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Enhanced programme of development cooperation for the occupied Arab territories

Purpose of the document

This document reports on progress made and planned ILO interventions within the context of the programme of development cooperation in the occupied Arab territories. It highlights ongoing ILO initiatives addressing the situation of workers and key challenges.

The Governing Body is invited to: (a) take note of the continuously difficult situation for Palestinian workers and their families and support the ILO in further promoting the Decent Work Agenda and social justice in the occupied Arab territories; (b) take note of the progress made and the challenges faced in the implementation of the current Decent Work Programme; and (c) lend further support to the new Decent Work Programme (2018–22) and take note of the need for resource mobilization to support its implementation and realization of its objectives, including with regards to the operationalization of the newly established Palestinian Social Security Corporation (PSSC) (see paragraphs 29–32).

Relevant strategic objective: Not applicable.

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: ILO: *The situation of workers of the occupied Arab territories*, Report of the Director-General (Appendix), International Labour Conference, 106th Session, Geneva, 2017.

I. Background

1. This document reports on progress made and planned ILO interventions within the context of the programme of development cooperation in the occupied Arab territories. It covers the ILO's work in the Occupied Palestinian Territory (OPT) under the First Palestinian Decent Work Programme (DWP) 2013–16, extended until the end of 2017, implemented in partnership with government institutions and social partners. It highlights ILO initiatives addressing the situation of workers and key challenges since the last reporting period.
2. The period under review has been marked by the entrenched occupation, a quasi-dormant peace process, persistent political and social instability, and a worsening humanitarian situation in Gaza in the context of a blockade that has now entered its tenth year. All of this has strained the livelihoods of hundreds of thousands of Palestinians, limiting their access to economic opportunities and decent work. In particular, the occupation has impaired the Palestinian economy, dampened the investment atmosphere and led to a social crisis with high levels of unemployment.¹
3. In late 2016 and early 2017 two important initiatives aimed at giving impetus to the peace process and keeping the issue of occupation on the international agenda. The first was the adoption of the UN Security Council Resolution 2334 on 23 December 2016, which called on Israel to “immediately and completely cease all settlement activities in the occupied Palestinian territory, including East Jerusalem”. The second was the Paris Conference, based on a French initiative, which took place in January 2017 as a further attempt to mobilize the international community in support of the peace process. Yet, overshadowed by other regional and global priorities, both initiatives have failed to inject new momentum into a largely stalled process.²
4. The Director-General, in the Appendix to his Report to the 106th Session (2017) of the International Labour Conference, *The situation of workers of the occupied Arab territories*, reiterated that the international community and its multilateral institutions need to be engaged in the peace process and that “the promotion and application of social justice and decent work must continue as vital cornerstones of that effort”.
5. Notwithstanding the grave challenges facing the peace process, state building has continued on the Palestinian side. In December 2016, Prime Minister Rami Hamdallah presented the National Policy Agenda, “*Putting Citizens First*”, a comprehensive planning document for the next six years aimed at restoring donor confidence and showcasing governance capacity. Yet, progress on this and other state building initiatives remains constrained by the internal political divide, as well as the continuously declining donor aid for development and humanitarian support (donor-funded budget support to the Palestinian Authority dropped by 16 per cent in 2016).³ Furthermore, state building requires continued efforts to strengthen social dialogue and tripartite cooperation.
6. The negative impact of declining donor aid on the fiscal situation was offset by continued strong revenue mobilization and spending restraint during the reporting period. As a result, the budget deficit declined from 11.4 per cent in 2015 to 8.1 per cent in 2016.⁴ This improvement in the

¹ ILO: *The situation of workers of the occupied Arab territories*, Report of the Director-General, Appendix, International Labour Conference, 106th Session, 2017.

² *ibid.*

³ *ibid.*

⁴ IMF. 2017: *West Bank and Gaza Report to the Ad Hoc Liaison Committee*.

fiscal situation continued in the first five months of 2017 with an anticipated further decline of budget deficit to 6.1 per cent of GDP by year end.⁵

7. The Palestinian economy grew by 4.1 per cent in 2016, a moderate improvement compared with the rate of 3.4 per cent registered in 2015, but well below its potential. In Gaza, output grew by 7.7 per cent in 2016, compared with 6.1 per cent in 2015. In the West Bank, GDP grew by 3 per cent, up slightly from 2.6 per cent in 2015.⁶
8. The improvements in the fiscal situation and economic growth mainly resulted from one-off transfers and were insufficient to meaningfully lift income per capita, improve livelihoods or have a real effect on unemployment. The latest round of the labour force survey conducted by the Palestinian Central Bureau of Statistics (PCBS) showed that the overall unemployment rate was 29 per cent in Q2 2017, comprised of 23.7 per cent for men and 50 per cent for women. The unemployment rate reached 44 per cent in Gaza. Unemployment is highest for youth aged 20–24 years, at 46.3 per cent. The very low labour force participation rate for women persists at 18.5 per cent, in addition to a higher unemployment rate for women with higher educational attainment. Moreover, the gender wage gap persists despite substantive gains women have made in recent years in terms of education and employment experience.⁷ In fact, data from 2015 points to a significant gender pay gap, with women’s median daily wage (US\$21.2) comprising 76 per cent of the median daily wage for men (US\$27.8).⁸

II. Overall progress in programme development

9. The first Palestinian DWP 2013–16 was extended until the end of 2017, while the new DWP 2018–22 is being finalized following extensive consultations with the ILO’s tripartite constituents that started in November 2016. As a result of these consultations, it was agreed to retain the three priority areas from the first DWP, namely employment and livelihoods, labour market governance and labour rights, and social security and social protection, while defining more specific and measurable results under each of the three areas, in line with the findings and recommendations of the DWP review completed in 2016.⁹ In particular, under the second priority, it was agreed to put more emphasis on strengthening social dialogue and freedom of association.
10. The new DWP supports ongoing national and UN efforts to sustain social cohesion, justice and equality. It is guided by the priorities of the National Policy Agenda 2017–22 and the Labour Sector Strategy 2017–22. It is also aligned with the United Nations Development Assistance Framework (UNDAF) 2018–22 for Palestine, which has set for itself an overarching goal “to enhance development prospects for the people of Palestine, by advancing

⁵ IMF. 2017. Press Release No. 17/293 based on a mission by the IMF staff team to East Jerusalem and Ramallah during 11–20 July 2017.

⁶ ILO: *The situation of workers of the occupied Arab territories*, op cit.

⁷ ILO. (2016): *Exploring the gender pay gap in Occupied Palestinian Territory: A qualitative study of the education sector*.

⁸ Palestinian Central Bureau of Statistics, 2015. Average Daily Wage for People Aged 15 and Above by Gender.

⁹ See [GB.328/POL/9](#).

Palestinian statehood, transparent and effective institutions, and by addressing key drivers of vulnerability”, underpinned by the 2030 Agenda premise of “Leave No One Behind”.¹⁰

11. The current ILO development cooperation programme consists of a portfolio of projects, standing at approximately US\$3.7 million.¹¹ Forty six per cent of resources in the current DWP are allocated to social protection, followed by 33 per cent for employment promotion and 8 per cent for labour standards-related work and social dialogue combined. The remaining 12 per cent of the resources (equivalent to US\$440,000) will be earmarked based on the new DWP outcomes.
12. In addition to its regular budget resources and Regular Budget Supplementary Account (RBSA), the ILO has been able to mobilize additional resources during the reporting period through development cooperation agreements to further support decent work interventions in the OPT. The Government of Kuwait continued its support to the ILO’s DWP by providing its annual contribution of US\$500,000. Mobilization of resources is an ongoing effort to secure funding for the Palestinian Social Security Corporation (PSSC) from both the ILO’s internal resources and development partners. Moreover, the ILO has partnered with UN Women and developed a project – with an initial financial contribution of US\$500,000 from the Government of Italy¹² – to promote Palestinian women’s equal access to economic opportunities and decent work and protection of their labour rights.
13. The ILO has maintained the ILO representative in Jerusalem, with support from the Regional Office for the Arab States since 1995. Four regular budget staff are based in Jerusalem, while one development cooperation staff is based in Gaza to support ILO activities there.

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

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

14. In line with the national priorities, the ILO has been actively engaged in addressing the employment challenge in the OPT through a package of interventions at both the policy and downstream levels.
15. At the policy level, the ILO has recently conducted an employment diagnostics study, the findings and recommendations of which were discussed in July 2017 in a multi-stakeholder tripartite consultation workshop to agree on the next steps. The study provided a stocktaking and preliminary analysis of available programmes and employment initiatives in the OPT and identified constraints, challenges and opportunities for increasing productive employment through sustainable and inclusive job-rich growth. A tripartite technical task force will be established to build on this study and draft a national action plan on employment – with the continuous technical support of the ILO – to formulate and implement a carefully designed and concerted set of interventions that would contribute to the improvement of the labour market and employment situation of Palestinian women and men. This plan will bring on

¹⁰ [United Nations Development Assistance Framework 2018–2022](#).

¹¹ This figure includes all extra-budgetary and Regular Budget Supplementary Account resources.

¹² The ILO’s share of this contribution is US\$200,000.

board different ministries as well as social partners involved directly or indirectly in employment policy.

16. The ILO commissioned a national study on the Future of Work (FOW) in the OPT, which found that the public sector has reached its limit in terms of absorptive capacity; and the private sector remains too weak to stimulate employment. It stated that most enterprises are small and unable to grow in the access-controlled and unpredictable environment resulting from the occupation. Moreover, self-employment and entrepreneurship are often heralded as promising options, but it is unlikely that the next wave of young labour force entrants will turn en masse to entrepreneurship opportunities.
17. The Palestinian Prime Minister launched in early 2017 the Cooperative Sector Strategy for the OPT, which was developed with the ILO's support. The strategy builds on three pillars: (i) promotion of the institutional environment to enable the cooperative movement to grow and develop; (ii) the improvement of the financial and organizational performance of cooperatives; and (iii) the expansion of cooperatives into new sectors such as the environment, recycling, renewable energy to mention a few. The strategy highlights the need to invest in cooperative education and explore the potentials of technology for both youth and women.
18. At the downstream level, the ILO has continued to improve the employability of young people and facilitate their transition to the labour market through entrepreneurship and skills development. Within the framework of a public–private partnership agreement concluded in 2016 and in close consultation with the Ministry of Education and Higher Education, the ILO and the Palestine for Development Foundation have joined forces to roll out the Know About Business programme in 27 technical colleges in the West Bank and Gaza, training 120 Palestinian teachers and reaching more than 1,000 students in the academic year 2016–17. In addition, the ILO extended technical and financial support to the Palestinian Fund for Employment and Social Protection (PFESP) in developing, delivering and monitoring the ILO's Start and Improve Your Business (SIYB) programme through eight selected Training Service Providers.
19. The ILO and the Islamic University of Gaza (IUG) have continued implementing their joint initiative, which has focused during the reporting period on providing technical assistance to industrial establishments to help them develop, improve productivity, generate more jobs, increase their market share, and penetrate more international markets.

2. Promoting labour rights and improved labour market governance

20. The ILO has been able to make further advancements in the area of labour inspection and occupational safety and health (OSH) along with the ILO's tripartite partners at the Ministry of Labour (MoL), Palestine General Federation of Trade Unions (PGFTU), and the Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA). It supported the establishment of a tripartite committee on OSH for Gaza. The ILO also conducted several workshops at the end of 2016 with the aim of strengthening the capacity of the National Tripartite Committees on OSH in Ramallah and Gaza. Furthermore, it has expanded its partnerships to include the Palestinian National Center of Occupational Safety, Health and Environmental Protection (COSHEP) at the Palestine Polytechnic University, whose capacities were developed to undertake part of the ILO's training such as the Work Improvements in Small Enterprises (WISE). Moreover, the ILO supported the development of an OSH profile for Gaza, complementary to the one developed for the West Bank in 2013.
21. In addition, the ILO has supported the MoL in establishing a labour inspection database and checklist and has delivered several technical training workshops for labour inspectors on the

effective use of the new checklist and on specific topics related to risk assessments, planning and strategic management of labour inspection campaigns in the construction sector, both in the West Bank and Gaza. The ILO also provided a training workshop on labour inspection and relevant international labour standards (ILS) for the newly recruited labour inspectors at the end of 2016 to support them in enhancing workplace compliance.

22. Regarding legislative reform efforts, the ILO provided technical assistance to the National Tripartite Committee on OSH in drafting a new OSH Law in line with international labour standards. Despite the continued delays and hurdles witnessed in relation to the labour law review process, the ILO still managed to convene a number of meetings with the MoL and the PGFTU with the aim of breaking the deadlock in discussions on core issues. Further tripartite discussions are planned in September 2017 to agree on a roadmap for the labour law review process for the coming period, building on the successes of the tripartite processes leading to the adoption of the Social Security Law and the drafting of the OSH Law.
23. Furthermore, the ILO conducted a study on the working conditions of domestic workers in the West Bank and the settlements, which was presented to the tripartite constituents in early 2017, jointly with the National Committee for Women's Employment. Using both a quantitative and qualitative approach, the study highlighted the need to better protect domestic workers, particularly by reviewing and promoting an increased enforcement of the labour law and regulations.
24. Moreover, the ILO continued implementing targeted interventions to strengthen institutional capacities of its social partners. During 2017, it organized two workshops with PGFTU on the role of workers' organizations in the reform and development of labour and social security laws, and on organizing informal workers in the OPT. It has also extended technical support to the FPCCIA with the aim of strengthening their capacities to engage in evidence-based policy advocacy on labour-related legislative reforms and in effective social dialogue.

3. Supporting the development of a comprehensive social security system

25. Building on the breakthrough achievement of the adoption of the first ever Social Security Law for Palestinian private sector workers and their family members in September 2016,¹³ the ILO is currently supporting the establishment and operationalization of the new PSSC. In December 2016, the Board of Directors of the PSSC was appointed, with the Minister of Labour as its Chairman, and is in charge of foreseeing its establishment and operationalization. The PSSC is expected to provide coverage to 82,646 private sector workers in 2018, with the aim of reaching 336,440 private sector workers in the OPT by 2030.
26. To assist the entire process of the establishment and operationalization of the PSSC, the ILO signed on 3 July 2017 an Implementation Agreement with the Chairman of the Board of Directors, through a contribution from the Government of Kuwait. In addition to developing a roadmap for the establishment of the PSSC, which was approved by the tripartite stakeholders, the ILO is currently providing a range of technical services, including providing support to the design of the PSSC organigramme, the development of the terms of reference of the Board of Directors, and the selection and recruitment of key staff. The Board of Directors will be supported by the ILO through capacity building and technical backstopping to inform their decision-making process. To this end, a report on investment policy for the

¹³ See [GB.328/POL/9](#).

new social security system and an analysis on the features and main business processes of the PSSC will be produced among others.

27. As part of its efforts to promote the South–South and triangular cooperation, the ILO facilitated two Memoranda of Understanding between the Palestinian Authority and the Governments of Jordan and Oman to foster knowledge exchange in the field of social security policy-making and administration. In addition, it is planning a number of study tours and workshops during the period September–December 2017 for the board members to Jordan, Algeria, and South Africa, all of which have good practices to share on the establishment and operation of their social security institutions.
28. The ILO has also provided extensive assistance to the strategy for the implementation of a national social protection floor (SPF), endorsed by tripartite Palestinian stakeholders. The study included a mapping of all SPF schemes in the OPT, a costing study based on the ILO Rapid Assessment Protocol, an impact assessment of SPF on poverty, gender and child labour; a fiscal space study on SPF, a roadmap for the implementation of the suggested national SPF, the establishment of a task force on SPF data, and recommendations for a unified social protection database.

IV. Next steps

29. The new DWP 2018–22 will be finalized in consultation with the tripartite constituents, while its signature and launching are foreseen during the last quarter of 2017.
30. In light of the persistently critical situation for workers and their families in Gaza and the West Bank, the Governing Body is invited to support the ILO in further promoting the Decent Work Agenda and social justice for the Palestinian people.
31. The Governing Body is invited to take note of the progress made and the challenges faced in the implementation of the current DWP, particularly with regards to social dialogue. The Palestinian Authority has adhered to tripartism in the adoption of the National Policy Agenda, the implementation of the Sustainable Development Goals (SDGs), and the adoption of the first social security law for private sector workers. However, concerns remain over social dialogue as was raised by some of the social partners during the mission sent by the Director-General. The new DWP seeks to reinforce social dialogue and tripartism both as ends in their own right and as means to promote employment creation among all Palestinian women and men, social security and social protection, and international labour standards
32. The Governing Body is also invited to take note of the need for resource mobilization to support the full implementation of the new DWP and realization of its objectives, including with regard to the operationalization of the newly established PSSC, an important milestone in the quest for state building.