represent 46% of the total workers (35% in the West Bank vs 70% in the Gaza Strip).
- Among the workers who disapprove the law, they state that the reasons are related to objections to specific provisions in the Social Security Law and lack of trust in the administration of the Social Security Fund
- The positions on the suspended social security law is directly related to the degree of familiarity with its provisions. The WCS data show that a greater level of familiarity is correlated with more support of the suspended law. Most of those who are in favour of the suspended law are familiar with its provisions, while those who have reservations over specific provisions are only partially familiar. Notably, most of the undecided, both workers and employers, are not familiar with the law.

Recommendations: a look forward

- The findings of this research suggest that the institutional capacity to enhance workers' access to social protection under the current labour law is weak. Placing reforms to overcome the aforementioned challenges will be key to enhancing social protection. These include establishing labour courts; increasing the number of judges; making available more resources to MoL inspectors; and raising awareness regarding provisions of social protection.
- Still, the fact that the responsibility of financing and providing social protection benefits is borne by employers is fundamentally cumbersome. Thus, many employers are expected to continue to resist compliance (mainly with respect to end-of-service indemnity) and workers may fear retaliation if they pursue compliance. Thus, replacing the existing scheme of employer-liability provisions with a social insurance system based on collective risk-sharing in terms of financing and administered through a dedicated institution should be the primary focus of any upcoming reform.
- The findings show that reasons behind the opposition to the suspended social security law include objections to some of its provisions, the lack of trust in the administration of the Social Security Fund, lack of trust of the Palestinian Authority, and fearing the collapse of the PA. In this respect, this research provides a number of recommendations that would help inform the tripartite social dialogue on social security reforms. These include raising employers' and workers' awareness regarding the provision of social security; addressing concerns related to the administration of the social security fund; revising controversial provisions of the suspended social security law; and addressing fears of the PA collapse.
- This research also provides another set of recommendations to ensure proper implementation of the social security scheme. These include enhancing the governance of the social dialogue such that the majority of workers and employers are well represented. More financial and human resources must also be available to the MoL and the judicial system to ensure proper enforcement. Also importantly, settle end-of-service indemnity for the period that precedes the implementation date.

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1. Introduction and Research Objectives

Background: In the Occupied Palestinian Territory (oPt), only workers in the public sector enjoy social insurance coverage to protect against lifecycle risks. Workers in the private sector, including those working for civil society institutions, rely instead on social protection provisions of the labour law, No. 7 of 2000. To this end, employers are mandated to directly finance compensation related to annual paid leave, end-of-service indemnity/severance payment, employment injury, paid maternity leave, and paid sick leave (so-called “employer-liability” model). Thus, private employers bear the brunt of the associated financial risk to maintain the sufficient cash flow required for these pay-outs. On the other hand, workers may face risks of non-payment and costly/lengthy legal litigations. This is unlike the case of social security schemes, in which the risks are pooled amongst employers and between workers and employers.

Over the last decade, the Palestinian government, social partners, and civil society have engaged in a dialogue, supported by the International Labour Organization (ILO), for the development of a new social security scheme that expands coverage to workers in the private sector. Progress has stalled, however, over disagreements among stakeholders regarding some provisions for social security and their implementation, among other factors. The Social Security Law No. 19 of 2016 was then rescinded pending further dialogue.

In March 2021, following the First National Conference for Social Dialogue, tripartite participants (the government, employers’ representatives from the private sector, and workers’ representatives) reached an agreement to launch a comprehensive dialogue to review the Social Security Law.¹ The ILO has provided technical inputs to the dialogue to revise key provisions of the law, among other objectives. Among these are provisions for the eventual replacement of some relevant employer-liability provisions called for under the labour law, including, as mentioned above: end-of-service indemnity/severance payment, employment injury, paid maternity leave and paid sick leave. The ILO has commissioned MAS to undertake this study to inform ongoing dialogue on social security reforms.

Research Objectives: The aim of this research is to explore the efficacy and accessibility of current employer liability provisions under the current labour law, which include: end-of-service indemnity/severance payment; employment injury; paid maternity leave; and paid sick leave. It also aims to assess employers’ and workers’ perceptions in relation to social protection and the suspended Social Security Law No. 19 of 2016. This assessment encompasses the following inquiries:

- Evaluate the extent of existing legal protections in terms of i) the various contingencies covered by the labour law in relation to those typically experienced by Palestinian workers; ii) levels of wage replacement or accrued benefit in relation to national poverty and vulnerability lines; iii) lengths of service required for eligibility in relation to typical trends in retention; and iv) turnover among Palestinian workers, and duration of benefits (in case of periodic payment).
- Evaluate the effectiveness of access to labour protections, covering existing capacity of the institutional framework to enforce legal provisions of the social protection, the avenues of legal redress for workers unlawfully denied benefits, the sufficiency of staff and other capacities within government bodies responsible for reviewing and adjudicating claims, as well as the associated costs of pursuing unpaid claims through the legal system. The analysis of this inquiry mainly focuses on the (MoL) and the Judicial system.
- Explore the extent of awareness among workers regarding the provisions of social protection as mandated by provisions of the Labour Law.
- Explore the extent of awareness among employers of legal obligations under provisions of the labour law and practices to manage associated financial risks.
- Explore reform and areas of improvement with respect to social security as an alternative method for financing and administering protection schemes to cover the risks envisaged under the current labour law.

2. Methodology and Sources of Data

To achieve the objectives of the paper, we used the following methodology:

- We conducted a desk review covering relevant provisions of the labour law as well as relevant literature (reports and studies) to explore the efficiency and efficacy of existing social protection schemes.
- We collected various sets of secondary data from multiple sources, including 1) work inspection activities from the MoL and court litigation activities from the Higher Judicial Council (HJC); 2) labour market characteristics from the

¹ The national conference was held in cooperation with the ILO through the formation of a tripartite national team under the leadership of the Ministry of Labour (MoL) and with the participation of civil society institutions.

PCBS's labour force survey (LFS) to understand the makeup of the Palestinian market in relation to the existing social protection scheme; and 3) labour market conditions during the pandemic period using the Business Pulse Survey-BPS from the PCBS.

- We also collected primary data, implemented by the PCBS, on work conditions from a representative sample of establishments and workers (work condition survey; WCS) operating in the Palestinian private sector (profit and non-profit firms). The survey covers the main economic sectors, except for the agriculture sector as well as construction firms not operating within establishments (mostly including builders operating in the informal sector).
- The WCS data was collected in the following fashion. Firstly, establishments employing at least one wage worker were randomly selected with a sample size of 451 establishments (333 establishments in the West Bank vs. 197 establishments in the Gaza Strip). From each selected establishment, worker(s) were randomly selected such that the sample size of wage workers sums to 1457 of which 987 were selected from the West Bank. Given the sample size of firms and workers, conclusions drawn from the WCS survey are representative only at the regional level (the West Bank and the Gaza Strip).
- The WCS data allow us to explore awareness of Labour Law's social protection schemes among workers and employers. It also allows us to examine the extent to which employers comply with the labour law's provisions of social protection, covering end-of-service indemnity/severance payment, employment injury, paid maternity leave, and paid sick leave. This is in addition to generally evaluating workers' and employers' perceptions of suspended social security law No. 19 of 2016 (see respectively in appendix 1 and appendix 2 a brief description of the WCS data and the WCS questionnaire).
- We also conducted multiple interviews and workshops with stakeholders including representatives of employers, staff from the MoL, and staff from the HJC. The outcome of these interviews and workshops was vital to understand perceptions, awareness, and the nature of social protection in oPt. It also helped evaluate the extent of effective access to legal provisions of social protection.

3. A Brief Overview of the Palestinian Economy and Labour Market

Extent of Economic Development: Based on the World Bank's ranking, oPt belongs to low–middle- income countries, with a GDP in 2019 of \$17.3 billion. The estimated population of oPt stands at 5.27 million (3.28 million in the West Bank). At this level of population, the GDP per capita is estimated at \$3,656. Though, economic conditions in the West Bank are far better than in the Gaza Strip. This can be observed via the substantial difference in the GDP per capita (\$5,239 in the West Bank vs. \$1,514 in the Gaza Strip). Over the past years, the Gaza Strip has suffered dire economic conditions due to the strict blockade imposed by Israel, consecutive wars, and internal political polarization.²

Labour Force Participation Rate (LFPR) and Unemployment Rate: According to LFS of 2019,³ the LFPR amounts to 44% of all individuals older than 14 years (46% in the West Bank vs. 41% in the Gaza Strip). The low LFPR is driven by low participation among women. Evidently, women's LFPR sums to 18% (17% in the West Bank vs. 19% in the Gaza Strip) as opposed to men's LFPR of 70% (74% in the West Bank vs. 62% in the Gaza Strip). The key reason for this gender gap is limited jobs available to women (Fallah et al 2019; Michael and Fallah 2019) and barriers related to societal norms that married women should assume responsibility for unpaid family care (UN Women 2020).

Many Palestinians are performing poorly in the labour market with an unemployment rate of 25%. Yet, the overall unemployment rate masks stark differences between the West Bank (15%) and the Gaza Strip (45%). As for women, their labour market conditions are generally worse; women's unemployment rate in the West Bank is 26% as opposed to 64% in the Gaza Strip.⁴ The corresponding unemployment rate for males is 12% and 44%, respectively.

Type of Employment: Provisions of social protection, as mandated by the labour law are limited to wage workers. This section of workers, excluding those working in Israel,⁵ makes up 68% of the total employment. The share of this cohort is higher in the Gaza Strip (80%) as opposed to 63% in the West Bank. Employers make up 7% of the total employment (8% in the West Bank vs. 3% in the Gaza Strip), while the share of the Self-employed is 20% (23% in the West Bank vs. 14% in the Gaza Strip). The rest are unpaid family workers (5% in the West Bank vs. 2% in the Gaza Strip).

² Source of data is PCBS's national accounts.

³ We chose to use LFS data of 2019, rather than more recent data (LFS 2021), to reflect the characteristics of the Palestinian labour market prior to the shocks resulting from Covid-19 pandemic.

⁴ Labour market outcomes for women differ greatly based on educational attainment. Educated women (those with tertiary education) are more active with LFPR of 59% as opposed to 7% for the low educated.

⁵ The Israeli labour market accommodates a large section of the Palestinian workers (17% of the overall wage workers in the WBGs-LFS 2019). Almost all of these workers commute from the West Bank, making up 24% of its total wage workers. Since the breakout of the Second Intifada, Israel has banned workers from the Gaza Strip from entering its labour market. Higher wages in the Israeli labour market is the main reason that drives this commuting pattern.

Wage workers: The private sector is the biggest employer in oPt, accommodating 59% of the total wage employment. Still, data from the LFS 2019 reveal distinct employment patterns between the West Bank and the Gaza Strip. The government sector is a large player in the Gaza Strip, employing 43% of wage employees, about twice the share in the West Bank. UNRWA also hires more workers in the Gaza Strip (7%) relative to the West Bank (1%), mainly because most of the residents in the Gaza Strip are registered refugees (65% in the Gaza Strip vs. 25% in the West Bank) and thus serving them requires a larger workforce.

This regional pattern of employment distribution has important ramifications in terms of the extent of social protection in the labour market. In particular, workers in the Gaza Strip (the West Bank) are more (less) protected as relatively fewer (more) workers are employed in the private sector. As shown below, lack of compliance to labour law provisions of social protection is widespread in the private sector, whereas almost all workers in the government enjoy the benefits as mandated by the civil service law. The same conclusion also holds for UNRWA workers. For example, data from the LFS 2019 show that 96% of the public sector workers and 86% of the UNRWA workers do take paid sick leave. Based on the WCS data, the corresponding share in the private sector is much lower; about 53%.⁶

Type of Employment, by Gender and Region: The LFS data also show distinct patterns by gender and region. The private sector in the West Bank hires half of the employed women whereas the government comes second employing 38%. However, the government is the main employer of women in the Gaza Strip, followed with a wide gap by the private sector and the UNRWA. The private sector is the main employer for men, but to a greater extent in the West Bank (see Table 1). In sum, as far as social protection is concerned, women are relatively more inactive and suffer a higher unemployment rate. But, employed women are more socially protected than employed men since they are more concentrated in law-abiding sectors.

Table (1): Distribution of Employment by Sector of Employer

	West Bank	Gaza Strip	WBGs	West Bank	Gaza Strip	WBGs
Employer	Men			Women		
National Government	23%	43%	31%	38%	43%	39%
Foreign government	1%	0%	1%	4%	0.7%	3%
Local authority	3%	2%	3%	1%	1%	1%
International institutions	0.30%	0.30%	0.30%	0.10%	1%	0.30%
UNRWA	1%	4%	2%	3%	24%	9%
Non-profit Organization	1%	1%	1%	4%	6%	4%
Private Sector	71%	49%	63%	51%	26%	44%
Total	100%	100%	100%	100%	100%	100%

Source of data: LFS of 2019, PCBS.

4. Extent of Social Protection: Provisions of Social Protection, Labour Law No. 7 of 2000

Article (2) of the labour law stipulates that work is a “right of every citizen who is capable of it” and that the Palestinian Authority is required to “provide work on the basis of equal opportunities and without any kind of discrimination at all.” The provisions of the labour law apply to all workers and employers in oPt with the exception of the employees in the public sector, domestic servants,⁷ and first-degree family members of the employers. In this section, we evaluate the extent of social protection as mandated by the labour law covering end-of-service indemnity/severance payment, maternity, and employment injury.

End-of-service indemnity: end-of-service indemnity varies with the wage level, duration of employment, and whether work is voluntary. Article (42) of the labour law indicates that upon retirement/resignation, workers who were

⁶ see below more discussion on the compliance to labour law’s provisions of social protection.

⁷ As mandated by MoL’s Decisions No. 2 of 2013 regarding domestic servants, domestic servants are entitled fourteen days of paid sick leave per year (Article 8). Furthermore, upon expiry or termination of work, the homeowner shall pay compensation covering all work rights based on an agreed settlement with the domestic servant and that the settlement shall be ratified by a representative from the MoL (Article 10). See <https://maqam.najah.edu/legislation/505/>.

employed for 10 years or more shall receive end-of-service indemnity equal to one month of the last earned wages for each year spent at work. This value is discounted by two-thirds if work ends within the first five years of service or by one-third if it ends within the second five years.

If the work contract is involuntarily terminated, workers shall receive a full wage per each year of service (Article 45). Notably, in case of arbitral dismissal, Article (47) mandates that workers shall be entitled to a wage compensation equal to two months for each year spent at work, provided that the compensation does not exceed the total wages of two years. Worth noting, for workers paid by piecework or commission, compensation is calculated based on workers' average monthly wage during the last year of work.⁸

As indicated above, end-of-service indemnity depends on whether a worker voluntarily or involuntarily ends work service. The former type prevails in most of the cases and thus most of the workers do not enjoy the benefit of a full wage per year of service. This can be seen using the WCS data, which allows us to explore the share of workers who switched jobs based on the type of work termination (voluntary vs. involuntary) as well as the duration of employment for previous employment. The data show that among those currently employed, 38% did have a previous job and that almost all (95%) voluntarily resigned. As for employment duration, only 13% of this section of workers spent between 5 to 10 years, 50% worked for a year or less, whereas 87% worked less than 5 years. See Table (2) for more details on the distribution of employment duration. So, for most of the workers who switch jobs, they are often entitled to a third or two-thirds of the last monthly wage per year.

Table (2): Workers' Employment Duration of Previous Work

Duration in Months	Share
Up to months	9%
months to 1 year 6	42%
.year to less than 2 years 1	21%
years to less than five 2 years	13%
years to less than 10 5 years	12%
years or more 10	2%
Total	100%

Source of Data is WCS.

As far as end-of-service indemnity is concerned, the lowest wage level is the prevailing minimum wage. The current minimum wage level, ratified in August of 2021 by the minister of labour, is NIS 1880 a month. The initial monthly minimum wage, installed at the end of 2012, stood at NIS 1450. Both levels are below the current poverty and extreme poverty line for a household with 5 members (NIS 2470 and NIS 1974). By construction, the end-of-service indemnity for low earners (those earning a minimum wage or less) who spent 10 years working for the same employer is below the poverty rate. Even worse, the end service indemnity is below minimum wage for low earners who spent less than 10 years working for the same employer.

According to LFS 2019, the share of low earners in the private sector is 51% (37% in the West Bank vs. 85% in the Gaza Strip). Female workers in the West Bank are disproportionately concentrated among the low earners (55% for women vs. 33% for men). Conversely, more men are among the low earners in the Gaza Strip (56% for women vs. 91% for men) because many women work for the UNRWA, where the average wage is about NIS 125 (about 3.6 times that in the private sector). Thus, it can be included that the provision of end-of-service indemnity leaves low earners behind.

Employment injury: Based on Article (118), employers in the private sector are liable to incur all treatment costs including the cost of rehabilitation services and equipment/accessories. In addition, employers are liable for all claims resulting from injuries even if invoked by a third party. In this respect, employers shall cover the cost of accidents at the workplace or during workplace commuting. Furthermore, in case of temporary disability, employers must provide a wage replacement, equivalent to 75% of worker's wage for up to 180 days (Article 119). If a work accident results

⁸ All workers qualify for the end of service indemnity, even those spent less than a year as concluded by the ruling of the cassation court, case No. 623/2011. For the latter group, the end of service indemnity should commensurate with the period they served.

in death or full-permanent disablement, cash compensation is warranted to the injured worker/heirs of the deceased worker (Article 120). The value of the compensation is worth 3,500 working days or 80% of the basic wage until the worker is sixty years old, whichever is larger. In the case of partial-permanent disability, the cash compensation is valued in proportion to the degree of disablement as determined by the medical board (Article 121).⁹

Still, the labour law entails that employers must shift the financial burden of treatment cost and cash compensation, in case of temporary/permanent leave, to insurance firms. In particular, Article (116) mandates that employers in the private sector must buy a labour insurance policy for each worker from licensed insurance firms. The insurance policy does not cover car accidents or injuries/death that cannot be indisputably proven to be work-related such as sunstroke, hernia, herniated disk, or fatal diseases, e.g. cancer.

Insurance fees vary based on the risk of injury per occupation and are calculated as a percentage of worker wage per month. It ranges from 0.5% (for example, for accountants) to 5.5% for welders. Though, the minimum insurance fee that a firm must pay is \$100 per year. Notably, policy insurance covers workers of all ages. However, for workers who are younger than 18 or older than 60, the fees of policy insurance are often higher. The age-related increase in insurance fees may multiply for risky occupations.

Once work injuries are reported, insurance firms pay treatment costs directly to providers of health services. However, neither the Labour Law nor the Insurance Law No. 20 of 2005 regulate when cash compensation shall be paid. Commonly, insurance firms pay cash compensation and wage loss resulting from injuries and/or temporary leave once treatment is completed, in a lump sum, even if the period of treatment is lengthy. In this case, if the period of leave is extended, workers are left behind and might be subjected to shocks from loss of income. Still, workers can resort to court in an attempt to force insurance firms to pay the wage replacement in a timely manner. In practice, employers may choose to cover wage replacement before treatment is completed and then they can claim payment from the insurance firm.

In case of death from injury, financial compensation is payable directly upon issuing the death certificate. The value of compensation varies depending on the demographic characteristics of the deceased, including marital status, number of children, and whether he/she is the family breadwinner.

Paid Sick Leave: Article (79) mandates that workers shall be fully paid a fourteen-day sick leave per year. If needed, they shall be entitled to a half of the paid sick leave for another fourteen days. Still, an approval of a medical board is a requisite for the paid sick leave if requested by employers. In this case, workers should pay NIS 350 per leave to the medical board; equivalent to 2.5 times the current average daily wage in the private sector in the West Bank. The medical fee is set at such a high level to avoid the abuse of the paid sick provision. Still, it imposes a heavy burden on workers in need of a few days of sick leave. Recently, the MoL substantially reduced the cost, to 10 NIS, only for workers needing up to 3 leave days. For more days of sick leave, workers may choose to avoid paying for the medical fee and instead ask the employers to account for these days as part of the annual paid vacation. This surely hampers workers' access to legal social protection.

Provisions of paid sick leave do not apply to seasonal workers in the agriculture sector due to the seasonal nature of the work. Still, Article (80) sets the stage for the Council of Ministers, based on coordination with stakeholders, to issue regulations for paid vacation provisions, including paid sick leave. In 2004, the Council of Ministers issued cabinet resolution no. 48 concerning seasonal work in the agriculture sector¹⁰ mandating seasonal workers shall receive sick leave, based on a medical report from a medical committee, that does not exceed 3 days.

Maternity leave: Article (103) mandates that employed women who have spent 180 days at work before every delivery are entitled to a ten-week paid maternity leave, at least six weeks of which shall be taken after childbirth.

9 To enhance work safety, Article (91) mandates that employers must issue instructions on occupational safety and health coupled with a list of associated penalties in case of violation. These instructions must be ratified by the MoL and shall be posted on a visible location to all workers. Upon the occurrence of a work injury, Article (117) states among other issues, that employers must notify the MoL in writing about each work injury within 48 hours from the time it occurred and that the injured worker shall receive a copy of this notification. However, data from GAILP's Inspection and Work Protection report of 2019 show a low compliance rate to the latter provision. Of the total work injuries reported to insurance companies in 2019 (6824), only 13% were filed to the MoL. The report also shows that men make up almost all cases (96%) of work injuries. Also, per type of economic activities, 27% of the work injuries took place in manufacturing establishments, followed by agriculture establishments (25%), service sector (18%), and construction sector (12%).

10 Based on Cabinet resolution no. 48 of 2004, define seasonal agricultural work as being performed during a specific time of the year, or on an intermittent but regular basis, with irregular working hours exceeding 8 hours. In terms of the maximum number of working hours, the resolution limits it to 12 hours with a two-hour long break. It also stipulates that workers are entitled to 1 day off for every 6 consecutive days of work, and they are entitled to an annual leave of 1 day for each month of work. Weekly rest days and annual vacations may be summed or reimbursed for according to work necessities. See <https://maqam.najah.edu/legislation/536/>.

This article also stresses that a working woman shall not be fired because of maternity leave unless it is proven that she worked for another employer during the leave.

As far as the eligibility to receive the maternity leave are concerned, the provision of Article (103) is constraining in comparison to that of the civil service law-No.4 of 1998. The latter does not condition receiving maternity leave on completing a number of working days prior to childbirth. Though, it should be noted that the cost of worker benefits is shared among taxpayers, while private employers bear the full cost.

Box 1: Provisions of Social Protection, ILO Conventions

The international labour standards, adopted by the ILO tripartite constituents, set out the basic principles of right at work, including as regards employment, occupational safety and health and social security. They are comprised of non-binding recommendations and binding conventions that produce obligations once a member State decides to ratify. In this box we briefly outline relevant up to date international social security standards, in particular the Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Social Protection Floor Recommendation, 2012 (No. 202) as well related standards. . More information can be found on the online ILO Toolkit on social security standards.

Sickness Benefits: Convention No. 102 provides that sickness benefits should be provided as a result of the incapacity to work resulting from illness and involving suspension of earning. A waiting period of three working days is sanctioned by Convention No. 102, this is usually established to save expense in terms of the administration of short spells of sickness. The level of the benefit should be at least 45 per cent of previous earnings. The benefit should be provided as long as the contingency exists however Convention No. 102 allows for the establishment of a maximum duration of sickness benefits; i.e. benefits should be paid 26 weeks if needed. Recommendation No. 202 calls on states to provide at least basic income security for those who are unable to earn a sufficient income due to sickness for all residents of working age at a level that secures effective access to necessary goods and services, prevents or alleviates poverty, vulnerability and social exclusion; and enables life in dignity.

Unemployment benefits: Convention No. 102 also provides protection in the case of workers who have become unemployed as a result of circumstances beyond their control and who have consequently lost their earnings, although it is not always easy to draw a demarcation line between voluntary and involuntary unemployment. The person should be capable, available and willing to work (often this is associated with registration with a public employment agency). Willingness to work is associated with access to a suitable job; Employment Promotion and Protection against Unemployment Recommendation, 1988 (No. 176) provides guidance on what would be considered a suitable job, including as regards wages, location and other working conditions. Cash benefits should be at least 45 per cent of previous earnings and that these should be paid to a qualified person for at least 13 weeks in the course of one year. The higher standards on the topic is the Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168). It's object is twofold: the protection of unemployed persons through the provision of benefits in the form of periodical payments, and the promotion of employment. It therefore recognizes the value of linking social security to broader social and economic policies directed at one priority goal: the promotion of full, productive and freely chosen employment. In addition to providing benefits in case of unemployment at a minimum replacement rate of 50 per cent of the reference wage, ratifying States are therefore also called upon to adopt appropriate steps to coordinate their system of protection against unemployment and their employment policy. The system of protection against unemployment should therefore be such as to encourage employers in offering, and workers in seeking, productive employment. Persons protected must comprise prescribed classes of employees, constituting not less than 85 per cent of all employees, including public employees and apprentices, or all residents whose resources during the contingencies do not exceed prescribed limits. Convention No. 168 also refers to the importance of coordinated different social security and labour policies, notably as regards severance pay. In particular, when protected persons have received severance pay directly from their employer or from any other source under national laws or regulations or collective agreements (i.e. as a means to compensate them for the loss of earnings suffered in the event of full unemployment), either (a) the unemployment benefit to which the persons concerned would be entitled to may be suspended for a period corresponding to that during which the severance pay compensates for the loss of earnings suffered; or (b) the severance pay may be reduced by an amount corresponding to the value converted into a lump sum of the unemployment benefit to which the persons concerned are entitled for a period corresponding to that during which the severance pay compensates for the loss of earnings suffered. Recommendation No. 202 calls on states to provide at least basic income security for those who are unable to earn a sufficient income due to unemployment for at least all residents of working age and at a level that secures effective access to necessary goods and services, prevents or alleviates poverty, vulnerability and social exclusion; and enables life in dignity.

Employment Injury benefits: Article 32 of ILO convention No. 102 stipulates that provisions of employment injury benefits shall be provided in cases of accident or a prescribed disease resulting in: a) morbid conditions, b) incapacity for work as a result of a suspension of earnings, c) total loss of earning capacity or partial loss thereof in excess of prescribed degree, likely to be permanent, or corresponding loss of faculty, d) the loss of support suffered by the widow or child as the result of the death of the breadwinner. Furthermore, Article 36 of this convention stipulates that the benefit shall be a periodical payment with respect to incapacity for work, total loss of earning capacity, resulting from permanent partial disability or total disability or the death of the breadwinner. Payments shall also be periodical in the case that partial loss of earning is likely to be permanent. It also stipulates that periodical payments may be substituted for a lump sum amounts in a case where the degree of incapacity is slight or a competent authority is satisfied that the sum will be used properly. Benefits shall include both medical care and benefits in cash. In particular, medical care shall include: General practitioner, specialist, dental and nursing care; hospitalization; medication, rehabilitation, prosthetics, eyeglasses, etc., with a view to maintaining, restoring or improving health and ability to work and attend to personal needs. Cash benefits shall be at least 50% of previous earnings in cases of incapacity to work or invalidity, and at least 40% in cases of death of the breadwinner. Long-term benefits to be adjusted following substantial changes in general level of earnings which result from substantial changes in the cost of living. These benefits should be provided as long as the person is in need of healthcare or remains incapacitated. Waiting period except for temporary incapacity to work for a maximum of three days. In addition, Convention No. 102 does not permit a qualifying period for benefits to injured persons. For dependants, benefit may be made conditional on spouse being presumed incapable of self-support and children remaining under a prescribed age. Recommendation No. 202 calls on states to provide at least basic income security for those who are unable to earn a sufficient income due to employment injury, and in particular for all residents of working age at a level that secures effective access to necessary goods and services, prevents or alleviates poverty, vulnerability and social exclusion; and enables life in dignity.

Maternity benefits: Convention No. 102 sets out that women should be entitled to medical care and a benefit in cash in case of pregnancy and childbirth and their consequences resulting in a suspension of earnings. As regards medical care, all women should be able to access prenatal, childbirth and postnatal care by qualified partitioners as well as hospitalization if necessary. Women should receive a maternity cash benefit of at least 45 % of their previous earnings. The cash benefit must ensure that women on maternity leave can maintain themselves and their child in proper conditions of health and with a suitable standard of living. Medical care benefits should be provided throughout the contingency. Cash benefits should be provided for a minimum 12 weeks. The duration of maternity cash benefits is also decided by labour laws. According to the more advanced standard, the Maternity Protection Convention, 2000 (No. 183), maternity cash benefits should be paid for a maternity leave of at least 14 weeks. Convention No. 183 sets out that the cash benefit shall be no less than two-thirds of her previous earnings or a comparable amount. Article 6 stipulates that each member state shall ensure that the qualification conditions for cash benefits should be satisfied by a large majority of eligible women. Women who do not qualify for cash benefits under national laws and regulations shall be entitled to adequate benefits of social assistance funds. Convention No. 183 also states that maternity leave shall be provided through compulsory social insurance or public funds in order to protect women in the labour market as an employer shall not be individually liable for the direct cost to any employed women. Convention No. 102 and 183 also states that maternity benefits should be financed through contributions, public funds or a combination of both, in order to protect women in the labour market. Recommendation No. 202 calls on states to provide at least maternity health care and basic income security for those who are unable to earn a sufficient income due to maternity and in particular for all residents of working age at a level that secures effective access to necessary goods and services, prevents or alleviates poverty, vulnerability and social exclusion; and enables life in dignity

End-of-service indemnity: According to the Termination of Employment Convention, No 158 of 1982, the worker whose employment has been terminated shall be entitled the following benefits: (a) a severance allowance or other separation benefits, the amount of which shall be based inter alia on length of service and the level of wages, and paid directly by the employer or by a fund constituted by employers' contributions; or (b) benefits from unemployment insurance or assistance or other forms of social security, such as old-age or invalidity benefits, under the normal conditions to which such benefits are subject; or (c) a combination of such allowance and benefits.

5. Evaluating the Effectiveness of Access to Social Protection for workers

In this section, we evaluate the extent to which workers in the private sector have effective access to provisions of social protection. These include i) end-of-service indemnity, ii) paid sick leave, iii) employment injury, and iv) paid maternity leave. We firstly estimate the compliance rate of these provisions among the employers. The main findings, utilizing WCS data, show that many workers do not receive the first three provisions. Still, most of the working women who gave birth did receive paid maternity leave. But as shown below, the latter finding does not reflect universal compliance.

Secondly, we explore factors contributing to the low compliance rate with a focus on evaluating the performance of institutions mandated to enhance access to labour protection, i.e., MoL and the HJC. To this end, we utilize a number of evaluation criteria including: sufficiency of human resources; duration of litigation’s inspection activities; and deterrence of sanctions against law violators, among other issues.

5.1 Compliance with Social Protection Provisions

We use WCS data to evaluate the compliance rate among private employers. The estimation of the compliance rate of paid sick leave and employment injury is based on WCS’s employer questionnaire in which employers were asked if they provide these benefits. To this end, the compliance estimate is measured using the share of firms that comply or the likelihood to comply with these two provisions.

Maternity Leave: the estimates are also drawn from the WCS’s worker survey such that the sample is limited to married women who gave birth while working for the current employer (eligible working women). Thus, compliance estimates on maternity leave are measured using the share of eligible working women who enjoy this benefit. We also provide complementary estimates on maternity leave based on the employer responses but exclude firms that do not employ women. Bearing in mind that not all employed women are married or gave birth while working for their current employer, the latter estimate also reflects the employer’s likelihood to comply. Compliance rates on the end-of-service indemnity/severance payment are drawn from the WCS’s worker survey, exclusively utilizing data from the sampled workers who switched jobs (had a previous job). Accordingly, compliance rate is measured as the share of workers who did receive this benefit from previous employers. The estimation of this compliance share includes only this cohort of workers as end-of-service indemnity/severance payment accrues at the end of the employment period.

Findings:

Paid Sick Leave and Insurance against Employment Injuries: The results, documented in Table (3), show that two-thirds of the sampled employers provide paid sick leave. The compliance rate in the West Bank is relatively high (83%), about twice the rate in the Gaza Strip. Notably, the findings show that about 9% of the employers partially comply¹¹ with this provision (not provided to all workers), with a higher rate of such establishments in the Gaza Strip than in the West Bank. The WCS also shows that 71% of the employers insure workers against employment injury. Though, the compliance rate for the latter is slightly higher in the Gaza Strip.

About 7% of the workers indicated that they experienced employment injury. Almost all of them (97%) indicated that the injury warranted incurring treatment costs and close to 63% of them had to temporarily leave the job. Among the latter group, 64% were paid for the leave days.

**Table (3): Compliance Rate of Social Protection Provisions:
Sick Leave and Employment Injury Insurance**

	West Bank	Gaza Strip	WBG
	Paid sick Leave		
Full Compliance	80%	41%	63%
Partial Compliance	5%	13%	8%
No compliance	15%	46%	28%
Total	100%	100%	100%
	West Bank	Gaza Strip	WBG
	Insurance against employment injury		
Full Compliance	64%	72%	67%
Partial Compliance	7%	6%	7%
No compliance	29%	22%	26%
Total	100%	100%	100%

Source of Data is WCS.

¹¹ Partial compliance is identified via matching responses between data sets of workers and employers. Partially complying employers are those providing selected benefits to selected employees.

When disaggregated by firm size (those that hire more than 20 workers vs. fewer than 20 workers), the findings show that the extent of compliance is higher in bigger firms. About 62% of smaller firms vs. 95% of bigger firms comply with the provision of insurance against employment injury. Also, 58% of smaller firms vs. 87% of bigger firms comply with the provision of paid sick leave. However, it turned out that it is not firm size per se that affects the compliance rate. It is likely that other firm characteristics that matter, mainly whether firms use work contracts. Those with work contract are 20% more likely to comply with insurance against employment injury and 15% more likely to comply with paid sick leave.¹²

End-of-service Indemnity: The findings show that among workers who were previously employed (38% of total workers), little over one-third (36%) did receive end-of-service indemnity. The share in the West Bank (40%) is double that in the Gaza Strip. The WCS allows us to estimate the share of workers who received this benefit in accordance with the labour law relative to those who received less than what the labour law mandates and those who are not aware if their benefit accords with the labour law. The corresponding shares are 68%, 22%, and 10%, respectively.¹³ Notably, among those who did not receive this benefit, the majority (about 92%) did not take any measures against their employers, such as filing a complaint to MoL or court. These findings suggest that most workers do not receive end-of-service indemnity.

How do Employers Manage Risks Related to End-of-service Indemnity?

The WCS data show that about 63% of the complying employers embed end-of-service into their accounting system (62% in the West Bank vs. 67% in the Gaza Strip). The majority of these employers save cash for the accrued amount (52% on a regular basis vs. 23% irregularly). As shown in Table (4), more employers in the West Bank apply this practice and do it on a regular basis.

Interestingly, 29% of the complying employers who do pay the “accrued” end-of-service indemnity often do it on a yearly basis. This practice violates provisions of the labour law as end-of-service indemnity should be evaluated at the worker’s last wage upon exiting the firm. Still, employers likely apply this transaction to reduce the associated financial risk in case many workers quit jobs in the same time.

Table (4): Distribution of Employers Based on Saving Cash for End-of-service Indemnity

	West Bank	Gaza Strip	WBG
Regularly save cash for end-of-service indemnity	73%	29%	52%
irregularly save cash for end-of-service indemnity	8%	40%	23%
do not save cash for end-of-service indemnity	20%	30%	25%
	100%	100%	100%

Source of Data is WCS’s employer survey.

Paid maternity leave: Among women who gave birth while working for their current employer (27% of total employed women), about 85% indicate that they enjoyed paid maternity leave. Of all women who did receive this benefit, 71% enjoyed a paid leave of 10 weeks, as mandated by the labour law, whereas the rest received less than that.¹⁴ The WCS data also allowed for estimating the share of employers who either complied or were willing to comply if working women give birth. The findings show that the corresponding share is 64%. Still, the data show differential compliance by region, where the share in the West Bank amounts to 69% as opposed to 49% in the Gaza Strip.

Importantly, this conclusion does not necessarily suggest that the reported estimates of compliance to paid maternity leave correspond to the population’s compliance rate (the total population of employers). In other words, it can’t be concluded that the share of employers that comply with this provision is 64% as women may self-sort to complying employers. As shown in the data, among female workers who gave birth during previous employment, only 14% did enjoy paid maternity leave.

¹² This conclusion is tested via estimating a discrete choice regression model in which the dependent variable takes a value of 1 if a firm complies vs. 0 if it does not. In addition to firm size, the model accounts for other firm characteristics including work contract (whether an employer utilizes work contract), tax registration, whether a firm was inspected, type of economic activities, type of ownership, and place of operation (the West Bank vs the Gaza Strip). The model is estimated for firm’s compliance with provision of insurance against work injury and compliance with provision of paid sick leave. The findings show that once firm characteristics are controlled for, mainly with respect to utilization of work contract, the effect of firm size becomes statistically insignificant. The estimates can be obtained from the authors up on request.

¹³ The establishment sample size is too small to allow estimate the extent to which compliance to end of service indemnity accords with labour law for those wretched jobs in the West Bank vs. the Gaza Strip.

¹⁴ The sample size for working women who enjoyed paid maternity leave is too small to split by region.

To sum up, the findings show that the extent of compliance varies by type of social protection. While employers' self-reported compliance to paid sick leave and insurance against employment injury is relatively high (mainly in the West Bank), it is below universal. Also, the conclusion suggests that while compliance to paid maternity leave is relatively high among eligible women, it likely reflects women self-sorting to complying firms. Nevertheless, compliance to end-of-service indemnity is low. It should be noted that all of the above are based on data from employer and worker self-reporting, so it is possible that errors may have affected the results.

In the following section, we examine the effectiveness of PA institutions to enhance workers' access to social protection. We provide evidence that such institutions suffer weaknesses, which likely explain the documented low compliance, mainly with respect to end-of-service indemnity and maternity leave.

Box 2: Concept of Labour Inspection

ILO Convention No. 81 (applies to the manufacturing and commerce sectors) and Convention No. 129 (applies to the agriculture sector) define the functions, requirements, tasks, and responsibilities of inspection systems. In this respect, the main functions of inspection activities encompass: i) enforcement of legal provisions linked to work conditions and protection at the workplace and ii) offering technical information and advice to employers and workers regarding effective means of complying with these provisions.

To effectively fulfil these tasks, inspection systems should be equipped with sufficient human resources (inspectors). The optimal number of inspectors often accords with the number of establishments and the number as well as complexity of legal provisions. Importantly, inspectors should be equipped with sufficient logistic resources including transport facilities so that inspection activities are frequent and comprehensive (ILO 2020).

Inspection activities can be categorized into proactive (planned field inspection) and reactive (related to complaints, accidents, and disputes). For both types of inspections, inspectors are required to educate employers and workers about the nature and requirements of proper working conditions, including safety at the workplace, work benefits, and social protections. Still, key to enhancing compliance with legal provisions are corrective actions of which sanctions are main pillars. Sanction schemes generally range from relatively lenient measures, such as verbal/written warnings or administrative orders to more burdensome actions, such as monetary fines and prosecutions (ILO 2020).

Sanctions are meant to be deterrent. The extent of the deterrence effect is directly linked to employers' perceptions regarding the likelihood of detection and the severity of sanction (Weil, 2008). Effective sanctions are those that amplify the cost of non-compliance relative to the associated benefits (reduced employment cost). Thus, devising effective sanctions and proactive inspection activities, via making available more inspectors and logistic resources, is key to improve compliance. High compliance rate also depends on reactive inspection. Still, the performance of reactive inspections might be hampered by worker fears of employer's retaliation. To address this challenge, it is suggested to install direct hot lines to allow workers to freely and confidentially file complaints to competent authorities (see Fallah 2014).

6. Access to Labour Protections: Evaluating Effectiveness of Institutional Capacity

6.1 Sanctions Mandated by the Palestinian Labour law

The labour law lists a number of sanctions against violators of the targeted social protection provisions except for end-of-service indemnity/severance payment as it accrues only at the end of the work relation. The following are the legal sanctions that ought to be imposed on non-complying employers in the private sector.

Paid sick leave: non-compliers shall pay a fine ranging between 100 JD and 300 JD per violation and shall pay double the fine in case the violation is repeated (Article 131).

Paid maternity leave: non-compliers shall pay a fine ranging between 100 JD – 500 JD per violation and shall pay double the fine in case the violation is repeated (Article 134).

Employment injury: Employers who do not install safety measures, as mandated by Article (90), shall be sanctioned according to the provisions of Article (131). Also, depending on the risk/severity of safety violation, the minister of MoL has the legal power to suspend machinery operation and completely (partially) close the violating establishment

until complying with the provisions of employment injury (Article 133). Furthermore, employers who do not buy insurance policies against employment injuries (Article 116) or provide treatment to injured workers, as mandated by Article (117,) shall pay a fine between 100 JD – 500 JD. The latter sanction is not as deterrent as those of the aforementioned provisions, since the fine is not multiplied in case of multiple or repeated violations.

A main factor that would dilute the deterrent effect of these sanctions is the fashion in which they are executed. As mentioned above, effective sanctions are those enforced once a violation is detected. In the next section, we show that the practices applied by MoL inspectors do not fulfil this requisite. In most of the cases, sanctions are imposed after non-complying employers receive multiple warnings. In addition to weak enforcement, the mandated sanctions do not fully guarantee that non-compliers would change their course of action and abide by the relevant provisions. In the absence of compliance, impacted workers will have to file civil lawsuits in court to seek cash compensation if they incur treatment expenses or seek wage replacement for sick leave or maternity leave. Pursuing this venue is costly as workers will have to cover lawyer fees (see more discussion below). Also, the likelihood for workers to file a lawsuit while still working for non-complying employers is expectedly low as they fear employer retaliation mainly when alternative job opportunities are rare. These drawbacks hinder workers' access to effective social protection.

6.2 Evaluation Capacity of the MoL's Inspection Activities

The General Administration of Inspection and Labour Protection (GAILP) at the MoL is in charge of labour inspections. GAILP is composed of four departments: occupational safety and health, working conditions, awareness and guidance, and juvenile labour. Regionally, GAILP branches span 12 offices across the West Bank and 5 offices in the Gaza Strip. The main responsibilities of the GAILP are to devise and supervise the implementation of national labour inspection plans. Nonetheless, due to political polarization between Fateh and Hamas, planning and administering inspection activities, like other MoL duties are conducted independently in the Gaza Strip.

GAILP's field inspection activities are currently conducted by 58 inspectors in the West Bank and 20 inspectors in the Gaza Strip. According to Article (110) of the labour law, the duties of the inspectors cover: 1) enforcement of the labour related legislations, particularly in relation to work conditions and circumstances. In this respect, enforcement must include all legal means including receiving complaints and notification; 2) providing employers and workers with the technical information and guidance that help enforce legal provisions; 3) reporting identified infractions to GAILP. Article (113) specifies the measures that inspectors can undertake against violators. Inspectors shall document the detected violations and can take any of the following measures depending on its nature and level of severity: 1) provide advice and guidance; 2) issue an oral warning for employers to comply within a specific period; and 3) issue a recommendation to the inspection commission to issue a written warning. In addition to these measures, MoL inspectors have the judicial power to file lawsuits against non-compliers (see more discussion below). During field visits, inspectors utilize a form to document a requisite list of work conditions, including hours worked; employment injury; work conditions for employed women including maternity leave; paid vacations; wages, insurance against injuries; and work-related diseases. Though, the latter is not covered by insurance policies. Also, paid sick leave is not part of the inspection activities as it is not embedded in the inspection form.

No enforcement of end-of-work-indemnity/severance payment: Field inspection does not cover end-of-work-indemnity/severance payment as it accrues only when workers voluntarily (involuntarily) quit jobs. If a worker is denied this benefit, she can file a complaint to the MoL or file a lawsuit against non-complying employers. The inspectors have no legal power to enforce end-of-work-indemnity/severance payment but they can initiate and lead a mediation process. The labour law, as explained below, provides mediation guidelines only for collective disputes. If the complaint is filed by individual workers, The MoL's Work Relation staff can informally mediate the dispute, but with no formal instructions to guide this process. In such cases, they advise workers of their relevant rights and provide estimation of the end-of-service indemnity/severance payment as claimed by the worker. They also advise employers to comply but have no power to enforce.

If mediation fails, The MoL's Work Relation staff advise to file a lawsuit case against the employer; a costly process that may take years to be completed (see more discussion below). Even when mediation is successful, there is no guarantee that the worker will receive the claimed benefit as mandated by the labour law. Under the pressure of lengthy and costly litigation, workers may concede to employers and accept payment with a value below what is granted by law. Thus, this kind of mediation may violate Article (6) which regards provisions of the labour law as the minimum workers' right that cannot be waived.

The lack of legal amendment to enforce end-of-service indemnity/severance payment is likely a key factor that explains employers' weak compliance as reported above. In the absence of a social security scheme, the MoL

needs to revise the labour law to allow for legal enforcement of this provision beyond what the labour law currently mandates (employers must notify MoL only when they lay off workers, Article 41). Based on WCS data, the share of workers who involuntarily quit jobs (were fired) only constitutes about 5%. The MoL needs to closely follow up on compliance by obligating employers to notify the ministry of each voluntary or involuntary employment termination.

6.3 Settlement of Labour Dispute

The labour law provides a road map to only settle collective disputes (between a group of workers and employer(s), Article 60), which may extend to cover multiple stages. At first, both parties shall consult with a reconciliation officer at the MoL (Article 61). The reconciliation officer has to conclude the settlement within 10 days, otherwise the minister of the MoL shall form a reconciliation committee as an alternative avenue to resolve the dispute within two weeks (Article 62 and Article 63). If the dispute is not resolved at this stage, both parties can resort to the court for judiciary settlement.¹⁵

Notably, these venues of settlement are effective venues as they avoid an expectedly extended time of judicial settlement. However, they serve only a fraction of the overall disputes as most of the labour lawsuit cases are individual-based (between a worker and an employer). While the labour law did not ban individual settlements, it mandates that provisions related to worker rights serve as the minimum limits of rights that cannot be waived (Article 6). Thus, the outcome of the individual-based settlements, like the collective disputes, should accord with the provision of this article.

Recently, in 2021, Law No. 32 regarding the Mediation in Civil Disputes has been ratified to regulate judicial mediation, including labour disputes. According to this law, a new judicial department to mediate civil disputes is to be established as a part of the first instance court (Article 1). The mediators serving in the department can include retired judges, lawyers, and relevant professionals (Article 1). This law serves two main advantages as follows: the settlement must be concluded within three months, and if concluded the settlement shall not be appealed (article 6). Consistent with the above assertion, the outcome of the settlement should not violate workers' minimum rights as mandated by Article (6) of the labour law.

6.4 Channels to Resolve Work Dispute: Insights from the WCS Data

Data from the WCS show that only 5% of employers encountered disputes with workers. As shown in Table (5), over half of the disputes are related to end-of-service indemnity/severance payment. None of these employers indicated that they had any disputes related to maternity leave. Though, this finding is likely affected by the employer sample size as it might not be representative at the level of this analysis (type of disputes). Evidently, data from the WCS's worker survey shows that about half of working women who encountered a dispute with previous employer indicated that it was related to maternity leave.¹⁶

Table (5): Nature of Work Disputes

Nature of the Dispute	Percentage
Annual paid leave	0.40%
Paid maternity leave	0%
Safety & employment injury	12%
End-of-service indemnity	48%
severance payment	7%
Other	33%
Total	100%

Source of Data is WCS's employer survey.

¹⁵ If neither of the two parties resorts to a judiciary settlement and the dispute is proven to affect the public interest, the minister of the MoL shall have the right to oblige both parties to appear before an arbitration committee that the minister form in coordination with relevant authorities (Article 63). The members of the committee include a judge (the chairman); a representative from the MoL; a member representing workers, possibly from a trade union, and a member representing employers (Article 63). In each stage of the aforementioned settlement, the mediator is given the power of the competent court with respect to summon witnesses, hearing, conducting inspections, and seeking the assistance from experts.

¹⁶ Data from the WCS's worker survey show that among workers with previous employment, only 5% did have dispute with previous employers. Most of the disputes are related to the end of service indemnity/severance (57% of the total disputes) and employment injury (26%). Though, this finding should be interpreted cautiously due to small sample size (only 36 observations).

Close to two-thirds of the employers, who encountered disputes, indicate that the disputes took place after workers left their jobs, while most of the other employers (33%) indicate that the dispute started during employment but extended after employees left their jobs. Two-thirds of these employers indicated that courts were the main channel that workers utilized to resolve disputes. Only 18% of the employers indicate that they negotiated directly with workers (see Table 6).

Of all the reported disputes, the employers indicate that 41% were resolved. Notably, whether the disputes have been resolved largely depends on the channels adopted. Those mediated via the MoL were all resolved and most of the disputes that were processed by direct negotiations with workers were resolved (about 80%). On the other hand, only 15% of those channelled via courts were resolved (see below for more discussion regarding challenges affecting labour lawsuits).¹⁷ In total, about two third of the resolved disputes were concluded via direct negotiation with employers. Some of these were initially channelled by other means, including courts.

Table (6): Channels to Resolve Work Dispute

Channels to Rsolve Disputes	Percentage
MoL	16%
Courts	66%
Mediation commission via Chamber of Commerce	0.02%
Direct negotiation with workers	18%
worker union	0.35%
Total	100%

Source of Data is WCS's employer survey.

6.5 Evaluation of Inspection Activities

In this section, we evaluate effectiveness of MOL's inspection focusing on the extent of inspection activities, legal sanctions, and complaints from workers.

Extent of Inspection Activities: Based on GAILP's annual inspection report of 2021, MoL inspectors conducted 11,226 field visits in the West Bank, out of which 5,179 are follow-up visits. In total, these visits covered 8,164 establishments that employ 43,951 workers (30,819 male workers and 13,132 women workers). The estimated share of inspected establishments is 7.5%¹⁸ that accommodate about 10% of total employment in private sector. Available data from GAILP's 2020 report of the Gaza Strip show that 5,090 establishments were inspected (10% of total establishments).

Still, the spatial inspection activities vary considerably in a fashion that does not accord with required level of inspection per governorate. As shown in Table (7), the number of inspection visits for small governorates (See column 1) like Qalqilya and Tulkarm is similar to those of bigger governorates like Jenin and Nablus.¹⁹ The same conclusion also holds for Bethlehem and Jericho. The reason is mainly related to the insufficient and disproportionate distribution of human resources (inspectors). For example, the MoL allocates 4 inspectors to Jenin which has 12,871 establishments as opposed to allocating 6 inspectors to Tulkarim with its 7407 establishments. An exception is Hebron governorate with 17 inspectors to match a large number of establishments (Columns 2 and 3). Column (4) documents inspector loads, measured as the number of establishments per inspector. This indicator shows how many establishments an inspector needs to visit such that all establishments are covered. The data show that wide differences in inspector load per governorate

¹⁷ Findings related to channels of resolving disputes should be interpreted cautiously as the sample size might be too small to draw conclusions at the national level.

¹⁸ The data source total number of establishments is the PCBS's Census of Establishments of 2017. The covered Establishments excludes those in the agriculture sector. So, the documented share of inspected establishments is higher than the actual share.

¹⁹ Data on inspection activities across the Gaza Strip governorates is not readily available.

Table (7): Spatial Distribution of Inspection Visits by MoL in the West Bank

No. visits (1)	No. of Inspectors (2)	No. establishment (3)	Inspector Load (inspector per establishment) (4)	
Ramallah	1147	8	14880	1860
Jerusalem	486	3	5328	1776
Jericho	536	2	1324	662
Bethlehem	805	4	8507	2127
Hebron	4417	17	22067	1298
Jenin	625	4	12871	3218
Nablus	854	7	16178	2311
Salfit	343	2	2732	1366
Qalqilya	625	2	4061	2031
Tubas	613	3	1786	595
Tulkarem	775	6	7407	1235
Total	11,226	58		

Source of data is GAILP's Annual Report of 2022.

Extent of Legal Sanctions: GAILP does not report data on the extent of legal sanctions per targeted provisions (insurance against employment injuries, paid sick leave, and paid maternity leave). To evaluate extent of legal sanctions, we broadly evaluate whether measures that GAILP undertakes are sufficiently deterring by utilizing data on the overall legal sanctions that inspectors undertook during the year of 2021. The findings, based on GAILP inspection report of 2021, show that violations of legal provisions in the West Bank is widespread. In total, inspectors undertook 3,723 measures against 3,697 non-complying employers (45% of total inspected firms). The nature of these measures is as follows: 2,975 alerts, 628 written warnings, 95 court referrals, and 14 cases of closing establishments.²⁰ Based on GAILP's 2020 report of the Gaza Strip, the reported number of measures is 1,102 with similar sanctions policies to the West Bank's (1015 alerts, 85 written warnings, and 2 court referrals).

Given the low compliance rate, it can be concluded that the sanction procedures that the MoL adopts lack the deterrent impact. Upon detecting violations, MoL inspectors often undertake the least deterring sanction mandated by Article (113) regardless of the nature of the violation. However, this article allows inspectors to choose among procedures with various degrees of sanctions based on the severity of the violations. Inspectors choose to firstly notify non-compliers of detected violations before issuing a written warning if faced with defiant employers. Consistent with provisions of Article (107), the final corrective measure that MoL inspectors commonly undertake is referring defying employers to court. Since the first and second sanction measures impose zero cost, non-compliers will optimally choose not to comply until detected. In addition, the fact that the inspectors referred only 95 cases to court does not necessarily mean that that rest of detected violators conceded. For example, the CW data show that 29% of the inspected firms do not comply with insurance against employment injury. This surely suggests that following up on inspection activities should be enhanced.

Complaints from Workers: GAILP in the West Bank received 594 complaints in 2021.²¹ Over half of the complaints are wage-related. Complaints concerning our targeted provisions are in total fewer than a hundred (see Table 8). With few complaints and the widespread noncompliance rate mainly with respect to insurance against employment injury and end-of-service indemnity, it can be concluded that the complaint system adopted by the MoL is ineffective in terms of enhancing workers' access to labour protection. One reason is likely related to workers' fear of retaliation by non-complying employers in case they file complaints. Another reason is expectedly related to awareness among workers regarding the nature of legal provisions (see below for more discussion). Worth noting, no data are readily available to evaluate the complaint system in the Gaza Strip. Though the widespread incompliance rate suggests that it might not be sufficiently effective.

²⁰ GAILP in the West Bank has been consistently using same sanction policy. GAIPL report of 2019 show that inspector undertook 5242 alerts, 1838 written warning, and 207 court referrals.

²¹ Data on type of complaints in the Gaza Strip is not readily available.

Table (8): Distribution of Complaints to MoL in the West Bank

Provisions (No. of article)	No. of complaints
Employment injury & work diseases (116-130)	59
Employing women (100-106)	20
Child labour (93-99)	9
Work safety (90-92)	33
Wages (81-89)	617
Vacation (74-80)	97
Hours worked & Weekly rest (68-73)	44
Collective work relation (49-67)	89
Individual work contract (24-48)	102
other provisions (2-23)	33

Source of data is GAILP's Annual Report of 2022.

6.6 Evaluating the Effectiveness of the Palestinian Judicial System

The Palestinian judicial system²² lacks a specialized court for labour lawsuits. Labour lawsuits are litigated before the magistrate courts or the first instance courts depending on the filed value of the lawsuit. Lawsuits with a value below 20,000 JD should be channelled to the former.²³ The lack of a specialized labour court is a major challenge that hampers workers' access to legal and social protection. As explained in the following discussion, judges are overloaded with lawsuit cases and the litigation procedures are hampered by an inefficient notification system as it substantially prolongs the litigation process including those of the labour lawsuits. Importantly, filing lawsuit cases against non-complying employers is lengthy and costly for workers; a matter that could weaken their stance such that they may concede to employer pressure of receiving cash compensation at a level below what is mandated by the labour law. In what follows, we provide a thorough discussion of these shortcomings.

Overload of Lawsuit Cases: data obtained from the HJC show that the number of labour lawsuits litigated in 2021 amounted to 4,363 cases in the West Bank courts, representing about 16% of the total lawsuits.²⁴ The data also show that the number and share of labour suitcases have increased over the past years (see Figure 1 and 2). In terms of human resources, the number of judges in oPt is 264²⁵ (231 in the West Bank vs. 33 in the Gaza Strip), rising from 197 judges in 2016.²⁶ The current number of judges per 100,000 inhabitants is 7.2 in the West Bank versus 1.03 in the Gaza Strip. This is substantially lower than the average number in the European countries (20 judges per 100,000 inhabitants).²⁷

With a substantial shortage in human resources, the daily load of cases per judge is too high. Based on interviews with selected judges, it amounts to 50-60 lawsuit cases; about twice the number of cases that they can effectively handle. Often, the judges resort to adjournment to handle as many cases as possible per day, leading to extended delays until verdicts are reached. To this end, the average litigation time may take up to three years. Consistently, data from the HJC show that the relisted lawsuits from the previous year make up more than half of total lawsuits (see Table 9).

Table (9): Distribution of Lawsuit Cases: Listed, Resolved, and Verdicts

Year	Relisted lawsuits from previous year	Incoming lawsuits	Total Lawsuits	Lawsuits with verdicts
2017	33,092	30,123	63,215	26,743
2018	36,465	31,725	68,190	29,304
2019	38,879	33,074	71,953	31,016
2020	40,937	15,158	56,095	22,242

Source of Data is HJC.

22 The judicial system in oPt consists of Courts of Appeal, Courts of First Instance, Magistrate court, and the High court. The latter encompasses the courts of cassation and the High court of justice. Normally, lawsuits should first be filed in the first instance or in the magistrate courts. Appealing cases ruled in these courts should be submitted to the appeal and cassation courts.

23 See Article 39 and 41 of the Palestinian civil and commercial procedures law for the year 2001.

24 Data on lawsuit cases in the Gaza Strip is not readily available.

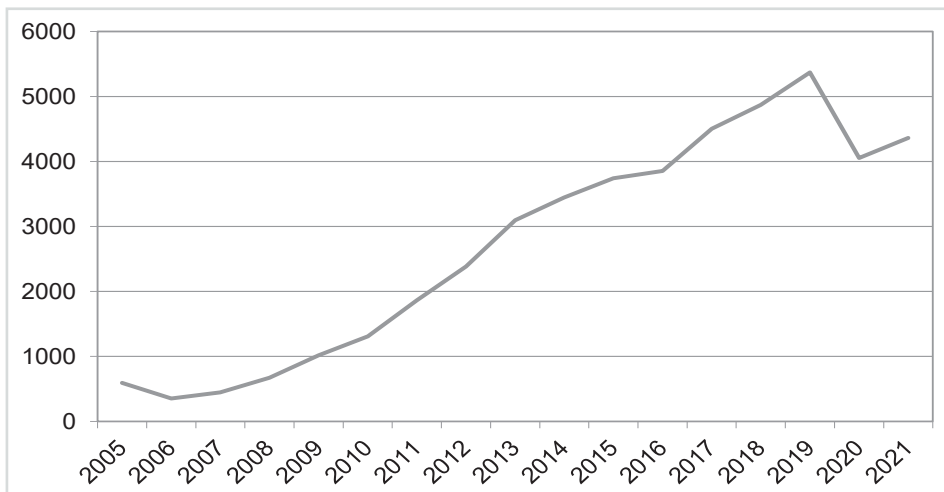
25 The HJC, annual report of the year 2020.

26 The HJC, annual report of the year 2016

27 European judicial systems CEPEJ Evaluation Report, 2018, page 47

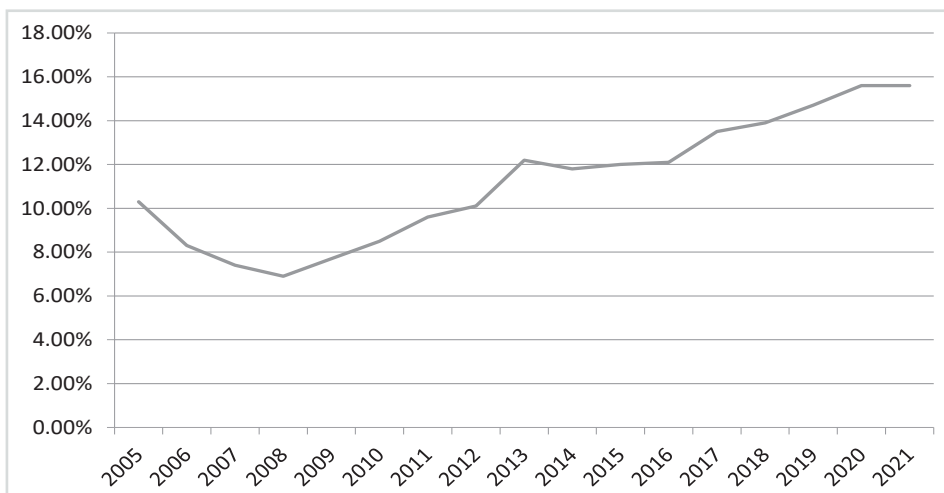
To help address shortages in judges, the HJC has recently (in May of 2021) allocated five judges to exclusively handle labour lawsuits in the West Bank.²⁸ Still, given the high load of lawsuits, many more specialized judges need to be hired. The HJC has also introduced a new reform to shorten the litigation period, limiting the number of adjournments to a maximum of three times and that each adjournment period should not exceed a month. However, unless the number of judges sufficiently increases, the expected outcome of this reform is less likely to materialize. Still, given the high number of labour cases, it is vital to establish a specialized labour court to ensure that judges handling labour lawsuits acquire relevant skills and experience for a sound and timely judicial process. Currently, many judges lack proper training or expertise to handle labour lawsuits in this fashion.

Figure (1): Number of Labour Lawsuits in the West Bank: 2005 – 2021



Source of data is HJC.

Figure (2): Share Labour Lawsuits in the West Bank: 2005 – 2021



Source of data is HJC.

Fees of labour lawsuits: the labour law exempts workers from paying judicial fees. Article (4) stipulates that workers shall be exempted from the judicial fees on claims related to wages, leaves (including maternity and sick leave), end-of-service indemnity, arbitrary dismissal, or compensation for employment injury. Still, if a worker chooses to file a suit case, she will have to cover lawyer fees which range between 5% to 25% of the wage compensation.²⁹ As mentioned above, claimants do not need to seek legal representation to file cases before the magistrate court. But even in this case, workers do not have the legal skills to pursue self-representation. Thus, net of lawyer fees, the value of cash compensation or wage replacement that workers may receive via legal litigation is likely below the minimum worker rights that the labour law mandates (Article 6).

Inefficient Judicial Notification System: Judicial notification is a judicial communication note designed to inform recipients about attending a pre-scheduled court session to preserve and defend the legal rights of claimants/

28 See <https://wafa.ps/Pages/Details/22955>.

29 See Lawyer Code of Ethics, https://maqam-najah-edu.translate.goog/legislation/270/?_x_tr_sl=ar&_x_tr_tl=en&_x_tr_hl=en&_x_tr_pto=sc.

defendants. Article (8) of Civil and Commercial Procedure law No. 2, ratified in 2001, specifies the requisites of judicial notification, unless otherwise permitted by a judge. Mainly, the notification should be placed on working days between 7:00 in the morning and 7:00 in the evening. Also, Article (11) mandates that the court registry issues the notification and should be dispatched by the court clerk or post office no later than two days. The notification must be delivered to the recipient(s) within a week.

Furthermore, Article (9) stresses that the notification form must include specific information, including the name of the court, the case number, and the full name of the person to be notified among other issues. If any of this information is correctly specified, the notification process might be substantially prolonged and the process of judicial notification becomes a major obstacle to achieving effective and timely litigation. Evidently, many lawsuit cases are deferred due to improper notification. For example, data from HJC show that 2,364 cases in 2013 (most recent available data) were postponed due to notification and that 15,789 cases were postponed due to re-notification purposes.

In sum, the costly and lengthy litigation procedures resulting from shortages in judges and an inefficient notification system are expected to hinder workers' access to legal social protection. Such hindrances are also expected to decrease the likelihood that workers resort to court and may force them to concede to a suboptimal settlement with non-complying employers.

7. Workers' and Employers' Awareness Regarding Social Protection Provision

The WCS data allow to firstly investigate the extent of awareness among workers and employers regarding the targeted provisions of social protection as mandated by the labour law. In this respect, we provide statistics on the share of employers that received awareness support from MoL inspectors and whether employers believe that MoL's awareness activities are satisfactory. The findings show that 39% of the employers indicated that they were approached by the MoL for the purpose of awareness-raising. The response was not limited by a certain period, so this could include employers who were approached several years ago. Regionally, more employers in the Gaza Strip benefited from the MoL's awareness activities (55%), about twice the share in the West Bank. Yet, despite the fact that awareness activities of the MoL were far from universal, most of those who were targeted highly rated such awareness activities. In particular, the evaluation of 78% of the employers was perceived as good, 16% was average, while 5% was poor.

We further examine the extent of awareness among employers and workers via directly examining their knowledge of selected labour law articles of social protection by asking the sampled employers and workers true/false questions. The findings per statement for employers and workers are reported in Table (9) and (10), respectively, which list the share of employers who answered correctly. The correct answer is provided in the parenthesis of each false statement.

The findings suggest that employers' knowledge about the targeted provisions of social protection is limited; out of 8 true/false statements, employers answered about half correctly (the mean score is 4.4). The majority of employers have poor knowledge regarding the provision of end-of-service indemnity, paid annual leave, and due time of paid maternity leave. On the other hand, employers are well informed about the paid sick leave and the coverage of insurance against employment injury. Regionally, the findings show that employers in the West Bank are relatively more aware of social protection provisions, with an average score of 4.7 as opposed to 4.03 for those in the Gaza Strip (see Table 10).

The analysis further tests the effectiveness of MoL's efforts to raise employers' awareness as a more accurate test than that of seeking their rating as discussed above. In this respect, we examine if employers approached by the MoL for the purpose of raising awareness score better in the above test than those who were not approached. To undertake this exercise, we utilize a multivariate regression model in which the dependent variable is the average score per employer. The main explanatory variable is an indicator (dummy variable) showing if employer (establishment) was approached. The regression model controls for a number of establishment characteristics, including whether it provides a work contract; whether it is registered at the Ministry of Finance (to reflect business formality); the number of wage workers; the establishment's type of ownership; and the type of economic activity. The regression estimates, reported in Table (C) in appendix 1, show that the MoL's awareness activities were only effective in the Gaza Strip. Employers that were approached by the MoL are marginally more aware of provisions of social protection than employers who were not approached. In particular, those who were approached scored extra 0.5 point, out of 8 points.³⁰

³⁰ Data from the WCS's worker survey do not allow for conducting a correlation test between workers' knowledge regarding provisions of social protection and MoL's awareness efforts. The questionnaire of this survey does not include an indicator whether the sampled workers were employed at the time when the establishment was approached by the MoL.

The findings for the workers are similar. Out of 10 statements, they answered about 4 statements correctly (the mean score is 4.19). Like the employers, most of the workers have poor knowledge concerning provisions of end-of-service indemnity and annual paid leave. Notably, questions regarding maternity leave were only answered by working women. It turns out that the majority of this cohort are unaware that the due date of maternity leave precedes the birthdate. Also, a large section of working women (39%) is not aware that the span of maternity leave is 10 weeks. On the other hand, workers have good knowledge of paid sick leaves and insurance against employment injury. Also consistent with the employer findings, the level of awareness about social protection measures in the West Bank (average score of 4.4) is slightly higher than in the Gaza Strip (average score of 3.6) (see Table 11).

Table (10): Employers' Awareness Regarding Provisions of Social Protections

	West Bank (1)	Gaza Strip (2)	WBG (3)
1. The employer has the right to pay end-of-service indemnity on instalments (for the amount accrued) before workers exit firms (No, end-of-service indemnity must be paid in lump sum at the end of employment duration).	51%	35%	45%
2. The worker who spent less than five years at the firm and resigned shall be entitled an end-of-service indemnity of one month worth of wage for each year he/she spent at work. (No, with this period of employment workers are entitled one third of the latest wage).	29%	26%	28%
3. The worker who completes one year at work is entitled to 21 days of paid annual leave (No, with this period of employment workers are entitled 14 days of paid annual leave)	29%	11%	21%
4. The worker is entitled to 14 days of paid sick leaves annually (Yes)	93%	81%	88%
5. The working woman is entitled to a paid maternity leave for a period of ten weeks (Yes)	64%	58%	61%
6. The working woman is entitled to a paid maternity leave for each child birth (Yes)	72%	57%	66%
7. The working woman is entitled to a paid maternity leave only after giving birth (No, a working woman is entitled a paid maternity leave prior to giving birth)	39%	57%	47%
8. In the event an injured worker receives injury compensation, he is not entitled to an end-of-service indemnity (No, workers are entitled an end-of-service indemnity regardless of the compensation of employment injury)	75%	28%	55%
9. The employer must provide insurance coverage to all his workers against work injuries from licensed insurance providers in oPt (Yes)	91%	91%	91%

Source of Data is WCS.

Table (11): Workers' Awareness Regarding Provisions of Social Protections.

	WB	GZ	WBG
1. Workers shall receive end-of-service indemnity upon ending work (Yes)	93%	70%	86%
2. The employer has the right to end-of-service indemnity on instalments (for the amount accrued) before workers exit firms (No, end-of-service indemnity must be paid in lump sum at the end of employment duration).	28%	23%	26%
3. The worker who completes less than five years at the firm shall be entitled to a severance payment of one month worth of wage for each year he/she spent at work (No, with this period of employment workers are entitled one third of the latest wage)	23%	21%	22%
4. A worker who completes one year at work is entitled to 21 days of paid annual leave (No, with this period of employment workers are entitled 14 days of paid annual leave)	25%	8%	20%

5. A worker is entitled to 14 days of paid sick leaves annually (Yes)	87%	81%	85%
6. The working woman is entitled to a paid maternity leave for a period of ten weeks (Yes)	77%	88%	80%
7. The working woman is entitled to a paid maternity leave for each child birth (Yes)	80%	87%	82%
8. The working woman is entitled to a paid maternity leave only after giving birth (No, working woman is entitled a paid maternity leave prior to giving birth)	29%	7%	23%
9. In the event an injured worker receives injury compensation, he is not entitled to an end-of-service indemnity (No, workers are entitled an end-of-service indemnity regardless of the compensation of employment injury)	64%	25%	52%
10. The employer must provide insurance coverage to all his workers against work injuries from licensed insurance providers in oPt (Yes)	94%	88%	92%

Source of Data is WCS. †Only working women answered this question.

The far-reaching message of the aforementioned analysis is that the institutional capacity to enhance workers' access to the provisions of social protection is weak. This can be explained by an ineffective judicial system and ineffective enforcing power by the MoL. This is in addition to the lack of MoL's deterring practices and inefficient inspection practices. The latter can be attributed to a number of factors that mainly include:³¹

- Shortage of inspection facilities, mainly transportation: inspectors do not have a sufficient number of inspection vehicles. In fact, the MoL allocates only one car per office to help carry out various tasks including field inspection.
- Lack of human resources to effectively follow up on cases that inspectors report to GDLIA.
- Weak incentives: Inspection activities are not incentive-based. Often, inspectors do not receive sufficient remuneration in returns of well-performed inspections.
- Testimonial burdens: some inspectors are reluctant to file violations to court due to lengthy testimony as they have spent too many hours queuing in court to testify for a single case.

Box 3: Social Protection for Palestinian Workers in the Israeli Labour Market and Illegal Israeli Settlements

The Israeli labour market absorbs a large number of Palestinian workers (24% of the West Bank's total wage workers, LFS 2019) due to high rates of unemployment and relatively low pay in the oPt (ILO, 2021; ITUC, 2021). The Palestinian workers serve as a pool of cheap labour to mitigate labour shortages in the Israeli labour market. As shown below, Palestinian workers are often subject to harsh working conditions and deprivation of social protection (ITUC, 2021).

Officially, commuting to the Israeli labour market is tied to a permit system that commonly links Palestinian workers to pre-identified Israeli employers. This excludes Palestinian workers from residing in East Jerusalem who possess an Israeli permanent resident permit. Notably, most permitted Palestinian workers are systemically denied their social protection rights, despite mandatory wage deductions and employer contributions for social benefits. Less than 16% of Palestinian workers with legal work permits were paid sick leave and only about 21% of Palestinian workers with permits were paid annual leave (ILO 2019). At the other end of the spectrum, about 26%³² of the Palestinian workers in the Israeli labour market do not have a work permit (commute illegally). These workers do not enjoy any form of social protection.

Legally, Israeli employers must pay Palestinian workers at least the prevailing minimum wage and grant them all social benefits set in the Israeli labour law and collective bargaining agreements (ITUC, 2021). However, in order to collect such benefits, employers must provide workers with pay-slips.³³ Only 39% of Palestinian workers, excluding those with Israeli permanent residency, receive a written pay-slip from their Israeli employers. Notably, pay-slips are often compounded with inaccurate reporting of working hours and pay, depriving workers of the social rights that are calculated based on such information. Workers are often reluctant to demand their rights fearing of retaliatory actions of Israeli employers, mainly nullifying their work permits (ITUC, 2021).

³¹ Based on interviews with MoL inspectors.

³² Source of data is LFS 2019.

³³ The pay slip contains employment information that among other issues include: starting date of employment; working days and hours; vacation days and sick leaves; wage level and other payments (including overtime pay, convalescence pay, vacation pay and sick pay), payments liable to income tax and social security contributions.

Most Palestinians in the Israeli labour market (86%) are employed in the construction and mining sector, where the risk of work-related injuries/casualties is high.³⁴ Although insured for employment injury under the Israeli law of Social Security, most workers are unable to access adequate healthcare or injury compensation. This is because Palestinian workers are not entitled to receive medical care in Israel outside of initial emergency treatment. Moreover, workers have to self-finance healthcare costs and then go through the reimbursement process which is often complex and requires Hebrew-based documentation. In addition, most workers are unable to self-finance such costs without immediate reimbursement and will likely lose pay due to absence from work. In total, only 5% of the construction workers who receive employment injury compensation are Palestinian, despite comprising 50% of the injuries in the sector (see ITUC, 2021).

8. The Suspended Social Security Law No. 19 of 2016: A Revision Guideline

In 2016, the Palestinian President ratified the social security law No. 19 of 2016, which covers a) insurance against employment injury, b) retirement, disability and death, and c) maternity leave. Mandated by this law, cost of providing the first two benefits is shared between workers (7% of the wage) and employers (9% of the wage). See below for more discussion on the benefits related to maternity leave. The law also covers other benefits, including health insurance, unemployment insurance, and family benefits insurance. However, these benefits shall be applied gradually and in subsequent stages in accordance with regulations issued by the Council of Ministers. As the implementation date approached in 2018, the social security law was halted after months of widespread civil protests.

Private Sector Stance on the Suspended Social Security Law: Prior to suspending the social security law, representatives from the private sector provided suggestions to revise it. These include:³⁵

- Suspend the obligatory enrolment of the social security law for 10 years. During this period, subscription to the social security fund should be optional to employers and workers.
- Enhance governance of the Social Security Fund (SSF) such that staff are hired transparently and that operation practices follow international best practices.
- Form a committee representing the government, private sector, and workers to initiate a dialogue for the purpose of amending provisions of the social security law and restore mutual trust.
- Ensure that the SSF board of directors genuinely represent stakeholders and take into account geographic distribution of workers and employers in a manner that avoid conflict of interest.
- Effectively raise awareness regarding the provisions of the social security law.
- Devise the associated by-laws prior to the implementation of the social security law.
- Examine the impact of implementing the social security law on the Palestinian economy.

Settlement of labour rights prior to the enforcement of the Social Security law: the suspended social Security law stipulates that the employers shall pay end-of-service indemnity to employed workers for the period preceding the implementation of social security (Article 116). However, it was disputed whether workers who have spent fewer than 10 years working for the current employer are entitled to an end-of-service indemnity worth one month of wage per year given that the work relationship has not actually ended during this period.

To legally settle this issue, the Supreme Constitutional Court issued an explanatory decision No. 7 of 2018 stating that end-of-service indemnity must be a full wage for each working year. The ruling has further stipulated that the method and time of payment should be settled between workers and employers, provided that the duration of the settlement should be concluded within a limited time. In this respect, the duration of the settlement should be determined by taking into account several factors including worker's service period, worker's age, and the ability of the employers to pay the amount due. Notably, the decision to determine the maximum time duration was left to the MoL, provided that the agreement does not impair the real and fair value of the worker's entitlements (rights) and into consideration possible repercussions that the employers may face.

While socially optimal for workers, the ruling of the Constitutional Court may come at the expense of the employers. As indicated by private sector representatives, asserting that employers should pay a full wage to all workers may jeopardize the financial viability of employers. Thus, exploring venues to address the financial burden of settling end-of-service indemnity for the period preceded the implementation of the social security law is vital to ensure widespread approval among employers and ensure that they are financially intact.

³⁴ In 2020, 47 Palestinians died due to work accidents in Israel. Almost all of them worked at the construction sector. See <https://www.wafa.ps/Pages/Details/15316#:~:text=%D8%B1%D8%A7%D9%85%20%D8%A7%D9%84%D9%84%D9%87%2028%2D12%2D20%20%D9%88%D8%AC%D9%88%D8%AF%20%D8%B1%D9%82%D8%A7%D8%A8%D8%A9%20%D8%B9%D9%84%D9%89%20%D9%88%D8%B1%D8%B4%20%D8%A7%D9%84%D8%B9%D9%85%D9%84%D8%8C>.

³⁵ Based on a workshop held at Hebron's Chamber of Commerce.

8.1: Perception of Workers and Employers Regarding the Suspended Social Security Law

The WCS data provide insights on employers' and workers' stance regarding the suspended social security law. Only 34% of the employers believe that the law should have been implemented, though one third of this group have reservations regarding specific provisions. Employers that oppose the law are minority, representing only 14%. Notably, the majority of employers (52%) have not yet chosen a position. The data also show that most employers who oppose the law are in the West Bank and that close to two-thirds of employers in the Gaza Strip have yet to take sides. As for workers, the share of those approving the social security law or who have not yet decided is similar to that of employers. Though, more workers (almost all from the West Bank) oppose it (see Table 12).

Table (12): Workers and Employers Position on the Suspended Social Security Law of 2016

Position on Suspended Social Security Law	Establishments			Workers		
	WB	GZ	WBG	WB	GZ	WBG
I approve the law and should have implemented	22%	22%	22%	18%	23%	19%
I have some reservations on specific provisions, but it should have been implemented	11%	14%	12%	19%	6%	15%
I disapprove the law, it is good that it was suspended	23%	2%	14%	28%	1%	20%
No decided	44%	62%	52%	35%	70%	46%
Total	100%	100%	100%	100%	100%	100%

Source of Data is WCS.

Table (13) ranks the reasons behind opposing the social security law. These include lack of trust in the Palestinian authority (PA), the lack of trust in the administration of the Social Security Fund, risks associated with collapse of the PA, and objections to specific provisions in the Social Security Law.³⁶ The findings show that the latter factor comes first both for the employers and workers, while factors related to trusting the PA or fears of PA collapse come last.

Table (13): Reasons Related to Opposing the Suspended Social Security Law of 2016

	Establishments	Workers
Lack of trust in the PA	44%	54%
Lack of trust in the administration of the Social Security Fund	71%	69%
I have objections of specific provisions in the Social Security Law	90%	95%
High risks associated with the collapse of the Palestinian Authority in the future	53%	54%

Source of Data is WCS.

8.2 Familiarity with the Provision of the Suspended Social Security

The WCS questionnaire also allows to examine the extent to which employers and workers are familiar with the provisions of the suspended social security law. The findings show that the largest share (48% of the employers and 44% of workers) indicate that they are not. Only 21% of the workers and employers are satisfactorily familiar, whereas 31% of employers and 35% of workers are partially familiar.

The position of workers and employers on the suspended social security law is directly related to the degree of familiarity with its provisions (see Table 14 and 15). The WCS data show that a greater level of familiarity is correlated with more support for the suspended law. Most of those who are in favour of the suspended law are familiar with its provisions, while many of those having reservations over specific provisions are partially familiar. Notably, most of the undecided are not familiar with the law. This finding has important implications such that ensuring that employers and workers are well acquainted with the social security law is key to their approval.

³⁶ The WCS provides no insights on which specific provisions are controversial.

Table (14): Employers Familiarity with the Suspended Social Security of 2016 and its Relation to their Position from the Law

	I approve the law and it should have implemented	I have some reservations on specific provisions, but it should have been implemented	I disapprove the law, it is good that it was suspended	Not decided
Familiar with the social security provisions	56%	24%	35%	1%
Partially familiar with social security provisions	30%	57%	60%	18%
Not familiar with social security provisions	14%	19%	4%	81%
Total	100%	100%	100%	100%

Source of Data is WCS

Table (15): Employers Familiarity with the Suspended Social Security of 2016

	I approve the law and it should have implemented	I have some reservations on specific provisions, but it should have been implemented	I disapprove the law, it is good that it was suspended	Not decided
Familiar with the social security provisions	61%	30%	13%	5%
Partially familiar with social security provisions	31%	67%	83%	5%
Not familiar with social security provisions	8%	3%	4%	89%
Total	100%	100%	100%	100%

Source of Data is WCS

Box 4: Comparison Between the Suspended Social Security Law and Public Pension

In the beginning of 2021, MAS led a social dialogue among stakeholders regarding the controversial aspects of the suspended social security law. Building on MAS's related publication (Khalidi, 2021), we highlight in the following discussion a number of aspects that we think are important to consider in revising the social security law. In particular, we document differences between provisions of the social security law and those of the labour law and/or law of public pension No. 7 of 2005, focusing on the following aspects: calculation of retirement salary in the case of death, early retirement, maternity leave, and settlement of end-of-service indemnity.

Calculation of Retirement Salary in the Case of Death: The social Security law asserts that eligibility of pension in the case of death entails that the deceased must have paid a contribution for no less than 12 months (Article 64). Nonetheless, such a condition is not an eligibility condition of the public pension.

Early Retirement: as mandated by the suspended Social Security law, the eligible age for early retirement was set at (55) for both women and men, stipulating that men would have paid at least 300 monthly contributions (equivalent to 25 years) and that women would have paid at least 240 monthly contribution (equivalent to 20 years). As for public pension, men need to complete a total of 240 contributions (equivalent to 20 years), while women need to complete 180 contributions (equivalent to 15 years). In addition, it allows early retirement at the age of (50) if men and women have respectively spent 25 and 20 years in service.

Maternity leave: Article 103 of the labour law grants working women a 10-week paid maternity leave without any qualification provided that they have worked for the same employer for at least 180 days prior to birth date. However, the Social Security law conditions receiving maternity leave on paying at least three months of contributions in the year preceding the maternity leave (Article 90). Otherwise, a worker's rights to paid maternity leave and the employer's obligation to pay it are forfeited. This constitutes a discrimination on the basis of sex and violates the Basic Palestinian law (Article 9). Thus, it is recommended to match requisite eligibility conditions of maternity leave with that of the labour law.

9. Main Conclusions and Recommendations

The aim of this research is to explore the efficacy and accessibility of social protection in Palestine as mandated by the current labour law, covering end-of-service indemnity/severance payment; employment injury; paid maternity leave; and paid sick leave. Using employers' and workers' self-reporting data of work conditions, we show that employers compliance rate is below universal for employment injury; paid maternity leave; and paid sick leave provisions, whereas it is substantially low for the end-of-service indemnity.

While the labour law mandates that all workers in the private sector shall have access to the provisions of mandated social protection, some existing practices are precluding progress. These include possible delay of cash and wage compensation in case of employment injury until treatment is completed. To this end, workers might be subjected to shocks from loss of income during treatment period. In addition, associated transaction cost to approve paid sick leave might also be prohibitive. Furthermore, the sanctions mandated by the labour law lack effective deterrence against non-complying employers and do not fully guarantee access to social protection. The impacted workers may have to file civil lawsuits in court to force compliance. Pursuing this venue is often costly and risky as they may fear retaliation from employers mainly when alternative job opportunities are rare. Notably, end-of-service indemnity is not part of MoL's field inspection as it accrues only at the end of employment duration. If a worker is denied this benefit, she can file a complaint to the MoL or file a lawsuit against non-complying employers. Under pressure of lengthy and costly litigation, workers may concede to employers and accept a payment with a value below what is granted by law. Also, the existing institutional capacity to enhance workers' access to provisions of social protection is weak. This can be explained by an ineffective judicial system and ineffective enforcing power by the MoL. This is in addition to the lack of deterring practices and efficient inspection practices, which can be attributed to a number of factors including shortage of inspection facilities (mainly transportation), lack of human resources, weak incentives to perform effective inspections, and testimonial burdens if violations are filed to the court.

The labour law provides a road map to only settle collective disputes, which represents a fraction of work disputes. The WCS data show that most of the disputes have been resolved via direct negotiation between workers and employers or mediation via the MoL. Such direct negotiation venues do not guarantee that workers receive the minimum work benefits as mandated by the labour law. Nonetheless, the recent ratification of, the law of Mediation in Civil Disputes is considered a progress to accelerate the process of individual disputes. But this is only one step to enhance access to social protection as only few workers file work-disputes against non-complying employers, mainly with respect to end-of-service indemnity. A main impediment that precludes efficient and effective access to social protection is lack of labour courts. Currently, the number of judges is insufficient and thus they are overloaded with lawsuit cases and the litigation procedures, including those of labour suit cases. Also, the current notification system is inefficient, which further prolongs the litigation process and thus hampers workers' access to social protection. Prolongs

Another factor that impedes access to social protection is employers' and workers' awareness of the relevant provisions. The majority of employers and workers have limited knowledge regarding provisions of end-of-service indemnity, paid annual leave, and due time of paid maternity leave. The WCS show that many employers acknowledge that they were approached by MoL inspectors for the purpose of raising awareness. Still, these awareness-raising activities only marginally contributed to employers' knowledge and only in the Gaza Strip.

Recommendations: A Look Forward

To enhance workers' access to social protection as provided by the current labour law, several requisites should be fulfilled. These included establishing labour courts; increasing the number of judges; making available more resources to MoL inspectors; enhance inspection activities in terms of coverage and deterrence, and raising awareness regarding provisions of social protection. Still, since employers fully finance provisions of social protection, some of them will always resist compliance (mainly with respect to end-of-service indemnity) and workers may fear retaliation if they pursue compliance enforcement. Thus, replacing the existing scheme of employer-liability provisions with a social insurance system based on collective risk-sharing and solidarity in financing should be the primary focus of any upcoming reforms.

In 2016, the Palestinian President ratified the social security law No. 19 of 2016, which covers a number of work benefits including insurance against employment injury, retirement, disability, and death, and maternity leave, among others. However, as the implementation date approached in 2018, the social security law was halted after months of widespread civil protests. Recently, a tripartite social dialogue has taken place to review the suspended social security law. In terms of employers' and workers' positions on the suspended law, the findings of this research show

that while the approval rate is low, many workers and employers are still undecided. It turns out that the approval rate is directly related to the degree of familiarity with the provisions of the suspended law. The WCS data show that a greater level of familiarity is correlated with more support of the law, suggesting that enhancing awareness about its provisions is key to guarantee widespread approval.

Notably, reviewing the suspended social security law must take into account a number of issues to guarantee a fruitful outcome. The findings show that the reasons behind opposing the suspended social security law include objections to some of its provisions, lack of trust in the administration of the Social Security Fund, lack of trusting the PA, and fearing its collapse due to the chronic political upheaval and continuation of the Israeli occupation. Furthermore, enforcing a revised social security law typically needs sufficient capacity and resources that need to be available by the social protection institutions (judicial system and the MoL). If existing poor capacity continues to be maintained, then it is less likely that a widespread compliance will be attainable. This concern then raises a question whether financing social security benefits is then sustainable.

Another issue is related to the worker representation in the social dialogue. The WCS data show that most of the wage workers are not affiliated to labour unions outside of the establishment or inside the establishments (the affiliation share is only 13% and 5%, respectively), while those affiliated to vocational unions only make up 14%. So, unless the issue of worker representation is resolved, the ongoing or future social dialogue will lack legitimacy. As for employers, it must also be ensured that they widely abide by the outcome of the social dialogue. A similar social dialogue (negotiation) experience shows the did not. In the end of 2012, a minimum wage was ratified following a lengthy negotiation among representatives of workers and private sector. Documented evidence shows that compliance among employers has been weak (Fallah 2014). Here also, the issue of representation is likely an explaining factor. In sum, a reasonable representation of workers and employers in the social dialogue is key to ensuring a successful outcome.

Finally, the settlement of end-of-service indemnity for the period prior to the enforcement of the social security law, as outlined by the supreme court, remains a vital issue that need to be addressed. It must be part of a future social dialogue to explore venues that reduce the associated financial burden that employers are expected to endure, whilst maintaining the entitlements accrued by workers under the labour law. Possible venues may include paying end-of-service indemnity at the end of employment duration or pay in instalment for an extended period.

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Appendix

Appendix 1: A Brief Description of the WCS Data

The WCS data was collected by the PCBS in the following fashion. Firstly, establishments were randomly selected utilizing the sampling frame of the Census Establishments of 2017. The sample of the selected establishments were chosen such that they include at least one wage worker from each establishment. The sample size of the establishments is 451 (333 establishments in the West Bank vs. 197 in the Gaza Strip). The sample covers all main economic activities except for the agriculture sector and part of the construction sector (employers who do not operate in establishments).

In terms of type of ownership, most of the selected firms are sole proprietorship (66%). Companies come next (15%), followed by corporations, including private and public equity (15%). Cooperatives and NGOs make up 1% and 3%, respectively. See also Table (A) for the distribution of the establishment by size (number of workers) and type of employees including unpaid family members and wage workers. Most of the establishments are small in size, hiring fewer than 10 workers.

From each selected establishment worker(s) were randomly selected in which the number of selected workers is proportionate to the establishment size. In total, the sample size of wage workers sums to 1,452 in which 987 were selected from the West Bank. The average worker age is 34 years old (the age distribution is presented in Table B). About 12% of the sampled workers are women. On average, sampled workers work 5.8 days a week with an average of 8.3 hours a day. Given the sample size of firms and workers, conclusions drawn from the WCS survey are representative only at the region level (the West Bank and the Gaza Strip).

Table (A): Distribution of Establishments Number of Employees

	Total Workers	Total Wage Workers
1 to 2	31%	46%
3 to 5	33%	23%
6 to 10	17%	14%
11 to 19	8%	6%
20+	11%	11%
Total	100%	100%

Source of data is PCBS's WCS.

Table (B): Age Distribution of Wage Workers

Age category	%
15 to 24	19%
25 to 34	41%
35 to 44	21%
45 to 54	11%
55 to 64	7%
65+	0.5%
Total	100%

Source of data is WCS

Table (C): Correlation between Employers' Knowledge of Social Protection Provision and MoL Awareness Activities

	West Bank	Gaza Strip
Employer were approached by MoL ¹	-0.2334 (-1.03)	0.492 (1.69)*
Employer provide work contract ²	0.1979 (0.76)	-0.73571 (-1.75)
Establishment is registered at the MoF ³	-0.3234 (-1.09)	0.026 (0.06)
Size of Establishment ⁴	0.0883 (0.92)	0.119 (0.79)
Other control variables		
Type of establishment ownership	Yes	Yes
Type of economic activity	Yes	Yes
No. of Observations	333	197

The dependent variable is the average score per employer.

¹ This variable is an indicator measuring whether the that employer (establishment) were approached by the MoL for the purpose of raising awareness.

² This variable is an indicator measuring whether an employer provides work contract

³ This variable is an indicator measuring whether the establishment is registered at the Ministry of Finance.

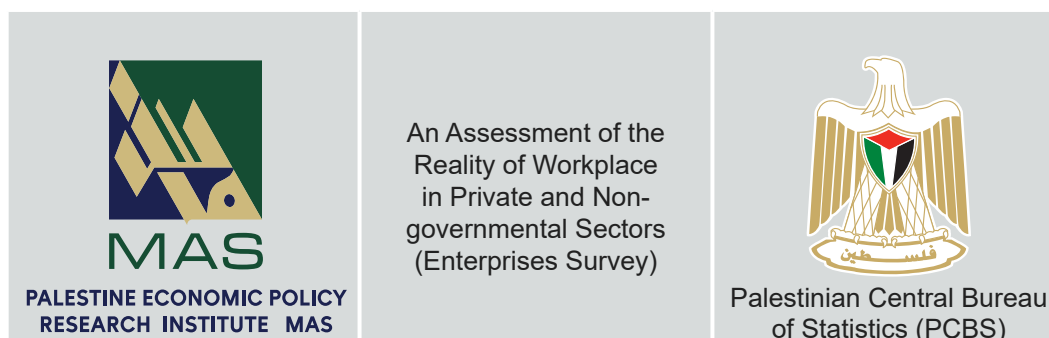
⁴ Establishment size is measured as the number of wage workers.

t-statistics (in parenthesis) are estimated using Huber-White consistent standard error.

*, **, *** indicate statistical significance at the 10, 5 and 1 percent level.

The regression estimates, reported in Table (C), show that the estimate of MoL's awareness activities was only statistically significant, though at 10% level, for the Gaza Strip Sample. This indicates that employers that were approached by the MoL are marginally more aware of provisions of social protection than employers who were not approached.

Appendix 2: Questionnaire of the Work Condition Survey (WCS)



Section 1: Identification Data

E0:	Enterprise No.:													
E1:	Governorate:													
E2:	Region:													
E3:	Trade Name of the Enterprise:													
E4:	Full Name of Owner:													
E5:	Owner's Gender:	1. Male 2. Female 3. N/A												
E6:	Interview Result (Time of Visit)	<table border="0"> <tr> <td>1. Completed</td> <td>4. Declined</td> </tr> <tr> <td>2. Completely Closed</td> <td>5. Other Economic Activities</td> </tr> <tr> <td>3. Temporarily Closed</td> <td>6. There are no paid workers</td> </tr> <tr> <td></td> <td>7. Others; specify</td> </tr> </table>	1. Completed	4. Declined	2. Completely Closed	5. Other Economic Activities	3. Temporarily Closed	6. There are no paid workers		7. Others; specify				
1. Completed	4. Declined													
2. Completely Closed	5. Other Economic Activities													
3. Temporarily Closed	6. There are no paid workers													
	7. Others; specify													
E7:	Which type of activity or service represents the largest share of this enterprise's annual sales/ production?													
E8:	Type of Enterprise Ownership:	<table border="0"> <tr> <td>1. A Local Private Enterprise</td> <td>2. A Foreign Private Enterprise</td> <td>3. Non-governmental Sector</td> </tr> </table>	1. A Local Private Enterprise	2. A Foreign Private Enterprise	3. Non-governmental Sector									
1. A Local Private Enterprise	2. A Foreign Private Enterprise	3. Non-governmental Sector												
E9:	Enterprise Legal Structure	<table border="0"> <tr> <td>1. A Sole Proprietorship</td> <td>7. A company Limited by Shares</td> </tr> <tr> <td>2. Particular Partnership</td> <td>8. A Company Limited by Guarantee</td> </tr> <tr> <td>3. Public Ordinary Company</td> <td>9. Unlimited Company</td> </tr> <tr> <td>4. Limited Liability Partnership (LLP)</td> <td>10. Cooperative</td> </tr> <tr> <td>5. Private Shareholding Company</td> <td>11. Charitable Organization or Association</td> </tr> <tr> <td>6. Public Shareholding Limited Company</td> <td>12. A Foreign Subsidiary Company</td> </tr> </table>	1. A Sole Proprietorship	7. A company Limited by Shares	2. Particular Partnership	8. A Company Limited by Guarantee	3. Public Ordinary Company	9. Unlimited Company	4. Limited Liability Partnership (LLP)	10. Cooperative	5. Private Shareholding Company	11. Charitable Organization or Association	6. Public Shareholding Limited Company	12. A Foreign Subsidiary Company
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3. Public Ordinary Company	9. Unlimited Company													
4. Limited Liability Partnership (LLP)	10. Cooperative													
5. Private Shareholding Company	11. Charitable Organization or Association													
6. Public Shareholding Limited Company	12. A Foreign Subsidiary Company													

E10:	Is the enterprise registered or has a work license? Answer: 1. Yes or 2. No (for each option)	1. Municipality/Village Council
		2. The Ministry of National Economy (MoNE)
		3. Ministry of Finance (Income Tax or/and Customs)
		4. A Governmental Institution
		5. Chamber of Commerce and Industry
		6. Vocational Federations/Unions

Section 2: The Number of Workers in the Enterprise

D2_1	Number of unpaid workers (employers and family members)	1. Males
		2. Females
D2_2	Number of wage workers	1. Males
		2. Females

Section 3: Questions about Work Provisions for Paid Workers Only (_answer if < 20_D2)

D3_1	Did workers sign written contracts with the employing enterprise?	1. Yes	2. No
D3_2	Does the enterprise have a bylaw shared with workers?	1. Yes	2. No
D3_3	How are wages paid to workers?	On monthly basis	On daily basis On weekly basis
D3_4	Over the past two years, how many wage workers have resigned or their employment were terminated?	If the answer is 0 go to Section 4	
D3_5	For how long did each of these workers work for the enterprise (measured in months)?	Additional fields can be added if there is more than one worker whose employment was terminated	

Section 4: Employers Awareness/Knowledge of the Relevant Labor Law Provisions

D4_1	Does the employer have the right to pay end-of-service benefits to workers due on previous service time, before the worker leaves work?	1. Yes	2. No	3. I don't know.
D4_2	The worker is entitled to a paid leave for three working days upon the death of a first or second degree relative, not deducted from his annual leave	1. Yes	2. No	3. I don't know.
D4_3	A worker who has spent five years in the enterprise is entitled to a one-time paid leave of no less than two weeks to perform the Hajj ritual duty.	1. Yes	2. No	3. I don't know.
D4_4	Upon the resignation of the worker who spent less than five years at the enterprise and resigns shall be entitled to an end-of-service indemnity of one month wage for each year he spent at work.	1. Yes	2. No	3. I don't know.
D4_5	The worker who spent one year at work is entitled to 21 days of paid annual leave.	1. Yes	2. No	3. I don't know.
D4_6	The worker is entitled to 14 days of paid sick leaves annually.	1. Yes	2. No	3. I don't know.
D4_7	The working woman is entitled to a paid maternity leave for a period of ten weeks.	1. Yes	2. No	3. I don't know.
D4_8	The working woman is entitled to a paid maternity leave for each child birth.	1. Yes	2. No	3. I don't know.

D4_9	The working woman is entitled to a paid maternity leave only after giving birth.		1. Yes	2. No	3. I don't know.
D4_10	In the event an injured worker receives injury compensation, he is not entitled to an end-of-service indemnity.		1. Yes	2. No	3. I don't know.
D4_11	The employer must provide insurance coverage to all his workers against work injuries from licensed insurance providers in Palestine.		1. Yes	2. No	3. I don't know.

Section 5: The Role of the Ministry of Labor (MoL) and Work Disputes

D5_1	Have the MoL inspectors conducted inspection visits to your enterprise during the past two years?		1. Yes	2. No	3. I don't know.
D5_2	Has the MoL made any communication with you intended to raise your awareness about the provisions of the Labor Law (the time frame here is not important)?		1. Yes	2. No	3. I don't know.
				(Go to question D5_4)	
D5_3	How do you rate their efficiency in raising awareness?		1. Good	1. Acceptable	1. Unsatisfactory
D5_4	Have you ever experienced a work dispute with one or more workers related to: End-of-Service Indemnity, Paid Annual Leaves, Maternity leave, employment Injury?		If the answer is 0 go to Section 6		

Answer this part only if the answer to question D5_4 > 0 (If there is a labor dispute for with more than one worker, please provide information about each worker).

	D5_4a	D5_4b	D5_4c	D5_4d	D5_4e
	Type of Dispute 1 .Paid Leave 2. Maternity Leave 3.Occupational Health and Safety/ Work Injuries 4.End-of-service indemnity/upon voluntary resignation of the worker 5.End-of-service indemnity/ upon termination of employment 6.Others, (specify)	Did the conflict happen during: 1. The time the worker worked in the enterprise. 2. After the cessation of the worker's employment in the enterprise. 3. During the worker's work in the enterprise and continued after leaving the enterprise.	To resolve the dispute, have you resorted to: 1. The Ministry of Labour (MoL) 2. The Judiciary system (Courts) 3. Chamber of Commerce Arbitration Commission 4. Tribal Arbitration 5. Direct negotiation with the worker 6. Trade unions 7. Vocational Federations/Unions 8. Others, (Specify)	Was the case resolved? 1. Yes 2. No	If the case was resolved, how was it resolved? (Choose one option) 1. The Ministry of Labour (MoL) 2. The Judiciary system (Courts) 3. Chamber of Commerce Arbitration Commission 4. Tribal Arbitration 5. Direct negotiations with the worker 6. Trade unions 7. Vocational Federations/Unions 8. Others, (Specify)

Section 6: Employers Views on Social Security

D6_1	Do you agree, in principle, to implement a Social Security Law that is based on worker-employer cost-sharing commitment in the following articles? Answer: 1. Yes or 2. No or 3. I have no opinion (for each option).		1. Maternity Leave
			2. Work Injury Insurance
			3. End-of-Service Indemnity

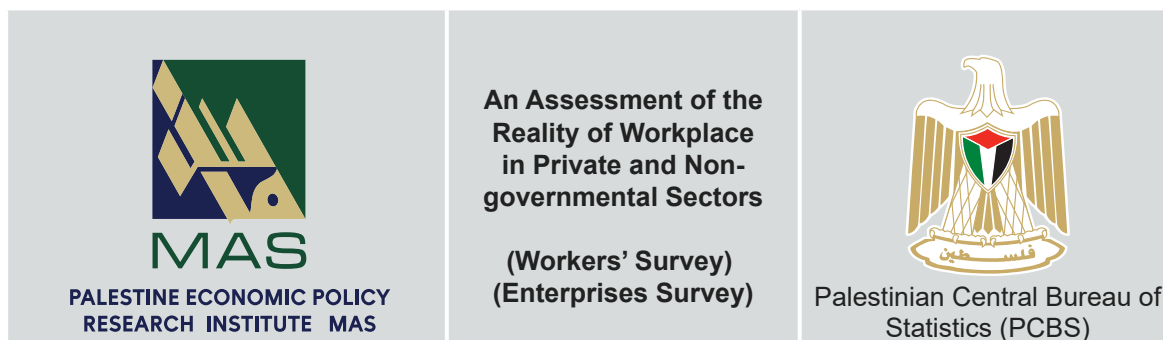
D6_2	What is your position on the Social Security Law for 2016 which was suspended?	<ul style="list-style-type: none"> 1. It is a good law and should have been put into force. 2. I have some reservations on specific provisions but it should have been put into force 3. It is a flawed law. I do not approve enforcing the law. 4. I have no opinion.
D6_3	<p>Why do you disagree with the Law? Answer: 1. Yes or 2. No (for each option)</p> <p>(Answer this question if your answer to question D6_2 was option 3)</p>	<ul style="list-style-type: none"> 1. Lack of trust in the PNA 2. Lack of trust in the administration of the Social Security Fund Institution 3. I disagree with some provisions of the Social Security Law. 4. High risks associated with the possible collapse of the PNA in the future. 5. Other..... (Specify)
D6_4	Have you read the Social Security Law for 2016 which was suspended?	<ul style="list-style-type: none"> 1. Yes, I've read it thoroughly. 2. Yes, , I've read part of it. 3. I haven't read it.

Section 7: The extent to which employers apply the relevant articles of the Labor Law:

D7_1	<p>Are wage workers entitled to: Answer: 1. Yes or 2. No.</p>	<ul style="list-style-type: none"> 1. Annual Paid Leaves 2. Maternity leave 3. Work Injury Insurance 4. End-of-service indemnity in case a worker resigns voluntarily (in case it is not applicable, i.e., the paid worker did not resign, the employer should be asked if he intends to pay the end-of-service indemnity or not in such a case) 5. End-of-service indemnity in case the enterprise terminated a wage worker's employment. (in case it is not applicable, i.e., no workers employment were terminated, the employer should be asked if he intends to pay the end-of-service indemnity or not in such cases) 6. Paid Sick Leave
D7_2	Does the enterprise have an accounting software (this question should be answered if the answer to question D7_1 for items 4 or 5 is yes)	<ul style="list-style-type: none"> 1. Yes 2. No (end of interview)
D7_3	Does the enterprise's accounting software have an end-of-service expense account?	<ul style="list-style-type: none"> 1. Yes 2. No (end of interview)
D7_4	Is this account fed with cash?	<ul style="list-style-type: none"> 1. Yes, on periodical basis (e.g., annually or monthly) 2. Yes, but not on periodical basis 3. No
D7_5	Is the employee's end-of-service benefits paid as an advance payment	<ul style="list-style-type: none"> 1. Yes 2. No.

Verification Questions (the person who answered the form should be asked these questions)

ID0	What best describes your job title in the enterprise?	1. Owner, CEO or Finance Director 2. Director 3. Accountant or lawyer Human Resources Manager/Officer 4. Other (please specify).....
ID1	Respondent gender	1. Male 2. Female
ID2	Name of the respondent	
ID3	Contact Information (Telephone Number)	



Section 1: Identification Data

ID0:	No. of Worker:		
ID1:	Full Name:		
ID2:	Gender:		1. Male 2. Female
ID3:	Interview Result:		1. Completed 2. Worker cannot be reached 3. Declined 4. Other, (Specify)
ID4:	Age (in completed years):		
ID5:	Marital Status:		1. Never married 4. Divorced 2. Married for the first time. 5. Widowed 3. Married 6. Separated
ID6:	Enrolment in Educational Institutions:		1. Currently enrolled 3. Enrolled and graduated. 2. Enrolled and dropped out. 4. Never was enrolled.
ID7:	Educational Attainment:		1. Illiterate 6. Diploma 2. Read and write 7. Bachelor's Degree 3. Primary school level 8. Postgraduate diploma 4. Preparatory school level 9. Masters 5. Secondary school level 10. PhD

Section 2: Characteristics of Work

P2_1	Main Occupation (Type of work done by the worker)		
P2_2	The time you have spent at your current job	MM/YY	
P2_3	Number of working days per week		
P2_4	Average working hours per day		
P2_5	Average monthly wage in Shekels		

Section 3: Work Provisions for Non-family Wage Workers

P3_1	Are you affiliated with: Answer: 1. Yes or 2. No (for each option)		1. Trade union outside the enterprise
			2. Trade union inside the enterprise
			3. Trade union inside and outside the enterprise
			4. Vocational Unions
P3_2	Does the employer provide any of the following benefits: Answer: 1. Yes or 2. No or 3. I do not know (for each option).		1. Paid annual leave or compensation for leaves not taken (for a worker who has spent less than a year) Have you agreed with the employer to get paid annual leaves or leave compensation)
			2. Paid sick leave
			3. Work Injury Insurance

Section 4: For Married Female Workers who Gave Birth during their Employment with the Current Employer (this question should be answered by female workers only (ID2=2))

P4_1	Have you given birth during your work with the current employer?		1. Yes	2. No (go to Section 5)
P4_2	Did you get a leave:		1. Fully paid leave for 10 weeks 2. Partially paid (less than 10 weeks) 3. I didn't take a paid maternity leave.	

Section 5: For Male and Female Workers who Have Sustained an Employment Injury

P5_1	Have you sustained a work-related injury during your work for the current employer:		1. Yes	2. No (go to Section 6)
P5_2	Did the work injury result in the payment of treatment expenses?		1. Yes 2. No (go to Section 6)	
P5_3	Have the employer covered your treatment expenses: (Answer this question if your answer to question P3_2 was option 2 or 3)		1. Yes, complete coverage.	
			2. Yes, partial coverage.	
			3. No	
P5_4	Did the work injury prevent you from reporting to work		1. Yes	2. No (go to section 6)
P5_5	Did the employer pay your wage during your absence:		1. He paid for all days of absence. 2. He paid for part of the days of absence. 3. He didn't pay at all (go to Section 6) 4. I don't remember (go to Section 6)	
P5_6	How much wage (shekels) were paid for all days of absence?		(Answer this question if your answer to question P5_5 was option 1 or 2)	
P5_7	What was the average monthly wage that you were you paid during that period before the injury (shekels)			

Section 6: Work Dispute with Former Employer: (These questions are addressed only to workers who have worked for a former employer)

P6_1	Before working for your current employer, have you ever worked for another employer?		1. Yes	2. No (go to section 7)
P6_2	For how long have you worked for your former employer measured in months (exclude work that lasted for the probationary period only -3 months)		(In case the former work duration was probationary - 3 months or less, then the question is asked for the job before it, and so on. If the previous work was temporary, the question is asked for the job before and so on. Do not answer this question and go directly to Section 7, if your previous work was the only place you have worked for, or all previous work were temporary).	
P6_3	Have you left work voluntarily (voluntary resignation)?		1. Yes	2. No, my employment was terminated.
P6_4	Have you received the following labour rights? Answer: 1. Yes or 2. No		1. Annual Paid Leave	1. In accordance with the Labour law provisions 2. Less than what is given by the Labour Law. 3. I don't know if it was paid according to the labour law provisions.
			2. Maternity leave/for working women who have given birth	1. In accordance with the Labour law provisions 2. Less than what is given by the Labour Law. 3. I don't know if it was paid according to the labour law provisions.
			3. End-of-Service Indemnity	1. In accordance with the Labour law provisions 2. Less than what is given by the Labour Law. 3. I don't know if it was paid according to the labour law provisions.
P6_5	Have you ever had a workplace conflict with a former employer related to end-of-service indemnity, annual leave, maternity leave (for female workers only), or work injury? Answer: 1. Yes 2. No (go to Section 7)			
P6_5a	P6_5b		P6_5d	P6_5e
Type of Dispute 1. Paid Leave 2. Maternity Leave 3. Occupational Health and Safety/ Work Injuries 4. End-of-Service Indemnity	Did the conflict happen during: 1. The time the worker worked in the enterprise. 2. After the cessation of the worker's employment in the enterprise. 3. During the worker's work in the enterprise and continued after leaving the enterprise	To resolve the dispute, have you resorted to: 1. The Ministry of Labour (MoL) 2. The Judiciary System (Courts) 3. Chamber of Commerce Arbitration Commission 4. Tribal Arbitration 5. Direct negotiations with the worker 6. Trade Unions 7. Vocational Unions 8. Others, (Specify)	Was the case resolved? Yes No	If the case was resolved, how was it resolved? 1. The Ministry of Labour (MoL) 2. The Judiciary system (Courts) 3. Chamber of Commerce Arbitration Commission 4. Tribal Arbitration 5. Direct negotiations with the worker 6. Trade Unions 7. Vocational Unions 8. Others, (Specify)

Section 7: The Extent of Workers Awareness of the Reevant Labour Law Provisions

P7_1	The wage worker is entitled to an end-of-service indemnity at the end of his employment in the enterprise		1. Yes	2. No	3. I don't know
P7_2	Can the employer pay the end-of-service benefits to workers due on previous time worked, before the worker leaves work?		1. Yes	2. No	3. I don't know
P7_3	Upon the resignation of the worker who spent less than five years at the enterprise, the worker is entitled to an end-of-service indemnity of one month wage for each year he spent at work.		1. Yes	2. No	3. I don't know
P7_4	The worker who spent one year at work is entitled to 21 days of paid annual leave.		1. Yes	2. No	3. I don't know.
P7_5	The worker is entitled to 14 days of paid sick leave annually.		1. Yes	2. No	3. I don't know.
P7_6	For working women: working woman is entitled to a paid maternity leave for a period of 10 weeks.		1. Yes	2. No	3. I don't know.
P7_7	The working woman is entitled to a paid maternity leave for each child birth.		1. Yes	2. No	3. I don't know.
P7_8	The working woman is entitled to a paid maternity leave only after giving birth.		1. Yes	2. No	3. I don't know.
P7_9	In the event an injured worker receives injury compensation, he is not entitled to an end-of-service indemnity.		1. Yes	2. No	3. I don't know.
P7_10	The employer must provide insurance coverage to all his workers against work injuries from licensed insurance providers in Palestine.		1. Yes	2. No	3. I don't know.

Section 8:

P8_1	Do you agree, in principle, to implement a Social Security Law that is based on worker-employer cost-sharing commitment in the following articles? Answer: 1. Yes or 2. No, or 3. I do not have an opinion (for each option)	1. Maternity Leave
		2. Work Injury Insurance
		3. End-of-Service Indemnity
P8_2	What is your position on the Social Security Law for 2016 which was suspended? (Go to question P8_4 if your answer to the question =1, 2 or 4)	1. It is a good law and should have been put into force. 2. I have some reservations on specific provisions but it should has been put into force 3. It is a flawed law. I do not approve enforcing the law. 4. I have no opinion yet
P8_3	If the answer to the previous question: It is a flawed law. I do not approve enforcing the law. Why do you oppose enforcing the Law Answer: 1. Yes or 2. No (for each option) (This question should be answered if P8_2 = 3 only)	1. Lack of trust in the PNA
		2. Lack of trust in the administration of the Social Security Fund Institution
		3. I disagree with some provisions of the Social Security Law.
		4. Risks associated with the possible collapse of the PNA in the future.
		5. Other,..... Specify.
P8_4	Have you read the Social Security Law for 2016 which was suspended?	1. Yes, I've read it thoroughly. 2. Yes, I've read part of it. 3. I haven't read it.

Verification questions (the person who answered the form should be asked these questions)

	Name of the Respondent	
ID1	Respondent Gender	1. Male 2. Female
ID3	Contact Details (Telephone number)	