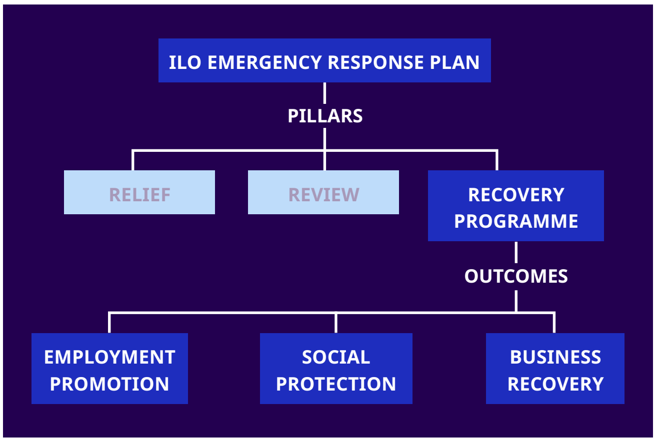
ILO ERP Recovery Programme

Progress update on ILO emergency recovery efforts in the Occupied Palestinian Territory

February 2025

The ILO is implementing its **Emergency Response Plan's (ERP) Recovery Programme** to mitigate the impact of the war on Palestinian workers and employers through three interlinked components: employment promotion, social protection, and business recovery.



Emergency employment

Types of employment-intensive work

- **Infrastructure and public works:** Rubble removal, rehabilitation of roads, restoration of damaged buildings, street and facility cleaning.
- **Health and medical services:** Supporting hospitals and medical facilities, maintaining health facilities, medical waste collection and disposal.
- **Water, sanitation and waste management:** Repair and maintenance of water and sewage pipelines, clearing sewage lines, managing solid waste collection and disposal, cleaning public spaces.
- **Shelter and displacement camp maintenance:** Repairing shelters, improving sanitation in displacement areas, providing essential services for displaced communities.

Workers employed as of 1 March 2025

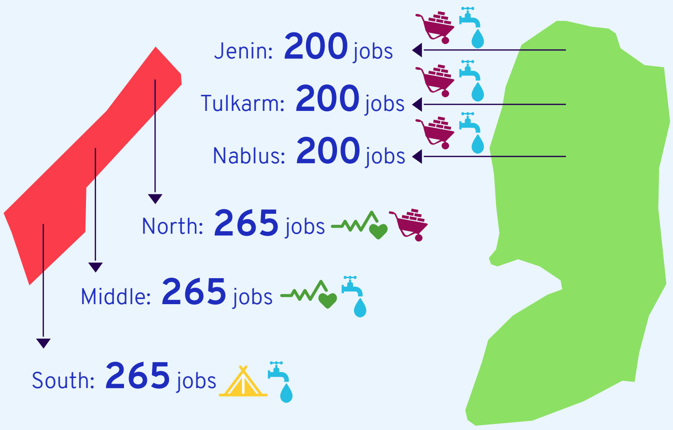
231 skilled workers (including 43 women)

230 skilled workers (including 9 women)

* Works in Jenin and Tulkarm are on hold due to heightened security risks. At least 931 more workers will be recruited in Gaza and the West Bank for new areas of works, including social and environmental works, to increase women's participation.

The ILO has created/is creating:

1,395 decent, paid **job opportunities** for workers in Gaza and the West Bank



Types of interventions

- Infrastructure and public works
- Health and medical services
- Water, sanitation and waste management
- Shelter and displacement camp maintenance

▶ Important note on resources

In alignment with the national labour law, particularly its established minimum wage standards, a fully inclusive budget of **US$3,800**, on average, covers 6 months of wage employment opportunities per job-seeker.

The job announcement for the ongoing initiative garnered an overwhelming response, attracting approximately **12,000** applications in just 10 days.

However, given its current resources, the ILO has only been able to accommodate **10%** of demand. Meeting the full extent of the demand would require an estimated budget exceeding **US$39 million**.

▶ Mental health one-stop shop

To address the severe psychological distress many workers face, the ILO will provide professional psychological counselling, trauma support, and coping mechanisms.

Unlike generic stress-relief programmes, it aims to offer individual and group therapy for those seeking help.

Additionally, it will train members of the Palestinian General Federation of Trade Unions (PGFTU) in Gaza to ensure long-term workplace mental health support beyond the emergency employment period.

ILO actions to support the transition from cash-for-work to employment

Finalizing the standard operating procedures (SOPs) for cash-for-work (C4W) of the United Nations Office for the Coordination of Humanitarian Affairs (OCHA): The Cash Working Group (CWG) and active partners, including the Palestinian General Federation of Trade Unions are in the process of adopting and operationalizing the SOPs to ensure a standardized approach to C4W implementation.

Efforts are underway to reinforce the fact that C4W is a form of employment that must be aligned with national labour laws, including adherence to minimum wage standards, leave entitlements and protections of workers' rights.

Enhancing coordination through the CWG: Steps are being taken to establish the CWG as the central platform for coordinating all C4W activities. Key ongoing initiatives include:

- **Regular steering committee and partner meetings** to improve alignment and information-sharing.

Photo: © Palestinian Employment Fund (PEF)/ILO

- **Developing GIS mapping** of activities and partners for better geographical coordination.
- **Establishing a beneficiary database** to reduce duplication and improve C4W programme efficiency.
- **Designing periodic dashboards and reports** to track progress, document impact, and highlight partner contributions.

Public employment programme

The ILO is supporting the Palestinian Employment Fund (PEF), an executive arm of the Palestinian Ministry of Labour, to set up a vision for a **public employment programme (PEP)** in the Occupied Palestinian Territory. This will contribute to institutionalizing emergency employment in anticipation of massive reconstruction investments. The goal is to develop a framework for a Palestinian PEP that enhances employment, social protection and economic development, on terms that address the immediate need for employment, while also contributing to long-term economic recovery and market resilience.

The following thematic areas are proposed for employment interventions, recognizing that conditions in the Gaza Strip and the West Bank will often require differentiated approaches:

1. **Infrastructure development:** Given the extensive damage in Gaza, as well as damage in the West Bank, infrastructure is a top priority. Reconstruction in areas like water, sanitation, healthcare, roads and housing could create numerous jobs.
2. **Social services:** PEPs can help mitigate the devastation of social services by, for example, placing support workers in schools and clinics. Such service-related work relies primarily on labour rather than materials, allowing direct impact without heavy resource requirements. Many forms of local support can be considered, including a range of forms of care, community health, out-of-school activities, sports and more.
3. **Food security:** PEPs can contribute to food security by supporting local food initiatives, such as community kitchens, school feeding programmes, urban gardens and smallholder farming, with scope for strategies that sustain employment in agriculture and strengthen local food value chains.

Photos: © Palestinian Employment Fund (PEF)/ILO

4. **Creative sector:** The creative arts have a role to play in addressing trauma. Work in this area could include recording social histories, public art, the protection of heritage sites and support for diverse forms of creative work.
5. **Environmental/green works:** There is work to be done in waste management, water protection and urban greening, as well as in relation to longer-term efforts, such as climate resilience.

Two ways the PEF could contribute to the PEP

The ILO proposes that the Palestinian Employment Fund play a critical role in two potential ways:

- **PEF as an interface of the PEP** through public employment services, standard-setting, and monitoring and evaluation (M&E), thereby supporting the coordination of various public investments and municipal works.
- **PEF as an implementer of the PEP** for social/environmental works, in partnership with NGOs.

Social protection and the humanitarian-development-peace nexus (HDPN)

Roll-out of right-based social allowances for persons with severe disabilities and older persons

With the ILO's advice and technical support for the design and costing of **social allowances for older persons (OP) and persons living with severe disabilities (PwD)**, the Ministry of Social Development began rolling-out both social allowances in 2024, initially only in the West Bank. The allowances have reached approximately **15,000 persons living with disabilities** and **18,000 older persons** in the West Bank as of 10 February 2025, with a transfer value of 250 shekels (US$70) per month.

These new allowances provide regular cash transfers by the national systems to vulnerable individuals, in order to ensure a minimum level of income and dignity, while tackling poverty and inequality, in line with the ILO Social Protection Floors Recommendation (No. 202). This marks a significant step towards ensuring right-based social protection for all Palestinians and preventing the Palestinian social protection system from collapsing.

This scaling-up of social allowances comes at a critical juncture, as the national system navigates the ongoing crisis and the far-reaching consequences of the war in the Gaza Strip. **Delivering much-needed support through the national system is vital. It is needed both to provide immediate relief to vulnerable populations, as well as to bolster long-term recovery efforts.** These social allowances are instrumental in strengthening the non-contributory pillar of social protection floors, directly supporting the most vulnerable populations based on clearly identifiable, rights-based criteria. The social allowances' rights-based rationale is especially prescient in the current context in Gaza, where poverty is deemed universal, and where categorical, vulnerability-based targeting appears as the only viable theoretical and operational option to serve Palestinians in need.

Pilot extending social allowances

In this context, the Ministry of Social Development, together with the ILO, **intend to extend social allowances payments in Gaza through a small-scale pilot** targeting persons with severe disabilities, channelled through the national system.

According to the National Social Registry (NSR) of the Ministry of Social Development, 29,937 persons in Gaza are living with severe disabilities (17,840 men and boys, and 12,097 women and girls) and are unable to work. However, this data does not capture other persons with severe disabilities who have been affected by the war, as well as other persons with disabilities who are not registered in the ministry's databases. It is clear, however, that a **significant funding gap exists in terms of supporting all persons living with severe disabilities** in the Gaza Strip and West Bank.

The pilot will support **2,643 women with severe disabilities who are heads of households** (female-headed households) by providing financial assistance over **6 months**. The total cost of the pilot is **3,965,000 shekels (US$1,105,000)**. In addition to delivering direct support, the pilot aims to generate institutional learning and explore scalability options to expand coverage in the future. By channelling funds through national social protection systems, the pilot will ensure a cost-effective, sustainable approach, while also strengthening the institutional capacity of the Ministry of Social Development to manage and deliver social allowances efficiently. This investment in national systems will enhance long-term ownership, accountability and scalability, paving the way for broader, more resilient social protection coverage.

Photo: © Mohammad Ghazza/ILO

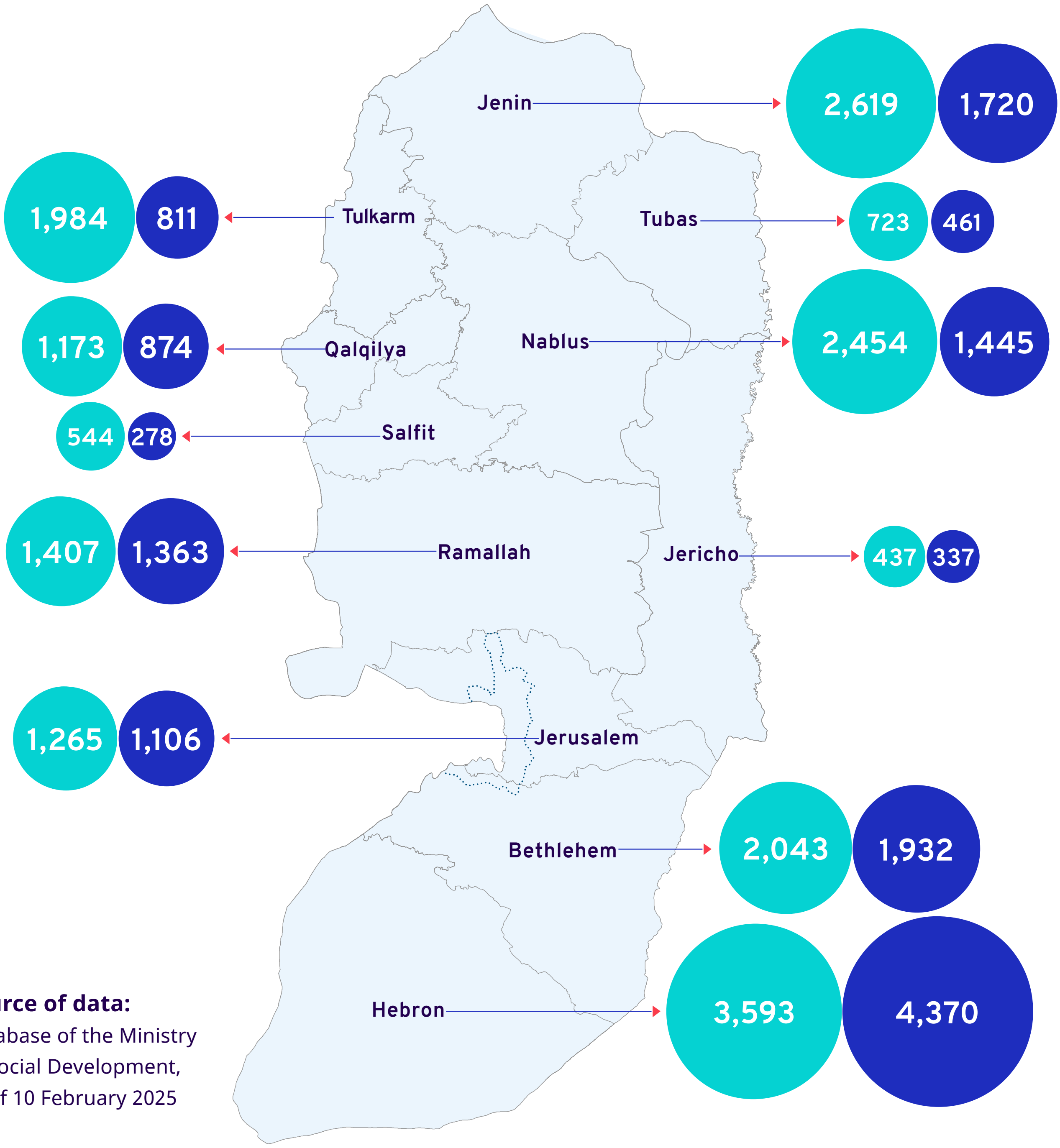
Coverage of social allowances in the West Bank, as of 10 February 2025

Number of older persons receiving the social pension
Transfer value: 250 shekels (US$70) per month

18,242 beneficiaries in total

Number of persons living with severe disabilities receiving the disability allowance
Transfer value: 250 shekels (US$70) per month

14,697 beneficiaries in total



Source of data:
Database of the Ministry of Social Development, as of 10 February 2025

Humanitarian-development-peace nexus coordination:
Linking humanitarian aid to medium- and long-term social protection and employment programmes

The **Social Protection Cash and Voucher Assistance Thematic Working Group** (SPCVA TWG) – facilitated and technically supported by the ILO – continues to be the **main forum for the nexus conversation** around SPCVA-related programming, design and implementation. Despite operational and political challenges, the group offers a regular and safe space for HDPN actors to discuss and reach middle ground on programmatic and financing frameworks to support national systems and harmonization with humanitarian programmes. The **group has facilitated progress on several issues**, including:

- **Increased utilization of existing national mechanisms by humanitarian agencies** (e.g. the Ministry of Social Development's Social Registry, emergency reduced intake form, etc.) to target beneficiaries and provide immediate assistance in Gaza.

- **Data-sharing agreements** signed between the Ministry of Social Development and other cash actors (e.g. UNICEF-MoSD). Other partners are following suit, including the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the World Food Programme (WFP). Their agreement has been prepared and is currently being reviewed by their respective legal teams before signature.

- **Alignment of the transfer value of emergency multi-purpose cash assistance** between humanitarian actors and the Ministry of Social Development/Ministry of Labour. These government partners have agreed to use the same transfer value adopted by the Cash Working Group (CWG).

- Work is ongoing to **improve nexus alignment** between humanitarian cash actors and the Ministry of Social Development, including analysing opportunities for the alignment of administrative tools. Under the group, and building on humanitarian experience, the ILO is advising the Ministry of Social Development, the Ministry of Finance, the Palestine Monetary Authority (PMA) and the European Union on the adoption of **digital payment modalities for the national social protection system** in both Gaza and the West Bank. This includes the publication of the ILO paper, "Assessment and mapping of cash transfer payment modalities and frequencies in the Occupied Palestinian Territory". Discussions are being held with humanitarian actors on supporting national systems to offer a broader choice of financial institutions for the disbursement of social assistance payments, digital payments and e-wallets. Once adopted, national social assistance payments will be able to reach beneficiaries in the Gaza Strip, contributing to the nexus alignment of the payment modality used in emergencies. Thus, beneficiaries will have the same experience no matter whom they receive funding from, and cross-checking lists of targeted beneficiaries will be far easier.

Photo: © Palestinian Employment Fund (PEF)/ILO

Business recovery

Business recovery through wage subsidies and job placements

Since the outbreak of war, the Palestinian economy has faced unprecedented disruptions, with widespread job losses, business closures and liquidity crises. In the West Bank, stringent restrictions on the movement of people and goods have disrupted supply chains, affecting all businesses. The manufacturing, construction, trade and service sectors are suffering particularly heavy economic shocks. In Gaza, the destruction of infrastructure and businesses has left the local economy in a state of near-total collapse. The ILO is planning to establish a **Business Recovery and Employment Fund (BREF)** with multi-faceted objectives, including:

- **Preventing further layoffs** through targeted wage subsidies for businesses at risk of closure.
- **Facilitating labour market entry** for fresh graduates and young job-seekers by incentivizing private sector hiring.
- **Reactivating the labour force** by facilitating skills-matching between firms and the unemployed.
- **Addressing critical skills gaps** by integrating TVET and skills profiling into the recovery framework.

Photo: © ASH Productions/ILO

- **Encouraging private sector resilience** by supporting strategic economic sectors with the highest employment potential.

To achieve these objectives, the fund consists of:

1. a **wage subsidy programme for worker retention**;
2. a **wage subsidy programme for workforce reactivation**; and
3. a **job placement programme for fresh graduates**, in partnership with technical and vocational education and training (TVET) actors.

Photo: © Palestinian Employment Fund (PEF)/ILO

Targeted sectors and rationale

West Bank

The war has severely disrupted the economy of the West Bank, mainly due to movement restrictions, supply chain breakdowns and reduced consumer demand. The selection criteria of the targeted sectors for business recovery in the West Bank encompasses sectors impacted by the war with recruitment potential, sectors that can overcome mobility restrictions, and sectors with strong economic potential post-war.

The **selected sectors are furniture, garment manufacturing, agricultural industry, construction industries (including aluminium work), stone and marble, internal trade, information and communication technology (ICT), and tourism (conditional upon stability)**. These sectors face severe liquidity constraints, skills mismatches and disruptions in access to raw materials, forcing many firms to downsize or halt operations.

In the West Bank, the proposed wage subsidy programme will support businesses by addressing skill needs in the selected sectors through two key objectives. The first is preventing additional layoffs by providing targeted wage subsidies to eligible firms. The second is subsidizing new hiring to facilitate the employment of new TVET graduates.

Gaza Strip

Gaza's economic devastation is far more severe, with widespread destruction of businesses, infrastructure and livelihoods. GDP has plummeted by 83.5 per cent and unemployment has soared to 79.1 per cent. The selection of sectors in Gaza is linked to businesses' role in ensuring the population's survival in terms of meeting essential human needs – shelter, food and clothing. Based on consultations with private sector stakeholders, the **selected sectors are construction and construction industries, food industries, garment manufacturing and furniture**.

Reviving and upgrading TVET institutions is critical, as many may have suffered near-complete damage. Skills development pathways have also been devastated, leaving workers in need of refresher courses and specialized training. Skills are, therefore, continuing to deplete. One planned intervention aims to restore these facilities and implement short-term targeted training programmes in collaboration with industry stakeholders and international organizations, including the ILO. Ensuring access to vocational training will support economic recovery, and strengthen the resilience of Gaza's labour market.

What the fund aims to achieve

By the end of the pilot phase (Year 1, at the end of 2025), the fund aims to achieve:

- **300+** jobs retained through targeted wage subsidies.
- **100+** fresh graduates employed in high-impact sectors.
- **25** members of the Gaza Chamber of Commerce and Industry financially supported.

In the long term, this initiative will foster a more resilient private sector, a highly skilled workforce, and sustained employment recovery in the Occupied Palestinian Territory. **Expanding partnerships through this fund can amplify its impact.**

Photo: © Mohammad Ghazza/ILO

Revolving Fund model

The ILO plans to roll out a **Revolving Fund** to provide low-interest loans and grants that support the creation, recovery and expansion of businesses, particularly for youth and women entrepreneurs. Instead of relying solely on traditional grants, this fund will adopt Islamic microfinance principles, including interest-free loans (*Qard Hasan*), diminishing partnerships (*Musharaka Musaneh*), and profit-sharing (*Mudarabah*) models to ensure long-term sustainability. The Revolving Fund is conditional upon available resources, which are currently unavailable.

Key objectives and expected impact

- **Expand financial access** for youth and women through tailored loan products and financial literacy programmes.
- **Support 30–50 new enterprises/cooperatives** annually, particularly those led by women and youth.
- **Enable 100–150 businesses to recover or expand** through financing and business development services.
- **Facilitate job creation**, specifically of approximately 1,350–1,500 employment opportunities, at least 30 per cent of which will be for women.
- **Promote market resilience** by integrating supported businesses into existing value chains and high-growth sectors.

How the Revolving Fund will work

1. **Initial seed capital:** The fund will start with US$1 million in Year 1, with additional capital injections in subsequent years.
2. **Targeted financial support** for:
   - Start-ups and micro, small and medium-sized enterprises (MSMEs): Loans and grants to youth and women-led businesses in high-growth sectors (tech, renewable energy, recycling).
   - Business expansion, by supporting existing businesses to recover and scale.
3. **Business development services (BDS):** Training, incubation and mentorship for entrepreneurs.
4. **Sustainability mechanism:** Loans will be repaid and reinvested, allowing for continuous fund circulation and long-term impact.

Proposed budget for the Revolving Fund (3-year plan)

Category	Year 1 (US$)	Year 2 (US$)	Year 3 (US$)	Total (US$)
Revolving Fund (loans and grants)	$350,000	$350,000	$300,000	$1,000,000
Business incubation and technical support	$250,000	$100,000	$100,000	$450,000
Business development services	$50,000	$75,000	$75,000	$200,000
Skills training and placement	$100,000	$100,000	$100,000	$300,000
Curriculum development	$50,000	$50,000	$50,000	$150,000
Management and operations	$100,000	$150,000	$200,000	$450,000
Total budget	**$1,080,000**	**$972,000**	**$999,000**	**$3,051,000**

Institutional strengthening of social partners

Support for workers' associations: Palestinian General Federation of Trade Unions

The ILO is supporting the Palestinian General Federation of Trade Unions (PGFTU), a democratic institution affiliated with the International Trade Union Confederation (ITUC), to establish a **Workers' Protection and Advocacy Unit (WPAU)**. The unit will address critical gaps in labour rights, industrial relations and worker advocacy. The table below outlines key challenges identified through ILO assessments and the corresponding WPAU solutions.

Important note on required investments

The Palestinian General Federation of Trade Unions has been implementing income-generating activities and collects membership fees in the West Bank (but not in Gaza in the current context). Nevertheless, a substantial investment is required to procure basic digital tools such as laptops, a central information system with a server, as well as 5–6 core staff to manage the day-to-day functioning of WPAU.

Challenges and WPAU solutions

Challenges	How the WPAU will address them
Labour rights violations: These include informality, gender inequality, child labour, and limited workplace protections.	**Legal aid and complaint resolution** to ensure fair treatment and workplace justice.
Economic downturn: Over 276,000 jobs have been lost since October 2023, exacerbating poverty and unemployment.	**Job training and employment services**, involving matching workers with market needs, with skills training.
Limited worker representation: Industrial relations are weak and there is a lack of structured advocacy to negotiate better working conditions.	**Strengthening industrial relations** by enabling collective bargaining and dispute resolution.
Lack of awareness and policy input: Workers are often unaware of their rights, and policies are not always informed by real labour data.	**Advocacy and data-driven policy recommendations** to inform reforms for sustainable employment.

Significant strides have been made in the WPAU's establishment. Key developments include:

- **A new organizational structure for the WPAU** has been designed to enhance its effectiveness and integration within the Palestinian General Federation of Trade Unions.
- **Professional staff have been recruited** to ensure expertise in legal aid, advocacy, industrial relations and training services.
- **Communications and services are being digitalized**, including an online complaints system and improved data collection mechanisms.
- **Capacity building initiatives** for PGFTU staff are being undertaken to enhance their engagement in worker protection and advocacy.
- There is **full support from the leadership** of the Palestinian General Federation of Trade Unions, reinforcing commitment to workers' rights and institutional sustainability.

Support for employers' associations: Federation of Palestinian Chambers of Commerce, Industry and Agriculture

The Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA) is the leading Palestinian business association. Company registration with the federation is mandatory by law. The ILO is supporting the federation to establish an **Enterprise Support and Advocacy Unit (ESAU)** to strengthen private sector resilience, improve crisis response mechanisms and provide structured business development services.

The table below outlines key challenges identified through ILO assessments and corresponding ESAU solutions.

Significant strides have been made in the ESAU's establishment. Key developments include:

- **A new organizational structure for the ESAU** has been created within the FPCCIA, ensuring dedicated resources and governance.
- **Technical staff have been recruited**, including legal advisors, business development specialists and digital transformation experts.
- **Business services are being digitalized**, including online advisory tools, crisis response mechanisms, and an upgraded FPCCIA communications platform.
- The upcoming **SURE Training of Trainers Programme** (Feb–May 2025) will be contextualized and delivered to enhance business development services, enterprise resilience and entrepreneurship training.
- There is **close coordination** with the FPCCIA's leadership and the chambers, securing institutional buy-in for the ESAU's operationalization.

Important note on required investments

Despite its innovative ideas and capacity, the Federation of Palestinian Chambers of Commerce, Industry and Agriculture is overstretched by the demand for emergency works. The Secretariat consists of four staff members, who respond to queries from across the world on business recovery in the Occupied Palestinian Territory. Human resources/staff support will significantly help the federation expand its business service delivery – services that are urgently needed by local businesses.

Challenges and ESAU solutions

Challenges	How the ESAU will address them
Limited business support during crises: Many businesses lack the structured assistance they need to weather economic disruptions.	**Emergency response services:** The ESAU will offer direct advisory and support services for businesses affected by economic shocks.
Weak business advocacy and representation: Palestinian enterprises struggle to influence economic policies and regulations.	**Stronger advocacy and policy engagement:** The ESAU will act as a central voice for businesses, strengthening dialogue with policymakers.
Limited access to tailored business services: Many enterprises lack access to customized financial and technical support.	**Integrated business development services:** The ESAU will provide training, coaching, and digital advisory solutions.
Gaps in crisis preparedness and workforce adaptability: Businesses face challenges in adjusting to market disruptions and labour demands.	**Skills and workforce development:** The ESAU will support skills enhancement programmes and connect businesses with a skilled labour force.
Fragmented coordination between the FPCCIA, chambers and the private sector: Business support mechanisms remain disjointed.	**Enhanced institutional coordination:** The ESAU will streamline service delivery across the FPCCIA, chambers and key economic actors.

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