



## Governing Body

309th Session, Geneva, November 2010

GB.309/5

**FOR INFORMATION**

FIFTH ITEM ON THE AGENDA

## Enhanced programme of technical cooperation for the occupied Arab territories

### Overview

**Issues covered**

This paper highlights ILO responses to address the situation of workers in the occupied Arab territories, taking into account the severe socio-economic challenges facing the Palestinian people.

**Policy implications**

None.

**Financial implications**

None.

**Action required**

Paragraph 18.

**References to other Governing Body documents and ILO instruments**

ILO: *Report of the Director-General: Appendix. The situation of workers in the occupied Arab territories*, International Labour Conference, 99th Session, Geneva, 2010.

## Background

1. This paper reports on progress made and planned ILO interventions within the context of the programme of technical cooperation in the occupied Arab territories. It covers the ILO's programme of work from the last update in November 2009, implemented in collaboration with the Ministry of Labour (MOL), the Palestinian General Federation of Trade Unions (PGFTU), and the Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA). The report highlights ILO interventions addressing the situation of workers in the occupied Arab territories, taking into account the severe socio-economic challenges and national responses as outlined in the Palestinian Government programme.
2. During the period under review, the situation was characterized by some improvement of the economic situation that can be attributed to accelerated growth and a slightly higher employment rate – 31.2 per cent in the last quarter of 2009 as compared to 29.8 per cent in the last quarter of 2008 – which nonetheless remains very low by international standards. Growth was not evenly distributed between the West Bank and Gaza and there remains an underlying fragility in growth revival, which is primarily driven by external aid. Real GDP growth rate is estimated at 8.5 per cent in the West Bank and only 1 per cent in Gaza. The unemployment rate in Gaza is amongst the highest in the world, estimated at 38.7 per cent in 2009, and the population, which is largely dependent upon foreign aid, continues to live in deep poverty with an estimated 70 per cent living below the US\$1 per day poverty line.<sup>1</sup> The public sector has reached the end of its absorptive capacity, while the private sector is incapable of creating jobs at a level sufficient to absorb the growing and increasingly young Palestinian labour force. The absence of employment opportunities leads the Palestinian labour force to seek work in the informal economy, often at the price of precarious working conditions and poor labour protection.
3. Movement of people and goods in and between the West Bank and Gaza continues to be heavily constrained by a plethora of permit requirements and an intricate system of closures – a system that is marked by serious impacts on the enjoyment of human rights of Palestinians, including freedom of movement, the right to education and the right to work. These restrictions separate Palestinian communities and impede access to land, enterprises and places of work, as well as basic social services, while increasing dependency on aid.

## Overall progress in programme implementation

4. During the period under review, the MOL developed a labour sector strategy, complementing and further defining the key elements of the Government programme, and placing employment at the forefront of the national agenda. The strategy addresses the absence of a national employment strategy, the weak linkages between employment and vocational training, and the need to strengthen the role of the private sector and the social partners. It primarily focuses on priority areas including: (1) supporting an appropriate environment for decent work opportunities; (2) developing vocational training; (3) promoting the cooperative sector; (4) improving working conditions; (5) consultation and effective social dialogue; and (6) strengthening regional and international cooperation.
5. The ILO is implementing a technical cooperation programme, with a portfolio which now stands at \$4 million, benefiting from funding from Saudi Arabia, Turkey, the Islamic Development Bank, the UNDP/Spain MDG Fund, the UNDP Programme of Assistance to

<sup>1</sup> Palestinian Central Bureau of Statistics, Labour Force Surveys, 2008–09.

the Palestinian People, the Swedish International Development Agency (SIDA), and the ILO. This has allowed the Office to support an ILO presence in both the West Bank and Gaza, including a representative, a programme officer, national project officers and support staff. The programme has been reviewed and an integrated set of proposals developed. In this regard, it is worth noting that a meeting will be held on the margins of the November 2010 session of the Governing Body, providing an opportunity to promote and materialize support to ILO technical cooperation in the occupied Palestinian territory. These proposals cover areas such as advancing the cooperative movement, small and medium-sized enterprise (SME) development, skills development in Gaza, and promoting tripartism and social dialogue. An overarching national Decent Work programme is currently under discussion with the Palestinian constituents.

## **Review of progress and achievements in key areas of work**

### **Strengthening labour market governance**

6. To support ongoing reforms and key elements of the labour sector strategy, the ILO continued to provide technical assistance to the MOL. The labour sector strategy supports the creation of specialized, independent and semi-governmental national agencies for the implementation of policies and the more effective delivery of services. The ILO partnered with the United Nations Development Programme (UNDP) to strengthen the capacity of the MOL through the operationalization of a Technical Advisory Unit (TAU). The TAU builds on UNDP's institutional capacity-building programmes and leverages the technical expertise of the ILO. It will support the MOL's policy priorities, including institutionalization of monitoring and evaluation systems to ensure the effective implementation of its programmes and projects.
7. The Government has renewed commitment to the revitalization of the Fund for Employment and Social Protection – the Palestinian Authority has allocated \$5 million annually to support activities starting in 2011. The ILO is providing technical support to the Government to review the technical and operational framework of the Fund, ensuring strategic linkages to labour sector institutions and relevant sectoral plans, strategies and programmes, and having a clear, transparent financing mechanism that is governed on a tripartite basis.

### **Promoting private sector growth through enterprise and cooperative development**

8. The ILO provided technical advice to the Government and the social partners to support the cooperative reform. A national cooperative development policy and strategy were proposed by the ILO, setting the ground for the adoption of a unified cooperative law. A project document was endorsed by key national players to support the establishment of the General Commission for Regulating Cooperatives, a semi-autonomous entity tasked with offering support services to cooperatives. The \$3.5 million project aims to support local cooperatives to become viable business enterprises, owned and controlled by their members, creating jobs for the unemployed, and contributing to national economic and social development.
9. To respond to the Government's efforts to stimulate micro- and small enterprises, at the Prime Minister's request and under the leadership of the Ministry of National Economy, the ILO led the development of a national SME policy based on an assessment of the

business environment. The policy aims to establish a more vibrant and dynamic micro-, small and medium-sized enterprise (MSME) sector that can provide a diverse range of new and sustainable decent employment opportunities. A national policy framework was presented to national stakeholders in May 2010, focusing on the policy, legal and regulatory framework, improving access of MSMEs to markets and services, improving MSME representation, advocacy and dialogue with the Government, and monitoring change of the current knowledge gaps on MSME development. A project addressing the key elements of the policy has been developed, for which funds are required.

10. The ILO also joined forces with UNDP in support of the Ministries of Labour and Higher Education's promotion of entrepreneurship culture among young women and men, through the roll-out of the Know About Business package in secondary and vocational schools. A replication strategy is being developed to cover additional institutions and to ensure the nationalization of the modernized curricula, taking into account the results of the impact assessment. This initiative was supplemented by the introduction of the Get Ahead for Women in Enterprise package, based on similar interventions undertaken in other countries of the region.
11. The ILO partnered with SIDA to support private sector growth by building the capacities of the FPCCIA to become a stronger advocate of employers' organizations. Based on the results of the national survey of small and medium entrepreneurs and managers in the 16 governorates of the occupied Arab territories and an assessment of the capacity gaps of the Federation and the Chambers, a vision for the way forward has been elaborated. The next phase of the project will focus on the formulation and implementation of a capacity-development and growth strategy based on the findings and recommendations of the assessments and will support the Federation and the Chambers to serve as a catalyst for a sustainable and inclusive private sector.

## **ILO response to the situation in Gaza**

12. Based on the ILO emergency programme implemented in Gaza in 2009, the ILO continued to support local stakeholders to improve productivity and income-earning opportunities, increase career options and reinforce the potential for job generation through local labour markets. In view of the continued tight closures on Gaza, the ban on the import of goods and materials, and in partnership with local stakeholders, the ILO is implementing a series of interventions addressing the skills deficit in the construction sector, promoting emergency employment through the construction of green shelters, and enhancing youth employment opportunities through strengthened knowledge and information platforms. The programme in Gaza is financed by Kuwait funds and supports the building of shelters through the innovative technology of compressed earth blocks. The initiative includes the development of a database of qualified construction companies, skilled tradespeople and workers to serve as potential service providers. The lessons learnt from these strategic interventions have been translated into project documents for which resource mobilization efforts are currently under way.

## **Promoting tripartism and social dialogue**

13. The ILO facilitated the revitalization of the national tripartite committee which launched in February 2010 a declaration outlining its vision, plan of action and institutional framework. The declaration focuses on improving industrial relations and ensuring sound labour market governance, reviewing labour agreements based on Arab and international standards, developing and enhancing labour administration and labour inspection, reforming the labour law and legislations, whilst recognizing the role of free, independent

and strong and representative workers' and employers' organizations. To support the translation of the vision into a concrete plan of action, the ILO developed a social dialogue strategy and a labour inspection strategy, the elements of which will be implemented through a technical cooperation project for which funds are also required.

14. To support this initiative, the ILO is implementing capacity-building programmes targeting the social partners. The ILO is also supporting the operationalization of the legal unit at the PGFTU to provide legal advice and services to Palestinian workers employed in Israel.

## **Social protection**

15. A mapping of the social security situation of the Palestinian population has been completed, the results of which will provide policy recommendations to the Government. This was an initial request of the Palestinian Authority as a critical input to current thinking on reforms in this area, given the disparities in living conditions and unemployment.

## **Supporting women's economic empowerment**

16. Through the Millennium Development Goals Achievement Fund (MDG/F) project on gender equality and women's empowerment, the ILO implemented a series of interventions, resulting in the establishment of the National Women's Employment Committee that would act as an advisory body for policy-making. Gender issues have also been mainstreamed within national institutions through the implementation of participatory gender audits, gender statistics, and business development services targeting women.

## **Next steps**

17. The project proposals fall under the umbrella of a Decent Work programme in the occupied Palestinian territory currently being developed, which targets an integrated combination of measures in the areas of employment promotion, rights at work, social protection and social dialogue. The programme reflects the key principles of the Decent Work Agenda and supports national initiatives targeting decent work deficits and enhanced national capacity to integrate decent work with social and economic policies.
18. The Governing Body is invited to take note of these developments and the proposed ILO response through the enhanced programme of technical cooperation, and to provide guidance on further steps for its implementation if needed.

Geneva, 14 October 2010

*Submitted for information*