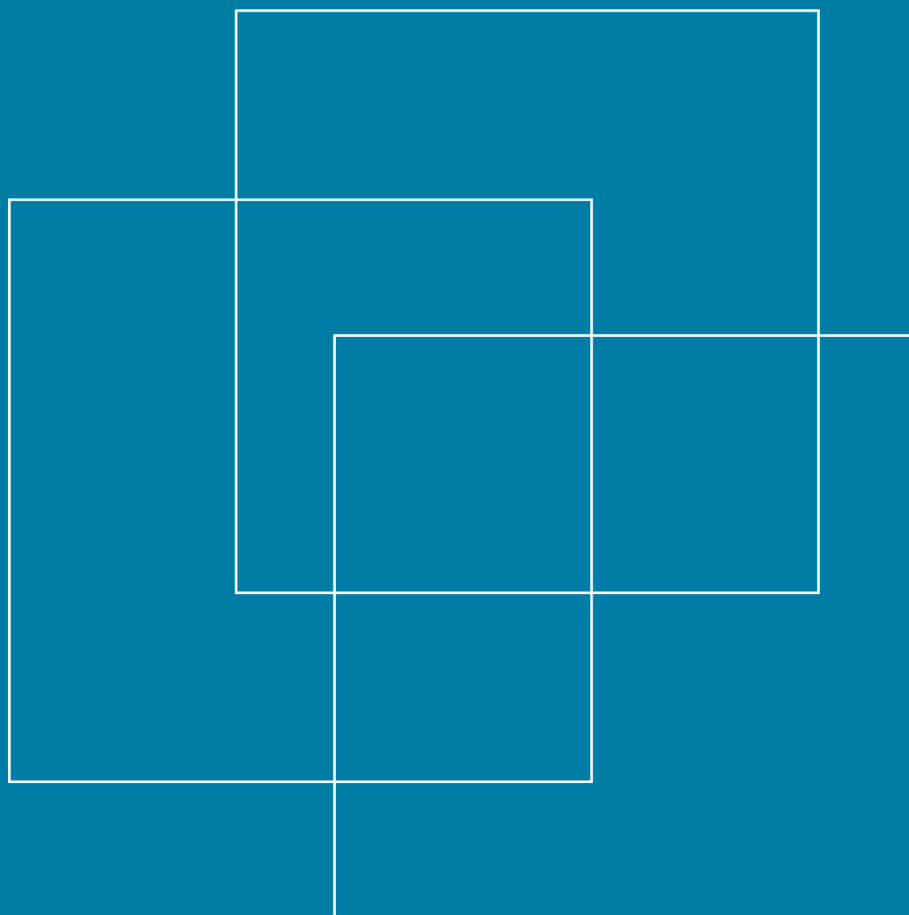




International  
Labour  
Office  
Geneva

REPORT OF THE DIRECTOR-GENERAL  
APPENDIX

# The situation of workers of the occupied Arab territories



INTERNATIONAL LABOUR CONFERENCE  
107th SESSION, 2018

**International Labour Conference, 107th Session, 2018**

**Report of the Director-General**

**Appendix**

# **The situation of workers of the occupied Arab territories**

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## Preface

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In accordance with the mandate given by the International Labour Conference, I again sent this year a mission to prepare a report on the situation of workers of the occupied Arab territories. The mission visited the West Bank, including East Jerusalem, Gaza, Israel, and the occupied Syrian Golan. In addition, the mission leader met in Cairo with representatives of the League of Arab States and the Arab Labour Organization and in Damascus with constituents of the Syrian Arab Republic.

In the occupied Arab territories and Israel, the mission had in-depth discussions with representatives of the Palestinian Authority, the Government of Israel, employers' and workers' organizations, Syrian citizens in the occupied Syrian Golan, and representatives of the United Nations and other international and non-governmental organizations, as well as focus groups of Palestinian workers. They all provided information which has guided the preparation of this Report.

I am grateful for the cooperation extended to the mission by all its interlocutors, which once again reaffirmed the broad support for the values of the International Labour Organization. As always, the mission conducted its work with the aim of producing a comprehensive, accurate and impartial assessment of the current situation of workers of the occupied Arab territories.

Twenty-five years after the first Oslo Accord, there is a loss of hope and a feeling of disorientation in the occupied territories. Those who believe in the spirit of Oslo and are holding on to hope are becoming fewer by the day. Those who look beyond Oslo and are searching for other solutions are gaining force. Yet, no acceptable and viable alternative has emerged to take the place of the two-state solution, which is in line with relevant United Nations resolutions. Unilateral approaches are not going to find acceptance with the parties concerned, and no peace can be concluded without the cooperation of the Palestinians.

The absence of a political and diplomatic process on the basis of the Oslo Accords cements the occupation and impedes Palestinian development. At no point in time since 1994 has Israel exercised such a level of control over the occupied Arab territories as it does today. Most of the land, Area C, remains effectively off limits for Palestinians; settlement building is continuing and intensifying; East Jerusalem is being encroached and is cut off from the rest of the West Bank; the occupied Syrian Golan is being absorbed; and Gaza is blocked to an extent that tests the limits of endurance. At this moment, no encouraging political signs can be observed, either from the parties or at the international level.

Unsurprisingly, the Palestinian labour market has deteriorated still further, to lows which should be of deep concern to all involved. Unemployment in the Occupied Palestinian Territory has reached the highest level in the world. Job creation is at best anaemic. For an increasing number of workers, employment in Israel is the preferred and most profitable alternative. A wider opening of the Israeli labour market to Palestinians seeking employment is a needed and welcome relief from which the Palestinian worker and the Israeli employer stand to benefit. Yet, accessing this labour market continues to be beset with hardship and abuse. Many Palestinians pay exorbitant fees to unscrupulous

brokers in order to gain a permit. The system of recruitment and placement of Palestinian workers in the Israeli labour market needs improved governance and urgent reform.

Women continue to be severely disadvantaged in the Palestinian labour market. Despite their higher educational levels, few women enter the market and half of those who do, remain unemployed. Labour market outcomes for women are among the worst in the region. The occupation compounds the many other obstacles faced by women in accessing decent employment. There is an urgent need to eliminate gender discrimination and promote the economic empowerment of Palestinian women.

Gaza continues to live through a humanitarian and human-made crisis. Its economy is depleted, the labour market crippled. Solutions continue to be at hand, but they depend on two factors which remain elusive. An end to the blockade and the implementation of the long sought-after Palestinian reconciliation would rapidly free up the economic potential of the enclave and reinvigorate its labour market.

The cost of inaction is high. Youth face a particularly dire situation. They constitute one third of the Palestinian population and have been shaped by the conflict. Many feel disempowered and disenfranchised. Youth unemployment among Palestinians is fast approaching the 50 per cent mark. When will it reach the breaking point? It is plain to see that the absence of opportunity for young people drives them to desperation and radicalization. Inflammatory rhetoric and provocations have been increasing on all sides. Even peaceful protest actions arising out of frustration risk escalating into violence and provoking retaliation.

While confrontation is on the rise overall, in the labour field there are encouraging signs of cooperation between the Israelis and Palestinians with regard to work in Israel by Palestinians from the West Bank. Indeed, the factual interdependence of labour markets calls for effective coordination and cooperation. This April, I had the opportunity to visit Israel and the Occupied Palestinian Territory. I listened to the fears and frustrations on both sides. But I also sensed that the aspiration to engage in dialogue and build trust for mutual benefit has not been entirely stifled. As so often unions, conscious of the need for fair and equal treatment of all workers, have led the way through collective bargaining agreements with employers, who also recognize the need and advantages for Palestinian labour. They have opened the way for governments and their labour administrations to follow more consistently in their path.

This still fragile process is not the solution to the problems of occupation, which needs to be ended by negotiations and a two-state settlement. But it can provide much-needed relief to workers and improve extremely harsh economic and social realities. Additionally, because in any future political constellation, the Israeli and Palestinian labour markets will be highly interdependent, pragmatic and practical cooperation in the labour field can have a role which is comparable to the still existing security and financial cooperation between Israel and the Palestinian Authority.

Moreover, there is an inescapable logic recognized on both sides that the improvement of labour and social conditions in the occupied territories in and of itself can be a major, concrete contribution to the security of all.

Only dialogue and a joint search for solutions will effectively bring about decent work to the occupied Arab territories. The ILO and the international community as a whole have to remain fully engaged in this effort and faithful to their commitments.

May 2018

Guy Ryder  
Director-General

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# Introduction

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1. In accordance with the resolution concerning the implications of Israeli settlements in Palestine and other occupied Arab territories in connection with the situation of Arab workers, adopted by the International Labour Conference at its 66th Session (1980), the Director-General again this year sent a mission to Israel and the occupied Arab territories in order to make as full an assessment as possible of the situation of workers of the occupied Arab territories. As in previous years, the mission sought to gather and assess information on the situation of the workers of the Occupied Palestinian Territory (the West Bank, including East Jerusalem, and Gaza) and the occupied Syrian Golan.<sup>1</sup>
2. The Director-General's representatives were guided by the principles and objectives laid down in the Constitution of the International Labour Organisation, including the Declaration of Philadelphia, as well as the ILO Declaration on Fundamental Principles and Rights at Work and the ILO Declaration on Social Justice for a Fair Globalization. The representatives were also guided by the resolutions adopted by the International Labour Conference, as well as the principles laid down in relevant international labour standards and those enunciated by the supervisory bodies of the ILO.
3. In examining all the issues involved, both during the mission and in the preparation of this report, the Director-General's representatives bore in mind, as they have always done, the relevant standards of international humanitarian and human rights law, in particular, the Hague Convention of 1907 (respecting the laws and customs of war on land) and the Fourth Geneva Convention of 1949 (relative to the protection of civilian persons in time of war). The mission was guided by the relevant resolutions of the United Nations General Assembly and the Security Council, including Security Council resolutions 242 (1967), 338 (1973), 497 (1981), 1397 (2002), 1515 (2003), 1850 (2008), 1860 (2009) and 2334 (2016). It was also mindful of the Advisory Opinion of 9 July 2004 of the International Court of Justice (ICJ, 2004).
4. The Director-General entrusted Frank Hagemann, Deputy Regional Director of the ILO Regional Office for the Arab States and Director of the Decent Work Technical Support Team for the Arab States, to lead the mission. The mission team included Steven Kapsos, Head of the Data Production and Analysis Unit in the Department of Statistics; Katerine Landuyt, Legal Standards Specialist in the International Labour Standards Department; and Konstantinos Papadakis, Senior Social Dialogue and Governance

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<sup>1</sup> As has been pointed out in previous reports, the position of the Israeli Government regarding the Golan was stated in the following terms: "The ILO mission is meant to collect material for the Director-General's Report on the occupied Arab territories. It is the position of the Government of Israel that the Golan, to which Israeli law, jurisdiction and administration have been applied, is not now such an area. In view of this consideration, approval for a visit of the ILO mission to the Golan was given as a gesture of goodwill and without prejudice. The decision to facilitate such an informal visit shall not serve as a precedent and does not contravene the Israeli Government's position." It is recalled that the Golan was unilaterally annexed by Israel in 1981 and that Security Council resolution 497 (1981) calls on Israel to rescind its decision to annex the Golan, which has never been recognized by the United Nations.

Specialist in the Governance and Tripartism Department. Mounir Kleibo, ILO Representative in Jerusalem, and Rasha El Shurafa, Programme Officer in the Office of the ILO Representative in Jerusalem, undertook the preparations for the mission, in which they also participated. Tariq Haq, Senior Employment Policy Specialist in the Decent Work Technical Support Team for the Arab States, acted as technical adviser.

5. The mission visited Israel and the occupied Arab territories from 4 to 15 March 2018. In the course of the mission, the Director-General's representatives held numerous discussions with Israeli and Palestinian interlocutors, as well as those from the occupied Syrian Golan. They met with representatives of various ministries and institutions of the Palestinian Authority and the Government of Israel, Palestinian and Israeli workers' and employers' organizations, non-governmental organizations (NGOs), research institutions and community leaders. The mission also consulted representatives of United Nations agencies and programmes and other international organizations. In addition, focus group discussions with Palestinian workers were convened.

6. The mission leader also held consultations with the Arab Labour Organization and the League of Arab States in Cairo on 19 February 2018 and with representatives of the Government and workers' and employers' organizations of the Syrian Arab Republic in Damascus on 20 February 2018.

7. Once again, the Director-General is pleased to recognize that his representatives enjoyed the full cooperation of all parties, both Arab and Israeli, in obtaining the information on which this report is based. The written submissions received by the mission are acknowledged with thanks.

8. This report takes full account of written and oral information obtained on the ground by the mission, and also data, studies and reports available in the public domain. Information obtained in the interviews with various interlocutors was examined in a thorough manner and checked as far as possible with other available information. In examining the situation of Palestinian and other Arab workers, the members of the mission conducted their work with impartiality and objectivity.



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## 1. At a turning point

9. In mid-March 2018, at the time the mission visited Gaza, the Government of the United States was hosting a conference in Washington, DC to discuss solutions to the worsening humanitarian situation in the enclave. Representatives of Israel and Egypt attended, as did those from a number of Arab and Western donor countries. There was one notable absence: the Palestinian Authority had declined the invitation. It had earlier declared a freeze on all bilateral contacts with officials of the United States. At the time the delegates were preparing to come together in the US capital, an explosive device targeted Palestinian Prime Minister Rami Hamdallah in an assassination attempt in Gaza. It failed. While there was no connection between the two events, both reminded the mission yet again that the Oslo-driven peace process had become paralysed and that intra-Palestinian reconciliation remained beset with fragility.

10. The overall political context matters to Palestinian workers and affects them deeply. Developments on the ground remain closely linked to the broader context. The occupation, uncertainties surrounding the peace process, the intra-Palestinian divide and the rise of unilateral diplomatic action all condition Palestinian labour market outcomes.

11. The peace process has now been stalled for years. There have been no comprehensive negotiations between the two parties since 2014. Palestinian–Israeli relations reached a new low point in December 2017 after the President of the United States recognized Jerusalem as the capital of Israel and signalled the start of preparations to move the US embassy from Tel Aviv to Jerusalem. In Israel the announcement was largely celebrated, while there were strong condemnations on the Palestinian side. On 21 December, the United Nations General Assembly expressed “deep regret” over the decision (UN, 2017a). The President of the Palestinian Authority, Mahmoud Abbas, stated that through this decision, the United States had withdrawn from its role as mediator in the peace process. Tension and violence on the ground followed.

12. Meanwhile, the latest stage of reconciliation attempts between Fatah and Hamas, which was brokered by Egypt in Cairo in mid-October 2017 and was meant to bring Gaza under the control of the Palestinian Authority, has produced few tangible results. Responsibility for the Gaza crossings was handed over to the Palestinian Authority as scheduled in November 2017, but the crucial issue of integrating Gaza’s two parallel civil services remains largely unaddressed. There have been no concrete measures to advance the process. Mutual accusations and inflammatory rhetoric following the assassination attempt in Gaza on the Prime Minister further darkened the prospects for enacting the Cairo agreement.

### Entrenched occupation

13. Fifty years after the end of the Six-Day War, the occupation continues to dominate all aspects of life of the Palestinians in the West Bank, including East Jerusalem, and in Gaza. If anything, the occupation has become further entrenched. Restrictions on the movement of people and goods as well as on access to natural resources continue to stifle economic activities and the labour market. There have been further demolitions and forced displacements. Territorial fragmentation is compounded by the inability of the Palestinian Authority to make use of Area C.<sup>2</sup> The majority of land remains off limits to Palestinian

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<sup>2</sup> The West Bank is divided into three areas under different jurisdictions, Areas A, B and C, defined by the Oslo II Accord. Area A includes urban centres and comprises 18 per cent of the West Bank; it is under Palestinian civil and security control. Area B covers small towns and near-urban areas; it is under Israeli security control and

development. In addition, East Jerusalem is isolated from its natural hinterland and cut off by the Separation Barrier.<sup>3</sup>

14. The World Bank estimated that if restrictions on access to Area C were removed, the West Bank economy could grow by an additional third within eight years (World Bank, 2017a). Instead, settlement activity in the West Bank continues unabated, in violation of United Nations Security Council resolution 2334. More housing units were advanced and approved in 2017 than in the previous year. Both in Area C and East Jerusalem, the number of new units doubled compared to the year before. There are now almost 400,000 settlers living in settlements and outposts in Area C, outnumbering the Palestinians in that area. East Jerusalem includes an additional 210,000 settlers. Moreover, renewed legislative and administrative initiatives in Israel have the consequence of altering Israeli policy towards the West Bank and the use of Palestinian land. For instance, a recent amendment to the Basic Law: Jerusalem, Capital of Israel<sup>4</sup> risks making it considerably more difficult for any Israeli government to eventually return to a future Palestinian state territory which currently is within the boundaries of Jerusalem as defined by Israel.

## No respite in the labour market

15. Economic growth has been faltering over the past year. It slowed to 3.1 per cent in 2017, too little to keep pace with demographic developments and not enough to counter the continuing decline in living standards. Growth forecasts for 2018 are even weaker (World Bank, 2018a). At a projected 2.5 per cent, it would result in a further decline in per capita income.

16. Developments in the labour market mirror the dismal economic situation and the constraints imposed by the occupation. Overall unemployment increased further to 27.4 per cent. This is now the highest in the world. Youth and women are particularly affected. Female unemployment is now approaching the 50 per cent mark. In Gaza, the data tell an even more dramatic story: almost every second worker is unemployed and almost two thirds of all women workers are jobless.

17. In view of the severe lack of labour market opportunities, it is not surprising that a growing number of Palestinians, particularly the young, are disengaging from the labour market. Labour force participation rates are among the lowest in the world. Less than half of all Palestinians of legal working age are employed or seeking work. Female labour force participation remains at very low levels, even compared to other countries in the region. The increasing share of young people neither in education nor employment is worrying. Most of them, especially women, have no work experience except in the immediate household.

18. Without a major transformation, enabled by a relaxation of external and internal constraints, the economy will not be able to create enough jobs. Public sector employment has long reached its limits. The private sector remains weak and stifled by Israeli

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Palestinian civil control. Area C accounts for 61 per cent of the West Bank and is under Israeli security and civil control.

<sup>3</sup> The Separation Barrier, of which 85 per cent runs inside the West Bank, is approximately 64 per cent complete. Upon completion, the Separation Barrier will be 710km in length. The Advisory Opinion of the International Court of Justice on the Barrier delivered on 9 July 2004 called for an immediate cessation and reversal of construction activity and for reparations for all damage that had been caused by it. This was endorsed by the subsequent UN General Assembly resolution A/RES/ES-10/15 of 20 July 2004.

<sup>4</sup> Basic Law: Jerusalem, Capital of Israel (Amendment No. 2) Bill (Provisions Respecting the Area within the Borders of Jerusalem and the Necessary Majority for Changes – P 4346/20).

restrictions in the West Bank and the blockade in Gaza. Over the past decades there has been a process of rapid de-industrialization and de-agriculturization. The remaining and now dominant construction and service sectors are consumption-driven and hampered by rent-seeking. They remain, as such, under-performing and cannot be relied on as an engine of future sustainable job growth.

19. How are livelihoods kept afloat in view of the grim employment situation? There are three main buffers: international aid transfers, remittances from the Palestinian diaspora, and jobs in Israel and the settlements.

20. International aid to the Palestinian Authority has steadily declined in recent years, dropping by more than 40 per cent since 2014 (World Bank, 2018a). Internationally funded project-based employment and cash-for-work schemes can hardly be relied upon any more as a safety net. At the end of the year, only half of the 2017 Humanitarian Response Plan, covering both the West Bank and Gaza, was funded. More specifically, the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) may have to cope with a shortfall in US funding of some US\$300 million. This would be a significant reduction, and there is a risk that Gaza would be hit hardest, both directly in terms of reduced assistance, and indirectly, taking into account the effects on the labour market. After the public sector, UNRWA is the second biggest employer in the enclave.

21. Remittances from the Palestinian diaspora abroad amounted to US\$2.2 billion in 2012, equivalent to 17 per cent of gross domestic product (GDP) of the Palestinian Authority. The Occupied Palestinian Territory ranks among the 20 most remittance-dependent countries in the world (World Bank, 2017b).

22. Palestinian employment in Israel increased again in 2017, by more than 11 per cent within one year, boosted by additional permits issued by the Israeli authorities. About 131,000 workers now work in Israel and the settlements, (PCBS, 2017) contributing to the livelihood of some 650,000 people in the West Bank. Most work in construction and cross over to Israel daily.

23. Regrettably, for most Palestinians who have a job in Israel, their work remains associated with high costs, vulnerabilities and hardship. Around half of all workers with permits to work in Israel continue to rely on brokers to obtain the necessary documents. The average cost amounts to a third of monthly wages. Working conditions are often precarious, particularly for the more than 40,000 Palestinians working without a permit in Israel and the settlements. Occupational injuries and fatalities at Israeli construction sites are among the highest of members of the Organisation for Economic Co-operation and Development, according to data from ILOSTAT. Many workers leave their homes in the West Bank long before dawn and wait for hours at one of the crossings along the Separation Barrier to pass into Israel. The mission visited this year the Qalqilya crossing in the early hours of the morning and could obtain a first-hand impression of the reality under which thousands of workers go through the border installations twice a day.

24. During the 2017 mission, Israeli Government interlocutors announced important reforms with a view to curtailing the power of brokers, increasing worker mobility and introducing electronic wage payments, but at the time of this year's mission, these schemes had not yet advanced beyond an experimental piloting stage.

## Gaza on the brink

25. Gaza continues to be blockaded by air, sea and land. Previous reports of the Director-General underscored the highly precarious economic and social conditions, bordering on

humanitarian collapse. Regrettably, there has been no improvement. Real per capita income is now a third lower than it was in 1994, the year the Paris Protocol was signed.

26. Eleven years of division, closures and conflict have led to an almost entire breakdown of Gaza's productive capacity, dilapidating its infrastructure and impairing basic services. The productive sectors are hollowed out by the severe restrictions on the importation of raw materials, electricity is supplied for hardly more than four hours per day, and four out of ten refugees are food-insecure (UNRWA, 2018).

27. Adding to the above, Gaza's public sector, which is the biggest employer, was subjected to early retirements and pay cuts in the range of 30 to 50 per cent in 2017, resulting in further hardship among the households concerned. Currently the Palestinian Authority pays the salaries of some 60,000 civil servants and security personnel, most of whom have not been able to report to work since 2007. In addition, the de facto authorities employ some 20,000 civil servants, who reportedly receive lower or only partial pay. Moreover, UNRWA's widening funding gap could further compound the spiralling loss of income.

28. In 2012, the United Nations warned that Gaza would become unliveable by 2020 if prevailing trends continued. Available indicators do not provide any hope that the current trajectory would deviate from those projections. Under the present conditions, it is unclear how much further the resilience of Gazan workers and their families and Gazans in general can be tested before a complete breakdown would occur.

29. If Gaza is to be brought back from the brink, the closures will have to be lifted, as called for by the United Nations Security Council resolution 1860, and the Palestinian Authority must be able to resume full control over the enclave. The private sector can start playing its natural role as an engine for growth and job creation only if and when restrictions on movement and access to resources and markets are lifted. The potential for significant immediate relief does exist. Calculations by the International Monetary Fund demonstrate that reconciliation and effective reunification with the West Bank could increase growth to 8 per cent in the near term (IMF, 2018). Accompanied by an alignment of Israeli labour policies with the West Bank, it would also open up vital labour market space for Gaza's well-educated and skilled youth.

## Further bricks in state-building

30. Within the constraints of the Israeli occupation, Palestinian state-building activities have continued. The National Policy Agenda 2017-2022 is now under full implementation. Donor contributions are critical to its success. The overall fiscal situation remains tight, and it is aggravated by successive drops in external budget support (UN, 2018a). There is now a financing gap of around US\$500 million projected in the 2018 budget of the Palestinian Authority, an increase from US\$420 million in 2017 (World Bank, 2018a). If reconciliation in Gaza were implemented in accordance with the October 2017 agreement, including civil service integration, the overall financing gap could eventually amount to US\$1 billion.<sup>5</sup>

31. An important milestone in public institution-building was reached this year with the establishment of the Palestinian Social Security Corporation (PSSC), offering comprehensive coverage to private sector workers. The PSSC fills a significant protection

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<sup>5</sup> This would include covering the wage bill for the civil servants hired by the de facto authorities, the cost of operationalizing line ministries and starting a number of urgent development projects (World Bank, 2018a).

gap; the aim is to cover some 300,000 workers in the first ten years. However, the institution will need continued international support on its way to financial sustainability.

32. In 2017, a census was undertaken for the third time in 20 years. Its coverage and efficiency demonstrated the maturity of the Palestinian statistical system. The census provides vital data for policy-making and the state-building process.

33. There has also been further strengthening of the legislative framework. A Law on Cooperative Associations was adopted by the Palestinian Authority at the end of 2017. Earlier, in 2016, a new Secured Transactions Law facilitated access to credit and enterprise development. Partly as a result, the West Bank and Gaza's ranking in the World Bank's *Doing Business* report improved significantly from 140 to 114 out of 190, which is above the average for the Middle East and North Africa (World Bank, 2018b). On the labour law front, however, the need to modernize the current legislation, which dates back to 2000, remains unmet. Broad-ranging consultations are expected to redynamize the process.

34. In spite of these achievements, many of the mission's interlocutors referred to a democratic deficit and a diminishing level of trust in the workings of government institutions, and expressed concern that the space for civil society organizations in the Occupied Palestinian Territory was shrinking.

## The promise of labour cooperation

35. The numbers of Palestinian workers who cross over to Israel underlines the interconnected nature of the Palestinian and Israeli economies. It is noteworthy that contacts between both sides, at the level of the social partners as well as labour authorities have intensified in particular over the last two years. There are regular meetings at the technical level. In March 2018, the Labour Ministers of Israel and the Palestinian Authority met in Jerusalem. The level of coordination is still far from what has been taking place in the security and finance areas, but a steady dialogue has now been established in order to discuss solutions to the occupational safety and health and other issues of Palestinian workers in Israel, including dispute settlement. The importance of these initiatives cannot be overestimated, in the context of the stalled peace process and the pressing need to find a joint way forward, particularly towards improved governance of Palestinian workers employed in the Israeli labour market.

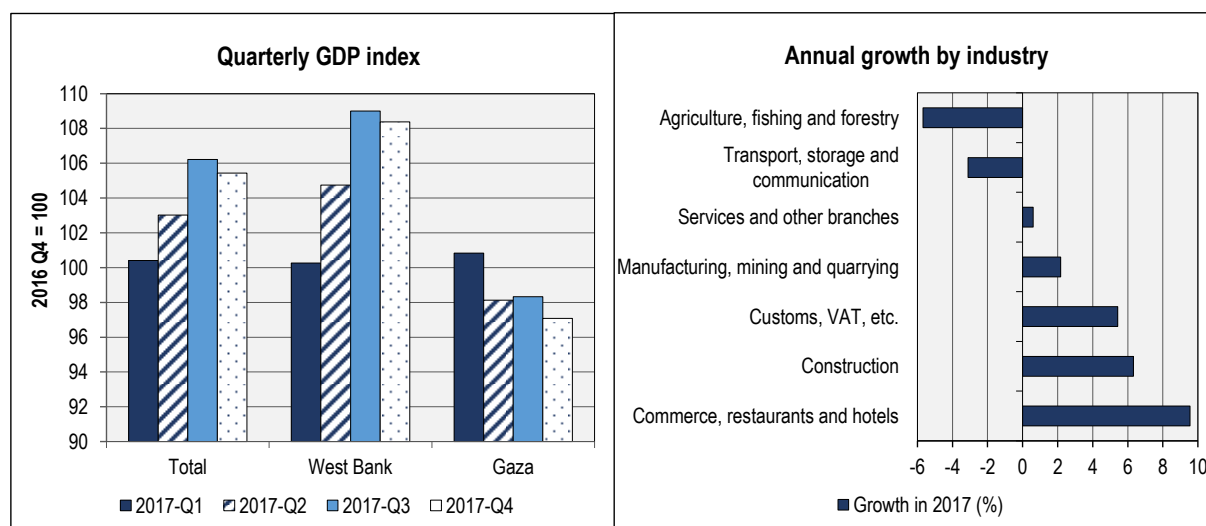
## 2. Palestinian labour market weakens as growth slows

### Macroeconomic developments

36. Alongside rising political uncertainties, declining donor support and a continuation of severe restrictions that constrain economic development, growth in the Palestinian economy slowed down further in 2017, with GDP expanding by 3.1 per cent in 2017, compared with 4.7 per cent in 2016. Based on preliminary estimates, the economy of the West Bank grew by 4.3 per cent, a modest improvement compared with the 3.5 per cent registered in 2016.<sup>6</sup> In contrast, the economy of Gaza ground to a halt. While 2016 saw growth of 8.3 per cent fuelled by reconstruction, in 2017 output not only stagnated but declined by 0.3 per cent due to a steep drop in manufacturing, construction and agriculture, together with a substantial reduction in public sector spending, most notably from large cuts to wages. The blockade of Gaza is now in its eleventh year, and the continued restrictions on the movement of goods, workers and businesses remain the largest impediments to a higher and more sustainable growth and development trajectory in the Occupied Palestinian Territory.<sup>7</sup>

37. Overall per capita GDP showed no growth in 2017, compared with 2.1 per cent growth in 2016. While GDP per capita rose by 2 per cent in the West Bank, in Gaza, where the rate of population growth exceeds that of the West Bank, output per person declined by 4.4 per cent during the year. Consequently, there was a significant divergence in living standards, with modest improvements in the West Bank and a sharp decline in Gaza.

Figure 2.1. Index of quarterly real GDP (constant 2015 prices) and annual growth by industry



Source: ILO calculations based on the Palestinian Central Bureau of Statistics (PCBS), National Accounts (2018).

<sup>6</sup> Based on “flash estimates” released by the PCBS on 29 March 2018. [http://www.pcbs.gov.ps/portals/\\_pcbs/PressRelease/Press\\_En\\_29-3-2018-qna-en.pdf](http://www.pcbs.gov.ps/portals/_pcbs/PressRelease/Press_En_29-3-2018-qna-en.pdf).

<sup>7</sup> The World Bank estimates that a removal of Israeli restrictions on Area C could bring about additional, cumulative economic growth of 33 per cent by 2025 in the West Bank, and that lifting the blockade on Gaza could lead to additional cumulative growth of 32 per cent by 2025 (World Bank, 2017a).

38. Looking at the growth performance across industries, two productive sectors (accounting for approximately one third of local employment), together with the customs and value-added tax (VAT) clearances, were responsible for essentially all of the economic growth that took place during the year (figure 2.1 and table 2.1). The commerce, restaurants and hotels sector performed best, growing by 9.6 per cent during the year and accounting for nearly 60 per cent of the economy's total growth. The construction sector grew by 6.3 per cent and accounted for 12.6 per cent of overall growth. Customs and VAT clearances grew by 5.4 per cent during the year and contributed to nearly a quarter of all GDP growth, with the bulk due to increased customs duties.

39. In contrast, the remaining sectors, which account for two thirds of employment, showed either weak growth (manufacturing at 2.2 per cent, services at 0.6 per cent) or negative growth (agriculture, fishing and forestry at -5.7 per cent; transport, storage and communication at -3.1 per cent). In sum, economic growth in 2017 weakened overall, and was concentrated in sectors which have only limited employment-generating potential.

**Table 2.1. Share in GDP and employment by industry in the Occupied Palestinian Territory, 2017**

	Share in GDP (%)	Contribution to GDP growth (%)	Share in employment (%)		
			Total	Male	Female
Agriculture, fishing and forestry	2.8	-5.6	6.5	6.3	7.7
Manufacturing, mining and quarrying	13.0	9.0	13.9	14.5	10.8
Construction	6.5	12.6	10.6	12.6	0.8
Commerce, restaurants and hotels	20.4	58.5	23.1	25.4	11.8
Transport, storage and communication	5.7	-6.0	7.1	8.1	2.5
Services and other branches	37.3	7.3	38.7	33.0	66.4
Customs duties, VAT, FISIM	14.3	24.1	-	-	-
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Notes: The figures exclude employment in Israel and the settlements. FISIM = financial intermediation services indirectly measured.  
Source: ILO calculations based on PCBS, National Accounts and PCBS, Quarterly Labour Force Surveys.

40. In terms of fiscal performance by the Palestinian Authority, while total revenue declined in 2017, the overall deficit, estimated at 7.8 per cent, was smaller than expected. It was little changed from the previous year. Increased domestic customs revenue, improved income tax collection and a moderation in government spending all contributed to the modestly better-than-expected fiscal performance (IMF, 2018).

41. Notably, this was achieved against a backdrop of continuously declining external support. External financing for recurrent expenditures was estimated at US\$546 million in 2017, down from US\$603 million the prior year and more than US\$1 billion in 2014. Together, these developments have led to an estimated financing gap of US\$420 million, which was filled by new arrears and additional credit sourced from domestic banks. With declining donor support, there is a growing risk that domestic financing sources will become exhausted, which could have widespread and damaging consequences for the real economy (World Bank, 2018a).

## Palestinian labour market developments

42. The Palestinian labour market, which has struggled through years of stagnation, experienced a further substantial deterioration in 2017, as reflected across a wide range of

indicators. While the working-age population (aged 15 and above) grew by nearly 95,000 during the year, surpassing 3 million, the labour force (those employed or seeking employment), increased by only around 33,000, to reach 1,375,000. Overall, only 45.5 per cent of working-age Palestinians participated in the labour market, which is a slight but ominous decline from 45.8 per cent in the prior year. The Palestinian labour force participation rate is currently the 11th lowest in the world among 189 countries with available estimates and is in the bottom third in the Arab States region (ILO, 2017a).

**Table 2.2. Key labour market indicators, 2016–17**

	2016	2017	2016–17
			<b>Percentage change</b>
Population aged 15+ ('000)	2 930	3 024	3.2
Labour force ('000)	1 341	1 375	2.5
Employment ('000)	981	997	1.7
West Bank	574	582	1.4
Gaza	289	284	-1.7
Israel and settlements	117	131	11.5
Unemployment ('000)	361	377	4.6
			<b>Percentage point change</b>
Labour force participation rate (%)	45.8	45.5	-0.3
<i>Male</i>	71.6	71.2	-0.4
<i>Female</i>	19.2	19.0	-0.3
<i>Youth</i>	32.8	32.3	-0.5
Unemployment rate (%)	26.9	27.4	0.6
<i>Male</i>	22.2	22.3	0.1
<i>Female</i>	44.8	47.4	2.6
<i>Youth</i>	41.7	43.3	1.6

Note: Totals may not tally due to rounding. Labour market data for the West Bank excludes Palestinian workers employed in Israel and the settlements.  
Source: ILO calculations based on PCBS, Quarterly Labour Force Survey, 2016 and 2017.

43. Total employment increased by 16,700 during the year, or 1.7 per cent, which is down from the growth of 1.9 per cent in 2016. Excluding employment growth in Israel and the settlements, employment grew by only 3,200 during 2017, or 0.4 per cent, with modest employment growth in the West Bank offset considerably by a decline in employment in Gaza. Notably, the increase in Palestinian employment in Israel and the settlements accounted for more than four out of every five new jobs created during the year, highlighting both the stagnation in the local Palestinian labour market and the rising reliance on the Israeli labour market and the settlements to provide job opportunities.

44. Alongside these weak employment and labour force participation trends, unemployment rose from 26.9 per cent in 2016 to 27.4 per cent in 2017. This is the highest level recorded in the past 15 years, and is also the highest unemployment rate among the 170 countries and territories in the world for which current estimates are available. In addition to the 377,000 unemployed, there are more than 84,000 Palestinians in the potential labour force, which includes those available to work but not currently seeking employment.<sup>8</sup> In addition, there were a further 17,000 employed Palestinians who were

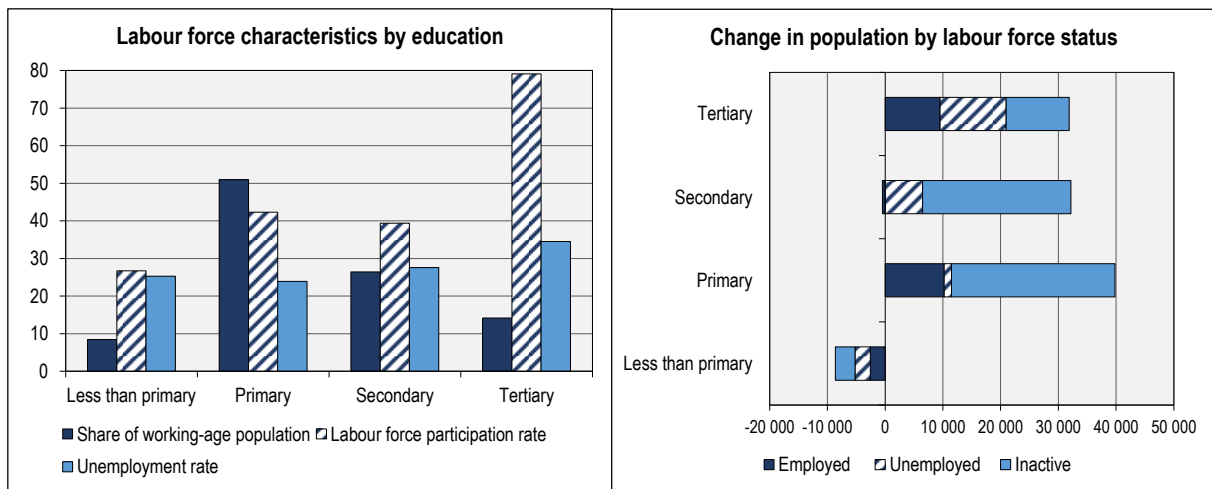
<sup>8</sup> The potential labour force is of particular relevance in depressed labour markets, as it includes those who perceive no hope of finding a job, but who are nevertheless excluded from the headline unemployment statistics.



in time-related underemployment – working less than full-time, but available and desiring to work more hours. The composite measure of labour underutilization, which accounts for these two groups in addition to the unemployed, reached 32.8 per cent in 2017, up from 32.5 per cent the previous year.

45. The Palestinian labour market is characterized by both widespread and diverse labour market challenges across the educational spectrum. Figure 2.2 provides working-age population shares, labour force participation rates and unemployment rates for four main educational classifications (those with less than a primary education, those with a primary education, those with secondary education and those with tertiary education). The figure also shows the total working-age population growth over the past year by educational group, disaggregated by labour force status.

**Figure 2.2. Population and labour force status by education, 2017**



Source: ILO calculations based on PCBS, Quarterly Labour Force Survey, 2016 and 2017.

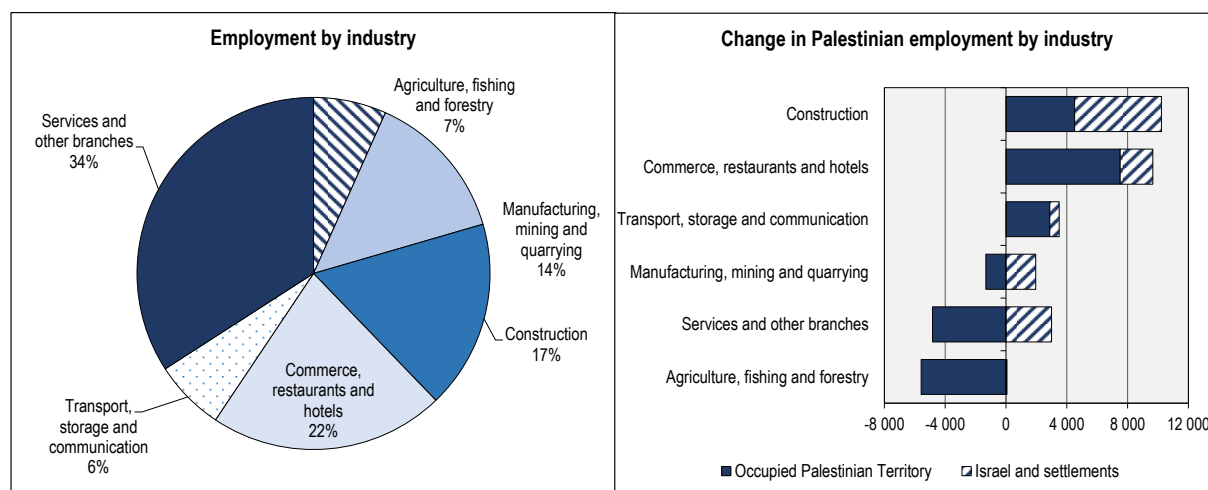
46. Tertiary education graduates comprise approximately 14 per cent of the working-age population and this is the fastest growing segment of the Palestinian population. However, the most highly educated Palestinians face grave challenges in securing employment upon graduation. In 2017 there were nearly 32,000 new tertiary graduates, some two thirds of whom were women, and yet employment among those with a tertiary education grew by only 9,500. Of the increase in unemployed or economically inactive graduates, nine in ten were women. Overall, the unemployment rate among tertiary graduates reached 34.5 per cent in 2017, an increase of 1.3 percentage points over the previous year. The most highly educated Palestinians are also the most likely to be unemployed.

47. In contrast, among the remaining educational cohorts, while unemployment is also a significant concern, the starkest difference vis-à-vis tertiary graduates is that labour force participation rates are far lower among the less educated. Fewer than four in ten people with a secondary-level education participate in the labour market. Overall, the Palestinian labour market continues to provide too few employment opportunities across the skills and educational spectrums.

48. One critical factor in determining labour force participation and unemployment rates is the underlying structure of the labour market and its dynamics, including growth in employment opportunities across economic sectors. Figure 2.3 shows total employment in the Occupied Palestinian Territory and in Israel and the settlements, along with changes in employment in 2017 in each sector. The services sector, the largest in terms of

employment, was the second worst-performing sector during the year, with an overall decline of nearly 2,000 jobs. This was mitigated somewhat by new service sector employment opportunities in Israel and the settlements. The agricultural, manufacturing and transport, storage and communications sectors together comprise approximately 27 per cent of total employment. Among these, only the last named showed significant employment growth during the year, with a steep decline in agricultural employment and negligible employment growth in manufacturing.

**Figure 2.3. Employment by industry, distribution and change in 2017**



Source: ILO calculations based on PCBS, Quarterly Labour Force Survey, 2016 and 2017.

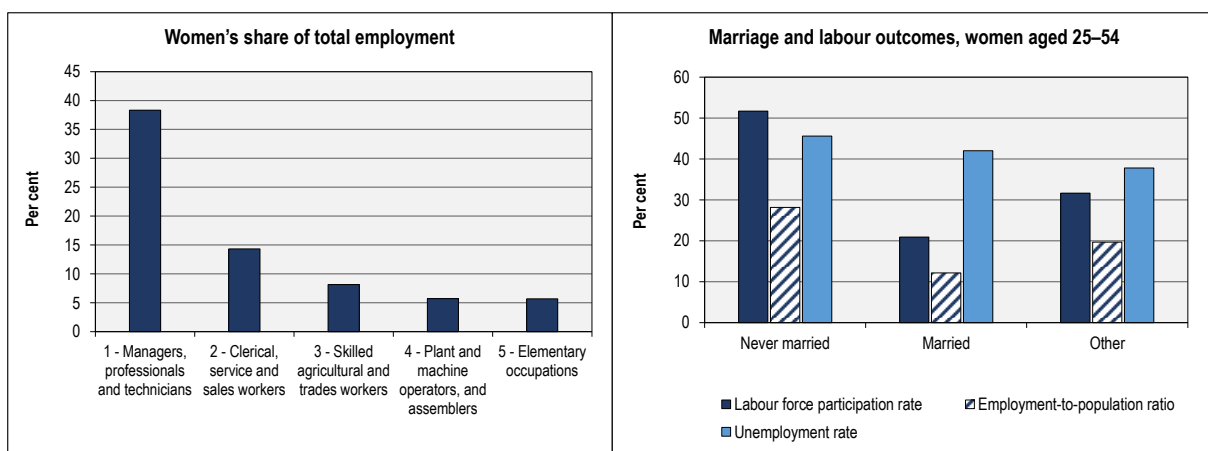
49. Two sectors accounted for nearly all of the Palestinian employment growth during the past year. The best-performing sector overall was construction, with employment growth of more than 10,000, of which more than half was in Israel and the settlements. The commerce, restaurants and hotels sector, the second largest in terms of employment levels, registered employment growth of nearly 10,000, but predominantly in the West Bank. Importantly, these two sectors are among the most male-dominated, as women comprise only 9 per cent in commerce, restaurants and hotels and less than 1 per cent in construction. Not surprisingly, with employment growth concentrated in these sectors, women’s employment opportunities suffered greatly during the year.

### Spotlight on women’s employment

50. The occupation, prevailing social norms and persisting gender inequality have long disadvantaged Palestinian women in the labour market. Not surprisingly, women bore the brunt of the major deterioration that took place in 2017 in the Palestinian labour market. Women fared far worse than men across a number of indicators over the course of the year. Consistent with trends in employment across industries, whereby the most male-dominated industries accounted for the bulk of new jobs during the year, female employment declined by 3.1 per cent, compared with an increase in male employment of 2.6 per cent. The unemployment rate among women rose to 47.4 per cent in 2017 from 44.8 per cent the prior year – the highest in the world – which has also pushed the overall Palestinian unemployment rate to become the world’s highest. The corresponding unemployment rate among men changed little and stood at 22.3 per cent in 2017. Facing these bleak employment prospects, fewer than one in five Palestinian women are currently active in the labour market, compared with more than seven out of ten men.

51. Those women who do work have significantly lower average working hours than men, with men working an average of nearly 41 hours per week, compared with only 31 hours for women. Consistent with this, women also continue to receive significantly lower average wages than men across all major occupational groups. Overall, Palestinian women earn an average of 87 Israeli new shekels (ILS) per day, compared with nearly ILS118 per day for men. And women’s average wages are growing more slowly, up only 1.3 per cent in 2017 as opposed to wage growth of 4.4 per cent for men. Among youth aged 15 to 24, nearly 39 per cent of young women are not in employment, education or training, compared with less than 28 per cent of young men. Women also have almost no access to the Israeli labour market, further restricting their labour market opportunities, as more than 98 per cent of Palestinians working in Israel and the settlements are men.

**Figure 2.4. Women in Palestine: selected labour market indicators**



Source: ILO calculations based on PCBS, Quarterly Labour Force Survey, 2017.

52. In addition to gender-based segregation across industries, the Palestinian labour market also exhibits segregation across occupations. Women have relatively good access to managerial and professional positions and comprise nearly 40 per cent of total employment in this occupational group (figure 2.4). However, this group constitutes only around 20 per cent of total Palestinian employment, and it is largely confined to public sector employment, which in recent years has not been a major source of job growth (ILO, 2018). Across the remaining occupational groups, women account for less than 15 per cent of clerical, service and sales workers, just over 8 per cent of skilled agricultural and trades workers and only around 5 per cent of plant and machine operators, and assemblers and of elementary occupations.

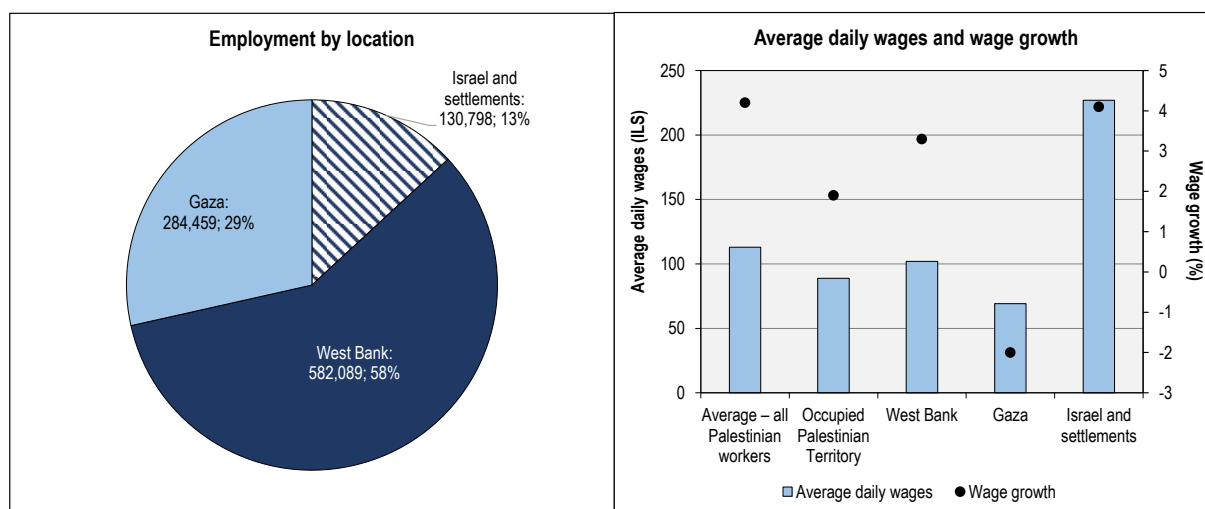
53. While the overall stagnation in job growth is holding back Palestinian women’s employment, social norms also play an important role in limiting their labour market opportunities. Among women aged 25 to 54, those who have never been married are 2.5 times more likely than married women to be economically active (figure 2.4). Only 12 per cent of married women within this prime-age cohort are employed, compared with nearly 30 per cent of those who never married. These figures also reflect the relative lack of social protection and care facilities and women’s disproportionate household and family responsibilities.

## Wage disparities

54. In addition to indicators of labour demand and the quantity and types of jobs available, it is also important to assess indicators of employment quality. Wages and wage growth arguably provide the most direct measure. Figure 2.5 shows the distribution of Palestinian employment across the West Bank, Gaza, and Israel and the settlements, along with average daily wages and nominal wage growth in each during 2017.

55. In terms of employment location, 58 per cent of Palestinian workers were employed in the West Bank in 2017, a further 29 per cent in Gaza and the remainder, 13 per cent, in Israel and the settlements. The figure shows large differences in both average wage levels and in wage growth trends across the three areas. Average wages in Israel and the settlements, at ILS227 per day, far exceed prevailing wages in the West Bank and Gaza. Wages in Israel and the settlements are more than 2.5 times the average in the Occupied Palestinian Territory as a whole, and nearly 3.3 times higher than the average wage in Gaza. Nominal wage growth in Israel and the settlements, at 4.1 per cent in 2017, is also much faster. Wages grew by 3.3 per cent in the West Bank and declined by 2 per cent in Gaza. Average wages across all Palestinian workers grew by 4.2 per cent during the year, which was largely due to the changing composition of the Palestinian workforce. Employment declined in Gaza, where wages are lowest, and increased sharply in Israel and the settlements. Average nominal wage growth within the Occupied Palestinian Territory was 1.9 per cent for the year. This fell short of the 2.8 per cent growth rate in labour productivity, measured as output per worker in constant prices.

**Figure 2.5. Average daily wages 2017 and nominal wage growth 2016–17**



Source: ILO calculations based on PCBS, Quarterly Labour Force Survey, 2016 and 2017.

56. Differences in wage levels between Palestinian workers in the West Bank, Gaza, and Israel and the settlements reflect the stark differences in labour market realities across the three areas. Indeed, these essentially represent three distinct labour markets, each with its own characteristics and challenges.

## Labour market developments in Gaza

57. Based on nearly every conceivable measure, the situation for Gaza's workers and jobseekers worsened dramatically in 2017. The blockade of Gaza imposes severe restrictions on imports and exports of goods and on movement of people. The ongoing de-

development of Gaza's production base is weighing more heavily than ever on the labour market. While the working-age population grew by 40,000, or 3.6 per cent, employment declined by 1.7 per cent, a loss of 5,000 jobs (table 2.3). Only a quarter of the more than 1.1 million working-age men and women are employed, a decline of 1.4 percentage points over the prior year. Gaza's unemployment rate, already the world's highest in the previous year, rose sharply once again and stood at 43.6 per cent in 2017. Notably, 63 per cent of Gaza's unemployed have been without work for a year or longer. The composite measure of labour underutilization, which includes discouraged workers and the underemployed, increased from 49.8 per cent in 2016 to 51.1 per cent in 2017.

58. While such dire circumstances affect all labour market participants, no demographic groups have been harder hit than women and youth. The unemployment rate among women reached nearly 69 per cent in 2017, an increase of 3.6 percentage points. Among youth, the unemployment rate is now approaching 65 per cent. Only one in ten youth and only one in 15 women of working age in Gaza are employed. While participation in education and training is one outlet for youth not in employment, the number of youth not in employment, education or training is also rising sharply, and is rapidly approaching 40 per cent. Increased numbers of idle youth represent not only a waste of human and economic potential, but also heighten risks to stability and peace.

**Table 2.3. Key labour market indicators in Gaza, 2016–17**

	2016	2017	2016–17
			<b>Percentage change</b>
Population aged 15+ ('000)	1 076	1 116	3.6
Labour force ('000)	496	505	1.7
Employment ('000)	289	284	-1.7
Unemployment ('000)	207	220	6.4
			<b>Percentage point change</b>
Labour force participation rate (%)	46.1	45.2	-0.9
<i>Male</i>	69.6	68.3	-1.3
<i>Female</i>	22.0	21.6	-0.4
<i>Youth</i>	31.6	31.4	-0.2
Employment-to-population ratio (%)	26.9	25.5	-1.4
<i>Male</i>	45.7	43.8	-1.9
<i>Female</i>	7.6	6.7	-0.9
<i>Youth</i>	12.2	11.1	-1.1
Unemployment rate (%)	41.7	43.6	1.9
<i>Male</i>	34.4	35.8	1.4
<i>Female</i>	65.3	68.9	3.6
<i>Youth</i>	61.5	64.6	3.1

Note: Totals may not tally due to rounding.

Source: ILO calculations based on PCBS, Quarterly Labour Force Survey, 2016 and 2017.

59. The severe restrictions on Gaza's economy, maintained through the blockade by air, land and sea, underpin these bleak developments.<sup>9</sup> Restrictions tightened further during

<sup>9</sup> These restrictions include, among others, a prohibition on the importation into Gaza of a wide range of "dual-use" goods (in particular, machinery, equipment, and other inputs to production processes) that feature on an extensive and constantly evolving list, and the enforcement by the Israeli military of a permissible fishing zone, which limits the access of Gaza's fishers to between 6 and 9 nautical miles from the coast.

2017, with a 50 per cent decline in the number of people exiting Gaza and entering Israel through the Erez crossing during the year. Just 54 per cent of applications for permits, which allow only medical patients, merchants and aid workers to cross after security checks, were approved in 2017, down from 62 per cent the prior year. An average of 9,724 truckloads of goods entered Gaza each month during the year, predominantly through the Kerem Shalom crossing, a decline of 3 per cent compared with 2016. The average monthly number of truckloads exiting Gaza, mostly destined for the West Bank, rose to 218, from 178 the prior year. However, this compares with some 1,300 monthly truckloads of exports prior to the second intifada (OCHA, 2017a).

60. Additional factors, most notably cuts in fiscal transfers to Gaza from the Palestinian Authority, had further negative impacts during 2017. These cuts, which began in March, affected livelihoods both directly and indirectly. The direct impact stemmed from across-the-board reductions in public sector salaries of between 30 and 50 per cent. Livelihoods have also been eroded by reduced funding by the Palestinian Authority for electricity purchases, for both fuel used in Gaza's sole power plant and electricity purchases from Israel. Gaza has had daily blackouts for an average of 18 to 20 hours per day. This inhospitable environment has taken a major toll on businesses, particularly industrial activities heavily reliant on electricity for their operations. Manufacturing employment, which has long been declining, is now less than 5 per cent of total employment.

## Labour market trends in the West Bank

61. Restrictions continue to severely hamper the West Bank economy, dampening prospects for strong and broad-based employment generation. These restrictions include roadblocks, checkpoints, metal gates, earth mounds and trenches, along with the Separation Barrier. Area C, which is a vital source of natural resources, continues to be under full Israeli administrative and security control and nearly three quarters of the land within it remains inaccessible for Palestinian development. These restrictions continue to have wide-reaching, negative impacts throughout the West Bank as Area C is the land that links the otherwise disconnected Areas A and B.

62. Employment grew by 3.1 per cent in 2017 (table 2.4). However, this overall figure masks very divergent trends, as there are two separate labour markets operating in the West Bank: the labour market for workers and enterprises in the West Bank itself and the labour market for Palestinians who work in Israel and the settlements. Employment in the West Bank grew by only 1.4 per cent during the year, whereas employment growth among Palestinians in Israel and the settlements surged by 11.5 per cent. Overall, 62 per cent of all West Bank employment growth in 2017 occurred in Israel and the settlements, which now accounts for nearly one in five jobs held by Palestinians in the West Bank.

63. Within the labour market of the West Bank, employment growth during the year was concentrated in only two sectors: construction and commerce, restaurants and hotels. All other sectors showed little change in employment levels, with the exception of agriculture, where employment plunged by nearly 11 per cent. Employment growth in Israel and the settlements was more balanced, with 42 per cent of new jobs in construction, 22 per cent in services, 16 per cent in commerce, restaurants and hotels and 15 per cent in manufacturing. Not only are West Bank Palestinians becoming more dependent on the labour market in Israel and the settlements for any type of work; increasingly, the Israeli economy is also providing new jobs across a wider set of industries.

64. Despite increased employment opportunities in Israel and the settlements, the overall labour market situation for Palestinians in the West Bank remains very challenging.

Labour force participation has been stagnant, with less than half of the working-age population active in the labour market. Female participation is stuck well below 20 per cent and the unemployment rate among women reached 31.8 per cent in 2017, an increase of 2 percentage points during the year. Less than 23 per cent of young people in the West Bank are employed.

**Table 2.4. Key labour market indicators in the West Bank, 2016–17**

	2016	2017	2016–17
			<b>Percentage change</b>
Population aged 15+ ('000)	1 853	1 909	3.0
Labour force ('000)	845	870	2.9
Employment ('000)	691	713	3.1
West Bank	574	582	1.4
Israel and settlements	117	131	11.5
Unemployment ('000)	154	157	2.1
			<b>Percentage point change</b>
Labour force participation rate (%)	45.6	45.6	0.0
<i>Male</i>	72.8	72.9	0.1
<i>Female</i>	17.6	17.5	-0.1
<i>Youth</i>	33.5	32.8	-0.7
Employment-to-population ratio (%)	37.3	37.4	0.1
<i>Male</i>	61.6	62.1	0.5
<i>Female</i>	12.4	11.9	-0.5
<i>Youth</i>	23.5	22.9	-0.6
Unemployment rate (%)	18.2	18.1	-0.1
<i>Male</i>	15.5	14.9	-0.6
<i>Female</i>	29.8	31.8	2.0
<i>Youth</i>	29.8	30.1	0.3

Note: Totals may not tally due to rounding.

Source: ILO calculations based on PCBS, Quarterly Labour Force Survey, 2016 and 2017.

## Palestinian employment trends in Israel and the settlements

65. With average wages in excess of 2.2 times those in the West Bank, where unemployment is stubbornly high, demand for employment in Israel and the settlements among Palestinian jobseekers remains significant.<sup>10</sup> Palestinian employment in Israel and the settlements grew sharply in 2017, with some 131,000 now employed there, the vast majority of whom cross daily into Israel. Wages earned in Israel and the settlements remain a critical source of income for many Palestinian workers and their families, and they are increasingly vital for the Palestinian economy as a whole. Indeed, total wages earned in Israel and the settlements now comprise 24.4 per cent of all Palestinian wages, up 2 percentage points compared with the previous year.

66. Palestinian workers in Israel and the settlements are overwhelmingly male; fewer than 2 per cent are women. The majority, some 61.6 per cent, are employed in construction, with manufacturing, commerce, restaurants and hotels making up a further quarter

<sup>10</sup> The Israeli labour market has been effectively closed to Palestinian workers from Gaza since April 2006.

(table 2.5). Despite the stringent restrictions on movement in place throughout much of the West Bank and across the Separation Barrier, approximately one third of Palestinians employed in Israel and the settlements in 2017 did not have a permit to work there.<sup>11</sup>

**Table 2.5. Characteristics of Palestinian workers in Israel and the settlements, 2017**

	With permit (%) (n=67,870)	Without permit (%) (n=43,376)
Employed in construction	71.9	60.8
Employed in agriculture	5.8	13.1
Employed in manufacturing, mining and quarrying	13.6	13.3
Employed in commerce, restaurants and hotels	6.0	11.1
Have a written contract	2.3	0.2
Have a verbal contract	46.0	13.7
Receive wages with payslip	48.5	0.9
Income tax deducted	50.3	0.9
Contribute to pension fund	59.7	1.9
Have paid annual leave	53.1	1.0
Have paid sick leave	12.8	0.4
Free private health insurance provided	40.9	0.6
Free public health insurance provided	7.8	0.2
Insurance against injuries provided	27.3	0.7

Note: n = total number. Excludes workers from East Jerusalem with an Israeli ID card.  
Source: ILO calculations based on PCBS, Quarterly Labour Force Survey, 2017.

67. The types of economic activities undertaken by workers with a permit and those without one are broadly similar, although with some noteworthy differences. While the majority of both documented and undocumented workers are employed in construction, and a similar proportion of each works in manufacturing, those without a permit are more likely to be employed in agriculture, commerce, restaurants and hotels. The conditions of work in relation to contracts and benefits differ substantially between permit holders and undocumented workers. Most notably, workers without a permit almost universally do not enjoy such benefits as paid annual or sick leave or health insurance, and almost all do not receive a payslip or have income taxes deducted from their wages. This implies that the vast majority of undocumented Palestinian workers in Israel are paid in cash and do not benefit from any type of social protection.

68. Perhaps even more alarmingly and certainly more unexpectedly, the data indicate that a large share of those Palestinian workers who do have a permit to work in Israel also do not enjoy social benefits, and the vast majority are not employed with a written contract. These figures provide further confirmation of an environment that has enabled powerful permit intermediaries to emerge.

69. The mission was informed repeatedly that approximately half of Palestinian workers employed in Israel with a permit obtain their permit through a broker, and the prevailing cost of a permit ranges from ILS2,000 to ILS2,500 per month. These figures appear to

<sup>11</sup> Since 2015, Israeli regulations allow men above 55 years of age and women above 50 to enter Israel without a permit. An unknown number of them seek work.



confirm the magnitude of the broker problem; more than half of Palestinian workers with a permit to work in Israel do not have a contract and do not receive a payslip. These workers are the most likely ones to be working for an employer other than the one indicated on their permit, having obtained their work permit through a broker. On this basis, it is possible to provide an estimate of the costs associated with the payments made to brokers by Palestinians working in Israel and the settlements – the so-called “broker tax”.<sup>12</sup>

**Table 2.6. Estimate of the annual “broker tax” paid by Palestinian workers**

	Lower scenario	Upper scenario
<i>Scenario assumptions</i>		
Percentage of permit holders affected	40%	50%
Monthly permit fee (shekels)	2 000	2 500
<i>Broker tax estimates</i>		
Annual broker tax (millions of shekels)	652	1 018
Annual broker tax as percentage of total wages	9.3	14.6

Source: ILO estimates based on PCBS, Quarterly Labour Force Survey, 2017.

70. The updated scenarios indicate a likely range of ILS652 million to ILS1.018 billion for the broker tax in 2017, which is equivalent to between US\$187 and US\$292 million (table 2.6).<sup>13</sup> This represents between 9.3 and 14.6 per cent of all Palestinian wages earned in Israel and the settlements in 2017. This estimate does not include any payments made by Palestinian workers employed in Israel and the settlements without a permit. The previous year’s mission was informed that steps were being taken by Israel to revise the permit allocation system by mid-2017, with the aim of providing Palestinian workers in Israel with permits untethered to a specific employer. This, in turn, was expected to mitigate the broker problem. However, the mission was informed that no concrete measures had been implemented as of mid-March 2018. Successful reforms to the permit regime and related efforts to eliminate the broker tax will require the Israeli Government and the Palestinian Authority to foster new avenues for cooperation and coordination concerning Palestinian workers in Israel and the settlements.

71. There are large potential economic benefits to Palestinian workers, their families and the broader Palestinian economy if such reforms are well designed and implemented effectively. This, in turn, would also benefit Israel, by reducing or eliminating an underground economy and ensuring a fairer labour market for Palestinian workers in Israel. Such improvements would also help to foster an environment more conducive to peace and security.

<sup>12</sup> Previously, through three scenarios, the ILO estimated a range for the broker tax in 2016 of ILS232 million to 1.36 billion, equivalent to between 3.6 and 16.9 per cent of total Palestinian wages (ILO, 2017c).

<sup>13</sup> Based on an exchange rate of ILS3.49 to US\$1.

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### 3. Rights of Palestinian workers further constrained

#### Settlement expansion: Facts on the ground

72. The Israeli occupation and continued settlement expansion profoundly affect the daily lives of Palestinian men and women seeking to earn a living. It restricts their rights to freedom of movement and residency, and access to resources and to work and education, all of which are closely interlinked.

73. Settlements are contrary to international law and are an obstacle to peace and social and economic development.<sup>14</sup> The United Nations has repeatedly called on the Government of Israel to cease settlement activity in the territory occupied since 1967. The most recent United Nations Security Council resolution on the issue (No. 2334) condemned the “construction and expansion of settlements, transfer of Israeli settlers, confiscation of land, demolition of homes and displacement of Palestinian civilians, in violation of international humanitarian law and relevant resolutions” (UN, 2016a).

74. There are currently some 150 Israeli settlements in the West Bank, including East Jerusalem. In addition, some 100 outposts have been established without government approval. They are also considered illegal under both Israeli and international law (OCHA, 2017b). Figures on the number of settlers vary depending on the source but concur on a total number of at least 600,000, one third of whom reside in East Jerusalem. The Israeli Bureau of Statistics recorded 399,300 settlers residing in the West Bank in 2016 (CBS, 2017a), to which other sources add another 210,000 settlers for East Jerusalem (UN, 2018b). In comparison, according to the 2017 PCBS census, 393,163 Palestinians are living in Area C, which makes up most of the West Bank.

75. As described in the previous reports of the Director-General, settlement expansion, involving expropriation, evictions and demolitions, together with a planning and zoning regime, impedes Palestinian development, employment and livelihoods, as well as the full enjoyment of socio-economic rights. Despite the demands of resolution 2334 that Israel immediately and completely cease all settlement activities in the Occupied Palestinian Territory, including in East Jerusalem, quarterly reports on the matter by the Office of the United Nations Special Coordinator for the Middle East Peace Process (UNSCO) to the Security Council confirm the opposite trend. In Area C, the Israeli authorities approved plans for nearly 7,000 housing units in 2017, which is more than double the number for 2016. Plans have also been advanced for 100 units in the context of the new settlement of Amihai for the former residents evicted from the Amona outpost (UN, 2017b; UN, 2017c). According to the Israeli NGO Peace Now, the construction of over 2,700 housing units started in 2017, and three new outposts were founded (Peace Now, 2017). In the first months of 2018, the Israeli Government also advanced plans for some 1,500 housing units in existing settlements, and approved the establishment of a new settlement to absorb the residents of the Havat Gilad outpost (UN, 2018c).

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<sup>14</sup> The illegality of the settlements under international law has been confirmed by the International Court of Justice (ICJ, 2004), the High Contracting Parties the Fourth Geneva Convention (HCP, 2001), and the United Nations Security Council (resolution 465 (1980) and resolution 2334 (2016)).

76. The implementation of the Regularization Law,<sup>15</sup> which aims at regulating the establishment and development of Israeli settlements in the West Bank, has been put on hold following a petition in the High Court of Justice against it (ACRI, Peace Now and Yesh Din, 2017). Although the Israeli Attorney General has expressed his opposition to this law and requested the Court to suspend its application pending a final decision, he has also issued legal opinions which approve the use of an alternative way to appropriate privately owned Palestinian land (UN, 2018b). There is a concern that these actions could lead to a retroactive legalization of settlement homes and illegal outposts (UN, 2017h), thus further complicating the prospects of any negotiated two-state agreement.

## Separation and fragmentation in the West Bank

77. Increased tension generated by settlement activity in the West Bank affects the rights and livelihoods of Palestinian workers. Violence by settlers against Palestinians, as well as by Palestinians against settlers, has continued to lead to fatalities and injuries on both sides, as well as the destruction of Palestinian property, including of infrastructure critical for livelihoods. Settler violence has also hindered Palestinians from reaching their workplaces and farming land especially in the vicinity of settlements (OCHA, 2018a; 2017c).

78. The prevailing planning regime in Area C and East Jerusalem continues to make it virtually impossible for Palestinians to obtain building permits. Over the past ten years, the average rate of approval of applications for building permits for Palestinians in Area C was less than 4 per cent. Non-tolerance by the Israeli authorities of the illegally built structures has resulted in the demolition, or the threat thereof, of homes, schools, shops and animal shelters. Such demolitions have a severe economic and social impact on Palestinian families and can lead to loss of employment and livelihoods. In 2017, OCHA recorded the demolition of 423 structures, almost a third of them in East Jerusalem, resulting in the displacement of 664 persons (OCHA, 2018b). Demolitions of donor-funded structures also continued (EU, 2017). In the first three months of 2018, a total of 86 structures were demolished, including 48 in East Jerusalem, resulting in the displacement of 99 persons. The majority were destroyed due to a lack of building permits, which Palestinians are able to obtain for less than 1 per cent of land in Area C. Over 13,000 demolition orders are currently pending against Palestinian property in Area C, out of which 500 have been cleared for execution. Punitive demolitions targeting family homes of perpetrators of attacks against Israelis have also continued (UN, 2018a).

79. Freedom of movement is a prerequisite for the enjoyment of social and economic rights. However, Israel continues to impose a complex system of physical and administrative barriers in Area C, citing security concerns. Palestinian farming access remains restricted around and within Israeli settlements, and in the “Seam Zone”,<sup>16</sup> where prior coordination or special permits are required. Increased restrictions were reported in the northern part of the West Bank – where most of the crossings that are open on a daily basis are located – affecting access of farmers to their agricultural land in the Seam Zone. The approval rate for permit applications to access land in this area during the olive harvest fell from 58 per cent in 2016 to 55 per cent in 2017. Over 10,700 applications by farmers were either rejected or were still pending by the end of the 2017 olive harvest (OCHA,

<sup>15</sup> Law for the Regularization of Settlement in Judea and Samaria No. 5777-2017 of 6 February 2017 (Regularization Law). A translation by the Library of Congress is available at: <https://www.loc.gov/law/help/israel-settlement/judea-and-samaria.php#Translation>.

<sup>16</sup> The area between the Separation Barrier and the Green Line designated as closed.

2017d). Moreover, many Palestinian farmers complain that the window of time allocated for harvest activities with Israeli army protection is insufficient and leaves farmers vulnerable to settler attacks (UN, 2018a). The number of Palestinian-owned olive trees reported as vandalized by settlers more than trebled: 5,582 trees compared to 1,652 during the 2016 season (OCHA, 2017d).

80. The impact of Israeli settlements on the lives of Palestinian men and women is particularly severe in the H2 area<sup>17</sup> of the city of Hebron, over which Israel retains direct control. Approximately 40,000 Palestinians and a few hundred Israeli settlers live in the area, which amounts to 20 per cent of the area of the city (OCHA, 2018c). The presence of Israeli settlements in the heart of the city and the segregation of roads have imposed strict movement and access restrictions on Palestinians. More than a hundred obstacles cut off the settlement area and its surroundings from the rest of the city (OCHA, 2018c).

81. Measures to separate the settlers from Palestinians have led to the settlement area of H2 being declared a closed military zone, with the effect of further isolating over 800 Palestinian residents. They must register with the Israeli authorities, be screened at a checkpoint to reach their homes, and can only access the area on foot; visitors are not allowed (OCHA, 2018c). Two additional checkpoints were established in the area in 2017. A new fence was also installed around two Palestinian neighbourhoods in May, further separating Palestinians from the main road connecting them to the city (OCHA, 2017e). An additional 4,500 Palestinians residing in streets adjacent to the Israeli settlements are required to be screened at a checkpoint to access the restricted area. Palestinian vehicular movement is almost totally prohibited in this zone (OCHA, 2018c).

82. As a result of the restrictions on movement and access, Palestinian teachers and students can very often reach their schools in the restricted areas only on foot, some after a detour of several kilometres, and exposing them to friction with settlers. In the H2 area, more than 4,200 students have to cross checkpoints daily on their way to school (UN, 2017d). Over 500 Palestinian businesses located in these areas remain closed by military order, and more than 1,000 others have shut down due to restricted access for customers and suppliers. When visiting the H2 area of Hebron, the mission could observe first-hand the way in which restrictions segregated roads for settlers, and the isolation of the settlement area and its surroundings from the rest of the city have severely undermined the living conditions and livelihoods of Palestinians who remain in the area.

## East Jerusalem: Claiming rights in a shrinking space

83. East Jerusalem, which was unilaterally annexed by Israel in 1967, remains cut off from the rest of the West Bank. The lives of Palestinian men and women living there continue to be shaped by movement restrictions, uncertain residency rights, a severe housing shortage and demolitions, as well as limited access to employment and quality education and training. Today, over 320,000 Palestinians live in Jerusalem, accounting for 37 per cent of the city's population. In comparison, over 200,000 Israeli settlers live in large settlement blocs, while another 2,000 to 3,000 live in small enclaves in the heart of Palestinian neighbourhoods (UN, 2018b).

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<sup>17</sup> The special Hebron Protocol signed between Israel and the Palestinian Authority on 17 January 1997 created a separate zone, H2, covering roughly 20 per cent of Hebron City, for which the Palestinian Authority would provide administrative services, but Israel would retain full security control. In 1997, pursuant to an agreement with the Palestine Liberation Organization (PLO), Israel handed control over 80 per cent of the city (H1) to the Palestinian Authority.

84. Whereas more than one third of East Jerusalem has been reserved for the construction of Israeli settlements, only 13 per cent is available for construction by Palestinians (OCHA, 2017f). However, building permits are virtually impossible for Palestinians to obtain. At least a third of all Palestinian homes in East Jerusalem lack permits, potentially placing over 100,000 residents at risk of displacement. In 2017, East Jerusalem accounted for a third of all demolitions in the West Bank; 142 structures, including inhabited homes and livelihood-related structures, were demolished for lack of a building permit (OCHA, 2017f).

85. The United Nations has continued to call on Israel to comply with its international obligation not to alter the character, status and demographic composition of the Occupied Palestinian Territory, including East Jerusalem (OCHA, 2017b; UN, 2017e). However, in 2017, settlement activity further accelerated in East Jerusalem. The advancement of plans for housing units increased from 1,600 in 2016 to 3,100 in 2017 and eviction proceedings are under way for some 180 Palestinian families, threatening their livelihoods and permanent residency status. Preparations began for the development of infrastructure in Givat Hamatos, which would further strengthen the ring of settlements isolating East Jerusalem from the southern West Bank. Plans for settler housing units were also advanced in the Palestinian neighbourhood of Sheikh Jarrah adjacent to the Old City (UN, 2017c). In September 2017, construction of the East Jerusalem ring road between the Palestinian communities of Al-Za'ayyim and Anata commenced, which, once completed, will be significant for the development of the E1 settlement infrastructure (UN, 2018b).<sup>18</sup>

86. Along with measures for settlement expansion, there are also concerns regarding recent Israeli legislative initiatives and bills which could lead to a unilateral redrawing of the boundaries of the Municipality of Jerusalem. On 2 January 2018, the Knesset passed an amendment to the Basic Law: Jerusalem the Capital of Israel which will make it more difficult for Israeli governments to transfer areas currently within the municipal borders of Jerusalem to a foreign entity or authority, because it requires a qualified majority of two thirds in the Knesset. At the same time, the amendment lowers the bar for future bills designed to alter the municipal boundaries of Jerusalem, because they can be decided by only a simple majority (UN, 2017b; Ir Amim, 2018). According to some NGOs, the Greater Jerusalem Bill (5777-2017 – P4386/20), introduced in the Knesset in July 2017, seeks to enlarge Jerusalem's area of jurisdiction by conferring the status of sub-municipalities on the local authorities of three major settlements blocs, Ma'ale Adumim (including the E1 area), Gush Etzion and Givat Ze'ev. The initiative would add some 150,000 West Bank settlers as residents to the city. The bill has been put on hold due to international pressure (Ir Amim, 2018; ACRI, 2017a; UN, 2017c; PASSIA, 2018).

87. Retaining “permanent resident status” is critical for Palestinian Jerusalemites to maintain their right to live and work in East Jerusalem. The current strict residency regime for Palestinians living in East Jerusalem already has a profound and adverse impact on access to jobs, health care and education (UN, 2017c; ACRI, 2017b). Palestinians living in the West Bank, outside the Israeli-declared municipality border, must apply for entry permits, thus limiting their opportunities to seek employment in East Jerusalem and their access to education and training institutions. As permanent residency can be revoked on a number of grounds, including for living outside Jerusalem, many Jerusalem ID holders whose residences fell on the West Bank side of the Barrier have reportedly relocated back to the other side in order to retain their status (ACRI, 2017b). This has resulted in overcrowding in Arab neighbourhoods. Various interlocutors informed the mission about

<sup>18</sup> The “E1 corridor” is the stretch of land between Jerusalem and the Ma'ale Adumim settlement. Its completion risks completely cutting off East Jerusalem from the rest of the West Bank.

Jerusalemite families having to regularly prove that East Jerusalem has remained their “centre of life” in order to maintain their residency status. In addition, NGOs have expressed concern over bills being proposed in the Knesset regarding the revocation of the permanent residency status of Palestinians and their relatives, reinforcing the already insecure residency rights of Palestinians in East Jerusalem (Al-Haq et al., 2018).

88. The situation in the Palestinian neighbourhoods which have been isolated from the city by the Separation Barrier has not improved. Access to education, training and employment for Palestinians living on the West Bank side of the Barrier remain severely constrained. Due to restrictions on construction and an acute shortage of affordable housing, these neighbourhoods have become the default option for thousands of East Jerusalemites who moved there from the East Jerusalem side of the Barrier (Ir Amim, 2018). In 2016, an estimated 160,000 Palestinians lived in these neighbourhoods,<sup>19</sup> which are still part of the Israeli Municipality of Jerusalem. Most hold permanent residency status, continue to pay municipal taxes and have had links to the city for generations (Ir Amim, 2018). For them, access to workplaces is impeded by checkpoints that must be crossed to enter the city. While the number of Palestinians living in this situation is estimated to have almost trebled within ten years, there has been a severe decline in services provided by the Israeli institutions (OCHA, 2017g). There are concerns among NGOs that current government plans and initiatives may lead to a further deterioration of conditions in the neighbourhoods affected by the Separation Barrier (Al-Haq et al., 2018; Ir Amim, 2018; ACRI, 2017a).

## Gaza: A tinder box with deteriorating human rights

89. In Gaza, living conditions and workers’ rights remain under siege, including the right to freedom of movement, the right to education and access to decent employment opportunities. Prior to the blockade, large numbers of Palestinians moved in and out of Gaza, many of them for work in Israel (OCHA, 2017f). Today, work permits for Palestinians from Gaza remain suspended, and the labour markets in both Israel and the West Bank are still closed to them. The downward trend for permits other than for work, such as trade and business, started in 2016 and has continued. As of December 2017, there were only 551 valid trader permits, which is a decline of 85 per cent compared with an average of 3,600 permits in late 2015. Many of those refused entry to Israel were businesspeople in industries that once employed a significant number of workers in Gaza (OCHA, 2017f). The situation improved somewhat in February 2018, when the number of permits issued to the business community again increased, but reportedly many of the permits were later revoked when the individuals concerned attempted to exit Gaza (OQ, 2018).

90. The deteriorating socio-economic conditions under the prolonged blockade, compounded by measures imposed by the de facto authorities in Gaza, particularly affect women. Recent research indicates that impoverishment, overcrowding and the absence of economic opportunities are central drivers of gender-based violence in Gaza (UN Women, 2017). A local NGO protecting women’s rights registered 1,853 cases of assaults and violence, both domestic and at the workplace, against women between January and July 2017 (CWLRG, 2017).

91. In 2017 and early 2018, the situation in Gaza remained tense between Palestinians and Israeli security forces, leading to increased Palestinian fatalities and injuries (OCHA,

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<sup>19</sup> In July 2016, OCHA estimated the total population to be 160,000, although the ratio of East Jerusalem residents to West Bank ID holders is unknown (OCHA, 2016).

2018d). The enforcement by Israel of access restrictions in the designated Access Restricted Areas (ARAs) on both land and sea continues to affect the rights of farmers and fishers, including their right to life and security of the person. To enforce the limits of the ARAs, unilaterally determined by Israel to address security concerns, there are regular reports of shootings against fishers at sea and against farmers, bystanders and demonstrators near the perimeter fence. Palestinians entering the ARAs risk being shot at even if they present no imminent threat (UN, 2017f; OCHA, 2017b). Access to areas within 300 metres of the Gaza side of the perimeter fence with Israel is largely prohibited and several hundred metres beyond are not safe, which prevents or discourages agricultural activities. Because the size of the ARA has been shifting, farmers and fishers are confronted with considerable uncertainty on the exact scope of the area (UN, 2017f). At the time of the writing of this report, there was a significant escalation in violence along the border in Gaza. By 8 April 2018, approximately one week after the start of the “March of Return” demonstrations, the World Health Organization had reported 26 fatalities and 2,772 injuries, all Palestinians (WHO, 2018a; WHO, 2018b).

## Palestinian workers in Israel and the settlements

92. With the Palestinian economy and labour market experiencing further deterioration, access to employment in Israel and the settlements remains an important source of income for tens of thousands of Palestinian workers. As detailed in Chapter 2, their numbers continue to increase.

93. In 2018, the Israeli Government increased the quota for permits for Palestinian workers in Israel by up to 25,000. In the first instance, 13,650 permits were approved. The majority (7,000) are allocated to the construction industry, with an additional 2,000 now available for agriculture, 1,500 for the restaurant sector and 1,000 for the hotel sector. For the first time, a quota of 1,000 permits has been approved for the nursing sector, opening up opportunities in particular for Palestinian women workers. Another 1,150 were approved for work in East Jerusalem, particularly in the health sector and for jobs in catering and hotels (GoI, 2018).

94. Working in Israel enables Palestinian workers to secure income for their families, but reaching their workplaces remains problematic, with treatment at the crossings described to the mission as being arbitrary and often humiliating. Both Palestinian and Israeli interlocutors agreed that the situation at the crossings should be improved. According to the Coordination of Government Activities in the Territories (COGAT), investments have been and continue to be made to upgrade major crossings, including through the use of biometric cards and accelerated gate passing, which will reportedly become universal as of mid-2018.

95. During its early morning visit to the Qalqiliyah crossing, the mission was able to obtain first-hand information about the conditions affecting the passage of thousands of workers. Efforts appear to have been made to allow for a separate passage for women and to speed up the process. Nonetheless, workers continue to face all the inconveniences of lining up in long queues and heavy crowding at the entrance to and inside the crossing. Overcrowding is reportedly more prevalent at crossings managed by private security companies.

96. Obtaining a permit does not in itself guarantee access to the Israeli labour market, as permits can be confiscated or entry denied at crossings without explanation. The mission received information that the confiscation of work permits for security reasons had increased significantly since the end of 2017. This includes the practice of “administrative

deterrence”, which is a form of collective punishment, as described in the 2017 Report of the Director-General (ILO, 2017b; PNA, 2018a; MachsomWatch, 2018).<sup>20</sup> Human rights NGOs are continuing, with relative success, to assist Palestinian workers in their attempts to have their names removed from the blacklist which prevents them from entering Israel and from taking their case to court (MachsomWatch, 2018).

97. Palestinian workers in Israel are covered by Israeli labour law and collective agreements. Table 2.5 of Chapter 2 illustrates, however, that in practice, significant protection gaps exist, confirming what has been noted in previous reports. Many workers do not have a written or oral employment contract which offers access to rights and benefits. Few workers receive paid annual or sick leave or health insurance benefits. Despite the efforts made by the Population and Immigration Authority of Israel to address concerns relating to payslips, less than half of the workers with a permit receive their wages along with proper documentation. The mission was also informed by Palestinian interlocutors that certain Israeli employers still register fewer days than the actual days worked, so as to avoid payment of social benefits. As outlined in Chapter 2, the situation is far more severe for the more than 43,000 Palestinians working in Israel without a permit, the vast majority of whom do not benefit from any type of social protection and receive no payslip.

98. In its meetings with individual workers, the mission received accounts of particularly weak protection against occupational injuries, compounded by practical difficulties when claiming the compensation guaranteed under Israeli National Insurance Law. Construction workers in particular are exposed to serious risks, in part due to the failure of some contractors and employers to effectively implement occupational safety measures. In 2017, the Palestinian General Directorate of Employment Services recorded 498 work injuries and 15 fatal injuries among Palestinian workers in Israel (PNA, 2018a). Here too, Palestinian workers without a permit are particularly vulnerable. The mission also received disconcerting evidence about injured workers being transported without medical treatment to checkpoints or left on the roadside in areas under the jurisdiction of the Palestinian Authority, without securing recognition of the injury by the Israeli authorities.

99. Claiming rights and benefits is often difficult for many Palestinian workers employed by Israeli employers. Bringing legal action in Israeli labour courts generally requires effective legal assistance, which they may not be able to afford. Filing cases is often complicated by the fact that workers have either not received any payslips or have received payslips with incorrect information. Workers may often lack other necessary documentation, and the majority of investigation files on work accidents are closed on the grounds of insufficient evidence (PNA, 2018a). Alternative dispute resolution mechanisms can assist workers in overcoming problems of accessibility, including lengthy and complex court proceedings. The Grievance Committee, established under the General Collective Agreement between the Israel Builders’ Association and the Histadrut Federation of Builders and Wood Workers, continues to hear disputes between Palestinian workers and Israeli employers. Under the agreement – which covers the whole construction sector – both Histadrut and the PGFTU participate in the Grievance Committee. Cases must first be handled in the Committee before they can be brought to a labour court. The Committee handles on average 1,000 cases per year. To date, 88 per cent of cases have been settled (Histadrut, 2018).

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<sup>20</sup> Administrative deterrence has been described as a practice of exclusion of Palestinian workers by the Israeli security authorities, by which workers with valid permits are denied passage at checkpoints because they hold the same family name or originate from the same village as people accused of attacks against Israelis (ILO, 2017, MachsomWatch, 2018).



100. Ensuring the protection of Palestinian workers' occupational safety and health is still a pressing issue. The mission was informed that in January 2018, a new system of sanctions for contractors who fail to provide a safe working environment came into force, providing for fines of up to ILS35,000 in case of violations. Nonetheless, more regular inspection visits are considered necessary (PNA, 2018a). According to the Israeli Ministry of Labour, Social Affairs and Social Services (MOLSA), there are 28 inspectors covering 11,200 construction sites each year.

101. Several of the mission's interlocutors indicated that there is a lack of awareness among Palestinian workers of their labour rights. To address this issue, MOLSA prepared a handbook to inform Palestinian workers in Israel of those rights, followed by two media campaigns in Arabic in June and November 2017. Histadrut continues to organize seminars for Palestinian workers on occupational safety and health issues in the construction industry and distributed 74,000 brochures at checkpoints and workplaces. However, it stressed the need for media campaigns in the Occupied Palestinian Territory to inform workers about abusive broker practices, legal channels of obtaining a work permit, and remedies in case of violations.

102. Construction, agriculture and manufacturing continue to be the main sectors in which Palestinians are employed in Israeli settlements. Palestinian women work predominantly in agriculture and as domestic workers in private households. Seeking work in the settlements is perceived as an economic necessity but also constitutes a moral dilemma for many workers.

103. Given the significant number of Palestinians working in Israeli settlements, closing the gaps in workers' rights is a pressing challenge. In view of the illegality of settlements under international law, it is also a complex one. Uncertainty around the applicable labour legislation in the Israeli settlements and industrial zones in the West Bank continues to be an issue. It has now been more than ten years since the Israeli High Court of Justice determined in a landmark decision that Israeli labour law is applicable to labour contracts between Palestinian workers and Israeli employers for work carried out in Israeli settlements, unless the parties agree otherwise. Yet, its application in practice remains limited, as only certain aspects, such as the minimum wage, have been extended through military orders. While the High Court ruling has opened channels for Palestinian workers in the settlements to claim equal rights and benefits in Israeli courts, the fear of filing a claim against employers should not be underestimated. Palestinian workers in the settlements remain dependent on their employer for the renewal of their permit. The mission learned that some workers have taken their case to court, with the assistance of the Palestinian General Federation of Trade Unions (PGFTU). The proceedings, however, can take several years.

104. Workers should have effective access to legal services and to courts, without having to pay fees that impede access to justice. The Jordan Valley Regulations proposed by the Israeli Minister of Justice would require a person who is not a citizen or has no property in Israel to deposit a financial guarantee as a condition for filing a claim against his or her Israeli employer in the Labour Court (PNA, 2018a). If upheld, this initiative may further discourage Palestinian workers employed in the settlements located in the Jordan Valley from claiming their rights in court.

105. The proper monitoring of labour conditions is essential to ensure respect for workers' rights and decrease their dependence on the employer. Interlocutors from MOLSA informed the mission that only one case involving the payment of minimum wages to Palestinian workers had been opened in 2017. Charges have been brought, but the case is still in the evidence-gathering stage.

## Permits and brokers: An unhealthy relationship

106. In meetings with individual workers and other Palestinian and Israeli interlocutors, the mission was again made aware of the widespread charging of exorbitant fees by intermediaries who connect Palestinian workers with Israeli employers. Practices among such brokers, both Israelis and Palestinians, may differ, but all seem to benefit from the fact that work permits for Israel continue to be tied to a specific employer, with the resulting vulnerability of the worker. Brokers or employers may resell permits when an employer is allotted a higher quota than the number of workers needed. This practice results in workers being employed by an employer or company other than the one indicated on the work permit, which in turn can cause serious gaps in protection and undermine workers' ability to claim their rights in respect of wages, compensation for work injuries, or other social benefits. The reselling of permits is most common in the construction sector, but it appears that workers also frequently use permits issued for this sector for employment in other sectors.

107. Last year, the Israeli authorities highlighted initiatives to address abusive practices by brokers and employers, in particular through the planned introduction of an electronic payment system and a gradual reform of the permit system so that the worker would no longer be tied to a single employer. The mission observed that there has been little concrete progress in this respect. Implementation of this reform,<sup>21</sup> which had been expected to enter into force in the construction industry in July 2017, had been postponed. Moving forward on the electronic payment of wages would be an important component in curbing the problems associated with the operation of brokers. In the meantime, consistent monitoring of the current permit system by the competent authorities (the Population and Immigration Authority and the National Insurance Institute of Israel), combined with enhanced labour inspection services, is indispensable. It is to be hoped that the current attempts to revive and strengthen Israeli–Palestinian labour coordination will assist in this regard.

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<sup>21</sup> Government Decision No. 2174 of 18 December 2016 sets out the main elements of the new system in the construction sector.

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#### 4. Building democratic governance in times of occupation and internal divide

108. Good governance, including adherence to international human rights standards, has been a stated priority of the Palestinian Authority since institution building began after the signing of the Oslo Accords. But the continuing occupation, geographical fragmentation and internal political divide, with the West Bank operating under a different institutional and regulatory framework from that of Gaza, have challenged the capacity of the Palestinian Authority to govern effectively. This reality inhibits implementation of policies and laws, including those relevant to labour market governance. It also undermines the delivery of basic services and disproportionately affects the most vulnerable segments of Palestinian society.

109. Within this context, public trust in the Palestinian Authority's governance institutions has been declining. A recent opinion poll found that only 23 per cent of the Palestinian public perceive Palestinian democracy as good or very good (PSR, 2018). Several representatives of civil society and international organizations with whom the mission met referred to a civic space that was shrinking in the absence of a legislative process. The last elections for the members of the Palestinian Legislative Council took place over a decade ago.

#### Institution building for labour market governance

110. Institution building for labour market governance has progressed over the last 12 months. Efforts in this regard are supported by a solid policy foundation, outlined in three interlinked planning documents: the *National Policy Agenda 2017–2022: Putting Citizens First* (PNA, 2016); the *Labour Sector Strategy 2017–2022: Path to Decent Work and Eliminating Unemployment* (PNA, 2017a); and the *Palestinian Decent Work Programme 2018–2022*. The latter, which was finalized and signed in April 2018 following consultations between the Palestinian Authority and the social partners that were initiated in late 2016, sets out three priorities: employment promotion; sound labour market governance and labour rights; and the extension of social security and social protection. In addition, it establishes measurable targets for each priority.

111. The Decent Work Programme aims to support national and United Nations efforts to sustain social cohesion, justice and equality, and is guided by the priorities of the National Policy Agenda and the Labour Sector Strategy. It is aligned with the *United Nations Development Assistance Framework: State of Palestine 2018–2022*, the overarching goal of which is “to enhance the development prospects for the people of Palestine, by advancing Palestinian statehood, transparent and effective institutions, and addressing key drivers of vulnerability”, underpinned by the 2030 Agenda for Sustainable Development premise of leaving no one behind.

112. With ILO support, efforts by the Palestinian Authority in the field of labour market governance have led to the launch of a new social security system, which extends benefits to private sector workers; the adoption in November 2017 of a Law on Cooperative Associations; and the launch of a participatory process to develop a national action plan on employment.

113. Following ratification of the core international human rights instruments, the Palestinian Authority is close to finalizing its first reports on the status of implementation of the International Covenant on Economic, Social and Cultural Rights and other instruments that relate to labour rights and social protection. At the time of the mission,

the Palestinian Authority had compiled its draft reports to three United Nations human rights treaty bodies. In addition, in 2017, it submitted its report to the Committee on the Elimination of Discrimination against Women, which will consider the report at its 70th session, in July 2018 (CEDAW, 2017). The above-mentioned reports were prepared after broad consultations with civil society, including in the context of the Committee for Harmonization of Legislation. This Committee is a platform for government and civil society, including trade unions and NGOs, to conduct consultations and ensure that legislation issued by the Palestinian Authority is in line with international instruments.

## Renewed commitment to labour law reform and strengthened labour administration

114. The Palestinian Authority gives emphasis to labour law reform in its National Policy Agenda. There is recognition by the Ministry of Labour and the social partners that the current Palestinian Labour Law, dating back to 2000, needs to be aligned with international labour standards. The current legal framework is not only fragmented geographically, given the occupation and the internal divide; it is also outdated, with laws dating back to Jordanian rule over the West Bank and Egyptian rule over Gaza.

115. In February 2017, at a meeting to discuss the extension of the Decent Work Programme, the Palestinian Authority and the social partners reaffirmed their commitment to labour law reform. The mission was informed, however, that consultations within the Tripartite Plus Working Group on Labour Law Reform (established in 2015 with ILO support) had subsequently stalled, partly due to uneasy relations between the Palestinian Authority and the PGFTU.

116. In 2017, discussions on a draft trade unions organization law advanced, albeit slowly. In February 2018, at the request of the Ministry of Labour and the PGFTU, the ILO held a workshop in Amman to relaunch dialogue between the two parties on the draft law, with the aim of reaching agreement on areas that remained contentious. The meeting, attended by the Minister of Labour and representatives of the PGFTU and the General Union of Palestinian Workers, concluded with an agreement based on the principles of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87). The draft law is slated for adoption in 2018.

117. In line with the Cooperative Sector Strategy launched in early 2017, a new Law on Cooperative Associations was signed by President Abbas in November 2017, and came into force in January 2018. The Law replaced existing regulations on cooperatives in the West Bank and Gaza, which dated back to the periods of Jordanian and Egyptian rule, respectively. Adopted following extensive consultations, the Law aims to encourage, organize and develop cooperative work. The Ministry of Labour is currently working to establish a tripartite Cooperative Work Agency, which will be mandated to assist in its implementation (PNA, 2018b).

118. The continued development of legislation on labour market governance, including the laws on social security and cooperatives, as well as further legislation on occupational safety and health, is expected to generate a need for new analytical, supervisory and dispute resolution expertise within the Ministry of Labour. An ILO assessment of the labour administration and inspection capacity is under way to guide an internal restructuring process, with the aim of strengthening the delivery of the Ministry's services, including in the areas of dispute prevention and resolution and employment promotion.

119. In 2018, the budget of the Ministry of Labour was a mere 0.3 per cent of the national budget – a very low share when compared internationally (ILO, 2011), and given the

challenges of the Palestinian labour market. The Ministry employs nearly 600 staff, including 80 labour inspectors. Among the staff are 177 civil servants of the Palestinian Authority in Gaza who are still on the Ministry of Labour's payroll. Only a fraction of them, however, are in active service, given the control of the area by the de facto authorities.

## Social dialogue: An underutilized opportunity

120. The Ministry of Labour and the social partners have set up national tripartite committees with a mandate to consult or negotiate on key socio-economic policy issues. As of 2018, concrete results from tripartite social dialogue include the adoption of a minimum wage, new laws on social security and cooperatives, a National Occupational Safety and Health Policy and Programme and the Decent Work Programme.

121. Addressing gaps in the legal and institutional framework for the protection of fundamental rights, ensuring sound labour market governance and building confidence among the tripartite partners all call for a more systematic use of tripartite social dialogue. Yet, throughout 2017, such dialogue remained sluggish. The National Wage Committee did not meet, despite requests from trade unions to revise the monthly minimum wage of ILS1,450 that has been in force since 2012; and the National Tripartite Labour Policies Committee has not met in the last three years. On the other hand, the tripartite board of directors of the Palestinian Social Security Corporation has been meeting regularly since its establishment in late 2016.

122. Collective bargaining also remains underutilized. The limited role of collective bargaining reflects the structure of the Palestinian economy, which is dominated mostly by family-run micro- and small enterprises. Informal employment is pervasive. Overall, almost 55 per cent of Palestinian workers are informally employed, with men slightly more likely than women to be in conditions of informality.<sup>22</sup> Collective bargaining agreements have been reached in a few sectors, mainly covering large enterprises in the health, banking, private education and communications sectors. These agreements are largely used as collective dispute management tools. Sixteen new collective bargaining agreements were concluded in 2017 (PNA, 2017b). In addition, the Ministry of Labour registered 27 requests by trade unions for assistance in addressing labour disputes – a first step towards reaching a collective bargaining agreement (PNA, 2018b).

123. Regarding individual dispute prevention and resolution, several mediation services are provided by the Ministry of Labour. This involved more than 1,100 individual cases in 2017, leading to the resolution of close to 400, with the remainder being referred to the judiciary (PNA, 2018b). In the absence of labour courts, and as judges often lack the relevant specialized knowledge, civil court proceedings dealing with labour cases tend to be slow. Access to justice remains problematic for many workers.

## Social protection

124. Social protection figures prominently in the National Policy Agenda and in the new Decent Work Programme, one of the priorities of which is to extend social protection to all. Social protection is also embodied in one of the four priorities of the United Nations Development Assistance Framework (UNDAF), the aim of which is to mitigate the social and economic impact of the occupation. The Palestinian Authority continues to work

<sup>22</sup> ILO calculations based on PCBS, Quarterly Labour Force Survey, 2017.

towards a strategy establishing a national social protection floor for workers and their family members.

125. Currently, only public sector workers (23.3 per cent of all employed Palestinians: 16.1 per cent in the West Bank and 41.3 per cent in Gaza in 2017) enjoy social protection benefits.<sup>23</sup> A new scheme embodied in Social Security Law of 2016 extends old-age, disability and death benefits, as well as employment injury and maternity benefits, to private sector workers and their family members. It aims to cover more than 80,000 workers in 2018, rising to over 330,000 workers by 2030, including in Gaza. A national campaign is scheduled to be launched by mid-2018 to raise public awareness of the benefits and obligations of participating in the nascent scheme.

126. In early 2017, work began on the establishment of the Palestinian Social Security Corporation (PSSC), which is an independent public institution responsible for the administration and implementation of the scheme, in line with ILO standards and principles. A Director-General was appointed in mid-2017. The PSSC was officially inaugurated in April 2018 and its operationalization is supported with funding from the ILO and the Governments of Kuwait and Qatar (ILO, 2017b). Further support is required to fill funding gaps and assist the PSSC in moving towards operational and financial sustainability.

127. As a public institution, the PSSC is subject to rules of transparency, accountability, impartiality and due diligence in its operations. It is supervised by a tripartite board of directors.

128. The establishment of the PSSC brings to the fore the question of transfer by the Israeli authorities of the social security contributions that they have collected from Palestinian workers in Israel over decades (ILO, 2016; PNA, 2017d). Both Israeli and Palestinian interlocutors recognized the need for appropriate institutional safeguards to be built into the PSSC in order to ensure that the contributors can fully access and enjoy their earned benefits.

## Employment promotion and skills development

129. Efforts by the Palestinian Authority to promote job creation, skills development and better matching of scarce demand for labour and increasing labour supply accelerated in 2017. In line with the National Policy Agenda, the Ministry of Labour continued to provide services for jobseekers. These included employment counselling and vocational training, guidance on self-employment and small enterprise creation, and job search and job application support.

130. There are altogether 76 technical and vocational education and training institutions operating in the Occupied Palestinian Territory, in addition to more than 200 cultural centres that offer technical and vocational education and training as part of their charitable or other work. However, the proportion of students that enter the technical and vocational education and training system is small and apprenticeships remain underdeveloped. This is notably because apprenticeships are unaccredited, are often unpaid and are not developed in sufficiently close collaboration with the private sector (ILO, 2018).

131. By early 2018, about 2,600 individuals had benefited from services provided by the Palestinian Fund for Employment and Social Protection (ILO, 2018). Under the leadership of the Minister of Labour, the Fund's board of directors is currently revising the

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<sup>23</sup> ILO calculations based on PCBS, Quarterly Labour Force Survey, 2017.

institution's mandate and structure to prioritize entrepreneurship development and access to finance for micro- and small enterprises. The ILO is supporting the Fund's board of directors in the task of drafting a strategic plan to enable the institution to assume this new mandate.

132. Yet, the structural problems facing the labour market and its limited ability to absorb the thousands of new entrants each year impact strongly on the effectiveness of existing employment programmes and services (ILO, 2018). To make the most of available services, the Palestinian Authority is developing a national action plan on employment to function as a central policy framework on employment promotion. The Ministry of Labour has set up a multi-stakeholder task force, which has been given the mandate to develop this action plan with ILO technical support. An ILO employment diagnostic study, which examined labour market trends and existing employment programmes and services, has recently made recommendations that could serve as building blocks for its drafting (ILO, 2018).

## Impediments to women's labour market participation

133. Despite their higher levels of educational attainment, there are a host of impediments to women's participation in the Palestinian labour market. These include legislative gaps. The provisions of the Palestinian Labour Law of 2000 exclude large segments of the labour force, such as self-employed workers, seasonal workers, unpaid family workers, domestic workers and those involved in unpaid care work. Outside the public sector, these are the activities in which women are predominantly engaged (Al-Botmeh, 2013; ILO, 2018).

134. Due to the lack of a universal social security system, the costs of maternity leave are currently borne entirely by employers, with the effect that they have a preference to recruit men over women (UN, 2016b). In this light, the provision of maternity protection under the new Social Security Law is a welcome development and might be expected to have a positive impact on women's employment (ILO, 2018).

135. In 2017, the National Committee for Women's Employment, chaired by the Minister of Labour, continued to advocate for the more active involvement of women representatives in legislative processes concerning labour-related issues. Overall, women remain under-represented in both the labour market and the political arena, particularly in decision-making functions, and are constrained by social norms and patriarchal structures (CEDAW, 2017). In this respect, the situation in Gaza, under the de facto authorities, is particularly worrying.

136. Women comprised 22.9 per cent of total public sector employment in 2017.<sup>24</sup> Only one of 18 members of the Executive Committee of the Palestine Liberation Organization, five of 22 ministers and one of 16 governors are women. In the trade union movement, notable efforts are being made to increase the share of women throughout its structures and among its members. The PGFTU has set a minimum target of 30 per cent of women's representation in its governance structures and among its members. Currently, 11 out of 37 executive bureau members of the PGFTU are women. Efforts are also under way to increase women's participation on the employers' side. Currently, there are four women representatives on the boards of directors in three chambers.

<sup>24</sup> ILO calculations based on PCBS, Quarterly Labour Force Survey, 2017.

## Vulnerable and marginalized groups

137. Combating child labour is one of the declared objectives of the National Policy Agenda, in line with the Palestinian Labour Law, which includes restrictions on the employment of minors, and the Palestinian Child Law, which bans the employment of children under 15 years of age. The extent of child labour in the Occupied Palestinian Territory is difficult to gauge in the absence of a child labour survey. Available data for the 10–14 age group from PCBS labour force surveys suggest that the rate of child labour remains relatively low. In 2017, 1.2 per cent of children in that age group were working. A specialized tripartite committee on child labour under the Ministry of Labour has been created to oversee the implementation of the relevant legislation. With the accession of the Palestinian Authority to the Convention on the Rights of the Child in 2014, it is expected that new impetus will be given to ensuring implementation of children's rights by the three branches of government.

138. Data on Palestinians with disabilities are also scarce. The latest national disability survey, conducted in 2011, found that around 113,000 Palestinians suffered from some form of disability (PCBS and MOSD, 2011). Harmonizing legislation on persons with disabilities (notably the Law on the Rights of Persons with Disabilities of 1999) with the Convention on the Rights of Persons with Disabilities is a priority for the Palestinian Authority. In line with the National Policy Agenda and the UNDAF, the ILO, with other United Nations funds, programmes and agencies (notably the United Nations Development Programme, the World Health Organization, the United Nations Children's Fund and the United Nations Educational, Scientific and Cultural Organization), is working with the Palestinian Authority on the revitalization and capacity building of an independent high-level body for disability inclusion, the Higher Council for the Rights of Persons with Disabilities.

## Gaza: Strains on labour market governance amid slow reconstruction and humanitarian crisis

139. Restrictions on the import of goods considered by Israel as “dual-use” items continue to delay the reconstruction of damaged homes, businesses and public infrastructure in Gaza. Since 2014, the entry of restricted construction materials has been facilitated by a temporary measure, the Gaza Reconstruction Mechanism. As a result, out of the 17,800 housing units that were either totally destroyed or severely damaged, some 65 per cent have been completely restored (UN, 2017g). Yet, the import of restricted items required for water, sanitation and other public works projects remains a major challenge due to supply shortages and long delays in approval, particularly for more complex infrastructure projects (World Bank, 2017c). Overall, the slow pace of reconstruction continues to undermine the delivery and quality of basic services, and the prospects for economic recovery. The net outcome is an ever deeper humanitarian crisis in Gaza.

140. While 11 years of Israel's land, air and sea blockade have stifled the economy and brought the labour market to a breaking point, the lack of reconciliation between the Palestinian Authority in the West Bank and the de facto authorities in Gaza is severely hindering the effective governance and functioning of the labour administration in the enclave. Austerity measures adopted by the Palestinian Authority in early 2017 have resulted in a 30–50 per cent reduction in take-home pay for some 60,000 civil servants in Gaza. Gaza remains more dependent than ever on aid. UNRWA continues to play a vital role in the provision of aid and livelihoods in Gaza, with its funding providing social assistance to 80 per cent of the people of Gaza, including critically needed food assistance to around 1 million. It also operates 267 schools and 21 health facilities (UNRWA, 2016)



and employs approximately 12,500 local staff members across a number of sectors, most notably in health and education. In view of such reliance on UNRWA for employment and employment-related income, the recent decision by its largest donor to substantially cut its funding to the agency may have profound, negative effects on the well-being of Gazans and on the local labour market. Women would be particularly affected in the labour market by cuts to UNRWA, as nearly a fifth of employed women in Gaza currently work for the relief agency.

141. Hopes for closing the internal divide emerged in October 2017, when the Palestinian Authority and the de facto authorities in Gaza reached a reconciliation agreement. The control of the three Gaza crossings was handed over to a Government of National Consensus and discussions were initiated regarding the handover of administrative control, including the modalities for integrating Gazan employees into the Palestinian Authority's civil service. Currently, the de facto authorities employ some 20,000 civil servants, excluding security personnel. A legal and administrative committee was established in order to address the question of double staffing, which remains one of the practical impediments to achieving Palestinian unity. The committee agreed that the starting point for the integration exercise will be to allow all Palestinian Authority employees in Gaza who were asked by the Palestinian Authority to stay at home in 2007 to report back to work (World Bank, 2018a). The mission was informed that, in March 2018, the Minister of Labour had issued an executive decision requiring 60 civil servants based in Gaza to report back to work. However, the tensions between the Palestinian Authority and the de facto authorities, notably following a failed assassination attempt against the Palestinian Authority Prime Minister in Gaza in March 2018, are likely to delay progress in this area.

142. Meanwhile, labour market governance and social dialogue remain complicated in Gaza. Concerns persist regarding the continuing confiscation by the de facto authorities in Gaza of the PGFTU premises and the improper use of union infrastructure (such as stamps and letters) by the de facto authorities, which has created confusion among workers. The minimum wage legislation of the Palestinian Authority is still not being applied and workers' access to justice is severely limited, as the de facto authorities prevent workers from filing claims concerning labour conflicts that are more than one year old. In 2017 alone, 100 legal cases were automatically dismissed.

143. Without a government counterpart, tripartite social dialogue in Gaza remains virtually non-existent. Social partners' representatives from Gaza are invited to participate in the work of the board of directors of the PSSC, and in the committees on occupational safety and health and technical and vocational education and training established at the Ministry of Labour's headquarters in Ramallah. Yet, the participation of social partners is constrained by the blockade's restrictions on movement, and has been via videoconference, depending on the availability of electricity.

144. The deteriorating economic situation has also weakened employers, and bipartite social dialogue to address conflicts over worsening working conditions and delays in the payment of wages, or the non-payment of wages, has remained at best ad hoc. Under the blockade, employers are struggling to maintain their operations and to pay their staff. To avoid collective dismissals, many workers are accepting to work on a rotating basis.

145. Business incubators for women with support from the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and local NGOs, and an emerging "gig economy" community offer some hopeful opportunities for young women and men in Gaza. An internet start-up accelerator, Gaza Sky Geeks, allows Gaza's highly educated youth to sidestep some of the current restrictions on the movement of people and goods that hamper the economy. The information and communications technology

industry could become a major driver of income and employment in Gaza. Yet the current initiatives are simply not sufficient to absorb the roughly 4,000 students graduating every year from the ten universities operating in Gaza.

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## 5. Further integration of the occupied Syrian Golan

146. The continued conflict in the Syrian Arab Republic, together with intensified efforts to integrate the occupied Syrian Golan into Israel, have forced Syrian citizens in the territory to reorient their livelihoods. Owing to the conflict, Syrian farmers, once the backbone of the local economy, continue to suffer from the lack of access to the Syrian market. Youth in the occupied Syrian Golan have not had access to Syrian universities since 2013, which limits their education options; the last group of students is said to have returned from Damascus to the occupied Syrian Golan via Jordan.

147. In 2016, there were an estimated 25,400 Syrian citizens living in five villages and around 23,400 settlers living in 34 Israeli settlements in the occupied Syrian Golan (CBS, 2017b). The number of settlers has been growing and may soon match the number of Syrians. Israeli settlers, together with the army, are reported to control 95 per cent of the land (UN, 2018c). The expansion of the Syrian villages to accommodate their growing populations remains administratively constrained by Israeli planning and zoning policies. Building permits are almost impossible to obtain. Consequently, many Syrian citizens have no other option than to build homes and other structures without the required permits, often resulting in high fines and prison sentences in the case of non-payment (Al-Marsad, 2017).

148. Israeli efforts to integrate the occupied Syrian Golan and its Syrian citizens into Israel have intensified. In April 2016, the Israeli Prime Minister held the first ever cabinet meeting in Maaleh Gamla in the occupied Syrian Golan, stating that “[t]he Golan Heights will forever remain in Israel’s hands” (GoI, 2016). Israel has reinforced investment in public infrastructure and provided village councils with increased public funding. In October of this year and for the first time, village councils will be elected and not appointed. Israel plans to give Syrian citizens the right to vote in local council elections; however, only Israeli passport holders will be eligible as candidates. Developments such as these heighten pressure on Syrian citizens to become legally integrated into Israel by obtaining Israeli citizenship. Naturalization is encouraged and facilitated by the Israeli authorities. The mission was informed that an estimated 10 per cent of the Syrian population of the Golan has taken up this option.

149. Employment prospects for the Syrian citizens of the occupied Syrian Golan remain constrained. Only around 43 per cent of those of working age were employed in 2016 (CBS, 2017b). Female labour force participation rates remain at a low level, standing at 25.7 per cent according to the latest available data (CBS, 2017b). Agriculture, which was the primary source of income before the 1967 occupation, is no longer the main source of employment, as only around 10 per cent of Syrians are currently engaged in farming activities. While attachment to the land remains high among the Syrian citizens, the agricultural sector has long been in decline, curtailed by discriminatory policies related to water and land access rights and by limited marketability of crops. Apple production used to be the mainstay of Syrian farming in the occupied Syrian Golan, with most of the produce sold in the Syrian market before its closure. It has now been reduced to a peripheral activity due to its low margins and lack of competitiveness compared with imports and Israeli apple production on an industrial scale. The mission was informed that Israeli settlers enjoy preferential access to water, with an average of three times the water allocation of Syrian farmers. Syrian farmers have managed to mitigate some of the negative impacts by developing their own reservoirs. However, the combined effects of discriminatory practices, which include confiscation of land for security zones, natural

reserves or development purposes, continue to weigh heavily on the economic viability of their activities.

150. Not surprisingly, many farmers have been compelled to transition to other sectors for their livelihoods. The largest source of employment is construction, which now employs three times as many Syrian citizens as the agricultural sector. Construction workers are employed both in the Syrian localities and in Israel and the settlements of the occupied Syrian Golan. The remaining 60 per cent of employed Syrians work primarily in four sectors: education, health services, transport, and accommodation and food services (CBS, 2017b). Tourism activities, which would have much potential for job creation, remain limited, primarily because of difficulties faced by Syrian citizens in obtaining building permits and accessing credit.

151. The cumulative effect of these developments is a rapidly emerging threat to Syrian identity in the occupied Syrian Golan. The intensified efforts to fully integrate the occupied Syrian Golan into Israel are now having a marked impact on perceptions and aspirations, particularly among youth. With severely limited job opportunities in their homeland, young Syrian citizens are increasingly seeking work in Israel or elsewhere abroad. For some, this, in turn, provides motivation to obtain an Israeli passport, despite misgivings or social pressures against doing so. In the long run, these developments point to further erosion of the Syrian identity and continued intensification and entrenchment of the occupation.

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## Concluding observations

152. Palestinian workers are not sheltered from overall political developments. The absence of a solid framework for peace and the diminishing role of the Oslo process have made workers more vulnerable to geopolitical reverberations on the ground. From the status of Jerusalem to the situation in Gaza, events at the macro level create tensions and instability on the ground that impact economic activity, employment and livelihoods. The occupation controls and stifles the potential for growth and job creation. In such a constraining context, labour market and employment policies – however well designed – have limited margins of impact.

153. The peace process needs to be reanimated through multilateral initiatives which bring both the Israeli and Palestinian sides to the same table. Only the re-emergence of a vision for peace based on the two-state solution will reinitiate hope in the future and bring investments and jobs. Ending the occupation is a prerequisite for realizing workers' rights and making decent work a reality.

154. How much more can the resilience of workers and enterprises be tested? Unemployment has now risen to the highest rate in the world. There are as many women looking for jobs as there are women with jobs. Youth are desperate to get into paid employment. Most fail. The occupied lands are both de-industrializing and being stripped of agriculture. An entire generation is growing up with anger and frustration.

155. The Palestinians have the institutions necessary for effective labour governance. The latest addition was the social security corporation for private sector workers, which closes a significant gap in protection. Moreover, tried-and-tested processes and tools for tripartism are in place but remain underutilized. Enhanced social dialogue would improve conflict resolution in the labour field and also, more broadly, would offer a prospect for improving social cohesion.

156. All sides have a responsibility to protect and realize labour rights, in particular the fundamental rights of workers. Restrictions on movement and access to resources and employment, arising out of the occupation, should be lifted and discriminatory practices ended. Palestinian men and women should be able to improve their livelihoods in conditions of equality. The most disadvantaged must not be left behind. Intra-Palestinian reconciliation is a prerequisite for harvesting the fruits of state- and institution-building efforts since the Oslo Agreements.

157. Gaza has often been described as a tinderbox, which indeed it is. Labour indicators are moving only in one direction: downwards. Per capita incomes have fallen behind the levels of the early 1990s. Jobs are few and far between. It is unclear where further deprivation will lead.

158. The job growth prospects for Palestinians continue to be in Israel, spurred by more permits, and in the settlements. This provides financial relief to Palestinian households. Every fourth shekel earned by Palestinians now comes from work in the Israeli economy. But it comes at a cost: long queues at the crossings in the early hours of the morning, considerable broker fees and disturbingly high numbers of occupational accidents on Israeli construction sites. Moreover, work in Israel in itself will not solve the Palestinian employment problem.

159. The governance of Palestinian work in Israel needs to be reformed. It has disadvantages for both sides and curtails productivity and growth. The main winners are the brokers, who collect significant and questionable profits. Increased dialogue and coordination between the Palestinian and Israeli sides could pave the way for key reform

measures with the aim of improving the recruitment system through the use of labour exchanges, establishing a wage protection system and delinking permits from individual employers and sectors. Hundreds of millions of dollars could be saved each year by these measures and used to breathe new life into the Palestinian economy.

160. Meanwhile, unequal access to resources such as land and water also continues to disadvantage Syrian workers in the occupied Syrian Golan. Most have transitioned from farming to construction and services. The integration of the territory, including its labour market, into Israel appears only to deepen.

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# Annex

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## List of interlocutors

### Palestinian institutions

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#### **Palestinian Social Security Corporation**

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Bernard Sabella, PLC member, Chair of the Social Sciences Department of Bethlehem University

Nabeel Shaath, Adviser to the President of Palestine for Foreign Affairs and International Relations, member of the PLC and member of the Palestinian National Council of the PLO

#### **National Committee for Women's Employment**

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Naela Odeh, Field Educator, Palestinian Working Woman Society for Development

Sami Sehwal, Director of Planning, Ministry of Women's Affairs

#### **Workers', employers' and other civil society organizations**

##### **Palestine General Federation of Trade Unions (PGFTU), Nablus**

Shaher Sae'd, Secretary-General

Rasem Al-Bayari, Deputy General Secretary

Muna Jubran, Member of the General Secretariat

Juwairyeh Al Safadi, Member of the General Secretariat

Abdel Hadi Abu Taha, Member of the General Secretariat, Secretary of the Legal Unit

Khaled Abdel Hadi, Member of the General Secretariat

Mohammed Adwan, Member of the General Secretariat

Abdel Kareem Al Liftawi, Member of the General Secretariat

Khaled Etmezi, General Union of Public Services  
 Abdel Rahim Al Arouri, Secretary of the PGFTU office in Ramallah  
 Khalil Etmezi, President, Public Services Union  
 Ayshe Hmouda, Secretary of the Gender Unit, Nablus  
 Fayhaa' Sleiman, Gender Unit, Ramallah  
 Iman Qassem, National Commission for the Protection of Women Working in Settlements  
 Suzan Awatlah, National Commission for the Protection of Women Working in Settlements  
 Nasser Damaj, Public Relations and Media Unit  
 Heba Yassine, Secretary of the PGFTU  
 Iman Odeh, Communication Unit, Beirzeit  
 Hussain Khalifa, Legal Unit, Ramallah branch

#### **Palestine General Federation of Trade Unions (PGFTU), Gaza**

Mohammad Hillis, Member of the General Secretariat, Head of the Building and Wood Workers' Union  
 Yahya Abu El Atta, Member of the General Secretariat, Deputy Head of the Public Transportation Union  
 Wael Khalaf, Member of the General Secretariat, Deputy Head of the Public Sector Employees' Union  
 Bashir Al Sisi, Member of the General Secretariat, General Secretary of the General Union of Public Service and Commercial Workers  
 Elias Al Jeldeh, Member of the Executive Committee  
 Zaki Khalil, Member of the General Secretariat, Head of the Textile Workers' Union  
 Salameh Abu Zeiter, Member of the General Secretariat, Head of the General Union for Health Services

#### **Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA), Ramallah**

Khalil Rizq, Chairman of the Board of Directors of the FPCCIA, President of Ramallah Chamber  
 Jamal Jawabreh, Secretary-General  
 Ali Muhanna, Director of the Planning and SMEs Unit  
 Nazih Merdawi, Director of the Information Unit  
 Akram Hijazi, Director of the Public Relations Unit  
 Riyad Aweidah, Economic Adviser

#### ***South Hebron Chamber***

Jalal Makharza, Chairman  
 Abdelhaleem Tamimi, Vice-Chairman

#### ***Nablus Chamber***

Husam Abdelrahman Hijjawi, Vice-President, Member of the Board of Directors of the FPCCIA

#### ***Salfit Chamber***

Yousef Rayyan, Director

***Gaza Chamber***

Walid Al Hosary, President of the Gaza Chamber and Vice-Chairman of the Board of Directors of FPCCIA

Bader Sabra, Member of the Board of Directors

Bassam Mortaja, Managing Director

Hani Atallah, Member of the Board of Directors

Alaa Taha, Head, Projects and Development Unit

Fouad Al Qabalani, Public Relations and Media Unit

***Middle Gaza Chamber***

Abed Alsalam Elmassry, Vice-Chairman

***Khan Younis Chamber***

Loai Alaqqad, Treasurer

***North Gaza Chamber***

Abdel Aziz Mogat, Member of the Board of Directors

Imad Al Ghoul, Director-General

Hussam Naser, Treasurer

***Rafah Chamber***

Ayyad Abu Taha, Director of Public Relations

Raed Abu Dghaim, Project Coordinator

**Palestinian Federation of Businessmen Associations, Ramallah**

Majed Ma'ali, General Trustee

**Palestinian Contractors' Union**

Alaa El-Din Al Araj, President, Gaza

Taj El-Din Juma'a, Vice-President, Ramallah

**Metal and Engineering Industries Union, Gaza**

Mohammed Al Mansi, President

**Palestinian Federation of Industries, Gaza**

Khader Shniwra, Executive Manager

**Palestinian Information Technology Association  
of Companies, Gaza**

Nahed Eid, Vice-Chairman

**Palestine Economic Policy Research Institute – MAS**

Raja Khalidi, Research Coordinator

Samia Botmeh, Researcher

**Palestinian Academic Society for the Study  
of International Affairs (PASSIA), Jerusalem**

Mahdi Abdul Hadi, Chairman

**Al-Haq, Ramallah**

Shawan Jabarin, General Director

Tahseen Elayyan, Head of the Monitoring and Documentation Department

**Independent Commission for Human Rights, Ramallah**

Ammar Dwaik, General Director

**Islamic University of Gaza**

Nasser Farahat, President, Professor of physics

Ahmed Muhaisen, Dean of External Affairs

Saeed Al Ghoura, Dean of Community Services and Continuing Education

Saeed Al Nimrouti, Dean of Public Relations

**Al Mezan Center for Human Rights, Gaza**

Issam Younis, Director-General

**Al Dameer Association for Human Rights, Gaza**

Hala Qishawi Jaber, Executive Director

**Palestinian Centre for Human Rights, Gaza**

Raji Sourani, Advocate, Director

**Women's Studies Centre, Ramallah**

Sama Aweidah, Executive Director

**Center for Women's Legal Research, Counselling and Protection, Gaza**

Zeinab El Ghunaimi, Director

**Women's Affairs Center, Gaza**

Amal Syam, Director

**Other meetings****Workers' Group – PGFTU, Nablus**

Mohammed Khaliefeh, Worker

Ali Khaliefeh, Worker

Heba Yassin, Worker

Abdel Fatah Salim, Building Worker

**Gaza Sky Geeks**

Andy Dwonch, Mission Director, Mercy Corps

Wafa Elliyan, Deputy Mission Director, Mercy Corps

Iyad Altahrawi, Incubation and Acceleration Officer

Dalia Shurrab, Social Media Coordinator

Ryan Sturgill, Director

Sara Alafifi, Mentorship and Communications Coordinator

Rana Ahmed Alqrenawi, Women's Program Manager

Kevin Gomis, Operations Manager

Moamin Abu Ewaida, Community Development and Engagement Manager

Ghada Ibrahim, Code Academy Course Facilitator

Saed Habib, Freelance Academy Officer

#### Youth Group – Gaza

Hussein Eilawah, Architect

Bilal Zoreob, Trainer and Sign Language Interpreter

Mahmoud Abu Samahdaneh, Youth Activist, Undergraduate Student

Tharif Sultan, Social and Youth Activist

Mohammad Abu Rjelieh, Youth Activist

Mohammad Abu Kamil, Disability Activist

Tawfiq Algouleh, Social and Rights Activist

Mohammed Muhaisen, Youth Program, Future Development Commission

Ghadeer Awad, Interpreter

#### Field Visit – Hebron H2, Tel Rumeida

Imad Abu Shamsieh, Coordinator, Human Rights Defenders Group

Aref Jaber, Member, Human Rights Defenders Group

Radi Abu Aishe, Workshop owner, nickel and metal

## Israeli institutions

### Government of Israel and other public institutions

#### Ministry of Labour, Social Affairs and Social Services

Avner Amrani, Senior Research Director, Labour Relations Division

#### Ministry of Finance

Michael Ritov, Senior Economist, Chief Economist Department, Research Division

#### Ministry of Foreign Affairs

Avivit Bar-Ilan, Head of Bureau, United Nations and International Organizations Division

Beth-Eden Kite, Minister, Global Issues and Specialized Agencies Department, Division for International Organizations

Alon Bar, Deputy Director-General for the United Nations and International Organizations

#### Coordination of Government Activities in the Territories (COGAT), Ministry of Defence

Col. Sharon Biton, Head, Civil Department

Lt. Col. Yoav Bistrisky, Head, International Branch

Lt. Col. Lior Ayalon, Head, Economic Branch



**Population and Immigration Authority, Ministry of the Interior**

Shoshana Strauss, Senior Deputy to the Legal Adviser

Efrat Lev Ari, Legal Department

**Knesset members**

Ahmad Al Tibi, Knesset Member

Osama Al Sa'adi, Lawyer and former Knesset Member

**Workers', employers' and other  
civil society organizations****Histadrut – General Federation of Labour in Israel**

Avital Shapira-Shabirow, Director, International Department

Itzhak Moyal, Chairman of the Construction and Wood Workers' Union

Suheil Diab, former Head, Equality Department

**Manufacturers' Association of Israel**

Uri Rubin, Chairman, Labour Committee and CEO, Rubin Group

Isaac Gurvich, Director, Construction Sector HR and Labour Relations, Israel Builders' Association

Dan Catarivas, Director-General, Foreign Trade and International Relations

Michal Waxman Hili, Head of Labour and Human Resources Division

**B'Tselem – The Israeli Information Center for Human Rights in the  
Occupied Territories**

Hagai El-Ad, Executive Director

**MachsomWatch – Women against the  
Occupation and for Human Rights**

Sylvia Piterman, Volunteer

**United Nations and international organizations****Office of the United Nations Special Coordinator  
for the Middle East Peace Process**

Jamie McGoldrick, Deputy Special Coordinator and United Nations Resident/Humanitarian Coordinator

**United Nations Office for the Coordination of Humanitarian  
Affairs (OCHA), Occupied Palestinian Territory**

Ezekiel Lein, Head of Research and Analysis Unit

Diana Anani, Humanitarian Affairs Analyst, Head of South Field Coordination Unit

**United Nations Relief and Works Agency for Palestine  
Refugees in the Near East (UNRWA)**

Scott Anderson, Director of UNRWA Operations, West Bank

Matthias Schmale, Director of UNRWA Operations, Gaza

Office of the High Commissioner for Human Rights  
Occupied Palestinian Territory (OHCHR)

Jane Anttila, Deputy Head of Office

United Nations Development Programme (UNDP)

Sufian Mushasha, Senior Policy Adviser

UN Women, Gaza

Heba Al Zayyan, Programme Analyst

International Monetary Fund, West Bank and Gaza

Robert Tchaidze, Resident Representative

Hania Qassis, Local Economist

## Diplomatic representations

Embassy of the Federal Republic of Germany, Tel Aviv

Martina Wichmann-Bruche, Counsellor, Head of Labour and Social Affairs

Representative Office of Germany in Ramallah

Bernd Kuebart, Deputy Head of Office

## Occupied Syrian Golan

Majd Kamal Kanj Abu Saleh, Lawyer

Thaer Abu Saleh, Director, Polyclinic – Golan

Salah Eldin Al Moghrabi, Farmer

Said Farhan Farhat, Head of Apple Marketing Committee

Al-Marsad – Arab Human Rights Center in Golan Heights

Nizar Ayoub, Director

Karama Abu Saleh, Lawyer

Ali Abu Jabal, Ski Instructor

Sohela Abu Shaheen, Worker

Kamar Awad, Worker

Taiseer Maray, Freelancer

## Other meetings

Meetings in Damascus, Syrian Arab Republic

*Ministry of Social Affairs and Labour – Damascus*

Rima Al Kadri, Minister

Wael Badeen, Deputy Minister

Rakan Ibrahim, Deputy Minister

Mahmoud Al Kawa, Head, International Cooperation and Planning

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Reem Quatly, Assistant Head, International Cooperation and Planning

Lina Mohed, Head, International Relations

*Ministry of Industry – Damascus*

Eyad Maklad, Director, International Relations

*Ministry of Foreign Affairs – Damascus*

Ziad Zeitoun

*World Federation of Trade Unions – Damascus*

Adnan Azzouz – Head, Middle East Regional Office

*Damascus Chamber of Commerce*

Abulhuda Laham, Member of the Board

*Quneitra*

Ahmad Sheik Abdul-Qader, Governor of Quneitra

Meetings in Cairo, Egypt

*Arab Labour Organization (ALO), Cairo*

Fayez Al-Mutairi, Director-General

Reda Qaysuma

*League of Arab States – Cairo*

Said Abu Ali, Assistant Secretary-General, Sector of Palestine and Arab Occupied Territories

Haider Tareq Aljoubouri, Minister Plenipotentiary, Sector of Palestine and Arab Occupied Territories, Director of Palestine Affairs Department

Mohammed Fathi Shaquora, Responsible for the Section of the Development and Reconstruction of Palestine, the Social Affairs and the Palestinian Official Institutions, Sector of Palestine and Arab Occupied Territories