

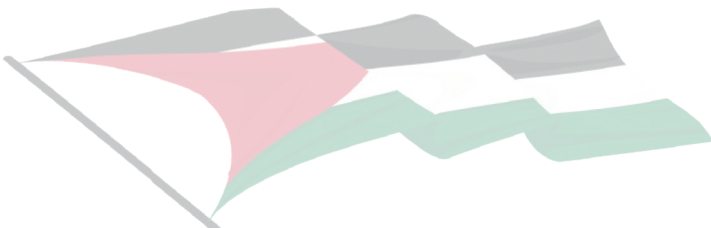


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Demographic Transitions as a Potential Catalyst for Higher Female Labor Force Participation

2023



Demographic Transitions as a Potential Catalyst for Higher Female Labor Force Participation

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Executive Summary

This paper examines the correlation between demographic transition in the West Bank and Gaza Strip, and the economic role of Palestinian women in fostering a deeper understanding of potential opportunities created by this demographic change in the State of Palestine. In order to enhance the possibility of leveraging demographic returns, Palestinian women are expected to contribute to local development. This paper investigates the causes of low female participation in the Palestinian labor market, and available means to increase this participation through both micro and macroeconomic policies. It also addresses structural gaps such as women's unemployment and employment segmentation, where women are concentrated in specific sectors and income brackets. Through data sourced from the Palestinian Central Bureau of Statistics (PCBS), this paper explores the requirements (or determinants) for leveraging the demographic transition, as it relates to Palestinian women's contribution to the labor market and entrepreneurship.

The paper argues the case for adopting policies that help to overcome existing constraints and optimize Palestinian women's developmental returns over the medium and long terms. Similarly, the paper contends that empowering women to participate in the labor market relies substantially on the improvement of the demand efficiency of women's labor, rather than simply adopting policies for improvements in supply, working to boost women's educational and training qualifications. This research sheds light on the need to revitalize productive economic sectors via all-encompassing policies, especially agriculture, industry and technology.

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1. Introduction

Palestine has witnessed considerable demographic growth: the population of the West Bank and Gaza Strip reached 5.3 million in 2021, with 3.2 million (59.6%) residing in the West Bank and 2.1 million (40.4%) in the Gaza Strip. The economically-active population brackets (age 15-65 years) account for approximately 59% of the total population. Under-15s comprise around 37.7% of the total population (PCBS, 2021). This reflects a complex demographic reality. On the one hand, a youthful and economically-promising age structure holds great potential (decreasing dependency ratio). On the other hand, it necessitates the provision of expanded education and healthcare services, exerting significant pressure on the labor market in terms of creating employment opportunities for young individuals (Courbage, 2020).

As this paper demonstrates, the current situation in Palestine (as with the rest of the Arab world) reflects a direct relationship between the gains of demographic transition (primarily determined by fertility rates in a society), and women's participation in the labor market. Therefore, it is essential to study the intricate interplay between demographic developments and the integration of women into the labor market, to take advantage of opportunities associated with shifting demographics in Palestine.

Although they account for slightly more than half of the population in the West Bank and Gaza Strip, women's economic participation, their contribution to economic growth and overall wellbeing fall significantly short of their full potential. These persistent disparities have severe economic repercussions. While tangible progress has been made in the past few decades in terms of empowering Palestinian women in the labor market, especially after the signing of the Oslo Accords in 1994, these labor markets in the West Bank and Gaza Strip remain sharply segmented by gender. Women's overall participation in the labor market remains below that of men, with the burden of unpaid work predominantly falling on women's shoulders. However, within the informal sector and among the impoverished population, women's representation far outweighs that of men, particularly in employment for wages (PCBS, 2020).

Inequities and discriminatory practices are prevalent in the labor market. These act as barriers to women's access to paid employment, with the low representation of women in high-ranking positions and entrepreneurial pursuits. There is strong interplay between growth challenges, job creation and gendered inclusion. While both growth and stability are vital for providing the necessary opportunities for women, their participation in the labor market is also an integral part of the growth and stability equation. For example, a rise in women's participation in the

labor force engenders growth, improves gender opportunities and reduces poverty rates, among other results.

A wealth of research has underscored the fundamental correlation between empowering women to unlock their potential in the labor market; and the substantial economic gains that can be realized within an economy (Bloom et al., 2009). For example, Katrin Elborgh et al. (2013) explain that the per capita losses in GDP due to labor market gender gaps exceed 25% in some countries. In other words, the enhancement of female workforce participation to levels on par with their male counterparts can substantially augment the overall GDP of several nations. According to a study by David Cuberes and Marc Teignier (2012), by bridging the gender gap in workforce participation, Egypt and the UAE could realize a 34% and 12% percent surge in their respective GDPs.

This paper examines the correlation between demographic transitions in the West Bank and Gaza Strip and the potential for revitalizing Palestinian women's economic roles, in order to realize the gains of this wave of demographic change.

In order to enhance the possibility of leveraging demographic returns, Palestinian, this paper investigates the causes of low female participation in the Palestinian labor market, and available means to increase this participation through both micro and macroeconomic policies. It also addresses structural gaps such as women's unemployment and employment segmentation, where women are concentrated in specific sectors and income brackets. Through data sourced from PCBS, this paper explores the requirements (or determinants) for leveraging the demographic transition, as it relates to Palestinian women's contribution to the labor market and entrepreneurship. It also places a niche focus on the role of development plans in activating this women's labor force participation rates within current demographic changes and proposed economic policies, to ensure sustainability and optimize gender benefits.

In so doing, this paper devises an exploratory methodology that focuses on the alignment between economic conditions, demographic developments, and women-specific, labor market indicators, in order to garner a deeper understanding of the potential in boosting Palestinian women's participation in employment. In exploring this relationship, it relies on micro and macro data, as well as PCBS indicators.

The first part of this paper examines demographic indicators in the West Bank and Gaza Strip, and the anticipated role of demographic shifts. It then delves into a detailed discussion of the intricacies of women's participation in the labor market, and the barriers they face. The second part of the study provides an analysis of macro and sector-specific development plans, to assess their potential

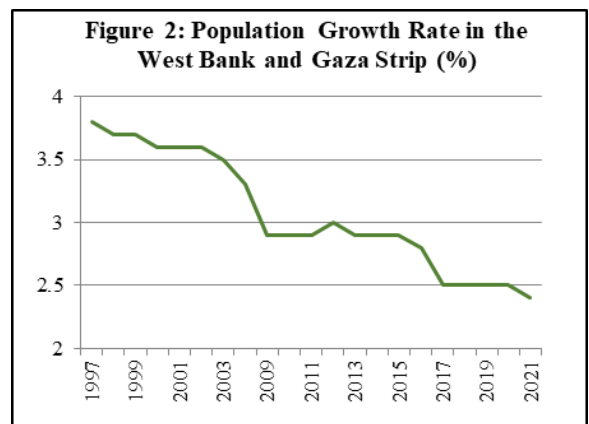
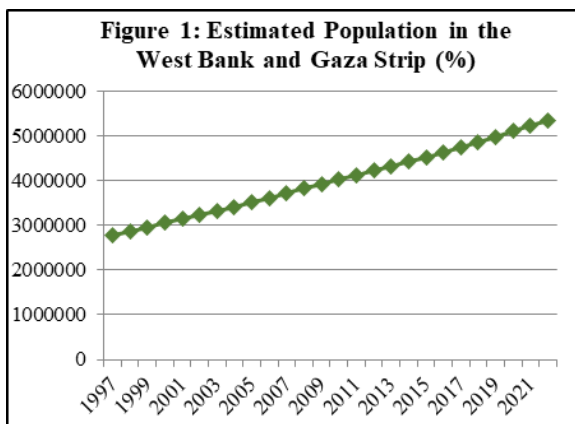
in promoting women's participation in the labor market. The third and last part explores proposed policies to increase women's labor supply and address structural, work-related challenges, including unemployment, inequality and decent work conditions.

2. Demographic Indicators in the Occupied Palestinian Territory

Demographic indicators in the occupied Palestinian territory (oPt) serve as a reminder of the ongoing conflict with Israel, a colonial power that uses demography to extend its dominance and territorial control over the oPt (Courbage, 2005). Israelis consider the rise of the Palestinian population in the 1948 Palestinian lands and the oPt as a time bomb directed against Israel (Zuriek, 2003). At different stages of the Palestinian struggle, the Palestinian leadership has highlighted the instrumentality of demographic growth to resist colonization and reinforce presence on their ancestral land. The manifestations of the political impact on the developments of the Palestinian demography over the past few decades will become evident later.

Population growth is typically driven by birth, death and migration changes. Fertility, or the number of births among women of childbearing age, is an immediate indicator and a crucial element in understanding the past, present and future of population growth in different societies. As shown in the figure below, the population in the West Bank and Gaza Strip reached 5.3 million in 2021, and the Palestinian population inside the Green Line (1949 Armistice Border) grew to 1.67 million in the same year (PCBS, 2021).

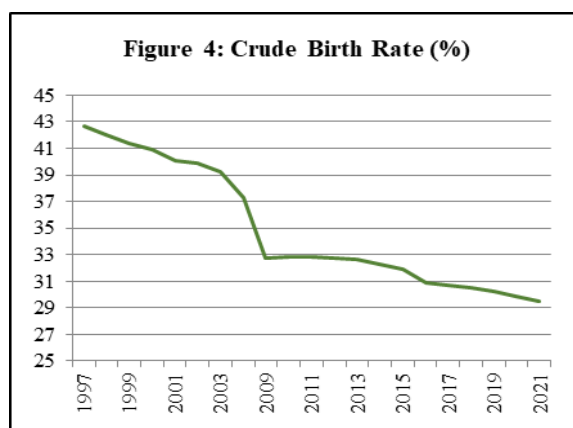
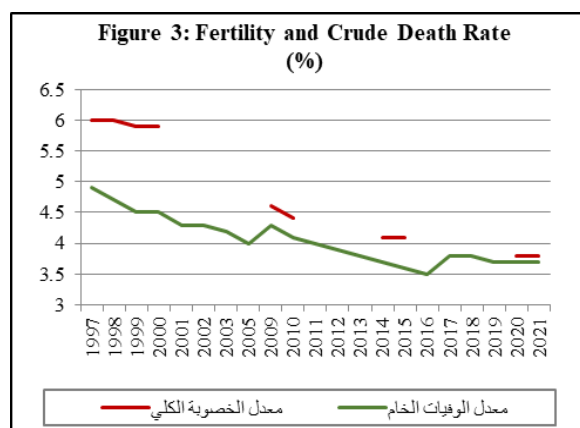
The population growth rate in the West Bank and Gaza Strip has steadily declined over the past decades, dropping from 3.8% in 1997 to 2.9% in 2009. It remained stable at that rate for over eight years until 2017, when it started to decrease again, reaching 2.4% in 2021. Historically, population growth in the Gaza Strip (2.8%) has been higher than in the West Bank (2.2%). While these rates are still relatively high compared to other developing countries (particularly some Arab countries such as Tunisia at 1%), the downward curve of these rates over the years can be considered significant demographic progress (World Bank, 2021).



Source: PCBS, Estimated Population in the Palestine Mid-Year by Governorate, 1997–2026 (2021).

More importantly, fertility rates have decreased in both the West Bank and Gaza Strip since the beginning of the 1980s. A noteworthy shift in the oPt's demographic landscape can be observed as the total fertility rate has substantially decreased from six births per woman in 1997 to 3.8 births per woman in 2021 - a noteworthy fall of around 40%.

The crude death rate, the second component of population growth, decreased from 4.9 per 1,000 individuals in 1997 to 3.7 per 1,000 individuals in 2021. The same trend applies to the number of crude births, which has steadily declined in both the West Bank and Gaza (see figure below).



Source: PCBS, Population Statistics over several years.

When exploring the factors driving population growth in the oPt, economic research canvasses the intricacies of individual fertility decisions, placing particular emphasis on the interplay between fertility rates, income dynamics, and women's active engagement in the labor market. Economists have presented two main explanations for the relationship between these variables.

Some schools of economic thought argue that there is a trade-off between quantity and quality in the correlation between fertility and income. For example, as parents' economic capacity improves, they invest more in their children's education and health. Since these investments are costly, parents choose to have fewer children as their income increases. Historically, there has been a negative relationship between fertility rates and GDP per capita across countries and over different periods (Deopke, 2022).

Highlighting the time and effort childrearing requires, the second school of thought intends that as wages rise, the time for childcare (time that could have been spent working or the opportunity cost of childcare) becomes more costly for parents, especially mothers. As a result, fertility declines, and female labor force

participation increases. According to applied research, there is a high correlation between women's labor force participation and fertility rates.

Furthermore, economic theories on the link between fertility and female labor force participation show a U-shaped relationship between an individual's share of income and labor force participation. With lower levels of individual income, women tend to have higher labor force participation rates, yet if family income rises, women may withdraw from the labor market in favor of domestic work and childcare. However, as income levels increase in a country, women's participation in the labor market also increases due to higher education levels, labor-saving technology availability in households and lower fertility rates. Numerous studies have highlighted the stability of this relationship in many countries (Duflo, 2012; World Bank, 2011).

These economic concepts and explanations highlight the crucial interplay between women's fertility rates, the overall standard of living and the economic potential for growth within a nation. Changes in fertility have ramifications for population growth, income levels, and quality of life, especially for women. Besides, the significance of fertility in demographic transition and its economic and social repercussions is further explored in the following sections.

2.1 Demographic Indicators Improvement: Implications for the Palestinian Population

The improvement in demographic indicators has had a significant impact on vital indicators that reflect the Palestinian population's quality of life. As the table below shows, the life expectancy of both women and men in the West Bank and Gaza Strip increased. Moreover, the median age rose from 16.4 years in 1997 to 21 years in 2021. It is perhaps fitting to note that this rise is closely linked to the actual lifespan of the population rather than life expectancy.

Moreover, the average Palestinian household size decreased from 6.4 individuals in 1997 to 5.1 in 2020. This decline is more pronounced in the West Bank (6.1-4.7 individuals) vis-à-vis Gaza (6.9-5.7 individuals).

The increase in the median age at first marriage among men and women has had a profound impact on the timing of childbearing, reducing fertility rates. On November 3, 2019, Palestinian President Mahmoud Abbas issued a decree setting the legal marriage age for both men and women at 18 (Palestinian Official Gazette, 2019).

Table 1: Quality of life demographic indicators, the West Bank and Gaza

	1997	2000	2005	2010	2015	2020	2021
Average life expectancy (male) (years)	70.2	70.7	71.7	70.8	72	73	73.1
Average life expectancy (female) (years)	71.7	72.2	73	73.6	75	75.3	75.3
Average household size	6.4	6.1	5.9	5.5	5.2	5.1	-
Median age (years)	16.4	16.4	16.7	18.5	19.8	20.8	21
Median age at first marriage (female) (years)	-	18.9	19.4	19.9	20.3	20.7	21.1
Median age at first marriage (male) (years)	-	24.1	24.21	24.6	24.7	25.7	25.9

Source: PCBS, Population Statistics over multiple years.

The decreasing fertility, birthrate, and mortality rate are all signs that the standard of living has improved in the West Bank and Gaza. The population is increasingly living longer in smaller family units, delaying the burdens of marriage. These demographic changes have several benefits, including benefits for women's empowerment and participation in the labor market. The subsequent section of this paper is dedicated to the economic implications of the demographic transition in the West Bank and Gaza Strip, particularly with regard to women's empowerment and labor force participation.

3. Demographic Transitions in oPt: Theoretical Framework

Demographic transitions can engender economic benefits, especially when a larger proportion of the population falls within the economically-active age group (between 15 and 65 years' old). The demographic transition, characterized by declining fertility and mortality rates, leads to a fundamental change in population structure. Before the onset of the demographic transition, the population exhibits high fertility and mortality rates. However, with the advent of the demographic transition, driven by advancements in healthcare and cultural and knowledge changes, the number of deaths starts to slope, meaning that the number of children who will live in each family is higher than before. There is usually a period that passes before families change their fertility patterns. In this phase, the child and youth age segments experience an upsurge in numbers. The working class will feel the effects of this hike more keenly (Courbage, 2020; Economic and Social Commission for Western Asia - ESCWA, 2016).

During the intermediate stage of demographic transition, fertility rates begin to decline, negatively impacting population growth. At this stage, the proportion of the economically-active population increases while dependency ratios decrease, and the number of older adults remains low. The final stage of demographic transition begins when fertility and mortality rates take a steep downward curve. The proportion of the economically-active segment of the population ceases to grow, and starts to age.

The relationship between the population's age structure and economic performance arises from the different economic roles of varying age groups. Children require support for education and healthcare, while older adults need robust healthcare and retirement systems. Economically-active individuals, on the other hand, focus on work and savings. During the intermediate stage of demographic transition, as the economically-active segment grows while the older adults' segments remains low, and the contribution of children decreases. This reduced burden on the economically-active segment can lead to increased savings and investment in development. Governments and households can access more economic resources, contributing to economic growth and higher per capita income.

Bloom et al. underline that the key determinants of reaping the advantages of demographic transition are increased labor supply, increased savings and accumulation of human capital or education (2003). As the economically-active population rises to constitute the bulk of the population, the size of the labor supply (or participants in the labor market) peaks. Subsequently, when the average family size decreases along with the fertility rate, more women will be

able to enter the labor market. To rephrase, changes in the age structure of the population engender an increase in labor supply, but the liberation of women's potential - owing to lower fertility rates and smaller family sizes - also plays a role. Hence, women have greater opportunities to access the labor market.

Several variables influence a population's engagement in the act of saving. However, it is safe to say that as families have more resources, the likelihood of saving and investment increases. If the government invests in healthcare, it can lead to improved opportunities for children in life and potentially reduce the size of families due to a decrease in the number of children per family. With a lower number of children and an increase in life expectancy, families are encouraged to invest more in the healthcare and education of their children, which can further reduce fertility rates. When the workforce is healthier and better educated, productivity improves, leading to higher income, given the positive correlation between education and wages.

Although a shift in the population's structure may not immediately cause higher productivity or faster economic development, it does pave the way for these outcomes. Realizing the benefits of demographic transition through restructuring age groups requires social and economic policies that stimulate investment. When labor demand and supply are in balance, workers are more productive. Achieving this balance needs macro and micro policies that resolve imbalances in the labor market and stimulate savings, especially via monetary policies and a banking system that encourages saving and investment. Of note, investment in the healthcare and education of children is only possible through necessary infrastructure. To fully reap the advantages of the demographic shift, policymakers should generally offer opportunities for youth and women, especially jobs. The effects of the demographic shift will be muted if economic policies do not create conditions that encourage higher levels of productivity. Human capital and healthcare are the most important investments you can make for today's young.

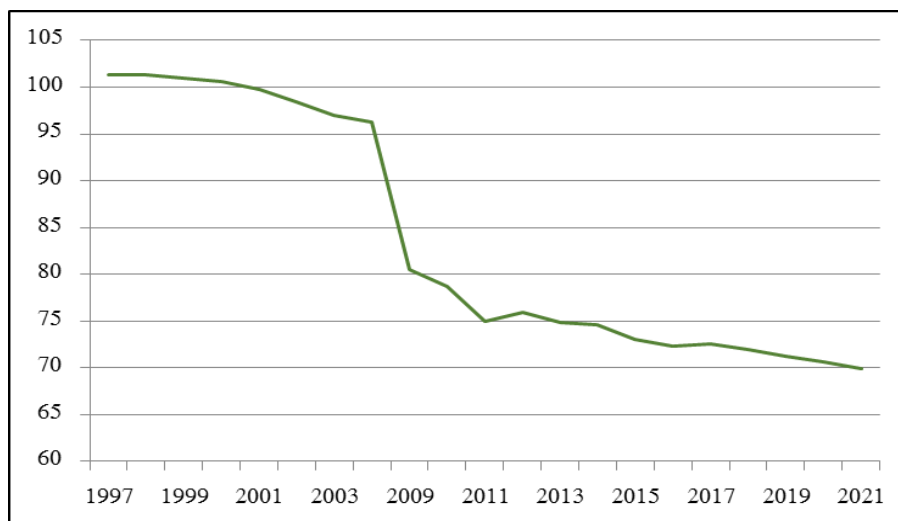
The second phase of demographic transition comes into play when the younger generation makes prudent savings through the agency of retirement plans and real-estate investments, to ensure a dignified old age. These savings can positively impact economic growth, both in the short and long term.

3.1. Gains of Demographic Transition in the West Bank and Gaza Strip

In the West Bank and Gaza Strip, the dependency ratio (the percentage of the population younger than 15 years and older than 64 years) has declined by 30%, as shown in Figure 5 below. The level of decline in both regions was similar: from 95 to 65 in the West Bank and from 115 to 78 in the Gaza Strip. The drop in

these ratios is an encouraging sign of the demographic transition, even if they are still higher than in other countries.

Figure 5: Dependency Ratio, the West Bank and Gaza Strip



Source: PCBS, *Palestinians in Years*, (report).

As the population structure moves towards increasing the economically-active age group (aged 15-65 years), the tendency toward demographic transition rises. Working-age individuals, who are economically engaged and supportive of other age groups, grew from 55.6% of the overall population in 2001 to 59% in 2021, as table 2 shows.

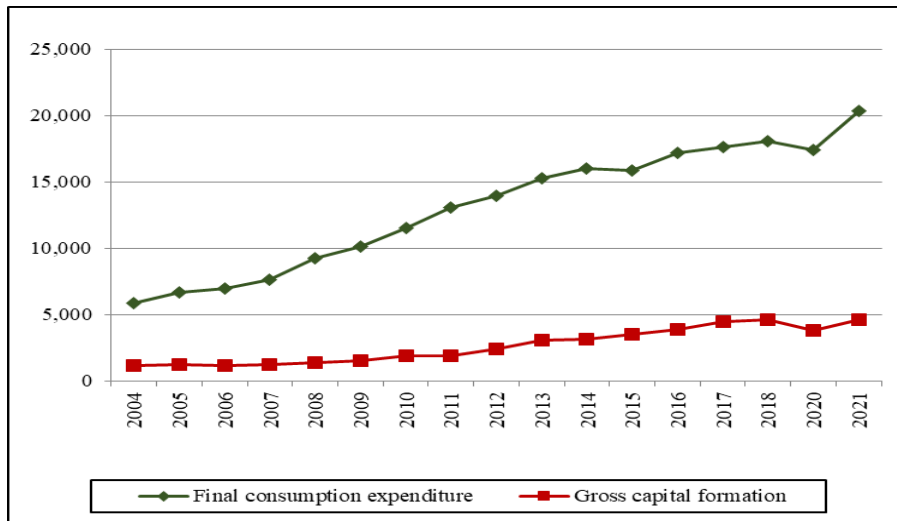
Table 2: Population distribution by age group

Age group (years)	% of total population (2001)	% of total population (2021)
Below 15 years	41.3	37.7
Above 65 years	3.2	3.3
Between 15 and 65 years	55.6	59

Source: PCBS, *Palestinians in Years*, (report).

The drop in the dependency ratio and the growth of the economically-active age group (aged 15-65 years) gives an opportunity to boost both savings and investment. These ratios are now affected by low investment and high consumption (see Figure 6), prompting macro and microeconomic policies that encourage savings and investments and direct them toward high-yield investment

Figure 6: Consumption and investment in West Bank and Gaza Strip



Source: PCBS, National Accounts, multiple years.

A recent study by the ESCWA determined the window of opportunity afforded by the Arab world's demographic transition (2016). In Palestine, the demographic transition started in 1982 and is predicted to continue until 2050. Therefore, it is crucial to take advantage of this opportunity, by adopting macro and micro policies that galvanize the economically-active population, increase labor supply, reduce unemployment, enhance productivity, encourage savings and stimulate effective, long-term investments.

As one of the essential variables for leveraging the advantages of demographic transition, expanding labor supply is strongly tied to leveraging demographic transition gains that generate greater economic development, and better living standards for the public. In the following section, the paper explores the intricacies of labor supply for women. Through the prism of this understanding, a set of policies are proposed that aim to activate women's participation in various economic activities.

4. Women in the Palestinian Labor Market

A key indication of a country's economic health is the percentage of working-age women who participate in the labor market. It sheds light on a country's level of development, by gauging the economy's capacity to utilize available human resources. In a similar vein, the female labor force participation rate reflects the economy's efficiency and resilience in responding to economic shocks with the least-severe social impact (Verick, 2014). Lastly, women's engagement with economic life, especially in terms of the quality of their work, mirrors the level of social justice in a country and its respect for women's free role in society (ILO, 2010).

In 2021, the labor force participation rate for Palestinian women was 17.2%, one of the lowest percentages in the world (see Table 3 below), particularly in light of Palestinian women's high levels of educational attainment at school and university levels. According to data from the UN Educational, Scientific and Cultural Organization (UNESCO), the enrollment rates of Palestinian girls in primary education are higher than those of boys. Moreover, at the university level, the enrollment rates of Palestinian women are not only higher than their male counterparts, but also higher than their counterparts in neighboring Arab countries (UNESCO, 2020).

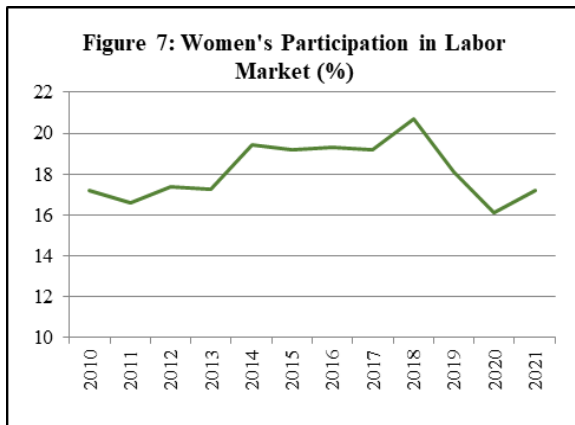
Table 3: Male and female labor force participation rates in Palestine compared to the Arab world and global average

Country/region	Male labor force participation (%)	Female labor force participation (%)
Palestine	74	17
Lebanon	71	23
Egypt	74	22
Saudi Arabia	78	22
Turkey	72	32
Arab World	74	21
Sub-Saharan Africa	74	63
Latin America	77	52
World	75	49

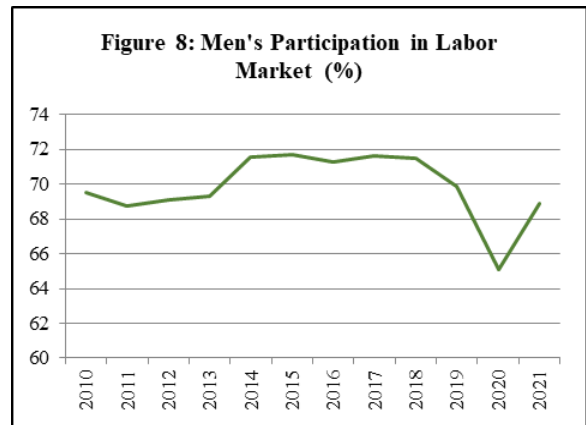
Source: PCBS, Labor Force Survey (2022), and World Bank statistics (2021).
<https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?view=chart>

The labor force participation rate of Palestinian women appears surprisingly low, especially when juxtaposed with other Arab countries in the Gulf region. These countries are known for their conservative societies, yet women participate in the

labor market at higher rates. This prompts the question of why women in the Palestinian labor market are under-represented (see the figures below). Moreover, this question invites another: how to activate women's participation in the Palestinian labor market to benefit from the current phase of demographic transition.



Source: PCBS, Labor Force Survey, multiple years.



A careful breakdown of age groups and qualifications in the Palestinian labor market reveals that men's participation is significantly higher than women, yet, the male segment itself is divided into two categories: youth and men above 55 years, the latter characterized by low participation rates.

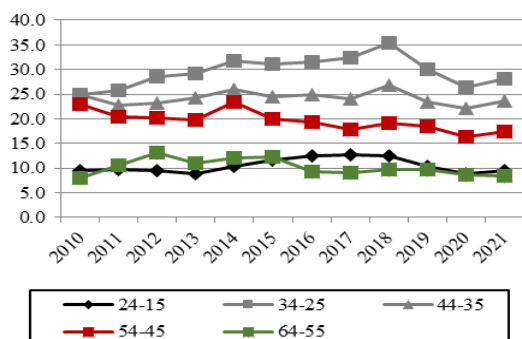
This situation resonates with the younger generation's keen interest in education, and higher education in particular. Along the same lines, employers (especially in the public sector) encourage those above 55 years to seek early retirement, to make room for younger cohorts in the labor market.

For women, the highest (albeit limited) rate of participation in the labor market is for those who are 25-35 years' old i.e. young adults. However, this rate drops dramatically for middle-aged women (35 to 55 years' old). Owing to childbearing and raising responsibilities, numerous women withdraw from the workforce. After they have children, these women never return to the workforce due to a lack of opportunities, and inherent challenges in going back to employment.

The clear majority of Palestinian women labor works in the Palestinian labor market, with only 4% employed in Israel and the settlements (compared to 26% of Palestinian male labor). Economic research suggests that Palestinian women's low participation in the Israeli labor market and settlements is attributable to the nature of such work: long hours and the logistical complexities of traversing Israeli checkpoints (travel complications). That is in addition to the nature of

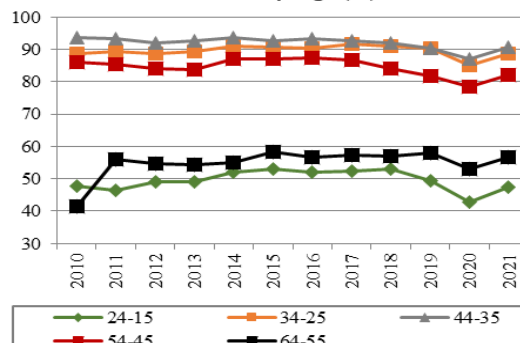
economic sectors in Israel that the Palestinian labor is active in which does not correspond to the nature of Palestinian women labor (Hammami, 1997).

Figure 9: Women's Participation in Labor Market by Age (%)



Source: PCBS, Labor Force Survey, multiple years.

Figure 10: Women's Participation in Labor Market by Age (%)



When examining the educational background of labor market participants, distinct disparities emerge in the participation patterns of men and women, contingent upon their level of educational attainment. Women's labor force participation rate is strongly influenced by their educational background, as evidenced by the notable participation rate of 45% for women with 13 years or more of education. Conversely, women with lower qualifications (less than 13 years) exhibit significantly lower participation rates (less than 15%). For men, however, the situation is different: participation rates are comparable across educational groups, with the exception of those with no formal schooling at all.

Figure 11: Female Labor Force Participation Rate by Years of Education (%)

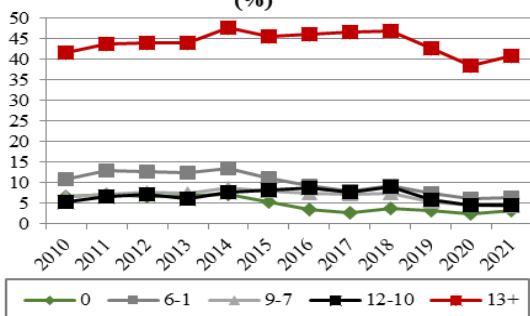
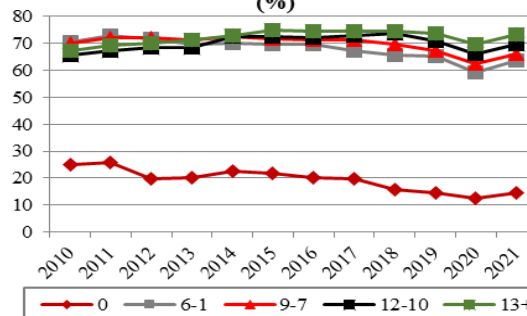


Figure 12: Male Labor Force Participation Rate by Years of Education (%)



The source is the PCBS Labor Force Survey, conducted over multiple years.

The mismatch between education and labor market requirements is a matter that constricts women's labor force participation and entrepreneurship. Women's high rates of participation in higher education, whether academic or vocational, does

not seem to help them join the workforce in sufficient numbers. Women's education, mostly concentrated on traditional subjects, may be to blame for this issue, as the skills and choices women develop through their immersion in these traditional subjects limits their potential to engage in other economic sectors and professions.

Data indicates that women's involvement in the Palestinian labor market is severely distorted and inadequate, as the possibilities for women with fewer than thirteen years of education to join the job market are limited. This indicates that women's prospects are restricted to a single group, rather than their distribution across all segments of women.

4.1 Determinants of Women's Participation in the Labor Market

There are two main conceptual approaches to understanding women's participation in the labor market. The first approach places a niche focus on individual factors in interpreting female labor force participation. These factors include education, expected wages, and the number of children in the family (especially those under 6 years). In addition to these variables, factors such as place of residence and the overall financial status of the family are also taken into consideration. The second theoretical method looks at the economy as a whole and the labor market's absorptive capacity within it. This is determined by the size and quality of labor demand, prevailing wages, the distribution of women across different sectors and working conditions. All these serve as factors of attraction.

Multiple studies undertaken in the Palestinian context show the favorable effects of education on women's work and family income (Dawood, 1999; Al-Botmeh, 2013). This research also demonstrates that a higher fertility rate in Palestinian society would further hinder women's participation in the labor market. However, it is worth mentioning here that there is a clear difference between the experiences of Arab countries in general, and Palestine. While Palestinian indicators are similar to many countries in the region, the participation of Palestinian women is lower than in those countries. To complete the picture, it is necessary to explore the determinants proposed by the second approach, focusing on the economy's structure and the labor market. According to this approach, the limited absorptive capacity of women in the labor market negatively affects their participation rate.

4.2 The Absorptive Capacity of the Palestinian Labor Market for Women

The Palestinian labor market's absorptive capacity for women increased in the past two decades, with women's participation rising from 11.2% in 1995 to 17.2% in 2021. Despite this notable increase in women's involvement, it mostly translates into a rise in female unemployment rather than an increase in

employment levels. The unemployment rate among women increased from 12.4% in 2000 to 50% in 2021, compared to a rise from 14.6% to 23.9% for men during the same period.

Furthermore, women's unemployment is disproportionately high among young women, particularly those with academic qualifications. This indicates that women in the Palestinian economy have poor job prospects. This, in turn, discourages them from entering the labor market, since they do not perceive the advantages of doing so in light of growing unemployment rates.

Palestinian youth, like those in other Arab countries, have higher unemployment rates compared to older age groups. This is especially true for women, with the unemployment rate among young women being four times that of older women (over 25 years), and twice that of young men. By the same token, young women (under 25 years) with a high-school diploma or higher education suffer from four times the unemployment rate as older women with the same qualifications.

The distribution of women across economic sectors, as well as the contribution of these sectors to their employment in substantial numbers, serves as an indicator of a given labor market's absorptive capacity and potential. In the Palestinian context, the services' sector emerges as the dominant economic sphere for women, as evidenced by the substantial presence of over 75% of working women in this sector.¹ This concentration in one sector restricts job prospects and employment chances for women in other industries, reducing their motivation to participate in the labor market.

Aside from the concentration of women in one sector, another key reason explaining low female labor market participation in Palestine is the decreased contribution of productive sectors, such as agriculture and industry, to GDP and employment. In fact, productive industries and services are critical for women's employment globally, both in advanced and developing nations. Thus, rising female labor force participation correlates consistently with higher rates of total employment, and with women's employment in economically-productive sectors (Standing, 1999). The economic contribution of these sectors to GDP is small and shrinking further. In 2021, the agricultural sector accounted for 3.2% and the industrial sector for 13.3% of GDP. Moreover, the contribution of these sectors to women's employment in Palestine decreased over the past two decades, indicating the weakened capacity of the economy to absorb women in the labor market. Currently, only 10% of women work in the agricultural sector, compared to 29% in 1996; while 12% work in the industrial sector, compared to 16% in

¹ In the broader sense, the term "services" here encompasses various sectors: hotels, restaurants, commerce and other service-related industries.

1996. This is a contributing cause to the low rate of female labor force participation. The protracted downturn in these sectors negatively pressures (persistently) on employment prospects, and by extension, women's chances of entering the labor market.

Pay is a major factor for women in deciding on whether to enter the workforce. Thus, closing the pay gap is critical. While both genders have experienced salary increases, women have seen a fall in real wages and the gender wage gap has become wider. In 2021, the real wage for women participating in the labor market reached ILS 76.50, while men earned ILS 107.40.² The wage gap became worse with time, from ILS 10 in 2009-12 to ILS16 in 2016-21. It is important to note that this disparity is more pronounced in the private sector. These factors (drop in real wages and widening pay gap) significantly inhibit women's willingness to enter the labor market. Furthermore, there has been no significant change in women's access to senior positions in various sectors where they remain underrepresented; such positions typically come with higher salaries.

Moreover, women's access to - and retention in - the workforce are profoundly impacted by the political and colonial context. Constraints, territorial restrictions, the military closure of villages and cities, and the erection of a myriad of separation walls all make it harder for women to enter the labor market and make economic and investment decisions. Increased travel durations between various parts of the West Bank are a direct consequence of these obstacles, making it difficult to estimate when (and how often) women may leave the house. In other words, Israel's numerous restrictions diminish women's opportunities to engage actively in the labor market.

In terms of entrepreneurship, there has been limited progress in recent years. The percentage of women who are self-employed - or who hire others - does not surpass 14%, according to PCBS statistics, and has not risen at all over the past two decades.

Studies undertaken in neighboring countries that carefully examined women's entrepreneurship confirmed the existence of considerable obstacles in acquiring finance when compared to males, for a variety of reasons. Some women, as a result of inherited social norms, do not receive their inheritance, thus, have fewer assets to use as collateral for loans. Training opportunities for women are likewise restricted (and often only available) in traditionally female-dominated occupations such as tailoring, clerical work and beauty care. They lack training in fundamental accounting, pricing, marketing, production factors and reinvestment. Israeli products, on the other hand, flood the Palestinian market, undermining the success

² Based on 2010 data as the baseline year.

of Palestinian women's initiatives, particularly in agriculture (e.g. animal husbandry). This issue has had a disastrous impact on Palestinian society's entrepreneurial spirit, especially women entrepreneurs.

In a similar inhibiting manner, the dominant patriarchal system in Palestinian society significantly shackles extensive female labor force participation. The institutional framework governing the labor market, such as labor laws, entails several challenges. For instance, it excludes significant categories of working women: including the self-employed, unpaid family work and domestic workers. The labor law does not cover women working in Israel or the settlements. Interviews with the Ministry of Women's Affairs confirmed the effect of the patriarchal system in terms of limiting women's labor force participation. Therefore, it is vital to address and challenge patriarchal notions in society via education and the elimination of stereotypical views of women's roles.³

4.3 Population Projections and Women's Economic Role

As indicated above, micro and macroeconomic policies that prioritize labor and employment are instrumental in capitalizing on the demographic transition following the decline in fertility rates and the structural changes in the population. Youth has become the largest segment in Palestine, as is the case in most Arab countries. These policies must focus on expanding labor demand to increase participation in the labor market, and thereby employment. Expanding demand is expected to lead to increased participation of underrepresented groups, such as women, as well as increased participation by men. This, in turn, is likely to result in higher incomes and reduced dependency rates.

In spite of a gradual drop in dependency rates over the past eight years, Palestinian society's savings' rate has been very unstable. The savings' rate is low, hovering between 9% and 19% of GDP (PCBS, 2022, 2023). This suggests that the existing correlation between these variables is weak and dependent on a highly volatile investment rate. Furthermore, interviews with public sector representatives reveal the lack of a cohesive vision or strategy to promote savings for the purposes of investment.⁴ This also indicates that a key factor in leveraging the economic advantages of the demographic transition has not been fully addressed, even at the strategic level.

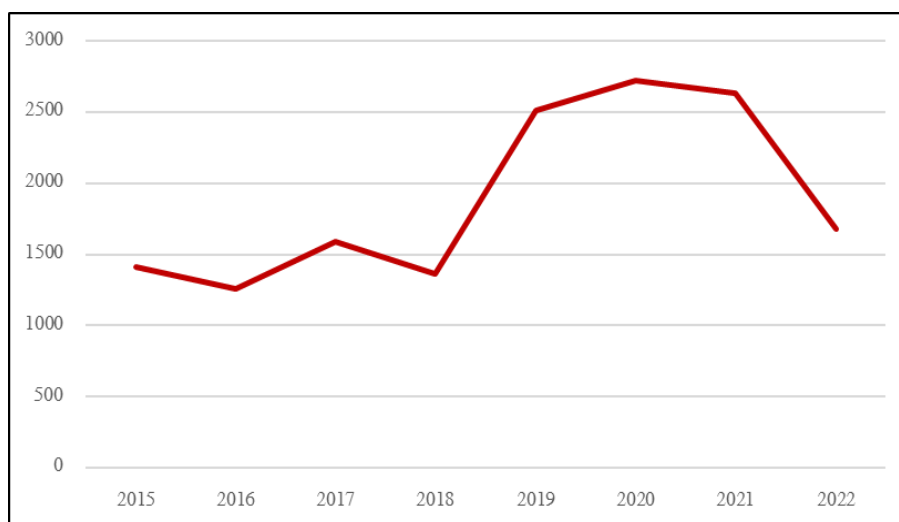
The Palestinian economy is characterized by high borrowing rates, which can be considered an indicator of savings. In 2020, the volume of credit facilities (loans, overdrafts and lease-to-own) amounted to USD 10.7 billion, accounting for

³ Interview with a representative from the Ministry of Women's Affairs, May 25, 2023.

⁴ Interviews with representatives from the Ministry of Labor and the Ministry of Women's Affairs, May 15 and May 25, 2023.

approximately half of the Palestinian banking sector's assets. These substantial amounts are invested by households and business owners in non-productive sectors. According to the Palestine Monetary Authority (PMA), the breakdown of these credit lines was as follows: 21.3% for real estate and construction, 1.2% for agriculture and animal breeding, and 17.1% for consumer goods and automobiles. Data indicates a low level of investment in productive sectors and a high level of investment in the non-tradable, construction sector, meaning its investment impact remains limited in terms of sustainability (PMA, 2021).

Figure 13: Savings at Constant Prices (USD millions)



Source: PCBS (2023), Palestinians at the End of 2022. PCBS (2022), National Accounts Indicators in Palestine.

Should the female labor force participation rate remain as low as it is now throughout the demographic transition period, women's economic roles will continue to be marginalized, as would the chance for potential positive impacts resulting from structural demographic changes. The same holds true for unemployment, reflecting the Palestinian economy's limited absorptive capability. The consequent increase in the youth population will further increase unemployment rates.

If women's labor force participation rate remains low throughout the demographic transition, as it is now, it will compound Palestinians' economic challenges. Specifically, women's qualifications will continue to be under-utilized, particularly in the Gaza Strip: the number of people without employment is expected to increase, in spite of relatively constant unemployment rates. This means that economic dependency ratios, which measure the proportion of people engaged in economic activity, will thus be rather high. Most crucially, there is a

risk that this demographic transition becomes a burden, rather than an economic and demographic opportunity, if the advantages it presents remain unrealized. Poverty and domestic violence tend to increase in tandem with population growth in economically depressed regions, particularly those with poor labor markets. In other words, failing to engage at this point of the demographic transition will have serious ramifications for the economy and society in terms of increased poverty and increasing domestic violence in the future.

Table 4: Participation and Unemployment Scenarios from 2021 to 2030

Labor force participation rates and unemployment rates based on (i) 2021 stability, (ii) increased labor force participation rates (25% for females, 74% for males) and decreased unemployment rates (10% for males, 20% for females), by 2030

Scenario	Projected Year	Individuals aged 15 and above						
		West Bank		Gaza Strip			oPt overall	
		Males	Females	Males	Females	Males	Females	Total
Labor force participation	*2030	938,566 *** (73.6)	212,715 (17.2)	513,239 (16.2)	142,384 (17.3)	1,451,804 (68.7)	355,099 (17.2)	1,806,903 (43.3)
Unemployment	*2030	116,382 (12.4)	61,475 (28.9)	215,047 (41.9)	92,549 (65)	331,429 (22.8)	154,024 (43.4)	485,453 (26.9)
Labor force participation	**2030	943,667 (74)	309,180 (25)	620,583 (74)	205,757 (25)	1,564,249 (74)	514,937 (25)	2,079,186 (49.8)
Unemployment	**2030	94,367 (10)	61,836 (20)	62,058 (10)	41,151 (20)	156,425 (10)	102,987 (20)	259,412 (12.5)

* Assuming stable participation and unemployment rates as of 2021.

*** Assuming reduced unemployment rates in the West Bank and Gaza: 10% for males and 20% for females.

** Assuming increased participation rates to 25% for females and 74% for males.

*** Assuming reduced unemployment rates in the West Bank and Gaza: 10% for males and 20% for females.

(The figures within parentheses represent participation rates and unemployment rates.)

The advantages of the demographic transition for Palestinian society can be maximized by the implementation of economic policies that increase the absorptive capacity of the Palestinian economy, which in turn increases female labor force participation rates. The following part of this paper focuses on these policies. If female labor force participation rates were to rise to 25% and male and female unemployment rates dropped to 10% and 20% respectively, more people would be employed, and women's social roles would be given a boost. It is also projected to reduce poverty and other social issues in Palestine.

As part of the ongoing discussion on unlocking women's roles in the context of the demographic transition, during interviews with representatives from the

Ministry of Labor and the Ministry of Women's Affairs (MoWA), representatives stressed the instrumentality of expanding productive sectors in increasing women's employment. These critical sectors may help increase female labor force participation and minimize unemployment rates.⁵

⁵ Interview with representatives from the Ministry of Labor and the Ministry of Women's Affairs, May 15 and 25, 2023.

5. From Demographic to Developmental Dividends: Investment Requirements to Enhance Inclusive and Gendered Development

Over the past two decades, female educational attainment has risen dramatically. In the academic year 2021/22, female students accounted for 62% of all enrolled students in Palestinian higher education institutions.⁶ Based on this data, it is clear that Palestinian society places a high value on female education. Thus, it is crucial to capitalize on this expanding pool of human capital to spur economic expansion and development.

However, women experience a decline in their status in the local labor market - a situation characterized by high unemployment and low rates of labor force participation compared to men. Thus, tapping the demographic dividend of women's education in Palestine includes both economic returns (e.g. economic growth, reduced unemployment rates, etc.) and social returns (e.g. minimized poverty rates, food security, improved health and well-being, social and political empowerment). With the predicted increase in the total number of educated women, specifically by 2030, effective policies are required to improve women's labor market position, otherwise the envisaged advantages of the demographic transition (and accompanying economic gains) will not be realized. Instead, economic dependency ratios will grow.

According to labor market projections in Table 4 above, given the percentage (17.2%) and number (275,672) of women participating in the labor market in 2021, the Palestinian economy needs to create approximately 80,000 job opportunities for women who will be entering the labor market by 2030 (assuming that the participation rate remains constant at 17.2%). This is in addition to the 157,000 women who are currently now jobless (female unemployment stood at 42.9% in 2021). Assuming that the women's participation rate will rise to roughly 25% (514,937 women) by 2030, the local economy will need to create around 240,000 new, job opportunities for women, in addition to opportunities for the currently 157,000 jobless women. It is vital to remember that the figures above are for oPt as a whole. However, reality in the Gaza Strip is far more difficult, owing to worsening economic circumstances. This has severely and adversely affected female labor participation, especially given Israel's ongoing economic blockade, imposed since 2006.

To avoid a difficult reality in which women's high rates of education and labor force participation become a significant demographic burden, a comprehensive set of policies and interventions from all relevant stakeholders are required to

⁶ https://www.al-ayyam.ps/ar_page.php?id=15dcd53by366794043Y15dcd53b

increase women's labor force participation, and create decent job opportunities for them.

5.1 Labor Market Interventions

Future demographic indicators call for several labor market interventions, especially on the demand side, to alleviate current and new distortions. Key interventions include:

- *Public fiscal policy utilization.* Tax incentives can be used to encourage women to join the labor force. Tax incentives (reductions or waivers) encourage women to accept jobs, as this increases their net income. After encouraging women to enter the labor market, governments typically phase out tax incentives gradually, as household income increases. This policy is preferred by governments worldwide to enhance women's participation in the labor market, as the marginal tax rate applied to secondary income (women's income is often considered secondary) remains low, thus encouraging women's participation (Elborgh, 2013). On this note, MoWA representatives emphasized the importance of providing tax exemptions for women-led projects, to encourage and sustain their participation in the labor market.⁷
- *Women's empowerment through greater access to financing.* Despite the law guaranteeing women's inheritance rights, the number of women who do not receive their rightful inheritance should not be underestimated. Women face significant challenges in accessing the financing they require, especially the need to provide collateral and guarantors. Microfinance institutions (MFIs) were advised to finance women-led projects. The interest rates that these institutions charge are excessively high, making it difficult for women to benefit from such loans. To support the production and distribution process, and thereby ensure higher profits, it is crucial to provide low-interest loans to women, particularly across the productive sectors.
- *Expenditure.* Allowances for families encourage women to join the workforce if they are structured correctly. Paid maternity leave is one of the most essential tools that help families balance work and family life. According to Palestinian labor law, maternity leave is only ninety days, shorter than in many countries. However, more importantly, the law imposes the total cost of maternity leave on employers, leading employers to shy away from hiring women, due to the high cost of such leave. As in other countries, employers and the state must share the cost of this leave, to encourage employers to hire women.

⁷ Interview with a representative from the Ministry of Women's Affairs, May 25, 2023.

- *Comprehensive, affordable and quality childcare services* can free up some of women's time, enabling them to participate more easily in the labor market. Global research shows that flexibility in women's labor supply directly correlates to the high cost of childcare services. If the price of childcare service decreases, the supply of maternal labor will increase significantly.
- *Enhance collaboration with the private sector to adopt initiatives that promote gender equality.* Encourage the recruitment and promotion of women, and provide an inclusive and equitable work environment.
- *Devote concerted efforts to increase the relevance of women's education and training to the requirements of the labor market,* by expanding education to include technology, business management and entrepreneurship. Women's education currently focuses on services such as healthcare, education and social care. The number of women specializing in fields such as industrial engineering or computer programming is low. Therefore, it is necessary to expand the scope of women's education past traditional fields.
- *Challenge traditional gender roles within society,* as proposed by the MoWA, through policies that encourage male involvement in household chores, both in routine household chores and in childcare. This saves women time, enabling them to engage in the labor market. The Ministry also suggested licensing women-led, home-based projects to increase women's economic empowerment. This includes culinary, baking and embroidery projects.⁸
- *The adoption of policies that address distortions in the labor market,* as well as supporting gender equality, while creating equal conditions for all. This can increase demand for female labor force participation. This can be achieved through incentivizing sectors where women are engaged economically, including agriculture, industry and technology. As previously mentioned, these productive sectors have experienced a significant decline since 1967 in terms of their contribution to GDP, employment and productivity. As women's employment is primarily limited to services, agriculture, industry and technology across the globe, Palestinian women resultantly have only one option: the services' sector. This sector is the only one experiencing continuous growth and higher employment rates. Investing more effectively in productive sectors is necessary to increase women's labor supply.
- *Concerning agriculture, it is crucial to reconsider the concept of profitable agricultural production and move away from traditional models.* This requires increasing land productivity to make it economically viable for farmers. This

⁸ Interview with representatives from the Ministry of Women, May 25, 2023.

can be achieved by improving knowledge about modern farming techniques, regulating water usage, and enhancing the productivity of small agricultural areas.

- *New intervention strategies for the agricultural sector.* This should cover the marketing and distribution of agricultural products, in addition to inputs and technologies. These are required to create a possibility for the development of the agricultural sector. Israeli agricultural goods, backed by the Israeli government, pose a serious threat to Palestinian exports and flood Palestinian local markets. As a result, it is critical to defend Palestinian goods against unfair competition that seeks to undermine agriculture and citizens' ties to the land for colonial ends.
- *Assist farmers in marketing their products.* Systemic trade and industrial strategies must be implemented, either via exports or by adapting products for export without spoilage. Delicate agricultural products can be transformed into industrial ones, preserved, and then sold in the local economy. Manufacturing agricultural products plays a role in increasing employment, while contributing to creating transformative industries. It is essential to adhere to quality production standards and achieve competitive standards, as the potential for exporting (or even consuming) high-quality products is much higher. Thus, a significant part of the success of the agriculture sector relies heavily on the government's trade policies.
- *A comprehensive trade policy must protect local agricultural products.* Furthermore, deliberate policy interventions are required to channel lending and investment into productive sectors, rather than the existing scenario in which consumer goods, general commerce, and automobile purchases form the bulk of borrowing. According to the PMA's data, the volume of credit facilities reached over USD 10 billion in 2021, yet, the proportion of borrowing for investment in agriculture and industry amounts to only 1.2% of this amount (PMA, 2022).
- *The ICT Industry.* The same can be said about the ICT industry, which is failing and shrinking. In order to encourage investment in this sector, it is necessary to emphasize the competitive advantages available in the West Bank and Gaza Strip. The technological industry is strongly reliant on Israel, with Israeli firms doing "secret work with Palestinian enterprises" by delivering software codes for Palestinians to distribute. This indicates that the Palestinian technology industry serves as a distribution channel for Israeli technological software, which has minimal economic returns compared to the design phase. Israeli firms retain the lucrative and highly technical components of planning and design. This brings to mind the 1980s clothing

industry when several Palestinian businesses were actively engaged in the processing phase for Israeli end products. Israeli enterprises, on the other hand, kept their design and production in-house, reaping huge profits while leaving the Palestinians with the leftovers.

- *Establishing direct links between global tech firms and Palestinian enterprises*, without using Israeli corporations as intermediaries, is vital to address challenges in the ICT industry and promote women's involvement in this domain. By following this path, Palestinians will create more jobs and be able to innovate, design, develop and implement their own digital software, without relying on Israel.

5.2 Government's Strategic Planning Interventions

There is an urgent need to continue this approach of strengthening the role of developmental and governmental strategic planning in increasing women's labor force participation and reducing unemployment rates. This can be accomplished by incorporating additional policies addressing women's challenges in the labor market into the government's strategic plans. This step is crucial for achieving gender equality and promoting women's role in economic development. The government's strategic plans (sectoral plans, sustainable development objectives, multidimensional poverty strategy, national policy agenda, etc.) should include specific and tangible objectives to enhance women's participation in the labor market and empower them economically and socially. Clear and effective mechanisms for monitoring and evaluating performance must be established, requiring coordination among relevant ministries.

Since the Oslo Accords, the consecutive Palestinian governments have released a comprehensive system of sectoral and developmental plans to direct the economy on a course of economic growth that takes into consideration social developmental concerns. These plans also seek to address the severe economic impacts of Israeli occupation, especially in Area C and other marginalized localities. These development plans aim to tackle gender issues in the labor market, including an increase in women's participation rates, reduced unemployment rates (particularly for women), promoting decent work conditions and wage equality. These plans also take into account the 2030 Sustainable Development Goals (SDGs), with their provisions including the need to address gender-based challenges in the labor market. Annex A presents a detailed set of proposed policies and interventions, across a comprehensive range of sectoral developmental plans, with a particular focus on women. In summary, these plans aim to:

- Address the legal and regulatory framework to encourage labor force participation, while providing a suitable, legal and legislative environment, including the protection and regulation of work in the informal sector, through licenses and permits that allow these businesses to become legally recognized entities, subject to laws and regulations to protect workers. This includes providing long-term assistance and support, emphasizing the need to achieve gender equality in employment opportunities and wages through rigorous monitoring by the Ministry of Labor's inspectors.
- Provide administrative and professional consultations for project owners, especially small businesses, as they constitute the majority of economic establishments in Palestine, focusing on women across various economic sectors. (Different plans prioritize managerial, financial and legal training for business management and development, aiming to disseminate information on success in economic projects, rather than just establishing these.)
- Ensure access to loans and financial facilities for different projects, particularly women-owned projects and women-led cooperatives. Alternatively, provide support services to women's businesses.
- Focus on the marketing of local production, whether in domestic markets or through exports. Dedicate concerted efforts to replace Israeli goods with Palestinian ones, particularly in the agricultural sector.
- Emphasize the importance of providing financial, administrative and marketing facilities for marginalized areas, and those threatened by annexation (e.g., Area C and the Jordan Valley).
- Highlight the importance of decent work conditions, wage equality and protected employment rights. Develop an education and employment infrastructure that emphasizes justice and dignity for working women.

In light of the proposed policy actions above, which are detailed in the Annex to this paper, it is evident that interventions aimed at promoting women's participation in the labor market and economic entrepreneurship in the oPt have primarily focused on the supply side, specifically women's participation in the labor market itself. These policies revolved around empowering women through education and skills' development. Along these lines, policies were postulated to increase girls' school enrollment and reduce dropout rates. Additionally, these policies addressed some issues related to the institutional framework governing the labor market.

While these policies and strategies are significant, they do not address the root cause of women's absence from the labor market and economic entrepreneurship, corresponding to a drop in general employment demand, including women's employment. In response, policymakers should pay increased attention to demand in the labor market, while encouraging various economic sectors to play a more active role in boosting employment demand. In a nutshell, the underlying structural issues within the economy - and the insufficient capacity of different economic sectors to generate job opportunities for women - are key factors influencing women's low rates of participation in the economic landscape.

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Annex 1: Evaluation of the Significance of Strategic Planning in Development Plans that aim to Promote Higher Female Labor Force Participation

The table below presents sets of proposed policies - in groups - based on the extent to which they seek to promote labor market participation, lower unemployment rates, while ensuring that all workers enjoy decent working conditions.

Sectoral and cross-sectoral strategic objectives to enhance female labor force participation are outlined and evaluated in the table below.

Plan	Participation in labor market/labor force participation	Unemployment reduction and revitalization of economic sectors	Working conditions and wages
The National Strategy for Gender Equality and Women's Empowerment (2017-22)	• SDG No. 5 has been adopted by the MoWA as part of its strategy: to promote women's full and effective involvement; and equal opportunities for leadership at all levels of decision-making in political, economic and public life. • Increasing women's economic participation and job opportunities across different sectors by encouraging financial and civil society programs targeted at the economic empowerment of women and youth. • To increase women's participation, financial and financing firms must offer Islamic finance and loans to entrepreneurs and cooperatives. NGOs should concentrate on enhancing the capacity of women's organizations and entrepreneurs in project setup and development, by providing business	• In pursuit of the fourth sectoral strategic objective: to enhance women's participation in the economic sector, the following interventions should be implemented: • Adopt laws encouraging and protecting small businesses and working women. • Establish a gender-responsive TVET system that effectively supplies the labor market with skilled and semi-skilled workers of both genders. • Further empower women in establishing their own projects: the MoL should focus on equipping women with the required skills, especially through vocational training. • The General Cooperation Directorate at the MoL should empower cooperative societies by providing them with the knowledge and necessary organizational tools for effective management.	• To reinforce compliance with laws and executive regulations in pursuit of the fourth sectoral strategic objective (i.e. enhance women's participation in the economic sector): • The MoL should proactively supervise the monitoring of private sector enterprises, especially those that violate labor regulations, such as minimum wage and safety at work. • The MoL should develop a labor rights awareness program for both male and female workers to mainstream decent work standards for women in the public, private, civil-society sectors and international institutions operating in Palestine.

Plan	Participation in labor market/labor force participation	Unemployment reduction and revitalization of economic sectors	Working conditions and wages
	development services and market access assistance.	• The National Fund for Employment and Labor Protection should fund women's cooperative societies and entrepreneurial endeavors. • The Ministry of Agriculture should foster entrepreneurial opportunities for women in the agricultural sector. • The Ministry of Culture should support women working in the handicrafts' sector. • During 2017-19 budget programs, the MoWA established an organizational structure within the Ministry to support women entrepreneurs and associations, enabling them to achieve sufficient income and project sustainability, mainly through fair marketing. • The General Cooperation Directorate should develop mechanisms for the fair marketing of rural and cooperatives' products. • The Ministry of Economy should facilitate national and international agreements for marketing rural products. • The Ministry of Finance and the Ministry of Justice should review laws related to investment, taxation, and the protection of national products to create a conducive environment for small businesses and cooperative work. • The Standards and Meteorology	• Supervision of occupational safety requirements should be activated. • Support should be extended to trade unions, labor-related organizations, and women's organizations that are active in sensitizing workers about their rights, unionizing women workers, encouraging them to establish labor committees and unions, and filing labor-related complaints with relevant authorities.

Plan	Participation in labor market/labor force participation	Unemployment reduction and revitalization of economic sectors	Working conditions and wages
		Department should improve specifications for rural products and for handicrafts. • Capacity building for women producers and rural women's associations. • Civil society organizations should provide business development services and offer management, financial, and legal consultations for women entrepreneurs, including training and continuous education. • Marketing companies should also develop their methods to promote women's products.	
The Sectoral Gender Strategy (2021-23)	• To achieve the fourth strategic objective (to enhance women's participation in the economic sector), the first outcome has been designed to ensure that "private sector establishments are committed to a legal framework that enshrines decent work for all workers, especially women with disabilities". The outcome require several interventions: • The private sector should be encouraged to retain female workers during and after the Covid-19 pandemic. • In response to the challenges posed by the pandemic, gender-responsive business policies should be	• To achieve the fourth strategic objective (to enhance women's participation in the economic sector) the second outcome has been designed to ensure that 1000 women-led economic initiatives are supported in organized sectors, as well as the self-employed sector. 30% are dedicated to threatened areas. The outcome involves many interventions, including: • License home-based projects. • Expand educational and training options for women to help them transfer from unsafe professions to more secure and safer careers. • Broaden the marketing scope of women's goods; the ministry has staged three two-day bazaars for women's goods in	• In order to achieve the fourth strategic objective (i.e. enhance women's participation in the economic sector), the first outcome has been designed to ensure that "labor sector establishments are committed to a legal framework that enshrine decent work conditions for all employees, particularly women with disabilities". This outcome comprises several interventions, including: - Strengthen the Ministry of Education's involvement in monitoring preschool compliance with minimum wage requirements.

Plan	Participation in labor market/labor force participation	Unemployment reduction and revitalization of economic sectors	Working conditions and wages
	implemented to provide new opportunities for women as employees and entrepreneurs, promote flexible work arrangements, expand social services to alleviate the caregiving burden on women, and allow them more time for paid work and leisure. - To achieve the fourth strategic objective (to enhance women's participation in the economic sector) the second outcome has been designed to ensure that 1,000 women-led economic initiatives are supported, with 30% earmarked for threatened areas. The outcome involves interventions that include: - Develop a designated program to economically-empower women through sustainable production and consumption projects, optimal use of resources, and renewable energy. - Promote leadership topics in educational curricula. - Build leadership capabilities in management and life skills for women in all fields of work and in student councils. Make women more aware of the role of security institutions, how important they are, and why they need their	marketplaces in significant foot traffic areas. - Develop former prisoners' technology capabilities and skills to ensure their long-term employment. This entails providing professional instruction in photography, editing, and directing to 43 former female prisoners, preparing them to work in the media or in wedding and event photography. Six former inmates are also given six income-generating business ventures based on certain requirements and methods. - Enact a law guaranteeing rights in movable property and the establishment of a specialized electronic registry allowing small, medium, and micro-sized businesses to access loans using these assets as collateral. - Enhance women's skills in managing healthy school cafeterias. - Issue and renew licenses for 180 kindergartens. - To achieve the fourth strategic objective (i.e., enhance women's participation in the economic sector), the first outcome was designed to ensure that "labor sector institutions are committed to laws, executive regulations, and relevant decisions, ensuring decent work for all employees, particularly women with disabilities". This outcome	Close the wage gap between men and women, especially in private sector institutions. This would be of great benefit to women and encourage them to deliver high-quality services and skills.



Plan	Participation in labor market/labor force participation	Unemployment reduction and revitalization of economic sectors	Working conditions and wages
	support and involvement. Building a program for women workers to share their work experiences with international and Arab organizations.	comprises several interventions, including: - Regulate informal labor protection by establishing the necessary frameworks for work licensing in small enterprises and households. - Encourage nontraditional agricultural and renewable energy programs for women. - Empowerment programs for sustainable production and consumption projects, particularly in the agricultural sector.	
The Labor Sector Strategy (2021-23)	- To achieve the first strategic objective (to develop employment opportunities and services) the policy intervention of the relevant national policy agenda is as follows: - Adopt measures to speed up the creation of permanent jobs through public-private partnerships, giving everyone decent work, supporting the Employment Fund and helping it grow, and getting entrepreneurial projects up and running faster to help male and female graduates get back on their feet and find jobs. - To achieve the second strategic objective (to train and build the qualifications of a skilled professional workforce in line with the needs of the labor market) the policy intervention of the relevant national policy agenda is as follows:	- To achieve the second strategic objective (to prepare a skilled professional workforce in line with the needs and demands of the labor market), the policy intervention of the relevant national policy agenda is as follows: - Improve educational access and retention, as well as the transition from education to employment (aligning education and TVET with development needs and the labor market, ensure equal opportunities, and develop the infrastructure and facilities for TVET). - Provide the community with a trained, competent workforce, technicians, and qualified professionals capable of contributing to infrastructure development and maintenance as well as the industrial, agricultural, and services' sectors.	- To achieve the third strategic objective (to promote the implementation of decent work principles in Palestine), the relevant policy intervention in the national policy agenda aims to: - Ensure a safe and inclusive work environment that complies with occupational safety and health standards.

Plan	Participation in labor market/labor force participation	Unemployment reduction and revitalization of economic sectors	Working conditions and wages
	- Gender equality should be promoted, and women empowered to establish the basis of the Palestinian economy. - Specialized training and continuing education programs to increase the likelihood of securing permanent work, in order to address labor market shifts caused by economic volatility.		
The National Employment Strategy (2021-25)	- To achieve the first strategic objective (to strengthen labor market governance and develop active labor market policies and programs to enhance linkages and boost the supply and demand effectiveness in aligning supply and demand) the following should be accomplished: - In collaboration with the Palestinian Fund for Employment and Social Protection, boost the use of matching services offered by multifunctional employment agencies. - The integration between employment programs and social protection programs should be achieved to meet the needs and rights of women, youth and persons with disabilities who are beneficiaries of social assistance	- To achieve the second strategic objective (to train and build the qualifications of a skilled professional workforce in line with the needs of the labor market) the policy interventions of the relevant national policy agenda is as follows: - Align the TVET system with labor market demands in terms of both quantity and quality via strong collaboration between the public and private sectors. - Promote TVET, especially for women. - To achieve the first strategic objective (to reinforce labor market governance and develop robust labor market policies and programs to enhance linkages and increase the efficacy of aligning supply and demand) the following should be accomplished: - Develop more employment initiatives in partnership with labor institutions.	- Alongside the promotion of legal compliance, the inspection system should be bolstered to eliminate informal work, especially among women and youth. - Businesses should be encouraged to migrate to the formal economy, and employees and jobseekers should be further educated on labor rights. - The institutional framework for social dialogue and social protection should be enhanced. - Regardless of gender, concerted efforts should be made to reduce the proportion of employees earning pay below the minimum wage.



Plan	Participation in labor market/labor force participation	Unemployment reduction and revitalization of economic sectors	Working conditions and wages
	programs, albeit not engaged in work or education or subject to employment or facing involuntary unemployment. - To achieve the third strategic objective (to enhance the resilience and capacity of the private sector to grow productivity and create decent employment opportunities for job seekers, especially youth and women) the following should be accomplished: - The legal and regulatory environment that facilitates business practices and promotes private investment should be fostered. - The capacity of private sector institutions should be enhanced, including cooperatives in priority sectors in Gaza, Jerusalem and areas under complete Israeli control. This is essential to maintain their operational and competitive capabilities and improve their working conditions. - A system of business and supportive financing services should be developed for the benefit of small-scale entrepreneurship and self-employment to promote job creation.	- Guarantee that evidence-based analysis of the relevance, efficacy, and impact of employment initiatives is provided and increase the number of employment programs being assessed. - Create a networked, labor market information system to keep job seekers, employers, and policymakers abreast of labor market trends and employment-related developments (classified by gender and age, linking job seekers with employers). - Enhance the use of employment services by job seekers through multifunctional employment offices (including collaboration with the Palestinian Fund for Employment and Social Protection). - To achieve the first strategic objective (to reinforce labor market governance and develop robust labor market policies and programs to enhance linkages and increase the efficacy of aligning supply and demand) the following should be accomplished: - Bolster labor directorates' support for employment service delivery through centralized service offices and multifunctional employment offices.	

Plan	Participation in labor market/labor force participation	Unemployment reduction and revitalization of economic sectors	Working conditions and wages
	The market control system should be enhanced to ensure fair competition for local products.		
The Social Development Sector Strategy (2021-23)	- Economic empowerment programs for low-income families, including the establishment of new startups and the development of existing businesses for impoverished households. - The formation of corporations and businesses that market the goods of impoverished and small-scale producers, making use of global solidarity marketplaces in this sector.	- TVET programs should be in place for young men, women, and persons with disabilities from low-income families. - The Ministry of Labor's role in providing empowerment and employment programs for the unemployed. - Collective empowerment programs for low-income families and small-scale farmers. - The Ministry of Agriculture's role in providing collective and individual empowerment programs for farmers. - The Ministry of Local Government and the Ministry of National Economy's roles in fostering the empowerment of disadvantaged groups, such as the development of regular fairs and bazaars for local women's products. This includes organizing popular markets in conjunction with civil society organizations. - The Ministry of National Economy's role: Policies and legislation that promote the marketing of small-scale producers' goods and the development of specifications for traditional and women's food industries.	The minimum wage policy should be respected and enforced.
The National Economic Development	To achieve a set of development objectives associated with industrial economic development, a range of	To achieve a set of development objectives associated with industrial economic development, a suite of projects has been	



Plan	Participation in labor market/labor force participation	Unemployment reduction and revitalization of economic sectors	Working conditions and wages
Strategy (2021-23)	projects has been proposed within the industrial cluster, including: • Enhance specialized and modern TVET by establishing a vocational training center with specialized and innovative programs. This initiative intends to provide professional staff with the essential skills, promote entrepreneurship and build linkages with local universities, including hands-on updates and innovative ideas that match demands in priority sectors. • Build the capacity of workers in planning, management, marketing and export preparation. • In pursuit of the strategic objective to establish a leading and competitive Palestinian industry linked to the SDGs: • Increase the market share of Palestinian products in the local market.	proposed within the industrial cluster: • Construct and develop industrial zones via the establishment of a business development center and the implementation of advanced training programs. • Pursue the value chain project for food production, which includes the development of a national agricultural manufacturing hub. Improve agricultural products and value chains. This initiative aims to enhance and empower farmers in marginalized areas. It also helps to leverage the potential of farmers to overcome obstacles related to production quantity and limited land availability. • In pursuit of the strategic objective to establish a leading and competitive Palestinian industry linked to the SDGs: • Support should be provided to startups and the development of micro, small, and medium-sized enterprises. • Digital and technological industries should be supported and promoted, including digital content. • In pursuit of a leading and competitive Palestinian industry linked to SDGs: • National products should be protected, and their competitiveness should be boosted.	

Plan	Participation in labor market/labor force participation	Unemployment reduction and revitalization of economic sectors	Working conditions and wages
		Productive sectors should be reconstructed, particularly in the southern governorates.	
The Agricultural Sector Strategy (2021-23)	- To achieve the fourth strategic objective (to enhance the production, productivity, diversity, and competitiveness of the Palestinian agricultural sector) the following outcome has been designed: - A favorable business climate for both male and female entrepreneurs and business owners in the agricultural sector. In pursuit of this objective, predicted outcomes include an increase in land allocation for youth agricultural investment and the availability of zero-interest loans specifically designated for this purpose.	- To achieve the fifth strategic objective (to provide farmers with responsive services that support value chains in terms of quality, cost, and time). Several outcomes are required, including: - Training courses should be provided to enhance the capabilities of all veterinarians, including training in diagnostic procedures, risk analysis, registration of veterinary products, product safety control and veterinary work management. - Entrepreneurial courses should be delivered to develop the skills of all agricultural extension officers, including courses on plant fertilization and nutrition, pest and insect control, fresh produce handling, and managerial skills. - Agricultural marketing services should be developed, including information provision, marketing guidance, transportation, and wholesale market management. New information centers should be established.	
The Public Works and Housing Sector		To achieve the fifth objective (to support, develop, and regulate the construction sector to contribute to the national	

Plan	Participation in labor market/labor force participation	Unemployment reduction and revitalization of economic sectors	Working conditions and wages
Strategy (2021-23)		economy), a policy has been established to support and protect local construction products with the following interventions: • A database for local construction industries should be developed, updated and circulated. • Compliance with the use of locally-produced construction materials should be monitored. • Investment in construction industries should be promoted, and locally-produced alternatives that meet international standards should be used.	
The Education Sector Strategy (2021–23)	• To enhance the quality of general education, human resources in the education system, particularly teachers, are under development to increase their capability of fulfilling their vital role in teaching and nurturing children. • In order to improve the transition from education to work, the following interventions should be undertaken: • The outputs of education, TVET programs and higher education should be aligned with developmental needs and the needs of the labor market, ensuring equal opportunities and access for everyone.	• The following interventions should be implemented to improve the transition from education to work: • Develop the TVET system and expand its scope to become aligned with the government's development agenda. • Enhance the education of science, technology, engineering and mathematics (STEM), as it has an indirect impact on the labor market.	• To increase enrollment and retention in education, it is essential to ensure that school infrastructure and facilities are suitable for both genders. Provide professional specializations for both genders in vocational education pathways. Integrate gender issues into curricula, and hold teacher training and student activities. • To compensate for their lower salaries compared to the cost of living in the Jerusalem governorate, additional incentives should be offered to instructors of adult education and adult literacy in the governorate.

Plan	Participation in labor market/labor force participation	Unemployment reduction and revitalization of economic sectors	Working conditions and wages
	• Technical education streams should be promoted. • The level of scientific research should be enhanced. • The foundations and system of educational evaluation should be developed, including updating and streamlining the general secondary education system to become more inclusive for both genders, more flexible, and more empowering for enrollment in higher education, technical education and vocational training. It should also be more in tune with the needs of the labor market, now and in the future.		

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Annex 2: The Alignment of Development Plans: Enhancing Productivity, Promoting Competitiveness, and Ensuring Protection in Key Economic Sectors, with a Niche Focus on Female Labor Force Participation

Given the interplay between gender equality, female labor force participation and the protection and development of specific economic sectors (agriculture, industry, ICT), as well as the promotion of competition in local markets to increase productivity, a review of relevant strategies to study priority items and policies aimed at increasing and safeguarding productivity has been undertaken.

(A) The Agricultural Sector Strategy (2017–2022)

The Ministry of Agriculture (MoA) seeks to achieve several strategic objectives to protect farmers and producers in the agricultural sector, enhance their productive growth, and more. The objectives and policy interventions were as follows:

To achieve the first strategic objective, i.e., to improve the resilience and steadfastness of farmers, both male and female, and their commitment to the land, the following priority interventions are proposed:

- Provide direct assistance to farmers and producers impacted by occupation practices in order to increase their resilience. This comprises interest-free loans, government backing for lending operations by the Palestinian Agricultural Credit Institution (PACI), and compensation for losses caused by the Israeli occupation.
- Provide necessary support to farmers affected by natural disasters and market crises to ensure their ability to adapt, sustain their work, and thrive.
- Encourage young female entrepreneurs and women to participate in agricultural activities and initiatives (MoA, 2020).

To achieve the second strategic objective, i.e., to enhance self-reliance in food provision and break free from Israeli dominance in trade and markets, the following interventions are proposed:

- Increase the market share of the Palestinian agricultural sector in the local market.
- Reduce imports from the Israeli market (MoA, 2020).

To achieve the third strategic objective, i.e., sustainable and climate-adaptive management of agricultural natural and genetic resources, the following interventions are proposed:

- Increase the available water resources for farmers by improving the efficiency of traditional and nontraditional water management practices.
- Protect arable lands from degradation and expand the cultivated land area.
- Facilitate farmers' access to their land by opening and rehabilitating agricultural roads (MoA, 2020).

The fourth strategic objective, i.e. to enhance the productivity, diversity, and competitiveness of the Palestinian agricultural sector, can be achieved through the following policy interventions:

- Expand the area of strategic crops (e.g., wheat) and high-value crops (e.g., table grapes, avocados, strawberries, and zucchini).
- Increase intensive livestock farming.
- Allocate tax refunds to farmers to enhance competitive prices of animal- and plant-based agricultural products (MoA, 2020).

(B) The Industrial Cluster (2021-2023)

The Ministry of National Economy (MoNA) aims to foster industrial clusters and raise productivity growth via a variety of policies and interventions that strengthen and support the competitiveness of many productive sectors. These interventions are linked to the following strategic objectives.

To achieve the first strategic objective (developing value chains and inter-sectoral networking to maximize production and enhance competitiveness), the following interventions must be implemented in the concerned sectors:

- Footwear and leather value chain, furniture and furnishings value chain: develop capabilities and foster collaboration and networking at various levels, to ensure quality and efficiency in achieving competitiveness, branching out into targeted local and regional markets.
- Footwear and leather value chain: Maximize operations and income for all industry components as a strategic source to contribute to socioeconomic stability in Palestine.
- Food and pharmaceutical manufacturing value chain: Focus on quality improvement and specification compliance (food protection) in production and packaging, emphasize innovation in production and the continued development of new products to enhance the sector's competitiveness and improve its production capacities, quality levels and market expansion. This includes land reclamation, developing high-value agricultural products, establishing silos, specialized and accredited laboratories for quality improvement and product development, and the National Agricultural

Manufacturing Center to enhance and empower farmers in marginalized areas (among others).

- Food manufacturing, paper, nylon and printing industries value chain: Emphasize innovation in production and skills' development in design, especially for packaging products, while taking into consideration global standards. Adopt principles of circular economy (employing outputs and surpluses in production) to enhance the sector's competitiveness and improve its production capacities, quality levels and market expansion potential. This includes introducing modern technology, such as machines and new designs.
- Plastic industries value chain: Direct production towards innovation, environmental standards and optimal resource utilization in accordance with the demanding requirements of health, safety and the environment in global markets. This aims to enhance the sector's competitiveness and improve its production capacities and quality levels.

To achieve the second strategic objective of supporting and investing in promising sectors, the following interventions should be implemented in each of the specified sectors:

- Gold industry: Focus on innovative product development and renewable energy to enhance this sector's competitiveness, responsiveness to market demands through creative designs, improved quality levels and market expansion. This includes developing and expanding current production lines and deploying modern technology.
- Stone and marble sector: Develop stone and marble production, enhance the competitiveness of quarries and crushers, focus on product innovation and implement circular economy principles to develop, and build upon the competitive advantage of, the Hebron and Nablus stone and marble sector. This warrants the utilization and integration of available modern technology for raw stone examination prior to quarrying, enhancing this process with new tools, and providing necessary training for operation.
- Construction industries: Substitute away from imports and empower the construction sector, including the establishment of a high-capacity cement mill with storage silos.
- Feed industry: Attract strategic investments (substitute away from imports and increase employment opportunities).
- ICT industry: Empower and integrate technology in industrial sectors to maximize performance and productivity by launching entrepreneurial programs targeting youth and women (the fourth industrial revolution).
- Energy for industry: Increasing energy sources and ensuring their continuity in line with the developmental needs of the industrial sector.

To achieve the third strategic objective of supporting heritage and cultural industries, the following interventions must be implemented:

- Craft industries value chains: Emphasize innovation in production and develop new products with renewable identities by enhancing this sector's competitiveness. Improve its production capacities, quality levels and market expansion. This includes enacting a law to protect craft products based on an approved mechanism.

To achieve the fourth strategic objective (supporting and empowering comprehensive and sustainable industrial development), the following interventions are to be implemented:

- Enhance industrial infrastructure through the establishment and development of industrial zones.
- Develop quality infrastructure.
- Develop specialized and modern training, qualification, and vocational education systems through the establishment of vocational training centers with specialized and up-to-date programs, aiming to enhance the human capacity of required human resources. Promote entrepreneurship and establish connections with local universities to generate practical updates and ideas that respond to the needs and demands of priority sectors (Ministry of National Economy, 2020).

(C) Sectoral Strategy for ICT (2021-2023)

The Ministry of Communications and Information Technology has a set of overarching goals that it hopes to accomplish, in order to protect and improve the competitiveness of the telecoms and IT industry.

- Strategic Objective 4: Foster leading and competitive digital industries by supporting entrepreneurial initiatives and promoting creativity and innovation.
- Strategic Objective 5: Develop qualified, competent and productive human resources by providing training activities to create a technically-skilled workforce for the sector.
- Strategic Objective: Develop modern and comprehensive infrastructure and a regulated and advanced communications' market where fair competition thrives. This can be achieved through the following interventions:
 - Modern and advanced communication services.
 - Support and encourage digital and technological industries while boosting digital content.
- Strategic Objective 2: Establish a modern, comprehensive legislative and regulatory environment by implementing the following interventions:

- Ensure fair prices for telecommunications' services and consumer protection.
- A licensed and protected Palestinian market.
- Developing plans, policies and mechanisms to regulate and develop the sector.
- Strategic Objective 3: Advanced and efficient electronic services (communications, information technology, mail) by introducing modern technologies to keep pace with technological advancements.
- Strategic Objective 5: Develop qualified, competent, and productive human resources by improving productivity and enhancing the Ministry's staff performance. This requires the development and adoption of a new, modern organizational structure, the automatization of ministry operations, providing specialized training courses and presenting an approved staffing plan for the coming years (Ministry of Communications and Information Technology, 2020).

(D) The National Policy Agenda (2017–2022)

The national vision of the National Policy Agenda is based on three pillars: “The Path to Independence,” “Reform and Enhancement of Public Services,” and “Sustainable Development”.

An effective government is a priority within the second pillar, achievable through implementing policies that promote accountability and transparency. The plan is to execute this policy through various measures, including the integration of gender equality into government policies, programs and budgets. This entails evaluating government policies in terms of their impact on women and girls, and their contribution to promoting gender equality. In this regard, efforts will be made to enhance and implement a gender mainstreaming strategy and provide the necessary tools to ensure the integration of gender equality principles in public policies, legislation, and relevant plans and budgets. To fully harness the potential and capabilities of the civil service sector in Palestine, it is essential to provide every opportunity for women to empower themselves and realize their full potential. To achieve this objective, barriers that hinder women’s employment, promotion and retention in the workforce must be eliminated. In particular, ensuring women’s capacity to reach high-level positions and critical roles in decision-making bodies is crucial (Prime Minister's Office, 2016).

The third pillar of this agenda (Sustainable Development) encompasses most of the reform agenda adopted by the State of Palestine. This pillar will be implemented through five national priorities and 19 national policies. It includes the priority of achieving economic independence by providing decent employment opportunities for all. This involves:

- Adopt measures to expedite the creation of permanent employment opportunities through public-private partnerships.
- Adopt measures to accelerate the launch of entrepreneurship projects for the rehabilitation and employment of graduates from both genders.
- Support and further develop the Palestinian Employment Fund.
- Ensure a safe and health-conscious work environment that meets occupational health and safety standards (Prime Minister's Office, 2016).