



مركز الديمقراطية وحقوق العاملين

Democracy & Workers Rights Center - Palestine

## CASE STUDY

**The Minimum Wage in the Gaza Strip:  
Legislation versus Implementation**



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Legislation versus Implementation**

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## ◀ Table of contents ▶

■ <b>Introduction, study problem, objective, importance and methodology</b> .....	3
■ <b>Theoretical study:</b> .....	7
1. The temporal and geographical context of the case study.....	7
2. International conventions and standards on the minimum wage.....	11
3. Domestic legislation and the minimum wage.....	12
4. Social partners and their role in following up on the impact of the implementation of the minimum wage decision (employer organizations, unions, the government).....	17
■ <b>Applied study:</b> .....	19
1. The actual labor force and the economic situation in the Gaza Strip during the timeframe of the study (analysis) .....	20
2. Women in the labor market and the minimum wage.....	31
■ <b>Findings of the case study</b> .....	35
■ <b>Recommendations</b> .....	37

## Introduction

A just and favorable remuneration is a basic right that must be guaranteed to male and female workers in all workplaces, as stated by Article (23) of the Universal Declaration of Human Rights, and the International Covenant on Economic, Social and Cultural Rights. The State of Palestine has also committed to guaranteeing this right through its domestic legislation, and the creation of mechanisms to ensure access to this right, in line with the Palestinian Basic Law of 2003 and its amendments. Thus, the Palestinian Labor Law No. 7 of the Year 2000 guarantees the right to a fair and equitable wage, and created mechanisms to achieve this by stipulating in Articles 89 and Article 87, paragraph (2) that a minimum wage shall be established. This was translated in practice by the issuance of the minimum wage decision in 2012, which stipulated that its enforcement should start on January 1st, 2013.

Just and favorable conditions of work must be ensured for workers in all sectors to guarantee that workers receive a fair and equitable wage, and equal pay for work of equal value without any discrimination, with the need for a reasonable determination of official and paid overtime working hours.

Minimum wage policies are applied by many countries in order to achieve social justice by securing a minimum income that guarantees people's basic needs. In spite of the near-consensus on their importance in terms of social and living standards, there is still controversial theoretical research on the economic impact of such policies. Although such policies are applied to promote social justice in ninety percent of countries worldwide, their enforcement varies greatly between countries, especially in developing countries, in relation with their economic situation.

Some researchers consider that there are issues with the ability of governments to enforce the law effectively, the legal restrictions that limit the role of labor institutions in enhancing the degree of compliance, and the high costs of implementing the minimum wage for employers compared to the returns of non-implementation.

In Palestine, nearly nine years after the adoption of a minimum wage, the compliance rate is still very low. In fact, the number of workers paid less than the minimum wage in the private sector in the Gaza Strip has not registered any progress and their economic situation has not improved, contrary to expectations after the issuance of this decision.

## **Case study problem:**

Although a decision setting a minimum wage should have been issued upon the issuance of the Palestinian Labor Law No. 7 of 2000, in line with the law's dispositions on wages (articles 86, 87, 88 and 89), such a decision was delayed for over a decade. The decision was adopted in the context of the political division and very difficult economic conditions, and thus the competent authorities represented by the Ministry of Labor have been unable to implement this decision. In addition, the economy in Palestine had witnessed a significant decline, and an increase of poverty and unemployment rates, especially in the besieged Gaza Strip, which was subjected to several Israeli aggressions (in 2008, 2009, 2012, 2014 and 2021). These Israeli military operations affected the economic infrastructure and destroyed hundreds of factories and vital economic facilities. They affected tens of thousands of workers, and caused the loss of job opportunities. Furthermore, Israeli measures preventing the introduction of dozens of types of raw materials to factories paralyzed the work of these factories. In turn, factories continued operating with a small number of workers, and laid off a large part of their workforce. All this has represented a major challenge for the implementation of the minimum wage decision. The Ministry of Labor was no longer able to pressure employers to implement the decision, while employers no longer had a real ability to manage the production process due to the heavy losses that have affected the economy in all its aspects, and whose effects are still being felt.

## **Objective of the case study:**

This study aims to shed light on the situation of work conditions and circumstances in workplaces, the level of implementation of the minimum wage decision in the Gaza Strip, as well as the extent of workers' rights violations, thus providing recommendations on how to work in the future on activating this decision, the responsibility of the parties to production, and the role of the government, through:

1. Becoming acquainted with the situation of working conditions of male and female employees, and the extent to which standards of justice and equity are applied.
2. Examining the various stages that accompanied the issuance of the minimum wage decision in its temporal and geographical context.
3. Clarifying the legal standards for terms and conditions of work for the sectors in which the minimum wage decision is not applied.
4. Examining the role of concerned authorities, i.e. "the competent ministry", the responsibility of the parties of production and CSOs.
5. Determining the most important obstacles and violations of rights that prevent the implementation of the minimum wage decision in the Gaza Strip.
6. Interventions carried out by unions, human rights and official bodies to exert pressure for the implementation of the minimum wage decision.

## **The importance of the case study:**

### **First: Theoretical and scientific importance**

The importance of the case study stems from the description and analysis of the situation in a manner that ensures the preservation of workers' right to the implementation of the minimum wage decision. This case study may contribute in providing a scientific material that can be built upon in preparing future researches and studies about the topic, which may be more comprehensive. Its content can be used by unions and researchers interested in the study topic.

### **Second: The practical importance**

1. Confirming the standards and legal dispositions that guarantee this right at the international and national levels.
2. Shedding light on the extent of workers' rights violations, and their impact on the economic situation of workers, living requirements and the relationship with comprehensive economic development standards.
3. Confronting official institutions and civil society organizations with their responsibilities related to improving work conditions and circumstances of male and female workers.
4. Activating the role of trade unions in advocating for the implementation of the minimum wage decision.
5. Monitoring the extent of employers' commitment to implementing the minimum wage decision.

## **Case study methodology:**

Researchers relied on an analytical quantitative and qualitative approach by addressing the situation in its temporal, geographical and legal context, through interviews that were conducted with workers individually, or through focus groups, as well as through reviewing relevant international and national legislation, and former studies, and taking into account outputs of workshops and awareness meetings, in addition to interviews with experts.

### **The data collection and analysis methodology were based on:**

1. Analyzing the situation of work conditions related to wages.
2. Analyzing the role of the relevant parties (trade unions, the Ministry of Labor, employers, CSOs).
3. Analyzing the problem related to the difficulty of implementing the minimum wage decision from the issuance of the decision in 2012 until the end of July 2021.
4. Defining intervention programs by unions, the government and civil society organizations to ensure the activation and implementation of the minimum wage decision in workplaces, establishments, and

CSOs operating in the Gaza Strip.

### **Study community:**

- Male and female workers in different sectors
- Employers (representatives of employers' organizations)
- Trade union representatives
- Economists
- Relevant CSOs
- Ministry of Labor

### **Research Tools:**

1. Individual interviews.
2. Focus groups.
3. Previous international and local working papers, studies and reports.
4. Workshops and awareness meetings for workers.
5. Relevant international and national legal dispositions.

### **Timeframe and geographical scope of the case study:**

The timeframe of the case study covers the period between November 2012 & July 2021. Its geographical scope encompasses productive and service sectors and economic activities in the private and civil society sectors, and local authorities in the Gaza Strip.

## ◆ Theoretical study:

### ◆ 1- The temporal and geographical context of the case study:

The idea of a minimum wage system in the occupied Palestinian territories started being elaborated in 2000 with the issuance of the Palestinian Labor Law No. 7 of the Year 2000. A tripartite wages committee was formed in accordance with articles (86,

87, 88 and 89) of the Labor Law No. 7 of 2000. The functions of this committee are as follows:

1. Studying the general policies related to wages and their compatibility with living standards, in addition to submitting recommendations in this regard to the Council of Ministers.
2. Determining the minimum wage that must be issued by a decision of the Council of Ministers.

Article (89) states that no worker shall be paid less than the legally approved minimum wage, and therefore the minimum wage system ensures wide coverage as stipulated in the International Labor Organization (ILO) Convention No. (131).

Despite the dispositions of article (89), no steps were taken to implement these articles until 2004, when a decision was issued that provided more details about the formation of the wage committees and the establishment of sub-committees (this will be addressed in more detail in the next paragraph). The minimum wage however was not determined until 2012/2013 by a new decision issued on October 9, 2012, based on decision No. 43 of the year 2004 regarding the formation of the wages committee, with some changes made to the formation of the wages Committee. On October 9, 2012, the Palestinian Authority adopted a minimum wage of 1,450 shekels per month, 65 shekels per day and 8.50 shekels per hour.

The decision was taken in a grim economic context and after three years of high but unstable growth. The Palestinian economy witnessed a significant slowdown in 2012, and economic stagnation led to an increase of the unemployment rate, from 21% in 2011 to 23% in 2012. In addition, the pressures on the Palestinian Authority increased. As for the Gaza Strip, it was already severely affected by the blockade, political division and destruction of economic infrastructure and facilities as a result of the repeated attacks by the Israeli occupying Power.



## ■ The institutional content of the minimum wage legislation:

The decision on the establishment of the wages committee No. 43 of the year 2004 did not provide details on the minimum wage identification process, and merely adopted the main principles led out by the ILO, which are:

- The body responsible for proposing the minimum wage rate is a tripartite consultative body (the wages committee, which was later called the National Committee for Wages, and which is composed of government representatives, employers' representatives, and trade union representatives), and the final decision is taken by the Council of Ministers.
- The minimum wage rate is a unified national rate (there are no rates based on geographical areas or sectors).
- The National Committee for Wages convenes at least once a year on a regular basis in order to evaluate the previous stage, and set new standards and foundations for economic variables and link them to the cost-of-living schedule.

No reference was made to the process or criteria to be taken into account for setting the minimum wage, as this responsibility was assigned to the Wages Committee. In any case, the Cabinet Resolution of 2004 provided additional details regarding the structure of the Committee and the re-institutionalization of the Committee. The composition of the Wages Committee was determined in reference to the number of representatives (fifteen), five from the government (ministers of labor, finance, national economy, planning and justice), five representatives of employers (selected by employers' unions) and five representatives of workers (selected by unions).

The National Wages Committee includes a network of wages subcommittees, one in each area (where there is a labor office), appointed by the Wages Committee. These wages subcommittees are tripartite, consisting of a government representative (the director of the labor office in the governorate), a representative of employers (chosen by the employers' unions) and representatives of workers (selected by the trade unions).

The network of wages subcommittees plays the role of a technical body that assists the Wages Committee in collecting information and making decisions. The subcommittee in each area undertakes the following tasks:



1. Gathering all required information about wages, whether at the activity, sector or governorate level.
2. Providing the National Committee with the necessary information.
3. Submitting a recommendation to the National Committee regarding minimum wages, which aims to contribute and assist in evaluating minimum wage variables and redrawing policies according to these variables

These sub-committees must meet every month, and the decision of 2004 emphasizes that the National Wages Committee should meet once a year, but adds that it can also be convened at the request of representatives of one of its three parties.

In summary, the minimum wage system in the Palestinian territories is distinguished by the fact that it sets a single national rate that applies to all those who are subject to the provisions of the Palestinian Labor Law No. 7 of 2000. This includes a large number of workers in local authorities in the Gaza Strip, who are subject to the labor law and not any other laws or regulations. According to the Municipalities Union in the Gaza Strip, they represent approximately 40% of employees providing services to the municipalities. Municipalities have employed them according to the Labor Law, with special contracts and for long periods of time. They need these employees and cannot dispense with them, while at the same time they are unable to employ them as permanent local authorities' employees. Therefore, neither the Civil Service Law nor the Local Authorities Law apply to them, nor do they benefit from the retirement fund or from joining the insurance and pensions system. These workers are paid less than the minimum wage, at most a 1,000 shekels per month.

The minimum wage has been proposed by the National Tripartite Wages Committee, with technical support from the sub-regional committees established in each governorate. The final decision is taken by the Council of Ministers on the basis of the proposal submitted by the National Wages Committee, which is supposed to meet at least once every year.

It is worth noting that there are timid legal provisions related to the enforcement process and compliance measures. The legal dispositions for compelling employers to abide with the minimum wage consist of penalties stipulated in article (132) of the Labor Law in the event of non-compliance with the minimum wage. These penalties stipulate that an employer shall be punished with a fine of not less than 50 Jordanian dinars and not more than 100 Jordanian dinars, and shall be obligated to pay the difference in wages to the worker. Furthermore, the fine shall be multiplied by the number of workers against whom the infraction was committed. In order to ensure monitoring of the implementation of the law, the law granted judicial control powers to labor inspectors. However, these inspectors undoubtedly suffer from shortcomings in the performance of their work for several reasons, including quantitative and qualitative weakness in the performance of inspectors, and the problems facing labor inspectors in covering all labor establishments

disseminated over several regions and various geographical terrain, and transportation mechanisms, among others.

This issue can be addressed in the manner proposed by the Minister of Labor in 2012, as recorded in the summary of the roundtable discussion organized on the process of setting the minimum wage. The Minister considered that compliance requires joint efforts from the Ministry of Labor and trade unions, in addition to the commitment of the private sector and the supervisory role of field inspectors

## ◆ 2- International conventions and standards on the minimum wage

When reviewing the issue of minimum wages in light of international conventions, it must be noted that a number of global agreements and recommendations have been issued in this regard over the years, especially those issued by the International Labor Organization (ILO), as follows:



### **1. ILO Minimum Wage Fixing Convention (No. 131) of the Year 1970:**

This convention is one of the most important agreements that must be taken into account by member states of the ILO when formulating and approving the minimum wage. Therefore, the member states pledged to ratify the convention to create a minimum wage system that “covers all categories of wage recipients” to protect them against “unduly low wages”. The aforementioned convention emphasized the need for equal representation of workers and employers in the minimum wage fixing machinery, in order to enhance the participatory role between the parties to the production process. It also stipulated, that each state party should take the necessary measures through a system of control and sanctions to ensure observance by workers and employers of the minimum wage, and to ensure that those to whom the minimum wage applies are not paid lower wages.

### **2. ILO Minimum Wage-Fixing Machinery Recommendation (No. 30), issued in 1928:**

The recommendation, which should be given effect by member states by national legislation or otherwise, in accordance with the provisions of the ILO Constitution, emphasized the establishment of a minimum wage mechanism to ensure equal representation between employers and workers, and that the wage-setting body should include independent persons, whose votes ensure that effective decisions are reached, in the event that the votes of employers and workers are divided equally. It also indicated that these independent persons should be chosen by agreement between representatives of employers and workers in the wage-fixing body or after consulting with them.

In order to ensure that wages are not lower than the established minimum rates, a set of measures have been adopted in the recommendation. These include: informing workers and employers of the established rates, obliging employers to publish complete data of the rates in readily accessible positions on the premises where the workers are employed to ensure that they have access to the information, official supervision of the rates actually paid by appointing a sufficient number of inspectors and giving them powers to conduct investigations with employers and workers, in addition to putting measures in place for dealing with infringements of the rates in force through deterrent penalties.

## **2. The Universal Declaration of Human Rights:**

The Universal Declaration of Human Rights, in articles (22) and (23) thereof, affirms the right to work under just and favorable conditions of work and the right to equal pay for equal work.

## **3. The International Covenant for Economic, Social and Cultural Rights:**

The International Covenant for Economic, Social and Cultural Rights affirmed in Articles (6 to 8) the right to work, the provision of technical and vocational guidance and training programs, and the right to enjoy just and favorable working conditions that guarantee a decent living for all workers and their families, and fair wages and equal remuneration for work of equal value, without any discrimination.

Accordingly, we can say that the dispositions of the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights regarding the right to work, especially with regard to just working conditions that guarantee a decent living for workers and their families, equal pay for equal work or work of equal value, without discrimination, clearly demonstrate the importance of adopting a minimum wage policy in order to ensure the achievement of social and economic justice in the field of labor relations. They also indicate the importance of “social security” in the benefits of the minimum wage and in achieving social safety.

### **◆ Domestic legislation and the minimum wage**

The amended Palestinian Basic Law emphasized in Article (25) that “work relations shall be organized in a manner that ensures justice to all and provides workers with welfare, security, and health and social benefits”. Given the importance of social security in providing social and economic security for workers, which is a benefit that should be taken into consideration in determining wages, the Basic Law emphasized it again in Article (22), which stipulates that the law shall regulate social, health, disability and retirement insurance.

The Labor Law No. 7 of the Year 2000 dealt with the subject of the Wages Committee and the minimum wage in its Chapter Five, specifically in articles (86, 87, 88 and 89). Article (86) of the Law stipulates the following regarding the Wages Committee:

1. “Based on a recommendation from the Minister, the Council of Ministers shall establish a committee to be called “Committee on Wages”. Such a committee shall be composed of an equal number of representatives of the government, the employers and the workers.
2. The employers and workers’ union organizations shall assume the responsibility of nominating their representatives on the Committee.
3. The Council of Ministers shall appoint a chairman of the Committee from among its members.
4. The Committee shall have the right to seek assistance from those whom it deems appropriate in order to accomplish its functions.”

Article (87) stipulates the following:

“The Committee on Wages shall perform the following functions:

1. Examine the public policies related to wages and the extent to which they are compatible with living standards, in addition to submitting recommendations in this regard to the Council of Ministers
2. Determine the minimum wage, which has to be issued through a decision by the Council of Ministers.”

Article (88) stipulates that “The Committee on Wages shall convene on a regular basis at least once a year. It shall also convene when necessary based upon a request by its chairperson or by representatives of any of its three parties.”

Article (89) stipulates that “The wage of a worker may not be less than the legally approved minimum wage limit.”

Cabinet Decision No. (46) of the year 2004<sup>1</sup> stipulated the formation of a National Committee for Wages consisting of fifteen members representing the three parties to production: five members representing the government (Minister of Labor/Chairman of the Committee, Minister of Finance/Vice President, Minister of Economy, Minister of Planning, and Minister of Justice), five representatives of employers to be chosen by employers' unions, and five representatives of workers chosen by unions.

The regulation stipulates that the National Committee shall form a subcommittee for wages from three members (the government, employers, workers) in each governorate that has a labor office.

It confirmed the competencies of the National Wages Committee to examine public policies related to wages, determine the minimum wage and submit it to the Council of Ministers for issuance of a decision, and to supervise the work of the sub-committees.

#### ■ Council of Ministers' decision approving the minimum wage, and the instructions issued pursuant thereto:

After several lengthy meetings and bargaining sessions involving social partners, several figures were put forward during the negotiations by employers and workers representatives as a basis for the minimum wage. The process of determining the minimum wage included bilateral negotiations sometimes, and tripartite negotiations at other times, discrepancies in the positions of workers' representatives and attempts to conciliate them by the government, punctuated by presenting a consensus proposal from the point of view of the government. It also included the organization of

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<sup>1</sup> Cabinet Decision No. (46) for the year 2004 regarding the Regulation for the Formation of the Wages Committee, <http://muqtafi.birzeit.edu/pg/getleg.asp?id=14690> (Arabic)

a seminar by the ILO for representatives of employers and workers in Amman to inform them of regional experiences in calculating the minimum wage level. The matter was finally resolved with the approval of a minimum wage rate by 13 out of the 15 members of the National Wages Committee on 7/10/2012. The consensus proposal was presented to the Council of Ministers, and in its session held on Tuesday 9/10/2012, the government approved the minimum wage<sup>2</sup>, as follows:

3. The minimum monthly wage in all areas of the Palestinian National Authority and in all sectors shall be of an amount of 1450 shekels per month.
4. The minimum wage for daily wage workers, especially those working on an irregular daily basis, in addition to seasonal workers, shall be of 65 shekels.
5. The minimum wage for one hour of work for the workers included in paragraph 2 above shall be of an amount of 8 shekels per hour.

On 05/11/2012, the Minister of Labor and Chairman of the Wages Committee, issued instructions No. 1 of the Year 2012 regarding the determinants and elements of the minimum wage, based on the Labor Law and Cabinet Decision No. (11) of 2012 regarding the adoption of the minimum wage in the Palestinian territories. These instructions were published in the official bulletin No. 99 on 27/02/2013. The second article of the instructions stipulates the following:

"The employer is obligated to the following:

1. Amending worker's wages as of January 1, 2013, for workers whose wages are less than the established minimum.
2. Settling worker's rights related to their former wages in the period preceding the entry into force of the minimum wage decision, taking into account the provisions of the notice and end-of-service indemnities stipulated by the Palestinian Labor Law."

On the same date, on 05/11/2012, the Minister of Labor, Ahmed Majdalani issued an internal circular to the undersecretary, directors of inspection and labor relations, general managers, and directors of Labor Ministry directorates, which provided instructions for implementing the approved minimum wage system, as follows:

1. The labor relationship between workers and their employers is based on a written or oral employment contract agreed upon by both parties.
2. The end-of-service indemnity is calculated according to the Palestinian Labor Law on the basis of the last salary received by the worker from the employer.

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<sup>2</sup> Cabinet Decision No. (11) of 2012 regarding the adoption of the minimum wage in all areas of the Palestinian National Authority, <http://muqtafi.birzeit.edu/pg/getleg.asp?id=16472> (Arabic)

3. Due to the absence of a minimum wage before 01/01/2013, a significant number of workers were receiving a salary lower than the minimum wage, which led to the necessity of raising their salaries starting from 01/01/2013.
4. With reference to the second point above, the calculation of the end-of-service indemnity after 01/01/2013 will be based on the established minimum wage, especially for those who received a lower salary.
5. Based on the foregoing, and out of concern for the interests of all parties, employers who employed workers with salaries lower than the minimum wage before 01/01/2013 have the right to restructure their institutions with the resultant termination of the former work relationship, taking into account the legal rights of their employees, including calculating their end-of-service indemnity for the previous period of employment as stipulated in the applicable Palestinian Labor Law, provided that a new work relationship with them begins, starting from 01/01/2013, with a new work contract in which the salary is not less than the established minimum wage, with the need to take into account the seniority of workers and employees, and their educational qualifications in determining the new salary.
6. Finally, and in order to ease the transition and implement the new system of the minimum wage, and to prevent the emergence of any adverse effects on the work of institutions, and in order not to lead to a high rate of unemployment among workers, we hope to open all channels of dialogue with representatives of workers and employers to ensure its implementation in a manner that preserves the interests and rights of all parties.”

#### ◆ 4- Social partners and their role in following up on the impact of the implementation of the minimum wage decision (employers' organizations, unions, the government)

Social partners are the main and basic component of the National Committee for Wages, which developed a recommendation for minimum wage clauses after in-depth studies and consulting economic experts. Within the framework of strengthening the role of social partners (parties of the production process) and for the optimal implementation of the minimum wage decision, which must take into account the interests of all parties to ensure the promotion of the basic rights of workers, as well as the permanence and continuity of the production process, an increase of the national product and an actual contribution to the process of sustainable economic development in a way that achieves prosperity and a decent life for all segments of society, it has become a legal and moral duty for these partner agencies to work on implementing and enforcing this decision, following it up and prosecuting those, who violate it and refrain from its implementation.



Unfortunately, despite this important and essential role of social partners in implementing the minimum wage decision, on the ground, everyone, especially in the Gaza Strip, has failed to uphold their obligations to implement the decision, even 8 years after its issuance. It should be noted that there is still no entity that genuinely represents the social partners in the Gaza Strip, specifically due to issues within trade unions representing female and male workers. Due to the political division, the relationship between them does not go beyond participation in workshops and dialogue meetings, in addition to the formation of parallel bodies, which are an expression of partisan representation of the union blocs and not a real professional and labor representation.

In the context of the general political, economic and social changes in Palestine and the situation of the Gaza Strip in particular, the high cost of living, the increase and diversification of the needs of individuals and families in light of technological developments, with all such needs having become considered as essential for life, social partners must conduct an annual evaluation of the measures to modify the decision in adequacy with the changes that have been mentioned.

When the minimum wage decision was issued, the decision contradicted reality. The minimum monthly wage was set at 1450 shekels, well below the poverty line, which is one of the criteria that can be relied upon to determine the minimum wage. Data issued by PCBS at the time indicated that the national poverty line was at 2,293 shekels for a household of 2 adults and 3 children, and the deep poverty line was equivalent to 1,832 shekels in 2011<sup>3</sup>. This raises questions about the considerations and criteria the National Committee for Wages relied upon when determining the minimum wage amount. Even if the dependency ratio was taken into account, in fact, many households in Palestine depend solely on one breadwinner.

<sup>3</sup> Palestinian Central Bureau of Statistics, 2012. Living Standards in the Palestinian Territory. Expenditure, Consumption, Poverty, 2011. Ramallah - Palestine.

Furthermore, there are many workers, who are still paid 200-300 shekels per month, eight years after the minimum wage decision has been adopted.

The fundamental problem of the extent of implementation of the minimum wage decision emerged when the Law by Decree on Social Security was issued in 2016, about 4 years later. When the Social Security Law was issued, mechanisms for implementing this law without implementing the minimum wage were not considered, while the Social Security Law is connected with the minimum wage. The Law by Decree on Social Security stipulated that the minimum pension salary shall be 75% of the minimum wage, or the individual poverty line value, whichever is higher. The question is how the government, unions and employers' organizations would have faced this matter if the Social Security Law continued to be applied, and poverty line standards in Palestine, and in the Gaza Strip in particular, were not taken into account. On 01/25/2021, the Palestinian Minister of Labor, Nasri Abu Jaish, announced that the poverty line reached 2470 shekels for a family of five members (2 adults and 3 children), while the deep poverty line for the same family reached 1974 shekels. This means that this family needs this income in order to provide adequate means of living and provide the basic living requirements. This raises another very important question regarding the fate of vulnerable groups with low incomes, such as kindergarten workers and others in a similar situation. Will they continue to suffer and be deprived of benefiting from social security on the pretext that the minimum wage is not implemented? The social partners concerned with the minimum wage decision have not yet provided an adequate answer to these questions.

When the Law by Decree on Social Security was issued, the social partners, who had recommended the issuance of the minimum wage decision, did not take into account the disposition that calls for an annual assessment of the impact of the minimum wage in connection with the poverty line, the cost of living, and economic, social and political changes. In fact, four years after the adoption of the minimum wage decision, there was no impact report on the decision. Rather, social partners are still unable to implement the minimum wage decision, which had been relied upon when the Law by Decree on Social Security was passed, as if there had been no changes to the economic, social and political situation in Palestine in general, and in the Gaza Strip in particular.

On March 13, 2017, the Minister of Labor, Mamoun Abu Shahla, issued Ministerial Decision No. 7 of 2017 regarding the implementation of the minimum wage<sup>4</sup>, which was as follows:

The Minister of Labor, Mamoun Abu Shahla has decided to compel employers to start implementing the minimum wage in all governorates of the country, based on the provisions of the amended Basic Law of 2003 and after reviewing the Palestinian Labor Law No. (7) of 2000, and after reviewing Cabinet Decision No. (46) of 2004 and based on the powers vested in the Minister by law and based on the requirements of the public interest.

“First: Employers are obligated to apply the minimum wage as follows:

1. The minimum monthly wage in all areas of the Palestinian National Authority and in all sectors is an amount of 1,450 shekels.
2. The minimum wage for day laborers, especially those working on an irregular daily basis, in addition to seasonal workers, is an amount of 65 shekels.
3. The minimum wage for one hour of work for the workers included in paragraph “2” above is an amount of 8.5 shekels per hour.

Second: This decision is effective as of 01/03/2017.

Third: All employers must abide by the provisions of this decision and settle their situation within a maximum period of two months from its date.

Fourth: All competent authorities must implement this decision, each within its jurisdiction.”

In implementation of the aforementioned minister’s decision, the staff of the Ministry of Labor in the Gaza Strip (the Department of Labor Conditions and Relations) began to elaborate written work contracts between workers and some employers. They started by preparing work contracts for private schools with wages of no less than 1020 shekels per month, not 1450 shekels, with workers retaining all their rights for the previous period on the basis of this wage. The announcement of the implementation of a minimum wage decision of 1020 shekels to workers in private schools was made by Muhammad Siam, Director General of Public Education at the Ministry of Education in the Gaza Strip. He is quoted by Safa press agency as saying that “this achievement came after intense labor and consultation with private schools, the Ministry of Labor, specialists and experts in this field, and to balance the interests of the schools, teacher and pupils<sup>5</sup>”. However, this decision did not last long, and the implementation of the aforementioned minister’s decision was not completed due to the decline in the economic situation and the inability of the Ministry of Labor to compel abidance

<sup>4</sup> Ministry of Labor – Gaza website, <https://mol.ps/mol/201713/03//> (Arabic)

<sup>5</sup> Safa – Palestinian Press Agency, news article entitled “The Ministry announced its implementation; 1020 shekels is the minimum wage in private schools in Gaza”, 192015/08/, <https://safa.ps/post/1616281020/> (Arabic)

with the decision by employers. Regrettably, even school owners who had signed these new work contracts with a wage of 1020 shekels did not abide by them, and they remained ink on paper. The actual wage that is paid to male and female workers does not exceed 500 shekels at best. A group of female workers at a private school, who had signed the mentioned contracts, submitted a complaint to the Legal Unit of Democracy and Workers' Rights Center. They were dismissed, because they had refused their employer's non-abidance with the terms of the new contract, especially the wage of 1020 shekels.

It is worth noting that in 2018, the Ministry of Labor in Gaza began calculating the wages of workers in cases related to work injuries on the basis of the minimum wage, but without applying this to other labor rights and end-of-service indemnities. Therefore, they began calculating the value of compensations on the basis of the minimum wage and not on the basis of the actual wage received by the injured worker. This matter was not welcomed by the insurance companies, which put forth the terms of the insurance policies before the courts, and only recognized the actual wage indicated in the insurance policy for the injured worker, based on which the employer pays insurance premiums against work injuries. This led the judiciary to decide compensations for work injuries in cases filed against insurance companies within the limits of the wage indicated in the insurance policy, and not based on the minimum wage as calculated in the compensation entitlements disclosure submitted by the Ministry of Labor. Thus, the injured worker should undertake further legal proceedings against his/her employer to obtain the difference between the wage paid to him/her and the minimum wage. A number of injured workers have limited themselves to the amount of compensation they have obtained from insurance companies, and have withdrawn the case against their employers due to their return to work, after recovering from the injury. Therefore, workers did not notice any change in the compensation cases for work injuries.

As for labor cases related to end of service indemnity, the judiciary in the Gaza Strip only issues decisions based on the wage that the worker actually receives, even if it is much less than the minimum wage<sup>6</sup>.

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<sup>6</sup> Court of Appeal decision No. 892019/ in the case 2822016/ in which indemnities were calculated based on the monthly wage

## ◆ Applied study:

### ◆ 1- The labor force and the economic situation in the Gaza Strip during the timeframe of the study (analysis)

The Gaza Strip has not been free from controversies over the possibility of implementing a minimum wage. There are conflicting opinions about the economic and even social impact of implementing such a policy, and the capacity of productive sectors to bear the costs and consequences of imposing a minimum wage. Some consider that imposing this policy will negatively affect the economy in the Gaza Strip, and will not lead to positive results in terms of poverty alleviation and the reduction of the wage gap among workers, especially in light of several fundamental variables and factors that affect the implementation of the decision, most notably:



#### 1. Siege and political instability

The Israeli blockade imposed on the Gaza Strip for more than 15 years, the closure of the crossings and preventing the entry of hundreds of goods and raw materials needed for industries, as well as preventing the entry of machines, equipment and spare parts needed to maintain equipment inside factories, has led to the closure of dozens of establishments and the dismissal of dozens of workers. The economy of the Gaza Strip has entered a general stagnation since the Israeli blockade was imposed in 2007 after Hamas won the legislative elections, and then took control of the Gaza Strip. This has led to the almost complete closure of the commercial crossings of the Gaza Strip, and the imposition of severe restrictions on the movement of merchants and businessmen, and paralyzed all economic interests. At the macroeconomic level, the contribution of the Gaza Strip to the GDP of Palestine was less than 18% by the end of 2020.

According to the report of the United Nations Conference on Trade and Development (UNCTAD), issued on November 25, 2020<sup>7</sup>, the economic cost of the Israeli blockade on the Gaza Strip during the past decade was estimated at \$16.7 billion, which means that the per capita economic loss due to the blockade amounted to about \$9,000, caused by the long-term closure and the military operations that the Gaza Strip has been subjected to during this period.

According to other reports (Euro-Mediterranean Human Rights Monitor Report, 2021<sup>8</sup>), the monthly

7 UNCTAD website, <https://unctad.org/news/israeli-occupation-cost-gaza-167-billion-past-decade-unctad-estimates>

8 The Euro-Mediterranean Human Rights Monitor, Suffocation and Isolation..15 Years of Israeli Blockade on Gaza, January 2021, <https://euromedmonitor.org/en/article/4119/Suffocation-and-Isolation..15-Years-of-Israeli-Blockade-on-Gaza>

average number of commercial trucks entering the Gaza Strip was 700 during the year 2020, compared to 10,400 in 2005. 316 trucks left Gaza per month through the Karm Abu Salem commercial crossing in 2020, compared to about 835 in 2005. By 2021, the unemployment rate was estimated at 49% compared to 23% in 2005, 80% of the population of the Gaza Strip had become dependent on aid and grants, and the poverty rate in the Gaza Strip was 56% by 2021, compared to 40% in 2005.

In the maritime sector, the Oslo Agreement, which was signed by the Palestine Liberation Organization and Israel in 1994, stipulates that Palestinians are allowed to sail up to 20 nautical miles (about 37 km) off the Gaza Strip shores. However, Palestinians are always prevented from reaching that distance, and Israel arbitrarily reduces the fishing zone to a maritime border that does not exceed, at best, 12 nautical miles. According to the Euro-Mediterranean Human Rights Report, 95% of the fishermen in the Gaza Strip live below the poverty line. The permitted fishing area became 3, 6 or 12 nautical miles at best, and the number of registered fishermen in Gaza decreased from 10,000 in 2000 to 3,600 in 2021.

## **2. The electricity and fuel crisis**

The repercussions of the electricity crisis in the Gaza Strip date back to the start of the blockade in 2006, when the Israeli forces bombed the six main transformers in the only power station. This disrupted the electricity schedule. There was a shortage of fuel needed for operation and this caused a large deficit in the electric power supply. The hours of power outages reach 12 hours a day and sometimes more, which in turn was reflected on the large economic facilities and factories, which have become dependent on private generators. Their annual cost may reach about 50,000 shekels according to the testimony of one of the factories' owners. This matter negatively affected the ability to employ male and female workers, and work has partially decreased. Therefore, employers no longer have the ability to pay the minimum wage, in fact dozens of workers have been dismissed.

Many employers have established so-called alternative energy systems, which cost them huge sums, and cover only part of their operational needs and production sites. Other employers have also resorted to transferring their factories and economic facilities to industrial zones that provide electricity 24 hours per day, despite the high cost of rent in connection with the services provided in these areas, and the price of a kilowatt of electricity (1 shekel) compared to half the amount in the areas outside the industrial area.

In connection with the electricity crisis, the agricultural and animal husbandry sector in all its aspects has suffered negatively from the continuous power cuts, which have affected the productive capacity of farms. Their ability to produce the quantities of poultry, eggs and the food basket needed by the market has decreased, while costs and related prices in the market have increased. This in turn has increased the financial burdens of workers and citizens in general.

### **3. An increase in the unemployment rate and a decrease in participation in the labor force between 2013 and 2020**

In 2013, the labor force participation rate in the Gaza Strip was 41.2% (65.8% among men and 16% among women). It reached its lowest rate in 2020 in light of the pandemic, as it decreased to 35.3% (55.2% among men and 15% among women). As for the unemployment rate, which has remained very high over the years due to political factors and their impact on the economy, it has risen from 32.6% in 2013 (27.8% among men and 53.1% among women) to 46.6% in 2020 (42.1% among men and 63.6% among women<sup>9</sup>).

### **4. The Covid-19 pandemic and its impact on the situation of workers and the implementation of the minimum wage**

There is no doubt that the Covid-19 pandemic, which has affected the entire world, has dealt a severe blow to the Palestinian economy in the Gaza Strip, which was already in a state of collapse due to the continuation of the Israeli blockade for more than 15 years. During March 2020, when the government in Gaza imposed a state of emergency, schools, kindergartens, hairdressing salons, the tourism sector, and the weekly popular markets were closed. Small business owners and the transportation sector were affected, hundreds of factories and workshops were closed, and only restaurants and bakeries were allowed to operate, within strict measures without providing the minimum rights for workers. A lockdown was imposed starting August 24, 2020, and was later eased. Tens of thousands of workers have lost their jobs and businesses, according to the reports of the General Federation of Trade Unions in the Gaza Strip.

These workers were not originally subject to the minimum wage decision before the start of the pandemic, but were working long hours (up to 16 hours per day) for a daily wage of 20-30 shekels, without compensation for overtime work. Most employers even reduced their wages, halving them under the pretext that the government took a decision to impose a night closure, and therefore workers could no longer work 16 hours per day in order to obtain their so-called “wages”.

Moreover, employers did not abide by the agreement signed between the government, employers' organizations and labor unions in the West Bank, which stipulates that employers should pay half the wage during the closure period due to Covid-19, and for a period of no more than two months. Half of the population of Gaza already suffers from poverty, while 4 out of 5 people receive financial aid, according to a figure issued by the Euro-Mediterranean Human Rights Monitor (a Geneva-based human rights organization) at the end of January 2020.

Accordingly, the Covid-19 pandemic constituted a fatal blow to what remained of the collapsed Gaza economy due to the Israeli siege policies and its systematic destruction. Most daily-wage workers either lost their jobs or stopped working, due to the closure and lockdown measures to contain the spread

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<sup>9</sup> Palestinian Central Bureau of Statistics, 2014 and 2021. Palestinian Labor Force Survey: Annual Reports for 2013 and 2020. Ramallah – Palestine

of Covid-19. Maher Al-Tabbaa, an economic researcher, believes that with the easing of preventive measures against Covid-19, some professions returned timidly to the Gaza Strip's markets and streets, and other professions returned to work with great caution for fear of transmitting the virus to workers or employers, but the productive capacity of these businesses is very low. Al-Tabbaa attributed this decline to "the lack of purchasing power of citizens, due to the economic deterioration, in addition to their tendency to buy foodstuffs and detergents mainly," and pointed out that the losses of the economic sector in Gaza are estimated at "millions of dollars," while these damages were not fully accounted for by the competent parties. Al-Tabbaa<sup>10</sup> adds that the movement of imports into the Gaza Strip has been affected in relative terms by the pandemic, and indicated that there was an "increase in the number of trucks loaded with food and detergents imported into Gaza," while the import of commercial (luxury) goods to the Strip witnessed a marked decrease, and he stressed that the recovery of Gaza's economy lies in the "total lifting of the blockade, and the establishment of development and operational projects".

Economists and merchants say that curfews have completely paralyzed the economic life, in its various sectors, but the mitigation measures gave some breathing space to some professions, which not require a gathering of citizens that could lead to the spread of the virus. These merchants also complain about the losses that any lockdown would cause. According to the reports of the Federation of Trade Unions, the number of workers in Gaza earning a daily wage, who are directly or indirectly affected by curfews, has reached about 160,000, or 90% of their total number. Thus, it can be said that in light of this global health crisis and its impact on the economy in the Gaza Strip, it may be no longer possible to talk about the implementation of the minimum wage decision, especially in the absence of government plans and interventions, or even the formation of a national rescue funds for the minimum wage system that would at least guarantee support and assistance to workers, who have been out of work due to the pandemic.

##### **5. The repeated Israeli attacks on the Gaza Strip and their impact on the economic situation and the minimum wage:**

The heavy costs incurred by economic sectors, including the commercial sector, in the Gaza Strip as a result of the repeated Israeli military attacks in the years 2008-2009 (which lasted 21 days), 2012 (which lasted 8 days), 2014 (which lasted 51 days) and 2021 (which lasted 11 days) have exhausted their capabilities and resources. Many workplaces have become empty shells, and the situation worsened due to the overlap of the Covid-19 pandemic crisis since 2020 with the last Israeli military operation on the Gaza Strip in 2021.

As soon as the economy in the Gaza Strip somewhat recovered from the effects of the pandemic, Israel launched a new military operation against the Gaza Strip in May 2021, targeting in particular economic

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10 Maher Al-Tabbaa, article published on Al-Arabi Al-Jadid website entitled "The Corona pandemic increases the sufferings of the Gaza economy".

establishments and many sectors. Official institutions reported that an estimated 525 economic establishments were affected (tourism facilities, lawyers' offices, press offices, pharmacies, doctors' clinics, restaurants, various industrial facilities, pharmacies, agricultural pharmaceutical companies and banks), in addition to the destruction of a number of residential towers and units, governmental services headquarters offices such as the Ministry of Labor, Social Affairs and Endowments, the infrastructure and main roads in the Gaza Strip, the electricity network and water wells.. etc. In addition, it caused the displacement of thousands of families, who have become homeless, most of whom are impoverished workers and employees.

The damage to economic facilities has led to a significant increase of poverty and unemployment rates in the wake of this military operation, especially since reconstruction will require a long period of time. No agreement has been reached on a program for a specific mechanism for reconstruction with any Palestinian party, and Arab and international reconstruction funds have not been launched to compensate for the damages, which will require time. The suffering of Gaza residents has been exacerbated by the fact that the Israeli aggression coincided with the repercussions of the pandemic.

The destruction of economic facilities and shops caused a number of direct damages, including work stoppages due to the bombings and electricity crises, and lack of raw materials. All these factors contribute to the destruction of the economic sector, which already suffers from difficult conditions due to the Israeli blockade and the series of Israeli wars on Gaza. A report by the Euro-Mediterranean Monitor confirmed that the destruction and disruption of factories and economic facilities pushed thousands into unemployment, which is already high in the Gaza Strip, with about 49% of the labor force unemployed. It rises among youth and graduates to more than 67%, as a result of the ongoing Israeli blockade for nearly 15 years.

In a report released on July 6, 2021<sup>11</sup>, the World Bank estimated that the direct losses in the Gaza Strip as a result of the recent Israeli military operation amounted to about \$570 million. In its report, which was presented during a virtual meeting of the Committee for the Coordination of International Aid to the Palestinian People chaired by Norway, the World Bank said that a rapid recovery in the Gaza Strip needs at least \$485 million during the first 24 months. The report was prepared in partnership with the United Nations and the European Union, and in close cooperation with the Palestinian National Authority, civil society and the private sector in Gaza.

The World Bank said that the social sectors were the most affected (140-180 million dollars), and that the housing sector alone represents about 93% of the total damage to the social sectors. The other two sectors most affected are the productive and financial sectors, where agriculture, services, trade and

<sup>11</sup> <https://www.worldbank.org/en/news/press-release/202106/07//the-rebuilding-of-gaza-amid-dire-conditions-damage-losses-and-needs>

industry come to the fore. The conflict, according to the World Bank, also resulted in economic losses in terms of stopping economic flows, production and services, ranging between 105 and 190 million dollars. "Once again, the social sectors were the most affected with about 87% of losses caused by added health and social protection costs and unemployment", the World Bank said. "While the RDNA's estimates are preliminary, they are critical to identify priority interventions" it noted. "This is yet another unfortunate episode in which the Palestinian people in Gaza saw themselves in the midst of conflict and destruction. The humanitarian crisis is worsened in an economy with very limited ties to the outside world" said Kanthan Shankar, World Bank Country Director for West Bank and Gaza. He added that Gaza's gross domestic product (GDP) contracted by 0.3% in the first half of this year, compared to an annual growth rate of about 2.5% before the conflict, and expressed his hope "to mobilize donor's to help restore dignified living conditions and livelihoods in Gaza, and lead the way to recovery".

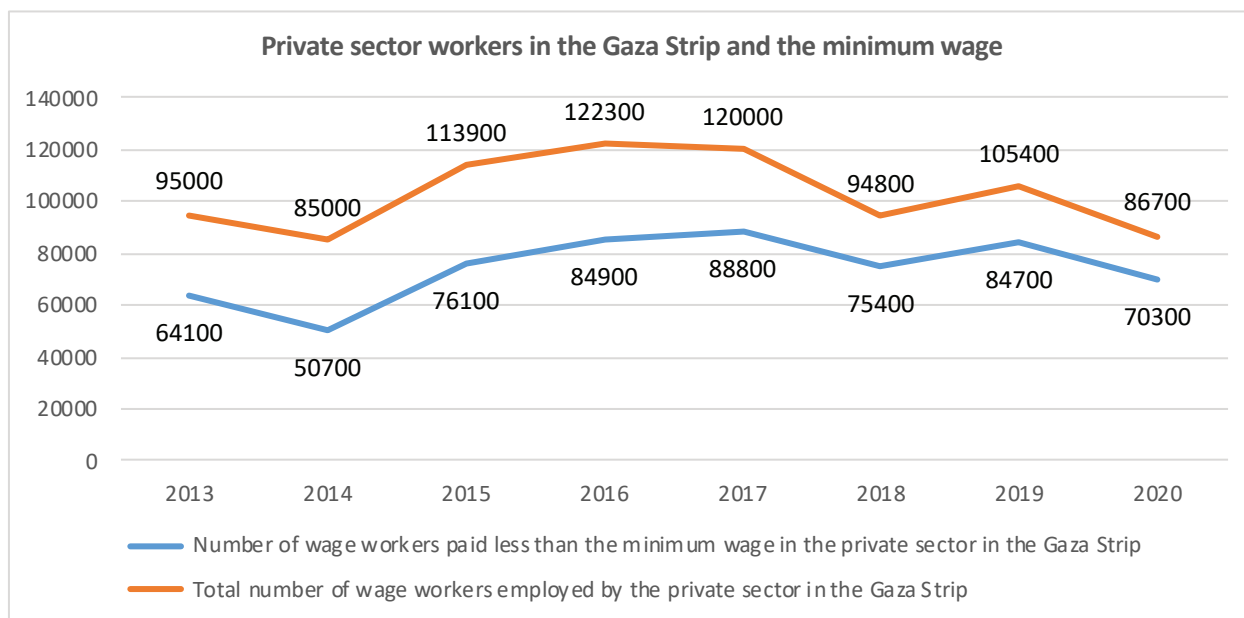
According to the World Bank report, immediate recovery needs to include providing cash assistance to about 45,000 people, providing an additional 20,000 full-time jobs for 12 months, and prioritizing housing for more than 4,000 people, whose homes were destroyed or partially damaged, and which housed about 7,000 children.

The institutions that issued the report also noted that "the quick to short-term recovery will depend on financial support, including from donors, as well as Israel's cooperation to expedite access to materials and equipment intended for civilian purposes".

The report recommends addressing immediate and future needs, such as infrastructure reform that is inclusive, energy efficient and environmentally sustainable, as well as adopting measures to provide stronger social safeguards and implementing targeted policy reforms.

Based on this analysis of the situation in the Gaza Strip for the period covered by the study, we find that we are facing serious negative changes that started in 2007 with the blockade on Gaza, which is still imposed until now, and includes the repeated Israeli attacks on the Gaza Strip, which have targeted all components of life, foremost of which is the economic system. We also cannot ignore the impact of the internal Palestinian division, which has caused an increase in the sufferings of Gaza's citizens, particularly workers, not to mention the effects of the Covid-19 pandemic.

In light of these serious challenges, and aforementioned data, it can be said that the implementation of the minimum wage is very difficult. The following chart shows the total number of wage workers in the private sector in the Gaza Strip, and the number of workers, who are paid less than the minimum wage in the private sector in the Gaza Strip.



Source: Palestinian Central Bureau of Statistics, 2014-2021. Palestinian Labor Force Survey: Annual Reports: 2013-2020. Ramallah – Palestine

It should be noted that the decrease or increase in the employment of wage workers in the private sector in Gaza is accompanied by a similar decrease or increase in the number of workers, who do not obtain the minimum wage. Their percentage has increased since 2017, when it concerned 74% of wage workers, to reach a record number in 2020, which is 81% of the total number of wage employees.

At the same time, the average monthly wage for workers, who earn less than the minimum wage, decreased from 804 shekels in 2013 to 662 shekels in 2020, i.e., from 55.4% to 45.65% of the minimum monthly wage (1450 shekels).

Year	2013	2014	2015	2016	2017	2018	2019	2020
Average monthly wage for workers, who earn less than the minimum wage (in shekels)	804	718	733	744	731	671	660	662

Source: Palestinian Central Bureau of Statistics, 2014-2021. Palestinian Labor Force Survey: Annual Reports: 2013-2020. Ramallah – Palestine

Through data available in official statistics, the losses in workers' wages resulting from the difference between the average wages paid to wage workers, who receive less than the minimum wage in the Gaza Strip, and the minimum wage that is also supposed to be applied in Gaza, can be estimated at a total of 5,255 million shekels for the years 2013 to 2020, which is an astronomical amount.

According to the study conducted by the International Labor Organization on the minimum wage in 2019<sup>12</sup>, the percentage of wage workers in the Gaza Strip, who do not obtain the minimum wage in various economic sectors according to wage data during the year 2018 was as follows: 99% in the agricultural, fishing and fishing sector, 100% in the quarrying and mining sector, 97% in the manufacturing sector, 89% in the construction sector, 98% in the trade, hotels and restaurants sector, 98% in the transportation and storage sector, 26% in the high-paid services sector (including telecommunications) and 32% in the low-paid services sector.

As for the relationship between obtaining the minimum wage and the size of the establishment, the same study showed that 95% of the workers in establishments that employ 1 to 4 workers obtain less than the minimum wage, and 90% in establishments that employ between 5-9 workers. The percentage decreases to 76% in establishments employing between 10-19 workers and 24% in establishments employing more than 20 workers.

We can thus conclude that opportunities for obtaining wages equal to or exceeding the minimum wage in the Gaza Strip are available in the services sector, and to a much lesser extent in the construction sector, and that these opportunities are almost non-existent in establishments with a size of less than 10 workers. It should also be noted that this data showed the state of wages before the pandemic and the recent Israeli military operation on the Gaza Strip.

## **Views of respondents from relevant stakeholders about the implementation and impact of the minimum wage decision in the Gaza Strip:**

### **1. Views of economic experts and specialists:**

The opinions of economic experts were divided between those, who support the existence of a minimum wage policy based on justifications that are consistent with the ILO conventions, recommendations and reports, and between those who oppose setting a minimum wage based on justifications and arguments that are consistent with the orientations of the World Bank and the International Monetary Fund.

Supporters believe that setting a minimum wage aims to improve the level of social and economic justice by increasing the wages of poor workers, who are a vulnerable group, improving their and their families' standard of living, and taking into account their basic needs. They consider that this would reduce the segment of poor workers in society and accordingly generate an increase in purchasing power and impact the economy as a whole.

Opponents believe that setting a minimum wage will reduce the employment of workers by replacing other factors of production, such as capital and skilled workers, and consequently lead to a rise in the

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12 Technical Review of Minimum Wages in the Occupied Palestinian Territory, July 2019, ILO Office.

cost of production, a decrease in the already weak competitiveness, cause layoffs of workers and an increase in prices and unemployment rates.

This controversy, which has its reasons and justifications in both cases, has no place in Palestinian legislation, because the Palestinian legislator has already explicitly resolved this issue in the Labor Law No. 7 of 2000, specifically articles (86 to 89), which emphasized the formation of the Wages Committee and its task of setting a minimum wage to be issued by a decision of the Council of Ministers. Therefore, the delay in approving the minimum wage for a period of 12 years, i.e. from the approval and enforcement of the Palestinian Labor Law in 2000/2001 until the issuance of the Council of Ministers' minimum wage decision on 09/10/2012, should, in principle, raise serious questions about the reason for the government's failure to implement the provisions of the Palestinian Labor Law related to the minimum wage.

## **2. Views of employers in the private sector:**

A group of employers interviewed by the research team believe that the economic situation in the Gaza Strip is distorted and unstable, and that their situation is deteriorating for several reasons. The most notable among them are the closing of the crossings, preventing the entry of raw materials that are required by factories, which leads to these materials being sold on the black market at double prices, in addition to preventing the entry of spare parts for some machines, not to mention the destruction of hundreds of factories during the Israeli attacks on the Gaza Strip, and the problem of electricity. All these factors have affected employers' accounts, and they have been unable to pay wages according to the minimum wage. Rather, they were forced periodically to lay off a number of workers, due to the lack of work. They indicated that if they were asked to pay wages to workers according to the minimum wage decision, they would reduce the number of workers they employ, and then think about paying the minimum wage. Surveyed employers believe that the governments in the Gaza Strip and the West Bank have not stood by them and supported them in their plight, but rather increased taxes and fees without considering the economic situation and its decline in the Gaza Strip.

Employers also indicated that they are unable to find job opportunities for their own children, and have to deal with cases filed against them by merchants, due to accumulated debts and checks that they cannot honor. They noted that there are dozens of merchants, who are detained because they issued checks that they could not honor and are being tried in courts for this issue. They also mentioned that a number of other merchants and owners of factories have sold their properties, lands and houses to pay their debts. According to them, in general, employers' situation has become worse than workers' situation, and they need urgent intervention and assistance.

## **3. Views of civil society on the implementation of the minimum wage decision:**

A group of representatives of NGOs operating in the Gaza Strip believe that the minimum wage is an

important economic and social issue that also has a psychological impact on the lives of male and female workers in the private sector and even CSOs employees, and that there are a number of facts that must be emphasized, the most important of which are:

- The Palestinian NGO Network has adopted a code of conduct, whereby the network members are required to abide by the minimum wage decision.
- Donors do not formally bind NGOs to the necessity of applying the minimum wage, but NGOs are required to respect all labor rights in accordance with domestic legislation.
- After the political division, most NGOs have become dependent on temporary funding and have no self-financing to rely upon. This affects the overall commitment to the labor law and the implementation of the minimum wage decision. Other factors that affect the implementation of the minimum wage are variations in funding from one donor to another, the differences in currencies paid, and the increase and decrease in currency values.

#### **4. Views of workers and unions about the implementation of the minimum wage decision:**

A group of workers and trade unionists, whom researchers interviewed on the issue of the minimum wage, believe that there are a number of challenges facing the implementation of the minimum wage decision, most notably:

- The weakness of the union work structure and its inability to compel employers to implement the decision, due to the political division that prevails since 2007, and the weakness of communication mechanism between workers and their unions to educate them about the importance of the minimum wage and its impact on their labor rights in the future.
- The instability of the economic situation and the fact that thousands of workers do not have regular employment.
- Weakness of the penalties system in the labor law, when employers violate the minimum wage.
- Workers refrain from claiming or filing complaints to implement the minimum wage for fear of being dismissed due to the high unemployment and the spread of poverty among their ranks, and their need for employment.
- Weakness of the official supervisory role undertaken by the Ministry of Labor.
- The political situation with Israel, the repeated attacks on the Gaza Strip, the destruction of the economic infrastructure, the repeated closure of the crossings, and the prevention of the entry of raw materials, spare parts for machines and heavy machinery under security pretexts.
- The absence of relief funds to address the state of poverty and unemployment among workers, and the lack of governmental support for employers in addressing their needs for maintaining production, or reducing fees and taxes or exempting them.
- Weakness of the media's role in addressing social and economic issues, which are highlighted only on a seasonal basis.

## **5. The role of the government in the Gaza Strip regarding the implementation of the minimum wage decision:**

Despite all the challenges related to the minimum wage decision and the inability to implement it in the Gaza Strip since its issuance in 2012, the Ministry of Labor in Gaza has made attempts to implement the decision. However, all such attempts have failed due to political factors, instability, internal division, the deterioration of the economic and social situation, and other subjective factors. In 2017, the Minister of Labor, Mamoun Abu Shahla, issued a decision stipulating that the minimum wage should be implemented in all areas of the Palestinian territories, including Gaza. The Ministry started applying this decision to private schools, as mentioned previously. It has also adopted the minimum wage as a basis for calculating compensations for a work injury, without considering the actual wage obtained by a worker if this wage is less than the minimum wage. This means that the Ministry of Labor in the Gaza Strip recognizes the minimum wage decision, but various factors have prevented its implementation.

A new proposal was recently circulated in the West Bank to raise the minimum wage from 1450 shekels to 1880 shekels. This new minimum wage rate was approved by the Palestinian Council of Ministers on 08/23/2021 and published in the official bulletin. The decision specified that the implementation of the new minimum would start at the beginning of 2022.

The decision had been made to postpone the implementation of the minimum wage raise after taking into account the situation of some weak and fragile sectors, and sectors affected by the Covid-19 pandemic, until they recover during the current year (2021) from the effects of the pandemic. The postponement should also allow to empower some vulnerable sectors and develop plans to help them implement the new minimum wage law, including in the kindergarten sector. Labor Minister Abu Jaish explained that a lengthy dialogue took place with representatives of the private sector and workers to determine the new minimum wage, which was set at 1880 shekels, and that the Ministry of Labor relied on several studies, including a study by the International Labor Organization.

The decision to raise the minimum wage amount is a positive development, as it will achieve some degree of fairness for male and female workers' rights. However, this step remains incomplete because the Gaza Strip has not been included in the framework of the understandings or agreements related to this amendment, and because of the low percentage of implementation of the minimum wage decision in the Gaza Strip, which does not exceed 30% at best. Therefore, the specific situation in the Gaza Strip requires a comprehensive review.

## ◆ 2- Women in the labor market and the minimum wage:

Women workers in the Gaza Strip have not been isolated from the deteriorating and unstable economic situation. Rather, they have been facing the largest share of the challenges facing the working class. In fact, there are entire work sectors, in which only women work, that have been repeatedly affected by economic, social and political changes.



Examining the extent to which the minimum wage decision is applied to women working in the labor market in the Gaza Strip requires an analytical review of the situation, as well as challenges, causes and solutions.

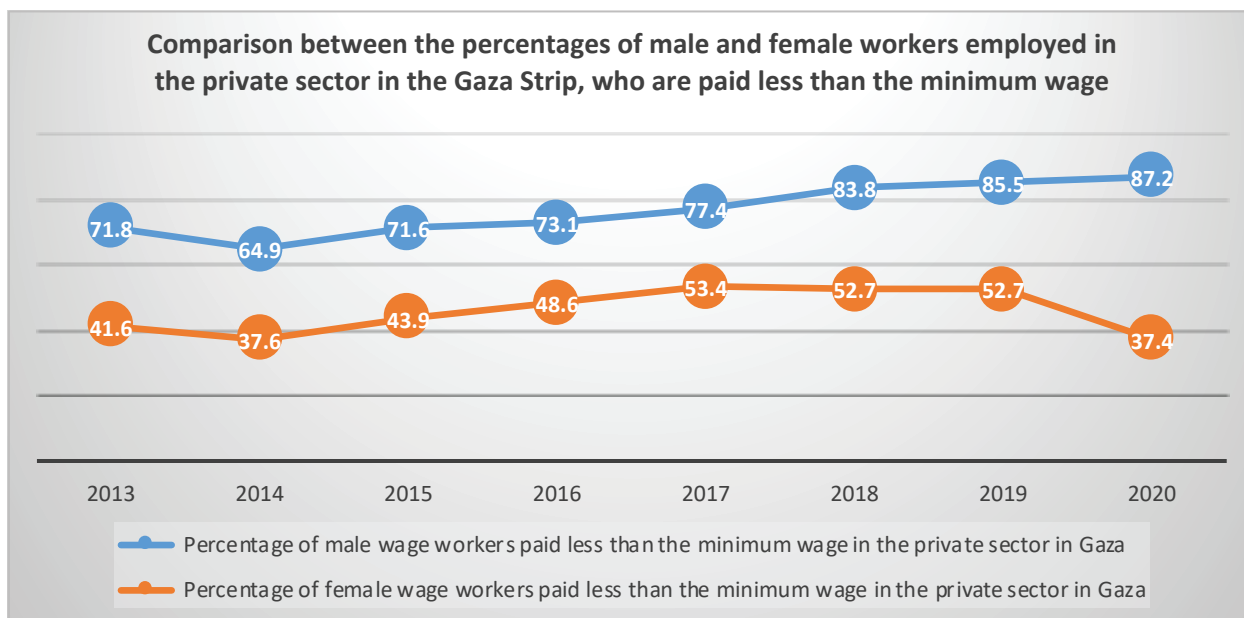
It is worth noting that the number of female wage employees in the private sector in the Gaza Strip is very low. During the past eight years, it did not exceed 19,800 women (in 2018) and decreased to 10,700 women in the year 2020 in light of the pandemic. This is due to the low level of women's participation in the workforce and the lack of employment opportunities, especially among most educated women and graduates of intermediate diploma and higher.

According to the Palestinian Central Bureau of Statistics, women's participation rate in the labor market in the Gaza Strip in 2019 reached 19%, compared to 26% in 2018. During the year 2020, women's participation in the labor force continued to decline in the Gaza Strip, decreasing to 15% due to the Covid-19 pandemic. The unemployment rate among women in the Gaza Strip in 2020 reached one and a half times the unemployment rate among men (i.e. 63.6% among women compared to 42.1% among men<sup>13</sup>).

It should be noted that, in general, the percentage of women, who earn less than the minimum wage, is lower than the percentage of men in the Gaza Strip, unlike in the West Bank. This may be due to the exclusion of women from employment in many economic activities in the private sector, while a segment of them managed to obtain jobs in sectors, where wages are higher, such as work in the health sector, civil society sector, and others. At the same time, about half of the female workers are paid less than the minimum wage, and this is accompanied by violations of other basic labor rights, including rights related to leaves, working hours, and wages.

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13 Palestinian Central Bureau of Statistics, 2021. Palestinian Labor Force Survey: Annual Report: 2020. Ramallah – Palestine



Source: Palestinian Central Bureau of Statistics, 2014-2021. Palestinian Labor Force Survey: Annual Reports: 2013-2020. Ramallah – Palestine

This category of working women is among the most affected groups, as their labor rights are systematically denied to them, even under normal conditions, especially with regard to their low employment rate, the non-implementation of the minimum wage, and the absence of equity. The average wages of female workers, who earn less than the minimum wage, have remained lower than the average wages of male workers over the past years.

Year	2013	2014	2015	2016	2017	2018	2019	2020
Average monthly wage for male workers, who earn less than the minimum wage (in shekels)	817	723	747	763	745	683	668	664
Average monthly wage for female workers, who earn less than the minimum wage (in shekels)	666	676	625	584	618	555	588	629

Source: Palestinian Central Bureau of Statistics, 2014-2021. Palestinian Labor Force Survey: Annual Reports: 2013-2020. Ramallah – Palestine

Women suffer from discrimination, whether in terms of access to employment, or in terms of rights and wages, which violates all international provisions and covenants, especially the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights, which stipulates

that “The States Parties to the present Covenant undertake to ensure the equal right of men and women to the enjoyment of all economic, social and cultural rights set forth in the present Covenant”.

Women’s work conditions also violate the dispositions of CEDAW, which was first ratified by Presidential Decree No. (19) issued on March 08, 2009, and of which Palestine became a state party in 2014. CEDAW’s ratification conferred on the Palestinian Authority the responsibility of achieving equality in all fields, and submitting a periodic report to the United Nations Secretary General to show the extent of the authority’s progress in achieving gender equality in all fields on the ground. This required the concerted efforts and cooperation of all parties in the government, non-governmental organizations, the private sector, society, and international donor institutions to reach these goals.

Palestinian working women are, in many cases, the sole breadwinner or the one who bears the responsibility at home, and are at the same time exposed to harsh working conditions. In addition, they are paid low wages, which may not exceed 300-400 shekels per month in Gaza. They may bear, give birth to and raise children, while being exposed to various factors in the work environment, whether they are chemical or physical factors, noise, psychological pressures, etc., often without protection. This raises the most important question of why we have not succeeded so far in implementing the minimum wage decision, especially for Palestinian women workers, considering that the extremely low wages women obtain are not in line with the frightening rise in the standard of living and the transformation of many luxuries into basic necessities. Furthermore, women and women workers in particular, have been severely affected by the political division, a state of security instability, and the repeated Israeli military operations against the Gaza Strip, while no policies have been put in place to address the unemployment that affects this vulnerable group, or to work on improving their working conditions and implement the minimum wage decision.

A number of female agricultural workers in the eastern border areas of the Gaza Strip interviewed by the researchers indicated that they support large families, and that their husband had either died, separated from them or traveled abroad without returning, leaving them with the responsibility to care for a number of children, including sick family members, who need health care. These women said: “we had to look for work to provide a living and do not covet anything else”. They found work in temporary seasonal agriculture, and they are paid hourly wages of 4 shekels. They have to leave their homes early in the morning to reach their workplaces on foot. They work on average (4-5 hours) per day, meaning that their daily wage reaches 20 shekels in the best of cases, not to mention that they suffer from sunstrokes and lack of protection. They added that employers prefer paying the wages of male workers before women’s wages, and that their wages are delayed without reason. Finally, they said that despite this hard and unfair work conditions, their employment was interrupted by the Covid-19 pandemic while they did not receive any assistance from any party. Thus, they faced great economic and social challenges. When asked about the minimum wage, they affirmed that all they

are looking for is to provide a livelihood for their families, even if they earn extremely low wages, and that if they demand to be paid the minimum wage, they will be dismissed from their work and new workers will be hired in their place.

Follow-ups indicated that most of the groups of working women, who have been affected by the Covid-19 pandemic, are among those with very low incomes, such as the kindergarten sector. According to a report published by the National Information Agency<sup>14</sup>, licensed kindergartens with the Ministry of Education employed 4,000 teachers, 1,500 administrators, and 1,200 drivers and other workers, not to mention the dozens of unlicensed and unregistered kindergartens in the sector, which accommodate hundreds of children and employ dozens of workers.

The situation was not better in the tourism and hotel services sector, which employs about 5,000 male and female workers, and which had also already been suffering from a severe decline before the Covid-19 pandemic. Due to the pandemic, these workers too were deprived of working without payment of wages or provision of other rights, while in any case their salaries are below the minimum wage.

About a 1000 male and female workers in the sanitary sector in hospitals, including about 300 female workers, are also denied their right to a minimum wage. They are paid wages of 770 shekels per month, although the government represented by the Ministry of Finance undertakes annual tenders, to which private companies apply in order to provide cleaning services to the Ministry of Health. The entire sub-contracting process for these services is supervised by the government, yet the application of the minimum wage to workers employed to provide the actual services is not taken into account.

In addition, many other private sector activities, in which women work, have been disrupted by the pandemic (hairdressers, small income-generating projects, associations, food factories), noting that women employed in these sectors do not even earn the minimum wage.

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<sup>14</sup> National Information Agency, news article entitled "Kindergarten workers in Gaza - they were wronged with their wages and stripped naked by the Coronavirus crisis", 052020/05/ (Arabic)

## ◆ Findings of the case study:

**Through a quantitative and qualitative analysis of the study community, and examination of the situation of the minimum wage implementation versus the legal framework, this study reached a number of findings, most notably:**



1- The problematic of the minimum wage is a global issue. All countries seek to find a balance between the interests of the parties to production by amending related laws and decisions in a manner that achieves social justice.

2- The objective of implementing the minimum wage decision is to provide a dignified livelihood for male and female workers, provide a minimum standard of living, and enable workers to provide basic living requirements for themselves and their families, taking into account poverty standards and the annual increase of living costs.

3- The trade union movement is characterized by a weakness in union activities and the absence of a real role of trade unions in representing workers and defending their interests. These unions are unable to influence economic policies. In addition, there is a problem of lack of independence of union work, and a failure to hold union conferences and elect union leaderships from among workers, which would be capable of defending their interests and demand the implementation of the minimum wage decision.

4- The years of Palestinian political division had a major role in the decline of the union movement, the decline of the labor rights system, and rights-based struggles for their implementation in the Gaza Strip. The minimum wage decision was among the most affected, since the decision was issued during this period and there was no consensus about this decision between Gaza's de-facto authority and the Council of Ministers, which issued the decision in the West Bank.

5- The minimum wage decision, when it was issued in 2012, did not take into account the specificity of the Gaza Strip, and those who issued it did not take into account that there are high percentages of male and female workers, who are paid less than a quarter of the minimum wage. Furthermore, the decision did not establish the mechanisms that can be relied upon to raise these very low wages.

6- The decision did not take into account the state of poverty, unemployment and the siege to which the Gaza Strip has been subjected since 2006, and which had negative consequences for the rights of workers, and the state of supply and demand in the labor market. Wages have become so low that employers in the Gaza Strip have become able to employ two workers at the cost of one minimum wage (i.e. paying each worker about half of the minimum wage).

7- The de-facto government in the Gaza Strip or the Palestinian Authority did not support employers, who have suffered heavy losses due to a number of factors and restrictions, including the continuous blockade, the bombing of the economic infrastructure in the Gaza Strip, the closure of the border crossings and prevention of the entry of modern machinery or spare parts that are needed by factories under security pretexts. Consequently, a large number of employers have followed the tendency to reduce the number of employees or reduce their wages to recoup the difference in the price of raw materials, or to purchase spare parts at double prices.

8- The international community has failed to adequately address the issues faced by the Gaza Strip, including the blockade it has been facing since 2006, and the destruction of the infrastructure of economic facilities, which have raised poverty and unemployment rates, and led to a decrease of workers' wages. The Israeli occupying Power has not been condemned, and the blockade has not been characterized as an economic and legal crime that impoverished society in general.

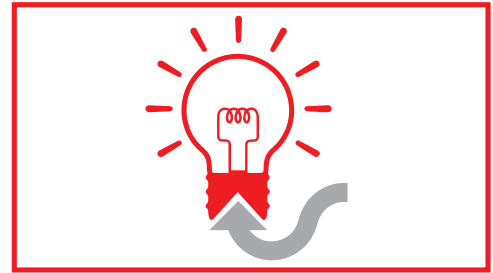
9- The oversight role of the Ministry of Labor has been characterized by its weakness, and it has failed to hold employers accountable for violating the minimum wage decision. Rather, the government implements employment projects and contracts with companies that provide services to public facilities at less than the minimum wage, such as in the case of hospital cleaners, who are paid monthly wages that do not exceed 770 shekels, i.e. half of the minimum wage, although the work tender is signed between the operating companies and the Ministries of Finance and Health.

10- There are hundreds of male and female workers in the Gaza Strip, who benefit from the assistance and poverty programs of the Ministry of Social Development, especially programs targeting the unemployed. Workers avoid registering their information in the database of the Ministry of Labor, especially when it comes to disclosing their actual wages. They fear that they will be deprived from benefiting from such programs or from the assistance they receive should their actual situation be known to official institutions.

11- Since the Covid-19 pandemic started, workers' situation has been exploited by employers. They reduced their working hours during periods of closure, and reduced their wages, while not raising them again to their former level before the pandemic. This affects workers' end-of-service indemnities, since they are calculated upon the last wage paid before the employment relationship was terminated.

## ◆ Recommendations:

Faced with a deteriorating situation in the Gaza Strip and the failure to implement the minimum wage decision, it is necessary to seek practical solutions and emit recommendations that can lead to a better implementation and the achievement of social justice. Thus, main recommendations to social partners and CSOs are as follows:



### ◆ Recommendations to the government:

- The government should prevent the implementation of job-creation projects, in which workers obtain less than the minimum wage.
- The government should also ensure that the minimum wage is applied by companies it sub-contracts to provide services in public utilities, for example in connection with contracting private cleaning companies.
- New mechanisms should be implemented towards enforcing the minimum wage decision after studying the new economic and social situation, taking into account all changes on the ground and studying the situation of poverty and unemployment.
- The government should exempt employers, especially those whose businesses were destroyed as a result of repeated Israeli attacks, from taxes and fees imposed on them, and direct those funds towards raising workers' wages.
- The government should issue official reports on the state of wages in the Gaza Strip and the mechanism by which the government deals with employers in this regard, clarifying its policies and plans to ensure the implementation of the minimum wage decision, and the involvement of unions, civil society institutions and employers' organizations when formulating those lines and programs.
- The government should launch programs to protect the poor to provide them with security and economic and social stability, in order to reach a real safety net.
- Preparing new economic studies for the reality of the Gaza Strip, especially after the pandemic and the recent Israeli military operation, and measuring the extent to which the minimum wage can be applied.

### ◆ Recommendations to the private sector and employers:

- The private sector and employers' organizations should formulate a document or code of conduct under which everyone undertakes to implement the minimum wage decision in compliance with the law.
- Employers should work immediately and without delay to correct their situation and implement the minimum wage decision.

### ◆ Recommendations to trade unions and workers' representatives:

- Trade unions should take the initiative to end their isolation from workers, and open the door for trade union affiliation.
- Unions should hold their conferences and involve workers in choosing a new union leadership that would be able to represent them and defend their interests, and demand the implementation of the minimum wage decision.
- Unions should conduct an expanded awareness program for workers about the minimum wage decision and its importance.
- Trade unions should immediately begin issuing statements to demand the implementation of the minimum wage decision.
- Unions should prepare a database of the number of employees affiliated with them, the status of their wages, and percentages of workers who do not obtain the minimum wage.

### ◆ Recommendation to civil society organizations:

- CSOs should continue their campaigns calling for lifting the siege imposed on the Gaza Strip, opening the crossings, demanding the introduction of necessary machinery and spare parts for factories, supporting workers, and providing compensation to damaged facilities as soon as possible.
- CSOs should call on donors to provide continuous operational projects for factory workers and economic establishments, as support and assistance to employers and workers, and to ensure the implementation of the minimum wage decision and reduce the burden for both workers and employers.
- Any funded project, in which workers' wages are lower than the minimum wage, should not be accepted in abidance with the law.
- CSOs should increase advocacy campaigns towards ending the political division, restoring national unity and achieving reconciliation.
- CSOs should rely on all legal, economic, social and academic expertise to solve the crises of the Gaza Strip, especially the issues of poverty and unemployment, and search for real mechanisms to implement the minimum wage decision.

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