

International Labour Conference, 92nd Session, 2004

Report of the Director-General
Appendix

The situation of workers of the occupied Arab territories

International Labour Office Geneva

ISBN 92-2-113040-1
ISSN 0074-6681

First published 2004

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org

Visit our website: www.ilo.org/publns

Preface

I submit this report in accordance with the resolution adopted by the International Labour Conference at its 66th Session (1980).¹ As for the previous two years, I decided that it should be prepared following high-level missions to Israel and the occupied Arab territories and to the Syrian Arab Republic in order to make as full an assessment as possible, in the prevailing circumstances, of the situation of workers of the West Bank, including East Jerusalem, the Gaza Strip and the Golan. This reflects the great importance our Organization attaches to the rights of workers in the occupied territories and the appreciation our constituents and others have indicated for our close attention to this situation.

The Governing Body of the International Labour Office and the Conference have seen scope for the ILO to play a constructive role in the region in alleviating the difficulties faced by working women and men and their families and in contributing to peace and security. This year's report provides a factual assessment of the economic and social circumstances of workers of the occupied territories at a time of continuing tension and conflict. It also offers some proposals on how the ILO, within its means of action, could contribute to easing these difficulties and, in doing so, make a modest contribution to building the economic and social foundations for peace.

The report makes for sobering reading. The situation prevailing in the occupied Arab territories continues to be a source of tension in the region and beyond: this at a time when all available energies and resources need to be harnessed for dialogue to improve the overall political, economic and social conditions in the region. All of us are aware of the restrictions, security measures, acts of violence and impositions that afflict people in the occupied Arab territories. This report goes behind the headlines to examine the impact that the heightened state of tension in the territories has on the daily life and work of Palestinian women and men and their families, and on their institutions. It is no consolation for them to observe that their near neighbours, Israeli workers and their families, are living through times of great difficulty in their own way, and many fear further acts of violence against them.

The reality of life in the territories is one of strangulation of the economy, with consequent far-reaching social impacts. Poverty continues to grip Palestinian communities, relieved only by large-scale international assistance. The report documents in detail the many obstacles Palestinians face in trying to earn a living and support themselves in dignity and independence. It also shows the extraordinary resilience of the human spirit in overcoming the barriers to a normal life to make a space for physical and mental survival. I have placed special emphasis this year on the gender dimensions of the situation of workers, and the report highlights the role of Palestinian women in holding together families and communities through these very dark times.

¹ Resolution concerning the implications of Israeli settlements in Palestine and other occupied Arab territories in connection with the situation of Arab workers.

The fragile situation described in last year's report has changed very little. A few economic indicators have improved slightly since last year, when tensions were at a very high point. This is no comfort however to Palestinian workers and employers endeavouring to work normally in abnormal circumstances. Restrictions on the movement of Palestinian workers and the goods and services they produce are pervasive. The delays, increased costs and loss of earnings that result from road closures, prolonged security checks and curfews hamper economic activity of all kinds, thus reducing family incomes. No sustained recovery of the economy is possible while this situation prevails.

Obstacles to the functioning of the economy create social tensions which in turn add to political frustration. Compounded by the lack of progress in political negotiations, the depressed state of the economy of the territories creates fertile ground for those on either side of the conflict who wish to exploit the situation to foment yet more acts of violence. The longer this vicious cycle continues, the harder it will become to reverse course and build peace and security for all people living in the region.

Special attention is given to the situation of women in the occupied territories. In spite of high educational attainments, women remain marginalized in the labour market. They nevertheless bear the brunt of the crisis and are central to the coping strategies devised by families and communities.

The report documents with hard statistics the economic and social situation in the West Bank, the Gaza Strip and the Golan. But the mission also heard many personal stories that illustrate the urgency of finding solutions to the conflict. The report requests members of governments, and employers' and workers' organizations worldwide, to listen to and understand the plight, but also the aspirations, of the workers of the occupied territories and their families. All women and men in the region, as indeed anywhere in the world, have the right to live in peace and security so that they can work productively and provide for themselves and their families.

The Road Map to peace presented last year by the Quartet has yet to deliver on its promise to the Palestinian and Israeli peoples, of two States living side by side in peace and security. This can only be achieved, as restated recently by the United Nations Secretary-General, through a comprehensive political settlement. Without such a settlement, sustained economic and social recovery is inconceivable. But political negotiations cannot be separated from socio-economic security. History has taught us many times that security in one country cannot be built on creating insecurity in another.

We in the ILO have a duty to do what we can to contribute to a peace settlement within our mandate. Ensuring that the grave situation of workers in the territories is known and understood is one small but important step. Promoting social dialogue between Israeli and Palestinian workers and employers is another. The conclusions to this report set out several practical proposals, including measures needed to fully activate the Palestinian Fund for Employment and Social Protection set up last year.

A solution can only be found as part of negotiations and dialogue; political dialogue, social dialogue, citizens' dialogue. To fulfil one's potential in life, have a decent job to sustain a family and see one's children through education are the common aspirations of people everywhere, whatever their religious faith and national origin. The Israeli and Palestinian peoples share this aspiration.

The parties to the conflict have placed confidence in the ILO and its procedures. This not only does credit to our Organization, it also encourages us to continue and, if possible, expand our work in the areas seen as essential to the situation of working women and

men and their families in the territories. Our services in the fields of employment and enterprise development, social protection, fundamental principles and rights at work and social dialogue are important to the population of the occupied Arab territories today and for their state-in-the-making.

The principles of social justice which inspired the founders of the ILO after the Great War 85 years ago remain as relevant as ever today to the search for peace in the Middle East. When the foundation stone of the first lakeside headquarters of the ILO was laid, a scroll with the following motto in Latin was placed under it: “If you seek peace, cultivate justice”. Let us continue this work and step up our efforts to provide practical assistance, remembering the values and principles that are always and everywhere the foundations of lasting peace.

May 2004.

Juan Somavia,
Director-General.

Contents

| | <i>Page</i> |
|---|-------------|
| Preface..... | iii |
| Introduction | 1 |
| I. The political context: Uncertain prospects for peace..... | 2 |
| II. Constrained economic growth, labour markets and occupation..... | 4 |
| III. Low employment and high poverty incidence among Palestinian women and men | 20 |
| IV. Social governance for a state-in-the-making | 29 |
| V. Ongoing ILO technical cooperation programme | 34 |
| Final remarks | 36 |
| References..... | 39 |
| Annex. List of interlocutors | 41 |

Introduction

1. In accordance with the resolution concerning the implications of Israeli settlements in Palestine and other occupied Arab territories in connection with the situation of Arab workers, adopted by the International Labour Conference at its 66th Session (1980), the Director-General again this year sent missions to Israel and the occupied Arab territories and to the Syrian Arab Republic in order to make as full an assessment as possible of the situation of workers of the territories (the West Bank, including East Jerusalem, the Gaza Strip and the Golan).¹ The mission also met with the League of Arab States in Cairo.
2. In examining all the issues involved, both during the mission and in the preparation of this report, the Director-General's representatives bore in mind, as they have always done, the relevant standards of international law, in particular, the Hague Convention of 1907 (respecting the laws and customs of war on land) and the Fourth Geneva Convention of 1949 (relative to the protection of civilian persons in time of war), of which Israel is a co-signatory. More specifically, as regards equality of opportunity and treatment of workers of the occupied Arab territories, and the issue of rights at work both in the territories and in Israel, the Director-General's representatives were guided by the principles and objectives laid down in the Constitution of the International Labour Organization, including the Declaration of Philadelphia, by the standards and resolutions adopted by the International Labour Conference, and by the principles enunciated by the supervisory bodies of the ILO. The report is also based on the relevant legislation within the ILO's area of competence and on the information obtained concerning actual practice regarding equality of opportunity and treatment of the workers of the occupied Arab territories in respect of employment, conditions of work and social benefits, and rights at work.
3. The Director-General entrusted Mr. Friedrich Buttler, Regional Director for Europe and Central Asia, Mr. Philippe Egger, Senior Economist of the Bureau of Programming and Management, Ms. Simel Esim, Gender and Women Workers' Specialist at the ILO Regional Office for the Arab States in Beirut (RO-Beirut), Mr. Tariq Haq, Employment Development and Strategies Officer at RO-Beirut, and Mr. Steven Oates, Sector Coordinator in the Office of the Executive Director for Standards and Fundamental

¹ As has been pointed out in previous reports, the Golan has been occupied by Israel since 1967 and was unilaterally annexed by Israel in 1981. The position of the Israeli Government regarding the Golan was stated in the following terms: "The ILO mission is meant to collect material for the Director-General's report on the occupied Arab territories. It is the position of the Government of Israel that the Golan, to which Israeli law, jurisdiction and administration have been applied, is not now such an area. In view of this consideration, approval for a visit of the ILO mission to the Golan was given as a gesture of goodwill and without prejudice. The decision to facilitate such an informal visit shall not serve as a precedent and does not contravene the Israeli Government's position." On 17 December 1981, the United Nations Security Council adopted resolution 497 calling on Israel to rescind its decision to annex the Golan, which has never been recognized by the United Nations. The Israeli position is also disputed by the Government of the Syrian Arab Republic and the Arab population of the Golan, which consider the Golan as an occupied part of the Syrian Arab Republic.

Principles and Rights at Work, with the mission to Israel and the occupied Arab territories in the West Bank, Gaza and the Golan, from 27 March to 2 April 2004. Mr. Khaled Doudine, ILO Representative for the West Bank and Gaza, undertook all the preparations for the mission, of which he was a full member.

4. Mr. Friedrich Buttler, Mr. Tariq Haq, Mr. Taleb Rifai, Regional Director for the Arab States, and Mr. Lee Swepston, Chief of the Equality and Employment Branch, were entrusted with the mission to the Syrian Arab Republic and Egypt from 3 to 5 April.

5. This report is based on information obtained on the spot by the missions mentioned above, as well as on the documentation submitted by the missions' interlocutors and other documentation publicly available. In examining the situation of Arab workers of the occupied territories the mission conducted its work with impartiality and objectivity. The Director-General is particularly grateful to all the parties involved, and wishes to acknowledge that, in spite of the difficult circumstances in which this year's mission to Israel and the occupied territories was carried out, his representatives enjoyed, as they have always done, the fullest cooperation of all the parties, both Arab and Israeli, including representatives of organizations of the United Nations system, especially the United Nations Development Programme (UNDP), in obtaining the factual information on which this report is based. He is also grateful to the Syrian authorities for the full cooperation they too extended to his representatives. The discussion with the League of Arab States in Cairo was very fruitful. The Director-General sees this cooperation as an indication of the continuing confidence placed by all the parties in the ILO and its efforts to contribute to promoting the economic and social development of the territories, which is an essential prerequisite for a satisfactory settlement of the present conflict.

6. In the course of this mission, the Director-General's representatives held numerous discussions and meetings with both the Israeli and the Palestinian counterparts; despite strict security measures they made many trips within Israel and in the occupied Arab territories of the West Bank (including East Jerusalem), the Gaza Strip and the Golan to meet with their interlocutors.²

I. The political context: Uncertain prospects for peace

7. In 2003-04 the occupation of Gaza and the West Bank implied continuous severe restrictions on the freedom of movement of persons, goods and services, and consequently, severe losses in production, employment and income. In his report to the Conference on the situation of workers of the occupied Arab territories in 2003, the Director-General referred to a moderate easing of mobility restrictions and to indications of a low-level economic and social stabilization. The issuing of the Road Map on 30 April 2003 had given reason for cautious optimism and even strong expectations that this initiative would reverse the untenable situation prevailing since September 2000.

8. During the period of ceasefire in the summer of 2003, small improvements in mobility and, consequently, economic activity could be observed. Later, the revival of the cycle of violence, security measures and suicide-bombing attacks reduced economic activity. As will be shown in this report, there is a clear short-term correspondence

² A list of the missions' interlocutors is contained in the annex to this report.

between political and economic indicators. Consequently, the low-level stabilization and subsequent temporary improvements turned out to be extremely fragile.

9. At the time of writing, the political framework for negotiations towards peace is not clear. Phase I of the Road Map to peace, put forward by the Quartet composed of the United Nations, the European Union, the Russian Federation and the United States, providing for ending terrorism and violence, normalizing Palestinian life, improving the humanitarian situation in the territories and rebuilding Palestinian institutions, has yet to be implemented. The Quartet has taken positive note of the announced intention of the Israeli Prime Minister to withdraw from Gaza. It has noted that any unilateral initiative by the Government of Israel should be undertaken in a manner consistent with the Road Map and the two-State vision that underlies the Road Map. In the view of the Quartet, no party should take unilateral actions that seek to predetermine issues that can only be resolved through negotiation and agreement between the two parties. An Israeli withdrawal from Gaza should be coordinated with a reorganized Palestinian Authority, representatives of Palestinian civil society, the Quartet and other representatives of the international community. Furthermore, the Quartet called for urgent action to meet Palestinian humanitarian needs, restore and develop Palestinian infrastructure and reinvigate economic activity (United Nations, 2004a).

10. Gaza is not at present a viable economic entity in itself, as workers and their families cannot find a decent living in a closed local economy. In 2003 roughly half of the population in this extremely densely populated region were dependent on food aid and 83.5 per cent lived on an income below the poverty line. “Over the long term, the only real hope lies in realizing the vision, widely supported by the international community, of a region where two States – Israel and Palestine – live side by side in peace, with secure and recognized borders”, said United Nations Secretary-General Kofi Annan (United Nations, 2004c).

11. In the view of the Israeli Government, the Wall being built in and around the West Bank, which does not follow the Green Line, is a temporary security measure to protect Israeli citizens from Palestinian attacks. Its construction results in the de facto annexation or placing off-limits of Palestinian land and important water resources, and is perceived by one side as “breaching the letter and the spirit of the Road Map”, while the other side cites “realities on the ground”, in particular the existence of important settlements within the West Bank. For workers of the West Bank and their families, as the Wall goes up it establishes additional barriers to the mobility of workers to workplaces, families to their members, children to school, and neighbours to neighbours. Following the United Nations meeting on the impact of the Wall, Nasser Al-Kidwa, Permanent Observer for Palestine to United Nations Headquarters, said that “the Wall made the two-State solution practically impossible” (United Nations, 2004b).

12. Legal uncertainties within the occupied territories reflect the precarious nature of the geographical and political context. In the field of labour and social affairs, this includes the delay in adopting subordinate legislation to implement the single Labour Code promulgated in 2001, slow or absent law enforcement due to the lack of administrative and judicial structures, and certainly all the suffering, losses and discrimination stemming from the occupation and its impact on workers’ daily lives. The occupation is in itself a major source of obstacles which the Palestinian Authority faces in exercising sovereignty in the West Bank and Gaza. Further efforts to improve governance structures and processes are nevertheless promising. There are impressive examples of the enthusiasm and competence with which officials of the Palestinian Authority, representatives of employers’ and workers’ organizations, and members of

NGOs address the seemingly intractable problems before them, there are assistance efforts by the Israeli Coordinator of Government Activities in the Territories (COGAT) to facilitate Palestinian employment in Israel and the settlements and, last but not least, there is the invaluable support given to the Palestinian people through the donor coordination mechanism.

13. Having said that, and in view of the inability of donor aid to fully compensate the losses in gross national income (GNI) reported below, donor fatigue is becoming an issue. Some politicians in donor countries argue “that the donor community is picking up the bill for much of the expenditure that Israel would otherwise be required to meet, as occupying power, under the terms of the Fourth Geneva Convention” (*Financial Times*, 2003). During the meeting of the Ad Hoc Liaison Committee for the Coordination of International Assistance to Palestinians (AHLC) on 10 December 2003 donors sought to encourage progress towards a peaceful solution. Addressing both sides of the conflict, conference participants cautioned that the window of opportunity for additional donor engagement would remain open only with immediate and concrete action and progress on both the political and economic fronts (World Bank, 2003a).

14. The Arab population in the occupied Syrian Golan defends its Syrian identity in the face of superposition of Israeli law, settlements, health care, schooling and other infrastructure. Israel denies that the Golan, “to which Israeli law, jurisdiction and administration have been applied”, is an occupied area (see footnote 1). This situation poses serious problems for the Syrian population in exercising property rights on land and water for economic activities and housing purposes, which in turn places constraints on employment and income generation. In the view of representatives of the Arab population, peace is not in sight as long as a withdrawal of the occupation “will not give back all our land”. “We are strangers in our own house” is their perception of the political and socio-economic context.

II. Constrained economic growth, labour markets and occupation

Mobility restrictions in closed territories

15. For most Palestinians, daily life continues to be an exercise in patience and brings acute suffering, as hours and days are lost at checkpoints and as numerous regulations and military orders limit people’s access to jobs, enterprises, agricultural lands and other economic assets. Closed checkpoints, restricted zones, security checks and curfews have a pervasive impact on all aspects of economic and social life in the territories under occupation.

16. According to an opinion survey of the Palestinian Central Bureau of Statistics (PCBS), 48.8 per cent of Palestinian households in the West Bank and 32.9 per cent of those in Gaza declared that during the past six months restrictions on mobility imposed by the Israel Defense Forces (IDF) caused “a lot” of disturbance. This represents a slight improvement over the perceptions registered in August and December 2003 (table 1).

Table 1. Palestinian households declaring restrictions on mobility imposed by the IDF caused “a lot” of disturbance over the past six months (percentage)

| | August 2003 | December 2003 | March 2004 |
|-----------|-------------|---------------|------------|
| West Bank | 56.4 | 56.8 | 48.8 |
| Gaza | 43.0 | 30.8 | 32.9 |

Source: PCBS, 2003-04a.

17. One such disturbance affects people’s ability to reach their place of work. In the same opinion survey, PCBS asked Palestinian households to rate the difficulty of reaching their places of work. The trend shows a decline in the proportion of households finding it difficult or impossible to reach their places of work (table 2). In March 2004, 34.1 per cent of households in the West Bank and 14.4 per cent in Gaza deemed it difficult, very difficult or impossible to reach their place of work over the last six months.

18. Mobility restrictions entail different consequences for men and women. As regards access to education, they affect female teachers and pupils more than their male counterparts, owing to the difficulties and dangers they face in travelling to and from schools. Parents are inclined to prohibit daughters from attending classes, fearing for their safety. Female teachers are more likely to stop going to work when they have to walk long distances in isolated areas to avoid checkpoints and settlers.

19. There are also considerable differences in the extent to which internal closures and mobility restrictions affect the movement of persons and goods within the West Bank and Gaza. Whilst the situation prevailing in Ramallah and Bethlehem and within the Gaza Strip is one of light closures and mobility restrictions, Hebron, Jenin and Nablus on the other hand are subject to very tight restrictions. This is reflected in the number of curfew hours shown in table 3.

Table 2. Palestinian households declaring reaching their place of work has been “difficult, very difficult or impossible” over the past six months (percentage)

| | August 2003 | December 2003 | March 2004 |
|-----------|-------------|---------------|------------|
| West Bank | 50.0 | 37.8 | 34.1 |
| Gaza | 29.7 | 18.5 | 14.4 |

Source: *ibid.*

Table 3. Curfew hours per month in seven West Bank urban areas

| | 2003 | | | | | | | | | | | | 2004 |
|-----------|-------|-------|-------|-------|-------|------|------|------|------|------|------|------|------|
| | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sep. | Oct. | Nov. | Dec. | Jan. |
| Jenin | 96 | 52 | 144 | 137 | 48 | 24 | 0 | 144 | 192 | 216 | 48 | 48 | 24 |
| Tulkarm | 120 | 163 | 0 | 144 | 288 | 96 | 24 | 0 | 0 | 96 | 48 | 0 | 24 |
| Qalqiliya | 96 | 0 | 96 | 24 | 72 | 24 | 0 | 0 | 24 | 0 | 0 | 0 | 0 |
| Nablus | 403 | 252 | 24 | 0 | 0 | 0 | 0 | 120 | 24 | 0 | 0 | 120 | 120 |
| Ramallah | 24 | 0 | 0 | 0 | 9 | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bethlehem | 423 | 219 | 24 | 0 | 28 | 32 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hebron | 443 | 518 | 678 | 610 | 372 | 399 | 144 | 192 | 165 | 24 | 24 | 0 | 0 |
| Average | 229.3 | 172.0 | 138.0 | 130.7 | 116.7 | 85.6 | 24.0 | 65.1 | 57.9 | 48.0 | 17.1 | 24.0 | 24.0 |

Sources: Palestine Red Crescent Society (PRCS) and Office of the United Nations Special Coordinator in the Occupied Territories (UNSCO), in LACC, 2004.

20. An overall decline in average curfew hours over the course of the year is indicative of some improvement in mobility in the West Bank, but in some areas the situation clearly remains volatile. In Gaza, which is more highly dependent on Israeli markets for labour and goods, external mobility is critical and may be captured by incoming and outgoing truck movements and labour flows to Israel and the Erez Industrial Zone, as depicted in figure 1.

21. The close correlation between truck movements and labour flows implies a fairly robust proxy for restrictions on mobility, which has clearly been erratic over the course of 2003, fluctuating in line with Israeli military operations in the territory.

Figure 1. Mobility in Gaza: Truckloads and actual labour flows to Israel and Erez Industrial Zone



Source: UNSCO, compiled from data provided by Palestinian Authority National Security Service-Northern Command Area; Ministry of Labour; Ministry of Finance; Ministry of National Economy; and General Petroleum Corporation, in LACC, 2004.

22. Restrictions on mobility directly affect economic activity. The Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA) informed the mission that enterprises were operating (in March 2004) on average at 30-40 per cent of capacity, owing to the restrictions imposed by the IDF. This is consistent with the PCBS opinion survey of owners and managers of economic establishments on the prevailing economic conditions (PCBS, 2003-04b). The proportion of owners/managers stating that restrictions in the movements of goods and persons affected the level of output declined in the West Bank from an average of 40.8 per cent in September 2003 to 29.1 per cent in March 2004, but increased in Gaza from an average of 10.2 to 14.4 per cent. However, there has been a major increase in the financial problems faced by enterprises (table 4). Similar problems were described to the ILO mission in relation to the Golan.

Table 4. Perceptions of owners/managers of economic establishments of their situation over the past six months (percentage)

| | September 2003 | | March 2004 | |
|--|----------------|-------------|------------|------|
| | West Bank | Gaza | West Bank | Gaza |
| Difficulties in obtaining raw materials and inputs | 54.0 | 30.3 | 35.3 | 26.3 |
| Problems in employees reaching place of work | 39.2 | 8.9 | 30.4 | 15.8 |
| Unable to open/operate/work or limited operations because of curfews | 37.5 | 1.7 | 24.5 | 2.6 |
| Difficulties in transporting finished goods to market | 32.3 | No response | 26.2 | 12.8 |
| Financial problems, including in obtaining bank loans | 19.8 | No response | 54.1 | 30.9 |

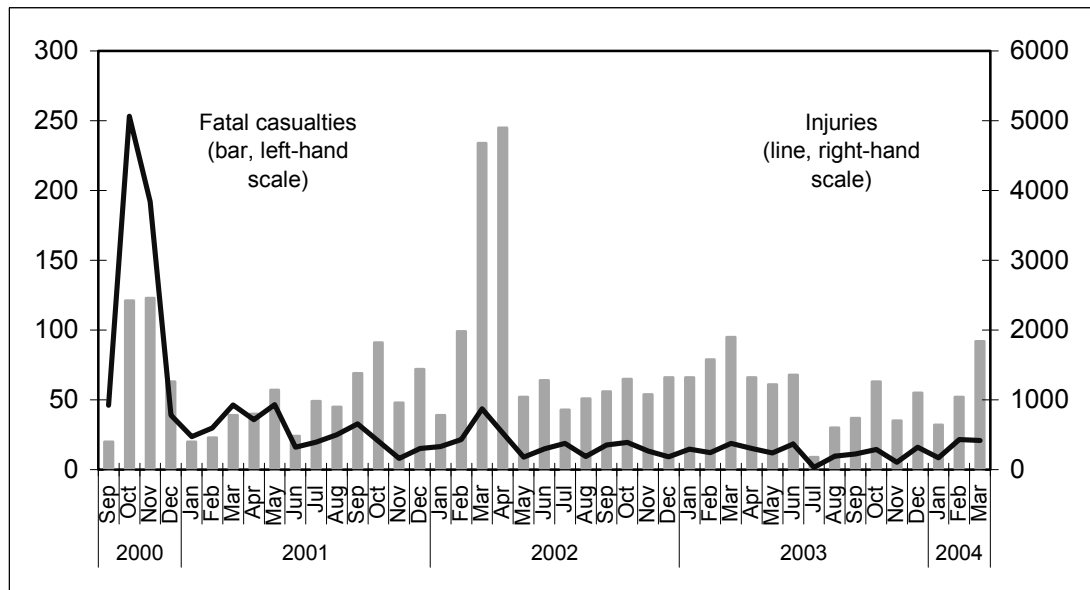
Source: PCBS, 2003-04b.

23. The data suggest two conclusions. First, closures and mobility restrictions are highly volatile, changing from place to place and over time, according to the conflict situation. Second, restrictions on mobility lead to many other problems, such as financial difficulties and inability to go to work (particularly for women; see below), which result in a much lower level of activity than before the intifada.

Human losses in the conflict

24. The military occupation of the territories is a source of almost permanent conflict between the population and the IDF. Palestinian fatal and non-fatal casualties are high. Based on information compiled by the Palestine Red Crescent Society (PRCS), figure 2 plots monthly casualties since the start of the intifada. Looking at the more recent period, March 2003 and March 2004 both mark high points, with over 90 fatal casualties due to the conflict. In the period between April 2003 and March 2004, an average of 50 Palestinians per month, or five every three days, were killed by the IDF, and an average of 258 were injured every month. Compared to 2002, when close to three Palestinians were killed per day on average, 2003 marks a lower level of conflict, with an average of 1.8 Palestinians killed per day.

Figure 2. Palestinian intifada casualties (fatal and injuries)



Source: PRCS, at palestinercs.org.

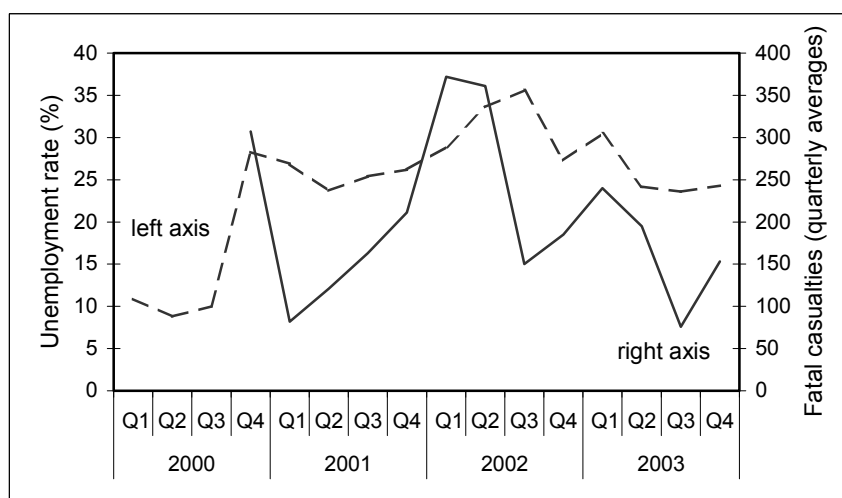
25. The gravity of the losses in human terms is compounded by the economic loss of those killed or injured by the IDF – mostly young males.

26. The close correlation between the economic situation and military occupation is illustrated by figure 3, which plots fatal Palestinian intifada casualties as a proxy for the intensity of the conflict and compares it with unemployment in the occupied territories.

27. The co-linearity between the two trends supports the view that a higher degree of conflict leads to a lower level of economic activity, which in turn translates into a higher rate of unemployment. Between the first quarter of 2001 and the second quarter of 2002, the intensity of the conflict rose, as did the rate of unemployment. In the more recent period, fatal casualties declined from the peak of the first half of 2002, but the decline is irregular. Likewise, the rate of unemployment declined from its peak in the third quarter of 2002 to a level equivalent to that of the second quarter of 2001. The lowest level of fatal casualties was reached in the third quarter of 2003, reflecting the ceasefire in June-July of that year. However, resumption of the conflict interrupted the decline in the unemployment rate, which has stabilized at around 24 per cent of the labour force since the second quarter of 2003.

28. This again demonstrates the close dependence of the economic situation on political developments. A decrease in the intensity of the conflict and an easing of the restrictions on movement are immediately reflected in an improvement in the employment and welfare of the Palestinian population.

Figure 3. Fatal casualties and unemployment

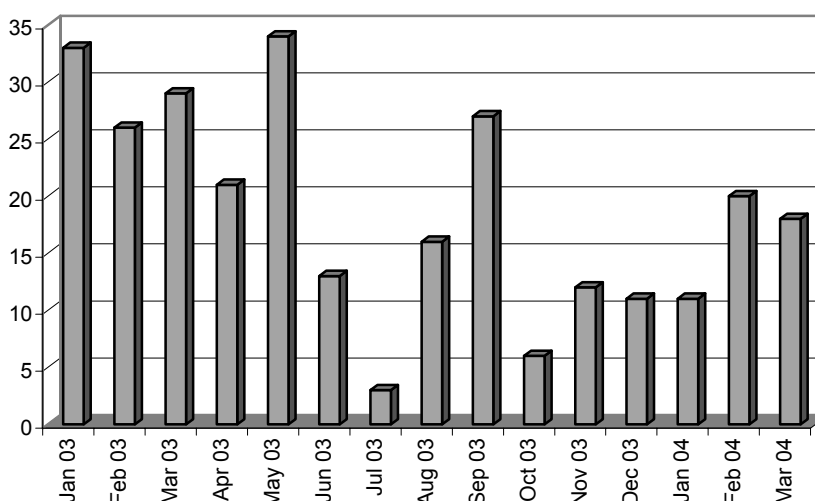


Note: Q1: first quarter, etc.
 Source: PCBS for unemployment and PRCS for fatal casualties data.

Destruction of property

29. In October 2001, the Israeli army resumed its policy of destroying homes of Palestinians in the occupied territories as a means of punishing Palestinian attacks in Israel, demolishing 264 houses up until the end of 2002, according to the Israeli Information Center for Human Rights in the Occupied Territories (B'Tselem). From January 2003 to March 2004, an additional 280 homes were destroyed, as shown in figure 4.

Figure 4. House demolitions (number of houses demolished per month)



Source: B'Tselem, at www.btselem.org.

30. These figures do not include the many houses built without permits that are demolished “administratively”. The mission heard how these measures of collective punishment are instigated in contravention of the Fourth Geneva Convention, seriously imperilling the social welfare of thousands of Palestinians left homeless as a result.

Work permits in Israel

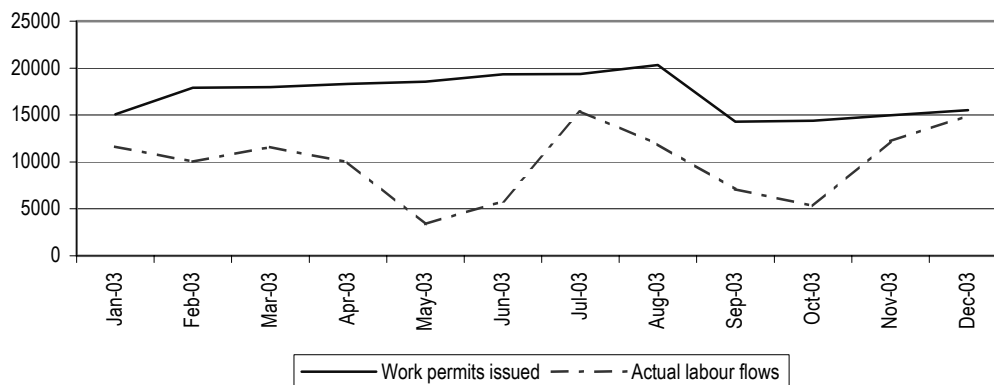
31. The actual number of Palestinians from the West Bank and Gaza (excluding East Jerusalem) working in Israel is highly dependent on the continuously changing restrictions on the movement of persons within the occupied territories and into Israel. According to a report submitted to the ILO mission by the Coordinator of Government Activities in the Territories (COGAT) of the Israeli Ministry of Defense, at mid-March 2004, 33,386 Palestinians had valid permits to work in Israel, in Israeli-controlled industrial zones and in settlements within the occupied territories (COGAT, 2004; see table 5). It is noteworthy that the share of women, at 4.2 per cent, is much lower than in employment in the occupied territories (17.8 per cent in the last quarter of 2003). Employment of Palestinian women in the territories is essentially in agriculture, industrial estates and domestic work.

Table 5. Palestinian work permits in Israel

| | Quota | Valid permits | Men | Women |
|---------------------|--------|---------------|--------|-------|
| In Israel | | | | |
| from Gaza | 15 000 | 11 611 | 11 560 | 51 |
| from West Bank | 7 000 | 5 284 | 4 563 | 721 |
| In industrial zones | | | | |
| from Gaza | 4 965 | 4 965 | 4 790 | 175 |
| from West Bank | 1 500 | 427 | 403 | 24 |
| In settlements | | | | |
| in Gaza | 2 984 | 2 984 | 2 881 | 103 |
| in West Bank | 8 115 | 8 115 | 8 005 | 110 |

Source: COGAT, 2004.

32. A valid work permit is no guarantee of actual employment, particularly for those workers who have to enter Israel to work. Figure 5 shows a continuous discrepancy between permits issued and actual labour flows from Gaza, peaking in May 2003 with a shortfall of 15,150 workers. By December, this gap was significantly lower. However, according to data supplied by the Israeli Ministry of Industry, Trade and Labour, the average number of permits issued in the West Bank and Gaza in the first quarter of 2004 amounted to 17,000, and the number of permit holders who actually worked was 16,000. Data from the PCBS (based on quarterly labour force surveys) suggest that in the last quarter of 2003, 54,000 workers from the West Bank worked in Israel (including work in settlements), as well as 4,000 from Gaza (excluding workers in the Erez Industrial Zone).

Figure 5. Work permits issued and actual labour flows from Gaza to Israel and Erez Industrial Zone

Source: UNSCO, compiled from data provided by the Palestinian Authority Ministry of Labour and National Security Service-Northern Command Area, in LACC, 2004.

33. Given that the number of Palestinian workers working in Israel varies daily, subject to the various security checks required on the way to work, all of these figures could be correct. What is certain is that the overall number of Palestinian workers working in Israel has decreased substantially compared to pre-intifada levels, by about 100,000. Furthermore, work in Israel for Palestinians has become much more erratic, depending on quota numbers decided unilaterally by the Israeli authorities, on the issuance of valid permits subject to one level of security checks, on actual entry into Israel subject to another level of security checks and on the day-to-day decisions of the IDF regarding the opening and closing of checkpoints. The actual number of days worked by Palestinian workers in Israel and settlements is therefore highly volatile. The same applies to income derived from work in Israel.

34. The Palestine General Federation of Trade Unions (PGFTU) in Gaza submitted a report to the ILO mission (PGFTU, 2004b) describing the inhuman conditions under which workers are required to undergo security checks to enter Israel. Workers have to stand in line for hours, often starting in the evening to enter Israel the next morning, in very cramped conditions. One worker died from suffocation in early 2004 as a result.

35. The Manufacturers' Association of Israel expressed to the ILO mission their concerns about the health and attendance of Palestinian workers in Israel, marred by erratic presence and physical fatigue after spending many hours queuing at checkpoints. This affected work organization, particularly on construction sites, and overall productivity.

Israeli settlements in the occupied Arab territories

36. The international community has repeatedly condemned settlement of Israeli populations in the occupied Arab territories as contrary to international law. United Nations Security Council resolution 465 of 1980 terms settlements an "obstruction" to peace. The Road Map presented on 30 April 2003 called under phase I for the immediate dismantling of settlement outposts and the freezing of all settlement activity, including natural growth.

37. Nevertheless, what is observed and recorded is the continued development of existing and new settlements and outposts. This has direct economic and social

consequences for the Palestinian and Arab populations in the occupied territories. Land for housing, “settlers only” by-pass roads and other infrastructure is confiscated through military orders; housing construction is heavily subsidized by Israel; and security of settlers is enforced by the IDF and armed settlers. Settlement activity is directly constraining access to and ownership of land, agricultural production and movement of goods and persons in the occupied territories.

38. The exact number of settlements in the occupied territories is disputed. The *Statistical Abstract of Israel* (Central Bureau of Statistics, 2003) puts their number in 2002 at 123 in the West Bank, 16 in Gaza and 32 in the Golan (table 6). The *Statistical Abstract of Palestine* (PCBS, 2003a) gives figures of 154 and 17, respectively, in the West Bank and Gaza in 2002. One source of confusion is the establishment of outposts by militant groups, the location and size of which fluctuate widely. Although outposts, almost always on hilltops, can evolve into established settlements, their numbers change regularly as they are continuously dismantled and re-established. The organization Peace Now estimates the number of outposts at 102 in 2003 throughout the occupied territories (Americans for Peace Now, 2004).

39. The settler population has continued to increase rapidly, at an annual rate of 5.3 per cent in the West Bank and 4.4 per cent in Gaza since 2000, reaching close to 400,000 persons in the occupied Palestinian territories (429,160 in 2003 according to the PCBS). This is equivalent to 6 per cent of the Israeli population and 11.5 per cent of the Palestinian population in 2002. The increase in the settler population has been much faster than population growth in Israel (at 1.4 per cent per year over 2000-02) (Central Bureau of Statistics, 2004), thereby indicating more than natural demographic growth, even allowing for higher fertility among settler families.

40. This is the objective basis of the intensive construction activity observed in many existing settlements, including housing, roads and other infrastructure. The Israeli Central Bureau of Statistics corroborates this observation in its published data on construction activity in the occupied territories. An average of 2,132 dwellings were built in 2002 and 2003 in the territories for the benefit of settlers. In 2003 construction began on 1,849 dwellings, an increase of 35 per cent over 2002 (Central Bureau of Statistics, 2004).

Table 6. Number of settlements and population

| | 2000 | | 2002 | | 2000-02 |
|----------------|--------------------|-------------------|--------------------|-------------------|---|
| | No. of settlements | Population ('000) | No. of settlements | Population ('000) | Average annual change in population (%) |
| East Jerusalem | n.a. | 173.0 | n.a. | 180.8 | 2.23 |
| Gaza | 16 | 6.7 | 16 | 7.3 | 4.38 |
| West Bank | 122 | 187.6 | 123 | 207.8 | 5.25 |
| Golan | 32 | 15.1 | 32 | 15.5 | 1.32 |
| Total | 170 | 382.4 | 171 | 411.4 | 3.72 |

Note: n.a.: not available.

Source: Central Bureau of Statistics, 2003, table 2.7; ILO estimates for East Jerusalem, based on ILO, 2003.

41. In East Jerusalem, settlement has continued. By way of illustration, on 30 March 2004, 11 Jewish families moved with police protection into two buildings in East Jerusalem, against strong opposition from the Arab neighbourhood (*Haaretz*, 2004a).

42. Settlement activity is directly financed and subsidized by the Government of Israel. An estimated US\$533 million were expended in 2001 (Americans for Peace Now, 2003), and US\$420 million in 2003 (United Nations, 2003a). In addition, the IDF permanently guard settlements at a heavy cost in resources.

43. Violence by settlers against Palestinians and economic assets, in particular land and olive trees, is an all too common occurrence (*The Guardian*, 2003). The uprooting, felling or damaging of olive trees, often hundreds of years old, represents a disinvestment of major proportions.

44. In parallel to the many legal problems posed by settlement activity in the occupied territories, the economic effects of settlement contribute significantly to the impoverishment of Palestinian and Arab populations.

The separation Wall

45. Restrictions on the mobility of the Palestinian population continue to intensify with the sustained construction of the West Bank separation Wall, consisting of an 8 m-high concrete barrier as well as sections of electric and barbed-wire fence, that started in June 2002. The trajectory of the Wall, completed in parts and under construction in others, is wholly shaped by the map of settlements. The Wall is currently being built in four phases or sections, in addition to a “Jerusalem envelope”. The first 123 km stage of the barrier, running from Salem to Elkana in the north-west, has been completed, and work is under way on the remaining sections. In addition, construction is planned of some 42 km of secondary barriers extending eastwards from the main barrier.

46. Only 10 per cent of the projected route of the Wall, as approved by the Israeli Government, follows the Green Line, with the remainder penetrating up to 22 km into the West Bank. A total of 28,000 dunums (2,800 hectares) of land are being expropriated for the construction of the barrier alone. Including secondary barriers and East Jerusalem, approximately 975 square kilometres, or 16.6 per cent of West Bank land, will lie between the barrier and the Green Line, whilst nine separate enclaves completely surrounding Palestinian communities will be created. This will directly affect the daily lives of over 400,000 Palestinians living west of the barrier (including East Jerusalem), as well as a similar figure living immediately east (excluding East Jerusalem). Concurrently, 56 Israeli settlements, comprising 63 per cent of the settlement population, will be incorporated to the west of the Wall. These realities on the ground have prompted repeated condemnations to the mission of de facto annexation and apartheid.

47. The mobility of those living in closed areas (between the Wall and the Green Line) and in enclaves is severely constrained. The town of Qalqiliya, for example, is completely surrounded by the barrier, with only one entry and exit point that is controlled by an IDF checkpoint. Checkpoints and agricultural gates have been planned along the Wall’s trajectory to enable movement of people and goods, and allow Palestinian farmers access to their lands; however, ad hoc and cumbersome procedures at those access points already in existence, combined with inconsistent opening hours and extended periods of closure (for example during Israeli holidays or other localized closure) have affected economic activity and employment, in addition to the delivery of basic social services.

48. In October 2003, IDF orders established a permit system for the 5,300 Palestinians living in the closed north-western area between the completed barrier (stage A) and the Green Line to retain their residency status, as well as for farmers living east of the barrier who own or work in farms to the west. Permits for periods of up to six months are allocated upon submission of documentation including proof of residency, or ownership of or employment on land in the closed area, and after security screening. By mid-November permits had been issued to approximately 95 per cent of residents in the closed area, but to only 25 per cent of those living east of the barrier who had requested access to the closed zone (HEPG/LACC, 2003). Minor driving offences have allegedly been sufficient grounds for denial of a permit in some cases.

The Wall at Abu Dis

The barrier being erected through Abu Dis, a Palestinian village at the borders of the Jerusalem district, east of the Green Line, is an 8 m high concrete wall that forms part of the "Jerusalem envelope". Families are being separated and Palestinians holding Jerusalem identity cards but living on the "wrong" side of the wall are faced with the stark choice between relinquishing their Jerusalem residential status and moving to the Jerusalem side of the Wall, where real estate prices are several times higher. The Wall cuts off the main access road from Abu Dis into Jerusalem and many shops and small enterprises situated in the vicinity are being forced to close down as business runs dry.

An inhabitant of Abu Dis described his situation to the mission as follows: "That is my house, surrounded by this Wall on three sides. My brother lives over there, on the other side. Completion of this segment will cut us off. I used to work as a builder in Jerusalem. I paid Jerusalem municipality taxes and contributions in cash for 25 years. When they started to build the Wall I went to the municipality to enquire about my entitlements. I was told I was not registered in Jerusalem, I fell on the West Bank side of the wall and they had no record of all my years of contributions. I am entitled to nothing."

The situation in the occupied Syrian Golan

49. Discrimination in treatment, access to employment and resources on the basis of religion and national origin is rife in the occupied Syrian Golan (see footnote 1). This was confirmed by statements received by the mission on treatment of the Syrian Arab population in its meeting with representatives of the Arab community in the village of Majdal Shams. Meetings with the Minister of Social Affairs and Labour, the General Federation of Trade Unions, the Chamber of Industry and the Governor of Quneitra in the Syrian Arab Republic provided further supporting evidence. The mission also held extensive discussions with the League of Arab States on the situation of workers in the occupied Syrian Golan. Prospects of increased collaboration on this matter between the League and the ILO are being further explored.

50. There is intense competition between the Syrian Arab population and settlers in the occupied Syrian Golan over land and water, two essential productive resources in this agricultural region. Direct and indirect (through taxation) restrictions on use of water for irrigation of apple orchards continue to be imposed on the Syrian Arab population. Intense legal battles are waged over land ownership, as Israel and settlers continually challenge ownership of land in possession of the Syrian Arab population. In March 2004, a major protest gathering over 5,000 persons, equivalent to one quarter of the Syrian

Arab population in the occupied Syrian Golan,³ was held in Masada against an Israeli court decision confiscating over 365 dunums (or 36.5 hectares) of land declared “state” land. Numerous incidents of physical damage to crops, fields and trees were also reported.

51. While the Government of Israel spends generously on the expansion of housing and other buildings within existing settlements, the Syrian Arab population is denied most building permits requested. Illegal building is an alternative, but is subsequently heavily fined.

52. The combined effect of these discriminatory practices is to lower the standards of living of the Syrian Arab population relative to the settler population. Even more important in the eyes of the representatives of the Arab population met by the mission is the undermining of their identity.

An economy under siege stabilized at a low level

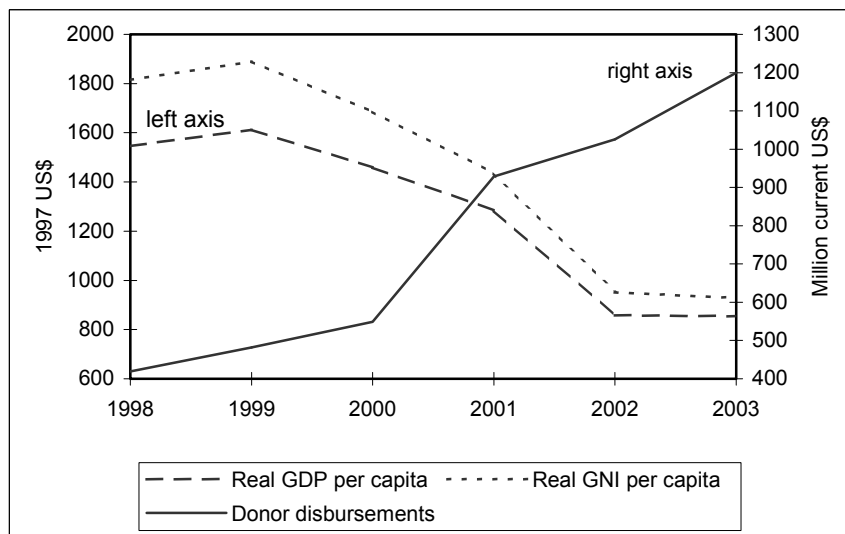
53. The overall economic situation in 2003 can be described as one of stabilization at a very low level. Following two years of precipitous decline in output and in income per capita and a steep increase in poverty, 2003 was marked by a certain degree of stabilization. It is estimated that real gross domestic product (GDP) per capita in 2003 only marginally declined below its low level in 2002. This points to a stabilization at approximately half of its 1999 level. This would suppose, allowing for population growth, some recovery in total output of the order of 4-5 per cent in real terms, consistent with the relative easing of the restrictions on mobility described earlier.

54. Figure 6 compares the trends in real GDP and GNI per capita with rising donor disbursements over the same period. The estimate suggests that in 2003 real GDP per capita was equivalent to 55 per cent of its 1998 level, whereas GNI per capita stood at 51 per cent of its 1998 level. The sharper drop in GNI per capita, narrowing the gap between the two measures, is explained by the lower level of employment of Palestinians in Israel. These figures are consistent with the PCBS estimates of the number of households (45.4 per cent in July-August 2003) that state that they have lost more than half of their income over the last 12 months (PCBS, 2003b).

55. A similar picture emerges from the data on exports and imports (figure 7). The onset of the intifada induced an accelerated decline in the value of imports into and exports from the West Bank and Gaza. In fact, total trade as a proportion of GDP is approximately 35 per cent lower today than in 1998. The decline in imports reflects a lower demand resulting from loss of income during the intifada, whilst the commensurate decrease in exports to Israel is indicative of the drop in Palestinian production over the same period.

³ The *Statistical Abstract of Israel* (Central Bureau of Statistics, 2003, table 2.7) estimates the population in the Golan as at 31 December 2002 at 36,300 persons, composed of 20,000 Arabs and 16,300 Jews, non-Arab Christians and others. Between 1995 and 2002, these populations grew at a rate of 2.4 and 2.8 per cent, respectively, per year on average. The growth of the settler population in the Golan has thus been slightly above population growth in Israel.

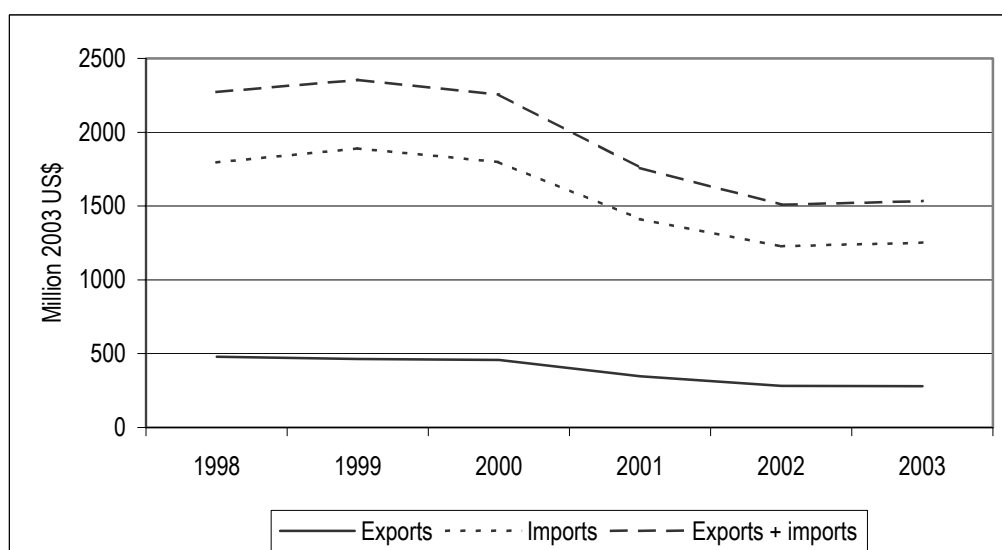
Figure 6. Real GDP and GNI per capita and donor disbursements



Sources: PCBS, 2003a; World Bank, 2003b.

56. A “back-to-back” system of transporting goods through crossings by unloading them and transferring them to another truck was devised to facilitate the movement of commercial goods through checkpoints within the occupied territories and at certain crossings into Israel. For example, the Karni crossing from the Gaza Strip into Israel sees about 760 truck movements a day (COGAT, 2004), although traffic at the crossing still fluctuates with Israeli military/security clampdowns. Despite a slight increase in trade activity in 2003 (imports from Israel have risen marginally), the operation of the “back-to-back” system has failed to restore trade to anywhere near pre-intifada levels.

Figure 7. Imports and exports



Source: COGAT, 2004.

57. The occupied territories are highly import-dependent, with a weak export capacity. The shortfall in the trade balance has in the past been offset by the wages of Palestinians working in Israel. However, this source has fallen drastically. Workers' remittances stood at US\$93.4 million in the third quarter of 2003; although this is three times higher than the level registered in the second quarter of 2002 (approximately US\$30 million), it is still over 70 per cent less than the US\$328 million remitted in the third quarter of 2000, before the onset of the intifada. This factor income has to a large extent been substituted by a nearly threefold increase in donor assistance since 1998, estimated in 2003 at US\$1.2 billion. Donor assistance is divided approximately equally between budgetary support to the Palestinian Authority, essentially to pay the salaries of the 130,000 civil servants employed by the Authority, and humanitarian assistance. There is evidence, however, that the sizeable increases in donor disbursements may now be levelling out, as grant financing of the Palestinian Authority's budget deficit in the second half of 2003 was less than expected. The Palestinian Authority has consequently resorted to financing its deficit increasingly through bank finance and accumulation of arrears.

58. Two major lessons can be drawn from these developments. First, the substantial increase in donor assistance and the relative easing of closures and some mobility restrictions are the two factors that explain the estimated mild recovery in economic growth leading to a stabilization of average income per capita in 2003 as compared with 2002. In the absence of these two developments, the situation would have been even worse. The resilience of Palestinian central and local institutions has been noted by many observers. Despite the adverse circumstances, schools, hospitals, municipalities, central administration and other basic services continue to function as normally as conditions permit.

59. The second lesson, however, is that donor assistance and a relative easing of restrictions have evidently not been sufficient to sustain a real recovery to the levels prevailing before the start of the intifada, and could in the future even be inadequate to maintain the status quo. It is clear that external donor assistance can only complement, but is no substitute for, economic recovery of the scale required. By way of comparison, should the number of Palestinian workers in Israel return to its pre-intifada level of approximately 150,000, the total wage (or factor) income would be equivalent, in 2003 wages, to the total donor disbursement in 2003, or US\$1.2 billion.

60. Any genuine recovery is dependent on a political settlement that would lift the restrictions on the movement of goods and persons and enable the Palestinian economy and society to function normally.

61. This is especially true of Gaza, where per capita GDP in 2001 was 74 per cent of its level in the West Bank. People are poorer in Gaza than in the West Bank. Average household size is larger (6.8 persons against 6.1 in the West Bank) and the population is younger (49.5 per cent aged under 15 years against 44.5 in the West Bank). Labour force participation and employment rates are lower in Gaza than in the West Bank, with consequently higher dependency ratios. Half of the population in Gaza currently depends on food aid provided by international assistance. Agriculture and industry account for a lower share of total employment in Gaza than in the West Bank (30.3 and 37.5 per cent, respectively), but services absorb close to half of all employment in Gaza (48.6 per cent) against a third (34.4 per cent) in the West Bank. Economic activity in Gaza is therefore even more dependent than in the West Bank on exports of labour and of goods and services.

62. Only a substantial improvement in the regime of movement of goods and persons between Gaza and the rest of the world – whether the West Bank, Israel or other countries – will sustain a process of economic recovery and growth. This requires, at the very least, agreement on shared responsibility for the regime controlling the flow of persons and goods in and out of Gaza.

Mild recovery in the Israeli economy with higher unemployment and poverty

63. The economy in Israel experienced a rebound in 2003, particularly in the latter half of the year, following negative GDP growth in 2002 (table 7). The “incipient recovery” in growth (IMF, 2003), estimated at 1.2 per cent for the full year, is explained by a vigorous increase in exports and higher domestic consumer confidence. Exports grew by 6 per cent in 2003, with a strong showing in the last quarter linked to higher world demand, particularly in high-tech industries in North America. The rise in private consumption, particularly strong as of the second quarter of 2003, can be attributed to the improved security situation and the reduction in the number of attacks, especially in the latter half of the year. The number of civilian casualties of Palestinian suicide attacks declined by 43 per cent in 2003 compared to 2002.⁴ The improved security situation led to a mild recovery in the number of tourist arrivals. The construction industry however continues to face reduced demand.

64. This turnaround in the economy following two years of stagnation and decline was accompanied by a new fiscal and monetary stance. The Government has taken decisive steps to curtail its lingering budget deficit. Although the fiscal deficit will reach 5.7 per cent of GDP, public consumption has declined by 1 per cent in 2003 and there is good reason to expect that the Government will be able to bring the deficit down to under 4 per cent of GDP in 2004. This has enabled the Bank of Israel to ease its key interest rates gradually, which has further boosted business and consumer confidence. It should be recalled that the gap between government expenditure and revenue would be significantly higher in the absence of support from the United States, both in the form of direct budgetary assistance and through bank loan guarantees.

⁴ B’Tselem records 104 Israeli civilian fatal casualties in Israel in 2003 against 183 in 2002 (Al-Aqsa fatal casualties, at btselem.org).

Table 7. Economic indicators in Israel

| | 2002 | 2003 | 2003 | | | |
|---|-------|-------|-------|------|------|------|
| | | | Q1 | Q2 | Q3 | Q4 |
| Real GDP ^a | -0.8 | 1.2 | 3.1 | -1.2 | 2.8 | n.a. |
| Private consumption ^a | 0.1 | 2.0 | -4.9 | 12.9 | 7.5 | n.a. |
| Public consumption ^a | 5.7 | -1.0 | 1.2 | -9.8 | 1.5 | n.a. |
| Gross domestic investment ^a | -12.4 | -13.6 | -35.7 | 10.1 | -2.4 | n.a. |
| Exports of goods ^a | -6.8 | 6.1 | 6.0 | -3.1 | -0.1 | 5.3 |
| Imports of goods ^a | -6.0 | 0.4 | -2.4 | 5.6 | 0.1 | 4.0 |
| Fiscal balance (% of GDP) | -4.2 | -5.7 | -4.6 | -8.6 | -3.4 | -6.4 |
| Current account balance (% of GDP) | -1.2 | -0.1 | n.a. | n.a. | n.a. | n.a. |
| Consumer price index ^a | 6.5 | -1.9 | 3.2 | -5.0 | -3.9 | -1.6 |
| Unemployment rate (%) | 10.5 | 10.7 | 10.8 | 10.6 | 10.7 | 10.9 |
| Real wages (business sector) ^a | -6.7 | 2.4 | n.a. | n.a. | n.a. | n.a. |

Note: ^a Percentage change from previous period. Q1: first quarter, etc. n.a.: Not available.
Sources: Bank of Israel, 2003a and 2003b; Central Bureau of Statistics.

65. A major element in the fiscal deficit is the cost of the occupation. The Bank of Israel has estimated that the intifada has cost Israel somewhere between 6 and 8 per cent of GDP since September 2000. In 2003 the cost is estimated at between 0.7 and 1.8 per cent of GDP (*Haaretz*, 2004b). This figure includes expenditure on the separation Wall under construction, estimated at about US\$1.8 billion, or \$2.8 million for each of the 660 km currently planned.⁵ This expense may jeopardize the Government's efforts at fiscal restraint.

66. The economic upturn has not yet led to any significant improvement in the labour market, although a change is perceptible in total hours worked, output per hour and number of employees. The Manufacturers' Association of Israel shared with the ILO mission its cautious optimism in regard to the gradual recovery observed in the economy (Manufacturers' Association of Israel, 2004). The unemployment rate in the last quarter of 2003 was 10.9 per cent. The Government has reduced the number of foreign workers by about 30,000 persons. The purpose of the policy is to expel illegal foreign workers and to discourage new imports of such labour in order to encourage more Israelis to enter the labour market and find employment. It is likely that Palestinian workers (not counted as foreign workers) benefited from this measure, since their numbers also increased in Israel in 2003. The construction industry is constrained by a persistent dearth of skilled labour, positions in which Palestinian labour is especially welcome.

67. Prolonged high unemployment in Israel has led to a sharp increase in poverty. The number of families living below the poverty line is estimated at 18.1 per cent in 2002,

⁵ Calculation based on total cost estimates published in the State Comptroller's report, 30 Sep. 2003 (cited in HEPG/LACC, 2003), and Wall length statistics provided by B'Tselem, at www.btselem.org.

reaching 44.7 per cent among the non-Jewish population, particularly the Arab population. The Bank of Israel attributes the high poverty rate to the employment situation among the Arab population, characterized by high unemployment, low female labour force participation and low wages. Discrimination in employment is specifically mentioned (Bank of Israel, 2003b).

68. Just like the Palestinian economy, the Israeli economy is dependent on the security situation, which influences investor and consumer confidence, tourist perceptions, availability of Palestinian labour and export markets. The mild recovery registered in the economy is fragile and highly dependent on the security situation. This in turn will depend on future negotiations regarding the settlement of the conflict and status of the occupied Arab territories. The unpredictability of the security situation, in addition to the direct costs of the conflict, will continue to constrain economic growth in Israel. As the Manufacturers' Association of Israel put it, "business needs stability".

III. Low employment and high poverty incidence among Palestinian women and men

Low employment generation

69. Employment and labour market indicators continue to reflect a very fragile situation in 2003. The working-age population and the labour force maintained a high rate of growth (of 5.4 per cent per year) between 2000 and 2003, on account of the very young age composition of the population, yet total employment declined by an average rate of 0.34 per cent over the same period. Employment in Israel has declined by a massive 84,000 jobs comparing the first three quarters of 2000 and 2003, whilst employment in the occupied territories (excluding East Jerusalem) has increased by 3.6 per cent per year on average, or 53,300 net new jobs between 2000 and 2003. This compares with an increase of 97,000 in the labour force.

70. Rapid working-age population growth combined with slow employment growth make for a very low ratio of employment to working-age population, which is characteristic of the occupied territories. In the last quarter of 2003 the employment rate was 11.1 and 50.1 per cent respectively for women and men, averaging 30.8 per cent. Within the working-age population, fewer than one-third are employed. This is very low for both sexes, even by regional standards, and can only be explained by the limitations imposed on economic activity and movement in the occupied territories. The ratio of employed to total population is even lower, at 7.6 and 5.4 persons for each employed person in Gaza and in the West Bank, respectively.

Low female labour force participation

71. The generally positive correlation between female education and labour force participation does not hold in the occupied territories. Women's participation in education is relatively high, but their labour force participation is very low. The same observation can be made for other countries in the region (table 8).

Table 8. Female secondary school enrolment and labour force participation in the region

| | Egypt | Jordan | Syrian Arab Republic | Occupied territories |
|---|-------------|-------------|----------------------|----------------------|
| Net secondary school enrolment rate (%) | 77.0 (2000) | 78.0 (1999) | 37.0 (2000) | 52.6 (2002) |
| Labour force participation rate (%) | 20.4 (1999) | 11.6 (2000) | 21.3 (2001) | 13.3 (2003) |

Sources: PCBS, 2003a; World Bank: World Development Indicators, at devdata.worldbank.org/dataonline; and ILO: Key Indicators of the Labour Market, 2003.

72. The returns on investment in education – a public investment – are very low if educated women do not exercise their skills in productive activities. The reasons for such low labour force participation rates in spite of high secondary schooling enrolment are partly cultural and partly related to the particular situation of the occupied territories. Total fertility is high among Palestinian women (at an average of 6.1 children per woman), marriage occurs relatively early (a median age of 18 for women and 23 for men) and families tend to be large (6.4 individuals on average). These factors tend to raise the pressures on the care economy, specifically on women, who are the primary providers of care (United Nations, 2002; Kuttab, 2004). The situation of violence and conflict and restrictions on the movement of persons are certainly part of the explanation. The high number of prisoners in Israel (over 6,000 persons, most of whom are male) and persons killed in the conflict, and the destruction of homes by the IDF all place huge additional burdens on women and the care economy.

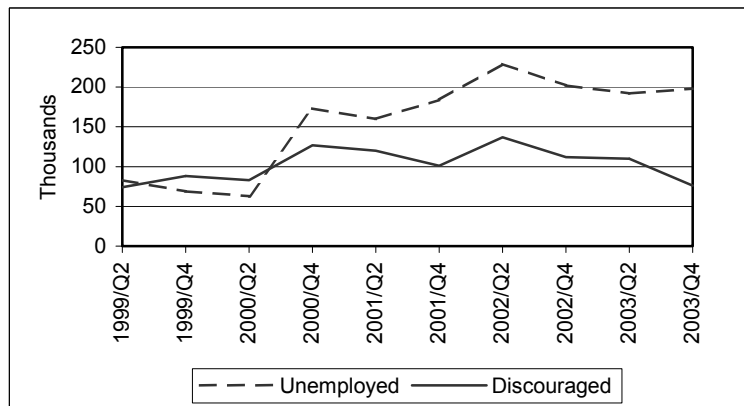
Mild and fragile recovery of employment in 2003

73. The labour market picked up somewhat in the first three quarters of 2003, both in the West Bank and in Gaza, reflecting the higher level of economic activity observed earlier. Overall, employment increased by 21.3 per cent compared to its low level in 2002. Employment both in Israel and in the territories showed a positive trend (table 9). However, the last quarter of 2003 registered a deterioration, pointing again to the fragility of the overall trend.

Table 9. Labour market indicators

| | 2002 | 2003 | | | | 2003 | 2003/2002 |
|--|----------------|-------|-------|-------|-------|----------------|-----------|
| | Annual average | Q1 | Q2 | Q3 | Q4 | Annual average | % change |
| Occupied territories | | | | | | | |
| Population aged 15+ ('000) | 1 856 | 1 920 | 1 945 | 1 979 | 2 006 | 1 962.5 | 5.7 |
| Labour force ('000) | 707 | 745 | 792 | 817 | 815 | 792.25 | 12.1 |
| Employment ('000) | 486 | 518 | 600 | 624 | 617 | 589.75 | 21.3 |
| of which in Israel and settlements ('000) | 50 | 49 | 54 | 67 | 58 | 57 | 14.0 |
| Unemployment ('000) | 221 | 227 | 192 | 193 | 198 | 202.5 | -8.4 |
| Labour force participation rate (%) | 38.1 | 38.8 | 40.7 | 41.3 | 40.6 | 40.4 | 6.0 |
| Employment rate (%) | 26.2 | 27.0 | 30.8 | 31.5 | 30.8 | 30.1 | 14.7 |
| Unemployment rate (%) | 31.3 | 30.5 | 24.2 | 23.6 | 24.3 | 25.6 | -18.3 |
| West Bank | | | | | | | |
| Population aged 15+ ('000) | 1 220 | 1 260 | 1 275 | 1 296 | 1 313 | 1 286 | 5.4 |
| Labour force ('000) | 488 | 500 | 542 | 556 | 555 | 538.25 | 10.3 |
| Employment ('000) | 350 | 343 | 421 | 436 | 440 | 410 | 17.1 |
| of which in Israel and settlements ('000) | 47 | 43 | 50 | 59 | 54 | 51.5 | 9.6 |
| Unemployment ('000) | 138 | 157 | 121 | 120 | 115 | 128.25 | -7.1 |
| Labour force participation rate (%) | 40.0 | 39.7 | 42.5 | 42.9 | 42.3 | 41.9 | 4.6 |
| Employment rate (%) | 28.7 | 27.2 | 33.0 | 33.6 | 33.5 | 31.9 | 11.1 |
| Unemployment rate (%) | 28.3 | 31.4 | 22.3 | 21.6 | 20.7 | 23.8 | -15.8 |
| Gaza Strip | | | | | | | |
| Population aged 15+ ('000) | 636 | 660 | 670 | 683 | 693 | 676.5 | 6.4 |
| Labour force ('000) | 219 | 245 | 250 | 261 | 260 | 254 | 16.0 |
| Employment ('000) | 136 | 175 | 179 | 188 | 177 | 179.75 | 32.2 |
| of which in Israel and settlements ('000) | 3 | 6 | 4 | 8 | 4 | 5.5 | 83.3 |
| Unemployment ('000) | 83 | 70 | 71 | 73 | 83 | 74.25 | -10.5 |
| Labour force participation rate (%) | 34.4 | 37.1 | 37.3 | 38.2 | 37.5 | 37.5 | 9.0 |
| Employment rate (%) | 21.4 | 26.6 | 26.7 | 27.5 | 25.5 | 26.6 | 24.2 |
| Unemployment rate (%) | 38.0 | 28.6 | 28.4 | 28.0 | 31.9 | 29.2 | -23.1 |
| Note: Q1 = first quarter, etc. | | | | | | | |
| Source: PCBS quarterly labour force surveys (data exclude East Jerusalem). | | | | | | | |

74. Data for the last quarter of 2003, the latest data available at the time of writing, show an unemployment rate of 20.7 per cent in the West Bank and 31.9 per cent in Gaza. This is an improvement over 2002. More important than the rate is the high number of both unemployed persons and discouraged workers not in employment, who are available for work but not actively seeking work. Figure 8 charts recent trends in this respect.

Figure 8. Unemployed and discouraged workers

Source: PCBS quarterly labour force surveys (data exclude East Jerusalem).

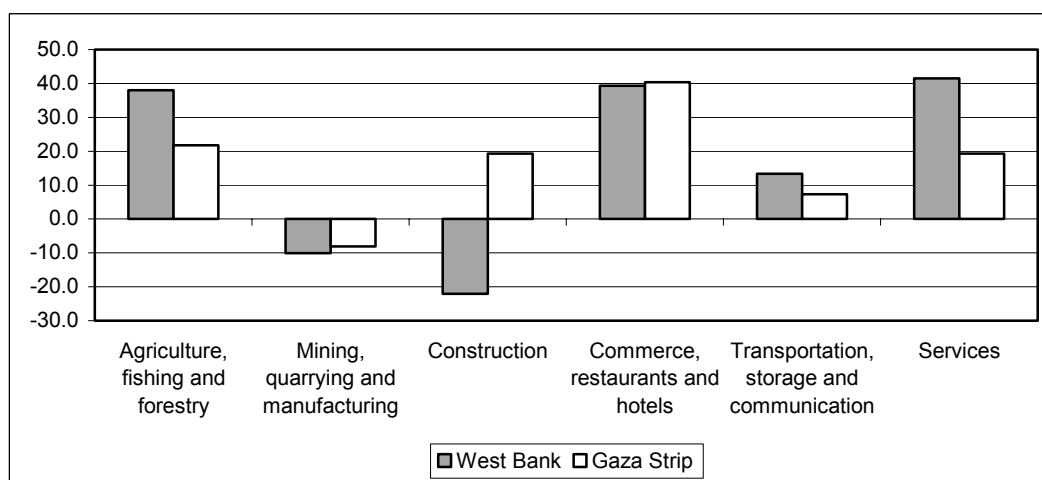
75. The overall trend follows a now familiar pattern shaped by the political developments in the conflict, with a peak in the second quarter of 2002 followed by a decline in the number of unemployed in 2003. Nevertheless, close to 290,000 persons (89 per cent of whom are men) were unemployed, whether according to the ILO definition or unemployed and discouraged from looking for work. This suggests an expanded unemployment rate of 35.3 per cent. This number would be even higher if women confined to their homes by necessity and not by choice were included. There are few historical examples of societies capable of sustaining such a high rate of unemployment of its productive workforce for a long time.

76. The social and economic consequences of such high unemployment cannot be underestimated. It is a disinvestment in economic terms. Socially, it is a source of individual and family stress, fomenting unsocial behaviour. Violence against women and children is often linked to prolonged episodes of male unemployment. Support for political violence also flourishes under such dramatic levels of unemployment. This exacerbates the very tense situation prevailing in the occupied territories.

Declining quality of employment

77. The quality of employment has been declining. Two indicators account for this. Looking at net employment creation by economic activity between 2000 and 2003, it is observed that jobs have been lost in the productive sectors of the economy and gained in the low-productivity sectors (figure 9). The bulk of net job creation over the three years has taken place in services, commerce and agriculture. Conversely, net job losses are registered in manufacturing and in construction (the latter in the West Bank only). This indicates that the economy in the occupied territories has been shifting towards lower-productivity activities generating less value added and hence less income.

Figure 9. Percentage distribution of net variations in employment, 2003/2000



Source: PCBS quarterly labour force surveys (data exclude East Jerusalem).

78. Notwithstanding the low labour force participation rate of women in the occupied territories, it is worth pointing to major differences in the sectoral composition of female and male employment. Table 10 displays the female/male ratios in the percentage distribution of female and male employment by economic activity.

79. The proportion of women relative to total female employment is higher than the male proportion in agriculture and services. Conversely, it is lowest in construction and transport. This indicates that women are concentrated in low-productivity occupations, in particular subsistence agriculture. Women are thus hit particularly hard by the manifold restrictions placed by the IDF on agricultural production (limiting access to water, destruction of land, orchards and olive trees) in both the West Bank and Gaza.

80. The second indicator pointing to declining employment quality is the variation observed in status in employment. Table 11 displays the percentage distribution in 2000 and in 2003 according to status in employment, as well as the net change.

Table 10. Ratio of female to male employment distribution by economic activity, 2002

| | |
|---|------|
| Agriculture, fishing and forestry | 2.5 |
| Mining, quarrying and manufacturing | 0.6 |
| Construction | 0.02 |
| Commerce, restaurants and hotels | 0.31 |
| Transportation, storage and communication | 0.06 |
| Services | 1.7 |

Source: PCBS, 2003a, table 3.10.7 (data exclude East Jerusalem).

Table 11. Status in employment, percentage distribution and net variation, 2003/2000 (percentage)

| | Percentage distribution | | 2003/2000 (in '000s) |
|---------------------|-------------------------|--------------|-------------------------|
| | 2000 | 2003 | |
| Employer | 4.6 | 3.5 | -6.6 |
| Self-employed | 19.6 | 27.9 | 47.5 |
| Wage employee | 66.1 | 57.3 | -55.9 |
| Unpaid family work | 9.7 | 11.3 | 9.0 |
| Total (%) | 100.0 | 100.0 | |
| Total ('000) | 595.8 | 589.8 | -6.0 |

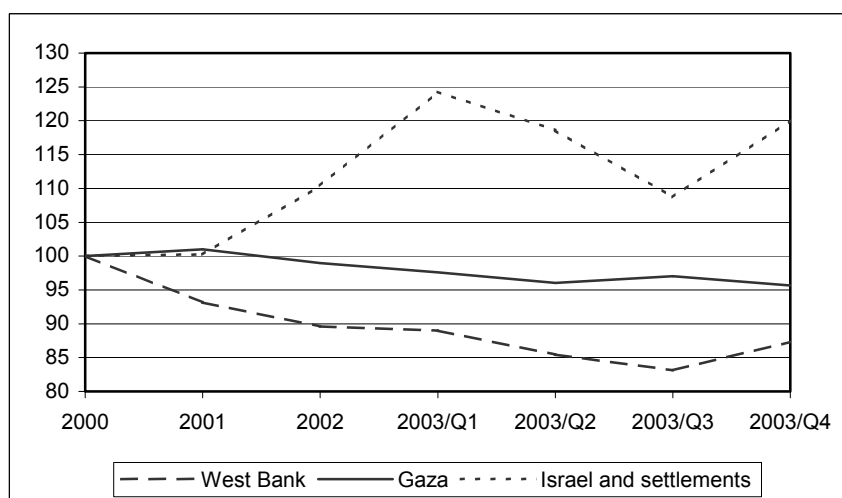
Source: PCBS quarterly labour force surveys (data exclude East Jerusalem).

81. A massive decrease in wage employment is observed, mostly but not exclusively wage employment in Israel, compensated by a considerable increase in self-employment and to a lesser extent in unpaid family work, where women are concentrated. What is observed is a substitution of low-income self-employment for relatively high-wage employment. Some 56,000 wage employment positions were lost and replaced by over 47,500 self-employment positions. It can be safely assumed that self-employment is mostly in subsistence agriculture, petty trade and personal services. The net aggregate change is a decline of 6,000 jobs over the three years.

82. These two indicators unmistakably point to a declining quality of employment: lower and more uncertain income, less protection and fewer rights at work. These massive changes in the composition of employment, by economic activity and by status, can only be explained by the constraints imposed on economic activities in the occupied territories, in particular restrictions on movement. Two additional indicators complete this analysis. Trends in wages are analysed first, followed by trends in productivity.

83. Real wages of Palestinians showed a diverse pattern in the West Bank, in Gaza and in Israel (figure 10). Wages of Palestinian workers in Israel increased by 20 per cent in real terms between 2001 and the end of 2003. The opposite trend is observed for wages in the West Bank with a decline of over 15 per cent by the third quarter of 2003, followed by a mild recovery. A decrease of 6.3 per cent is noted in real wages in Gaza. The drop in real wages is consistent with the overall decline in wage employment and the high unemployment observed earlier. However, the extent of the drop in median wages is less than what could be expected in view of the labour market indicators recalled above. A partial explanation can be found in the data presented in table 12, suggesting that employers and enterprises have deliberately privileged employment over productivity. This is a rare occurrence, grounded in the social and economic reality of the occupied territories.

Figure 10. Trends in real wages, 2000-03



Note: Median daily wages deflated by the consumer price index respectively for West Bank, Gaza and East Jerusalem and indexed to 2000 = 100.

Source: PCBS quarterly labour force survey and consumer price index (data exclude East Jerusalem).

84. More recent data are not available, but the trend depicted is unlikely to have changed in the more recent period. The compensation of employees has dropped more than the number of persons engaged. This can only reflect a deliberate strategy of maintaining employees attached to the enterprise, possibly by working fewer days at the same wage level. This is a highly socially responsible attitude that has helped to cushion the effects of the economic crisis. Second, value added has declined more than total output, suggesting a lower level of intermediate consumption and hence a lower quality of output. Again, considering the context of the occupied territories, this seems a rational strategy of adaptation to circumstances in which transport is constrained. Third, investment has all but collapsed, with a decline of over 70 per cent. This is indicative of the existing constraints on enterprises, but also of the level of confidence in the future. A low level of investment is in fact a low level of investor confidence in the future. Finally, and perhaps most importantly, productivity or value added per employee has dropped by close to 50 per cent. Although in the short term this has helped to maintain jobs, albeit at lower productivity levels, it is not sustainable in the long run. In fact, declining productivity and lower investment are a recipe for stagnation, which is precisely the situation enterprises in the occupied territories now find themselves in.

Table 12. Indicators of industrial activity, 2002
(index numbers based on 2000 = 100)

| | |
|-------------------------------|------|
| Number of enterprises | 95.5 |
| Number of persons engaged | 90.2 |
| Compensation of employees | 60.5 |
| Output | 60.5 |
| Value added | 46.6 |
| Gross fixed capital formation | 29.3 |
| Value added per wage employee | 52.8 |

Source: PCBS, 2003a, tables 3.15.1 and 3.15.2.

Localization and globalization

85. “Our production has been localized”, a representative of the Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA) pointed out to the ILO mission. In other words, enterprises have switched to servicing local markets and consumers, relying mostly on local inputs. This adaptation strategy is a response to the restrictions imposed on enterprise activity, be it movement of persons, transport of goods or investment. It is a strategy of economic contraction and survival in particularly adverse circumstances. The above indicators fully attest to this reality.

86. It is striking to hear this statement at a time when the entire world is concerned about globalization and opening of trade and economies as a means to accelerate economic growth. The occupied territories are in a particular context in which localization rather than globalization seems the rational option, for the time being.

87. However, at the same time representatives of the Palestine General Federation of Trade Unions (PGFTU) informed the ILO mission that their priority concern was unemployment (PGFTU, 2004a). In Nablus, for instance, a number of textile and garment enterprises had recently closed and workers been made redundant because the mainly Israeli contractors had switched their operations to Jordan, where wages are lower than in the occupied territories. This is a familiar story, as outsourcing is increasingly common in the global economy. Relative wages, but also relative unit wage costs, are a main driver in the geographical shift of productive activities. However, two observations are in order which indicate that this situation is somewhat different from that in other countries. First, it is not clear whether wage costs were the only motive in the relocation of these enterprises to Jordan, or whether total transaction costs, including additional costs incurred directly and indirectly by enterprises as a result of military occupation, were the real motivation. This would be particularly true in the city of Nablus, which has been confined by strict curfews and military incursions for a long time. Second, even if wage costs were the genuine cause, consistent with other observations on relative wages in the occupied territories, it is obvious that the policies used in other countries to counter outsourcing or to cushion its effects and encourage the development of new activities are very difficult, if not impossible, to implement in the context of military occupation and severe restrictions on movement.

88. Palestinian Authority officials who met with the ILO mission are very much aware of these trends, and are examining options to discourage and/or compensate for such developments.

Rising incidence of poverty

89. Economic contraction leading to lower employment levels, deteriorating employment quality and irregular wages and income explains the rise in the share and the numbers of Palestinians in poverty (table 13). In mid-2003 it is estimated that 62 per cent of the population in the occupied territories (excluding East Jerusalem) lived below a poverty line equivalent to US\$3.6 per day per person. This amounts to 2.4 million persons in mid-2003. The incidence of poverty is estimated at 52 per cent in the West Bank and at 83 per cent in Gaza.

Table 13. Poverty in the occupied territories

| | 1998 | | | 2003 | | |
|-------------------------------------|----------------------|-----------|---------|----------------------|-----------|-----------|
| | Occupied territories | West Bank | Gaza | Occupied territories | West Bank | Gaza |
| Poverty incidence (% of population) | 20.3 | 14.5 | 33.0 | 62.3 | 51.8 | 83.4 |
| Population in poverty | 625 709 | 274 812 | 350 897 | 2 369 259 | 1 226 391 | 1 142 868 |

Note: Based on a poverty line of US\$3.6 expenditure per day for a household of two adults and two children.
Sources: PCBS, 2003a, table 3.8.8; PCBS, 2003b.

90. Female-headed households display an incidence of poverty 1.3 times higher than households headed by men (PCBS, 2003a, 1998 data). Community and family disapproval of women's work in the absence of a male breadwinner are a major obstacle in the way of women seeking wage employment.

91. Households resort to a variety of strategies to cope with the sharp fall in income, including reduced expenditure and consumption, postponing payment of bills, credit, family support, subsistence activities and other measures (PCBS, 2003b). Coping strategies of households in situations of poverty tend to fall disproportionately on women and to restrict women's options.

92. At a time when the international community is set on halving the incidence of poverty by 2015, in the occupied territories poverty has tripled in percentage points in the space of five years. In 1999 the Palestinian population had an average GNI per capita equivalent to that of a middle-income country. Today it is a lower-middle-income country with a massive poverty problem.

93. It is clear from the above data and indicators that the employment crisis is at the source of the poverty crisis, and that the employment crisis is a result of the occupation and manifold restrictions on economic activity and movement.

Employment and emergency job creation

94. Donor assistance to the occupied territories has increased sharply since 2000, and much of it has been directed to emergency assistance. A part of emergency assistance has been channelled into employment projects, often in the form of infrastructure investments to repair roads and other assets destroyed by the IDF in its repeated incursions in the occupied territories. Some roads have in fact been repaired and rebuilt several times over the last two years. Together with the ILO, the World Bank has evaluated the costs and benefits of the job creation programmes. A national strategy for job creation was elaborated by the Ministry of Planning and International Cooperation on the basis of a World Bank/ILO study (World Bank/ILO, 2003). Between September 2000 and January 2002, donors disbursed US\$105 million, leading to the creation of some 8,000 full-year-equivalent jobs at a cost of approximately US\$13,000 per job (World Bank, 2003b). The total employment generated is only a small fraction (5.6 per cent) of the jobs lost to the crisis during that same period (third quarter of 2000 to last quarter of 2001). Food aid programmes prove to be much more cost efficient in delivering benefits to beneficiaries than job creation programmes, owing to the high cost of intermediary inputs in the latter. However, employment generation corresponds to a

major need identified by the Palestinians. In addition, employment rather than food aid is often a preferred method of assistance. Clearly, employment programmes need to be continued as far as possible. The employment content of such programmes needs to be improved and various alternative strategies for employment generation, in addition to infrastructure investment, need to be examined. At the same time, it is clear that donor assistance and employment programmes in particular can only partially alleviate the crisis caused by military occupation.

IV. Social governance for a state-in-the-making

95. One of the primary tools at the disposal of any government operating under the rule of law is a legitimate and functional legal system. Much of what the mission has learnt this year, however, has led it to doubt the extent to which the normal rule of law operates in the current environment; and the rule of law is by all means a prerequisite for realization of the social justice, which in turn forms the basis for lasting peace, and more decent work. The deficit is evident on many levels, not least in the practical difficulties reported by the Palestinian Ministry of Labour in applying labour laws and upholding workers' rights. But to observe as much is at least to recognize certain points for further attention which might yield appreciable leverage.

96. At the international level, the Director-General's previous reports have referred to the legal context set, in particular, by the Hague Convention of 1907 (respecting the laws and customs of war on land) and the Fourth Geneva Convention of 1949 (concerning the protection of civilian persons in time of war), of which Israel is a co-signatory. As far as social and labour matters are concerned, the obligations on all member States under the Constitution of the ILO, including the Declaration of Philadelphia, are complemented by the 1998 ILO Declaration on Fundamental Principles and Rights at Work, which similarly formulates the obligations of all member States in relation to (a) freedom of association and the effective recognition of the right to collective bargaining; (b) the elimination of all forms of forced or compulsory labour; (c) the effective abolition of child labour; and (d) the elimination of discrimination in respect of employment and occupation.

Rights at work

97. The 1998 Declaration is particularly relevant to the present situation, in that its provisions are not conditional on ratification of particular Conventions. In other words, the Declaration has underscored the importance for all working men and women, in international and domestic law, of the fundamental principles and rights at work, as well as the obligation of all member States of the ILO to promote and realize those principles and rights in good faith. While the strategies and circumstances in which each member State must pursue that obligation may vary, at the very least good faith efforts should be made not to take actions and pursue policies which run counter to those principles and rights. In this light, the mission has come to certain conclusions aimed at broadening and strengthening Palestinian national and international dialogue and cooperation, with a view to the promotion of a realistic programme addressing substantive social protection as well as employment issues. The mission considered that measures of this kind might have a positive impact on the quality of national governance and democratization, while demonstrating the adherence of the Palestinian Authority to internationally recognized principles, rights and standards in the economic and social spheres.

98. Legal uncertainties within the occupied territories reflect the precarious nature of the geographical and political environment, including – as repeatedly indicated to the mission – the daily incursions by Israeli forces, targeted killings and measures of destabilization. The mission repeatedly heard reports of large-scale destruction of factories and workshops, bulldozing of agricultural land and curtailment of fishing rights in the territories, with the consequence that men and women have lost their livelihoods in the relatively formal sectors of the economy, unemployment is very high, and reliance has to be placed on informal activities and strategies for mere survival – women being disproportionately represented at this informal end of the economy. In these circumstances, there are no guarantees of even minimum conditions of decent work or the application of any labour legislation.

99. Thus, although a single Labour Code was promulgated by President Arafat in May 2001 to replace provisions derived from various historical and contemporary sources, the draft law on trade union organization and much of the subordinate legislation to implement the Code have not yet been adopted. The mission also heard evidence that labour court decisions (relating, for example, to dismissals or wages) are slow in coming and are not respected. Just as the Palestinian Authority faces insurmountable obstacles to the exercise of sovereignty in the occupied territories, judicial authorities seem quite inadequately equipped to exercise their jurisdiction to resolve labour-related disputes.

100. The mission was frequently impressed by the enthusiasm and competence with which officials of the Palestinian Authority and employers' and workers' organizations and representatives of non-governmental organizations (NGOs) addressed the seemingly intractable problems before them. At least two important examples can be given. The Ministry of Women's Affairs has existed only a few months, with minimal resources, having succeeded a sub-unit of the Ministry of Planning and being designed to reinforce an otherwise relatively weak strategy of gender mainstreaming which up to then had been decentralized with focal points in different ministries. There is clearly overt discrimination against women in terms of, for example, wages (on average only two-thirds of men's) and social security benefits (including maternity protection), as well as unequal barriers for women entrepreneurs in terms of property and inheritance rights, access to credit, penal liability and the availability of childcare facilities. On the other hand, the Ministry officials and NGO representatives whom the mission met are keenly aware of the issues and the need to increase the involvement of men in promoting gender equality. The mission noted that ILO standards relating to equal remuneration, non-discrimination in employment and occupation, maternity protection and workers with family responsibilities⁶ are central points of reference for future strategy. It will be important in future to ensure that the Ministry of Women's Affairs does not rely only on donor resources.

101. Another example is the Ministry of Local Government. Officials spoke to the mission of the importance of local government units (LGUs) at a time when the capacity of the central Palestinian Authority to govern has been severely weakened under an occupation in which international law is not respected (for example, as noted above, with regard to the 1907 Hague Convention and the Fourth Geneva Convention of 1949). Revenue starvation of LGUs has worsened with the destruction of businesses and the

⁶ In addition to the ILO Declaration on Fundamental Principles and Rights at Work, see the Equal Remuneration Convention, 1951 (No. 100), and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111). Other standards relating to social security, maternity protection and family responsibilities are also highly relevant.

construction of the separation Wall – and yet, in varying degrees, LGUs have continued to ensure the supply of certain utilities (such as water and sewerage), to some extent with donor assistance, in addition to some education and health services. The Ministry's role of supervising and assisting LGUs remains, as preparations for year-end local elections continue. The mission found encouragement in the manner in which central and local officials have, in appallingly difficult conditions, continued to function and assure a minimum of governance in the occupied territories. Particularly in terms of work opportunities for women and men suffering increasingly through the imposed restrictions on movement and security measures, the Ministry and LGUs provide vital links between central government and policy in Ramallah and the struggle for decent conditions of life and work on the ground.

102. The mission learned with interest of the steps taken by the Palestinian Ministry of Labour to address issues of governance and labour law, especially in a context of cooperation with the social partners. For example, this has taken the form of preparing subsidiary legislation to implement the 2001 Labour Code and finalizing the text of a social security law, while at the same time providing training for lawyers and judges in cooperation with neighbouring Arab States. In particular, tripartite consultations just two weeks before the mission led to a recommendation to the Cabinet of Ministers in favour of endorsement in the framework of the Arab Labour Organization of labour standards relating to collective bargaining, child labour and labour inspection. Further tripartite cooperation was envisaged in relation to social security arrangements and the technical cooperation fund. Such measures follow along the lines of the reforms contemplated in phase I of the Road Map.

103. As regards the impact of closure and the Wall on worker mobility, and more generally the variable impact of the occupation as it has further evolved in the last 12 months on labour and employment rights, the mission saw and was informed of many situations in which Palestinian women and men are prevented from earning a living and obtaining decent conditions at home and at work, through loss of their right to work. For many men and women, going to and returning home from work – whether in Israel or simply from one district of the territories to another – involves submission to daily humiliation and personal risk at checkpoints. Palestinians liken the situation to apartheid. Nor should the particular harm to which women are exposed be underestimated, both in terms of hardship and indignity suffered at checkpoints and in the sense that their role as breadwinners as well as home-makers has become increasingly hard to play at a time when, because of the enforced absence of male family members, even small-scale or subsistence agricultural activities are rendered nearly impossible by the advent of the Wall and resulting deprivation of land, light and water. The mission also learned of widespread soil pollution of former agricultural land, rendering it infertile.

104. In these circumstances, there is no free choice of employment, to the point where the question of fundamental rights in this area cannot be ignored. Whole towns such as Nablus and Qalqiliya are described as being in a state of siege, closed so as to resemble "huge prisons" imposed as a collective punishment; and, as often stated to the mission, for remaining activities in the industrial zones, conditions of work are fixed unilaterally and without any reference to national or international labour standards, and work takes place under armed surveillance. Neither are children of any age exempt from the adverse consequences of construction of the Wall, and the mission obtained ample evidence of their being prevented from attending school in the normal way. It is obvious that all of these phenomena have serious implications for future economic as well as human development. At the same time, it is to be hoped that they might evoke the possibility of

counter-strategies for decent work exemplified in international labour standards: especially those relating to employment policy, human resources development, non-discrimination and child labour. These are matters which should normally be the subject of dialogue between the respective ministries of labour of Palestine and Israel: the Palestinian Minister made it clear to the mission that his administration cannot even monitor workers' conditions and rights when the Israeli authorities grant permits to work in Israel directly to workers without involving his Ministry.

The Palestinian social partners

105. The ILO has at its disposal certain comparative advantages which can contribute to the construction of national polity and improve governance in the labour and social sphere and beyond. In the light of the Organization's experience in the setting and supervision of international labour standards, and in the promotion of social dialogue, the mission looked carefully at developments regarding the social partners as well as governmental institutions in the occupied territories.

106. As far as employers are concerned, the FPCCIA in East Jerusalem referred to the 2001 closure by the Israeli authorities of the Chambers' offices, and their present constriction in much smaller premises, as a violation of the Fourth Geneva Convention. Like their counterparts in Gaza (with whom they have not been able to meet since 1999), they have experienced what they describe as harassment in the form of delays and the withholding of work permits and import and export licences, in addition to frequent detailed inspection of goods, including perishables, often leading to damage and loss. In relation to the Gaza Strip, in particular, the mission was told of discriminatory and racist behaviour by Israeli authorities at Ashdod port, where activities of Israeli enterprises received far more favourable treatment than those of Palestinians.

107. PGFTU representatives in both Gaza City and Nablus also reported interference from the Israeli authorities which had prevented them from holding their congress planned for October 2003: all preparations having been made, travel of Palestinian union delegates and of observers from international organizations, including the ILO, was prohibited. This, along with other obstacles to communication and movement (even within the West Bank or the Gaza Strip), has prevented normal internal communications and debate within the PGFTU, and more generally the exercise of freedom of association and the right to organize; it has meant the postponement of internal democratization of the PGFTU through the holding of elections. In Nablus, the mission was told of further harassment and intimidation by the Israeli authorities in the form of a raid into the home of the General Secretary in the early hours of 25 March and his detention at gunpoint for several hours; and it was apparent that the PGFTU premises too were subject to random gunfire.⁷

108. Given such manifestly oppressive conditions, in which the integrity of social partner organizations in Palestine has not been respected, it is important to observe that both trade unions and chambers of commerce in Palestine have nevertheless continued to operate. In both cases, the mission was informed of the position of women affiliates: their membership rate seems to be lower even than their 11 per cent share of the

⁷ The mission was especially struck by the tense and unsafe environment in Nablus, following the shooting to death of a 6-year-old boy in his own home a few days earlier. The situation was similarly tense in Gaza, following the "targeted killing" of Sheikh Yassin on 22 March and preceding that of Abdel-Aziz al-Rantissi on 17 April 2004.

workforce, but there are some signs of spontaneous action to address this weakness, such as the creation of women's departments in the PGFTU and the emergence of some support associations for businesswomen. The mission took special note of the information provided as to new draft legislation concerning the organization of both workers' and employers' organizations. Whilst the process of drafting the text and the manner in which the views of both the Chambers of Commerce and the PGFTU might have been sought and taken into account were not entirely clear, it appeared that the matter was now before the Palestinian Legislative Council. On review of the text, which would apply to both employers' and workers' organizations, it seems evident that there are a number of provisions which require further consideration and clarification, in the light of ILO principles of freedom of association; and the mission reached a conclusion as to possible steps which might therefore be taken to address those issues.

The Israeli social partners

109. The mission's meetings with the Israeli employers' and workers' organizations confirmed a certain convergence of interest with their Palestinian counterparts. For Israeli employers, the advantages of collective bargaining, notably at plant level, are manifest, and they indicate that there is no discrimination among workers on the basis of their religion, race or origin. Figures provided for economic and employment growth during the post-Oslo period up to 2000 are contrasted with more recent stagnation, for example in the construction sector, where labour demand cannot be met in the absence of Palestinian workers. In other sectors, including in the industrial zones, businesses suffer from the instability of the situation in addition to the reduced productivity and reliability of a workforce which, through no fault of its own, arrives late and exhausted owing to the ordeal of passing through checkpoints. Israeli employers believe that the Wall saves lives, promoting security and thereby local recovery; but the desired joint ventures with Palestinian enterprises are much harder to nurture. It has seemed clear to the mission that all kinds of barriers to free movement of people, goods, services and capital and all forms of discrimination affecting employment and occupation prevent optimum economic development for both Israelis and Palestinians; and the mission has wished to draw attention to this again in its conclusions.

110. The Israeli trade union federation Histadrut has also stressed the economic cost of the intifada and the daily harassment of Palestinian workers at checkpoints. A 1997 Cooperation Agreement between the Histadrut and the PGFTU, following a 1995 Framework Agreement, proceeded from a belief that the Histadrut should assist Palestinian workers, who are living in a "state-in-the-making", as an act of solidarity and support. The 1997 Agreement providing for legal assistance in proceedings to protect workers from the areas under the Palestinian Authority working in Israel in order to defend their workplace rights is now very hard to implement, owing to the virtual impossibility of Palestinians travelling in Israel to assert their rights. The programme is therefore much reduced at present and takes the form largely of telephone contacts only. Joint seminars and workshops took place up to the intifada, focusing on worker rights, health and safety, the status of women and labour law, some with the cooperation of the ILO and other foreign trade unions. The ILO attaches strong value to this kind of cooperation, which assists in the renewal of institution-building among the social partners in the Palestinian state-in-the-making.

Employment policy rights

111. Whilst unemployment has soared and productivity plummeted under conditions of closure, it is practically impossible for the Palestinian Authority to design or pursue any coherent policy for full, productive and freely chosen employment along the lines of the Employment Policy Convention, 1964 (No. 122), to which the Director-General's report referred in 2001. The devastating effects of closure on medium- and long-term development should not be underestimated – in the way it divides family units, forces women, in the absence of male family members, to eke out a meagre living while at the same time raising children, and restricts children's pursuit of their education, thus increasing the tendency to idleness and the risk of inappropriate and hazardous child labour.

112. As regards the working environment in and around the industrial zones, and in particular at Erez, where the mission has had experience this year and in the past, the mission has of course been aware of events and incidents before and after this year's visit which no doubt explain the imposition of a number of security measures. The mission understands the feeling and reasoning behind such measures. At the same time, it is evident that numerous dangers, injuries and indignities are suffered routinely and with astonishing fortitude by women and men whose only desire and need is to work in order to provide some sort of living for their families; that the sense of injustice and abject powerlessness which this perpetuates is in turn perverted so as to express itself in aggravation of the cycle of violence and counter-violence; and that the economic and personal security of both Israelis and Palestinians can improve only if progress is made towards normalization of economic activity and relations. In these circumstances, the mission would like to think that there might be sufficient good will on all sides to devise steps to ease and re-humanize people's access to employment and enjoyment of the right to work, thus defusing the almost palpable tensions now prevailing; and it suggests means of addressing this acute situation in a way which it believes might be based on principles of cooperation and consensual governance.

V. Ongoing ILO technical cooperation programme

113. The ILO's programme of technical cooperation for the occupied Arab territories is centred around strengthening the capacity of employers' and workers' organizations and the Ministry of Labour, promoting social dialogue as a requirement for peace, and developing the Palestinian Fund for Employment and Social Protection ("the Fund", now formally established by decree of the Palestinian Authority) as a future umbrella for the coordination of all financial and technical assistance for employment creation in the West Bank and Gaza.

114. The Fund is characterized by its dual function: first, it provides a strategic framework for mobilizing resources to improve the social conditions of the Palestinian people suffering both occupation and diminishing welfare. Second, the Fund serves as a tool for the consolidation of all activities undertaken to generate employment and provide social protection – from technical advice and capacity building to direct financial assistance. This consolidation is important, as fragmentation of limited resources would be inefficient and unnecessarily costly to the Palestinian Authority. To optimize its effect in combating unemployment in the West Bank and Gaza, the Fund should also be able to assist in ensuring maximum employment intensity of other development projects which may not have employment as their central concern. In

addressing the most pressing social protection needs, its social protection component should take full advantage of the ILO's policy development and related social financing expertise.

115. In February 2004, the remaining US\$800,000 of an approved US\$1 million allocation by the ILO to the Fund was cleared for utilization. Part of the allocation is earmarked for the establishment of the Fund's secretariat, whilst the remainder is intended as seed money for technical cooperation and other activities, for which proposals are to be submitted by concerned units of the Fund in collaboration with its tripartite Board of Directors (which has now been formed). In addition to institutional development, these proposals are to focus on the three core programmes operated by the Fund, namely: (i) Community Infrastructure Development; (ii) Enterprise Development; and (iii) Human Resource Development. The by-laws of the Fund are currently being reviewed by the Board of Directors; completion of this process will allow the Board to initiate projects and mobilize further resources.

116. There has been some evidence of donor fatigue in the occupied Arab territories, and the need arises for assisting the Palestinians in mobilizing resources. To this end, the ILO has helped establish an Arab fund-raising committee, comprising the Minister of Social Affairs and Labour of Oman, the Director-General of the Arab Labour Organization, the employers' representative of Saudi Arabia and the workers' representative of Tunisia. In addition, some consolidation of projects targeting social protection and employment generation may be required. The concerned parties are considering how the Fund can assist existing donor commitments in the West Bank and Gaza in generating employment, and serve as the overarching framework for channelling resources – both financial and technical – for employment and social protection issues.

117. New and imminent technical cooperation activities within the framework of the Fund include the establishment of a Vocational Training Centre in Ramallah, with a US\$500,000 grant from Saudi Arabia; a project to help the Palestinian Authority design and implement a social security system for private sector workers; and the provision of legal aid to secure the rights of Palestinian workers in Israel.

118. Future priority areas are being identified with the Palestinian Authority. The critical need for reform of vocational education and training has already been recognized. Educational curricula should be standardized and skills provision must be more market-oriented and demand-driven. There is also a need to ensure more equal access for women and men to vocational and technical training, as at present only two out of 14 existing vocational training centres are for women. For young women in particular, it is important to move away from emphasis on traditional home-making skills and provide demand-oriented training that is also linked to apprenticeship programmes.

119. Additional efforts include continuation of ILO support to build the capacity of the Ministry of Labour through the Employment Task Force and the strengthening of the Labour Market Information System, as well as the establishment in Hebron with extra-budgetary funding (from the United Arab Emirates) of the Sheikha Fatima Vocational Rehabilitation Centre for People with Disabilities and Youth with Special Needs. The centre is scheduled to become operational in the second half of 2004.

120. The ILO is also continuing its support for Palestinian employers' and workers' organizations. A second phase of support for the Small Business Advocacy, Training and Service Unit (SBAT) that was established in the FPCCIA is now under way. In addition, a workers' education project is establishing a computer training centre at the PGFTU, whilst funding has now been assured for a project to provide assistance to Palestinian

trade unions, following a needs assessment mission to the occupied Arab territories by the ILO's Bureau for Workers' Activities in coordination with the Regional Office for the Arab States in Beirut in July-August 2003.

121. As a matter of routine, the ILO's employers' and workers' relations specialists should continue to provide what assistance they can to both Israeli and Palestinian organizations, especially with a view to supporting action on the various conclusions now put forward by the mission. In addition, if the Palestinian Authority takes steps to bring national provisions and practice into closer conformity with international labour standards, principles and rights, the Office will be willing to provide technical assistance concerning both the procedures and the substance of the instruments concerned. The mission encourages the relevant Palestinian national bodies to pursue this approach with the ILO. It also recalls that the ILO's Regional Office for Europe and Central Asia and technical advisory services are at the disposal of the Israeli constituents for whatever information or guidance they might find necessary, especially in the field of standards, principles and rights.

122. Lastly, in order to be able to conduct this badly needed programme of technical assistance to the Palestinian people, it is imperative that international professional staff of the ILO are duly accorded access to Israel and the occupied Arab territories upon request and without discrimination.

Final remarks

123. This report clearly demonstrates the extent and the impact of restrictions on the mobility of persons, goods and services within the Gaza Strip and the West Bank, as well as between the occupied Arab territories, Israel and the global economy. Certainly, the removal of these restrictions is a necessary condition for the application of fundamental principles and rights at work as well as to *unlock the productive potential* in the occupied territories. Freedom of movement of workers and goods within the territories as a means to promote investment and employment features prominently in the "Plan for Creating Sources of Employment for the Palestinian Population" of December 2003, presented to the mission by the Israeli Coordinator of Government Activities in the Territories (COGAT). It is the ILO's strong belief that future progress has to be built upon an open society in an open economy.

Conclusions

124. The mission's interlocutors agreed that development strategies for the Palestinian economy have to focus on *rebuilding the internal labour market*. As this will take time, a complementary strategy for Palestinian work in Israel and in other countries is necessary. The Minister of Labour of the Palestinian Authority is particularly interested in exploring employment opportunities in Arab and other countries. The mission raised this issue with the League of Arab States. Israeli employers reiterated what they told the mission two years ago: "Palestinian workers are qualified, skilled and responsible" and, provided that security requirements are met, more Palestinian labour in Israel is welcome.

125. Rebuilding the Palestinian labour market means *developing production and markets for exportable goods and services*. While there is certainly a comparative advantage in exportable agricultural and other labour-intensive production, in its meetings with Palestinian Ministers the mission found full agreement to develop strategies to promote higher value added technology production and services. Vocational

training and higher education systems should be reformed in order to strengthen capacities in science and technology.

126. Development strategies should aim to *realize the full productive capacity of women*, given their high educational qualifications. The mission concurs with the observations of the Minister of Labour that an agenda of national rights, workers' rights and social justice can best be achieved with women's full and equal participation.

127. *Establishing the Palestinian Fund for Employment and Social Protection is a major contribution to strategy development*, as it provides a platform for coordinated policies, financing and implementation between Palestinian actors, international agencies and civil society partners.

128. The mission was encouraged to learn that discussions are under way on various possibilities of *increased cooperation with the League of Arab States* and related bodies, in respect of the occupied Arab territories. Further discussion is to take place at the regional level on the possibilities of wider dissemination of the Director-General's report through the League, and of increased collaboration to take account of its findings. The League will examine whether various Arab institutions can provide increased assistance, for instance to the Fund, in order to improve the situation of Palestinian workers and employers.

129. After discussion with the Minister of Labour in particular, the mission has concluded that the time is now ripe to suggest that the Palestinian Authority might envisage making use of various channels provided by the ILO in order to *increase dialogue and understanding on all sides of the principles, rights and standards* related to workers of the occupied territories and the prevailing factual situation.

130. The Palestinian Authority might further wish, after similar national consultations and in cooperation with the ILO, to *review the body of up-to-date Conventions most closely related to decent work in Palestine*, and consider the possibility of making a declaration of acceptance of the terms of the priority Conventions. Such consideration should begin with the eight fundamental standards, but might also include leading instruments relating, for instance, to employment policy, tripartite consultations and occupational safety and health. The Authority would then be in a position, on a voluntary basis, to compile reports on the application of those Conventions and on priorities for implementation, and transmit them to the International Labour Office for examination in the framework of the regular supervisory processes. National organizations of employers and workers would of course also be encouraged to submit their views on those matters.

Recommendations

131. Reform of vocational training and higher education in order to strengthen science and technology and the linkages with economic development and the labour market is a priority. *Employment strategy development*, making use of the ILO's expertise in advising vocational training and enterprise creation, should form part of the ILO's technical cooperation.

132. As suggested by the Minister of Women's Affairs, an interministerial working group on women and employment policies should be set up with the participation of the Ministry of Labour, the Ministry of Women's Affairs and other related ministries, research institutions, employers' and workers' organizations and other relevant civil society representatives in order to *develop a national women's employment strategy* that would be integrated into the overall employment strategy. In addition, gender

mainstreaming in Palestinian workers' and employers' organizations is needed to strengthen women's representation and voice. The mission recommends that the Palestinian Authority consider as a first step *transmitting a voluntary report* to the ILO in the framework of the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up. The Office should make its technical advisory services available to provide information on the provisions of the leading Conventions mentioned above and on the related procedures. The mission suggests that the *Ministry of Women's Affairs be involved* in a suitable manner in the national consultative processes concerning standards and rights.

133. The mission recommends *examination of the current draft legislation relating to employers' and workers' organizations* in greater detail in the light of the principles of freedom of association, both in a national tripartite context and with the assistance of the ILO. In the process of further helping to build the state-in-the-making, the ILO would be ready to provide any technical assistance that can facilitate and support efforts by both parties to promote interests of mutual concern, and it will also continue to cooperate with international employers' and workers' organizations to this end.

134. The mission recommends that the ILO continue to explore all options to facilitate a *dialogue* between the two parties, including with the ministries of labour and employers' and workers' organizations of both sides. One area for such dialogue should be *the conditions of Palestinian workers' entry into Israel at Erez and into industrial zones*.

135. Various steps have been taken towards the establishment of the Palestinian Fund for Employment and Social Protection. While the ILO should continue to provide overall technical support to the Fund, it is of utmost importance that there be a *clear sense of national ownership* in managing the Fund and mobilizing resources. The Fund should become an instrument to further define and support employment policies and strategies, and facilitate coordination between Palestinian institutions and the donor community in these areas.

References

- Americans for Peace Now. 2004. "Peace Now releases report on state of the settlement outposts for 2003". Press release, 18 Feb., at: www.peacenow.org .
- . 2003. "Equivalent of over half of US economic aid to Israel spent on settlement movement, according to new Peace Now study". Press release, 23 Jan., at: www.peacenow.org .
- Bank of Israel. 2003a. *Recent Economic Developments, No. 104, Second half of 2003*, at: www.bankisrael.gov.il .
- . 2003b. *Annual Report 2003. The economy: Developments and policies*.
- Central Bureau of Statistics. 2003. *Statistical Abstract of Israel 2003*, at: www.cbs.gov.il .
- . 2004. *Monthly Bulletin of Statistics*, at: www.cbs.gov.il .
- Coordinator of Government activities in the Territories (COGAT). 2004. *Presentation to the ILO Committee*. Mar.
- Financial Times*. 2003. "Empty coffers", by H. Morris and S. Devi. 25 Nov.
- The Guardian*. 2003. "Bitter harvest in West Bank's olive groves", by C. McGreal. 14 Nov.
- Haaretz*. 2004a. "11 Jewish families move into Jerusalem neighborhood of Silwan", by N. Shragai. 1 Apr.
- . 2004b. "Bank of Israel says intifada costs NIS 31 billion", by M. Bassok. 31 Mar.
- Humanitarian and Emergency Policy Group (HEPG)/Local Aid Coordination Committee (LACC). 2003. *The impact of Israel's separation barrier on affected West Bank communities*. Update No. 3, 30 Nov.
- ILO. 2003. *Report of the Director-General. Appendix: Report on the situation of workers of the occupied Arab territories*. International Labour Conference, 91st Session.
- International Monetary Fund (IMF). 2003. *Israel: Article IV Consultation Discussions – Preliminary conclusions and recommendations*. 15 Dec., at: www.imf.org .
- Kuttab, Eileen. 2004. *Palestinian women: Situation analysis 1990-2003*. Report commissioned by the United Nations Economic and Social Commission for Western Asia (ESCWA).
- Local Aid Coordination Committee (LACC). 2004. *LACC Monitoring Reports Compendium, 1 Feb. – 15 Mar.*
- Manufacturers' Association of Israel, Economic Division. 2004. *The Israeli economy*. Presentation to the ILO mission.

- Palestine General Federation of Trade Unions (PGFTU). 2004a. *Losses of Palestinian economy (28/9/2000 – 28/2/2004)*.
- . 2004b. *Sufferings of Palestinian workers*, 2004.
- Palestinian Central Bureau of Statistics (PCBS). 2003a. *Statistical Abstract of Palestine*, No. 4, at: www.pcbs.org .
- . 2003b. *Impact of the Israeli measures on the economic conditions of Palestinian households (6th round: July-Aug. 2003)*. Press conference on the survey results. Oct., at: www.pcbs.org .
- . 2003-04a. *Survey on the perception of Palestinian population towards the socioeconomic conditions*. Aug. and Dec. 2003 and Mar. 2004, at: www.pcbs.org .
- . 2003-04b. *Survey on the perception of the owners/managers of the economic establishments towards the economic conditions*. Sep. and Dec. 2003 and Mar. 2004, at: www.pcbs.org .
- United Nations. 2004a. *Press conference by Middle East Quartet (Russian Federation, United States, European Union, United Nations), New York, 4 May 2004*. Press Release SG/SM/9292.
- . 2004b. *International meeting on impact of wall built by Israel in occupied Palestinian territory concludes two-day session*. Press Release GA/PAL/953. 16 Apr.
- . 2004c. *Attempts by Israelis, Palestinians to achieve goals through measures that injure the other “bound to fail”, says Secretary-General to Geneva meeting*. Press Release SG/SM/9257, GA/PAL/949, 15 Apr.
- . 2003a. *Report of the Special Rapporteur of the Commission on Human Rights, Mr. John Dugard, on the situation of human rights in the Palestinian territories occupied by Israel since 1967, submitted in accordance with Commission resolution 1993/2 A*. Commission on Human Rights, 60th Session, document E/CN.4/2004/6. 8 Sep.
- . 2003b. Security Council document S/2203/529. 7 May. Annex: “A performance-based road map to a permanent two-State solution to the Israeli-Palestinian conflict”.
- . 2002. *Situation of and assistance to Palestinian women: Report of the Secretary-General*. Commission on the Status of Women, 47th Session, document E/CN.6/2003/3. 27 Dec.
- World Bank. 2003a. *Ad Hoc Liaison Committee for the West Bank and Gaza (AHLC)*. 10 Dec., at: web.worldbank.org .
- . 2003b. *Twenty-seven months – Intifada, closures and Palestinian economic crisis: An assessment*. May.
- . 2004. *West Bank and Gaza Update*. Mar.
- World Bank/ILO. 2003. “Report of a review of employment generation schemes financed by donors 2000-2001 in Palestine”. Jan.

Annex

List of interlocutors

Birzeit University, West Bank

Eileen Kuttab, Director/Assistant Professor, Institute of Women's Studies

Coordination of Government Activities, Israel

Brig. Gen. Camil Abu Rukun, Deputy Coordinator of Government Activities in the Territories

Lt. Col. Isaac Gurvich, Head of Economic Branch

Democracy and Workers' Rights Center (DWRC), Ramallah

Hasan Barghouthi, General Director

Hamdi Al-Khawaja, Deputy General Director

Mahmoud Ziadeh, Coordinator of the Freedom of Association and Organizing Unit

Karine Metz Abu Hmaid, External Relations Office

Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA), Jerusalem

Dr. Amin Baidoun, Economic Department Director

Jamal Jawabreh, Public Relations Director

General Federation of Labour in Israel (Histadrut)

Nawaf Massalha, International Secretary, Member of the National Committee

General Union of Palestinian Women (GUPW)

Nuha Barghouti, Board member

German Embassy, Israel

Dr. Gisela Steffens, Science Counsellor

Andreas Kindl, First Secretary, Political Affairs

League of Arab States

Wael Al-Assad, Director of Department of Disarmament Affairs and Department of UN and International Organizations

Hisham Youssef, Chief, Cabinet of the Secretary-General

Dr. Abdel-Moneim Abbas, Chief, Section of the Palestinian People's Affairs

Khaled Hosni, Division of International Organizations

Manufacturers' Association of Israel

Daphna Nitzan-Aviram, Director of Economic Research and Strategy Department

Ministry of Foreign Affairs, Israel

Ilan Elgar, Director, International Organizations Department

Eli Ben-Tura, Deputy Director, International Organizations Department

Noa Furman, Counsellor, Human Rights and International Organizations Department

Ministry of Industry, Trade and Labour, Israel

Shlomo Itzhaky, Chief Labour Relations Officer

Eli Paz, Senior Deputy Director-General

Ministry of Labour of the Palestinian Authority

Ghassan Khatib, Minister

Asef Said Asa'd, Director General

Ministry of Local Government of the Palestinian Authority

Jamal Shobaki, Minister

Dr. Hussein Al-A'raj, Deputy Minister

Ahmad Ghunaim, Deputy Assistant

Ministry of National Economy of the Palestinian Authority

Maher Masri, Minister

Ministry of Planning of the Palestinian Authority

Nabil Kassis, Minister

Hicham Mustapha, Assistant Deputy Minister

Dr. Mohammad Ghadiyeh, Director General Sustainable Human Development

Ministry of Women's Affairs of the Palestinian Authority

Zahira Kamal, Minister of Women's Affairs

Salwah Hdeib, Director General

Fatmeh Boutmeh, Training Manager

Abeer Rashmawi, Chief of Protocol Department

Mahmoud Attiyah, Director of Planning

Majeda Maarouf, Public Relations

Randa Sousou Janho, Director of the Minister's Office

Office of the United Nations Special Coordinator for the Middle East Peace Process (UNSCO)

Lynn Hastings, Chief of Staff

Shaun Ferguson, Head, Palestine Economic Affairs Unit

Palestine General Federation of Trade Unions (PGFTU), Gaza

Rasem Bayyari, President

Tareq El-Hindi, Chairperson of the Agricultural Workers' Union

Zaki Khalil, Chairperson of Textile Workers' Union

Samira Abu Dayyeh, Director of Workers' Affairs Department

Niveen Mutair, Women's Department

Abdul Raouf Mahdi, International Relations Secretary

Palestine General Federation of Trade Unions (PGFTU), Nablus

Shaher Sae'd, General Secretary

Ghada Abu-Ghalyoon, Executive Secretary

Hussain Al-Fuqaha, Director General of Workers Education Department

Nasser Younis, Treasurer

Fathi Nasser, Advisor

Issam Wahbeh, International Relations Assistant

Palestinian Academic Society for the Study of International Affairs (PASSIA)

Mahdi Abdul Hadi, Head

Palestinian Authority

H.E. Yasser Arafat, President

Nabil Abu Rudeineh, Advisor

Palestinian Authority, Governorate of Gaza

Mohammed Qudwah, Governor and President of the Chamber of Commerce

Elisa Nasrawi, Governorate Director

Yousef Mekki, Director of Economic Affairs Department.

Palestinian Businesswomen's Association (ASALA)

Reem Abboushi, Executive Director

Palestinian Central Bureau of Statistics (PCBS)

Loay Shabaneh, Acting President

Mahmoud Jaradat, Director General, Population and Social Statistics

Saleh Al Kafri, Director, Labour Statistics Department

Yousef Falah, Director General, Statistical Coordination

Ola Awad, Director General, Aid Management Department

Hamdan Awwad, National Accounts

Palestinian Chamber of Commerce for Gaza Governorates

Bassam S. Mortaja, Managing Director

Mahmoud Yazegi, Member of the Board

Palestinian Economic Council for Development and Reconstruction (PECDAR)

Dr. Mohammad Shtayyeh, Director General

Palestinian Women's Forum

Lily Habash, Founder, Gender Advisor in the Prime Minister's Office

United Nations Development Programme (UNDP)

Timothy S. Rothermel, Special Representative, Programme of Assistance to the Palestinian People

Women's Affairs Technical Committee (WATC), Ramallah

Rose Shomali, Director General

Meetings in Damascus, Syrian Arab Republic

Siham Dillo, Minister of Social Affairs and Labour

Dr. Tariq Akkash, Director of International Relations Directorate, Ministry of Social Affairs and Labour

Mohammad Rahim, International Relations Directorate, Ministry of Social Affairs and Labour

Rakaan Ibrahim, Director of Labour, Ministry of Social Affairs and Labour

Dr. Bashar Jaafari, Director of Organizations and International Conferences, Ministry of Foreign Affairs

Nawaf Fares, Governor of Al-Quneitra Governorate

Dr. Haitham Al-Yafi, Member of the Governing Board, Chamber of Industry

Dr. Hacene Djemam, Secretary-General, International Confederation of Arab Trade Unions (ICATU)

Adnan Darwish, Secretary, General Federation of Trade Unions (GFTU)

Ahmed Habbab, Secretary of Arab and International Relations, GFTU