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# Social Protection in the West Bank and Gaza Strip 2006-2007 **Working Paper Series January 2008**

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## **Paper 3: A literature review**

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# Social Protection in the West Bank and Gaza Strip 2006-2007

## Paper 3: A literature review

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## Acronyms

ILO.....	International Labor Organization
FAO.....	Food and Agriculture Organization
MoE.....	Ministry of Education
MoF.....	Ministry of Finance
MoH.....	Ministry of Health
MoSA.....	Ministry of Social Affairs
NCPA.....	National Commission for Poverty Alleviation
PCBS.....	Palestine Central Bureau of Statistics
PECDAR.....	Palestinian Economic Council for Development and Reconstruction
PECS.....	Palestinian Household Expenditure and Consumption Survey
PNA.....	Palestinian National Authority
PPA.....	Palestinian Pension Authority
PRDP.....	Palestinian Reform and Development Plan
UNDP.....	United Nations Development Program
UNRWA.....	United Nations Relief and Works Agency
USAID.....	United States Agency for International Development
WBGs.....	West Bank and Gaza Strip
WFP.....	World Food Program

## Relevant theoretical trends and concepts

*"SOCIAL PROTECTION describes all public and private initiatives that provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks, and enhance the social status and rights of the marginalised; with the overall objective of reducing the economic and social vulnerability of poor, vulnerable and marginalised groups."*  
- Devereux & Sabates-Wheeler, 2004, pg. 9

Perception of what social protection entails continues to vary within both academic and policy-making circles.<sup>1</sup> Some still view it as a diversion of scarce public resources away from productive investment into economic growth. Some still conceptualize it in the safety net framework of the late 1980s and early 1990s as being limited to smoothing consumption during acute income shocks. And some increasingly argue that social protection should not be restricted to economic protection and should encompass its broader social component.

Despite the major differences in views, there does appear to be a noticeable shift, at least in the theory, toward acknowledging the value, if not the necessity, of the broader interpretation of social protection in any sustainable poverty reduction effort. For example, while in the early 1990s, the World Bank limited social protection efforts to minimal social assistance for the sole benefit of the recipients, in the 2000s it expanded the effort to social risk management, and linked the concept to wider economic development. Norton, Conway, and Foster (2001) review the new wave of literature and conclude that the emerging "overall rationale for pursuing social protection is to promote dynamic, cohesive and stable societies through increased equity and security."

The International Labor Organization (ILO) developed a framework that categorizes social protection initiatives by their *protective*, *preventive*, and *promotive* measures. For example, social assistance programs, which offer targeted resource transfers to the chronically poor, are viewed as *protective measures*, as they offer relief from deprivation. So are social services programs, which are targeted at those who need them, but would not be able to afford them otherwise. Social insurance programs that help the economically vulnerable to manage through livelihood shocks are seen as *preventive measures* and aim to avert deprivation. Some livelihood-enhancement initiatives may be seen as being both *preventive* and *promotive*, as they aim to provide stability to the household's livelihood by developing income-earning capabilities. Devereux & Sabates-Wheeler (2004) have added a fourth measure to the ILO framework called *transformative*, in order to deal particularly with the socio-non-economic aspect of social protection.

Those leading the new wave of thought argue that social protection can be affordable, that it directly and indirectly contributes to economic development, and that it must include consideration for social equity, empowerment and rights. In terms of rights, for example, a rights-based approach was developed to social protection, which treats social protection as an entitlement, and not just charity. Piron (2004) argued that states are obliged to respect, protect and fulfill the rights of its citizens, as well as non-citizens.

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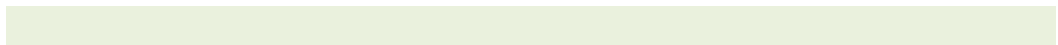
<sup>1</sup> This and the next two paragraphs rely extensively on Devereux & Sabates-Wheeler, 2004.

Furthermore, they also challenge the notions that: social protection depends only on public action, excluding private and informal providers; that its focus must be only on those vulnerable to being poor, and not those who are vulnerable to becoming poor; and that social protection excludes major social risks, such as child labor, domestic violence, armed conflict and ethnic discrimination. They question the common treatment of risk as an exogenous factor. In addition to dealing with the consequences of risk, they argue that social protection must include a transformative element that minimizes the risk itself.

Along similar lines, Darcy (2004) emphasized the aspect of security in social protection in the context of during and in the aftermath of devastations, such as adverse macroeconomic shocks, natural hazards and, particularly, violent conflicts. He pointed out that such catastrophic events that further erode often already marginal livelihoods are for some a recurring reality of life. Darcy argued that in such contexts, loss of income is only one of many factors that undermine human security. He wrote: "Human security demands a concept of protection that encompasses threats of violence and persecution, coercion and deliberate deprivation, as well as protection against loss of entitlement and economic vicissitudes."

Darcy (2004) pointed out that conflict carries with it risks that stretch far beyond economic insecurity, and that these risks need to be addressed particularly because the level of exposure to them is greatly related to the individual's extent of poverty and marginalization. A conflict, Darcy argued, has both short- and long- term impoverishing effects - directly by disrupting the daily pursuit of livelihood and indirectly by disrupting that what makes livelihood sustainable and even possible. He raised the issue of loss of social capital, and cited Colletta & Cullen (2000:4) who question whether social and economic development is even possible in the absence of social cohesion. As an example, Darcy cited Fukuyama (1995) who identified trust as key in social cohesion, a factor commonly lacking during and in the aftermath of a conflict.

Darcy identified two forms of vulnerability. One relates to acute shocks, which, in the case of violent conflict, and in addition to the actual violence, often leads to mass displacement, loss of assets, and overall disruption of life and what facilitates it. The other relates to prolonged crisis, characterized by chronic food insecurity, high mortality and morbidity, disruption of education and health services, unsustainable survival strategies, and dependency on external assistance. Both forms of vulnerability exist within the Palestinian context.



## A chronological overview

*"SOCIAL PROTECTION is the set of all initiatives, both formal and informal, that provide: social assistance to extremely poor individuals and households; social services to groups who need special care or would otherwise be denied access to basic services; social insurance to protect people against the risks and consequences of livelihood shocks; and social equity to protect people against social risks such as discrimination or abuse."*

- Devereux & Sabates-Wheeler, 2004, pg. 9

Applying Darcy's (2004) two forms of vulnerability, Palestinian life in the past 60 or so years has included multiple acute shocks and a prolonged period of crisis, involving both mild and extreme levels of violence and resulting in widespread perpetual poverty and major economic and social insecurity (NCPA, 1998). During this period, a number of social protection measures emerged to help Palestinians cope with the circumstances.

### Emergence of protective measures

Basic formal social assistance to Palestinians started in 1948 in response to the first major acute shock, when around 750,000 Palestinians were forcefully displaced from their homes to neighboring villages, towns, and countries. Until late 1949, limited assistance to those displaced was provided through informal social support networks and by non-government organizations. In May of 1950, the newly created United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) began providing a broader range of social assistance to those displaced, consisting of in-kind and services.

### Emergence of preventive measures

Social protection remained limited to protective measures until two separate public sector pension funds were set up – one in the Gaza Strip in 1954 and the other in the West Bank in 1959 – becoming the first Palestinian formal social insurance mechanisms (Hamed & Al-Botmeh, 1997). However, the preventive measures were still limited at the time to Palestinian civil servants.

The 1967 war and the resulting Israeli occupation of the West Bank and Gaza Strip (WBGS) was the second major acute shock, extending the refugee crises and further destabilizing livelihood for the general Palestinian population. With the occupation, Palestinians lost control over their natural resources and economic management, becoming highly dependent on the Israeli economy and, in turn, transforming into a reserve of cheap labor (NCPA, 1998). The occupation also had adverse psychological effects, affecting factors such as productivity in areas of work and education, and participation in social and cultural activities (FAFO, 1994, cited in NCPA, 1998).

Initially, Palestinians were able to overcome the economic realities of the occupation by receiving remittances from family members working in Israel and the Gulf States.<sup>2</sup> However, the end of the oil boom in the Gulf States and a stall in growth of job opportunities in Israel began to force Palestinians living in the WBGS to increasingly depend on the unfavorable domestic labor market, where the number of formal sector

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<sup>2</sup> This paragraph relies extensively on Diwan and Shaban , 1999.

job opportunities in the mid-1980s was roughly the same as the number in the late 1960s.

In the 1970s, public health insurance was added to the list of preventive measures, but was again limited to Palestinian civil servants (Hamed & Al-Botmeh, 1997). In effort to deal with the increasing levels of poverty, UNRWA expanded its social assistance by unrolling the Special Hardship Case Program for the poorest refugee families, which included more than 89,200 individuals by 1983. In the early 1980s, UNRWA also launched the first employment generation scheme targeted at improving the poor standard of living in refugee camps.

### **Emergence of promotive measures**

By 1989, more than a year into the first *Intifada*, UNRWA's employment generation scheme developed into a large-scale promotive measure, which, in addition to focusing on reconstruction and repair of shelters, provided business opportunities to small contracting firms and local manufacturers of building materials. Other promotive measures, such as UNRWA's microfinance and microenterprise programs, emerged in the context of the Gulf War.

The 1991 Gulf War was an additional blow to the Palestinians, as it led to a decrease in financial support from the region and a loss of work for many Palestinians working there - resulting in a drop in remittances from abroad and an increase in immigration; leading to higher unemployment in the WBGS (NCPA, 1998).

By 1993, lending non-governmental organizations represented nearly half of the lending in the WBGS (Hamed, Al-Botmeh, & Ersheid, 1998). Around the same time, private health insurance companies began to emerge, spreading preventive measures beyond the public sector and refugees (Hamed & Al-Botmeh, 1997).

### **Emergence of transformative measures**

In 1994, the Israeli Civil Administration handed authority over civil affairs in the WBGS to the newly-created Palestinian Ministry of Social Affairs (MoSA). Israel has been providing minimal social assistance with practically no expansion during the decades of its military occupation of the WBGS (Johnson, 1997). Prior to the establishment of MoSA, social protection to non-refugees was mostly provided by an uncoordinated network of local and international non-governmental organizations and charitable societies. Johnson (1997) cited the World Bank and ILO reports published in the early 1990s, which concluded that the social support system in the WBGS was "patchy, inequitable, and inadequate", and that, despite previous initiatives, a large portion of the Palestinian poor population was still without social protection at all. The establishment of MoSA can be viewed as the first transformative measure targeting policies to improve social protection in the WBGS.

According to Johnson (1997), by April 1995, the number of recipients of assistance from MoSA more than doubled to 85,819 individuals, when compared to the number of recipients receiving assistance under Israeli oversight of Palestinian social affairs. This number mainly increased with the inclusion of families of those who were killed, severely wounded, or imprisoned during the first *Intifada*; all previously discriminated against under the Israeli civil administration.

In 1996, Israeli closure of the WBGS led to an immediate loss of about 87,000 Palestinian jobs in Israel. In response, the Palestinian Economic Council for Development and Reconstruction (PECDAR) partnered up with the World Bank and several United Nations organizations to create a number of emergency employment generation schemes.

In 2000, the United States Agency for International Development (USAID) unrolled a program to promote higher education and training. Since then, USAID provided hundreds of scholarships worth US\$27 million for Palestinians to study in the United States (USAID, 2005).

The second *Intifada*, which started in September 2000 and represents the most recent acute shock, led to the loss of an additional 109,000 Palestinian jobs in Israel by the end of the year. In response, UNRWA launched an extensive emergency assistance effort to help refugees cope with the repercussions from armed conflict, closures, destruction of property, and the overall deteriorating economic situation in the WBGS (UNRWA, October 2006). The extensive emergency effort included: operating health services around the clock; providing physical rehabilitation and counseling for thousands affected; providing basic food commodities and blankets; repairing shelters; providing cash assistance to those displaced or extremely poor; and creating employment generation schemes to deal with unemployment that at the time was estimated at reaching 40-65 percent (UNRWA, November 2000). In the later expansions of the extensive emergency effort, UNRWA included compensatory education among its services.


By 2001, an estimated 1.7 million Palestinians, or 51 percent of the WBGS population at the time, were receiving assistance from various relief organizations (The World Bank, 2003). However, this number does not capture all of the poor. The second *Intifada*, as with previous acute shocks, created new poor who have lost their jobs, businesses, land, and/or other assets as result of the violent conflict. The new poor differ from the chronic poor, who are the main social assistance target group and consist of households headed by the elderly, permanently ill, disabled, under-age orphans, and divorced or widowed females (NCPA, 1998). The new poor often do not meet social assistance eligibility criteria and therefore are left to fend for themselves.

In 2001, the government of United Kingdom provided a grant of US\$1.45 million through the World Bank for a two year emergency job creation program (PECDAR, 2007). Additionally, in July of 2002, the Islamic Development Bank, also working through the World Bank, allocated US\$6.8 million into the Al-Aqsa Fund (PECDAR, 2007). In both cases, job creation initiatives were linked to social infrastructure development in sectors such as: transportation, water, waste, education, health, and public buildings. Both projects were completed in 2003.

In 2003, in response to the sharp increases in poverty, MoSA in collaboration with the World Bank began developing plans to reform its social safety net programs, which at the time provided assistance to only 3.5 percent of the population. The new program considered introducing a conditional cash transfer scheme that would target the poorest 10 percent of the Palestinian population in the WBGS. It would also selectively target especially vulnerable groups (women, elderly, disabled, and permanently ill) from the poorest 30 percent of the population. The qualifying

households would receive the cash transfers upon meeting preset educational and health conditions. The reform efforts are still awaiting adequate funding<sup>3</sup>.

By mid-2006, an estimated 70 percent of Gazans were unable to cover their daily food needs without international assistance (WFP, August 2006). In June of 2006, the United Nations Development Program (UNDP) launched new protective and promotive measures packaged under the Deprived Families Economic Empowerment Program (DEEP). The program, which ends in December of 2008 and has a budget of US\$30 million, is aimed at improving conditions of depressed and deprived Palestinian families and contributing to revitalizing the Palestinian economy by supporting self-employment and micro-enterprise initiatives. In particular, the program is targeted at youth in poor families that can not afford sustaining formal self-employment activities.



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<sup>3</sup> The World Bank financed the project with US\$10 million, of which US\$2.5 million were earmarked for design, equipment and capacity building, and the remaining US\$7.5 million were earmarked for conditional cash payments. This phase of the project will end in August 2008.

## Measuring poverty

*“A consensus among the (Palestinian) poor was evident in considering that poverty is a result of inability to meet basic needs of individuals and families. Basic needs were defined as: securing food, clothing and proper housing, ensuring treatment, providing educational requirements for family members, paying electricity and water bills and fulfilling social obligations.”*

- The Poor Speak Out..., The Palestinian Participatory Poverty Assessment, 2002, pg. 6

In 1995, Palestinian economists began attempting to formulate a better understanding of the level of poverty in the WBGS. Due to a lack of dependable data, Shaban and Al-Botmeh (1995), for example, used an alternative method to derive the poverty line. In order to identify the necessary cost of satisfying nutritional requirements, they calculated the Palestinian “food basket” using food items in the Jordanian one, but with Palestinian prices<sup>4</sup>. Shaban and Al-Botmeh justified their approach by arguing that Jordanian and Palestinian families had similar consumption habits.

Shaban and Al-Botmeh (1995) also provided a lower bound estimate for the level of poverty. Basing their estimation on the number of poor individuals receiving aid from major poverty relief organizations, Shaban and Al-Botmeh concluded that the lower bound estimate of the head count index was 10 percent in the West Bank and 20 percent in the Gaza Strip, with the combined average lower bound estimation at 14 percent. They explained, however, that since the number of poor most certainly exceeded the number receiving aid, the derived level of poverty was necessarily understated.

Shaban (1997) continued attempts to identify the poor by using data from Palestine Central Bureau of Statistics' (PCBS) new Palestinian Household Expenditure and Consumption Survey (PECS). Applying the new data to the poverty lines previously constructed in his earlier study with Al-Botmeh, Shaban estimated the poor constituting between 9.5 percent and 19 percent of the total population. He again noted that expenditure data incorporated transfers or remittances, which still resulted in an underestimation of the true level of poverty.


In 1997, the National Commission for Poverty Alleviation (NCPA) developed the official relative and deep poverty lines for the WBGS. The deep poverty line reflects the cost of food, clothing, and housing, whereas the relative poverty line also considers the cost of other necessities, such as healthcare, education, transportation, personal care, and housekeeping supplies. Calculation of the poverty lines was based on a budget of basic needs for a family of six (two adults and four children), and is adjusted when necessary to reflect the varying consumption needs of households differing in size and number of children. Using the newly derived poverty lines, the NCPA concluded that the relative and deep poverty rates in 1997 were 23 percent and 14 percent, respectively (NCPA, 1998).

Using NCPA's official poverty line, the World Bank estimated the Palestinian poverty rate before the start of the second *Intifada* in September of 2000 at 20 percent. The rate increased to 27 percent by the end of 2000, to 37 percent by the end of 2001, and

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<sup>4</sup> The prices used were of food items in the Bethlehem area in June 1995.

to 51 percent by the end of 2002. At the end of 2006, the number of refugees living in poverty was more than 38.6 percent and more than 25.6 percent were living in deep poverty. While poverty rates among refugees are higher than among non-refugees, by the end of 2006, more than 29.3 percent of urban-dwelling Palestinians lived below the official poverty line and nearly 18.4 percent were living in deep poverty. At the same time, 29.5 percent of rural-dwelling Palestinians lived below the poverty line and 15.4 percent were living in deep poverty. In total, at the end of 2006, more than 30.8 percent of Palestinians lived in poverty, while 18.5 percent of Palestinians lived in deep poverty (PCBS, 2007).



## Social protection

*"...developing new perspectives, that move away from the prevalent perspective of "charity" or "relief" and guide the formulation of a national and comprehensive social security system, ..."*  
- Palestine Poverty Report 1998, *Palestinian National Authority*, pg 14

In the words of the Palestinian poor surveyed in 2002, as part of the Palestinian Participatory Poverty Assessment report, poverty is a result of: unemployment, low income, absence of a work-able male in the household, illness, disability, old age, orphanhood, large family size, restrictions on women's freedom to work, alcohol and drug addiction, and low level of education.<sup>5</sup> The above circumstances increase economic and social vulnerability, and often lead to the individual's or household's inability to meet basic needs.

However, poverty in the WBGS is often a condition experienced by entire communities. Factors such as: the overall presence of the military occupation, a lack of access to public services (water, electricity, and sanitation), and difficulty in reaching urban areas due to poor road conditions and closures have all been cited as limiting job opportunities and contributing to poverty. Many poor surveyed link their situation to the Israeli occupation, which involves but is not limited to Israeli violence against Palestinian individuals and entire communities; violence which includes land leveling and house demolitions. Surveyed refugees, in particular, blamed their poverty on the 1948 displacement, which resulted in loss of land, belongings and livelihood.

The breadth and depth of initiatives available to fight economic and social vulnerability is heavily dependent on the level of development within the society's public and private sectors, as well as its informal social support system (Holzmann & Jorgensen, 1999). One of the strongest threads holding the Palestinian society together through the decades of social and economic oppression is the informal social support system among kin, friends and neighbors. The public sector, on the other hand, remained suppressed by Israel until the mid-1990s and continues being heavily underfunded till this day. The formal private sector also remains undeveloped and is extremely vulnerable to macroeconomic shocks.

### Protective Measures

Protective measures in the WBGS include formal and informal cash and in-kind assistance, as well as employment generating schemes.

#### *Informal cash and in-kind assistance<sup>6</sup>*

The informal social support system plays a leading role in providing assistance in the WBGS. This system of well-defined socio-economic relations has the strongest presence within the kinship<sup>7</sup> framework, and to a lesser but still active extent within the realm of friendship, neighborliness, and collegueship. The support includes grants, financial aid, gifts, as well as material help or services, such as, for example,

<sup>5</sup> This and the next paragraph rely extensively on Hilal, 2002.

<sup>6</sup> This subsection relies extensively on Hilal and El-Malki, 1997

<sup>7</sup> There are three levels of kinship in the Palestinian context. They are the household, the extended family, and hamula (clan). The hamula often extends beyond lineage and traditionally is defined by political groupings.

professional expertise or help to find work. The assistance is offered as part of the mutual support relationship in line with the prevailing social value system without expectation of immediate monetary or other compensation. According to Hilal and El-Malki (1997), size, frequency, and form of assistance is regulated by a set of factors, the main ones of which are blood and geographic closeness of the relationship, financial situation of the provider and the recipient, age, social status, gender of the recipient, and the nature of the occasion.

### *Formal cash and in-kind assistance*

Formal protective measures in the WBGS are provided by MoSA, UNRWA, and various non-governmental organizations, such as the Zakat Committees. Assistance includes cash, in-kind, healthcare, medical insurance, rehabilitation services, housing and education. MoSA, in particular, currently provides cash and in-kind assistance to around 50,000 refugees and non-refugees. In the case of refugees, deductions are made to account for any assistance from UNRWA. Eligibility criteria for major providers is based on differing interpretations of who is poor. In addition to the household's income being below a certain level, UNRWA and MoSA usually require the absence of a work-able male, which narrows the number of households receiving aid to those chronically poor. Only occasionally does MoSA provide assistance to those it considers extremely poor, but not meeting the eligibility criteria.

In 1997, Johnson pointed out that Palestinian social assistance programs are mostly targeted toward female headed households, while excluding equally-poor households headed by an unemployed work-able male. For example, a recipient household where a healthy male reaches the age of eighteen is terminated from the program, which is not the case if a female member reaches that same age. As previously mentioned in this paper, in 2003, MoSA began exploring the possibility of expanding its assistance and changing its eligibility criteria to include extremely poor households headed by work-able males. MoSA has also partnered up with UNRWA and other assistance providers in devising one standard for assistance eligibility criteria.

In 2002, surveyed poor found social assistance in the WBGS inadequate, irregular, and with the eligibility criteria too strict.<sup>8</sup> In regards to the health services, some have complained of the Ministry of Health (MoH) clinics having poor diagnostic facilities and being poorly equipped with medication and equipment. Some have also complained of being mistreated by the MoH's medical staff. A common complaint against the MoH clinics was that they are limited to only those enrolled in government health insurance. UNRWA health services, which are limited to refugees, received better reviews, but were found problematic in helping with cases needing treatment beyond primary health care. Health services provided by the Palestinian Red Crescent Society were generally praised by the poor.

Educational services were claimed to be lacking schools or adequate classrooms and involving high costs for, for example, registration fees, uniforms, books, stationary, and transport. Classroom overcrowding was complained about in both public and UNRWA schools. It is unclear whether the poor's perception of existing protective measures has changed since 2002.

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<sup>8</sup> This and the next paragraph rely extensively on Hillal, 2002.

Lastly, permitting the non-payment of electricity bills has also become a form of protective measure.<sup>9</sup> While the PNA has already taken steps to improve collections, the Ministries of Finance and Social Affairs intend to develop a proper targeting system that would allow subsidization of electricity for the poorest segments of the population.

### *Employment generation schemes<sup>10</sup>*

Social assistance has also been provided in the form of employment generation schemes, which require beneficiaries to work for the assistance. The employment projects focus mainly on improving rural infrastructure, which have included building and renovating sewage treatment facilities, water catchments, agricultural roads, clinics, and women's and youth centers.

The wage offered is typically lower than the going wage for the same job in order to discourage the non-poor from participating. Most jobs offered are simple and short term. The potential of asset creation in the process is usually only a secondary objective, but one that benefits the overall economy. Employment generation schemes are mainly targeted toward the poor that do not qualify for the UNRWA and MoSA poverty assistance programs, like ex-workers in Israel who lost their jobs due to closures.

Al-Botmeh and Sayre (1996) pointed out that programs involving simpler activities such as cleaning streets or painting trees tend to reach more of those in poverty than the more complex infrastructure projects. At the same time, the simpler projects are more short-term, often adding value only while ongoing. The more sophisticated projects carry more long-term value, but reach less poor since a large portion of budget goes toward asset creation.

### **Preventive Measures**

Preventive measures help the economically vulnerable prepare to deal with predictable and unpredictable livelihood shocks. Holzmann and Jorgensen (1999) identified three social protection strategies that can be taken to mitigate ex-ante income risk. They are portfolio diversification, hedging and insurance. Little is known about portfolio diversification and hedging practices in the WBGS. Social insurance, on the other hand, has been, relatively speaking, well documented.

The first formal social insurance instrument developed in the WBGS was a pension fund for civil servants. Pension funds have also been set up in universities, professional associations, and at UNRWA. They are still fairly undeveloped in the non-government and private sectors. The second formal social insurance instrument developed in the WBGS was health insurance.

### *Pension funds*

A pension fund is intended to offer monetary assistance to a participant after s/he retires. The Ministry of Finance (MoF) manages three different pension funds: one for public servants in the West Bank, one for those in the Gaza Strip and one for the security forces. In total, about 160,000 classified civil servants or 15 percent of the

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<sup>9</sup> This paragraph relies extensively on the World Bank, 2007

<sup>10</sup> This subsection relies extensively on Al-Botmeh and Sayre, 1996

workforce are covered by these plans (The Portland Trust, 2007). The civil servant and the government contribute to the fund a percentage of the civil servant's salary. Most participants do not receive payment until the age of 60. Day-laborers and contractors are not covered by the pension fund and instead receive end-of-service compensation.

While government-managed pension funds in the WBGS are considered as being among the most generous in the world (The World Bank, 2007), they are plagued by major problems. In 2001, after an in-depth assessment, it was recognized that in three to five years the pension fund would start having a negative balance and not be able to fulfill its obligations.<sup>11</sup> In 2005, new laws were adopted to establish an independent Palestinian Pension Authority (PPA) to manage the three pension systems and standardize the rules on contributions, benefits, and eligibility (The Portland Trust, 2007).

In 2008, the PPA is expected to pay out US\$165 million to 17,000 employees.<sup>12</sup> With the pension fund in the Gaza Strip insolvent, already holding US\$300 million in unpaid obligations, 75% of the 2008 payout is expected to come from the PNA's budget. Accordingly, the PNA and the World Bank have included pension reform as a priority within the Palestinian Reform and Development Plan (PRDP) that was issued in December of 2007.

A study conducted by the Portland Trust in 2007 established that most of existing private pension funds are fairly undeveloped and insufficient. However, universities and some non-governmental and private organizations are an exception. Addressing the unregulated private sector pension system is suggested in the PRDP as an early step within the attempt to reform the Palestinian pension system.

### ***Health Insurance***

There is no comprehensive health insurance in the WBGS (Barghouthi & Lennock, 1997). However, in 2004, 66.1 percent of surveyed households in the West Bank and 93.8 percent in the Gaza Strip reported having some type of coverage. The two main health insurance providers are MoH, covering 51.7 percent of those surveyed by Barghouthi and Lennock, and UNRWA, covering 33.3 percent. Only 1.7 percent of those surveyed were covered under a private program (PCBS, 2004).

### ***Promotive Measures***

Promotive measures focus on strengthening capabilities to help the poor emerge from poverty.

### ***Informal and Formal Micro-Lending***

Small-scale lending in the WBGS has been offered primarily by friends and relatives, UNRWA, and various non-governmental organizations. Friends and relatives play an important role in direct lending as well as facilitating bank credit (Hamed, Al-Botmeh, & Ersheid, 1998). In terms of UNRWA's microfinance and microenterprise programs, in 2006, one quarter of the loans went to female-run businesses and another quarter went to entrepreneurs 28 years of age and younger (UNRWA, 2006). Non-

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<sup>11</sup> The exact reasons for the pension fund's inability to fulfill its obligations remain to be determined.

<sup>12</sup> This paragraph relies extensively on the World Bank, 2007

governmental organizations are also an important source of credit in the WBGS, representing a large portion of loans (Hamed, Al-Botmeh, & Ersheid, 1998).

Palestinian poor surveyed in 2002 were not very satisfied with the available formal micro-lending programs.<sup>13</sup> They found the requirement of a guarantor by many lending programs to be problematic. They also complained about the loan amounts being too small, payment periods too short, and interest rates too high.

When surveyed, the Palestinian poor provided a number of other promotive measures that they felt would help them emerge from poverty. Unemployed poor asked for the Palestinian National Authority (PNA) to develop better relationships with Gulf States in order to create job opportunities. Poor women asked the PNA to help in creating home-based jobs for them, such as sewing, weaving, cosmetics, computer-related, and food processing. Poor women also asked the PNA to relieve them from caring for disabled and elderly in need of continuous and costly care by establishing proper institutions. Poor youth asked the PNA to create a job market advisory program for students. They also asked for loans for universities and scholarships for outstanding students from poor households. The poor youth also asked the PNA to create awareness campaigns that would encourage parents to support kids through education.

It is unclear whether the poor's perception of available promotive measures has changed since ongoing programs have been augmented and others have been introduced since 2002.

### **Transformative measures**

The concept of transformative measures focuses on building social equity by targeting policies to protect socially vulnerable groups.

Since the establishment of the PNA in 1994, many transformative measures have been taken to protect the rights of various vulnerable groups in the WBGS. For example, the introduction of Palestinian Labor Law in 2000 aimed to ensure for all laborers the right to justice, health care, and organization. The Law's article prohibiting discrimination is likely to particularly benefit women laborers, who are regularly met with difficulties and obstacles, restricting them to certain occupations and sectors. Other transformative measures have been taken by the PNA to provide security for vulnerable groups such as children, the disabled, farmers, and households with imprisoned household heads.

The above mentioned transformative measures are all necessary for building social equity within the Palestinian society. At the same time, they all fall short of confronting the main sources of social and economic insecurity in the WBGS. In the Palestinian context, all Palestinians need to be viewed as members of a vulnerable group who daily confront the risks related to living under a military occupation. Therefore, most relevant transformative measures would be the ones challenging the current political situation, aimed at defending the basic rights of all Palestinians, such as the right to health, work, access to education, and freedom of movement (Amnesty International, 2007).

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<sup>13</sup> This and the next paragraph rely extensively on Hillal, 2002.

## Conclusion

*“Food security here is a special case.... We can be starving one day because there is no supply of food, and we can have more food than we ever need on another because we can freely fish and cultivate our lands and go to work.... Food security to us is mostly related to the political situation.... We are food secure if the Israelis leave us alone and stop trying to make our lives into a nightmare. If they do that then we can be food secure because we can earn a living, cultivate our lands, raise our animals, eat fish and import food as we desire.”*

- A Gazan participant in a focus group discussion, FAO/WFP, 2007

During the last 60 years, Palestinians have been trying to cope with ramifications of multiple acute shocks of violent conflict that, in addition to the actual violence, have led to mass displacement, loss of life and assets, and overall disruption of life and that which facilitates it. The Israeli military occupation of the WBGS, which has now lasted for more than 40 years, has been a prolonged crisis that has led to chronic food insecurity, high mortality and morbidity, disruption of education and health services, unsustainable survival strategies, and dependency on external assistance.

In the same time span, social protection institutions in the WBGS have been attempting to alleviate the above described ramifications by formally and informally providing cash and in-kind assistance, running employment generating schemes, establishing pension funds and health insurance, and offering micro-lending. These much needed initiatives have helped millions of Palestinians cope with the acute shocks and prolonged crisis mentioned above.

These protective, preventive, and promotive measures, however, have fallen short of transforming Palestinian society into one in which social and economic development can be sustainable. They have fallen short of eliminating or even minimizing the factors that are the root causes of Palestinian social and economic insecurity. For example, a clear cause and effect relationship exists between Palestinian economic insecurity and occupation-related restrictions on Palestinian mobility and access. In this case, attempting to alleviate economic insecurity while treating occupation-related restrictions as an exogenous factor is unlikely to facilitate the transformation of Palestinian society into one which is economically secure.

If, as Norton, Conway, and Foster put it in 2001, the "overall rationale for pursuing social protection is to promote dynamic, cohesive and stable societies through increased equity and security.", then perception of what social protection entails in the WBGS should encompass the broader human rights component, not only among Palestinians, but between the occupier and the occupied as well. Transformative measures that aim to end the occupation or, in the mean time, address fundamental human rights issues need to be at the forefront of any sustainable social protection effort in the WBGS. Excluding such measures is ignoring the root causes of Palestinian social and economic insecurity and failing to assure that the social protection efforts have positive long-term effects.

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