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**Report of the Director-General**

**Appendix**

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

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## Preface

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In accordance with the mandate given by the International Labour Conference this year, I again sent a high-level mission to report on the situation of workers of the occupied Arab territories. As in the past, the mission visited the occupied Arab territories and Israel. However, this time it did not visit the Syrian Arab Republic.

The mission held in-depth discussions with representatives of the Palestinian Authority and the Government of Israel, employers' and workers' organizations in the Occupied Palestinian Territory, social partners in Israel, Syrian citizens of the occupied Syrian Golan, and representatives of the United Nations and international and non-governmental organizations. They have all provided information which has guided the preparation of this Report. I am grateful for this cooperation, which reaffirms the broad support for the values embodied by the ILO.

As always, the mission has conducted its fact finding and assessment with a deep sense of commitment and impartiality.

The information obtained by the mission shows that the situation on the ground is extremely worrying. The position of working women and men throughout the occupied Arab territories remains precarious. For various reasons, last year's expectations that significant political steps forward could be taken, which would have consolidated confidence and boosted economic activity, were not borne out. The peace process is at a standstill more than at any time since the Oslo Accords.

This is due to a particularly damaging combination of political intransigence, the incapacity of outside actors to assist the parties or effectively exercise influence on them, volatility in the region, and the elusiveness of Palestinian reconciliation. Furthermore, the response by international cooperation partners has been weaker than before and is a cause for serious concern. This further undermines the already daunting task of ensuring a basic level of subsistence for a large share of the people, let alone the capacity to support the few positive indicators there are.

Yet, against the odds, there have been some advances. Economic growth in the Occupied Palestinian Territory continued in 2011, and unemployment declined to a certain extent, notably in Gaza, albeit without the support of a genuinely healthy and sustainable recovery. The participation of women in the labour market continues to grow and their call for empowerment is getting stronger. Young people, whose employment and aspirations are key for the future, continue to assert themselves, and their voice is increasingly heard in Palestinian society.

The overall framework, however, remains grim – primarily because of the realities of the occupation and unabated expansion of settlements. Last year, I emphasized that the narrow security logic of the occupying power needed to be replaced by a development and peace logic based on a long-term vision of the economic, employment and human security interests of all women and men in both the occupied Arab territories and Israel. Real improvement, which serves peace and secures the future of the workers

and enterprises in the currently occupied Arab territories, is possible only by ending the separation and removing the physical and psychological obstacles to movement and economic activity. There is no viable or just alternative to ending the occupation.

The current political stalemate increases the risk that the evolving facts on the ground seriously diminish the scope for a negotiated two-State solution. There are now 500,000 Israeli settlers in the West Bank, a number which has doubled since the signing of the Oslo Accords in 1993.

Nowhere is this trend clearer than in Area C of the West Bank, which is to be an essential part of a Palestinian State. This area continues to be under full Israeli control, with Palestinians denied access to their livelihoods and to one another. The system of separation this has brought about is compounded by the reduction of space for the Palestinians in East Jerusalem and the continuing increase in settlement activity and presence in the vicinity of Palestinian population centres. The growing number of violent incidents underlines how precarious the situation is.

The existence and viability of a fully functioning Palestinian State are in jeopardy if no political solution is in sight, if the heavy military and economic occupation becomes even more severe, and if the settlement economy becomes further integrated into the Israeli economy.

Although some limitations on the movement of people and goods have been lifted, Gaza still continues to be blocked, with relief coming mainly through the corrupting tunnel trade and diminishing humanitarian aid. The economy of Gaza threatens to become even more distorted as it remains cut off from its natural markets and constrained by a myriad of restrictions. It is of special concern that the reduction in support by international partners has hit, in particular, United Nations programmes for the creation and maintenance of jobs.

The rest of the world has not only the right but also the responsibility to express its concern, to exercise its authority, to use all available channels to unblock the stalemate and step up its assistance to Palestine. The call for all parties to work together constructively must continue to be loud and clear. The logic of cooperation must apply to relations between Israel and the Palestinian Authority, to the daily work and life of the people concerned, and to the Palestinian leadership issues, which must be settled with full respect for democracy and the will of the citizens of the future Palestinian State. The aim of Palestinian reconciliation is being pursued, and it should be encouraged by all.

The process of building a Palestinian State continues even in the face of the disappointments and adversity on the ground, including economic and financial difficulties. This process has symbolic, political, practical, economic and security value. It not only builds the confidence that is critical to Palestinian national development; it is critical to the viability of the urgently needed two-State solution.

For working women and men and their families, it is of the utmost importance that this process should encompass institutions and policies for job creation, social dialogue, gender equality, social security and fair incomes. The solutions have to be realistic and pragmatic, and they call for adequate tripartite cooperation. Further work will be carried out on labour law, in line with fundamental principles and rights at work and international labour standards.

It is encouraging that Prime Minister Salam Fayyad again emphasized to the ILO mission the strategic role of social and labour issues in the process of building a Palestinian State. In the reports I have submitted to the Conference over the last years, the strengthening of the social dimension has been increasingly highlighted. This should

also help the Palestinian constituents and the ILO to develop further concrete projects and programmes.

The persistence in advancing State building is one of the rays of hope in an otherwise dark outlook. Another element of hope is provided by the changes towards democracy and greater openness in the Arab world. These changes show that people everywhere are ready to act to exercise sufficient control over their lives and futures, and they are increasingly questioning their leaders on multiple issues.

Underpinning this Report is my deep personal respect and admiration for the struggle of the Palestinian people. I am certain that soon the tide of history will turn in their favour and they will realize their legitimate aspiration to which they are entitled: to live and work in dignity and security in a viable and fully functioning Palestinian State.

I once more wish to express my solidarity for the decades-long suffering of many generations of Palestinian families who have endured the oppression of occupation with enormous courage and self-respect. When the day of liberation comes – as it will – the Palestinian people, with their heads high and their dignity intact, will prove to the world that the struggle for fundamental rights can ultimately prevail even against obstacles which sometimes seem insurmountable.

May 2012

Juan Somavia  
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 (ILC) 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 (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 guided by the resolutions adopted by the ILC, as well as the principles laid down in the relevant international labour standards and those enunciated by the supervisory bodies of the ILO.
3. In examining all the issues involved, both during the mission and in the preparation of this Report, the Director-General's representatives bore in mind, as they have consistently 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), of which Israel is a co-signatory. The mission was guided by the relevant resolutions of the UN General Assembly and the Security Council, including Security Council Resolutions 242 (1967), 338 (1973), 497 (1981), 1397 (2002), 1515 (2003), 1850 (2008) and 1860 (2009). It was also mindful of the Advisory Opinion of 9 July 2004 of the International Court of Justice (ICJ, 2004).
4. The Director-General entrusted Kari Tapiola, as his Special Representative, Tariq Haq, Research Economist in the Economic and Labour Market Analysis Department, Martin Oelz, Legal Specialist in the Conditions of Work and Employment Programme, and Shauna Olney, Coordinator, Equality Team in the International Labour Standards Department, with the mission, which took place from 23 to 31 March 2012.

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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.

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

5. Owing to United Nations security restrictions, the Director-General's Special Representative could not visit the Syrian Arab Republic this year for consultations with the Syrian Government and with workers' and employers' organizations. Instead, written comments incorporating the views of the workers' and employers' organizations were received from the Syrian Government.

6. In the course of the mission, the Director-General's representatives held numerous discussions and meetings 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 (NGOs), 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 most grateful to all the parties involved, and wishes to acknowledge that his representatives enjoyed the full cooperation of all parties, both Arab and Israeli, as well as of the representatives of organizations of the United Nations system, in obtaining the factual information on which this Report is based. The written submissions received from the Governments of Israel, the Palestinian Authority and the Syrian Arab Republic, the Arab Labour Organization and the International Confederation of Arab Trade Unions (ICATU) are acknowledged with thanks.

8. In addition to data, studies and reports available in the public domain, this Report takes account of written and oral information obtained on the spot by the mission. Information obtained orally from the mission's various interlocutors was considered in a particularly 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 to this Report.



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## 1. Shaken hopes, uncertain prospects

9. When the mission sent by the Director-General visited the occupied Arab territories last year, there was a strong anticipation that something significant would happen towards the end of 2011. Even if the drive for the admission of a Palestinian State to the United Nations were not to be fully successful, there was a distinct expectation that it would prompt new initiatives and action for progress towards a negotiated settlement. In any event, the idea of a game-changer was in the air. Instead, at September's crossroads, as so many times before, hopes were dashed. No concessions were made; the outside world did not find the resolve to exercise credible pressure; and the internal Palestinian divide and lack of intra-Palestinian reconciliation remained marked.

10. By the spring of 2012, the mood has become more sober and morose, with anger reaching an even higher pitch. Since the Oslo Accords, the peace process has never relied on such tenuous initiatives as now. Negotiations between Israel and the Palestinian Authority appear to be almost nonexistent; the process of settlement expansion in the West Bank and East Jerusalem continues unabated; the electoral season in the United States and the economic crisis in Europe have had a paralyzing effect on the key external players; and the volatile and occasionally violent developments in the whole Arab arena have added a considerable layer of uncertainty. Added to this is the halting process of Palestinian reconciliation, with little prospect of a solution in the short term. All of this is compounded by economic uncertainty and stagnation in the areas governed by the Palestinian Authority, as well as falling levels of support from international cooperation partners.

11. In this context, it is of crucial importance that the process of building a future State of Palestine with social dialogue and vibrant civil society institutions has continued. This process is one of the few pieces of good news in the region. It remains a key priority and a necessity, but it is at considerable risk. The lack of any serious progress in negotiations and the ensuing stalemate threaten the political and financial sustainability of the Palestinian Authority. This can undermine all the other aspects of the process of peace through a two-State solution.

12. There has been some economic improvement, which provides a degree of relief to the workers in the Occupied Palestinian Territory and their families. It consists of an increase in gross domestic product (GDP) figures, lower inflation and somewhat better employment indicators, predominantly driven by growth from a very low base in Gaza. Small economies can react quickly to new demand or new opportunities for trade and construction. But short-term good news can hide longer term problems and even exacerbate them, particularly if the outside world reads them as signs of sustainability and a less urgent need for resources for poverty alleviation and the longer term creation of economic activity and jobs. In Gaza, 70 per cent of the population remains dependent on humanitarian aid, and diminishing resources have meant significant cuts in job-creation programmes. Without outside support, poverty rates will grow.

### The great unknown: Arab Awakening

13. Last year, this Report noted that the developments in the Arab world increasingly have to be taken into account. Clearly, they will determine future developments in all of the occupied Arab territories. As last year's Report recalled, the "Arab Spring", or "Arab Awakening", is essentially about social justice and fundamental rights. Yet, while the changes in the Arab region are fundamental and all-encompassing, it is still impossible to calculate their direct effect on the occupied Arab territories and their workers,

including the occupied Syrian Golan. Recent developments in the Syrian Arab Republic, Libya and Yemen also demonstrate how quickly the intransigence of the old order can fuel lethal violence.

14. Major revolutionary processes are measured in years and even decades, not in days or months. However uncertain the future may be, one thing is clear: there is a completely new level of assertiveness among all sectors of society. Young people in particular are increasingly unwilling to accept the prospect of a lifetime of inequality, deprivation and discrimination. They are unemployed and without prospects for the future at an age where they should be entering productive employment and working for their prosperity and that of their families.

15. If young people and others who are able and willing to work cannot claim their rights in a peaceful and legitimate manner, it should not come as a surprise if they seek to do so through more radical means. This is a basic truth which the founders of the ILO recognized a century ago. There is now a stronger determination of the people in the region – and importantly young people – to voice their aspirations and claim their political, economic and social rights. The question is how much space they have to protest, not only against the occupation but also against the shortcomings of a fractured leadership.

16. One can only hope that it remains generally recognized that violent solutions are self-defeating. This should not be a time for violence, even in the face of provocation. Inside the area which should become the Palestinian part of a two-State solution, the recent growth in violence is due to actions by settlers, although violent acts by Palestinians against settlers have also continued to take place. Most of the violence against Palestinians and their property and structures have taken place in the Nablus, Hebron and Ramallah areas. The Palestinians' Land Day action on 30 March 2012 was intended as a peaceful demonstration, but almost predictably culminated in spectacular clashes, injuries and further incomprehension.

## Contradictory visions of facts on the ground

17. While Area C is fundamental to the viability of a future Palestinian state (UNSCO, 2012), only 1 per cent of it is currently allocated for Palestinian development. For those living under the impact of the facts on the ground it continues ominously to look like a separate and profitable economy, which for all practical purposes is an extension of that of Israel. This is an area in which 150,000 Palestinians live; it accounts for 60 per cent of the land mass of the West Bank; and 70 per cent of it is off-limits to Palestinians. Consequently, the increased attention now paid to Area C is more than warranted.

18. There are two contradictory visions of what is happening on the ground, and they are on a collision course. On the one hand, there is an expectation of effective international recognition of a sovereign State for the Palestinians through a two-State solution. On the other hand, settlement activity signals a continued drive to retain and even expand dominance in a way which denies the territorial integrity and ultimately the viability of a new State. In its most recent statement, the Middle East Quartet encouraged cooperation “to facilitate the social and economic development of Area C, which is of critical importance for the viability of a future Palestinian State as well as for its Palestinian inhabitants to be enabled to lead a normal life” (UN, 2012a). Yet today, Area C is still entirely under Israeli control.

19. With the political process stalled, the prospects created by the facts on the ground are alarming. The more settlements there are and the more they expand outside the 1967 borders of Israel, the more difficult it is to envisage a rapid end to this system of separation. It appears that even decisions of the High Court of Justice of Israel on dismantling certain settlements are extremely difficult to enforce. The occupation is a combination of military presence, physical separation and restrictions of movement and economic activity. It is reinforced by ongoing growth of a prosperous separate economy with its own communications and security networks in the area where much of the new State should be.

## Increased division in East Jerusalem

20. If the current trend in East Jerusalem continues, the city is being increasingly closed off and choked by settlement activity, expropriations of buildings and allocation of land which would otherwise be used for living space for purposes such as parks, historical sites or a new tram terminal. Restrictions on the movement of school and university staff have led to falling education levels. Access to housing and basic health and education services has become more limited.

21. The humanitarian emergency in East Jerusalem is increasingly visible and tangible. Tens of thousands of Palestinians in East Jerusalem now live in buildings which lack permits and thus can be demolished at any time. Housing costs are becoming unaffordable. In some neighbourhoods along the Separation Barrier, law enforcement cannot function if Palestinian Authority police are not allowed to enter areas where Israeli law enforcement agencies have ceased to intervene. High youth unemployment and low school enrolment and attendance aggravate tensions and further increase the potential for violence.

## The tunnel route to an unjust economy and society

22. While for the vast majority of the population the persisting conflict is a heavy burden, for others it offers speculative opportunities which are as old as history itself. A telling example is the lucrative activity which fuels growth through the hundreds of tunnels along the southern border of Gaza with Egypt. The tunnel system is regulated by the de facto authorities of Gaza, who receive a considerable share of the benefits. This situation both corrupts business activities in Gaza and keeps the goal of Palestinian reconciliation as elusive as before.

23. The tunnel trade is now at least four times larger than the legal movement of goods through the one available commercial crossing with Israel. An estimated 9,000 workers are involved in the tunnels, which have so far caused some 200 fatal accidents. This black market appears also to have produced a new class of millionaires who in turn stimulate new demand. For instance, the mission was told that hundreds of workers could now easily be retrained for available jobs in the hospitality industry. At the same time, enterprises that have been destroyed physically, or have collapsed because they have lost their markets, are not being rebuilt. Fishers remain idle because Israel imposes a limit of 3 nautical miles while the catch is 8 miles out to sea. An artificial fuel shortage and the ensuing power blackouts have stopped economic activity, more than halved automobile traffic and paralysed schools, further adding to the physical shortcomings of the education system.

24. The few openings there are at the border crossings to and from Gaza appear to primarily benefit a growing number of business people. For all practical purposes, the blockade remains in force. Limitations on access to the border and the closure have laid waste to 35 per cent of Gaza's farming land. The natural markets for Gaza – and, indeed, other occupied territories – are logically in the immediate region. Alternative markets in Europe or elsewhere may have a symbolic value, but they cannot be relied upon for longer term prosperity. The pioneering example of exports from Gaza to the West Bank – 19 truckloads of date bars under the auspices of the United Nations – took more than six months to negotiate.

## Where to go from here?

25. Demographics, the search for balanced economic growth and decent work for all, the common interest in managing resources (including water) and preventing pollution, and the simple necessity of preventing societies from breaking down, of stopping violence and halting physical and moral degradation – all of these continue to point to the urgency of a peaceful negotiated solution. As last year's Report pointed out, the Palestinian economy has reached limits which cannot be overcome without agreement and action on the two major constraints it faces: occupation and separation. Regrettably, the leap of faith that the Report called for in order to achieve a win-win situation has not taken place. The cost of failure is increasingly evident: the result is a lose-lose situation with likely repercussions beyond the immediate parties.

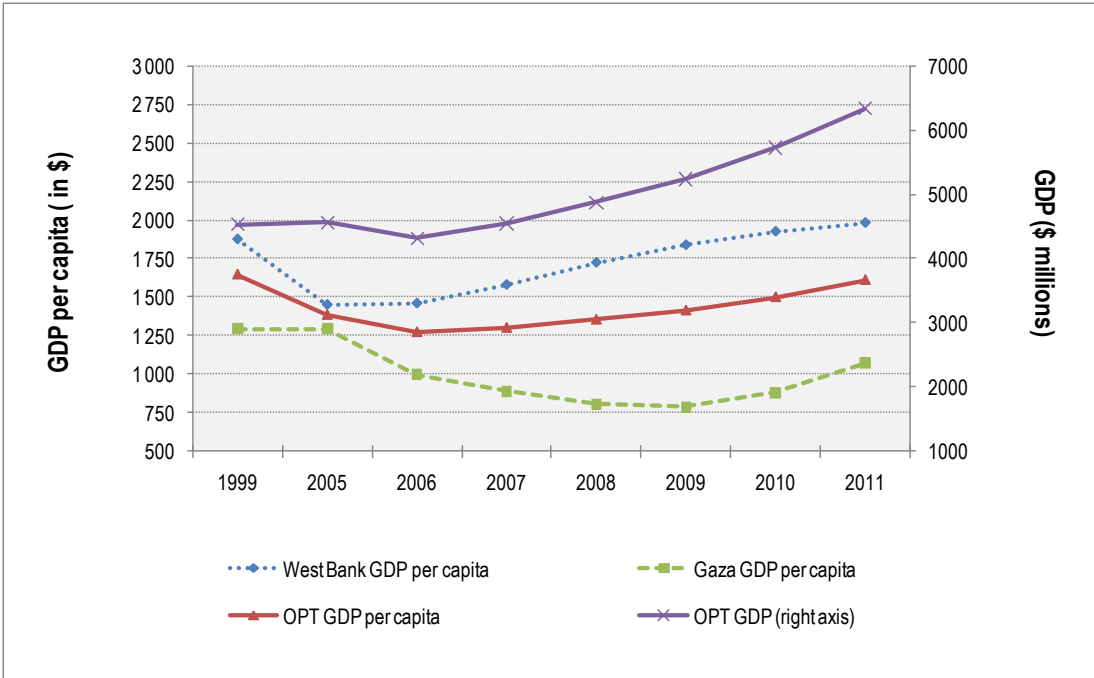
26. There is currently a dangerous paralysis, within and between the direct Israeli and Palestinian partners, and among all those who genuinely support them throughout the world. The stalemate should be brought to an end in a determined and acceptable way, in the best interests of all concerned. This is a region where the rest of the world has never been a mere spectator. It has been a participant, either actively or by failing to act; now it needs to be firm in the face of what the Middle East Quartet calls the increasing fragility of developments on the ground (UN, 2012a).

## 2. Weakening prospects for growth and employment under continued occupation

27. The trend of higher economic growth witnessed in the Occupied Palestinian Territory between 2008 and 2010 continued in 2011, as real GDP grew by 10.7 per cent. This overall figure was significantly boosted by a 26.6 per cent rise in GDP in Gaza. However, this growth is far from indicative of a healthier economy, as it resulted overwhelmingly from a boom in construction activity fuelled by the tunnel economy, combined with an increase in building materials allowed in through Israel for reconstruction projects of international organizations. Moreover, while this figure may appear substantial, it should be noted that it relates to a much degraded base compared to the level prior to the onset of the second intifada that erupted in 2000. In the West Bank, GDP growth was much lower at 5.7 per cent, representing a deceleration from the 8 per cent growth witnessed in 2010.

28. Real GDP per capita also rose in 2011, reaching US\$1,614, approximately 2 per cent lower than its 1999 level, with wide disparities prevailing in per capita income between the West Bank and Gaza. While the level of real GDP per capita in the West Bank (US\$1,981) is marginally higher than what it was in 1999, that of Gaza (US\$1,073) remains more than 17 per cent below where it stood before the second intifada (see figure 2.1). By comparison, per capita GDP in Israel, with which the Occupied Palestinian Territory is bound in a customs union, was 22 per cent higher than its 1999 level and 20 times greater than that of the Occupied Palestinian Territory in 2011.

Figure 2.1. GDP and GDP per capita, 1999–2011, constant 2004 prices

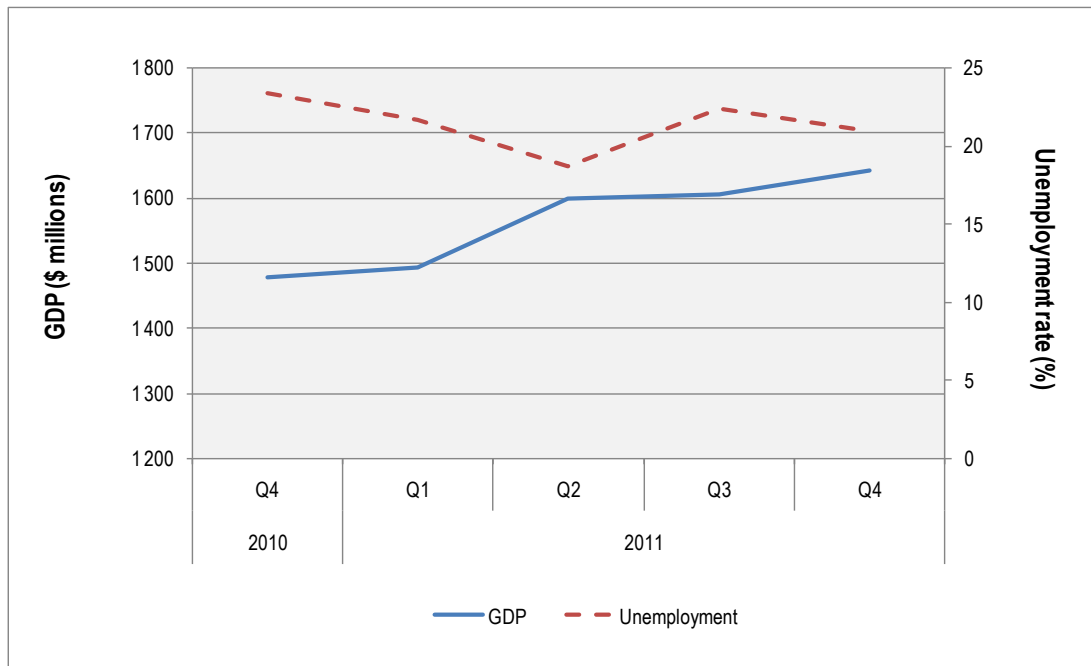


Source: PCBS, National Accounts (various years) (2012a).

29. Overall GDP grew faster in the first half of 2011 than in the second. While an increased inflow of consumer goods and construction materials into Gaza since the latter half of 2010 boosted growth of its construction and services sectors, the relative easing of Israeli-imposed restrictions on movement within the West Bank that was witnessed in

the first half of 2010 has not been supported with further such measures in 2011. The rate of unemployment, which fell in the first half of the year as GDP growth picked up, began to rise again in the third quarter as economic activity levelled out (see figure 2.2). The overall rate of unemployment fell from 23.7 per cent in 2010 to 21 per cent in 2011. It has remained consistently above 20 per cent since 2000, when opportunities to work in Israel were drastically curtailed; the constrained economic growth that has taken place in the Occupied Palestinian Territory over the past five years has failed to produce significantly better labour market prospects for most Palestinians.

**Figure 2.2. Quarterly GDP and unemployment, 2010–11**



Source: PCBS, National Accounts (2012a) and Labour Force Survey (2012b).

30. The Palestinian economy remains heavily dependent on donor aid. In 2011, only two-thirds of the budgeted amount was received.<sup>3</sup> As a result of the global economic slowdown and declining donor support, the Palestinian Authority has accumulated substantial arrears to the private sector. Indeed, with no more room to borrow from the domestic banking system, the Palestinian Authority has had to accelerate its fiscal retrenchment and is currently facing a deep financial crisis. Its ability to sustain salary payments was hampered on two occasions in 2011 when Israel withheld clearance revenues owed to the Palestinian Authority, and is currently under threat in view of the acute fiscal crisis in which it is embroiled. The World Bank highlights the urgent need to identify additional donor funding, pointing out that “failing to support the PA [Palestinian Authority] at this juncture could jeopardize the significant progress that the PA has made in building the institutions of a future state and would undercut its ability to provide basic services to the Palestinian population” (World Bank, 2012, paragraph 11).

<sup>3</sup> The recurrent deficit requirement in 2011 was US\$1 billion, while only US\$0.8 billion was received in direct budget support; in addition, only US\$0.2 billion of the budgeted US\$0.5 billion was provided in development aid (IMF, 2012).

31. The economy continued to be dominated by services in 2011, while the productive sectors of manufacturing and agriculture combined contributed less than one fifth of GDP (see table 2.1). By contrast, in 1994, the two aggregated sectors accounted for over one third of GDP. The decline of manufacturing (not including mining and quarrying) has been particularly acute, as in 2011 it accounted for just 8.6 per cent of GDP, compared to 19.9 per cent in 1994. Sustained restrictions on movement and access to productive resources, as described later in this chapter, have played a central role in the weakening of the Palestinian productive base. On the other hand, the construction sector continues to grow, reaching 11 per cent of GDP and 13.3 per cent of employment in the fourth quarter of 2011, compared to 9.4 per cent and 12.7 per cent respectively a year earlier. Services and commerce account for 55 per cent of total employment, with agriculture increasing its share to 14.4 per cent, from 12.5 per cent a year earlier. The low contribution of agriculture and commerce to GDP, relative to their shares in employment, is indicative of low levels of productivity in these sectors.

**Table 2.1. Sectoral distribution of GDP and employment, fourth quarter, 2011**

	2011 Q4, in %	
	Share in GDP	Share in employment
Agriculture, fishing and forestry	7.5	14.4
Manufacturing, mining and quarrying	11.9	11.3
Construction	11.0	13.3
Commerce, restaurants and hotels	13.6	19.6
Transport, storage and communication	7.3	6.0
Services and other branches	48.7	35.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: PCBS, National Accounts (2012a) and Labour Force Survey (2012b).

## Labour market developments

32. In 2011, the total labour force grew by a sizeable 8.6 per cent from its 2010 level (see table 2.2). The labour force participation rate concurrently increased by 4.4 per cent, from 41.1 per cent in 2010 to 42.9 per cent in 2011. This was composed of a 2.7 per cent increase for men, and a notable 12.8 per cent increase for women. By the fourth quarter of 2011, women's labour force participation had risen to 18.7 per cent, which still is very low by international standards, but nonetheless represents a significant increase from the 13–15 per cent recorded in recent years. This is partly attributable to the general rise in employment in agriculture, which is not necessarily associated with a higher quality of employment for women, as a sizeable proportion of workers are unpaid family members. However, a further consideration stems from the institutional reforms enacted by the Palestine Monetary Authority (PMA). The Credit Bureau established by the PMA was extended in 2011 to cover microfinance institutions, for which the majority of clients are women. The high repayment rates of these microfinance clients automatically translated into high credit ratings. This has allowed banks to extend loans to these clients for the first time, and at interest rates considerably lower than those charged by microfinance institutions. Many women entrepreneurs have thus been able to expand their businesses, taking on additional employees.

**Table 2.2. Labour market indicators, 2010–11**

	2010	2011				2011	2010–11
	Year average	Q1	Q2	Q3	Q4	Year average	% change
Population aged 15+ ('000)	2 376.0	2 432.0	2 455.0	2 477.0	2 500.0	2 466.0	3.8
Labour force ('000)	975.5	997.0	1 048.0	1 081.0	1 111.0	1 059.3	8.6
Employment ('000)	744.3	780.0	852.0	839.0	878.0	837.3	12.5
West Bank	471.3	478.0	517.0	500.0	545.0	510.0	8.2
Gaza	193.5	224.0	251.0	251.0	248.0	243.5	25.8
Israel and settlements	78.5	78.0	84.0	87.0	84.0	83.3	6.1
Unemployment ('000)	231.5	217.0	196.0	242.0	233.0	222.0	-4.1
Labour force participation rate (%)	41.1	41.0	42.7	43.6	44.4	42.9	4.4
<i>Male</i>	66.9	66.7	68.6	70.0	69.5	68.7	2.7
<i>Female</i>	14.7	14.7	16.2	16.7	18.7	16.6	12.8
Unemployment rate (%)	23.7	21.7	18.7	22.4	21.0	21.0	-11.6
<i>Male</i>	23.1	20.5	16.4	20.5	19.3	19.2	-17.0
<i>Female</i>	26.9	27.3	28.6	30.5	27.2	28.4	5.6
West Bank	17.2	17.4	15.4	19.7	16.6	17.3	0.4
<i>Male</i>	16.6	16.3	13.4	18.3	15.5	15.9	-4.4
<i>Female</i>	19.9	21.8	23.3	25.3	20.3	22.7	13.9
Gaza	37.8	30.8	25.6	28.0	30.3	28.7	-24.1
<i>Male</i>	36.1	28.9	22.4	24.9	27.0	25.8	-28.5
<i>Female</i>	47.6	42.1	43.6	43.4	46.4	43.9	-7.8

Source: PCBS, Labour Force Survey, 2010–11 (2012b).

33. Total employment grew by 12.5 per cent in 2011, with the addition of 50,000 jobs in Gaza (a 25.8 per cent increase) and approximately 39,000 in the West Bank (an 8.2 per cent increase), mostly in the construction and agriculture sectors. The resulting employment rate (representing total employment as a percentage of the population aged 15 and over) was 35.1 per cent in the fourth quarter of 2011, compared with 31.8 per cent a year earlier. The employment rate for men was 56.1 per cent in 2011, while that for women was a substantially lower 13.6 per cent, though nonetheless an increase from the 11.8 per cent recorded in the fourth quarter of 2010.

34. Labour flows to Israel and the settlements grew by 6.1 per cent in 2011, to an estimated 83,300 workers. A stringent system of permits and quotas continues to determine legal employment in Israel and lends itself to abuse by contractors and middlemen. According to the Israeli Coordinator of Government Activities in the Territories (COGAT), as at March 2012, 34,250 permits had been issued to Palestinians from the West Bank for work in Israel, and a further 22,955 for work in the settlements (COGAT, 2012). This represents a 13 per cent increase compared to the number of permits issued in 2010. It also constitutes a reversal in the recent trend of increasing the number of permits issued for work in the settlements at a faster rate than those for work in Israel. This reflects the fact that, in the wake of the extensive protests at the cost of living in Israel in the summer of 2011, the Government of Israel committed to significantly expanding the stock of affordable housing. This housing needs to be built,



requiring a higher supply of construction workers. Indeed, the exigencies of the Israeli economy are such that an additional 5,000 permits, mainly for the construction sector, have been approved for 2012. The increase has been welcomed by the Palestinian Authority, which itself is under substantial pressure to curtail its own wage bill.

35. The above figures reveal that an approximate 26,000 people continue to work in Israel without permits, making themselves particularly vulnerable to exploitation and abuse. Unless the absorptive capacity of the Palestinian economy is allowed to grow in a way that will provide decent employment opportunities for Palestinian workers, the appeal of higher incomes will continue to outweigh the cost, time and frequent humiliation associated with crossing the Separation Barrier, as well as the high risk of attempting to do so without a permit, drawing Palestinian workers to the labour market in Israel and in the settlements.

36. Unemployment in the Occupied Palestinian Territory declined by 4.1 per cent in 2011 to 22.2,000 people, resulting in an overall unemployment rate of 21 per cent, compared to 23.7 per cent in 2010, primarily due to a reduction in the unemployment rate in Gaza from 37.8 to 28.7 per cent, while the rate in the West Bank was virtually unchanged. The total unemployment rate was 19.2 per cent for men, but 28.4 per cent for women. Whereas the unemployment rate for women in Gaza declined from 47.6 to 43.9 per cent, which is still extremely high, it actually increased in the West Bank, from 19.9 to 22.7 per cent.

#### **Box 2.1 Youth employment in the Occupied Palestinian Territory**

The youth population in the Occupied Palestinian Territory is sizeable and growing rapidly. In 2010, 41.3 per cent of the total population, or 1.67 million people, were under the age of 15 (PCBS, 2011). Young people aged 15–29 account for a further 29.6 per cent, so that 71 per cent of the Palestinian population is currently under the age of 30.

In 2011, 28.5 per cent of the youth population aged 15–24 participated in the labour force, accounting for nearly 47 per cent of young men, but not even 10 per cent of young women. Labour force participation rates were higher in the West Bank than in Gaza, where far fewer productive employment opportunities exist.

Of those 15- to 24-year-olds in the labour force, 32.2 per cent of young men and 53.5 per cent of young women were unemployed in 2011, amounting to an aggregate youth unemployment rate of 35.7 per cent, 1.7 times higher than the overall unemployment rate in the Occupied Palestinian Territory. The situation is most pronounced in Gaza, where approximately 46 per cent of young men and a staggering 78 per cent of young women were unemployed.

Just over three quarters of those not in the labour force were studying. What is worrying is the 17 per cent of young people in this age bracket who are neither in the labour force nor studying, including 28 per cent of young women. This represents a loss of valuable economic potential, as the huge gains made by young women in education fail to translate into gains in the labour market.

The military occupation greatly restrains mobility, limiting employment prospects for Palestinian youth. In the West Bank, young people below the age of 26 who are not married do not have the option to obtain work permits to work in Israel. With the Palestinian Authority under pressure to curtail new hiring, young people are dependent upon a constrained private sector. Future employment is clearly one of the biggest concerns facing Palestinian youth, and many are beginning to take matters into their own hands by collectively organizing in local and national youth councils and engaging in community development, creating their own links to the world of work.

<b>Youth (aged 15–24) labour market indicators, 2010–11</b>				
	2010	2011		
	Total	Total	Male	Female
Youth labour force participation rate (%)	25.8	28.5	46.6	9.7
West Bank	29.1	31.9	51.8	11.0
Gaza	20.4	23.2	38.1	7.7
Youth unemployment rate (%)	38.8	35.7	32.2	53.5
West Bank	28.2	28.8	26.0	42.7
Gaza	63.4	51.0	45.7	78.1
Youth outside labour force (%)	74.2	71.5	53.4	90.3
In education (%)	55.1	54.2	46.7	61.9
Not in education (%)	19.1	17.3	6.7	28.4

Source: PCBS, Labour Force Survey Database, 2010–11.

In Gaza, while demand increased for construction workers in 2011, the demand for young graduates was notably low. Some information technology (IT) graduates were able to find jobs or start their own businesses from their homes, requiring little by way of capital investment, but the majority remain unemployed. Arts and humanities graduates have even fewer opportunities to utilize their accumulated knowledge and skills, with many reportedly turning to the construction sector (without the requisite skills) or emergency job creation programmes, such as that of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), which itself had to scale back by 75 per cent towards the end of 2011 in the face of severe funding shortfalls (UNRWA, 2012). There is a huge dearth in sustainable employment opportunities for Gaza's youth, and young graduates in particular, keeping most young women out of the labour market and forcing many young men to seek hazardous work in the informal tunnel economy.

This situation points to an overarching need to create the necessary conditions to allow the growth of a vibrant and sustainable private sector. In parallel, there is a need for large-scale investment in specifically targeted active labour market policies and programmes to support vocational training, employment guidance and business development for Palestinian youth.

37. The most recent available poverty data for the Occupied Palestinian Territory show that total poverty, calculated using consumption data based on a budget of basic needs expenditures, was 25.7 per cent in 2010, comprised of 18.3 per cent in the West Bank and 38 per cent in Gaza (PCBS, 2011b). Moreover, deep poverty affected 14.1 per cent of individuals in the Occupied Palestinian Territory, 8.8 per cent in the West Bank and 23 per cent in Gaza. The incidence of poverty is higher in female-headed households (29.8 per cent) than in male-headed households (25.5 per cent) (ibid.). By enabling more consumption, social assistance has reduced these poverty rates by almost 17 per cent from what they would otherwise be. Donor aid has played a critical role in moderating poverty, but with reductions in this support poverty rates are likely to rise.

## Prices and wages

38. The rate of inflation in the Occupied Palestinian Territory fell slightly to 2.88 per cent in 2011, compared to 3.75 per cent in 2010, as measured by the Palestinian Consumer Price Index (PCBS, 2011c and 2012c). Price increases were highest in the categories of alcohol and tobacco (6.22 per cent), restaurants and hotels (5.89 per cent), transportation (4.78 per cent) and clothing (4.6 per cent). Inflation was higher in East

Jerusalem (4.13 per cent) and the West Bank (3.54 per cent) than in Gaza (0.57 per cent). The lower rate in Gaza is explained by an accelerated influx of consumer goods entering from Israel through Kerem Shalom, in addition to cheap imports through the illegal tunnels under Rafah, preventing a return to the supply bottlenecks experienced less than two years earlier.

39. In Gaza, average daily wages in 2011 were slightly higher than in 2010, though still considerably lower than those in the West Bank. Real public sector wages in Gaza were 6.4 per cent higher than in 2010 (see table 2.3). In the West Bank, nominal average daily wages in the public sector and for work in Israel and the settlements were slightly higher in 2011 than in 2010. However, private sector wages were lower in 2011 both in nominal terms (78.6 new Israeli shekels (NIS) in 2011 compared to NIS81.4 in 2010) and in real terms, by 6.7 per cent. Moreover, there is a wide gender wage gap in the Occupied Palestinian Territory; the average daily wages earned by women amounted to only 84 per cent of those earned by men in 2011 (PCBS, 2012d). The real wage for work in Israel and the settlements fell by 0.8 per cent from its 2010 level, but the average daily wage was nonetheless more than double that earned in the West Bank private sector. Indeed, the recently adopted collective bargaining agreement in the construction sector in Israel has set a new minimum wage of NIS5,000 per month, making it a financially attractive prospect for Palestinian workers in the absence of well-remunerated employment opportunities in the West Bank. While a potential Palestinian national minimum wage (see Chapter 4) would clearly not be able to reach a comparable level, if it is adequately enforced it could act as an incentive to work in the local economy (taking into account the considerable time and cost entailed in travelling to work in Israel and the settlements), reduce the gender wage gap and establish a basic social floor for the most vulnerable in society.

**Table 2.3. Nominal and real average wages and prices, 2011**

	West Bank	Gaza
Average daily wage (NIS), 2011		
Public sector	94.30	79.10
Private sector	78.60	42.30
Israel and settlements	162.20	–
Real wage change 2010–11 (%)		
Public sector	0.50	6.40
Private sector	–6.70	1.10
Israel and settlements	–0.80	–
2011 Consumer Price Index (%)	3.54	0.57

Source: PCBS, Labour Force Survey, 2010–11 (2012a) and consumer price index data (2012c).

### Limited access to productive resources in the West Bank

40. Restrictions on movement and access to productive resources and markets continue to define daily life and economic development in the West Bank. Movement restrictions take the form of checkpoints, roadblocks, metal gates, earth mounds and trenches, in addition to the West Bank Separation Barrier. Such physical obstacles are reinforced by intricate administrative controls, including a complex and opaque system of permits. The first half of 2010 witnessed a relative easing of closure obstacles within the West Bank,

which had fallen from approximately 630 to 505 by July 2010. However, there has been no further subsequent easing, with 523 obstacles to movement (not including the Separation Barrier checkpoints) recorded in December 2011, of which 62 were permanently staffed checkpoints (OCHA, 2012a). An additional monthly average of 495 ad hoc “flying” checkpoints was registered in 2011, compared to 351 in the previous two years. Furthermore, the old city of Hebron (H2 zone)<sup>4</sup> contained another 122 checkpoints and other obstacles that are not included in the above counts, shutting it off from the rest of the city (OCHA, 2011a).

41. The dismantling of some of the closure infrastructure in 2010 generally eased movement between Palestinian cities; however, certain movement control mechanisms have been further entrenched. These include certain checkpoints as well as the expansion of an alternative “fabric of life” road network for Palestinians, geared towards achieving transportation contiguity rather than territorial continuity and contributing to the disruption of traditional routes, further land loss and the ongoing fragmentation of the West Bank. In parallel, there was a marked tightening of access to the “seam zone” between the Separation Barrier and the 1949 Armistice Line (the “Green Line”), as well as to East Jerusalem, where Palestinians holding West Bank identity cards and the appropriate entry permits to East Jerusalem can use only four of the 16 checkpoints along the Separation Barrier. Palestinian access to land and use of space in the West Bank, particularly in Area C, which covers 60 per cent of the West Bank, remains severely constrained.

42. The Separation Barrier, projected to extend a total length of 708 km, was 62 per cent complete as of September 2011, with 80 per cent of its trajectory built inside the West Bank (OCHA, 2011a).<sup>5</sup> It isolates 10 per cent of the West Bank land mass from the rest of the West Bank, including much fertile agricultural land and water resources, as well as East Jerusalem. The governorate of Tulkarem, in the northern West Bank, has been particularly adversely affected by the construction of the Barrier, which has divided numerous villages, severed agricultural lands and curtailed trade with traditional markets in the seam zone and in Israel. The local economy has been stifled by the Barrier and, with very limited capacity to create new jobs, the unemployment rate of 22.1 per cent in Tulkarem governorate is one of the highest in the West Bank, matched only by neighbouring Qalqilya, which faces similar constraints.

43. The village of Nazlet Issa, in Tulkarem governorate, lost several thousand dunams<sup>6</sup> of land as a result of the construction of the Barrier through the village. Four houses were demolished to construct the Barrier, and six houses ended up in the seam zone.<sup>7</sup> Prior to the construction of the Barrier, the marketplace of Nazlet Issa consisted of over 500 small businesses, employing approximately 1,500 people. Of these

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<sup>4</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, in the midst of 35,000 Palestinians (and roughly 180,000 Palestinians in Hebron City as a whole). These settlers are protected by 1,500 Israeli military troops.

<sup>5</sup> The Advisory Opinion of the International Court of Justice (ICJ, 2004) delivered on 9 July 2004 on the Barrier called for an immediate cessation and reversal of construction activity and reparations for all damage caused. This was supported by a subsequent United Nations General Assembly resolution, A/RES/ES-10/15 of 20 July 2004.

<sup>6</sup> One dunam equals 0.1 hectare.

<sup>7</sup> The Barrier’s isolation of these six houses resulted in 62 people in six extended families requiring special permits to access the rest of the village through a specific gate that only opens between the hours of 6 a.m. and 10 p.m.

enterprises, 225 were destroyed to build the Barrier and most of the remaining ones closed down, as a sizeable proportion of their business came from neighbouring villages and nearby Arab Israeli towns, which were subsequently cut off from Nazlet Issa.

44. Landowners and agricultural workers have suffered as well. Permits are required to cross an agricultural gate that allows access to land in the seam zone; however, the rules concerning the issuing of permits appear to have tightened over the past year. Permits are granted only to registered landowners and their officially documented direct heirs, and not to other family members or additional workers, which poses a particular problem for older farmers. The permits may in principle be given for any period between ten days (for the olive harvest) and a maximum of two years. In practice, they tend to be issued for no more than three to six months, with no guarantee of either renewal or the duration of future permits. Further complexities arise as additional special permits are required to take any equipment across the agricultural gates, which in turn have very limited and irregular opening hours, making productive use of the land difficult.

45. In addition to the impact on the traders and farmers of Nazlet Issa, many families have also been separated from relatives and livelihoods in other villages in the seam zone, as well as from their previous jobs in the Israeli labour market. With few income-generating prospects left in the village, unemployment is high. Many of the younger generation are choosing to relocate to Ramallah or even to migrate abroad in order to seek work.

46. Access to land is not just a problem for communities around the Separation Barrier; Area C, in which 150,000 Palestinians live, accounts for 60 per cent of the West Bank's land mass, yet Palestinian construction remains prohibited in 70 per cent of it, which is declared by the Israeli military as closed or restricted zones and is scattered with Israeli settlements. Twenty-nine per cent of the land is heavily restricted, and less than 1 per cent of Area C has been planned for Palestinian development by the Israeli Civil Administration. In 2011, the latter body approved 119 development projects in Area C (COGAT, 2012), which is a welcome step, although project approval in Area C reportedly remains a highly bureaucratic and lengthy process, with a very low overall success rate. On the other hand, 2011 witnessed a sharp increase in demolitions in Area C, amounting to 560 Palestinian structures, with a further 97 demolished in the first two months of 2012 (OCHA, 2012a). Eighty-seven per cent of the Jordan Valley is designated as Area C, practically all of it prohibited for Palestinian use (OCHA, 2012b); much of the region's fertile agricultural land is instead exploited by Israeli settlers. Indeed, Israeli settlements in the Jordan Valley house profitable large-scale agricultural establishments engaged in intensive cultivation that yields produce worth NIS500 million a year for domestic consumption and export (B'Tselem, 2011a).

47. Control over land also determines possibilities of exploitation of natural resources. A petition challenging the legality of the operations of ten Israeli-owned quarries in Area C of the West Bank was rejected by the Israeli High Court of Justice in December 2011. Some 94 per cent of the production of these quarries is being taken from the West Bank for use in Israel (OCHA, 2012c).

48. Access to water as a productive resource is an additional constraint to Palestinian livelihoods. The transboundary aquifers under the West Bank, collectively known as the Mountain Aquifer, are the sole source of water available for Palestinians' domestic and agricultural needs in the West Bank. In practice, Israel substantially over-extracts on the allocations agreed in the Oslo Accords, and is thus estimated to use approximately 86 per cent of the total water extracted from the aquifer, compared to under 14 per cent

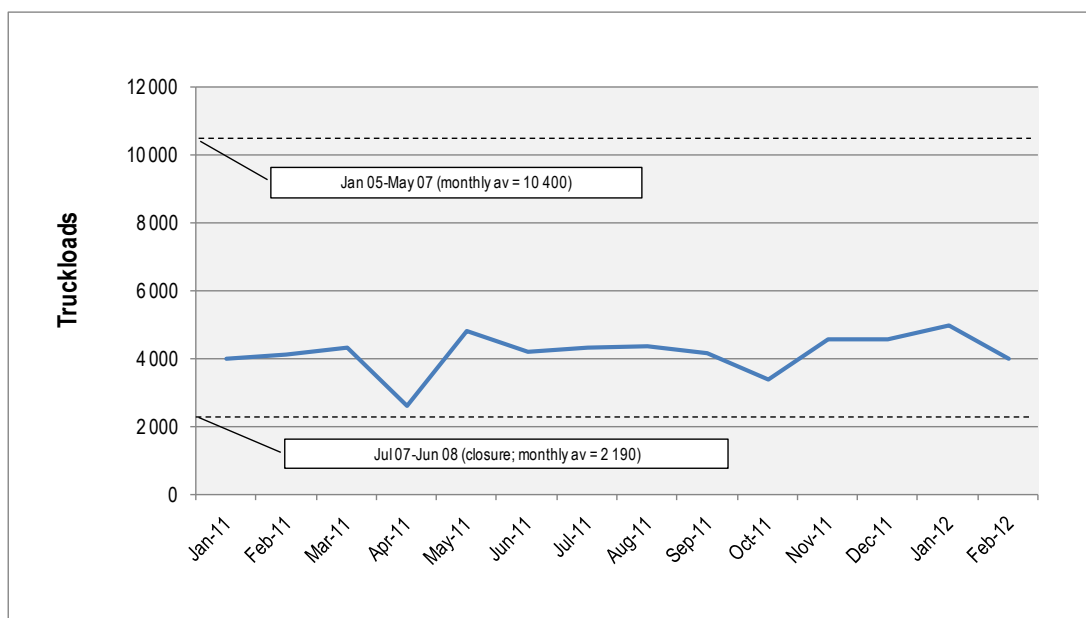
by Palestinians (World Bank, 2009; OCHA, 2012d). This results in a deficit of water available to Palestinians,<sup>8</sup> limiting productivity gains in agriculture.

## Gaza’s degeneration into a smugglers’ economy

49. The siege of Gaza that started in July 2007 remains in effect. Israel retains tight control over Gaza’s borders, sea and air space, while movement of people and goods into and out of Gaza remains heavily restricted. The Government of Israel has continued the policy it adopted in June 2010 to permit the entry of goods other than those that feature on an extended “dual use” prohibited list, and in 2011 expanded this policy to allow in building materials designated solely for construction projects being executed by international organizations. Kerem Shalom crossing is the only functioning commercial access point, so all legitimate entry and exit of goods to and from Gaza is dependent upon it being open at any given time.

50. Located at the southern tip of Gaza, this crossing point involves higher transportation costs, as trucks have further to travel than to the other, closed crossings. The capacity of Kerem Shalom was increased in 2011 to be able to handle up to 450 truckloads (incoming and outgoing) per day, but it operates at less than half this capacity in practice. Moreover, even at full capacity, this would represent substantially lower trade volume than that prior to the blockade, when several commercial crossing points were operational. Figure 2.3 shows that in 2011, monthly incoming truckloads fluctuated somewhat, averaging around 4,100, an increase from the 2010 monthly average of approximately 3,300, but clearly substantially below the pre-siege level.

**Figure 2.3. Gaza imports: Average monthly truckloads, 2011–12**

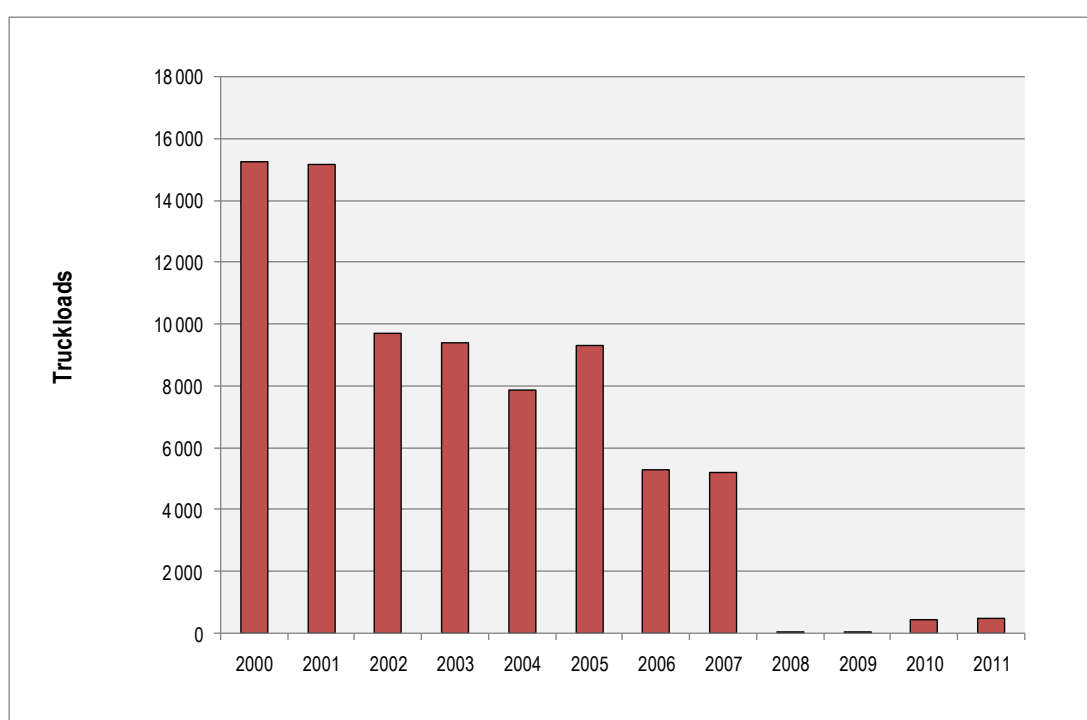


Source: OCHA (2012e); PalTrade (2010).

<sup>8</sup> Palestinian average domestic water consumption of 70 litres per capita per day (lcd) falls below the World Health Organization standard of 100 lcd, and substantially below the 300 lcd consumed by Israelis, including those in West Bank settlements (OCHA, 2012d).

51. Despite measures agreed between the Quartet Representative and the Government of Israel in February 2011 to relax Gaza's export restrictions by allowing textiles, furniture and agricultural products to be exported to international markets (but not to Israel or the West Bank – traditionally the key markets for Gazan exporters), a mere trickle of 459 truckloads of agricultural products left Gaza through Kerem Shalom in 2011. By comparison, the November 2005 Agreement on Movement and Access (AMA) called for a *daily* flow of 400 truckloads of exports, a figure that was never subsequently reached. The high costs and lengthy time associated with exporting through Kerem Shalom render Gazan produce uncompetitive in international markets. Figure 2.4 shows the decline of exports from Gaza since the start of the second intifada, through to their near elimination.

**Figure 2.4. Gaza exports: Total annual truckloads, 2000–11**



Source: OCHA (2012e).

52. In early March 2012, the first batch of a 140-tonne consignment of date bars made in Gaza was transported to the West Bank by the United Nations World Food Programme (WFP), to be used in the WFP's school feeding distributions (WFP, 2012). This pioneering project created 60 new jobs at the biscuit factory in Gaza and has shown potential for upscaling and for generating momentum towards lifting the general ban on exporting to the West Bank. However, securing this stand-alone initiative, which amounts to a total of 19 truckloads of date bars, has taken more than six months of negotiations with the Israeli authorities, with support from the United Nations and the international community, revealing the extent of the constraints faced by Gazan businesses.

53. The acute deficiency of legitimate trading possibilities has prevented the regeneration of industries that were destroyed in Israel's 2009 military operation "Cast Lead". Consequently, the established Palestinian private sector has given way to a new entrepreneurial class that operates, manages and profits from the thriving illegal tunnel economy. While there are no publicly available statistics on this underground activity, it

is believed that the tunnels under the border with Egypt at Rafah employ at least 9,000 workers in precarious, frequently dangerous conditions, primarily for the importation of construction materials, fuel and other “dual use” items that are prohibited by Israel from entering through Kerem Shalom. The tunnels are reportedly licensed by the local municipality and incoming goods are registered and taxed by the de facto authority; this income is lost revenue to the Palestinian Authority. Huge profits from this business have already created over 600 new millionaires in Gaza, which in turn is stimulating demand for consumer goods and hospitality services.

54. A construction boom enabled primarily by the tunnel trade,<sup>9</sup> but also by an increase in construction materials allowed in for projects executed by international organizations, has created a huge rise in demand for construction workers. However, there is now an estimated deficit of approximately 5,000 skilled construction workers in Gaza, as those who used to work in Israel prior to the severing of Gazan workers’ access to the Israeli labour market, as well as those formerly employed in the Gulf countries, are now mainly either retired or pursuing other activities. International organizations have been involved in skills development initiatives, but there is room for more to be done.

55. The external closure of Gaza affects access not just to markets, but also to its own productive resources. Thirty-five per cent of Gaza’s agricultural land is lost to a buffer zone that officially starts 300 m from the border, but in practice is enforced by the Israeli military at anywhere between 500 m and 1.5 km into Gaza; fishing remains restricted to a distance of 3 nautical miles from Gaza’s coastline, as opposed to the 20 nautical mile limit agreed under the Oslo Accords, thereby blocking 85 per cent of Gaza’s fishing waters (OCHA, 2011b) and greatly limiting the size and type of catch available.

## Implications for growth and employment

56. The extensive movement and access restrictions described in the preceding paragraphs stifle private sector development, employment and the growth of the Palestinian economy. Trade continues to be impeded by the back-to-back trucking requirement at all West Bank and Gaza commercial crossing points, which adds significant costs and delays to the transportation process, as described in last year’s Report (ILO, 2011a). COGAT cites a 39 per cent increase in West Bank trade through the only open crossing to Jordan, the Allenby Bridge, between 2010 and 2011 (COGAT, 2012). This is comprised of a 59 per cent increase in imports, to 15,855 truckloads, and a 7 per cent increase in exports, to 6,633 truckloads. This trade volume remains a mere fraction of trade with Israel and beyond through the commercial crossings in the Separation Barrier, as the Israeli-controlled Allenby Bridge has limited capacity and entails higher transportation costs for Palestinian producers targeting European markets. Moreover, many West Bank businesses are increasingly prohibited from importing certain inputs critical to their production processes owing to a growing list of “dual use” items that the Government of Israel views as security threats (World Bank, 2012), further challenging their productivity and competitiveness. Gaza has been subjected to an extended list of prohibited items since the resumption of non-humanitarian imports in July 2010; it evades these restrictions through a corrupting parallel underground infrastructure, while its exports remain virtually non-existent.

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<sup>9</sup> At the time of the mission, construction and economic activity in general had slowed down owing to an ongoing fuel and electricity crisis stemming from Egypt’s clampdown on the unofficial transportation of its subsidized fuel through the tunnels. Traffic had thinned on the streets of Gaza City, and large numbers of people were queuing at petrol stations to buy whatever fuel they could for their generators or vehicles.



57. The near-total separation of Gaza from the West Bank, with no foreseeable implementation of the trade corridors provided for in the November 2005 Agreement on Movement and Access, further limits the potential for growth of the domestic market and improvement of the Palestinian economy's absorptive capacity, as does the increasing inaccessibility of East Jerusalem as a result of the tight entry restrictions imposed by the Israeli authorities. The Palestinian Ministry of National Economy (MoNE) estimates that the economic cost of the occupation in 2010 amounted to approximately US\$6.9 billion, or nearly 85 per cent of total GDP, which implies that lifting the occupation could practically double the size of the economy (MoNE, 2011). According to the IMF, "economic growth will decline and unemployment rise unless the [Government of Israel] steps up the removal of restrictions on economic activity" (IMF, 2011).

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### **3. Palestinian workers' rights and dignity: An update on impacts of prolonged occupation**

#### **Settlement expansions in the West Bank, including East Jerusalem**

58. Since the Director-General's Report last year, Israeli settlement activities have continued. Settlements are organized communities of Israeli civilians established on land in the occupied West Bank, including East Jerusalem, with the approval and direct or indirect support of the Israeli Government (OCHA, 2007). About half a million Israelis currently live in these settlements. Together with restricted access to land and natural resources, as well as the accompanying restrictions on freedom of movement for Palestinians, the settlements remain the predominant feature of Israeli occupation. They severely constrain Palestinian economic and agricultural development and prevent Palestinian women and men from achieving secure livelihoods and decent work.

59. The United Nations has highlighted the fact that Israeli settlements are contrary to international law, as they violate Article 49 of the Fourth Geneva Convention of 1949, which prohibits the transfer of an occupying power's civilian population into occupied territory. The illegality of the settlements 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; UNSC, 1980).

60. Some 43 per cent of the land of the West Bank is now taken up by Israeli settlements. Large amounts of land are allocated and controlled by the settlements' local and regional councils (OCHA, 2012f). According to the Israeli census of 1983, the settler population in the West Bank, excluding East Jerusalem, stood at 23,700 at the time; by the end of 2009 it had increased to 296,700 (CBS, 2010, table 2.8). As the total settler population in the West Bank, including East Jerusalem, is estimated at more than 500,000, this means that it has more than doubled since the conclusion in 1993 of the Oslo Accords, which were to provide a framework for ending the occupation. Excluding East Jerusalem, the settlement population continues to expand at an annual rate of 4.9 per cent in 2010, compared to the 1.9 per cent population growth rate in Israel (CBS, 2011, table 2.4).

61. According to Peace Now, an Israeli NGO, construction starts in the settlements increased by 20 per cent in 2011 compared to 2010, involving at least 1,850 building starts for housing units in the West Bank, excluding East Jerusalem (Peace Now, 2012). In March 2012, the UN Special Coordinator for the Middle East Process reported a series of announcements by the Israeli Government of tenders or plans for the construction of thousands of new housing units throughout the Occupied Palestinian Territory (UNSCO, 2012).

62. In total, there are now some 250 settlements in the West Bank and East Jerusalem, including around 100 so-called outposts, which are smaller satellite settlements erected on land privately owned by Palestinians but taken over forcibly by Israeli settlers. Both kinds of settlement are contrary to international law (OCHA, 2012f). Even when Israel considers outposts as illegal under its own laws, in most cases they receive direct or indirect public support such as connection to electricity and sewerage networks. Under the Road Map to peace (2003), Israel has committed itself to dismantling all outposts established since March 2001. Yet, more recently, concerns have been raised over official initiatives to "legalize" settlement outposts by confiscating the land on which they have been built or by retroactive authorization of buildings erected without permits

(OCHA, 2012c; Peace Now, 2012). Instances of delay or non-execution of evacuation orders issued by Israeli courts have been documented (Yesh Din, 2011a).

## Discrimination, violence and forced displacement

63. There is continuing concern over the economic, social and humanitarian situation of Palestinians living in East Jerusalem and Area C of the West Bank (UNSCO, 2012). In February 2012, the United Nations Committee on the Elimination of Racial Discrimination considered that the current Israeli planning and zoning policy in the West Bank, including East Jerusalem, was discriminatory, seriously breaching a range of fundamental rights under the International Convention on the Elimination of All Forms of Racial Discrimination, including the right to property, access to land, access to housing and access to natural resources (CERD, 2012).

64. Israel retains full control over security, planning and zoning in Area C, although a gradual transfer of responsibility for planning and zoning to Palestinian jurisdiction was to be implemented by the end of 1998 (OCHA, 2011c). Israel's policies in Area C affect both the Palestinians who live in the area and those who own land there. As most large infrastructure projects will involve some work in Area C, all Palestinians living in the West Bank are affected by what happens in that area (OCHA, 2011c).

65. Construction of any kind by Palestinians in Area C of the West Bank or East Jerusalem is subject to approval by the Israeli authorities, and such approval is rarely granted. This seriously affects the housing situation of Palestinian workers and their families. It hinders building for commercial, agricultural or other income-generating purposes, as well as infrastructure improvements, including schools, water and sanitation. Palestinians who live in East Jerusalem or in Area C in practice have no other choice than to build without the required Israeli permits, with the risk of the newly constructed buildings being subsequently demolished by the Israeli authorities.

## Increase in demolitions and displacement in Area C

66. Data gathered by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) for 2011 and the beginning of 2012 indicate that there has been a significant increase in demolitions and displacements. Nearly 1,100 Palestinians – half of them children – were forcibly displaced as a result of home demolitions in 2011. This is over 80 per cent higher than the figure for 2010. The 622 structures demolished in 2011 included 222 homes, 170 animal shelters, 46 rainwater cisterns or pools, two classrooms and two mosques (OCHA, 2012g). In the first two months of 2012, the Israeli authorities demolished 120 Palestinian-owned structures, including 36 homes (OCHA, 2012a). Most demolitions in 2011 took place in Area C (560), and they mainly affected herding and farming communities; 60 per cent of the structures destroyed were in areas allocated to settlements (OCHA, 2011d). Some 3,000 demolition orders are currently pending in Area C, including 18 targeting schools (OCHA, 2011e).

67. Demolitions are the most direct cause of forced displacement of Palestinians. A recent survey carried out by OCHA in 13 Palestinian communities also shows that the presence of Palestinians in Area C is undermined by a combination of factors such as inability to build, lack of services to meet basic needs, lack of access to agricultural land, restrictions on movement and access, and exposure to settler violence and lack of protection against it (OCHA, 2011c).

68. An example is the Palestinian community of Susiya in Hebron governorate, comprising some 350 people and established before 1948. Over the years it has suffered from repeated building demolitions in conjunction with the expansion of a nearby Israeli settlement. According to OCHA, the Palestinian community members are now again at imminent risk of forced displacement, following a petition brought before the Israeli High Court of Justice by a group of settlers (OCHA, 2012h).

69. The Palestinian Bedouin communities are among the most vulnerable groups affected by Israeli policies and actions in Area C. These communities, totalling some 27,000 persons, pursue a traditional lifestyle based on herding and farming, which are severely affected by the shrinking access to land and water. The Israeli Information Center for Human Rights in the Occupied Territories (B'Tselem) reports that the Israeli authorities currently plan to expel all Bedouin communities from Area C (B'Tselem, 2011b). Bedouins living in 20 communities in the hills in the periphery of Jerusalem, of whom over two-thirds are children, would be among the first to be relocated (OCHA, 2011f). This area, which includes the controversial E1 area between East Jerusalem and the Ma'ale Adumim settlement, is considered strategic for future Israeli settlement expansion, while its exploitation would have a significant negative impact on the territorial contiguity of the West Bank.

70. In March 2012, the Special Coordinator for the Middle East Peace Process acknowledged some progress in obtaining permits for infrastructure projects in Area C (UNSC, 2012). He also noted a recent initiative involving Palestinian planning support for 21 communities situated in Area C to develop master plans. Initiated plans had been reviewed by Israeli authorities and discussed with community representatives (UNSCO, 2012). In this connection, the Special Coordinator suggested that consideration should be given to transferring land in Area C to the Palestinian Authority, particularly in areas surrounding major urban centres (UNSC, 2012).

### Increase in settler-related violence

71. Increased levels of violent incidents involving Israeli settlers and Palestinians have been observed in 2011, with three Palestinians killed and 183 injured by Israeli settlers. Compared to 2010, this represented a 32 per cent rise in the number of violent incidents resulting in Palestinian casualties and property damage. When compared to 2009, the increase has been over 144 per cent. There have also been further violent acts against Israeli settlers, with eight killed and 37 injured by Palestinians in 2011, compared to five killed and 50 injured in 2010 (OCHA, 2011g). As reported by OCHA, in recent years many attacks on Palestinians have been carried out by settlers living in settlement outposts, which are illegal also under Israeli law. More than two-thirds of Palestinian casualties in the West Bank during 2011 were linked to Israeli settlement activities (OCHA, 2011d).

72. Violent incidents frequently occur where settlements are implanted in the vicinity of Palestinian villages, for instance in Nablus and Ramallah governorates, or in urban centres such as Hebron. Deepening frictions and increasing tensions between groups of settlers and Palestinians in the West Bank are linked to the expansion of settlements; violence often erupts in situations where settlers aim to assert control over land or water resources and attempt to prevent Palestinians from accessing and cultivating their land.

73. A survey carried out by OCHA in 2011 identified 56 water springs situated in the vicinity of settlements. Among them, 30 were found to be under full control of settlers and the remaining 26 were at risk of being taken over. This seriously affects Palestinian households which are not connected to the water network and rely on water from springs

for domestic water consumption, and has critical consequences for agriculture and farming activities on adjacent land (OCHA, 2012d).

74. During the 2011 olive harvest season, the Israeli army again took special measures to protect Palestinian farmers accessing their olives groves in the vicinity of settlements. This helped to reduce Palestinian casualties during this period although, overall, a higher level of violent incidents was reported compared to 2010. In addition, Palestinians' access was restricted by the threat of being attacked. Compared to 2010, the olive harvest of 2011 was reduced because farmers were not able to ensure proper maintenance of their land and trees over the year (OCHA, 2011d). In 2011, some 10,000 Palestinian-owned trees, most of them olive trees, were destroyed or damaged by Israeli settlers (OCHA, 2011g).

75. In a large number of cases the victims of violence by settlers continue to lack protection by law enforcement authorities, which in turn fosters a climate of impunity. The monitoring of complaints filed by Palestinians in the West Bank by the Israeli NGO Yesh Din – Volunteers for Human Rights indicates that in a very high number of cases investigations are closed without indictment owing to failure to identify the perpetrators (Yesh Din, 2011b). On 11 April 2012, the Middle East Quartet expressed its “concern over ongoing settler violence and incitement in the West Bank and calls on Israel to take effective measures, including bringing the perpetrators of such acts to justice” (UN, 2012a).

### Occupied East Jerusalem: An increasingly visible emergency

76. The separation of East Jerusalem from the rest of the Occupied Palestinian Territory is a result of East Jerusalem's unilateral annexation by Israel in 1967 and the construction of the Separation Barrier. This continues to affect the daily lives of Palestinian workers in various ways. Movement restrictions, insecure residency rights, a severe housing crisis and discrimination in education and employment shape the reality in which they live. There is a continuing deterioration which is tearing apart the Palestinian social fabric in the city. This conclusion is borne out by statistical information on high levels of poverty and unemployment. It is further corroborated by accounts of increasing domestic violence, affecting women in particular (WCSHC, 2011).

77. Palestinians living in the West Bank, outside the Israeli-declared municipality limits, are prohibited from entering the city. They may apply for entry permits with access restricted to four out of 16 checkpoints along the Separation Barrier around Jerusalem. This situation severely limits opportunities for Palestinian men and women from the West Bank to seek employment in occupied East Jerusalem, although it has traditionally been the economic centre of the West Bank. Palestinians working in East Jerusalem without a permit are particularly vulnerable to discrimination and infringements of their labour rights, given that their status in the city is irregular under Israeli laws and regulations. The permit system also limits the access of Palestinians with a West Bank identity card to education and health-care institutions in East Jerusalem.

78. The 2003 Citizenship and Entry into Israel Law, the Separation Barrier and the permit system continue to disrupt the lives of Palestinian families with “mixed-residency” status (in which one spouse holds Jerusalem residency status and the other a West Bank identity card). In January 2012, the Israeli Supreme Court reconfirmed the constitutionality of the Citizenship and Entry into Israel Law, which imposes severe restrictions on the right of Palestinian Jerusalemites to obtain legal residency for a

spouse from the West Bank. Spouses can instead apply for a temporary permit, under certain strict conditions, in order to reside with their families in East Jerusalem. However, such permits are rarely granted, and the administrative proceedings are lengthy and costly (OCHA, 2012c). In turn, Palestinian Jerusalemites who live or work outside the city risk having their Jerusalem residency status revoked (ILO, 2011a).

79. A serious problem which is sometimes overlooked is that children of Palestinians holding Jerusalem permanent residency status do not automatically acquire such status: they must be registered through a complex administrative procedure. Many families encounter difficulties in registering their children, and an estimated 10,000 children are currently unregistered and consequently deprived of access to public services and education (CESCR, 2011). In addition, it was reported to the mission that in mixed-residency households, it is more difficult to obtain Jerusalem residency status for children where the mother rather than the father is the holder of Jerusalem permanent residency status.

80. Only 13 per cent of the land in occupied East Jerusalem is zoned for Palestinian construction. Most of this is already built up, while 35 per cent of the land has been confiscated and zoned for settlement use (OCHA, 2012g). However, there is a need for around 1,500 new housing units annually for Palestinians within the annexed municipal area (UNSCO, 2012). At least 93,100 Palestinians in East Jerusalem are at risk of displacement, as they live in structures built without a permit, which may thus be demolished (OCHA, 2012g).

81. Although compared to previous years, there was a reduction in the number of demolitions in East Jerusalem in 2011 (*ibid.*), there are still cases in which Palestinians are ordered to demolish their homes themselves, a practice which they experience as particularly humiliating. If they refuse, they face not only the cost of demolition but also additional fines. An NGO documenting the situation in East Jerusalem recently concluded that “the immediate and longer term physical, social, economic and emotional impact of forced evictions, demolitions and displacement on Palestinian families and communities is devastating” (Al-Maqdese, 2011a).

82. In addition, housing costs in East Jerusalem are becoming unaffordable for many Palestinian families, particularly in the Old City. This has led many families to move to East Jerusalem neighbourhoods on the “West Bank side” of the Separation Barrier, along with mixed-residency families who are prevented from living together in East Jerusalem neighbourhoods on the “Israeli side” of the Barrier. Israeli public authorities have scaled back their provision of services, including waste collection, in these neighbourhoods. It was reported to the mission that Israeli law enforcement agencies have ceased to intervene in these areas, while Palestinian Authority police are prevented from entering them; this has created a serious law enforcement vacuum.

83. One of the Palestinian neighbourhoods that has been “fenced out” of Jerusalem is Shu’fat refugee camp. This camp is emblematic of the despair and frustration encountered by Palestinians who are increasingly marginalized. Large numbers of young people do not attend school, and street vending for boys and domestic work for girls in the Israeli labour market are among the very limited possibilities of earning a living. Although the camp is already severely overcrowded, Palestinian families continue to move in. The Women’s Center of Shu’fat Refugee Camp, a Palestinian NGO seeking to address the social, economic, cultural and educational needs of women and children living in the camp, plays an important role by providing vocational training, family counselling, childcare services and recreational activities for children and young persons (WCSHC, 2011).

84. While Palestinian Jerusalemites have access to the labour market both in East Jerusalem and in Israel, they apparently remain vulnerable to widespread employment discrimination and non-respect of their labour rights (Al-Maqdese, 2011b). The legal clinic of the NGO Al-Maqdese for Society Development has been successfully assisting hundreds of Palestinian workers in East Jerusalem in claiming their labour rights directly from their employers and, where necessary, in court. Since January 2011, 90 per cent of some 1,000 cases have been solved through direct intervention with the employers.

85. Approximately 5,500 children do not attend school owing to the fact that they are unregistered (CESCR, 2011). Among those who are enrolled, many fail to complete secondary school, with a particularly high drop-out rate among boys aged 12–14 (OCHA, 2011h). There is also a chronic shortage of classrooms and teachers, and existing facilities are considered to be substandard or unsuitable (*ibid.*). A thousand additional classrooms are needed to accommodate Palestinian children in East Jerusalem, and the construction of new schools is urgently required (OCHA, 2011i; UNSCO, 2012). Non-enrolment and a high drop-out rate, together with high youth unemployment, have created an explosive potential for violence. Concerns were also raised in 2011 over unilateral changes by the Israeli authorities to the Palestinian Authority curriculum in Arab schools in East Jerusalem (ACRI and Ir Amim, 2011).

### Education for Gaza's children

86. Gaza also suffers from a severe classroom shortage and the consequent negative impact on the right to education of refugee children as a result of constraints on the ability of UNRWA to construct new schools (UN, 2012b). Most of the schools are overcrowded and run on double shifts, and some use ship containers as classrooms. Yet there remains a lack of facilities for 40,000 children entitled to attend UNRWA schools in Gaza (UN, 2011; UNCTAD, 2011). The fuel shortage in Gaza which began in February 2012, resulting in scheduled blackouts for 6–18 hours a day, as well as random unscheduled cuts (OCHA, 2012i), has had a considerable impact on the functioning of schools. While approvals by the Israeli Government for international projects in Gaza, including for UNRWA schools, have been steadily increasing (COGAT, 2012; UNSC, 2012), approvals for the construction of 32 additional schools are still urgently awaited (UNSCO, 2012).

### Vulnerability by default: Palestinian workers' labour rights in Israeli settlements

87. Israeli settlements vary in terms of the size of their settler population, their location and their geographic extension. Some are residential towns, mostly in and around East Jerusalem; in others there are major industrial zones or agricultural enterprises. Settlements draw on the Palestinian labour force mainly for employment in the construction, industry, agriculture and services sectors, by both private enterprises and settlement local authorities. Most of the Palestinian women who work in the settlements are engaged in domestic work and agriculture.

88. Poverty, unemployment and the lack of alternative employment opportunities in the Palestinian economy leave many Palestinian workers no other viable choice than to seek work in the settlements, despite the official Palestinian position against working in them. Workers seeking to claim their rights are easily dismissed, and supervision of employers by the Israeli authorities in the settlements remains largely absent. The power imbalance in the employment relationship easily leads to pressure on workers to accept

and endure substandard working conditions, abuse and exploitation in order to avoid dismissal.

89. The peculiar legal system governing the labour rights of Palestinian workers in Israeli settlements creates in essence a separate system governing these workers. The Palestinian Labour Law does not apply to Area C of the West Bank in which the settlements are located. Thus, in principle, the Jordanian labour laws in force in 1967 remain applicable there. However, although it has refrained from formally extending the territorial scope of its laws to the West Bank (with the exception of East Jerusalem), Israel has made its legislation, including labour laws, applicable to its citizens living in the West Bank by means of military enactments. This has enabled Israeli employers in the settlements to make use of the less favourable Jordanian law of 1967 to govern their employment relationships with Palestinians, while Israel's labour laws apply to employment contracts of Israeli citizens.

90. The Israeli High Court of Justice determined in 2007 that Israeli law is to be applied to employment contracts with Palestinian workers in order to avoid discrimination, but the ruling left open the possibility for the parties to agree otherwise. It appears that the 2007 judicial precedent has not resolved the legal uncertainties regarding the labour rights of Palestinians working in the settlements. Employers continue to seek the application of Jordanian law and, in numerous cases, the only way for Palestinian workers to enforce their equal rights is by going to the courts; for most of them this is not feasible. In a groundbreaking case, following a lawsuit by a group of Palestinian workers, the public administration of Ma'ale Adumim settlement agreed in November 2011 to grant Israeli social benefits to these workers (Hasson, 2011).

## Palestinian workers in Israel

91. Employment in Israel has historically been an important source of income for Palestinian workers. Under Israeli labour laws, Palestinian workers enjoy equal treatment in respect of terms and conditions of employment. Representatives of the Israeli employers underlined the importance of this principle and their commitment in this regard. In October 2012 the minimum wage in the Israeli private sector will rise from NIS4,100 to NIS4,300. The collective bargaining agreement for the construction sector provides for a minimum wage of NIS5,000 as of 1 February 2012. While Palestinians from Gaza remain entirely excluded from employment in Israel, several of the mission's Israeli and Palestinian interlocutors emphasized the desire to continue and increase Palestinian participation in the Israeli labour market.

92. Many Palestinian workers in the Israeli labour market experience infringements of their labour rights. The mission was informed of a newly introduced requirement for Israeli employers to declare a minimum of 18 working days per month for any employed Palestinian workers, as a measure to prevent under-reporting of work performed. However, there remains scope for under-reporting which results in abusive pay practices and artificially low social security entitlements and other benefits.

93. Bringing legal cases against employers in Israeli courts is the last resort for Palestinian workers seeking justice, but in practice this is virtually impossible without recourse to competent legal advice and assistance. In this area, trade unions have a major role to play and a mutual interest in doing so. The continuing cooperation between the Palestine General Federation of Trade Unions (PGFTU) and the Histadrut in addressing grievances of Palestinian workers in Israel is an important part of this process. A number of pilot legal cases have been prepared by the PGFTU's legal aid clinic, which are now



being followed up by the Histadrut with a view to obtaining redress for the workers. This will hopefully develop into a stable and effective union-driven legal protection mechanism which benefits the Palestinian workers directly, as well as Israeli workers, by reducing abuse.

94. In December 2011, the Israeli Knesset adopted the Labour Laws Increased Enforcement Law, 5772-2011, which establishes financial penalties for a wide range of labour law violations. The Israeli Ministry of Industry, Trade and Labour emphasizes that in this connection, steps are being taken to strengthen the labour inspection services, which is also expected to enhance the protection of Palestinian workers. Among other things, this would mean extending Israeli labour inspection to cover working conditions in the settlements.

95. Once again, the mission heard about abusive practices of middlemen or contractors supplying Palestinian workers to Israeli employers. Such practices arise out of the restrictions on movement and access to employment, as well as various other aspects of the occupation and separation. Successfully addressing and preventing such practices would require concerted action by both the Israeli Government and the Palestinian Authority, including through enhanced cooperation in the area of public employment services. As an initial step, a study of the extent and mechanisms of the phenomenon could usefully shed light on the role of middlemen and possible strategies to address related problems.

96. The conditions at checkpoints and crossings which Palestinian workers have to use to enter Israel continue to be described as harsh, causing hardship and suffering to these workers. The number of checkpoints and crossings is limited and their capacity is apparently insufficient. Workers are obliged to arrive at the checkpoints and crossings very early in the morning in order to reach their workplaces in time.

97. Palestinian workers undergo security clearance before being issued a work permit. A recent report by the Israeli NGO Machsomwatch reports that many Palestinians find themselves “blacklisted” by the Israeli security authorities without being told the reasons (Machsomwatch, 2012) and without appropriate appeal procedures. Palestinian workers have reportedly been offered clearance in return for agreeing to collaborate with the Israeli security authorities.

98. An unresolved matter remains the transfer of social security contributions arising from employment of Palestinian workers in Israel, which are accumulating in the Israeli system and are supposed to be transferred to the Palestinian social security institutions, once they are established. The 1994 Paris Protocol on Economic Relations provided that “Israel will transfer, on a monthly basis, to a relevant pension insurance institution to be established by the Palestinian Authority, pension insurance deductions collected after the establishment of the above institution” (Paris Protocol, 1994, Art. VII, paragraph 4). While this provision is still in force, it has never been implemented. The realization of the social security rights of Palestinian workers who have worked or are still working in Israel could become an important component for the establishment of a Palestinian social security system.

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## 4. The state-building agenda and social justice

### Challenges to institution building

99. Establishing and strengthening the foundations of a future State remains a central focus of the Palestinian Authority (PNA, 2012a). At the time of last year's Report, the two-year period fixed by the Palestinian Authority for completion of institutional readiness for statehood was coming to a close, and the international community had commended the progress made (ILO, 2011a). The achievements to date were not to be seen as the end of the development process, but rather as providing a strong basis for further progress, as set out in the National Development Plan (NDP) 2011–13 (UNSCO, 2011). Further institutional consolidation to redress disparities was still needed, together with a recommitment by the Palestinian Authority to social development, articulated through a national social policy to ensure that equity and human rights would drive the agenda for social change and development (*ibid.*).

100. While the ongoing progress of institution building continues to be commended, this is now tempered with a considerable degree of caution. Such caution is not unexpected in the light of the increasing political and financial pressure on the Palestinian Authority, which represents a serious and real threat to its sustainability (UNSCO, 2012). With less revenue than projected, the fiscal crisis could compromise the achievements made so far (*ibid.*; World Bank, 2012; IMF, 2012). This crisis, however, has also demonstrated the strength and capacity of the Palestinian Monetary Authority: the measures it has taken have been applauded, and it is seen as steadily building the capacities of a central bank (World Bank, 2012).

101. The crisis has resulted in considerable pressure for fiscal reform. However, while acknowledging the importance of this reform, the United Nations Conference on Trade and Development (UNCTAD) cautions that “such fiscal measures without concomitant provision for adverse social impacts are incongruous with the realities of a debilitated economy under occupation” (UNCTAD, 2011). The United Nations General Assembly has stressed the need for the full engagement of the United Nations in the process of building Palestinian institutions and in providing economic and social assistance to the Palestinian people (UN, 2012c). Even in the face of such a precarious financial and political situation, the Palestinian Authority has continued to make important efforts in advancing social justice and decent work, as the mission also noted. However, in the longer term the sustainability of these initiatives requires a more stable and sustainable fiscal foundation.

### Legislative review for decent work

102. The review of labour and employment-related legislation began last year and has reached an important stage. Firstly, as foreseen in the NDP, a comprehensive review of legislation was undertaken with a view to ensuring equality for women (PNA, 2011a). A gender legal review (ILO, 2011b) was undertaken in collaboration with the ILO and the National Women's Employment Committee (NVEC), in the context of the UN Joint Programme on Gender Equality and Women's Empowerment in the Occupied Palestinian Territory. The results of the review were released by the Minister of Labour in August 2011. The Minister endorsed the findings and recommendations of the review and requested the staff of the Ministry to integrate them in further action.

103. A range of amendments, primarily to the Labour Law of 2000, have been proposed in this gender legal review. The recommendations cover a broad range of issues, and include the following: expanding the scope of application of the Labour Law, including to homeworkers and domestic workers; introducing a definition and prohibition of direct and indirect discrimination in all aspects of employment and occupation, on at least all the grounds set out in the Discrimination (Employment and Occupation) Convention, 1958 (No. 111);<sup>10</sup> incorporating a proactive approach to promoting equality; adding a provision prohibiting sexual harassment; and inserting a specific provision on the right to equal remuneration for men and women for work of equal value. A number of recommendations also specifically address maternity and workers with family responsibilities (*ibid.*).<sup>11</sup> The implementation of these recommendations would lead to the Labour Law better reflecting the key gender equality Conventions.<sup>12</sup> As a result, they would promote equality of opportunity and treatment of men and women in employment, thus contributing to increasing women's participation in the labour market.

104. The next stage of the legislative review was undertaken through a collaborative effort between the ILO and Birzeit University, with six further studies containing analysis and recommendations being finalized. These studies address a range of issues: establishing trade unions; social security; occupational safety and health and occupational diseases; individual labour contracts; labour inspection; and judicial authorities. The ILO also undertook a rapid assessment of the labour inspection system in July 2011. Each of these studies aims at developing and aligning laws with fundamental principles and rights at work and relevant international labour standards. Such a review and update of legislation are also foreseen in the NDP (PNA, 2011a). These analyses and recommendations are a preliminary step; ownership of the process of legislative review and revision will need to be assumed by the tripartite constituents through the relevant tripartite forums, including the NWECC. In this way tripartite recommendations can be made, which can then be translated into new or amended laws and regulations. In the next phase, it will be important for the gender legal review and the concomitant recommendations to be effectively mainstreamed into the overall legislative review process.

105. There continues to be a legislative vacuum with respect to the establishment of trade unions and the protection of freedom of association. Consideration of the draft trade union law, which had been submitted to the Council of Ministers in 2009, appears to have been suspended in the light of the overall legal review. The Labour Law of 2000 defines a union as any occupational organization formed in accordance with the Law on Labour Unions, although such a law has never been promulgated. As noted in last year's Report, it will be important to ensure that any legislation on trade unions, as well as that with respect to employers' organizations, is based on the principles of freedom of association. The criteria for determining representativeness of workers' and employers'

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<sup>10</sup> The grounds set out in Article 1(1)(a) of the Convention are race, colour, sex, religion, political opinion, national extraction and social origin. The addition of other grounds is also foreseen in Article 1(1)(b) of the Convention.

<sup>11</sup> These recommendations include increasing the period of maternity leave and ensuring that pregnancy, delivery and breastfeeding are not valid reasons for termination; expanding the right to unpaid leave to care for a child or accompany a spouse to include both men and women; introducing paternity leave; expanding the requirement for the provision of child care to all workers with family responsibilities, both women and men; and strictly limiting any prohibition or restriction on the work that may be performed by women to maternity protection.

<sup>12</sup> The Equal Remuneration Convention, 1951 (No. 100); the Discrimination (Employment and Occupation) Convention, 1958 (No. 111); the Workers with Family Responsibilities Convention, 1981 (No. 156); and the Maternity Protection Convention, 2000 (No. 183).

organizations have not yet been established. It is important for the determination of representativeness to be based on pre-established objective and precise criteria (ILO, 2012).

## The steady advancement of social dialogue institutions

106. A range of social dialogue forums continue to be established or strengthened. As foreseen in the Employment Strategy of 2010, the Council of Ministers formally established the Palestinian Economic and Social Council in July 2011 (PNA, 2010a; PNA, 2011b). The stated objective of the Council is “to reinforce positive dialogue between the stakeholders and partners over the economic and social policies and contribute towards balanced and sustainable economic and social development” and to advise the Government in the economic and social fields and assess the impact of economic and social legislation. The Decision of the Council of Ministers also determines the composition of the Council, with equal numbers of members representing the Government, workers, employers, civil society and NGOs.

107. The National Tripartite Advisory Committee, which was foreseen in the Labour Law of 2000, was established by Decision of the Council of Ministers of 2003 (No. 50/2003 R.M.W, PNA, 2003), although it was first launched in February 2010. The Committee is mandated to make proposals relating to employment, training and vocational guidance, including ratification and implementation of Arab and international labour standards, when the occasion arises. The Committee’s focus in the last 12 months has been on training its members, with ILO assistance, as well as advising on the draft of the document *Decent work in the Palestinian Territories* (PNA, 2011c) and on a report on occupational safety and health. The Committee has not, however, met since October 2011, since the two-year term of its members had expired; the Minister of Labour is currently working on reconstituting the Committee.

108. An important recommendation made in the gender legal review referred to above, has been recently implemented. On 31 January 2012, the Council of Ministers, pursuant to Decision No. 06/121/13/M.W/S.F, endorsed the establishment of the National Women’s Employment Committee. According to its mandate the Committee “shall formulate and adopt a conceptual policy framework that seeks to reinforce the economic participation of women and end discrimination and inequality, provide support to the Ministry of Labour, and work effectively to influence national policies in order to increase the opportunities of women” (PNA, 2012b). This advisory committee assists the Ministry of Labour, in partnership with representatives of government institutions, workers, employers and civil society. The mission was informed that the Committee had adopted its by-laws and an action plan.

109. However, it is to be noted that the representation of women remains negligible on all the social dialogue bodies, with the exception of the NWEC. The NWEC has been given observer status on the Minimum Wage-Fixing Commission mentioned below, and it may also obtain such status in the near future on the National Tripartite Advisory Committee, as a new composition of that Committee is in the process of being formulated. The members of the NWEC seek to have full status on all relevant bodies to ensure that gender issues are mainstreamed in all the social dialogue processes.

110. Two other social dialogue bodies have also been recently established: the national tripartite Minimum Wage-Fixing Commission and the National Team responsible for making proposals regarding social security. The mandates of the various social dialogue

bodies are clearly very closely linked, although the interrelationship between the different bodies is still not clear. The potential for the mutually reinforcing nature of these bodies still needs to be further explored. As a key government representative emphasized to the mission, the need to manage the effects of the present fiscal crisis makes well-functioning social dialogue more important than ever.

## A national minimum wage in sight

111. The lively debate on the need for a national minimum wage, which was under way during last year's mission, has gained considerable momentum. The focus of the debate was no longer on whether there should be a national minimum wage but concretely on the rate at which it should be set. On 5 February 2012, the Council of Ministers adopted a decision to launch formally the national tripartite Minimum Wage-Fixing Commission. Comprising an equal number of representatives of Government, employers and workers, the Commission has had a series of consultative meetings in order to make a recommendation on a minimum wage rate by the end of March 2012. According to the Minister of Labour, who chairs the Commission, 2012 will be "the year of the minimum wage". Government officials consider that the main objective of the minimum wage is to protect low-wage workers and help marginalized and vulnerable groups. The importance of the work of the Minimum Wage-Fixing Commission has been noted in the context of the recent meeting of the Ad Hoc Liaison Committee (UNSCO, 2012).

112. In February 2012, the Minister of Labour requested ILO technical assistance to support the Commission, with the aim of strengthening the existing institution and enabling the representatives of workers, employers and Government to reach an informed decision on minimum wage fixing. The ILO facilitated the process without participating in the negotiations and without endorsing or recommending any particular minimum wage rate. It is essential that the ownership of the process rests with the tripartite constituents. The ILO has presented the principles of minimum wage fixing, as set out in the Minimum Wage Fixing Convention, 1970 (No. 131), provided information on different minimum wage systems, and analysed the likely impact of different minimum wage scenarios based on the 2011 Palestinian Labour Force Survey. At the time of the mission, cautious optimism was being expressed that an agreement would soon be reached. All parties acknowledge that once the minimum wage is in force, ensuring implementation and follow-up will be essential.

## The emerging agenda of social protection and social security

113. The Social Protection Sector Strategy, as foreseen in the Palestinian National Development Plan, has recently been adopted (PNA, 2011d). The Strategy notes that the existing social protection measures are relief-based and charitable, founded on outdated and unenforced legislation. They suffer from competition between various bodies; the lack of identification of social development priorities and policies; inconsistent funding and weak infrastructure (ibid.). It points out that while social insurance for public servants is provided and regulated by the Public Retirement and Pensions Commission, most workers are not covered by any form of social insurance. The new vision of the social protection sector is stated as follows: "A decent life for the Palestinian citizen along the path towards materializing sustainable human development under the State of Palestine, which is grounded on rights and justice without discrimination." Four major strategic objectives are defined, namely: (i) alleviating the burden of poverty;

(ii) providing care to and empowering vulnerable and marginalized groups; (iii) building and promoting social insurance with a view to achieving an integrated social security system; and (iv) developing a legislative and institutional framework and partnership to bring about social protection (ibid.).

114. The absence of a social security law has resulted in discrimination, particularly against women and workers with family responsibilities. According to the gender legal review referred to above, Palestinian society still perceives women's presence in the labour market as a threat to men's work opportunities, and as being more expensive to the employer than men because of the perceived high costs of their employment owing to marital status and maternity leave (ILO, 2011b). The gender legal review recommended the enactment of a social security law that ensures the provision of medical care and financial assistance to workers, as well as enlarging the margins of social protection to include maternity protection and measures benefiting workers with family responsibilities, while covering all working women in different sectors (ibid.).

115. As an important step toward implementing the Social Protection Sector Strategy, a decision of the Council of Ministers (No. 01/125/13/M.W/S.F) was adopted on 28 February 2012 to establish a National Team responsible for preparing proposals regarding social security (PNA, 2012c). The Team is headed by the Prime Minister and includes representatives of the Ministry of Labour and a range of other ministries, research institutes, the Private Sector Coordinating Council, trade unions and a range of NGOs. The first meeting of the National Team is expected to take place in the near future.

116. The ILO has been requested to provide technical assistance to the Team, including information on ILO standards concerning social security, and to facilitate the development of an integrated social security system based on a two-pronged strategy. The first element is the establishment of a social protection floor for the poor and vulnerable to ensure income security for people in old age and for those with disabilities; access to basic health care; basic child benefit to allow children to attend school; and basic income security through the establishment of an employment guarantee scheme. The second element consists of the extension of the social security scheme for private sector workers and their families through a maternity insurance scheme and, as far as possible, an unemployment insurance scheme. A study was undertaken in the context of the legislative review on "The reality of social security in Palestine and the absence of legislation". This study, as well as the abovementioned gender legal review, should provide important inputs to the national social security team.

## The Palestinian Fund for Employment and Social Protection at risk

117. The NDP set the launching of the Palestinian Fund for Employment and Social Protection in partnership with the private sector and civil society organizations as a priority for the following three years (PNA, 2011a). In that context, the Fund, which had been established in 2004, was revived. The Ministry of Labour reaffirmed its commitment to the revitalization of the Fund with the promise of an annual government contribution of US\$5 million (PNA, 2011c). The Board of Directors of the newly launched Fund has appointed a Director and a core team, including five technical advisers seconded from the Ministry of Labour. The Fund had been established to provide technical and financial resources for the support of human resources and business development in the Occupied Palestinian Territory, as well as the creation of

jobs that address community needs through the funding of, or support to, productive or service-oriented projects.

118. The ILO has designed a capacity development programme to enable the core team to implement three pilot job-creation programmes. While the Fund is viewed as an important tool to address the high levels of poverty and unemployment, its future remains uncertain. In the present environment of fiscal constraints and shrinking resources, stable funding has not yet been secured, and there are fears for its sustainability even in the short term.

## Women's empowerment

119. The Palestinian Authority is committed to ensuring that the legal framework and the administration of public policy enable the national effort to achieve gender equality (PNA, 2011a). In its report to the September 2011 Ad Hoc Liaison Committee meeting, the Palestinian Authority acknowledged that much more needs to be done to empower women, and that the achievements to date are only a first step to building a society in which women enjoy full and equal rights. It also referred to the integration and mainstreaming of gender in the government agenda, including the development of a gender charter and the adoption of a gender-sensitive budget (PNA, 2011e). The impact of these and other measures on empowering women, including with a view to providing equal employment opportunities, will need to be regularly monitored and adapted.

120. While legal reform to promote gender equality is an important step in changing the perception of women's role and having them accepted as equal partners in development, it is only one step in a process. Social, economic and policy-making efforts are required to create a shift in the collective Palestinian mindset that is able to perceive women in other roles in society (ILO, 2011b). A recommendation arising out of the gender legal review is that the incorporation of new standards and provisions in the Labour Law and their implementation should be accompanied by a national equality policy. The analysis acknowledges that women's participation in the labour market cannot be increased without addressing their status in society, their needs and aspirations, enhancing their level of education, and their active participation in the economic, political and social spheres, including participation in workers' organizations (*ibid.*). A range of other recommendations going beyond specific legal amendments were also made, including raising legal awareness of women's rights at work, making childcare available for male and female workers with family responsibilities, increasing women's participation in the formal labour market, and promoting cooperation between unions, employers and NGOs in support of women's economic role. It is not yet clear what specific follow-up will be given to these recommendations.

121. A recent study on problems and challenges encountered by Palestinian women in business start-up and management concluded that they face additional challenges stemming from culture, customs and traditions, as well as limited property rights and many others, with family and the surrounding environment failing to provide adequate support (MAS, 2011). Lack of funding to start a business was found to be the main reason for women to abandon the idea of starting a business, followed by the lack of skills in business management and marketing. The scope of the Credit Bureau has recently been extended to cover microfinance institutions, as noted in Chapter 2. This has had a direct impact on increased job creation, particularly with respect to businesses developed by women and employing women, thus contributing to the recent increase in female labour force participation.

122. The Ministry of Labour, the Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA) and the PGFTU have each undertaken a participatory gender audit, with ILO technical assistance, which has resulted in a range of recommendations being made on how to better mainstream gender. With respect to the social partners, the mission was informed that the FPCCIA recently held elections and, as a result, for the first time women are members of its executive boards (four out of 134 members). The FPCCIA plans to establish gender units to address the needs of women, particularly those in the informal economy. It has also signed a memorandum of understanding with the Business Women Forum, which is expected to increase the female representation of the Federation in the future.

123. The PGFTU has carried out a number of initiatives, in particular training, directed specifically at the needs of women. In Gaza, the mission was informed of literacy programmes for women in agriculture, training on workers' rights, and occupational health and safety awareness raising. The new PGFTU strategy underlines the enhancement of the role of women and their involvement in the trade union structures. Five women will now work on a full-time basis in the department which supports women's involvement in PGFTU activities (PGFTU, undated).

124. The situation of women in Gaza remains particularly difficult. The mission was informed that there has been an increase in violence against women, and in their vulnerability more generally. Sexual harassment in the workplace was seen to be an increasing problem, with a large number of women approaching women's associations to raise the issue but unwilling to risk filing a formal complaint. New jobs in the construction sector and linked to the burgeoning tunnel economy do not benefit women, and where there have been lay-offs in other sectors, including the garment sector, women are the first to be dismissed. Only a narrow range of jobs are considered socially acceptable for women – generally those that can be seen as an extension of their domestic roles (UNWomen, 2011). The mission was also informed that in the course of the past year, the de facto authorities have further restricted women's ability to work outside the home, including discouraging women and men working together. While there are a range of initiatives under way in both Gaza and the West Bank to support women's empowerment, and many dynamic and determined Palestinian women are leading various initiatives, the internal and external obstacles to achieving full equality between women and men in employment remain daunting.

## Future leaders: Youth councils

125. The hope and potential of a future Palestinian State lie in today's youth. It is therefore essential to engage them now in building for the future. With a view to strengthening the role of youth in local development, 11 youth councils have been established in the West Bank (PNA, 2011e). The mission met with members of two youth councils, from Illar and Anabta. They are elected democratically by Palestinian young people aged 15–22 years. There are 47 women among the 132 youth council members (CHF, 2011). In September 2011, the first Palestinian Youth Summit was held, with unemployment as one of the key issues, together with changes needed in the education system.

126. The representatives of the youth councils who met with the mission considered that previously the concerns of young people in the community had not been taken into account. The work of the youth councils had led to a change in how young people are perceived, and their views were now respected. The mission's interlocutors also stated that employment was clearly on their agenda, and highlighted the importance of



matching educational qualifications with the needs of the market. They were gaining invaluable experience working through the youth councils, which would assist them in their future careers. A number of the members expressed an ardent interest in pursuing a career in politics, if possible to the highest levels. Although the donor funding to establish and support the youth councils had recently been cut, the members of the councils were firmly committed to raising the necessary funds and continuing their important work for the community. These dynamic, enthusiastic and committed young people inspire optimism for the future.

## Education and skills development

127. The need for extensive investment in education is acknowledged in the NDP (PNA, 2011a). The Palestinian Authority is committed to reorienting investment in the education sector to ensure that students receive a better quality of basic and higher education which prepares them for entry into the labour market and ultimately support a vibrant, knowledge-based economy. It acknowledges the need to enhance the availability and quality of technical and vocational education and training (TVET), with a view to addressing the current perception that it is a second-class form of further education. The aim is to provide the public and private sectors with the advanced technical skills needed to ensure competitiveness in the global economy (PNA, 2012a). As noted in last year's report, the TVET Strategy approved in 2010 (PNA, 2010) is ambitious; it has considerable financial implications and requires a sustainable mode of financing. Patriarchal norms and gender stereotypes regarding the role of women, which continue to restrict their participation in TVET, need to be addressed effectively (ILO, undated a). It is of paramount importance that education and training translate into decent jobs, and thus into opportunities and hope for the future.

128. In view of the particularly difficult environment for workers and employers in Gaza, the Palestinian Authority has developed a targeted Economic Strategy, with a particular focus on developing a highly skilled, modern workforce and "an up-to-date and ever evolving understanding of the demands of world markets sector by sector" which will be essential for building a viable private sector (PNA, 2011f). The continuing challenge of matching labour market needs to educational qualifications is raised in the Strategy, as well as the considerable decline in the skilled workforce since the closure of Gaza in 2006, due to the lack of opportunity for workers to use their skills (ibid.). It is also acknowledged that a special effort is needed to attract women to non-traditional educational programmes in general, and to TVET in particular, through awareness raising aimed at making such programmes socially acceptable (ibid.). Employer representatives in Gaza also confirmed that there was a significant skills gap, and called for the rehabilitation of existing vocational training centres.

129. Projects to enhance skills development and job creation in Gaza are ongoing. Based on a skills survey in 2008, the ILO identified the construction sector in Gaza as one of the most promising for potential job creation in the reconstruction process (ILO, undated b). Since December 2010, the ILO has implemented the project "Skills development and employment services for the construction sector in the Gaza Strip" jointly with UNRWA. The initial target of 500 students above normal school age trained in five occupations of the construction sector was met in November 2011. A total of 93 per cent of UNRWA trainees successfully passed and graduated from the training courses. However, there remains a need to ensure that assessment and certification take place in a transparent and fair way, and that certificates gain wider recognition (ibid.).

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## 5. Uncertainty in the occupied Syrian Golan

130. The mission visited the occupied Syrian Golan, but the conditions prevailing in the Syrian Arab Republic prevented a visit to Damascus. This chapter of the Report is based on information obtained by the mission in the occupied Syrian Golan and the report sent to the ILO by the Government of the Syrian Arab Republic (MOSAL, 2012).

131. Agriculture remains the main source of income for the Syrian citizens of the occupied Syrian Golan. The high levels of taxes and restrictions on the use of water put a significant burden on the farmers, who are thus in an unequal and disadvantaged position. There is reportedly child labour in agriculture and construction activities, as well as in the settlements (*ibid.*).

132. Israeli settlements continued to receive the allotted share of 750 cubic metres of water per dunam of land, while the Syrian producers receive 250 cubic metres. When there is a shortage of water, water resources are diverted to the settlements. While water shortages usually result in some reduction of water provision to the Syrian farmers, the last season led to a total cut in their supply for irrigation over two critical summer months. In a revealing case, a court had returned to a producer some land which was adjacent to a settlement. At the same time, the water allocated to this piece of land was reduced, with the explanation that the Syrian growers used a different, less water-intensive method – which the latter deny.

133. No apples were exported to the Syrian Arab Republic from the occupied Syrian Golan in the spring of 2012. This year the apple production was 12,000–15,000 tonnes instead of the 40,000–50,000 tonnes of the previous season. According to the farmers, the meagre crop was due to water cuts during the growing period in August and September 2011. The yield for the whole season was thus equivalent to what had been transported to the Syrian Arab Republic a year earlier. Trucks had been ready to transport two tonnes of apples to the Syrian Arab Republic in early March, but the final permit from the Israeli Ministry of Finance was not received. According to the Government of Israel, there was a need to refrain from exporting apples to Syria this year because of the low yield of the crop and the fairly low quality of the apples. The Israeli authorities expressed the hope of renewing the six-year-old initiative next year. The growers noted that they always obtain the best price for apples exported to the Syrian Arab Republic; they also emphasized that they would choose to continue these exports even if it were less profitable as a result of a lower quantity exported and/or price obtained.

134. The Syrian citizens of the occupied Syrian Golan continue to experience both discrimination and a lack of employment opportunities. The facilities for skills training or vocational training and rehabilitation are inadequate. Workers with higher academic education find it difficult to obtain employment corresponding to their qualifications, and they are forced to accept low-paid jobs in the construction and maintenance sectors.

135. Students from the occupied Syrian Golan continue to attend Damascus University, although travel is prohibited for much of the adult population, and there are cases of students' identity cards having been confiscated by the Israeli authorities (MOSAL, 2012). The turmoil in the Syrian Arab Republic has not stopped this movement, but it has left traces. A number of students who have come back for holidays have not wanted to return to Damascus because of the violence they had witnessed. The mission was told that "all are completely attached to Syria although they share the political divisions of Syria". Owing to the internal situation the Government of the Syrian Arab Republic has

not been able to enact the 2010 decree on providing compensation for its citizens in the occupied Syrian Golan who have lost their jobs and livelihoods.

136. There are job opportunities in Israel, especially for medical graduates, and reportedly over 90 per cent of these pass Israeli equivalency examinations. Despite discrimination against Syrian citizens of the occupied Syrian Golan in the Israeli labour market, men in particular appear to have prospects in the Israeli private health-care system as doctors, dentists or pharmacists. Medical graduates from Damascus University have reportedly found work in hospitals and clinics throughout northern Israel. For women, integration into the Israeli labour market is culturally unacceptable; many women with university degrees therefore end up picking and sorting apples and other fruit as a result of limited employment opportunities in the occupied Syrian Golan.

137. There has been relatively strong demand in the construction sector; however, most building is illegal. The five remaining Syrian villages of the occupied Syrian Golan are deprived of physical space for organic growth. In the village of Majdal Shams, approximately 11,000 Syrian citizens live in 1,200 houses. As new construction is not authorized, houses are either renovated or new floors are added, without the requisite permits, to accommodate the growth of these households. Construction is financed by selling land within the local community or taking loans, thus increasing dependency on the Israeli banking system and raising the level of indebtedness among the Syrian citizens.

138. While employment agencies in Israel pay the minimum wage, it was reported to the mission that this is not observed in the occupied Syrian Golan. Temporary work does not provide for adequate social protection. Pay and hours of work are under-reported, pension contributions and other social benefits may be neglected, and with high unemployment, workers can be exploited by contractors who, among other things, arrange for work in the settlements, where regulations on conditions of work are not enforced.

139. The number of settlers in relation to Syrian citizens has not increased from the previous year's estimates of approximately 20,000 for each (CBS, 2011, table 2.8), despite the Government of Israel's approval of plans to expand settlements in the occupied Syrian Golan. While there appear to be no major new elements of tension in the occupied Syrian Golan, the volatility of the overall situation was vividly driven home on 15 May 2011 when demonstrating refugees from the Syrian Arab Republic stormed over the border fence at the edge of Majdal Shams, resulting in a number of them being killed by Israeli troops. The border has now been reinforced and the fence electrified.

140. The situation of the occupied Syrian Golan risks becoming an even more deeply entrenched frozen conflict. All openings that result from the changes in the region should be used in order to find a solution in a manner which respects the fundamental rights of the Syrian citizens.

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## Concluding observations

141. In its concluding observations this year, the mission stresses the growing urgency of restoring the confidence needed for meaningful negotiations which can put an end to the occupation and all its negative consequences on the workers of the occupied Arab territories. A two-State solution must not be compromised by the developments on the ground. Particular attention needs to be paid to the situation in Area C, as well as to redressing the precarious humanitarian and economic conditions of Palestinians in East Jerusalem. Likewise, real measures have to be taken to develop the economy and society of Gaza on a sound basis, including access to markets. All efforts must be made to prevent violence and to rule out any possibility of impunity.

142. A key element is Palestinian reconciliation on a democratic basis and respecting the desire of the people. This aim should be encouraged and supported, as it is vital for the further strengthening of all the institutions of the future Palestinian State.

143. The recent economic and labour market improvements in the Occupied Palestinian Territory are founded on precarious sources of growth. In Gaza in particular this growth has been from a very low base. Growth is constrained by both reduced donor aid and the lack of further measures by Israel to ease movement within and between all parts of the Occupied Palestinian Territory. Access to markets and productive resources, particularly land and water, is needed for any expansion of private investment. A reversal of the declining trend in donor assistance is critical to prevent the Palestinian Authority's fiscal shortfall from deteriorating into a future economy-wide crisis with associated increases in unemployment and poverty. Social ends require financial means, and fiscal measures and adjustments must be balanced with a social dimension.

144. Increased opportunities for Palestinian employment in the Israeli labour market will produce some short-term relief, but they are limited and remain subject to severe constraints arising out of permits, security clearance procedures and physical difficulties in reaching workplaces. The potential for abuse of Palestinian workers by unscrupulous middlemen and contractors is large. Cooperation between the PGFTU and the Histadrut should be continued and intensified. Any steps towards cooperation between the Israeli and Palestinian authorities to facilitate the matching of supply and demand and ensuring decent conditions of work should be encouraged, and they should be part of the reality of a two-State solution.

145. The Palestinians are a young people, with 71 per cent of them under 30 years of age. This is one of the youngest populations in the Arab world. Young women and men increasingly expect and demand to be heard and to be actively involved in shaping the future. This further underlines the need for urgent action for quality education in East Jerusalem and other parts of the West Bank, and in Gaza. The education crisis in East Jerusalem must be overcome by ensuring appropriate infrastructure and sufficient teaching personnel. The demolition of schools in the West Bank has to cease. The erosion of skills in Gaza has to be stopped. Education and training need to translate into decent jobs for women and men.

146. The Palestinian Authority needs to continue reviewing and revising labour- and employment-related laws and regulations, in consultation with employers' and workers' organizations. In this framework the Palestinian Authority needs to empower the social partners and other stakeholders through social dialogue and respect for international labour standards. The principles of freedom of association need to be clearly established in law and in practice.

147. Gender equality has been a leading theme, and it needs to be pursued with determination; one important aim should be the adoption of a multifaceted national equality policy. Addressing the needs, aspirations and status of women in society, in the economy and at work should be a key aspect of such a policy. Young women and men need hope; the establishment and effective functioning of youth councils should continue.

148. While commending the Palestinian Authority for the work it has done for institutionalizing social dialogue, the mission trusts that this process will continue despite the worrying economic and financial prospects. The National Tripartite Advisory Committee and the recently established Palestinian Economic and Social Council must be fully operational. Measures for creating a nationwide social security system need to be pursued. The national minimum wage needs to be implemented in a way which strengthens the position of the most vulnerable categories of workers and promotes economic growth.

149. The Office and the governing organs of the ILO – the International Labour Conference and the Governing Body – must continue to make the resources and capacities of the Organization available to the Palestinian Authority and the social partners. Cooperation must be pursued in all possible ways to improve livelihoods and working conditions in the territory of the future Palestinian State.

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# Annex

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## List of interlocutors

### Palestinian institutions

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Salam Fayyad, Prime Minister

Ghassan Khatib, Director of the Government Media Center

##### *Ministry of Labour*

Ahmed Majdalani, Minister of Labour

Hassan al-Khatib, Deputy Minister

Asef Said Asa'd, Deputy Assistant for Cooperation, Tripartite Partnership and Social Dialogue Affairs

##### *Palestine Monetary Authority (PMA)*

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Shehadeh Hussein, Deputy Governor

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

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Amina Khasib, Director of National Accounts

Suha Kanaan, Director of Labour Statistics

Jawad al-Saleh, Deputy Director-General of Population and Social Statistics

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Hussain Fuqaha, Member of Executive Committee

Manawell Abdelall, Member of Executive Committee

Mahmoud Abu Odeh, Member of Executive Committee

Suheil Saliba Khader, Member of Executive Committee

Basma Albattat, Member of Executive Committee

Ibrahim Duraghme, Member of Executive Committee

Ibrahim Thweib, Member of Executive Committee

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Fayez Abu A'kar, Treasurer, Chairman of the Economic Committee, Member of Board of Directors

Bader Sabra, Member

Maher al-Tabbaa, Director of Public Relations

*Palestine Trade Center (PalTrade)*

Shawqi Makhtoob, Trade Policy Manager, Ramallah

Faysal Shawa, Vice-Chairman, Gaza

*Palestinian Contractors Union, Gaza*

Mohammad Husaini, Executive Director

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

Mahdi Abdul Hadi, President

*Palestinian Medical Relief Society (PMRS)*

Mustafa Barghouthi, President of PMRS, Secretary-General of Palestine National Initiative and member of the Palestinian Legislative Council (PLC)

*Al-Haq, Ramallah*

Shawan Jabarin, General Director

Nina Atallah, Head of Monitoring and Documentation Department

*Independent Commission for Human Rights, Ramallah*

Ahmad Harb, Commissioner-General

Randa Siniora, Executive Director

Mamdouh Aker, Member of the Board of Commissioners

*Palestine Economic Policy Research Institute (MAS)*

Samir Abdallah, Director

***National Women's Employment Committee***

Zahira Kamal, Director of Palestinian Women's Research and Documentation Center, UNESCO  
Iman Assaf, Head of Gender Unit, Ministry of Labour  
Buthaina Salem, Director-General, Legal Affairs Unit, Ministry of Labour  
Fatima Shamaah, Head of Gender Unit, Ministry of National Economy  
Fida Abu Hmaid, Director-General, Legal Affairs Unit, Ministry of Finance  
Fatima Radaydeh, Director of Gender Unit, Ministry of Women's Affairs  
Siham al-Abbasi, Head of Board, Union of Cooperative Associations for Savings and Credit  
Randa Abed Rabbo, Director, Union of Cooperative Association for Savings and Credit  
Ayman Abdul Majeed, Researcher and Coordinator, Birzeit University  
Carine Metz Abu Hmeid, External Relations Coordinator, Democracy and Workers' Rights Center  
Naela Odeh, Palestinian Working Woman Society for Development

***Women's Affairs Center, Gaza***

Amal Syam, Executive Director

***Center for Women's Legal Research and Consulting, Gaza***

Zeinab El Ghunaimi, Director

***Culture and Free Thought Association, Gaza***

Mariam Zaqout, Director-General

***Women's Affairs Technical Committee, Gaza***

Nadia Abu Nahla, Director

***Palestinian Family Planning and Protection Association, Gaza***

Mar'i Bashir, Project Coordinator

***Save Youth Future Society, Gaza***

Emad Ali Darweesh, Chairman

**Tulkarem Governorate**

Suheil Salman, Member of Executive Council of Tulkarem Governorate, People's Campaign against the Wall

Ibrahim Abu Haseib, Member of Executive Council of Tulkarem Governorate, President of Tulkarem Chamber of Commerce

Mohammed Amara, Member of Executive Council of Tulkarem Governorate, PGFTU

***Illar Municipality***

Bashar Othman, Leader, Local Youth Council

Nasayem Mjadbah, Local Youth Council

Ehab Shraim, Local Youth Council

Motasem Shadid, Local Youth Council

*Anabta Municipality*

Paula Saadeh, Local Youth Council

Amr Nasar, Local Youth Council

Tamer Shihab, Local Youth Council

*El Wedad Society for Community Rehabilitation, Gaza*

Mahmoud Abu Khalifa, Director

*University College of Applied Sciences, Gaza*

Ayman al-Afifi, International Relations Officer

*Al-Maqdese for Society Development (MSD)*

Bashar al-Azzeh, Chairman

Moaz Zatari, Director-General

*Women's Center of Shu'fat Refugee Camp*

Jihad Abu Zneid, Chairperson, Member of Palestinian Legislative Council

Mohammad Mahareeq, Public Relations Officer

Duaa Joulani, Project Coordinator

Rasha Srour, Volunteer

Walaa El Jubeh, Volunteer

Asmaa Sharawneh, Volunteer

Ammar Mohammad Ali, Local Community

Loai Kayyali, Local Community

Mohammad al-Bahri, Local Community

**Israeli institutions****Government of Israel***Ministry of Industry, Trade and Labour*

Avner Amrani, Senior Research Coordinator, Labour Relations Division

Shlomo Ytzhaki, Chief Labour Relations Officer

*Ministry of Foreign Affairs*

Ron Adam, Director, Department of International Organizations and Specialized Agencies

Yael Ravia-Zadok, Head of Bureau, Middle Eastern Economic Affairs

Ruth Zakh, Department of International Organizations and Specialized Agencies

Marina Rosenberg, Department of International Organizations and Specialized Agencies

Jonathan Peled, Ambassador, Division of United Nations and International Organizations

*Coordination of Government Activities in the Territories (COGAT)*

Maj. Gen. Eitan Dangot, Coordinator of Government Activities

Uri Maman, Head of Economic Branch

## Workers', employers' and other organizations

### *Histadrut – General Federation of Labour in Israel*

Avital Shapira-Shabirow, Director, International Department

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

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

### *Manufacturers' Association of Israel*

Avi Barak, Director-General, Federation of Israeli Economic Organizations

Dan Catarivas, Director of International Relations, Federation of Israeli Economic Organizations

Daphna Aviram-Nitzan, Head of Economic Research Department

Uri Rubin, Chairman, Labour Committee, Association of Contractors and Builders in Israel

## United Nations and international organizations

### *Office of the United Nations Special Coordinator for the Middle East Peace Process (UNSCO)*

Maxwell Gaylard, Deputy UN Special Coordinator and United Nations Resident/Humanitarian Coordinator

Elpida Rouka, Chief, Regional Affairs Unit

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

Ramesh Rajasingham, Head of Office

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

Filippo Grandi, Commissioner-General

Cindy Issac, Emergency Officer

Felipe Sanchez, Director of UNRWA Operations, West Bank

Christer Nordahl, Acting Director of UNRWA Operations, Gaza

### *United Nations Development Programme/Programme of Assistance to the Palestinian People (UNDP/PAPP)*

Frode Muring, Special Representative of the Administrator

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

Dina Abu-Ghaida, Program Manager, Deputy to the Country Director

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

Udo Kock, Resident Representative

### *UN Women-Gaza*

Heba al-Zayyan, Programme Analyst

Other meetings

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

Eyal Hareuveni, Senior Researcher

*Kav LaOved – Workers' hotline*

Hanna Zohar, Director

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

Sylvia Piterman, Volunteer

Occupied Syrian Golan

Majd Kamal Kanj Abu Saleh, Lawyer

Kanj Sleiman Abu Saleh, Farmer

Thaer Abu Saleh, Head of College

Hamoud Abu Saleh, Farmer

Said Farhan Farhat, Head of Apple Marketing Committee

*Al-Marsad, Arab Human Rights Centre in Golan Heights*

Ameen Rabah, Lawyer

Nizar Ayoub, Lawyer, Legal Research

Areeg Abu Jabel, Director of Finance, Abu Jabel Brothers Ltd

Salman Fakhr El Deen, Public Relations Officer and Research Assistant