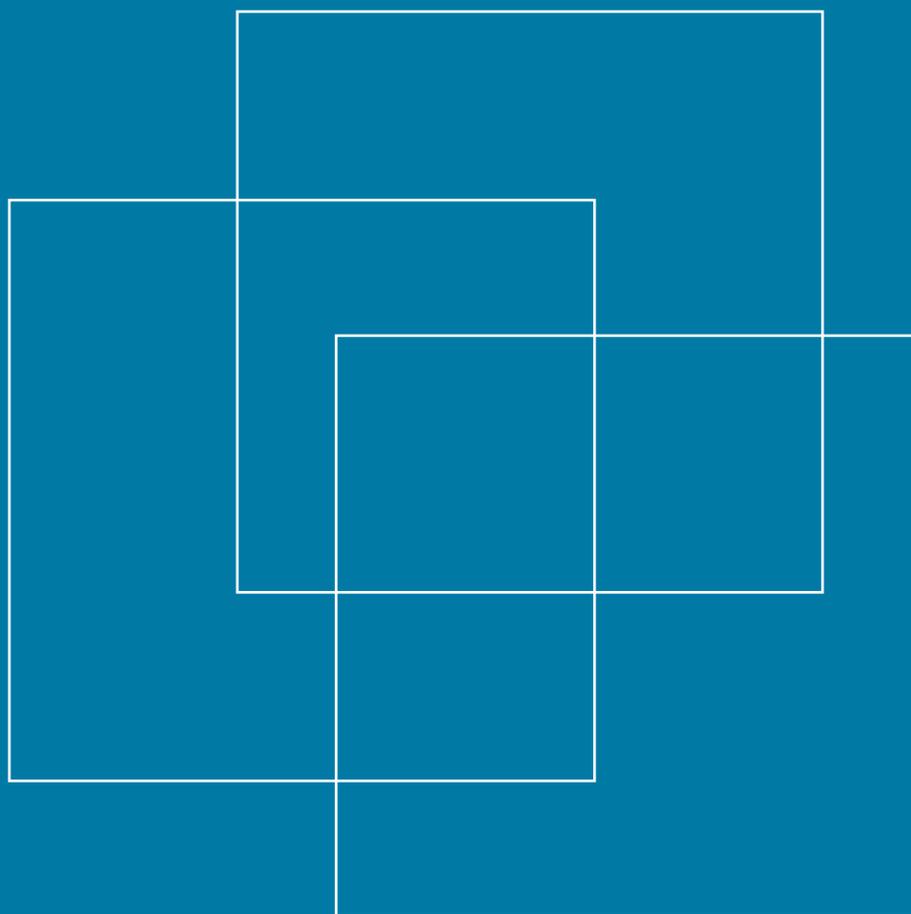




International  
Labour  
Office  
Geneva

REPORT OF THE DIRECTOR-GENERAL  
APPENDIX

# The situation of workers of the occupied Arab territories



INTERNATIONAL LABOUR CONFERENCE  
105th SESSION, 2016

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**International Labour Conference, 105th Session, 2016**

**Report of the Director-General**

**Appendix**

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

**International Labour Office, Geneva**

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## Preface

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In accordance with the mandate given by the International Labour Conference, I again sent this year a mission to prepare a report on the situation of workers of the occupied Arab territories. The mission visited the West Bank, including East Jerusalem, and Gaza, Israel and the occupied Syrian Golan. It met in Geneva with the Director-General of the Arab Labour Organization. It received written information from the tripartite constituents of 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 in the occupied Syrian Golan, and representatives of the United Nations and other international and non-governmental organizations. They all provided information which has guided the preparation of this Report. The mission also undertook a number of field visits.

I am grateful for the cooperation extended to the mission by all its interlocutors, who once again reaffirmed the broad support for the values of the International Labour Organization and its ongoing work with all its constituents. 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 territories.

The situation of these workers remains precarious. The occupation, which will next year enter its sixth decade, is omnipresent in the West Bank, including East Jerusalem, and Gaza continues to be sealed off. Since October 2015, the situation has been dominated by rising tensions, violence and loss of life of both Palestinians and Israelis in the West Bank. Palestinian growth has been weak, and unemployment and poverty are pervasive. Donor support has declined. Negotiations to overcome the Palestinian divide have not yet yielded tangible results. The rebuilding of Gaza after the destructive war of 2014 is proceeding only slowly. International efforts to help the parties solve the deepening crisis have been tentative at best. Over the last year, direct contacts between the Palestinian Authority and Israel have been limited to security coordination and financial matters, both of which are essential for managing the daily situation, but are insufficient to create a momentum for improvement.

In Gaza, efforts centre on the enormous needs of reconstruction. But there is still some way to go from reconstruction to recovery. As a matter of urgency, Gaza will need to build a productive base in order to tackle what is the world's highest rate of unemployment. In the West Bank, the economy is tied down by the myriad obstacles to economic activity and trade, directly caused by the occupation. No lasting prosperity will return to East Jerusalem until confrontations and restrictions cease.

With the Palestinian public sector at the limits of its employment potential, many hopes rest on resources and investment from abroad and the development of the private sector. But any expansion of business activities requires permits from the Israeli military authorities. It would also require the lifting of the restrictions on the use of land and

resources in what the Oslo Accords designated as Area C, intended to be the main area and resource base of a Palestinian state. Currently only a fraction of this area can be used by Palestinians. Further prerequisites for economic revival are free movement of people and goods within the Palestinian areas as well as access to and from the outside world. Virtually all of the measures that the Palestinian Authority can take on its own to foster a better investment climate and employment are heavily constrained by the realities of the occupation.

The occupation has generated an almost total dependency, affecting water, land, resources and trade routes, and jobs, rights and income. Half of Palestinian agricultural land cannot be freely and regularly accessed by farmers. Half of the fishers of Gaza remain unemployed. Palestinian employment is growing, however, in Israel and the settlements, either through increased permits or in grey areas where workers lack protection and are vulnerable to exploitation by contractors.

The peace process is at a standstill, but the occupation is not. Strategic points in the West Bank are controlled by the settlers and the Israeli military. The West Bank is in danger of sliding into violence, retaliation and extremism, without rational discourse and cooperation. The current level of violence can still be countered by determined action and clear respect for the rules of engagement. However, if rejection and hate dominate the attitudes and action of entire communities and infect generations born and raised under the conflict, it will be increasingly difficult to stop the downward spiral. For a long time already, the Palestinian and Israeli narratives of yesterday, today and tomorrow have been in stark contradiction with one another.

For over two decades the international community has been advocating a two-state solution. However, such a solution has become more elusive and is in danger of being overtaken by events. Yet the Palestinian state-building effort goes on. One recent achievement is the Law on Social Security. Tripartite cooperation continues. The institutions needed for a sovereign state continue to be set up. Yet for over a year now, the negotiation process has been at a standstill.

My report observed last year that it was evident that for various internal reasons, the parties directly concerned would not be able to negotiate a way out themselves. That conclusion is all the more valid now. Therefore, the international community must mobilize to provide the parameters of a just and fair solution. Overwhelmed by other emergencies, it has so far not lived up to these expectations.

The roadmaps for the action which must now be taken by all concerned have not been drawn. The current road is fraught with dangers. In order to address the persistent vast inequalities between economic performance, employment and income, and freedom of movement and enterprise between two peoples in the same region, the principles of social justice and decent work must be applied.

May 2016

Guy Ryder  
Director-General

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# Introduction

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1. In accordance with the resolution concerning the implications of Israeli settlements in Palestine and other occupied Arab territories in connection with the situation of Arab workers, adopted by the International Labour Conference at its 66th Session (1980), the Director-General again this year sent a mission to Israel and the occupied Arab territories in order to make as full an assessment as possible of the situation of workers of the occupied Arab territories. As in previous years, the mission sought to gather and assess information on the situation of the workers of the Occupied Palestinian Territory (the West Bank, including East Jerusalem, and Gaza) and the occupied Syrian Golan.<sup>1</sup>
2. The Director-General's representatives were guided by the principles and objectives laid down in the Constitution of the International Labour Organisation, including the Declaration of Philadelphia, as well as the ILO Declaration on Fundamental Principles and Rights at Work and the ILO Declaration on Social Justice for a Fair Globalization. The representatives were equally guided by the resolutions adopted by the International Labour Conference, as well as the principles laid down in the relevant international labour standards and those expressed 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, Frank Hagemann, Deputy Regional Director of the ILO Regional Office for Arab States, Tariq Haq, Specialist on Employment Policies in the Employment Policy Department, and Katerine Landuyt, Legal Standards Specialist in the International Labour Standards

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

Department, with the mission to Israel and the occupied Arab territories, which took place from 2 to 10 April 2016. Mounir Kleibo, ILO Representative in Jerusalem, and Rasha El Shurafa, Programme Officer in the Office of the ILO Representative in Jerusalem, undertook the preparations for the mission, of which they were full members.

5. The Director-General's representatives also held consultations with the Arab Labour Organization, which took place in Geneva on 14 March 2016, and acknowledged its written report which was received subsequently. As has been the case since 2012, owing to United Nations security restrictions, no visit to the Syrian Arab Republic took place for consultations on this Report with the Syrian Government and workers' and employers' organizations. The mission received a written report from the Syrian tripartite constituents.

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.<sup>2</sup> 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 ground by the mission, and also data, studies and reports available in the public domain. Information obtained in the interviews with various interlocutors was examined in a thorough manner and checked as far as possible with other available information. In examining the situation of Palestinian and other Arab workers, the members of the mission conducted their work with impartiality and objectivity.

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<sup>2</sup> A list of interlocutors is contained in the annex of this Report.

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## 1. Travelling beyond roadmaps

9. In October 2015, the tension on the ground in the West Bank turned into a steady stream of incidents, many of them deadly, between Palestinians and Israeli settlers and the military. The situation remains volatile. In the West Bank, over a million people will need some kind of humanitarian assistance in 2016. In Gaza, the figure is 1.3 million, more than two-thirds of the 1.9 million people living there.

10. Whatever peace process there was appears to have been exhausted for over a year now. The only bilateral contacts between Israel and the Palestinian Authority that have continued are those on security coordination and between the respective finance ministries. Yet the situation in the West Bank is not standing still; it is determined by facts on the ground created by the occupation, separation and economic dependency, and growing tensions, violence and fear.

11. Generations of Palestinians and Israelis have been born and raised in, and conditioned by, this situation. Many individuals are driven by ideological or religious motives, or sheer despair. Increasing numbers are out of the control of established leaders and institutions, and deny their legitimacy. As those who resort to, or are victims of, violent acts are young people and children, and also women, warning bells are ringing.

12. The occupation has continued to expand, and there is the prospect that East Jerusalem may soon be isolated from the rest of the West Bank. Unemployment, poverty, lack of control over natural resources and the economy, and precarious finances have meant that the Palestinian economy remains in danger of paralysis. Unemployment is high in the West Bank, and in Gaza it is at the highest level in the world. The forecasted economic growth is not sufficient to boost employment. In 2015, the public sector was responsible for 23 per cent of employment, with little possibility for expansion. There are formidable obstacles to promoting a favourable investment climate for the private sector. Most of the land designated as Area C, intended to be the backbone of a sovereign Palestinian state, remains beyond Palestinian control. The measures that the Palestinian Authority could take to foster economic independence, infrastructure development, trade facilitation, financial regulation and allocation of accumulated reserves in the banking system are all constrained by the realities of occupation and separation.

13. The fragmentation of the Palestinian economy has continued. Donor support declined by some 30 per cent in 2015. The resulting financing gap was US\$650 million. Business activities are restricted in many ways, both administrative and physical, the main factor being that Palestinians have no access to most of Area C. This results in a loss of 30 per cent of gross domestic product (GDP), which is more than all donor aid put together.

### Escalation of violence in the West Bank

14. The fourth quarter of 2015 and the first months of 2016 saw a steep increase in the number of deadly incidents in the West Bank. In East Jerusalem, the conflict has reached unprecedented levels. Tensions and fear have marked daily life, especially in East Jerusalem, Hebron and Nablus. The action has no leaders; it is spontaneous, and increasing numbers of young boys and girls are involved. The cumulative effect of this new tension in terms of fatalities and injuries is high. The violence is compounded by an increase in retaliatory demolitions of dwellings and other buildings of family

members of Palestinians associated with violent acts. At the end of the first quarter of 2016, demolitions had reached the same level as for the whole of 2015. Facilities set up with the support of international donors, particularly the European Union, have also been destroyed. Altogether 521 structures were demolished in 2015, of which 108 had been funded by donors.

15. Checkpoints and roadblocks in the West Bank have increased since October 2015, and there is a greater and more visible Israeli security presence. The occupation has been further deepened by confiscations of land in Area C and in Jerusalem. Land confiscation has been particularly marked in Hebron, Jericho, Ramallah, Bethlehem, East Jerusalem and Nablus. The uprooting of olive trees has affected most of all Hebron and Ramallah. The governorates of Tubas and Jerusalem have borne the brunt of demolitions of houses and other installations. The number of approvals of building rights for Palestinian citizens of East Jerusalem is under half that accorded to Israelis, and living conditions in the Palestinian neighbourhoods are deteriorating.

## Dangers of exploitation in the Israeli economy

16. The number of Palestinians working in the Israeli economy has continued to increase, and now exceeds 110,000. On average, each Palestinian with income in Israel supports six to seven others in the West Bank. The Israeli military notes that the permit policy is being continuously reviewed, taking into account the economic conditions of Palestinians and the need to alleviate tensions.

17. Close to 30,000 Palestinians work in the settlements in the West Bank, and the numbers are increasing with the expansion of settlements. Work in the settlements is seen by many as a necessity, due to the lack of alternatives. However, the relatively better wages may be seriously diminished by fees charged by different kinds of contractors. The mission was told that in some cases, a contractor delivering a worker to a settlement may charge 40 new Israeli shekels (NIS) per day while a receiving contractor takes 50, meaning that for a daily wage of NIS150, only NIS60 are left for the worker. All sides recognize that this has become an urgent issue of exploitation which must be tackled. It is also particularly complex, as it concerns the question of how to regulate conditions in workplaces which in principle should not exist (as they are in settlements) in the overarching context (of occupation), which should not exist either.

18. One improvement for Palestinian workers with work permits for Israel is the recent collective bargaining agreement in the construction industry. Under that agreement, a grievance committee has been established, in which not only the Israeli trade union federation Histadrut but also the Palestine General Federation of Trade Unions (PGFTU) participate. Both the Histadrut and the Manufacturers' Association of Israel (MAI) expressed to the mission their positive expectations of the enhanced procedures. The mandate of the grievance committee is to deal with all cases with a view to finding a rapid solution which would avoid lengthy court proceedings. The extension of the collective agreement to the whole construction sector means that it covers the majority of Palestinians in the Israeli economy. It should also help workers to avoid being exploited by those marketing legal services which turn out to be very expensive.

19. The mission visited the crossing point of Qalqilya in the West Bank, where the PGFTU has an office. Visible banners provide workers with advice about their rights under Israeli labour law. Further awareness-raising materials are planned. Yet for those who have work permits, the daily reality of very long hours of travelling to and from

work and waiting at crossings remains. Only 16,000 Palestinian workers have overnight permits, although this figure has more than doubled in three years.

## Gaza after devastation

20. The contradictions of occupation and closure are particularly evident in Gaza, which is slowly working its way out of the destruction of the latest war in 2014. Unemployment in Gaza is at over 40 per cent, reaching 60 per cent for women and 75 per cent for new graduates. The demographics of Gaza mean that every year, seven schools for 1,000 children each would need to be constructed. Yet investing in education, especially for women, in Gaza is frustrating, as the higher an individual's education level is, the more unlikely it is that he or she will find a suitable job. The mission was told that recently 120 applications from high-school graduates and professionals were received for a job opening for a janitor. Twelve years ago, 80,000 persons had to rely on food aid through the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Currently, 900,000 – almost half of all Gazans – depend on the UNRWA, which, despite diminishing donor support, has been able to keep up its core support functions.

21. Eighteen months after the significant pledges at the donors' conference in Cairo,<sup>3</sup> the Gaza Reconstruction Mechanism has slowly started to function. More than 700 families have received support and materials for rebuilding their homes. However, the delivery of cement on a large scale is constrained by Israeli concerns about its use for purposes other than reconstruction. Materials and consumer goods arrive through the Kerem Shalom crossing in the south, but in the supermarkets they are sold at prices which most Gazans cannot afford. Just before the visit of the mission, Israel extended part of the fishing zone from 6 to 9 nautical miles. Currently, half of the fishers of Gaza are without work.

22. In the Gaza Port, towards the end of a sunny day, girls out of school flocked to take selfies with the members of the mission. The mood was lighter than anywhere in the West Bank, no doubt because there was no physical presence of the occupation. Economic indicators are slowly pointing upwards in Gaza, although this has to be seen against the destruction of the 2014 war. The cost of business is driven up due to the fact that generally three-fifths of a working day is lost to electricity cuts. The resilience of the people in Gaza is remarkable, but it is not without limits. The fear of a renewed armed conflict remains, as does the fear that the international support administered by the UNRWA could diminish. And only a few miles off in each direction, the blockade is a reminder of the limited options currently available to Gazans. Without a change in direction, the UN fears that by 2020 Gaza will simply become unliveable (UNRWA, 2012).

23. Work permits for Israel are not yet issued in Gaza, although apparently a number of workers can make use of permits for business purposes. However, business permits may also be revoked at the crossings. For the employers' representatives of Gaza, the greatest brake on business and economic development remains the inability to move across the border and to bring in and export more goods and materials. Last year the mission visited the Minister of Labour in his office in Gaza, as he was not yet allowed to move freely to attend cabinet meetings in Ramallah. Two months ago he

<sup>3</sup> The Cairo International Conference on Palestine: Reconstructing Gaza, Cairo, 12 October 2014.

was given permission to travel regularly to the West Bank, and the mission met him in Ramallah.

## The elusive reconciliation

24. The division among the Palestinians, which is crystallized in the situation of Gaza, remains a permanent and delicate point on the agenda. The establishment of a new national unity government and subsequent holding of elections has been agreed in principle by both sides, but divergences on the political platform of the Palestinian Liberation Organization and on what to do with the civil service staff appointed by the de facto authorities in Gaza remain unresolved. Negotiations on unity continue to face two major challenges. First, unity is needed to ensure the credibility of, and bring cohesion to, the Palestinian effort, and an absence of unity is one of the decisive factors prolonging the state of siege of Gaza. Second, a representative Palestinian unity government will also have to be capable of negotiating with its immediate partners, including Israel.

## The outlook for the future

25. The building of Palestinian institutions continues to be severely constrained by political instability, the stalled peace process, heightened tensions in the West Bank and the persistent blockade of Gaza. State-building is also hampered by the deep-rooted political and institutional divide between the West Bank and Gaza; a looming financial crisis due to fiscal volatility and fiscal leakages; insecure prospects for jobs and income for Palestinian youth; and a general lack of perspectives for a better future.

26. After nearly a quarter of a century of the peace process, the promised sovereign state is not there. The land on which it should stand is increasingly being taken over by settlers and controlled or blocked by the occupation. The prevailing feeling among Palestinians is that talks over the last two decades have essentially benefited Israel. In the current violent and volatile times, whatever sense of urgency there may be to curb this trend is being crowded out by other emergencies, especially the Syrian crisis and its effects in the region.

27. The view from within is that Palestine cannot wait and that a continuous string of interim solutions only buys time on the road to an unknown solution. As this solution is unlikely to emerge through bilateral discussions, the Palestinians prefer a multilateral framework, with clear terms of reference, and a timetable in which concrete issues would be solved. However, the Israeli interest in a framework of this kind, or any international engagement, appears to be low.

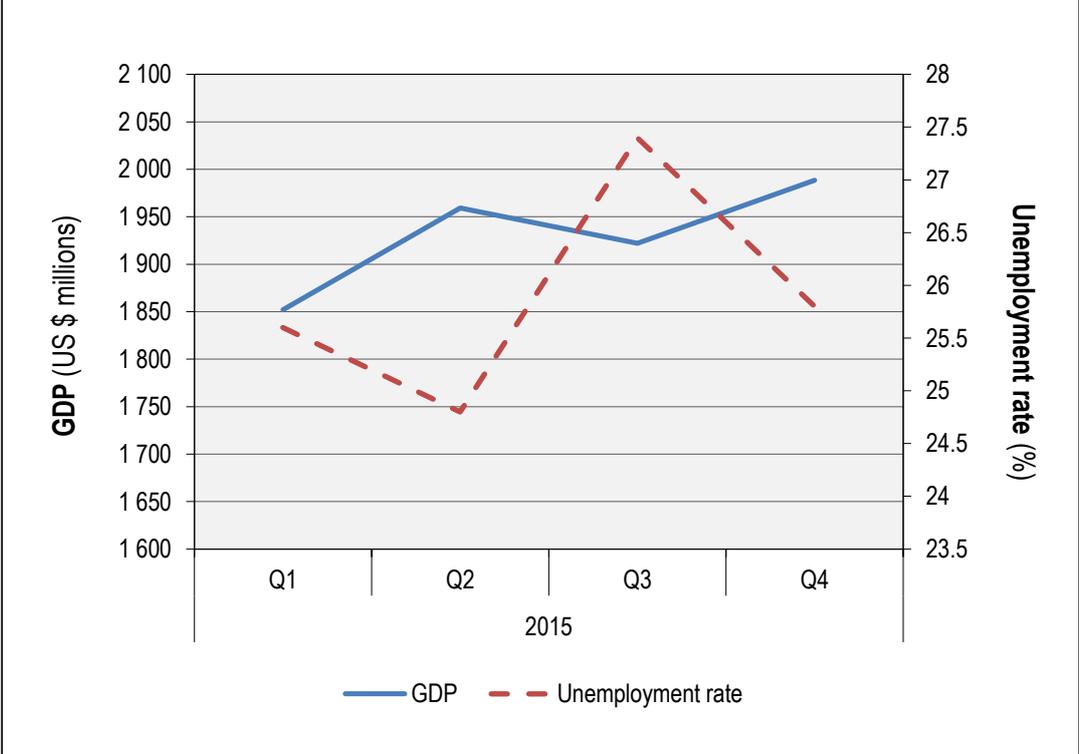
28. The achievements of the state-building process remain under threat. Yet the effort continues, as demonstrated in the newly adopted Law on Social Security, around which a lively debate continues. The need for resources for social protection and the security of workers and their families has turned Palestinians' attention to the agreement, in the Paris Protocol of 1994, that the social security payments of Palestinian workers that are withheld by Israel should be transferred to a competent Palestinian institution. Different figures for the amounts concerned have been quoted, ranging from hundreds of millions to billions of US dollars. Greater clarity will be needed in order to ensure that Palestinian workers will in due time enjoy the protection for which their contributions have been paid.

29. It is now over a year since the last peace initiative collapsed. On the ground – where jobs and the economy matter – the two-state solution is in serious need of reanimation. The international community, including the United Nations, the major powers and the Arab world, still has the capacity and resources to back up its commitment to a negotiated solution. It now seems that the maps and compasses have been lost, and Palestine and Israel risk being abandoned on an uncharted journey, beyond known territory.

## 2. Stunted growth and entrenched occupation offer bleak labour market prospects

30. The recession that the Palestinian economy entered in 2014 in the wake of the Israeli military operation “Protective Edge” in Gaza ended in 2015. However, this only translated into a very modest rate of real GDP growth of 3.5 per cent, falling far short of expectations. This was comprised of GDP growth of 6.8 per cent in Gaza, and a mere 2.5 per cent in the West Bank. In Gaza, the extensive post-war reconstruction efforts that had been anticipated suffered significant delays due to slow inflows of the aid that was pledged by donors in October 2014 in Cairo and continued restrictions on the importation of needed construction and other raw materials. Construction activity picked up pace in the second half of 2015 with the implementation of the Gaza Reconstruction Mechanism, and this fuelled growth and employment, albeit from a very low base. In the West Bank, Israel’s withholding of clearance revenues in the first quarter of the year and reduced budget support necessitated fiscal tightening on the part of the Palestinian Authority, which had a further negative effect on GDP. Although economic activity picked up in the second quarter, the violence and heightened tensions that flared up across the West Bank after October 2015 were accompanied by a tightening of restrictions, a surge in unemployment and further prospects for insufficient growth. These broad trends are reflected in the quarterly evolution of Palestinian GDP, which bears a clear inverse relationship with unemployment, as shown in figure 2.1.

Figure 2.1. Quarterly real GDP (constant 2004 prices) and unemployment, 2015

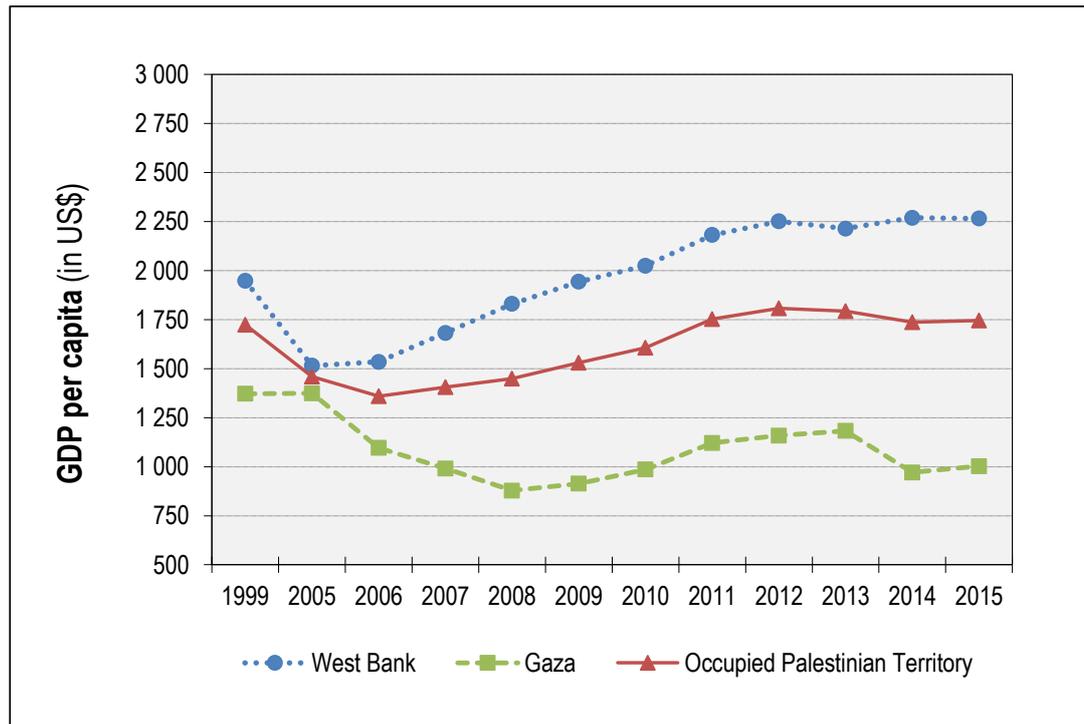


Source: Palestinian Central Bureau of Statistics (PCBS), National Accounts (2016a) and Labour Force Survey (2016b).

31. A bleaker picture of economic stagnation emerges upon examination of real GDP per capita, which grew by just 0.5 per cent in 2015 to reach US\$1,746. Worryingly,

in the West Bank, real GDP per capita declined by 0.2 per cent in 2015, to stand at US\$2,266. In Gaza, real GDP per capita grew by 3.3 per cent to reach US\$1,003, but this is nonetheless 27 per cent lower than its level of a decade earlier. While overall Palestinian GDP per capita is more or less unchanged in real terms from its 1999 level, prior to the onset of the second intifada, Israeli GDP per capita, which is some 12 times greater than its Palestinian equivalent, is 28 per cent higher than its 1999 level (IMF, 2015).

**Figure 2.2. Real GDP per capita at constant 2004 prices, 1999–2015**



Source: PCBS, National Accounts (2016a).

32. Political uncertainty and declining donor aid, in addition to continuing Israeli restrictions on movement and access, have resulted in constrained economic and employment growth. Direct budget support fell by approximately 30 per cent in 2015 to its lowest level since 2008 (IMF, 2016), reflecting a degree of donor fatigue and a shift in donors' priorities towards other crises in the region. This resulted in a US\$650 million financing gap, for which the Palestinian Authority resorted to higher domestic bank borrowing and an accumulation of arrears, including to the pension fund, local governments and private suppliers. This has increased the risks for debt sustainability, although the fiscal deficit has been kept in check through exercise of fiscal discipline.

33. While donor-dependent growth is not a sustainable model in the long term, in the context of the restrictions imposed on Palestinian economic development by the Israeli occupation, the importance of donor aid for the Palestinian economy cannot be understated. According to the Office of the Quartet, external aid contributed to approximately half of the new jobs created both in the West Bank and in Gaza over the 2000s, and without it unemployment in the West Bank would be double its current rate (OQ, 2015). In addition to its impact on direct budget support, lower donor aid has also led to significantly reduced development expenditure, including on much-needed

infrastructure, health and education, which will further limit longer-term growth prospects. The International Monetary Fund (IMF) has estimated that the Palestinian economy needs to grow by 4.5 per cent per annum just to absorb all new labour market entrants (IMF, 2016). Current projections of no more than 3.5 per cent growth in the medium term fall far short of this.

34. In the light of these fiscal pressures, the Palestinian Authority has recently turned its attention towards addressing fiscal leakages that result from Israeli deductions from a range of revenue sources. It estimates that at least US\$3.6 billion have accrued over the last 15 years, with an additional US\$312 million being lost in every subsequent year (PNA, 2016). Reducing these leakages would go some way towards closing the gap left by lower donor aid.

## Labour market developments

35. The Palestinian labour force reached 1.3 million in 2015, 3.5 per cent higher than in 2014. With a concurrent 3.4 per cent increase in the population aged 15 and above, the labour force participation rate remained unchanged at 45.8 per cent (see table 2.1). This was comprised of a rate of 71.9 per cent for men, but only 19.1 per cent for women. Although the labour force participation of women has almost doubled from the 10.3 per cent recorded in 2001 (PCBS, 2016c), it remains extremely low by global and even regional standards, despite high levels of educational attainment of Palestinian women, resulting in a substantial loss of economic potential. Israeli restrictions on movement and access serve to compound barriers to greater labour market participation of women which arise from social and cultural norms, limited institutional arrangements such as maternity protection, and weak labour demand in the formal private sector of the economy, keeping most women out of the labour force.

**Table 2.1. Labour market indicators, 2014–15**

	2014	2015				2015	2015/2014
	Year average	Q1	Q2	Q3	Q4	Year average	% change
Population aged 15+ ('000)	2 742	2 801	2 824	2 848	2 871	2 836.0	3.4
Labour force ('000)	1 255	1 276	1 291	1 304	1 325	1 299.0	3.5
Employment ('000)	917	950	971	947	983	962.8	5.0
West Bank	558	564	582	562	569	569.3	2.1
Gaza	249	271	270	269	295	276.3	11.2
Israel and settlements	107	110	112	113	115	112.5	5.1
Unemployment ('000)	338	326	320	357	342	336.3	-0.6
Labour force participation rate (%)	45.8	45.6	45.7	45.8	46.2	45.8	0.1
<i>Male</i>	71.5	71.7	71.2	72.1	72.5	71.9	0.5
<i>Female</i>	19.4	18.8	19.6	18.8	19.1	19.1	-1.8

	2014	2015				2015	2015/2014
	Year average	Q1	Q2	Q3	Q4	Year average	% change
Unemployment rate (%)	27.0	25.6	24.8	27.4	25.8	25.9	-4.0
<i>Male</i>	23.9	22.8	21.0	23.7	22.3	22.5	-6.0
<i>Female</i>	38.5	36.2	38.9	41.8	39.7	39.2	1.8
West Bank	17.7	16.3	15.4	18.7	18.7	17.3	-2.4
<i>Male</i>	15.3	14.4	12.7	16.0	16.7	15.0	-2.0
<i>Female</i>	27.4	24.4	26.2	29.3	26.7	26.7	-2.7
Gaza	43.9	41.6	41.5	42.7	38.4	41.1	-6.4
<i>Male</i>	40.2	37.9	36.3	37.4	32.3	36.0	-10.4
<i>Female</i>	56.9	55.2	59.5	63.3	60.5	59.6	4.8

Source: PCBS, Labour Force Survey (2016b).

36. The overall rate of unemployment eased slightly from 27 per cent in 2014 to 25.9 per cent in 2015, as the total number of unemployed people fell by 0.6 per cent to 336,300. This marginal improvement, however, is not indicative of a tangibly healthier labour market. The unemployment rate for men fell from 23.9 per cent in 2014 to 22.5 per cent in 2015, while for women it reached 39.2 per cent, an increase over the 38.5 per cent recorded in 2014. The most significant decline in unemployment was seen among men in Gaza, primarily as a result of the pick-up in reconstruction activity in the last quarter of the year. However, as more Gazan men found work, unemployment rose to a staggering 60 per cent among Gaza's women. For the small numbers of women in Gaza who enter the labour force, few formal employment opportunities exist beyond the realm of public sector jobs in health and education. Other women tend to work informally in agriculture, childcare, cleaning and other traditional activities such as embroidery, while the majority of women in the labour force remain unemployed. In the West Bank, the violence that spread from the third quarter of 2015 was correlated with a rise in restrictions on movement and access and a surge in unemployment among men and women alike.

37. Palestinian youth face even harsher prospects. Lower rates of labour force participation of 15- to 24-year-olds are to be expected, as approximately half remain in full-time education. However, nearly a fifth of this age cohort, including over 30 per cent of young women, are neither in the labour force nor in education (see table 2.2). Moreover, of those who do enter the labour force, the rate of unemployment exceeds 40 per cent, comprised of 36.4 per cent for young men and 60.8 per cent for young women. These rates are, once again, substantially higher for Gaza than for the West Bank. The Palestinian Youth Survey conducted in 2015 found that the average period of unemployment for youth aged 15 to 29 was over two years (PCBS, 2016d). Such extensive and commonplace long-term unemployment is highly detrimental to the skills and future labour market prospects of today's youth, and more generally can lead to marginalization. Indeed, the fact that young people accounted for most of the Palestinian perpetrators implicated in the wave of violence that took hold from September 2015 is testament to the frustration, disaffection and despair that has accumulated from life under occupation and with seemingly few economic prospects. It is imperative that investment in youth takes place on a large scale, including direct job creation schemes, employment guidance, training and skills development initiatives, as well as entrepreneurship support.

**Table 2.2. Youth (aged 15–24) labour force status, 2014–15**

	2014	2015		
	Total	Total	Male	Female
Youth labour force participation rate (%)	31.6	32.7	52.9	11.6
West Bank	33.3	33.6	55.1	11.1
Gaza	28.8	31.2	49.4	12.4
Youth unemployment rate (%)	43.6	40.7	36.4	60.8
West Bank	30.4	28.7	24.9	48.1
Gaza	67.9	61.0	56.7	78.4
Youth outside labour force (%)	68.4	67.3	47.1	88.4
In education (%)	50.1	48.9	40.2	57.6
Not in education (%)	18.3	18.4	6.9	30.8

Source: PCBS, Labour Force Survey (2016b).

38. Total employment grew by 5 per cent in 2015, with the majority of new jobs being created in Gaza (11.2 per cent growth) (see table 2.1). The rate of employment, measured in terms of total employment as a percentage of the population aged 15 and above, rose to 34.2 per cent in the fourth quarter of 2015, compared to 33.7 per cent in the same quarter of 2014. The employment rate for men rose from 54.6 per cent to 56.4 per cent over the same period, but fell from an already extremely low 12.3 per cent to just 11.5 per cent for women.

39. The services sector, which accounts for nearly half of Palestinian GDP, retains the largest share in employment, accounting for 31 per cent of employed men and 63 per cent of employed women (see table 2.3). Commerce and construction are the next largest employers of men, at 22.6 and 18.6 per cent respectively, while agriculture has the second largest share of employed women (13.1 per cent). The more productive manufacturing sector accounts for a lesser share of employment, and has shrunk substantially since the signing of the Oslo Accords. Indeed, as a result of restrictions on access to land and other productive resources, the share in GDP of the agriculture and manufacturing sectors combined is now less than half of what it was in 1994. The high share of women employed in services and agriculture relative to their contribution to GDP is indicative that employment in these sectors is likely to be informal and of low productivity.

**Table 2.3. Sectoral composition of GDP and employment, 2015**

	Share in GDP (%)	Share in employment (%)		
		Total	Male	Female
Agriculture, fishing and forestry	3.3	8.7	7.8	13.1
Manufacturing, mining and quarrying	13.4	13.0	13.4	11.0
Construction	8.3	15.5	18.6	0.6
Commerce, restaurants and hotels	18.7	20.6	22.6	11.3
Transport, storage and communication	7.8	5.9	6.8	1.1
Services and other branches	48.6	36.3	30.9	62.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: PCBS, National Accounts (2016a) and Labour Force Survey (2016b).

40. Employment of Palestinians in Israel and the settlements grew by a further 5.1 per cent in 2015, reaching an estimated 115,000 workers from the West Bank by the fourth quarter of the year, which represents 11.6 per cent of total Palestinian employment (see table 2.1). The total number is now approaching the levels of Palestinian labour flows to Israel that existed prior to the onset of the second intifada in 2000. At that juncture, nearly 100,000 Palestinians working in Israel lost their access to the Israeli labour market. By contrast, in 2015, despite the upswing in violence, Palestinian employment in Israel and the settlements was allowed to grow. The intricate system of quotas and permits for West Bank Palestinians with security clearance and magnetic identification cards who commute daily between their homes in the West Bank and their Israeli workplaces remains in place. The permit system continues to be subject to ad hoc adjustments. In 2015, the minimum age limit was lowered from 24 to 22 years of age and the requirement of having children was removed, but permit applicants are still required to be married. According to the Israeli Coordinator for Government Activities in the Territories (COGAT), as of March 2016, 58,203 permits had been issued to Palestinians to work in Israel out of a total quota of 60,900, including 16,000 permits allowing overnight stays (COGAT, 2016). A further 27,632 permits were issued for entry to work in settlements. There are approximately 30,000 Palestinians who work in Israel and the settlements without permits, or with permits to enter Israel for purposes other than work. This exposes them to abusive and exploitative practices by employers and brokers, as well as harassment and imprisonment in the event of being caught by the Israeli authorities. The Israeli labour market has been closed to Palestinians from Gaza since April 2006. However, the mission heard anecdotal evidence of commercial permits being used to access informal employment in Israel.<sup>4</sup>

41. The construction sector accounts for 63 per cent of Palestinian employment in Israel, followed by manufacturing (11 per cent), commerce (9 per cent) and agriculture (9 per cent) (MAI, 2016). At the time of the mission, an announcement was made that up to 10,000 additional work permits were to be issued for the construction sector. Housing shortages in Israel continue to underpin the demand for labour, and Israeli employers have emphasized both their preference for Palestinian workers over other migrant workers, and a need for greater technical skills. While work in the Israeli

<sup>4</sup> Since 2015, COGAT has issued 3,000 commercial permits for business persons from Gaza to enter Israel via the Erez crossing.

economy remains a necessity in view of the limited absorptive capacity of the Palestinian labour market under occupation, a large number of workers remain in low-skill jobs. Ultimately there is no substitute for permitting and promoting the development of the Palestinian productive base.

## Incomes and poverty

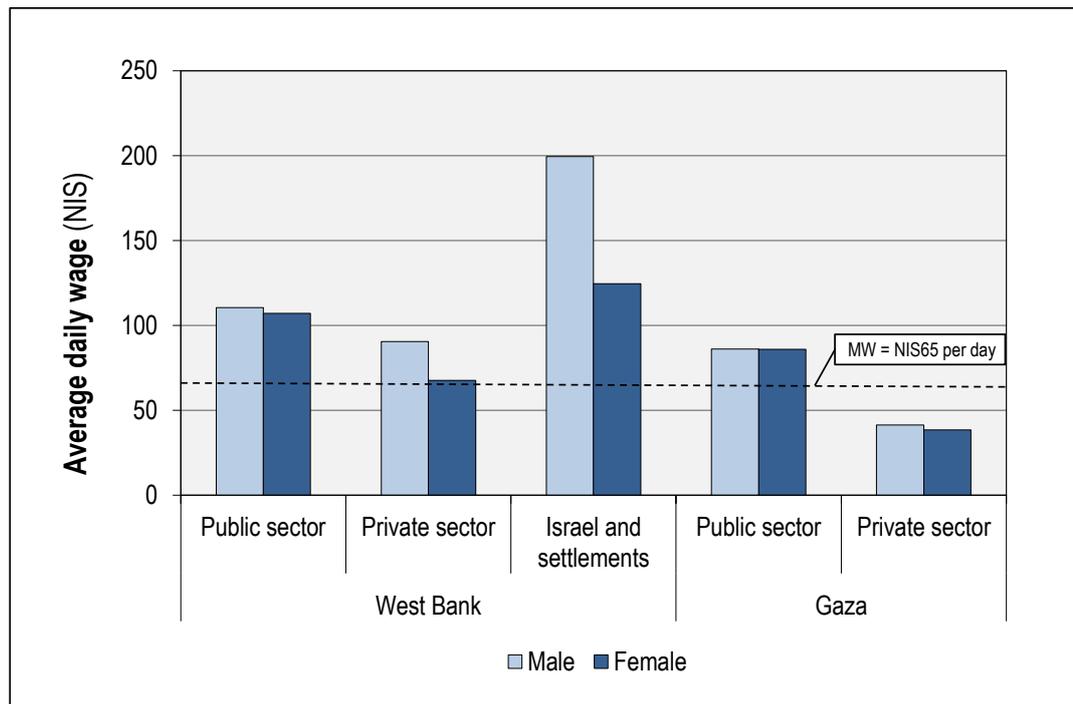
42. At nearly NIS200 per day, the average daily wage earned in Israel and the settlements in 2015 was 2.3 times higher than that in the private sector in the West Bank, thereby explaining the attraction of work in the Israeli economy, even under difficult conditions. The construction sector in Israel has a higher minimum wage than the Israeli national minimum wage, and this is set to rise further in 2016–17. By contrast, the average wage earned in the private sector in Gaza was only 45 per cent of the West Bank equivalent, and had declined in real terms by 6 per cent from its 2014 level (see table 2.4).

**Table 2.4. Nominal and real average wages and prices, 2015**

	West Bank	Gaza
Average daily wage (NIS), 2015		
Public sector	107.8	84.9
Private sector	86.4	39.4
Israel and settlements	199.1	–
Real wage change 2015/2014 (%)		
Public sector	1.9	2.9
Private sector	2.4	-6
Israel and settlements	4.8	–
2015 consumer price index (%)	1.29	1.77

Source: PCBS, Labour Force Survey (2016b) and consumer price index data (2016e).

43. A gender wage gap persists, with the average daily wage for Palestinian women reaching just NIS81.9, compared to NIS108 for men. While the gender wage gap in the public sector was narrow, women's average daily wages were less than 75 per cent of men's in the West Bank private sector (figure 2.3). The average daily private sector wages of both men and women in Gaza fell far short of the Palestinian national minimum wage of NIS65 per day. Indeed, nearly 73 per cent of all Gazan private sector wage employees earn below the minimum wage, compared to 23 per cent of their West Bank counterparts.

**Figure 2.3. Average daily wages disaggregated by location and sex, 2015**

Note: MW = minimum wage.

Source: PCBS, Labour Force Survey (2016b).

44. The rate of inflation (measured by the Palestinian consumer price index) remained low, at 1.43 per cent, compared to 1.73 per cent in 2014. Prices rose by 1.77 per cent in Gaza, 1.29 per cent in the West Bank, and just 0.33 per cent in East Jerusalem, which was particularly influenced by deflationary pressures in Israel (PCBS, 2016e). The highest price increases were seen in certain basic food items, such as fresh vegetables, fresh meat and rice. Food price increases mainly affect low-income households, who have a greater risk of food insecurity. The 2014 Socio-Economic and Food Security Survey (SEFSec) showed that 27 per cent of Palestinians were food insecure, comprised of 47 per cent in Gaza and 16 per cent in the West Bank (PCBS and FSS, 2015). The high levels of food insecurity in Gaza in particular stem from high prices and deteriorating socio-economic conditions resulting from continued conflict, rather than from a lack of availability of food. These levels also closely reflect poverty rates. The World Bank estimates that overall poverty reached 25 per cent in 2014, comprised of 39 per cent in Gaza and 16 per cent in the West Bank (World Bank, 2015). With some 80 per cent of Gazans dependent on donor support, there is a danger that reduced aid inflows could lead to future increases in food insecurity and poverty.

## Obstacles to economic development in the West Bank

45. Economic development in the West Bank remains severely constrained as a result of Israeli-imposed restrictions on movement and access. These restrictions include checkpoints, roadblocks, metal gates, earth mounds and trenches, in addition to the Separation Barrier, some 85 per cent of which is being built inside the West Bank, rather than along the 1949 Armistice Line (the “Green Line”), thus isolating 10 per cent

of the West Bank land mass.<sup>5</sup> A total of 490 obstacles to movement, including 60 checkpoints, were scattered across the West Bank in September 2014 (OCHA, 2014). This latest count did not include a further 111 closures in the Hebron H2 district.<sup>6</sup> The cumulative infrastructure of closure can be loosened or tightened at will. In the wake of the violence that flared up in the third quarter of 2015, obstacles to movement in the West Bank reportedly increased significantly, particularly in Hebron and Nablus, as well as in and around East Jerusalem. In parallel, movement between Palestinian villages and cities and access to farmland are facilitated through an alternative “fabric of life” road network, which aims to achieve transportation continuity at the expense of territorial contiguity. This network results in further land loss, disrupts traditional routes and contributes towards the ongoing fragmentation of the West Bank.

46. Palestinian economic development is most heavily constrained in Area C, which accounts for more than 60 per cent of West Bank land and the majority of its natural resources.<sup>7</sup> Area C links the otherwise disjointed Areas A and B, and is critical for infrastructural, agricultural and industrial development, but 70 per cent of it is subsumed by the regional councils of Israeli settlements and is thus out of bounds for Palestinian development. Currently, the Israeli Civil Administration permits construction in only around 1 per cent of Area C. Large-scale investment projects being pursued by both the Palestinian private sector and foreign investors, such as the new city of Rawabi, as well as the industrial parks in Bethlehem, Jericho and Jenin, run into repeated hurdles with regard to permits to develop needed infrastructure in Area C. These projects continue, though at high transaction costs in terms of lengthy and unpredictable negotiations, often requiring the expenditure of a great deal of political capital. The mission was informed that an agreement had been reached to construct an access road to the Allenby (King Hussein) Bridge for the Jericho industrial park, while permits had now been granted to Palestinian mobile telephone operators to implement 3G services in the West Bank. Both of these issues had been under discussion for a number of years. Such an environment of uncertainty is not conducive to attracting private investors, whether domestic or foreign, some of whom reportedly seek rates of return in excess of 30 per cent in view of the high risks involved.

47. The Israeli policy of permitting a limited re-establishment of commercial links between the West Bank and Gaza in 2014 continued in 2015, although the volume of transfers of commercial goods remained only a very small fraction of its level prior to the blockade of Gaza in 2007. East Jerusalem markets, however, have become increasingly severed from both the West Bank and Gaza, and in early 2016, six West Bank meat and dairy producers were prohibited from marketing their produce in East Jerusalem. Unimpeded access to domestic markets is essential to economic development, as is trade with the outside world. At present, Palestinian trade takes place primarily with Israel, with the terms of trade strongly in Israel’s favour.

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<sup>5</sup> Upon completion, the total trajectory of the Separation Barrier will be approximately 700km, of which two-thirds has already been built. The Advisory Opinion of the ICJ on the Barrier delivered on 9 July 2004 called for an immediate cessation and reversal of construction activity and for reparations for all damage that had been caused by it. This was endorsed by the subsequent UN General Assembly Resolution A/RES/ES-10/15 of 20 July 2004.

<sup>6</sup> The special Hebron Protocol signed between Israel and the Palestinian Authority on 17 January 1997 created a separate zone, H2, covering roughly 20 per cent of Hebron city, for which the Palestinian Authority would provide administrative services, but Israel would retain full security control. An estimated 500 Israeli settlers reside in this area, protected by a heavy Israeli military presence, in the midst of some 40,000 Palestinians (and roughly 200,000 Palestinians in Hebron city as a whole).

<sup>7</sup> Area C, as defined by the Oslo Accords, is under full Israeli security and administrative control.

Palestinian businesses have increasingly focused their attention in recent years on enhancing trade with the Arab world via the Allenby Bridge, which links the West Bank with Jordan, and the value of imports to the West Bank through this route increased by 20 per cent between 2014 and 2015 (COGAT, 2016). However, exports remain limited as Palestinian products are relatively uncompetitive in these markets. A number of factors inflate production costs and reduce productivity and competitiveness. These include the inability to import a wide array of essential raw material inputs, including agricultural fertilizer, which feature on extended lists of “dual-use” items that Israel regards as security threats; the cumbersome back-to-back trucking procedures imposed at all crossings, which continue to create delays, wastage, inconvenience and significantly increased costs; and the non-recognition by Israel, and resulting non-application, of free-trade agreements signed between Palestine and other countries.

48. Nonetheless, efforts are under way to increase the capacity of the Allenby Bridge by upgrading the infrastructure on both sides of the crossing. Once operational, a new US-funded scanner on the Jordanian side of the crossing, as well as a Dutch-funded scanner on the West Bank side, will allow for containerization, which would contribute to reducing transportation time and costs. However, without a far broader lifting of restrictions impeding trade, the impact of such measures will be muted.

## Limited reconstruction and constrained prospects in Gaza

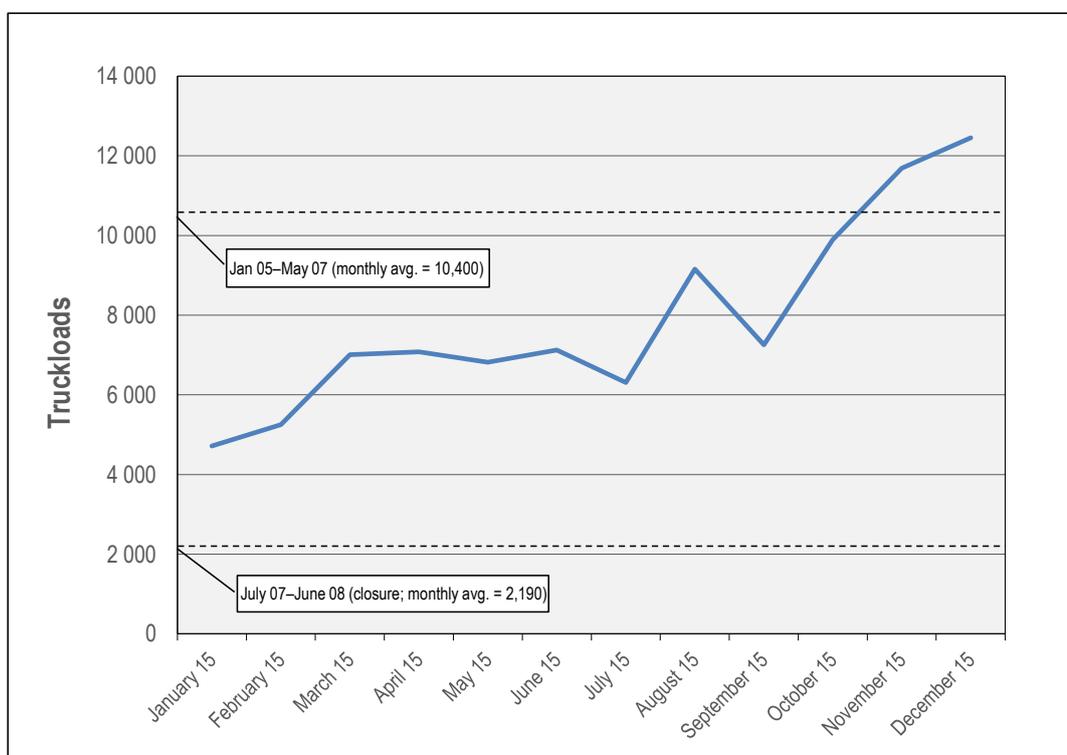
49. Nearly two years after the devastating Israeli military operation “Protective Edge”, Gaza remains blockaded by land, sea and air. Access-restricted areas along the borders subsume nearly a third of Gaza’s cultivable land, with a “no-go” zone strictly enforced 100 metres from the border and risk zones extending significantly beyond that. The fishing limit of 6 nautical miles that was imposed prior to the war was extended in April 2016 to 9 nautical miles in some areas, which should, to a certain degree, improve the sardine catch for Gaza’s remaining fishers; however, this limit is still far less than the 20 nautical miles stipulated in the Oslo Accords.

50. With the implementation of the Gaza Reconstruction Mechanism, in addition to certain other large-scale infrastructure projects funded by Gulf Arab donors, reconstruction following the war is now under way. Over 90 per cent of damaged or destroyed schools and hospitals have been rebuilt and nearly half of the 171,000 homes that were destroyed or damaged have been rebuilt or repaired (UN, 2016). Nonetheless, with slower progress on those housing units that were completely destroyed, some 75,000 Gazans remain displaced more than 18 months after the cessation of hostilities. The pace of reconstruction has been slower than anticipated, in large part due to limited disbursement of the donor pledges that were made at the October 2014 Cairo Conference. By the end of March 2016, only 40 per cent (US\$1.4 billion) of the pledged US\$3.5 billion had actually been disbursed, some US\$1.3 billion behind the agreed schedule (World Bank, 2016a).

51. The sole functioning commercial crossing along the border is at Kerem Shalom, a back-to-back trucking point located at the southernmost tip of Gaza, entailing higher transportation costs than the other closed crossings. Although a scanner that would allow for containerization has been installed, containerization remains prohibited at Kerem Shalom. Most consumer goods are allowed in, and in 2015, greater numbers of construction inputs were also permitted with the implementation of the Gaza Reconstruction Mechanism, albeit with intermittent interruptions. The monthly average number of truckloads of imports in 2015 reached 7,897, compared to 4,307 in 2014.

Indeed, by November 2015, the volume of imports exceeded its pre-blockade levels for the first time (see figure 2.4). It should be noted, however, that taxes levied on these imports by the de facto authorities in Gaza are not remitted to the Palestinian Authority, constituting a substantial source of revenue leakage. Since the closure of the tunnels under the border with Egypt at Rafah, these tax revenues have reportedly risen significantly. Moreover, the importation of most production inputs is still prohibited through the Israeli application of a greatly expanded, and constantly evolving, list of “dual-use” items. Consequently, the local private sector cannot compete with foreign imports, resulting in numerous factory owners shutting down their operations and shifting to commerce, with the majority of remaining industries operating at a fraction of their capacities. In parallel, many critical infrastructural development projects remain stalled as a result of these restrictions.

**Figure 2.4. Gaza imports: Average monthly truckloads, 2015**

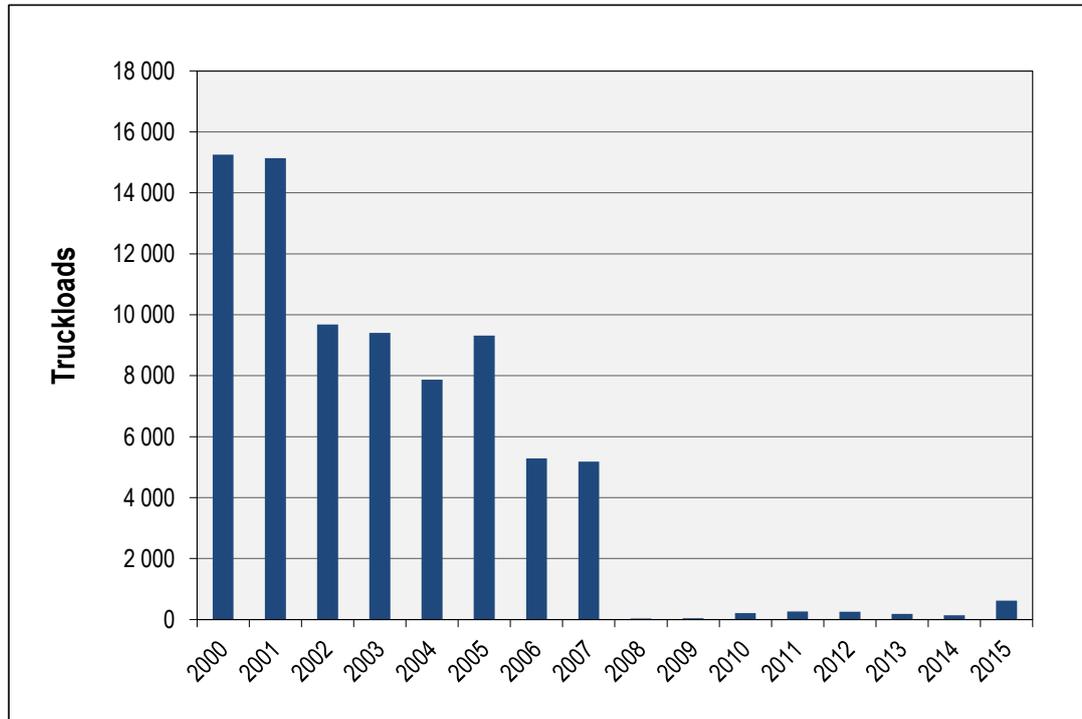


Source: OCHA, Gaza Crossings Activities Database (2016a); PalTrade, *Gaza Strip Crossings Bi-Monthly Monitoring Report*, December 2009 to January 2010 (data until December 2009) (2010).

52. Gaza’s exports rose from just 93 truckloads in 2014 to 621 in 2015 (see figure 2.5). A further 730 truckloads of goods exited Gaza destined for the West Bank. Permitted exports included certain agricultural goods, furniture and garments. Despite the relative easing in the policy of permitting exports from Gaza, the total volume remains a tiny fraction of the more than 15,000 truckloads that were exported in 2000. More than eight years of blockade and three wars have virtually eradicated Gaza’s already limited productive base, and its rehabilitation is vital to sustained growth and employment creation, beyond the short-term reconstruction phase. Although the productive sectors of agriculture and manufacturing incurred an estimated US\$602 million of damages and losses during the most recent conflict, by the end of March 2016 only US\$15 million of disbursements from the pledges made at the Cairo Conference had been targeted towards these sectors’ needs (UN, 2016; World Bank, 2016a). The chronic energy and water shortages, which entail daily power cuts lasting

12 to 16 hours (UN, 2016), further limit productive capacity and economic development, and directly affect livelihoods. As the United Nations emphasizes, “reconstructing Gaza to pre-July 2014 standards cannot be the end goal” (ibid., p. 16). The reconstruction effort, while welcome, remains constrained and is not a substitute for a comprehensive lifting of the closure.

**Figure 2.5. Gaza exports: Total annual truckloads, 2000–15**



Source: OCHA, Gaza Crossings Activities Database (2016a).

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### 3. Rights of Palestinian workers under prolonged occupation: A reality check

#### Continuous expansion and consolidation of settlements

53. Settlement activity in the West Bank, including East Jerusalem, remains a fundamental obstacle to the realization of the rights of Palestinian workers and the development of a viable Palestinian economy.<sup>8</sup> During 2015, Israel continued to expand existing settlements in the West Bank, and approved plans for new ones. While the planning of new housing units in settlements in the West Bank and East Jerusalem has slowed down, new construction has continued. According to recent data from the non-governmental organization Peace Now, construction of 1,800 new housing units – 1,547 permanent structures and 253 mobile units – began in 2015. This was less than in 2014 but more than in the previous two years. Some 60 per cent of this new construction took place between the Green Line and the Separation Barrier (Peace Now, 2016).

54. The infrastructure for the construction of at least another 734 housing units has been developed, and construction of these units is scheduled to begin soon. An additional 63 public structures and 42 industrial or agricultural structures were built. Peace Now also reported the publication of tenders for 1,143 new housing units: 583 units in East Jerusalem and 560 units in the West Bank. The High Planning Committee approved 348 new housing units for deposit or validation (Peace Now, 2016).

55. In the context of the 2003 Roadmap for Peace, the Israeli Government made the commitment to freeze all settlement activity (including the natural growth of settlements) and to dismantle all outposts, which are the beginnings of a settlement and illegal even under Israeli law. However, new outposts have been established or retroactively legalized. Three of the plans approved in 2015 were part of a process for retroactively legalizing the Elmatan, Sansana and Shvut Rachel outposts and granting them settlement status. There are now approximately 100 unauthorized outposts (Yesh Din, 2016; Peace Now, 2016). According to Peace Now estimates, 15 per cent of the new housing units were built in outposts. In practice, the prospect of retroactive authorization encourages the construction of such outposts.

56. In 2016, Israel took further steps which allow the expansion of settlements, by appropriating 2,342 dunams (579 acres)<sup>9</sup> of land south of the city of Jericho and declaring it as “state land”, the largest such appropriation by Israel since August 2014 (Haaretz, 2016; UN, 2016). Moreover, building plans in the E-1 area<sup>10</sup> near the Ma’ale Adumim settlement which would directly link Jerusalem with the West Bank settlement have apparently been renewed (Haaretz, 2015a).

57. While figures from different sources vary, estimates of the current number of Israeli settlers in the West Bank, including East Jerusalem, range between 550,000 and

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<sup>8</sup> 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 (see, respectively, ICJ, 2004; HCP, 2001; UN, 1980).

<sup>9</sup> One dunam equals 0.1 hectares.

<sup>10</sup> The “E-1 area” is the stretch of land between Jerusalem and the Ma’ale Adumim settlement.

650,000. In Area C of the West Bank, the number of settlers is growing faster than, and now exceeds, the number of Palestinians. It is estimated that there are at least 200,000 settlers in East Jerusalem.

## Escalation of violence in the West Bank

58. Since the summer of 2015, and especially as of late October, tensions in the West Bank, including East Jerusalem, have remained high due to the violence that erupted between Palestinians and settlers and Israeli security forces. The attacks and the response to them have left a growing number of people dead and wounded. During 2015, the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) recorded the killing of 127 Palestinians and 23 Israelis in attacks and clashes in the West Bank, including East Jerusalem, and in Israel (OCHA, 2016c). In the first three months of 2016, 52 Palestinians were killed by Israeli forces and four Israelis by Palestinians. Over 13,500 Palestinians and nearly 350 Israelis were injured in 2015. Over 1,400 Palestinians and over 50 Israelis were injured in the first quarter of 2016 (OCHA, 2015a; OCHA, 2016c). A serious concern is the number of children involved in the attacks: in the first two months of 2016, nine of the suspected Palestinian perpetrators of attacks who were shot and killed on the spot were children. Many of the Palestinians were killed in connection with alleged knife or car-ramming attacks (OCHA, 2016b).

59. An arson attack by settlers against the Dawabsha family in the Palestinian village of Duma in July 2015 resulted in the death of three of the four members of the family. Despite strong condemnation by the Palestinian and Israeli leaderships, that attack led to further violence in August, which then escalated significantly in October 2015. Protests and confrontations spread throughout all parts of the West Bank, with East Jerusalem and the Hebron Governorate most affected (UN, 2015b; OCHA, 2015b; OCHA, 2015c).

60. The escalation of violence and tensions resulted in intensified restrictions on freedom of movement within and between cities. Additional closures were imposed, impeding Palestinians' access to workplaces, basic services and education. In Hebron city, 4,200 children had to cross at least one military checkpoint and undergo inspections and searches to reach their schools (OCHA, 2015b).

61. Israeli authorities resumed punitive demolitions targeting the family homes of perpetrators or suspected perpetrators of attacks against Israelis. Between October 2015 and March 2016, 30 Palestinian structures were destroyed by the Israeli security forces, which displaced 188 Palestinians, including 90 children (UN, 2016). There was a sharp increase in demolition of structures that had been provided through humanitarian aid, and as a result, humanitarian agencies were faced with significant challenges in delivering assistance to people in need (*ibid.*).

62. In addition, the practices of blacklisting and revocation of permits continued, including the withdrawal of work permits of family members of people accused of attacks (MachsomWatch, 2015). The use of indefinite or prolonged administrative detention of Palestinians in Israeli prisons continues and, after a four-year pause, the administrative detention of children has resumed. In September 2015, Israel also started again to revoke the residency status of Palestinians in East Jerusalem as a punitive measure (UN, 2016).

63. Settler violence against Palestinians, which mostly affected East Jerusalem, Hebron and Nablus, increased throughout 2015. It resulted in 89 Palestinian casualties

and 132 incidents of damage to property or land in 2015. In the first quarter of 2016, the number of Palestinian casualties was 11, and there were 19 incidents of property damage (OCHA, 2016c).

## The situation in Gaza

64. Despite the recent relative calm in Gaza, the human rights situation there remains very precarious under the impact of the siege, continued internal control by the de facto authorities and the desperate economic and social conditions. Palestinians continue to be killed or injured when entering or approaching access-restricted areas. The mission received information of Israeli soldiers opening fire on workers in buffer zones. Farmers have been injured when going to their lands, and fishers have been harassed, arrested or had their boats confiscated. For 2015, OCHA recorded 25 Palestinian fatalities by Israeli forces, 23 of which took place in clashes in the border area in the last quarter of the year. There were also 1,375 injuries. For the first three months of 2016, five Palestinian fatalities and 102 injuries were reported (ibid).

## Violence and more restrictions in East Jerusalem

65. The occupation continues to have a dramatic impact on the lives of the approximately 270,000 Palestinians with permanent residency in East Jerusalem. This permanent residency status is subject to constant verification, and permits to enter East Jerusalem for Palestinians not residing in the city are difficult to obtain. The Separation Barrier profoundly affects access to public and health services of several Palestinian communities within the Israeli-defined municipality border. Thousands of Palestinians in East Jerusalem are cut off from the city centre and must cross busy checkpoints daily to access education, health care and other services. Provision of public services, including water supply, is decreasing in these communities. Less than two-thirds of households are properly connected to the city's water network (ACRI, 2015).

66. Many homes in East Jerusalem are built without permits as these are almost impossible to obtain. Only 7 per cent of building permits for Jerusalem go to Palestinian neighbourhoods. Of the 158 building permits that were issued for neighbourhoods in East Jerusalem in 2015, more than two-thirds were for the neighbourhood of Beit Hanina alone. Only 51 permits were issued for all the remaining Palestinian neighbourhoods (Haaretz, 2015b). Israeli zoning policy is limiting natural demographic growth, investment and the building of schools. Many Palestinian students do not finish their secondary education, and poverty and youth unemployment in East Jerusalem have increased further. Over 75 per cent of the people of East Jerusalem were under the poverty line in 2013 (ACRI, 2015).

67. The violence that escalated in East Jerusalem is rooted in a cycle of frustration and hopelessness, especially among young Palestinians, compounded by socio-economic disparities. The tightened security checks and restrictions on the freedom of movement of people and goods, deteriorating prospects of decent employment, and a further separation of Palestinian neighbourhoods from East Jerusalem have all contributed to heightened tensions. While movement restrictions were relaxed in the first half of 2015, particularly during the month of Ramadan, they were tightened again following the violent incidents in the West Bank.

68. Increased violence has also followed from the fear that the status quo of the Al-Aqsa Mosque was not being observed. Israel imposed further restrictions on Palestinians' entry to the mosque in October 2015, and in March 2016. Roadblocks and

checkpoints were erected on many of the streets of East Jerusalem. While some of them have since been removed, searches and checkpoints continue to disrupt individual businesses, especially in the Old City, and impede access to workplaces, services, educational and health facilities and holy sites (OCHA, 2015c).

69. The mission visited the Old City of East Jerusalem and met with Palestinian shop owners, many of whose businesses had been in their families for several generations. The Palestinian Authority still has no jurisdiction over East Jerusalem. The Jerusalem Chamber of Commerce, which has 1,400 members, had been reopened in 2015 but received a new closure order in February 2016. Consequently, it is not able to provide services and assistance to its members. Israeli attempts to transform the identity of the Old City and to separate Palestinian neighbourhoods from Jerusalem threaten Palestinian businesses and livelihoods. Shop owners reported regular harassment by police and settlers, and many businesses struggle to survive. The mission was told that 70 souvenir shops had already closed due to the worsening situation.

## Access to land and resources

70. Access to land, water and resources is vital for Palestinian economic development, livelihoods and job opportunities. Agriculture is an integral component of Palestinian life, and many communities, including the Bedouin, depend on herding and small-scale agricultural activities, as well as land and natural resources located in Area C. Yet, settlement expansion and consolidation continue to adversely affect the livelihoods of Palestinian men and women on a daily basis, as such settlements comprise not only residential communities but also industrial zones and agricultural estates, supported by surrounding infrastructure. Moreover, they often encompass the most fertile agricultural land and important water resources. In addition, declared state lands in Area C are generally placed under settlement jurisdiction or marked as either military zones or nature reserves, making them unavailable to Palestinians.

71. Some of the most fertile Palestinian agricultural land is trapped in the “seam zone” which lies between the Green Line and the Separation Barrier. However, obtaining a permit to enter the seam zone is costly and permits are often denied. Gates may be closed and farmers face difficulties in transporting agricultural equipment through the Barrier.

72. Israel retains full control over the security, planning and zoning of Area C, and policies and practices in this area continue to be highly restrictive (UN, 2015a). Planning decisions have resulted in the loss of land property rights of Palestinian individuals and communities. On the Palestinian side, a total of 108 plans covering 116 communities are at various stages of preparation. To date, 85 plans have been submitted to the Israeli administration. Only three plans have been approved, none of them in 2015. The complicated planning and permit system continues to make it virtually impossible for Palestinian residents in Area C and East Jerusalem to obtain building permits for homes and livelihood structures such as water wells and animal sheds.

73. In 2015, 447 Palestinian-owned structures in Area C and 74 in East Jerusalem were demolished, displacing 712 people. The majority of demolitions were due to the absence of building permits. This practice accelerated in the first quarter of 2016, during which OCHA recorded 516 demolitions in Area C and 56 in East Jerusalem,

which resulted in the displacement of 818 Palestinians (OCHA, 2016d).<sup>11</sup> The demolition of structures provided through humanitarian assistance continues to increase. In the first two months of 2016, 108 structures provided by aid organizations were destroyed by the Israeli authorities, almost as many as the total number of such demolitions in 2015 (OCHA, 2016b).

74. Israeli control over water allocation includes veto power over Palestinian drilling and rehabilitation of, and investment in, water infrastructure. The confiscation of water resources for settlements had led to a situation by 2013 in which over 500,000 settlers were using six times more water than the 2.6 million Palestinians in the West Bank (Al-Haq, 2013). Water shortages have become acute for many Palestinian farmers, in a context of serious obstacles to obtaining permits to build wells or establishing small dams to collect and store water resources for drinking and irrigation purposes (UNCTAD, 2015). The only option for farmers is to build without a permit, thereby exposing themselves to recurrent demolition of agricultural structures and assets, water wells, water pipes, village roads and irrigation systems.

75. Herding communities across Area C, mainly in the Jordan Valley, continue to face the destruction or threat of destruction of homes, animal sheds and basic infrastructure built without a permit. They also suffer temporary displacement and restrictions on accessing grazing land due to repeated Israeli military training exercises (OCHA, 2016b). For instance, in the herding community of Khirbet Tana (near Nablus), located in an area designated as a “firing zone” for military training, 34 structures were demolished, displacing 69 Palestinians, including 49 children. Fourteen structures were demolished in five Bedouin communities in an area allocated for the expansion of the Ma’ale Adumim settlement (E-1 settlement plan), which would create a continuous built-up area between that settlement and East Jerusalem (OCHA, 2016d).

## Rights of Palestinian workers in Israel and the settlements

76. Palestinian workers in Israel are covered by Israeli labour laws and collective agreements. Yet, during its visit to a construction site near Tel Aviv and the crossing point of Qalqilya in the West Bank, the mission observed a continued need to ensure that Palestinian workers enjoy their labour rights in practice, including payment of the minimum wage and social security benefits. At the crossings into Israel, Palestinian workers often face harsh conditions and harassment. With security checks and long queues at crossings, it may take workers four to five hours to reach their workplaces in Israel, even when they come from villages close to the crossings. The mission’s Israeli interlocutors acknowledged the need to reduce the waiting time for workers at the crossings, especially in view of the recent increase in the number of work permits.

77. As observed by the mission over recent years, many Palestinian workers continue to depend on contractors to provide work for them in Israel. In addition to the price they have to pay for a work permit, they can be subject to exploitation by multiple contractors, harassment and violence, and detention and blacklisting when caught without a permit by the police. The mission was informed of a practice of recycling of permits by some contractors, whereby a single permit is successively provided to several workers, who enter Israel through one of the 34 agricultural gates along the Separation Barrier, where security presence is limited.

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<sup>11</sup> Data recorded until 11 April 2016.

78. Payment of wages remains a major issue. The Payment Division of the Population and Immigration Authority in the Israeli Ministry of Interior allocates employment permits to Israeli employers, calculates deductions, including social security deductions, from the gross wage and issues payslips. Following the publication of the 2014 Report of the State Comptroller of Israel noting serious irregularities in the functioning of the Payment Division (State Comptroller of Israel, 2014), a correction process was put in place. Yet, the reality on the ground indicates that many Palestinians employed in the construction sector still do not fully enjoy their rights, due to irregular payslips. Most of the lawsuits involving workers in the construction sector concern the payslip structure and the wages payment method, which affect both Palestinian workers and Israeli employers (Histadrut, 2016).

79. Positive steps have been taken by the PGFTU and Histadrut to raise awareness among workers and strengthen their cooperation, particularly in the construction sector. The PGFTU, at its office at the Qalqiliya crossing, provides workers with information about their rights in Israel. To date, 86 cases have been lodged by workers at the crossing, 64 of which have been completed. The 74 PGFTU coordinators, which include 20 women, receive inquiries and grievances from workers on a daily basis. The PGFTU has launched a hotline and is developing its legal capacity to handle grievances received from workers in Israel, particularly in the construction sector.

80. A positive development is the entry into force of the General Collective Agreement signed between the Israel Builders Association and the Histadrut Federation of Builders and Wood Workers on 1 November 2015, following the publication of an order extending its validity to the whole construction sector (Histadrut, 2015). The agreement provides for a grievance committee authorized to hear disputes between an employee and an employer to whom it applies. It is now mandatory for cases to be handled first in the grievance committee before they may be brought to a labour court. In addition to the Histadrut, a representative of the PGFTU may also participate in the grievance committee. Grievances received by the PGFTU will be transmitted to the Histadrut for follow-up. The grievance committee is tasked with addressing complaints rapidly so that lengthy and costly court proceedings can be avoided. By April 2016, the Histadrut had received 130 grievances from Palestinian workers, and the numbers are likely to increase. At its meeting which took place during the time of the mission, the grievance committee had handled 20 cases.

81. Palestinian workers continue to face difficult working conditions in the Israeli settlements. Women from the Balata Refugee Camp, on the outskirts of Nablus, who are working in factories in a settlement nearby have seen their wages more than halved by contractors. After paying NIS90 to the contractors transporting them and receiving them at the factory, the workers return home with a daily wage of NIS60. Furthermore, rotating women between factories in settlements can mean that employers avoid having to pay social security contributions. The mission again received information that child labour continued to be an issue in the settlements in the Jordan Valley.

82. With growing numbers of Palestinian women and men working in the settlements, addressing their rights raises complex issues. The dependence of Palestinians on permits and brokers for work in the settlements creates an environment conducive to abuse. Labour issues in Area C cannot be addressed by the Palestinian Authority, and Israeli labour law is not in force there. Israeli minimum-wage legislation has been applied to the settlements through military orders. In 2014, an inter-ministerial task force identified for consideration labour law enforcement and legislation on wages, working time, sick pay and termination of employment, for extension by military orders to the settlements, but no decisions have been taken.

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## 4. The long road ahead: Strengthening labour governance and institutions

83. The building of Palestinian institutions and the promotion of good governance remain key development priorities, as indicated in the Palestinian National Development Plan 2014–16, and they are likely to feature prominently in the forthcoming National Planning Agenda 2017–2022, which is being drafted under the leadership of the Prime Minister. Institutions of governance are vital for the development of a strong Palestinian society and to reinforce the commitment to human rights, the rule of law, self-determination and citizenship. Although some important steps forward have been made in this respect, significant internal and external constraints remain.

84. National unity is widely accepted as a requirement for the evolution of coherent and effective institution-building and strengthening of the rule of law, as reflected in the Palestinian National Development Plan. Over the past year, progress has been made in enhancing labour governance, especially through the adoption of the Law on Social Security for private sector workers, and in engaging Gaza and West Bank social partners in tripartite dialogue.

### Decent work and human rights

85. Decent work is universally recognized as an effective vehicle for development, including for countries and territories in situations of fragility. A body of evidence shows that the application of decent work principles helps to break out of fragility cycles, overcome crisis and conflict and restore social cohesion (GIZ, 2015; Jütersonke and Kobayashi, 2015; World Bank, 2011). As such, decent work is increasingly regarded as a buffer and remedy to the radicalization of youth and self-perpetuating cycles of violence (UN, 2016). This is reflected in the Palestinian Decent Work Programme for 2013–16, which has focused on progress in the areas of labour governance and rights, employment and livelihoods, and social protection. The progress and achievements of this programme are currently being reviewed to assess its impact and prepare for an extension or a second phase.

86. Following Palestinian accession to a number of international human rights treaties, the ILO worked jointly with the Office of the United Nations High Commissioner for Human Rights (OHCHR) and the United Nations Children’s Fund (UNICEF) to conduct training to familiarize relevant line ministries with the labour-related provisions in the International Covenant on Economic, Social and Cultural Rights and other treaties, including provisions relating to the right to work and social protection. The capacity-building efforts served to provide guidance on implementing and reporting on these provisions, and to support the integration of a human rights dimension into the work of the Palestinian Authority, which has now started preparing its reports to the UN human rights treaty bodies.

### Promoting labour rights and improved labour market governance

87. Procedural steps towards an effective reform of labour legislation were finalized in 2015 and currently the dialogue on key issues, challenges and appropriate legislative solutions is well under way. In December 2015, the 11 technical committees formed under the Tripartite National Team for Labour Law Reform met for the first

time. Their aim is to produce legislative policy papers in their respective areas of expertise by the end of 2016.

88. Discussions on the planned revision of the trade union law continued in 2015 and early 2016, and overall agreement was reached on the main areas to be addressed. The PGFTU opened a dialogue with other national trade union organizations and established a coordination committee in order to present a unified trade union position on the draft law.

89. The national occupational safety and health policy and programme, developed with ILO support in 2014 and centred around the Occupational Safety and Health Convention, 1981 (No. 155), and the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187), is currently under review at cabinet level, which will consider how it will be implemented and its financial implications. Subsequently, the policy will have to be translated into several implementation plans by the stakeholders active in the field.

90. In the area of labour inspection, capacity has been expanded with the recruitment of additional labour inspectors and a series of targeted training events was supported by the ILO. There has been an increase in the number of inspection visits: the Ministry of Labour's labour inspection teams were able to carry out 5,180 inspection visits in 2015, which constitutes 5 per cent of the total establishments that are subject to inspection (PNA, 2015). Moreover, a labour inspection database and guidelines for labour inspectors are currently being established with the aim of building up a national unified system for recording work accidents.

91. Over the past year, there has been a renewed focus on the minimum wage and its enforcement. The Labour Force Survey indicates that in 2015, 39.3 per cent of wage employees in the private sector were earning less than the Palestinian monthly minimum wage of NIS1,450. This was even more pronounced in Gaza, where some 73 per cent of workers' earnings were below the minimum wage (PCBS, 2016b).

92. In 2015, the labour inspection commission carried out 115 inspection campaigns focusing on minimum wage issues, with concrete follow-up in the form of legal measures, including 103 cases transferred to the public prosecution service (PNA, 2015). Efforts were particularly targeted at private schools' compliance with minimum wage legislation and, more broadly, labour law as a whole. The Ministry of Labour is currently reviewing the minimum wage with a view to adjusting it in line with the increase in the cost of living over the past three years. In 2015, tripartite dialogue resumed in the National Wage Committee, both to update the minimum wage and to improve the method of determining it.

## Employment promotion

93. High unemployment, especially among female high-school graduates, within the context of occupation and economic stagnation contributes to the difficulties young people face in transitioning from education to the labour market. Measures are being taken to assist the Palestinian Authority in facilitating the school-to-work transition, especially in the area of skills development, and in reducing the pressure to provide employment opportunities in the public sector, mainly through entrepreneurship development. Despite the multiple challenges it faces and its relatively small size, the Palestinian private sector is performing well and shows strong profits in listed companies (OQ, 2016). Yet, continued skills mismatches and limited supply of skilled

workers in higher value-added activities remain a constraint on the enhancement of productivity and competitiveness.

94. The Palestinian Fund for Employment and Social Protection (PFESP), originally established with the aim of promoting the development of social and human capital by means of generating decent work opportunities in order to alleviate poverty and reduce unemployment, was revived in 2011. Under a 2014 decree of the Palestinian Council of Ministers, it is the reference point and umbrella organization for all job creation activities. The PFESP has recently been strengthened by increasing its number of professional staff, carrying out capacity-building programmes and revising and improving its organizational structure. Currently, it provides job placement schemes, business advisory services and entrepreneurship support. Additionally, it aims to support unemployed persons through wage subsidies and concessional credit facilities. In its Strategic Orientation for 2016–2018, the PFESP aims to build a more sustainable and long-term financial and non-financial services base (PFESP, 2016). A partnership agreement between the ILO and the PFESP is currently being developed to implement the ILO's Start and Improve Your Business package. Furthermore, during the coming months, the PFESP is hoping to establish a credit guarantee scheme for its loans for start-ups and to existing businesses through microfinance institutions.

95. There are currently many difficulties in the area of technical and vocational education and training. Among the key issues are a lack of financial, human and academic resources and a perception that such education and training is unlikely to secure decent employment. With support from international development partners, an integrated vocational training and labour market strategy has been designed as part of the Palestinian Reform and Development Plan. The strategy includes the development of a national qualifications framework, a new standard for curriculum development and an improved labour market information system. Recent developments in the establishment of the Higher Council for Technical and Vocational Education and Training upon the initiative of the Ministry of Labour and the Ministry of Education and Higher Education in February 2016 are expected to foster efforts towards a reform of the system and promote a culture of vocational and technical education.

96. In addition to skills development, entrepreneurship training has been central to developing employment opportunities. In the context of movement restrictions, entrepreneurship promotion has gained in importance, partly to encourage young Palestinians to pursue self-employment as a potential career option. Several programmes, such as INJAZ (part of Junior Achievement Worldwide) and the ILO's Know About Business youth entrepreneurship initiative, are being implemented in secondary education. Moreover, various microfinance institutions are providing non-financial business development services, including training, coaching and incubation. To date, the Know About Business programme has reached 7,000 students in vocational training centres under the Ministry of Labour and secondary vocational schools under the Ministry of Education and Higher Education. It will soon be rolled out to technical colleges in both the West Bank and Gaza.

## Strengthening social dialogue

97. Progress in social dialogue is crucial to improving the efficiency of Palestinian institution building. Tripartite committees have shaped legislation and policies in areas including social security, women's employment and rights, occupational safety and health, child labour, wages, disability and labour law reform. Tripartite discussions facilitated the development of the new occupational safety and health policy as well as

the drafting process of the new Law on Social Security for private sector workers. A tripartite national team has also been working on the labour law review.

98. The mission also noted increasing and more solid bipartite dialogue between the PGFTU and the Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA), despite there being no formal or institutional structure for such dialogue. Both organizations continue to face difficulties in connecting with their Gaza members. There is now regular coordination between the management of the FPCCIA and its five Gaza chamber members, and West Bank and Gazan employers were able to come together twice, in Jordan in October 2015 and February 2016, to deliberate on the draft law on social security. However, contacts between the PGFTU and its Gaza branch are maintained on a more ad hoc basis and remotely.

99. Industrial relations were put to the test by a month-long teachers' strike in the West Bank, which started in mid-February 2016. A majority of public school teachers joined, and called for a salary raise and improved working conditions. The strike ended after a number of demands, including a pay increase, were met.

## The expansion of social protection

100. The first ever Law on Social Security for private sector workers and their family members was adopted by the Palestinian cabinet on 16 February 2016 and signed by President Mahmoud Abbas on 7 March 2016.<sup>12</sup> The framework of this new national social security system was developed in 2013 by the tripartite National Social Security Committee, based on an ILO actuarial evaluation which assessed the system's parameters to ensure its long-term sustainability. Through a participatory approach promoted by the ILO, the new social security system has been developed in consultation with workers' and employers' organizations, government officials and other stakeholders.

101. The social security system to be established on the basis of the new law aims to combat poverty and social exclusion. It builds on the Civil Servant Pension Scheme (Law on Public Retirement No. 7 of 2005), the Labour Law (No. 7 of 2000), the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102), and international best practices. ILO technical assistance was provided at each stage of the process, including the development of the policy framework and the drafting of the law up to its final approval by the tripartite National Social Security Committee in October 2015. Following the Committee's submission of the draft law to the Council of Ministers, changes to certain key provisions were introduced by the Council and the President. A debate is ongoing at the national level over the governance of the social security institution and the level of contribution rates.

102. The ILO continues to support the development of a comprehensive social security system for Palestinian workers and their families through capacity-building programmes for tripartite constituents on social security principles, administration and financing, which will further enhance their role in the establishment of an independent social security institution strongly grounded in international labour standards. The mission noted that the members of the board of directors were soon to be appointed and the Palestinian Authority was in the process of launching a national campaign to raise awareness of the new social security system.

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<sup>12</sup> Law No. 6 of 2016 on Social Security, *Official Gazette*, 20 March 2016.

103. Moreover, to complement the new social security system for private sector workers, and as part of a comprehensive social protection agenda, efforts are under way by the ILO, in coordination with the UN system, to promote a national social protection floor designed to provide a basic minimum social security guarantee for those who fall outside formal employment.

## Empowerment of women

104. The situation of Palestinian women in society remains challenging, and promoting gender equality in the labour market and working towards women's economic empowerment are key aspects of the National Development Plan. The challenges include the low labour force participation of women, a significant gender pay gap and a high prevalence of women in the informal economy, as well as very high unemployment rates among women, especially young graduates.

105. The National Committee for Women's Employment (NCWE) was originally established by the Ministry of Labour with a view to promoting social justice through advancing gender equality in the world of work by ensuring that legislation, policies and programmes adequately respond to the different needs of women and men. Since early 2015, the ILO and the NCWE have been working together more closely in advocating for gender-sensitive policies and capacity-building interventions. Discussions were facilitated between policy-makers, experts and practitioners on the importance of women's participation in the Palestinian economy.

106. In early 2016, a guidebook on the rights at work of Palestinian women was developed by the NCWE with support from the ILO and will be targeted at rural workers. Meanwhile, work conducted in Gaza in 2015 has supported young women graduates, including those with disabilities, in transitioning to the labour market through skills development, upgrading and on-the-job training. Female heads of household in rural Gaza were also given support to restore their businesses after the 2014 war.

107. The gender unit of the FPCCIA continues to reach out to businesswomen in the informal economy and give them the opportunity to become full members. Tailor-made services are provided. Through a partnership with the Ministry of National Economy, Asala (the Palestinian Businesswomen's Association) and the Business Women Forum, the FPCCIA has also offered support to businesswomen in Ramallah, Jenin, Bethlehem and Hebron. As a result, 60 per cent of the female members within the chambers of commerce benefited from awareness-raising and 30 per cent from consulting services. Currently, the chambers of commerce in the West Bank have close to 3,000 registered businesswomen.

108. The Gaza Chamber of Commerce and Industry recently established a Women's Entrepreneurship Centre with the aim of supporting women's entrepreneurship and providing better representation to businesswomen.

109. Some progress has been made in the field of gender mainstreaming. Birzeit University has established a gender monitoring entity, tasked with measuring progress on gender equality in the university and acting as a mechanism for receiving complaints. The process will be documented for possible replication by other universities. In addition, participatory gender audits are taking place in two large private enterprises: the Bank of Palestine and the Birzeit Pharmaceutical Company. It is hoped that these two companies may eventually become a model for workplace gender equality. Further research is currently being conducted, with ILO assistance, to assess the status of pay

equity in the education sector. The initial findings highlight persistent patterns of discrimination with regard to working conditions and career development (ILO, forthcoming).

## The reconstruction of Gaza

110. Follow-through on the pledges and plans made at the October 2014 Cairo Conference has been disappointing (UN, 2016). The National Consensus Government was commended for its efforts in presenting the National Early Recovery and Reconstruction Plan for Gaza, a comprehensive response to the devastation in Gaza, at the conference. However, despite initial high expectations concerning the total amounts pledged, collective efforts have now fallen short, with only around US\$1.4 billion or 40 per cent of the funds agreed upon actually made available (World Bank, 2016b). Around US\$1.5 billion of the pledged funding is yet to be mobilized. The Detailed Needs Assessment funding gap is currently assessed at US\$3 billion.

111. In the aftermath of the 2014 war, the Gaza Reconstruction Mechanism was established on a temporary basis to allow the entry of necessary construction materials into Gaza. By April 2016, 807 large-scale construction or infrastructure projects had been registered under the Mechanism, 89 had been completed and 390 were still active (GRM, 2016). The Mechanism has facilitated the reconstruction effort and contributes to job creation, particularly in the construction sector (UN, 2016). However, the mission noted concerns about overall working conditions and occupational safety and health on construction sites.

112. Amidst a heavily constrained reconstruction process, the ILO helped to implement a small-scale emergency recovery programme over the course of 2015 to create livelihood opportunities for the most affected communities, including families and individuals who lost productive assets or income sources. More specifically, the programme worked on supporting emergency employment initiatives in targeted sectors; enhancing the skills and employability of young women and men and persons with disabilities to meet labour market needs; and building the knowledge and capacity of social partners and local stakeholders to promote a decent work approach to crisis response and recovery.

113. Despite these initiatives, progress continues to be slow and must be accelerated in order to meet the basic needs of people in Gaza. Severely constrained entry of construction materials, especially cement, stifles not only the reconstruction effort but also employment creation and, ultimately, livelihoods. Access to raw materials, along with investment in Gaza's productive sectors, such as agriculture and furniture production, is critical in order to revive economic activity and stimulate job growth.

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## 5. Few alternatives in the occupied Syrian Golan

114. With the ongoing conflict in the Syrian Arab Republic, two of the pillars supporting the Syrian citizens of the occupied Syrian Golan have crumbled. First, the number of students receiving free education at Damascus University has dwindled from around 600 to the last remaining 18, who will return after finishing their studies. Second, since 2014, the export of apples, the main agricultural product, to the Syrian Arab Republic has now come to an end. The land and climate are particularly well suited for apple and cherry production, which constitutes 90 per cent of agricultural output.

115. Between 2006 and 2013, approximately a third of the average annual production of 45,000 tonnes of apples was being marketed in the Syrian Arab Republic, at prices significantly higher than those obtained from selling them in Israel. Only 30,000 tonnes were produced in the 2015–16 season, none of which were transported to the Syrian Arab Republic. Syrian farmers received between NIS1.5 and NIS2 per kilogram in Israeli markets, while their cost of production was approximately NIS1.3 per kilogram. The low profitability has led to a decline in farming activity. Whereas two-thirds of Syrian citizens of the occupied Syrian Golan used to be engaged in agricultural activities, now only one third continue to farm their lands. The heavy subsidies that Israeli settlers receive from the Government of Israel mean that a bad season, such as the most recent one, does not affect them in the same way.

116. With restrictions on access to water, and its high price, the 24,500 Syrian citizens cannot compete with the 20,500 Israeli settlers in the occupied Syrian Golan.<sup>13</sup> They pay between NIS4 and NIS5 per cubic metre, while the cost for the settlers is NIS1.5. The allocation for the Syrian farmers is 200 cubic metres per dunam, which is liable to be reduced due to drought, while settlers receive at least 600 to 800 cubic metres, and in practice as much as they require. For many Syrian farmers, traditional agricultural work has become a secondary activity.

117. Over the years, those who studied in Damascus have provided a high level of skills in the occupied Syrian Golan. Medical graduates have found employment and income in health-care facilities throughout northern Israel. Education now has to be sought elsewhere, in technical colleges in Israel or in universities in Europe, but the latter is proving to be increasingly difficult and expensive. Consequently, there is a growing tendency to defer tertiary education in favour of directly entering the labour market with lower skills. There are few options, and most workers enter the construction and hospitality industries. The creation of an industrial zone has been discussed, but specific plans and infrastructure are lacking. Work opportunities outside the villages are to be found either in the settlements or by commuting to Tel Aviv and the northern parts of Israel. In both instances, workers can be vulnerable to the exploitative practices of brokers.

118. Land is still being confiscated by the authorities, either for security purposes or because it is deemed to be abandoned. For the Syrian citizens, land is limited to what is available for natural expansion within communities. The Israeli authorities are offering young married couples the opportunity to rent the land of those Syrians who left in 1967. The conditions are advantageous: US\$13,000 for half a dunam under a 50-year lease with water, electricity and a building permit, whereas purchasing the same quantity of land in the villages, without utilities or permits, costs US\$100,000.

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<sup>13</sup> Population figures as at 31 December 2014 (CBS, 2015).

Accepting to rent this land from the Israeli authorities, however, implies acceptance of the right of Israel to dispose of it. The Syrian citizens of Majdal Shams and the other villages in the occupied Syrian Golan have agreed in these circumstances not to rent land which should eventually be claimed by its original owners. The younger generation has not rented such land yet, but the community is not certain how long this position can be sustained.

119. Construction in Majdal Shams and the other villages continues, mostly without the required permits. Fines for building without permits are high, at NIS200 to NIS300 per square metre, potentially doubling the cost of construction. In addition to cumulative fines, the authorities order alterations to or partial demolition of what has been built. The main reason for Syrian citizens' inability to obtain a building permit is that they have to prove their ownership of the land to the Israeli land authorities, which is often a difficult process.

120. The conflict in the Syrian Arab Republic continues to be acutely felt in the occupied Syrian Golan, where it is inexorably eroding belief in an eventual end to occupation and annexation. Throughout the five years of conflict beyond the separation line, the Syrian citizens have admitted that they have experienced the same divisions as in their home country. Yet the different views are not considered to be so acute as to divide the community. Few young people have applied for an Israeli passport, despite the fact that for many of them, job opportunities lie in the Israeli economy. Israel also tries to foster cooperation between the communities and has increased its investment in the region. Nonetheless, the Syrian citizens state that in face of the occupation, their community remains united.

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## Concluding observations

121. For all practical purposes, the peace process has stopped. A pragmatic multilateral framework is needed to reanimate the negotiations for a two-state solution. A continuation of the peace process is a precondition for job and wealth creation, decent work and social justice for all.

122. Constraints arising from the occupation and separation hamper economic and employment growth prospects. Palestinian economic activity and employment require the full use of land, resources and material inputs in the West Bank, including East Jerusalem. The main obstacle to this is the inability to develop Area C. The Palestinians need unhindered access to internal and international markets.

123. The increase in violence and retaliatory measures in the West Bank has exacerbated the hardship for Palestinian working women and men, whose rights are being further restricted and violated. A tense and volatile situation needs to be defused through mutual respect, dialogue and cooperation.

124. Greater access for Palestinians to work in the Israeli economy is providing some relief in the West Bank, but it is no substitute for permitting the development of the Palestinian economic base. Opportunities in the Israeli labour market, especially in the settlements, carry a growing risk of exploitation, abuse by brokers and violations of fundamental rights at work.

125. Economic and employment growth in Gaza has taken place, but from a very low base, and is now driven solely by the reconstruction effort. Conditions have to be created for rebuilding the productive sectors, which have been decimated by three wars and eight years of siege. Overcoming the Palestinian divide through negotiations is essential for the rebuilding of Gaza to make substantial progress.

126. Palestinian institutions and labour governance continue to be strengthened. The new Law on Social Security should provide protection for private sector workers and encourage employment in this sector. Other initiatives, such as the labour and trade union laws, need to be brought to fruition. The full potential of tripartite cooperation needs to be used for the state-building process. Moreover, significant growth and job creation are possible only if women are better included in economic life.

127. The Syrian citizens of the occupied Syrian Golan are also subject to constraints arising out of occupation, and the current crisis in the Syrian Arab Republic is further limiting their economic and employment options.

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# Annex

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## List of interlocutors

### Palestinian institutions

#### Prime Minister's Office

Rami Hamdallah, Prime Minister

Bashar Jumaa, Chief of Staff

#### Ministry of Labour

Mamoun Abu Shahla, Minister of Labour

Naser Qatami, Deputy Minister

Samer Salameh, Deputy Assistant

Abdel Kareem Daraghme, Deputy Assistant

Bilal Thawabeh, Director-General of Labour Relations

Buthaina Salem, Director-General of Legal Unit

Nazeh Irman, Head of Policy and Projects Unit

Rami Mehdawi, Director-General of Employment

Ra'ed Abu Rouk, Minister's Adviser

Hani Shanti, Head of Public Relations and Media Unit

Murad Harfoush, Director of Media Department

#### Ministry of Foreign Affairs

Omar Awadallah, Multilateral Relations, United Nations and its Specialized Agencies

Majed Bamy, Director, International Treaties Department

#### Palestine Economic Council for Development and Reconstruction (PECDAR)

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

#### Palestinian Central Bureau of Statistics (PCBS)

Suha Kanaan, Director of Labour Statistics

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

#### Palestine Monetary Authority (PMA)

Shehadah Deeb Hussein, Deputy Governor

Riyad Abu Shehadeh, Governor's Assistant for Financial Stability, Supervisor of Banks

Mohammed Aref, Chief of Forecasting and Modeling Division, Research and Monetary Policies Department

**Palestinian Pension Agency (PPA)**

Ahmed Majdalani, Chairman of the Board of PPA, Acting Chair of Social Security National Team, Member of Executive Committee of PLO, and Chief of Political Party

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

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

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

**National Committee for Women's Employment (NCWE)**

Shantella Assi, Director of Development and Gender Mainstreaming Unit, Ministry of Labour

Abeer Al Barghouti, Director of Monitoring and Auditing Unit, Ministry of Labour

Jihad Jarayseh, Director of Gender Unit, Ministry of National Economy

Nariman Awad, Director of Gender Unit, Ministry of Information

Taghreed Kishek, Member of Board of Directors, Women's Affairs Forum

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

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

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

Ayman Abdul Majeed, Researcher, BirZeit University

Luna Ereikat, Head of Advocacy and Documentation Unit, Women's Center for Legal Aid and Counselling

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

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

Shaher Sae'd, Secretary-General

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

Ayshe Hmouda, Secretary of Gender Unit

Mahmoud Abu Odeh, Member of Executive Committee, Secretary of Legal Department

Nasser Yonis, Member of General Secretariat

Bayer Saeed Bayer, Member of General Secretariat

Hussain Fuqaha, Member of General Secretariat, Secretary of Agriculture and Industrial Food Union

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

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

Mohammad Sa'adi Hillis, Member of General Secretariat, Deputy Head of Building and Wood Workers' Union

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

Bashir Al-Sesi, Member of General Secretariat, President of Public Services General Union

Salameh Abu Zeiter, Member of General Secretariat, Deputy Head of Health Services General Union

Wael Khalaf, Member of General Secretariat

Zaki Khalil, Member of General Secretariat, Deputy Head of Textile General Union

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

Khalil Rizq, Chairman of the Board of Directors for FPCCIA, President of Ramallah Chamber

Jamal Jawabreh, Secretary-General

Akram Hijazi, Public Relations Manager

Ali Muhanna, Director of Planning and SMEs Department

***South Hebron Chamber***

Jalal Makharza, Chairman of the Board

***Bethlehem Chamber***

Mageda Salsa'a, Member of the Board of Directors of FPCCIA

***Nablus Chamber***

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

***Ramallah Chamber***

Iman Wadi, Member of the Board of Directors of FPCCIA

***Jerusalem Chamber***

Fadi Hidmi, Director General

***Gaza Chamber***

Walid Al Hosary, President

Bader Sabra, Deputy President

Mohammad Awad, Public Relations Coordinator

Ameen Al Moghni, Administrative Officer

***Khan Younis Chamber***

Amer Al Najjar, President

Loai Alaqqad, Treasurer

***Rafah Chamber***

Abdel Kareem Abed Elal, President

Haitham Abu Taha, Deputy President

Bassam Zanoun, Treasurer

Sami Fojo, Head of Control Committee

***North Gaza Chamber***

Mohammad Mohammad Abu Wardah, President

Imad Al Ghoul, Director

Baha' Al Amawi, Director of Public Relations

***Middle Gaza Chamber***

Abed Alsalam Elmassry, Vice Chairman

Mohammad Eliyan Eltelbani, President

Issa Abu Rabei, Director

**Business Women Forum**

Do'a Wadi, Executive Director

**Palestine Trade Center (PalTrade)**

Hanan Taha-Rayyan, Chief Executive Officer

**Metal and Engineering Industrial Union, Gaza**

Fouad Al Samneh, President

**Palestinian Contractors Union**

Marwan Jom'a, President, West Bank and Gaza

Mohammad Al Hussein, Executive Director – Gaza

Hashem Skaik, Secretary – Gaza

**Palestine Development and Investment Company (PADICO)**

Samir Hulileh, Chief Executive Officer

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

Mahdi Abdul Hadi, President

**Al-Haq, Ramallah**

Tahseen Elayyan, Head of Monitoring and Documentation Department

Zahi Jaradat, Field Research Coordinator

Ashraf Abu Hayyeh, Lawyer

**Independent Commission for Human Rights, Ramallah**

Ammar Dwaik, General Director

Anan Quzmar, International Relations and Program Development Officer

Aisheh Ahmad, Legal Researcher

**Center 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 Zakoot, General Director

**Women's Affairs Center – Gaza**

Amal Syam, Director

**Field Visit – Old City Jerusalem**

Omar Alsenjlawi, Business owner

Salah Al-Halhouli, Owner of clothes shop

Saeed Al-Salhi, Shop owner

Alfred Ra'd, Souvenir shop owner and Member of Association of Souvenirs

Jawad Abu Omar, Member of Association of Souvenirs

Ghassan Abdeen, Souvenir shop owner and Member of Association of Souvenirs

Ziad Hashemeh, Shop owner

Raed Saadeh, Jerusalem Tourism Cluster, Hotel owner and member of the Arab Hotel Association

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

Avner Amrani, Senior Research Director, Labour Relations Division

**Ministry of Foreign Affairs**

Daniel Meron, Head of Bureau, Division of the United Nations and International Organizations

Zvi Tal, Director, International Organizations, Specialized Agencies and Global Issues Department

Tania Berg-Rafaeli, Counsellor, International Organizations, Specialized Agencies and Global Issues Department

Amir Weissbrod, Head, Middle East Bureau, Centre for Political Research

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

Col. Hatib Mansour, Head, Civil Department

Lt. Col. Yair Maman, Head, Economic Branch

Lt. Col. Yoav Bistrisky, Head, International Branch

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

Shoshana Strauss, Senior Deputy to the Legal Adviser

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

Avraham Yehezkel, Chairman, Organization and Labour Councils Department

Avital Shapira-Shabirow, Director, International Department

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

**Manufacturers' Association of Israel**

Uri Rubin, Chairman, Labour Committee

Isaac Gurvich, Deputy General Director and Chief Financial Officer, Israel Builders Association

Ofer Yohanonof, Director, Labour Law Department, Legal Adviser

Itai Nakash, Policy Manager, Division of Foreign Trade and International Relations

Doron Kempler, Head of Labour and Human Resources Division

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

Sylvia Piterman, Volunteer

**WAC-Maan – Workers Advice Center**

Yoav Tamir, Branch Secretary

**United Nations and international organizations**

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

Robert Piper, Deputy Special Coordinator and United Nations Resident/Humanitarian Coordinator

Loris Elqura, Coordination Officer

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

David Carden, Head of Office

Ray Dolphin, Researcher

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

Bo Schack, Director of UNRWA Operations, Gaza

Lance Bartholomeusz, Acting Director of UNRWA Operations, West Bank

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

James Heenan, Head of Office

**Food and Agriculture Organization of the United Nations**

Azzam Saleh Ayasa, Head of Programme

**International Monetary Fund, West Bank and Gaza**

Ragnar Gudmundsson, Resident Representative for West Bank and Gaza

**The World Bank, West Bank and Gaza Country Office**

Mark Ahern, Program Leader for Governance and Jobs

**Occupied Syrian Golan**

Majd Kamal Kanj Abu Saleh, Lawyer

Salah Eldin Al Moghrabi, President of Beir Al Hadid Society

Said Farhan Farhat, Head of Apple Marketing Committee

Thaer Abu Saleh, Head of college

Kanj Sleiman Abu Saleh, Farmer

Daniel Abu Saleh, Farmer

Taiseer Maray, General Director, Golan for Development of the Arab Villages, and Al Maghariq Association

## Other meetings

### Arab Labour Organization

Faiez Al-Mutairi, Director-General

Reda Qaysouma, Director, Human Resources Development and Employment Department

Dina Saeed, Personal Assistant to the Director-General