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Policy Development Section
Technical Cooperation Segment

POL

ELEVENTH ITEM ON THE AGENDA

Enhanced programme of technical cooperation for the occupied Arab territories

Overview

Summary

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

Policy implications

None.

Legal implications

None.

Financial implications

None.

Decision required

The document is submitted for debate and guidance.

Follow-up action required

None.

Author unit

Regional Office for the Arab States.

References to other Governing Body documents and ILO instruments

GB.309/5.

Background

1. This paper reports on progress made and planned ILO interventions within the context of the programme of technical cooperation in the occupied Arab territories. It covers the ILO's programme of work from the last update in November 2010,¹ implemented in collaboration with the Ministry of Labour, the Palestinian General Federation of Trade Unions (PGFTU), and the Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA). The paper highlights ILO interventions addressing the situation of workers, taking into account the severe socio-economic challenges and national responses as outlined in the Palestinian National Development Plan for 2011–13.
2. The daily lives of Palestinian men and women seeking to earn a living for themselves and their families remain profoundly affected by the continuing occupation by Israel of the West Bank, including East Jerusalem, and Gaza. Most critically, the Palestinian economy and labour market are unable to generate enough jobs for the growing and increasingly young Palestinian labour force. While a certain amount of growth has recently created opportunities for some, unemployment, precarious work and poverty remain the reality for large and growing numbers of Palestinian women and men.
3. During the period under review an acceleration of economic growth (9 per cent) was recorded in 2010, yet the economic situation remains fragile in view of continued political uncertainty that has adversely affected the already precarious socio-economic situation. Growth was unevenly distributed between Gaza and the West Bank, with a registered growth rate of 8 per cent in the West Bank and 15 per cent in Gaza. This revival can be attributed to donor assistance, which has allowed the Palestinian Authority to maintain a sizeable expansionary fiscal stimulus. Nonetheless, the productive sectors of the economy have still to experience any large-scale investment, resulting in slow private-sector growth with the services sector largely dominating the Palestinian economy. Within this context the employment and labour market situation in 2010, although still poor by international standards, showed an improvement over 2009. Unemployment in the West Bank and Gaza fell from 239,000 in the fourth quarter of 2009 to 234,000 in the fourth quarter of 2010 – reducing the unemployment rate from 18.1 per cent to 16.9 per cent in the West Bank, and from 39.3 to 37.4 per cent in Gaza. The labour force participation rate remains extremely low (41.1 per cent) due to the very low rate of participation of women in the labour force.

Overall progress in programme implementation

4. During the period under review, the Palestinian Authority issued the National Development Plan for 2011–13 to support ongoing state-building efforts, the emergence of a sovereign state, and the accelerated socio-economic development needed to secure a safe, stable and prosperous future for the Palestinian people. The Plan focuses on enhancing private-sector growth and job creation, the modernization and development of the Palestinian educational system to support a knowledge-based economy, and investing in the national infrastructure through strengthened state institutions to enable the rapid implementation of social and economic development initiatives and interventions. Components of the Plan are relevant to the ILO's ongoing work in the occupied Palestinian territory, particularly as it relates to the modernization and streamlining of public administration and labour market governance; the development of new higher education curricula; promoting the full participation of women and their economic empowerment; encouraging youth employment; and supporting the establishment of a conducive business environment, the integration and reform of social safety nets and the implementation of a

¹ GB.309/5.

social protection strategy, as well as revitalizing the Palestinian Fund for Employment and Social Protection.

5. The ILO is currently implementing a technical cooperation programme, with an increased overall portfolio which now stands at US\$4.97 million, benefiting from funding from Kuwait, Saudi Arabia, Turkey, the Islamic Development Bank, the UNDP–Spain MDG Fund, the UNDP Programme of Assistance to the Palestinian People, the Swiss Agency for Development and Cooperation, and the ILO. This has allowed the Office to support an ILO presence in both the West Bank and in Gaza, including a representative, a programme officer, national project officers and support staff. Following the ILO donor meeting organized in Geneva in November 2010, a new set of project proposals was presented and funding secured, primarily targeting the reactivation and operationalization of the Palestinian Fund for Employment and Social Protection, nationalizing entrepreneurship education within the West Bank, and supporting skills development initiatives in Gaza.
6. An overarching Decent Work Strategy for the occupied Palestinian territory has been formulated and validated by the Palestinian stakeholders. The Strategy supports ongoing development efforts to sustain social cohesion, justice and equality through a more integrated and coherent approach – moving from a project towards a more programmatic results-based approach. It principally: (i) supports labour rights and labour market governance through improved industrial relations and strengthened institutions; (ii) promotes a sustainable economic environment for greater access to employment and livelihood opportunities; and (iii) facilitates the development of an integrated social security system and the extension of social security.

Review of progress and achievements in key areas of work

Supporting labour rights and labour market governance through improved industrial relations and strengthened institutions

7. The ILO supports the vision of the Palestinian Authority and the social partners for improved industrial relations and collective bargaining. In full alignment with the February 2010 Turin Declaration,² the ILO programme of work contributes to an improved mechanism for tripartite and bipartite consultations and consensus-building on national development policies. Collective agreements and social pacts, as well as conflict resolution and the prevention of labour disputes, are also high-priority areas. Technical assistance is being extended to build the capacities of the social partners and ensure a strengthened labour administration and labour inspection system to engage more effectively in social dialogue. To this end, the ILO is technically supporting the implementation of a labour inspection and social dialogue strategy, including the implementation of a labour inspection audit, a capacity-building programme for employers' and workers' organizations, and a comprehensive review of labour legislation through a tripartite consultative process.
8. To support the recent decision of the Council of Ministers on the establishment of a Palestinian Economic and Social Council, the ILO extended the required support to the Government and the social partners and organized study tours to the Jordanian and

² ILO: *Report of the Director-General: Appendix. The situation of workers of the occupied Arab territories*, International Labour Conference, 99th Session, 2010, para. 128.

Bulgarian Economic and Social Councils with a view to benefiting from the experiences of the two countries and their respective consultative and advisory bodies in the formulation of relevant policies and legislation. This initiative is being complemented by an upcoming national conference on social dialogue that will set the stage for a process of nationwide consultation on the establishment of the Council involving national and international actors, including members of the Government, the social partners, civil society, academia and the international community.

9. The ILO provided technical and financial support to the legal clinic of the PGFTU, tasked with taking the necessary action for settling the claims of Palestinian workers employed in Israel. Within the framework of the project, which has now been suspended due to lack of funds and will be reactivated once the necessary financial resources are mobilized, a total of 90 cases were reviewed and legal advice provided to 1,500 workers. In addition, technical advice was provided to the FPCCIA and, building on the information gathered on the needs of the private sector through the project funded by the Swedish International Development Agency (SIDA), the ILO is in the process of carrying out an assessment on ways to ensure effective information flows between the Federation and the Chambers and how best to enable effective policy dialogue with the Palestinian Authority and other stakeholders.

Promoting a sustainable economic environment for greater access to employment and livelihood opportunities

10. The Palestinian Authority is committed to the operationalization of the Palestinian Fund for Employment and Social Protection which plays a central role in translating ongoing reform efforts into concrete targeted actions. With the Palestinian Authority's financial commitment in principle of US\$5 million annually starting in January 2011, the Fund serves as a separate funding entity with strategic linkages to relevant bodies and institutions, supporting the development of human capital, the recovery of livelihoods of vulnerable groups, and upgrading the skills of the labour force to better match labour market needs. Within this context, the ILO provided technical and financial assistance to the Ministry of Labour and the Board of Directors of the Fund to support revitalization efforts. Following a series of technical advisory services provided to the Palestinian Authority in October 2010 and March 2011, an action plan was devised and included elements for the operationalization of the Fund, the development and implementation of a capacity-building programme for staff working under the Fund, and the roll-out of three pilot projects aimed at: (a) supporting the self-employment of workers as viable alternatives to previous jobs in settlements; (b) supporting former settlement workers to establish small businesses that are expected to employ between one and four other former settlement workers; and (c) employment of young unemployed graduates through job insertion in selected enterprises of the private sector. The Fund's operationalization started in June 2011 following the signature of the Grant Agreement between the ILO and the Palestinian Authority during the International Labour Conference.
11. Following the formulation of the national small- and medium-sized enterprises policy and its launch in May 2010, the ILO provided technical advisory services to the Ministry of National Economy and supported the development of a roadmap for the establishment and operationalization of a micro-, small- and medium-sized enterprises (MSME) development agency. The agency aims to promote an improved business environment for male and female-owned MSMEs, support improved policy and programme coordination and coherence in MSME development across the Palestinian Authority and local municipalities, enhance access to financial and business development services, and improve knowledge on the MSME sector and its contribution to decent and productive

employment and economic growth. Fundraising efforts by the ILO, in partnership with the Ministry of National Economy, are currently under way.

12. Under the auspices of the Ministry of Labour and the Ministry of Education and Higher Education, the Know About Business (KAB) training package was rolled out to vocational and secondary schools, advocating a culture of entrepreneurship and self-employment, as reflected in the National Development Plan. Considering the positive contribution this intervention has achieved in the targeted areas, a replication strategy is currently under way to ensure that entrepreneurship education reaches all educational institutions through the nationalization of modernized curricula – a process which has been fully endorsed by both ministries. Following the rollout of the KAB training package to relevant educational institutions, the ILO will be instrumental in establishing relevant linkages with the private sector and supporting access to financial and non-financial business development services with a view to supporting the school-to-work transition process.
13. Based on the ILO emergency programme implemented in Gaza in 2009 and to support reconstruction efforts, a skills development programme primarily targeting the construction sector in Gaza, funded by the Swiss Agency for Development and Cooperation, resumed implementation in January 2011, building on international best practices in conflict-affected contexts and adapted to the local context. The strategic partnership with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) focuses on strengthening skills and employability for key jobs of the construction sector, through the implementation of a capacity-building programme targeting engineers on appropriate construction technologies. A competency-based training of trainers programme was organized in September 2011 to equip UNRWA staff with modern skills and techniques, including a review of the vocational curricula. The training benefited from the Tunisian experience and will be expanded to include women in the upcoming period.
14. Within the framework of the UN Joint Programme on Gender Equality and Women's Empowerment, specific interventions are targeting an increase in women's employment opportunities in the occupied Palestinian territory for women on low incomes and young women graduates, including those in refugee camps. The strategy focuses on increasing the influence of gender advocates and workers' and employers' organizations in decision-making and planning, building the capacities of business development service providers to better mainstream and upstream gender equality considerations for women entrepreneurs, supporting cooperatives to better service low-income women through the provision and management of an integrated grant scheme, and developing and implementing training programmes for women in key areas that are increasingly in demand in the labour market.

Facilitating the development of an integrated social security system and the extension of social security

15. Discussions are being held with Palestinian stakeholders on the development of an integrated social security system for the establishment of a social protection floor for the poor and the vulnerable, as well as the extension of the social insurance scheme for private-sector workers and their families through the development of a maternity insurance scheme; the possibility of introducing an unemployment insurance scheme is also being explored. This intervention will build on the social security mapping undertaken in partnership with the Palestine Economic Policy Research Institute and the ongoing legislative work under way with Birzeit University.

Next steps

16. The Decent Work Strategy will be finalized by the end of 2011 and will represent the overarching framework supporting the vision of the tripartite partners for socio-economic development in the occupied Palestinian territory, utilizing the ILO's technical support, capacity and comparative advantage.
17. The Governing Body is invited to take note of these developments and the proposed ILO response through the enhanced programme of technical cooperation, and to provide guidance on further steps for its implementation.

Geneva, 11 October 2011