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Enhanced programme of development cooperation for the occupied Arab territories

Purpose of the document

This document reports on progress made within the context of the programme of development cooperation in the occupied Arab territories. In light of the impact of the enduring occupation and the troubling rise in violence and tension on the Palestinian labour market, the Governing Body is invited to: (i) take note of the persistent high levels of unemployment, reduced prospects for decent jobs and prominent risk to livelihoods for Palestinian workers, particularly disadvantaging women and young people (ii) support the actions of the Office in boosting employment outcomes and promoting social protection through its Decent Work Programme; and (iii) take note of the need for interventions that demonstrate transformative progress and support longer-term employment solutions (see the draft decision in paragraph 30).

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.

Related documents: [GB.346/POL/4](#); [ILC.111/DG/APP](#).

► I. Background

1. This document reports on progress made in the ILO programme of development cooperation in the occupied Arab territories. It takes account of the main achievements of the ILO's work in the Occupied Palestinian Territory under the second and third Palestinian Decent Work Programmes (2018–22 and 2023–25)¹, and highlights the main developments and challenges in the Palestinian labour market since the last reporting period. It also positions the ILO's efforts within the broader framework of the United Nations (UN) system and the UN country team.
2. The stifling effect of the occupation on the Palestinian economy and the rise in violence and tensions affect the daily lives of Palestinian workers and give rise to dire Palestinian labour market outcomes. A quarter of the labour force is unemployed and Palestinian livelihoods are increasingly at risk. Women and young people fare worst, with unemployment rates standing at 40.4 per cent and 36.1 per cent respectively in 2022.² At 45.3 per cent, Gaza's unemployment rate continues to be among the highest in the world. Even more concerning is the rate of Gazan youth who are not in employment, education or training (NEETs), standing at 32.9 per cent for young men and 38.1 per cent for young women.³ The outlook for 2023 remains bleak.
3. Recovery from the COVID-19 pandemic has done little to improve the overall position of the Occupied Palestinian Territory. While in 2022 the Palestinian economy expanded by an estimated 3.9 per cent, it remained below the pre-COVID levels of gross domestic product of 2019. Economic growth is projected to slow further in 2023 as the precarious fiscal situation weighs on economic activity and inflation continues to erode the purchasing power of income.⁴
4. Workers continue to suffer the socio-economic consequences of the 56-year occupation, including infringements of their rights and hampered job creation. Gaza continues to be on the brink of collapse, with more than half of its population in need of humanitarian aid; almost one third of households have been identified as in "catastrophic" or "extreme" conditions of need.⁵ Workers in the blockaded enclave, particularly women and young people, are trapped in poverty. Over the years, productive capacity has been decimated and wages have declined. Living standards in Gaza are now only a little more than a quarter of those in the West Bank, and the gap is widening. Meanwhile, the intra-Palestinian political division has endured and all reconciliation efforts have largely failed.⁶
5. Whereas employment expanded by 10 per cent in 2022, it was mostly accounted for by informal employment and job growth for Palestinians in Israel and the settlements. In 2022, a total of 192,700 Palestinian workers worked in Israel and the settlements. While work in Israel is increasingly aspired to by Palestinians due to the higher wages it offers, there are many

¹ The reporting period, from November 2022 until October 2023, is covered by both DWP programming cycles.

² ILO, *The Situation of Workers of the Occupied Arab territories*, International Labour Conference, 111th Session, 2023, ILC.111/DG/APP.

³ ILC.111/DG/APP, para. 80.

⁴ ILC.111/DG/APP, para. 54.

⁵ ILC.111/DG/APP, para. 33.

⁶ ILC.111/DG/APP, para. 32.

downsides. The persistence of the broker system results in the loss of substantial income to workers. More than 40,000 Palestinians work in settlements, within an unregulated environment, and are often underpaid. About another 40,000 from the West Bank work within Israel undocumented and informally, rendering them particularly vulnerable to exploitation and abuse.⁷ In 2022, a total of 27,000 permits were issued by the Israeli authorities to Gazans; however, only about 3 per cent of those permits were proper work permits providing wage protection and social benefits, while most of the other permits were used for work in informal settings outside the purview of Israeli labour law.⁸ During the first quarter of 2023, there was a notable decrease in the percentage of workers employed in Israel and the settlements, which stood at 13.3 per cent of the Palestinian labour force, compared to 18.4 per cent during the same period in 2022.⁹

6. The Palestinian Authority successfully held the Partners' Meeting in support of the Palestinian National Employment Strategy for 2021–25 on 23 February 2023 in Amman, Jordan. The meeting, organized with ILO support and in partnership with the Arab Labour Organization and the Government of Germany, garnered support from international and local partners for the Strategy, which sets out pathways to gainful employment and job opportunities for Palestinian women and men, and especially youth. The meeting saw the signing of several bilateral agreements and projects, with a combined estimated value of US\$40.7 million provided as overall support by international partners to the Occupied Palestinian Territory in the domain of employment and skills. It also saw the signing of the third Palestinian Decent Work Programme (DWP) for the period 2023–25 between the ILO, the Palestinian Ministry of Labour and the social partners.¹⁰
7. The Palestinian Authority's institutions and policies are being debilitated by an increasingly unmanageable fiscal crisis, due in large part to Israeli unilateral deductions to clearance revenues collected on their behalf, and further exacerbated by the precipitous decline in external funding.¹¹ All such measures impact the Palestinian Authority's capacity to implement policies aimed at generating employment and income opportunities, ensuring social security and social welfare of the population, and promoting good labour market governance. Nonetheless, the Palestinian Authority is preparing to launch its new plan for 2024–29, encompassing multiple aspects of policy reform and governance development embodying the renewed version of the National Policy Agenda.

► II. Overall progress in programme and partnership development

8. The reporting period comes within the first year of implementation of the third Palestinian DWP (2023–25) signed in February 2023. The development of the third DWP was completed following extensive consultations with the relevant Palestinian Authority line ministries, social partners, the UN country team, and development partners. The DWP is aligned with the

⁷ ILC.111/DG/APP, para. 66.

⁸ ILC.111/DG/APP, para. 29.

⁹ Palestinian Central Bureau of Statistics, *Labour Force Survey (January–March 2023) Round (Q1/2023)*, 10 May 2023.

¹⁰ ILO, Employment Promotion: *ILO Co-hosts Meeting to Mobilize International Support for Implementing First Palestinian National Employment Strategy*, 23 February 2023.

¹¹ ILC.111/DG/APP, para 36.

Palestinian planning frameworks, including most importantly the Palestinian National Employment Strategy for 2021–25.¹² The programme is anchored within three of the four strategic priorities of the UN Sustainable Development Cooperation Framework (UNSDCF) (2023–2025). Furthermore, the ILO is working closely with the UN country team to ensure the incorporation of labour issues and decent work deficits in the development of the joint work plans and flagship programmes of the UNSDCF (2023–25) and the Humanitarian-Development-Peace Nexus.

9. The current ILO development cooperation programme in the Occupied Palestinian Territory consists of a portfolio of projects, with funding approaching US\$10 million, distributed across the three priorities under the 2023–25 DWP, inclusive of voluntary core contributions (regular budget supplementary account (RBSA)) and voluntary earmarked funding. The continued ongoing support of the Government of Kuwait, with a new contribution in 2023 of US\$500,000, provides critical Arab support for the new DWP. This was complemented by a further allocation of US\$500,000 in 2023 from the ILO RBSA. These allocations have been geared towards accelerating investments in projects that respond to the immediate needs identified under the Palestinian National Employment Strategy for 2021–25, with a primary objective of tackling labour market challenges and fostering resilience among the population, particularly in Gaza. In addition, they offer opportunities for expanding partnerships with UN agencies and development partners on the ground.
10. Furthermore, with new funding from the Government of Japan, the ILO and the Representative Office of Japan to the Palestinian Authority launched a project entitled “Promotion of an Enabling Environment for Sustainable Enterprises and Decent Jobs for Women and Youth in the Agricultural Sector” in the Occupied Palestinian Territory to the amount of US\$740,740. Through inclusive markets, system innovations, and value chain development in the food and agricultural sector, the project will help produce more sustainable and decent jobs by creating linkages between innovation, productivity and environmental sustainability.
11. It is essential to recognize the inherent challenges to achieving sustainable results under the Decent Work Agenda in such a convoluted environment, without a comprehensive and lasting political resolution. Nonetheless, to support the Decent Work Agenda and promote social justice in the Occupied Palestinian Territory, it is essential to espouse long-term commitment and continued international support and funding, including for the work of the ILO. The ILO DWP priorities anchored in the UNSDCF and responding to the priorities of the Palestinian National Employment Strategy for 2021–25, serve as a solid framework for enhancing aid effectiveness in the employment and social protection sectors and will improve labour market outcomes. The ILO, through its development cooperation programme and ongoing resource mobilization efforts, continues to provide support in the areas of labour market governance and social dialogue, gender equality, employment promotion, enterprise development and social protection.

¹² Palestinian Authority, Ministry of Labour, [National Employment Strategy](#), 2021–2025.

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

1. Access to economic opportunities that are inclusive, resilient and sustainable

12. Efforts to support the Palestinian Ministry of Labour and the social partners in advocating for employment and livelihoods, especially for young people, were concretized by the convening of the long-planned Partners' Meeting in support of the Palestinian National Employment Strategy for 2021–25 in February 2023 in Amman, Jordan. The meeting, co-hosted by the ILO, the Arab Labour Organization and the Federal Government of Germany, was attended by over 200 participants, and provided an opportunity to present the needs identified in the Strategy, align interventions, discuss funding gaps and scale up support for implementation.
13. As part of the project with the Government of Japan mentioned in paragraph 10, a value chain analysis for the dairy and honey sectors was undertaken to underline pertinent interventions aimed at addressing key sector constraints. Following the analysis, the ILO is partnering with local service providers to design interventions that aim to support productivity enhancement, product diversification, improved business management practices, and access to resources and markets for small producers in the dairy and honey subsectors, with a focus on women and youth.
14. The ILO study to assess the organizational capacities and functions of the six sectoral cooperative unions and the General Cooperative Union (GCU) identified gaps in the unions' management and governance capacities as well as in their knowledge about cooperative principles and values that are essential to stimulate the active participation of members of primary cooperatives. Based on the study findings, the ILO is supporting the capacity of cooperatives' unions to develop their feasibility studies and business plans with the aim of more effective implementation to respond to the needs of their members. The ILO further delivered strategic planning and cooperative management training, targeting the Cooperative Work Agency as well as members of primary and secondary cooperatives. In partnership with Legacoop (National League of Cooperatives and Mutual Associations), the ILO commissioned a comprehensive capacity needs assessment for the establishment of the Cooperative Development Institute and Cooperative Development Fund, aiming to define the core functions of the two promotional entities.
15. Within the scope of efforts to promote new forms of social enterprises, the ILO is currently supporting the establishment of a childcare cooperative model to enhance economic opportunities for women and support the organization of childcare workers. Further, the ILO launched an apprenticeship programme aimed at generating 20 new job opportunities for unemployed women in the construction sector.
16. In partnership with the Palestinian Employment Fund, workers, and employers' organizations in Gaza, and building on the results of the value chain selection of productive sectors, the ILO is supporting 160 young graduates to develop low-cost and innovative solutions for 40 micro, small and medium-sized enterprises (MSMEs) in Gaza in the agri-food business, textile and furniture industries. The graduates are also being equipped with entrepreneurial and business management skills using the ILO's enterprise development training packages for potential start-ups. Furthermore, the ILO partnered with the Palestinian Contractors Union to promote the integration of employment-intensive investment approaches and decent work principles in the construction sector. The ILO is currently planning to support MSMEs in Gaza in the professional services subsector to transition to formalization through improving access to

productivity enhancement services, and bolstering social dialogue mechanisms, organization and representation in those sectors.

2. Access to sustainable, inclusive, gender-responsive and quality social services, social protection and affordable utilities

17. The ILO has continued to support tripartite dialogue to review and amend Social Security Law No. 19 of 2016. Technical and actuarial support was provided to a tripartite committee mandated to redraft the Social Security Law, taking into consideration the different concerns raised between 2016 and 2018 prior to the suspension of the Law in January 2019. The ILO has further commissioned three long-term social security advisers to support the tripartite partners in redrafting the Law in line with international social security standards and best practices. These efforts led to the development of a revised draft of the Social Security Law in October 2022. The proposed reforms include the introduction of an unemployment insurance benefit as well as several other amendments aimed at enhancing good governance, financial sustainability and the equity of the system.
18. The ILO supported the tripartite partners in launching a national consultation phase on the revised draft Social Security Law between June and August 2023. The consultations targeted a diverse group of stakeholders in ten different governorates in the West Bank, including East Jerusalem, and Gaza. In addition, the ILO facilitated awareness-raising among the public about the vital role social security schemes play in managing social risks, providing a safety net during economic crises and contributing to overall societal well-being. The national consultation was accompanied by a media and public awareness campaign on the draft Social Security Law, illustrating its benefits and cultivating broad-based support for social security among the Palestinian public. The national consultation phase is now completed and a final review of the draft law, with legal and actuarial input from the ILO, is under way.
19. The ILO has continued to assist the Ministry of Social Development in establishing a comprehensive social protection system, with the support of the European Union. Support has been provided to extending social protection to older persons and persons with disabilities through the development of a suite of analysis on the feasibility, design and costing of social allowances for these individuals. Concrete policy recommendations have been provided to the Ministry of Social Development and sector stakeholders – and will now be presented to the Council of Ministers – on introducing, administering and financing rights-based social protection benefits within the national social protection system. The ILO has also continued to support the strengthening of programmatic coherence and coordination for social protection programmes across the Humanitarian-Development-Peace Nexus through the establishment of a thematic working group.

3. Governance institutions, processes and mechanisms

20. The tripartite partners have continued to prioritize reform of the Palestinian Labour Law to bring it into line with international labour standards and have included it as an imperative objective of the third DWP for ILO support to address labour market inequalities and enhance workplace compliance mechanisms. Despite extensive social dialogue efforts to reach consensus on the Labour Law provisions, deadlock persists among the tripartite partners. The Ministry of Labour plans to lead discussions on the latest amendments to provisions where consensus has been reached, aiming to finalize revisions for non-controversial provisions. The amendments will also include revisions to eight articles in the Labour Law of 2000 that are critical to achieving legislative harmony between the Palestinian Labour Law and the draft

Social Security Law. Upon the request of the tripartite partners, the ILO is ready to review the draft amendments to the Labour Law and provide technical feedback, including on the remaining contested provisions.

21. The ILO has continued to strengthen governance structures and promote effective and inclusive social dialogue at national and sectoral levels. This includes establishing tripartite committees in selected economic sectors and facilitating dialogue to improve working conditions and wages. Pending endorsement, the tripartite committee for private schools and kindergartens has defined the main elements of a draft unified contract in line with national labour law, including the stipulation of the national minimum wage. Through ILO support, the Palestinian General Federation of Trade Unions (PGFTU) signed 22 codes of conduct addressing workplace violence and harassment with employers, and 4 collective bargaining agreements were established between sectoral trade unions and employers' representatives, covering key aspects of decent working conditions.
22. The ILO commissioned a study that examined alternative mechanisms for settling individual and collective labour disputes, paving the way for developing an alternative dispute resolution mechanism in the absence of specialized labour courts. In November 2022, the ILO, in collaboration with the International Training Centre of the ILO, delivered a foundational training course on "Promoting effective labour dispute prevention and resolution mechanisms" targeting 17 Palestinian tripartite participants. A follow-up training course on basic and advanced mediation was delivered in Ramallah in February and March 2023 targeting the same group. In addition, the ILO is currently supporting a policy paper and plan on the proposed alternative dispute resolution mechanism that will be discussed with the tripartite partners and other stakeholders, including the Ministry of Justice and Higher Judicial Council, for their adoption.
23. Within the framework of the European Union-funded regional project, Social Dialogue for Formalization and Employability in the Southern Neighbourhood Region (SOLIFEM), the ILO facilitated an exchange visit of a tripartite Palestinian delegation to Algeria to participate in the project's first regional meeting in late November 2022. The visit aimed at strengthening bilateral relations between the two countries, and facilitated exchange of knowledge and experiences on mutual issues, including skills development, governance and promotion of social dialogue. The Palestinian tripartite committee supervising the implementation of the SOLIFEM project launched a diagnostic study in January 2023 with the objective of mapping and analysing factors and characteristics of informality in the kindergarten, and garment and textile sectors to consolidate national efforts towards the formalization of these sectors.
24. The Palestinian Chambers of Commerce concluded their board members' elections in March 2023. The elections were won by 212 newly elected members of the general assembly of the Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA), of whom 4 are women. The ILO will support capacity-building and onboarding of the newly elected members of the FPCCIA board.
25. The ILO supported the PGFTU in developing a Gender Equality Strategy (2023–28). The Strategy aims to prioritize the organization of workers and to improve working conditions, skills development and job creation for women, and investment in workplace childcare facilities. Furthermore, the PGFTU established a network of 14 complaints units, including 4 in Gaza. A group of trade unionists have been trained on grievance redress, in particular for cases of violence and harassment in the world of work. Furthermore, the ILO is supporting Birzeit University in strengthening the capacities of students, faculty and staff to address violence and harassment at work, and in eliminating discrimination and unequal employment practices

through the establishment of an observatory for gender and social justice that will review all University internal governance procedures and establish new workplace codes of conduct and complaints mechanisms.

26. The ILO has contributed to the finalization of the draft National Labour Inspection Policy and Strategy and supported the labour inspection directorate's social media capacity development. A group was trained in December 2022 on the use of social media to promote labour law compliance and how to effectively use free social media tools to this end.

► IV. Next steps

27. The ongoing occupation and expanded settlement activity have severely impacted Palestinian workers' livelihoods and rights, including their right to freedom of movement and residence, and access to resources, markets and decent work. The protracted fiscal crisis has further curtailed the Palestinian Authority's ability to govern effectively and provide essential services to the public, all of which have contributed to a challenging economic and labour market situation for Palestinians.
28. The Governing Body is invited to take note of the achievements since the last reporting period and the efforts of the tripartite partners toward strengthening social dialogue platforms to advance on social security reforms and in outlining pivotal policy interventions needed to address critical labour market issues. It is critical to finalize and adopt the revised Palestinian Labour Law and Social Security Law for private sector workers in order to improve labour governance and prospects for social cohesion, grounded in social justice and tripartism.
29. The Governing Body is invited to take note of the need for Member States, development partners and donors to enhance their support to the Palestinians and work closely together to build peace and social justice, for the sake of all Palestinian workers. Securing additional funding is crucial to accelerate investments in jobs and people as prescribed under the Palestinian National Employment Strategy for 2021–25, as well as to strengthen social protection, in terms of both social security and social assistance programmes. Finally, emerging priorities for new programme development include the promotion of social enterprises, the social and solidarity economy and the circular economy, as well as green jobs and a just transition in the context of climate change.

► Draft decision

30. **While gravely concerned and deeply saddened by the loss of life in the ongoing armed conflict in the region, the Governing Body:**
 - (a) **acknowledged that the situation in the region rendered the continuation of the ILO's technical assistance in its current form extremely difficult and in some areas impossible, while at the same time provision of relief for and support to affected workers and employers has taken on further urgency;**
 - (b) **recalled the Director-General's Report to the 111th Session of the International Labour Conference (2023) on "The situation of workers of the occupied Arab territories" and requested the Office to take all necessary measures in response to**

the observations and conclusions therein, and in light of the urgent and increased needs emerging from the crisis situation;

- (c) requested the Director-General to respond to immediate needs and calls for urgent assistance from workers and employers in occupied Arab territories, and develop a longer-term crisis response plan to actively contribute to subsequent coordinated Humanitarian, Development and Peace sectors (HDP) Nexus response mechanisms in the region from the perspective of the ILO's mandate;**
- (d) called on Member States to provide financial resources for the ILO programme in the Occupied Palestinian Territory, providing support to realize decent work within the context of wider United Nations' efforts for relief and recovery.**