



## FEMISE POLICY BRIEF 16

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# Women and Youth Empowerment in the Palestinian Labor Market: Addressing Challenges and Unlocking Potentials <sup>[1]</sup>

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# 1. Executive Summary

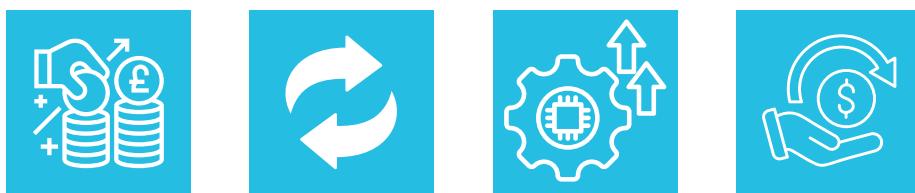
This policy brief explores strategies to enhance the economic participation of women and youth in Palestine by identifying key barriers and opportunities within the private sector. Drawing on qualitative research—including literature review, in-depth interviews, and focus group discussions—the study examines challenges related to employment and leadership in three priority sectors: handicrafts, food industries, and information technology.

Findings highlight several structural constraints that hinder economic empowerment. Chief among them is the absence of a supportive legal and regulatory framework for innovative and entrepreneurial initiatives. Social and cultural norms continue to restrict women's participation in the labor market, often confining them to traditional roles and limiting access to leadership positions. The study also identifies low levels of financial literacy among both women and youth, which impedes access to funding for start-ups and small enterprises. Despite these challenges, the rapid growth of the information technology sector presents a promising avenue for youth engagement—underscoring the urgent need for investment in ICT training, digital skills development, and capacity building. The brief also notes that women's involvement in leadership remains largely symbolic, with most private sector firms lacking inclusive strategies to advance gender equality in decision-making roles. To foster a more inclusive economy, the study calls for integrated policy responses that prioritize legal reform, financial inclusion, and institutional support.

Specific recommendations include: encouraging private sector companies to adopt gender-responsive strategies; investing in financial and entrepreneurial education; and promoting equitable participation in leadership. By strengthening these pillars, governmental institutions, civil society organizations, and the private sector can collectively unlock the untapped potential of Palestinian women and youth—driving sustainable growth and resilience in a fragile economic context.

## 2. Introduction

In Palestine, women and youth constitute a significant proportion of the population, yet they still face significant challenges in accessing employment opportunities and actively participating in economic development. Palestine is characterized by a high youth population compared to the total population. According to demographic statistics, the estimated number of women as of mid-2022 was approximately 2.64 million, representing 48% of the total population.<sup>[1]</sup> Women head around 11% of households in Palestine. As for youth, the age group 18-29 years represents more than one-fifth of the population, approximately 22%.<sup>[2]</sup>



Therefore, it is difficult to envision a scenario where the economy can realize its full potential without the full participation of women and youth. Palestinian youth (18-29 years) continuously experience a profound sense of insecurity under military occupation, lack fair opportunities to access the job market, and face financial instability, which undermines their ability to adapt to economic fluctuations (UNDP, 2017). While the inflation in the youth population is often considered a valuable economic opportunity in developed countries, the increasing youth population is often viewed as a demographic threat in the West Bank and Gaza Strip due to the limited employment opportunities amidst a significant population increase (UNFPA, 2017). Moreover, unemployment equations still pose the biggest challenge for youth, especially females, with unemployment rates reaching 59% among females and 32% among males. In 2022, 47% of youth (37% in the West Bank and 60% in the Gaza Strip, 31% male and 63% female) were not engaged in the labour market, education, or training (NEET), which is a clear indicator of youth's economic deprivation.<sup>[3]</sup> In Gaza, the youth unemployment rate reached 75% in 2022 compared to 30% in the West Bank.

[1] <https://rb.gy/b4znp>

[2] <https://www.pcbs.gov.ps/postar.aspx?lang=ar&ItemID=4295>

[3] <https://www.pcbs.gov.ps/post.aspx?lang=en&ItemID=4561>

Continued high rates of youth and female unemployment are likely to reinforce social vulnerability, marginalization, and erode their ability to adapt to economic changes in society (UNDP, 2017). The Israeli military occupation and its resulting limited economic opportunities make it difficult to enhance the economic participation of women and youth. Therefore, there is a need for innovative solutions that provide a model for enhancing the ability of women and youth to adapt and absorb recurring economic shocks in the Palestinian economy through a more inclusive approach that takes into account the specificities of the Palestinian reality. These include restrictions on movement, imports, and exports, difficulty accessing social services and natural resources, economic and social geographical disconnection between regions, economic infrastructure fragility, weak productive economic sectors, external investments, heavy reliance on international aid, and a state of insecurity resulting primarily from the violations, destruction, and systematic aggression perpetrated by the Zionist occupation authorities against individuals, establishments, natural resources, and infrastructure.

This policy brief explores strategies to enhance the economic participation of women and youth in Palestine by promoting their employment in the private sector and addressing the key barriers and enablers to their inclusion and leadership in the national economy. Drawing on an analysis of existing challenges and opportunities, the study identifies effective business models and policy interventions that can support the integration of women and youth across various economic sectors. The brief is intended to guide governmental institutions, non-governmental organizations, and private sector actors in designing and implementing strategies that foster economic empowerment and social transformation, positioning women and youth as central drivers of development in Palestine.

### 3. Approach and Results

This study adopted a comprehensive review of regional and international literature and previous research to understand international experiences in the economic empowerment of women and youth, focusing on the role and models of the private sector. The study methodology also included a review of the regulatory and legal environment for companies to identify the main obstacles and challenges faced by women and youth, as well as the measures and policies taken by the government in recent years to stimulate their participation in the labor market. Additionally, the study relied on analyzing secondary data related to the share of women and youth in senior leadership positions. In-depth interviews and focus group discussions were also conducted with relevant stakeholders to gain a deep understanding of the reality of women and youth in various economic sectors. Consequently, the study employed a mixed methodology, focusing mainly on qualitative methods. Below is a detailed description of the methodology elements:

To examine the extent to which Palestinian company boards consider gender issues, secondary data related to the share of youth and women in senior leadership positions in the private sector was analyzed. This was done using statistical surveys provided by the Palestinian Central Bureau of Statistics (primarily the labor force survey) and any other secondary data sources such as periodic reports provided by public shareholding companies.

Semi-structured interviews were conducted with various relevant parties (23 interviews) including representatives of the private sector, relevant government entities, civil society organizations concerned with youth and women, and a group of experts in economic and social development. The aim was to identify the most suitable business model for the economic empowerment of women in Palestine, drawing on international experiences while considering the unique aspects of the Palestinian economy and the current reality of women and youth.

In addition to the in-depth interviews, three focus group discussions were held in three selected sectors (26 females and 6 males) with high potential for employing women and youth. The goal was to study the most appropriate business model for each of these sectors. The focus groups generally included relevant government entities, sector representatives, and a group of civil society organization stakeholders. The aim was to understand the perspectives of different parties regarding the status of women and youth in the sector, the opportunities and challenges for their economic empowerment, and to assess whether the adopted business models considered women and youth. Finally, the groups were asked for their views on the optimal business model to represent youth and women in the sector.

The study identified numerous obstacles to women and youth integration in the labor market, both at macroeconomic and sectoral levels. One of the most pressing issues is the absence of a comprehensive legal and regulatory framework to support economic and innovative projects. The lack of official registration excludes many entrepreneurial ventures—especially those led by women—from accessing financial resources and capacity-building programs. Challenges in business registration were also linked to knowledge gaps regarding legal procedures and Article 172, along with an income tax system that offers little support to startups and small enterprises.

Cultural and societal norms emerged as key constraints, limiting women's roles to traditional service sectors and hindering their inclusion in decision-making positions. Financial exclusion is also significant, with many women and youth lacking basic financial literacy and unable to access credit due to high borrowing costs and collateral requirements.

Technological advancements, particularly in IT and e-commerce, have created new avenues of interest for youth. However, a gap remains in providing technical training in ICT, marketing, project management, and public-sector systems. Educational institutions—especially universities—are falling short in equipping young people with the skills needed for entrepreneurial success. Despite this, the study highlights promising local models, including youth- and women-led cooperatives, that can serve as pathways to empowerment if their access to training and networking is expanded.

Institutional partnerships between civil society, academia, and private entities were identified as essential to scaling such models, particularly in addressing skill gaps, funding needs, and family support structures. However, current coordination is weak, and aligned strategies remain limited. In the private sector, women's leadership remains largely symbolic. Companies often lack clear strategies to operationalize gender equality in leadership or address structural barriers such as long working hours.

## 5. Conclusion

Unemployment rates among Palestinian youth are among the highest in the region, with four out of every ten young people unemployed. The Palestinian economic landscape is marked by weak labor market participation, limited job creation, and widespread poverty. Women, in particular, face compounded barriers due to internal family power dynamics, reinforcing male dominance and contributing to cycles of domestic violence.

The study concludes that comprehensive legal reforms and regulatory restructuring are necessary to enable women and youth to engage meaningfully in economic activities. Without formal registration and institutional support, entrepreneurial efforts will continue to be constrained. Addressing cultural norms through awareness and capacity-building campaigns is equally critical. Financial inclusion must be prioritized by improving financial literacy and offering accessible financing instruments. Targeted ICT training and enhanced partnerships between educational institutions and the labor market are vital to equipping youth with the tools needed to succeed. Private sector companies must move beyond symbolic inclusion and adopt concrete strategies that promote gender balance and decision-making power. Ultimately, fostering women's and youth's economic empowerment in Palestine requires integrated efforts across legal, financial, cultural, and institutional domains. Policy and private sector actors must collaborate to create a more inclusive, enabling environment for future generations.

# 6. Implications & Recommendations

The study outlines detailed policy implications and recommendations to foster their economic empowerment. These policy implications consistently focus on key areas such as legal and regulatory reform, enhancing financial inclusion and access to funding, developing essential skills and expertise, strengthening institutional support and partnerships, addressing restrictive social and cultural norms, and promoting effective private sector engagement through principles like the Women's Empowerment Principles (WEPs). The study also offers specific recommendations tailored to critical economic sectors like food industries, handicrafts, and information and communication technology (ICT).

## Key Policy Implications and Recommendations across the Economy:

### 1- Legal and Regulatory Environment:

- The current legal framework lacks incentives and tax exemptions for startups, micro, and small enterprises, particularly those led by women and youth, negatively impacting their growth.
- There is a knowledge gap regarding the new Companies Law (Law No. 42 of 2021) and its benefits, such as allowing single-person companies and facilitating registration, which needs to be addressed through awareness campaigns.
- The legal structure lacks comprehensive mechanisms to protect women's property rights, hindering their economic opportunities.
- **Recommendation:** Implement comprehensive strategies to promote awareness of and simplify bureaucratic procedures for registering businesses, especially for women and youth. Review and adjust the tax system to include incentives and exemptions for startups and small businesses. Mandate adherence to Article 172 of the Companies Law to ensure effective female representation in company boards.

## 2- Financial Inclusion and Funding Sources:

- Low financial literacy among women and youth, coupled with high lending costs and the inability to provide required guarantees, are significant barriers to accessing necessary funding for their projects.
- **Recommendation:** Enhance financial literacy and awareness programs for women and youth to improve their understanding of financial concepts and management. Increase government guarantee funds in cooperation with supporting institutions to bridge the collateral gap for women and youth. Introduce more microfinance programs with simplified access and reduced bureaucratic hurdles.

## 3- Skills Development and Expertise:

- The quality of education often falls short of preparing youth and women with the necessary skills for the labor market, leading to high unemployment rates, especially among female graduates.
- There's an urgent need for investment in technical and digital skills, particularly in the growing Information Technology (IT) sector, to enhance production quality and competitiveness.
- **Recommendation:** Strengthen partnerships between educational institutions, the private sector, and civil society to provide practical training that aligns with market demands. Focus on developing both technical and soft skills, including management, marketing, and negotiation, to prepare individuals for self-employment or integration into the workforce. Implement ongoing training and development programs that include leadership and communication skills, especially for women aspiring to leadership roles.

## **4- Institutional Support and Partnerships:**

- Effective partnerships between government, private sector, and civil society are crucial but require integrated efforts and unified goals to provide a supportive environment for entrepreneurial projects.
- **Recommendation:** Establish mechanisms for cooperation and coordination between various ministries and relevant bodies to ensure effective implementation of policies and programs supporting small and micro-enterprises, including those led by women, youth, and persons with disabilities. Foster collaborations that address specific needs, such as family care programs to help women balance work and family responsibilities.

## **5- Addressing Social and Cultural Norms:**

- Prevailing social and cultural norms, often influenced by a patriarchal mindset, restrict women's participation in the labor market, confining them to traditional roles and limiting their access to leadership positions.
- **Recommendation:** Launch awareness campaigns targeting families and communities to encourage women's participation in the workforce and challenge gender stereotypes, starting from early education. Highlight success stories of women and youth in non-traditional sectors to inspire change.

## 5- Private Sector Engagement and Women's Empowerment Principles (WEPs):

- While many companies recognize the importance of women's empowerment, translating WEPs into effective internal strategies and achieving meaningful female representation in senior leadership remains a challenge.
- **Recommendation:** Encourage private sector companies to adopt gender-responsive strategies that go beyond symbolic representation, fostering inclusive work environments and offering flexible work arrangements and family support. Implement mechanisms to measure and report progress on gender equality indicators, ensuring accountability.

### Sector-Specific Recommendations:

#### Food Industries:

- **Business Model Transformation:** Transform existing business models by encouraging small producers to form cooperatives and associations, leveraging technology along the supply chain to improve product quality, packaging, and marketing.
- **Infrastructure & Market Access:** Enhance logistical infrastructure, including refrigeration and storage facilities, to reduce spoilage and stabilize prices. Support women-led business incubators to guide them through production, marketing, and formalization.
- **Policy Support:** Implement non-tariff barriers to protect local products from unfair competition. Provide incentives for informal businesses to formalize.

## Handicrafts Sector:

- **Value Chain Enhancement:** Promote the value of handicrafts locally and internationally, and encourage the integration of traditional skills with modern designs and marketing techniques.
- **Formalization & Support:** Provide incentives for home-based craft businesses to formalize, including training in business management, marketing, and access to finance. Establish incubators for women-led handicraft businesses.
- **Quality & Marketing:** Raise awareness about intellectual property rights and enforce quality charters to protect national products. Implement effective marketing strategies to increase market share and facilitate access to international markets.

## Information and Communication Technology (ICT) Sector:

- **Overcoming Barriers:** Address challenges posed by Israeli occupation (e.g., restrictions on equipment imports, internet frequencies) by investing in local tech infrastructure and alternative solutions.
- **Talent Development:** Bridge the skill gap by aligning university curricula with industry needs, providing advanced training in areas like software development, cybersecurity, AI, and data analysis .
- **Entrepreneurship Ecosystem:** Strengthen the entrepreneurship ecosystem by fostering collaboration among government, private sector, and incubators. Exempt women and youth-led tech startups from various fees to encourage their growth and formalization .
- **Leadership & Representation:** Increase women's representation in leadership positions within IT companies through targeted training, incentives for companies, and infrastructure like on-site childcare and flexible work policies .

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## About FEMISE

FEMISE, the Forum Euroméditerranéen des Instituts de Sciences Économiques, is a Euro-Mediterranean network of over 100 economic and social research institutes from both shores of the Mediterranean. Established in Marseille, France, in 2005 as an NGO, FEMISE promotes dialogue on economic and social policies to foster cooperation and mutual benefit between Europe and its Mediterranean partners. Coordinated by the Economic Research Forum (ERF) in Egypt, FEMISE focuses on strengthening research capacity, fostering public-private dialogue, disseminating research findings, and building partnerships to support regional collaboration and sustainable development.

## About IEMed

The European Institute of the Mediterranean (IEMed), founded in 1989, is a think-and-do tank focused on Euro-Mediterranean relations. Guided by the Euro-Mediterranean Partnership (EMP), European Neighbourhood Policy (ENP), and Union for the Mediterranean (UfM), it promotes cooperation, mutual understanding, and intercultural dialogue to build a shared space of peace, stability, and prosperity. IEMed is a consortium of the Catalan Government, the Spanish Ministry of Foreign Affairs, the EU, and the Barcelona City Council, with contributions from civil society through its Board of Trustees and Advisory Council.

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