



**International Labour Organization
Regional Office for Arab States**

**ROAS Activity Report on Social Security in the
Occupied Palestinian Territories (oPt) from 2012-2016**

❖ **Activities carried out in 2011-2012:**

- Based on a series of consultations with the then Minister of Labour, Dr Ahmed Majdalani, and tripartite stakeholders in the oPt in 2011/2012, ROAS included a key component on social protection in the Decent Work Strategy. This component included supporting tripartite constituents in the development and implementation of a comprehensive Social Security Sector Strategy that is in line with the basic principles of the Social Protection Floor and is in conformity with ILO social security standards and international good practice.
- This was based on the understanding that the defined benefit social security system which was envisaged to be established with the assistance of the ILO, would serve as the national social security system, while the draft law on a defined contribution pension scheme which has been drafted by Portland Trust in collaboration with the World Bank could only serve as a complementary system and would not be adopted before the defined benefit system was adopted. It was further agreed that this envisaged system would be anchored in ILO social security standards and international best practices.
- In order to accelerate the process of developing a comprehensive social security and protection system based on a participatory process and social dialogue, the Palestinian Prime Minister Salam Fayyad established with ROAS's assistance at the beginning of 2012 a Tripartite National Social Security Committee, which first task was the adoption of a position paper based on three dimensions: a) outlining a vision for the social security sector strategy with clear priorities, b) actuarial study of the proposed social security law, and c) tripartite institution building for social security administration, including capacity building for reviewing social security legislation and national social security policies.
- In August 2012, the ROAS Senior Regional Social Security Specialist participated in the first official meeting of the Tripartite National Social Security Committee, chaired by the Palestinian Prime Minister, upon an invitation of the Prime Minister. During the visit to Palestine, the Senior Regional Social Security Specialist met and discussed with the Minister of Labour,

Minister of Social Development, Minister of Finance, and the Minister of Health, as well as with social partners and civil society a possible strategy for the establishment of a comprehensive social security system in Palestine.

- Following the findings of the mission and based on several recommendations, the ILO developed in October 2012 a concept note outlining ILO's key interventions to achieve the above-mentioned component.
- After a Cabinet reshuffle in 2011, Dr. Ahmed Majdalani was appointed as the Chairman of the Tripartite National Social Security Committee, responsible for the social security portfolio.

❖ **Activities carried out in 2013:**

- In March 2013, the ILO organized a workshop for the Tripartite National Social Security Committee in Ramallah. The aim of the workshop was to agree on ILO's key intervention and on a timeline for these interventions. The key interventions were two-fold: (a) the establishment of a social security system for private sector workers and their family members covering old-age, disability and death pensions, employment injuries and maternity benefits; and (b) the progressive establishment of a national social protection floor.
- In May 2013, the ILO organized a capacity-building workshop in Ramallah for the Tripartite National Social Security Committee to deepen their knowledge and strengthen their capacities on the importance of carrying out an actuarial valuation, actuarial techniques and its concept, as the basis for the establishment of this new social security system.
- In July 2013, the ILO developed a policy matrix outlining the main parameters of the proposed social security system, based on extensive discussions with members of the Tripartite National Social Security Committee.
- In August 2013, the ILO organized a 2-day workshop for the Tripartite National Social Security Committee on the ILO's proposed policy matrix. At the same time, the Tripartite National Social Security Committee put in place a tripartite Social Security Task Force to work with the ILO on the development of the new social security system for private sector workers.
- From April to November 2013, the ILO carried out an actuarial evaluation of the proposed social security system, which assessed the parameters of the proposed system to ensure its financial sustainability in the short-term and the long-term, while providing meaningful benefits to insured workers without overburden their contributory capacity.
- Under the Patronage of the former Minister of Labour, Dr Ahmed Majdalani, the ILO organized a 2-day workshop on "Capacity Building for the Social Security Tripartite National Committee" in November 2013 in Ramallah. The workshop was on ILO policy design parameters of the new social security system. The broad objective of the workshop was to strengthen the capacities of tripartite constituents in social security policy making, social security financing and implementation, including the drafting of a legal framework for the new social security system,

based on social dialogue, international social security standards and worldwide good practices.

- After nearly 6 months of extensive discussions and consultative meetings with tripartite Palestinian Stakeholders, the policy framework of the new social security system was adopted by tripartite consensus by the Tripartite National Social Security Committee and the actuarial valuation was launched in December 2013 during a launching event in Ramallah.

❖ **Activities carried out in 2014:**

- In the first half of 2014, the Social Security Task Force worked with the support of the ILO on the preparation of the new draft social security law, based on the design parameters of the policy matrix and the recommendations of the actuarial valuation. The draft Zero social security law was submitted to the members of the Tripartite National Social Security Committee for their comments (July - September 2014).
- Following that, ROAS supported the Social Security Task Force in forming a Social Security Legal Drafting Committee, to work along with the Senior Regional Social Security Specialist of ROAS in finalizing the drafting of the Law.
- In March 2014, upon request of various Palestinian stakeholders the ILO submitted to tripartite stakeholders comments on the proposed “pension for non-governmental sector regulation” which introduced a voluntary pension scheme for private sector workers, based on the defined-contribution approach. This proposed non-governmental pension scheme (NGPS) Regulation, which was elaborated by Dr Majdalani without the knowledge or involvement of the ILO, was approved by the Council of Ministers of the Palestinian in February 2014. It was supposed to come into force through its signature by the Prime Minister of the Palestinian National Authority and sixty days after its publication in the Official Gazette. As drafted, this law constituted a comprehensive national pension scheme for workers in the private sector. Upon pressure from stakeholders, this draft law has not been signed by the President.
- In addition, assistance was provided for capacity building; in particular, seven tailor-made social capacity building and training workshops were carried out. Those capacity-building workshops focused on legal drafting, social security financing and actuarial techniques, and the principles of social security administration (2014). It is remarkable that those workshops have improved not only the social security knowledge of Palestinian tripartite stakeholders, but also strengthened social dialogue, which was demonstrated by the fruitful discussions and negotiations on the new proposed social security law for Palestine. In addition, the ILO supported the participation of tripartite Palestinian stakeholders in regional social security conferences. The capacity building workshops were as follows:
 - The ILO financed the participation of the Social Security Task Force in a regional social security workshop organized in Beirut (1-3 September 2014) by the Arab Social Security Association of the Arab Labour Organization in collaboration with the ILO, which main topic was on how to administer social security administration and raise awareness on social security.

- The ILO also organized at the Dead Sea a workshop (10-13 October 2014) for selected tripartite Palestinian stakeholders on the drafting of the new social security law, which included awareness raising on the proposed new social security system.
- The ILO also organized a one-day workshop in Palestine (16 November 2014) for selected tripartite Palestinian stakeholders, tailor-made, on the administration of social security systems and the possible ways of administering the new social security system in Palestine.
- The ILO organized another workshop in Palestine (25-28 November 2014) for selected tripartite Palestinian stakeholders on the drafting of the new social security law, which included awareness raising and administration of social security systems.
- The ILO also carried out a workshop in Beirut (11-12 December 2014) for selected tripartite Palestinian stakeholders to finalize the draft of the new Palestinian social security law, with special emphasis on administration of social security systems and investment of their funds.
- In addition, the ILO financed the participation of the Social Security Task Force in another regional social security workshop that took place in Beirut (8-10 December 2014), and which was organized by the Arab Social Security Association of the Arab Labour Organization in collaboration with the ILO. The main topic was on the SPF and related awareness raising.
- The ILO organized in September 2014 a capacity-building workshop for tripartite stakeholders in Ramallah, to strengthen their capacities on social security administration and the process to build up an administration.
- To foster South-South cooperation the ILO organized a study tour to the Jordanian Social Security Corporation for selected tripartite Palestinian stakeholders who were working on the development of the new social security law for Palestine (14-18 December 2014). The main objective of the study tour was to strengthen the capacities of the members of the Tripartite National Social Security Committee and the Social Security Task Force for the finalization of the new social security law and the establishment and administration of the envisaged new social security system. The Palestinian delegation learned from the experience, challenges and lessons learned in establishing the SSC and understood its organizational structure (Board of Directors, Director General, etc.), as well as the development of the Jordanian social security legislation, the social security fund's investment and the internal regulations.
- According to an official request of the Public Pension Agency (PPA) in 2014, the ILO also carried out an actuarial evaluation of the social security schemes administered by the Palestinian Pension Agency (PPA) in order to ensure the sustainability and adequacy of the PPA schemes as part of the whole social protection system. PPA endorsed the latter in November 2014.
- Following that, the ILO organized a high level workshop for the occasion of the visit of Ms. Isabel Ortiz, Director of SOCPRO ILO Geneva, to Palestine on 2nd November 2014. Different major events took place during that day, among which are the following:
 - The launch of the Actuarial Evaluation of the schemes administered by the Palestinian Pension Agency (PPA) as at 31 December 2012 carried out by ROAS, with the presence

of Dr. Ahmad Majdalani, Chairman of the PPA and Chairman of the National Social Security Committee.

- A high level briefing meeting with members of the National Social Security Committee took place at the Prime Minister office in the presence of Ms. Isabel Ortiz and chaired by Dr. Ahmad Majdalani.

❖ **Activities carried out in 2015-2016:**

- The ILO provided technical guidance in 2014-2015 in the finalization of the drafting of the new social security law, the legal framework that codifies the proposed new social security system and its administration. The ILO also ensured that the draft law complies with up-to-date ILO social security Conventions and the policy design parameters and the actuarial valuation carried out by the ILO and agreed upon by tripartite stakeholders in 2013.
- In February 2015, ROAS organized a 2-day technical workshop for the Social Security Legal Drafting Committee for the finalization of the Investment Chapter of the draft social security law, with participation of international investment specialists.
- Further capacity building workshops were organized in 2015 for employers' and for workers representatives to widen their knowledge about social security and the draft social security law.
- Upon request of the tripartite National Social Security Committee, and in particular the Palestinian General Federation of Trade Unions (PGFTU), the ILO carried out from July to September 2015 additional scenarios of the actuarial evaluation, so as to examine possible ways to increase the suggested levels of pensions, while guaranteeing the financial sustainability of the suggested new system.
- In view of the implementation of the proposed new social security scheme, an administration study was elaborated by the ILO to serve as a guiding document for the establishment of the new administration, as well as the job descriptions for the key positions of the future social security institution in 2015 were designed. At the same time, the ILO developed an implementation plan for the new Social Security Administration. Both, the administration study as well as the implementation plan have been adopted by tripartite Palestinian stakeholders in September 2015.
- In addition, assistance was provided in knowledge-sharing, fundraising events and products, notably in the development of fact sheets and fund raising materials for the new social security system and its future institution that were presented to attract donors on the margins of the ILC 2015 at the Palestine Solidarity event.
- Based on a fund-raising visit with Dr Majdalani in November 2015 to Oman, ROAS developed a MoU between the Public Authority of Social Insurance of Oman and the Palestinian National

Authority to support the implementation of the new social security system and to share the social security practices of Oman with Palestinian tripartite stakeholders.

- The **draft social security law** was submitted to the Tripartite National Social Security Committee in October 2015. It was adopted by the Committee in 14 October 2015 and submitted to the Council of Ministers, which endorsed the draft law in 16 February 2016. Subsequently, the law was signed by President Abbas on 2 March 2016 and published in the official Gazette on 20 March 2016, with entry into force after 30 days after publishing.

Final remarks to the assistance provided by the ILO:

- The process of establishing the new social security system was in its initial stages exemplary according to ILO standards and principles in engaging tripartite constituents. However, in the absence of a legislative council the process could have been made more participatory and further consultations should have been made for engaging different members of society prior to the submission of the draft law to the Council of Ministers in order to ensure an efficient and effective social protection security system.
- In addition, the draft Social Security Law sent by the Tripartite National Social Security Committee to the Council of Ministers was the outcome of the consensus reached through an important and sometimes difficult participatory process. Despite this, significant last-minute changes were made to the draft law by the Council of Ministers and the President without further consultations with relevant stakeholders. The final stages of the process therefore lacked transparency and ultimately defeated the participation approach taken and otherwise upheld by ILO principles and standards.
- It is also worth noting that the ILO worked under considerable pressure, as the private sector was pushing the Government for the adoption of a defined contribution pension scheme privately adopted, in place of the suggested national social security system which was elaborated with the assistance of the ILO.
