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Follow-up to the discussion on the enhanced programme of development cooperation for the occupied Arab territories

Purpose of the document

This document reports on progress made within the framework of the ILO enhanced programme of development cooperation for the occupied Arab territories and highlights the main developments and challenges in the labour market situation in the Occupied Palestinian Territory. The Governing Body is invited to: (i) take note of the progress made under the Office's emergency response plan and recovery programme to address the urgent needs of Palestinian workers and employers; (ii) welcome the ceasefire and request all parties to work towards a permanent one bringing peace and stability for an inclusive and sustainable recovery and reconstruction; and (iii) call upon the Office to intensify its efforts towards the full implementation of the emergency response plan and recovery programme, in close coordination with ILO constituents, to promote decent work and social justice for all Palestinians, thereby contributing to the humanitarian-development-peace nexus.

Relevant strategic objective: None.

Main relevant outcome: None.

Policy implications: None.

Legal implications: None.

Financial implications: None.

Follow-up action required: None.

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

Related documents: [GB.352/POL/3](#); [GB.352/POL/3/Decision](#).

► I. Background

1. This document reports on progress made on the ILO enhanced programme of development cooperation for the occupied Arab territories. It reflects the key achievements of the ILO's work in the Occupied Palestinian Territory under the third Decent Work Programme for the Occupied Palestinian Territory for the period 2023–25, as well as the Office's emergency response plan launched in November 2023 and the associated recovery programme, implementation of which began in June 2024. The report presents the key labour market indicators in the Occupied Palestinian Territory and highlights the main developments and challenges since the last reporting period. It also reports on the ILO's efforts within the United Nations (UN) for early recovery initiatives, as well as its broader contributions to the conflict recovery framework involving the UN, the European Union (EU) and the World Bank.
2. The war in the Gaza Strip has had devastating consequences on the economy and labour market across the Occupied Palestinian Territory, resulting in significant job losses, widespread displacement and extensive damage to the social, physical and productive infrastructure, thereby deepening the humanitarian crisis, with spillover effects on the West Bank. At the end of 2024, estimates from the Palestinian Central Bureau of Statistics (PCBS) indicated a sharp contraction of 28 per cent in the gross domestic product (GDP) of the Occupied Palestinian Territory compared to 2023. The economic decline was particularly severe in the Gaza Strip, where GDP plummeted by over 82 per cent, and significant in the West Bank, where GDP fell by more than 19 per cent. This downturn has had a profound impact on living standards, as total consumption fell by approximately 24 per cent, including a 13 per cent decrease in the West Bank and an 80 per cent drop in the Gaza Strip.
3. The labour market has been hardest hit, with unemployment soaring to 51.1 per cent across the Occupied Palestinian Territory, 34.9 per cent in the West Bank, and an unprecedented 79.7 per cent in the Gaza Strip. The labour force participation rate in the Occupied Palestinian Territory also declined to 40 per cent in 2024, compared to 44 per cent in 2023. Participation rates in the Gaza Strip and the West Bank stood at 36 per cent and 43 per cent respectively, in 2024. The total number of unemployed individuals has more than doubled since 2023 to over 734,000 – nearly three quarters of a million people.¹ The interim rapid damage assessment conducted jointly by the World Bank, the EU and the UN estimates that the conflict has caused approximately US\$29.9 billion in physical damage and US\$19.1 billion in losses, bringing the total estimated impact of the conflict to US\$49 billion. The estimated cost of recovery and reconstruction across the Gaza Strip in the short, medium and long term is US\$53.142 billion.²
4. Employment losses have been particularly severe in the private sector, which has lost an estimated 175,500 workers, or 95 per cent of its workforce, due to widespread business closures and operational halts. Although the public sector has not experienced job cuts, workers have only been receiving partial salaries, further straining household incomes. Additionally, the need to redirect funds for these partial salary payments has impacted social welfare programmes for vulnerable people in the West Bank, including those for persons with disabilities and older adults. In the sector termed "other", which includes international and

¹ ILO and PCBS, *A Year of War in Gaza: Impacts on Employment and Livelihoods in the West Bank and Gaza Strip: Bulletin No.5*, ILO Brief, October 2024, 6.

² World Bank, EU and UN, "Gaza Strip Interim Rapid Damage Assessment: Summary Note", unpublished draft, January 2025.

non-governmental organizations, employment has remained more stable, apart from the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), which employs some 13,000 people.³

5. In the West Bank, workers and businesses have faced significant challenges, with movement restrictions, reduced trade and disruptions to supply chains heavily impacting the economy. Palestinian workers' loss of employment in Israel and the reduced salaries of public sector employees have further lowered demand, stalling economic activity and job opportunities. These declines in employment have had a substantial impact on individual and household incomes across the West Bank.
6. While the impact of the war has been felt primarily by men, particularly due to job losses in Israel and in male-dominated sectors such as construction, it is crucial to recognize the unique challenges faced by women. Given their already low participation in the labour force, even small disruptions can significantly worsen women's economic situation. This underscores the need for targeted support for women directly affected by the conflict, and for initiatives aimed at increasing overall female labour force participation. This includes prioritizing interventions that dismantle systemic barriers, promote equitable access to economic opportunities and encourage transformative shifts to foster greater gender equality. Initiatives to boost female labour force participation – such as care programmes, skills training and workplace policies that address gender disparities – are essential not only to mitigate the immediate impact of the war but also to build resilience and opportunities in the broader economy.
7. The prolonged war has not only disrupted employment but also significantly worsened working conditions for those who remain employed both in the West Bank and Gaza Strip. Reliance on informal work, such as waste picking, street vending and other small, irregular jobs, is growing as families struggle to survive with limited humanitarian and financial support. The alarming involvement of children in these precarious activities has become a pressing concern. Today, the gap in decent work conditions has widened, with workers facing low wages, lack of social protection, irregular hours, poor occupational safety and health standards and limited representation.⁴ Meanwhile, the collapse of the labour market has crippled labour market institutions while the Palestinian Authority's ability to ensure effective governance and protect labour rights is more constrained than ever, making recovery through nationally driven processes and mechanisms extremely challenging.
8. The Palestinian Authority in Ramallah is currently developing a recovery and reconstruction development plan for the Gaza Strip, which will include a consolidated three-year recovery plan and a ten-year vision for reconstruction and development. The financial stability, institutional capacity and ability of the Palestinian Authority to govern in the short, medium and long term will be vital for the achievement of the plan. In this respect, labour market governance and the protection of workers' rights are matters of particular concern. It is anticipated that the plan will be presented at the high-level meeting of the Ad Hoc Liaison Committee for the Coordination of International Assistance to Palestinians scheduled to be held in Brussels in the coming months. Following the ceasefire agreement, which commenced on 19 January 2025 with a six-week initial phase, a comprehensive post-conflict agreement with robust governance and accountability measures for recovery and reconstruction is crucial to achieving substantial improvements in conditions on the ground.

³ UN, Identical letters dated 9 December 2024 from the Secretary-General addressed to the President of the General Assembly and the President of the Security Council ([A/79/684-S/2024/892](#)).

⁴ ILO and PCBS, *A Year of War in Gaza*, 7.

9. The Office will continue to provide vital support to Palestinian tripartite partners in their efforts to promote decent work and social justice for all Palestinians.

► II. Overall progress in programme and partnership development

10. Since the launch of the recovery pillar of the emergency response plan in June 2024, the ILO's programme in the Occupied Palestinian Territory has supported emergency employment schemes benefiting over 1,200 workers in both the Gaza Strip and the West Bank, as well as the collection of vital data and running analysis on the impact of the war on the Palestinian labour market. Furthermore, the emergency response plan has delivered crucial support to constituents, enhanced capacities and facilitated the reestablishment of the ILO's presence in the Gaza Strip.
11. Following the US\$5.4 million in funding provided by the Governments of Belgium and the Netherlands in September 2024 through a multi-donor pooled funding arrangement, additional contributions were made available by the Governments of Kuwait, Indonesia and the Walloon Region (Belgium) in support of the emergency response plan, with a focus on employment promotion, social protection and business recovery.
12. In order to enhance implementation on the ground and ensure effective monitoring of interventions in the Gaza Strip, in December the ILO conducted its first mission to the Gaza Strip since the events of 7 October 2023 and the outbreak of the war in Gaza. This mission facilitated the monitoring of the ongoing emergency employment scheme in collaboration with the Palestinian Employment Fund (PEF) and documented key achievements and lessons learned from previous joint initiatives with the United Nations Development Programme (UNDP). Another significant accomplishment was the engagement with social partners, the UN and other local and international organizations operating in the Gaza Strip to shape the future ILO programme, supported by ILO local staff now on the ground for swift liaison and hands-on support.
13. Related to the emergency response plan and with a view to strengthening long-term labour market resilience and improving working conditions for Palestinian workers and employers in the West Bank, the ILO has launched a US\$1.5 million programme focused on enhancing the capacity of the social partners. Supporting the Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA) and the Palestinian General Federation of Trade Unions (PGFTU), this intervention will create a comprehensive support system for vulnerable workers and employers and improve the data management and policy analysis capacities of the social partners. The programme will be extended to the Gaza Strip as conditions allow.
14. The ILO led the development of the employment chapter of the interim Rapid Damage and Needs Assessment developed jointly with the World Bank, the EU and the UN, forthcoming in the first quarter of 2025. Additionally, the ILO is co-leading with the UNDP on drafting the sector recovery strategy for employment, livelihoods and private sector support within the conflict recovery framework.

► III. Review of progress and achievements

1. Employment promotion and business recovery

15. Building on the successful implementation of the pilot emergency employment scheme in the Gaza Strip, delivered in partnership with the UNDP, the PEF and the PGFTU, and under the multi-donor pooled funding arrangement,⁵ the ILO has rolled out employment-intensive investment programmes in the infrastructure and essential services sectors. These programmes focus on immediate employment opportunities for over 1,200 unskilled and semi-skilled workers in the West Bank and Gaza Strip, in addition to the 150 such jobs created in 2024, while simultaneously enhancing critical infrastructure, public service assets and solid waste management systems. These efforts have generated significant interest; over 11,800 applications were recently received within just ten days, underscoring the urgent demand for jobs amid soaring inflation in the price of food and other essential goods. The ILO is working to ensure its efforts include women, persons with disabilities and displaced individuals. In addition to providing temporary income, these efforts restore dignity, prevent disease outbreaks, protect public health and foster social cohesion.
16. The medium-term plan includes the design of a public employment programme that balances immediate job creation with skills development and entrepreneurship, envisioned as a nationally streamlined employment guarantee scheme to be managed by the PEF with technical support from the ILO. This initiative aims to establish institutional frameworks to channel recovery resources into sustainable employment opportunities. Leveraging its tripartite representation, the PEF will coordinate and strengthen the capacity of local community organizations while utilizing the Ministry of Labour's institutional framework to provide employment services, such as job matching and referrals, through an updated labour market information system tailored for these purposes. Through this approach, the ILO seeks to enhance the design and implementation of emergency employment and cash-for-work programmes by integrating decent work principles, ensuring fair wages and establishing working conditions aligned with national labour legislation.
17. With a view to further supporting business recovery, the ILO conducted a comprehensive skills profiling focused on identifying skills gaps faced by Palestinian businesses in key sectors and determining relevant training and vocational education opportunities, in order to support enterprises in retaining their workers. Following the completion of the assessment, the ILO is designing a new employment initiative for at least 200 private sector workers, featuring at least a six-month, partially subsidized job placement programme that aligns skillsets with local labour market demands, complemented by accelerated apprenticeships and work-based learning opportunities. The primary geographical focus of the scheme is the industrial cities in the West Bank, with the potential to extend the scope to the Gaza Strip when conditions permit.
18. In an initiative parallel to the emergency response plan, in collaboration with the Cooperative Work Agency and with financial support from the Government of Italy, the ILO is facilitating the establishment of cooperatives and offering targeted assistance to primary agricultural cooperatives, utilizing ILO tools for cooperative and enterprise development. In this regard,

⁵ The ILO established a multi-donor pooled funding arrangement for the implementation of the emergency response plan, to allow for maximum flexibility and adaptive programming. Funding will be commingled and not earmarked to specific outcomes. Partners contributing to the pooled fund include the Netherlands, Belgium, Indonesia and the Walloon Region of Belgium.

the ILO has partnered with Al-Quds University to support the establishment of five youth-led cooperatives by providing training and financial support to recent graduates. Moreover, through a memorandum of understanding with the World Food Programme, the ILO is assisting 20 agricultural cooperatives involved in food processing with enhancing product quality and expanding their market access. Additionally, the ILO has delivered training to Cooperative Work Agency staff on the audit and control manual for cooperatives developed as part of the project.

19. With funding from the Government of Spain and building on prior successes in supporting value chains in the honey and dairy sectors, the ILO is assisting ten cooperatives in these subsectors with developing and implementing effective digital marketing strategies. Specifically, the ILO has provided technical training on digital marketing, along with tools and equipment, to help cooperatives enhance their product marketing and expand local and regional market connections. Additionally, in collaboration with Bethlehem University, the ILO concluded a marketing plan competition, engaging students to create innovative, cooperative-specific marketing strategies that address the ongoing challenges faced by the cooperatives concerned.
20. In addition to the emergency response programme, the ILO has continued a series of interventions in the West Bank not specifically designed to respond to the present crisis that relate to entrepreneurship development, formalization of business, labour market activation and child-care.

2. Labour market governance, tripartism and labour protection

21. The ILO continues to assess the impact of the crisis on the labour market in the West Bank and the Gaza Strip through primary and secondary data collection, with the aim of supporting the development of effective recovery strategies. In collaboration with the PCBS, the ILO published a fifth bulletin in October 2024, entitled *A Year of War in Gaza: Impacts on Employment and Livelihoods in the West Bank and Gaza Strip: Bulletin No. 5*.
22. Following the launch in September 2024 of a rapid assessment survey on the impact of the crisis on the West Bank's labour market, conducted by the PCBS in collaboration with the UNDP, the Ministry of Labour and the Palestinian Economic Policy Research Institute, the PCBS successfully completed the data collection phase in December 2024 using the ILO-developed rapid assessment methodology and questionnaire with a target sample of 1,515 individuals. The data are currently under analysis by the Institute and the report will be shared with all stakeholders for review in the first quarter of 2025.
23. To support an inclusive labour market recovery and ensure the active participation and ownership of tripartite constituents in early recovery efforts, the ILO has sought to strengthen the capacity and operational effectiveness of the FPCCIA and the PGFTU by establishing the Enterprise Support and Advocacy Unit within the former and the Workers' Protection and Advocacy Unit within the latter. The establishment of these units will allow the social partners to strengthen their advocacy skills to better represent their members, improve service delivery to meet their members' needs and enhance their research and information management capabilities. By leveraging data-driven insights and implementing robust communication strategies, they will be better equipped to influence policy and engage with a broader range of interlocutors.

3. Social protection for vulnerable people

24. With support from the EU, the ILO provides ongoing technical and coordination support to coordinate the three largest social safety nets implemented by the Palestinian Ministry of Social Development, UNRWA and the World Food Programme with the objective of optimizing the coverage, adequacy and comprehensiveness of humanitarian and national safety nets.
25. Building on its successful initiative to introduce the first ever rights-based social allowances for persons with severe disabilities and older persons, launched by the Ministry of Social Development in the West Bank in August 2024,⁶ the ILO is designing a small-scale pilot to support the Ministry in extending these allowances to the Gaza Strip. The aim of doing so is to contribute to the gradual establishment of a national social protection floor in the Occupied Palestinian Territory. The pilot will also allow the Ministry of Social Development to test digital payments and e-wallets, paving the way for their potential adoption and scaling up to the national level.

► Draft decision

26. The Governing Body:

- (a) **took note of the information provided in document GB.353/POL/5 and the progress made under the Office's emergency response plan and recovery programme to address the urgent needs of Palestinian workers and employers;**
- (b) **welcomed the ceasefire and requested all parties to work towards a permanent one bringing peace and stability for an inclusive and sustainable recovery and reconstruction;**
- (c) **called upon the Office to intensify its efforts towards the full implementation of the emergency response plan and recovery programme, in close coordination with the ILO constituents, to promote decent work and social justice for all Palestinians, thereby contributing to the humanitarian-development-peace nexus.**

⁶ ILO, "Palestinian authority allocates domestic funding for social allowances supporting persons with disabilities and older persons in the West Bank", 4 December 2024.