



## OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

## OCCASIONAL REPORT

## LABOUR MARKET DEVELOPMENTS – NOVEMBER 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.

**For further information please contact:**Ramallah: *Bushra Mukbil*

mukbil@un.org

Gaza Strip: *Raed Raqeb*

raqeb@un.org

Indicator	Baseline Q2-00	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07	Q3-07
<b>Palestinian Labour market (x 1000)</b>							
<b>Occupied Palestinian territory</b>							
Total Population	3,149.0	3,872.6	3,904.3	3,936.3	3,968.3	4,000.4	4,032.5
Working age population	1,664.0	2,100.8	2,121.2	2,141.7	2,162.7	2,183.4	2,193.9
Labour force (ILO definition)	705.7	859.1	876.7	920.5	890.4	926.3	937.2
Labour force participation rate (%)	42.5%	40.9%	41.3%	43.0%	41.2%	42.4%	42.7%
Discouraged workers	83.0	68.0	75.9	81.9	77.9	81.2	78.7
Expanded labour force	788.7	927.1	952.6	1,002.4	968.3	1,007.5	1,015.9
<b>West Bank</b>							
Total Population	1,999.0	2,435.5	2,453.5	2,471.7	2,489.8	2,508.0	2,526.2
Working age population	1,101.0	1,366.0	1,378.2	1,390.7	1,403.1	1,415.5	1,421.8
Labour force (ILO definition)	483.3	596.5	614.6	635.1	599.5	634.6	636.6
Labour force participation rate (%)	43.9%	43.7%	44.6%	45.7%	42.7%	44.8%	44.8%
Discouraged workers	53.0	48.3	51.0	59.2	55.3	55.6	56.3
Expanded labour force	536.3	644.8	665.6	694.3	654.8	690.2	692.9
<b>Gaza Strip</b>							
Total Population	1,130.0	1,437.0	1,450.8	1,464.6	1,478.5	1,492.4	1,506.3
Working age population	563.0	734.8	743.0	751.0	759.6	767.9	772.1
Labour force (ILO definition)	222.4	262.6	262.1	285.4	290.9	291.7	300.6
Labour force participation rate (%)	39.5%	35.7%	35.3%	38.0%	38.3%	38.0%	38.9%
Discouraged workers	30.0	19.7	24.9	22.7	22.6	25.6	22.4
Expanded labour force	252.4	282.3	287.0	308.1	313.5	317.3	323.0

During the third quarter of 2007, the population growth rate remained relatively steady at 3.3 percent. In absolute numbers this means that the oPt population has grown by nearly 130,000 people in the last 12 months. The labour force participation rate increased slightly during the third quarter of 2007 primarily as a result of a relatively fast growing labour force in Gaza. According to the ILO definition (i.e. not including discouraged workers) the labour force participation rate stands at 42.7 percent. Interestingly, the number of discouraged workers (i.e. persons of working age that do not work and are not seeking work) has dropped which means that people who in the past had given up trying to find work are now again entering the labour market as economic conditions continue to worsen.

Indicator	Baseline Q2-00	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07	Q3-07
<b>Employment and Unemployment (by region)</b>							
<b>Occupied Palestinian territory</b>							
Employed	<b>643,000</b>	<b>662,100</b>	<b>664,300</b>	<b>717,900</b>	<b>698,300</b>	<b>748,900</b>	<b>720,000</b>
<i>Fully employed</i>	606,000	589,800	595,100	642,400	636,500	649,600	639,600
<i>Underemployed</i>	37,000	72,300	69,200	75,500	61,800	99,300	80,400
Unemployed	63,000	197,000	212,400	202,600	192,100	177,400	217,200
Unemployment rate (ILO definition)	5.4%	22.9%	24.2%	22.0%	21.6%	19.2%	23.2%
Adjusted Unemployed	146,000	265,000	288,300	284,500	270,000	258,600	295,900
Adjusted Unemployment rate (relaxed definition)	18.5%	28.6%	30.3%	28.4%	27.9%	25.7%	29.1%
<b>West Bank</b>							
Employed	451,000	488,900	497,400	531,900	495,700	534,100	518,400
<i>Fully employed</i>	417,000	427,000	437,200	478,000	450,900	456,500	449,100
<i>Underemployed</i>	34,000	61,900	60,200	53,900	44,800	77,600	69,300
Unemployed	32,000	107,600	117,200	103,200	103,800	100,500	118,200
Unemployment rate (ILO definition)	6.6%	18.0%	19.1%	16.2%	17.3%	15.8%	18.6%
Adjusted Unemployed	85,000	155,900	168,200	162,400	159,100	156,100	174,500
Adjusted Unemployment rate (relaxed definition)	17.6%	24.2%	25.3%	23.4%	24.3%	22.6%	25.2%
<b>Gaza Strip</b>							
Employed	192,000	173,200	166,900	186,000	202,600	214,800	201,600
<i>Fully employed</i>	189,000	162,800	157,900	164,400	185,600	193,100	190,500
<i>Underemployed</i>	3,000	10,400	9,000	21,600	17,000	21,700	11,100
Unemployed	31,000	89,400	95,200	99,400	88,300	76,900	99,000
Unemployment rate (ILO definition)	13.8%	34.0%	36.3%	34.8%	30.4%	26.4%	32.9%
Adjusted Unemployed	61,000	109,100	120,100	122,100	110,900	102,500	121,400
Adjusted Unemployment rate (relaxed definition)	24.2%	38.6%	41.8%	39.6%	35.4%	32.3%	37.6%

In the third quarter of 2007 the unemployment rate (ILO definition) increased quite dramatically to 23.2 percent (an increase of 4 percentage points if compared to 19.2 percent in Q2-2007). At first glance it would seem that this increase is primarily due to developments in Gaza where official unemployment levels have reached 32.9 percent (a six point increase over Q2-2007). In fact, unemployment has increased almost as dramatically in the West Bank where the number of unemployed increased by 17.6 percent (compared to an increase in the number of unemployed of 15.6 percent in the Gaza Strip).

While an increase in unemployment figures was to be expected for the Gaza Strip, given the strictly imposed siege following the Hamas takeover in June 2007, it would appear that the third quarter employment figures do not yet fully reflect the impact of the siege. According to the PCBS data the total number of Gazans with either full or partial employment dropped by only 13,200 while other sources such as Paltrade have estimated that some 30,000 jobs have been lost due to the ban on exports and limitations on imports of raw materials. One possible explanation of this difference could be that Gazans that have been temporarily laid off (while the siege lasts) are still reporting their status as being employed. As the siege continues, steadily increasing unemployment is to be expected.

Indicator	Baseline Q2-00	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07	Q3-07
<b>Employment and Unemployment (by gender)</b>							
<b>Occupied Palestinian territory</b>							
Labour Force participation rate	42.5%	40.9%	41.3%	43.0%	41.2%	42.4%	42.7%
<i>Male</i>	73.20%	67.6%	68.3%	68.0%	66.7%	67.8%	69.3%
<i>Female</i>	13.67%	13.7%	13.9%	17.5%	15.2%	16.6%	15.7%
Full employment	85.8%	68.7%	67.9%	69.8%	71.5%	70.1%	68.2%
<i>Male</i>	85.34%	66.9%	66.8%	66.9%	69.8%	67.9%	66.6%
<i>Female</i>	83.49%	77.6%	73.0%	81.1%	79.0%	79.3%	75.6%
Underemployment	5.4%	8.4%	7.9%	8.2%	6.9%	10.7%	8.6%
<i>Male</i>	5.70%	9.4%	9.0%	9.6%	8.0%	12.7%	10.0%
<i>Female</i>	2.62%	3.3%	2.5%	2.7%	2.1%	2.7%	2.3%
Unemployment	8.8%	22.9%	24.2%	22.0%	21.6%	19.2%	23.2%
<i>Male</i>	8.95%	23.7%	24.2%	23.5%	22.2%	19.4%	23.4%
<i>Female</i>	13.88%	19.1%	24.5%	16.2%	18.9%	18.0%	22.1%
<b>West Bank</b>							
Labour Force participation rate	43.9%	43.7%	44.6%	45.7%	42.7%	44.8%	44.8%
<i>Male</i>	73.5%	69.6%	71.6%	69.7%	67.5%	69.8%	71.1%
<i>Female</i>	14.1%	17.2%	17.1%	21.2%	17.5%	19.4%	17.9%
Full employment	86.4%	71.6%	71.1%	75.3%	75.3%	72.0%	70.5%
<i>Male</i>	86.0%	69.5%	70.1%	72.2%	73.2%	68.8%	68.4%
<i>Female</i>	88.1%	80.2%	75.6%	85.3%	83.4%	83.5%	78.9%
Underemployment	7.1%	10.4%	9.8%	8.5%	7.5%	12.2%	10.9%
<i>Male</i>	8.0%	12.2%	11.4%	10.4%	9.0%	14.9%	13.0%
<i>Female</i>	2.7%	2.9%	2.8%	2.2%	1.4%	2.5%	2.5%
Unemployment	6.5%	18.0%	19.1%	16.2%	17.3%	15.8%	18.6%
<i>Male</i>	6.0%	18.3%	18.5%	17.4%	17.8%	16.3%	18.6%
<i>Female</i>	9.2%	16.9%	21.6%	12.5%	15.2%	14.0%	18.6%
<b>Gaza Strip</b>							
Labour Force participation rate	39.5%	35.7%	35.3%	38.0%	38.3%	38.0%	38.9%
<i>Male</i>	67.4%	63.9%	62.3%	64.8%	65.4%	64.1%	66.0%
<i>Female</i>	11.6%	7.2%	7.8%	10.8%	10.8%	11.5%	11.5%
Full employment	84.6%	62.0%	60.3%	57.6%	63.8%	66.2%	63.4%
<i>Male</i>	85.3%	61.6%	59.9%	56.3%	63.4%	66.1%	62.9%
<i>Female</i>	80.5%	65.9%	62.6%	65.7%	66.0%	66.2%	66.3%
Underemployment	1.6%	4.0%	3.4%	7.6%	5.8%	7.4%	3.7%
<i>Male</i>	1.6%	3.8%	3.8%	8.1%	6.1%	8.2%	4.0%
<i>Female</i>	1.9%	5.1%	0.9%	4.5%	4.2%	3.4%	1.7%
Unemployment	13.8%	34.0%	36.3%	34.8%	30.4%	26.4%	32.9%
<i>Male</i>	13.1%	34.6%	36.3%	35.6%	30.5%	25.7%	33.1%
<i>Female</i>	17.6%	29.0%	36.5%	29.8%	29.8%	30.4%	32.1%

In exploring the labour market disaggregated by gender, we note that the third quarter of 2007 has been especially bad for female employment. This is particularly true in the West Bank where female participation in the labour market is declining while female unemployment is growing almost twice as fast as male unemployment levels. A typical seasonal jump in female employment levels is expected for the fourth quarter (harvest season).

An interesting finding is that the economic hardship and the ongoing siege do not affect the relative role of Gazan females in the labour market. Female labour force participation rates for Gaza are the same today as they were prior to the *Intifada*.

In the third quarter of 2007, the female labour force participation rate for the whole of the oPt decreased to 15.7 percent with 3 out of 4 women in the labour market actually being employed.

Indicator	Baseline Q2-00	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07	Q3-07
<b>Employment by status</b>							
<b>Occupied Palestinian territory</b>							
Employer	27,006	28,470	31,222	37,331	25,139	29,956	30,240
Self-employed	120,241	176,119	166,075	159,374	173,877	187,225	169,200
Wage worker	437,883	394,612	395,923	410,639	425,963	435,111	429,120
<i>Private sector wage worker</i>	<i>327,883</i>	<i>242,612</i>	<i>243,923</i>	<i>245,939</i>	<i>260,963</i>	<i>270,111</i>	<i>264,120</i>
<i>Public sector wage worker</i>	<i>110,000</i>	<i>152,000</i>	<i>152,000</i>	<i>164,700</i>	<i>165,000</i>	<i>165,000</i>	<i>165,000</i>
Unpaid family labourer	57,870	62,900	71,080	110,557	73,322	96,608	91,440
<b>Ratio (percentage of employed)</b>							
Employer	4.2%	4.3%	4.7%	5.2%	3.6%	4.0%	4.2%
Self-employed	18.7%	26.6%	25.0%	22.2%	24.9%	25.0%	23.5%
Wage worker	68.1%	59.6%	59.6%	57.2%	61.0%	58.1%	59.6%
<i>Private sector wage worker</i>	<i>51.0%</i>	<i>36.6%</i>	<i>36.6%</i>	<i>34.1%</i>	<i>37.2%</i>	<i>36.1%</i>	<i>36.7%</i>
<i>Public sector wage worker</i>	<i>17.1%</i>	<i>23.0%</i>	<i>23.0%</i>	<i>23.1%</i>	<i>23.8%</i>	<i>22.0%</i>	<i>22.9%</i>
Unpaid family labourer	9.0%	9.5%	10.7%	15.4%	10.5%	12.9%	12.7%
<b>West Bank</b>							
Employer	22,550	22,978	24,870	23,404	16,854	22,432	24,365
Self-employed	87,043	139,825	132,806	130,316	133,343	140,468	128,045
Wage worker	301,719	273,784	278,047	285,630	292,463	296,960	298,598
Unpaid family labourer	39,688	52,312	61,678	92,551	53,040	74,240	67,392
<b>Ratio (percentage of employed)</b>							
Employer	5.0%	4.7%	5.0%	4.4%	3.4%	4.2%	4.7%
Self-employed	19.3%	28.6%	26.7%	24.5%	26.9%	26.3%	24.7%
Wage worker	66.9%	56.0%	55.9%	53.7%	59.0%	55.6%	57.6%
Unpaid family labourer	8.8%	10.7%	12.4%	17.4%	10.7%	13.9%	13.0%
<b>Gaza Strip</b>							
Employer	4,416	5,196	6,181	13,391	8,306	7,303	6,048
Self-employed	32,832	36,375	33,242	29,015	40,316	46,183	41,328
Wage worker	136,128	120,902	117,935	125,172	133,307	138,120	130,637
Unpaid family labourer	18,624	10,739	9,689	18,413	20,665	23,199	23,587
<b>Ratio (percentage of employed)</b>							
Employer	2.3%	3.0%	3.7%	7.2%	4.1%	3.4%	3.0%
Self-employed	17.1%	21.0%	19.9%	15.6%	19.9%	21.5%	20.5%
Wage worker	70.9%	69.8%	70.6%	67.3%	65.8%	64.3%	64.8%
Unpaid family labourer	9.7%	6.2%	5.8%	9.9%	10.2%	10.8%	11.7%

In exploring the labour market disaggregated by status of employment we note that the decline in employment is relatively evenly divided over the various employment status groups with one exception. The number of West Bank Palestinians that report to be employers is increasing.

While we observe some improvement in the relative importance of waged work both in Gaza and the West Bank, the overall trend remains that waged work is slowly being replaced by self-employment and unpaid family labour. For the whole of the oPt, the relative importance of wage-work has declined from 68 to 59 percent.

With overall employment levels declining and public sector labour frozen at 165,000 jobs, the relative importance of the public sector, particularly as a source of waged work, is once again increasing and is expected to further increase during the fourth quarter of 2007. As such, the public sector remains a very important source of employment for the Palestinian economy.

Indicator	Baseline Q2-00	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07	Q3-07
<b>Employment by economic activity (excluding workers in ISIs)</b>							
<b>Occupied Palestinian territory</b>							
Agriculture, fishing	69,959	96,304	86,005	147,539	96,044	124,846	103,777
Quarrying, manufacturing	75,242	69,821	74,043	74,509	76,119	82,768	80,203
Construction	63,235	53,773	49,251	40,007	46,525	54,017	51,122
Commerce, Hotels, Restaurants	86,950	114,607	120,614	109,921	124,967	132,084	128,792
Transport, Communication	28,214	36,615	37,556	35,634	38,373	36,538	40,290
Services (incl. public administration)	176,012	233,180	227,331	242,191	248,172	254,948	249,016
<b>Ratio (percentage of employed)</b>							
Agriculture, fishing	14.0%	15.9%	14.5%	22.7%	15.2%	18.2%	15.9%
Quarrying, manufacturing	15.1%	11.5%	12.4%	11.5%	12.1%	12.1%	12.3%
Construction	12.7%	8.9%	8.3%	6.2%	7.4%	7.9%	7.8%
Commerce, Hotels, Restaurants	17.4%	19.0%	20.3%	16.9%	19.8%	19.3%	19.7%
Transport, Communication	5.6%	6.1%	6.3%	5.5%	6.1%	5.3%	6.2%
Services (incl. public administration)	35.2%	38.6%	38.2%	37.3%	39.4%	37.2%	38.1%
<b>West Bank</b>							
Agriculture, fishing	43,268	78,029	70,176	121,516	69,271	97,843	78,578
Quarrying, manufacturing	55,775	59,923	64,613	62,613	62,002	65,856	68,192
Construction	48,000	43,110	41,506	31,075	35,063	40,454	43,805
Commerce, Hotels, Restaurants	65,916	83,202	89,431	81,165	91,506	92,198	91,223
Transport, Communication	19,606	27,590	28,241	25,045	24,373	23,990	26,644
Services (incl. public administration)	105,465	139,245	133,933	142,387	145,384	150,058	143,157
<b>Ratio (percentage of employed)</b>							
Agriculture, fishing	12.8%	18.1%	16.4%	26.2%	16.2%	20.8%	17.4%
Quarrying, manufacturing	16.5%	13.9%	15.1%	13.5%	14.5%	14.0%	15.1%
Construction	14.2%	10.0%	9.7%	6.7%	8.2%	8.6%	9.7%
Commerce, Hotels, Restaurants	19.5%	19.3%	20.9%	17.5%	21.4%	19.6%	20.2%
Transport, Communication	5.8%	6.4%	6.6%	5.4%	5.7%	5.1%	5.9%
Services (incl. public administration)	31.2%	32.3%	31.3%	30.7%	34.0%	31.9%	31.7%
<b>Gaza Strip</b>							
Agriculture, fishing	26,929	18,532	15,522	26,226	26,743	27,280	25,603
Quarrying, manufacturing	19,791	9,872	9,346	11,532	14,385	17,184	11,693
Construction	15,249	10,565	7,677	9,114	11,346	13,318	7,459
Commerce, Hotels, Restaurants	20,764	31,349	31,043	28,644	33,429	39,523	37,699
Transport, Communication	8,760	9,180	9,346	10,974	13,979	12,458	13,910
Services (incl. public administration)	70,729	93,701	93,965	99,510	102,718	105,037	105,235
<b>Ratio (percentage of employed)</b>							
Agriculture, fishing	16.6%	10.7%	9.3%	14.1%	13.2%	12.7%	12.7%
Quarrying, manufacturing	12.2%	5.7%	5.6%	6.2%	7.1%	8.0%	5.8%
Construction	9.4%	6.1%	4.6%	4.9%	5.6%	6.2%	3.7%
Commerce, Hotels, Restaurants	12.8%	18.1%	18.6%	15.4%	16.5%	18.4%	18.7%
Transport, Communication	5.4%	5.3%	5.6%	5.9%	6.9%	5.8%	6.9%
Services (incl. public administration)	43.6%	54.1%	56.3%	53.5%	50.7%	48.9%	52.2%

Disaggregating employment figures by economic activity shows some very distinctive patterns. Employment in the agricultural sector for instance is clearly subject to strong seasonal effects with the large increase observed during Q2-2007 being almost evenly matched by an equal drop in Q3-2007.

However, of some concern is the asymmetry between economic development in the West Bank if compared to the Gaza Strip. While in the West Bank we observe a continuation of the growing importance of the manufacturing and construction sectors we observe that this trend has been halted in the Gaza Strip where employment in those two sectors is actually decreasing.

While in the West Bank, over 5600 new jobs were created in the manufacturing and construction sector these sectors experienced a contraction of well over 11,000 jobs in the Gaza Strip. Moreover, as noted above, it is likely that the Gaza figures underestimate the reality of employment in these two particular sectors in the Gaza Strip.

Indicator	Baseline Q2-00	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07	Q3-07
<b>Employment by place of work</b>							
<b>Occupied Palestinian territory</b>							
Employed in the domestic market	499,611	604,300	594,800	649,800	630,200	685,200	653,200
Employed in ISI	143,389	57,800	69,500	68,100	68,100	63,700	66,800
Percentage of employed in ISI	22.3%	8.8%	10.5%	9.5%	9.8%	8.5%	9.3%
<b>West Bank</b>							
Employed in the domestic market	337,348	431,100	427,900	463,800	427,600	470,400	451,600
Employed in ISI	113,652	57,800	69,500	68,100	68,100	63,700	66,800
Percentage of employed in ISI	25.2%	11.8%	14.0%	12.8%	13.7%	11.9%	12.9%
<b>Gaza Strip</b>							
Employed in the domestic market	162,624	173,200	166,900	186,000	202,600	214,800	201,600
Employed in ISI	29,376	0	0	0	0	0	0
Percentage of employed in ISI	15.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

While domestic employment in the West Bank is declining, the figures for the third quarter of 2007 suggest that Palestinian employment in Israel, Israeli settlements and Industrial estates is actually increasing. In relative terms, employment in ISI's has halved if compared to pre-*Intifada* figures

Indicator	Baseline Q2-00	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07	Q3-07
<b>Private versus Public sector employment</b>							
<b>Occupied Palestinian territory</b>							
Public sector employment	110,000	152,000	152,000	164,700	165,000	165,000	165,000
Private sector employment	533,000	510,100	512,300	553,200	533,300	583,900	555,000
Number of workers in ISI	143,389	57,800	69,500	68,100	68,100	63,700	66,800
<b>Domestic</b> private sector employment	389,611	452,300	442,800	485,100	465,200	520,200	488,200
Public sector/total employed (%)	17.1%	23.0%	22.9%	22.9%	23.6%	22.0%	22.9%
Public sector/domestic private sector employed (%)	28.2%	33.6%	34.3%	34.0%	35.5%	31.7%	33.8%

During the third quarter of 2007 the relative importance of public sector employment has grown back to their 2006 levels as employment in the public sector has remained stable while private sector employment is decreasing.

As such, the public sector remains a critically important employer with one in every three domestic jobs being in the public sector.

Indicator	Baseline Q2-00	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07	Q3-07
<b>Average Daily and Monthly wages</b>							
<b>Gaza Strip</b>							
Nominal daily wage (NIS)	54.3	69.8	68.8	67	66.9	63.7	64.1
Nominal monthly wage (NIS)	1308.63	1696.1	1685.6	1574.5	1572.2	1497.0	1435.8
Real daily wage (USD)	10.64	11.18	11.08	11.18	11.19	10.97	10.47
Real monthly wage (USD)	256.34	271.57	271.53	262.63	263.05	257.84	234.48
<b>West Bank</b>							
Nominal daily wage (NIS)	69.4	76.3	78.2	79.3	79.4	76.9	77.1
Nominal monthly wage (NIS)	1644.78	1815.9	1837.7	1752.5	1762.7	1714.9	1696.2
Real daily wage (USD)	13.77	11.06	11.48	18.62	18.86	18.80	18.40
Real monthly wage (USD)	326.31	263.22	269.75	263.45	297.51	264.86	254.12
<b>Israel and Israeli settlements</b>							
Nominal daily wage (NIS)	111.2	132.6	133.1	130.6	128.5	130.9	131.9
Nominal monthly wage (NIS)	2168.40	2890.7	2941.5	2664.2	2685.7	2539.5	2677.6
Real daily wage (USD)	22.05	19.55	19.81	19.37	19.88	20.92	20.07
Real monthly wage (USD)	430.06	426.14	437.76	395.07	415.48	405.78	407.39

While nominal daily wages (NIS) have slightly increased during the third quarter of 2007, real daily wage (in US\$) and therefore purchasing power has declined further.