



FOR DEBATE AND GUIDANCE

SEVENTH ITEM ON THE AGENDA

Enhanced programme of technical cooperation for the occupied Arab territories

Background

1. This paper reports on the progress made and plans for follow-up to the programme of technical cooperation for the occupied Arab territories. It covers work progress from the last update in November 2006 which has been made by the ILO in collaboration with the Palestinian Ministry of Labour (MoL), the Palestinian General Federation of Trade Unions (PGFTU) and the Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA).
2. It is written against a backdrop of sharp and spiralling socio-economic crisis in the occupied Palestinian territory. The assessment of the ILO Director-General's annual high-level mission (April 2007) confirmed a dramatic worsening of the workers' plight: seven out of ten households, comprising some 2.4 million people, are living below the poverty line and according to more recent data, this figure has risen to 88 per cent in Gaza. The unemployment rate is 24.2 per cent (35 per cent in Gaza and 19 per cent in the West Bank); 67 per cent of the unemployed are young people with important gender disparities; also among men aged 15 and above half are employed, whereas for women just one in seven is employed, and women's participation in the formal labour market is amongst the lowest in the world at 15.2 per cent.¹
3. The Director-General's Report ascribes the continuing crisis to several factors: the decline in both public/private investment and the economy's productive capacity which is endangering the prospects for long-term growth; the intensification of multiple restrictions on the mobility of persons, goods and services; and the compounded effects of the near total breakdown of public institutions that severely undermines national capacity, decision-making and internal reforms.

Progress in programme implementation

4. Given this context, the implementation of the ILO programme of technical cooperation has been faced with many challenges common to the UN system operating in the occupied Palestinian territory, as a result of the complex political and security situation as well as

¹ Report of the Director-General, Appendix, 96th Session, International Labour Conference, 2007.

the financial isolation of the Palestinian National Authority from the international community. Some highlights of activities include:

- *Establishment of Sheikha Fatima Bent Mubarak Vocational Training Centre for the Disabled in Hebron.* With additional resources received from the donor, the construction of the Centre has been completed. The Islamic Development Bank is committed to contributing an amount of US\$550,000 to equip the Centre and implement initial training programmes.
- *The joint UN project proposal for gender equality and women's empowerment,* aimed at enhancing women's participation in economic development, was positively assessed by the MDG/Spanish Trust Fund. The amount earmarked by the proposal reached US\$11 million, of which US\$2.2 million will be used by the ILO for direct implementation.
- An ILO regional project on *Gender equality and workers' rights in the informal economies of the Arab States* including the occupied Palestinian territory was launched with three inter-linked components: research, training and policy advocacy. Background regional papers and national case studies on statistics and social protection will facilitate substantive interregional exchange, capacity building of experts and enhanced support to policy-making.

Revitalizing technical cooperation

5. A multidisciplinary mission, led by the Regional Director of the ILO Regional Office for Arab States with support from headquarters and the participation of UNDP and UNCTAD, was carried out in August 2007. Its mandate was to address emerging priority needs and to tackle the reactivation of the Palestinian Fund for Employment and Social Protection (PFESP) in order to strengthen its capacity to provide technical advice, under tripartite guidance, on private sector enterprise development and employment policy issues. Through extensive discussions with a number of governmental and non-governmental stakeholders, the UN system, civil society representatives and members of the donor community in addition to the social partners, the elements of a new strategic national programme for ILO support to the Palestinian people have been identified.
6. The new strategy underscores the centrality of employment and confirms the critical importance of job creation building heavily on the current Palestinian Authority Medium Term Development Plan (2005–07) and the proposed Palestinian National Policy Agenda (2008–10). It also incorporates related aspects of support based on the mission's findings including in the areas of gender mainstreaming, enterprise development, cooperative development, vocational training and education, and social and civil dialogue. Its implementation should be guided by the principles of coherence, coordination and partnerships, with agility in design that emphasizes short-term interventions in response to the humanitarian and economic crisis while consolidating them towards longer-term national developmental goals. A crucial capacity building and training set of interventions has been built into each component.

Labour market governance and the Palestinian Fund for Employment and Social Protection (PFESP)

7. Under the overall objective of strengthening labour market institutions for enhanced support to employment generation, a two-pronged approach has been articulated to strengthen the capacity of the MoL and employment services while operationalizing the

PFESP. Interventions will include upgrading the labour market information system, developing the technical capacities of central MoL units, e.g. the employment department, and initiating a reform of employment offices towards the establishment of a national employment agency. In the long term, the PFESP should evolve as an employment agency that operates functional employment services and other job intermediation support programmes in parallel to a more strategic labour market advisory role.

8. More immediately, it will have a dual function: direct employment and income support, and employment policy coordination and promotion support. The first function will entail the management of several windows of assistance:
 - support to various categories of unemployed (e.g. former workers in Israel, youth, self-employed);
 - legal aid for workers with claims in Israel;
 - employment guarantee schemes comprising wage subsidy and training support as part of temporary emergency measures; and
 - an SME and self-employed support unit.
9. In serving as the central national coordination unit for employment promotion, the Fund should provide policy guidance to the relevant national authorities and develop guidelines for mainstreaming employment intensive methodologies in all public, private and donor-supported projects/programmes to maximize their job-creation potential. The Fund, with the complement of staff required for effective management, should spearhead the revitalization of the Working Group on Job Creation and support efforts such as updating the current national Job Creation Strategy.

Sectoral support to economic growth and poverty alleviation

10. The Palestinian National Agenda identifies several objectives that underpin the goals of sustainable employment, poverty reduction and equitable resource distribution. Key among these is an enhanced role for the severely constrained and shrinking private sector. The proposed ILO response outlines a comprehensive strategy that will launch a productivity improvement programme to upgrade the competitiveness and sustainability of micro, small and medium enterprises (MSMEs); build the institutional capacities of private sector representatives and service providers; and promote an efficient, transparent and participatory regulatory environment. Within this concerted effort, complementary support is required towards the target of a Palestinian export-oriented economy, integrated in global supply chains with high value added products and links to diverse markets. The cooperative sector will be considered in this light – with assistance to cooperative legislation and policies as well as technical assistance for the evaluation of viability of cooperative unions and the feasibility of elaboration of small cooperative projects targeting women and youth. More general support for the development of skills and employability is envisaged, primarily through an impact assessment of the Palestinian vocational education and training system and the elaboration of sectoral pilot programmes for more and better jobs, e.g. in the construction, information technology (IT) sectors.

Mainstreaming gender and capacity building

11. All of the above interventions will have a gender perspective and capacity development support integrated at both the design and implementation levels. Examples include

institutional support to the women workers units at the MoL and the PGFTU, while working with the young women business leaders within the chambers of commerce, industry and agriculture through promotion of women entrepreneurship development. Similarly, a combination of national, regional and interregional training opportunities will be extended to Palestinian constituents, e.g. support to FPCCIA in networking, workplace practices and performance management; improved referral services of public employment offices for MoL staff; and enhanced local development project design and implementation capacity for the PGFTU.

The occupied Syrian Golan

12. The 2007 Report of the Director-General “The situation of workers of the occupied Arab territories” acknowledged requests from constituents of the Syrian Arab Republic for technical assistance for Syrian citizens in the occupied Syrian Golan in such areas as cooperative and enterprise development, employment and vocational training. The Regional Director’s mission therefore explored possible support in these areas and has recommended activities in the areas of cooperative development and the economic empowerment of women. An assessment of the Syrian Arab cooperatives skills needs, e.g. management and marketing techniques, training requirements and the possible formation of a cooperative federation, is envisaged.
13. The current role of Syrian Arab women citizens in the Golan apple cooperatives is to be further explored with suggestions for strengthening their roles as managers, members and workers in these cooperatives to create more employment and representation opportunities for them.

Future follow-up

14. Developing a full-fledged programme (2008–09) based on these elements will require a significant allocation of resources, both human and financial. Social protection and social dialogue will be integrated into this analysis through further discussions with the social partners and technical advice to be extended through subsequent missions. An intensified resource mobilization effort will be required in light of the renewed vision for this programme and the targeted projects that are being designed to promote employment and to enhance and unleash the capacities of the social partners. Partnerships with the UN system will constitute an integral component of the new programme as illustrated by several collaborative initiatives already under way. The strengthening of the ILO Office in Jerusalem remains a crucial priority, including the appointment of a new representative to ensure that the enhanced ILO programme is fully operational, with the requisite support in place, in the first quarter of 2008.
15. The Governing Body is invited to take note of these developments regarding the emerging priorities of the occupied Arab territories and the proposed ILO response through this enhanced programme of technical cooperation, and to provide guidance on further steps for its implementation.

Geneva, 4 October 2007.

Submitted for debate and guidance.