



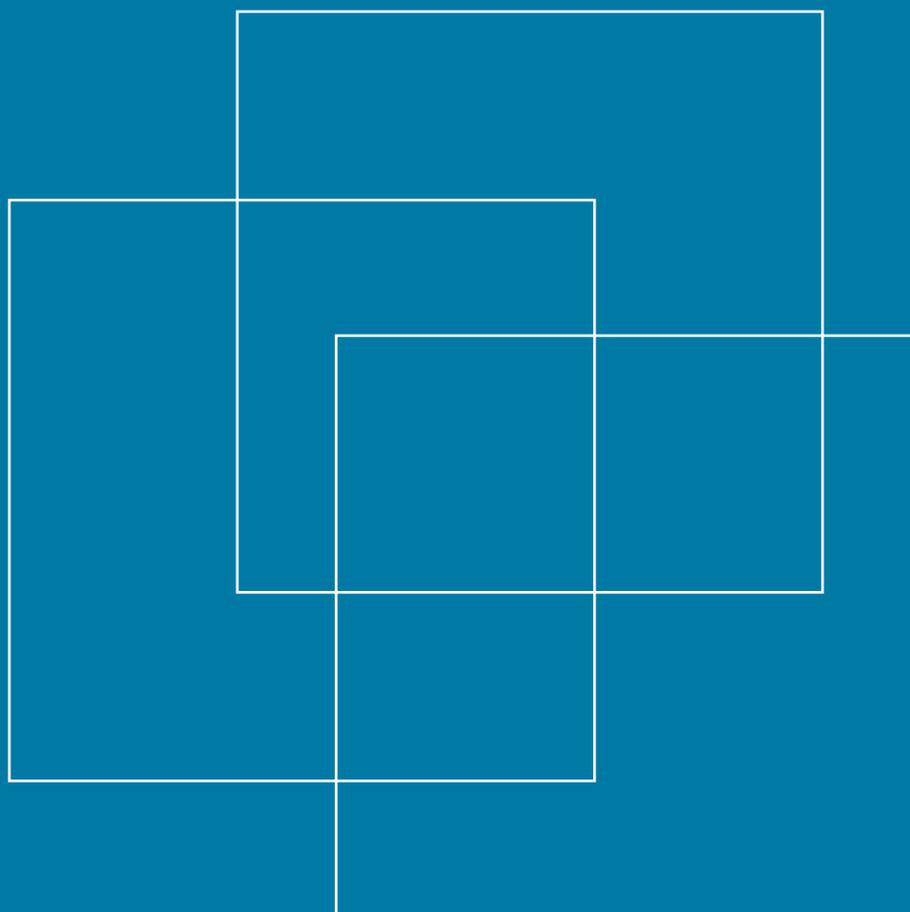
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REPORT OF THE DIRECTOR-GENERAL
APPENDIX

The situation of workers of the occupied Arab territories



INTERNATIONAL LABOUR CONFERENCE
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Report of the Director-General

Appendix

The situation of workers of the occupied Arab territories

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Preface

In accordance with the mandate given by the International Labour Conference, I again sent this year a mission to prepare a report on the situation of workers of the occupied Arab territories. The mission visited the West Bank, including East Jerusalem, Gaza, Israel, and the occupied Syrian Golan. In addition, the mission leader met in Cairo with the League of Arab States and the Arab Labour Organization and in Damascus with constituents of the Syrian Arab Republic.

In the occupied Arab territories and Israel, the mission had in-depth discussions with representatives of the Palestinian Authority, the Government of Israel, employers' and workers' organizations, Syrian citizens in the occupied Syrian Golan, representatives of the United Nations (UN) and other international and non-governmental organizations as well as focus groups of Palestinian workers. They all provided information which has guided the preparation of this report. The mission also undertook a number of field visits.

I am grateful for the cooperation extended to the mission by all its interlocutors, which once again reaffirmed the broad support for the values of the International Labour Organization and its ongoing work with all its constituents. As always, the mission conducted its work with the aim of producing a comprehensive, accurate and impartial assessment of the current situation of workers in the occupied territories.

This report has been produced on an annual basis for close to 40 years. Many aspects of the Israeli–Palestinian conflict have changed over time and others have not. The Oslo Accords were a watershed which carried a promise that peace and cooperation would prevail over adversity and that Palestinian workers would eventually enjoy a better future. But over the last few years the occupation has expanded and the Oslo Agreements have been called into question. While the two-state solution is increasingly being placed in doubt, there is no credible alternative. A negotiated settlement must fully involve both parties, Palestinians and Israelis; unilateral measures will not solve the conflict. Overall, livelihoods on the Palestinian side are declining and the labour market is increasingly anaemic. The productive sectors have been hollowed out. In Gaza, unemployment among youth and women is approaching universality. It would not be difficult to continue the long list of suffering, deficits and failures, most of which are in one way or the other derived from the absence of peace and of a process leading towards it.

Where this will lead is difficult to ascertain. Breaking points have been approaching for a long time. There is violence on the street and in the air, and Gaza is close to collapse. At no point in time since the 2014 war in Gaza have so many people, including women and children, lost their lives.

What is clear is that the misery of one people cannot lead to prosperity of the other. Palestine has potential. It has an educated and skilled workforce, and there is entrepreneurial drive. The labour market of Gaza and the West Bank could flourish if allowed to. There is no endogenous reason for economic decline and high unemployment.

Since Oslo, the international community and Palestinians have invested heavily in state-building, and it is essential that these investments are not lost. In order to properly address any shortcomings in governance, it is necessary to retain the prospect of having sustainable institutions and economic and social policies.

Political will needs to be resurrected to fight radicalization on all sides and to pull the parties back from the brink. Ever more settlements and ever less mobility of Palestinians will not bring peace. The status quo in its present form does not guarantee stability. In fact, it may only lead to further deterioration.

How can a collapse be avoided? First and foremost, people would need to see that the occupation will eventually come to an end. The conditions must be created for a rapid relaxation of the Gaza blockade. Gaza needs to be able to trade with the outside world, workers need to be able to move and earn incomes abroad, including in Israel, and reliable and reinforced donor support needs to be guaranteed. But it is also imperative to effectively put an end to the divisions between the Palestinians themselves.

The bulk of the jobs of the future for Palestinians have to come from the private sector. Constraints need to be removed and a conducive environment created. Growth must be revived and the labour market reinvigorated. Piecemeal efforts in this direction will only have a marginal effect. Without an end to the occupation – ranging from its physical barriers to fiscal obstructions – the private sector will not be able to fully realize its potential.

Over the last few years, Palestinians in ever greater numbers have sought work and income in Israel. Nearly a third of West Bank household income is now earned in the Israeli economy. Yet, this type of employment often involves an arduous journey through the crossings to the workplaces, brokers can take a substantial part of the wages, and precarious working conditions lead to high rates of occupational injuries. These issues have been examined in detail in previous reports. It would be neither difficult nor costly to make this work decent. Indeed, there have been plans for years now. The political will should finally be mustered to implement them and to end abuse and exploitation of Palestinian workers in Israel.

In last year's report, I was encouraged to note that a dialogue was developing between the Israelis and Palestinians on labour issues. The few surviving channels of the Oslo Accords are security and monetary cooperation as well as certain aspects of labour relations, given that, whatever the political settlement the parties arrive at, a large number of practical issues will remain as a result of the existence of two labour markets next to one another. The current dialogue on labour has continued, although it has yielded few tangible results so far. It needs to be put on a more solid footing, to become more ambitious and to be embraced with a sense of real urgency. The ILO stands ready to support dialogue, coordination and cooperation between both sides, on a tripartite basis, with a view to increasing Palestinian workers' welfare and protection, and peace and stability for all.

June 2019

Guy Ryder
Director-General

Contents

	<i>Page</i>
Preface.....	iii
Introduction	1
1. On the brink again.....	3
2. A tale of two labour markets: Rising uncertainty in the West Bank, collapse in Gaza	8
3. Inequality and separation: Palestinian workers' rights under occupation	21
4. Governance and institution-building: Continued efforts amid risks of breakdown	31
5. The occupied Syrian Golan back in the international spotlight.....	38
Concluding observations	40
References.....	43
Annex: List of interlocutors	49

Introduction

1. This Report of the Director-General presents the findings of the annual ILO mission to Israel and the occupied Arab territories, mandated to assess the situation of workers of these territories. It was carried out 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). As in previous years, the mission covered the situation of the workers of the Occupied Palestinian Territory (the West Bank, including East Jerusalem, and Gaza) and the occupied Syrian Golan.¹
2. The Director-General's representatives were guided by the principles and objectives laid down in the Constitution of the International Labour Organisation, including the Declaration of Philadelphia, as well as the ILO Declaration on Fundamental Principles and Rights at Work and the ILO Declaration on Social Justice for a Fair Globalization. The representatives were also guided by the resolutions adopted by the International Labour Conference, as well as the principles laid down in the relevant international labour standards and those enunciated by the supervisory bodies of the ILO.
3. 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 humanitarian and human rights 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). The mission was guided by the relevant resolutions of the United Nations General Assembly and the Security Council, including Security Council resolutions 242 (1967), 338 (1973), 497 (1981), 1397 (2002), 1515 (2003), 1850 (2008), 1860 (2009) and 2334 (2016). It was also mindful of the Advisory Opinion of 9 July 2004 of the International Court of Justice (ICJ, 2004).
4. The Director-General entrusted Frank Hagemann, Deputy Regional Director of the ILO Regional Office for the Arab States and Director of the Decent Work Technical Support Team for the Arab States, to lead the mission. The mission team included Steven Kapsos, Head of the Data Production and Analysis Unit in the Department of Statistics; Katerine Landuyt, Labour Migration Specialist in the Conditions of Work and Equality Department; and Konstantinos Papadakis, Senior Social Dialogue and Governance

¹ As has been pointed out in previous reports, 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." It is recalled that the Golan was unilaterally annexed by Israel in 1981 and that Security Council resolution 497 (1981) calls on Israel to rescind its decision to annex the Golan, which has never been recognized by the United Nations.

Specialist in the Governance and Tripartism Department. Mounir Kleibo, ILO Representative in Jerusalem, and Rasha El Shurafa, Programme Officer in the Office of the ILO Representative in Jerusalem, undertook the preparations for the mission, in which they also participated. Tariq Haq, Senior Employment Policy Specialist in the Decent Work Technical Support Team for the Arab States, acted as technical adviser.

5. The mission visited Israel and the occupied Arab territories from 10 to 21 March 2019. In the course of the mission, the Director-General's representatives held discussions with Israeli and Palestinian interlocutors, as well as those from the occupied Syrian Golan.² They met with representatives of various ministries and institutions of the Palestinian Authority and the Government of Israel, Palestinian and Israeli workers' and employers' organizations, non-governmental organizations (NGOs), research institutions and community leaders. The mission also consulted representatives of the United Nations agencies and other international organizations. In addition, focus group discussions were organized with Palestinian workers and young people.

6. The mission leader also held consultations with the Syrian Government and workers' and employers' representatives in Damascus on 25 February 2019, and with the Arab Labour Organization and the League of Arab States in Cairo on 26 February 2019.

7. Once again, the Director-General is pleased to recognize that his representatives enjoyed the cooperation of all parties, both Arab and Israeli, in obtaining the factual information on which this report is based. The written submissions received by the mission are acknowledged with thanks.

8. This report takes full account of written and oral information obtained on the ground by the mission, as well as relevant data, studies and reports. Information obtained in the interviews with various interlocutors was examined in a thorough manner and checked as far as possible with other available information. In examining the situation of Palestinian and other Arab workers, the members of the mission conducted their work with impartiality and objectivity.

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

1. On the brink again

Oslo losing its significance

9. For all intents and purposes, the Oslo Accords – which have oriented Palestinian–Israeli relations in pursuit of a two-state solution since the 1990s – are now losing their capacity to serve as reference points. For many years already, action on the ground has been out of tune with the agreements. Facts have been created, ranging from settlements to shifting borders and restrictions on movement and trade, which openly contradict the decisions of Oslo and the Paris Protocols.

10. In the West Bank, including East Jerusalem, settlement expansion continues intensively. Area C remains for the most part inaccessible to Palestinians.³ East Jerusalem is cut off from Palestinian lands by the Separation Barrier;⁴ its annexation by Israel⁵ now effectively accepted by some countries. Gaza is blocked to a point where life in the enclave risks becoming untenable.

11. The economy and, with it, labour market outcomes and livelihoods of Palestinian workers continue to be severely impacted by the ongoing occupation, its accompanying myriad restrictions and the overall lack of future perspective. This is compounded by the absence of Palestinian unity, with the failure of all recent attempts at reconciliation between Fatah and Hamas. In practical terms, the two parts of the future Palestinian state are growing ever more isolated from each other.

12. At this point in time, there is no longer any meaningful peace process. After the latest comprehensive negotiations between the two parties stalled five years ago, international initiatives have been few and far between. The French-led one in 2017 failed to bring the two sides together. In February 2019, the Governments of Poland and the United States convened a Conference on Peace and Security in the Middle East in Warsaw. Representatives from 62 countries attended. The Palestinian side rejected the invitation and emphasized through its Chief Negotiator that it “ha[d] not mandated anyone to talk on behalf of Palestine” (Reuters, 2019).

13. A month prior to the Warsaw Conference, in January 2019, the Palestinian National Council, which is the legislative body of the Palestine Liberation Organization, recommended suspending key aspects of the Oslo Agreements. The Executive Committee of the Palestine Liberation Organization was empowered to revoke the recognition of Israel until the latter recognizes the State of Palestine within the 1967 borders and reverses the decision to annex East Jerusalem and expand settlements.

14. The void left by the absence of dialogue and negotiations between both sides has meanwhile been filled by violence. The highest death toll since the 2014 Gaza war was recorded in 2018. In Gaza, hundreds of people were killed and thousands injured in the

³ The West Bank is divided into three areas under different jurisdictions, Areas A, B and C, defined by the Oslo II Accord. Area A includes urban centres and comprises 18 per cent of the West Bank; it is under Palestinian civil and security control. Area B covers small towns and near-urban areas; it is under Israeli security control and Palestinian civil control. Area C accounts for 61 per cent of the West Bank and is under Israeli security and civil control.

⁴ The Separation Barrier, of which 85 per cent runs inside the West Bank, is approximately two thirds complete. Upon completion, the Separation Barrier will be 710 kilometres in length. The Advisory Opinion of the International Court of Justice on the Barrier delivered on 9 July 2004 called for an immediate cessation and reversal of construction activity and for reparations for all damage that had been caused by it. This was endorsed by the subsequent UN General Assembly resolution A/RES/ES-10/15 of 20 July 2004.

⁵ The annexation is contrary to UN Security Council resolutions 252(1968), 476 (1980) and 478 (1980).

12 months since the onset of the “Great March of Return” demonstrations. During the mission’s visit, rockets were launched from Gaza to Tel Aviv and Israeli forces struck various targets in Gaza. In the West Bank, violent confrontations between Palestinians and Israeli settlers and security forces continue to be a regular occurrence. During the time of the mission alone, four Palestinians and two Israelis were killed in the West Bank in Nablus, Bethlehem and near the Ariel settlement.

The encroaching occupation

15. All settlement on occupied territory is illegal under international law. United Nations Security Council resolution 2334 calls on Israel to “immediately and completely cease all settlement activities in the Occupied Palestinian Territory, including East Jerusalem” (UN, 2016). Instead, since its adoption in 2016, thousands of new housing units on the occupied lands have been built, advanced or are being planned. Many of them are in locations deep in the West Bank. Settlement expansion continued throughout 2018 at an accelerated pace. There are now more than 600,000 Israeli settlers in the West Bank and East Jerusalem, amounting to 23 settlers per 100 Palestinians in the West Bank and 70 settlers per 100 Palestinians in East Jerusalem (PCBS, 2019a).

16. In addition to the physical constraints and controls imposed by the occupation, there is a fiscal dimension weighing on the Palestinian economy and its workers. Some two thirds of Palestinian Authority revenue is effectively controlled by Israel. Based on a law passed in the Knesset in July 2018, Israel decided in February 2019 to withhold more than 6 per cent of the revenues it collects as part of the customs and VAT clearances on behalf of the Palestinian Authority. The justification given was that the Palestinian Authority uses these funds to assist both prisoners and detainees convicted or accused of security offences against Israelis, as well as the families of these prisoners and detainees. The Palestinian Authority in turn refused the receipt of any clearance transfers unless the full amount was reinstated. As can be expected, this has led to a budgetary crisis, following in the wake of reduced donor support. External budgetary aid has been reduced by half since 2013 (IMF, 2018). Austerity measures have been put in place, including severe salary cuts for Palestinian Authority civil servants and reductions in operational expenditures across the board.

A labour market unable to deliver

17. In such a volatile context, it is not surprising that instability hits first the economy and above all the labour market. Economic growth has continued to decline. At less than 1 per cent in 2018, it lags far behind population growth. The overall growth figures, however, obscure a significant divergence between the West Bank and Gaza. In 2018, growth in Gaza lagged 10 percentage points behind that in the West Bank. The economy in Gaza contracted by 6.9 per cent and projections for 2019 do not give rise to optimism. In the context of reduced government spending and further political deterioration, overall Palestinian gross domestic product (GDP) is at risk of severe contraction (MAS, 2019a).

18. The labour market mirrored these developments across almost all key indicators. Labour force participation has declined further and unemployment has increased. Gaza has witnessed a dramatic increase in joblessness. If current trends continue, every second economically active person in Gaza is soon likely to be unemployed. Already, close to two thirds of women and youth in the labour market are without a job. Skilled women in particular are affected. Nowhere else in the world does the labour market situation of women appear so dire.

19. With shrinking public resources, the jobs of the future will have to be generated by the private sector both in Gaza and in the West Bank. However, the potential of the private sector remains low within the current constraints of the overall investment climate and restrictions imposed by the occupation. The overwhelming majority of private sector firms are both very small, with fewer than five employees, and lack dynamism. Evidence suggests that there is a significant degree of non-compliance with labour legislation. More than half of wage employees in the private sector are hired without a contract and close to one third receive less than the minimum wage.

Unresolved issues for Palestinians seeking work in Israel and the settlements

20. Against the backdrop of a deteriorating economy in the West Bank and continued labour shortages in Israel, the number of Palestinians from the West Bank crossing over to Israel for work, most of them on a daily basis, has further increased. Some 127,000 Palestinians now work in Israel and the settlements, two thirds of them in the country's booming construction sector. There has been a fourfold increase in Palestinian employment in this sector over the last ten years.

21. Regrettably, however, the conditions and procedures associated with this type of employment do not appear to have improved. Permits are still bound to an employer. Brokers are pervasive and continue to charge a substantial part of the workers' wages for a transaction which would not be needed if markets worked properly and the governance of Palestinian work in Israel was orderly and coordinated. There has been no fundamental improvement of the conditions at the crossings. Workers often still need to queue for hours early in the morning. In addition, fatalities and occupational injuries on Israeli construction sites continue to be higher than in many other developed countries. In 2018, 38 workers, of whom more than a third were Palestinian, died on Israeli construction sites, often as a result of faulty scaffolding; in the first three months of 2019, the toll of deadly accidents on Israeli work places already stood at 19, including ten on construction sites. The majority of these workers were Palestinian. During the mission alone, four workers died in building-related accidents (PNA, 2019a; Haaretz, 2019a; Haaretz, 2019b). The reasons are manifold, ranging from insufficient monitoring and sanctioning of violations to a lack of awareness of workers and fatigue. Many Palestinian workers are tired when they arrive at their workplace, following very early morning departures from their home villages in the West Bank and exhausting crossing procedures.

22. As in previous years, the mission was informed by Israeli interlocutors of plans to reform the arrangements pertaining to Palestinian workers in the country. There remains an intention to make the crossings more fluid, to delink workers' permits from a specific employer and to pilot electronic wage transfers. Implementation of these initiatives would be welcome and is urgently needed to address long-standing ills.

23. The mission also took note of Israeli initiatives to improve labour inspection on construction sites and reinforce sanctions. In November 2018, the General Federation of Labour (Histadrut) threatened a general strike if working conditions in the building sector were not addressed more comprehensively. There have also been efforts to increase workers' awareness and knowledge of safety measures at the worksite.

24. As reported last year, there is some form of dialogue between labour stakeholders on the Palestinian and Israeli sides, with biannual meetings facilitated by third parties. Key to them has been a discussion of the occupational safety and health of Palestinian workers in Israel and the associated needs for action. Set against the current backdrop of conflict

and adversary discourse by both sides, it is encouraging that such dialogue is still possible. Yet, it appears uncertain how sustainable this will prove to be and whether any effective action benefiting workers can result from it.

Gaza collapsing

25. While a growing number of Palestinians from the West Bank seek to escape unemployment and low wages by taking a job in Israel or moving further abroad, the people of Gaza have no such choice. However, they need it more than anyone else.

26. Gaza is now close to collapse. It has been blocked by land, air and sea for a dozen years. During this time, there have been three wars with Israel. Gaza's productive base has been eroded, and trade with the outside world is next to impossible. All sectors have suffered, but manufacturing and agriculture have been hit in particular. The enclave is being deindustrialized and the agricultural sector has shrunk to below 5 per cent of GDP.

27. Several agreements on reconciliation between Fatah and the de facto authorities, Hamas, have been concluded, but the institutional and regulatory fragmentation continues. This has exacted a further toll on the people of Gaza. Two parallel systems continue to exist, and they come at high administrative and economic costs which seriously aggravate the effects of the external blockade and impede attempts to find ways of solving it.

28. In the wake of the blockade and the ongoing conflicts, the labour market has been decimated. There are hardly any job opportunities left. Even the often-heralded information technology sector, which is potentially fuelled by a thousand IT graduates every year and supposedly unconstrained by the physical barriers, cannot scale up. Under the blockade, and in view of the volatile security environment, investments have remained anaemic.

29. Livelihoods largely depend on the resources available to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), Palestinian Authority wages, and remittances. Aid dependency is heavy, with four out of five Gazans receiving some kind of aid in 2017 (World Bank, 2018a). More than half the inhabitants now live in poverty, accounting for two thirds of all those categorized as poor in the Occupied Palestinian Territory. Transfers, however, have declined since 2017, aggravated by UNRWA's funding crisis, reduced aid, and salary cuts enforced by the Palestinian Authority. These, together with early retirements, have left households with often dramatically reduced purchasing power. The means which would be needed to prevent Gaza from total collapse are close to exhaustion.

Governance and institutions: Shattered trust and lost hopes

30. On 12 December 2018, the Palestinian Constitutional Court dissolved the Palestinian Legislative Council and requested the President to call elections within six months. At the time of the mission, a new Prime Minister was appointed and a cabinet was being formed. The last parliamentary elections were held in 2006. In the meantime, democratic deficits have been accumulated and the space for civil society has shrunk.

31. The future of the social insurance scheme is currently uncertain. Significant efforts and resources have been invested over the last few years in building up a system providing for private sector workers. The ILO has been involved in what was to be one of the final main blocks of the state-building endeavour. There were hopes that greater protection levels for workers in the private sector would boost its attractiveness and, ultimately, help

make it an engine for economic growth. A social security law for private sector workers was adopted in 2016. It was revised shortly thereafter, due to civil society concerns. In 2018, after a series of demonstrations against the nascent Palestinian Social Security Corporation, which was tasked with administering the scheme, it was called into question again. As a result, the law is being re-examined, and the collection of contributions has been postponed.

32. The case of the social security scheme is illustrative in two respects. For one, social dialogue was meant to be a key feature both of the legislative process and of the establishment of the institution, but its mechanics and processes underperformed and failed to lead to a lasting agreement among tripartite stakeholders. Moreover, in the overall climate of uncertainty, the Palestinians have been reluctant to entrust private funds to a new state institution which does not yet have a proven track record of performance and service delivery.

33. Re-establishing sufficient trust in the capacity of governance of the Palestinian Authority and its institutions is vital for the future of the state-building endeavour.

Lost destinations on the map

34. It is difficult to see where all this will lead for the workers of the occupied territories. Labour markets subjected to constraints and blockades are struggling and failing. For the nearly 1 million working women and men and their families in the West Bank and Gaza, what tomorrow will bring is increasingly uncertain. Jobs are few, workers' protection is sporadic, and labour governance is weak. Women and young people are bearing the brunt of the hardships. Meanwhile, the occupation has tightened its grip. When hope fades, a few turn to violence.

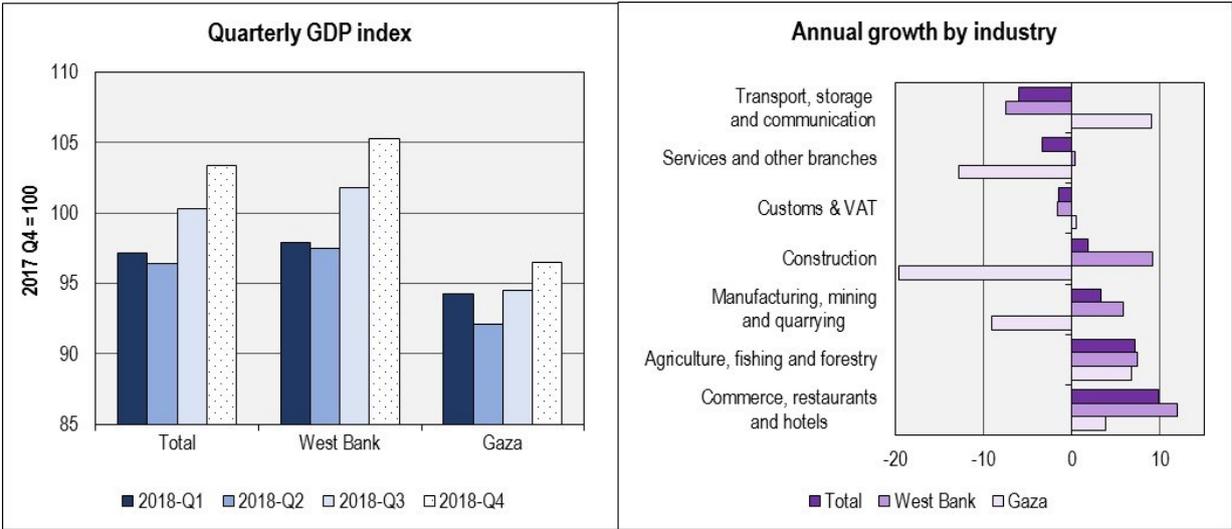
35. So far, none of the facts created on the ground are irreversible. The Oslo Accords are still valid and a two-state solution has not lost its potential to serve as a guiding compass for a real peace process. The foundations are still there and, given political will, they can still be built upon. It is late in the day, but not yet too late.

2. A tale of two labour markets: Rising uncertainty in the West Bank, collapse in Gaza

Macroeconomic developments

36. The Palestinian economy expanded by only 0.9 per cent in 2018, a major slowdown from 3.1 per cent growth in 2017 (PCBS, 2019b). This headline number conveys a significant economic deterioration, yet it masks drastically divergent economic and labour market developments in the West Bank and Gaza. The West Bank economy grew by 3.1 per cent in 2018, a moderate slowdown from 4.3 per cent in the previous year. In contrast, the economy of Gaza, which had already begun to contract in 2017, saw output plunge by 6.9 per cent in 2018. Growth in the first half of the year was sharply negative in both the West Bank and Gaza, but the West Bank saw a significant uptick in the second half of the year, driven by gains in commerce, construction and manufacturing (figure 2.1). Economic activity in Gaza remained far below 2017 levels throughout 2018.

Figure 2.1. Index of quarterly real GDP (constant 2015 prices) and annual growth by industry



Source: ILO calculations based on the PCBS National Accounts (2018).

37. Per capita GDP trends were worse still, declining by 1.7 per cent overall. While the West Bank managed to achieve growth of 0.8 per cent, in Gaza the GDP per capita plummeted by 9.5 per cent, signalling a major shock to livelihoods and living standards. The GDP per person in Gaza today is 40 per cent lower than it was in 2005. In the 12 years of Israel’s blockade by air, land and sea, and of political and administrative control by Hamas, the economy of Gaza has been decimated. Long-term poverty figures confirm both the catastrophic situation and the increasing divergence with the West Bank. Between 2009 and 2017, the proportion of the population living below the poverty line declined from 19.4 per cent to 13.9 per cent in the West Bank. In Gaza, it rose from 38.3 per cent to 53 per cent.⁶

⁶ The poverty line is set at the median household expenditure level for key budget items (including food, durable goods, health, education, and rent) among the poorest 25 to 30 per cent of households. See: Atamanov and Palaniswamy, 2018; PCBS, 2018a.

38. The divergences between the West Bank and Gaza can also be seen in the performance of a number of key industries. The drop in Gaza's output stemmed mainly from severe contractions in construction, real-estate-related service activities, and manufacturing. In contrast, in the West Bank, the construction sector expanded by more than 9 per cent and commerce (including restaurants and hotels) grew by 12 per cent. The services and manufacturing sectors also experienced modest growth. The agricultural sector and the commerce and hospitality industries were relative bright spots in both Gaza and the West Bank. However, these sectors account for only around 25 per cent of the Palestinian economy and 30 per cent of total employment (table 2.1). While exports and imports both rose, the trade deficit grew to 37.1 per cent of GDP in 2018, up from 35.2 per cent the previous year.

Table 2.1. Share in GDP and employment by industry in the Occupied Palestinian Territory, 2018

	Share in GDP (%)			Share in employment (%)		
	Total	West Bank	Gaza	Total	West Bank	Gaza
Agriculture, fishing and forestry	3.0	2.6	4.8	6.2	6.5	5.7
Manufacturing, mining and quarrying	11.3	12.0	8.4	13.5	16.5	6.8
Construction	6.5	6.6	6.5	10.6	13.8	3.5
Commerce, restaurants and hotels	22.2	20.9	27.3	23.6	24.3	21.8
Transport, storage and communication	5.3	6.0	2.6	6.8	6.0	8.6
Services and other branches	35.8	33.0	44.5	39.3	33.0	53.6
Customs duties and VAT	16.3	18.9	6.0	–	–	–
Total	100	100	100	100	100	100

Note: Totals may not tally due to rounding. The figures exclude employment in Israel and the settlements.
Source: ILO calculations based on PCBS National Accounts and PCBS Quarterly Labour Force Surveys.

An emerging fiscal crisis?

39. The fiscal situation of the Palestinian Authority became more precarious in 2018, and new and significant risks emerged which threaten not only the fiscal sustainability of the Palestinian Authority but also the stability of the Palestinian banking sector and the economy as a whole. Despite a drop in revenue of around 4 per cent, the deficit declined in 2018, due to a 7 per cent reduction in government expenditures, primarily comprised of cuts to the public sector in Gaza. The deficit stood at around US\$700 million in 2018, compared with US\$860 million in 2017 (Gal and Rock, 2019). However, external budget support and development financing both declined, resulting in an estimated annual financing gap of US\$400 million in 2018, little changed from the previous year. This shortfall has been financed via increased public borrowing from Palestinian banks and new arrears against the public pension system.

40. Laws passed in the United States and Israel in 2018 and subsequent decisions by the Palestinian Authority in early 2019 have created a major risk to the financial stability of the Palestinian Authority and the broader Palestinian economy. The Taylor Force Act was signed into law in the United States in March 2018,⁷ suspending economic assistance to the Palestinian Authority unless it ceases payments deemed to be related to acts of terrorism. In October 2018, the United States passed the Anti-Terrorism Clarification Act

⁷ Government of the United States: [Taylor Force Act](#), H.R. 1164.

of 2018 (ATCA), whereby recipients of US foreign aid would be subject to the jurisdiction of American courts, and therefore potentially liable for monetary damages related to aiding and abetting terrorist acts against American citizens.⁸ The adoption of these laws went hand in hand with a dramatic reduction in aid to the Palestinian Authority, ending all American funding to UNRWA (US\$359 million in 2017). A further US\$232 million of funds originally intended for the West Bank and Gaza was reprogrammed elsewhere (Gal and Rock, 2019). Facing the potential of financial liabilities related to ATCA, in early 2019 the Palestinian Authority declined all remaining financial support from the United States, including US\$60 million in security assistance, and operations of the United States Agency for International Development ceased entirely in the Occupied Palestinian Territory.

41. In July 2018, the Israeli Knesset passed a law, which was modelled on the Taylor Force Act, requiring a reduction in transfer payments from Israel to the Palestinian Authority equal to the amounts (estimated by the Israeli Government) paid to beneficiaries of the Palestinian Authority Martyrs Fund (Knesset, 2018a; Knesset, 2018b). Although transfers were not affected in 2018, in February 2019 the Israeli Government announced that it would withhold US\$138 million of customs and VAT clearance transfers over a 12-month period, which is equal to 6.6 per cent of the amount transferred to the Palestinian Authority in 2018. The total transfers from Israel to the Palestinian Authority for taxes it collects on behalf of the Palestinian Authority amounted to more than 16 per cent of Palestinian GDP in 2018 and critically to around two thirds of total government revenue.⁹

42. In response, the Palestinian Authority announced in early 2019 that it would not accept any customs and VAT clearance payments from Israel until the withheld funds were restored and full payments made. While the decision by Israel to withhold funds amounted to approximately 4 per cent of total Palestinian Authority revenue, the Palestinian Authority's response to reject all clearance payments will effectively reduce its revenues by two thirds. In anticipation of a major funding shortfall, the Palestinian Authority announced substantial wage cuts for Palestinian Authority employees in the West Bank and Gaza.¹⁰ However, even this severe measure will not be sufficient to cover the shortfall in the budget. If a resolution is not found soon, the consequences are likely to be devastating, raising the real prospect of a collapse in the ability of the Palestinian Authority to effectively govern. This, in turn, would entail severe effects spreading throughout the Palestinian banking sector and the overall economy and society.

Employment growth weakens

43. Consistent with the underlying economic trends, the Palestinian labour market deteriorated further in 2018, with a number of indicators pointing to a significant downturn. The working-age population grew by 82,000 while the labour force added only 19,600 workers and jobseekers (table 2.2). This led to a further decline in the labour force participation rate, to 43.5 per cent – the tenth lowest among 189 countries worldwide – and to a decline in the employment-to-population ratio, which at 32 per cent is the world's

⁸ Government of the United States: [Anti-Terrorism Clarification Act of 2018](#), S. 2946.

⁹ Customs and VAT clearances include VAT on goods and services purchased by business registered by the Palestinian Authority from Israeli registered businesses, import taxes collected by Israeli customs on goods imported into the Occupied Palestinian Territory, income tax collected from Palestinian workers employed in Israel and the settlements, excise on fuel purchased from Israel, border crossing fees and taxes on alcohol and tobacco manufactured in Israel.

¹⁰ The announced cuts will reduce Palestinian Authority employee salaries by 50 per cent of any amount exceeding 2,000 Israeli new shekels (ILS) per month (approximately US\$550 based on an exchange rate of ILS3.63 to US\$1).

second lowest (ILO, n.d.). Employment grew by 7,000 during the year, a gain of only 0.7 per cent. Worse still, excluding growth in employment in Israel and the settlements, only around 2,500 jobs were created during the year. These aggregate figures, however, mask stark differences in labour market developments in the West Bank and Gaza. In the West Bank, employment increased by 27,400, a notable improvement from growth of 4,200 the previous year. In contrast, employment in Gaza plunged by 25,000, a loss of nearly 9 per cent of all jobs. Over the past two years, Gaza has lost more than 32,000 jobs, which has completely offset employment gains in the West Bank.

Table 2.2. Key labour market indicators, 2017–18

	2017	2018	2017–18
			Percentage change
Population 15+ ('000)	2 901	2 983	2.8
Labour force ('000)	1 276	1 296	1.5
Employment ('000)	949	956	0.7
West Bank	547	574	5.0
Gaza	279	254	-8.9
Israel and settlements	123	127	3.7
Unemployment ('000)	328	340	3.8
Potential labour force ('000)	98	135	38.7
Discouraged workers	47	83	77.9
			Percentage point change
Labour force participation rate (%)	44.0	43.5	-0.5
<i>Male</i>	70.0	68.9	-1.1
<i>Female</i>	17.3	17.3	0.0
<i>Youth</i>	31.4	30.5	-0.9
Unemployment rate (%)	25.7	26.3	0.6
<i>Male</i>	21.5	22.4	0.9
<i>Female</i>	42.8	41.9	-0.9
<i>Youth</i>	41.9	42.2	0.3
LU4 rate (%)	32.8	34.7	1.9
<i>Male</i>	26.2	27.7	1.5
<i>Female</i>	55.3	57.3	2.0
<i>Youth</i>	48.8	50.1	1.3

Note: Totals may not tally due to rounding. Employment data for the West Bank exclude Palestinian workers employed in Israel and the settlements. LU4 rate: composite measure of labour underutilization.

Source: ILO calculations based on PCBS, Quarterly Labour Force Surveys, 2017 and 2018.

Labour underutilization on the rise

44. Based on revised Palestinian Central Bureau of Statistics (PCBS) labour underutilization statistics (see box), the number of unemployed increased by 12,500 to 340,000 in 2018, while the unemployment rate rose to 26.3 per cent, from 25.7 per cent the previous year. However, these trends are being driven by the sharp deterioration in Gaza. Gaza's unemployment rate rose by 4.4 percentage points, reaching 43.2 per cent in

2018. In the West Bank, unemployment declined to 17.3 per cent, from 18.4 per cent the previous year. Women and youth remain the most affected, with unemployment rates among both demographic groups hovering around 42 per cent. At the intersection of these two groups, young women are particularly disadvantaged, facing an unemployment rate of nearly 70 per cent.

45. In addition to the 340,000 unemployed, there is another large and growing pool of underutilized labour, which totalled 135,000 in 2018. It consists in the main of discouraged workers – people who are available and willing to work, who recently sought work, but have since abandoned their search due to labour market conditions, including the lack of suitable employment opportunities. The number of discouraged workers surged by 78 per cent in 2018 to 83,000 – nearly all of them in Gaza.

46. A significant deterioration can also be seen in the LU4 rate, which is the composite measure of labour underutilization, including the unemployed, underemployed and the potential labour force. LU4 rose to 34.7 per cent, an increase of 1.9 percentage points during the year. The rate for youth rose to 50.1 per cent, and for women, to 57.3 per cent. Yet again, these trends were driven by Gaza. In the West Bank, LU4 declined by 1.4 percentage points to 19.6 per cent – the third consecutive yearly improvement in this measure. In Gaza, LU4 rose sharply, reaching 57.3 per cent, an increase of nearly 7 percentage points over the previous year, and indicative of severe labour market distress.

Revision to Palestine's labour underutilization statistics

Following an ILO technical assessment mission in 2018, the PCBS implemented revisions to the concepts and definitions underpinning labour underutilization statistics, which the PCBS will release as of the first quarter of 2019. These methodological changes were carried out in order to bring PCBS statistics fully in line with the latest international standards pertaining to labour underutilization statistics, established by the 19th International Conference of Labour Statisticians (ICLS, 2013). The following indicators were recommended by the 19th ICLS for measuring labour underutilization comprehensively:

- (1) unemployment rate (LU1);
- (2) combined rate of unemployment and underemployment (LU2);
- (3) combined rate of unemployment and potential labour force (LU3), including discouraged jobseekers; and
- (4) composite measure of labour underutilization (LU4).

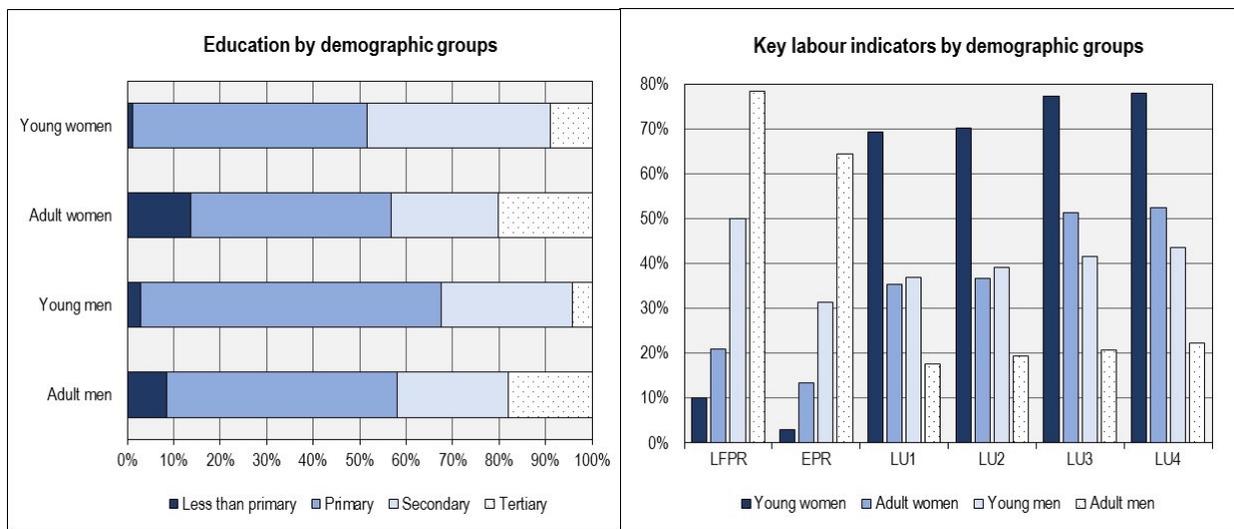
By adopting the latest standards and the full set of labour underutilization indicators, PCBS statistics will provide a more detailed picture of the different forms of labour underutilization in the Palestinian labour market. One important implication is that the PCBS is now applying the strict LU1 unemployment measure called for in the 19th ICLS resolution. Discouraged jobseekers – those persons classified as: (1) available for work; (2) not currently seeking work; and (3) having sought work during the past six months – are no longer included in PCBS unemployment estimates. This results in lower estimated unemployment and labour force participation rates. The other measures of labour underutilization listed above will be calculated and disseminated by the PCBS alongside the strict LU1 unemployment rate in order to provide a more comprehensive view of different forms of labour underutilization in Palestine.

For the West Bank, adoption of the strict LU1 measure results in only a small change in the unemployment estimate, while for Gaza, there is a much larger revision. The reason for the large difference in Gaza is that discouragement is widespread – a large number of persons who were previously classified as unemployed are actually discouraged jobseekers. These individuals were previously seeking work and are still available to work, but are no longer actively searching for a job. Large numbers of discouraged jobseekers in conjunction with a high rate of unemployment reflects the severe labour market distress in Gaza. With little hope to find employment, many jobseekers are giving up on their search for work.

Women and youth face high barriers to decent work

47. It is important to note that different demographic segments face markedly different labour market prospects. Unquestionably, the most disadvantaged among them are women and youth, who together comprise two thirds of the working-age population. With both labour force participation and employment-to-population ratios far below the corresponding rates for adult men, women and youth make up less than 40 per cent of the labour force (figure 2.2) and face far higher unemployment rates than adult men. Women and youth account for nearly 60 per cent of the unemployed and three quarters of discouraged jobseekers.

Figure 2.2. Education and key labour indicators by demographic groups, 2018



Notes: LFPR = labour force participation rate; EPR = employment-to-population ratio; LU = labour underutilization rate. Youth are defined as persons aged 15 to 24 years.

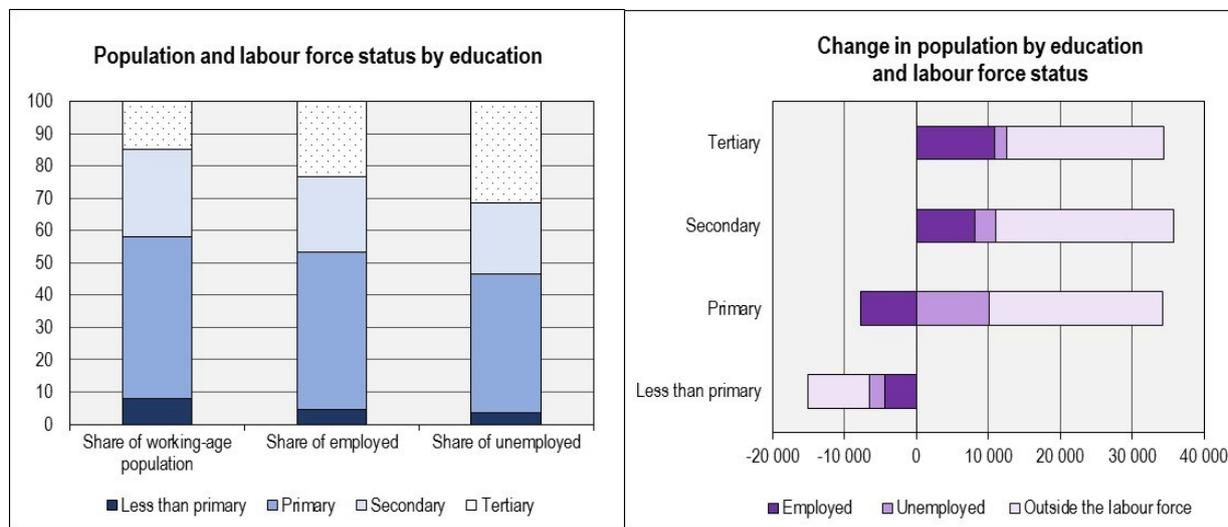
Source: ILO calculations based on PCBS, Quarterly Labour Force Surveys, 2018.

48. The severe disadvantages for women and young people seeking employment cannot be explained by educational differences. On the contrary, a far smaller share of Palestinian young people have less than a basic level of education than their adult counterparts, a larger share of women than men have at least an intermediate level of education, and more women than men have a tertiary degree.

49. Around half of the young persons who are not in employment are currently enrolled in the educational system, and the number of secondary and tertiary graduates continues to rise each year. Yet without new job opportunities created by a dynamic private sector, the vast majority of new graduates will struggle to find any job, let alone one that matches their qualifications and aspirations. Indeed, the likely outcome for new graduates is that they will not find work. The population with a tertiary education expanded by 34,500 in 2018, but their employment rose by only 10,900 (figure 2.3). The most highly educated Palestinians are the most likely to have a job, but they do not face a welcoming labour market: only 50 per cent of Palestinians with a tertiary education were employed in 2018, down from 51.5 per cent the previous year. A deep gender divide underlies these figures: men with a tertiary degree are more than twice as likely as women to be employed. This is not for women's lack of trying: among those with a tertiary degree, 65 per cent are in

the labour force, but they face an unemployment rate of 50 per cent, which is nearly three times the corresponding rate for men.

Figure 2.3. Population and labour force status by education, 2018

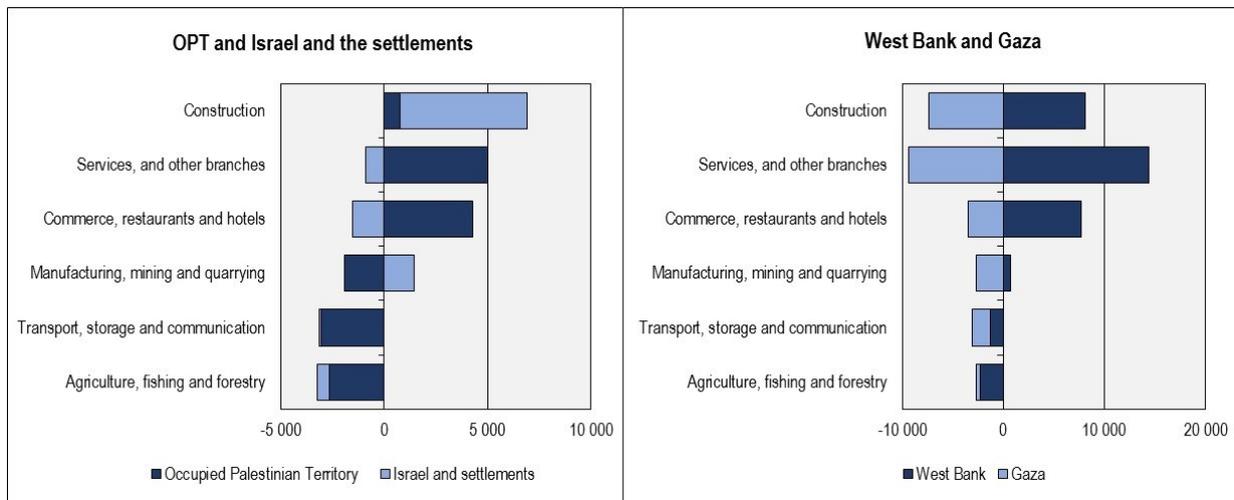


Source: ILO calculations based on PCBS, Quarterly Labour Force Surveys, 2017 and 2018.

50. It is not only tertiary graduates who are struggling. Employment opportunities remain scarce for jobseekers across all educational groups. Only 28 per cent of Palestinians with a secondary-level education were employed in 2018, and while the population with a secondary education increased by nearly 36,000, their employment grew by only 8,200. Those with only a primary education fared even worse, with employment declining by 7,700. Palestinians with less than a primary-level education are the least likely to be employed: fewer than one in five has a job, and this group, too, faced a worsening labour market.

Employment developments across industries

51. The lack of dynamism in the Palestinian labour market is also reflected in employment trends across economic sectors. Jobs increased in only three sectors in 2018: construction, services and commerce (including restaurants and hotels) (figure 2.4). These sectors now account for three out of four Palestinian jobs. The manufacturing sector, the transport, storage and communications sector, and the agricultural sector all registered employment losses in 2018. In the latter two, employment declined by 5 per cent.

Figure 2.4. Palestinian employment by industry, change in 2018

Note: OPT = Occupied Palestinian Territory.

Source: ILO calculations based on PCBS, Quarterly Labour Force Surveys, 2017 and 2018.

52. Trends in employment by industry reflect an outright collapse in many segments of Gaza's labour market. Construction employment declined by 45 per cent in 2018, a loss of more than 7,300 jobs. The services sector, which accounts for more than half of total employment in Gaza, saw employment fall by 6.4 per cent, equal to 9,400 jobs lost. The manufacturing sector shed more than 13 per cent of all jobs. In the commerce sector (including hotels and restaurants), which accounts for one in five jobs in Gaza, total employment declined by nearly 6 per cent. These sectors were the hardest hit in terms of employment losses, yet no sector in Gaza managed to increase employment in 2018.

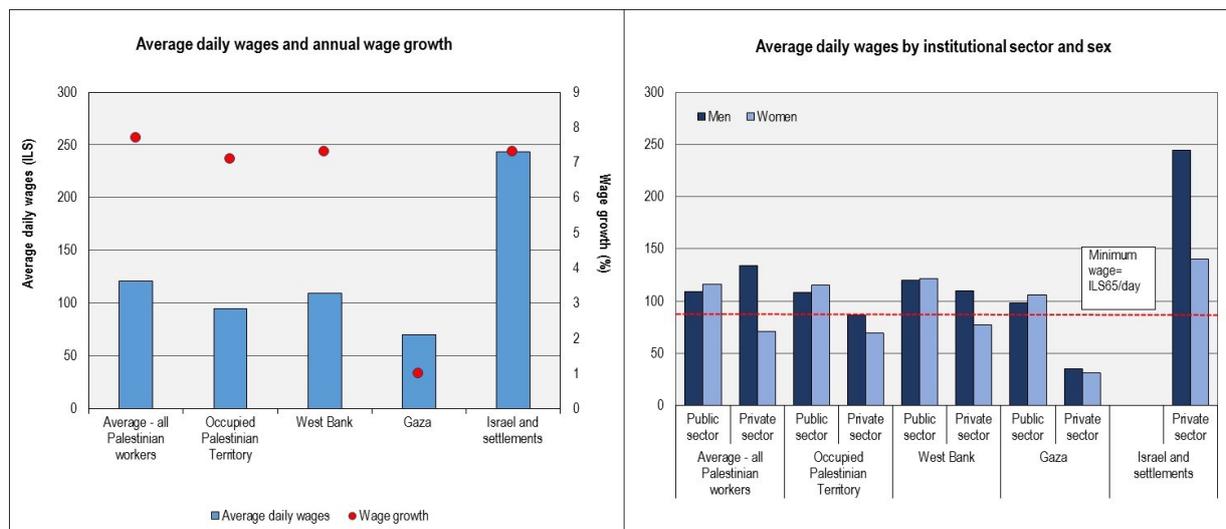
53. In contrast, in the West Bank, only agriculture and transport, storage and communications experienced job losses in 2018. The West Bank's manufacturing sector remained notably weak, a continuation of a long-term decline. The services, construction and commerce sectors all registered reasonably robust employment gains.

Wage growth accelerates, albeit unevenly

54. Developments in wages also underscore the vastly different labour market realities for workers from the West Bank compared to those in Gaza. Average Palestinian wages showed strong growth in 2018, driven by gains of 7.1 per cent in the West Bank, where they rose to 113 Israeli new shekels (ILS) per day, and by workers in Israel and the settlements, where wages also increased by 7.1 per cent, reaching ILS245 per day (figure 2.5).¹¹ In Gaza, average wages rose by only 1 per cent to ILS70 per day. Wages in Gaza are 36 per cent lower than those of employees in the West Bank, and they are over 70 per cent lower than average Palestinian wages in Israel and the settlements. Overall, approximately one quarter of all Palestinian wages in 2018 were earned in Israel and the settlements.

¹¹ Throughout this report, wage data coverage is limited to employees and excludes the self-employed and contributing family workers. Employees comprise 70 per cent of total Palestinian employment, 61 per cent in the West Bank, 78 per cent in Gaza and 89 per cent in Israel and the settlements.

Figure 2.5. Average daily wages by sex and location 2018 and nominal wage growth 2017–18



Note: Figures for the West Bank exclude workers employed in Israel and the settlements. Limited to employees.
 Source: ILO calculations based on PCBS, Quarterly Labour Force Surveys, 2017 and 2018.

55. An examination of wage trends by location and sex reveals important insights into gender wage gaps in the Palestinian labour market, both in terms of magnitudes and the forces driving the gaps. Palestinian women earn on average 25 per cent less per day than their male counterparts. However, nearly all of this gap can be attributed to two factors: the large wage gap faced by women in the Palestinian private sector and the lack of employment opportunities for Palestinian women in Israel. Excluding workers employed in Israel and the settlements, who are predominantly men and earn comparatively high wages, the overall gender wage gap in the Occupied Palestinian Territory is negligible, with men earning an average of ILS95 per day compared with ILS94 for women. However, this apparent equality is largely driven by the relatively larger share of women working in the public sector, where wage gaps are smaller and tend to favour women. In the Palestinian private sector, women earn an average of 20 per cent less per day than men.

56. A quarter of Palestinian employees earn less than the statutory minimum wage of ILS65 per day, with a slightly higher share of women in this category. In the private sector, the incidence of low pay has an unambiguous gender dimension. Nearly 60 per cent of women in the private sector earn less than the minimum wage, which is more than double the corresponding share of men. Large gaps also exist between the West Bank and Gaza. In Gaza, 53 per cent of employees earn less than the minimum wage, which is three times the corresponding share in the West Bank. Wage figures underscore the decimation of Gaza’s private enterprises. More than 90 per cent of Gaza’s private sector workers earn less than the minimum wage of ILS65 (US\$18) per day.

Can anything be done to meaningfully improve the Palestinian labour market?

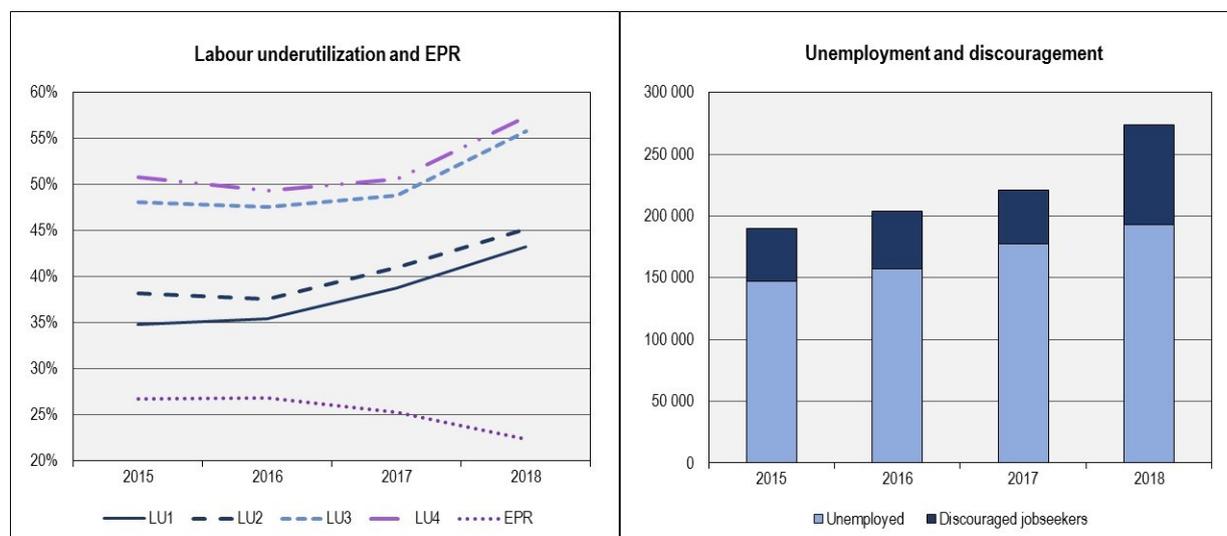
57. Alongside rapidly weakening economic trends, an outright collapse in growth and jobs in Gaza, and a Palestinian Authority budget crisis that could rapidly spread to the broader economy, Palestinian workers, employers, policymakers and society face tremendous risks and challenges. As the above analysis has shown, the situation differs greatly across the three main segments of the Palestinian labour force: those who work in

Gaza, the West Bank, and Israel and the settlements. The challenges facing each of these segments also differ, though they have one unambiguous commonality: in each of them, forces beyond the control of the Palestinian Authority will largely determine outcomes. This is not to say that Palestinian policies do not matter; they most assuredly do. The recurrent failure to establish a functional unified national government, and the refusal by the Palestinian Authority to accept clearance transfers from Israel despite the tremendously detrimental effects this is bound to have on government revenues and the economy at large, are prime examples of the relevance and importance of domestic policies. However, in the context of an entrenched and expanding occupation, a seemingly permanent blockade of Gaza, widespread physical and administrative barriers throughout the Occupied Palestinian Territory and sharp reductions in aid and budget support from abroad, even the most well-conceived and efficiently implemented policies can only have a limited impact.

Gaza in free fall

58. Gaza's economy and labour market are collapsing. All four measures of labour underutilization worsened greatly in 2018, and employment fell dramatically (figure 2.6 and table 2.3). Only one in five people of working age were employed in 2018. The ratio of the unemployed and discouraged jobseekers to total employment in Gaza surged to 1.08, from 0.79 the previous year and 0.69 in 2015. There are now more unemployed and discouraged jobseekers in Gaza than there are persons in employment.

Figure 2.6. Labour underutilization and employment-to-population ratio in Gaza, 2015–18



Notes: EPR = employment-to-population ratio; LU = labour underutilization rate.

Source: ILO calculations based on PCBS, Quarterly Labour Force Surveys, 2015–18.

59. The most significant factor underpinning Gaza's depressed economy and labour market is the blockade by air, land and sea enforced by Israel for the past 12 years and the associated restrictions on movement of people and goods. In 2018, approximately 2,600 truckloads exited Gaza through the Kerem Shalom crossing, primarily destined for the West Bank. There was little change from the previous year, and it corresponds to only a small fraction of the volume of truckloads leaving Gaza before the second intifada. Truckloads of imports totalled 101,000, down from nearly 117,000 in 2017 (OCHA, n.d., crossings). In the absence of major improvements in these basic parameters of trade,

which, in turn, could only be facilitated by an end to the blockade, there are no tangible prospects for significant or sustainable improvements in Gaza's economy.

60. Moreover, even if Gaza's trade channels were reopened, its infrastructure is entirely insufficient to allow for major increases in production. Electricity was supplied for an average of only 6.6 hours per day in 2018, a slight improvement from 5.7 hours in 2017, but still woefully inadequate to sustain large-scale manufacturing or commerce. Clean water remains unavailable for some 95 per cent of the population, constraining the agricultural sector, in which fewer than 15,000 are now employed. Agricultural output has fallen by 40 per cent since 2007. While an end to Gaza's blockade is a necessary prerequisite for recovery, even this would be insufficient in the absence of large-scale investments to repair the enclave's severely degraded infrastructure.

61. In this context, the aid and services provided by UNRWA remain absolutely critical. The relief agency continues to be the central pillar of health and education services in Gaza. It is also a vital source of scarce jobs. Following the cuts of all US funding in 2018, UNRWA has come under enormous pressure, heightening risks for the future of the health and educational systems and for employment in Gaza.

Table 2.3. Key labour market indicators in Gaza, 2017–18

	2017	2018	2017–18
			Percentage change
Population 15+ ('000)	1 102	1 135	3.0
Labour force ('000)	456	447	-1.9
Employment ('000)	279	254	-8.9
Unemployment ('000)	177	193	9.1
Potential labour force ('000)	89	127	43.0
Discouraged workers	44	80	83.1
			Percentage point change
Labour force participation rate (%)	41.4	39.4	-2.0
<i>Male</i>	65.0	61.3	-3.7
<i>Female</i>	17.5	17.3	-0.2
<i>Youth</i>	28.8	27.1	-1.7
Employment-to-population ratio (%)	25.3	22.4	-2.9
<i>Male</i>	43.7	38.1	-5.6
<i>Female</i>	6.8	6.5	-0.3
<i>Youth</i>	11.3	9.5	-1.8
Unemployment rate (%)	38.8	43.2	4.4
<i>Male</i>	32.8	37.9	5.1
<i>Female</i>	61.3	62.4	1.1
<i>Youth</i>	60.8	65.1	4.3

Note: Totals may not tally due to rounding.

Source: ILO calculations based on PCBS, Quarterly Labour Force Surveys, 2017 and 2018.

A coming storm in the West Bank

62. Although the economy and labour market of the West Bank fared far better than in Gaza in 2018, this was in spite of an increase in settlement activities, demolition of Palestinian structures and permanent restrictions that hamper economic activity and livelihoods. Restrictions include checkpoints, roadblocks, metal gates, trenches and earth mounds, and the Separation Barrier. Area C, which encompasses approximately 60 per cent of land in the West Bank and is rich in natural resources, remains under full Israeli security and administrative control. Palestinians have access to only around a quarter of the land within Area C. Many are also prohibited from accessing roads surrounding settlements, and this leads to commuting times which can be two to five times longer than the direct route. This, in turn, has negative impacts on economic activity and productivity (OCHA, 2017). The labour market remains deeply constrained overall. Only 38 per cent of the working-age population is employed in the West Bank (table 2.4) – lower than 95 per cent of all countries and territories with available data.

Table 2.4. Key labour market indicators in the West Bank, 2017–18

	2017	2018	2017–18
			Percentage change
Population 15+ ('000)	1 799	1 848	2.7
Labour force ('000)	820	849	3.5
Employment ('000)	670	702	4.8
West Bank	547	574	5.0
Israel and the settlements	123	127	3.7
Unemployment ('000)	151	147	-2.4
			Percentage point change
Labour force participation rate (%)	45.6	45.9	0.3
<i>Male</i>	73.0	73.5	0.5
<i>Female</i>	17.2	17.4	0.2
<i>Youth</i>	33.2	32.8	-0.4
Employment-to-population ratio (%)	37.2	38.0	0.8
<i>Male</i>	61.8	62.8	1.0
<i>Female</i>	11.9	12.3	0.4
<i>Youth</i>	23.0	23.1	0.1
Unemployment rate (%)	18.4	17.3	-1.1
<i>Male</i>	15.4	14.6	-0.8
<i>Female</i>	31.2	29.3	-1.9
<i>Youth</i>	30.8	29.5	-1.3

Note: Totals may not tally due to rounding.

Source: ILO calculations based on PCBS, Quarterly Labour Force Surveys, 2017 and 2018.

63. Following the aforementioned legal measures adopted in 2018 by the United States and Israel and the related decision in early 2019 by the Palestinian Authority to reject all clearance revenues from Israel, the near-term downside risks to the West Bank economy and labour market have risen significantly. The impact of the US and Israeli measures

alone could reduce GDP in the West Bank by 5 per cent (Gal and Rock, 2019). An even more alarming prospect is that if the Palestinian Authority continues to refuse all clearance payments from Israel, the West Bank economy could contract by an estimated 15 per cent in 2019. The effects of such a contraction on the labour market would be devastating. How long the current clearance payment dispute will last remains to be seen. However, immediate economic effects will result from the sharp cut to Palestinian Authority salaries, which was implemented in early 2019. In the West Bank, the ILO estimates that these cuts amount to around US\$166 million on an annual basis, equal to 3.5 per cent of all wages of employees in the West Bank and to 1.5 per cent of GDP. Taking multiplier effects into consideration, the impact of the wage cuts alone could push the West Bank's economy into recession. These developments are also highly likely to further deepen the recession in Gaza.

64. With public sector wage cuts already in place and the potential for a steep decline in economic activity in the West Bank, employment in Israel has become an even more vital source of income. In 2018, 22.1 per cent of workers living in the West Bank earned their livelihoods in Israel and the settlements – an increase from 19.5 per cent in 2015. Even more significantly, these workers earned nearly a third of all wages in the West Bank.

65. Previous ILO reports have highlighted the problem of employment permit brokers, reportedly affecting around half of all Palestinian workers employed in Israel and the settlements and costing between 9 and 15 per cent of total Palestinian wages earned there. Again this year, the mission was informed that this practice remains widespread. It is worth noting that the PCBS began collecting information related to the issue of brokers as of the first quarter of 2019. It is hoped that these new data will help to clarify the extent of the problem, ultimately pointing to mechanisms which could reduce or eliminate the reliance on brokers and preserve the critical income earned by Palestinian workers.

66. The actions of the Palestinian Authority can have only a limited influence on whether this vital source of earnings will rise or fall in the months and years ahead. It depends almost entirely on decisions which Israel will make to increase, decrease or, in an extreme scenario, prevent Palestinian workers from seeking livelihoods in Israel and the settlements. Employment in Israel is likely to become all the more important as further dark clouds gather over the Palestinian economy.

3. Inequality and separation: Palestinian workers' rights under occupation

Facts on the ground

67. Settlements and their expansion, compounded by restrictions on Palestinians' movement and access to resources, infrastructure and markets, remain among the most prominent features of the occupation. They severely affect Palestinians' social and economic rights, including the right to non-discrimination, with regard to pursuing an adequate standard of living and decent work. Settlements comprise residential communities, industrial zones and agricultural estates, along with the supporting infrastructure. Data on the number of settlements vary but mainly concur on at least 250 settlements, including over 100 outposts in the West Bank, including East Jerusalem (PCBS, 2019a; Peace Now, n.d; OCHA, 2017). Both settlements and outposts are illegal under international law.¹² Outposts are considered illegal also under Israeli law.

68. Quarterly reports by the UN Special Coordinator for the Middle East Peace Process confirm that no steps have been taken by Israel to "immediately and completely cease all settlement activity in the Occupied Palestinian Territory, including East Jerusalem" as called for by UN Security Council resolution 2334 (UNSCO, 2019). On the contrary, in 2018, settlement planning and tendering in Area C included some 4,800 additional housing units, a quarter of which are in settlements located deep inside the West Bank. In East Jerusalem settlements, plans were advanced or approved for 2,100 housing units in 2018 (UNSCO, 2018a). While planning took place at a slower pace than in 2017, construction significantly increased. The number of completed housing units in the West Bank, excluding Jerusalem, grew by 28 per cent in 2018 (CBS, 2019a). Moreover, for the first time in 16 years, new Israeli construction in Hebron was approved in October 2018 (UNSCO, 2018a).

69. The implementation of the Regularization Law – which governs the establishment and development of Israeli settlements in the West Bank – is still frozen by the Israeli Supreme Court following petitions challenging its legality under international law and Israeli constitutional law. Yet, Israel has sought to promote through other means the retroactive authorization of outposts built without official approval. For example, on 28 August 2018, the Jerusalem District Court retroactively legalized the outpost of Mitzpe Kramim, which was built on private Palestinian land, based on the assumption of alleged good faith that it was located on state land. If the ruling is upheld in the Israeli High Court of Justice, it would enable the legalization of additional outposts and housing units within settlements. Also in August 2018, the Government announced its intention to triple the size of the newly established Amihai settlement to include the outpost of Adai, as a way of retroactive authorization (UN, 2019a).

70. A number of legislative steps pertaining to settlements have also further blurred the distinction between Israel and the Occupied Palestinian Territory. Legislation adopted in February 2018 extended the jurisdiction of the Israeli Council of Higher Education to colleges and universities in settlements in the West Bank. In July 2018, the Israeli Knesset approved an amendment to the Administrative Affairs Courts Law giving the Jerusalem District Court jurisdiction over administrative decisions by Israeli authorities in the West

¹² The illegality of the settlements has been confirmed by the International Court of Justice (ICJ, 2004), the High Contracting Parties to the Fourth Geneva Convention (HCP, 2001), and the United Nations Security Council (resolution 465 (1980) and resolution 2334 (2016)).

Bank.¹³ This step could make it more difficult and costlier to challenge the demolition or seizure of Palestinian properties in Area C (UNSCO, 2018b; UN, 2019a).

71. Figures on the numbers of settlers vary, but most sources agree that their number is at least 625,000, one third of whom reside in East Jerusalem. The Israeli Central Bureau of Statistics reported that 413,400 settlers were living in the West Bank at the end of 2017 (CBS, 2018). To those, other sources add between 214,700 and 225,300 Israeli settlers in annexed East Jerusalem (Peace Now, n.d.; PCBS, 2019a). In comparison, according to the latest PCBS census, 393,163 Palestinians were living in Area C in 2017, and 320,000 in East Jerusalem. The proportion of settlers to Palestinians in the West Bank is currently around one to four (PCBS, 2019a).

Lack of opportunities and persistent discrimination in the West Bank

72. In the West Bank, including East Jerusalem, with numerous restrictions, checkpoints and roadblocks, separation and fragmentation remain deeply entrenched. A survey undertaken by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) in July 2018 counted 705 permanent obstacles across the West Bank deployed by Israeli forces, who cite security concerns, to restrict or control Palestinian vehicles and sometimes pedestrian movement. Road obstacles are an integral part of a broader system of access restrictions that impedes freedom of movement of Palestinians and contributes to geographical fragmentation (OCHA, 2018a). Road closures severely disrupt the lives of many Palestinians. A case in point occurred in December 2018, when the Israeli military blocked for over a month the road serving more than 20 villages north of Ramallah. The blockage affected thousands of Palestinians who had permits to work in Israel, hundreds of business people who travelled to Israel daily, and the passage of trucks to the checkpoint (B'Tselem, 2019a). Previous reports have consistently emphasized that the system of closures and permit requirements severely constrains equal opportunities of Palestinian men and women to look for jobs, to access their land to exercise their occupations, and to run businesses in an economically sustainable manner.

73. These facts on the ground continue to result in tensions and violence in the West Bank. In 2018, OCHA recorded 39 Palestinian deaths and over 6,000 injuries by Israeli forces and settlers in the West Bank. At the same time, 15 Israelis were killed by Palestinians, and at least 137 injured in Israel and the West Bank. In the first three months of 2019, tensions and violence continued, resulting in further killings and injuries on both sides (OCHA, n.d., casualties).

74. Violent incidents involving Israeli settlers and Palestinians were also on the rise during 2018, with the highest levels of incidents recorded since 2014 (UNSCO, 2018a). In 2018, OCHA recorded 265 incidents of settler violence against Palestinians that resulted in casualties or damage to their property. This was a 69 per cent increase compared to 2017 (OCHA, n.d., casualties; OCHA, 2018b). In at least 180 incidents, Palestinians killed or injured settlers and other Israeli civilians in the West Bank or damaged Israeli property (OCHA, 2018c).

¹³ The Administrative Affairs Courts Law (Amendment No. 117) 5768, 2018, transfers the jurisdiction to hear petitions by Palestinians and settlers against decisions by Israeli authorities in the West Bank relating to freedom of movement as well as planning and building from the High Court of Justice to the Jerusalem District Court (sitting as an Administrative Affairs Court) (Knesset, 2018c; Hamoked, 2018).

75. Violent incidents frequently occur where settlements are implanted in the vicinity of Palestinian villages, for instance in the Nablus and Ramallah governorates (OCHA, 2018a). Settler violence has also become a growing concern in the H2 area of Hebron, preventing Palestinians' access to health care and education, and impeding teachers and health staff from carrying out their work in a safe environment. The decision in January 2019 by Israel not to renew the mandate of the Temporary International Presence in Hebron has increased the risk of tension and exacerbated the protection risks faced by the inhabitants, particularly schoolchildren (OCHA, 2019a).

76. Previous annual reports have described in detail the restrictive and discriminatory planning regime applied by Israel in Area C (ILO, 2012a). Existing Israeli-produced planning schemes for Palestinian communities in Area C cover less than 1 per cent of Area C, and the system makes it virtually impossible for Palestinians to obtain building permits in the area. This impedes the development of housing, infrastructure and livelihoods (UNSCO, 2018b). Land taken up by or allocated to settlements includes privately owned Palestinian land as well as land that the Israeli authorities have declared "state land" or designated as "closed military areas". The constraints faced by Palestinians in accessing their agricultural land ultimately heighten the risk that the land will be confiscated and redesignated as "state land" which is subsequently used for the expansion of settlements (UN, 2019a). According to recent official information received by the Israeli NGO Peace Now following a request under the Freedom of Information Act, 99.8 per cent of "state land" in the West Bank is allocated for the use of Israeli settlements (Peace Now, 2018).

77. The demolition of Palestinian homes, agriculture and livelihood structures has been described by the United Nations as being part of a coercive environment (UN, 2019a). Data gathered by OCHA indicate a continued pattern of demolitions and displacements. In 2018, Israel demolished or seized 461 structures in the West Bank, including 46 funded by donor agencies, overwhelmingly because of lack of building permits. Demolitions and seizures included schools, shops, wells and homes. As a consequence, 472 people were displaced. In the first three months of 2019, demolitions and displacement accelerated (OCHA, n.d., demolition; OCHA, 2018b).

78. Non-discrimination with regard to workers' access to land and productive resources is a fundamental right (ILO, 2012b). The livelihoods of thousands of Palestinian men and women, including those from Bedouin communities, are highly dependent on small-scale agricultural activities and herding. However, Palestinian farming access remains severely restricted around and within settlements, and in the "seam zone",¹⁴ where prior coordination or special permits are required. The coordination mechanism, purportedly to maintain public order and reduce frictions between Palestinians and settlers, is seriously affecting Palestinian farmers' movement, output and earnings. Access to the areas designated as "closed military zones" is permitted only for a limited number of days during the harvest and ploughing seasons. Farmers are unable to maximize the economic potential of the land (UN, 2019a; OCHA, 2018c). Once again, settler-related violence has included the damaging of trees and crops. The number of Palestinian-owned olive trees cut down or damaged by settlers has increased fourfold over the last two years (OCHA, 2018b).

79. The highly unpredictable and complicated permit system regulating access to the "seam zone" has been documented in previous Reports of the Director-General (ILO, 2012a). In order to get access to or work on farmland which is beyond the Barrier, "farmer permits" (for landowners) and "agricultural worker permits" are required. Official

¹⁴ The "seam zone" is the area between the Separation Barrier and the Green Line (the Armistice Line between Israel and the West Bank since 1948), designated as closed.

information from the Israeli military, related by the Israeli NGO Hamoked in November 2018, shows a significant decline in the approvals of applications for such permits. The approval rate for farmer permits fell from 46 per cent in 2017 to 24 per cent through November 2018. The approval rate for applications for agricultural worker permits dropped from 71 per cent in 2017 to 50 per cent over the same period (Hamoked, 2019). Although Israel justifies the strict permit regime in the “seam zone” on security grounds, only 6 per cent of the applications for farmer or agricultural worker permits were refused on this basis. Instead, applications for permits are increasingly rejected for a variety of other reasons, including that there is “no connection to the land” or “not having enough land”. According to Hamoked, an unprecedented 83 per cent of refusals of farmer permit applications were on the grounds of “failure to meet the criteria”. OCHA monitoring of Palestinians requiring permits to reside in or access the closed areas confirms this trend: the year 2018 had the lowest approval rate since recording began in 2002 (OCHA, 2019a).

80. The use of the Jordan Valley is essential for Palestinian economic development. However, most of the vital land and water resources are unavailable for Palestinians and only 4 per cent of the land is cultivated by them. Israeli appropriation of land, exploitation of natural resources and resulting restrictions for Palestinians living in the Jordan Valley have resulted in extremely limited employment opportunities (Al-Haq, 2018a).

81. Under the present conditions and despite the fundamental moral dilemmas, thousands of Palestinian men and women have found no other alternative than to seek work in the settlements, often in informal and unregulated conditions. Yet, apart from some exploratory studies carried out by the Palestinian General Federation of Trade Unions (PGFTU) and Israeli NGOs, work in the settlements is largely under-researched. The Coordination of Government Activities in the Territories (COGAT) issued 33,738 permits to Palestinians in 2018 for work in the settlements (COGAT, 2019), but the actual number of workers is likely to be higher when taking into account those who are able to enter some settlements without a permit.

82. Work in the settlements tends to be mainly in agriculture, industrial undertakings, construction, and in tasks under Israeli municipal authorities. Much of it is informal employment in conditions which tend to be poorly regulated and insufficiently monitored. Women are predominantly working in agriculture and industry, though some are engaged in domestic work in private households. The mission again received information, including oral testimonies, about recruitment practices, employer–worker relations and working conditions of Palestinians in the settlements. Such accounts tell of pay below the minimum wage, unregulated hiring, and incidences of child labour, especially in the agricultural settlements. The unregulated work of Palestinians in the settlements appears to exist alongside regulated or semi-regulated employment of Israeli and foreign workers. There is also a perception among Palestinian workers that wage differences exist in favour of foreign workers.

83. Closing the protection gap for Palestinian workers in the settlements remains a pressing issue, notwithstanding the inherent complexity of regulating and enforcing rights in the settlements, which are illegal under international law. No labour inspections are carried out by the Israeli authorities in the settlements, as confirmed to the mission by the Israeli Ministry of Labour, Social Affairs and Social Services (MOLSA). Uncertainty about the applicability of Israeli law, including minimum wage legislation, continues.

84. In 2007, the Israeli High Court of Justice ruled that, in the absence of any other agreement between the employer and the worker, Israeli labour law should apply in the settlements. Yet, Palestinian workers are reluctant to claim their rights in court due to fear of reprisals and administrative impediments. The Jordan Valley Regulations, which were

issued by the Minister of Justice a few years ago and upheld in a Supreme Court ruling in September 2018, further exacerbate these obstacles, as they require non-citizens of Israel or those who have no property in Israel to deposit a financial guarantee as a condition for filing a claim (Kav LaOved, 2018). In these circumstances, and until viable alternatives are found in the Palestinian economy, it remains critical to seek appropriate solutions to respect workers' rights, reduce employer dependency, and ensure adequate monitoring and enforcement by a competent authority. This should include genuine efforts, involving all stakeholders, to raise awareness of the rights and conditions of Palestinians working in Israeli settlements.

East Jerusalem: Rights under pressure

85. In 1967, Israel unilaterally annexed East Jerusalem, an act considered illegal under international law. In characterizing “Jerusalem, complete and united” as the capital of Israel, the Nation State Law adopted on 19 July 2018 reaffirmed the annexation of East Jerusalem, in violation of UN Security Council resolutions 252 (1968), 476 (1980) and 478 (1980). The new Law further provides that “[t]he State views the development of Jewish settlement as a national value, and shall act to encourage and promote its establishment and strengthening”.¹⁵ Although there is no geographical scope indicated in the Law, there are concerns that it would also justify illegal settlement expansion in the rest of the West Bank (UN, 2019a).

86. In 2018, plans were advanced or approved for 2,100 new housing units in East Jerusalem settlements, and a tender was announced for the first time in two years. At the same time, only 13 per cent of East Jerusalem is available for construction by Palestinians, which has resulted in a severe housing crisis. At least a third of all Palestinian homes in East Jerusalem lack building permits (ILO, 2018a). In 2018, Israel demolished or seized 216 structures in East Jerusalem on the grounds of missing permits (OCHA, n.d., demolition).

87. Some areas of East Jerusalem, which have been isolated from the city by the Separation Barrier and are often densely populated, continue to suffer from severe neglect. This affects about 160,000 Palestinians, many with permanent resident status. They live primarily in the Shu'fat refugee camp and Kufr Aqab, which connects the cities of Jerusalem and Ramallah. Israel has full civil and military control over these areas and collects municipal taxes, while the Palestinian Authority is prohibited from operating there. Access to workplaces, schools and universities in Jerusalem for Palestinians who have a Jerusalem identity document continues to be severely hampered, including by the usually crowded (and sometimes closed) checkpoints of Shu'fat and Qualandia. During the mission, the Israeli forces demolished parts of an elementary school in Shu'fat, which was meant to accommodate 450 students. When the mission visited Kufr Aqab, it noted widespread unregulated construction and a visible lack of municipal services (including waste removal and road maintenance), which would be expected to be provided by the Israeli authorities.

88. Investment by Israeli authorities in infrastructure, services and institutions in the Palestinian neighbourhoods in East Jerusalem has so far lagged behind. However, in May 2018, the Government of Israel approved five plans for Government investment in East Jerusalem, the largest amounting to US\$550 million and aimed at closing gaps in infrastructure, service delivery and employment opportunities in Palestinian

¹⁵ Knesset: Basic Law: Israel – the Nation State of the Jewish People, translation available at: <https://knesset.gov.il/laws/special/eng/BasicLawNationState.pdf>.

neighbourhoods (UNSCO, 2018b). While closing such gaps in East Jerusalem is an urgent need, there are concerns among Palestinians that the planned investment would undermine their political, cultural and economic ties with the West Bank and deepen control by Israel over East Jerusalem (UN, 2018a; Hasson, 2018).

89. The Palestinian Bedouin communities, who pursue a traditional lifestyle based on herding and farming, are among the most vulnerable groups affected by Israeli policies and actions in Area C (UN, 2019a). Concerns exist over the risk of displacement of Bedouins living in the hills around Jerusalem, which is an area considered particularly strategic for future Israeli settlement expansion. Plans for new settlement construction in the E1 corridor¹⁶ would create a continuous built-up area between the Ma'ale Adumim settlement and East Jerusalem, undermining the contiguity of a future Palestinian state (UNSCO, 2018a). There are also concerns that actions taken to displace Bedouin communities in the area would represent a significant precedent and threat for other Bedouin herder communities across Area C of the occupied West Bank (UNSCO, 2018a; UN, 2019a).

Do workers' rights still matter in Gaza?

90. In March 2019, Palestinians in Gaza marked the first anniversary of the “Great March of Return” demonstrations near the border with Israel. Thousands of Palestinians participated in weekly demonstrations, which began on 30 March 2018. Protesters demanded the lifting of the blockade and the right of return of Palestinian refugees to the land that was lost in 1948 (UNSCO, 2019; UN, 2019b). As highlighted in previous reports, the blockade has highly constrained the human rights of Gazans, in particular the right to work and to have an adequate standard of living. It is not surprising that “Israel’s continued imposition of the blockade on Gaza appears central to Palestinian peoples’ reasons for participating in the demonstrations” (UN 2019b).

91. The Israeli authorities have responded forcefully to the weekly demonstrations, which have caused many casualties (OCHA, 2019b; UN, 2019b). In the first 12 months since the onset of the “Great March of Return” demonstrations, 275 Palestinians were killed and more than 30,000 injured, many of them by live ammunition. Two Israelis were killed and 56 injured in Gaza-related violence (WHO, 2019; OCHA, 2019c). The degree of force used by Israel has raised serious concerns in the international community. In May 2018, the UN Human Rights Council established a Commission of Inquiry mandated to investigate alleged violations of international humanitarian and human rights law.¹⁷ The Commission submitted its report in February 2019.

92. The impact of the demonstrations and the violence surrounding them on workers, including those performing their duties in the vicinity – such as health staff and journalists – should not be underestimated (WHO, 2018; OCHA, 2019d; UN, 2019b). In the context of the already dire socio-economic conditions in Gaza, the demonstrations and the response to them have also increased the burden on those women who became primary breadwinners or caregivers. In an already unwelcoming labour market for women, opportunities to close the income gap left by the primary breadwinners and other family members who were killed or injured during the demonstrations are extremely limited (UN, 2019b; OCHA, 2018d; UNFPA, 2018).

¹⁶ The “E1 corridor” is the stretch of land between Jerusalem and the Ma'ale Adumim settlement. Its completion risks completely cutting off East Jerusalem from the rest of the West Bank.

¹⁷ Human Rights Council resolution S-28/1 of 18 May 2018.

93. The labour markets in the West Bank and Israel remain closed to workers from Gaza. Exit permits through the Erez crossing to Gaza are allowed only for select categories, including severe medical evacuations and some Palestinian business people. However, few applications are approved and the process is difficult and lengthy. For instance, although the overall number of commercial permits granted increased to 7,774 permits in 2018, only 40 per cent of the merchants received a permit, compared to 64 per cent in the previous year, when the overall number of permits granted stood at 3,690. Likewise, whereas the number of “businessman cards” granted had increased to 723 in 2018, up from 450 in 2017, the percentage who actually received their “businessman card” remained unchanged (around 52 per cent) (COGAT, 2019).

94. Throughout 2018, access to fishing areas and farming lands near the perimeter fence inside Gaza remained restricted due to the enforcement by Israel of the Access-Restricted Areas on land and sea. These restrictions have negatively affected income and employment opportunities. Farmers’ access between 300 and 1,500 metres from the fence has reportedly improved over the past two years, although owners remain reluctant to invest in the area (OCHA, 2018e).

95. In the first quarter of 2019, Israel announced an extension of the fishing limits to 12 nautical miles in the central area and 15 nautical miles in the southern part of Gaza, near the Egyptian border. The latter is the largest permissible fishing range since the Oslo Accords were signed, but it still falls short of the stipulations of the Accords. Citing security concerns, Israel continues to restrict access along the northern area to just 6 nautical miles (OCHA, 2019e; OCHA, 2019b).

96. While the extension of the fishing limit, if it is maintained, represents an improvement, serious protection concerns continue to exist for Gaza fishers. The access to areas under restriction on both land and sea continue to be enforced in a manner that affects the rights of farmers and fishers, including their right to carry out their occupation without threat to life and security. According to data collected by OCHA, the number of shooting incidents using live ammunition and inflicting injuries on fishers rose significantly in 2018. Boats and fishing equipment have also been confiscated, and if and when they are returned, they are often severely damaged (OCHA, 2019e; B’Tselem, 2019b).

97. Since March 2019, the deteriorating situation in the enclave has led to street demonstrations, notably by youth, under the slogan “We want to live”. The de facto authorities in Gaza have responded to the events by force, arresting and injuring scores of demonstrators (UNSCO, 2019).

Employment in Israel: Opportunities created, rights neglected

98. Some 127,000 Palestinians were working in Israel and the settlements in 2018, including nearly 38,000 without a work permit (PCBS, 2019c). The quota and permit system remains the main instrument for managing Palestinian access to the Israeli labour market. In 2018, the number of permits allocated to Palestinians for work in Israel was 99,500 (COGAT, 2019).

99. While there has been a steady increase in the number of Palestinians employed in Israel, conditions at the crossings remain inadequate. Over the years, there have been plans for improving crossing conditions and accelerating passage. COGAT officials informed the mission that electronic speed gates would be in place in two crossings by mid-April 2019, with automatic screening and a significant increase in the number of lanes.

100. A large number of Palestinian workers continue to have their permits confiscated or entry denied at crossings for security reasons, often without explanation. This has included, starting in 2016, the practice of “administrative deterrence”, which has been described as a form of collective punishment (ILO, 2017). For 13 years, the Israeli NGO MachsomWatch has been assisting blacklisted Palestinians in challenging their security status in court, with a significant success rate of around 70 per cent (and almost 100 per cent for appeals against administrative deterrence). In 2018, MachsomWatch submitted 3,266 applications for removal from the blacklist to the Israeli District Coordination and Liaison Offices, with a success rate of 41.4 per cent in the North of the West Bank, but only 27.8 per cent in South and Central West Bank. This may suggest that the way in which procedures are applied differ from one area to another (MachsomWatch, 2019).

Enduring protection gaps

101. Israeli labour law and collective agreements cover Palestinian workers in Israel. There have been important developments regarding the payment modalities of work-related benefits for Palestinians in the Israeli labour market. The Payments Division of the Israeli Population, Immigration and Border Authority (PIBA) no longer collects the monthly contributions for sick leave and paid annual leave of 2.5 per cent and 4 per cent, respectively, arising out of the employment of Palestinian workers. Instead, Israeli employers are now required to pay sick leave benefits and annual leave payments directly to their Palestinian workers, as is customary for Israeli workers. Employers must detail the relevant information on the monthly payslip, which now includes an Arabic translation of all entries (PIBA, 2017; PIBA 2019). Palestinian interlocutors have expressed concern that, without adequate monitoring and oversight by the competent authorities, Palestinian workers may not receive in full the payments for sick leave or annual leave to which they are entitled (PNA, 2019b). Efforts are needed to duly inform all workers of the new arrangements, including the manner in which they can claim relevant payments (Kav LaOved, 2018). Different views exist, however, about what to do with the unused funds of reportedly ILS380 million (US\$105 million) that have been accumulated by the Population, Immigration and Border Authority as a result of the collection of the sick leave contributions (Kashti, 2018; Kav LaOved, 2018).

102. Despite measures to revise payslips and reform the payment of sick leave and annual leave, in practice protection gaps remain wide (table 3.1). Many workers lack an employment contract, which they need in order to gain access to rights and benefits. Few workers receive paid annual or sick leave or health insurance benefits, and less than half of the workers with a permit receive their wages along with proper documentation. Only an estimated 26 per cent of Palestinian workers in Israel and the settlements actually receive a payslip. For the vast majority of the Palestinians working in Israel without a permit, having an employment contract, a payslip or annual leave or sick leave is a distant prospect.

Table 3.1. Characteristics of Palestinian workers in Israel and the settlements, 2018

	With permit (%) (n=67,100)	Without permit (%) (n=33,430)
Employed in construction	70.7	56.4
Employed in agriculture	4.0	16.8
Employed in manufacturing, mining and quarrying	14.4	13.8
Employed in commerce, restaurants and hotels	7.5	10.5
Have a written contract	3.5	0.5
Have a verbal contract	42.2	8.4
Receive wages with payslip	48.3	1.7
Income tax deducted	50.2	1.3
Contribute to pension fund	58.6	2.4
Have paid annual leave	53.1	1.9
Have paid sick leave	14.2	1.3
Provided with free private health insurance	35.0	0.7
Provided with free public health insurance	11.9	0.3
Provided with insurance against injuries	31.7	1.2

Note: n = total number. Excludes workers from East Jerusalem with an Israeli ID card. Limited to employees.
Source: ILO calculations based on PCBS, Quarterly Labour Force Surveys, 2018.

Developments in work safety on construction sites

103. The quota for Palestinian workers in the construction industry has doubled over the past five years – from 32,500 in 2013 to 65,300 in 2018. A significant proportion of these permits are allocated for work in residential construction, almost all of which were used (COGAT, 2019). Minimum wages in the sector have increased significantly over the past few years, which makes the sector highly attractive. However, the number of deaths and injuries on construction sites remains high. Information from the Palestinian Ministry of Labour lists the names of 25 Palestinian workers who died on Israeli work sites in 2018, more than half of whom on construction sites due to falls from heights. At least 290 Palestinian workers reported occupational injuries in 2018. In the first three months of 2019, ten workers died in building-related accidents. Many were Palestinian workers (PNA, 2019a; PNA, 2019c; Haaretz, 2019a). In addition, Palestinian workers who are injured face difficulties in claiming benefits from the national health insurance system (Kav LaOved, 2018).

104. In recognition of an urgent need for action, workers' and employers' organizations in Israel have agreed to new measures aimed at improving safety in the building industry. In November 2018, the Construction and Wood Workers' Union affiliated with Histadrut and the Israeli Builders Association signed a new collective agreement that establishes a joint safety committee. The committee will be authorized to impose sanctions, including fines on workers who violate safety procedures regarding their obligations to use personal protective equipment, as long as the employer has provided the proper equipment and the necessary training and instructions on how to use it (Histadrut, 2018). It is estimated that 42 per cent of Palestinians employed in Israel have not received training on safety measures at work (MACRO, 2018). Histadrut has created a special department for workers' safety and is continuing its annual vocational training sessions for Palestinian workers.

The Israeli Builders Association also provides vocational training to some 500 Palestinian workers per year, including on safety instructions and information about labour rights.

105. Interlocutors from the Israeli Ministry of Labour and Social Affairs acknowledged the urgency of addressing this issue and informed the mission of a number of steps to improve safety on construction sites, including the hiring of 60 labour inspectors in addition to the 28 positions already in place. Other measures included legislation aimed at improving scaffolding on construction sites, a hotline for safety violations, and an awareness-raising campaign in cooperation with Histadrut. Sanctions on contractors failing to provide a safe working environment have been reinforced (MOLSA, 2019).

106. As an alternative dispute resolution mechanism for Palestinian workers seeking to claim their rights, the Grievance Committee – established under the General Collective Agreement between the Israel Builders' Association and the Histadrut Federation of Builders and Wood Workers – handled about 1,000 cases in 2018 (Histadrut, n.d.). However, many cases still do not have the complete documentation needed, and the persistent lack of awareness among Palestinian workers of their labour rights remains a cause for concern. The mission was again informed about a recurrent practice among certain employers to under-report the number of hours worked or wages paid to Palestinian workers. This affects the actual compensation that could be claimed for sick leave, severance pay or work injuries.

Permit reforms again postponed

107. Previous annual reports have identified a number of problems associated with the current permit allocation system for Palestinians seeking work in Israel. These include the lack of employment mobility due to the permit being linked to one specific employer, resulting dependency and vulnerability of workers, abusive practices of brokers, non-payment or underpayment of wages and related benefits, and an absence of skills matching. Progress in implementing previously announced measures¹⁸ to eliminate or reduce broker practices and reform the permit system has been sluggish. Proposals to put in place an electronic payment system and establish direct contact between employers and jobseekers are still being tested.

¹⁸ Government Decisions 1236 and 2174 of 2016.

4. Governance and institution-building: Continued efforts amid risks of breakdown

108. The Palestinian Authority pursued in 2018 and early 2019 its efforts both to build governance institutions on the basis of the Oslo Accords, and to establish regulatory frameworks in line with international good practice and human rights treaties. Yet its ability to exercise legal authority, ensure effective governance structures, including labour governance, and enforce regulations to protect the rights of citizens is increasingly being challenged by the continued occupation, the internal political divide and significant cuts in foreign aid.

109. In late 2018, the Palestinian Constitutional Court dissolved the Palestinian Legislative Council and requested President Abbas to call legislative elections within six months.

110. Many of the mission's interlocutors expressed their concern that the public trust in governance was eroding and the civic space shrinking (UNSCO, 2018b). In the absence of a functioning Palestinian Legislative Council for over 11 years, the executive branch has been both legislating and enforcing legislation at the same time. Transparency and public dialogue are often perceived to be absent in the legal and policymaking processes (Al-Haq, 2018b; UN, 2018a). Most visibly, the deficit of trust of Palestinians towards the Palestinian Authority manifested in successive campaigns and sizeable street mobilizations in the West Bank against the Social Security Law shortly before its entry into force, planned for November 2018.

Institution-building for labour market governance: Persistent efforts but few outcomes

111. Institution-building for labour market governance relies on a policy foundation outlined in three interlinked planning documents: the *National Policy Agenda 2017-2022: Putting Citizens First* (PNA, 2016); the *Labour Sector Strategy 2017-2022: Path to Decent Work and Eliminating Unemployment* (PNA, 2017a); and *The Palestinian Decent Work Programme 2018 – 2022* (ILO, 2018b). However, even if the way in which the current labour policy has been designed provides a solid basis for effective labour market governance, the Israeli occupation and the resulting distortions are preventing the fruits of such policies from being fully reaped (MAS, 2019b).

112. Against this backdrop, the Palestinian Authority continues to prioritize employment and livelihoods, labour market governance and labour rights, and social security and social protection, in line with *The Palestinian Decent Work Programme 2018 – 2022*. In April 2018, a National Decent Work Team was formed to follow up on these priorities.

113. In spite of continuous commitment by all parties to reform the current Palestinian Labour Law No. 9 of 2000, progress has been slow. Amendments in order to align the Law with relevant international labour standards, economic and social rights, gender equality requirements, children's rights, and rights of persons with disabilities have been examined. A tripartite workshop in late 2018 reviewed the current legislation from a gender perspective. This identified reforms which would be needed to respond to concerns over existing legal obstacles to gender equality, to ensure the proper integration of women into the labour market, and to promote their effective participation in industrial relations practices (Daa'na, 2018).

114. A 2018 ILO assessment of the labour administration and inspection capacity identified a number of shortcomings, including an insufficiently robust legal framework for labour inspection and occupational safety and health, a lack of adequate resources and technical skills, and the absence of a proper mechanism for reporting and following up on occupational accidents (ILO, 2018a). In 2018, the Ministry of Labour of the Palestinian Authority appointed 15 additional labour inspectors, including eight women, doubling its number of inspectors to 90 in the period 2016–18. In 2019, new legislation on occupational safety and health established related committees and supervisors at the enterprise level. An action plan for its effective implementation is being prepared.¹⁹ The Ministry of Labour also initiated a pilot phase of an electronic labour inspection system which it had developed. Simultaneously, it conducted some 14,350 inspection visits in 2018, resulting in legal measures and other sanctions against non-compliant enterprises (PNA, 2019c).

115. In October 2018, the Ministry of Labour conducted an assessment of a management system for individual complaints and developed an action plan for enhancing its effectiveness. The Ministry of Labour dealt with 867 cases of individual disputes in 2018, of which 373 were resolved, while 244 cases were referred to the judiciary. The Ministry also recorded a noticeable increase in redundancies (72 cases affecting 465 workers by the end of 2018) following multiple enterprise restructurings, notably in the services sector, which has been affected by the decline in donor aid (PNA, 2019d).

116. In early 2018, a new “External Employment Organizing Unit” was established in the Ministry of Labour to provide support and services to Palestinian workers employed in the Israeli labour market. The unit established three centres (in Hebron, Ramallah and Tulkarm), which provide workers with information on work permits and their rights. The unit also collects and compiles data on work-related injuries and violations committed in Israel (PNA, 2019a).

Limited progress in social dialogue

117. The National Wage Committee met for the first time in five years in December 2018. The tripartite partners reached a tentative consensus on a number of points, including the need for a new minimum wage adjusted to the cost of living and measures necessary for improved workplace compliance and labour inspection. The partners agreed that a comprehensive review of the minimum wage should be conducted, with ILO technical assistance, to lay the basis of a new round of social dialogue in 2019. Initiatives to revise the minimum wage are driven both by the rising cost of living and the large and growing wage differentials between the Israeli and Palestinian labour markets, which act as an incentive for Palestinian workers to seek employment in Israel and the settlements.

118. In conditions of widespread informality and with a predominance of micro, small and medium-sized enterprises, collective bargaining remains underutilized. Most collective bargaining agreements cover large enterprises, notably in the health, banking, private education and communications sectors. Collective bargaining agreements are largely used as collective dispute management tools, with systematic facilitation by the Ministry of Labour. A majority of collective bargaining agreements settle wage-related disputes and disputes over working conditions. Trade unions made 27 requests for assistance in addressing collective labour dispute in 2017. In 2018, seven new collective bargaining agreements were concluded. The Ministry of Labour was involved in the process for the majority of these collective bargaining agreements (PNA, 2019d).

¹⁹ Decree-Law No. 3 of 2019 on Occupational Safety and Health Committees and Supervisors in the Enterprises.

119. A series of bipartite and tripartite consultations in 2018 and early 2019 over a draft trade union organization law resulted in a tentative consensus on its main components. The Ministry of Labour regards such new legislation as important for a sound industrial relations framework and for promoting the effective operation of trade unions (PNA, 2019d). A tripartite meeting convened in Amman in July 2018 shed light on a number of concerns. Employers objected to the inclusion of their organizations in any of the provisions of the Law, as they could overlap with, and potentially undermine, existing laws on membership of the chambers of commerce and the right of employers to form sectoral committees within these chambers. The draft law was subsequently put on hold.

120. In 2018, 13 new enterprise trade unions and one public company union were established, bringing the total number of national, sectoral and enterprise organizations of workers operating in the Occupied Palestinian Territory to 360 (PNA, 2019d). At the end of 2018, 84 employers' organizations were registered by the Ministry of Labour (PNA, 2019d). The Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA), representing the interests of the private sector through 13 regional chambers in the West Bank and one in Gaza, held its regional elections in early 2019, resulting in the establishment of a new board. All board members are men.

Social protection in the private sector: An opportunity at risk

121. Only public sector workers, who account for less than one quarter of all employed Palestinians, enjoy social security benefits (PCBS, 2018b). Following the promulgation of the new Social Security Law in 2016, which would extend old-age, disability and death benefits, as well as employment injury and maternity benefits, to private sector workers and their family members, the Palestinian Social Security Corporation was inaugurated in April 2018. It is supervised by a tripartite-plus board of directors chaired by the Minister of Labour.

122. The new Social Security Law was expected to enter into force on 1 November 2018. However, a few weeks before that, widespread protests against the Law and the scheme as such erupted in the West Bank. Protesters criticised the planned venture for requiring high payments without providing sufficient guarantees for delivery as well as not appropriately covering vulnerable workers outside the formal labour market. There appears to be a lack of ownership, compounded by inadequate communication to both workers and employers on the benefits of the social security scheme. The Law and its implementation were put on hold by a presidential decree on 28 January 2019.

123. Proposals have been made by various stakeholders to revise the Law. Some of these proposals are a cause for concern, as they call into question either the long-term financial viability of the scheme or its alignment with international labour standards and good practice. There is a need for intensified dialogue between the tripartite stakeholders in order to arrive at a lasting consensus.

Employment promotion, and skills and entrepreneurship development

124. Efforts by the Palestinian Authority to promote job creation, skills development and a better match between labour supply and demand continued in 2018. Services to jobseekers include employment counselling and vocational training, guidance on entrepreneurship, and job search and job application support.

125. In 2018, the Ministry of Labour's employment offices registered some 23,290 jobseekers, of whom 2,198 were women. In the same period, 10,598 vacancies were registered and 6 per cent of them were filled through the employment offices. Roughly 7,000 jobseekers, half of them women, benefited from individual and collective vocational counselling (PNA, 2019e).

126. An organizational review of the Ministry of Labour in 2018 led to the creation of a Vocational Training Unit to improve technical and vocational education and training and to boost the effectiveness of services dedicated to self-employment. Collaboration between the Ministry of Labour and the Chambers of Commerce resulted in the establishment of "Employment corners", situated in the Chambers of Commerce of Ramallah, Salfit and Nablus, which provide employment services to the public. In order to come up with a common vision on ways to combat unemployment, a national action plan on employment is being developed, building upon an ILO employment diagnostic study concluded in 2018 (ILO, 2018c).

127. The Palestinian Fund for Employment and Social Protection (PFESP), which promotes decent work opportunities through financing micro and small enterprises for unemployed youth, has finalized and adopted its strategic plan for 2018–22. A memorandum of understanding between the PFESP and the Bank of Palestine was established, with the latter providing a total of US\$50 million in loan guarantees for beneficiaries of the fund (PNA, 2019e). This action was complemented by the expansion of several entrepreneurship development training programmes in 2018.

128. Limited access to capital, high interest rates on loans, harsh consequences for defaulting on loans (including prison sentences), a weak enabling environment, suboptimal governmental support for entrepreneurs and the high cost of doing business (such as obtaining proper licencing) have been identified as major impediments to entrepreneurship, notably for women (World Bank, 2018b). The Palestinian Industrial Estates and Free Zones Authority is an encouraging example of how to counter the obstacles, thanks to its role as a one-stop shop to companies planning to invest in five industrial zones established in the West Bank and Gaza (PIEFZA, 2019).²⁰

129. In line with the Law on Cooperative Associations, in force since January 2018, the Ministry of Labour continued to work on the establishment of a tripartite Cooperative Work Agency, which will be mandated to assist in implementing the Law.

Women in the labour market: Persistent challenges and few opportunities

130. Palestinian women, many of whom are highly skilled, still face multiple visible and invisible barriers to accessing jobs and protection of their rights. Improving women's participation in the labour market and integrating women in political, social and economic life are key objectives of national policies and sectoral strategies.²¹ The National Committee for Women's Employment, the PGFTU and women's civil society organizations, such as the Business Women Forum, continued their advocacy for improved implementation of these policies and strategies.

²⁰ Gaza Industrial Estate, Jericho Agro-Industrial Park, Bethlehem Industrial Estate, Jenin Industrial Estate and Tulkarm Information Technology Park.

²¹ For example, the National Policy Agenda 2017-2022, the Labour Sector Strategy 2017-2022, and the Cross-sectoral National Strategy to Promote Gender Equality and Equity.

131. Legislative gaps are one of the factors that hinder women's access to decent employment opportunities. In this regard, a review of the current labour legislation from a gender perspective has identified the absence of comprehensive provisions in relation to non-discrimination, equal pay for work of equal value, and gender-based violence as key shortcomings. In addition, domestic workers remain excluded from the scope of the law (Daa'na, 2018).

132. Entrepreneurship could provide an important impetus to empower women in the labour market. However, women face significant barriers to starting and scaling up their own businesses. Even though, in theory, both women and men have equal property ownership rights, societal norms often prevent women from effectively exercising these rights (UNDP et al., 2018). This limits their ability to use property as loan collateral to pursue entrepreneurial activities (World Bank, 2018b).

133. More broadly, women tend to be under-represented in decision-making in the public and private spheres, including in local government, trade unions, employers' organizations and the judiciary (UN, 2018b). In 2017, only 21 per cent of the members of the local councils in the West Bank were women. Although women hold 42.6 per cent of public sector positions, these tend to be at the lower end of the occupational spectrum. For example, women hold only 11.3 per cent of positions at the Director-General level (PCBS, 2018b). Women also remain severely under-represented in Chambers of Commerce: only one woman entrepreneur sits on the board of a regional chamber of the FPCCIA (Ramallah). There are no women on the managing board of the FPCCIA. On the other hand, 11 out of 37 executive bureau members of the PGFTU are women (ILO, 2018d).

Groups in vulnerable situations

134. The latest available data suggest that there are some 18,400 children involved in child labour in the Occupied Palestinian Territory.²² In the West Bank, most of them are in the 15–17-year age group. Even if they are above the legal minimum age for employment, they can be exposed to hazards at the workplace, including excessive hours of work, which renders such work unacceptable. Child labour in the 10–14-year age bracket is very rare.

135. There is action against child labour in the framework of labour inspection and advocacy. The Ministry of Labour has issued dozens of notifications and warnings against employers who were found to engage children. Sixteen cases were referred to the judiciary. The Child Protection Network, a grouping of government agencies and NGOs, coordinated advocacy efforts and referrals of child workers to competent care and protection services. Through cooperation between the Public Prosecution Services and the Family Protection Unit of the Ministry of Social Development, a number of children formerly in work have been able to resume their school education (DWRC, 2019).

136. In 2017, more than 255,000 Palestinians had some form of disability (PCBS, 2018c).²³ However, this figure is likely to be revised upwards, due to the injuries suffered by some 30,000 Palestinians since the start of the "Great March of Return" demonstrations in Gaza (WHO, 2019). Many persons, and especially women, with disabilities end up being marginalized and effectively excluded from social life. They face many barriers to

²² ILO estimate based on PCBS *Labour Force Survey*, 2018. This estimate includes children in employment aged 10–14 and children aged 15–17 working in hazardous occupations. Hazardous occupations were identified at the 2-digit occupation level, which is a proxy for the preferred identification at the 3-digit level.

²³ People with difficulties in seeing, hearing, mobility, memory and concentration, and communication.

securing employment, and discrimination in the workplace (PNA, 2018). Even though the existing labour law requires employers to engage at least 5 per cent of their workforce from among disabled workers, there are no binding rules for ensuring that workplaces are adapted to persons with disabilities. This impedes effective application of this provision (Daa'na, 2018). In 2017, only 8 per cent of persons with disabilities in the West Bank and Gaza had jobs, while some 87 per cent had never worked, or even sought work (MAS, 2019b). A new draft law on the rights of persons with disabilities is currently being finalized (PNA, 2018).

Gaza: Deepening crisis amid continued blockade, internal divide and declining donor aid

137. Gaza's public sector and labour administration continue to operate under deteriorating conditions. The Palestinian Authority has continued to apply its austerity measures in Gaza. They have been in force since April 2017 and include wage reductions and forced early retirements, affecting some 60,000 civil servants. In addition, the funding crisis of UNRWA – the second largest employer in Gaza with some 13,500 staff – posed a severe threat to both jobs and the delivery of essential services. UNRWA operates 275 schools with 272,000 students and 22 primary health facilities that receive nearly 4 million visits annually (UNRWA, n.d.). The agency was able to maintain its public services in 2018 thanks to a successful one-off emergency appeal for donor funding. Yet, the mission was informed that austerity measures adopted by UNRWA (including dismissals, transformation of contracts from full-time to part-time, and non-renewal of expired contracts) has had negative consequences for the employment and livelihoods of its staff as well as the delivery and quality of UNRWA services.

138. Social dialogue and industrial relations in Gaza remain virtually non-existent. Labour laws and regulations adopted by the Palestinian Authority, and especially the minimum wage legislation, are very difficult to enforce, given that there are only some ten inspectors in the enclave. The restrictions on trade union rights imposed by the de facto authorities continue to severely affect the PGFTU, which is being prevented from using its infrastructure, visiting workplaces or recruiting members.

139. The Ministry of Labour, the social partners and civil society organizations are continuing their efforts to support Gaza in their activities. There are plans to extend to Gaza the electronic labour inspection system, which is currently being piloted by the Ministry of Labour in the West Bank. Participation of workers and employers of Gaza in the social dialogue which is taking place in the West Bank, for instance on labour law reform, continues via teleconferences when internet connections and electricity are available. From October 2018 to February 2019, the PGFTU launched an awareness-raising campaign on labour rights for women workers, including in Gaza. The Beauty and Hairdressers Workers' Union, established in 2017, held its first congress in November 2018 and elected its leadership. Similar organizing efforts by women took place in the kindergarten and day-care sector, with a view to negotiating better working conditions and wage increases (DWRC et al., 2017).

140. Five years after the last war, the Gaza Reconstruction Mechanism is still needed to rebuild houses and other destroyed infrastructure. It is also a source of scarce jobs. By 2018, nearly 13,500 of the 17,800 houses which were completely destroyed had been rebuilt (UN, 2018a).

141. Complex crossing procedures for products and people continue to make any planning for business activities, trade and investment immensely difficult. Restrictions on the

importation of goods persist.²⁴ Several of the mission's interlocutors deplored the fact that the discussions with the Israeli authorities over expanding the categories of goods allowed to be transferred from Gaza to the West Bank and Israel, including processed foods, have not advanced. In addition to the very limited number of permits granted to Gaza's business people to exit the enclave, permits for foreign investors to enter Gaza are equally difficult to obtain. The high level of uncertainty associated with the political and security environment undermines potential investment in Gaza, including by the Palestinian diaspora.

142. Against this backdrop, expanding businesses and upgrading existing product lines remain a remote possibility for Gazan entrepreneurs. The industrial zone of the Palestine Industrial Estate and Development Company is the only such zone which has remained operational since the 2014 hostilities, largely facilitated by an agreement reached with Israel over a guaranteed electricity supply for 16 hours a day. The zone hosts 34 enterprises, mainly in food and beverages, furniture and garments (PIEDCO, 2019). However, while there were 7,000 workers in the zone in 2005, their numbers declined to only 2,000 in 2017 and further to 1,400 as of early 2019.

143. Initiatives aimed at business development, such as the Palestine Information and Communications Technology Incubator, act as platforms for Gazan freelancers, start-ups and investors at the local and international levels, including the Palestinian diaspora. However, access to finance for start-ups remains insufficient and limits their opportunities to grow, making such initiatives too limited to absorb the rapidly growing number of skilled information and communication technology graduates in Gaza.

²⁴ These restrictions include a prohibition on the importation of a wide range of "dual-use" goods (machinery, equipment and other inputs to production) that feature on an extensive and constantly evolving list, available at: <http://www.cogat.mod.gov.il/en/services/Documents/List%20of%20Dual%20Use%20Items%20Requiring%20a%20Transfer%20License.pdf>.

5. The occupied Syrian Golan back in the international spotlight

144. Long in the shadow of the Israeli–Palestinian conflict and the war in the Syrian Arab Republic, the situation of the occupied Syrian Golan has now been brought back to the world’s attention. Israel has occupied the Syrian Golan since 1967. On 25 March 2019, by presidential proclamation, the United States recognized “the Golan Heights as part of the State of Israel”.²⁵ It is the first country to have done so since the Israeli annexation of the territory in 1981. While the proclamation was greeted with wide support in Israel, it was met with criticism and rejection by the international community. United Nations Security Council resolution 497 (1981) remains the key text on the subject. It laid down that “the Israeli decision to impose its law, jurisdiction and administration in the occupied Syrian Golan Heights is null and void and without international legal effect” (UN, 1981).

145. The occupied Syrian Golan is sparsely inhabited by a total of 48,700 people, constituted in almost equal parts by Syrian citizens and Israeli settlers (CBS, 2018). The latter have gained in demographic weight over the years, albeit slowly. There are five Syrian villages and 34 Israeli settlements. Until 2013, the Syrian citizens of the Golan were able to trade and exchange with the Syrian Arab Republic. Students from the occupied Syrian Golan studied at Damascus University, marriages were facilitated across the border, and about one third of the occupied Syrian Golan’s production of apples – the territory’s key agricultural crop – was sold in the Syrian Arab Republic. These opportunities ceased some six years ago due to armed conflict on the Syrian side of the buffer zone controlled by the United Nations Disengagement Observer Force (UNDOF). The Quneitra crossing has remained closed for cross-border traffic and trade.

146. The labour force participation rate of the Syrian citizens of the occupied Syrian Golan is not more than 50.6 per cent, although it has been increasing over the years. Female labour force participation is 27.6 per cent. Overall, 9,100 Syrian citizens are employed, and most work in construction as a primary activity (CBS, 2019b), followed by wholesale and retail trade. While the majority of Syrian households in the Golan have agricultural roots, only a small number of workers are primarily employed in farming. There are limited opportunities to market the crops produced, particularly apples, and many farmers have now turned to other occupations. It has been difficult for small-scale Syrian farmers to compete with the often more industrial agriculture of the settlements.

147. The mission was informed of continued discriminatory practices with regard to access to land and water, which has been facilitated for settlers through tax incentives and subsidies by the Israeli Government. Building permits are hard to obtain for Syrian citizens and land registration is now being transferred to a new system. This risks disadvantaging Syrian citizens with insufficient proof of ownership, and could provide a basis for Israeli state appropriation. There is also concern about Israeli plans for installing large-scale wind turbines on Syrian-owned land, potentially further restricting future expansion of Syrian villages.

²⁵ “Proclamation on Recognizing the Golan Heights as Part of the State of Israel”, 25 Mar. 2019.

148. Overall, Israel has continued its efforts to integrate the occupied territory administratively and politically. In October 2018, elections for municipal councils were held for the first time; before that, mayors were appointed in Syrian localities. Only those Syrian citizens who had taken on Israeli nationality could stand for election. Few did, and the turnout was low. Most Syrian citizens in the occupied Syrian Golan retain a strong connection with their motherland, even after more than half a century of Israeli occupation and administration.

Concluding observations

149. The last year has brought more bloodshed between Palestinians and Israelis than any other year since the 2014 Gaza war. Radicalism and violence are increasing on both sides. Prospects for Palestinian workers are grim. The fiscal situation of the Palestinian Authority and the current donor climate make it unlikely that the economy can benefit from any stimulus in the near future. Rather, there are indications that it will descend into deep recession, with dramatic repercussions for the job market and Palestinian livelihoods.

150. The labour and employment situation of workers of the occupied Arab territories has continued to deteriorate. Labour force participation is low, unemployment rampant and the young are increasingly disengaging from a market which fails to deliver. Jobs are few and far between; women are the worst off.

151. Nowhere else is the situation of working men and women, or those aspiring to find work, as dire as in Gaza. If current trends continue, the majority of its labour force will soon be unemployed. Those who have a job often lack protection and a stable income. The 12-year-old Israeli blockade has decimated Gaza's productive base and eroded employment opportunities. Gaza's economy is now in free fall. Under current conditions, it is unclear what, if anything, can halt the collapse. Unless cross-border mobility for workers and goods is re-established, no real improvement can be expected.

152. The Palestinians themselves have little scope to improve their destiny. The Israeli occupation is stifling in every respect, dominating almost every aspect of Palestinian life. More and larger settlements are emerging. Palestinian mobility, finance and trade are all effectively controlled by Israel. The situation is further compounded by the pervasive lack of reconciliation between the key Palestinian factions, which is one of the obstacles to advancing the cause of self-determination and statehood.

153. Governance and well-run institutions still matter, even in the context of continued conflict and an enduring occupation. The development of the Palestinian social security system, one of the most recent bricks in Palestinian state-building, is now stalled, and the institution is in disarray. Yet the protection of workers beyond the civil service employees is needed more than ever, both as a goal in itself and to boost the attractiveness of a private sector which remains anaemic.

154. Labour rights and other human rights have long fallen victim to the occupation. For most of the 127,000 Palestinians who work in Israel and the settlements, often the only – but crucial – benefit is the income they can retain. Conditions are frequently precarious, and humiliations are common. There is a thriving informal economy of Palestinians working in the settlements, for meagre wages without protection. Solutions are, however, at hand. Fundamental principles and rights at work must be respected, working conditions improved, and the permit regime for Palestinians working in Israel should be thoroughly reformed.

155. The occupied Syrian Golan regained global attention when its annexation was recognized by the United States. Syrian workers in the territory, which has been occupied for more than 50 years, have remained disadvantaged and often face discrimination. There appears to be little desire among the Syrian citizens in the occupied Syrian Golan to integrate with Israel, as recent local elections have demonstrated.

156. More than ever, the peace process needs to be pulled out of its moribund state and given new life. The same goes for the stalled process of Palestinian reconciliation. In the absence of political progress on any front, there is little hope for meaningful and sustainable improvements in the labour markets of the occupied Arab territories.

Continued conflict and tension will not serve the long-term needs of any side. Only dialogue and negotiation can. While the two-state solution appears in some quarters almost to be relegated to the history books, no credible alternative has emerged. Rather than being questioned or shunned, it should be fostered.

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Annex

List of interlocutors

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Iman Assaf, Head, Gender Unit

Hani Shanti, Head, Public Relations and Media Unit

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Workers', employers' and other civil society organizations

Palestinian General Federation of Trade Unions (PGFTU), Nablus

Shaher Sae'd, General Secretary

Rasem Al Bayari, Deputy General Secretary

Juwairyeh Al Safadi, Member of General Secretariat

Sumaia Al Hawamda, Member of Executive Committee

Saher Sarsour, Member of General Secretariat

Palestinian General Federation of Trade Unions (PGFTU), Gaza

Wael Khalaf, Member of General Secretariat, Deputy Head of Public Sector Employees Union

Yahya Abu El Atta, Member of General Secretariat, Deputy Head of Public Transportation Union

Mohammad Hillis, Member of General Secretariat, Head of Building and Wood Workers Union

Bashir Al Sisi, Member of General Secretariat, General Secretary of General Union of Public Service and Commercial Workers

Salameh Abu Zeiter, Member of General Secretariat, Head of General Union for Health Services

Elias Al Jeldeh, Member of Executive Committee

Ahlam Al-Sharafi, Secretary, Gender Unit

Itimad Abu Mariam, Coordinator, Gender Unit

Group of Workers, Gaza

Samir Baker, Government Employee

Yassir Al-Ghram, UNRWA Employee

Osama Al-Saadawi, Director, Housing Council

Ali Mohsen, University Graduate

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

Omar Hashem, Chairman of the Board of Directors for FPCCIA, Chairman of Nablus Chamber

Jamal Jawabreh, Secretary-General

Akram Hijazi, Director of Public Relations Unit

Naeem Salameh, Legal Advisor

Jerusalem Chamber

Tawfiq Habash, Vice-Chairman

Bethlehem Chamber

Samir Hazboun, Chairman

Hebron Chamber

Abdo Idrees, Chairman

South Hebron Chamber

Khaled Al-Jabareen, Chairman

Ramallah Chamber

Abdelghani Al Atari, Chairman

Jenin Chamber

Thoukan Abu Baker, Chairman

Qalqilia Chamber

Tariq Shower, Chairman

Jericho Chamber

Tayseer Al-Hamidi, Chairman

Salfit Chamber

Fawaz Shehada, Chairman

Tubas Chamber

Thae'r Sawafta, Chairman

Gaza Chamber

Walid Al Hosary, President of Gaza Chamber and Vice-Chairman of the Board of Directors for FPCCIA

Maher Al-Tabbaa, Director of Public Relations

Aaed Al-Farra, Executive Director of Alfajer Society for Youth

Middle Gaza Chamber

Abed Alsalam Elmassry, Vice Chairman

Khan Younis Chamber

Loai Alaqqad, Treasurer

North Gaza Chamber

Imad Al Ghouli, Director General

Bahaa Al Amawi, Board Member and Public Relations Officer

Rafah Chamber

Ayyad Abu Taha, Director of Public Relations

Palestinian Federation of Industries, Gaza

Mohammad AlMansi, Executive Manager

PADICO Holding, Gaza

Hatem Moghany, Development Manager

We Group, Gaza

Khader Nassrawy, Co-Founder, CEO

**Palestinian Information Technology Association
of Companies, Gaza**

Nahed Eid, Vice-Chairman of Board of Directors

**Palestine's Information and Communications Technology
Incubator (PICTI)**

Abdallah Tahrawi, Director

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

Mahdi Abdul Hadi, Chairman

Independent Commission for Human Rights, Ramallah

Ammar Dwaik, Director General

Business Women Forum, Ramallah

Doa Wadi, CEO and Executive Director

Shuaa Murrar, Board Member and Director General of Riyada

Maha Abu Shusheh, Board Member and Treasurer

Samah Abuoun Hamad, Board Member and General Manager for Paltel Group Foundation

Other meetings

Governorate of Jericho and Jordan Valley

Jihad Abul Assal, Governor

Khaled Hamad, Director-General, Public Relations Unit

Mariam Al-Natsheh, Director, Public Relations Unit

Mohammad Al-Fitiani, Head, Public Relations Unit

Sabbah Abu Rashed, Director, Socio-Economic Unit

Field visit – Fassayel Village

Ibrahim Ebeidat, Head of Village Council
Mohammad Nawawreh, Livestock Farmer
Ibrahim Salem, Worker
Hussein Nawawreh, Worker
Mahmoud Nawawreh, Worker

Field visit – Jiftlik Village

Rushdi Hussein, Member of Village Council
Khaled Handoumeh, Deputy Head of Village Council
Omar Abdel Karim, Agricultural Worker
Abeer Brnawi, Domestic Worker
Osman Ghawanem, Worker

Palestinian Industrial Estate and Free Zones Authority

Ali Shaath, CEO
Ihab Al Jaafarawi, Investment Department Manager

Jericho Agro Industrial Park

Nasr Atyani, General Manager
Khaled Amelh, Director
Hitham Kayali, Founder and CEO, PALOLEA
Yosra Melhem, Public Relations Manager

Sharek Youth Forum

Ratibeh Al Natsheh, Board of Directors
Adel Shabaneh, Operations Manager
Samir Qassem, Volunteer at Sharek Youth Forum
A group of young people

Other individual meetings

Samir Hulieleh, Businessman
Fatima Ashour, Lawyer and Human Rights Activist, Gaza

Israeli institutions**Government of Israel and other public institutions****Ministry of Foreign Affairs**

Avivit Bar-Ilan, Head of Bureau, United Nations and International Organizations Division
Isi Yanouka, Director, International Organizations, Specialized Agencies and Global Issues Department
Gilad Noll, Counselor, International Organizations, Specialized Agencies and Global Issues Department
Noam Cappon, International Law Department, Office of the Legal Advisor

Ministry of Labour, Social Affairs and Social Services

Avigdor Kaplan, Director General

Avner Amrani, Senior Research Director, Labour Relations Division

Shiri Lev-Ran Lavi, In Charge of Foreign Workers' Labor Rights

Moriya Brot, Bureau of the Chief of Employment Affairs

Nadav Katz, Bureau of the Director General

Population, Immigration and Border Authority

Efrat Lev-Ari, Legal Consultant

Ministry of Finance

Michael Ritov, Senior Economist – Chief Economist Department, Research Division

Knesset Member

Osama Al Saadi, Lawyer and Knesset Member

Bank of Israel

Roi Frayberg, CPA, Advisor to the Deputy Governor

Coordination of Government Activities in the Territories (COGAT)

Ltc. Alon Shacham, Head of Foreign Relations Branch

Ltc. Lior Ayalon, Head, Economic Branch

Workers', employers' and other civil society organizations

Histadrut – General Federation of Labour in Israel

Avital Shapira-Shabirow, Director, International Department

Avi Yehezkel, Chairman of the Organizing and Regional Labour Councils Division

Itzhak Moyal, Chairman of the Construction and Wood Workers Union

Shay Biran, Director-General of the Economics Division

Giyora Whale, Head of Enforcement, Economics Division

Tamar Freadman, Enforcement Coordinator, Economics Division

Matan Barel, Economist, Economics Division

Fadel Badarna, Attorney, Lawyer of the Construction and Wood Workers Union

Mor Yekutieli, Assistant of the Chairman of the Construction and Wood Workers Union

Moshe Friedman, Chairman of the IDF Civilian Workers' Union and Chairman of the International Division

Avi Gabai, Attorney, Chairman of the Histadrut's Kinneret Regional Labour Council – Golan

Jadu Farahat, the Histadrut's representative in the Druze villages – Golan

Samar Brik, the Histadrut's representative in the Druze villages – Golan

Manufacturers' Association of Israel

Michal Waxman Hili, Head of Labour and Human Resources Division

Natanel Haiman, Head of Economics Division

Isaac Gurvich, Director, Construction Sector HR and Labour Relations, Israel Builders Association

Uri Rubin, Chairman of the Labor Committee of the Presidium of the Israel Business Organizations

The Center for Political Economics – Macro

Roby Nathanson, General Director

Yanai Weiss, Research Director

Machsom Watch – Women against the Occupation and for Human Rights

Sylvia Piterman, Volunteer

Kav LaOved

Abd Dari, Field Coordinator, Palestinian Workers Department

United Nations, international organizations and diplomatic missions**Office of the United Nations Special Coordinator for the Middle East Peace Process**

Jamie McGoldrick, Deputy Special Coordinator and United Nations Resident/Humanitarian Coordinator

United Nations Office for the Coordination of Humanitarian Affairs (OCHA), Occupied Palestinian Territory

Isra' Muzaffar, Humanitarian Affairs Analyst, Head of Central West Bank Field Coordination Unit

United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)

Gwyn Lewis, Director of UNRWA Operations, West Bank

Matthias Schamle, Director of UNRWA Operations, Gaza

World Health Organization (WHO)

Mahmoud Daher, Head of WHO Gaza sub-office

International Monetary Fund, West Bank and Gaza

Robert Tchaidze, Resident Representative, West Bank and Gaza

Embassy of the Federal Republic of Germany

Bernhard Schulz, Head of Labour and Social Affairs

Occupied Syrian Golan

Majd Kamal KanjAbu Saleh, Lawyer

Hamoud Abu Saleh, Farmer

Said Farhan Farhat, Farmer

Hassan Fakhr Aldin, Farmer

Regional meetings

Meetings in Damascus, Syrian Arab Republic

Ministry of Social Affairs and Labour – Damascus

Rakan Ibrahim, Deputy Minister

Mahmoud Al Kawa, Head of International Cooperation and Planning

Reem Quatly, Assistant Head of International Cooperation and Planning

Hanaa Deeb, Director of the Press Office

Ministry of Industry – Damascus

Eyad Mukalled, Director of International Cooperation and Planning

Ministry of Foreign Affairs and Expatriates – Damascus

Alhakam Randi, Deputy Director of International Organizations Department

Shaker Zaitoon, Expert, International Organizations Department

General Federation of Trade Unions – Damascus

Basheer Al Halbouny, Member of Executive Office

Ibrahim Abido, Deputy Director

Chamber of Industry of Damascus and its Countryside

Obay Roshn, Head of the Labour Unit

Mohammad Ayman Moulawy, Member of the Board

Abd Al Gany Al Hasseny, Investor in Quneitra

Quneitra Governorate

Hassein Eshak, Deputy Governor

Mohamed Hisham al Tabaa, Member of the Investment Committee

Saleh Swed, Member of the Executive Office

Meetings in Cairo, Egypt

Arab Labour Organization (ALO), Cairo

Fayez Al-Mutairi, Director-General

Marwan Rais, Head of Arab Labor Standards and Legislation Unit; Department of Social Protection and Labour Relations

Mongia Hedfi, Expert, Department of Social Protection and Labour Relations

League of Arab States (LAS), Cairo

Said Abu Ali, Assistant Secretary General, Sector of Palestine and Arab Occupied Territories

Haider Tareq Aljoubouri, Minister Plenipotentiary, Sector of Palestine and Arab Occupied Territories, Director of Palestine Affairs Department

Mohammed Fathi Shaquora, Responsible for the Section of the Development and Reconstruction of Palestine, the Social Affairs and the Palestinian Official Institutions, Sector of Palestine and Arab Occupied Territories