



Governing Body

346th Session, Geneva, October–November 2022

Policy Development Section

POL

Development Cooperation Segment

Date: 14 October 2022

Original: English

Fourth item on the agenda

Enhanced programme of development cooperation for the occupied Arab territories

Purpose of the document

This document reports on progress made within the context of the programme of development cooperation in the occupied Arab territories. In the light of the precarious Palestinian economic and fiscal situation that hampered a labour market rebound after the major impact of the COVID-19 pandemic and the continuous rise in tensions, the Governing Body is invited to: (i) take note of the perpetually challenging situation for Palestinian workers, particularly women and youth in Gaza, and support the ILO in reinforcing the Decent Work Agenda and social justice for all Palestinians through its Decent Work Programme; (ii) take note of the significant achievements made since the last reporting period, particularly the renewed tripartite dialogue on social security reforms; and (iii) lend further support to implementing interventions in critical areas under the Palestinian National Employment Strategy that promote longer-term employment solutions (see the draft decision in paragraph 33).

Relevant strategic objective: None.

Main relevant outcome: None.

Policy implications: None.

Legal implications: None.

Financial implications: None.

Follow-up action required: None.

Author unit: ILO Regional Office for the Arab States (RO-Arab States).

Related documents: [GB.343/POL/3](#); [ILC.110/DG/APP](#).

▶ I. Background

1. This document reports on progress made in the ILO programme of development cooperation in the occupied Arab territories. It takes account of the main achievements of the ILO's work in the Occupied Palestinian Territory under the second Palestinian Decent Work Programme (2018–22), and highlights the main developments and challenges in the Palestinian labour market since the last reporting period. It also presents the ILO's concerted work within the broader framework of the United Nations (UN) system and the UN country team.
2. The end to the lockdowns related to the COVID-19 pandemic should have marked the start of a sustainable and inclusive recovery for Palestinian workers and their families. However, as was emphasized in the Report of the Director-General to the Conference,¹ the enduring occupation has limited the possibility for a rebound of the labour market, while further weakening Palestinian governance institutions and dimming the prospects of a peaceful solution to the Israeli-Palestinian conflict. A fiscal crisis in the Palestinian Authority, partially a product of the occupation and compounded by declining donor support, forestalls economic stimulation and blunts social mitigation measures. As such, many Palestinian workers have limited options: remain underutilized in the insecure Palestinian labour market, risk starting a business in this unpredictable and inhospitable environment, or navigate the Separation Barrier and the Israeli permit system for better-paid jobs in Israel and the settlements, despite the many deficits in rights and protection and the lack of a voice for Palestinians in such jobs.
3. Anaemic growth, high unemployment, working poverty and other gaps in employment quality put pressure on Palestinians to seek employment in Israel, where average wages are more than double. Better-paid job opportunities in Israel provide much-needed income for Palestinian workers and their families. But the large numbers of workers involved have also led to skills and labour shortages in some areas and sectors of the Palestinian labour market. The number of Palestinians employed in Israel and the settlements reached 145,400 workers in the second quarter of 2022. Of these, 36,700 work without a permit,² leaving them prone to exploitation, hazardous working conditions and payment below the minimum wage; incidences of sexual harassment of women, and child labour have also been reported.³
4. With a looming risk of humanitarian collapse in Gaza, the Israeli authorities have expanded the number and types of permits for Gazans to work in Israel and have adjusted the restrictions on imports into Gaza of materials that can potentially be used for both civilian and military purposes. Still, Israel's far-reaching and often-changing restrictions on such "dual-use" materials continue to undermine Gaza's reconstruction, compromising productivity growth and distorting its labour market. This has resulted in further deindustrialization and an inflated service-sector share in employment.⁴ With more Gazans now working in Israel, the wages they

¹ ILO, *The Situation of Workers of the Occupied Arab Territories*, International Labour Conference, 110th Session, 2022, ILC.110/DG/APP.

² Palestinian Central Bureau of Statistics, *Labour Force Survey (April-June 2022) Round, (Q2/2022)*, Press Report, 8 August 2022.

³ ILC.110/DG/APP, para. 90.

⁴ United Nations Conference on Trade and Development, *Report on UNCTAD Assistance to the Palestinian People: Development in the Economy of the Occupied Palestinian Territory*, 20 September 2021, para. 56; Gisha – Legal Center for Freedom of Movement, *Red Lines, Gray Lists – Israel's Dual-Use Policy and the Gaza Reconstruction Mechanism*, 11 January 2022.

bring back will have significant ripple effects and will boost household resilience. But, overall, Gaza will only be able to reverse its long-term decline and de-development once the blockade has been lifted. Key labour market indicators have been worsening over time, jobs are becoming scarcer, women are largely absent from the labour market, and unemployment, especially among youth, is rampant.⁵

5. Heightened tensions continue in the Occupied Palestinian Territory, including in East Jerusalem, with persistent violence and an increase in the number of injuries and fatalities. On 5 August 2022, another deadly cycle of hostilities erupted between Israeli military forces and Palestinian armed groups in Gaza, which lasted for two days until a fragile ceasefire brokered by Egypt and the UN came into effect on 7 August. The hostilities resulted in scores of casualties, further displacement and loss of livelihoods in the beleaguered enclave.
6. In his June 2022 annual report on the situation of workers of the occupied Arab territories, the Director-General stated that prior to the COVID-19 pandemic, the Palestinian labour market was already performing poorly. Stifled by decades of occupation, it had left many behind, most notably women and young jobseekers. The impact of the pandemic further accentuated pre-existing imbalances and vulnerabilities. Poverty has been increasing and frustration, leading to social unrest, runs deep.⁶
7. The Palestinian Authority's limited autonomy and institutional capacity impede the progress and impact of reforms in important areas, such as labour governance, social security, employment, and social welfare services. This has eroded the faith of many Palestinians in the ability of their institutions to stimulate the labour market and support the creation of decent jobs.
8. In an effort to bolster labour market outcomes, the Palestinian Ministry of Labour, in collaboration with the Prime Minister's Office, has partnered with the ILO, the Arab Labour Organization and the Government of Germany to mobilize resources to support the implementation of the Palestinian National Employment Strategy for 2021–25. This requires improved coordination between development partners around employment issues in the Occupied Palestinian Territory based on the needs identified in the Strategy, and increased funding that directly supports its implementation in the pursuit of decent work for all Palestinians.

▶ II. Overall progress in programme and partnership development

9. The reporting period covers the final year of the second Palestinian Decent Work Programme (DWP) (2018–22). In June 2022, the ILO concluded a review of that DWP and presented its main findings to tripartite representatives in the Occupied Palestinian Territory for their feedback. The ILO is in the process of developing its new programme, drawing on key achievements under the three pillars of the current DWP (labour governance, employment promotion and social protection). This is being done in parallel to the development of the next United Nations Sustainable Development Cooperation Framework (2023–26). The ILO has taken the lead on one of the four outcome groups to ensure that key labour market issues and decent work

⁵ ILC.110/DG/APP, para. 149.

⁶ ILC.110/DG/APP, para. 145.

priorities are integrated in the Framework. As in previous programmes, the new DWP will be fully aligned with national priorities in the labour sector and will be developed through extensive tripartite consultations.

- 10.** The current ILO development cooperation programme in the Occupied Palestinian Territory consists of a portfolio of projects, with funding standing at approximately US\$10 million,⁷ that are distributed across the three priorities under the 2018–22 DWP, inclusive of voluntary core allocations and voluntary earmarked funds. Efforts are made on an ongoing basis to identify new and diversified partnerships and funding. The renewed contribution by the Government of Kuwait to the ILO for the programme in the Occupied Palestinian Territory could encourage further Arab donors to follow suit. Likewise, an additional allocation of US\$600,000 from the ILO regular budget supplementary account has provided an opportunity to expand the ILO programme to Gaza to launch a dedicated programme as an immediate response to the devastating impact of the May 2021 and August 2022 conflicts on livelihoods there. This offers opportunities for partnerships with other UN agencies and development partners on the ground.
- 11.** In June 2022, the UN launched a call for proposals under the Development Emergency Modality of the Joint SDG Fund. In response to the tightening financial situation and rising food and energy prices in the Occupied Palestinian Territory, the ILO partnered with the World Food Programme (WFP) for a joint programme on enhancing and diversifying financing for shock-responsive social protection systems (with initial funding of US\$250,000, of which the ILO's share is US\$125,000). Through this project, the ILO will work to improve the design of social protection measures in the context of external shocks, and will provide technical support to diversify the social protection funding base.
- 12.** Achieving sustainable results under the Decent Work Agenda is difficult in the complex environment in the Occupied Palestinian Territory. External funding for development cooperation is constrained, as overall funding to the Occupied Palestinian Territory from donors has decreased and institutions such as the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) are facing major financial challenges. By increasingly working with other UN agencies and through partnerships fostered under the local aid coordination structure for the labour sector (the Labour Sector Working Group), the ILO is seeking to broaden its outreach. This remains critical to ensuring continuity of operations in the Occupied Palestinian Territory. Since 1995, the ILO has maintained an office of the ILO representative in Jerusalem with four regular budget staff members, supported by the Regional Office for the Arab States. Nine development cooperation staff members in the West Bank, Gaza and Jerusalem are employed to provide support to the expanding work in the areas of labour market governance and social dialogue, gender equality, employment promotion, cooperative development and social protection.

⁷ These figures are based on the [ILO Development Cooperation Dashboard](#).

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

1. Enhancing employment and livelihood opportunities for Palestinian women and men

13. The ILO has expanded its support to the Ministry of Labour and the social partners in advocating for policy coherence and addressing labour market challenges to achieve full and productive employment, as envisaged under the three pillars of the National Employment Strategy for 2021–25. The Strategy, which was formally launched by the Palestinian Prime Minister in March 2021, was developed with technical support from the ILO and through extensive tripartite consultations. It provides a robust and comprehensive framework to link all interventions related to employment and the labour market to effectively address employment challenges in the Occupied Palestinian Territory.
14. Over the reporting period, the ILO has been working closely with the Ministry of Labour, the social partners and the Arab Labour Organization, together with the Palestinian Prime Minister's Office and the Government of Germany (which leads the Labour Sector Working Group), in a drive to mobilize resources and enhance development partner coordination in support of the implementation of the National Employment Strategy. The ILO has developed ten thematic fiches based on priority areas in line with the objectives of the Strategy, to guide ongoing discussions with development partners.
15. The ILO supported the participation of a Palestinian delegation in a regional high-level meeting on young people's learning, skilling and transition to decent work in the Middle East and North Africa region. The meeting, co-organized by the ILO, the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and the United Nations Children's Fund (UNICEF), was held in Amman, Jordan, on 23–24 May 2022. The meeting explored means of strengthening links between learning and the labour market through enhancing education systems, promoting policies and exploring opportunities with the private sector to create jobs and support youth entrepreneurship.
16. Furthermore, the ILO is continuing its support to the cooperative sector through the promotion of policy reforms in line with the Promotion of Cooperatives Recommendation, 2002 (No. 193), and international best practices. In late 2021, the ILO launched a qualitative and quantitative assessment of the governance and service provision capacities of the Palestinian sectoral cooperative unions, leading the way for ILO technical support to cooperative unions. To enhance the visibility of cooperatives as important contributors to economic growth, the ILO, together with the Cooperative Work Agency and cooperative unions, organized the first national cooperative conference in July 2022 – marking the International Day of Cooperatives. The event included speeches from global cooperative leaders and members of Palestinian cooperatives from across the West Bank and Gaza, and highlighted the principles and values of cooperatives and their relationship to the social and solidarity economy.
17. Considering the difficult socio-economic situation in Gaza, the ILO invested resources from the regular budget supplementary account to pilot an emergency employment programme, in coordination with other development partners. The intervention will support vulnerable enterprises and cooperatives through targeted business development services, and promote innovative and sustainable solutions aimed at addressing resource scarcity in Gaza while integrating decent work principles and labour-intensive approaches in the construction sector.

2. Strengthening labour governance and the realization of fundamental principles and rights at work through freedom of association, collective bargaining and improved social dialogue mechanisms

18. Reforming the Palestinian Labour Law has been a chief priority for the tripartite partners under the 2018–22 Decent Work Programme to address labour market inequalities and realize the labour rights of Palestinian men and women. To support more effective social dialogue for the promotion of labour rights and protection, a comprehensive assessment of social dialogue in the Occupied Palestinian Territory was concluded in March 2022 and validated in a tripartite workshop in May 2022. It evaluated the effectiveness of social dialogue and its institutions, identified the main strengths of and gaps in social dialogue processes and instruments, and made recommendations for improving the efficacy of social dialogue structures and outcomes. Based on this, the ILO will support a revitalized governance structure to enhance the effectiveness and inclusiveness of social dialogue at the national and sectoral levels.
19. Tripartite and bipartite social dialogue on the reform of the Palestinian Labour Law continued with a view to drafting a revised law that will address labour market inequalities and the new world of work. With support from the ILO, the Ministry of Labour led an extensive exercise in producing a draft law reflecting the Palestinian Authority's position on the revisions needed to the Labour Law. Furthermore, in close coordination with the ILO Bureau for Workers' Activities (ACTRAV) and Bureau for Employers' Activities (ACT/EMP), and in an attempt to bridge the gap between the positions of the workers' and employers' groups, the ILO facilitated a bipartite workshop in March 2022 in Jordan. It resulted in the signing of a memorandum of understanding by the social partners stating their commitment to cooperate on reaching consensus on the amendments to the provisions of the Labour Law that are critical to improving working conditions.
20. In October 2021 in Ramallah, the ILO launched the Palestinian component of the Social Dialogue for Formalization and Employability in the Southern Neighbourhood Region (SOLIFEM) project, which is funded by the European Union and implemented in Algeria, Egypt, Lebanon and the Occupied Palestinian Territory. The project focuses on promoting the transition to formality and supports national skills and recognition systems to enable young people and women to access formal employment. A tripartite committee agreed to pilot the project in two sectors, namely garments, and kindergartens and nurseries; initial work is under way.
21. In collaboration with its International Training Centre in Turin, the ILO conducted a regional capacity-building session for tripartite representatives from Egypt, Jordan and the Occupied Palestinian Territory on the Violence and Harassment Convention, 2019 (No. 190). The aim is to establish a pool of experts on the provisions of the Convention and the related Recommendation, who, in turn, will lead national campaigns and engage in policy dialogue on protection of workers against violence and harassment in the workplace.
22. As a follow-up to a six-week online training course for workers' groups on social dialogue and collective bargaining, the ILO is supporting the Palestinian General Federation of Trade Unions (PGFTU) by building the capacity of its leadership and sectoral unions to expand their membership base among women and young workers, promote union-management cooperation, and engage more effectively in sectoral dialogue and collective bargaining initiatives for improving working conditions.
23. The ILO continued to support employers' organizations in engaging in evidence-based dialogue and creating an enabling environment for sustainable enterprises. In late 2021, the

ILO commissioned an institutional assessment of the Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA) to identify the strengths and weaknesses of its organizational capacity and analyse its interactions with external stakeholders. The findings of the assessment were presented to the FPCCIA and regional chambers during a workshop that the ILO organized in February 2022. There was general agreement on the findings and recommendations of the assessment, and the critical issues identified in relation to membership, governance and service provision were acknowledged. Building on those findings and recommendations, the FPCCIA management team and Board of Directors, with support from the ILO, are reviewing their current operations and designing their strategic plan to focus on strengthening systems of governance and management.

24. In coordination with the Italian Centre for Safety and Training in Construction (CESF), workshops were organized for contractors, engineers and inspectors in Gaza in November 2021 on safety in the construction sector. Further, a tripartite workshop to discuss the draft national occupational safety and health policy and strategy and the draft mechanism for the notification and recording of work-related injuries and diseases took place in Ramallah, with an online connection with Gaza, in November and December 2021. In July 2022, the ILO organized a capacity-building workshop aimed at enhancing the knowledge and technical skills of the new occupational safety and health inspectors on modern labour inspection procedures and methods.

3. Supporting the implementation and development of the Palestinian social security system and the extension of social protection to all

25. Social security reforms remain a priority for the Palestinian Authority and the social partners. In 2021 and 2022, the ILO supported exploratory dialogue on social security reforms through the discussion of a list of issues and proposed revisions to the Social Security Law of 2016. The ILO actuarial and legal assessment of the impacts of the proposed changes has guided the deliberations of the tripartite committee members in amending the law. In parallel, based on the results of the actuarial valuation of alternative designs for unemployment insurance, the tripartite committee has agreed on including unemployment insurance as part of the social security scheme and has introduced new provisions to the draft law to that effect.
26. Following the exploratory phase, the ILO supported bilateral consultations and workshops for employers and workers, through which both groups were able to develop a unified position on various disputed provisions of the Social Security Law. These positions were the basis for discussion in a tripartite workshop held in May 2022, during which consensus was reached on the majority of contentious points and conflicting issues around a revised version of the Social Security Law. The ILO has also provided legal and actuarial support to a tripartite task force formed to introduce amendments to the Social Security Law based on consensus reached during exploratory dialogue in line with international social security standards; this focused on aspects related to good governance, transparency and accountability in the management of the to-be-established social security system. The ILO has also provided strategic support to tripartite partners on communication, awareness-raising activities and capacity-building on key social security principles and standards. The ILO's continued support to the deliberations and to the legal drafting exercise will enable the draft law to be revised and submitted for approval by the tripartite committee with a view to its eventual endorsement and enactment by the President's Office.
27. Under the joint programme with UNICEF and WFP, the ILO continued to support the Ministry of Social Development in extending social protection by mapping and assessing the needs of

persons with disabilities and older persons and the existing and required services, so that gaps in the availability and quality of social services essential to the well-being of these two target groups can be identified and addressed.

28. Additionally, the ILO has been exploring the feasibility of and options for developing and implementing a social pension scheme for elderly Palestinians. This work is expected to lead to concrete policy recommendations on introducing and administering rights-based social protection benefits and enabling life-cycle-based social grants mechanisms within the national social protection system. The aim is to extend the scope of beneficiaries, while considering realistic financing options.
29. The ILO is supporting the Ministry of Social Development and humanitarian actors in strengthening coherence between humanitarian, development and government programmes of social protection and improving their shock-responsiveness. The ILO intervention focuses on addressing fragmentation and enhancing coordination at the humanitarian-development nexus by supporting the development of a sector-wide joint programmatic and financing framework for social protection. The framework will provide the Ministry and partners with an agreed road map and identify programme synergies, thereby increasing the capacity to oversee and improve the effectiveness of the social protection system and its response to shocks and emerging needs across the Palestinian society.

▶ IV. Next steps

30. Already weakened prior to the pandemic, the Palestinian economy is faced with persistent fiscal deficits, high unemployment and labour underutilization, growing poverty levels and continuously declining levels of donor aid. This is compounded by gender gaps and large disparities between the West Bank and Gaza.
31. Despite all the challenges, the Governing Body is invited to take note of the achievements made since the last reporting period and the collaborative efforts by the Ministry of Labour and the social partners to employ tripartite social dialogue in defining the policy interventions needed to address critical labour market issues.
32. In this difficult context, the Governing Body is also invited to take note of the need to encourage Member States, development partners and donors to provide financial support for the implementation of the three overarching pillars of the National Employment Strategy: supporting skills development and employability, improving labour market governance and active labour market programmes, and boosting private sector resilience and productivity. Furthermore, the Governing Body is invited to take note of the development of the next DWP, in close alignment with the next UN Sustainable Development Cooperation Framework. Lastly, institutionalizing social dialogue, fostering sectoral solutions and improving access to labour justice are essential components of the ILO's continued development cooperation programme in the occupied Arab territories.

▶ Draft decision

33. **The Governing Body took note of the information provided in document GB.346/POL/4.**