



International
Labour
Organization



Federal Ministry
for Economic Cooperation
and Development



○ Supporting Implementation of the Palestinian National Employment Strategy

○ Concept Note

○ The Palestinian Labour Market

The Palestinian context continues to be marked by an entrenched and expanding occupation, a stalled peace process, persistent internal political instability, and a worsening humanitarian situation in Gaza, bringing it to the verge of collapse. Such circumstances continue to strain the livelihoods of hundreds of thousands of Palestinians, limiting their access to economic opportunities and decent work. The Palestinian private sector remains constrained by the occupation, dampening the investment climate, and undermining the development of many sectors of the economy.

Consequently, the Palestinian labour market had little resilience in the face of the COVID-19 pandemic. Frequent lockdown measures, workplace closures and movement restrictions have had enduring economic and labour market repercussions, especially on the youth, and have put further pressure on public finances.

During 2020, gross domestic product (GDP) shrank by 11.5 per cent, the largest decline since the second *Intifada*, roughly two decades ago. Compared to the last quarter of 2019, 15.8 per cent of working hours – the equivalent of 161,000 full-time jobs – were lost in 2020. This is almost double the global and regional averages. Over this period, unemployment rates rose slightly, reaching 25.9 per cent, and labour force participation, already low, fell to 40.9 per cent. Women and youth have been disproportionately impacted by the pandemic. In 2020, Women's labour force participation reached a low of 15.7 per cent, 29.5 percentage points less than the global average. Youth aged between 15 and 29 recorded an alarmingly high unemployment rate of 42.1 per cent, with young graduates having lost whatever little foothold they had in the labour market.



The situation continued to deteriorate in 2021, with the

**unemployment
rate reaching**

26.4% by the second quarter of the year.

○ A Bleak Reality in Gaza

The situation has been even bleaker for the 40 per cent of the Palestinians living in Gaza. In 2020, less than one in five people of working age had a job, with two thirds of women and young people being unemployed, harbouring little hope of ever getting into paid employment. In May 2021, Gazans had to also endure a series of 11 days of armed hostilities with Israel, exhausting any remaining resources and buffers, and exacerbating previous traumas. With despair extending across Gaza's labour force, the youth unemployment rate stood at 61.9, reaching 79.4 per cent among young women.

Overall, and with more than one quarter of Palestinians – 1.4 million individuals – considered to be living in poverty, and close to half of the labour force being unemployed, it is not surprising that there is a high dependency on humanitarian aid. However, donor support continued its downward trajectory, with external budgetary support reaching only one-third of the 2014 level.

It is fitting therefore that the ILO and its Palestinian tripartite partners (Ministry of Labour, Palestinian General Federation of Trade Unions, and Federation of Palestinian Chambers of Commerce, Industry and Agriculture) have defined the enhancement of employment and livelihood opportunities for women and men as one of the three key priorities of the Palestinian Decent Work Programme (DWP) 2018–22. Employment is also a national priority as stipulated in the National Policy Agenda 2017–22 and the Labour Sector Strategy 2017–2022. It also lies at the core of joint UN interventions reflected in the United Nations Development Assistance Framework 2018–22 for the State of Palestine (UNDAF), underpinned by the 2030 Agenda for Sustainable Development.

○ The National Employment Strategy (2021–25):

The compelling need for a comprehensive approach to address the employment challenge prompted **the adoption of the National Employment Strategy (NES) (2021–25)** by the Palestinian Council of Ministers in November 2020. The NES was subsequently launched by the Palestinian Prime Minister at the National Social Dialogue Conference, held in Ramallah in March 2021..

To ensure broader policy coherence and coordination, **the NES was developed by a tripartite and inter-ministerial committee**, led by the Ministry of Labour and hosted by the Prime Minister's Office. The process took on board the views of workers' and employers' organizations and ensured their full engagement. The strategy was built on an informed, ILO-led analysis of the employment situation, and through solid diagnostics conducted both pre- and post-pandemic. The technical support of the ILO has also ensured that the strategy fully adheres to **international labour standards**.

The NES thus provides a **robust, comprehensive framework** to align and federate all labour-market, employment, skills and enterprise interventions to collaboratively advance decent work for all, in particular for youth and women.

Mapping existing interventions in each area under the NES provides the map of investments and efforts ongoing and planned, and the gaps that warrant further funding.

The National Employment Strategy will work to achieve three key objectives:

1



GOVERNANCE

Strengthening labour market governance and developing active labour market policies and programmes.

- 1.1. The aim is to ensure stronger linkages and more efficient alignment between the supply and demand sides of the labour market.
- 1.2. The focus is on improving the effectiveness of labour market institutions to develop employment policies and realize the NES more broadly.
- 1.3. Labour-intensive programmes will be designed and implemented in the sectors most affected by policies imposed by the occupation, to provide jobs for the unemployed.
- 1.4. To improve employment outcomes, the NES will work to establish a comprehensive labour market information system, support formalization, promote effective social dialogue and enhance labour inspection.

2



SUPPLY

Firmly aligning education, including higher education, and skills with labour market needs.

- 2.1. This second objective aligns educational outputs to labour market needs through close cooperation between education and training providers, higher education institutions, and the private sector.
- 2.2. Vocational standards will be based on competencies identified in partnership with the private sector and employer organizations.
- 2.3. The standards will lay the ground for developing technical and vocational education and training (TVET) curricula and labour market training plans
- 2.4. The training plans will include accreditation criteria for TVET programmes and expertise and for developing a National Qualifications Framework (NQF).
- 2.5. This objective will also seek to encourage further enrolment in TVET education, including through new interventions.
- 2.6. The new interventions will include establishing vocational units at government schools and training teachers on their use, and intensifying and upgrading vocational guidance through building partnerships with the private sector and engaging the media to raise public awareness of TVET.

3



DEMAND

Boosting the private sector's resilience and capacity to increase productivity and create decent employment opportunities for jobseekers, particularly youth and women.

- 3.1. The NES will work to improve the business environment.
- 3.2. This will be achieved through amending and reforming the legal and regulatory business framework to reduce cost of starting and doing business.
- 3.3. Other means include strengthening the capacity of private sector entities, including cooperatives, in priority sectors in the Gaza Strip and Israeli-controlled areas including East Jerusalem to preserve their operational and competitive capabilities and improve working conditions.
- 3.4. This objective will also work to develop business services and financing in support of entrepreneurship and self-employment, and improve control and inspection over commodity markets to ensure fair competition for local products and consumer protection.

○ Transformative Agenda

Implementing the NES will require scaling up interventions based on a shared commitment to accelerate efforts in pursuit of achieving Decent Work, while promoting social cohesion, economic resilience, voice and equality in the quest for state building. There is a clear call for all partners to agree upon an ambitious plan of scaling up investments to expand decent work opportunities, for collective implementation of the Palestinian National Employment Strategy.

Support to the implementation of the NES can be in the form of direct financing to the Palestinian Authority, through funding of the Palestinian Employment Fund, through bilateral programmes or through technical assistance and joint programmes of United Nations Agencies and NGOs.

Priority thematic areas

Action is immediately needed in 10 thematic areas that are mutually reinforcing but require specific measures, funding and partnerships to be realised. These are laid out in 10 thematic fiches covering:



Strengthening the Labour Market Information System (LMIS);



Strengthening TVET systems in line with labour market needs and increasing TVET enrolment;



Supporting enhanced Public Employment Services (PES);



Improving the business environment;



Improving labour inspection and addressing informality;



Promoting growth and employment creation in priority sectors;



Linking social protection with labour market activation;



Supporting entrepreneurship; and



Enhancing institutions and structures of social dialogue and social security;



Supporting local products.

Coordination

With ILO support, the Ministry of Labour has deepened its coordination efforts through bilateral meetings with the social partners and development actors in the sector. The Labour Sector Working Group serves as a key platform for dialogue with partners, under the Local Aid Coordination Secretariat mechanism of the Prime Minister's Office.

The NES is also central to the ILO and broader United Nations programming frameworks, the UN Resident Coordinator will play a key role in ensuring coordinated joint UN support to the NES. Similarly, the Palestinian Ministry of Labour will work with ILO and International Financial Institutions to further align financing to the NES.

Expanded, diversified and strengthened partnerships and resources will be needed in order to address decent work deficits and improve labour market outcomes for Palestinians.

○ Key Objectives and Scope of 2023 Partners' Meeting

The Palestinian Ministry of Labour, in collaboration with the Prime Minister's Office, is partnering with the ILO, the Arab Labor Organization and the Government of Germany to hold a Partners' Meeting that seeks to chart a path to job opportunities and gainful employment for Palestinian women and men, especially youth.

Through the Palestinian National Employment Strategy 2021–25 and its combined set of policy measures, action programmes and investments, Palestinian governmental authorities aim to improve employment outcomes including through the creation of more and better jobs.

The meeting will provide an opportunity to present the needs identified in the NES, to align existing and planned interventions and to identify funding gaps in order for partners to scale up support for the implementation of the NES.



LOCATION: JORDAN

DATE: 23 FEBRUARY, 2023



Participants

This meeting will engage **key stakeholders, development partners, UN agencies, international financial institutions, and Palestinian business organizations and trade unions** to discuss and identify ways forward that are central to employment creation.