

OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

OCCASIONAL REPORT

LABOUR MARKET DEVELOPMENTS – AUGUST 2007

The labour market occasional report is produced and published once every quarter and is intended as a complementary report to the monthly UNSCO socio-economic update reports. The report will provide data on the last six quarters for a number of indicators as well as base-line data. Some very limited analysis will be provided with each table. The source for all of the data used in this report is the PCBS quarterly labour force surveys.

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Indicator	Baseline Q2-00	Q1-06	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07
Palestinian Labour market (x 1000)							
Occupied Palestinian territory							
Total Population	3,149.0	3,851.5	3,872.6	3,904.3	3,936.3	3,968.3	4,000.4
Working age population	1,664.0	2,080.8	2,100.8	2,121.2	2,141.7	2,162.7	2,183.4
Labour force (ILO definition)	705.7	831.4	859.1	876.7	920.5	890.4	926.3
Labour force participation rate (%)	42.5%	40.0%	40.9%	41.3%	43.0%	41.2%	42.4%
Discouraged workers	83.0	69.9	68.0	75.9	81.9	77.9	81.2
Expanded labour force	788.7	901.3	927.1	952.6	1,002.4	968.3	1,007.5
West Bank							
Total Population	1,999.0	2,423.4	2,435.5	2,453.5	2,471.7	2,489.8	2,508.0
Working age population	1,101.0	1,354.0	1,366.0	1,378.2	1,390.7	1,403.1	1,415.5
Labour force (ILO definition)	483.3	574.9	596.5	614.6	635.1	599.5	634.6
Labour force participation rate (%)	43.9%	42.5%	43.7%	44.6%	45.7%	42.7%	44.8%
Discouraged workers	53.0	46.3	48.3	51.0	59.2	55.3	55.6
Expanded labour force	536.3	621.2	644.8	665.6	694.3	654.8	690.2
Gaza Strip							
Total Population	1,130.0	1,428.1	1,437.0	1,450.8	1,464.6	1,478.5	1,492.4
Working age population	563.0	726.8	734.8	743.0	751.0	759.6	767.9
Labour force (ILO definition)	222.4	256.5	262.6	262.1	285.4	290.9	291.7
Labour force participation rate (%)	39.5%	35.3%	35.7%	35.3%	38.0%	38.3%	38.0%
Discouraged workers	30.0	23.6	19.7	24.9	22.7	22.6	25.6
Expanded labour force	252.4	280.1	282.3	287.0	308.1	313.5	317.3

With a population growth rate of 3.3 percent over the past 12 months, the total population in the oPt has topped the 4 million mark in the second quarter of 2007. Including discouraged workers (i.e. the population of working age that does not work and is not seeking work), the total Palestinian labour force (expanded definition) totals one quarter of the total population at 1 million people. According to the ILO definition (i.e. not including discouraged workers) the labour force participation rate stands at 42.4 percent. Perhaps the most interesting statistic in the above table is that despite years of economic regression and expanding labour force, the number of discouraged workers inside the Gaza Strip today is less than in the period just prior to the outbreak of the *Intifada*. One possible explanation could be that even though people have little trust in securing employment, their coping mechanisms have been eroded to such an extent that not seeking work is no longer an option.

Indicator	Baseline Q2-00	Q1-06	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07
Employment and Unemployment (by region)							
Occupied Palestinian territory							
Employed <i>Fully employed</i> <i>Underemployed</i>	643,000 606,000 37,000	621,100 561,400 59,700	662,100 589,800 72,300	664,300 595,100 69,200	717,900 642,400 75,500	698,300 636,500 61,800	748,900 649,600 99,300
Unemployed Unemployment rate (ILO definition)	63,000 5.4%	210,300 25.3%	197,000 22.9%	212,400 24.2%	202,600 22.0%	192,100 21.6%	177,400 19.2%
Adjusted Unemployed Adjusted Unemployment rate (relaxed definition)	146,000 18.5%	280,200 31.1%	265,000 28.6%	288,300 30.3%	284,500 28.4%	270,000 27.9%	258,600 25.7%
West Bank							
Employed <i>Fully employed</i> <i>Underemployed</i>	451,000 417,000 34,000	452,000 400,200 51,800	488,900 427,000 61,900	497,400 437,200 60,200	531,900 478,000 53,900	495,700 450,900 44,800	534,100 456,500 77,600
Unemployed Unemployment rate (ILO definition)	32,000 6.6%	122,900 21.4%	107,600 18.0%	117,200 19.1%	103,200 16.2%	103,800 17.3%	100,500 15.8%
Adjusted Unemployed Adjusted Unemployment rate (relaxed definition)	85,000 17.6%	169,200 27.2%	155,900 24.2%	168,200 25.3%	162,400 23.4%	159,100 24.3%	156,100 22.6%
Gaza Strip							
Employed <i>Fully employed</i> <i>Underemployed</i>	192,000 189,000 3,000	169,100 161,200 7,900	173,200 162,800 10,400	166,900 157,900 9,000	186,000 164,400 21,600	202,600 185,600 17,000	214,800 193,100 21,700
Unemployed Unemployment rate (ILO definition)	31,000 13.8%	87,400 34.1%	89,400 34.0%	95,200 36.3%	99,400 34.8%	88,300 30.4%	76,900 26.4%
Adjusted Unemployed Adjusted Unemployment rate (relaxed definition)	61,000 24.2%	111,000 39.6%	109,100 38.6%	120,100 41.8%	122,100 39.6%	110,900 35.4%	102,500 32.3%

In the second quarter of 2007 the unemployment rate (ILO definition) dropped to 19.2 percent (compared to 21.6 percent in Q1-2007), marking the first time that unemployment has dropped below the 20 percent mark since the start of the *Intifada*. At first glance this appears to be a positive development. However, the decrease in unemployment is more than matched by an increase in the underemployed category, indicating that people are finding work but do so in low-paying jobs and on a part-time basis only. At close to 100,000 persons, the percentage of people that are underemployed has grown to 10.7 percent (representing a 55 percent increase if compared to Q1-2007).

Despite the drop in unemployment rates, overall unemployment remains very high in both the West Bank and Gaza Strip with unemployment rates today more than doubling the rates in the baseline in the second quarter of 2000.

It should be taken into account that the results of the factional fighting inside the Gaza Strip and the subsequent siege are not reflected in these figures. It is expected that third quarter figures will show significant shifts particularly for the Gaza Strip.

Indicator	Baseline Q2-00	Q1-06	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07
Employment and Unemployment (by gender)							
Occupied Palestinian territory							
Labour Force participation rate	42.5%	40.0%	40.9%	41.3%	43.0%	41.2%	42.4%
<i>Male</i>	73.20%	66.8%	67.6%	68.3%	68.0%	66.7%	67.8%
<i>Female</i>	13.67%	12.7%	13.7%	13.9%	17.5%	15.2%	16.6%
Full employment	85.8%	67.5%	68.7%	67.9%	69.8%	71.5%	70.1%
<i>Male</i>	85.34%	66.4%	66.9%	66.8%	66.9%	69.8%	67.9%
<i>Female</i>	83.49%	73.9%	77.6%	73.0%	81.1%	79.0%	79.3%
Underemployment	5.4%	7.2%	8.4%	7.9%	8.2%	6.9%	10.7%
<i>Male</i>	5.70%	8.0%	9.4%	9.0%	9.6%	8.0%	12.7%
<i>Female</i>	2.62%	2.6%	3.3%	2.5%	2.7%	2.1%	2.7%
Unemployment	8.8%	25.3%	22.9%	24.2%	22.0%	21.6%	19.2%
<i>Male</i>	8.95%	25.6%	23.7%	24.2%	23.5%	22.2%	19.4%
<i>Female</i>	13.88%	23.5%	19.1%	24.5%	16.2%	18.9%	18.0%
West Bank							
Labour Force participation rate	43.9%	42.5%	43.7%	44.6%	45.7%	42.7%	44.8%
<i>Male</i>	73.5%	68.4%	69.6%	71.6%	69.7%	67.5%	69.8%
<i>Female</i>	14.1%	16.0%	17.2%	17.1%	21.2%	17.5%	19.4%
Full employment	86.4%	69.6%	71.6%	71.1%	75.3%	75.3%	72.0%
<i>Male</i>	86.0%	68.0%	69.5%	70.1%	72.2%	73.2%	68.8%
<i>Female</i>	88.1%	76.5%	80.2%	75.6%	85.3%	83.4%	83.5%
Underemployment	7.1%	9.0%	10.4%	9.8%	8.5%	7.5%	12.2%
<i>Male</i>	8.0%	10.5%	12.2%	11.4%	10.4%	9.0%	14.9%
<i>Female</i>	2.7%	2.5%	2.9%	2.8%	2.2%	1.4%	2.5%
Unemployment	6.5%	21.4%	18.0%	19.1%	16.2%	17.3%	15.8%
<i>Male</i>	6.0%	21.5%	18.3%	18.5%	17.4%	17.8%	16.3%
<i>Female</i>	9.2%	21.0%	16.9%	21.6%	12.5%	15.2%	14.0%
Gaza Strip							
Labour Force participation rate	39.5%	35.3%	35.7%	35.3%	38.0%	38.3%	38.0%
<i>Male</i>	67.4%	63.7%	63.9%	62.3%	64.8%	65.4%	64.1%
<i>Female</i>	11.6%	6.5%	7.2%	7.8%	10.8%	10.8%	11.5%
Full employment	84.6%	62.8%	62.0%	60.3%	57.6%	63.8%	66.2%
<i>Male</i>	85.3%	62.9%	61.6%	59.9%	56.3%	63.4%	66.1%
<i>Female</i>	80.5%	61.8%	65.9%	62.6%	65.7%	66.0%	66.2%
Underemployment	1.6%	3.1%	4.0%	3.4%	7.6%	5.8%	7.4%
<i>Male</i>	1.6%	3.1%	3.8%	3.8%	8.1%	6.1%	8.2%
<i>Female</i>	1.9%	3.1%	5.1%	0.9%	4.5%	4.2%	3.4%
Unemployment	13.8%	34.1%	34.0%	36.3%	34.8%	30.4%	26.4%
<i>Male</i>	13.1%	34.0%	34.6%	36.3%	35.6%	30.5%	25.7%
<i>Female</i>	17.6%	35.1%	29.0%	36.5%	29.8%	29.8%	30.4%

In exploring the labour market disaggregated by gender, we can observe two main trends: 1) an increasing amount of women is entering the labour market; and 2) once entered, women have a greater chance of finding employment than their male counterparts. These two trends are particularly pronounced in the West Bank while the situation in Gaza is still very much similar to the situation just prior to the outbreak of the second *Intifada*.

An interesting finding here is the difference in female employment between the West Bank and Gaza Strip with women in the West Bank being twice as likely to have or seek work than their female counterparts in the Gaza Strip.

In the second quarter of 2007, the female labour force participation rate for the whole of the oPt rose to 16.6 percent with 8 out of 10 women in the labour market actually being employed.

Indicator	Baseline Q2-00	Q1-06	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07
Employment by status							
Occupied Palestinian territory							
Employer	27,006	26,086	28,470	31,222	37,331	25,139	29,956
Self-employed	120,241	165,213	176,119	166,075	159,374	173,877	187,225
Wage worker	437,883	379,492	394,612	395,923	410,639	425,963	435,111
<i>Private sector wage worker</i>	<i>327,883</i>	<i>227,492</i>	<i>242,612</i>	<i>243,923</i>	<i>245,939</i>	<i>260,963</i>	<i>270,111</i>
<i>Public sector wage worker</i>	<i>110,000</i>	<i>152,000</i>	<i>152,000</i>	<i>152,000</i>	<i>164,700</i>	<i>165,000</i>	<i>165,000</i>
Unpaid family labourer	57,870	50,309	62,900	71,080	110,557	73,322	96,608
Ratio (percentage of employed)							
Employer	4.2%	4.2%	4.3%	4.7%	5.2%	3.6%	4.0%
Self-employed	18.7%	26.6%	26.6%	25.0%	22.2%	24.9%	25.0%
Wage worker	68.1%	61.1%	59.6%	59.6%	57.2%	61.0%	58.1%
<i>Private sector wage worker</i>	<i>51.0%</i>	<i>36.6%</i>	<i>36.6%</i>	<i>36.6%</i>	<i>34.1%</i>	<i>37.2%</i>	<i>36.1%</i>
<i>Public sector wage worker</i>	<i>17.1%</i>	<i>24.5%</i>	<i>23.0%</i>	<i>23.0%</i>	<i>23.1%</i>	<i>23.8%</i>	<i>22.0%</i>
Unpaid family labourer	9.0%	8.1%	9.5%	10.7%	15.4%	10.5%	12.9%
West Bank							
Employer	22,550	21,696	22,978	24,870	23,404	16,854	22,432
Self-employed	87,043	128,820	139,825	132,806	130,316	133,343	140,468
Wage worker	301,719	259,448	273,784	278,047	285,630	292,463	296,960
Unpaid family labourer	39,688	42,036	52,312	61,678	92,551	53,040	74,240
Ratio (percentage of employed)							
Employer	5.0%	4.8%	4.7%	5.0%	4.4%	3.4%	4.2%
Self-employed	19.3%	28.5%	28.6%	26.7%	24.5%	26.9%	26.3%
Wage worker	66.9%	57.4%	56.0%	55.9%	53.7%	59.0%	55.6%
Unpaid family labourer	8.8%	9.3%	10.7%	12.4%	17.4%	10.7%	13.9%
Gaza Strip							
Employer	4,416	4,225	5,196	6,181	13,391	8,306	7,303
Self-employed	32,832	36,331	36,375	33,242	29,015	40,316	46,183
Wage worker	136,128	119,977	120,902	117,935	125,172	133,307	138,120
Unpaid family labourer	18,624	8,449	10,739	9,689	18,413	20,665	23,199
Ratio (percentage of employed)							
Employer	2.3%	2.5%	3.0%	3.7%	7.2%	4.1%	3.4%
Self-employed	17.1%	21.5%	21.0%	19.9%	15.6%	19.9%	21.5%
Wage worker	70.9%	71.0%	69.8%	70.6%	67.3%	65.8%	64.3%
Unpaid family labourer	9.7%	5.0%	6.2%	5.8%	9.9%	10.2%	10.8%

In exploring the labour market disaggregated by status of employment the most obvious two trends observed are the steady decline of the wage worker category and the steady increase of the unpaid family labour category. Combined these trends would indicate that large numbers of Palestinians that lose their regular wage earning employment are not included in the unemployment column as they find low-income work within the family circle. These trends are observed in both the West Bank and the Gaza Strip. For the whole of the oPt, the relative importance of wage-work has declined from 68 percent to 58 percent.

Another trend observed over the past six quarters is that with public sector labour frozen at 165,000 jobs, the relative importance of the public sector as a source of waged work is decreasing as the overall labour force continues to grow. However, with close to one-quarter of all employment, the public sector remains a very important source of employment for the Palestinian economy.

Indicator	Baseline Q2-00	Q1-06	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07
Employment by economic activity (excluding workers in ISIs)							
Occupied Palestinian territory							
Agriculture, fishing	69,959	76,373	96,304	86,005	147,539	96,044	124,846
Quarrying, manufacturing	75,242	61,495	69,821	74,043	74,509	76,119	82,768
Construction	63,235	52,472	53,773	49,251	40,007	46,525	54,017
Commerce, Hotels, Restaurants	86,950	113,284	114,607	120,614	109,921	124,967	132,084
Transport, Communication	28,214	37,349	36,615	37,556	35,634	38,373	36,538
Services (incl. public administration)	176,012	219,126	233,180	227,331	242,191	248,172	254,948
Ratio (percentage of employed)							
Agriculture, fishing	14.0%	13.6%	15.9%	14.5%	22.7%	15.2%	18.2%
Quarrying, manufacturing	15.1%	11.0%	11.5%	12.4%	11.5%	12.1%	12.1%
Construction	12.7%	9.4%	8.9%	8.3%	6.2%	7.4%	7.9%
Commerce, Hotels, Restaurants	17.4%	20.2%	19.0%	20.3%	16.9%	19.8%	19.3%
Transport, Communication	5.6%	6.7%	6.1%	6.3%	5.5%	6.1%	5.3%
Services (incl. public administration)	35.2%	39.1%	38.6%	38.2%	37.3%	39.4%	37.2%
West Bank							
Agriculture, fishing	43,268	59,192	78,029	70,176	121,516	69,271	97,843
Quarrying, manufacturing	55,775	49,392	59,923	64,613	62,613	62,002	65,856
Construction	48,000	38,808	43,110	41,506	31,075	35,063	40,454
Commerce, Hotels, Restaurants	65,916	84,672	83,202	89,431	81,165	91,506	92,198
Transport, Communication	19,606	27,832	27,590	28,241	25,045	24,373	23,990
Services (incl. public administration)	105,465	132,104	139,245	133,933	142,387	145,384	150,058
Ratio (percentage of employed)							
Agriculture, fishing	12.8%	15.1%	18.1%	16.4%	26.2%	16.2%	20.8%
Quarrying, manufacturing	16.5%	12.6%	13.9%	15.1%	13.5%	14.5%	14.0%
Construction	14.2%	9.9%	10.0%	9.7%	6.7%	8.2%	8.6%
Commerce, Hotels, Restaurants	19.5%	21.6%	19.3%	20.9%	17.5%	21.4%	19.6%
Transport, Communication	5.8%	7.1%	6.4%	6.6%	5.4%	5.7%	5.1%
Services (incl. public administration)	31.2%	33.7%	32.3%	31.3%	30.7%	34.0%	31.9%
Gaza Strip							
Agriculture, fishing	26,929	16,810	18,532	15,522	26,226	26,743	27,280
Quarrying, manufacturing	19,791	12,271	9,872	9,346	11,532	14,385	17,184
Construction	15,249	13,616	10,565	7,677	9,114	11,346	13,318
Commerce, Hotels, Restaurants	20,764	28,745	31,349	31,043	28,644	33,429	39,523
Transport, Communication	8,760	9,246	9,180	9,346	10,974	13,979	12,458
Services (incl. public administration)	70,729	87,412	93,701	93,965	99,510	102,718	105,037
Ratio (percentage of employed)							
Agriculture, fishing	16.6%	10.0%	10.7%	9.3%	14.1%	13.2%	12.7%
Quarrying, manufacturing	12.2%	7.3%	5.7%	5.6%	6.2%	7.1%	8.0%
Construction	9.4%	8.1%	6.1%	4.6%	4.9%	5.6%	6.2%
Commerce, Hotels, Restaurants	12.8%	17.1%	18.1%	18.6%	15.4%	16.5%	18.4%
Transport, Communication	5.4%	5.5%	5.3%	5.6%	5.9%	6.9%	5.8%
Services (incl. public administration)	43.6%	52.0%	54.1%	56.3%	53.5%	50.7%	48.9%

Agriculture is increasingly becoming the key economic sector where employment growth is still possible. This is particularly true in the West Bank where currently 1 in 5 jobs is in agriculture (compared to 1 in every 8 jobs prior to the second *Intifada*). However, many of the jobs created in agriculture during the past year are likely to be in the unpaid family labour category.

The fact that the agricultural sector is not expanding in the Gaza Strip is likely due to lack of physical space in Gaza and the limitations on exports providing little incentives for increased agricultural production.

Very concerning is the steady decline of employment in the manufacturing and construction sectors as these are, together with the public sector, the largest providers of waged work. The decline in the construction sector is partly due to the re-orientation of donor funds from development activities to humanitarian aid.

Indicator	Baseline Q2-00	Q1-06	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07
Employment by place of work							
Occupied Palestinian territory							
Employed in the domestic market	499,611	560,100	604,300	594,800	649,800	630,200	685,200
Employed in ISI	143,389	61,000	57,800	69,500	68,100	68,100	63,700
Percentage of employed in ISI	22.3%	9.8%	8.8%	10.5%	9.5%	9.8%	8.5%
West Bank							
Employed in the domestic market	337,348	392,000	431,100	427,900	463,800	427,600	470,400
Employed in ISI	113,652	60,000	57,800	69,500	68,100	68,100	63,700
Percentage of employed in ISI	25.2%	13.2%	11.8%	14.0%	12.8%	13.7%	11.9%
Gaza Strip							
Employed in the domestic market	162,624	168,100	173,200	166,900	186,000	202,600	214,800
Employed in ISI	29,376	1,000	0	0	0	0	0
Percentage of employed in ISI	15.3%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%

With the Gaza Strip completely sealed and closures around the West Bank (including the Barrier) becoming increasingly tight, Palestinian employment in Israel, settlements and Industrial estates continues to decline. With almost one quarter of Palestinian employment in ISIs prior to the outbreak of the second *Intifada*, the elimination of employment opportunities in ISIs has had the single most important impact on Palestinian employment and the Palestinian economy.

Indicator	Baseline Q2-00	Q1-06	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07
Private versus Public sector employment							
Occupied Palestinian territory							
Public sector employment	110,000	152,000	152,000	152,000	164,700	165,000	165,000
Private sector employment	533,000	469,100	510,100	512,300	553,200	533,300	583,900
Number of workers in ISI	143,389	61,000	57,800	69,500	68,100	68,100	63,700
Domestic private sector employment	389,611	408,100	452,300	442,800	485,100	465,200	520,200
Public sector/total employed (%)	17.1%	24.5%	23.0%	22.9%	22.9%	23.6%	22.0%
Public sector/domestic private sector employed (%)	28.2%	37.2%	33.6%	34.3%	34.0%	35.5%	31.7%

While the size of the public sector has remained relatively stable over the past 18 months the overall size of the labour force has grown resulting in a decreasing relative size of the Palestinian public sector as compared to the domestic private sector.

However, the public sector remains a critically important employer with one in every four domestic jobs being in the public sector.

Indicator	Baseline Q2-00	Q1-06	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07
Average Daily and Monthly wages							
Gaza Strip							
Nominal daily wage (NIS)	54.3	70.1	69.8	68.8	67	66.9	63.7
Nominal monthly wage (NIS)	1308.63	1647.4	1696.1	1685.6	1574.5	1572.2	1497.0
Real daily wage (USD)	10.64	10.89	11.18	11.08	11.18	11.19	10.97
Real monthly wage (USD)	256.34	255.88	271.57	271.53	262.63	263.05	257.84
West Bank							
Nominal daily wage (NIS)	69.4	77.9	76.3	78.2	79.3	79.4	76.9
Nominal monthly wage (NIS)	1644.78	1807.3	1815.9	1837.7	1752.5	1762.7	1714.9
Real daily wage (USD)	13.77	10.82	11.06	11.48	18.62	18.86	18.80
Real monthly wage (USD)	326.31	251.12	263.22	269.75	263.45	297.51	264.86
Israel and Israeli settlements							
Nominal daily wage (NIS)	111.2	130.1	132.6	133.1	130.6	128.5	130.9
Nominal monthly wage (NIS)	2168.40	2693.1	2890.7	2941.5	2664.2	2685.7	2539.5
Real daily wage (USD)	22.05	18.48	19.55	19.81	19.37	19.88	20.92
Real monthly wage (USD)	430.06	382.49	426.14	437.76	395.07	415.48	405.78

The average daily wage in the Gaza Strip has been steadily declining since early 2006. However, in the second quarter of 2007 the decline has become more pronounced with the nominal daily wage dropping by almost 5 percent.