



Palestinian Businesswomen's Association  
الجمعية الفلسطينية لصاحبات الأعمال

**Policy paper:**  
**From informal to formal work transition**  
**"Policies and Opportunities for Women**  
**Owners of Small and Medium Enterprises**

**May**  
**2020**

**Prepared by: Iyad Al-Reyahi**  
**Social and Economic Policies Monitor**  
**"Al-Marsad"**

The policy paper aims to evaluate opportunities, regarding moving small and medium businesses lead by women to the organized work sector. This was done through analyzing the compatibility of laws governing small and medium enterprises, which constitutes as the starting point to understand the transformation mechanisms to the organized work sector. The policy paper stresses that the transition to the formal sector must be gradual, and preceded by encouraging policies that achieve empowerment of women in small and medium business. Policies not regarding reducing tax rates only; but policies that adopt tax refund mechanisms, which support the operational process of projects. In addition to technical and financial reviews to facilitate registration procedures, as well as, a reform of the laws governing the creation of a business environment that encourages joining the organized sector.

Without reforming the legal framework governing the process of project registration and licensing; and without adopting encouraging policies for small and medium enterprises, the transformation process to the organized sector will continue to stall. The first of reforms begins with Company Law’s harmony with small and medium enterprises, with an emphasis on the need to reform the investment promotion law. This grants exemptions for investment projects with a capital of 100,000 USD and above, which does not apply and neglects existing small and medium investments, which suffer from a poor investment environment, and weak production structures in a fragile economic environment.

Women interviewed for this paper believe that the registration process is expensive and requires a lot of effort and time, more importantly they fear that their projects will be pursued by tax, in addition they believe that the registration process is useless, and will not contribute to solving the problems facing existing projects. Problems related to funding, marketing products, providing technical assistance and developing administrative capabilities, especially in the areas

of acquiring business skills, project management, addressing weaknesses in the use of technology, and the lack of support or exemptions in the event of a decline in the financial status of the project.

The official bodies interviewed in the framework of preparing this paper, as well as, the reports that have been reviewed, the most important of which being the document issued by the Ministry of Economy titled "Supporting Women Entrepreneurship in Palestine Strategic Plan" and the "Action Plan (2019-2022)", agree with what the women of small and medium enterprises believe, that working on amendments to regulations and laws has become an urgent necessity to accelerate the transition to organized work, especially in small and medium enterprises.

The policy paper affirms, as indicated in the recommendations, that introducing amendments of a legal nature is not sufficient to accelerate the transition from informal work to organized work, unless this is accompanied by the adoption of encouraging policies and the introduction of many other facilities at the level of taxes by developing a tax refund mechanism, granting exemptions on loans directed to small projects, exemptions on registration fees, and the creation of a unified portal that manages the various steps of the process. It is also important to emphasize the importance of choosing the appropriate tools and methods in reaching women. This is not difficult, because in the emergency crisis the government announced that it will work on an economic recovery plan for small, medium and micro enterprises, through a fund with an initial value of 300 million USD, which creates incentives for some of the most affected sectors through easy banking programs and the strengthening of Arab and Islamic funds.

To view the full study, please contact us via e-mail: : [info@asala-pal.org](mailto:info@asala-pal.org),  
Or, via phone number: 02-2413035