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Enhanced programme of development cooperation for the occupied Arab territories

Purpose of the document

This document reports on progress made and planned ILO interventions within the context of the programme of development cooperation in the occupied Arab territories. It highlights ongoing ILO initiatives addressing the situation of workers and key challenges.

The Governing Body is invited to: (a) take note of the persistently challenging situation for Palestinian workers and their families, and support the ILO in further promoting the Decent Work Agenda and social justice in the occupied Arab territories; (b) lend further support to the current and next Palestinian Decent Work Programmes, in light of the findings and recommendations of the decent work review; and (c) lend further support to the Office's role in the development of a comprehensive social security system in the Occupied Palestinian Territory (see paragraphs 29–32).

Relevant strategic objective: Not applicable.

Policy implications: None.

Legal implications: None.

Financial implications: None.

Follow-up action required: None.

Author unit: ILO Regional Office for the Arab States (RO–Arab States).

Related documents: ILO: *The situation of workers of the occupied Arab territories*, Report of the Director-General (Appendix), International Labour Conference, 105th Session, Geneva, 2016.

I. Background

1. This document reports on progress made and planned ILO interventions within the context of the programme of development cooperation in the occupied Arab territories. It covers the ILO's work in the Occupied Palestinian Territory under the Palestinian Decent Work Programme (DWP) 2013–16, implemented in partnership with governance institutions and social partners. It highlights ILO initiatives addressing the situation of workers and key challenges since the last reporting period.
2. The period under review has been characterized by a stalled peace process, outbursts of violence in the West Bank, and high levels of deprivation in Gaza. Peace negotiations have been suspended by Israel. The Palestinian Government of National Consensus, formed in June 2014 and dissolved a year later, strives to act as a caretaker. Despite mediation efforts by regional partners, a new government has not been appointed. National elections remain unlikely to take place in the near future due to tensions between the Palestinian parties.
3. The Director-General, in the Appendix to his Report to the 104th Session (2015) of the International Labour Conference, *The situation of workers of the occupied Arab territories*, praised successful state-building efforts by the Palestinian leadership, including progress on the establishment of a comprehensive social security system. The Report, however, warned against the consequences of the “vast inequalities in economic performance, employment, income, and freedom of movement” that persist between Palestinians and Israelis and underlined the need to apply the principles of social justice and decent work. With negotiations at a standstill, the Report notes, the two-state solution has “become more elusive and is in danger of being overtaken by events”. In February and March 2016, in response to the dissolving of the teachers' union, a major strike paralysed the education sector in the West Bank. A majority of public school teachers called for a salary raise and improved working conditions. The strike ended after a number of demands, including a pay increase, were met. The strike was part of broader actions in support of the independence of the trade union movement.
4. Reconstruction efforts following the devastating Israeli military operation of July–August 2014 in Gaza have been slow.¹ By July 2016, only 46 per cent of the funds pledged at the Cairo Conference had been made available.² Rebuilding materials enter Gaza only to a limited extent due to Israeli closures. As a result, a mere 31 per cent of totally damaged houses and 50 per cent of partially damaged houses in Gaza have been repaired, leaving over 65,000 persons internally displaced.³ Fewer job opportunities than originally promised were created, leading to increasing desperation and frustration among Gaza's 1.9 million population.
5. Thanks to good revenue performance and wage restraint, the fiscal deficit declined from 12.5 per cent of gross domestic product (GDP) in 2014 to an estimated 11.7 per cent in 2015. However, a sharp drop in donor budget support will push up public debt. Direct budget support to the Palestinian Authority declined by one third in 2015 compared to 2014 reaching

¹ See GB.322/POL/7.

² World Bank: *Reconstructing Gaza – Donor pledges*, August 2016. See: <http://www.worldbank.org/en/programs/rebuilding-gaza-donor-pledges#1>.

³ United Nations Office for the Coordination of Humanitarian Affairs (OCHA): *Gaza: Two years since the 2014 hostilities*, 30 August 2016. See: <http://www.ochaopt.org/content/gaza-two-years-2014-hostilities-august-2016>.

its lowest nominal level since 2008.⁴ The Palestinian Authority remains dependent on the timely release of clearance revenues by Israel, which has proved irregular. The resulting budget shortfall will lead to further accumulation of arrears and debts, leaving the Palestinian Authority unable to boost economic growth or invest in employment-inducing development.

6. Palestinian GDP in 2015 grew by a modest rate of 3.5 per cent, falling short of expectations. This was comprised of a growth rate of 6.8 per cent in Gaza, and 2.5 per cent in the West Bank. Measured at 2004 prices, real GDP per capita in Gaza (US\$1,003) remains 27 per cent lower than a decade earlier.⁵
7. The lack of economic prospects, particularly in Gaza, as well as heightened political and security tension strain the livelihoods of hundreds of thousands of Palestinians, limiting their access to economic opportunities and decent work. The latest round of the labour force survey conducted by the Palestinian Central Bureau of Statistics (PCBS) showed an overall unemployment rate of 26.9 per cent in the second quarter of 2016, rising to 41.7 per cent in Gaza. Unemployment is highest for youth aged 20–24 years, at 42.6 per cent (34.2 per cent for men and 68.4 per cent for women).⁶ Youth unemployment rates continue to be among the highest in the region and, for women, are positively correlated with higher education levels.⁷

II. Overall progress in programme development

8. In line with the Palestinian National Development Plan (2014–16) and its Labour Sector Strategy, the Palestinian DWP (2013–16) prioritizes technical assistance in the areas of labour market governance, employment and social protection. The DWP is aligned with the *United Nations Development Assistance Framework 2014–16 for the State of Palestine* (UNDAF),⁸ which has, as the first of its six priority areas, “economic empowerment, livelihoods, food security and decent work”. The overall thrust of the DWP in terms of addressing key decent work deficits in the Palestinian labour market, particularly among vulnerable groups, has been integrated in the UN Common Country Analysis. This document will inform the next UNDAF, with the 2030 Agenda for Sustainable Development imperative of “leaving no one behind” as an overarching priority.
9. In December 2015, the ILO concluded a one-year emergency response programme in Gaza with a total budget of US\$1 million. Achievements include the replacement of assets and subsidies for private sector jobs, the provision of equipment and training to fishers, the revision of the Islamic University of Gaza’s curricula to fit the needs of the reconstruction process, as well as capacity building for vulnerable population groups, including persons

⁴ International Monetary Fund (IMF): *West Bank and Gaza Report to the Ad Hoc Liaison Committee*, 5 April 2016. See: <http://www.imf.org/~media/Files/Countries/ResRep/WBG/WBG040516.ashx>.

⁵ ILO: *The situation of workers of the occupied Arab territories*, Report of the Director-General (Appendix), International Labour Conference, 105th Session, Geneva, 2016.

⁶ PCBS: *Labour Force Survey*, (April–June, 2016 Round), press report.

⁷ T. Sadeq: *Labour market transitions of young women and men in the Occupied Palestinian Territory: Results of the 2015 school-to-work transition survey*, ILO/Youth Employment Programme, Employment Policy Department, July 2016.

⁸ An extension of the UNDAF to cover 2017 was proposed by the UN Deputy Special Coordinator, in order to align the next UNDAF (starting in 2018) with the upcoming planning cycle of the Palestinian Authority. This request is currently being examined by the Palestinian Authority.

with disabilities and women, and construction workers. The ILO strengthened the capacities of employers' and workers' organizations by providing training and organizing needs assessments, with the aim of mainstreaming the principles of decent work and social dialogue throughout the reconstruction process.

10. The current ILO development cooperation programme consists of a portfolio of projects standing at approximately US\$3.4 million.⁹ Forty-two per cent of resources in the DWP 2013–16 are allocated to employment promotion, followed by 12 per cent for labour standards-related work, and 11 per cent for each of social dialogue and social protection. The remaining 24 per cent of the resources (equivalent to US\$800,000) will be earmarked based on the outcomes of the discussions with the constituents (planned for the last quarter of 2016) on the findings of the DWP review. In addition to ILO regular budget resources, the DWP benefits from voluntary contributions from the Kuwaiti Government (corresponding to 65 per cent of total contributions in the occupied Arab territories), the ILO Regular Budget Supplementary Account (RBSA), and the Palestine for Development Foundation. The contribution from the latter amounts to US\$275,742 and has been made within the framework of a public–private partnership agreement signed in August 2016 to support enterprise development in the occupied Arab territories. Another agreement with the Palestinian Fund for Employment and Social Protection (PFESP) is being negotiated. Current resource mobilization efforts focus on initiatives to support the development of a tripartite-governed social security institution, promote youth employment, and support cooperatives development.
11. The ILO conducted an internal review of the DWP 2013–16 in the first half of 2016. The review evaluated the DWP favourably on criteria linked to relevance, coherence, effectiveness, efficiency and sustainability, but underlined the need to enhance visibility and improve regular monitoring and review of the DWP. The recommendations of the review will guide the ILO and its tripartite partners in the remaining period of the current DWP, and inform the next programming cycle.
12. The ILO has maintained a representative office in Jerusalem, with support from the Regional Office for the Arab States in Beirut, since 1995. The Jerusalem office has four regular budget staff, while one development cooperation staff member is based in Gaza to support ILO activities there.

III. Review of progress and achievements in key areas of work

1. Promoting labour rights and improved labour market governance

13. The ILO supported the tripartite partners in finalizing procedural steps towards labour legislation reform. In December 2015, the 11 technical committees formed under the Tripartite National Team for Labour Law Reform met for the first time. They are expected to produce legislative policy papers by the end of 2016, with ILO technical advice, which will facilitate the adoption of updated labour laws.

⁹ This figure includes all extra-budgetary and RBSA resources, as well as regular budget resources allocated for the Gaza Recovery programme in 2015. It excludes the regional projects that also cover the Occupied Palestinian Territory.

14. The ILO is supporting tripartite dialogue on the draft law on trade unions by convening a series of meetings and workshops. The Palestine General Federation of Trade Unions (PGFTU) opened a dialogue with national trade union organizations, including in Gaza, and established a coordination committee to present a unified trade union position. Consensus building through inclusive social dialogue involving the social partners' structures should lead to a successful process.
15. The ILO organized three workshops to assist workers and employers in adopting positions vis-à-vis the social security law and labour laws. Through its Gaza recovery programme, the ILO supported the development and implementation of technical assistance plans to upgrade the operational capacities of the Gaza chambers of commerce, industry and agriculture, and the trade unions. The chambers of commerce, industry and agriculture, for example, were supported in developing their capacities to promote, represent and support women entrepreneurs.
16. To promote gender equality in the workplace, the ILO launched a national campaign on the Rights of Palestinian Women at Work in partnership with the National Committee for Women's Employment (NCWE) and the PGFTU. This campaign comprises capacity-building interventions for tripartite stakeholders, the production and wide distribution of awareness-raising materials, and a strong presence in the media. For example, a guidebook on women's rights at work was prepared by the NCWE and PGFTU, with ILO support. The ILO also assisted the NCWE in preparing policy position papers ahead of the labour law reform to ensure that the new law reflects the rights and concerns of Palestinian women.
17. The ILO has continued to support the implementation of the national Occupational Safety and Health (OSH) programme in the West Bank and Gaza by providing capacity building for the tripartite constituents, and addressing OSH deficits in the construction sector. The ILO achieved progress in building the labour inspection capacity of the Ministry of Labour by organizing a series of training events in the West Bank and Gaza, and by providing fellowships for officials of the Ministry to attend sessions at the International Training Centre of the ILO in Turin. This resulted in a further increase in the number of inspections and follow-up measures, including legal action, particularly regarding minimum wage issues. Moreover, a labour inspection database and guidelines for labour inspectors are currently being established (and expected to be launched in December 2016) with the aim of building a unified national system for recording work accidents.
18. The ILO launched a study on unacceptable forms of work in the construction sector in Gaza. The study highlighted a disproportionate prevalence of workplace injuries compared to other sectors, hinting at higher hazard and health risks. The study proposes strategies to eliminate unacceptable forms of work in the sector.

2. Supporting the development of a comprehensive social security system

19. The first ever law on social security for private sector workers and their family members was adopted in February 2016 and signed by President Abbas on 7 March 2016. This law was developed through a participatory approach, with ILO support and in consultation with tripartite stakeholders. The parameters of the new social security system are based on an actuarial evaluation and a policy matrix developed by the ILO in line with international labour standards and worldwide best practices.
20. More concretely, and upon a request from the Prime Minister, the ILO provided actuarial and legal comments on the latest version of the law in order to ensure its compliance with international labour standards. It also carried out a comprehensive study which aims to guide

the investment policy of the new social security system. With the adoption of the law, the ILO will continue to support the establishment of the social security institution through capacity-building programmes for tripartite constituents on social security principles, administration and financing. For this purpose, the ILO has developed a programme of action for the establishment of the institution with a total cost of US\$ 3.7 million, for which donor support is being sought. With ILO support, the Palestinian Authority is in the process of launching a national campaign to raise awareness of the new social security system.

21. In coordination with other UN agencies, the ILO is supporting the development of a national social protection floor. It is currently undertaking a comprehensive assessment, gap analysis, and an administration study on existing cash transfer programmes with recommendations for improvement. Furthermore, the ILO is carrying out a study to assess the fiscal space for the progressive establishment of the social protection floor.

3. **Enhancing employment and livelihood opportunities for Palestinian women and men**

22. With support from the PCBS, the ILO conducted the second school-to-work transition survey. The survey highlights the education and employment challenges facing young Palestinians, paying particular attention to young women, and their root causes. Findings of the survey will guide ILO cooperation with tripartite stakeholders in improving the school-to-work transition for young women and men.
23. Based on a request from the Ministry of Labour, the ILO is currently exploring means to support the PFESP through institutional and technical capacity building. Revived in 2014, the PFESP is the umbrella organization for all job creation activities. It provides job placement schemes and runs business advisory services and entrepreneurship support programmes.
24. The ILO has recently launched two initiatives to support entrepreneurship development. The first is the continued nationalization of the Know About Business (KAB) programme to promote entrepreneurship as a career option (through a public–private partnership agreement with the Palestine for Development Foundation). The second is the introduction and institutionalization of the Start and Improve Your Business (SIYB) programme (in partnership with the PFESP). Both initiatives are designed to widen the choices of young Palestinian women and men, and address the challenges they face in entering the labour market. They also aim to reduce the pressure on the public sector to provide employment.
25. The ILO supported Birzeit University in establishing a gender monitoring entity, tasked with measuring progress on gender equality in the university and acting as a mechanism for complaints. In partnership with UN Women, the ILO undertook a participatory gender audit of the Bank of Palestine and Birzeit Pharmaceuticals. The ILO is exploring the replication of these successful processes within other universities and private sector companies.
26. The ILO provided non-governmental organizations with technical and business management training and skills development for women target groups, and training on cooperative principles. In Gaza, 120 women received diversified skills training within different livelihood areas. These projects included training in cooperative work, management and marketing for women sheep breeders, skills and on-the-job training for unemployed female graduates, as well as capacity upgrading for female architects to work in furniture design. The ILO is currently supporting the development of a national cooperative sector strategy, and is finalizing an assessment on the consumer service and handicraft cooperative sector.

27. As part of the Gaza recovery programme, the ILO, in partnership with the Gaza Chambers of Commerce, provided grants for asset replacement for carpenters, coupled with a paid job placement scheme. The ILO also supported the General Syndicate of Marine Fishers with improved curricula, training on technical skills and OSH, job placements and direct support (in the form of boat repairs and cash assistance).
28. The ILO supported the Islamic University of Gaza in providing career guidance services, upgrading curricula and engineering modules, and launching structured apprenticeships. The ILO also equipped students and graduates with training on skills needed in the reconstruction process. Particular attention was given to vulnerable groups: the ILO supported the participation of persons with disabilities in training activities, and assisted the Irada programme in designing and implementing a strategy to include people with intellectual disabilities.

IV. Next steps

29. In light of the critical situation of workers and their families in the West Bank and Gaza, the Governing Body is invited to support the ILO in further promoting the Decent Work Agenda and social justice for the Palestinian people.
30. In consultation with tripartite stakeholders, the ILO undertook an internal review of its DWP in 2016. The findings of the review will guide the rest of the present programming cycle and the development of a DWP to structure future ILO interventions in both the West Bank and Gaza in coordination with social partners and governance institutions. As underlined by the Director-General in his Report to the 105th Session of the Conference, the application of decent work principles, including tripartism, helps to “break out of fragility cycles, overcome crisis and conflict and restore social cohesion”.
31. The Governing Body is invited to lend further support to the current and next Palestinian Decent Work Programmes, in light of the findings and recommendations of the decent work review.
32. The Governing Body is invited to take note of the process for the development of a comprehensive social security system in the Occupied Palestinian Territory, and to lend its support to the Office’s role in the establishment of the social security institution.