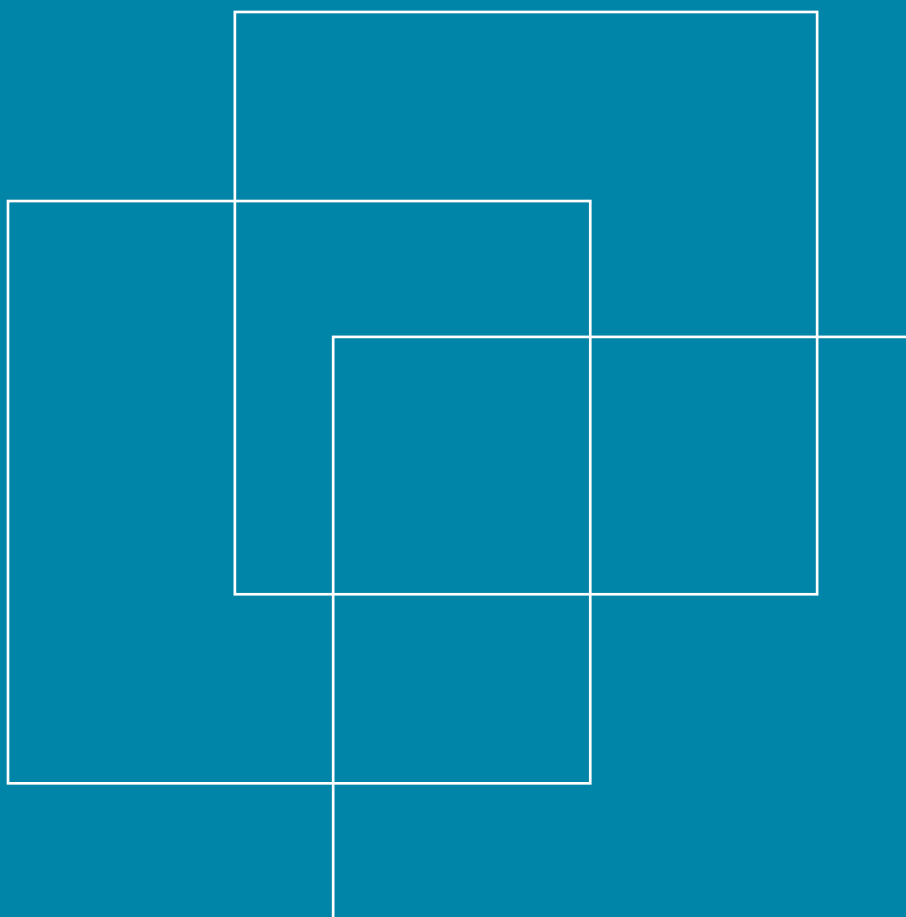




International
Labour
Office
Geneva

REPORT OF THE DIRECTOR-GENERAL
APPENDIX

The situation of workers of the occupied Arab territories



INTERNATIONAL LABOUR CONFERENCE
103rd SESSION, 2014

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Report of the Director-General

Appendix

The situation of workers of the occupied Arab territories

International Labour Office Geneva

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Preface

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. It also met with the Secretary-General of the League of Arab States and the Director-General of the Arab Labour Organization in Cairo, Egypt. As has been the case for the last three years, it could not visit the Syrian Arab Republic.

The mission had in-depth discussions with representatives of the Palestinian Authority, the Government of Israel, employers' and workers' organizations in Palestine and Israel, Syrian citizens of the occupied Syrian Golan, and representatives of the United Nations and international and non-governmental organizations. They all provided information which has guided the preparation of this Report. A number of field visits were also undertaken by the mission.

I am grateful for the cooperation extended to the mission by all its interlocutors, which once again reaffirms 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 in the occupied Arab territories.

This year's mission took place at a critical time for the peace talks led by United States Secretary of State John Kerry. The Report notes the pessimism arising out of the lack of results in this latest phase of the peace process. It also notes that, while the talks have taken place, settlement activity has intensified, violence has increased, especially in the West Bank, and whatever promises there have been of economic advances have not materialized.

The situation leads us to ask seriously: is the peace process heading towards a breakdown or is a viable two-state solution still feasible? Is the commitment to the Oslo Accords still there, or are Israel and the Palestinian Authority heading towards uncharted and troubled waters, with alternatives that are difficult to reconcile with the aims of sovereignty, self-determination, balanced economic development and social justice? The real effect of the intra-Palestinian agreement reached on 23 April 2014 remains to be seen, but it certainly comes at a moment when signals of movement towards Palestinian unity are greatly in demand.

Over the course of the last 12 months, the Palestinian growth rate has further declined, while overall unemployment has continued to rise. If the multiple restrictions on economic activity, arising out of the occupation, are not removed, no sustainable improvement in the situation of Palestinian workers and entrepreneurs can be expected.

There is reason to have grave concern about Gaza, where developments should have led to improvements but the opposite has been the case. A largely effective ceasefire and the closure of the tunnel trade have not resulted in an easing of the

blockade. The Report calls Gaza a “tinderbox” where a single spark can light a fire which will be extremely difficult to contain. Urgent measures are needed to allow for the movement of people and goods and to bring relief to one of the world’s most densely inhabited areas. When four-fifths of people have to count on humanitarian aid, and economic activity has been paralysed, achieving decent work is an increasingly distant dream.

The Report also focuses on the different situations of Palestinian workers in Israel and the settlements. There has been a significant growth in the number of workers, especially outside regulated channels. There is a growing risk of exploitation of Palestinian workers by brokers and unscrupulous employers. This issue needs further attention and clarification, as reliable data are largely missing, and measures may be taken, or not taken, on the basis of impressions or anecdotal evidence.

Within the tightening constraints for the building of Palestinian institutions, the desire of the Palestinian Authority and the social partners for a strengthened social dimension, and tripartite cooperation in its application, remains strong. The recently approved Palestinian Decent Work Programme aims at improved labour market governance and labour rights; enhancing employment and livelihoods for women and men; and extending social protection for all.

Serious challenges remain. Not least among them are the further enforcement of the minimum wage, ensuring labour law and social security reform in line with international labour standards and promoting youth employment. A persistent concern is the low participation rate of women in the Palestinian labour force, which now appears to be compounded by a drop in the representation of women in decision-making bodies. Initiatives to support women’s empowerment need to be carefully designed and monitored to ensure that they reach all groups of women, and result in tangible improvements.

The ILO’s commitment to the building of a sovereign Palestinian state with an effective social dimension remains as strong as ever.

May 2014

Guy Ryder
Director-General

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Introduction

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 (ILC) at its 66th Session (1980), the Director-General again this year sent a mission to Israel and the occupied Arab territories, and to Egypt, 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 (West Bank, including East Jerusalem, and Gaza) and the occupied Syrian Golan.¹
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 guided by the resolutions adopted by the ILC, as well as the principles laid down in the 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) and 1860 (2009). 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 Kari Tapiola, as his Special Representative, Tariq Haq, Economist in the Employment Policy Department, Martin Oelz, Legal Specialist in the Conditions of Work and Equality Department, and Shauna Olney, Chief of the Gender, Equality and Diversity Branch, with the mission to Israel and the occupied Arab territories, which took place from 19 to 28 March 2014. Mounir Kleibo, ILO

¹ 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.

Representative in Jerusalem, and Rasha El Shurafa, Programme Officer in the Office of the ILO Representative in Jerusalem, undertook the preparations for the mission, of which they were full members.

5. The Director-General's Special Representative visited Cairo on 9 April for consultations with the League of Arab States and the Arab Labour Organization. As has been the case since 2012, owing to United Nations security restrictions, he could not visit the Syrian Arab Republic for consultations with the Syrian Government and workers' and employers' organizations.

6. 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.² 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, research institutions and community leaders. The mission also consulted representatives of the United Nations and other international organizations.

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 factual 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 spot 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.

² A list of interlocutors is contained in the annex of this Report.

1. Heading towards a breakdown?

9. Since the 2013 mission to the occupied Arab territories and Israel, the peace initiative, driven by United States Secretary of State John Kerry, appeared as a hope that something could after all happen. Talks were to take place again on political and security issues, as well as on prospects for economic and business cooperation and, through it, employment and incomes. At the time of this year's mission, such hopes were rapidly being whittled down to a point where, for different reasons, both Israeli leaders and Palestinians were seriously questioning whether the talks were of any use. The release by Israel of the fourth group of Palestinian prisoners was frustrated. President Abbas sought Palestinian accession to a series of international treaties.³ Israeli settlement expansion in East Jerusalem was set to intensify further. The prospect of Israel withholding Palestinian tax receipts was on the table again. By the time of writing this Report, little if anything of the negotiating process was left.

10. In 2012, the United Nations General Assembly had accorded to Palestine the status of a non-member observer State (UN, 2012a). In April 2014, Palestinian accession to a number of international treaties was registered. These treaties cover international human rights and humanitarian law, diplomatic and consular relations, the law of treaties, and anti-corruption measures (UN, 2014a).

11. Over the two decades following the Oslo Accords, the peace process has never been on a straight trajectory forward. It has had its ups and downs and faced serious challenges and internal and external turmoil. Rarely, however, has it been in a situation where there is so little external support forthcoming. Neighbouring countries are facing internal challenges and a delicate search for a next phase of the Arab Spring. World leaders are torn between several agendas. There has also been a drop in donor engagement, although support for humanitarian aid continues to flow. Over the past nine months the peace process has been driven by the United States initiative. Unless ways are found by all parties to keep the process going, it will again move into uncertain terrain.

12. The most likely outcome of a dysfunctional or stalled peace process is a continuation of the current situation. It should be well understood, however, that, on the ground, this would not be a status quo. It would signify deepening integration of the settlements and their economy with Israel; an economic and employment situation where Palestinian entrepreneurs and workers will at best be dependent junior partners; and where the prospects of a genuine two-state solution will be fading.

³ The Vienna Convention on Diplomatic Relations (1961), the Vienna Convention on Consular Relations (1963), the Convention on the Rights of the Child (1999), the Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflict (2000), the Convention on the Elimination of All Forms of Discrimination against Women (1979), the Convention on the Rights of Persons with Disabilities (2006), the Vienna Convention on the Law of Treaties (1969), the International Convention on the Elimination of All Forms of Racial Discrimination (1966), the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1984), the United Nations Convention against Corruption (2003), the Convention on the Prevention and Punishment of the Crime of Genocide (1948), the International Convention on the Suppression and Punishment of the Crime of Apartheid (1973), the International Covenant on Civil and Political Rights (1966), the International Covenant on Economic, Social and Cultural Rights (1966), the First, Second, Third and Fourth Geneva Conventions relating to the protection of victims of international armed conflicts (1949), Protocol I additional to the Geneva Conventions (1977) and the Hague Convention (IV) respecting the Laws and Customs of War on Land and its annex: Regulations concerning the Laws and Customs of War on Land (1907).

13. There is little space to navigate between the alternatives of one and two states. While the two-state option appears to be withering on the ground, it clearly is strengthening on the international scene. Increased pressure on Israel has involved moves to boycott settlement products. It is still highly unlikely that there will be any serious improvement on the ground any time soon. Getting through in one way or another might be the optimistic scenario, but it is fraught with polarization, intransigence and the lack of effective support by external partners. It is reasonably safe to predict that, for the time being, a situation of parallel realities will continue, and these realities are at risk of being driven further apart.

Near complete paralysis in Gaza

14. In Gaza the economic and social situation has taken a turn for the worse, just when this might have been thought no longer possible. Food insecurity is at almost 60 per cent, and 80 per cent of Gazans rely on humanitarian aid. For some years the tunnel trade had been not only driving but also distorting economic development in Gaza. It had given a lifeline to both the people of Gaza and the de facto authorities, yet this has been of a black-market nature, outside any decent standards for labour or regular economic exchanges.

15. Opening the crossings to Israel and facilitating the movements of people and goods were already part of the ceasefire understanding of November 2012. After the political changes in Egypt in July 2013, the tunnels were by and large closed, yet there has not been any significant easing of controls and restrictions by Israel. Currently there is less movement of goods through the regular crossings than during the large-scale use of the tunnels.

16. Paradoxically, while there has been less violence in and around Gaza, the humanitarian situation has deteriorated. A lower level of conflict has been accompanied by a tightening – rather than an easing – of the blockade. Gaza is today even more bottled up than earlier, and the danger of a social explosion is continuously present. In such a tinderbox, a single spark can ignite an uncontrollable fire.

17. The de facto authorities of Gaza have become increasingly isolated both politically and economically. This has further underlined the issue of Palestinian reconciliation. The agreement of 23 April 2014 between the two sides of the divide addresses most of the contentious issues, including the setting up of an interim unity government to be followed by elections. With the realization of the promises of this agreement, a significant obstacle to the improvement of the lives of Palestinian women and men would be removed.

Intensified occupation in the West Bank

18. The resumption and intensification of settlement activity is a visible and politically and psychologically perilous factor in the West Bank, including East Jerusalem. Over the past year the construction of settlements has more than doubled and further expansion plans have been announced by the Israeli Government. When completed, they will sever East Jerusalem from the rest of the West Bank, thus interrupting the territorial continuity needed for a viable Palestinian state. Settlements continue to be established in Palestinian neighbourhoods in East Jerusalem and, for the first time since 1980, Israel has authorized a new settlement in the already tense and divided city of Hebron.

19. There is more freedom of movement in the West Bank but the number of violent incidents has also increased. For the first time, the number of casualties in the West Bank exceeds that of Gaza. There are violent acts from both sides, but in particular there is a rise in violence by settlers, especially when they are ideologically motivated and have established themselves deep inside the Occupied Palestinian Territory. Serious concerns are being expressed that occupation and settler activity is leading to a dangerous culture of impunity.

20. The limits of development under occupation are being seriously tested by the economic initiatives of the Palestinian private sector and the international community. The purpose of the United States initiative was to give momentum to political, security and economic developments. With no progress on the political and security issues, however, it is unrealistic to expect significant outcomes under the economic pillar of this initiative. The private sector will continue with such signature projects as the Jericho Gate aquapark and entertainment centre, a power station in Jenin, and a housing project near Jerusalem for which the permit was obtained as far back as 2000.

21. A case in point of the tenacity of hope is Rawabi. This is a new construction site for the development of an entire community with enterprises and modern and affordable housing for 25,000 residents, which is being built north of Ramallah with Qatari partners. Rawabi is clearly marked by a sizeable Palestinian flag on a hilltop, facing a string of settlements that prominently fly the Israeli flag on surrounding hills. The plans and construction work under way in Rawabi are impressive. Yet the reality of the situation is driven home by the fact that the road leading to Rawabi still has only a one-year temporary permit and it already exceeds the width allowed by the occupying authorities. The issue of securing water for the new complex has not yet been settled. This is a Palestinian version of the practice of creating “facts on the ground” and, while an individual building or small camp may be easily demolished, it would be harder to demolish a billion-dollar multinational building project.

22. Palestinian private-sector leaders express disappointment at both the progress on international economic initiatives and inadequate policy support by the Palestinian Authority. The grim economic situation does not allow for the hoped-for lowering of taxes or measures to foster investment and jobs. Where, earlier, people asked what could be done despite the occupation, there now appears to be a resigned admission that, with the occupation, little can be done. Current data show that, even in agriculture, the situation is deteriorating in terms of its contribution to gross domestic product (GDP), land area and cultivation. This is not surprising in a context where even transporting strawberries from Gaza to the West Bank is thwarted by security concerns.

23. No progress has taken place regarding the relaxation of the occupation in Area C, which covers 60 per cent of the West Bank. Most of the Israeli settlers are in this Area, and more land has again been allotted to them, while only a tiny fraction of land is available for Palestinian development. The lack of access to land in Area C also impedes development in Areas A and B, which are under Palestinian jurisdiction.

24. Construction by Palestinians takes place despite the lack of the required permits. Demolitions of Palestinian housing and economic structures are on the rise: they increased in 2013 by some 10 per cent over the previous year. In East Jerusalem demolitions have virtually doubled.

Hazards for Palestinian workers in the Israeli economy

25. In the light of failing economic prospects, essentially constrained by the occupation and the Separation Barrier, conditions of employment and work of Palestinians in Israel and the Israeli-dominated economy have become of growing importance and urgency for the Palestinian constituents. The Palestinian economy cannot presently provide enough jobs. All in all, some 100,000 Palestinians work in the Israeli economy with or without permits. Some Israeli employers are tempted to bring in imported labour from China or elsewhere, although both the established employers and trade unions in Israel favour increased employment of Palestinian workers in the Israeli economy. Dialogue is under way between Palestinian trade unions and their Israeli counterpart Histadrut to facilitate the obtaining of work permits.

26. While the Palestinian minimum wage of 1,450 new Israeli shekels (NIS) per month is reportedly observed by four-fifths of the formal economy, the minimum wage for work in Israel is NIS4,300 and more in the construction sector. In addition to work in Israel, the prospect of employment in the settlements means a better-paid job, or at least some kind of a job, even if precarious and potentially subject to abuse.

27. Over the past year, there has been a 19.6 per cent increase in the number of Palestinians working within the Israeli economic sphere. This clearly exceeds the number of permits granted or used. It is thus fair to conclude that there has been significant growth in the number of Palestinian workers who are outside the regulated permit system and consequently have less protection and can be more exposed to abusive employment practices. Precise and transparent data on this trend and the mechanisms of employment, including the role of brokers, are not readily available.

28. Israeli labour law and labour inspection appear to be reaching out to the settlements. This would mean de facto improvement for the Palestinians working in them but, on the other hand, it will also contribute to the further integration of the settlements into the Israeli social and economic sphere.

Palestinian institution building in the face of uncertainty

29. The Palestinian Authority has continued its efforts to build Palestinian state institutions, despite the constraints of the occupation and political uncertainty regarding the peace process. The development and delivery of policies and programmes geared towards the creation of employment opportunities and provision of social protection for Palestinian men and women workers, including youth, have gained in relevance in the context of declining socio-economic indicators.

30. Irrespective of the evolution of the political context, the fundamental rights and basic needs of Palestinian workers and their families will have to be addressed. The new Palestinian National Development Plan (2014–16) and its Labour Sector Strategy provide a pertinent and ambitious programme in this regard. Through the framework of the recently adopted Palestinian Decent Work Programme (2013–16), the ILO continues to support the Palestinian Authority and the social partners in this endeavour. At the same time, credible prospects for peace and efforts to bridge the intra-Palestinian divide are fundamental to the continued process of building sustainable Palestinian institutions.

Coping with parallel but unequal worlds

31. To varying degrees, in the West Bank, including East Jerusalem, in Gaza, and also in the occupied Syrian Golan, restrictions on land and water together with the tight control of the labour force and entrepreneurial activity continue to frustrate any search for healthy economic and social interaction. Neither workers nor entrepreneurs can engage in decent work, and full respect for fundamental principles and rights at work remains elusive. The repeated failings of the political peace process and the high cost of security measures leave little room for economic progress. The result is a sad and tense situation where promises risk turning into illusions and where workers and employers are forced to seek their fortunes through a maze of contradictions, in situations which all too often verge on the intolerable.

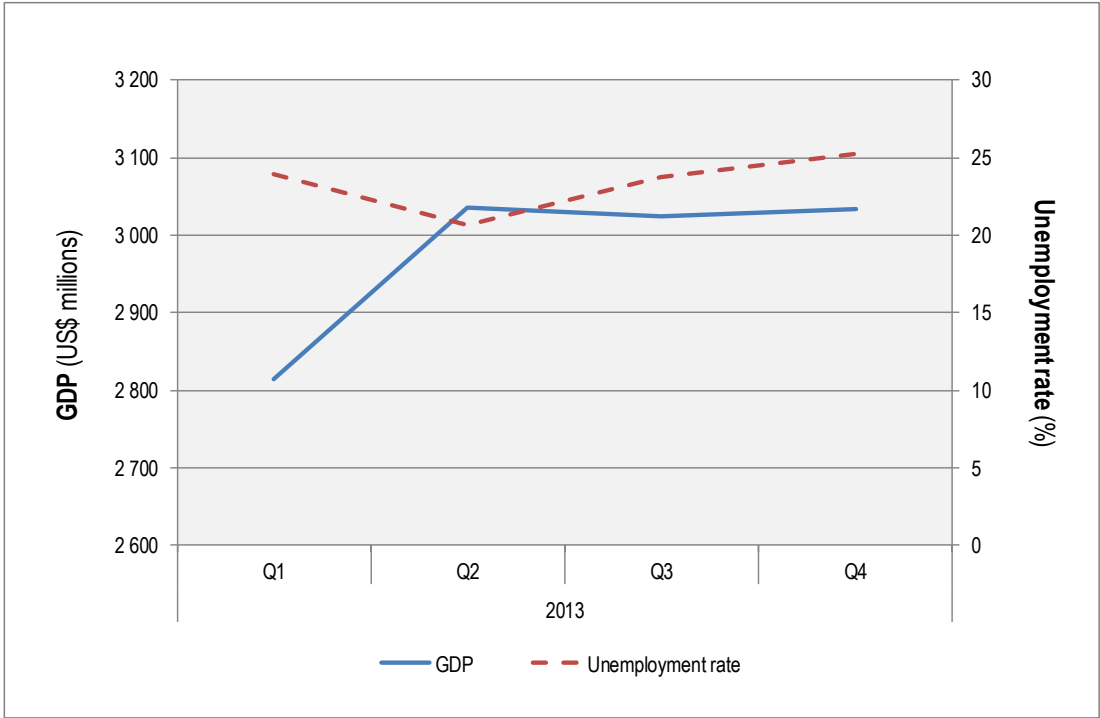
32. At a basic level, people who strive to earn a living for themselves and their families have to cope continuously with parallel worlds. For workers of the Occupied Palestinian Territory and the occupied Syrian Golan alike, the reality of occupation strengthens the separation and division between groups of citizens, workers and entrepreneurs. Some pragmatists may hope that individual and collective fortunes can be durably latched on to growth and promises of the Israeli economy. But this is not a long-term model for development. It is a two-tiered world with increasingly heavy and entrenched patterns of domination and dependency.

2. Stalled growth, deteriorating labour markets and entrenched occupation

33. Prior to 2012, the Palestinian economy witnessed three years of high GDP growth, driven by a boom in construction activity in Gaza that was made possible by the smuggling of construction materials and other goods through the tunnels under the border with Egypt. This precarious growth took place from a much-depleted base, as real GDP per capita remained significantly below its level in 1999, prior to the onset of the second intifada. A protracted fiscal crisis resulting from inadequate donor aid, clearance revenues from Israel that were lower than predicted and some curtailing of the tunnel trade led to a slowdown in GDP growth in 2012. This trend was further exacerbated in 2013.

34. The initial upturn in growth between the first and second quarters of 2013, resulting from the release of withheld clearance revenues from Israel, increased donor aid upon the resumption of peace negotiations and an increase in construction projects in Gaza, was not sustained in the second half of the year. Further economic growth was impeded by the lack of a more extensive lifting of restrictions on movement and access (and, thereby, economic activity), coupled with political uncertainty and fiscal retrenchment. Furthermore, the new Egyptian Government installed in July 2013 took far more comprehensive measures to close down the tunnels, but this was not matched by any palpable increase in trade permitted through the regular crossings, with the result that the siege of Gaza was effectively reinforced. Consequently, real GDP growth of only 2 per cent was registered in 2013 (PCBS, 2014a). The rate of unemployment, which exhibits an inverse relationship with GDP growth (see figure 2.1), grew from 23 per cent in 2012 to 25.2 per cent by the fourth quarter of 2013.

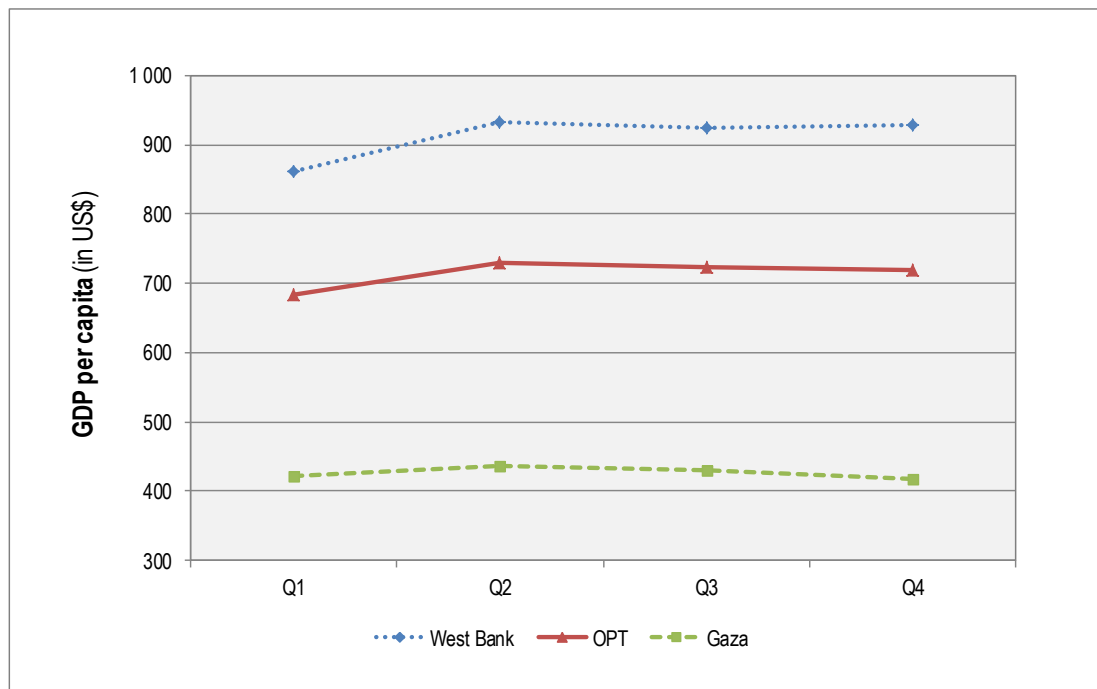
Figure 2.1. Quarterly real GDP (constant 2010 prices) and unemployment, 2013



Source: PCBS, National Accounts (2014a) and Labour Force Survey (2014b).

35. The stagnation in GDP growth is further reflected in the negligible growth of real GDP per capita over the course of 2013. Overall real GDP per capita at constant 2010 prices stood at US\$2,855, composed of \$3,647 in the West Bank and \$1,706 in Gaza. The disparity between the West Bank and Gaza is stark: by the fourth quarter of 2013, real GDP per capita in Gaza, which had retracted to a lower level than that of the first quarter, was a mere 45 per cent of per capita income in the West Bank (see figure 2.2).

Figure 2.2. Real GDP per capita at constant 2010 prices, 2013



Source: PCBS, National Accounts (2014a).

36. The limited productive capacity of the Palestinian economy, constrained under occupation, is reflected in the sectoral composition of GDP (see table 2.1). Restrictions on access to land and natural resources have led to a marked decline in the productive sectors of agriculture and industry. Combined, the two aggregated sectors contributed just one fifth of GDP in 2013, compared to over one third of GDP in 1994. Agriculture, which only contributed 3.7 per cent of GDP in 2013, accounted for 10.5 per cent of employment, suggesting that agricultural productivity is particularly low. The service sector dominates the economy in terms of both GDP and employment, with commerce and construction having grown in significance in recent years. A large majority of working women were employed in services (59.4 per cent) and low-productivity agriculture (20.8 per cent).

Table 2.1. Sectoral composition of GDP and employment, 2013

	Share in GDP (%)	Share in employment (%)		
		Total	Male	Female
Agriculture, fishing and forestry	3.7	10.5	8.5	20.8
Manufacturing, mining and quarrying	16.3	12.2	12.6	9.9
Construction	11.1	15.6	18.6	0.2
Commerce, restaurants and hotels	19.3	19.6	21.9	8.4
Transport, storage and communication	7.4	6.4	7.5	1.3
Services and other branches	42.2	35.7	31.0	59.4
Total	100.0	100.0	100.0	100.0

Source: PCBS, National Accounts (2014a) and Labour Force Survey (2014b).

37. Donor aid remains critical in keeping the Palestinian Authority afloat. Budget support is mainly used to finance recurrent expenditures, such as wages, pensions and transfers, rather than for development and investment expenditures that would contribute to enhancing the economy's productive capacity. Aid in 2013 included an estimated 30–40 per cent increase in direct budget support relative to the amount received in 2012. Nonetheless, a sizeable financing gap persists, resulting in high levels of domestic bank financing and a large accumulation of net arrears, with public debt reaching some 40 per cent of GDP in 2013 (IMF, 2014). Such a precarious financing model creates a deep aid dependency and undermines the long-term sustainability of the institutions that the Palestinian Authority has been developing as a cornerstone of its state-building agenda.

Labour market developments

38. The Palestinian population aged 15 and above and the total Palestinian labour force grew by 3.6 and 3.7 per cent respectively in 2013, resulting in a practically unchanged overall labour force participation rate of 43.6 per cent (see table 2.2). This rate remains low as a consequence of a particularly low rate of participation of women (even by regional standards), at just 17.3 per cent, compared to a rate of 69.3 per cent for men. Social and cultural norms, weak labour demand in the formal economy, institutional barriers and Israeli restrictions on movement and access all compound to keep a large majority of women out of the labour market. In view of the relatively high levels of women's educational attainment, this represents a significant loss of economic potential.

39. The overall rate of unemployment rose to 23.4 per cent, as the total number of unemployed grew by 5.6 per cent, from 256,000 in 2012 to 270,000 in 2013. The unemployment rate for men stood at 20.6 per cent, while for women it reached 35.1 per cent, further highlighting the dearth of opportunities for the limited number of women who enter the labour market. The largest increase in unemployment took place in Gaza during the fourth quarter of the year, as the tunnel economy was effectively shut down by Egypt, without commensurate Israeli measures to ease the blockade. Gaza's construction and transport industries, which were particularly reliant on the tunnel trade, effectively ground to a halt. As a result, the unemployment rate for men soared from 22.7 per cent in the second quarter of the year to 34.8 per cent in the fourth quarter. The unemployment rate for women stood at 53.4 per cent in the fourth quarter, having remained consistently above 50 per cent for the entire year. Few formal employment opportunities exist for women in Gaza beyond the realm of public sector jobs in health

and education. Consequently, a large majority of women participating in the labour force are either unemployed or work informally as cleaners, in childcare, or as unpaid contributing family workers in agricultural activities.

Table 2.2. Labour market indicators, 2012–13

	2012	2013				2013	2013/2012
	Year average	Q1	Q2	Q3	Q4	Year average	% change
Population aged 15+ ('000)	2 558	2 615	2 638	2 661	2 684	2 649.5	3.6
Labour force ('000)	1 114	1 134	1 133	1 161	1 194	1 155.5	3.7
Employment ('000)	858	862	900	886	893	885.3	3.1
West Bank	519	504	523	510	532	517.3	-0.2
Gaza	256	264	279	270	254	266.8	4.1
Israel and settlements	83	93	96	103	105	99.3	19.6
Unemployment ('000)	256	271	234	275	301	270.3	5.6
Labour force participation rate (%)	43.6	43.4	43.0	43.6	44.5	43.6	0.1
<i>Male</i>	69.1	69.0	68.7	69.5	70.0	69.3	0.3
<i>Female</i>	17.4	17.1	16.6	17.1	18.3	17.3	-0.7
Unemployment rate (%)	23.0	23.9	20.6	23.7	25.2	23.4	1.5
<i>Male</i>	20.6	21.2	17.6	20.3	23.1	20.6	0.0
<i>Female</i>	32.9	35.3	33.6	37.8	33.5	35.1	6.5
West Bank	19.0	20.3	16.8	19.1	18.2	18.6	-2.0
<i>Male</i>	17.3	18.6	14.9	16.8	16.9	16.8	-3.0
<i>Female</i>	25.4	27.4	25.1	28.2	23.2	26.0	2.5
Gaza	31.0	31.0	27.9	32.5	38.5	32.5	4.8
<i>Male</i>	26.8	26.3	22.7	26.9	34.8	27.7	3.5
<i>Female</i>	49.9	51.6	50.4	56.7	53.4	53.0	6.2

Source: PCBS, Labour Force Survey (2014b).

40. With some 70 per cent of the Palestinian population under 30 years of age, the labour force status of young Palestinians remains particularly precarious. While it may be expected that the participation of young people in the labour force will be lower, as young people spend more time in education, it is exceptionally low in the Occupied Palestinian Territory. In 2013, 49 per cent of young men aged 15–24 participated in the labour force, compared to a mere 8.8 per cent of young women (see table 2.3). Youth labour force participation was slightly higher in the West Bank than in Gaza.

41. Of those young people who were in the labour force, 38.8 per cent were unemployed. The unemployment rate for young men was 36.9 per cent, while for young women it was much higher at 64.7 per cent. In the specific case of Gaza, these rates rose to 51.8 per cent for young men and an extraordinary 86.3 per cent for young women. Young graduates are particularly affected. In addition, 19.3 per cent of young Palestinians (including 33.1 per cent of young women) were outside the labour force and not in education. These rates are testament to a burgeoning youth employment crisis. Such dramatic levels of labour underutilization and lost economic potential have highly detrimental long-term consequences for the future prospects of today's youth. There is

an urgent need to invest in youth through targeted labour market policies and programmes, including direct job creation schemes, expanded vocational training, employment guidance and business development support, while concurrently improving working conditions. With the continued fiscal retrenchment of the Palestinian Authority, the employment potential of the public sector is in decline, so it is imperative that the private sector is allowed to expand to create new jobs. This requires the comprehensive and sustained lifting of Israeli restrictions on access to productive resources and markets. It also requires a reorganization of Palestinian economic relations with Israel and the rest of the world in order to facilitate trade and investment.⁴

Table 2.3. Youth (aged 15–24) labour force status, 2012–13

	2012	2013		
	Total	Total	Male	Female
Youth labour force participation rate (%)	29.6	29.3	49.0	8.8
West Bank	32.4	31.7	53.2	9.1
Gaza	25.3	25.5	42.3	8.2
Youth unemployment rate (%)	38.8	41.0	36.9	64.7
West Bank	30.9	32.8	29.6	52.4
Gaza	55.1	57.2	51.8	86.3
Youth outside labour force (%)	70.4	70.7	51.0	91.2
In education (%)	52.0	51.4	45.0	58.1
Not in education (%)	18.4	19.3	6.0	33.1

Source: PCBS, Labour Force Survey Database (2014b).

Box 2.1 School-to-work transition

In 2013, the Palestinian Central Bureau of Statistics conducted a school-to-work transition survey (SWTS). The SWTS is a household survey, developed by the ILO, targeting young people aged 15–29. It aims to identify specific youth employment challenges and to support policy-makers in designing adequate instruments to support the transition of young people into employment. Its main findings were as follows:

- ❑ Too many young people are not benefiting fully from the education system.
- ❑ Youth unemployment rates are among the highest in the region, particularly for young women, and long-term unemployment affects more than half of unemployed youth.
- ❑ While unemployment may be higher among the better educated, investing in education brings positive returns to young people in terms of wages and access to better jobs.
- ❑ The youth labour force participation rate is very low and reflects a wide gender gap.
- ❑ Self-employment is either not well-regarded or is not a viable option for most young people.
- ❑ While work tends to be paid, there are other job quality concerns which have an impact on the capacity of young people to make the most of their economic potential.

⁴ The 1994 Paris Protocol, which continues to define economic relations between the Palestinian Authority and Israel and the rest of the world, was only intended for an interim period of five years; it is no longer adequate for the needs of the Palestinian economy.

- ❑ The youth labour market is profoundly influenced by gender issues.
- ❑ Only a minority share of young Palestinians have completed their labour market transition to stable and/or satisfactory employment (22.6 per cent). Nearly half (45.6 per cent) have not started the transition and 31.8 per cent remain in transition.
- ❑ Sex, area of residence and level of educational attainment are good determinants of who does better in the labour market transition.
- ❑ Direct transitions are dominant but, for those who did not gain stable or satisfactory employment as their first experience, the transition period was lengthy.

Source: Sadeq (2014, forthcoming) "Labour market transitions of young women and men in the Occupied Palestinian Territory", ILO Work4Youth Publication Series.

42. Total employment grew by 3.1 per cent in 2013, lower than the rate of growth of the labour force. The overall employment rate, measured in terms of total employment as a percentage of the population aged 15 and above, fell slightly from 33.8 per cent in the fourth quarter of 2012 to 33.3 per cent in the fourth quarter of 2013. The employment rate for men stood at 53.8 per cent at the end of 2013, compared to 12.2 per cent for women. Whereas overall employment in the West Bank retracted by 0.2 per cent in 2013, the employment of Palestinians in Israel and the settlements grew by a substantial 19.6 per cent. By the fourth quarter of 2013, an estimated 105,000 Palestinians from the West Bank were employed in Israel and the settlements. The Israeli labour market has been off limits to Palestinians from Gaza since April 2006.

43. Employment in Israel continues to be regulated by a quota and permit system for West Bank Palestinians who have been granted security clearance and carry a magnetic identification card. Other criteria also apply. The minimum age limit for obtaining a permit was reduced from 26 to 24 years of age in 2013, but applicants must also be married and have children. Employment in Israel is therefore not an option for much of the Palestinian youth cohort. According to the Israeli Coordinator of Government Activities in the Territories (COGAT), in 2013 an additional 5,000 permits were allocated for the construction sector, and the quota for permits allowing overnight stays in Israel was increased from 7,000 to 10,000. Consequently, by March 2014 the total quota of permits for work in Israel had reached 48,250, of which 45,007 permits were actually issued. A further 24,986 permits were issued for work in the settlements (COGAT, 2014).⁵ This implies that an estimated 35,000 Palestinians take up work in the Israeli labour market without a permit, through unregulated channels, and often at considerable personal risk. They are particularly vulnerable to exploitation and abusive practices.

44. Most Palestinians employed in Israel work in the construction sector, followed by manufacturing, commerce and agriculture. Housing shortages in Israel mean that the demand for construction workers continues to grow. While part of this demand is met by overseas workers, further opportunities could be created for Palestinians. Palestinian labour flows to Israel remain a critical outlet and source of income in the absence of a greater absorptive capacity of the Palestinian economy. Nonetheless, they cannot be a substitute for allowing the development of the Palestinian productive base.

⁵ In addition to work permits, 17,333 permits were issued for merchants out of a total quota of 17,750.

Wages and prices

45. Real wages in 2013 showed little growth in the public sector and even a slight decline in the private sector, both in the West Bank and Gaza. At NIS43.30 per day, the average private-sector wage in Gaza was barely more than half that of the West Bank. At the same time, at NIS175.40 per day, the average wage earned by Palestinian workers in Israel and the settlements was nearly 2.2 times that earned in the West Bank private sector (see table 2.4). This wage incentive explains the lengthy, costly and often onerous commutes that over 100,000 Palestinian workers endure on a daily basis to reach workplaces in Israel and the settlements.

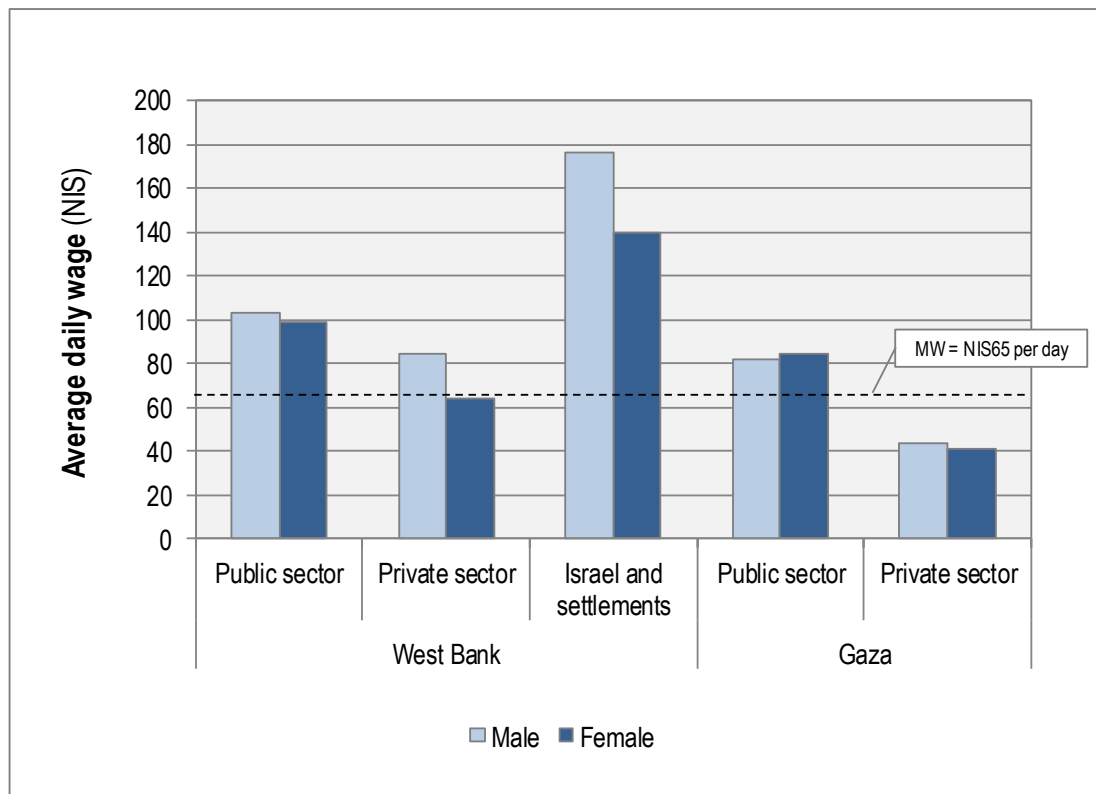
Table 2.4. Nominal and real average wages and prices, 2013

	West Bank	Gaza
Average daily wage (NIS), 2013		
Public sector	102.2	82
Private sector	81.2	43.3
Israel and settlements	175.4	–
Real wage change 2013/2012 (in %)		
Public sector	0.1	4.5
Private sector	-0.9	-3.7
Israel and settlements	3.7	–
2013 consumer price index (%)	3.1	-0.76

Source: PCBS, Labour Force Survey (2014b) and consumer price index data (2014c).

46. The Palestinian minimum wage of NIS1,450 per month, NIS65 per day and NIS8.50 per hour came into effect on 1 January 2013. According to data provided by the PCBS, in the fourth quarter of 2013, 106,500 wage employees in the private sector (excluding workers in Israel and the settlements) earned less than the monthly minimum wage (PCBS, 2014b). This amounts to 19.1 per cent of private-sector workers, composed of 11.2 per cent in the West Bank and 42.6 per cent in Gaza. Mechanisms to enhance compliance with the minimum wage remain to be developed, in particular for low-paid sectors such as services, childcare, hairdressing, textiles and agriculture. These are sectors in which employment of women is heavily concentrated.

47. A sizeable gender wage gap persists, as the average daily wage earned by women in the West Bank private sector amounted to only 76 per cent of that earned by their male counterparts and, at NIS64.30, fell marginally below the minimum wage (see figure 2.3). Women working in Israel and the settlements could also expect to earn less than men, in part because the majority of men work in construction, where the sectoral minimum wage (NIS5,000) is higher than the Israeli national minimum wage (NIS4,300). Average daily wages of women in Gaza are closer to those of men, as a high proportion of the very low numbers of employed women work in the public sector.

Figure 2.3. Average daily wages disaggregated by location and sex, 2013

MW = minimum wage.

Source: PCBS, Labour Force Survey database (2014b).

48. Inflation, as measured by the Palestinian consumer price index, eased to 1.72 per cent in 2013, compared to 2.78 per cent in 2012 (PCBS, 2014c). The highest inflation was witnessed in the West Bank, at 3.1 per cent, followed by East Jerusalem, at 1.81 per cent. Inflation in Gaza actually fell by 0.76 per cent, as most consumer goods were allowed in by Israel, while economic activity dried up with the continuing prohibition of raw material inputs and the closure of the tunnels.

49. Overall, price increases were highest in the subcategories of potatoes (43.57 per cent), dried vegetables (31.89 per cent), eggs (16.25 per cent), cigarettes (12.49 per cent) and education (6.95 per cent). Increases in food prices are liable to have the greatest impact on households living under or near the poverty line. In the context of stagnating incomes, such increases could have a detrimental impact on food security levels. In 2012, 34 per cent of Palestinian households, amounting to 1.57 million people, were food insecure. Food insecurity directly affected 19 per cent of households in the West Bank and 57 per cent in Gaza (FAO et al., 2013). Rising food insecurity among Palestinians is a direct consequence of deteriorating socio-economic conditions, including declining real incomes and rising unemployment, rather than a lack of availability of food.

Barriers to economic development in the West Bank

50. Whereas a relative easing of movement within the West Bank took place in 2012, there was no substantial further easing in 2013. Economic development remains impeded by a multilayered system of movement and access restrictions, combining physical

obstacles with a complex and controlling permit regime. Physical obstacles to movement in 2013 included 59 permanently staffed military checkpoints, 25 partial checkpoints which have permanent infrastructure but are staffed on an ad hoc basis, and hundreds of roadblocks, earth mounds, trenches and gates, in addition to the West Bank Separation Barrier. Certain checkpoints, including along the Separation Barrier, have become more entrenched while a further 243 random or so-called “flying” checkpoints per month were recorded in 2013 (OCHA, 2014a). The fragmentation of the West Bank is also evident in the alternative “fabric of life” road network, which aims to provide transportation contiguity to Palestinians instead of territorial continuity, contributing to the disruption of traditional routes and further land loss.

51. Approximately 62 per cent of the Separation Barrier’s projected route of 712 km was complete by July 2013, with a further 10 per cent under construction (OCHA, 2013a). Instead of following the 1949 Armistice Line (the “Green Line”), 85 per cent of the Barrier’s route runs inside the West Bank, isolating 9.4 per cent of the West Bank, including East Jerusalem.⁶ Over 85 per cent of the Israeli settler population is located between the Barrier and the Green Line. This area, also known as the “seam zone”, is home to around 11,000 Palestinians and incorporates significant agricultural land and water resources. Palestinians living in the seam zone require special permits to live in their own homes, while farmers require permits to gain access to their lands through 74 agricultural gates along the trajectory of the Barrier, 52 of which are only open during the olive harvest (*ibid.*). Since the construction of the Barrier, access to agricultural land in the seam zone has become increasingly restricted.

52. Access to Area C, where Israel retains full military and civilian jurisdiction, is critical for Palestinian economic development. Area C accounts for over 60 per cent of the West Bank and includes the majority of its natural resources. The regional councils of Israeli settlements subsume 70 per cent of Area C, rendering it off limits for Palestinian use and development. Palestinian construction is heavily restricted in 29 of the remaining 30 per cent, with less than 1 per cent of Area C actually planned for Palestinian development by the Israeli Civil Administration (OCHA, 2013b).

53. Large-scale private-sector development, as envisaged in a proposed economic initiative related to the peace process, requires access to Area C. Long-planned investment projects supported by international donors, such as industrial parks in the Jenin, Bethlehem and Jericho districts, near the commercial crossings with Israel and Jordan, require land and access routes in Area C. Obtaining permits for the development of the sites and their associated infrastructure has involved years of protracted negotiations with the Israeli authorities, with some details still unresolved. Similarly, a large and ambitious private-sector initiative to build the new city of Rawabi, predominantly in Area A near Ramallah, has encountered numerous delays and the expenditure of a great deal of political capital to secure permits for infrastructure needed in Area C.⁷ The permit for the main access road to the city, which runs for 3.8 km through Area C, must be renewed every year, while the requisite permit to connect Rawabi to the existing piped water system has been pending for over four years. Permission to construct a wastewater treatment plant for the city in Area C had not been

⁶ The Advisory Opinion of the International Court of Justice that was delivered on 9 July 2004 on the Barrier called for an immediate cessation and reversal of construction activity and reparations for all damage caused. This was supported by a subsequent United Nations General Assembly Resolution, ES-10/15 of 20 July 2004.

⁷ Rawabi is a joint venture between the Qatari company, Diar, and the Palestinian company, Massar International. With investments estimated at around \$1 billion, it is the single largest real estate project ever undertaken in the Occupied Palestinian Territory.

granted at the time of the mission. Although construction of the city is well under way, with the first phase of housing units expected to be delivered to their buyers in 2014, difficulties such as these call into question the appeal and ultimate long-term viability of such initiatives. The long, costly and uncertain negotiation processes involved, along with their precarious outcomes, constitute a highly elevated risk for potential investors in Palestine. It is perhaps not so surprising that private investment has only reached around 15 per cent of GDP over the past seven years, a very low rate by international standards (World Bank, 2013a).

54. A recent study by the World Bank (World Bank, 2013b) has examined the economic benefits that would accrue from lifting restrictions to allow Palestinian economic development in Area C, in the sectors of agriculture, Dead Sea minerals exploitation, stone mining and quarrying, construction, tourism, telecommunications and cosmetics. It finds that the direct benefits alone from the potential additional output from these sectors would amount to at least \$2.2 billion per year. Incorporating the indirect benefits, the total potential value added would amount to \$3.4 billion, or 35 per cent of Palestinian GDP in 2011. As the report states, “[w]ithout the ability to conduct purposeful economic activity in Area C, the economic space of the West Bank will remain crowded and stunted, inhabited by people whose daily interactions with the State of Israel are characterized by inconvenience, expense and frustration” (ibid., page xii).

55. Access to both domestic and foreign markets is also essential for sustainable Palestinian economic development. More and more, commercial links between various parts of the Occupied Palestinian Territory are being severed, yet the West Bank, East Jerusalem and Gaza constitute natural domestic markets for one another. West Bank trade with the rest of the world is mainly concentrated through Israel, via the commercial crossings along the Separation Barrier. Trade at far lower – albeit growing – levels takes place through Jordan via the Allenby (King Hussein) Bridge. The terms of trade remain stacked against the Palestinians, with imports of consumer goods greatly outweighing exports. Raw material imports remain restricted by a strict application of a list of items termed “dual-use” that the Government of Israel views as potential security threats, challenging the productivity and competitiveness of Palestinian businesses. Exporters’ competitiveness is further impeded by the back-to-back trucking system in force, which greatly raises their costs, as described in the 2013 Report (ILO, 2013a).

56. In 2013, all the commercial crossings along the Separation Barrier had been equipped to enable the containerization of Palestinian exports. This facilitates transportation of produce intended for long-distance travel. Containerization would not, however, be cost-effective for lower quantities of produce destined for Israeli markets, and those would still need to be palletized for export according to the strict limitations imposed. Containerization has not yet been implemented at the Allenby Bridge, although it is estimated that doing so would reduce the cost, time and damage at the bridge by approximately 20–30 per cent (Paltrade and PSC, 2013). Improving commercial access routes through Jordan would be fundamental to opening up sizeable Arab regional markets to Palestinian products.

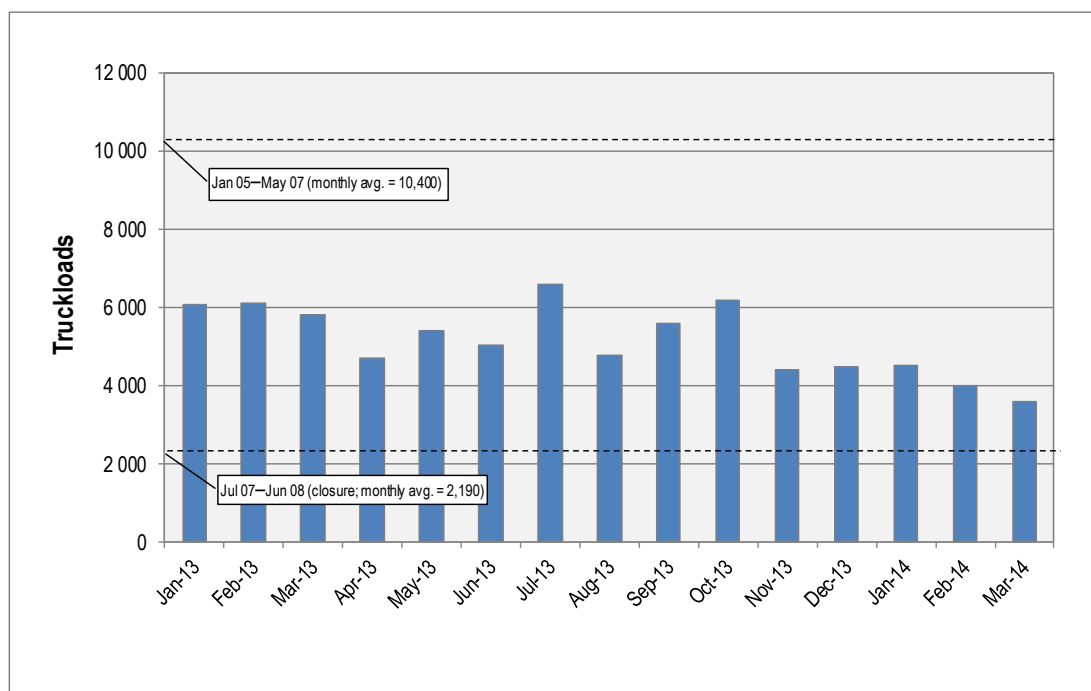
Deepening of Gaza’s six-year siege paralyses economy

57. The ceasefire understanding of November 2012 specifically provided for an opening of the border crossings to Gaza. Despite the fact that direct conflict between Israel and Gazan militants was greatly reduced in 2013, resulting in the lowest number of casualties in over a decade (OCHA, 2014a), the blockade of Gaza’s borders, sea and

airspace imposed by Israel in June 2007 remains in force. It was compounded in the second half of 2013 by the new Egyptian Government’s concerted efforts to close down the tunnels under the border at Rafah. Although the tunnels were associated with illegal trade, hazardous working conditions, displacement of the legitimate private sector and lost revenues to the Palestinian Authority, they continued to drive economic activity under the siege.

58. Prior to their closure, the tunnels were the primary source of construction materials entering Gaza, as Israel greatly restricted the import of such materials through the sole remaining commercial crossing along its border at Kerem Shalom. Limited construction inputs were only admitted for approved projects being implemented by international organizations. Following the announcement in October 2013 by the Israeli military of the discovery of a tunnel from Gaza into Israel, even these imports of construction materials were brought to a standstill, with a partial resumption permitted in December 2013. The Egyptian authorities also continue to permit the entry of construction materials through the official border crossing at Rafah for a Qatari-funded road-building project (OCHA, 2014b). At the time of the mission, this was practically the only visible construction project still in progress. The cessation of general construction activity in Gaza has had substantial negative multiplier effects throughout the economy.

Figure 2.4. Gaza imports: Average monthly truckloads, 2013–14



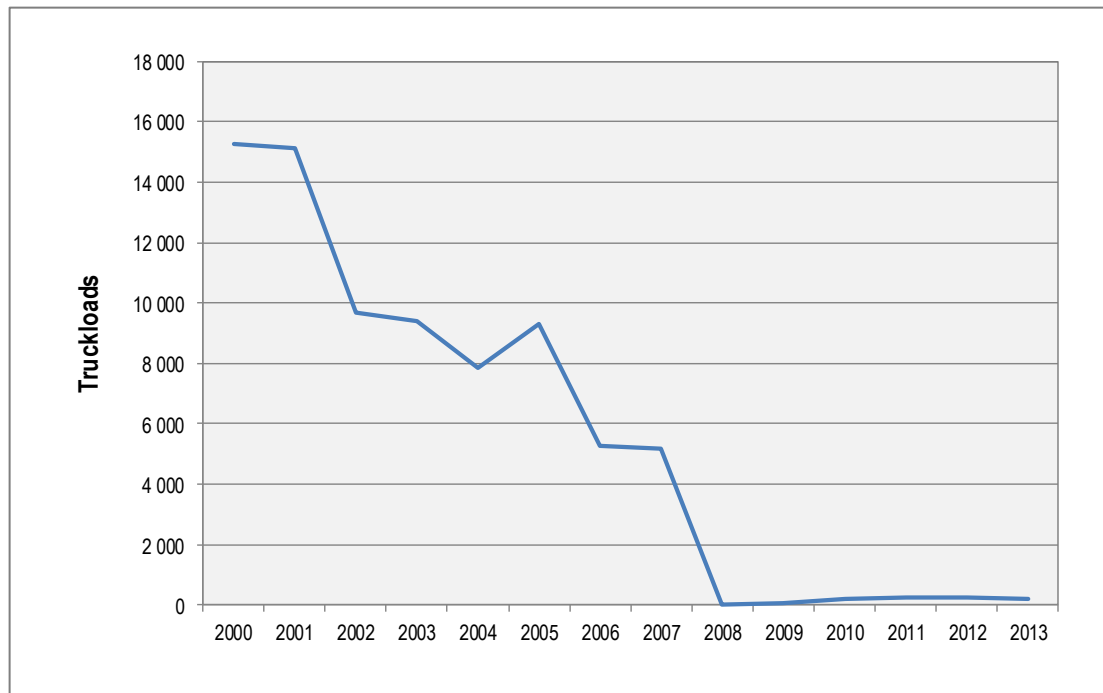
Source: OCHA, Gaza Crossings Activities Database (2014c); Paltrade, *Gaza Strip Crossings Bi-Monthly Report, December 2009–January 2010* (data until December 2009) (2010).

59. Most consumer goods can be imported through the crossing at Kerem Shalom, which requires back-to-back trucking and is located at the southernmost tip of Gaza, entailing higher transportation costs. The opening of the crossing is highly unpredictable: it was closed for 52 days during the first four months of 2013 (OCHA, 2013c). A monthly average of 5,427 truckloads of goods entered Gaza through Kerem Shalom in 2013, compared to an average of 4,784 in 2012. This remains approximately 50 per cent below the pre-blockade levels, and has declined again in late 2013 and early 2014 (see

figure 2.4). The drop in economic activity in Gaza is resulting in reduced purchasing power and weaker demand for consumer goods.

60. Exports from Gaza are practically non-existent. A mere 182 truckloads of agricultural produce were exported in 2013, compared to 254 truckloads of goods in 2012 and over 15,000 in 2000, prior to the outbreak of the second intifada (see figure 2.5). The November 2005 Agreement on Movement and Access called for a daily flow of 400 truckloads of exports from Gaza by 2006, a level that was never reached. The number of persons who can cross to Israel for business purposes on any given day is also severely restricted.

Figure 2.5. Gaza exports: Total annual truckloads, 2000–13



Source: OCHA, Gaza Crossings Activities Database (2014c).

61. Gaza's productive capacity is further diminished by restrictions on access to its agricultural land and fishing waters. The Israeli military continues to enforce an access-restricted buffer zone officially starting 300 metres from the border with Israel, but with an unofficial high-risk zone extending anywhere up to 1.5 km from the Barrier, effectively rendering 35 per cent of Gaza's agricultural land out of bounds. Furthermore, the improved access up to the official 300 metre buffer zone, noted in 2013, is reportedly not applied systematically. Fishing limits were extended in May 2013 from 3 to 6 nautical miles, providing a somewhat greater catch for Gaza's remaining 3,500 fishers. This limit, albeit increased, is still only half of the 12 nautical miles negotiated in the 2002 Bertini Agreement, and remains far short of the 20 nautical mile limit stipulated in the Oslo Accords. Larger, more profitable fish are to be found at these further distances.

62. Increasing energy and water shortages compound Gaza's economic plight. A chronic electricity deficit over recent years has deteriorated further after the closing of the tunnels, as the subsidized Egyptian fuel that was previously being smuggled in to operate the Gaza Power Plant has not been replaced by adequate fuel imports from Israel. Gazans receive as little as eight hours of electricity per day, resulting in a proliferation of high-polluting and often hazardous generators among those who can afford to run them

(OCHA, 2014d). Furthermore, no fewer than 30 per cent of households only receive running water for six to eight hours once every four days, while over 90 per cent of the water extracted from the Gaza aquifer is deemed unsafe for human consumption (OCHA, 2013c and 2014d).

63. Deteriorating social and economic conditions have resulted in an aid-dependency ratio of approximately 80 per cent (OCHA, 2013c). At the same time, Gaza's workers are becoming increasingly deskilled and it is becoming harder and harder to foster an entrepreneurial spirit. Without the ability either to import the materials needed for construction and industrial production, or to export Gaza's output to the West Bank and East Jerusalem, as well as to Israel and other foreign markets, there can be no genuine revival of Gaza's decimated private sector, nor, more broadly, of its paralysed economy. Ultimately, the blockade must be lifted.

3. Realities of occupation: Workers' rights and dignity under sustained pressure

Accelerating Israeli settlement expansion

64. Israeli settlement activity in the West Bank, including East Jerusalem, continues negatively to affect the rights and well-being of Palestinian workers, employers and their families.⁸ A recent United Nations report notes that Israeli settlement-related activities and settler violence are at the core of most of the violations of human rights in the Occupied Palestinian Territory, including the right to freedom of movement, work, health, education, housing and an adequate standard of living (UN, 2014b). Israeli policies in the West Bank support the settlements and their further expansion, while Palestinians face movement and residency restrictions, scarcity of land and water, demolition of infrastructures and homes, displacement and settler violence. While Israeli civil law is applied to Israelis living in the West Bank, Israeli military law is applied to Palestinians.

65. As the United Nations has consistently emphasized, the construction and expansion of settlements by Israel in the territory occupied since 1967 are contrary to international law and an obstacle to peace and economic and social development (UN, 2014b; 2013a). In spite of the repeated calls by the international community for the cessation of all settlement activity, approval of new building projects and construction continues with a trend towards further intensification. According to the Central Bureau of Statistics of Israel, construction in settlements in the West Bank (excluding East Jerusalem) more than doubled in 2013 by comparison with 2012 (UNSC, 2014). In 2013, construction of 2,534 housing units began, compared to 1,113 in 2012 (Reuters, 2014).

66. Construction plans for 5,000 new housing units in the West Bank, including East Jerusalem, were announced by the Israeli Government in October 2013. In addition, the Ministry of Housing and Construction has reportedly been advancing plans for an additional 20,000 housing units in Israeli settlements, including the so-called "E-1" area located between Ma'ale Adumim and Jerusalem (UN, 2014b). Settlement construction in the E-1 area has the effect of completely cutting off East Jerusalem from the rest of the West Bank, thus interrupting the territorial continuity critical for a viable Palestinian state. In February 2014, the Israeli authorities announced the approval of building permits for 558 new housing units in the Har Homa, Neve Yaakov and Pisgat Ze'ev settlements in East Jerusalem (EU, 2014). The United Nations Special Coordinator for the Middle East Peace Process expressed grave concern in March 2014 over reported plans to advance over 2,300 housing units, many of them deep inside the West Bank (UNSCO, 2014). In March 2014, a tender for 708 housing units in the East Jerusalem settlement of Gilo was issued (Haaretz, 2014a), and the following month the Israeli Government authorized the establishment of a new settlement in the city of Hebron, the first new settlement there since 1980 (Jerusalem Post, 2014; Peace Now, 2014). Settlements also continue to be established in the heart of Palestinian neighbourhoods in East Jerusalem (Haaretz, 2014b).

67. Estimates for the overall number of Israeli settlers living in the West Bank (including East Jerusalem) range between 500,000 and 650,000 (UN, 2014b). As in 2012, the Israeli settler population in the West Bank (excluding East Jerusalem) in 2013 grew

⁸ Israeli settlements are understood "to encompass all physical and non-physical structures and processes that constitute, enable and support the establishment, expansion and maintenance of Israeli residential communities beyond the Green Line of 1949 in the Occupied Palestinian Territory" (UN, 2013b).

at double the rate registered for Israeli citizens in Israel.⁹ The number of Israeli settlers in the West Bank (excluding East Jerusalem) has by now almost tripled since the signing of the Oslo Accords (UN, 2013b). The continued expansion of settlements and increase of the Israeli settler population are directly and indirectly supported by the Government of Israel, including by providing funding for settlements through non-governmental entities. More recently, the issue of transparency of settlement funding has been raised in political debate in Israel (Jerusalem Post, 2014b).

68. According to the United Nations, all Israeli settlements violate Article 49 of the Fourth Geneva Convention of 1949, which prohibits the transfer of an occupying power's civilian population into occupied territory. The illegality of the settlements under international law has been confirmed by the International Court of Justice, the High Contracting Parties to the Fourth Geneva Convention, and the United Nations Security Council, the General Assembly and the Human Rights Council (ILO, 2013a; UN, 2014b).

Palestinian access to land and water

69. Land and water are essential for Palestinian development, including economic growth and job creation. The livelihoods of thousands of Palestinian women and men, including from Bedouin communities, depend on small-scale agricultural activities and herding. Yet continued settlement expansion restricts Palestinians access to land, water and other natural resources. The Israeli Government continues to assign additional land in the West Bank for settlement purposes. In April 2014, 100 hectares were reportedly classified as "state land" in the surroundings of the Gush Etzion settlement, for future expansion of the Neve Daniel, Alon Shvut and Elazar settlements. The expansion of Elazar would reportedly result in the incorporation of a settlement outpost (Jerusalem Post, 2014a).

70. Crucial reserves of land, water and other natural resources for Palestinian development lie in Area C, in which the Israeli settlements are located. As mentioned in Chapter 2, under the current circumstances there is virtually no space for Palestinian development in Area C, which constitutes some 60 per cent of the West Bank. This threatens the livelihoods of Palestinians living in Area C, but it also affects those communities in Areas A and B whose land reserves are in Area C. According to a recent survey by the Office for the Coordination of Humanitarian Affairs (OCHA), an estimated 297,000 Palestinians live in Area C, including some of the most vulnerable Palestinian communities (OCHA, 2014e).¹⁰ Greater Palestinian access to Area C is necessary not only to enable the Palestinian economy and society to develop, but also to provide urgently needed support and infrastructure, including schools, to marginalized Palestinian communities.

71. The Israeli planning policies and practices for Palestinian communities, however, are highly restrictive (B'tselem, 2013). The situation discriminates against the Palestinians in favour of Israeli settlers, thus breaching international human rights law (UN, 2014b). Palestinians are rarely able to obtain permits for building and infrastructure

⁹ In 2013, the population growth rate for Israelis living west of the 1949 Armistice Line was 1.9 per cent, while for Israeli settlers the growth rate was 4.3 per cent (Jewish Press, 2013).

¹⁰ This revised estimate of Palestinians living in Area C is based on a new methodology. OCHA previously estimated this number at approximately 150,000 (OCHA, 2009).

of any kind.¹¹ At the end of 2013, the Israeli authorities published planning schemes for five Palestinian communities for public comment (OCHA, 2014a). In April 2014, there were reports of Israel suspending cooperation with the Palestinians on planning schemes in Area C, as a response to the Palestinian accession to a number of international conventions (Arutz Sheva, 2014).

72. Having no other alternative than building without a permit, Palestinians are at constant risk of eviction, demolition of their property and forced displacement, with serious social, economic and psychological impacts for the victims. In 2013, the Israeli authorities accelerated the pace of demolitions, with a total of 663 structures demolished as compared to 604 in 2012, most of them in Area C. As a result, 1,103 persons were displaced. In the Jordan Valley, demolitions more than doubled in 2013 as compared to 2012. There was also a marked increase in the demolition of donor-funded structures such as residential or livestock-related structures, sanitary facilities and cisterns. Of particular concern during 2013 were large-scale demolitions and mass displacement of Bedouin communities in Area C and East Jerusalem (OCHA, 2014a).

73. A recent study by the Palestinian human rights organization Al-Haq explored the situation regarding Palestinian access to water in the West Bank (Al-Haq, 2013a). The study finds that the current arrangements for the exploitation of water resources in the region discriminate against the Palestinians. A major bottleneck is caused by the Joint Water Committee (JWC), established under the 1995 Oslo Accord as an interim arrangement, which holds decision-making power over water-related matters in the West Bank (excluding East Jerusalem), such as the drilling and rehabilitation of wells, extraction quotas, protection of water resources and sewage systems. The JWC approval rates for Palestinian projects are significantly lower than for Israeli projects (ibid.). The consensus rule applied by the JWC and the fact that Israel alone exercises jurisdiction for planning matters in Area C has meant that major Palestinian projects are only approved if the Palestinians, in return, agree to expanded water supply for the Israeli settlements (ibid.). As the 1995 arrangements only deal with the so-called "mountain aquifer", they leave the Palestinians with no involvement at all in the management of other shared water resources, such as the Jordan River and the coastal aquifer, underlining the need to address urgently the issue of water in a comprehensive manner.

74. The Palestinians are effectively prevented from developing and maintaining water resources (ibid.), including network maintenance and wastewater treatment.¹² Under the Oslo Accord it was envisaged that Palestinians should have access to 118 million cubic metres per year, with a further 78 million cubic metres promised for development. In practice, Palestinians today can extract only 87 million cubic metres, resulting in significant discrepancies in Israeli and Palestinian water use (OCHA, 2014a). The Israeli water company Mekorot, which supplies approximately 50 per cent of the water made available to the Palestinians, reduces the water supply to them during the summer months to ensure that Israeli consumption needs are met (UN, 2014b). Water scarcity hinders all aspects of Palestinian social and economic development, and it particularly affects Palestinian agriculture and marginalized communities in Area C. Many of these communities are not connected to the water and sewage system, while Israeli planning and demolition policies hinder the implementation of water projects (OCHA, 2014a).

¹¹ As reported by OCHA, of 3,750 applications for building permits submitted by Palestinians in Area C between 2000 and 2012, only 211 – or 5.6 per cent – were approved (OCHA, 2014a).

¹² Of the 30 Palestinian wastewater treatment projects submitted to the JWC since 1995, only four were approved. There is currently only one Palestinian wastewater treatment plant (OCHA, 2014a).

Box 3.1
The Separation Barrier around East Jerusalem

The Separation Barrier's impact has been particularly dramatic around East Jerusalem, causing increasingly permanent alterations on the ground and hardship for Palestinians. The Barrier resulted in stringent restrictions on freedom of movement, access to work and economic opportunities, education and health services. Palestinian infrastructure development in the seam zone is impossible. The Barrier critically affects Palestinian communities now cut off from their agricultural lands and water resources. In addition, large suburbs of East Jerusalem are cut off from the city, distorting Palestinian economic, demographic and social development. Palestinian communities located within the unilaterally declared Jerusalem municipality border limits, but behind the Barrier, are confronted with a decline in public service delivery and law enforcement, and an increase in social and infrastructure problems.

Three Palestinian communities located in the so-called "Biddu enclave" together have 6,000 dunams¹ of land behind the Barrier, which has been routed in such a manner as to connect the Giv'at Ze'ev settlement to Jerusalem. The access granted to the Palestinian farmers to their lands through so-called "agricultural gates" was described to the mission as being entirely inadequate, in terms of the scheduling of opening hours per day and throughout the seasons, leading to a reduction in the productivity, quality and diversity of crops. While the restrictions mean that many farmers are no longer able to cultivate their land to the extent that they did before, they also fear that their land – if unused – will be confiscated by the Israeli authorities. From Biddu, an approximately 2-kilometre long configuration of underpasses and tunnels beneath closed-off land leads into an area entirely encircled by the Barrier, in which Al Jib and three other Palestinian communities are located. Farmers not only face land and water shortages, but sewage from a nearby settlement flows untreated on to their fields. In Al Eizariya, previously less than a 15-minute drive from the centre of East Jerusalem, the Barrier has fundamentally changed the lives of tens of thousands of Palestinian workers, employers and their families, who are now cut off from their former centre of economic and social life.

Ten years ago, on 9 July 2004, the International Court of Justice delivered its Advisory Opinion, "Legal consequences of the construction of a wall in the Occupied Palestinian Territory". The Court recognized the right and duty of Israel to protect its civilian population against acts of violence, but stressed that the measures taken needed to be in conformity with applicable international law. The Court found sections of the Barrier route running inside the West Bank and the associated permit regime to be in violation of Israel's obligations under international law and called on Israel to cease its construction and to dismantle sections completed.

¹ One dunam equals 0.1 hectares.

East Jerusalem: Compounded effects of occupation

75. The Palestinians of East Jerusalem continue to be exposed to the compounded effects of occupation on their daily lives. Following the occupation of the West Bank in 1967, Israel unilaterally annexed East Jerusalem and surrounding parts of the West Bank, but this annexation has never been recognized by the international community. When Israel unilaterally extended its laws and administration to the annexed part of the West Bank, Palestinians residing there were considered to be "permanent residents". Between 1967 and 2012, however, Israel revoked the residency status of over 14,000 East

Jerusalem Palestinians (OCHA, 2014a).¹³ Palestinians are obliged to request “family reunification” for West Bank spouses. Application can only be made for temporary residence permits, as Israel has frozen the process for granting permanent residency status in such cases since 2002. The Israeli authorities also require the registration of Palestinian children whose father does not hold permanent residency status.¹⁴ Obtaining permits for spouses and registration for children has become increasingly difficult. Thousands of Palestinian children without legal status are threatened with exclusion from basic health care and education; families are being separated or the residence of some of their members in the city is deemed “illegal” by the Israeli authorities (*ibid.*). East Jerusalem Palestinians joining their spouses in the West Bank risk losing their residency status in Jerusalem.

76. Over many years, Palestinians residing in East Jerusalem have faced acute housing shortages and a high risk of demolition of property and displacement. In 2013, the number of structures demolished by the Israeli authorities increased to 98 from 64 in 2012, leading to the displacement of 298 persons, including 153 children. A further 400 Palestinians were affected by the demolition of livelihood or commercial structures in 2013. A large number of demolitions were carried out in 2013 to establish natural reserves and parks in areas connecting Jerusalem with the E-1 area. The formal reason for all demolitions is the lack of building permits, but only 13 per cent of East Jerusalem is zoned for Palestinian construction and most of the land is already built up. Building permits, as in Area C of the West Bank, are usually not granted. High fines and orders for “self-demolition” continue to be imposed on Palestinians. In addition to demolitions, Palestinians in East Jerusalem also face evictions because of Israeli settlers taking over their premises (OCHA, 2014a).

77. The economic situation in East Jerusalem remains stagnant, largely as a result of the erosion of economic, commercial and social links with the rest of the West Bank. Although there would be extensive potential for the development of certain sectors, including tourism, efforts to encourage the international community and the private sector to support economic initiatives have not yet been translated into tangible results. The Jerusalem Chamber of Commerce, closed by the Israeli authorities in 2001, remains closed. Its reopening, in accordance with Israel’s commitments under the 2003 road map (UN, 2003), could make an important contribution to the revitalization of East Jerusalem’s economy. According to an Israeli human rights non-governmental organization, HaMoked, there is a practice of Israeli banks refusing to open bank accounts for Palestinians with Palestinian Authority identity cards living legally in the city (HaMoked, 2014).

78. Palestinians in East Jerusalem are faced with systematic neglect in the provision of public services and infrastructure. The education system is unable to offer quality education to Palestinian children, who drop out of school at high rates. According to a survey, 36 per cent of children in East Jerusalem fail to complete 12 years of school and there is now an estimated shortage of 2,200 classrooms (Ir-Amim and ACRI, 2013). Exposure to occupation-related violence, including demolitions and displacement, has been found to contribute to physical and verbal violence at school (OCHA, 2014a). The water system and waste collection in East Jerusalem remain deficient for Palestinian

¹³ Under Israeli legislation, permanent residency status in Jerusalem is conditional upon applicants proving that their “centre of life” is within the unilaterally declared Jerusalem municipality limits. Palestinians also lose their right to live in the city if they are absent for a period of seven years.

¹⁴ While this measure disadvantages the children concerned, it also discriminates between women and men who have Jerusalem permanent residence status, as women cannot transfer this status to their children.

communities. Palestinians living in the Shuafat refugee camp, which has been fenced off by the Separation Barrier, had no running water for weeks in early 2014. The water system in Shuafat is designed for 15,000 people, while between 60,000 and 80,000 Palestinians currently live in this neighbourhood (ACRI, 2014a).

Rising tensions and violence

79. Violent acts and intimidation by Israeli settlers against Palestinians and their property continue to affect Palestinian women, men and children in the most serious ways. As documented by the United Nations and human rights' organizations, settler violence includes acts such as physical assault leading to injuries and deaths, harassment and intimidation, burning or uprooting of crops or other property damage, or preventing children's schooling. So-called "price-tag attacks" by settlers represent a distinct form of violence against Palestinians in retaliation for action by the Israeli Government that is seen to be contrary to settlers' interests (UN, 2013c). In addition to threatening their physical security and psychological well-being, settler violence impedes Palestinians' freedom of movement, including access to workplaces and agricultural lands. Settler attacks on schools and Palestinian children on their way to school have seriously curtailed the right of Palestinian children to education (UN, 2013b). Settler violence is observed in particular where settlements have been established deep inside the West Bank by ideologically motivated settlers.

80. In 2013, a total of 399 violent incidents, compared to 368 in 2012, were recorded by OCHA. These included 93 incidents leading to Palestinian injuries and 306 incidents resulting in damage to Palestinian property. Another 201 Palestinians were injured by Israeli forces intervening in clashes between settlers and Palestinians (OCHA, 2014a). There were 38 incidents that resulted in Israeli settler casualties, and 12 leading to Israeli property or land damage (OCHA, 2014b). A high level of settler violence has been observed in the governorate of Nablus, where 119 settler attacks took place in 2013. Of particular concern are incidents involving settlers from the Yitzar and Bracha settlements located some 10 km south of Nablus (*ibid.*). According to OCHA, Israeli settler violence has also increased in East Jerusalem (UN, 2014b). The United Nations continues to note the failure of the Israeli authorities to take effective steps to address settler violence and to hold settlers perpetrating such acts accountable, in accordance with Israel's obligations under international humanitarian and human rights law (Al-Haq, 2013b; UN, 2014b). Among the problems that have been identified in this regard is the failure of the Israeli army adequately to protect Palestinians from settler violence and the lack of follow-up to complaints brought by Palestinians (*ibid.*).

81. In addition to settler violence, there is a worrying trend of violence linked to confrontations between Israeli armed forces and Palestinians. Rising tensions in the West Bank have led to a significant increase in the loss of life by Palestinians due to such conflict-related violence, from eight such deaths in 2012 to 27 (including 23 unarmed civilians) in 2013. Over the same period, the number of injured Palestinians in the West Bank increased from 3,039 to 3,735. Injuries from live ammunition have doubled. Violence has often occurred during clashes between Palestinians and Israeli forces following demonstrations, many of them related to settlements or prisoners, or search-and-arrest operations.¹⁵ In 2013, four Israelis, including two civilians, died in the

¹⁵ As reported by OCHA, the frequency and intensity of confrontations during Israeli search-and-arrest operations and the number of Palestinian civilians injured and arrested during such operations has increased. In 2013, 4,652 Palestinian civilians were arrested in the course of 3,896 operations. The United Nations has repeatedly expressed concern over the excessive use of force by the Israeli armed forces (OCHA, 2014a).

West Bank as a result of conflict-related violence, compared to none in 2012. At the same time, the number of conflict-related Palestinian fatalities in Gaza dropped from 272 in 2012 to 11 in 2013, and there has been no major escalation of hostilities following the November 2012 ceasefire understanding (OCHA, 2014a).

Palestinian women, men and children struggling for survival: Work in Israeli settlements

82. In addition to the Palestinians working in Israel with or without permits, an increasing number of Palestinians are dependent on work opportunities in the settlements. The fact that thousands of Palestinians work in factories, workshops, construction sites, agricultural estates and public services in West Bank settlements has become an issue of great concern, particularly for the Palestinian Authority and social partners. For Palestinians, working in Israeli settlements is a matter not of choice but of necessity. Palestinian men tend to work in the construction and industrial sectors; women are mostly employed in agriculture or domestic work.

83. Economic dependence on jobs in settlements increases the Palestinian workers' vulnerability to exploitation, which is further aggravated by the peculiar legal and institutional set-up of the settlements, where people essentially operate within an economy of occupation. Israel partially applies its labour laws through military enactments, and the Israeli High Court of Justice ruled in 2007 that Israeli labour law is applicable to labour contracts between Palestinian workers and Israeli employers for work carried out in Israeli settlements (ILO, 2008). In many respects, however, the available legal protection remains fragmented and uncertain, and there are well-documented practices of Israeli employers circumventing legal obligations towards their workers. These include ploys to disguise the employment relationship, to avoid issuing payslips or to conceal the actual number of hours worked, in order to evade minimum wage and social security obligations. The mission was informed by its interlocutors from the Israeli Government that work continued on a military enactment to make more Israeli labour laws applicable to Palestinians working in Israeli settlements.

84. Although recruitment practices vary according to economic sector and enterprise size, mediation between supply and demand is carried out in an unregulated manner through Israeli or Palestinian brokers. With work permits linked to a specific settlement employer, many Palestinian workers may well endure abuse rather than seek legal protection and risk losing their jobs. Women are particularly exposed to abusive practices by labour brokers, including excessive fees or wage deductions and physical violence, including sexual violence and coercion (ILO, 2013a). Work permits are sometimes not given to the workers themselves but are deposited with the security personnel at the settlement entrance gate. With this practice, employers can prevent workers raising claims from gaining access to the workplace.

85. Particular concern continues to be caused by the situation in the Jordan Valley, where Palestinian women, men and children are engaged in seasonal agricultural work in Israeli settlements. The mission again received information about an apparently coordinated practice by Israeli settlement employers in the Jordan Valley of blacklisting Palestinian workers who have lodged complaints of labour rights violations. There are continuing reports of child labour and non-compliance with the Israeli minimum wage in the agricultural enterprises located in settlements in the Jordan Valley (Surrusco, 2014; Kav LaOved, 2013).

86. The mission also received information suggesting that Palestinian workers in Israeli settlements continue to be exposed to occupational safety risks and hazardous conditions without adequate protection, a matter which had been raised by the State Comptroller of Israel in 2012 (ILO, 2013a). Palestinian workers injured at work are entitled to be transferred to and treated in Israeli hospitals. In practice, however, injured Palestinian workers are often transferred to hospitals of the Palestinian Authority, and employers fail to provide the documentation that would enable workers to claim employment injury compensation. In such cases, the workers tend to face long and complicated proceedings to obtain recognition of their injuries as employment injuries (Kav LaOved, 2013; and 2012).

Employment of Palestinian men and women in Israel: Need for a rights-based framework

87. Palestinian workers continue to seek employment opportunities in Israel, and there is a concomitant interest from Israeli employers. Currently, work in Israel heavily depends on the quotas and permits granted by the Israeli authorities, while the Palestinian Authority plays a facilitating role. The mission's Palestinian and Israeli interlocutors all agreed on the mutually beneficial effects of Palestinian workers entering the Israeli labour market. Yet the current arrangements for this appear unsatisfactory, as also shown by the fact that a part of the Israeli quota remains unused. More recently, Histradut and the Palestine General Federation of Trade Unions (PGFTU) have been exploring the possibility of assisting Palestinian workers to obtain employment and the necessary permits.

88. In practice, the task of finding jobs and getting security clearance and the necessary permits is presently a burdensome and non-transparent process that often remains unsuccessful. Many workers resort to the services of unregulated brokers who provide such permits. The mission was told that the fees of such brokers could amount to 20–40 per cent of the workers' wages, or even more. As previously reported, large numbers of Palestinians cannot obtain security clearance because they are blacklisted by the Israeli security authorities. Human rights groups, such as Machsomwatch, continue to provide advice and support to workers seeking to have their names removed from the blacklist. According to these groups, a relatively high number of workers are removed from the list as a result.

89. Obtaining all necessary permissions is not the only obstacle faced by Palestinian workers in their quest for work in Israel. Their daily journey from the West Bank to workplaces in Israel and back to the West Bank at the end of the working day is long, and crossing into Israel through one of the terminals established for this purpose exposes Palestinian workers to hardship and humiliating conditions. The mission again heard testimony that overcrowding at the crossings, which are operated by private companies, remains a serious problem. Reportedly, only three of 16 gates are being operated at the Tulkarem Tayba crossing, which is being used by workers from the entire northern West Bank area (Kav LaOved, 2014). In order to reach their workplaces on time, many Palestinian workers have to get up in the middle of the night to arrive at the crossing sufficiently early in the morning.

90. A substantial number of Palestinians work in Israel without a permit, which makes them particularly vulnerable to exploitation, including by unscrupulous employers and also by others who facilitate their entry. Crossing into Israel without a permit entails a high risk. On 19 March 2014, a 14-year-old boy was shot dead near Hebron after he

crossed the Separation Barrier through an opening and attempted to escape upon the arrival of the Israeli military (OCHA, 2014f).

Occupation of Gaza: A heavy toll on Palestinian workers and employers

91. The blockade of Gaza and the resulting economic paralysis and mass unemployment signify a further deterioration of the already precarious humanitarian and development conditions for workers and their families. As the tunnel trade has virtually ended, without a concomitant easing of the severe restrictions on the movement of goods to and from Gaza, the private sector has ground to a halt. In times of soaring unemployment, the importance of farming and fishing as a means of securing livelihoods and food security increases, but Gaza's worsening water crisis and Israel's strict enforcement of a 6-nautical-mile fishing limit seriously impede these activities. There were also continued incidents of the Israeli Navy firing on fishers in Gaza and confiscating their fishing equipment (OCHA, 2014a).

92. Restrictions on the movement of persons represent a significant factor in the social and economic decline and increasing isolation of Gaza from the outside world, which has acquired a dimension where it profoundly affects every part of the society. Leaving Gaza for work, education and training is impossible, as Israel only grants exit permits in exceptional humanitarian cases (B'tselem and HaMoked, 2014). Palestinian merchants are allowed to leave Gaza for business in Israel and the West Bank but only under severe constraints. For instance, only a limited number of merchants are allowed to exit on a given day, and they are informed at short notice as to whether their application has been approved. The movement restrictions between Gaza and the West Bank also interfere with the organizing rights of Palestinian workers and employers.

93. Not only does Israel control the movement of Palestinians between Gaza and the West Bank through its territory, it also bars the entry into the West Bank of Palestinian Gaza residents who try to use the Allenby Bridge crossing from Jordan. It has become virtually impossible for Palestinians to change their residence from Gaza to a West Bank address, because of Israel's control of the Palestinian population register. More than 20,000 Palestinians from Gaza who have been living in the West Bank for years are not able to change their legal residence. Instead, in 2007 the Israeli Army started issuing temporary permits for them to stay in the West Bank (excluding East Jerusalem), and such permits can be cancelled for a range of reasons (*ibid.*). Gazans living in the West Bank without a formal residence or without a permit face the threat of expulsion. The restrictions on movement and residence mean that the family and social lives of these Palestinian women, men and families can be disrupted at short notice.

94. The health-care system of Gaza increasingly fails to provide Gazans with adequate access and a necessary minimum level of services. In addition to the lack of infrastructure and equipment, as well as electricity shortages, medical personnel cannot travel abroad for professional development training. By January 2014, over 300 medical machines at hospitals were out of order (OCHA, 2014d). The number of patients referred for specialized care outside Gaza grew by 17 per cent between 2012 and 2013 (OCHA, 2014a).

4. Governance, social justice and development

Institution building constrained

95. The building of Palestinian institutions remains an overriding development priority. Institutions of governance are essential for the social fabric of Palestinian society and for consolidating the rule of law, human rights, fundamental freedoms and citizenship. The context for institution building is increasingly uncertain, however, as described in the previous chapters. Given the prevailing constraints and the fragility of the Palestinian economy, serious questions have been raised as to whether the limits of the institution-building process may have been reached, and even whether earlier achievements are now being dismantled (PNA, 2014a; IMF, 2013).

96. The numerous internal and external impediments to development include the restrictions on movement and on access to land, water and other resources, and the general uncertainty of the peace negotiation process. Economic performance has declined, unemployment and poverty have increased, and the financial crisis has become further entrenched, undermining public trust (PNA, 2014a).

97. The political and administrative division between Gaza and the West Bank remains a persistent obstacle to Palestinian development, and it has distracted the efforts to realize national independence and statehood (*ibid.*). Regular elections cannot be held at all levels, although local elections were held in 2012 in West Bank governorates. The Palestinian Legislative Council remains dysfunctional. Legislative elections, scheduled for 2010, still have not taken place. As a result, presidential decrees are issued to advance the legislative agenda.¹⁶

98. The split in the institutional and legislative systems has rendered futile any attempts by the Palestinian Authority to build and strengthen institutions in Gaza, where a parallel, and often contradictory, system has developed. Restoring national unity has been accorded top priority in the new National Development Plan. This is seen as a prerequisite for enabling the Palestinian political system to assume its proper role in accomplishing freedom, independence and statehood, and to consolidate the state institutions and legal system (PNA, 2014a).

99. The National Development Plan sets out what needs to be done to develop and strengthen governance institutions, but much of this will not materialize unless the increasingly entrenched constraints are removed. Despite the shrinking space for development, numerous policies and programmes continue to be developed and implemented. They reflect a determination to respond quickly, once the constraints are removed, while acknowledging that in the meantime results will be modest.

A human rights-based framework

100. The period of the National Development Plan 2011–13, with its strong focus on establishing and strengthening the foundations of a state, has come to an end. The new National Development Plan provides a broad framework for institution building and undertakes to provide “better social justice” for all citizens (*ibid.*). The Plan has been designed in tandem with the first Palestinian United Nations Development Assistance

¹⁶ Under Article 43 of the Basic Law of 2003, such decrees can be issued when the Legislative Council is not in session, and are to be presented to the Legislative Council for approval at its next session. Decrees are no longer of a temporary and exceptional nature, however: they have now become the norm.

Framework (UNDAF), which has recently been adopted, as well as the Palestinian Decent Work Programme. Together they establish a strong human rights-based framework for national development (UN, 2013d; ILO, 2013b).

101. The National Development Plan 2014–16 is based on the general principle of respect for human rights and refers to relevant international conventions. The guidelines on integrating human rights into national development plans stress that, despite the difficulties in achieving the objectives of the development plans, respect for human rights is essential for Palestinian legitimacy, the sustainability of good governance, and the further development of the society (PNA, 2014b). The recent Palestinian accession to a number of international human rights treaties underscores this commitment.

102. The human rights guidelines recommend specific steps to ensure respect for the rule of law, with a focus on the judiciary and the security sector. Adopting speedy litigation procedures, ensuring the implementation of judicial rulings, and increasing the representation of women in decision-making positions in the judiciary are specifically proposed (*ibid.*). The Palestinian Authority is also committed to promoting the role of the Independent Commission for Human Rights to ensure due process in the investigation of complaints of violations of rights (PNA, 2014a).

103. While the new National Development Plan provides a detailed and sophisticated framework for moving forward, it also recognizes that there are many obstacles to achieving the ambitious objectives enumerated. The centrality of human rights in the state-building process, despite the acknowledgement that room for development remains limited, evidences a commitment to the development of solid foundations which can be built upon in the future.

Decent work for development

104. With the increase in unemployment, a growing labour force, and an estimated 600,000 new jobs needed over the next decade, expanding opportunities for decent work has moved to the top of the national development agenda. This is reflected in the first Palestinian Decent Work Programme, which was recently adopted by consensus among the tripartite constituents. Decent work is also a focus of the new National Development Plan, which establishes economic development and employment as one of the detailed sector policies, the aim of which is to safeguard the right to decent work and the right to a decent standard of living for all citizens. The declared strategic approach is to establish more robust foundations for an independent, fair and sustainable national economy, which provides decent employment opportunities (PNA, 2014a). The first Palestinian UNDAF, adopted in June 2013, also has as the first of its six priority areas “Economic empowerment, livelihoods, food security and decent work” (UN, 2013d).

105. The National Development Plan is supplemented by 23 sector strategies, including for the labour sector. The labour sector strategy for 2014–16, entitled “Reinforcing principles of decent work in Palestine”, was developed by a national tripartite team. It acknowledges that the labour sector strategy for 2011–13 failed to meet its goals, in particular with regard to reducing unemployment and increasing women’s labour force participation. A range of institutions foreseen under the previous strategy were not established, and laws and regulations addressing cooperatives, labour relations and vocational training were not adopted (PNA, 2013a).

106. The new labour sector strategy sets out six goals: first, reducing rates of unemployment and enhancing decent work opportunities for men and women; second, providing effective vocational training; third, promoting revenue-generating

cooperatives with an effective impact on economic and social development; fourth, ensuring respect for laws, regulations and commitments towards attaining decent work for all; fifth, protecting workplace relations and a strong social dialogue, together with a democratic trade union movement; and, sixth, creating a comprehensive and modern welfare system (PNA, 2013a).

Box 4.1
Palestinian Decent Work Programme 2013–16

Priority 1: Promoting improved labour market governance and labour rights

- ❑ Outcome 1.1: Improved legal framework for labour market regulation and administration in line with international labour standards.
- ❑ Outcome 1.2: Strengthened institutional capacity and mechanisms for social dialogue and policy-making, with a particular focus on wages, occupational safety and health, gender equality and discrimination at work.

Priority 2: Enhancing employment and livelihood opportunities for Palestinian women and men

- ❑ Outcome 2.1: Employment promotion policies and strategies for Palestinian women and men are enhanced, with a particular focus on youth employment.
- ❑ Outcome 2.2: Increased employability of workers through market-oriented skills training and employment services targeting young people.

Priority 3: Facilitating development of an integrated social security system and the extension of social protection to all

- ❑ Outcome 3.1: A social security system for workers and their family members is introduced, covering old-age, invalidity and death pensions, and employment injury and maternity benefits.
- ❑ Outcome 3.2: Social protection floor is introduced.

Source: ILO and Palestinian Authority, the Palestinian Decent Work Programme 2013–16.

Improving labour market governance and labour rights

107. The first priority of the Decent Work Programme – the promotion of improved labour market governance and labour rights – focuses on improving the legal framework and strengthening institutional capacity and mechanisms for social dialogue. To that end, with ILO support, a project is currently being implemented with two main components: first, developing and improving the legal framework for labour market regulation; and, second, promoting effective institutions and processes of social dialogue in line with international labour standards (ILO, 2013c).

108. The labour law review has gained momentum through a tripartite process. The ILO recently commissioned a detailed assessment of the existing labour-related legislation, and made a range of recommendations for consideration by the tripartite partners. The review will also draw on the earlier gender legal review undertaken by the National Committee for Women's Employment (NCWE), and a rapid assessment of the labour inspection system carried out previously by the ILO. A revised legal framework will be key to providing a sound basis for labour market governance, ensuring fundamental rights at work and gender equality in practice, while also promoting and supporting enterprise development and economic growth (ILO, undated; 2013d).

109. The Palestinian tripartite constituents have agreed on the need for a trade union law based on the principles of freedom of association. The mission was informed that a draft for this law exists but it requires further consultation. This law could now be considered in the context of the broader labour law reform process. One of the performance indicators under the new National Development Plan is the approval by 2015 of a law on labour relations (PNA, 2014a).

110. The role of labour inspection in ensuring the implementation of laws has gained increased attention, particularly in the context of enforcement of the minimum wage. The minimum wage is intended to improve pay, primarily in low-paid sectors which are female-dominated, including services, notably the care sector and the textile sector. In these sectors, however, compliance with the minimum wage remains weak. With the limited scope of labour inspection, follow-up to minimum wage compliance is largely based on individual complaints, and many women are hesitant about complaining for fear of losing their jobs.

111. The Decent Work Programme acknowledges that labour inspection is a cornerstone of good governance and labour-market regulation. Labour inspection is an essential aspect in the monitoring and enforcement of legislation and the prevention and settlement of disputes. The inspection capacity within the General Directorate of Labour Inspection of the Ministry of Labour is weak, however, with a mere 40 inspectors employed in the West Bank, where an estimated 300 are needed (ILO, 2013b). According to the General Directorate of Labour Inspection, in 2013, inspections were carried out in only 4.4 per cent of establishments that are subject to inspection. Some 50 sectoral inspections campaigns were carried out in construction, services and industry, some in cooperation with the social partners (PNA, 2013b).

112. The report of the General Directorate of Labour Inspection indicates that in 2013 there was some improvement in inspection operations relating to the mapping of violations and their follow-up (PNA, 2013b). The mission was informed that 13 new inspectors will be appointed shortly, and the Ministry of Labour has given priority to enhancing the professionalism of the labour inspection services. The ILO continues to work with the labour inspectorate and the Labour Inspection Commission, including with regard to labour laws, occupational safety and health, inspection procedures, discrimination and child labour. The ILO has also developed a training package for labour inspectors on gender-based violence in the workplace.

113. The NCWE, which received formal Cabinet endorsement in 2012, remains an important vehicle for social dialogue, with members who include representatives from a range of government ministries, business and trade unions, and also gender advocates. The mandate of the Committee members was renewed at the end of 2013. The Committee, which relies on support from the ILO and other partners for its functioning, has an advisory, consultative and coordination role with the Palestinian Authority. It has recently adopted a strategy and workplan for 2013–16, which sets out four priority areas: priority 1: promoting an appropriate environment for the provision of decent work; priority 2: developing education and technical and vocational training; priority 3: mobilizing the cooperative sector; and priority 4: improving working conditions (NCWE, undated). Enhanced social dialogue is also an objective of the strategy, in particular to develop and promote policies, procedures and effective social dialogue for improved relations between the tripartite partners, with a view to implementing, monitoring and evaluating application of the minimum wage and equal pay. The ILO has recently been supporting the Committee in promoting application of the principle of equal remuneration for men and women for work of equal value.

114. The mission was informed that the law establishing the Social and Economic Council is being finalized. The Social and Economic Council would have the objective of reinforcing dialogue between stakeholders and partners over economic and social policies, contributing to balanced and sustainable economic development, and assessing the impact of economic and social legislation. It would be important for close links to be formed between this Council, the National Tripartite Advisory Committee, which was reconstituted in early 2013, and the NCWE.

115. An important recent development is the improved coordination between the PGFTU and the Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA), through the signing of a three-year memorandum of understanding in February 2014. This cooperation, characterized as “strategic and historic”, is based on the objective of the two parties to reinforce social dialogue and to contribute to building a strong national economy that can tackle unemployment and poverty through decent work opportunities (FPCCIA; PGFTU, 2013). The main areas of cooperation envisaged under the memorandum of understanding include labour law and regulations, the social welfare system, occupational safety and health, gender and enhancing the role of women in the labour market, encouraging small and micro-enterprises, vocational training and employment, and the resolution of labour disputes (*ibid.*). Discussions between the PGFTU and the FPCCIA have been launched on how these organizations can participate in ensuring better implementation of the minimum wage.

116. Gaza remains isolated and fragmented in many respects, including with regard to workers’ and employers’ organizations. Serious harassment and threats against trade unionists were reported to the mission. Any labour movement that is not aligned with the *de facto* authorities struggles to survive. Where trade unions and employers’ organizations are concerned, coordination between the West Bank and Gaza remains extremely difficult. The mission was informed by representatives of the FPCCIA that elections are being organized to revive the Gaza Chambers of Commerce, although the difficulty of operating under the *de facto* authorities is acknowledged. A group of women entrepreneurs in Gaza have joined together, although there is no established businesswomen’s association. The women are seeking to join the Gaza Businessmen’s Association as full members; yet it is not certain that this would be accepted. The Association is expected to vote in June 2014 on whether the by-laws will be changed to allow women to become members.

Advances in establishing a comprehensive social security system

117. During the 2013 mission, the Minister of Labour said that 2013–14 would be the years of social security. The National Development Plan acknowledges the need for an inclusive, integrated social protection system, including a national social security initiative, to ensure a decent standard of living for all citizens. The strategic objectives set for the social protection and development sector include a rights-based, gender-sensitive, and more inclusive, integrated and sustainable social protection system. A priority policy is to develop a national social security system, consolidating social solidarity and giving priority to poor and marginalized groups (PNA, 2014a).

118. The ILO has continued to support the Tripartite National Social Security Committee in the establishment of a comprehensive social security system for private-sector workers. The policy framework for this social security system, along with the related actuarial valuation, was adopted by the tripartite constituents in December 2013.

It was agreed that a compulsory social security system would be established, based on the defined-benefit approach and in conformity with international labour standards and good practice.

119. What has been described as a “complementary” private pension scheme has been developed concurrently, through a separate initiative. The pension for non-governmental sector regulation, which was approved by the Council of Ministers on 18 February 2014, introduces a voluntary pension scheme for private-sector workers based on the defined-contribution, rather than the defined-benefit, approach. There are concerns that this scheme as it is set out in the Regulation is actually intended to be the central social security scheme, particularly given the high contribution rate of 19 per cent.

120. Representatives of the PGFTU raised concerns that the private pension scheme is essentially a savings account which is not based on social justice, and discriminates against women as it does not provide maternity protection and targets high-income earners, most of whom are men. Similar concerns were raised by members of the business community. The PGFTU has formally asked the Prime Minister to suspend the decision to adopt the new regulation establishing the private scheme until the national social security law, which has been subject to considerable consultation, is finalized. Further tripartite discussion in the National Social Security Committee on the coherence of these two approaches appears to be urgently needed.

Women’s empowerment

121. While a range of initiatives have been taken in recent years to promote gender equality and women’s economic empowerment, the reality for Palestinian women remains challenging. The low labour force participation of women, which is among the lowest in the world, combined with the persistent pay gap and the decrease in women’s real wages, remains a serious concern. The Palestinian Authority acknowledges that, despite the efforts to promote the role of women in policy-making and decision-making processes, their participation has not been institutionalized and greater participation is needed (PNA, 2014a). The local elections in the West Bank in 2012 actually resulted in a decline in the representation of women in local councils. Representation in political parties and independent lists has also declined, and this has serious implications for women’s voice and representation (PCBS, 2013).

122. A strategic objective of the National Development Plan is the empowerment of Palestinian women, to ensure that they enjoy more protection and better participation in the labour market and public life, with easier access to all basic services and with equitable opportunities without discrimination. All national, sectoral and cross-cutting policies and programmes, and public budgets are to integrate gender-related issues. More efforts are to be made to address discrimination, including in respect of gender. Enhanced community awareness and an enabling environment for women’s participation in the labour market are also projected. Measures envisaged include enacting legislation to ensure equal opportunities between men and women, facilitating small enterprises, removing obstacles to women’s access to loans, and protecting women from all forms of violence (PNA, 2014a).

123. A number of measures have been taken to address women’s empowerment, including the recent expansion of gender units, which have now been set up in a number of line ministries. The first gender units were established in 2012, and there are now such units in 22 of the 25 line ministries, including in all the institutions responsible for security. Each line ministry is required to have its own agenda for women’s

empowerment. The ILO has also been continuing to support the NCWE as part of its ongoing work to promote social dialogue. In 2013, the ILO conducted participatory gender audit training for ten members of the national gender audit team, with a view to building their capacity to implement future audits effectively.

124. Initiatives to improve women's role in business outlined in the 2013 Report have continued. In particular, representatives of the FPCCIA informed the mission that the number of women joining the Federation has increased, and a memorandum of understanding was signed with the Business Women's Forum (BWF), resulting in closer collaboration, particularly in the formation of and support for business women's units in local chambers of commerce. The BWF is also providing services to female members of the chambers, to assist them in going beyond mere registration with the chambers to actually establishing and managing enterprises.

125. The "National 1st" initiative, supported by the United Nations Development Programme (UNDP), the Food and Agriculture Organization of the United Nations (FAO) and the BWF, is assisting 30 women's groups to link up with local markets, and organizing channels for export. The BWF and the Chambers are also joining forces with other women's organizations in promoting equal rights for women in respect of inheritance, land ownership and investment, and in other areas of civil rights, with a view to supporting women's fuller participation in economic life. The Forum has established a business development centre to provide services for start-ups and to help women who have never had a business to generate innovative proposals. Services have been provided to over 800 women.

126. The endeavour by the PGFTU to increase the percentage of women's membership in trade unions is also reflected in the performance indicators under the National Development Plan, one of which is to increase the proportion of female trade union members from 8.5 per cent in 2012 to 10 per cent in 2016 (PNA, 2014a). The PGFTU aims to develop the leadership and administrative abilities of women trade unionists (PGFTU, undated).

127. Since 2013 there has been a further deterioration in the situation of women in Gaza. While there is more support for women working, and more women are the main breadwinners in households, this is perceived as a survival strategy. Even working women do not gain economic independence, as they exercise no control over their income. There has reportedly been an increase in violence against women, spurred by increasing poverty and the lack of job opportunities for men. Women were described to the mission as the weakest link in society, lacking economic and social empowerment, and deprived of any recourse to effective remedies for violations of their rights. Women are increasingly being employed as domestic workers, at very low wages. An initiative has been launched to establish a local trade union committee for domestic workers.

128. The mission was also informed that the difficulties facing men in obtaining permits to leave Gaza to do business in Israel were amplified for women, with very few women actually able to obtain such permits. As a result, in order to conduct business, women entrepreneurs in Gaza need to rely strongly on information and communications technology. With the instability and unpredictability of the electricity supply, this is a precarious precondition for women's entrepreneurship. Interlocutors stressed that women's economic empowerment programmes in Gaza needed to go beyond traditional products, as the market for handicrafts and embroidery was saturated.

129. While women generally face difficulties in gaining access to the labour market, for women with disabilities these obstacles are compounded. A recent study by the Independent Commission for Human Rights indicates that women with disabilities are

less likely to join the labour market, more likely to be unemployed, and more likely to have limited periods of employment than their male counterparts (ICHR, 2013). Women with disabilities are employed primarily by non-governmental organizations, with a participation rate of 37 per cent, often linked to temporary projects. In the public sector, women with disabilities are concentrated in administrative and secretarial occupations, and in the other sectors they are also confined to a narrow range of jobs. The study indicates that one of the main reasons why persons with disabilities quit their work, which is particularly the case for women, is that they are being employed only on short-term, contract-based jobs for limited periods. Other reasons include the absence of support measures, lack of accommodation, difficulties in reaching the workplace and lack of opportunity for advancement (ibid.).

Promoting youth employment: An urgent priority

130. With scant prospects of employment, and living in a general climate of uncertainty, Palestinian young people are migrating in search of employment, with significant implications for the future of the Palestinian society and the development of the economy. A number of interlocutors expressed concern regarding the brain drain, with educated young people going abroad to use their skills elsewhere, while at the same time many young people are losing interest in education and training, which are increasingly seen as futile.

131. A recent report based on a school-to-work transition survey implemented in 2013 indicates that 68.6 per cent of young people aged 15–29 work without a written contract, and most contracts are for 12 months or less. Two-thirds lack access to leave and other benefits, and many are subject to poor working conditions. The high proportion of young women remaining outside the labour force, despite recent gains in educational access, continues to be worrying (Sadeq, forthcoming 2014). It is vital that young people should have improved access to decent work. The report sets out a number of recommendations for the development of a national youth employment action plan including a range of demand and supply-side measures in addition to improved labour market intermediation.

132. Youth employment and entrepreneurship development are among the strategic development goals under the National Development Plan. The Plan includes a focus on establishing conditions conducive to the launching by young people of productive and income-generating enterprises, including through training and capacity building in the management of small and medium-sized enterprises, rejuvenating business incubators, and promoting youth-run cooperatives. The better alignment of education and training with labour market needs has also been established as a policy priority (PNA, 2014a). To facilitate job matching and the provision of job information to university graduates, the Ministry of Labour, working in cooperation with Palestinian universities, has established career development units.

133. The BWF has been focusing on training and providing services to female graduates with little or no experience in business. This is seen as having a two-fold benefit: equipping the graduates with skills that will assist them in working for a business or opening their own business, and rendering a service to companies by providing them with qualified graduates. In partnership with the Welfare Association, the ILO has continued to support the expansion and integration of the Know About Business training package within the education curricula, in order to promote an entrepreneurial culture and self-employment among Palestinian youth. The implementation of the Know About Business programme in vocational training centres and schools is being supported by the ministries of labour and education. Through the programme, links are also being

established with the private sector to facilitate access to financial and non-financial business development services (ILO, 2013c).

134. To tackle the problems of youth unemployment and frustration, support needs to go beyond assistance, and lead to decent work opportunities. Without real prospects for a future with dignity, including through economic empowerment, young people will continue to leave or to become discontented or despondent. The absence of decent work opportunities for young people has negative implications throughout their life cycle. Youth employment is thus a precondition for sustainable development and must be addressed as an urgent priority.

Private-sector development

135. There has been renewed emphasis on private-sector-driven economic development as a pillar of statehood (PNA, 2013c). While there is continued hope that private-sector development will lead to much-needed growth and employment creation, real prospects for such a scenario are lacking (IMF, 2013). The National Development Plan aims to create a positive, enabling investment environment, and to rejuvenate and assist the private sector with a view to fostering a knowledge-based, open economy generating goods and services that are higher value added and competitive (PNA, 2014a). It focuses on the agriculture, industry, tourism, and information technology sectors, which are considered to have potential for the highest economic returns and for generating stable employment opportunities. The importance of high quality education is also recognized as a strategic component in the task of building an educated and productive society (*ibid.*).

136. High quality technical and vocational education and training (TVET) is essential to improving productivity and competitiveness. The mission was informed that a decree establishing a national TVET agency is currently being examined. Despite the important role of TVET for the private sector, enrolment rates remain low (2.94 per cent), with women's enrolment at half that of men (PNA, 2014a). This has been linked to the persistent view that vocational education is inferior to university education, and also to the limited number and low quality of disciplines available.

137. A cornerstone for economic development and employment of the new National Development Plan is the economic initiative for Palestine, first announced by United States Secretary of State John Kerry in May 2013 (PNA, 2013c; 2014a). This initiative was to go hand in hand with progress in the peace negotiations. The Office of the Quartet Representative was given the responsibility for elaborating an economic plan, and recently presented further details of the Initiative for the Palestinian Economy. This relies on resources from the private sector to finance the initiative, from both domestic and international investors. Building the capacity of local financial institutions to support the development of the private sector, in particular small and medium-sized enterprises, is also a guiding principle of the initiative (OQR, 2014; 2013).

138. The Palestinian Authority acknowledges that implementation of the economic initiative will require the easing of movement and access restrictions, the development of public infrastructure, including transport, water, energy and telecommunications, the implementation of institutional and legislative reforms, and the removal of barriers to development in Area C, Gaza and East Jerusalem (PNA, 2013c). Business leaders indicated that, in the absence of clear incentives, the private sector would be reticent to take the risks required under the initiative in the face of the current constraints. Along with the lack of access to resources, the economic and political fragility, and the general

climate of uncertainty, the promise of this initiative – and of other private-sector-led initiatives – is likely to remain unfulfilled.

Expanding the role of cooperatives

139. There has been an increased focus on the role of cooperatives in job creation and providing income-generating opportunities. The recent development plans and policies all assign a central role to cooperatives in their strategies. The mission was also informed that the primary beneficiaries of the Palestinian Fund for Employment and Social Protection are new graduates and women, in particular through the support and development of women's cooperatives.

140. The Strategic Plan of the Cooperatives Sector in Palestine for 2014–16 sets the following strategic objectives: first, creating an institutional environment that makes the cooperative movement in Palestine one of the main economic sectors; second, increasing the contribution of the cooperative sector to economic and social development; and third, improving and developing the overall performance of the cooperative sector in line with best cooperative practices (PNA, 2013d).

141. According to a recent assessment, there are approximately 19,000 members of agricultural cooperatives (ILO, 2013). Many cooperatives have not been able to grow or mobilize new members because registration is often primarily seen as a means of securing humanitarian assistance, rather than as a vehicle for addressing a well-articulated common issue through cooperation. Cooperative services risk being ineffective and unsustainable because so many members are not convinced of the value of collaborative work, cooperative initiatives are unable to achieve economies of scale, and the management, marketing and technical capacities needed to provide effective cooperative services are lacking. They suffer from low levels of capitalization and lack administrative, financial, procurement or human resources policies or procedures. The assessment sets out a range of recommendations to address these various issues.

142. The assessment also examined the agricultural cooperatives from a gender perspective. It found that, despite women's overrepresentation in the agricultural sector, women were significantly underrepresented in the membership and leadership of agricultural cooperatives. There are 12 women-only agricultural cooperatives in the West Bank, representing 43 per cent of total female membership in agricultural cooperatives (*ibid.*)

143. The ILO has assisted the General Directorate of Cooperatives of the Ministry of Labour to develop an organizational assessment tool designed to improve the ability to provide advisory services and counselling to cooperatives on enterprise management and governance issues (*ibid.*). In the context of the Palestinian Decent Work Programme, the identification of new economic sectors, non-traditional sectors and cooperative niches for women will be supported, as well as building the capacity of cooperative counsellors in the Ministry of Labour to advise and guide cooperatives beyond registration, and to diagnose and address gender-specific concerns.

144. Many of the cooperatives currently registered are struggling to survive. For the expansion of cooperatives to offer a means of promoting sustainable job creation, such expansion needs to go hand in hand with the revitalization of a cooperative culture and targeted capacity building.

5. Maintaining identity in the occupied Syrian Golan

145. The turmoil in the Syrian Arab Republic continues to affect the Syrian citizens of the occupied Syrian Golan, economically, politically and emotionally. The deep divisions that have led to the confrontation in the Syrian Arab Republic are also felt in the occupied Syrian Golan, even affecting allegiances within families. The interlocutors of the mission were confident, however, that, whatever the outcome on the other side of the separation line, they would retain their Syrian identity and that identity may even have been strengthened by the conflict. They were unanimous in wishing to see an end to the conflict in their mother country. There is no indication that the situation has affected the position of the Syrian citizens regarding the occupation, although there appear to be increasing Israeli attempts to engage and influence young people through sports and community service activities. The Syrian citizens stress that they reject all forms of what are referred to as “normalization” and “integration” under Israeli rule.

146. The situation in the Syrian Arab Republic has most directly affected the number of students that attend and graduate from Damascus University. The quota from the occupied Syrian Golan is still 500 students. Currently, however, only 43 students are studying in Damascus. It is expected that, when the situation returns to normal, the flow of students to Damascus will resume. At this stage, students are seeking alternative venues in Europe, for example in Germany, although this entails additional costs, including for language training during the first year of study. There are study and work opportunities in Israel; however, students, graduates and workers are experiencing discrimination there.

147. In the absence of any industrial base, most employment opportunities in the occupied Syrian Golan remain concentrated in low-paid agriculture. Limited opportunities also exist in commerce, services, construction, health and education. There is little prospect of graduates from Damascus University finding jobs in the Israeli labour market that match their educational qualifications. Nonetheless, owing to the higher wages to be earned, many men reportedly seek work in the construction sector in Israel and in the Israeli settlements in the occupied Syrian Golan. Such employment is facilitated by brokers, who may be Israeli or members of the local community.

148. Most women remain outside the labour force. Some work in agriculture, picking and sorting apples. Younger women also work in education and in such services sectors as day-care provision and sales, albeit for pay that can be as low as one fourth of the Israeli minimum wage. There is also a new cadre of young women entrepreneurs, notably in the hairdressing trade. For young people, obtaining an education and sufficient income has become harder. For primarily economic reasons, some marriages are contracted later than has been customary, with women now waiting until their thirties and men until their forties to get married.

149. In 2013 approximately 15,000 tonnes of apples were transported to the Syrian Arab Republic. The year 2012 had been a good one for the harvest, with a total output of some 60,000 tonnes, but this led to a shortage of storage space and a drop in prices. The price for apples supplied to the Syrian Arab Republic was significantly higher (\$1 per kilogram), helping to supplement the farmers’ incomes and reduce surpluses, and thereby boosting to some degree the market price for all apple farmers. The occupied Syrian Golan provides 40 per cent of the apples marketed in Israel, and owing to the low use of chemicals their quality is high.

150. Each year the Israeli authorities determine the quantity of apples to be transported to the Syrian Arab Republic. This trade has been encouraged, too, as it has served to demonstrate that Israel is not obstructing the marketing of Golan apples in the Syrian Arab Republic. It has also reduced competition with the Israeli settlements for other markets.

151. This year the outlook is not promising, and it is unlikely that any apples will be transported to Damascus. This is due to the extreme weather conditions and lack of water in 2013, resulting in an unprecedentedly low harvest of less than 10,000 tonnes. The Syrian farmers were allowed 200 cubic metres of water per dunam, when at least 600 cubic metres were needed. In normal circumstances the farmers receive one fourth of the allocation granted to the Israeli settlers. While settlements in the area do not suffer from a lack of water, the Israeli authorities had recently informed the Syrian farmers that there would be a 50 per cent reduction in their water allocation.

152. Construction continues despite restrictions, but mainly without permits and vertically, instead of horizontally, as the acquisition of additional land is not possible. Demolition orders that are issued by the Israeli authorities are generally not implemented, as local councils will not authorize demolition work to proceed. Instead, homeowners pay fines for the unauthorized construction. These fines can reportedly reach as high as the building cost itself. Nonetheless, some investors continue to build in order to rent out the additional space. While 40 per cent of the Syrian citizens of the occupied Syrian Golan live under or near the poverty line, there are signs of higher standards of living. These are judged to be artificial, as the construction and other activity are based on credit; growth takes place as a consequence of increased consumption rather than production. For example, people sell land to buy a car, but transactions remain within the community.

153. More land would be needed because the population is growing. For over ten years the people of the village of Majdal Shams have been trying to join approximately 950 dunams of land, which is adjacent to the community, to the Majdal Shams municipality. They consider that the land belongs to them, but the Israeli authorities have refused their request and instead have proposed a similar area of land from another village, which the Syrian citizens left in 1967. While the offer was in itself a good one, as it would have given the community the possibility to build and develop infrastructure, the Syrian citizens of Majdal Shams preferred to reclaim their own property, which is surrounding their village, and refuse to accept land originally belonging to other Syrian owners.

154. There appear to be no significant changes in the numbers of the Syrian citizens of the occupied Syrian Golan and the Israeli settlers. There are 18,900 Israeli inhabitants in 32 settlements and 23,400 Syrian citizens in five villages (CBS, 2014). The Syrian citizens consider that the Israeli settlers also see the occupation as temporary and, for some of those Israelis, coming to the area is seen as an investment, in that they can obtain subsidies and rent out facilities without actually residing in the settlements.

Concluding observations

155. It is imperative to maintain and intensify the peace process in order to ensure that a two-state solution can be achieved, with a Palestinian state that has a buoyant economy and a strong rights-based social dimension. At the time of writing, a breakthrough in the negotiations remained, to say the least, elusive, with all signs pointing towards a breakdown. If such a breakdown occurs, it is likely to perpetuate a misleading status quo. For the Palestinian workers and their families, a continuation of the present situation on the ground means a steady deterioration of their position and rights.

156. The latitude for the further building of Palestinian state institutions and processes remains heavily constrained. Even well-functioning institutions, such as the PCBS, are under threat, given their high dependence on donor funding. Nonetheless, tripartite cooperation and labour law reform are proceeding and they need continued ILO support. The application of the recently adopted minimum wage needs further strengthening.

157. The labour force participation rates of women remain exceptionally low, and their representation in decision-making bodies has declined. This is a trend that should be reversed. There is also an urgent need for the Palestinian Authority to guarantee that the new social security system will be in line with international standards and practice.

158. If the occupation not only continues but actually expands through the settlements and increases their dominance in the West Bank, including East Jerusalem, the prospects for a sovereign Palestinian state with full control over economic activity, employment and social policy and the most fundamental rights of its citizens will be seriously jeopardized. This aim must not become lost in a geography of occupation controlled by Israeli political, military and economic priorities, including those of a growing number of settlers.

159. In the West Bank, this daily reality has led to increased confrontation and violence. This trend has intensified at a time when all parties were supposedly to focus on peace talks. The international political process is undermined by the changing situation on the ground, and this slide towards further conflict has to be reversed.

160. These circumstances have also cast a long shadow over the aspirations to growth, for which the Palestinian private sector could be a significant engine. Such growth cannot take place in a labyrinth of restrictions, none of which has really been lifted. Without political will for a breakthrough and the repeal of the heavy limitations resulting from the occupation, the potential for sustainable economic activity cannot be realized. Decisive steps must be taken to unchain Palestinian economic activity in the West Bank – in particular in Area C and East Jerusalem. Otherwise not only Palestinian expectations but also those of international partners will continue to be frustrated.

161. After nearly seven years of blockade, soaring unemployment, aid dependency, social tensions and the paralysis of all economic activity have brought Gaza to an ominous standstill. This time-bomb, which is ticking ever more loudly, must be defused. The pledge of the ceasefire understanding of November 2012 to open the crossings for the transit of people and goods is all the more urgent as the tunnel trade has virtually ended. Palestinian reconciliation is also critical for improving the plight of Gaza.

162. The provisions of the Oslo Accords on labour movements were based on the assumption that a transitory phase would be replaced by a system governed by two sovereign states. Instead the situation remains unbalanced, without appropriate regulation and support for the workers involved. While there is clearly much scope to promote the employment of Palestinians in Israel, this needs to be done in an orderly and

transparent way. Urgent measures must be taken to tackle the problem of abuse by brokers involved in securing work in Israel and the settlements. There is a need for a thorough investigation into the effects of the activities of these brokers, in order to prevent and eliminate abuses and to put in place grievance mechanisms which are actually accessible to Palestinian workers and which they can successfully use.

163. As in earlier years, the mission considers that promoting decent opportunities for Palestinian workers in Israel is an area of mutual interest and cooperation. Such measures as improving job-matching mechanisms; reviewing eligibility criteria, including further lowering the applicable age limit; improving the conditions at border crossings; and allowing more Palestinian workers to stay overnight in Israel should be further considered. Cooperation between the Palestinian and Israeli trade unions, through the PGFTU and Histadrut, offers a valuable tool for improving the situation in a mutually beneficial way.

164. There is a continuous need for solutions to the hardship and discrimination faced by the Syrian citizens in the occupied Syrian Golan.

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Annex

List of interlocutors

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Ministry of Labour

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Ministry of Women's Affairs

Fatima Radaydeh, Director of the Gender Unit, Ministry of Women's Affairs

Palestine Economic Council for Development and Reconstruction (PECDAR)

Mohammad Shtayyeh, President of PECDAR, Member of the Central Committee of Fateh, and Governor for Palestine of the Islamic Development Bank

Palestinian Central Bureau of Statistics (PCBS)

Ola Awad, President

Amina Khasib, Director, National Accounts

Suha Kanaan, Director, Labour Statistics

Jawad Al Saleh, Director-General, Population and Social Statistics

Palestine Monetary Authority (PMA)

Jihad Khalil Al Wazir, Governor

Palestine Liberation Organization (PLO)/ Palestinian Legislative Council (PLC)

Nabil Shaath, Member of the Central Committee of Fateh, Commissioner of International Relations, PLC Member

Mustafa Barghouthi, Secretary-General, Palestine National Initiative, President of the Palestinian Medical Relief Society and PLC Member

Hanan Ashrawi, PLO Executive Committee Member, Chairperson, Department of Culture and Information

National Committee for Women's Employment (NCWE)

Iman Assaf, Head of the Gender Unit, Ministry of Labour

Eman Jarrar, Director of Internal Audit, Ministry of Agriculture

Samia Botmeh, Researcher/Lecturer, BirZeit University

Carine Metz Abu Hmeid, External Relations Coordinator, Democracy and Workers' Rights Centre

Mirna Ziadeh, Training Coordinator, Palestinian Businesswomen's Association (Asala)

Abeer Dagrah, Editing and Follow-up Officer, Ministry of Labour

Buthaina Salem, Legal Adviser, Ministry of Labour

Doaa Wadi, Executive Director, Business Women Forum

Asma Al-Kilani, Head of the Gender Unit, Ministry of Culture

Salwa Quran, Director-General, Ministry of National Economy

Mageda Salsa'a, Member of Board of Directors of FPCCIA, Bethlehem Chamber of Commerce

Khitam Saafin, Member of the General Secretariat, General Union of Palestinian Women

Workers', employers' and other civil society organizations

Palestine General Federation of Trade Unions (PGFTU), Nablus

Shaher Sae'd, Secretary-General

Saleh Al-Yassedi, Member of the Executive Committee, President of the General Union for Communication

Suheil Saliba Khader, Member of the General Secretariat, Secretary of International Relations

Ibrahim Daraghmeh, Member of the Executive Committee, Secretary of the Training Unit

Nasser Younis, Member of Executive Committee, President of General Union for Transportation Workers

Ghassan Hamdan, Head of the Health Services Union

Ghada Abu Ghalyoun, National Women's Coordinator, Gender and Equality Unit

Mahmoud Abu Odeh, Member of the Executive Committee, Secretary of Workers at the Employers' Organization in 48 areas and settlements

Bayer Sa'ed Bayer, Member of the General Secretariat, Secretary of Sport and Youth Unit

Basma Al-Battat, Member of the Executive Committee, Secretary of the Gender Unit

Manawell Abdelall, Member of the General Secretariat, Secretary of Works and Projects Unit

Mustafa Hanani, Member of the Executive Committee, Secretary of the Occupational Safety and Health Unit

Ola Jabr, Executive and Administrative Coordinator, Secretary-General's Office

Layali Habash, Executive and Administrative Coordinator, Secretary-General's Office

Nida Abu Zant, Coordinator, Gender and Transportation Units

Mohammad Amarah, International Relations Unit

Ibrahim Thweib, Member of the General Secretariat, Secretary of the Organizational Unit

Palestine General Federation of Trade Unions (PGFTU), Gaza

Ayesh Mohammad Ubeid, President of the Construction and Woodworkers' Union

Yahya Abu Al-Atta, Member of the General Secretariat, Vice-President of the Transportation and Drivers' Union

Tariq Al-Hindi, Member of the General Secretariat, President of the Agricultural Workers' Union

Baker Al-Jamal, Member of the Executive Committee, Vice-President of Educational Services

Sameera Hasanein, Director of the Women's Department

Bashir Al-Sesi, Member of the General Secretariat

Wael Khalaf, Member of the General Secretariat

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

Ahmad Hashem Zoghayyer, President

Jamal Jawabreh, Secretary-General

Ali Muhanna, Director, Planning and SMEs Department

Naeem Salameh, Legal Adviser

Ahmed El Farra, Senior Economic Adviser

South Hebron Chamber

Jalal Makharza, Chairman, Treasurer of FPCCIA

Nablus Chamber

Husam Abdelrahman Hijjawi, Chairman, Vice-President of FPCCIA

Qalqiliya Chamber

Ibrahim Nazzal, Chairman, Member of the Board of Directors of FPCCIA

Ramallah Chamber

Khalil Youssef Rizq, Chairman, second Vice-President of FPCCIA

Tubas Chamber

Mohammad Daraghmeh, Deputy Chairman

Gaza Chamber

Mahmoud Yaziji, Chairman, Gaza Chamber of Commerce, and first Vice-President, FPCCIA

Palestinian Federation of Industries

Iyad Anabtawi, Deputy Chairman, Board of Directors

Palestinian Shippers' Council

Maha Abu Shusheh, Chairperson, Palestinian Shippers' Council, and Chairperson, Business Women Forum

Palestinian Federation of Industries, Gaza

Ali Al Hayek, President of PFI and Businessmen's Association

Consulting Engineers Co. Palestine, Gaza

Ali K. Abu Shahla, Director-General

Amr Hamad, Economic Adviser

Palestine Development and Investment Company (PADICO)

Samir Hulileh, Chief Executive Officer

Bank of Palestine

Hashim Shawa, Chairman and General Manager

Raya Yusuf-Sbitany, Head of Department, Business Development

Sami Jarbawi, Business Development Department

Massar International

Bashar Masri, Founder and Chairman

Ghadeer Khoury, Engineer at Rawabi

Ramiz Qassis, Commercial Manager

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

Mahdi Abdul Hadi, President

Al-Haq, Ramallah

Sha'wan Jabarin, General Director

Zahi Jaradat, Field Research Coordinator

Independent Commission for Human Rights, Ramallah

Randa Siniora, Executive Director

Islam Tamimi, Coordinator of Training and Public Awareness

Independent Commission for Human Rights, Gaza

Jamil Sarhan, Director of Gaza Programme

Bahjat Alhelou, Head of Public Relations

Centre for Development Studies, Birzeit University

Raja Khalidi, Research Associate

Sharek Youth Forum

Bader Zamareh, Executive Director

Sahar Othman, Manager, Programmes and Public Relations

Centre for Women's Legal Research and Consulting, Gaza

Zeinab El Ghunaimi, Director

Al Athar Global Consulting Inc., Gaza

Reham Al Wehaidy, Managing Partner

Culture and Free Thought Association, Gaza

Mariam Zaqout, Director-General

Al Mezan Centre for Human Rights, Gaza

Issam Younis, Director-General

Palestinian Centre for Human Rights, Gaza

Jaber Wishah, Deputy Director

Khalil Shaheen, Director, Economic and Social Rights Unit

Abudees Local Council

Adel Salah, Mayor

Nileen Municipality

Nader Al-Khawaja, Mayor

Al Jib and Biddu Localities

Shaker Sa'adeh, Head, An Nahda Rural Society for North-Western Jerusalem

Mohammed Jaber 'Ayyash, Manager, An Nahda Rural Society for North-Western Jerusalem

Rafiq Abdul Wahab, Farmer

Israeli institutions**Government of Israel and other public institutions****Ministry of Economy**

Avner Amrani, Senior Research Director, Labour Relations Division

Shlomo Ytzhaki, Director, Chief Labour Relations Officer

Coordination of Government Activities in the Territories (COGAT)

Lt. Col. Grisha Yakubovich, Head, Civil Coordination Department

Lt. Col. Yair Maman, Head, Economic Branch

Cpt. Tal Dibman, Head, Economic Research Team

Bank of Israel

Haggay Etkes, Economist, Research Department

Workers', employers' and other civil society organizations

Histadrut – General Federation of Labour in Israel

Avital Shapira-Shabirow, Director, International Department

Yousef Kara, Histadrut Representative to the International Labour Organization, Member of Executive Bureau

Itzhak Moyal, President, Trade Union of Construction and Wood Workers

Neta Vayg, Legal Adviser, Trade Union of Construction and Wood Workers

Anat Harlev, Director of International Projects, Academic Director of the International Institute of Leadership

Manufacturers' Association of Israel

Ofer Yohanonof, Legal Adviser and Director, Labour Law Department

Dan Catarivas, Director, Division of Foreign Trade and International Relations

Daphna Aviram-Nitzan, Director, Economic Research Division

Kav LaOved – Workers' Hotline

Hanna Zohar, Coordinator

Abed Dari, Field Coordinator for Palestinian Workers

Taghrid Shbita, Advocate, Field Coordinator

Machsomwatch – Women against the Occupation and for Human Rights

Chana Arnon, Coordinator for Blacklisted Projects

United Nations and international organizations

Office of the United Nations Special Coordinator for the Middle East Peace Process

James Rawley, Deputy UN Special Coordinator and United Nations Resident/Humanitarian Coordinator

Michael Neuwirth, Coordination Officer

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

Ramesh Rajasingham, Head of Office

Matthew Ryder, West Bank Field Coordinator

Isra' Muzaffar, Head, Central West Bank Field Coordination Unit, Humanitarian Affairs Analyst

Khaled Zuhaikeh, Humanitarian Affairs Associate

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

Robert Turner, Director, UNRWA Operations, Gaza

**Office of the High Commissioner for Human Rights,
Occupied Palestinian Territory**

Matthias Behnke, Head of Office

Food and Agriculture Organization of the United Nations

Azzam Saleh Ayasa, Head of Programme

International Monetary Fund, West Bank and Gaza

Udo Kock, Resident Representative

Hania Qassis, Local Economist

UN Women, Gaza

Heba Al-Zayyan, Programme Analyst

World Health Organization, Gaza

Abdelnasser Soboh, National Professional Officer, Health Coordination and Information

Office of the Quartet Representative

Tim Williams, Movement and Access Adviser

Rami Dajani, Governance and Rule of Law Adviser

Office of the European Union Representative

Jose Vinuesa-Santamaria, Head, Section for Economic and Financial Cooperation, Institutional Reforms and Governance

Occupied Syrian Golan

Majd Kamal Kanj Abu Saleh, Lawyer

Hamoud Abu Saleh, Farmer

Salah Eldin Al Moghrabi, President, Beir Al Hadid Society

Said Farhan Farhat, Head, Apple Marketing Committee

Thaer Abu Saleh, Head of college

Kanj Sleiman Abu Saleh, Farmer

Daniel Abu Saleh, Farmer

Meetings in Cairo, Egypt

League of Arab States

Nabil El-Araby, Secretary-General

Mohamed Sobeih, Assistant Secretary-General and Head of Palestine Sector

Arab Labour Organization

Ahmed Luqman, Director-General

Reda Qaysouma, Director, Human Resources Development and Employment Department