

# Governing Body

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Policy Development Section

POL

Development Cooperation Segment

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## Enhanced programme of development cooperation for the occupied Arab territories

### Purpose of the document

This document reports on progress of ILO interventions within the context of the programme of development cooperation in the occupied Arab territories.

In the light of the deteriorating socio-economic conditions for Palestinians that were further aggravated by the COVID-19 pandemic and the recent hostilities in May 2021, the Governing Body is invited to: (i) take note of the incessantly challenging situation for Palestinian workers, particularly women and youth, and support the ILO in furthering decent work and social justice for all Palestinians; (ii) take note of the significant achievements made since the last reporting period, despite all challenges, particularly the renewed tripartite dialogue on social security and labour law reforms, the launching of the National Employment Strategy and the increase of the national minimum wage; and (iii) the urgent need to support the Office in helping the Palestinian Authority and social partners to mobilize the needed funds to address the soaring unemployment situation and achieve a human-centred recovery, particularly for women and youth in Gaza (see the draft decision in paragraph 33).

**Relevant strategic objective:** None.

**Main relevant outcome:** None.

**Policy implications:** None.

**Legal implications:** None.

**Financial implications:** None.

**Follow-up action required:** None.

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

**Related documents:** [GB.340/POL/5](#); [ILC.109/DG/APP/2020](#) and [ILC.109/DG/APP/2021](#).

## ▶ I. Background

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1. This document reports on progress made and planned interventions within the context of the ILO programme of development cooperation in the occupied Arab territories. It takes account of the main achievements of the ILO's work in the Occupied Palestinian Territory under the framework of the second Palestinian Decent Work Programme 2018–22 and highlights main developments and challenges in the Palestinian labour market since the last reporting period. It also presents a concerted effort in aligning the ILO work in the Occupied Palestinian Territory with frameworks of the broader United Nations (UN) system and the UN country team.
2. During the period under review, the COVID-19 pandemic continued to infiltrate the world of work, causing enduring economic and social disruptions, especially among the youth, and further saddling public expenditure. Structurally debilitated after decades of occupation, the Palestinian economy had little resilience in the face of frequent lockdowns and workplace closures resulting from the COVID-19 pandemic. There was no fiscal space for economic stimulus, and mitigation measures were few and far between.<sup>1</sup> However, the resumption of coordination in November 2020 between Israel and the Palestinian Authority and the subsequent transfer of clearance revenues collected by Israel on behalf of the Palestinian Authority, created some breathing space for government finances, at a time of decreasing foreign aid and increasing domestic borrowing.
3. In view of the distressed labour market situation, many Palestinians disengaged from it altogether. Key characteristics such as low labour force participation, high unemployment and far-reaching labour underutilization were further accentuated. While unemployment rose to 25.9 per cent, the labour force participation rate decreased by 3.4 percentage points in 2020 to 40.9 per cent. The labour force shrank by 66,000 persons within one year. In total, 15.8 per cent of working hours were lost in 2020, the equivalent of some 161,000 jobs. This significant loss is almost twice the global and regional averages. During 2020, the gross domestic product shrank by 11.5 per cent, which is the largest decline since 2000.<sup>2</sup>
4. The pandemic has had an asymmetrical impact on economic sectors and categories of workers, resulting in groups susceptible to vulnerabilities and discrimination in the labour market faring worse.<sup>3</sup> In 2020, women's labour force participation reached just 16.1 per cent, almost two percentage points less than a year earlier. Young graduates were also affected and lost whatever little foothold they had in the labour market. The unemployment rate among youth (aged 15–29) reached 42.1 per cent, an increase of 1.9 percentage points from the previous year.<sup>4</sup> Informal Palestinian workers were deeply affected by the pandemic with informal women workers suffering the largest declines in both working hours (34.3 per cent) and employment (23.7 per cent).<sup>5</sup>

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<sup>1</sup> ILO, The Situation of Workers of the Occupied Arab Territories, International Labour Conference, 109th Session, 2021, [ILC.109/DG/App/2021](#).

<sup>2</sup> ILC.109/DG/App/2021.

<sup>3</sup> ILC.109/DG/App/2021.

<sup>4</sup> ILC.109/DG/APP/2021.

<sup>5</sup> ILC.109/DG/APP/2021.

5. In Gaza, where some 40 per cent of Palestinians live, the situation appears untenable. Public health-motivated lockdowns compounded the impact of the 15-year blockade, exacerbating already bleak living conditions, and intensifying economic depression and deindustrialization. In 2020, fewer than one in five people of working age had a job. Two thirds of women and young people were unemployed and most of them now harbour little hope of ever getting into paid employment. Close to a quarter of working hours were lost in 2020 as a consequence of COVID-19, the equivalent of some 59,000 jobs. There was a sharp decline in employment, by 13.3 per cent in 2020 compared to 2019, while the unemployment rate reached 46.6 per cent.<sup>6</sup>
6. May 2021 witnessed an increase of violence across the Occupied Palestinian Territory, including East Jerusalem, with 11 days of intense hostilities between Israel and Palestinian militants in Gaza that resulted in the loss of lives on both sides. The human toll was aggravated by overall damage to and loss of physical infrastructure and productive capacity. The Rapid Damage and Needs Assessment, conducted in Gaza, estimated up to US\$380 million in physical damage and US\$190 million in economic losses.<sup>7</sup>
7. In his annual report on the situation of workers of the occupied Arab territories, the Director-General stated that the Palestinian economy and labour market have been badly eroded after more than half a century of occupation. Lacking the resilience to deal with an additional shock, both were devastated by the fallouts of COVID-19. He drew attention to the dire situation in Gaza, and massive loss of jobs, and working hours during the pandemic,<sup>8</sup> which were further exacerbated by the hostilities of May that led to loss of lives and social and economic infrastructure.
8. Despite the crisis situation, the Palestinian Ministry of Labour and social partners continued to work jointly to recalibrate core planning documents and associated policies that lay down their vision for improved labour market governance and effective response to immediate and longer-term labour market challenges. Organized on the recommendation of the tripartite Labour Policies Committee, the ILO supported holding the first social dialogue conference in Ramallah in March 2021, during which the Palestinian National Employment Strategy 2021–2025 was launched. The tripartite stakeholders also announced their agreement on an increased minimum wage and the resumption of social dialogue on new labour law and social security reforms.<sup>9</sup>
9. The Palestinian Authority developed several sectoral COVID-19 emergency response plans for mitigating impacts on the economy and society more broadly. In February 2021 the Ministry of Labour supported an additional 15,523 workers through a second round of one-off cash transfers to workers who lost their income due to the pandemic.<sup>10</sup> The Palestinian Fund for Employment and Social Protection reportedly created over 4,000 employment opportunities, most of them of a temporary nature, and 560 income-generating opportunities.
10. The ILO, together with members of the UN country team, is supporting the efforts of the Palestinian Authority to address socio-economic recovery from the devastating impact

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<sup>6</sup> ILC.109/DG/APP/2021.

<sup>7</sup> World Bank, Press Release, 06/07/2021: [The Rebuilding of Gaza Amid Dire Conditions: Damage, Losses, and Needs \(worldbank.org\)](https://www.worldbank.org).

<sup>8</sup> ILC.109/DG/App/2021.

<sup>9</sup> ILO News: [A new employment strategy and minimum wage for the Occupied Palestinian Territory](https://www.ilo.org/news), 5 March 2021.

<sup>10</sup> Palestinian Ministry of Labour, Press Release, <http://www.mol.pna.ps/news/609>.

of COVID-19 and the recent hostilities in Gaza. The ILO contributed to the Rapid Damage and Needs Assessment of June 2021 and is further planning alongside other UN agencies a joint intervention in support of the recovery and rehabilitation of Gaza. The proposal falls under the framework of the National Employment Strategy 2021–2025 and seeks to provide immediate support to enterprises impacted by the recent hostilities, and enhance access to decent and productive jobs for unemployed Gazans.

## ▶ II. Overall progress in programme and partnership development

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- 11.** The reporting period falls within the fourth year implementation of the second Palestinian Decent Work Programme (2018–22). The Programme continues to support the Palestinian Ministry of Labour and social partners in advancing decent work principles in tripartite social dialogue platforms, and the articulation of responsive and inclusive labour-related policy reforms. Building on its previous achievements, and ensuring its full alignment with national policies and plans and UN programming frameworks, the ILO plans to start the review process of the Decent Work Programme in December 2021, to be followed by extensive tripartite consultations and development of the new Palestinian Decent Work Programme in 2022.
- 12.** The current ILO development cooperation programme in the Occupied Palestinian Territory consists of a portfolio of approximately US\$10.1 million, inclusive of voluntary core allocations and voluntary earmarked funds.<sup>11</sup> Its growth is a result of diversified efforts to mobilize additional resources and leverage new partnerships in areas critical for addressing labour market fallouts from COVID-19. The ILO Regular Budget Supplementary Account (RBSA) allocations for COVID-19 response have provided an opportunity to reinforce and strengthen the work of the ILO in the Occupied Palestinian Territory, particularly in advancing social dialogue processes and anchoring principles of social justice and protection of labour rights in times of crisis.
- 13.** In addition to the US\$1.3 million RBSA allocations for improving workplace compliance, and establishing a Palestinian social security institution, an amount of US\$600,000 was allocated to support ILO efforts for a COVID-19 response in the Occupied Palestinian Territory in early 2021. This allocation aims at institutionalizing social dialogue in order to address labour market shocks and inequalities, particularly through strengthened tripartite governance and improved socio-economic responses.
- 14.** In July 2021, the ILO and the Office of the European Union Representative signed a new development cooperation project for €1.5 million. The project aims to strengthen coherence between humanitarian and development initiatives on social protection and to improve the shock-responsiveness of the social protection system. Interventions will focus on addressing fragmentation and enhancing coordination at the humanitarian-development nexus, and on boosting the capacity of the Ministry of Social Development and its partners to quickly leverage social transfers in response to shocks and emerging needs across Palestinian society.

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<sup>11</sup> These figures are based on additional approvals and allocations made since the last reporting period in October 2020.

15. As a lead agency for Sustainable Development Goal 8 (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), the ILO is contributing to the development of the humanitarian-development-peace nexus, the Multi Sectoral Needs Assessment and updating of the UN Common Country Analysis in preparation for the new UN Sustainable Development Cooperation Framework (UNSDCF) to be launched in January 2023. The review of the second Palestinian Decent Work Programme and the development of the new Programme in 2022, will ensure the integration of priority areas in the labour sector identified by tripartite partners, and mainstreaming of the Decent Work Agenda in the new UNSDCF.
16. Since 1995, the ILO has maintained an office of the ILO representative in Jerusalem with four regular budget staff members, supported by the Regional Office for the Arab States. Seven development cooperation staff members have been recruited to provide support to the expanding work in the areas of labour market governance and social dialogue, employment, gender equality, cooperative development and social protection.

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

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

17. The ILO continued its efforts to strengthen the capacity of the Ministry of Labour and the social partners in achieving improved labour market analysis and engage in a comprehensive approach to address the employment challenges in the Occupied Palestinian Territory. In November 2020, the Palestinian Cabinet adopted its first National Employment Strategy, covering the period 2021–25. It was formally launched by the Palestinian Prime Minister, Minister of Labour and social partners during the Social Dialogue Conference in March this year. With ILO's technical support, the Strategy has been developed through extensive tripartite consultations with the aim to address labour market challenges and promote policy coherence to achieve full and productive employment for jobseekers, particularly youth and women.
18. The ILO is working closely with the Minister of Labour, social partners and the Arab Labour Organization in preparation for a donors' meeting in early 2022 in order to raise the needed funds for the full implementation of the Strategy for the next few years. With ILO support, thematic fiches based on priority areas identified in line with the Strategy are being prepared for presentation to potential donors.
19. Initially announced during the National Social Dialogue Conference, held in March 2021, the Palestinian Cabinet has endorsed on 23 August 2021, the increase of the national minimum wage from 1,450 to 1,880 Israeli Shekels per month, to be implemented in January 2022. The decision was adopted by the Employers' and Workers' groups respectively, and comes as a result of extensive deliberations led by the Ministry of Labour and with support from the ILO.
20. The ILO continues to support reforms to the legal and policy frameworks of the cooperative sector in the Occupied Palestinian Territory while ensuring their alignment with the Promotion of Cooperatives Recommendation, 2002 (No. 193), and international best practices. In early 2021, with technical support from the ILO, an amended draft of the Cooperative Law of 2017 and the by-laws for the establishment of the two

promotional entities – the Cooperative Development Fund and the Cooperative Training Institute – have been prepared and submitted to the Board of Directors of the Cooperative Work Agency for deliberation and endorsement.

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

- 21.** Social dialogue on reforms of the Palestinian labour law remains a chief priority for tripartite partners and an imperative objective for addressing labour market inequalities and the realization of labour rights. With some delays in 2020 due to the COVID-19 pandemic, the Ministry of Labour and social partners committed during the Social Dialogue Conference in March 2021, to resume dialogue on labour law reforms. With technical support from the ILO, the Ministry of Labour plans to lead extensive consultations with workers' and employers' organizations during the last quarter of 2021 with the aim of reaching consensus on amendments to provisions that are critical towards improving working conditions and protection against discrimination and inequality in the workplace.
- 22.** Further, the ILO supported the Palestinian General Federation of Trade Unions (PGFTU) in launching a coalition with members of civil society and sectoral unions in March this year. Benefiting from the recommendations of the gender review of the labour law – supported by the ILO in 2019/20 – the coalition is intended to ensure proper representation of workers' voice, particularly women, throughout the reform process of the labour law.
- 23.** In December 2020, the ILO conducted a strategic compliance planning workshop targeting labour inspectors with a view to improving efficiency in planning and execution of labour inspection activities within the Palestinian Ministry of Labour's inspectorate mandate. To enable all labour inspectorates to apply the strategic compliance model, the Labour Administration, Labour Inspection and Occupational Safety and Health Branch of the ILO's Governance and Tripartism Department developed the ILO approach to strategic compliance planning for labour inspectorates.<sup>12</sup> Furthermore, in February 2021, the National Tripartite Committee for Occupational Safety and Health (OSH) discussed and validated the national OSH profile.
- 24.** In a joint collaboration for "Working for Health" with the support of the ILO, the Organisation for Economic Co-operation and Development and World Health Organization under a multi-partner trust fund, a training of trainers was conducted in August 2021 in Ramallah targeting health workers. The training aimed at promoting the HealthWISE approach to prepare health workers in their response to COVID-19 with a focus on their own protection while helping others, and learn how to apply the COVID-19 checklist to be implemented in all health facilities.
- 25.** Building on the tripartite agreement adopted in March 2020 and the recommendations of the Social Dialogue Conference of March 2021, the ILO launched in June a comprehensive assessment of social dialogue in the Occupied Palestinian Territory. The study examines the main institutional gaps and weaknesses, defines dimensions of

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<sup>12</sup> ILO, [ILO Approach to Strategic Compliance Planning or Labour Inspectorates](#), 29 November 2017.

success and points to areas for enhancing the efficiency of tripartite and bipartite social dialogue structures at central, sectoral and local levels.

26. Given the dire situation of women who have been identified among the most vulnerable groups highly impacted by the pandemic, the Office, in collaboration with the International Training Centre of the ILO delivered a tailored six-week training course for three different workers' groups: the leadership of the PGFTU, the Gender Secretariat at the PGFTU, and the newly formed teachers' work committees. Conducted in January and February 2021, the training promoted knowledge on social dialogue, freedom of association and collective bargaining, and presented information on how to prevent discrimination against women, and violence and harassment in the world of work.

### **3. Support the implementation and development of the Palestinian social security system and the extension of social protection to all**

27. The ILO maintained its long-standing support to the establishment of a comprehensive social security system through renewed tripartite dialogue for social security reforms that would extend coverage to hundreds of thousands of Palestinian private sector workers. With technical support from the ILO, a specialized tripartite committee, established by the Minister of Labour, for exploratory dialogue on social security reforms has met several times in 2021 to discuss the list of issues and proposed revisions to the social security law of 2016. The ILO is currently preparing an assessment on the impacts of specific proposed changes by the negotiators to the scheme and will present a number of scenarios from the actuarial model for discussion by the committee in the fourth quarter of 2021. In parallel, the ILO is currently conducting a review of scope and application of existing employer-liability provisions in the Labour Law, which the introduction of social security would either complement or replace, and an actuarial valuation for unemployment insurance in response to rising unemployment emerging from COVID-19. The ILO has availed international social security experts to support the Employers' and Workers' groups during the social security reform deliberations. Further, the ILO will support a wide-ranging awareness-raising campaign to accompany the dialogue and in preparation for eventual passage of the amended social security legislation.
28. Based on findings from the ILO Social Protection Floors Assessment in 2020, the ILO under a joint programme with UNICEF and the World Food Programme, is supporting the Ministry of Social Development to establish components of a Palestinian social protection floor. The project aims at improving social assistance policy and administration for older persons and persons with disabilities. Costing studies and support for the development of new administrative tools are being provided to facilitate the introduction of social allowances for vulnerable groups, in particular social pensions for older vulnerable Palestinians.

## **► IV. Next steps**

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29. The deteriorating socio-economic conditions for Palestinian workers and their families that have been heightened by the COVID-19 pandemic and further exacerbated by the hostilities in May 2021, have led to more than one quarter of Palestinians – 1.4 million individuals – living in poverty and 80 per cent of Gazans depending on humanitarian assistance.

30. The Governing Body is invited to take note of the achievements made since the last reporting period and the collaborative efforts by the Ministry of Labour and the social partners in employing tripartite social dialogue to define needed policy interventions for addressing the devastating impact of COVID-19. This was mainly noticeable in the holding of the first Social Dialogue Conference in March 2021 where the Palestinian National Employment Strategy was launched and decisions to increase the national minimum wage and resumption of sectoral and national dialogue on social security and labour law reforms were announced.
31. Support to the institutionalization of social dialogue, fostering of industrial relations and defining sectoral solutions through collective bargaining are all essential tools for improving working conditions for both men and women. Further, and as highlighted in the Governing Body's guidance at its 340th Session (October–November 2020), support to skills development, employability and active labour market programmes, as well as continued assistance to social protection initiatives, will be instrumental in addressing the evolving labour market challenges, particularly during times of heightened crisis.
32. The Governing Body is also invited to take note of the urgent need to support the Office's resource mobilization efforts to secure the needed funds for the full implementation of the National Employment Strategy and other pressing needs in the labour area. Urgent funds are critically needed to enable the Palestinian Authority and social partners address the soaring unemployment situation and achieve a human-centred recovery, particularly for women and youth in Gaza.

## ▶ Draft decision

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33. **The Governing Body took note of the information provided in document GB.343/POL/3.**