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**FOR DEBATE AND GUIDANCE**

## SEVENTH ITEM ON THE AGENDA

**Enhanced programme of technical cooperation for the occupied Arab territories****I. Background**

1. This paper reports on progress made and plans for follow-up to the programme of technical cooperation in the occupied Arab territories. It covers the ILO programme of work from the last update in November 2007, which was implemented in collaboration with the Ministry of Labour of the Palestinian Authority, the Palestinian General Federation of Trade Unions (PGFTU) and the Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA).
2. Work was undertaken in an environment characterized by severe socio-economic difficulties, and a deterioration in the employment and labour situation. With the near total closure of the Gaza Strip following the break-up of the national unity Government and the continuing impediments to the movement of persons and goods in the West Bank and in East Jerusalem, social, economic and political life is highly fragmented.
3. The unemployment rate in the West Bank decreased from 19 per cent in the first quarter of 2008 to 16.3 per cent in the second quarter of 2008, while unemployment in Gaza increased sharply during the same period from 29.8 per cent to 45.5 per cent. The labour force participation rates remain low at 41.6 per cent in the second quarter of 2008.<sup>1</sup> There is persistent high unemployment among the skilled younger generation, particularly women. Unemployment in the age group 20–24 reached 40.7 per cent (27.9 per cent in the West Bank and 62.1 per cent in the Gaza Strip). Enterprises are either closing or operating at well below their capacity. Closures, the separation barrier and the subsequent process of “cantonization” make it difficult and often impossible to sustain gainful economic activity. Recent estimates indicate that more than 90 per cent of Gaza’s industrial operations are now inactive. New investments are deferred despite recent efforts by the Palestinian Authority and employers’ organizations to support private sector initiatives, including through the Palestinian Investment Conference held in Bethlehem in May 2008 and the planning of a national economic dialogue conference.

<sup>1</sup> Palestinian Central Bureau of Statistics (PCBS) Labour Force Survey Q1 2008. These figures do not take into account underemployed workers who have turned to unpaid family labour or seasonal agriculture. The figures also do not include the many discouraged workers who have left the labour force.

4. As the Palestinian economy declines it is steadily becoming more aid dependent with external recurrent budget support projected to be at 32 per cent of GDP. About half of the Palestinian population is dependent on international food assistance, a situation which has become even more critical with the rise in food prices. The consumer price index for food has increased by 28 per cent in Gaza and 21.4 per cent in the West Bank from June 2007 to June 2008.<sup>2</sup> There is also a systemic disregard of the fundamental rights of Arab workers to equality of opportunity and treatment in employment and occupation, as well as their right to organize and to bargain collectively, which continue to be severely limited by restrictions on movement.

## II. Progress in programme implementation

5. The multidisciplinary mission led by the Regional Director for the Arab States to the occupied Arab territories (August 2007), followed by a series of technical advisory missions resulted in the formulation of an employment and labour market strategy. It outlined a framework for cohesive and integrated interventions focusing on capacity development initiatives and support to socio-economic recovery. In early 2008, this strategy note was translated into a programme of technical cooperation – the Palestinian employment programme – which was endorsed by the Palestinian Authority and recognized in the implementation of the Palestinian recovery and development plan. The Minister of Labour and Planning formally approved the programme after consultations with the social partners. The employment programme targets three principal objectives:
  - (i) strengthening labour market governance and rights;
  - (ii) improving employability through skills and local economic development; and
  - (iii) strengthening entrepreneurship and productivity for private sector growth.
6. The programme responds to the need to create employment opportunities in the short term within a very uncertain and volatile environment, which would set the stage for broader interventions in the longer term.
7. During the period under review, funding was secured from Saudi Arabia, Kuwait, Turkey and the ILO, to launch interventions that respond to identified needs in institutional capacity building; improved provision of employment policy and advisory services; emergency employment services; improved labour market information; cooperative development; and technical support for the establishment of a national policy framework for skills and employability development. These initiatives were launched in partnership with the Ministry of Labour and other relevant institutions of the Palestinian Authority, the social partners, the United Nations Development Programme (UNDP) (with whom a country-level collaborative partnership is being finalized) and other development partners.
8. ILO Office capacity was strengthened with the appointment of a new representative in May 2008 and an enhanced project team is now deployed.

<sup>2</sup> WFP/FAO/UNRWA rapid food security survey conducted in March–

April 2008 as reported in the WFP report, *Food Security and Market Monitoring Report*, July 2008.

## **Strengthening labour market governance and rights**

9. The ILO strategy under this objective ensures that the Ministry of Labour, including its regional employment offices, makes better use of existing human resources and offers improved services to individual jobseekers, private sector employers and vocational training providers. Capacity development initiatives will be undertaken with the Ministry to develop a proactive approach which will enable the Employment Department to respond to changes in the labour market and offer counselling on skills development and employment-related support services for young people and women and on training and employability for people with special needs.
10. Work has begun to establish the Employment Support Unit at the Ministry and the revitalization of employment councils with a project team in place, composed of national and international experts. The unit, which represents the core element of the Palestinian Employment Fund, will ensure stronger coordination and management of employment creation schemes, improved availability of labour market information and job intermediation services and improved service delivery of the Ministry of Labour through policy advisory support.
11. In August 2008, the ILO organized a training course targeting staff of public employment offices and the employment directorate of the Ministry to: (a) build up the capability of the employment directorate to better design, implement and monitor active labour market measures; (b) strengthen the capacity of the employment offices in job broking, vocational and career guidance and job referral services; (c) expose participants to the latest developments and best practices; (d) provide linkages with local assistance and development programmes for job creation. This training was complemented by the development of a reference guide on all existing employment programmes and services in the West Bank. It will provide jobseekers and staff of the employment offices the right information to expand knowledge about existing services and strengthen the Ministry's referral and job counselling capacity.

## **Improving employability through skills and local economic development**

12. The reform of the technical vocational education and training system remains a priority. The ILO is currently providing technical support to the Ministry of Labour, the social partners, and other relevant ministries and national stakeholders to design a national framework for skills and employability development, through an in-depth stocktaking, as well as providing an initial analysis of the current systems and providers. A participatory consultative process will be followed to ensure national ownership of the recommendations and the next steps.
13. In addition, the ILO secured additional funding to the tune of US\$550,000 from the Islamic Development Bank to equip and provide initial training to the staff of the Sheikha Fatima Bent Mubarak Vocational Training Centre for the disabled in Hebron.

## **Strengthening entrepreneurship and productivity for private sector growth**

14. Contributing to promoting private sector growth and a strong public sector that will support an enabling environment for more and better employment opportunities is at the core of this component. In view of the difficulties facing the growth of the private sector and taking into account the growing number of Palestinians working in the informal

economy, the ILO is supporting the promotion of self-organization at the local level through cooperative development. A comprehensive assessment of the Palestinian cooperative sector was conducted with a view to provide policy recommendations for decision-makers, experts and practitioners. Its preliminary findings, highlighting possible interventions for the modernization and reform of multi-sectoral cooperatives, including policy and legal issues, were presented during a national capacity-building workshop for the sector held in August 2008. The draft of the unified cooperative law will be finalized with ILO support.

15. In view of the considerable economic and movement restrictions faced by Palestinian businesses and workers and the relatively high enrolment rates in educational and training institutions, measures to stimulate self-employment are given priority attention. The ILO is working with the UNDP to introduce its Know About Business methodology and training package in vocational and technical training institutions across the occupied Palestinian territory. This training is intended to create awareness of enterprise and self-employment as a career option for trainees, develop positive attitudes towards enterprise and self-employment, provide knowledge and practice of the required attributes and challenges for starting and operating a successful enterprise, and prepare trainees to work productively in small and medium enterprises. This initiative will at a later stage be supported by institutional capacity building for the provision of business development services, including the facilitation of access to credit.

### **III. Tripartism and social dialogue**

16. To support initiatives undertaken and planned under the Palestinian employment programme and encourage tripartism and social dialogue at the national level, the ILO is currently providing technical assistance to the Ministry of Labour and the social partners to establish a national tripartite committee, benefiting from models and lessons learnt in other countries of the region and globally. The committee will have an institutional role in promoting dialogue and in ensuring effective and transparent governance of the labour market. The commitment of the Minister of Labour and Planning to include the social partners in consultation on the Palestinian reconstruction and development plan is a welcome initiative. Assistance in strengthening the governance architecture is complemented by specific capacity development initiatives for social partners which will be implemented through direct assistance to workers' and employers' organizations and through bipartite initiatives. The ILO will also support the establishment and functioning of a legal clinic at the PGFTU that will provide legal advice and services to Palestinian workers employed in Israel. This initiative should be part of a reinforced coordination between the PGFTU and the Histadrut.

### **IV. Gender mainstreaming**

17. In preparation for the implementation of the UN joint programme on gender equality and empowerment in the occupied Palestinian territory approved by the UNDP/Spain MDG Fund, the findings of assessments undertaken on women in the informal economy and on business women in private sector institutions were disseminated at a meeting in October 2008. The ILO also implemented in March 2008 a training of trainers on its "GET Ahead for Women in Enterprises" package that brought together representatives of business women associations, training centres and other local development partners. Participants were trained on entrepreneurship development for rural women including value chain analysis as an economic literacy tool and business group formation.

## V. Follow-up

18. A series of assessments is currently under way, the results of which will feed into the development of a pipeline of projects to support a broader programme of cooperation. This should include a set of interventions in the Gaza Strip, where the ILO is currently developing pilot initiatives to mitigate some of the socio-economic consequences of the economic siege imposed on Gaza, which has led to a drastic increase in poverty and has significantly eroded the capacity of local authorities to provide basic social services. Through the establishment of partnerships with the UN system, the donor community and relevant national stakeholders, and based on the results and recommendations of ongoing work in the occupied Palestinian territory, financial resources will be raised to ensure a timely and effective implementation of projects and programmes.
19. 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, 15 October 2008.

*Submitted for debate and guidance.*