

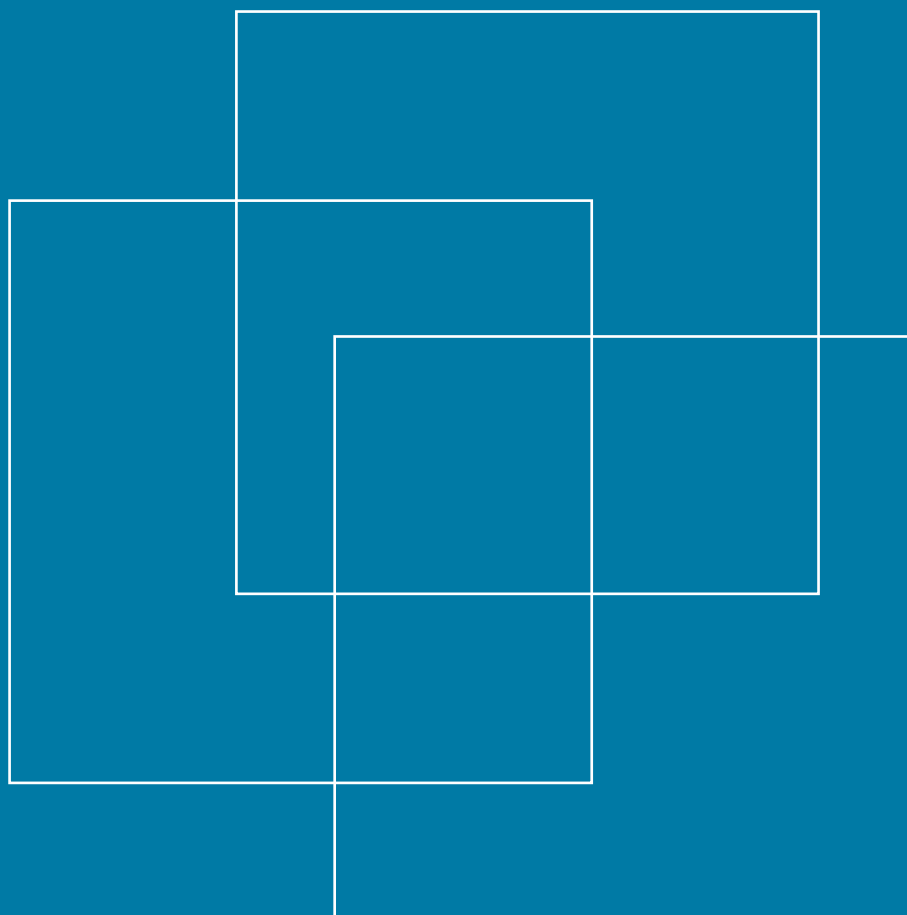


International
Labour
Office

Geneva

**REPORT OF THE DIRECTOR-GENERAL
APPENDIX**

The situation of workers of the occupied Arab territories



**INTERNATIONAL LABOUR CONFERENCE
102nd SESSION, 2013**

International Labour Conference, 102nd Session, 2013

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 a mission to prepare a report on the situation of workers of the occupied Arab territories. As in the past, the mission visited the West Bank, including East Jerusalem, Gaza, Israel, and the occupied Syrian Golan. As was the case last year, it could not visit the Syrian Arab Republic.

The mission had in-depth discussions with representatives of the Palestinian Authority, the Government of Israel, employers' and workers' organizations in Palestine and Israel, Syrian citizens of the occupied Syrian Golan, and representatives of the United Nations and international and non-governmental organizations. They all provided information which has guided the preparation of this Report. A number of field visits were also undertaken by the mission.

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

This year's mission was the first to be undertaken since the recognition of Palestine as a non-member observer State by the United Nations General Assembly in November 2012. The Report describes a situation of considerable uncertainty, with a real danger of a downward spiral which could frustrate all the economic and social achievements that the international community has been supporting in the two decades following the Oslo Accords. Last year's Report warned of a dangerous political stalemate. However, at that time there had still been some advances in terms of economic growth, employment, social dialogue and gender equality in the Palestinian labour market. The momentum for growth, already fragile at the time, has now come to a halt, and a fiscal crisis is turning into an economic and social crisis.

Unless decisive action is taken by all concerned, both in the region and beyond, the promises of the peace process will fade away. The fiscal crisis faced by the Palestinian Authority is not only due to the decision of Israel to suspend, at least temporarily, the payment of clearance revenues following the decision of the United Nations General Assembly. It has been aggravated by the continued failure of donors to meet their commitments and pledges.

It is also increasingly obvious that the restrictions arising out of the continuing occupation and expanding settlement activity are effectively blocking the Palestinian economy, and importantly its private sector, from further significant progress. In this constrained situation, there is a risk of serious erosion of confidence in the capacity of the institutions for a Palestinian state to deliver on the strategies for economic growth with decent work and respect for fundamental rights.

Instead of further advances being made in state building, the Palestinian economy is now grappling with stagnating growth, higher unemployment, and poverty and food dependency. The situation is especially acute in Gaza, where it has reached alarming levels which will soon become unbearable. The rights of workers and businesses in Gaza are curtailed by both the continuing blockade and a series of new restrictions by the de facto authorities.

From the standpoint of the ILO, these developments have particularly adverse effects on the situation and rights of workers, employers and labour market institutions and authorities, as well as the practice of social dialogue and tripartite cooperation. In an economic crisis, it is the most vulnerable who feel the pressure first: women and men who lose their jobs or cannot obtain decent employment; those who are in distress and can be exploited; and those who depend on assistance for food and shelter.

There is more international movement now, but so far it has produced unpredictable and even contradictory responses. The attention of key international actors has been diverted by domestic agendas, at a time when sustainable solutions would call for their continuous and constructive involvement. Despite increased attempts to deal with the Palestinian divide, with the help of those in the region who have access to all parties, no real progress is in sight. The legacy of uprisings faced by authoritarian governments in the Arab region over the last two years has primarily made itself felt through a strong call for fairness and accountability by a people unwilling to remain silent and submissive.

It is thus clear that no sustainable solution can be imposed from above, or by one party on another, or by any members of the international community on the parties to the long-standing conflict. Solutions have to be reached through a concerted effort, according to the order of urgency.

At the very least, nothing should be done to make the situation worse. Israel's reaction to the decision of the United Nations General Assembly brought the parties dangerously close to a tipping point. Denying rightful resources to the Palestinian Authority, stepping up the already unprecedented pace of settlement growth, and constraining the Palestinian economy through restrictions and the weight of the settlements will inevitably destroy any belief in the promise of two states for two peoples. Instead, together with genuine negotiations, what is needed is action to revive the flagging peace process and restore economic growth.

This situation calls for measures by Israel not only to relax the application of restrictions on people and businesses but to lift them altogether, thus enabling the Palestinian economy to grow and generate decent jobs. It calls for continued support, including reliable funding, for institutions for governance and social justice. It also calls for a determined effort to meet the Palestinian commitment to social dialogue and the rule of law. All workers, irrespective of their place and form of employment, must be treated with dignity and respect for their fundamental rights, and must have effective access to remedies in the event of violations.

The ILO has a clear role to play in continuing to support a genuine peace process. It can help strengthen the institutions of governance, including those dealing with disputes and divergent interests and aspirations, through social dialogue, tripartite cooperation and equal opportunities. It can assist with the recognition and realization of the rights of all parties in the labour market. It can help develop laws, policies and programmes to promote full, productive and freely chosen employment.

The ILO can support measures which foster growth and employment through private entrepreneurship or cooperatives. It can contribute to the process of establishing and applying labour law. In Palestine and Israel alike, it can help in further eliminating exploitation in the labour market. The ILO stands by its commitment to assist in further advances on the road to gender equality.

The starting point to prevent a downward spiral deeper into crisis and despair is the realization that the current situation is unsustainable and will remain so until it is based on social justice. The international community must go beyond promises and wishes. Simultaneous action now on the political, economic and social fronts is both a humanitarian imperative and the way to create confidence in, and the conditions for, real improvement in the situation faced by the workers of the occupied Arab territories.

This is not an impossible task. It is the realization that, as set out in the Constitution of the International Labour Organisation, lasting peace can be established only if it is based upon social justice.

May 2013

Guy Ryder
Director-General

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Introduction

1. 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 (ILC) at its 66th Session (1980), the Director-General again this year sent a mission to Israel and the occupied Arab territories in order to make as full an assessment as possible of the situation of workers of the occupied Arab territories. As in previous years, the mission sought to gather and assess information on the situation of the workers of the Occupied Palestinian Territory (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 guided by the resolutions adopted by the ILC, 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 consistently 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), of which Israel is a co-signatory. 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) and 1860 (2009). 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 Kari Tapiola, as his Special Representative, Tariq Haq, Economist in the Employment Policy Department, Martin Oelz, Legal Specialist in the Conditions of Work and Equality Department, and Shauna Olney, Coordinator, Equality Team in the International Labour Standards Department, with the mission, which took place from 15 to 23 March 2013. Mounir Kleibo, ILO Representative in

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.

Jerusalem, and Rasha El Shurafa, Programme Officer in the Office of the ILO Representative in Jerusalem, undertook all the preparations for the mission, of which they were full members.

5. Owing to United Nations security restrictions, the Director-General's Special Representative could not visit the Syrian Arab Republic for consultations. A request for written information was addressed to the Arab Labour Organization (ALO), which responded by forwarding a report to the mission.

6. In the course of the mission, the Director-General's representatives held numerous discussions and meetings 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 and other international organizations.

7. Once again the Director-General is most grateful to all the parties involved, and wishes to acknowledge that his representatives enjoyed the full cooperation of all parties, both Arab and Israeli, as well as of the representatives of organizations of the United Nations system, in obtaining the factual information on which this Report is based. The written submissions received from the Government of Israel, the Palestinian Authority, the social partners and the ALO are acknowledged with thanks.

8. In addition to data, studies and reports available in the public domain, this Report takes account of written and oral information gathered on the spot by the mission. Information obtained orally from the mission's various interlocutors was considered in a particularly 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.

9. Since the last Report of the Director-General on the situation of workers of the occupied Arab territories, the United Nations General Assembly adopted Resolution 67/19 entitled "Status of Palestine in the United Nations" by which it decided "to accord to Palestine non-member observer State status in the United Nations, without prejudice to the acquired rights, privileges and role of the Palestine Liberation Organization in the United Nations as the representative of the Palestinian people, in accordance with the relevant resolutions and practice" (United Nations, 2012a, paragraph 2). As stated by the Secretary-General of the United Nations, "the change of Palestine's status in the United Nations ... does not apply to organizations and bodies outside of the United Nations" (United Nations, 2013a, paragraph 1).

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

1. Uncertainty and the threat of a downward spiral

10. In November 2012 the United Nations General Assembly recognized Palestine as an observer State. This fell short of the aim of President Mahmoud Abbas for recognition as a member State, but it gave a political boost and more confidence to the Palestinian leadership. However, the immediate impact in economic terms turned out to be grim. Israel's initial reaction of withholding the disbursement of clearance revenues to the Palestinian Authority, together with continuously weaker than expected donor support, further constrained the Palestinian economy and effectively brought to an end the relatively high growth of the last few years. Israel also announced significant plans for further expansion of settlements, which would have the effect, among other things, of sealing off East Jerusalem.

11. The ensuing acute fiscal crisis faced by the Palestinian Authority continues to place a serious strain on the social situation in the West Bank, including East Jerusalem, and Gaza. It is further exacerbated by the continuing Palestinian political divide, without any viable solution in sight. The recent resignation of Prime Minister Salam Fayyad adds to the prevailing uncertainty. The United Nations Special Coordinator for the Middle East Peace Process, Robert Serry, noted on 25 March 2013 that it is an illusion to believe that the current situation can be preserved indefinitely (United Nations Security Council, 2013). Mr Serry was mainly referring to the political situation, but his words are equally true of the social and employment context.

12. On the ground there is no real status quo that could be "preserved". Settlement activities, arrests and demolitions of housing and other Palestinian structures continue. Tensions are fed by the continued detention by Israel of a large number of Palestinian prisoners, and occasional eruptions of violence in Gaza. Restrictions on movement and activity due to the occupation affect virtually all Palestinians. In some areas, such as Area C as defined in the Oslo Accords, and in East Jerusalem, these restrictions severely limit and even impede economic activity and initiatives, at the same time making them dependent on, and subject to, the settlement economy. The application of some restrictions has been relaxed, but in an unpredictable way, and the system itself remains in place.

13. Donors – on all sides – are not forthcoming. Palestinian unemployment has started to rise again, economic growth is tapering off, and poverty and food insecurity are spreading. The goal of a two-state solution is becoming increasingly elusive at a time when the political, economic and social logic would call for vigorous and visible steps towards its realization. After all, only two years ago the United Nations, the World Bank and the International Monetary Fund (IMF) all considered that Palestinian institutions were sufficiently mature to support the emerging state. Now there is a danger that the window of opportunity is being closed despite the overwhelming national and international commitments to realizing and supporting a two-state solution, and no other workable alternative is on offer.

14. The prospects for negotiation, including for Palestinian reconciliation, are further diminished by a growing loss of authority of political leaders on all sides. Young people may not want to take a position in a confrontation between the Palestinian parties, and such confrontation may be perceived as external and distant compared with the daily difficulties faced by the people. The result may well be a reaction against all existing factions. Confidence in the whole system risks wearing thin. Despite all the conflicts and contradictions, one legacy of the "Arab Awakening" persists: nowhere in the region are

people ready to be silenced again. Whatever the future holds, it will not be met with acquiescence and submission.

15. Further settlement activity in Area C and around East Jerusalem has the potential to deal a fatal blow to the peace process. If there are to be any real prospects in the recent exchanges, including those following the March 2013 visit of the President of the United States to the region, at the very least the tide of settlement activity must be turned. This is not only a political imperative. Lifting the human and economic burden arising out of the settlements is necessary for any viable growth of the Palestinian economy, including prospects of promoting growth through private sector development.

16. Earlier Reports have been able to document noteworthy achievements in laying the foundations for the institutions of a Palestinian state. Progress can still be recorded in the area of gender equality and, notably, in the activities of the social partners. However, much of what is being discussed relates to future plans, visions and desires which lack the financing and the experience that only institutions and functional social dialogue can provide. It is a matter of concern if one key indicator of progress is simply the maintenance of law and order, especially as this has to be accompanied by a reminder that security forces need to improve their performance on human rights issues (UNSCO, 2013a).

Dependency and distress in Gaza

17. In terms of economic and humanitarian needs, Gaza is now worse off than in the late 1990s. Its people – workers and entrepreneurs – strive to cope with a combination of the external blockade and an increasingly tight rule by the de facto authorities. The unpredictability of the situation prevents any meaningful planning for economic activities. The tunnel trade, regulated and taxed by the de facto authorities, has continued to support economic activity despite its illegal nature. The health and safety risks to the thousands of workers engaged in the tunnels are considerable, and numerous fatal accidents have occurred. Egypt is currently taking measures to end this illegal practice, and it is envisaged that trade will take place through the Israeli Kerem Shalom crossing. It is too early to say how effectively this transition can be carried through.

18. Gaza remains dependent on food aid for 75 per cent of its population. The precariousness of the situation was brought home shortly after the mission's visit by violent demonstrations which forced the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to temporarily suspend food distribution. Over half of married women in Gaza have been subjected to domestic violence (PCBS, 2011a), and there are indications that such violence is increasing as the economic situation deteriorates. The situation in Gaza also shows that there can be a negative return on investment in education: over 80 per cent of women with a university education are unemployed.

19. During the hostilities of November 2012, in Gaza, 158 Palestinians were killed; and six Israelis were killed by Palestinian rockets. A total of 328 homes were destroyed or seriously damaged during the conflict, and thousands of people displaced. There have been a limited number of incidents across the borders of Gaza since the ceasefire brokered by Egypt. The input of regional actors, who have a deep interest in peace and stability in the region, and who have access to the parties concerned, is of crucial importance for the further management of the situation in Gaza.

Focus on lack of protection of Palestinian workers

20. This Report explores further the situation of Palestinian workers in Israel and the settlements, which has been the focus of growing attention and concern. Israeli employers express a preference for Palestinian workers over migrant labour, but face constraints in this regard. While quotas have been increased, age and unpredictable security restrictions result in underutilization of entry and work permits. The treatment of Palestinian workers at checkpoints and in transport provokes tensions. Despite the efforts made by trade unions, Palestinian workers continue to face considerable difficulties in bringing cases of violation of their rights.

21. Work in settlements remains largely unregulated and is open to abuse. The State Comptroller and Ombudsman of Israel has recently criticized the Israeli authorities for slow action in ensuring inspection of wages, occupational safety and health, and social insurance for all settlement workers, including Palestinians. Thousands of Palestinians are currently working in this “middle tier” between two labour markets. This may not be their first choice, but given its advantages in terms of wages – and the economic realities of the West Bank, including East Jerusalem – it is impossible to speak of real freedom of choice.

Limited private sector prospects

22. The Chair’s summary to the meeting of the Ad Hoc Liaison Committee held in Brussels on 19 March 2013 noted that: “Concerted action by the PA [Palestinian Authority], Israel and the international community is urgently needed to stabilize the fiscal position of the PA and rekindle private sector-led economic growth” (Ad Hoc Liaison Committee, 2013). At the present time, the Palestinian private sector’s prospects of being a key part of the solution are less than certain. The premises of the Chamber of Commerce in East Jerusalem remain closed. In Gaza, the de facto authorities have deposed the Chamber’s Chairperson and imposed requirements of their own on traders who apply for permits. In the West Bank, even the most successful Palestinian entrepreneurs say that they have to operate on, or sometimes beyond, the borderline of rules, regulations and policy.

23. Plans for industrial parks and tourist entertainment have to be seen in the context of the limitations on access to land, water and markets. A gamble with the Israeli authorities may well be successful in individual cases, provided that such accommodation does not amount to changing the underlying restrictive policy. However, such unpredictable arrangements cannot be a substitute for systemic measures that would allow the Palestinian private sector to plan and take action for growth and employment.

24. The call for enabling the private sector to shoulder more responsibility for growth comes in the context of a dire economic situation. Exercising fiscal discipline and further reducing expenditure – which is primarily wage expenditure – will inevitably have economic and social consequences. These will be felt by many well before any measures to promote private sector growth bear fruit. If, indeed, austerity measures are to help and not send the economy further into a downward spiral, such measures cannot be taken in isolation. Donors urgently need to cover the projected US\$1.3–1.4 billion deficit and help bridge the US\$0.4 billion financing gap for this year. Private sector growth must be promoted through significantly improved Palestinian access to Area C and regional and international markets. Furthermore, confidence has to be underpinned by a resumption of the political negotiation process. Against this background, effective social dialogue in

Palestine will need to be an integral part of addressing the consequences of the fiscal crisis.

Occupied Syrian Golan: The shadow of the Syrian conflict

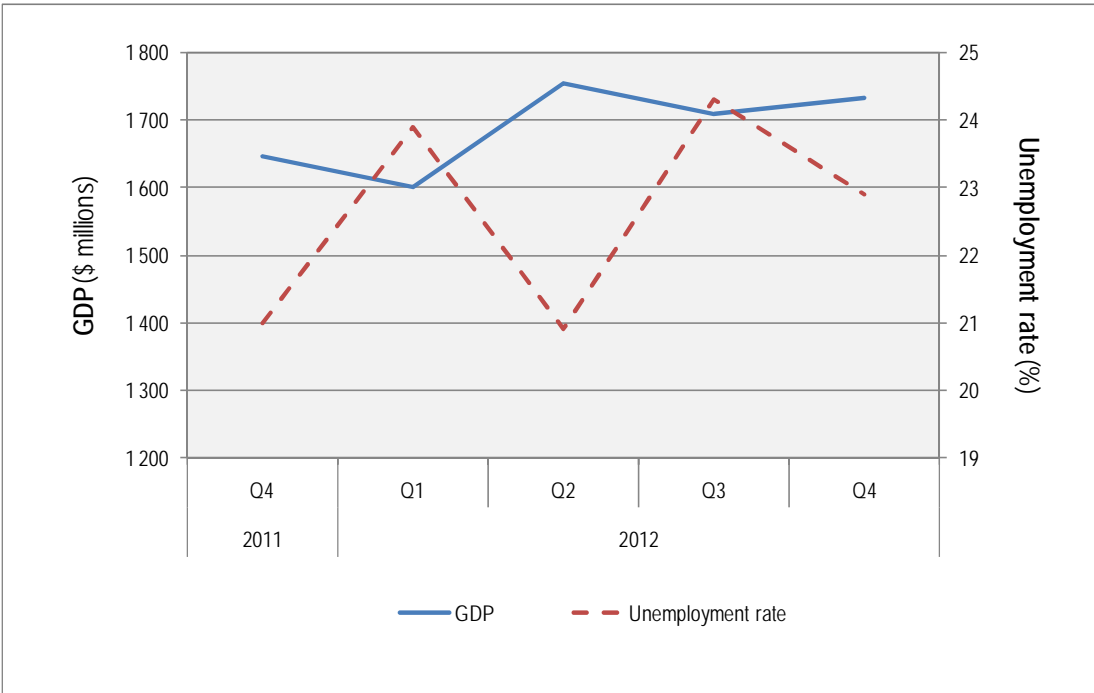
25. The direct effects of the Syrian conflict are manifested in at least two ways. On a few occasions, violent incidents have spilled over into the occupied Syrian Golan. The divisions that underlie the conflict in Syria are also felt by the Syrian citizens living under occupation. The prospects and livelihoods of the Syrian citizens have not improved. Farming is increasingly uncompetitive owing to water and other restrictions. With few real prospects – other than the personal choice of seeking prosperity in the Israeli labour market – it is becoming more difficult to maintain identity and control over economic opportunities. These hardships are further compounded by the fact that other events in the region have diverted attention from this aspect of the long occupation.

2. Economic stagnation, continued occupation result in greater labour market distress

26. Following three years of relatively high – albeit precarious – growth, Palestinian economic activity slowed markedly in 2012. Overall gross domestic product (GDP) grew by 5.9 per cent over the 2011 total, compared to rates in excess of 9 per cent in previous years. This total was comprised of GDP growth of 5.6 per cent in the West Bank and 6.6 per cent in Gaza.

27. In the West Bank, the Palestinian Authority faced a continued fiscal crisis, primarily as a result of shortfalls in donor aid and lower than budgeted clearance revenues from Israel. This was coupled with increased political uncertainty and little improvement in access to productive resources. In Gaza, the boom in construction activity linked to the tunnel economy – which fuelled the high growth of 2010–11 (albeit from a much depleted base) – slowed as Egypt started taking measures to curtail the tunnel trade. In the second quarter of 2012 an increase in imports allowed into Gaza from Israel boosted growth. However, the absence of any further easing of restrictions, together with Israel’s November 2012 military operation, reversed a significant part of these gains. The stagnation in Palestinian economic activity led to an increase in the overall rate of unemployment, from 21 per cent in 2011 to 23 per cent in 2012. Figure 2.1 shows that there was a clear inverse relationship between GDP growth and the rate of unemployment over the course of the year.

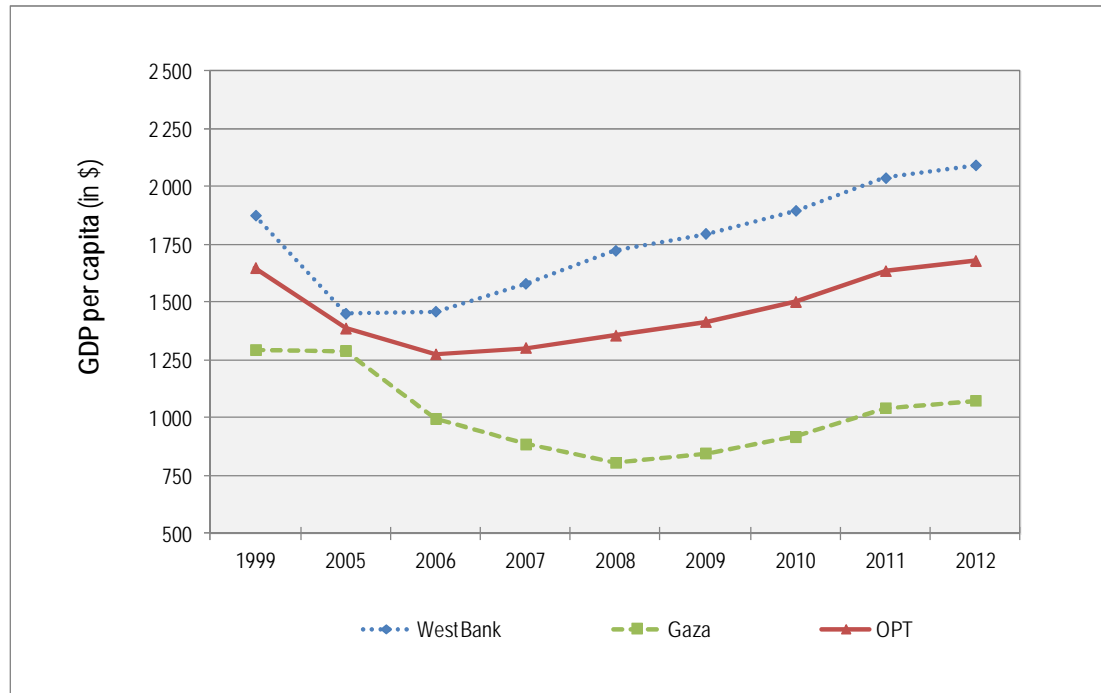
Figure 2.1. Quarterly GDP and unemployment, 2011–12



Source: PCBS: National Accounts (2013a) and Labour Force Survey (2013b).

28. The relatively low increase in GDP is also reflected in much slower growth of real GDP per capita. Overall GDP per capita grew by just 2.7 per cent in 2012 to reach US\$1,679, comprised of US\$2,093 in the West Bank and US\$1,075 in Gaza (see figure 2.2). The level of real GDP per capita in Gaza remains some 17 per cent below its 1999 level, prior to the onset of the second intifada in 2000.

Figure 2.2. GDP per capita at constant 2004 prices, 1999–2012



Source: PCBS: National Accounts (2013a).

29. In 2012, donor aid, upon which the Palestinian economy remains heavily reliant, once again fell short of both expectations and stated commitments. The Palestinian Authority received only US\$0.8 billion of the US\$1 billion it was expecting in direct budget support, while funding for development projects also remained below target (IMF, 2013). Lower net revenues were compounded by Israel’s temporary withholding of clearance revenues as a consequence of the granting of non-member observer State status at the United Nations General Assembly. This, together with higher than expected expenditures on transfers and net lending, resulted in an overall budget deficit of US\$1.7 billion. Consequently, the Palestinian Authority has increased bank borrowing to US\$1.4 billion, which is clearly an untenable level, and accumulated substantial arrears, resulting in frequent delays in the payment of public sector salaries, with knock-on effects on mortgage repayments and economic activity. The result has been increasing social unrest, reflected in regular strikes and reduced public service delivery since late 2012 (World Bank, 2013). If allowed to persist, the protracted liquidity crisis threatens to unravel the achievements of recent years in the building of sustainable institutions for a Palestinian state.

Further weakening of the labour market

30. The Palestinian labour force numbered over 1.1 million in 2012, representing a 5.2 per cent increase over the 2011 total (see table 2.1). Yet the rate of labour force participation, at 43.6 per cent, remained low. This is primarily attributable to the exceptionally low labour force participation rate for women, at 17.4 per cent, compared to 69.1 per cent for men. Female labour force participation is low despite the significant educational gains made by women. Indeed, girls' enrolment in secondary and tertiary education now exceeds that of boys. According to educational attendance data provided by the Palestinian Central Bureau of Statistics (PCBS), in 2011, 90 per cent of girls aged 15–17 were enrolled in school, compared to 81.5 per cent of boys (PCBS, 2013c). The failure to turn these educational advances into labour market gains reflects a great loss of economic potential.

31. The number of unemployed rose by 15.3 per cent, from 222,000 in 2011 to 256,000 in 2012. The corresponding overall unemployment rate rose from 21 to 23 per cent, reaching 32.9 per cent for women and 20.6 per cent for men in 2012. Clearly, employment prospects are very limited for those women who do enter the labour market. The situation is most pronounced in Gaza, where almost 50 per cent of women who participated in the labour force were unemployed. This figure was up from 43.9 per cent in 2011.

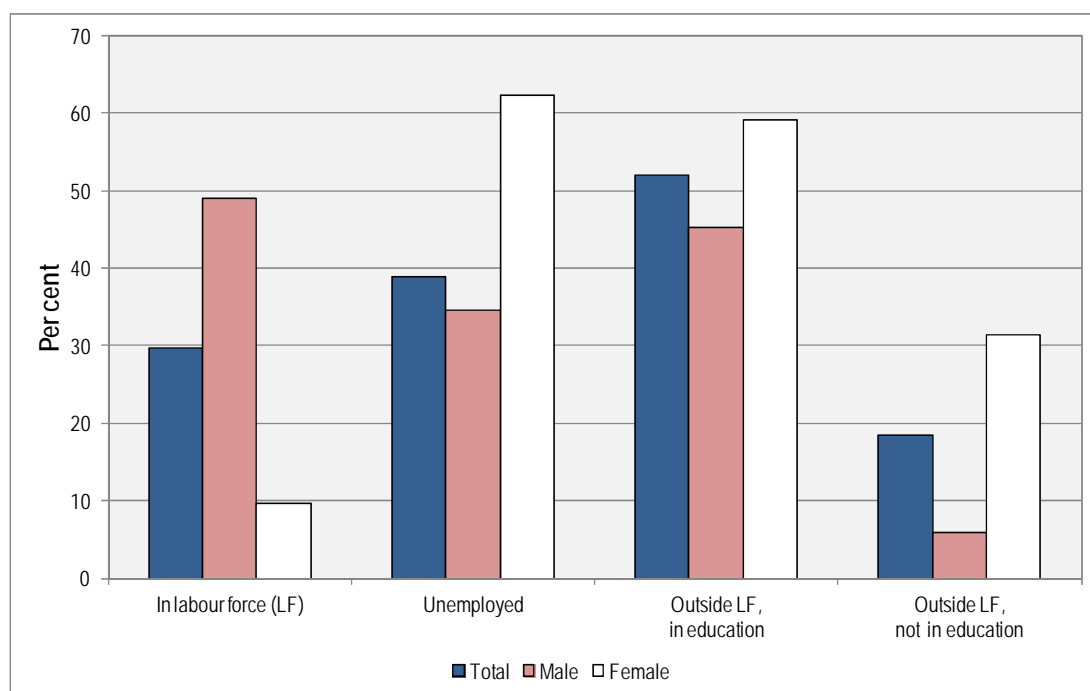
Table 2.1. Labour market indicators, 2011–12

	2011	2012				2012	2012/2011
	Year average	Q1	Q2	Q3	Q4	Year average	% change
Population aged 15+ ('000)	2 466	2 523	2 546	2 569	2 592	2 557.5	3.7
Labour force ('000)	1 059	1 095	1 109	1 116	1 137	1 114.3	5.2
Employment ('000)	837	834	877	845	877	858.3	2.5
West Bank	510	507	531	501	535	518.5	1.7
Gaza	244	249	266	255	255	256.3	5.2
Israel and settlements	83	77	80	88	87	83.0	-0.3
Unemployment ('000)	222	261	232	271	260	256.0	15.3
Labour force participation rate (%)	42.9	43.4	43.6	43.4	43.9	43.6	1.5
<i>Male</i>	68.7	68.9	69.2	69.1	69.2	69.1	0.6
<i>Female</i>	16.6	17.3	17.3	17.1	17.9	17.4	5.0
Unemployment rate (%)	21.0	23.9	20.9	24.3	22.9	23.0	9.8
<i>Male</i>	19.2	22.0	18.8	20.7	20.7	20.6	7.2
<i>Female</i>	28.4	31.5	29.5	39.0	31.7	32.9	15.9
West Bank	17.3	20.1	17.1	20.4	18.3	19.0	9.8
<i>Male</i>	15.9	18.6	16.1	17.9	16.7	17.3	9.1
<i>Female</i>	22.7	25.5	21.4	30.1	24.4	25.4	11.8
Gaza	28.7	31.5	28.4	31.9	32.2	31.0	8.1
<i>Male</i>	25.8	28.4	24.1	26.0	28.5	26.8	3.7
<i>Female</i>	43.9	46.5	47.2	57.7	48.3	49.9	13.8

Source: PCBS: Labour Force Survey (2013b).

32. Labour market distress particularly affects young people, and hits young women the hardest, as shown in figure 2.3. While somewhat lower rates of labour force participation would be expected owing to longer periods spent in education, a mere 9.5 per cent of young women (aged 15–24) participated in the labour force, compared to 49 per cent of young men. Concurrently, 62.2 per cent of young women were unemployed in 2012, compared to 34.5 per cent of young men. In Gaza, unemployment rose to 48.8 per cent for young men and reached an unprecedented 88.1 per cent for young women.

Figure 2.3. Youth (aged 15–24) labour force status, 2012



Source: PCBS: Labour Force Survey Database (2013b).

33. While approximately three-quarters of young people who were outside the labour force were studying, 18.4 per cent of young Palestinians were neither in the labour force nor in education, including 31.4 per cent of young women. These bleak indicators point to a clear need to develop large-scale programmes to support the school-to-work transition, such as a youth employment guarantee. Given the inability of the fiscally squeezed Palestinian Authority to absorb new labour market entrants, the necessary conditions must be created to allow the Palestinian private sector to expand and create jobs, which requires access to productive resources and markets.

34. The employment rate (total employment as a percentage of the population aged 15 and above) fell to 33.8 per cent in the fourth quarter of 2012 from 35.1 per cent in the fourth quarter of 2011. The corresponding employment rate for men at the end of 2012 was 54.9 per cent, compared to just 12.2 per cent for women. In terms of the composition of employment, the services sector continued to dominate, accounting for 36.3 per cent of total employment in the fourth quarter of 2012 (see table 2.2). The productive sectors of agriculture and manufacturing accounted for 12.3 and 12.5 per cent of employment, respectively. The agriculture sector accounts for approximately a quarter of total female employment, and reduced agricultural activity in 2012 may thus to some degree explain the steeper rise in women’s unemployment relative to that of men.

Table 2.2. Sectoral shares of employment and GDP, 2011–12, fourth quarters

	2012 Q4 (per cent)		2011 Q4 (per cent)	
	Share in employment	Share in GDP	Share in employment	Share in GDP
Agriculture, fishing and forestry	12.3	5.7	14.4	7.3
Manufacturing, mining and quarrying	12.5	11.9	11.3	11.4
Construction	13.9	13.1	13.3	14.1
Commerce, restaurants and hotels	18.8	14.4	19.6	15.1
Transport, storage and communication	6.2	8.4	6.0	8.7
Services and other branches	36.3	46.5	35.4	43.4
Total	100.0	100.0	100.0	100.0

Source: PCBS: National Accounts (2013a) and Labour Force Survey (2013b).

35. Agriculture and manufacturing have contracted significantly since the signing of the Oslo Accords, to the extent that their contribution to GDP in 2012 was approximately half of what it was in 1994. Moreover, both of these sectors contribute a higher proportion to employment than to GDP, implying a lower than average level of output per person employed. Similarly, the construction and commerce sectors also appear to be characterized by low levels of labour productivity. Construction activity slowed somewhat in 2012, owing to interruptions in the supply of building materials entering Gaza through the tunnels under the border with Egypt. Overall employment in construction has nonetheless continued to grow.

Box 2.1
Women's employment in Gaza

Women in Gaza are increasingly marginalized in the labour market. Very low participation in the labour force is coupled with exceptionally high unemployment. Young women are hit hardest, despite their high levels of education. Disturbingly, education is beginning to be seen as a social burden. The Israeli blockade and increasingly conservative policies enforced by the de facto authorities in Gaza have combined to diminish the number of jobs available. Most formally employed women work in the public sector in health and education. Outside the public sector, women have no real prospects of earning a living wage. For instance, women employed in childcare are paid as little as US\$100 per month. In view of the separation between Gaza and the West Bank, there is little expectation that the minimum wage adopted by the Palestinian Authority in October 2012 will be enforced in Gaza.

Working women are being progressively pushed further into informality, working as unpaid contributing family members in the agricultural sector, or seeking domestic work or a broad range of cleaning jobs. They are also increasingly subject to harassment in the workplace, and have no effective recourse to complaint mechanisms.

36. Employment in Israel and the settlements remains governed by a regime of quotas and permits for West Bank Palestinians who have been granted security clearance and are in possession of a magnetic identification card. The permit system lends itself to profiteering and other forms of abuse by both Israeli and Palestinian middlemen, which are reportedly common. Permit holders are generally required to be at least 26 years of

age and married with children.³ Furthermore, since April 2006 workers from Gaza have not been able to obtain permits to work in Israel. Consequently, employment in Israel is not an option for the large cohorts of young unemployed Palestinians. The majority of Palestinians working in Israel are employed in the construction sector, followed by manufacturing and agriculture.

37. According to Israel's Coordinator of Government Activities in the Territories (COGAT), the quota of permits increased by 10,000 in 2012, of which 8,000 additional permits were approved for the construction sector and 2,000 for agricultural work. Israeli employers expressed to the mission a strong preference for employing Palestinian workers over other migrant workers. This preference is reflected in the higher quotas, which clearly respond to the demands of the Israeli economy. By March 2013, the quota had risen to 47,350 permits for work in Israel,⁴ in addition to 22,955 permits for work in the settlements (COGAT, 2013). However, there is a significant discrepancy between the quota and the actual number of permits issued, as well as between the permits issued and actual labour flows. Of the 83,000 workers in Israel and the settlements in 2012, approximately a quarter are estimated to work in Israel without a permit. Although this requires entering Israel illegally, the significantly higher wages to be earned in the Israeli labour market entice thousands of Palestinian workers to resort to risky means to cross the Separation Barrier on a daily basis, for want of other alternatives to earn a decent income.

Incomes and poverty

38. The average daily wage earned by Palestinian workers in Israel and the settlements was more than double that of the West Bank private sector in 2012, despite a small reduction in its purchasing power relative to 2011 (see table 2.3). Real wages earned in the private sector in Gaza increased by 6.6 per cent, but at 45.3 new Israeli shekels (NIS) per day the average wage was still some 43 per cent lower than in the West Bank. A sizeable gender gap persists, as the average daily wage earned by Palestinian women from the West Bank amounts to only 77 per cent of that of their male counterparts (PCBS, 2013b). In Gaza, women's average daily wages were actually 31 per cent higher than those of men; however, this is explained by the fact that a high proportion of the otherwise extremely low overall level of women's employment in Gaza is in the public sector.

39. The Palestinian Authority adopted a national minimum wage on 9 October 2012, at the rate of NIS1,450 per month, NIS65 per day and NIS8.50 per hour (MAS, 2012). While these levels will not attract Palestinian workers away from working in Israel and the settlements, in spite of their long, costly and arduous commutes, if enforced they are likely to go some way towards protecting those in society most vulnerable to poverty and exploitation and reducing non-public sector gender wage gaps. As the new legislation only came into effect on 1 January 2013, data on its impact are not yet available.

³ Prior to 2012 the minimum age requirement was 30 years.

⁴ A further 17,750 permits were issued for merchants, as well as 1,500 special permits known as "Businessmen Cards" (or BMCs) for "VIP" business people. COGAT also reports 20,408 crossings of traders from Gaza through Erez in 2012, a 42 per cent increase over the 2011 total (COGAT, 2013).

Table 2.3. 2012 nominal and real average wages and prices

	West Bank	Gaza
Average daily wage (NIS), 2012		
Public sector	99.00	79.10
Private sector	79.50	45.30
Israel and settlements	164.00	–
Real wage change 2012/2011 (in %)		
Public sector	0.90	-0.5
Private sector	-2.80	6.6
Israel and settlements	-2.90	–
2012 consumer price index (%)	4.08	0.48

Source: PCBS: Labour Force Survey (2012b) and consumer price index data (2013d).

40. The rate of inflation, as captured by the Palestinian consumer price index, fell slightly to 2.78 per cent in 2012, compared to 2.88 per cent in 2011 (PCBS, 2013d). Categories registering the highest price increases included fresh vegetables (15.03 per cent, reflecting reduced agricultural output in 2012), fresh poultry (8.91 per cent), cigarettes (7.42 per cent), fuel for transportation (5.81 per cent) and education (5.47 per cent). The West Bank registered the highest inflation (4.08 per cent), followed by East Jerusalem (3.23 per cent). In Gaza, increased quantities of consumer goods allowed in through Israel helped to keep consumer price inflation low (0.48 per cent).

41. Consumption data based on a budget of basic needs expenditures show that the overall poverty rate rose slightly to 25.8 per cent in 2011, from 25.7 per cent in 2010 (see table 2.4). On the other hand, the incidence of deep poverty fell from 14.1 per cent in 2010 to 12.9 per cent in 2011. While the poverty rate declined slightly in the West Bank, it increased in Gaza. Moreover, social assistance played a critical role in reducing poverty in both the West Bank and Gaza, by enabling more consumption. Without this assistance, the incidence of poverty and deep poverty in Gaza in 2011 would rise to 49.9 per cent and 31.9 per cent, respectively (PCBS, 2012). A dangerous consequence of the drop in donor aid and the ongoing liquidity crisis faced by the Palestinian Authority is higher rates of poverty in the future, as the Palestinian Authority comes under increasing pressure to curb transfer payments.

Table 2.4. Poverty rates according to monthly consumption patterns, 2010–11 (%)

	2011		2010	
	Poverty	Deep poverty	Poverty	Deep poverty
Occupied Palestinian Territory	25.8	12.9	25.7	14.1
West Bank	17.8	7.8	18.3	8.8
Gaza	38.8	21.1	38.0	23.0

Source: PCBS: *Living standards in the Palestinian Territory, 2011* (2012); PCBS: *Poverty in the Palestinian Territory* (2011b).

Freer movement, tightened control in the West Bank

42. Since the onset of the second intifada, the daily lives of Palestinians have been characterized by restrictions on freedom of movement and access. Physical obstacles including checkpoints, roadblocks, gates, trenches and earth mounds, in addition to the West Bank Separation Barrier, are compounded by a system of administrative restrictions, including the highly intricate and controlling permit regime. Although there was a notable easing of movement restrictions within the West Bank in 2012,⁵ the infrastructure of closure remained very much in place, with a total of 532 physical obstacles recorded in December 2012 (OCHA, 2012a).⁶ Moreover, certain checkpoints, including along the Separation Barrier, have become more entrenched, while an alternative “fabric of life” road network for Palestinians continues to expand. These roads are built to provide transportation contiguity to the numerous small Palestinian enclaves separated by Israeli settlements and their associated infrastructure, contributing to the fragmentation and dispossession of Palestinian land.

43. The greatest obstacle to movement remains the Separation Barrier, of which 62.3 per cent of the projected 709 km had been built by December 2012, with a further 9.1 per cent under construction (*ibid.*).⁷ Upon completion, approximately 85 per cent of its current trajectory will run inside the West Bank, isolating 9.4 per cent of the West Bank land mass, including East Jerusalem, and incorporating over 85 per cent of the total Israeli settler population between the Barrier and the 1949 Armistice Line (the “Green Line”) (OCHA, 2012b). This area, also known as the “seam zone”, includes a significant proportion of the West Bank’s fertile farmland and water resources. Access to these productive resources has become more tightly controlled, as documented in the Report of last year’s mission (ILO, 2012a).

44. While measures to enable freer movement of people within the West Bank are to be encouraged, sustainable economic development requires access to productive resources. Area C accounts for 60 per cent of the West Bank’s land mass, including the overwhelming majority of its natural resources, and it links the otherwise fragmented enclaves of Areas A and B. Yet Palestinian construction is prohibited in 70 per cent of Area C, declared by the Israeli military as closed or restricted zones and scattered with Israeli settlements. It is heavily restricted in 29 per cent of Area C, and less than 1 per cent has been designated for Palestinian development by the Israeli Civil Administration (OCHA, 2013a).

⁵ Measures to ease internal movement in the West Bank in 2012 included removal of certain checkpoints, downgrading of others to “partial” checkpoints, staffed only on an ad hoc basis, opening of road gates, relaxed administrative restrictions for Palestinian vehicular access to the Jordan Valley through northern checkpoints, and faster processing of passengers through the Qalandiya checkpoint into East Jerusalem.

⁶ This closure count does not include a further 111 obstacles in the Hebron H2 zone where movement restrictions extend to parts of streets and separate sidewalks. The H2 zone was defined under the Oslo Accords.

⁷ The Advisory Opinion of the International Court of Justice that was delivered on 9 July 2004 on the Separation Barrier called for an immediate cessation and reversal of construction activity and reparations for all damage caused. This was supported by a subsequent United Nations General Assembly Resolution, A/RES/ES-10/15 of 20 July 2004.

45. In 2012, there was a welcome increase in Area C development projects approved by the Israeli authorities, including the approval of nine new master plans,⁸ with a further ten in the pipeline (COGAT, 2013). However, OCHA observes that only a minority of the approved projects targeted the needs of the vulnerable communities residing in Area C, with the majority, such as cellular communication towers and upgrading of roads, principally serving localities in Areas A and B (OCHA, 2012c). Exploitation of Area C land and other productive resources creates profitable economic opportunities, as evidenced by the number of Israeli industrial and agricultural settlements in the West Bank, and is critical to enable growth of the heavily constrained Palestinian private sector. The World Bank identifies telecommunications, tourism, housing and construction, small and medium enterprise, and agriculture as potentially lucrative areas for private investment, provided that restrictions on Area C are curtailed (World Bank, 2012a). In some cases, investors appear to have had some success in creating activities on the ground which test the limits of the existing restrictions. Creating sustainable conditions for such private investment would have a substantial employment-generation potential.

Blockade and renewed conflict devastate Gaza

46. The blockade that was imposed by Israel on Gaza in June 2007 is now in its sixth year. Gaza's borders, sea and airspace remain under the tight control of the Israeli military, with heavy restrictions on the movement of people and goods into and out of Gaza. Fishing limits have been restricted to a distance of 3 nautical miles from the coastline, compared to the 20 nautical mile limit that was agreed under the Oslo Accords. This resulted in a greatly depleted catch for Gaza's 3,000 fishers, forcing many to seek alternative livelihoods. The Israeli military have also enforced an access-restricted buffer zone on the Gaza side of the border, which officially started 300 m from the border but in practice was enforced anywhere between 500 m and 1.5 km from the border, rendering 35 per cent of Gaza's agricultural land inaccessible. Under these circumstances, an estimated 44 per cent of Gazans were food insecure in 2012, with nearly 80 per cent dependent on donor aid (OCHA, 2012d).

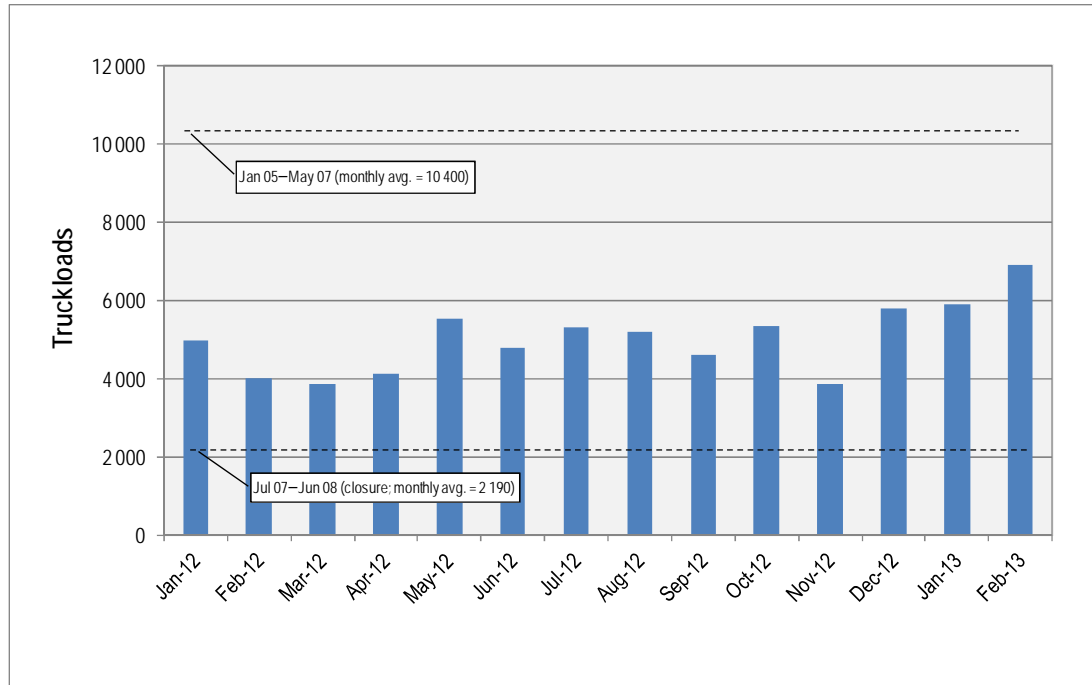
47. On 14 November 2012, nearly four years after the Israeli military operation "Cast Lead", renewed conflict befell Gaza as Israel launched an eight-day military strike, operation "Pillar of Defense", with the stated objective of ending rocket fire emanating from Gaza. During the hostilities, 1,582 rockets were fired out of Gaza by Palestinian armed factions (COGAT, 2013), resulting in four Israeli civilian deaths and 219 injuries (OCHA, 2013b). Over the same period, 103 Palestinian civilian fatalities and 1,202 injuries were registered (*ibid.*). A United Nations assessment estimated that damage to public facilities and infrastructure in Gaza amounted to over US\$7 million, highlighting the urgent need to lift the prevailing import restrictions to allow reconstruction (OCHA, 2012c). The Israeli military operation further exacerbated the dire economic and social situation of Gazans living under continued siege.

⁸ Master plans demarcate the boundaries of local communities within which construction is subsequently permitted.

48. In the wake of the subsequent Egyptian-brokered ceasefire, certain access restrictions were relaxed. A daily inflow of 20 truckloads of aggregates for construction has been allowed to enter Gaza from Israel since the end of 2012. Fishing limits were expanded from 3 to 6 nautical miles, which would give access to a relatively improved catch, even though the largest and most profitable fish are to be found beyond 12 nautical miles from the coast. The buffer zone was reduced to allow farmers to use land up to 100 m from the border. Unfortunately, these measures fall far short of a broader lifting of the blockade, which would be urgently needed to start reviving Gaza’s shattered economy. Moreover, there has reportedly been only a limited application of the buffer zone reduction, while in March 2013, following the firing of two rockets from Gaza, the fishing limit was again curtailed back to 3 nautical miles.

49. The volume of imports of goods entering Gaza from Israel rose from the second quarter of 2012 (see figure 2.4), reaching a monthly average of 4,784 truckloads, compared to an average of 4,107 in 2011. Most consumer goods are now able to enter Gaza from Israel through back-to-back trucking at Kerem Shalom, which remains the sole crossing point for commercial goods along the border. While Israel invested in increasing the capacity of Kerem Shalom to 400 truckloads per day and adding a new loading bay for aggregates in 2012 (COGAT data), it still operates at significantly less than its full capacity. Moreover, as it is located at the southern tip of Gaza, its use entails greater transportation costs as trucks have further to travel than to the other closed crossings along the border. Imports in 2012 were at roughly half of their level prior to the blockade.

Figure 2.4. Gaza imports: Average monthly truckloads, 2012–13



Source: OCHA: Gaza Crossings Database (2013c); PalTrade: *Gaza Strip Crossings Bi-Monthly Report, Dec. 2009–Jan. 2010* (for data until Dec. 2009) (2010).

50. With the very limited quantities of construction materials entering through Kerem Shalom relative to market needs, along with the prevailing restrictions on entry of goods that feature on an extended “dual-use” prohibited list, which includes most raw material inputs and investment goods, the illegal tunnel economy has continued to thrive. By 2012, the number of tunnels under the border with Egypt at Rafah had grown to an estimated 1,200 (ICHR, 2012). The de facto authorities in Gaza control the flow of goods smuggled through the tunnels in order to regulate market prices, while levying taxes on these goods. This is effectively lost revenue to the Palestinian Authority. Statistical data are not readily available, but it is now believed that up to 30,000 workers were employed in the tunnel economy, frequently in highly precarious and unsafe conditions, for want of other employment opportunities.

51. Since early 2013, the Egyptian authorities have taken steps to curtail the tunnel trade by flooding large numbers of tunnels, owing to deteriorating security conditions in the northern Sinai that have accompanied this underground economy. While the expectation is that the trade will shift, in a regulated way, to Kerem Shalom, it is uncertain how effectively this can be done.

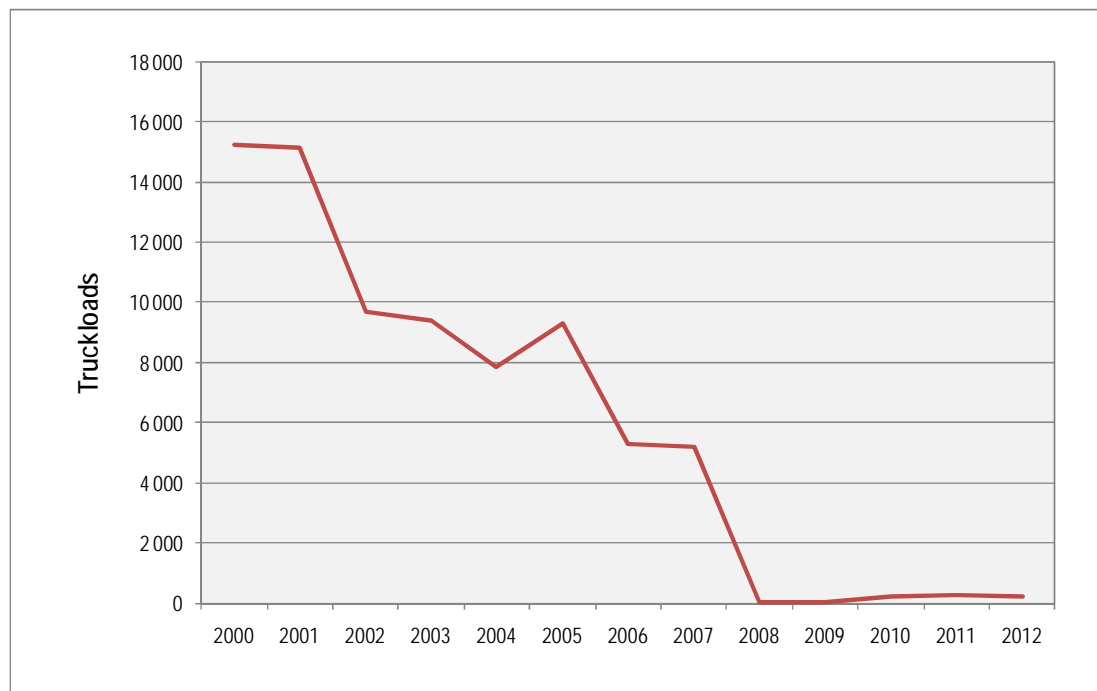
Access to markets for growth and employment revival

52. Sustainable growth and employment creation will ultimately require far greater possibilities for trade than those now available. Palestinian competitiveness is currently greatly impeded by the back-to-back trucking system imposed at all commercial crossing points, both in the West Bank and in Gaza. Goods must be palletized according to strict limitations, which may be subject to unexplained, unpredictable and seemingly arbitrary amendments; waiting, inspection, scanning and transfer times are often lengthy and inefficient, resulting in damage to agricultural produce; opening hours at the crossings are limited; and the actual transportation time and costs associated with this system are very high.

53. From the West Bank, exporters can either use the five commercial crossings along the Separation Barrier to Israel, or the Allenby Bridge crossing to Jordan, also controlled by the Israeli authorities. The year 2012 witnessed a 25 per cent increase in trade through the Allenby Bridge, including a 39 per cent increase in exports (COGAT, 2013). Efforts are being made to upgrade the infrastructure at Allenby Bridge; however, trade through this route remains marginal compared to trade through the crossings to Israel.

54. Exports from Gaza were effectively ended with the imposition of the blockade in June 2007 (see figure 2.5). Throughout 2012, a mere 210 truckloads of goods exited Gaza. These contained mainly agricultural produce, including strawberries, tomatoes and flowers, as well as a few small consignments of textiles and furniture. The high salinity of water in Gaza has lowered agricultural productivity and the production of high-value crops has lost its profitability. As a result, exports of cut flowers to Europe are now just 1 per cent of their pre-blockade level.

Figure 2.5. Gaza exports: Total annual truckloads, 2000–12



Source: OCHA: Gaza Crossings Database (2013c).

55. The Israeli authorities have declared that Gazan producers can export all goods to the rest of the world, but not to Israel or the West Bank. Yet the West Bank and Israel are Gaza’s natural markets. There is no way in which products from Gaza can be competitive in the rest of the world given the ongoing blockade, depleted inputs and infrastructure, the loss of skills, and high production and transportation costs.

56. Palestinian producers need access to markets in order to grow their businesses and generate decent jobs. The severing of East Jerusalem from the West Bank and the increasingly entrenched separation of the West Bank from Gaza significantly diminishes the domestic Palestinian market. Indeed, there are currently no prospects of putting in place the vital trade corridors between the West Bank and Gaza which were delineated in the November 2005 Agreement on Movement and Access. At the same time, the costs created by occupation greatly reduce the competitiveness of Palestinian products in foreign markets. Members of the Palestinian private sector elite attach significant importance to investment in vocational training to meet the development requirements of potential and emerging sectors, such as tourism, pharmaceuticals and agro-industry. This is certainly needed, and private sector resources can play an important role in supporting the fiscally constrained Palestinian Authority in providing such training, as well as in building more solid economic foundations in Palestine. However, their efforts can only go so far. The reality of the occupation is constrained access to land and other productive resources, as well as the markets that the Palestinian economy needs for the revival of growth and employment.

3. Palestinian workers between disillusion and despair

57. With unemployment and poverty on the rise, the situation of Palestinian working men and women and their families remains grim. The facts on the ground created by 46 years of occupation have a distressing impact on Palestinian workers' rights and livelihoods. The space for the Palestinian Authority to address the many challenges faced by Palestinian workers is shrinking rather than widening. The most important factor underlying this reality remains the continuing Israeli settlement policy.

Israeli settlements in the West Bank, including East Jerusalem: Rapid expansion

58. Settlements are organized communities of Israeli civilians established on land in the West Bank, including East Jerusalem, with the approval and direct or indirect support of the Israeli Government (OCHA, 2007, page 13). Israeli settlements are understood "to encompass all physical and non-physical structures and processes that constitute, enable and support the establishment, expansion and maintenance of Israeli residential communities beyond the Green Line of 1949 in the Occupied Palestinian Territory" (United Nations, 2013b, paragraph 4).

59. A total of 250 settlements in the West Bank, including East Jerusalem, were established between 1967 and 2012. This figure includes some 100 so-called outposts (ILO, 2012a). The total settler population was estimated in 2011 at over 520,000 persons, a number which has steadily increased since 1967 (OCHA, 2012e). The figure has doubled since the Oslo Accords (ILO, 2012a).

60. During 2012 there was a significant increase in settlement activity. By November, the number of new housing units issued for tender was already three times the total in 2011. The Israeli Government announced at the end of November the construction of another 3,000 new housing units. Of particular concern has been the announcement to proceed with the planning of several thousand housing units in the E1 area located between Jerusalem and the West Bank settlement of Maale Adumim, as this risks completely cutting off East Jerusalem from the rest of the West Bank. The Israeli Government further announced that it would expedite the construction of some 6,500 units in East Jerusalem which had previously been approved, including in Givat Hamatos. In February 2013, 90 new units were approved to be added to the Bet El settlement near Ramallah (United Nations, 2012b; UNSCO, 2013a, paragraph 22).

61. The United Nations has emphasized that all Israeli settlements violate Article 49 of the Fourth Geneva Convention of 1949, which prohibits the transfer of an occupying power's civilian population into occupied territory. The illegality of the settlements under international law has been confirmed by the International Court of Justice, the High Contracting Parties to the Fourth Geneva Convention, and the United Nations Security Council (see, respectively, ICJ, 2004; HCP, 2001; UNSC, 1980). Similarly, the United Nations General Assembly has repeatedly affirmed that Israeli settlements are illegal and also referred to them as an obstacle to peace and economic and social development (United Nations, 2013c).

Settlements and separation: Impact on Palestinian working men and women

62. The expanding Israeli settlement activity and the system of separation which it has created are experienced by Palestinians as profoundly unjust, provoking disillusion and anger. The steady expansion of settlements affects the lives of ordinary Palestinians on a daily basis. As a result, livelihoods are threatened, freedom of movement is restricted, and education and employment opportunities are reduced. Settler-related violence and tensions create a climate of fear and friction. For Palestinian workers and entrepreneurs, the settlements also imply an absorption into the economic cycle of settlement enterprises under vastly unequal conditions.

63. Settlements include residential communities, industrial zones and agricultural estates, along with the supporting infrastructure. There are 235 settlements, including outposts, with a total population of approximately 325,000 in Area C of the West Bank (OCHA, 2013a). Whereas built-up settlement areas amount to a smaller proportion, in total 43 per cent of the West Bank, encompassing the most fertile agricultural land and water resources, is allocated to local and regional settlement councils (OCHA, 2012e). 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”. According to the United Nations, virtually all state land in Area C has been placed under settlement jurisdiction or marked as military areas, making it unavailable for Palestinian use (UNSCO, 2013a, paragraph 35).

64. Israeli policies in Area C continue to support the interests of settlements and their expansion. By contrast, existing Israeli-produced planning schemes for Palestinian communities cover less than 1 per cent of Area C (ibid.; OCHA, 2013a). This leaves some 150,000 Palestinians living in Area C with virtually no possibility of obtaining construction permits. In 2012, the Israeli authorities demolished 540 Palestinian structures in Area C owing to lack of permits and 808 persons were displaced as a result of demolitions or evictions. In 2011, there were 571 demolitions and 1,006 persons displaced. A sharp increase was registered in January 2013, with 120 demolitions in that month alone, and 243 persons displaced (OCHA, 2013d, page 18). Some 70 per cent of Palestinian communities in Area C are not connected to the water network. Israeli settlers in the West Bank consume approximately six times the amount of water used by Palestinians. Twenty-four per cent of Palestinians in Area C are food insecure (OCHA, 2013a and 2012e).

65. Once the Separation Barrier is completed, 71 out of 150 settlements in the West Bank, incorporating 85 per cent of the total settler population, will be “connected” to Israel (OCHA, 2012b). The parts of the Barrier not yet completed include those linked to large settlements deep inside the West Bank. Some 11,000 Palestinians currently live in communities or isolated households between the Separation Barrier and the Green Line, in the seam zone. Their right to stay in their homes is dependent on permits from the Israeli authorities. Farmers from 150 communities on the “West Bank” side of the Barrier have been separated from their land in the seam zone (OCHA, 2012f). A highly complicated and unpredictable permit system regulates access to the seam zone; there is no access without a permit. These permits can be requested by farmers, merchants, workers, teachers and school children, medical personnel, Palestinian Authority employees and infrastructure contractors. Passage with a vehicle requires additional authorization and a special one-time entry permit is required for emergency interventions of Palestinian ambulances. Visitors for personal reasons, such as family matters or social events, may also apply for a permit but they need to produce documentation justifying

their request. School children living in the seam zone are required to have permits to attend schools outside the zone (B'Tselem, 2012, page 27 ff.).

66. The permit system particularly affects the Palestinian farmers living east of the Separation Barrier, who must use specific gates or checkpoints or otherwise coordinate with the Israeli authorities to access their land. Opening hours of the gates are limited and the approval of permits is uncertain. While more permits were granted during the 2012 olive harvest than in the previous year, there was a sharp decrease in the number of approvals during the first six months of 2012 compared to 2011. As a result of access restrictions, agricultural activities in the seam zone have declined, with serious negative effects on Palestinian livelihoods. The number of greenhouses in the seam zone in the area of Tulkarem and Qalqiliya fell from 247 in 2003 to 149 in 2010. The yield of olive trees in the seam zone in the northern West Bank decreased by approximately 60 per cent (OCHA, 2012f; 2012b; 2012c, page 12). A 2012 study by the human rights organization B'Tselem concludes that “the direct impact of the permit regime is a reduction in farming on Seam Zone land, fewer employment options, and a chilling effect on the potential for any meaningful economic activity” (B'Tselem, 2012, page 34).

67. In the city of Hebron, a new road barrier erected in 2012 further restricts the freedom of movement of Palestinian residents in the H2 zone, which remains under full Israeli control. A few hundred Israeli settlers live in H2, which amounts to 20 per cent of the area of the city. Palestinian owners of small businesses affected by the new road barrier can no longer use donkey carts to transport commodities, and some 70 affected families now have to make long detours to gain access to basic services (OCHA, 2012g).

68. Measures by the Israeli authorities to separate Israeli settlers from Palestinians include the continued closure of over 500 Palestinian businesses in access-restricted areas of Hebron, while at least 1,100 additional businesses went out of operation owing to the resulting lack of customers and suppliers (*ibid.*). On 22 February 2013, clashes between Israeli forces and Palestinians occurred in the context of a demonstration calling for the reopening to Palestinians of Shuhada Street, once the main commercial centre (OCHA, 2013d). As a result of access and movement restrictions in H2, Palestinian teachers and students can reach their schools in affected areas only on foot, some after several kilometres of detours. Reported incidents at checkpoints, including harassment, led to delays and distress for students and teachers (OCHA, 2012f; 2012g, page 8). However, movement between the city of Hebron and nearby villages has been gradually eased in recent years, which has facilitated workers' access to stone-cutting factories and quarries.

69. In the Jordan Valley, the situation of Palestinian farmers and herder communities remains very precarious. Only a fraction of the area is available to the nearly 60,000 Palestinians living there. Some 87 per cent of the Jordan Valley is designated as Area C, virtually all of which is prohibited for Palestinian use, and an additional 7 per cent is classified as a nature reserve. Consequently, 9,500 settlers in 37 settlements control most of the fertile land and have preferential access to water, which enables them to produce profitable cash crops for the Israeli and international markets. Palestinian herder communities, in particular, are seriously affected by the lack of access to water and grazing lands, and the demolition of homes and agricultural structures (OCHA, 2012f, page 23 ff.; Oxfam, 2012).

70. As the mission observed when visiting the agricultural village of Bardala in the northern West Bank (see box 3.1), Palestinian farmers are faced with an accumulation of disadvantages throughout the productive cycle. It has been estimated that if Palestinian

farmers could gain access to 50,000 dunams⁹ of land – equivalent to 3.5 per cent of Area C land in the Jordan Valley – Palestinian agricultural activities could generate up to US\$1 billion of revenues per year (World Bank, 2010, paragraph 18).

Box 3.1
Bardala: A vulnerable agricultural community
in the northern Jordan Valley

- ❑ In 1967, the Israeli authorities took control of land owned by Bardala farmers on the east of the main road (Route 90) along the border with Jordan. However, land belonging to refugees on the Jordan Valley's western side was allocated to the farmers concerned. Upon the return of Palestinian refugees following the Oslo Accords, share cropping became necessary to divide gains from cultivation between the returning owners and cultivating farmers.
- ❑ Water shortage has reduced the quantity and quality of produce and required farmers to grow less profitable crops needing less water. The water allocated to the Palestinian farmers is one fifth of that accorded to the settlers.
- ❑ Livestock and tractors have been confiscated because they have been found to be in a "nature reserve" or a "firing zone".
- ❑ The Israeli authorities allow farmers to bring in only certain types of organic fertilizers; each truck must be unloaded at the checkpoint for security checking, at a cost of NIS300, which is borne by the farmer.
- ❑ On 1 February 2013, Bisan crossing in the northern Jordan Valley, used by Bardala's farmers to export produce to Israel, was closed to them. They are now required to use Al Jalama crossing 45 km away near Jenin, tripling the cost of transport. The back-to-back system and other checkpoint procedures, such as a recently imposed prohibition on packing different types of produce on the same transport pallet, have further increased costs.
- ❑ In addition to the longer time required for transport, checking procedures take time, with the risk of deterioration of the products and accompanying storage costs.
- ❑ Owing to these restrictions, Palestinian farmers are induced to get their products to the markets through Israeli settlements rather than exporting them themselves. The prices they obtain this way are lower but the process is smoother and more predictable.
- ❑ In 2000, 70 per cent of agricultural produce went to the Israeli market. As a result of the restrictions, this share is now 25 per cent, with the rest being sold in the West Bank.
- ❑ Owing to the uncertainties and restrictions, more Palestinians are seeking work in other areas of the West Bank, in Israel and in Israeli settlements in the Jordan Valley, and entire families have left the community. In 1967, the community had 1,100 inhabitants; there are around 2,000, although farming activity without the existing restrictions would probably support a population up to 7,000 persons.
- ❑ To mitigate the impact of restricted access to land and water resources, United Nations agencies are implementing a joint project assisting farmers in Bardala and other communities in the Jordan Valley, including supporting the establishment of women's cooperatives and the marketing of their products.

71. Despite a slight decrease, instances of settler violence against Palestinians have continued, and particularly affect Palestinian communities in the vicinity of Israeli settlements. Settler-related incidents in 2012 resulted in 98 Palestinian casualties and 268 cases of damage to Palestinian property (compared to 120 and 291, respectively, in 2011). Violent incidents directed at settlers led to 35 Israeli casualties and 15 cases of

⁹ One dunam equals 0.1 hectare.

damage to Israeli property in 2012 (OCHA, 2013d, page 17). Settler violence often occurs in connection with attempts by settlers to prevent Palestinians from accessing and cultivating their land adjacent to settlements (ILO, 2012a). Concerns continue to be expressed on the need for Israeli authorities to take appropriate action against settlers perpetrating violent acts against Palestinians and their property (UNSCO, 2013a, paragraph 24; Yesh Din, 2012).

Occupied East Jerusalem: Poverty on the rise

72. Following the occupation of the West Bank in 1967, Israel unilaterally annexed East Jerusalem and surrounding parts of the West Bank; this annexation has never been recognized by the international community (OCHA, 2011). Today, some 293,000 Palestinians reside in East Jerusalem, sharing the area with 200,000 Israeli settlers who live in modern and well-serviced settlement neighbourhoods and smaller implantations in Palestinian neighbourhoods (OCHA, 2012h). Only 13 per cent of East Jerusalem is zoned for Palestinian construction, but most of this land is already built up and building permits are rarely granted. Over 90,000 Palestinians in East Jerusalem are thus at risk of displacement. Since 1967, Israeli authorities have demolished some 2,000 houses lacking building permits in the city (*ibid.*). It has been estimated that East Jerusalem suffers from a shortage of approximately 40,000 housing units for Palestinians (ACE, 2012, page 18). Risks of displacement also arise from the precarious situation regarding Palestinian residency rights, as previously reported (ILO, 2012a).

73. The separation of East Jerusalem from the other parts of the West Bank continues to restrict Palestinians' access to the city, with negative effects on East Jerusalem's economy and trade, employment opportunities for Palestinians, access to education and health, family ties, and access to religious sites. Entry into East Jerusalem is subject to Israeli-issued permits, which are difficult to obtain, and access is possible only through four checkpoints (OCHA, 2012h). While the United Nations continues to call for a reopening of Palestinian institutions in the city, including the Palestinian Chamber of Commerce, no progress has been made in this regard (UNSCO, 2013a, paragraph 42).

74. The deterioration of the socio-economic situation of Palestinians in East Jerusalem remains alarming. The poverty rate among Palestinians in the Jerusalem District¹⁰ was 78.4 per cent in 2011, up from 64 per cent in 2006 (ACRI, 2012a, page 1; NII, 2012, page 33). While conclusive labour market data regarding Palestinians in East Jerusalem are unavailable, unemployment and underemployment are considered to be widespread. Israeli economic activities in East Jerusalem have not translated into decent work opportunities for Palestinians, while Palestinian enterprises suffer from the effects of the occupation. In the context of a recent survey of Palestinian workers by the Palestine General Federation of Trade Unions (PGFTU), 66 per cent of Palestinian workers stated that they had experienced discrimination in obtaining employment in the Israeli labour market in Jerusalem (PGFTU, 2013). Half of them referred to discrimination in respect of wages and humiliating treatment. The trade union survey also suggests that Palestinian workers in East Jerusalem are more affected by sexual harassment and physical violence than Palestinian workers in other locations (*ibid.*, page 34). Many Israeli employers reportedly require Palestinians to produce a clean police record. This practice, which is contrary to Israeli law, prevents young Palestinian men from obtaining

¹⁰ The poverty data is for the Jerusalem District Arabs, the vast majority of whom are Palestinians from East Jerusalem. The Jerusalem District is one of Israel's six administrative districts.

employment, as many of them have some record of activities registered as criminal (ACRI, 2012a, page 8).

75. East Jerusalem's school system remains in acute crisis. There is an estimated shortage of 1,100 classrooms, and the access of Palestinian teachers from the West Bank is subject to restrictions (UNSCO, 2013a, paragraph 44; ACRI, 2012b). Insufficient water supply to Palestinian households and enterprises is another major problem. Water allocations for several neighbourhoods served by the Jerusalem Water Undertaking, a Palestinian company, have not been increased for decades, leading to water shortages. The water distribution network is in need of expansion and maintenance (UNSCO, 2013a, paragraph 41). Palestinian neighbourhoods located within the Israeli-defined Jerusalem municipality, which is now cut off by the Separation Barrier, face increasing neglect in public service provision, including with respect to garbage collection and police assistance. In two of the neighbourhoods concerned, the Palestinians have started to repair at their own initiative and expense the public sewerage system damaged by the construction of the Separation Barrier (ACRI, 2013).

Work in Israeli settlements

76. The deteriorating economic prospects in the West Bank have increased the pressure on Palestinian workers to seek employment in Israeli settlements. While work in the settlements contradicts social, national and political imperatives, in the absence of other alternatives it has become a necessity for thousands of Palestinian women and men, in order to sustain the livelihoods of their families. Settlements draw on the Palestinian labour force for work in the construction, industry, agriculture and services sectors. Settlement employers are private enterprises, individuals or public bodies. Most of the Palestinian women who work in the settlements are engaged in agriculture or domestic work.

77. Enterprises operating in settlements in the West Bank enjoy direct and indirect government subsidies (APRODEV et al., 2012, page 17) in addition to being able to rely on the large pool of Palestinian labour, as the quota system and restrictions based on age or family status applicable to Palestinian workers in Israel do not concern settlements. Supervision of working conditions and enforcement of labour laws remain largely absent, although the mission learned that the competent services of the Israeli Ministry of Industry, Trade and Labour had recently opened 13 cases against employers in settlements. In 2012, the State Comptroller of Israel reported on the practice of paying Palestinian workers in Israeli settlements below the Israeli minimum wage, on non-application of social rights, and on exposure to serious occupational risks and hazards (State Comptroller of Israel, 2012; Kav LaOved, 2012a, page 38).

78. The lack of supervision of working conditions, as noted by the State Comptroller, and the high degree of dependency on income from work in settlements make Palestinian workers and their families particularly vulnerable to unfair labour practices and abuse. This is corroborated by first-hand accounts of infringements of workers' rights received by the mission; the report submitted by the Palestinian Ministry of Labour (PNA, 2013a); and the recent PGFTU survey (PGFTU, 2013), as well as by reports from Israeli NGOs (for instance, Kav LaOved, 2012a).

79. Among the problems identified are reprisals against workers seeking to organize or taking legal action against their employers and the withholding of documentation showing the existence of the employment relationship and the real number of hours worked, which have an impact on remuneration, social benefits and possibilities of filing

claims in the Israeli courts. Occupation and the ensuing separation create an environment in which recruitment through unregulated brokers and middlemen adds a further layer of vulnerability to exploitation and abuse. Women in particular are exposed to abusive practices by labour brokers, including not only very high fees or wage deductions but also beatings, sexual assault and coercion.

Box 3.2
Rights and working conditions of Palestinian workers
in Israeli settlements: New insights

A recent survey commissioned by the PGFTU offers new information on the working conditions of Palestinian workers in the West Bank, Gaza and Israel. Detailed insights are provided regarding the situation of Palestinian workers in Israeli settlements. Among the surveyed workers in settlements:

- ❑ 50 per cent were paid more than NIS2,500 and 43 per cent between NIS1,500 and NIS2,500 per month. Around 7 per cent earned wages between NIS750 and NIS1,500. The Israeli minimum wage is set at NIS4,300, and NIS5,000 for the construction sector.
- ❑ 65 per cent declared that they were exposed to toxic substances, negatively affecting their health.
- ❑ Only 11 per cent stated that they enjoyed job security. Only a small proportion of the workers have written contracts; a large majority are employed on a daily basis.
- ❑ 50 per cent had no health insurance coverage.
- ❑ Fees paid to middlemen and contractors for obtaining and maintaining permits can in some cases amount to up to 70 per cent of the worker's wage.
- ❑ Reported instances of coercion were highest among Palestinians working in settlements.

Source: PGFTU (2013).

80. The Israeli NGO Kav LaOved, in cooperation with Palestinian trade unions, has continued awareness-raising activities among Palestinian workers to inform them of their rights under Israeli laws and provided legal assistance to workers seeking justice in the Israeli courts. However, the NGO found that women are less willing to attend workshops on their labour rights, owing to patterns of reluctance regarding asking for information and participating in meetings, as well as the fear of reprisals, including being dismissed for attending such meetings (Kav LaOved, 2012c). In response to the State Comptroller's 2012 report, which called for better labour protection of workers in the settlements, a joint committee comprised of the Israeli ministries in charge of defence, justice and labour is currently considering measures and recommendations in this regard.

Palestinian workers in Israel

81. Although work in Israel is an important source of income for a number of Palestinians, it was expected to decrease with the realization of a two-state solution. With the protracted crisis and uncertainty, it is a significant factor which is again on the increase. The separation policy denies workers from Gaza this opportunity. However, while the Israeli quota for Palestinian workers has been raised, these quotas do not seem to be filled, and Israeli employers indicate that they have difficulties in obtaining workers. At the same time, a considerable number of Palestinians are working in Israel without permits, with all the risks and consequences this entails. These facts suggest that efforts could be made to improve the modalities of matching labour demand and supply,

which would also contribute to curbing the activities of unscrupulous middlemen and reduce the vulnerability of Palestinian workers to exploitation and abuse.

82. A major obstacle to employment in Israel, which at least partially explains the fact that quotas are not used in full, is the fact that large numbers of Palestinians are precluded from obtaining permits because they are blacklisted by the Israeli security authorities (ILO, 2012a). Israeli NGOs consider that many of these blacklisted workers do not pose an actual threat to security (Kav LaOved, 2012a). This seems to be confirmed by the fact that, as the mission learned, many appeals for removal of the security preclusion are ultimately accepted. The requirement that requests for removal from the blacklist could only be made by an Israeli employer seeking to employ the Palestinian workers concerned was lifted in May 2012, and workers themselves can now make such requests, provided that they have a letter of intent to employ them from an Israeli employer. According to the mission's interlocutors, the appeal procedures have worked well in the southern West Bank, with some 60 per cent of requests accepted in Hebron. However, this was not the case in other parts of the West Bank.

83. At the crossings into Israel, Palestinian workers continue to face severe and often degrading conditions. The total travelling time to and from workplaces in Israel becomes excessive owing to the long periods spent at crossings. Every working day, thousands of workers queue at these crossings from 2 a.m. in order to get to work on time. Overcrowding, the absence of sanitary facilities, lack of installations offering protection against cold weather and heat, together with instances of humiliation and harassment by checkpoint and security personnel, severely affect these workers who are under pressure to arrive at work on time. Over 80 per cent of workers covered by the PGFTU's recent survey indicated that they had experienced harassment at the crossings (PGFTU, 2013).

84. On the Israeli side of the crossing, workers need transportation to reach their workplaces in various locations of the country, and to return to the crossing at the end of the work day. Israeli human rights NGOs have reported instances of Palestinian workers being denied access or being discouraged from taking public bus lines, particularly on lines running to Israeli settlements in the West Bank. An initiative by the Israeli Ministry of Transportation to operate new public bus lines with a view to facilitating transportation for Palestinians from Eyal crossing to Tel Aviv and Kfar Saba in Israel sparked controversy and criticism from Israeli human rights organizations, Palestinian governmental bodies and social partners. They raised strong concerns about segregation and called for the full respect of Palestinian workers' right to use any public transportation available, without discrimination (Kav LaOved, 2012b; Machsomwatch, 2013).

85. Palestinian workers in Israel are covered by the protection of Israeli labour laws and collective agreements. In October 2012, a minimum wage increase to NIS4,300 came into force.¹¹ Yet there is a constant need to ensure that Palestinian workers are able to enjoy their labour rights in practice. Workers' organizations on the Israeli and Palestinian side have an important role to play in this regard, including providing legal information and assistance and giving practical support to workers facing difficulties. The Israeli trade union federation Histadrut reiterates its readiness to follow up on cases regarding Palestinian workers, in cooperation with the PGFTU. In 2011, Palestinian workers filed 126 labour court cases through Kav LaOved to claim wages due, convalescence pay, pay for unused annual leave, pension deductions or severance pay. In the same year, 168 cases brought by the organization were finalized either by court

¹¹ As of 1 February 2012, the collective agreement in the construction sector provides for a minimum wage of NIS5,000.

decision or through settlement involving the award of compensation to Palestinian workers totalling NIS2.5 million (Kav LaOved, 2012a, page 34). In 2012, 91 files were closed, with a total compensation of NIS1.1 million awarded to Palestinian workers (Kav LaOved, 2012c). The linking of Palestinian workers to a particular employer can lead to pressures on workers to accept abusive conditions. Employers' failure to meet their obligations in terms of payment of wages and related reporting can lead to a revocation of permits, thus penalizing the workers (Kav LaOved, 2012a, page 16).

86. No progress has been made with regard to the transfer of social security contributions arising from employment of Palestinian workers in Israel, which are accumulating in the Israeli system and are supposed to be transferred to the Palestinian social security institutions once they are established. The 1994 Paris Protocol on Economic Relations provides that Israel will transfer, on a monthly basis, to a relevant pension insurance institution to be established by the Palestinian Authority pension insurance deductions collected after the establishment of the above institution (Paris Protocol, 1994). This provision is still in force, but it has never been implemented. The realization of the social security rights of Palestinian workers who have worked or are still working in Israel could become an important component for the establishment of a Palestinian social security system.

Gaza: Social effects of separation

87. The restrictions placed on the movement of people to and from Gaza affect the entire social fabric of Palestinian society, undermining the prospect of peaceful coexistence. In September 2012, the Israeli Supreme Court rejected a petition brought by Israeli and Palestinian human rights organizations on behalf of a group of women seeking permission to travel to the West Bank to pursue their university education (OCHA, 2012g, page 10). The Israeli restrictions on movement also continue to affect Palestinian workers from Gaza who seek employment elsewhere. It is clear, however, that a sustainable development path for Gaza, which is an essentially urban economy, would have to include freedom of movement of people, including for the purpose of employment as well as business activities. Furthermore, being able to travel between the West Bank and Gaza would also be essential for the meaningful exercise of the right to organize and carry out trade union activities.

4. The need to strengthen governance and social justice

Institution building at a crossroads

88. The building and strengthening of governance institutions was set out as a priority for the Palestinian Authority in the National Development Plan, 2011–13, the period for implementation of which is coming to a close, and has been reiterated in the more recent National Strategy to achieve the MDGs [Millennium Development Goals] by 2015 (PNA, 2011; 2012a, page 13). The importance of governance institutions as a foundation of state-building has been emphasized in the previous ILO Reports, as well as by the international community more broadly. Last year the mission was compelled to shift from commendation to caution. The earlier cautious warnings must now be replaced by a serious concern that the gains that have been achieved in institution building are in danger of being eroded, as core government functions are being affected by the critical situation (IMF, 2013, pages 3–4, 23; World Bank, 2013, paragraph 8; OQR, 2013, page 9).

89. The overall context of precariousness and uncertainty described in the previous chapters has necessarily had an impact on the framework for social justice and decent work. The fiscal crisis faced by the Palestinian Authority and a further weakening of the labour market, as well as consequent adverse social effects and social unrest, have limited the space for improvement in this area. The ongoing political divide between the West Bank and Gaza further places institution-building efforts at risk, with little prospect that advances made by the Palestinian Authority can be extended to Gaza, despite urgent needs (UNSCO, 2012a, page iv). The pace of translating policy commitments into concrete results in the context of governance institutions has been slow. However, some progress can be reported and new initiatives are on the horizon.

90. Along with the fiscal crisis, a deepening social crisis threatens the advances made in recent years towards building sustainable institutions. The increased pressure for fiscal restraint and austerity measures urgently needs to be examined against the potential social and labour impacts. A viable Palestinian state needs institutions, investment and a vibrant and productive workforce in order to flourish, and decent and sustainable jobs will be key to developing such a workforce. A solid foundation for decent work and social justice is essential for addressing the impact of the fiscal crisis.

A new policy framework for results

91. A number of policy initiatives are currently under preparation for a framework built on earlier and ongoing endeavours in advancing social justice and decent work. These new initiatives provide an opportunity to examine how the policies, training and awareness raising that characterized the previous phases of implementing the Decent Work Agenda could be translated into concrete results for the benefit of workers and employers, and for society more generally. In particular, a consultative process to develop a new National Development Plan has been launched, and the United Nations system has been active with the Palestinian Authority and a range of stakeholders in developing a United Nations Development Assistance Framework (UNDAF, 2012), both of which are expected to address governance institutions and decent work. The UNDAF is in the final stages of development for endorsement by the Palestinian Authority. A draft decent work strategy is also being finalized, taking into account recommendations made by representatives of the Palestinian Authority and employers' and workers'

organizations (ILO, 2012b, paragraph 6), and a tripartite workshop was held on mainstreaming decent work in national and United Nations programming frameworks.

92. The draft decent work strategy furthers social cohesion, justice and equality through a more integrated approach, and principally: (i) promotes labour rights and improved labour market governance; (ii) supports an economic environment conducive to greater access to employment and livelihood opportunities; and (iii) supports the development of a comprehensive social security system. It will underpin the vision of the tripartite partners for socio-economic development (ibid., paragraphs 6, 15). The decent work strategy is also expected to contribute to the new National Development Plan and has been central to the development of the UNDAF.

Box 4.1
The UNDAF and decent work

The UNDAF comprehensive analysis sets out a broad range of priorities for employment and decent work:

- ❑ Integrate and implement the principles of decent work, which requires further legal reform and enforcement, monitoring and oversight.
- ❑ Promote greater policy and programmatic emphasis by the Palestinian Authority on the role of women and youth, and their participation in the economy in general and the labour market in particular, especially in the rural areas through gender-responsive budgeting and other measures such as amending laws.
- ❑ Improve alignment between educational programmes and vocational training and labour market needs, starting with a proper market analysis to help identify the market needs and trends for men and women, and help a better integration of youth.
- ❑ Support the development of a social security system that focuses on pension schemes in the private sector and social protection benefit schemes for maternity.
- ❑ Advocate for the introduction of labour courts, arbitration and tripartite dialogue and skills.
- ❑ Continue to monitor, document and provide due process to Palestinian workers in Israel, settlements, border areas and East Jerusalem.
- ❑ Continue to work on gender mainstreaming and women's empowerment by addressing women's status and needs in society and increasing their participation.
- ❑ Support further work on labour laws, including enforcement of child labour laws, in line with fundamental principles and rights at work and international labour standards.

Source: UNDAF (2012, pages 9–10).

93. The adoption and implementation of the decent work strategy and the UNDAF, elements of which should be reflected in the new National Development Plan, would be a significant step in moving forward the Decent Work Agenda, and supporting a more sustainable environment for decent jobs.

Promoting rights and labour market governance

94. The decent work strategy is expected to provide the overarching framework for the further advancement of rights and sound social and economic policy-making in the Palestinian context. Social dialogue will be a key aspect of the strategy (ILO, 2012b, paragraph 7). The ongoing work in this area has focused on strengthening existing tripartite mechanisms, and raising awareness of representatives of the Palestinian Authority, as well as the workers' and employers' organizations, of the key principles governing social dialogue, starting with the practice of tripartite cooperation. An

important component of the decent work strategy is the commitment of the ILO to provide support for the drafting and revision of labour and employment-related legislation, ensuring the participation of the social partners, and that the legislation reflects fundamental principles and rights at work.

95. Last year the mission reported that a range of social dialogue forums were being established or strengthened (ILO, 2012a). While gains have been made, particularly in building the capacity of existing bodies, progress in the achievement of results has been slowing down. Addressing the legal vacuum with respect to freedom of association, noted in last year's Report (*ibid.*), has gained urgency, as new unions are seeking to participate in the various tripartite forums. The absence of criteria for determining the representativeness of trade unions is an obstacle to the effective functioning of social dialogue. These issues are to be addressed in the overall labour legislation reform process which has recently been launched in collaboration with the ILO. That process itself will be an important stimulus for social dialogue and a key element in the broader framework for labour market governance. However, various internal and external constraints have ensured that the Palestinian Legislative Council remains paralysed, affecting the adoption and implementation of any new legislation.

96. Progress has been achieved in the adoption of a minimum wage. Despite divergent views on the level, all the parties expressed their commitment to ensuring the implementation of the minimum wage. Following ten months of debate in the national tripartite Minimum Wage-Fixing Commission, in October 2012 the Council of Ministers adopted a minimum wage of NIS1,450 monthly, NIS65 daily and NIS8.50 hourly, which took effect as of 1 January 2013 (PNA, 2012b). Though it applies to all sectors, concerns were raised that it would be difficult to implement in practice in the textile and childcare sectors, both of which are female-dominated, and where low wages prevail. The Minister of Labour indicated that steps would be taken to address this concern. Minimum wage committees at the level of the governorates are to be established as a next stage in the process, and some have already been set up in the northern districts (PNA, 2013b). In the survey published by the PGFTU, enforcement of the minimum wage emerged as being an important priority for 93 per cent of workers (PGFTU, 2013). In the light of the political divide, it is also unlikely that the minimum wage will have any real effect in improving the wages of workers in Gaza.

97. In January 2013, the Minister of Labour reconstituted the National Tripartite Advisory Committee dealing with labour policy, which had not previously met since October 2011, as the term of its members had expired. However, the changes in its composition have not been accepted by all the parties, and the issue remains in dispute. A law governing the composition, mandate and work of the Palestinian Economic and Social Council has been drafted and will be submitted for consultation with the social partners and civil society organizations (PNA, 2013b). As noted in previous years, it will be important to establish strong links between the various tripartite bodies, and to ensure that the recommendations of these bodies feed into the Economic and Social Council, and that the other committees are able to influence the broader policy dialogue (ILO, 2011).

98. Another key forum for social dialogue is the National Women's Employment Committee (NWECC). The gender legal review that it published in 2011, in collaboration with the ILO, will be an important input into the overall legislative reform effort (ILO, 2012a). The importance of this legal review was highlighted in the MDG strategy and is relevant in the context of the UNDAF (PNA, 2012a, page 36). The establishment and work of the NWECC has been undertaken in the context of the United Nations Joint Programme on Gender Equality and Women's Empowerment, the first phase of which

came to an end in September 2012, with some bridging activities taking place and a fully fledged second phase currently under discussion.

99. The ILO has incorporated support for the NWECC into its ongoing work to promote social dialogue, with a view to ensuring sustainability of the achievements under the MDG project, as well as mainstreaming gender throughout the ILO programme (ILO, undated a). The recent focus of the NWECC has been the development of its strategy and workplan for 2013–15. As a result, the full Committee has not met regularly, while a smaller secretariat has worked with Birzeit University in developing the strategy and workplan, which is expected to be presented soon to the Minister of Labour, and then to Cabinet for endorsement. The Committee has now gained observer status in the National Tripartite Advisory Committee.

100. An important development took place in 2012 in addressing discrimination in employment based on political affiliation. In September 2007, the Cabinet of the Palestinian Authority had issued a decision requiring vetting by the security services for public sector employment. As a result of negative security reports based on political affiliation, hundreds of school teachers were dismissed. On 4 September 2012, the Palestinian High Court ruled in favour of teachers who had been dismissed from their positions based on their political affiliation (United Nations, 2013d, paragraphs 54–55). The mission was informed that this test case resulted in 750 teachers returning to work. The Cabinet has suspended the September 2007 decision and has agreed to stop using this security criterion for vetting.

101. With respect to freedom of association, while trade union density in Gaza is relatively high (66.2 per cent) according to data issued by the PCBS in February 2013, and reportedly much higher than in the West Bank (17 per cent), trade union activity is seriously constrained. In February 2013, the de facto authorities adopted a new Trade Union Law which, according to the PGFTU assessment, puts considerable power and control over trade unions in the hands of the authorities. The Law was adopted in the absence of any consultation with the PGFTU. The mission learned that the Board of the Gaza Chamber of Commerce has recently been dismantled, and that direct harassment by the authorities continues to hinder the activities of the PGFTU.

102. It is noteworthy that the Palestinian Authority, with the support of the United Nations, is in the process of developing a national human rights action plan (UNSCO, 2013b). This action plan is also foreseen in the UNDAF. Fundamental principles and rights at work should be taken into account in the action plan.¹²

The Employment and Social Protection Fund remains on the agenda

103. The Employment and Social Protection Fund (hereinafter “the Fund”) was initially established in 2004, but remained dormant until it was made a policy priority in the National Development Plan, 2011–13 (PNA, 2011, page 49). Job creation and business development being key objectives, the Fund was seen as having the potential to address the high levels of poverty and unemployment (ILO, 2011). In the light of the fiscal crisis, however, the government contribution to the Fund has been considerably below the

¹² Freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of occupation and employment, as set out in the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up (ILO, 1998), are important aspects of a human rights framework, and enabling conditions for the creation of decent jobs (ILO, 2012c, para. 5).

US\$5 million originally foreseen. The Fund has attracted a relatively small amount of donor support. Three emergency job creation programmes have been piloted: “supporting the self-employment of workers as a viable alternative to previous jobs in settlements”; “supporting former settlement workers to establish small businesses that are expected to employ between one and four other former settlement workers”; and “employment of young unemployed graduates through job insertion in selected enterprises of the private sector”. A capacity-building programme on management, monitoring and reporting was undertaken for the Fund’s core team (ILO, 2012b, paragraph 9).

104. It has been proposed that a national employment agency would have a central role in defining active labour market measures for the Fund (GIZ, 2013). If the Fund were to be linked to such an agency, its work could indeed be further institutionalized. However, workers’ and employers’ organizations would need to retain a central role to ensure that their on-the-ground experience of labour market needs is tapped, as well as to secure acceptance and ownership of the interventions proposed by those who will be most directly affected by them.

Social security and a social protection floor: The emerging priorities

105. As foreseen in the Social Protection Strategy adopted in 2011, the establishment of an integrated social security system has continued to be debated by the Palestinian Authority and the social partners. The existing social security system has been characterized as fragmented and ineffective, lacking coordination and covering only a small proportion of workers (UNDAF, 2012, page 9), mainly those in the public sector. A social security mapping exercise was undertaken by the ILO in partnership with the Palestine Economic Policy Research Institute, and a scoping mission was undertaken by ILO technical experts. The ILO is supporting the tripartite constituents in the development and implementation of a comprehensive national social security strategy. The strategy will consider the extension of the social insurance scheme for private sector workers and their families through the development of a pension scheme, maternity insurance scheme and employment injury scheme (ILO, 2012b, paragraph 14). Ensuring basic income security and access to basic medical care through the establishment of a national social protection floor is also under discussion in the context of developing the strategy. As noted in Chapter 3, the realization of the social security rights of Palestinian workers in Israel has the potential to become an important component for the establishment of a Palestinian social security system.

106. The Minister of Labour considers the establishment and implementation of a national social security scheme a key priority, and has called 2013–14 the years of social security. The PGFTU wants a new social security law that is in conformity with the Social Security (Minimum Standards) Convention, 1952 (No. 102), and to have social protection extended beyond the formal economy. Lively debate in the context of the national team for social security, established in February 2012, will no doubt continue, as the stakeholders have different views on the role of social security, though there is a general commitment by all to making social security a reality in the near future.

Towards making women’s empowerment a reality

107. Despite a range of policies and strategies over the last few years that demonstrate a clear commitment to empowering women, including with a view to providing equal

employment opportunities, in practice women have not become full participants in the labour market and in decision-making processes. As highlighted in Chapter 2, the significant educational gains made by women have not translated into labour market gains, with this failure reflecting a great loss of economic potential. There is an urgent need to move from commitment to results if women are to benefit fully from a new state, and if that state is to benefit from the full potential of women.

108. With a view to meeting the MDGs, the Palestinian Authority recently adopted the National Strategy to achieve the MDGs by 2015. An important component of this strategy focuses on empowering women and promoting gender equality and social justice in the context of the third MDG (PNA, 2012a, pages 33–39). The importance of the participation of women in social, economic and political life is acknowledged in the strategy as a basic factor in the development process of any society, as is the need to expand such participation in the Palestinian context. It is also acknowledged that while achievements have been made in this regard, much remains to be done (*ibid.*, pages 33–34).

109. With the objective of increasing and diversifying women’s participation in the labour market and protecting women’s rights, the policies proposed in the MDG strategy are to adopt legislative and executive measures to protect working women, and to take measures to provide job opportunities for women. The interventions proposed are broad-ranging, including amending relevant laws from a gender perspective, reviewing and developing economic policies from a gender perspective, expanding and encouraging the role of labour inspectors, establishing courts to deal with labour issues, providing support services for working women, including day care centres, providing soft loans for women to start their own income-generating projects, and promoting awareness-raising campaigns on the rights and duties of working women (*ibid.*, page 36). A comprehensive approach is indeed necessary to empower women effectively. Considerable commitment and resources will also be needed, together with a significant attitudinal shift.

110. Cooperatives are also recognized as an important avenue for empowering women (*ibid.*, page 24). Membership in cooperatives has traditionally been male dominated and women’s involvement in cooperatives is relatively recent. Participation of Palestinian women in cooperatives is highest in the handicraft sector (representing 59 per cent of all women in cooperatives). Cooperatives need support in identifying new niche markets, particularly in services, to increase and diversify women’s employment. Developing women’s cooperatives was a focus of the United Nations Joint Programme on Gender Equality and Women’s Empowerment (ILO, undated b, undated a). Members of 43 women’s cooperatives were given grants, training and technical assistance, and capacity building was provided on business management and marketing skills (UN CSW, 2012). The Union of Cooperative Associations for Saving and Credit (UCASC), a cooperative with a majority of women members, was given responsibility for managing capacity development and grants for its members in the context of this programme, with considerable investment being made in building the association’s own capacity. In the second phase of the project, UCASC will be able to assist other cooperatives. A draft law on cooperatives, which is aimed at developing and improving the cooperatives sector generally, has been submitted to the President for approval (PNA, 2013b).

111. The recently developed National Strategy to Combat Violence against Women, 2011–19, also arises out of the Palestinian Authority’s commitment to the MDGs (PNA, undated). The prevalence of violence against women, including in the world of work, remains a serious obstacle to women’s empowerment. The issue has recently gained considerable prominence, with vigorous calls to take steps to combat it. The National Strategy to Combat Violence against Women is a response to such calls. A National

Committee to Combat Violence against Women was created in 2008, under the leadership of the Ministry of Women's Affairs, with a mandate to prepare and monitor the implementation of a national strategy (ibid., page 8). The research undertaken in developing the national strategy found that "women's role and status in the society has been marginalized as women's power and control to decide ... their fate and make their own decisions has been taken away from them". The report also points to the role of local legislation and laws that treat women as absent from the official, public sphere, as well as the general absence of laws for the protection of women's rights (ibid., page 10).

112. There are particularly high levels of domestic violence, which indicate that women's place in society generally remains fragile. According to a PCBS survey, in 2011, 37 per cent of married women were subjected to violence by their husbands (29.9 per cent in the West Bank and 51.1 per cent in Gaza) (PCBS, 2011a), and there are indications that such violence is increasing as the economic situation deteriorates. The proportion of women who had been exposed to violence and sought advice or assistance from a centre or institution was less than 0.7 per cent (ibid., page 17). This low reporting rate is confirmed in the research undertaken for the National Strategy to Combat Violence against Women, which found that many cases of violence are kept within the family to resolve. This is done, often at the expense of the victim, in order to preserve the "honour" of the family as well as owing to a lack of trust in the legal system. In addition, some women are not aware of institutions they can turn to for assistance (PNA, undated, pages 11, 23).

113. Research focusing specifically on violence at work was undertaken by the Institute of Women's Studies at Birzeit University in collaboration with the PCBS and the ILO (ILO, undated c). The NWECA established a focus group as part of the study (PNA, 2013b). The research found that women aged 25–29 are particularly vulnerable to violence at work, with 29 per cent reporting that they had experienced this in some form. The findings also indicated that some women do not report gender-based violence in the workplace owing to fears of repercussions and the lack of protection, and others are not aware that they are in fact victims of such violence. Only 19.5 per cent of women who had been subjected to gender-based violence in the workplace made a formal complaint to their employers, while the majority remained silent owing to fears regarding their family's reputation as well as concerns about retaliation. There is a need for a legal and institutional framework to address gender-based violence at work, as well as additional research and awareness raising (ILO, undated c; Kuttab and Abu Awad, 2012). The National Strategy to Combat Violence against Women also points to the need to address violence against women working in the informal economy, where women make up a large proportion of the labour force but remain essentially invisible (PNA, undated, page 16).

114. The Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA) and the PGFTU are continuing to take steps to increase women's representation and influence in their organizations. Representatives of the FPCCIA informed the mission that women are now represented in all the local Chambers. Among the first women to have been elected to the FPCCIA executive committee in 2011, the representative of the Bethlehem Chamber has established the first business women's unit. Despite continuing resistance some other business women's units have since been established, and there is also an initiative in progress to organize a coordination body for all these units. These units aim to support businesses of women members of the Chambers, and to support microenterprises for women who are not yet members, helping them move from informality to formality. They also seek to ensure that women participate in all areas of the Chamber, since there is still a dominant male culture.

115. The PGFTU continued to provide training and awareness raising to women workers on their rights and entitlements, regardless of whether they are members. The PGFTU survey found that women workers were less aware of their rights than men (PGFTU, 2013). While union affiliation rates are lower for working women than for working men (overall 32.5 per cent for men compared to 25.8 per cent for women according to PCBS data for February 2013), the PGFTU survey generally found that women are more convinced of the usefulness of trade union membership than men (*ibid.*, page 49). One of the priorities identified in the survey was the need to provide favourable conditions to improve the situation of working women and enable their participation in the labour market, including through the provision of kindergartens and safe transport, as well as legal access (*ibid.*, page 61). The PGFTU has launched a campaign promoting the rights of female domestic workers, and is calling on the Palestinian Authority to endorse the ILO Domestic Workers Convention, 2011 (No. 189), and to ensure that the labour law is revised to remove the exclusion of domestic workers.

116. The situation of women in Gaza continues to deteriorate, with increased restrictions on women being imposed by the *de facto* authorities. Women were recently banned from participating in the UNRWA Gaza marathon, resulting in the cancellation of the event by the organizers (UNSCO, 2013a, paragraph 51). While deeply symbolic, this act was followed by a more systemic restriction, namely a law announced on 1 April 2013 by the Ministry of Education and Higher Education in Gaza to the effect that from the next school year there is to be full segregation of males and females above 9 years old, in all public, private and international schools. It was reported to the mission that while all workers must register with labour offices in order to be employed, women are not able to obtain the same level of services as men through these offices owing to direct discrimination, significantly impacting on their employment prospects. Training on labour rights has also been provided in Gaza by the PGFTU; however, women were restricted from attending such training.

117. The time frame for meeting the MDGs is drawing to a close. Immediate, decisive and comprehensive steps will need to be taken if the goals for women's empowerment in the West Bank, and particularly in Gaza, are to have a chance of becoming a reality by 2015.

Calls for private sector development

118. The importance of Palestinian policies and processes to facilitate private sector development has been emphasized by a broad range of national and international institutions (World Bank, 2012a; see also OQR, 2012, page 4; UNSCO, 2012a, page 5). According to the World Bank, "the most important economic challenge facing the PA [Palestinian Authority] is how to create an environment that will enable a dynamic and innovative private sector to flourish" (World Bank, 2012b, paragraph 40). A vibrant private sector is seen as an important engine for supporting and sustaining decent jobs, and it is recognized that investing in workers will be essential for private sector-led growth (*ibid.*). The Palestinian Authority has made some progress in reforming the legal and regulatory framework to promote increased investment and private sector activity (UNDAF, 2012). The number of new companies being registered has risen steadily, which to some extent can be attributed to the improved facility of obtaining the necessary permits and licenses, and the tax administration (UNSCO, 2012b). The UNDAF comprehensive analysis also identifies areas where further progress would be beneficial, including company registration, regulation of competition and access to credit (UNDAF, 2012).

119. The mission met with Palestinian private sector leaders, who indicated that stimulating the private sector was possible even within the constraints of occupation and the uncertain political horizon. In their view, unemployment could be decreased to 10 per cent in the next seven years. Five major companies had commissioned a study, which identified five potential leading sectors for new investment: agriculture, information technology, tourism, construction, and media and entertainment. Investing in training to ensure workers have the appropriate skills needed for new jobs was seen as a prerequisite to the success of such an endeavour. With respect to East Jerusalem, the potential for considerably developing tourism, as well as focusing on growth sectors such as hospitality, health, and information and communication technology (ICT), was highlighted. The need to expand areas of comparative advantage, such as olive wood carving, stone and marble, was also underlined (ACE, 2012, pages 12–13, 72–73). In December 2012, private sector leaders, in cooperation with the international community, organized the East Jerusalem Business Development Forum, which was the first gathering of its kind to be held in the city in 45 years, attracting 200 Palestinian, Arab and international investors (OQR, 2013, page 25). This was seen as a significant initiative, promoting investment opportunities in tourism infrastructure, real estate and ICT, which could be a model for similar initiatives in the future (*ibid.*).

120. The mission also met with representatives of the Business Women Forum (BWF), which works closely with the FPCCIA to promote women entrepreneurs. The BWF seeks to empower women through networking and has a programme through which 70 members support and advise 2,500 young women entrepreneurs. In addition, in collaboration with the United Nations Development Programme (UNDP), the Food and Agriculture Organization of the United Nations (FAO), the Ministry of Agriculture and the BWF, the owners of some of the major hotels recently worked with a number of cooperatives, including 40 women's cooperatives, to improve the quality, consistency and packaging of food products, and ensure sufficient quantity, in order to promote demand for local goods in hotels. There appears to be broad support for this type of programme, which could create significant demand for local products.

121. Generating business opportunities and supporting the school-to-work transition for youth are crucial. A recent survey indicated that the majority of unemployed youth would prefer to establish their own business. They believe that owning their own business would give them a higher degree of independence, and a chance to fulfil their capabilities and to be innovative. While 62 per cent of unemployed young people aspire to establish their own business, only 17 per cent have been successful, the main obstacle being the lack of sufficient capital (Sharek Youth Forum, 2013, pages 9, 27).

122. Securing adequate funding for private sector development is a recurring concern: businesses clearly need better access to loans. There are particular difficulties in East Jerusalem, as Palestinian banks do not operate there. There seem to be significant obstacles facing women seeking to obtain a business loan. The BWF works with women to secure business loans, since owing to social barriers most women do not have property or other forms of collateral in their name.

123. It is clear that given the current fiscal stress, expansion of the public sector to create jobs is not realistic. Neither is donor-funded expenditure a sustainable means of fuelling economic activity (World Bank, 2013, paragraphs 7, 24; UNSCO, 2012a). The necessary conditions must therefore be created to allow the private sector to expand and create jobs if the unemployment crisis is to be tackled. Given the range of restrictions and the limited access to productive resources and markets, establishing an enabling environment for private sector development that will create and sustain new jobs remains a challenge.

An urgent need for improved education and skills development

124. The further development of education and skills is closely linked to private sector development. The cornerstone of a dynamic, productive and innovative private sector is its labour force. Ensuring that workers have the appropriate education and skills to obtain decent jobs which underpin a thriving private sector remains a key aspect to be addressed. The ongoing problem of appropriately matching educational and training qualifications to labour market needs was regularly raised with the mission. The skills mismatch becomes particularly evident when economies move up the value-added chain (World Bank, 2012b, paragraph 62). For private sector leaders, the shortage of skilled workers is a significant constraint on business development. The lack of relevant skills, as well as the low level of competencies and experience, was found to be the most important constraint to youth employment (*ibid.*, paragraph 67). With a view to better linking educational outcomes and labour market needs, at the end of 2012, the Ministry of Labour signed Memoranda of Understanding with ten universities to establish employment services centres (PNA, 2013b).

125. The role of technical and vocational education and training (TVET) institutions in preparing workers for emerging sectors is seen as crucial. However, the existing system has been criticized as not reflecting modern learning approaches, not investing in technology education and not preparing students for changes in employers' requirements (World Bank, paragraph 68). Young people have access to education and training at a high level; however, the choice of topics is often made based on the availability of teachers and not the needs of the labour market (Sharek Youth Forum, 2013, page 20). Private sector leaders continue to call for much stronger links between the private sector and educational and training institutions in developing programmes that are relevant to the needs of not only the existing economy, but the economy of the future. A number of entrepreneurs have stated that they are ready to commit resources to support vocational training with a view to developing emerging sectors. The main obstacle to developing tourism, a key sector for expanding job opportunities, is the lack of trained Palestinian workers. One entrepreneur described to the mission plans for establishing a private sector training centre for tourism in East Jerusalem; another referred to plans for setting up a vocational training centre tailored to the needs of a particular agro-industrial zone.

126. While individual efforts to promote vocational training to match labour market needs are important, a comprehensive approach to reviewing and revising the education and vocational training system is needed, which requires considerable investment. The Minister of Labour indicated to the mission that progress has been made in developing a new TVET strategy, through collaboration between the Ministries of Labour and Education, the private sector, civil society and the international community. One of the objectives of the MDG strategy is to reduce the gap between women and men in technical and vocational specializations. Interventions foreseen include opening specializations for young women in vocational schools that meet the requirements of the labour market; providing scholarships for young women to specialize in science and engineering and technical education; promoting awareness-raising campaigns for young women and the community on the importance of enrolling in vocational and agricultural education (PNA, 2012a, page 36).

127. The joint ILO–UNRWA project “Skills development and employment services for the construction sector in Gaza” moved into a fourth cycle of training from March 2011 to December 2012, with the third and fourth cycles providing 420 hours of training over a period of six months. A total of 105 students received training in key priority

occupational areas of the building and construction sector in the fourth cycle. Memoranda of Understanding were signed with 35 companies in order to offer a six-month apprenticeship to the trainees. In the previous cycles, 71 per cent of the trainees who completed the apprenticeship subsequently gained employment with the same company (ILO, undated d). The training programmes were supported by capacity building of teachers and trainers in competency-based training, which were followed up by regular monitoring, training and coaching. Based on this intervention, the ILO is finalizing the vocational curricula through a participatory validation process with the aim of having these standards recognized as part of the National Qualifications Framework and developing a national certification system for instructors. The ILO is also involved in reviewing the TVET strategy, including analysing its implications for skills development in Gaza (ILO, 2012b, paragraph 11). In May 2012, a new “Know About Business” project was launched, supporting the introduction of the Know About Business training package into the curricula of vocational centres and technical colleges, with the aim of promoting an entrepreneurial culture and self-employment for youth. As part of this process, relevant linkages with the private sector are to be established and access to financial and non-financial business development services will be supported (ibid., paragraph 10).

5. Tensions in the occupied Syrian Golan

128. The conflict in the Syrian Arab Republic overshadows the long-standing tensions in the occupied Syrian Golan. There have been some incidents over the ceasefire line, but they have not for now had longer term consequences for the area. However, this ongoing conflict can have a further negative impact on the situation of workers and their families.

129. In 2012, there were an estimated 23,300 Syrian citizens living in five villages and 18,700 Israeli settlers living in 32 settlements in the occupied Syrian Golan (CBS, 2013). The Syrian villages do not benefit from area planning. Permits are not granted by the Israeli authorities for building houses or changing the use of land and, as a result, these villages are forced to expand vertically rather than horizontally.

130. Employment prospects for the Syrian citizens of the occupied Syrian Golan remain constrained. While agriculture was the main source of income prior to the 1967 occupation, and still is the most important single source, it currently cannot sustain the population. Discrimination in access to water as well as land makes farming uncompetitive and revenues from agricultural work insufficient. Employment has to be sought elsewhere, for instance in construction, the health sector, commerce, services, NGOs, and cultural and informal activities. Employment in Israel and in Israeli settlements in the occupied Syrian Golan is found through brokers, either Israeli or members of the community itself. However, there are no reliable data on the number of Syrian citizens who have chosen employment in Israeli settlements or in Israel. Some job opportunities exist in the health sector, although for graduates of Damascus University, they are subject to Israeli equivalency examinations.

131. A recurring complaint by the Syrian citizens of the occupied Syrian Golan remains the problem of obtaining water for their orchards and other agricultural activity. Farmers have access to only 200 cubic metres of water per dunam of land, equivalent to a mere 30 per cent of the water that is made available for the Israeli settlements. Water availability seriously affects both the quantity and quality of what the farmers can produce. Compared to Israeli settlements, Syrian farmers pay considerably more for water owing to a discriminatory pricing system. Their cooperatives must also cover the costs of infrastructure such as pumping systems and carrier pipes. Furthermore, the settlements have privileged access to markets as they can benefit from a range of distribution and retail networks.

132. According to the information received by the mission, the transportation of apples to the Syrian Arab Republic was resumed in March 2013. Last year this had not been possible as the necessary permit from the Israeli Ministry of Finance had not been received. The amount to be transported in 2013 was reportedly 18,000 tonnes out of over 30,000 tonnes in storage from the 2012 season. The amount to be transported this year will thus exceed the whole production of 2011. While 2012 was a good season for apple production, the surplus of the harvest was sold at a low price in the local market. Apples sold in the Syrian Arab Republic will not only fetch a significantly higher price than in the local market but, by reducing the surplus, will also serve to raise local market prices and hence incomes for farmers. Apples are also marketed to the West Bank and Gaza.

133. While any Syrian citizen of the occupied Syrian Golan would be entitled to apply for an Israeli passport, few have done so as they would face rejection by their own communities. Yet there have been cases of young people changing their name and taking up employment in Israel. Syrian citizens residing outside the occupied Syrian Golan for more than four years would lose their residency status.

134. The mission was told that although some attempts at further integration of the Syrian citizens of the occupied Syrian Golan into Israel had been made after the conflict inside Syria had become more intense, many of them had reacted with a strengthened desire to maintain their Syrian identity, irrespective of which side of the conflict they identified themselves with.

135. A considerable number of the students from the occupied Syrian Golan at Damascus University had not returned there after their semester break. The mission was told that of 340 students, less than 40 had returned to continue their studies. The Syrian conflict has had other consequences, too. While they are labelled “pro-Syrian” by the Israelis, some citizens have refused Syrian assistance because they would have had to take a public stand for one of the two sides of the conflict in the Syrian Arab Republic. In any event, the Syrian crisis has a polarizing effect among the Syrian citizens of the occupied Syrian Golan. At the same time, there is still a concern that the conflict could spill over to the occupied Syrian Golan, either through fire or other attacks across the ceasefire line or through radical Syrian groups establishing themselves in the area.

Concluding observations

136. The Report of the mission this year is based on certain parameters which are essential for understanding the situation of workers and enterprises in the occupied Arab territories.

137. The status quo is not an option in Palestine. The situation is untenable and a status quo as such does not actually exist. In different ways, some dramatic and visible and others more subtle, the environment continues to change constantly. Any effort to maintain a perceived status quo in effect promotes or at least permits a further dangerous deterioration of the situation.

138. Efforts for state building, for the development of a viable and vibrant Palestinian economy, and for a state with a strong social dimension are being increasingly thwarted. In the social and labour sphere, the conclusion of the mission is that, compared with earlier years, the process has to all practical purposes come to a halt.

139. While direct negotiations should be the primary way to prevent a downward slide, the Palestinians and the Israelis need to be backed by clear and demonstrated international support, in terms of both assistance and appropriate political engagement. It is not too late and it is perfectly possible to start taking the steps which can restore confidence in the peace process. The key issue is that there are tens of thousands of discouraged workers and actual or would-be entrepreneurs who urgently need to know that their interests, prospects and – importantly – their dignity can and will be restored and reinforced.

140. Given the reality on the ground, this has to lead into measures that directly affect the lives of these workers and entrepreneurs. High-level moves to end the conflict must be accompanied by concrete evidence that the everyday hardships and harassment arising out of the occupation are being alleviated, and will be removed. Otherwise, leaders on all sides will be facing a sceptical and disillusioned population, which will not fail to demand accountability and its share of the fruits of the process.

141. Israel needs to lift excessive restrictions, which are economically and socially unproductive, as called for even by Israeli employers. The arbitrariness of such measures impedes economic activity and makes the Palestinian economy and labour market dependent on the structures of the occupation and the settlement economy. They also further fragment the territory, perpetuating a damaging separation between Gaza, the West Bank and East Jerusalem.

142. Restrictions on movement, employment and economic activity should be relaxed in a transparent and permanent manner in order to increase opportunities for decent employment in conditions of equality. This is also essential for tackling the alarming levels of poverty, particularly in Gaza. Special care should be taken to abstain from all measures that can uphold and deepen discrimination, separation and segregation, or are perceived to do so.

143. The humane treatment of Palestinian workers in all situations of employment must be ensured, including in the case of those who have resorted to work in the settlements. The grievances of Palestinians who either formally or informally participate in the Israeli labour market need to be handled urgently and transparently, including through effective access to legal redress. Curtailing the current level of abuse is necessary also for the longer term perspective of coexistence and interaction between the markets, including the labour market, of two independent and adjacent states.

144. In the light of marked expectations that the Palestinian private sector would become the engine of growth, it must be empowered to play this role with the independence it needs – while fully respecting the fundamental rights of its workers – and not be subjected to administrative, political or economic decisions by Israeli authorities, enterprises or other entities. Transparent and equitable business relations, avoiding the use of improper intermediaries, have to be part of any sound private sector development policy.

145. As highlighted in Chapter 4 of this Report, the strengthening of social dialogue and building of the social dimension of a state of Palestine have to be an integral part of the peace process. The ILO must continue to give its full support to this task.

146. Every effort should be made to find a solution to the continued hardship faced by Syrian citizens in the occupied Syrian Golan in a manner that respects fundamental principles and rights at work.

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Annex

List of interlocutors

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Palestinian Central Bureau of Statistics (PCBS)

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Amina Khasib, Director of National Accounts

Suha Kanaan, Director of Labour Statistics

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Saeb Erakat, Chief Palestinian Negotiator, Member of Executive Committee of PLO and Member of the Central Committee of Fateh

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Mustafa Barghouthi, Secretary-General of Palestine National Initiative, Member of PLC

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National Women's Employment Committee

Enas Sawi, Local Employment Unit, Directorate of Employment, Ministry of Labour
Abeer Daqrah, Local Employment Unit, Directorate of Employment, Ministry of Labour
Shantella Assi, Gender Unit, Ministry of Labour
Asma Al-Kilani, Head of Gender Unit, Ministry of Culture
Eman Jarrar, Director of Internal Audit, Ministry of Agriculture
Shahinaz Abu Azza, Head of Gender Unit, Ministry of Planning and Administrative Development
Randa Al-Taher, Head of Gender Unit, Ministry of Public Works and Housing
Khitam Saafin, Officer of the Economic Department and General Secretary Member, General Union of Palestinian Women
Sahar Omar, Project Manager, Women's Studies Center
Hayat Bazar, Head of Gender Unit, Prime Minister's Office
Salam Al-Malky, Gender Unit, Coordination Officer, Prime Minister's Office
Rabee Abu Shamleh, Head of Division, Engineer, Ministry of Higher Education
Fatima Shanaah, Head of Gender Unit, Ministry of National Economy
Fatima Radaydeh, Director of Gender Unit, Ministry of Women's Affairs
Ayman Abdul Majeed, Researcher and Coordinator, Birzeit University
Carine Metz Abu Hmeid, External Relations Coordinator, Democracy and Workers' Rights Center
Naela Odeh, Field Educator, Palestinian Working Woman Society for Development

Workers', employers' and other civil society organizations

Palestine General Federation of Trade Unions (PGFTU), Nablus

Shaher Sae'd, Secretary-General
Bayer Sa'ed Bayer, Secretary of Construction and Woodworkers' Union, Member of General Secretariat and Member of Executive Committee
Nasser Younis, President of General Union for Transportation Workers, Member of General Secretariat and Member of Executive Committee
Taghreed Keshik, Head of Media and Public Relations Unit
Manawell Abdelall, Secretary of Electrical and Metal Workers' Union, Member of General Secretariat and Member of Executive Committee
Suheil Saliba Khader, Member of General Secretariat and Member of Executive Committee
Basma Al-Battat, Secretary of Gender Unit, Member of Executive Committee
Ibrahim Thweib, Trade Union Organization Coordinator and Member of General Secretariat
Murad Abu Hanish, Member of Executive Committee and Secretary of Research Department
Saher Sarsour, Field Worker
Mustafa Hanani, Field Worker

Fawzyeh Ismael Mohammad Zbeidat, Agricultural Worker

Fadwa Abdullah Abd Zbeidat, Agricultural Worker

Asmahan Abdullah Ahmad Zbeidat, Agricultural Worker

Palestine General Federation of Trade Unions (PGFTU), Gaza

Tariq Al-Hindi, Member of General Secretariat, Member of Executive Committee, President of Agricultural Workers' Union

Yahya Abu Al-Atta, Member of General Secretariat, Vice-President of Transportation and Drivers' Union

Elias Jelda, Member of Executive Committee, Vice-President of Public Health Services Union

Zaki Abdel Fattah Khalil, Member of General Secretariat and Member of Executive Committee, President of Sewing and Weaving Workers' Union

Mohammad Saedi Hillis, Member of Executive Committee, Vice-President of Construction and Woodworkers' Union

Baker Al-Jamal, Member of Executive Committee, Vice-President of Educational Services Union

Hana' Al-Khalidi, Member of Women's Department

Said Sehan Al-Astal, Member of Executive Committee, Board Member and Vice-President of Agricultural Workers' Union

Ibrahim Abu Gaida, Vice-President of Tourism Services Union

Ayesh Mohammad Ubeid, Member of Executive Committee, President of Construction and Woodworkers' Union

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

Ahmad Hashem Zoghayyer, President of FPCCIA and President of Jerusalem Chamber

Ali Muhanna, Director of Planning and SMEs Department

Nazeeh Mardawi, Director of Information Department

Akram Hijazi, Public Relations Manager

Mousa Salameh, Gender Unit Manager

Bethlehem Chamber

Majeda Youssef Salsaa, Board Member; Businesswomen Committee

Hebron Chamber

Abdul Halim S. Tamimi, Vice-President

South Hebron Chamber

Jalal Makharza, President, Treasurer of FPCCIA

Jericho Chamber

Tayseer al-Hamidi, Chairman

Nablus Chamber

Omar Hashem, President, Vice-President of FPCCIA

Husam Abdelrahman Hijjawi, Vice-President

Ahmad Akkouba, Research and Public Relations Officer

Qalqiliya Chamber

Osama Sabri, Secretary

Ramallah Chamber

Khalil Youssef Rizq, Chairman; Vice-Chairman of FPCCIA

Salfeet Chamber

Jasir Yousef Bani Nimra, Vice-Treasurer

Tubas Chamber

Ma'en Sawafta, General Director

Consulting Engineers Co. Palestine, Gaza

Ali K. Abu Shahla, Director-General

Palestine Development and Investment Company (PADICO)

Samir Hulileh, Chief Executive Officer

Palestinian Business Women Forum

Doa Wadi, Executive Director

Al-Dameer Association for Human Rights, Gaza

Khalil Abu Shammala, Director

Al-Haq, Ramallah

Sha'wan Jabarin, General Director

Zahi Jaradat, Field Research Coordinator

Al-Maqdese for Society Development

Bashar Azzeh, Chairman

Moaz Zat'ari, General Manager

Al Mezan Center for Human Rights, Gaza

Issam Younis, General Director

Al-Zobeidat Women's Association

Subhyeh Abdullah Ahmad Zbeidat, Member

Center for Women's Legal Research and Consulting, Gaza

Zeinab El Ghunaimi, Director

Culture and Free Thought Association, Gaza

Mariam Zaqout, Director-General

Independent Commission for Human Rights, Ramallah

Randa Siniora, Executive Director

Islam Tamimi, Legal Researcher

Khadeja Barghouthi, Legal Researcher

Palestinian Centre for Human Rights

Khalil Shaheen, Head of Economic and Social Rights Unit

Women's Affairs Center, Gaza

Amal Syam, Executive Director

Bethlehem Governorate – Wallajeh Village

Omar Hajajneh, Worker

Israeli institutions**Government of Israel and other public institutions****Ministry of Industry, Trade and Labour**

Avner Amrani, Senior Research Director, Labour Relations Division

Shlomo Ytzchaky, Director, Chief Labour Relations Officer

Ministry of Foreign Affairs

Ron Adam, Director, Department for International Organizations and Specialized Agencies

Eldad Golan, Vice-Director, Department for International Organizations and Specialized Agencies

Reuven Azar, Head of Middle East Bureau, Center for Policy Research

Avishag Cohen Frommer, Department for International Organizations and Specialized Agencies

Coordination of Government Activities in the Territories (COGAT)

Lt. Col. Yossi Shteren, Head of Foreign Relations Branch

Lt. Col. Uri Maman, Head of Economic Branch

Bank of Israel

Haggay Etkes, Economist, Research Department

**Workers', employers' and other
civil society organizations****Histadrut – General Federation of Labour in Israel**

Avital Shapira-Shabirow, Director, International Department

Itzhak Moyal, President, Trade Union of Construction and Wood Workers

Yousef Kara, Histadrut Representative to International Labour Organization, Member of Executive Bureau

Manufacturers' Association of Israel

Uri Ginosar, Director-General, Federation of Israeli Economic Organizations

Ofer Yohanonof, Legal Adviser, Director of Labour Law Department

Dan Catarivas, Director of International Relations, Federation of Israeli Economic Organizations

Daphna Aviram-Nitzan, Head of Economic Research Department

Uri Rubin, Chairman, Labour Committee, Association of Contractors and Builders in Israel

Kav LaOved – Worker's Hotline

Abed Dari, Field Coordinator for Palestinian Workers

Taghrid Shbita, Advocate, Field Coordinator

Angie Hsu, Resource Development

Machsomwatch – Women against Occupation and for Human Rights

Sylvia Piterman, Volunteer

United Nations and international organizations

Office of the United Nations Special Coordinator for the Middle East Peace Process

James Rawley, Deputy Special Coordinator and United Nations Resident/Humanitarian Coordinator

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

Elin Asgeirsdottir, Humanitarian Affairs Officer, Head of Policy and Protection

Yehezkel Lein, Head of Research and Analysis Unit

Diana Anani, Humanitarian Affairs Analyst

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

Ayman Sheikh Ibrahim, Humanitarian Affairs Associate, Central Field Coordination Unit

Adeeb Salman, Humanitarian Affairs Associate, South Field Coordination Unit

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

Filippo Grandi, Commissioner General

Robert Turner, Director of UNRWA Operations, Gaza

Damien Vaquier, UNRWA Field Office, Gaza

Office of the High Commissioner for Human Rights, Occupied Palestinian Territory

Matthias Behnke, Head of Office

UN-Women, Gaza

Heba Al-Zayyan, Programme Analyst

Food and Agriculture Organization of the United Nations

Cyril Ferrand, Senior Emergency and Rehabilitation Coordinator

International Monetary Fund, West Bank and Gaza

Udo Kock, Resident Representative

World Bank, West Bank and Gaza Country Office

Orhan Niksic, Senior Economist

Occupied Syrian Golan

Salman Fakhreldeen, Public Relations Officer and Research Assistant, Al-Marsad, Arab Human Rights Centre in Golan Heights

Awad Mansour, Nurse, Golan Polyclinic

Fadlallah Battish, Trade Union Officer, Doctor, Golan Polyclinic

Wael Tarabieh, Founder of Fateh Moudarres Center for Arts and Culture

Aida Safadi, Assistant in nursing home in Dan Kibbutz

Karama Abu Saleh, Attorney

Mofeed Al-Weily, Accountant in Apple Cooling Business, Farmer

Ayal Abu Saleh, Civil Engineer

Shehadeh Nasrallah, Agronomist

Habel Hussein Abu Jeel, Farmer