



VISION ON SOCIAL PROTECTION SYSTEMS AND SOCIAL SECURITY IN PALESTINE

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INTRODUCTION

The outbreak of COVID-19 has led millions of people to poverty, as the procedures taken to limit the spread of the virus have resulted in the decline of the global economy. The pandemic has had a notable impact on Third World countries and marginalized groups, particularly workers and households headed by women. Small and micro enterprises have also been hard hit. The result is an astronomical increase in the number of poor and food insecure people around the world.

Despite the special Palestinian reality of being under colonial rule, the socio-economic effects of the virus have been similar to those found worldwide. While the average household size in Palestine is around five individuals, there are also households with more than 10 individuals. Such households are considered amongst the most in need and most impoverished. According to published reports by the Palestinian Ministry of Social Development the outbreak of COVID-19 may result in an additional 100,000 poor households in Palestine.¹ The Palestinian Central Bureau of Statistics (PCBS) also predicts that poverty

rates will increase amongst large households. Estimates show an increase in the poverty rate that may reach over 50% of the Palestinian people. This is all accompanied by the lack of social protection systems to protect vulnerable groups, including workers, the elderly, persons with disabilities and households headed by women.

This paper presents an approach to address the short- and medium-term effects of multiple crises which are resulting in greater numbers of Palestinian households living in poverty. While it is set inside the overall context of Palestinian society, these issues are all the more critical with problems caused by the pandemic. One of the most important factors facing Palestinian society is the lack of economic activity, particularly in the informal sector, which contributes greatly to the daily income of a large sector of the population. A 2020 study published by Marsad shows that the Palestinian economy has suffered losses amounting to \$2.5 billion.² This trend is likely to increase with the continued closures resulting from procedures to reduce COVID-19 infection.

The most significant factor for the Palestinian economy and its decline is the Israeli occupation. Increased land confiscation as well as control over resources and border crossings has greatly weakened the Palestinian economy and made it subordinate to the Israeli occupiers. The continued blockade of the Gaza Strip since 2007 has had a huge impact. Recently these ongoing problems have been made worse by the fact that the occupation government began, in 2019, to deduct approximately \$11.5 million per month

(approximately \$138 million a year) from the Palestinian tax returns, as part of their implementation of the Knesset Law.³ The Palestinian government has refused to receive less than the full amount of their tax revenue - this decision denied it around 65% of its total revenue (15% of the GDP). As a result of this standoff, the Palestinian government has been forced to reduce social aid for impoverished households and to pay only 50% of civil servants' salaries. This situation has magnified the impact of the decline in donor support on production, employment and socioeconomic conditions.⁴

Palestine has been under occupation for at least one century (British and Zionist). This long history has made it imperative that social protection measures are implemented to support individuals in their hour of need, and to promote their resilience in light of the political and economic challenges they face. The main question is: How do we, as Palestinians, protect ourselves in light of the continued political and economic crises? And what social system achieves the best results possible?

This paper readdresses the importance of building social protection systems and social security in Palestine. The provision of dignified livelihood for individuals and the reduction of poverty are fundamental and necessary. Just as important is the application of social policies that provide labor rights, education, health, social protection and social security to the Palestinian society in order to achieve social justice.

THE IMPORTANCE OF SOCIAL SECURITY AND PROTECTION SYSTEMS IN THE PALESTINIAN CONTEXT

As has been confirmed by the COVID-19 pandemic, the state has a major role in providing social protection for all individuals in society. It has a duty to support the special needs of marginalized groups, including workers, through policies and the provision of social protection systems and social security in a comprehensive and fair manner. These systems can help reduce the impact of high unemployment and poverty rates as well as losses in income and work. They also provide assistance to lessen social vulnerability, particularly in major crises.

PCBS statistics show that there are approximately one million workers in the West Bank and Gaza Strip. Many have been affected by the COVID-19 state of emergency, which has resulted in full or partial ceasing of work at economic facilities. Their situation has been made worse by the fact that 70% of workers in the private sector do not receive any “end-of-service” rights, and around 110,000 workers receive the minimum wage.⁵

Many analyses and reports have been published on the socio-economic effects resulting from the imposition of COVID-19 state of emergency in the West Bank and Gaza Strip. There is strong evidence of the impact on small and medium enterprise owners and workers, of how they (and their families) have fallen under

the poverty line. A recent study covering March -June 2020 issued by (Al Marsad)⁶ shows that the Palestinian economy has suffered losses amounting to \$2.5 billion. This number is likely to increase with rises in business closures. The result could be that poverty rates reach 64% in Gaza Strip and 30% in the West Bank.

A response to colonial settlement for at least a century requires developmental and liberation policies to promote the dignity and resilience of people and to establish a foundation for social justice. Economic policies must be created to increase production and employment. It is important to have measures to reduce imports through support for local industry as this will strengthen the national economy. As well, social policies must be developed and implemented to provide labor rights, education, health, social protection and social security to the Palestinian society.

The development of social protection systems and social security in Palestine is a matter of special importance. It has a primary role in ensuring a decent livelihood for all individuals. Just as important is the need to promote private sector institutions’ commitment to labor laws and minimum wage regulations which will ultimately contribute to promoting social justice.

THE FEATURES OF SOCIAL PROTECTION SYSTEMS AND SOCIAL SECURITY

A broad social dialogue must be opened with all social and economic actors, including political actors and civil society organizations. Together they need to agree on the form of social protection systems and social security that Palestinians should adopt. These need to be based on both the provision of services and the implementation of the minimum requirements to ensure a dignified livelihood for all Palestinian families. Just as important is the provision of social security in situations of

disability, death and retirement and other cases as stipulated in the Social Security Law.

In order to be effective, social security systems must provide direct financial contributions from the Palestinian Authority/the Palestinian Liberation Organization.⁷ This will ensure that the needs of all marginalized populations are addressed, including the elderly, persons with disabilities, households headed by women and orphans and other disadvantaged groups.

The current entitlement criteria and amounts provided by the cash aid program of the Ministry of Social Development must be re-evaluated to confirm that they are providing enough support for a suitable living, particularly for those with special needs.

Accordingly, it is important to restructure the social protection programs and transform them from programs that depend on the availability of government and international funding to independent national systems funded by several sources. This will help guarantee sustainability and the ability to reach all marginalized populations. The assistance provided by such systems must be different from the current entitlement criteria which is not appropriate for the Palestinian condition. These systems must be transformed from a service to a fundamental right.

The current Social Security Law, with its benefits and assurances, must involve the participation of all labor and social forces in its management and governance. Direct funding must be provided to ensure that there are sufficient resources to cover the majority of workers and employees in both the regulated and unregulated sectors. This will allow for a decent living to be provided in situations of work-related injuries, disability, death and retirement. Equally important is to provide unemployment and health insurance in accordance with international standards, with fair and balanced contributions from the worker and employer. The Social Security Law must be protected from pressure and influences from Palestinian capital and major private sector corporations, which continually try to evade the provision of labor rights. Workers and employees are entitled to social security before anyone else.⁸

FUNDING SOCIAL PROTECTION SYSTEMS AND SOCIAL SECURITY

While these systems are costly, their socio-economic benefits are enormous in the short, medium and long term. They protect Palestinian society from socio-economic crises and greatly contribute to the reduction of poverty. This paper provides the grounds for a funding process to build these social systems based on numerous studies developed by Al Marsad over the past years.

The funding of such systems must be through financial support from the Palestinian State in addition to the contributions from workers and employers.

Apart from direct funding to social security systems, and to ensure the creation of responsive, fair and comprehensive social protection systems, the paper proposes the following methods to fund the cost of creating social protection systems:

1. Reduce tax evasion, which is estimated by many sources to account for \$500-600 million;
2. Increase taxation awareness horizontally and vertically, which contributes to increasing tax returns;
3. Impose taxes of up to 35% on the income of individuals and companies, particularly companies with monopoly rights and privileges, the banking sector and insurance companies;
4. Allocate a part of the returns and profits of the Palestinian Investment Fund and the Palestinian National Fund to social protection systems;
5. Retrieve stolen money and money gained through corruption. Allocate part of these monies to social systems;

6. Allocate part of the “Zakat”⁹ and “Waqf”¹⁰ revenue to social protection systems;
7. Transfer all the funding and allocation of the cash aid program and any similar programs to a national social protection system; and
8. Require that corporations make a financial contribution to social protection systems, with the size of their contribution to be calculated against their annual profits.

COMPREHENSIVE REVIEW OF SOCIOECONOMIC POLICIES

The creation of social protection systems and social security requires a comprehensive review of socio-economic policies adopted by the government over the past several decades. Unfortunately, these policies have often resulted in an increase in poverty and unemployment, and to entrenching the gap between social classes. In order to empower our people to address the occupation and its policies and procedures, we must transform towards a liberation socio-economic vision that includes the following features:

1. Develop the productive sectors, particularly industry and agriculture. In addition to providing basic goods and products for consumption, these sectors are big employers, and would also help reduce unemployment, thus increasing the GDP.
2. Encourage and develop small/medium enterprises and family businesses. These sectors have proven to provide forms of social solidarity in times of emergency and crises resulting from the occupation policies.
3. Direct the banking sector away from consumption loans and towards loans targeting the development of productive economic sectors with very low interest rates. This will help reduce the debt of individuals and Palestinian society.
4. Create a comprehensive subscription-based health insurance and provide state funding to reduce the spending burden on health that is currently faced by Palestinian households.
5. Set fair prices for commodities and services to increase the ability of households to spend on basic and educational needs.
6. Design a government program that targets employment, reducing poverty and enforcing relevant laws and regulations, such as a minimum wage. This program should be reviewed annually.

A careful coordination and coherence of socio-economic policies will contribute to the reduction of poverty, lower unemployment rates and help ensure that the basic tenets of social justice are realized. It will also contribute to the reduction of inequality in income levels within the population and increase spending capacity and access to services and rights. This in turn will set the groundwork for a society that provides a decent living for its citizens and can work towards achieving liberation and independence.

CONCLUSION

Government interventions in addressing inequality, discrimination and the lack of social justice must be based on the development and application of revenue and expenditure policies that ensure a decent living for individuals. Two important steps towards the building of social protection systems and social security, are 1) the reduction of tax evasion, which is currently estimated at \$500-600 million, combined with 2) an increase in taxation awareness vertically and horizontally, in order to raise tax returns. Part of the returns and profits of the Palestinian Investment Fund and the Palestinian National Fund must be allocated to social protection systems. The stolen money and money gained through corruption must be retrieved, and part of that money should be allocated to these systems.

The activation of social protection systems and social security is an utmost necessity. Palestinians live in continually changing conditions because of the political instability resulting from the Israeli occupation. Added to this reality is a history of mismanagement of

resources and corruption within the Palestinian Authority (PA) institutions. Practices of the private sector are also a factor, particularly its habit of signing monopoly agreements and obtaining privileges in important economic sectors. This has contributed to deepening inequalities amongst the population. As Palestinians are facing the effects of COVID-19, we must think of sustainable solutions based on wide social participation in an economic process that favours social justice.

The reconsideration of social justice in occupied Palestine mainly aims at promoting the resilience of the Palestinian people in light of the complex conditions they are living inside. We cannot wait for the achievement of political independence or arriving at any "settlement" to start the creation of such systems. The price paid by half the Palestinian society daily by being subject to poverty and related conditions must end through the creation of a liberation economy that seeks to promote resilience based on social justice.

ENDNOTES

1. Al-Iqtisadi Newspaper Website. "As a Result of COVID-19, 100 Thousand New Poor Households in Palestine." Published on 19 April 2020, see the following link: <https://bit.ly/30KLXDX>
2. Samara, Ashraf, June 2020. "Losses and Losers as a Result of COVID-19 Crisis in the Palestinian Territories." Ramallah: Social and Economic Policies Monitor (Al Marsad). Please check the link: <https://bit.ly/2HWcw3r>
3. Friedrich Ebert Stiftung. "Israeli cuts to Palestinian tax revenues may put the PA on the brink of collapse". Published in 22 February 2019. Please check the link: <https://bit.ly/3jqyjhv>
4. UNCTAD. "Review of the technical cooperation activities of UNCTAD and their financing." 3 September 2020, page 86.
5. PCBS, 30/4/2020. Ula Awad Presents the Reality of Workers in Palestine in 2019 on the International Labor Day. (May the First). Link: <https://bit.ly/3hKnFRk>
6. Samara, Ashraf, June 2020. "Losses and Losers as a Result of COVID-19 Crisis in the Palestinian Territories." Ramallah: Social and Economic Policies Monitor (Al Marsad). Please check the link: <https://bit.ly/2HWcw3r>
7. For the sustainability of social protection systems, all options must be considered, including PLO assuming responsibility in the future.
8. For more on social security, visit the Social Security National Campaign website on the following link: <https://bit.ly/39Dho76>
9. Zakat is the concept of obligatory charity in Islam. It's how we give back, out of our own wealth, to those less fortunate. Zakat is a right which the poor have over the wealthy; it is the duty of every wealthy Muslims to fulfil this responsibility to those who are less fortunate.
10. Waqf (Arabic for endowment) is a special kind of philanthropic deed in perpetuity. It involves donating a fixed asset which can produce a financial return or provide a benefit. The revenue or benefit generated then serves specific categories of beneficiaries. Muslims giving waqf typically donate a building, land or cash with no intention of reclaiming the value gained from them.



An apparel worker plies her trade while maintaining social distance with other workers as readymade garment (RMG) factories reopened amid the Covid-19 pandemic in Dhaka.

SOURCE: UN Women/Fahad Abdullah Kaizer