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COMPREHENSIVE RESPONSE TO SOCIO-ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC IN PALESTINE UNDER OCCUPATION

Pillar 1:
The Economic Impact of the Coronavirus Pandemic on the Most-Vulnerable Micro, Small and Medium-Sized Enterprises and Protecting Jobs, Especially for Youth and Women

This publication is one of a series of six reports on the socio-economic impacts of COVID-19 Pandemic in Palestine and required responses, organized under five themes.

These include: Introduction -The COVID-19 Shock in Palestine: from Resilience to Empowerment to Sovereignty; Pillar 1: The Economic Impact of the Coronavirus Pandemic on the Most-Vulnerable Micro, Small and Medium-Sized Enterprises Protecting Jobs, Especially for Youth and Women; Pillar Two: Providing Safety Nets and Social Protection for the Most-Affected and Marginalized Groups; Pillar Three: Resilient Communities and Access to Key Services; Pillar 4:Responsive and Inclusive Governance; Pillar 5: Response and Interventions for Addressing Impacts of the Coronavirus Pandemic in the Gaza Strip.

Pillar One: The Economic Impact of the Coronavirus Pandemic on the Most-Vulnerable Micro, Small and Medium-Sized Enterprises and Protecting Jobs, Especially for Youth and Women

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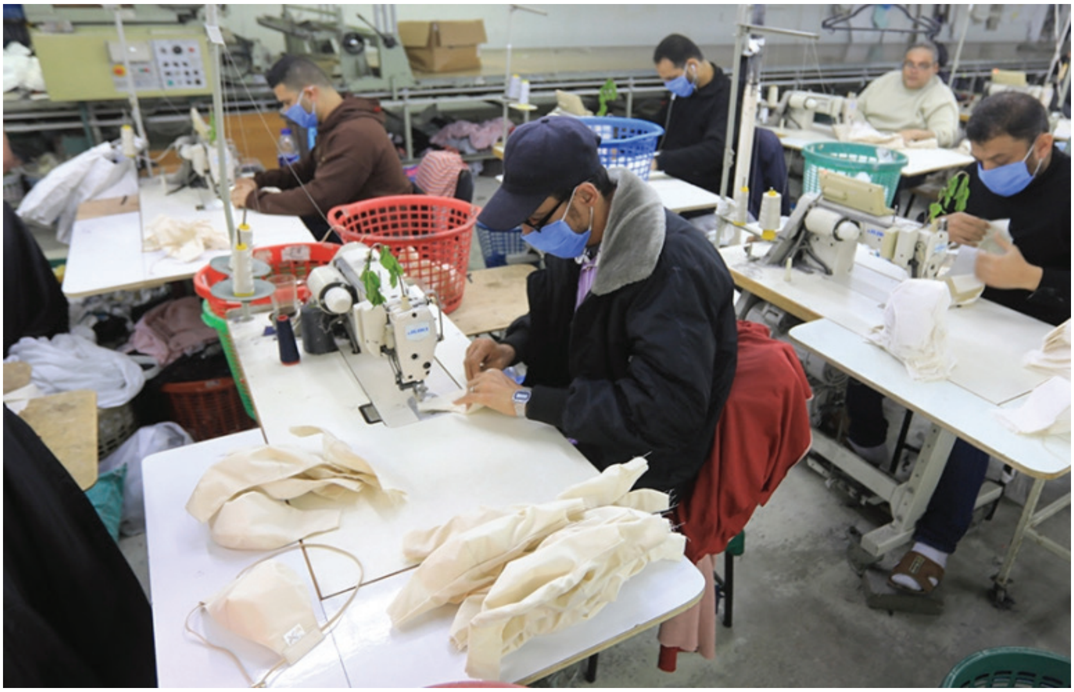

Section I: The Economic Impact of the Coronavirus Pandemic on Micro, Small and Medium-Sized Enterprises

Introduction

During the past few months, the coronavirus pandemic has directly affected economic activities in various sectors, negatively affecting various economic indicators. Employment rates have decreased, GDP has declined and government revenues have declined too. Restaurant and hotel activities, construction, trade (wholesale and retail), industry, mining, and agriculture are among the sectors most affected by the spread of the coronavirus. Table 1 highlights the most prominent impact of the coronavirus pandemic on various economic sectors:

box 1: Overall and Anticipated Impact of the Coronavirus Pandemic on Various Economic Sectors

Financial Sector

1. In mid-April 2020, the Ministry of Finance and the Palestine Monetary Authority (PMA) reached an agreement whereby banks would provide USD 400 million in additional funding to the Palestinian National Authority (PNA), for a period of six months, from the emergency budget (USD 66.7 million per month since August, to provide the necessary liquidity to government institutions). However, the financial impact of the pandemic, and large losses incurred by families and enterprises, threaten the stability of the banking system. Resultantly, the PNA and its employees suffer from the problem of a shortage of liquidity. The percentage of loans provided to the PNA and its employees is about 35% (USD 3.11 billion) of total bank credits.[1]
2. The percentage of returned checks in the Palestinian Territories increased to 35% of total checks presented for payment during the pandemic period, compared to an average of 10% in 2019. [2]
3. Loan repayments have been postponed for the first four months of the lockdown period.
4. The net profits of Palestinian banks listed on the Palestine Stock Exchange declined by 2.19% during Q1 2020. [3]
5. The Palestine Stock Exchange recorded a loss of USD 34,360 (net), a decrease of 110% compared with profits for the same period during the previous year, 2019. [4]
6. During the first half of 2020, the total value of market transactions recorded a decrease of 69% compared to the same period in 2019.

Industry

1. According to data sourced from the Palestinian Central Bureau of Statistics (PCBS), industrial production recorded an increase of 29.06% during June 2020, compared with May 2020. It recorded similar levels to those that prevailed before the coronavirus pandemic.[5]
2. Manufacturing sector companies (micro, small and medium) have been greatly affected by containment measures during the lockdown period. In particular, one must mention small stone-and-marble projects, furniture manufacturing, shoes and leather, and handicrafts' projects. These were forced to close during the first period of the outbreak of the pandemic while reducing activities due to a significant decline in demand, cancellation of orders, a lack of supply and raw materials, and restricted transportation along local and global value chains (L/GVCs). Companies operating in food processing did not witness the same decline as companies operating in the above-mentioned sectors.

Agriculture

1. According to the UN Food and Agriculture Organization (FAO), 1.7 million people will suffer from food insecurity in Palestine (80% in the Gaza Strip and 20% in the West Bank). [6] FAO stresses that owners of small projects (livestock keepers and farmers) will face major problems as a result of the high prices of inputs, especially since they lack cash for the payment of suppliers, who insist on cash payments only.
2. The prices of pesticides, fertilizers, and seeds increased for several consecutive weeks, against the backdrop of a lockdown to limit the spread of the pandemic. This price hike caused farmers to worry about their ability to control pests during the next season.

Services and Tourism

1. The Ministry of Tourism and Antiquities carried out a series of studies to estimate losses and identify methods to face the crisis. Its recommendations and proposals were submitted to the Council of Ministers. With regard to support for the tourism sector, 50% of tax revenues were disbursed to hotels. Institutions and individuals licensed by the Ministry of Tourism as tourism professionals have been exempted from the payment of licensing fees for 2020. [7]According to PCBS estimates, the tourism

sector in Palestine employs approximately 21,000 workers. It also creates jobs in other derivative sectors, such as traditional crafts and others. The number of workers in such activities is estimated at about 35,000 workers.

Governance Sector

1. The financial situation of the PNA is expected to become more difficult, due to the decrease in revenues, compounded with a large increase in public spending on medical, social, and economic needs. Even with some reallocation of expenditures, the funding gap could worsen, from USD 800 million in 2019 to more than USD 1.5 billion in 2020, if needs are to be adequately met. [8]

Workers

1. The Ministry of Labor, the Coordinating Council for the Private Sector, and the Federation of Trade Unions signed an agreement requiring the private sector to pay wages to employees and workers for March and April at a 50% rate (or no less than NIS 1,000), with the remaining amount payable at the end of the crisis. [9]
2. Informal economy workers (working without a contract) are among the groups most affected by the pandemic. They constitute 48% of Palestinian workers who are employed without any form of contract. These workers constitute approximately 50% of workers in the agricultural sector, as well as 40% of construction sector laborers. Many workers in the informal economy are self-employed, especially those who work in transport and retail. Less-skilled workers suffer the most. [10]
3. The loss of income by approximately 140,000 Palestinians[11] working in Israel and the settlements will significantly reduce household consumption and affect the entire economy by reducing aggregate demand.
4. PCBS carried out a household survey to measure the impact of the coronavirus on the social and economic conditions of Palestinian families. The survey was conducted on a household sample of 9,926 families. It was found that about three out of four main breadwinners in the West Bank (73%) worked during the lockdown period that extended from March 5 to May 25, 2020. On the other hand, one out of every seven breadwinners in the West Bank (14%) stopped working during the lockdown period. About one out of every eight breadwinners were not working before the lockdown period in the West Bank (13%). The declaration of the state of emergency, and the closure of all public and private institutions, including the obligation to stay at home, were major reasons for the cessation of work, at a rate of 68%.[12] The pandemic has significantly affected wage/salary flows, with around 23% of breadwinners and wage-earners receiving their wages as usual. 25% received partial wages/salaries, and 52% did not receive any wages/salaries during the lockdown period. There was also a decrease in monthly spending on materials, as 41% of families reduced their monthly expenditures on foodstuffs during the lockdown period, compared to February 2020 (42% in the West Bank and 40% in the Gaza Strip).

During the past few months, the coronavirus pandemic has had a significantly negative impact on the productive assets of micro, small and medium-sized enterprises (MSMEs), as a result of their difficulties in obtaining basic production inputs and securing livelihoods. This is in addition to damages to production and logistics chains across various sectors. The pandemic has also had a negative impact on local demand for goods and services, due to the decrease in the purchasing power of the population, given long-term business stoppages, high unemployment, low wages, and long-term interruptions in the payment of salaries for public sector employees, given Israel's seizure of clearance funds.

MSMEs are the backbone of the Palestinian economy. The number of establishments operating in the private and community sector, reached 146,866 in 2017. [1] They employ 444,086 workers,

1 http://www.pcbs.gov.ps/postar.aspx?lang=ar&ItemID=3723

of which 25% are women. Therefore, it can be argued that these institutions are amongst the hardest hit by the coronavirus pandemic and government measures to limit its spread.

PMA has classified MSMEs as companies that employ a maximum of 25 people, with annual sales not less than USD 7 million, or equivalent.[2] As for the Ministry of National Economy, according to the 2011 Cabinet Resolution on MSMEs, the following applies:

Micro enterprises	**Employs 1-4 workers with a capital of USD 5,000, and annual revenues of USD 20,000.**
Small enterprises:	**Employs 5-9 workers with capital of USD 5,001-50,000, and annual revenues of USD 20,001-200,000.**
Medium enterprises:	**Employs 10-19 workers with capital of USD 50,000-100,000, and annual revenues of USD 200,001-500,000.**

Therefore, it is very important to adopt a unified definition that is approved by PMA and other ministries to assist relevant authorities in coordinating and monitoring the provision of services, analyzing data, assessing risks, and proposing strategic policies and development plans targeting each group of establishments (according to size, number of workers and revenues). Focus should be placed on the post-pandemic phase.

According to PCBS data, about 37,336 establishments shut down completely during the lockdown period (including SMEs), as a result of the PNA's decision to enforce a lockdown starting on March 22, 2020. These institutions employed 105,345 workers in the West Bank and Gaza (71,043 in the West Bank and 34,302 in the Gaza Strip). The total decrease in operating capacity at these facilities is estimated at 26%.

Initial estimates show[3] that MSMEs in the service sector are the most affected by the coronavirus pandemic, as economic activities in tourism and related sectors (hospitality and food services) have stopped. So too have transport services, in a more severe manner than expected. The continued closure of borders poses a serious threat to the hotel and accommodation sector, which depends on the influx of tourists.

Tourism is one of the sectors most affected by the pandemic. Its recovery process from the pandemic will be slower than other sectors due to great losses incurred by this sector given the almost complete cessation of religious tourism in light of restrictions on international travel. Before the coronavirus crisis, the tourism sector employed about 4% of the workforce in 2018[4] and during the first half of 2019. The sector recorded an increase of 21% and 40% in the number of hotel guests, respectively, compared with the corresponding periods in 2017 and 2018.[5]

Tourism is undoubtedly one of the sectors most affected by the pandemic. According to PCBS data[6], the tourism sector comprises 10,706 companies along the value chain, including about

2 2013/53 Circulars. 2013. PMA.

3 EUROMESCO SPOT-ON Nº16 - JUNE 2020 "COVID-19 In PALESTINE: Economic Slump, Rising Vulnerability and Limited Policy Response"

4 http://www.pcbs.gov.ps/site/512/default.aspx?lang=en&ItemID=3555

5 http://www.pcbs.gov.ps/site/512/default.aspx?lang=en&ItemID=3555

6 Palestinian Central Bureau of Statistics, 2019. Economic Surveys Series 2018: Main Results:

5,000 restaurants and cafes. During Q2 2020, the number of workers in activities related to the tourism sector, reached about 33,000 workers, constituting 3.7% of total workers in Palestine. When compared to the same period for the previous year, the number decreased by 23%, reaching about 43,000 workers at the time. The majority work as salaried employees, on a pro rata (per day or per hour) basis. Resultantly, they faced a complete cessation of income during the lockdown period. Due to the sharp decline in inbound and domestic tourism during the ten months (March-December 2020), losses in domestic tourism revenues, including both inbound and domestic tourism, were estimated at approximately USD 1.15 billion... It is expected that enterprises operating in this sector, especially MSMEs, will face high losses on a monthly basis. This will push many of them into bankruptcy if the pandemic persists for a long period of time. [7]

1.1 Coronavirus Pandemic Reveals that MSMEs Lack Clear Recovery Strategies and Plans

MSMEs have used many traditional tools to confront the effects of the pandemic, such as reducing operating costs by laying off workers; reducing working hours; closing some production lines; and relying on banks or lending institutions to obtain loans to finance current expenses and cover staff wages, rent, and insurance costs. In an interview conducted by the research team with the owner of an olive wood workshop employing 20 workers, he indicated that he laid off a large number of skilled workers, who then moved to work in Israel. His business is currently open two days a week in order to preserve the remaining trained and skilled workers. The daily wage for these workers initially ranged from NIS 160 to NIS 250, in addition to end-of-service benefits and vacations. However, at the present time, wages are paid only partially, and even this is not guaranteed to continue, given a steady erosion of liquidity. This may push the owner to close the facility during the coming weeks. In addition, some shopkeepers in the Old City of Jerusalem had no choice but to look to Israeli banks for solvency. Others were forced to find work in Israel, due to the significant decline in the percentage of sales given the almost complete halt of tourism, whether external or internal, to the cities of the West Bank.

1.2 Pandemic Reveals a Drop in Health Awareness and Occupational Health and Safety Standards in the Workplace

There is great fear among business owners and workers over the spread of the coronavirus among workers and their families, and the fear of official authorities closing their facilities in the event that a worker is infected with the virus. There is also a lack of knowledge on safety procedures to deal with the pandemic. Workers in the informal sector are more vulnerable than others to the health risks associated with the pandemic, as appropriate prevention methods (masks, sterilizers, clean water, etc.) are not available in most establishments operating in the informal sector. There is an additional threat at facilities located in crowded places, such as popular markets.

Numerous workers at MSMEs in Palestine face the dilemma of “work or lose your income”. This is especially true for at-risk workers such as the elderly, workers with chronic diseases, and pregnant women. Often, they are forced to work in difficult conditions, without any means of protection from the virus, in order to cover their basic needs.

7 http://www.pcbs.gov.ps/postar.aspx?lang=ar&ItemID=3816

A large number of enterprises targeted in this study emphasized their need for material and technical support, in terms of helping them to provide preventive health measures and materials. There is a need to raise the level of awareness of business owners and workers on necessary preventive measures, especially those in the transport sector, handicrafts, and sewing workshops. For example, some enterprise owners indicated the need to re-equip workplaces in order to take into account social distancing measures by placing wooden or plastic barriers between workers. This put a heavy financial burden on them. Some had to reduce the number of workers due to limited workspace. Many employers also indicated that their biggest challenge is to reduce physical interaction with customers, especially in the hotels, restaurants, and retail sector. A large number of customers do not adhere to preventive measures and do not take into account social distancing when buying and selling.

Despite governmental assurances of the need to adhere to health procedures in all facilities, and to impose fines on violators, there is a deficiency in the supervision of facilities by the Ministry of Labor. The total number of inspectors in 2018 was about 82. [8] That is, 82 inspectors for about 150,000 facilities. The number of inspectors increased in 2019 to about 90 inspectors. [9]The Ministry of Labor does not have an adequate number of vehicles, nor a clear strategy or health protocol, to deal with the risks to which inspectors may be exposed.

1.3 Damage to Raw Materials and the Need for Equipment Maintenance after Long Shutdown Period

A large number of enterprise owners interviewed indicated that raw materials for the industry were spoiled by the decrease in demand and work stoppages for long periods, especially in the tourism sector. For example, a facility in Bethlehem that specializes in the manufacture of religious artifacts made from olive wood purchased 22 tons of olive wood at a price of NIS 1,700 per ton in order to prepare for the tourism season. It manufactured 500 pieces of religious statues, of which only 50-60 were sold. Later, due to market closure, what olive wood could be sold was sold at 800 shekels per ton. As for the paint that was purchased, it expired, as it had a fixed shelf life.

A Study by the Bethlehem Chamber of Commerce on Women's Income-Generating Projects

The study targeted 30 women's projects that are members and beneficiaries of the Chamber of Commerce and Industry in the Bethlehem Governorate, in order to measure the extent to which women's MSMEs were affected by the outbreak of coronavirus in the Bethlehem governorate. Projects run by women are some of the projects most affected by the crisis. The study indicated that about 83% of projects (25 projects) suffered losses, or their profits were affected, as a result of damage to raw materials, or the cessation of sales due to the crisis. For example, 18 women's projects experienced losses ranging from 26% to 100%, due to damages to raw materials and products prepared for sale. The study showed that only 5 projects (17%) did not suffer any losses, and these projects were concentrated in the manufacture of cleaning materials.

8 "Safety and security in the workplace: What is needed to protect workers and save their lives". Background paper presented by MAS.
9 http://www.mol.pna.ps/news/246

One of the tourism transport companies indicated that the cost of maintaining its stopped buses amounted to NIS 30,000-40,000 (due to damage to the batteries of stopped buses during the lockdown). The company, which employs about 18 people (15 drivers and 3 administrative employees), faced the challenge of laying off a number of workers and paying their dues. The rest of the workers were preserved, in exchange for transferring to part-time work and receiving nominal salaries. As for farmers who own greenhouses, especially in the Jordan Valley and Qalqilya governorate, they indicated that used, wooden panels need to be replaced and maintained - every dunum needs 100 wooden boards at a cost of NIS 2,000-2,500. A farmer who owns greenhouses indicated that he paid for wood maintenance equivalent to NIS 4,800 shekels, despite challenges with the availability of cash.

Many restaurants, especially those geared to tourists, suffered from the expiry of goods. One tourist restaurant purchased goods in anticipation of reservations for the Easter holidays, to the value of NIS 65,000. The restaurant had to get rid of these food, meat, and vegetable products. The same applies to owners of school canteens, who stopped operating completely during the pandemic period, and all their goods expired. For example, a citizen from Hajjah village in Qalqilya runs a school canteen that lost the equivalent of NIS 3,000 in expired foodstuffs.

1.4 Leakage of Skilled Workers from the Palestinian Labor Market and their Transfer to Unemployment or Unskilled Labor in the Israeli Labor Market

A large percentage of the owners of establishments affected by the pandemic were forced to lay off a large part of their workforce and reduce daily working hours for the remainder, due to the decrease in demand, market fluctuations, and lockdown. Owners also faced difficulties in accessing production inputs, and in their ability to store products for long periods, due to high storage costs for some food and agricultural products. This further limited their ability to meet demand in the post-lockdown phase. Moreover, the ability to export to Israel or elsewhere decreased as a result of the closure of crossings and the cessation of work at some governmental institutions responsible for issuing export documents. In addition, women working in SMEs faced great difficulties in accessing financial services and financial assets, information and communication technology, and business networks, which are more often available to men. This affects their employment and marketing opportunities, and their ability to deal with challenges arising from the pandemic.

> The owner of an olive wood workshop in Bethlehem employed 20 skilled workers before the start of the Coronavirus pandemic. Due to low demand, in light of the absence of tourists, he had to lay off 5 of them. They all went to work in Israel as unskilled laborers. At the moment, the remaining workers are employed for two days a week, allowing the owner to retain his highly-skilled workers. He has invested in their training in previous years, as workers in this profession need a high level of skill that is typically acquired after at least two years of training. The workers earn between NIS 160-250 per day, in addition to benefits and holidays. At the present time, their salaries are partially paid. In the event that the cash shortage continues, and demand for wooden crafts continues to be greatly reduced given the absence of tourism, the owner may be unable to continue with this approach. It may be the case that the owner will lay off all workers and close the workshop.

The pandemic revealed the absence of social protection for most workers in various sectors. It also revealed the weakness and fragility of the economy, and the existence of many fissures in Palestinian labor laws. [10] According to the Census on General Population, Housing and Establishments in 2017, conducted by PCBS, 88.6% of the establishments in Palestine are small and micro establishments, that is, employing less than 4 people. [11] Consequently, this sector is highly vulnerable to closure and the layoff of skilled workers without any rights or dues, as a large number of workers at these establishments do not have employment contracts (50% of workers do not have employment contracts).[12]

> In Jerusalem, some shopkeepers and handicrafts stores in the Old City were forced to borrow from Israeli banks, given the significant decline in revenues as a result of the cessation of foreign tourism, or from areas of the West Bank. Others went to work in Israel in low-skill jobs, in order to secure the necessary liquidity to maintain their projects and stores. The owner of a sewing workshop in Qalqilya governorate stopped her work between March and May, then returned to work during June and July. Then, she was forced to close her workshop because she could no longer obtain raw materials for manufacturing from Israel as a result of the cessation of the issuing of commercial permits, due to the suspension of coordination between the PNA and Israel. As a result, she was forced to release 7 employees who had been working for her since 2010. Some of them moved to other jobs, while others work in low-skill occupations to cover their daily needs.

Implementing the Labor Law and Protecting Employment

The concerned parties (the Ministry of Labor, representatives of employers, and workers) signed a tripartite agreement, in order to preserve the rights of workers and prevent them from being laid off during the lockdown period. A second tripartite agreement was also drawn up, giving rights to workers that employers, to a large extent, rejected. Thus, it was not signed. A meeting was held at the Ministry of Economy on 16/4/2020 regarding the second tripartite agreement, but it was thwarted by workers' representatives. Arguments and accusations of betrayal emerged, leading to the failure of the meeting. This was a missed, important opportunity, which would have limited the exposure of workers. The Ministry of Labor, the Coordinating Council for the Private Sector, and the Federation of Trade Unions signed an agreement requiring the private sector to pay wages to workers for March and April, at a 50% rate (or not less than NIS 1,000 shekels), with the remaining amount to be paid after the crisis ends. The Ministry of Labor intends to prosecute employers who do not abide by this agreement.[13]

One of the basic observations on the draft agreement by trade unions is that the government's role is still weak and unclear. Therefore, there is a need to provide financial support to save

10 The labor law contains major gaps and a lack of enforcement tools, such as a shortage in inspectors. For example, Article 41 of the Labor Law indicates that employers may terminate an individual's work contract for administrative, technical or economic reasons, or in the event of incurring a loss. This includes changing the job title of workers, or terminating work contracts without paying an arbitrary dismissal allowance. This clause has caused large-scale exploitation by employers in laying off workers, or not paying their salaries for the closure months.

11 http://www.pcbs.gov.ps/Downloads/book2370.pdf

12 http://www.pcbs.gov.ps/postar.aspx?lang=ar&ItemID=3729

13 https://samanews.ps/ar/post/412782/وزارة-العمل-سنقاضي-غير-الملتزمين-باتفاق-نصف-الرواتب-من-القطاع-الخاص

economic sectors that have been disrupted and to support workers in a manner that preserves their dignity. There is also a need to adopt legislation - similar to Jordan - to save the national economy and its workers, preventing layoffs and giving employers the option to suspend work - or to hire part-time - and change job titles during the pandemic period. [14]

1.5 Disruptions or Gaps in Production and Value Chains

Due to the repercussions of the coronavirus pandemic, a large number of MSMEs suffered from disruption in the arrival of production inputs, access to markets, and workers' access to their workplace. The increased risks of doing business in various economic sectors restricted small producers' access to inputs, as most suppliers required payment in cash, and no longer accepted informal credit arrangements, such as debts or checks. This adversely affected the cycle and chain of production at a large number of MSMEs, and their ability to continue producing commodities and food items in the coming months.

> A livestock breeder in Qalqilya had 250 sheep and 35 cows. He used to produce a ton of fresh milk each day. During the closing period, the milk market ceased, and he did not have the ability to manufacture milk or extend its shelf life, due to a lack of refrigerators for storage. In order to reduce losses and secure some cash, he sold 15 cows and 100 sheep. This allowed him to save on the cost of animal feeds (fodder), as suppliers refused to accept any form of payment other than cash.

According to UN FAO, small enterprises in the agricultural sector (plant and animal breeding) [15] face major problems, as a result of fluctuations and the high price of production inputs (pesticides, fertilizers, seeds, feeds, etc.). Some crops perished without bringing them to market, in addition to a lack of liquidity in light of the reluctance of suppliers to accept checks, insisting on immediate payment. Many dairy producers reduced prices to compensate for potential losses and to prevent product hoarding in refrigerators. Livestock breeders have had to sell their livestock to traders before weaning, to gain some cash in order to pay off debts and secure the necessary liquidity to buy feeds for the next breeding cycle. Most livestock keepers in Qalqilya and the Jordan Valley reported that they were unable to purchase production inputs after the losses they had incurred, forcing them to sell a number of sheep and cows, leading to a significant decrease in their livestock numbers. This, in turn, threatens small-scale producers, who could plausibly exit the livestock market in Palestine. Agricultural exports for many products have been affected, such as fresh herbs (exports decreased by 40%). These herbs have a specific shelf life and must adhere to specific drying and packaging standards.

14 Dr. Ammar Dweik, Director General of the Independent Commission for Human Rights. An article on workers' rights in the time of the Coronavirus, between loss and legal protection.

15 The Ministry of Agriculture does not hide the lack of effective plans to deal with the agricultural sector in the context of the Coronavirus crisis. The sudden crisis made interventions weak, and institutions working in the agricultural sector indicated that farmers, by and large, were left to fend for themselves. In light of multiple problems, damage ranges from crops perishing due to lack of marketing, to damage and losses due to price fluctuations, movement restrictions and uncertainty.

A number of farmers in Ain al-Bayda indicated that the prices of fertilizers and medicines increased during the pandemic. Demand for vegetables decreased (one farmer reported that a merchant used to buy 40 boxes of vegetables each day, but now only buys 10 boxes).

Losses were not limited to disruptions in agricultural production and products, but also extended to animal-based products which incurred large losses. Many livestock keepers in the Jordan Valley and other cities in the north and elsewhere depend on the marketing of milk and cheese. Their prices have almost halved, making small producers vulnerable to exploitation. A number of sheep breeders have indicated that they have turned to “kishk” (dried cheese) production, instead of producing fresh dairy and cheese products. Storage is undertaken for long periods, in the hope of selling produce on the markets, without incurring a loss. A livestock breeder in Qalqilya indicated that the closure of restaurants and parks, and the cessation of parties and events, deprived him of his main outlet for selling meat and meat-derivatives. This led to a great crisis among livestock producers without a solution. Moreover, the closure of pastry factories led to the accumulation of large quantities of milk and cheese, which perished in many cases, due to the lack of suitable storage facilities.

In an attempt by the government to mitigate the effects of the lockdown on economic facilities, after several weeks of almost complete closure, on April 20, the Palestinian Prime Minister announced several measures to ease economic restrictions. These depended on prevailing conditions in each governorate, including a stipulation allowing small companies, with no more than 3 workers, to operate between 10 am and 5 pm.

1.6 Large Market and Production Fluctuations

A number of farmers and livestock breeders intimated that there had been a significant decrease in the prices of their products. For example, the price of a lamb before the pandemic was JD 200. It is now sold at JD 150-160 to the consumer, and JD 120-130 to the merchant.

The coronavirus pandemic had significant negative effects on domestic demand for goods and services, given the decrease in the purchasing power of the population. This resulted from the suspension of business for long periods, as well as high unemployment rates, low wages, and the non-payment of the salaries of public sector employees as a result of Israel withholding clearance funds. A large percentage of business owners indicated that they were forced to lay off a large number of workers, or to reduce daily working hours for the remainder, in the face of the decrease in demand, market fluctuations, and the long lockdown imposed by the government. Business owners also faced difficulties in accessing production inputs and in storing products for long periods, given the high cost of storage for some food and agricultural products. This further limited their ability to meet demand in the post-lockdown phase. Moreover, the ability to export to Israel and abroad decreased as a result of the closure of crossings and the suspension of work in some governmental institutions responsible for issuing export documents.

A number of sheep and cattle breeders in the Jordan Valley and Qalqilya stated that fodder is imported from Israel. The governor had been approached to obtain an import permit to buy fodder from the Israeli market. However, during the closure period, it was not possible to import.

In a study prepared by the Small Enterprise Center (SEC)[16] on the impact of the Coronavirus pandemic on SMEs, it was found that about 92% of companies faced low demand for their products. 80% of enterprises suffered from a shortage of raw materials and primary inputs needed for production, which prompted them to reduce production, while seeking external sources of funding to compensate for the shortfall.

A beekeeper in the Qalqilya region indicated that movement restrictions prevented him from moving his beehives to the Jordan Valley, Hebron or the mountains. Initially, he planned to export honey to Saudi Arabia and Dubai. This prompted him to expand his investment, comprising more than 700 beehives. However, in the end, he was unable to market his products internationally, due to restrictions on access. This forced him to sell quantities of honey at low prices on the local market. He also reduced production by reducing the number of cells to 400, helping him to recover some of the losses that he incurred. Local traders imported about 40 tons of honey from abroad, as there are no restrictions by government on importing from abroad in order to protect local produce.

The market also witnessed large fluctuations in prices during the pandemic period, as many local agricultural and food products witnessed a significant decrease in price as a result of the decline in demand, the accumulation of products, and the inability to export.

Some establishments have responded to the pandemic by modifying their activities. Some have switched from producing cosmetics and detergents, to producing sterilizers that contain alcohol, in order to meet large demand for such products. In the agricultural sector, many farmers were forced to change from cultivating crops demanded by restaurants and hotels (red cabbage, broccoli, lettuce), replacing these with basic crops (tomatoes, cucumbers and marrows).

1.7 Inability of Small Producers to Access Local and International Markets

Lockdown measures and limitations to movement and travel - as adopted by the PNA and other countries that have commercial relations with Palestine to limit the spread of the coronavirus - have hindered business owners' and farmers' ability to access local and international markets, for the purposes of purchasing raw materials or exporting products. Resultantly, they have incurred significant losses. Moreover, during the past few months, enterprise owners found great difficulties in obtaining production inputs from Israel and international markets, due to the cessation of security coordination with Israel. This required obtaining special permits or import licenses from official, Palestinian authorities, which were not issued due to the suspension of coordination.

In the agricultural sector, for example, as a result of restrictions on international trade and the cessation of security coordination with Israel, local producers' access to fertilizers, pesticides, seedlings, veterinary medicines, and feeds (all mainly imported from abroad) have been disrupted. This led to an increase in their prices, with a significant impact on agricultural production. Grape

16 http://sec-pal.org/

farmers in the Bethlehem area faced great difficulty in marketing their products. The head of the Bethlehem Chamber of Commerce stated that there are approximately 5,000 dunums of cultivated grapes and their owners face problems in marketing crops, as more than 50% of production was exported to Israel before the pandemic. The Chamber of Commerce intervened to help farmers market their products by organizing special events or tents for selling grapes and coordinating with agricultural relief committees and savings and credit associations to sell grapes and grape leaves.

> One of the owners of a wedding hall in the Bethlehem area bought food (pickles) from a merchant for about NIS 10,000. Payment was made by check. Currently, the merchant (the owner of the check) is demanding that the hall owner be imprisoned for not committing to covering the value of the check. Wedding halls ceased operations completely according to government instructions, which caused their owners to incur heavy losses.

Women's income-generating projects have been greatly affected, especially projects managed through cooperative societies. This includes women's projects in the Jordan Valley, Jerusalem and Bethlehem regions, working on the production of foodstuffs (chili sauce, pickled eggplant, cheeses, *labneh*, grains, molasses, pastries, and sweets, etc.) and handmade and heritage products. They were unable to reach markets, especially with the cessation of exhibitions and bazaars that played a major role in marketing their products and introducing consumers to such products. This has been further compounded by the cessation of foreign tourism, especially to the cities of Bethlehem and Jerusalem. A woman in the Bethlehem area who manufactures accessories and handicrafts stated that her participation in exhibitions last year led to the sale of all her products, as well as the arrival of her product to the market. This year, she was totally dependent on participating in an exhibition organized by the Businesswomen's Forum, which was then canceled. The cancellation of the Eggplant Festival in Battir-Bethlehem this year negatively affected the ability of small farmers and producers of foods, handicrafts, and embroidery to market their products. Last year, about 27 kiosks were organized and established to market products in this festival.

1.8 Financial Challenges and Liquidity Gaps

1.8.1 Returned Checks

Among the most prominent financial measures taken by the government to limit the effects of the coronavirus pandemic on businesses and individuals was PMA's decision to extend the financial validity of checks and loans for a period of four months. This grants the issuer of the check the right not to cover it during these four months, even if he/she has funds in the bank. This created confusion and additional burdens on citizens and business owners, as the banks and PMA collected large commissions when returning checks (NIS 60 for banks, NIS 50 for PMA and NIS 50 for changing the check). This means that a returned check worth NIS 1,000 costs a merchant NIS 160 in commissions; that is, 16% of the check's initial value.

During interviews, a large number of owners of SMEs affected by these measures complained that the crisis impacted their ability to honor checks, given the lack of liquidity. This also put an additional burden on them as a result of large commissions due on returned checks, in addition to their inability to purchase raw materials as a result of suppliers' requirements that payment must be made in cash. Many business owners, especially in the tourism sector, complained that banks and lending institutions did not understand the consequences of the disastrous economic effects of the crisis on their facilities. Moreover, there was a lack of clarity and confusion in PMA's policies and decisions regarding the mechanisms of calculating interest on deferred installments and limiting the delay in settlement to four months. Despite the persistence of this state of affairs after the multiplication of its negative repercussions on some sectors, there was an overall failure to provide financing and loans with easy terms and guarantees, commensurate with the great challenges created by the pandemic.

1.8.2 Availability of Cash and/or Access to Finance Necessary for Resumption of Economic Activities

The lack of liquidity is the biggest challenge facing MSMEs in resuming their activities, and in their steadfastness in the face of the challenges created by the coronavirus pandemic (such as low demand and prices, high prices for raw material and product marketing). This is evidenced by a study prepared by the Small Enterprises Center (SEC) last April, on a selected sample of 341 companies across all governorates of the West Bank and Gaza Strip. [17] Through interviews with a sample of 72 small farmers, pastoralists, fishermen, merchants and cooperatives, UN FAO demonstrated that liquidity restrictions and a lack of credit options have limited the ability of MSMEs to deal with the high prices of production inputs, especially as suppliers require cash payment in order to approve orders. Given the lack of liquidity, many establishments were unable to pay the wages of their employees, forcing them to lay off workers in order to lose the burden of their salaries. This led to a significant rise in unemployment, depriving thousands of families of their main source of income, such that they were unable to cover their basic needs. In addition, in some cases, workers filed complaints against employers in order to obtain their rights and dues. For example, a number of workers at a wedding hall filed a lawsuit against the owner of the hall to demand compensation (about NIS 100,000). The owner paid their salaries for the first four months of the crisis and then laid them off because he was unable to continue these payments.

Despite PMA's adoption of lending programs to support SMEs, the *Istidama* (Sustainability) program, conditions set by banks for granting loans were not commensurate with the needs of a large number of MSMEs. PMA's policies resulted in postponing installments, without canceling additional interest accumulated as a result of postponement, further pressuring business owners. There was also a lack of clarity in PMA's instructions on how to calculate interest for postponed loan repayments (Is it the principal of the debt multiplied by the number of months deferred? Or it is calculated as a new loan for a period of four months?). This lack of clarity has been exploited by some lending institutions to factor in additional interest. For example, the postponement of monthly payments to one employer led to a dramatic increase in the interest rate on the loan, which put an additional financial burden on his facility, especially in light of a large decline in production. This negatively affected his desire to obtain financing in the future.

17 http://sec-pal.org/

Many owners of women-owned facilities stated that they did not receive financing during the coronavirus pandemic, due to conditions and guarantees required by banks and lending institutions, such as guarantors and pay slips. For example, the owner of a workshop manufacturing antiques from olive wood, established in 2019, obtained a loan of USD 4,000 from a lending institution. With the coronavirus crisis and the cessation of tourism, she failed to repay installments. Payments were postponed, and the applicable interest rate increased. To withstand the crisis and avoid closing, the operator obtained another loan ($8000), more than half of which was used to cover the dues of the previous loan and the interest resulting from it.

Case Study

Fayez and Fadi's Workshop is a "father and son" business. They are a family consisting of a husband, wife, and five children, three of whom are married, each with 2-3 children in schools and universities. All earn their living from the workshop. The workshop produces religious and tourist artifacts from olive wood. Abu Fadi has been working in this craft for 37 years. The production cycle commenced at the beginning of the year, as large quantities were prepared between January and May, to meet market demand from inbound tourism that typically commenced in the beginning of March. During the preparation period, raw materials (supplies) of wood and paint were purchased to cover needs for most of the year. The workshop sells its products to oriental antiques shops (such as the Centawari store) in Bethlehem and companies that export antique to America and Europe.

In preparation for the 2020 tourism season, Abu Fadi purchased 10 tons of olive wood at a price of NIS 3,000 per ton, as well as other manufacturing materials and additional machinery. This season was expected to be a special one, similar to 2018 and 2019, which were among the best tourist seasons for Bethlehem and the wooden crafts industry. He also obtained a $20,000 loan from a small lending institution in late 2019. When the crisis began in March and tourists stopped arriving, the purchase of antiques also stopped. They only had a few small orders for $1,500. Abu Fadi failed to repay the loan. According to the agreement with the lending company, payments were postponed to the beginning of the next year (2021), at an additional interest rate of $4,000, possibly reaching $6,800. With production almost completely halted, another loan was requested from the lending institution to purchase greenhouses and prepare farmland for the family. The request was rejected and only $1,700 was approved for the facility. Abu Fadi was forced to sell most of the olive wood that he bought (30 tons) as firewood since olive wood has an expiration date, in addition to paint and other materials. With the machines not operating, they still require maintenance in the event that production should resume.

The government's response was the postponement, by the PMA, of the repayment of monthly and periodic loans for all borrowers, for a period of four months, with multiple alternatives made available (for example, overdraft, restructuring, rescheduling). As for the tourism and hotel sectors, loans have been postponed for a period of six months. PMA also banned the collection of fees, commissions, or additional interest on deferred payments, which have pumped $1.5 billion into the economy.[18] PMA's instructions also included extending the limits of credit cards and credit lines granted to customers, MSMEs, and individual customers affected by this new development. This meant suspending the credit rating of individuals and SMEs who were affected in the returned checks system. PMA also requested banks to provide new credit to SMEs and start-ups and to provide direct credit to the health sector. In terms of taxation, the Palestinian Authority has abolished fines for submitting late tax returns, extended the tax filing deadline until June, and extended the declaration period for value-added tax from March 1 to April 15.[19] On May 17, the government began disbursing aid to 40,202 workers affected by the coronavirus pandemic. Some workers in the most affected sectors (construction, tourism, services, transportation) were paid NIS 700.[20]

PMA's *Istidama* program has been launched; it is a fund providing MSMEs affected by the crisis with soft loans. The size of the fund is USD 300 million. The Palestinian Monetary Authority (PMA) contributes USD 210 million to the fund. It will be implemented through banks and specialized, microfinance lending and financing institutions. The program targets businesses affected by the pandemic, including women-run enterprises and income-generating projects, which receive low-cost financing to overcome the coronavirus pandemic, maintain the sustainability of their operations, cover the cost of operations, and increase their financial capacity to maintain employment. The program focuses on MSMEs that require immediate liquidity for the purposes of recovery and to increase their operational capacity. The fund will provide nominal interest rates of not more than 3% and a repayment period of 36 months through banks and microfinance institutions (MFIs). Interest cannot exceed 3% for banks and 9% for microfinance institutions.[21]

The Palestine Investment Fund (PIF, the government's investment fund for development projects) launched the *Isnad* emergency lending program to support SMEs that are not bank-financed via microfinance institutions. The program aims to enable "eligible companies" to access the necessary liquidity to maintain their operations and retain workers during the state of emergency, as well as supporting these companies during their recovery phase. The program will have a total budget of USD 25 million and two main components: the first component is a lending program of USD 15 million to be implemented through partner MFIs across two phases. The first phase consists of USD 5 million and will be implemented immediately. This phase aims to award micro-business loans of up to USD 20,000 per project. It will be implemented through soft loans. Additional features include the possibility of granting loans for income-generating activities, including working capital (operating expenses), a fast-track process for reviewing and approving loan applications, reasonable interest, price competitiveness, in addition to a grace period of up to six months. Loans are repaid over 24 months without fees, commissions, or hidden interest rates. The second phase aims to prepare SMEs for the post-pandemic recovery phase, helping them to resume operations, assuming that the pandemic-related emergency will conclude by the end of this year. The second component of the *Isnad* program includes an additional loan guarantee scheme, with a total value of USD 10 million to be announced at a later stage.

18 https://www.pma.ps/ar/
الإعلام/بيانات-صحفية/سلطة-النقد-تطلق-برنامج-استدامة-بحجم-300-مليون-دولار-لتوفير-التمويل-للمشاريع-الصغيرة-والمتوسطة
19 https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19
20 https://www.ochaopt.org/content/covid-19-emergency-situation-report-6
21 http://www.pma.ps/Default.aspx?tabid=205&ArtMID=793&ArticleID=2517&language=en-US

1.9 Problem of MSMEs in the Tourism Sector almost completely Ceasing Operations

In an attempt by the government to respond to the urgent needs of the tourism sector, the Ministry of Tourism and Antiquities carried out a series of studies to estimate losses and identify methods for confronting the crisis. Its recommendations and proposals were submitted to the Council of Ministers, which approved support for the hotel sector by disbursing 50% of tax revenues immediately to hotels. Institutions and individuals licensed by the Ministry of Tourism as tourism professionals are exempt from the payment of licensing fees for 2020.[22] PMA also postponed the repayment of monthly and periodic loans to the tourism and hotel sectors for a period of six months.

Case Study – Tourist Hotel

The National Hotel in Zahra Street in occupied Jerusalem was crowded with Muslim tourists from many countries to celebrate the month of Ramadan, but it is now closed. The hotel owner anticipated 100% occupancy rates for the months of March, April, and May, fearing that he did not have enough rooms to accommodate all requested reservations. In general, international tourism in Jerusalem has revived during the past four years, in an unprecedented way since 1967, due to an increase in overall tourism and Islamic tourism in particular. Muslim tourists, coming from Britain, Turkey, and Indonesia, used to visit Al-Aqsa Mosque to perform prayers, residing in Palestinian hotels near the Old City. The hotel has about 68 workers, most of whom found themselves without work since the beginning of the crisis. Most of them went to work in Israel, in construction or the services' sectors, as unskilled workers. This is despite investing in them and training them for years. A few workers remain for maintenance and sterilization work. The same is true for about twenty hotels in East Jerusalem, providing about 1,500 rooms. The circle of losses in the tourism sector includes restaurants, tour-bus operators, and commercial markets. More than 60% of the economy of East Jerusalem depends on inbound tourism, whether it is restaurants, commercial markets, halls, or other economic events and establishments in the city. Hotel owners expect that tourism will gradually return in the near future, that is, by the end of this year. It will return to 10%-20% levels in 2021, rising to about 50% or a little more. It will take 3 years for it to return to pre-crisis levels. The owner of the hotel summarized the needs of the tourism sector after the crisis by saying: "What we need, when returning to the market, is investment in tourism activities in Jerusalem in order for the tourist to spend more time in the city. We need to develop the skills of employees, as the best workers move to the Israeli tourism sector. We need to develop the capabilities of our workers, from cooking to hospitality. We often lose a large part of our workers to the Israeli market".

It was found, through field studies in the cities of Bethlehem and Jerusalem, that the most impacted SMEs are those operating in the tourism sector (tourism agencies, tour guides, hotels and restaurants). This includes related sectors, such as the handicrafts industry (wood, ceramics, embroidery and leather), transport companies, tourist antique fairs/stops (such as the Centawari store), stone and statue workshops, hotel food-processing projects, sweets for hotels and events,

22 http://wafa.ps/ar_page.aspx?id=TtyCnCa876211412637aTtyCnC

wedding halls, and bakeries. 2019 recorded the highest rate of tourist visits to Jerusalem and Bethlehem, with hotels reaching close to full occupancy rates during peak season. This was due to the recovery of tourism in general, and Islamic tourism to Jerusalem in particular. There are about 20 hotels in Jerusalem, with revenues of USD 77 million, according to Israeli statistics. Some hotel reservations for 2020 were at almost 100%. It was expected to be a record year. More than 50% of the economy of East Jerusalem depends on inbound tourism, whether it is restaurants, commercial markets, or other economic establishments in the city. The same is the case with Bethlehem, which has more than 53 hotels and tourist lodges. Given the recovery of tourism over the past years in the city of Jerusalem, great investment has been made in building, expanding, and restoring hotels and projects related to tourism. Most stopped work during the coronavirus pandemic, which led to the accumulation of large financial losses, in addition to indirect losses related to the maintenance of facilities and equipment. Due to long work stoppages, skilled labor migrated to work in the Israeli economy, which has the ability to revive faster.

The Israeli government has pumped billions of shekels into the economy in order to revive it. However, the share of East Jerusalem is very limited. According to a comparison made by a hotelier, “I have a hotel in Bethlehem and hotels in Jerusalem. The occupation government partially supports hotels and supports employees, but in the West Bank there is no support, and we are forced to close by the government”. In Bethlehem, after a record tourist season in 2019, all hotels in the governorate have stopped working. Some have been designated as quarantine centers, such as Angel Hotel, Paradise Hotel, and the Meeting House. All crafts’ workshops, numbering about 200, closed during the mentioned period. A very limited number continued production, but they were unable to sell their products due to the cessation of tourism despite the fact that they support nearly 200 families. The closing of hotels and restaurants has also affected many establishments that work in food processing: olive paste, jam, sweets, pastries, and vegetable crops such as lettuce, red cabbage and salad herbs that are used in hotels and restaurants. For example, Uncle Fouad runs a sweets bakery in Beit Jala, which is currently operating at 20% capacity due to limited sales for tourists, hotels, restaurants, and weddings. He specialized in providing sweets for events and occasions. He employed 30 workers all year round, rising to 40 workers in peak season. Now, he employs 12 workers, which is more than necessary given current production levels. However, he cannot dispense with these workers out of fear of losing their experience.

It is important to point out that most establishments affected by the coronavirus pandemic in the tourism sector lack business development support services (BDS), or clear strategies for recovery from the pandemic. There is also no guarantee fund for exports in light of very low demand, given the almost complete absence of tourism. This is expected to continue until next year, at the very least.

Initial plans have been developed by Paltrade to confront the repercussions of the pandemic on the tourism and agricultural sectors in order to combine efforts made by the private and public sectors to advance the tourism sector, handicraft industries, and SMEs that have suffered great damages during the pandemic. Currently, these plans are being compiled to be presented to the Presidency of the Council of Ministers for approval and implementation. It should be noted that these plans are not only related to the coronavirus crisis and its repercussions, but also to the issue of crossings, the border crisis, annexation, and the impact of freezing relations with Israel.

1.10 Impact of the Pandemic on Women in the Labor Market

Working women are considered one of the groups most affected by the coronavirus pandemic in Palestine. Household burdens and psychological pressures doubled as a result of the suspension of schools for more than 6 months and the closure of nurseries. A large percentage of women, especially in the informal labor market, were forced to leave their jobs. It is estimated that the time spent by women in unpaid work is 7.4 times that spent by men, one of the highest rates in the world. [23] The burden of this work may lead to emotional and physical exhaustion, affecting their immunity against disease and increasing their risk of contracting the virus.

Employers, especially in the private sector, have laid off a large number of workers, including women, because their establishments stopped working as a result of the lockdown. Many women have been subjected to pressure from employers to reduce their wages, or to leave work, as indicated during interviews. In addition, the loss of educational opportunities for girls during the pandemic is likely to exacerbate the MENA paradox, as women and girls are relatively under-represented compared to men in the labor market, despite their educational qualifications. It is expected that women in the Arab region will lose more than 700,000 jobs[24] as a result of the coronavirus pandemic. Women's participation in the labor market is already weak in the Arab region, evidenced by high unemployment rates for women compared with men.

There is also a fear that women's access to information during the outbreak of the coronavirus pandemic will become more difficult, with most communications made via the internet or cellphone messages. Half of all females in the Arab region, including Palestine and Jordan, are still not connected to the internet or are unable to use cellphones.

The Ministry of Labor's plan clarifies that, with males making up the majority of workers who continue to work under the new conditions, women are expected to remain at home with their children. Although there is a higher proportion of women in the most affected sectors and on the front line in facing the pandemic, they suffer from a lack of access to social protection, and they bear a disproportionate burden in the care economy due to school closures. Moreover, working women are more likely to be fired from work without any kind of compensation or guarantee that they can return to their jobs. The Ministry of Labor's plan concludes that, in light of the above, there is an urgent need for interventions to alleviate the state of emergency that affects thousands of people who are already unemployed. This equates to about 290,000 workers, including: more than 120,000 workers in the local market at risk of losing their jobs, and up to 190,000 Palestinian workers in the Israeli market, of whom 50,000 are engaged in irregular employment, as well as 120,000 workers employed by Israeli employers on a regular basis.

It is expected that working women will be highly affected by the pandemic in Palestine, due to increasing family burdens on women during the pandemic period, and the absence of any kind of social protection for women employed at MSMEs. This was mentioned by the Minister of National Economy, Khaled Al-Asaily (based on preliminary surveys). The results of surveys measuring the impact of the pandemic on women working in MSMEs showed that the pandemic has negatively

23 Impact of COVID-19 on gender equality policy brief Arab Countries. https://arabstates.unwomen.org
24 Impact of COVID-19 on gender equality policy brief Arab Countries. https://arabstates.unwomen.org

affected 95% of women businesses in Palestine. He added that 27% of women's businesses closed, while 73% of women were able to maintain their business for only one to four months. 53% of women are thinking about laying off their employees. It should be noted that women face the most difficulties in terms of earning an income. [25]

According to a rapid gender assessment conducted by Care International, about 94% of female entrepreneurs (compared with 70% of their male counterparts) reported facing challenges in their workplace after the pandemic. The evaluation showed that one in three women entrepreneurs does not have access to the internet. It is a challenge that none of the business owners reported. 89% of female business owners were forced to use company money to bridge their family's financial needs, compared to 50% of male business owners. In the Bethlehem Chamber of Commerce's study on women's income-generating projects, targeting 30 women's projects that are members or beneficiaries of the Bethlehem Chamber of Commerce and Industry, it was found that only 9 projects were not affected in terms of workforce, mostly at factories producing cleaning materials and at skin-care centers. 21 projects, mostly in embroidery and fashion, have been forced to reduce their workforce.

Palestinian women who are owners of sewing and embroidery projects in Ramallah faced great difficulty in accessing raw materials and receiving embroidery pieces from contractors operating in the Bethlehem, Hebron, and Ras Karkar areas (women contracted to affix embroidered items on ready-made clothes), which has affected their income. In addition, access to fabrics from outside Palestine and communications with merchants were hampered by limited internet-based communication skills.

In general, MSMEs have limited capacity to absorb the shock of the coronavirus pandemic because these enterprises have small inventories, smaller customer bases, fewer cash reserves, and more limited credit options, relative to large companies. In the case of SMEs run by Palestinian women, this lack of flexibility is exacerbated by their reduced access to financial services and assets, as well as ICT and business networks, which are more accessible to men. [26] All these challenges have more of an impact on self-employed women, especially in the agricultural sector, or in informal work, or at operating MSMEs (for example, a food kiosk or a sewing facility). [27]

The Union of Cooperative Associations for Saving and Credit (UCASC) [28] may be an important financial tool for women with low incomes. These societies formed an economic protection network against crises to protect families from losing their projects. They were able to secure income through agricultural and income-generating projects and contributed to securing the liquidity required for lending to projects without interest, in addition to making donations.

25 https://bit.ly/3kLvbwP

26 https://www.worldbank.org/en/topic/gender/publication/female-entrepreneurship-resource-point-introduction-and-module-1-why-gender-matters.

27 https://www.oecd.org/southeast asia/regionalprogramme/Strengthening_Womens_Entrepreneurship_ASEAN.pdf

28 UCASC investigated twelve savings and credit societies that fall under its umbrella, spread across all governorates of the West Bank, covering 224 sites: 154 Palestinian villages, in addition to 70 ministries and governmental bodies. Of these societies, ten are women's societies and two are mixed-gender, namely the Hebron Association and the Governmental Employees Association. Despite challenging circumstances, UCASC has realized many achievements. As of December 31, 2019, it had 5,281 members, and women constituted 85% of membership. The total value of cumulative savings reached JD 3,219,187. The total number of loans granted by associations to their members totaled 16,302 loans. Their total value reached JD 31,035,796 as of December 31, 2019.

A pioneering project owned by three entrepreneurs to produce fresh juices from fruits and vegetables (by the cold press method) was established in November 2019, approximately 5 months before the spread of the Coronavirus pandemic in Palestine. The project is registered with the ministries of Economy and Health, and owns a trademark. The project cooperates with an approved recipe company (from California). Before the Coronavirus crisis, production was carried out daily (afternoons), as supply to the market took place on a daily basis, due to high turnout by customers. The product was distributed at 10 sales' points (supermarkets and coffee shops). After announcing the outbreak of the health crisis (Corona), it closed completely. Production and supply to the local market stopped during the first months of the closure (March-April-May), which negatively affected the product's presence in the market, creating the need to re-define the product to the consumer.

However, these cooperatives face challenges that may hinder their usefulness to their members (85% women) and to the poor families that they target. (Established in 2005, UCASC is now the national, legal umbrella for savings cooperatives in Palestine. It provides evaluation-based services including training, education, and information-dissemination to members). UCASC has developed financial tools for member cooperatives that have helped promote women's economic empowerment, increase income opportunities for youth and women, and support social enterprises. The main goal of the organization is to support poor and marginalized women in securing finance and finding sustainable ways to generate income.

Among the measures implemented by UCASC - to face the effects of the coronavirus pandemic on the income of poor families and women's income-generating projects - is the postponement of loan repayments for a period of 4 months, while rescheduling loans as needed. UCASC has exempted members from the payment of fees in 2020, which amount to about JD 30,000 (annual fees for all members). UCASC will continue to pay employees' salaries during the lockdown period, developing support tools to market the products of agricultural entrepreneurs, especially grape crops, through networking with support institutions such as the Agricultural Relief Committee, Oxfam, and food factories in Hebron.

1.11 Challenges associated with Youth Unemployment and Promoting Entrepreneurship

A large number of workers found themselves unemployed, or outside the workforce, as a result of the repercussions of the coronavirus pandemic. This led to a decline in economic activity in various sectors and a large number of small business owners and self-employed workers were forced to close their projects in order to avoid further losses.

Before the pandemic, youth in Palestine suffered from unemployment. The unemployment rate among young people (18-29 years old) in Palestine was about 45% in 2018 (36% among males, and 70% among females). [29]The unemployment rate for youth (18-29 years old) holding an undergraduate diploma or higher, is about 52% (68% for females compared to 35% for males). [30]Therefore, young people are among the most marginalized groups, less fortunate in securing job opportunities in the Palestinian market despite high levels of education, especially among women. This is due to many reasons, most notably the weakness of the Palestinian economy

29 http://www.pcbs.gov.ps/postar.aspx?lang=ar&ItemID=3529
30 http://www.pcbs.gov.ps/postar.aspx?lang=ar&ItemID=3665

and its inability to generate job opportunities to keep pace with marked growth in the number of graduates across various disciplines. There is also a lack of practical experience among young people, especially university graduates, and a lack of funding necessary to start entrepreneurial and self-employment projects.

The pandemic has exacerbated the reality of young people in the Palestinian labor market, as a large part of them lost their jobs and projects. Opportunities for the unemployed to find work have become slim. For example, in Bethlehem, the work of most street vendors (most of whom are young, especially those selling souvenirs) has stopped with the cessation of tourism, as well as corn carts and food stalls in public squares.

Most working youth are classified as informally employed (meaning youth work in an unorganized sector, or as salaried employees in organized sectors but without labor rights, such as end of service benefits and retirement, paid annual leave, or paid sick leave). They account for about 59% of all working youth.[31] Therefore, they face greater challenges than others, due to the absence of any social protection system, making them more vulnerable than others to poverty, marginalization, and psychological problems during the pandemic period. According to an assessment of the social impact of the coronavirus pandemic carried out by the Sharek Youth Forum, social distancing imposed by the pandemic has affected the youth segment more than others. It has negatively affected their spirit of initiative, participation, leadership, and planning.

The Chairman of the Supreme Council for Innovation and Excellence indicated that the Council provides facilities and financing opportunities for youth entrepreneurial projects. However, the business environment for emerging and entrepreneurial projects needs to be further developed, as it is currently providing individual solutions to some emerging companies to bypass bureaucracies and regulations. There is a need to develop an appropriate business environment to support emerging companies and develop a national strategy for innovation, development, and investment. He also explained that the health crisis accelerated creativity and leadership in Palestine. The Supreme Council witnessed an increase in the growth of entrepreneurial projects. For example, when the Council launched an advertisement to present ideas that helped during the health crisis, 37 ideas were submitted, 4 of which were adopted as pioneering projects.

Many young people have tried to overcome the challenges created by the coronavirus pandemic and the lack of paid job opportunities in the Palestinian market by adopting self-employment or entrepreneurial projects. Most Palestinian youth cannot work in Israel due to age restrictions set by Israeli occupation authorities for obtaining a permit. For example, social media, especially Facebook, has witnessed a large growth in the number of pages promoting e-commerce. These are mostly managed by young people, especially in light of restrictions on movement imposed by the pandemic. Many individuals refrain from going to the market for fear of contracting the virus, especially given the absence of health inspectors to monitor conditions stipulated by the government. In many areas, youth have resumed their involvement in agricultural projects. This was evident in many areas in the Jordan Valley, Qalqilya, and villages northwest of Jerusalem. For example, a young unemployed man took advantage of the closure of restaurants and cafes

31 http://pcbs.gov.ps/post.aspx?lang=en&ItemID=3787

for long periods and people's tendency to prefer food sourced through delivery services and mobile cars in order to avoid mixing. He opened a food bus, serving sandwiches and drinks, by borrowing from friends and family members, in addition to savings from an association which he had set aside for marriage after his request for a loan was rejected. In order for consumers to feel safe, he provided sterilizers to customers and took into account social distancing measures during sales. There has been an increase in food buses in cities since the start of the crisis.

The problem of accessing finance remains the biggest challenge facing young people in conducting entrepreneurial projects in light of the huge increase in the unemployment rate. Funding is usually obtained through family and networks. The representative of a business accelerator (Jest Business Accelerators), through its dealings with startups, explained that such companies are more affected by crises because they do not have the resources and the liquidity to withstand them. Therefore, she believes that entrepreneurs are in dire need of seed investment capital to help build a sustainable entrepreneurial ecosystem.

Section II: Interventions for Supporting MSMEs in the Face of the Pandemic

2.1 Empowering MSMEs through Recovery and Revival Strategies for the Post-coronavirus Era

Required Interventions: Direct and indirect support programs to the most exposed MSMEs, for their significant contribution to reviving the Palestinian economy, empowering citizens, and strengthening societal resilience in the face of the pandemic, considering the mounting political challenges facing Palestine.

Short Term:

1. Create "livelihood and income generation" program for the marginalized and most affected groups, with a special focus on small-scale farmers, producers, and craftsmen.
2. Direct support to marginalized people to jumpstart income-generating activities, and to maintain these activities, and ensure their recovery after the pandemic.
3. Provide in-kind transfers to people who lost their livelihood: Food, clothing, health, and educational packages, medicines, ... etc., in addition to raw materials for small-scale business owners to enable resumption of business activities.
4. Establish technical and consultation Help Desks in the different Palestinian regions; help enterprises in developing self-solutions and crisis management tools for any upcoming shocks, and to calculate risks (risk management, especially in relation to loans and production quantities), preparing emergency plans, and providing enterprises with technical assistance on partnerships ventures with large enterprises.

5. Encouraging and financing innovative e-solutions for SMEs, to help them maintain stable supply and demand chains in the event of a total lockdown or any future economic shocks.
6. Conduct a Rapid Local Market Assessment (RLMA) of the potential sustainable value chains in cooperation with the MoNE, MoA, MoT, and MoTA, and other competent institutions.
7. Collaborate with the MoL and vocational and technical training centers to devise solutions for identifying potential development priorities and developing non-traditional activities (such as developing artisanal woodworks, ceramics, carpentry, sewing and embroidery products, and activities to be included in non-traditional activities) depending on the level of demand in local and Middle Eastern markets, and emerging enterprises, which will help create new jobs in the market during the pandemic.
8. Creating job retention schemes through "Cash for Work" programs and "Cash Transfer" programs.
9. Enhancing Self-Employment programs

Medium Term:

10. Networking Help Desks and the MoNE support SMEs in adopting smart specialization strategies, and enhance the competitive advantage of the sectors/industries with the highest growth potential in the long run.
11. Design training programs for those who became unemployed after the pandemic and new job seekers
12. Promote Business Transformation or Change Initiatives, business innovation, upgrading business models, technologies, boosting productivity, and refining and regaining skills for change.
13. Coining a unified definition for MSMEs, with a clear organizational structure and/or legal entity.
14. Conduct a comprehensive assessment and classification of MSMEs affected by the pandemic and setting priority interventions for reviving and enhancing the resilience of these enterprises in facing the challenges of the COVID-19 pandemic or any future crises.
15. Formulate and implement development strategies for the affected sub-sectors (such as developing a special strategy for the handicraft sector).
16. Governmental support (through the Ministry of Entrepreneurship and the Supreme Council for Creativity and Excellence, for example) to youth-led initiatives that promote co-work entrepreneurship, and participate in creating spaces and business incubators (through networking and coordination with the business incubators at Birzeit University and the Palestinian Information Technology Association of Companies (PITA) and Leaders International Foundation).

2.2 Increasing Awareness about the Risks of the Virus,Health Safety Measures at Workplaces

Short and Medium Terms:

1. Ensure taking preventive measures to control the spread of the pandemic in business enterprises and workplaces, and safe return to work.
2. Implement Occupational Safety and Health (OSH) protocols to control the pandemic at the enterprise level in the different sectors.

3. Put in place awareness instructions for prevention and containment of the disease inside enterprises.
4. Train labor and health inspectors on close follow up measures, providing consultations, and reporting on compliance with occupational safety measures for controlling the pandemic at the enterprise level.
5. Train enterprises and their staff on OSH protocols, to ensure business activities go uninterrupted.
6. Launch a training platform on the internet to educate people about safety measures, while presenting evidences and references on the actual results of implementing occupational health and safety measures.

2.3 Assisting MSMEs in Raw Material Input Storage and Equipment Maintenance Under Prolonged Lockdown

Short Term:

1. Provide direct financial subsidies (grants) to the affected enterprises, especially in the tourism sector, to purchase raw materials and do maintenance works necessary to return to business for the next season.
2. Granting soft loans to affected enterprises to enable resumption of business, with government guarantees or through donor organizations.

Medium Term:

3. Carry out a diagnostic study of the affected enterprises, to identify their needs of raw materials and maintenance. Also, find solutions to ensure their sustainability in the medium and long run.
4. Establish emergency funds in collaboration with the different syndicates, to cover operational expenses/needs of enterprises in times of crisis.

2.4 Establish effective and fair mechanisms to handle the problem of returned checks, while preserving banking sector stability

Short Term:

1. Consider reducing or canceling commissions on returned checks. Or consider establishing a fund run by the Palestine Monetary Authority (PMA) to support the most affected enterprises that are unable to cover checks, which may lead to their bankruptcy using the proceeds of fees and commissions on returned checks.
2. Establish a consultation booth and a hotline, run by the PMA, specially designated to provide legal advice and information on returned checks, to help enterprise owners understand the PMA procedures and resolve disputes before heading to courts. This way the PMA can grant exemptions and coordinate with banks and stakeholders to postpone checks maturity dates.
3. The PMA should assess and consider postponing the maturity dates of returned checks of the affected sectors and establishing a payment mechanism that takes into account the nature and conditions of each sector separately. Affected sectors are recovering at a varying pace. For example, enterprises in the tourism sector will need more time and financial support to recover and withstand.

4. Start using electronic checks (an internationally used product) which are easy to amend (delaying the collection date, amount, and terms) upon acceptance by all parties. It has reduced fees, which reach NIS 160 per one paper check.

Medium Term:

5. Gradual cancelation of the paper checks system. Many problems are associated with the paper checks system, among these are the slow processing, the cumbersome process of changing, and making alterations to paper checks. Developing countries, therefore, headed for replacing the regular system with the e-payment system.
6. Raising awareness about the benefits of registering in the MoNE for SMEs, especially for limited liability companies (LLC) which enjoys a separate legal and financial liability from the owner or shareholders, i.e. in the event of the enterprise's bankruptcy, the owner is not liable to pay debts. This improves the chances of the enterprise's owner to start a new project and return to the market.

2.5 Identifying Inexpensive Financing Options for Affected Enterprises to Ensure Return to Business

Short Term:

1. Provide financial support (small grants and soft loans) to bridge the liquidity gap and cover running expenses. In the event an enterprise closes down, it may need large investments to return to the market. However, small grants or soft loans with easy and simple terms and guarantees, or zero interest, could help these enterprises withstand the crisis.
2. Exempt the most affected sectors from paying accrued interests on deferred loans. For example, the postponed monthly installments of some workshops led to a dramatic increase in the interest mounting on the loan. Such a situation will add burden on the enterprise impeding its survival and affect any future decision to seek financing. The financial stability of lending institutions and banks is necessary for the stability of the economy. In order to have sustainable and stable lending institutions, these institutions need to collect part of the added interest. Therefore, to balance the need to add interest and the interests of SMEs, the authorities should cover part of these interests to preserve the stability of financial institutions and enterprises. Additionally, the PMA should consider following the Moroccan and Tunisian model, where the two countries passed a decision exempting the affected sectors from paying the added interest on deferred installments.
3. Postpone monthly installments on enterprises operating in the tourism sector until the resumption of the international tourism movement. Since tourism activities might not be resumed in the near future, the PMA must consider postponing loans monthly installments due on enterprises in this sector.
4. Provide loan guarantee programs for enterprises that are classified as moderate or high-risk ventures, especially in the tourism and agricultural sectors. Any enterprise operating in the tourism sector is considered to be a high-risk investment. Therefore, most lending institutions and banks avoid granting loans to these enterprises. However, creating loan guarantee programs that target SMEs in the affected sectors, could help reduce the risk ratio and encourage lending institutions and banks to provide loans to these institutions.

5. Take a decision forbidding the evict of tenants from enterprises in the most affected sectors until the market shows signs of improvement. Establishing mechanisms that keep workshops running without any prejudice to the lessor rights.
6. Improve or facilitate access to credit for small producers while ensuring gender equality in that respect. Giving the challenges this crisis poses, and to enhance SMEs' access to credit, financial institutions should consider providing special loan products without guarantees or with reduced guarantees. International organizations should work on incentivizing banks by providing loan guarantees.
7. Diversify financial services' products provided to the tourism sector, offering easy payment methods that take into consideration the timing of the tourist seasons. Granting loans to owners of affected enterprises, which cannot resume its activities until the end of the pandemic worldwide, to start temporary income-generating projects to avoid its complete exit from the market.
8. The PMA should provide detailed instructions about the method of calculating interest on postponed monthly installments, which are not clear (whether it is calculated by multiplying the principal debt by the number of months of delay or as a new loan for a period of four months). The two calculation methods have different effects on the borrower. Taking advantage of this unclarity, some institutions calculate additional interests.
9. Start work with the e-payment services at lending institutions to facilitate borrowing and re-payment transactions, reduce these institutions' operational costs, and enhance their ability to reach marginalized areas.
10. Grant tax exemption for lending institutions' employees, which constitute a high percentage of the operational cost. This exemption may lower interest rates on loans.
11. Offer lending institutions lower interest rates on financing: local banks and foreign parties usually offer lending institutions an interest rate of 6% on loans. Whether provided by the PMA or an international institution, the lower interest rate on financing translates to a lower interest rate paid on enterprises' loans.
12. Promote price transparency among lending institutions. Adopt SMART Certification, which will help the borrower choose from the different types of programs and institutions, and enhance competitiveness between these institutions.

Medium Term:

13. Develop governmental/or international loan guarantee programs for the tourism and agricultural sectors to reduce risks borne by lending institutions and encourage them to provide loans to high-risk sectors like the tourism sector, as well as to farmers in the Jordan Valley under political threats.
14. Strengthen and provide financial subsidies to Savings and Credit Cooperatives (SCCOs) which encourage savings, and use pooled funds to extend loans to members, in addition to providing technical support. SCCOs target the poorest groups by creating a safety net for small-scale producers.
15. Establish the Emergency and Safety Net Fund by the MoNE to support enterprises in times of disasters and crises.
16. Create Risk Mitigation Programs
17. Approve and pass a social security law that safeguards workers' financial and social rights

2.6 Protecting Skilled Workers

Short Term:

1. Conclude cooperation agreements between the MoL, employers, and trade unions. For example, a contract amendment could be added to ensure all parties consent to an exceptional arrangement during the current health pandemic; partial payment, part-time job, or remote-work mechanisms).
2. Create an Emergency Fund to be managed by the Palestine General Federation of Trade Unions. The Fund will provide temporary income support to laid-off workers in the most affected enterprises, to avoid their complete exit from the market.
3. Provide financial support to employers to ensure they are able to pay labour insurance and help them in coordinating for modifying agreements or drafting special amendments with insurance companies to reduce insurance premiums on those who became part-time workers (supporting enterprises that have been forced to work on a part-time basis because of the current crisis in their negotiations with insurance companies to reduce insurance premiums).
4. Create governmental programs through the Palestinian Fund for Employment and Social Protection (PFES) to foster job creation and enhance employment, with a special focus on the most affected enterprises. For example, providing temporary income support (to cover the workers' salaries) contingent on keeping existing workers or launch Job Placement Programs, that hire fresh graduates in the enterprises benefiting from this support, for a period of 6 months or so, and providing vouchers for training new workers.
5. Enroll in job retention schemes through the International Labor Organization (ILO).
6. Support the self-employed by launching employment support programs (or subsidies), especially women working in home care, the elderly, infants, and children.
7. Implement training and capacity building programs for skilled workers in all sectors affected by the pandemic to enhance retention of skilled human resources in the Palestinian market, part of which head to work in Israel.

Medium Term:

8. Expand the scope of social protection and financial incentive programs to include self-employed workers, informal sector workers, or those working without official contracts, and SMEs' workers, especially women.
9. Regulate the informal labour sector, especially in villages, camps, and marginalized areas. to that end, the MoL and MoNE should adopt a mechanism for tracking and monitoring work contracts, and establish income safety nets.
10. Develop an advocacy program for the poor, to be implemented by the MoSD and MoL, that encompasses the four key components of "decent work", namely; employment conditions, social security, rights at the workplace, and social dialog.
11. Develop different Active Labor Market Programs (ALMPs) to bring workers or job seekers into employment.
12. Establish a capacity building and training program designed for the hotel and crafts sector, in conjunction with the next tourism season.

2.7 Assessment of the Pandemic's Adverse Impacts on the Tourism Sector, the Most Affected Groups and Enterprises, Developing Support Programs and Interventions, and Allocating Financial and Technical Resources

Short Term:

1. Activate strategies that can speed up the recovery of the tourism sector, re-assessing the tourism sector development and marketing plan (prepared by PalTrade in coordination with the MoTA), and updating it to include small-scale producers and SMEs, and market strategies.
2. Start working with MoTA and MoNE on developing and diversifying the sector's products to help expediently revitalize this vital sector, upgrade its services to stimulate local demand, and recruit a skilled technical team in help desk (SMEs help desks) to set methods for pricing the services, products, and packaging mechanisms.
3. Allocate financial resources to municipalities and local government units to start adapting local and tourist sites in accordance with health procedures, and to enhance tourism services (public facilities) to receive domestic tourism.
4. Launch and support national campaigns to boost domestic tourism, raising awareness on tourism, and creating informative brochures for marketing tourist sites (including villages) and religious monuments, and tourist maps.
5. Employ innovative technologies (e-commerce, digitization of business processes and value chain, ... etc.) to stimulate economic growth and activity in the sector, and to develop the capabilities of the sector's SMEs in this domain, through implementing initiatives and programs that target individual skills development delivered by national experts. Giving special attention to e-marketing of local tourism products in international markets, and enhancing the image of Palestinian products and brands through the use of trademarks like "Made in Palestine" and "Made in Jerusalem".
6. Support small tourist projects that are disappearing from the map by devising and developing tourism packages/products. Erecting booths for marketing tourism products in central public areas and inside local institutions and municipalities.
7. Develop and implement new health protocols in hotels and tourist sites, in preparation for receiving guests in the near future. These protocols should respond to the needed social and behavioral changes in the post-pandemic world.
8. Provide technical and legal support to assist in collecting financial revenues from Israeli tourism agencies. Many restaurants and centaury stores in Bethlehem were not able to collect their dues on Israeli agencies -for previous reservations and meals- who used the crisis as a pretext for not paying.

Medium Term:

9. Train hotel owners and equip them with the skills they need to create regional networks with neighboring countries, making online bookings, networking, and partnering with tourist companies in neighboring Arab countries such as Jordan, Egypt, and Lebanon.
10. Developing and adapting tourism facilities to accommodate future tourism demand, especially from Arab and Islamic countries.
11. Building a flexible tourism sector in the post-pandemic era, and preparing revival plans at the regional level.

12. Redirect the tourism value chain towards a sustainable path through providing technical assistance and guidance on effective consumption practices: Water and waste management; Energy efficiency and renewable energy applications, Environmental Certification, and identifying future investment opportunities.
13. Investing in domestic tourism: During one day (19/4/2019), Battir was visited by around 5,400 tourists, while 2,000 tourists visited Bethlehem on the same day. This indicates that the investment of the people of Battir in domestic tourism was rewarding. Despite the suspension of inbound tourism at present because of the crisis, domestic tourism (albeit weak) continues to generate income for the tourist economic enterprises in Battir, whereas it has stopped completely in Bethlehem. The Battir village model highlights domestic tourism potentials, which can be a good source of income if funds were invested in local areas and facilities to improve their attractiveness.

Interventions in East Jerusalem:

1. Promote investments in tourism activities in Jerusalem (theaters, entertainment facilities, exhibitions, Turkish baths, ...etc.) to encourage tourists to stay longer in the city. Encouraging night-time tourist and cultural activities. Tourism facilities in East Jerusalem, especially the old city, are criticized for closing in early evening hours and the weak lighting of the streets and sites.
2. Develop the skills of workers and chefs in the hospitality sector. Attracted by the higher wages, most skilled workers usually go to work in the Israeli hotel market.
3. Better networking and connections with tourist facilities in the Arab region, (like Jordan-Petra, Egypt, and Lebanon) and Arab and international tourism agencies.
4. Develop tour e-packages for religious tourists, especially for tourists from countries that cannot reach religious places in Jerusalem for political and legal reasons, like Malaysia. In a certain period, religious tourists which are attracted to East Jerusalem, saved tourism in Jerusalem, contrary to a large percentage of non-Muslim countries tourists, who head to Israel mostly.
5. Encourage domestic tourism (from the West Bank and Palestinians inside the green line) to Jerusalem through the development of tourist facilities, diversification of tourism activities, and expanding popular markets, in order to reduce overcrowding.
6. Encourage night-time tourist and cultural activities. Tourism facilities in East Jerusalem, especially the old city, are criticized for closing in early evening hours and the weak lighting.
7. Develop vital facilities in East Jerusalem, such as tourist bus stops and car parks in the commercial areas, in addition to investing in large commercial complexes, as a large part of Jerusalem residents and visitors go to the commercial complexes in West Jerusalem.

2.8 Reducing Disruptions or Gaps in Production and Value Chains

Short Term:

1. Develop Local Employment Partnerships (LEPs), to improve local value chains needed for post-pandemic recovery, and support skilled technicians in the value chains of the most affected economic activities (dairy products, dates, handicrafts, and agricultural sectors).

2. Conduct a value chain analysis and business activities analysis to identify a competitive advantage. An analysis of networks used for selling a product or a service for more than one cost in addition to its value, thus generating a profit margin within the value chain.
3. Provide subsidies (either in the form of grants or zero-interest loans so that farmers can start preparing for the next season) to compensate and support small-scale farmers for price fluctuation losses, the high costs of production inputs, and marketing difficulties.
4. Establish mechanisms to reduce losses incurred by livestock breeders and small-scale dairy producers so that they stop selling their animals.
5. Provide tax breaks through postponing the payment of dues on the agricultural enterprises and grant new credit facilities to farmers and small-scale producers.
6. Institutional coordination and consultation with all active actors in the value chains (especially the food industries), while adhering to health measures and protocols aimed at controlling the spread of the pandemic. Engaging the private sector and civil society organizations in public decision-making to ensure that decisions and interventions are inclusive, understandable, and accepted by all involved parties, and that all concerned parties play their part in maintaining the continuity of the local food supply chain, and that weaknesses are identified at the right time and needs are met.

Medium Term:

7. Formulate a products protection policy for protecting Palestinian products from similar and alternative imports (for example, about 40 tons of imported honey have depressed economic activities in the Palestinian honey sector). Also, there is a need to prepare agricultural databases and statistics on the supply and demand of agricultural products to fight dumping of Israeli products in the Palestinian market, and price manipulation that has worsened since the spread of the pandemic.
8. Develop programs to enhance the comparative advantage of local products (based on a local economic assessment).
9. Develop a price information system for agricultural products and inputs.
10. Design and build an e-commerce platform for agricultural products and inputs in cooperation with stakeholders.
11. Support the MoA efforts to collect and analyze prices and market information, to improve the performance of the national Agricultural Monitoring System (AMS) and agricultural forecasts.
12. Activate the role of the Palestinian Agricultural Credit Institution (PACI) and The Palestinian Agricultural Disaster Risk Reduction and Insurance Fund (PADRRIF) by engaging all agricultural work institutions, organizations, and committees in managing, planning, financing, and spending, so that the fund's work includes compensating farmers for the damages they suffered due to the pandemic and supporting the fund financially.

2.9 Improving Access of Small-scale Producers to Local and International Markets

Short Term:

1. Assist farmers and small business owners to export their products (olive oil, dates, tomatoes, herbal plants, handicrafts, ... etc.), to ease procedures set by the MoNE

and the Palestine Standard Institution (PSI), and to develop marketing channels for agricultural and crafts cooperatives. In addition, revising export licensing mechanisms and re-structuring processes to speed up licensing and ensure reduced bureaucracy.

2. Support small-scale producers and the youth in rural areas, promote innovation and digitization to facilitate access to input and output markets in Israel, and to mobilize financial support. Also, expedite the shift to digital technology solutions in the agricultural sector, create programs to promote digital marketing, and provide training to small-scale producers.
3. Establish digital marketing platforms run by the chambers of commerce and industry and specialized federations (to promote MSMEs products).
4. Network with women-owned business platforms to provide support and services to women-owned or -led enterprises.
5. Encourage small-scale producers to adhere to the approved standards and specifications for packaging materials.
6. Activate the role of agricultural societies in marketing agricultural products, and encouraging investors to concentrate on food industries, as one solution to marketing problems to support the national economy.
7. Strengthen the partnership between small-scale producers to mobilize resources, obtain better prices for production inputs, adopt a unified marketing mechanism, develop export capabilities, and adopt the “Made in Palestine” brand.
8. Increase the number of corners for marketing SMEs’ products in public places. Different international institutions, in coordination with lending institutions, facilitate establishing such corners in Jerusalem, Ramallah, and Bethlehem, to sell locally-made products such as soap, thyme, jam, embroidery, and food products. These initiatives should be intensified and supported by covering the costs of corners and booths.

Medium Term:

9. Facilitate access of Palestinian exports to Arab and international markets, through easing trade regulations and technical procedures. Also, open a consultation office in one of the concerned ministries to provide small-scale producers with the technical and legal advice needed to improve their ability to access international markets
10. Coordinate with PSI for establishing Help Desks that can provide technical assistance to small-scale producers, to improve and develop the specifications and standards of small food-industries products to conform to international quality-control standards in export markets.
11. Supporting small-scale producers by providing storage facilities for agricultural and food commodities.
12. Contribute to establishing subsidiary export agencies.

2.10 Reducing Production and Price Fluctuations in Markets

Short Term:

1. Pump liquidity into the market to enhance the purchasing power of citizens through the direct “cash transfer programs” for the most affected groups and “cash for work” program.

2. Despite the controversy over Waqft Ezz Fund and the problems it has faced, it is a good initiative that must be strengthened and pursued given its importance in reviving markets and stimulating demand, which in turn will contribute to saving MSMEs on the verge of collapse. This requires urging and motivating businessmen and big local companies that are less affected by the pandemic to increase their financial contribution to this Fund.
3. Reducing VAT on basic commodities to increase demand for these commodities. Basic commodities constitute a large proportion of the annual spending of poor households compared to luxury and leisure commodities, unlike the well-off and the rich. If taxes on basic commodities are reduced, the government can enhance the purchasing power of the Palestinian citizens, specifically for households that entered poverty because of the crisis - tax justice can be achieved, and to offset its impact on the public budget, luxury taxes can be raised- knowing that the Paris Protocol specifies that VAT cannot differ from that of Israel by more than two percentage points.
4. Providing technical and financial support to small business owners through Help Desks, chambers of commerce, and specialized unions in order to help them diversify their products. This step would help them deal better with fluctuations in demand markets. For example, providing technical support to sewing workshops in order to include manufacturing health masks (face masks), and fabrics for hospital use. Cosmetics laboratories can consider manufacturing sterilization and cleaning materials. Artisans making wood crafts for religious tourists could be advised to create other wooden products for domestic use and to develop local designs and products that are highly demanded in the market. Many workshops working in manufacturing antiques and souvenirs for tourists can introduce new designs and products that can be promoted in the local market.

Medium Term:

5. Developing capacity-building programs to enhance and promote socio-economic innovation projects that will contribute to reducing marginalization of the most affected groups, especially in marginalized areas. Circular Economy is the use of products, equipment, and infrastructure for a longer period (continual use of resources). [32]
6. Launching awareness rising campaigns, programs, and providing technical assistance in order to strengthen solidarity and the social economy - and to strengthen the specialized cooperatives, expand their membership base, and diversify their services.

2.11 Improving Women's Access to the Labor Market, Limiting Abuses by Owners on a Gender Basis, and Promoting Positive Role Models in Achieving Women's Economic Empowerment.

Short Term:

1. Forming a specialized team, within the MoNE and the MoL, responsible for the economic and social empowerment of women (or activating gender units), and revising and adapting gender audit plans to address the economic and social impacts of the pandemic on women specifically.

32 It is an economic system that aims to eliminate waste and ensure the continual use of resources. Circular systems employ reuse, sharing, repair, refurbishment, remanufacturing and recycling to create a closed-loop system, minimizing the use of resource inputs and the creation of waste, pollution and carbon emissions. The circular economy aims to keep products, equipment and infrastructure in use for a longer period, thus improving the productivity of these resources. All "waste" should become "food" for another process: either a by-product or recovered resource for another industrial processor as regenerative resources for nature (e.g., compost). This regenerative approach is in contrast to the traditional linear economy, which has a "take, make, dispose" model of production.

2. Designing awareness campaigns to enhance and increase the participation of women in chambers of commerce, cooperatives, municipalities, and specialized unions.
3. Creating training programs targeting women in various enterprises and associations, focusing on marketing, e-marketing, and information technology.
4. Collecting data on the effects of the pandemic, including gender-specific indicators.
5. Implementing programs to support rural women's access to services and financial aid, especially in remote areas and the Jordan Valley.
6. Establishing a support fund to provide grants or zero-interest loans to cooperatives and women's associations in the Jordan Valley to enhance their steadfastness.
7. Launch Programs to support women's organizations and organize awareness campaigns about the stereotyping challenge and women's informal employment; working to change stereotypes about the two genders' roles and capabilities. Identify the increased pressures on care work during the pandemic, and calling for the redistribution of work load and providing support to those in need. Raising awareness about the need to balance between work and household chores (balance between home responsibilities and job responsibilities).
8. Providing financial and technical support to technical colleges to create programs especially for women who have left their jobs during the pandemic due to household burdens and childcare. These programs should focus on building their capacities to match the labor market requirements (which have changed post the pandemic) and to reduce the gap between market requirements and available labour skills.
9. Enhance the role of Local Government Units (LGUs) and Chambers of Commerce and equip them with the needed skills and tools for empowering working women and women-owned businesses to enhance economic recovery and empowerment.
10. Supporting municipalities and chambers of commerce to enhance the provision of necessary services (to nurseries/kindergartens) to support mothers, while concentrating on marginalized and poor women that were affected by the pandemic.
11. Supporting municipalities, chambers of commerce, to organize local products fairs to market products produced by women-led small businesses and build business-to-business networks and relations with larger companies.
12. Eliminate obstacles impeding women's participation in emergency committees and their inclusion in decision-making centers in the local community
13. Linking food and health distribution companies with women-led projects, especially home-based projects, and promote Gender Responsive Procurement Practices.
14. Developing awareness-raising instructions about prevention measures for working women inside enterprises.
15. Developing and implementing awareness programs targeting SMEs led by women, concentrating on mechanisms and tools for dealing with the adverse impacts of the pandemic, and the possible solutions.

Medium Term:

16. Collaborate with universities and education centers to attract women to IT and e-marketing programs.
17. Working with universities and the concerned industries to create training opportunities for female students, to develop their skills and qualifications needed to facilitate their entry into the labor market.

18. Establishing a special fund to foster women and youth entrepreneurial ideas and projects.
19. Creating training programs especially for women cooperatives and associations and provide them with technical support.
20. Establishing a database for women working in formal and informal enterprises, run by the MoL, to follow up on their status in coordination with trade unions and employers.
21. Ensure gender-sensitive equality when providing insurance support for female workers in SMEs.
22. Support municipalities and chambers of commerce to create and use economic support schemes for women-led startups/small businesses, with a special focus on vulnerable women and girls affected by the pandemic.
23. Increase women's representation in local government bodies and support women's associations and institutions, especially in villages and remote areas.

2.12 Improving Youth Access to the Labor Market, Boosting Youth-led Entrepreneurship and Societal and Economic Resilience

Short/Medium Terms:

1. Update Youth National Strategies in cooperation with the relevant authorities, to ensure their focus on enabling economic and social empowerment of the youth.
2. Develop and support entrepreneurial programs for the youth and improve self-employment opportunities.
3. Developing special plans to ensure integration of the youth in the labor market through informal education and lifelong training programs.
4. Create rich and enabling business environment to support business startups. For example, passing the law on business startups, granting tax exemptions, organizing specialized/technical training programs targeting entrepreneurs and business incubators, and linking startups with markets.
5. Mobilizing investments in business startups, through guaranteed low-risk investments.
6. Provide funding opportunities for the youth and startups. For example, the Venture Capital Fund could provide startups with microfinance which is vital for their continuity.
7. Work jointly with universities to align educational curricula to meet the skill needs of the private sector, especially in the field of technology.
8. Launching programs for promoting and supporting self-employment and entrepreneurship among the youth, including training courses (like leadership and creativity, personal entrepreneurial skills, professional training, project management and development, e-marketing, marketing strategies...etc.).
9. Establish an online platform used to facilitate remote training, to ensure running youth skills development programs, as well as improving access to support those living in rural and remote areas.
10. The government and international institutions should continue to invest in youth-led entrepreneurial projects in the field of technology, and through the internet, especially in light of the new e-learning trend, people find themselves obliged to follow because of the pandemic.
11. Adopt an age-diverse approach in public consultations, governmental, and semi-governmental institutions (such as municipalities and village councils) to better reflect the needs and interests of different age groups in the decision-making process.
12. Aligning short-term emergency responses with investments in long-term economic, social, and environmental objectives, to ensure the well-being of future generations.

Footnotes:

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