



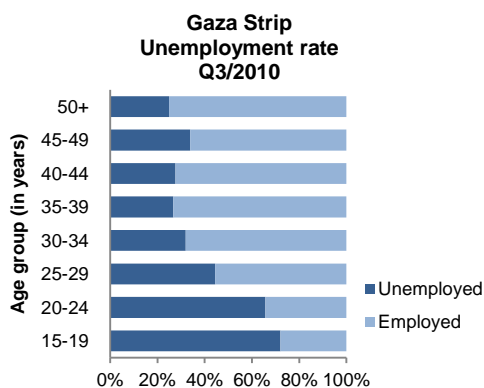
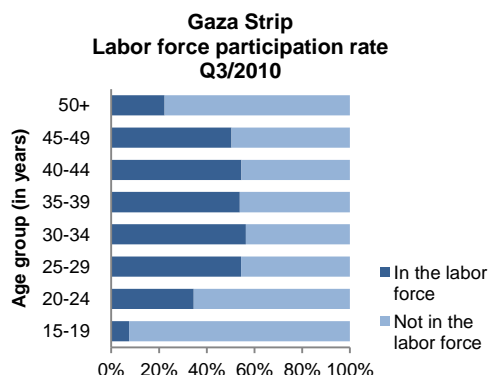
SOCIO-ECONOMIC REPORT - JANUARY 2011

Supplement: Youth unemployment and employment in the Gaza Strip¹

The unemployed youth in Gaza

One in 5 persons in Gaza falls into the “youth” category, that is, the group between 15 and 24 years of age. Among those aged 15 to 19 years, only 8% participate in the labor market, but this proportion increases to 35% for the group between 20 and 24 years. Interestingly, these rates are lower than in the West Bank, where 18% of 15-to-19-year-olds and 43% of 20-to-24-year-olds are economically active.

In Gaza, 32% of men between 15 and 24 years participate in the labor force, but the rate is considerably lower for women in the same age group, 7%.



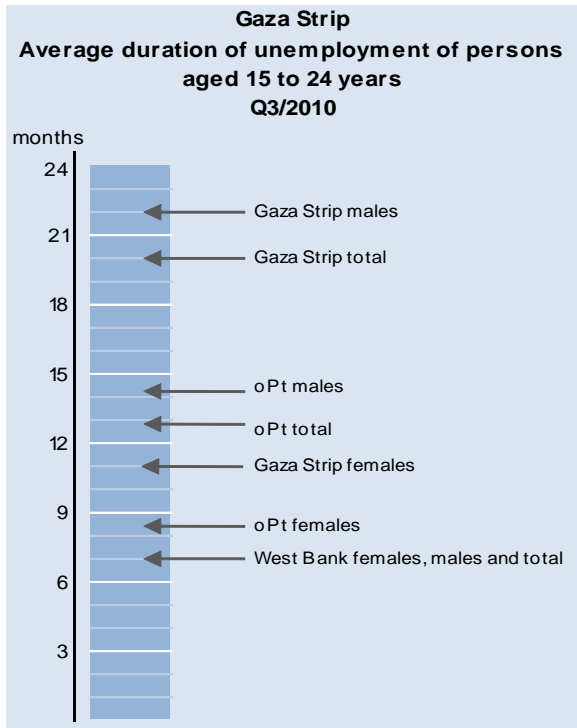
The unemployment rate, however, shows the dire prospects faced by these young economically active persons in Gaza. The rate for the 15-to-19-year age group reaches 72%, while unemployment affects 66% of those aged between 20 and 24 years. These rates are in stark contrast to the figures in the West Bank, where the unemployment rates are 29% and 34% for these age groups, respectively.

The situation is more serious for young women, whose unemployment rate is about 16 percentage points above that of young men.

When discouraged workers are counted, the youth unemployment rate rises from 67% to 75%. Discouraged workers are those who are willing and able to work but are too discouraged to actively look for work. These individuals believe they will not find employment even if they search because they think no work is available for them. One phenomenon closely associated with discouraged workers is long term unemployment.



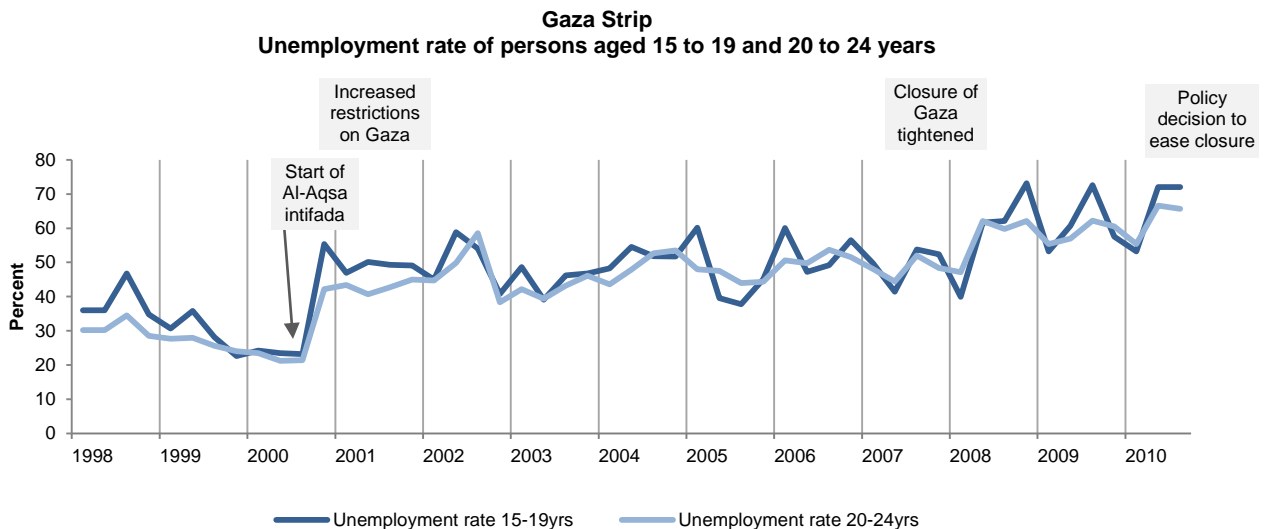
¹ Labor statistics in this supplement come from PCBS's Labor Force Surveys (several issues). Population data come from PCBS's "Palestinians at the end of year 2010".



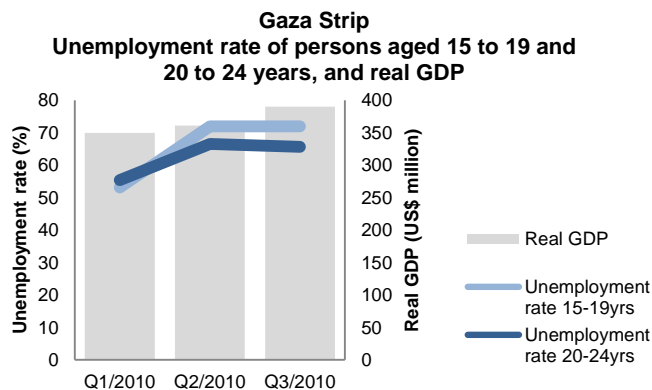
The unemployed youth in Gaza on average faces a much longer period of unemployment than those in a similar situation in the West Bank. The duration of the period of unemployment of young men in Gaza is particularly striking, with an average of 22 months.

Long term unemployment (unemployment for a period of one year or longer) can have various adverse effects, such as substantial forgone income and the diminishing employability of the individual due to skills that are lost or become outdated. The emotional wellbeing of those unemployed for long periods and the people around them can also be negatively affected. Individuals can become discouraged after long periods of unemployment and stop looking for work altogether.

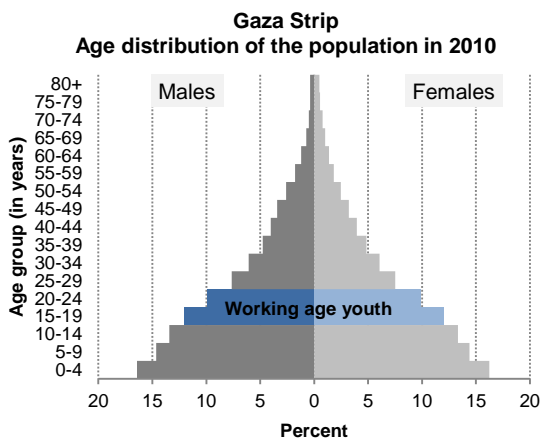
The prevalence of high youth unemployment has in fact been observed in Gaza for many years. The unemployment rate of both the 15-to-19-year and the 20-to-24-year age groups is quite volatile, but a clear overall increasing trend is evident over time. In particular, since experiencing a sharp rise in Q3/2000, when both rates almost doubled, they have remained high, averaging around 50%. Since 2007 these averages are around 60%.



These figures suggest that the Gazan economy is not effectively incorporating young men and women in productive activities. The labor force has expanded by about 25% in the last 10 years, but this increase has not been matched by economic growth capable of creating enough jobs to accommodate the youth willing and able to work. Real GDP in Gaza grew by 12% between the first and third quarters of 2010. This economic growth, however, has, at least so far, been “jobless” and has not translated into a reduction in youth (or adult) unemployment.



While unable to create enough jobs to absorb the current young labor force through productive employment, the labor market in Gaza faces pressure to create even more jobs to accommodate a rapidly growing youth cohort. Given the structure of its population, Gaza’s youth bulge can be expected to continue to expand the youth labor supply. As can be seen in Gaza’s population pyramid, the group of 15- to-24-year-olds currently constitutes 22% of the total population, but the group between 0 and 14 years represents 44% of the total. The population pyramid bulge is slowly shifting towards the working age youth, i.e. those between 15 and 24 years of age.



Furthermore, if current trends continue, the proportion of women seeking work outside the home could also rise over time, adding further pressure on the labor market. Young women’s overall labor force participation rate in Gaza shows some volatility but an overall increasing trend, rising from 7% in 2000 to 10% in 2009.

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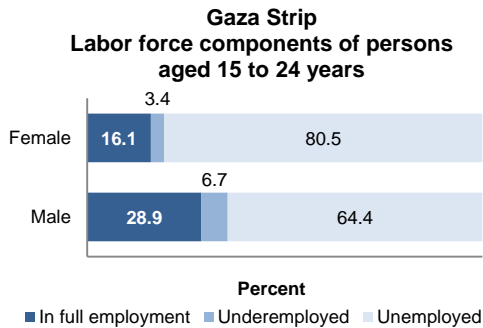
The employed youth in Gaza

The working youth in Gaza engages in somewhat different economic activities than older workers. Most employed young persons in Gaza work in the service sector, followed by commerce and agriculture. This implies that the youth in Gaza is relatively more active in commerce and agriculture than older workers, and less active in services. Agriculture and commerce are the 2 lowest paying sectors in Gaza, on average, while services is the highest paying.

Gaza Strip Distribution of employed persons aged 15 to 24 years by branch of economic activity Q3/2010

Branch of economic activity	Percent distribution
Services and other branches	37.9
Commerce, restaurants and hotels	31.5
Agriculture, fishing and forestry	14.8
Transportation, storage and communication	7.8
Mining, quarrying and manufacturing	5.1
Construction	2.9

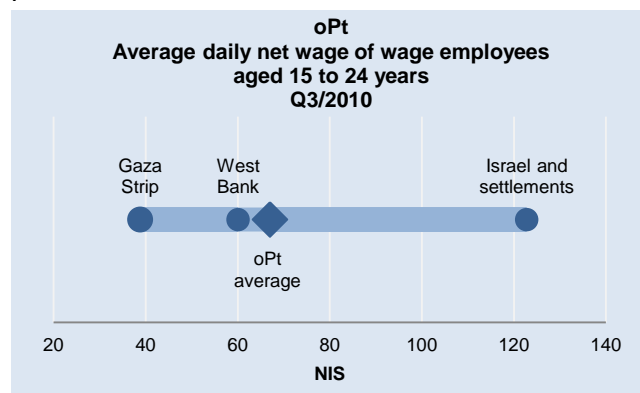
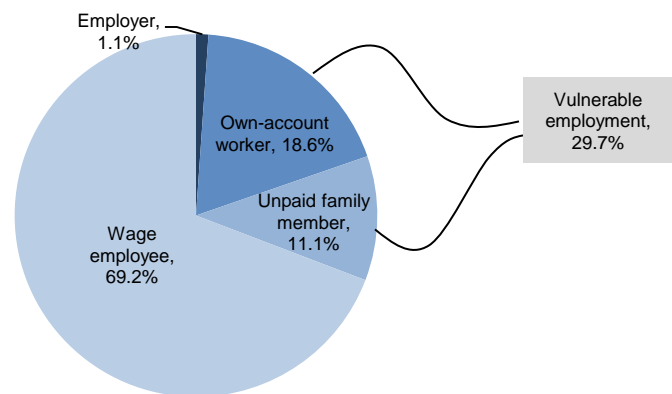
Source: PCBS, Labor Force Surveys.



Six percent of the youth labor force is underemployed, that is, their jobs are inadequate in relation to specified norms or alternate employment. Those who involuntarily work less than the normal duration of work but are available usually make up a great proportion of the underemployed. In total, 19% of employed men and 17% of employed women are underemployed. Underemployment reflects underutilization of the labor force.

Most young workers in Gaza are wage employees, but there is also a considerable proportion of persons who are in “vulnerable employment”, that is, they are working under circumstances that can be considered precarious. Own-account workers and unpaid family members are the categories used to approximate vulnerable employment. These types of workers are not as likely as others to have formal work arrangements, access to benefits, to social protection programs or to other safety nets. They are also more vulnerable to changes in the performance of the economy as a whole, making them more easily affected by a fall in economic demand, for example.

Gaza Strip
Distribution of employed persons aged 15 to 24 years by status in employment Q3/2010



Wage employees in Gaza may have less vulnerable employment than those in other categories, but their wages are, on average, low. The average daily net wage for young persons working in Gaza is only NIS39, equivalent to 65% of the average daily net wage in the West Bank and only 32% of the wage of those who work in Israel and settlements. The situation is worse for young men, who have an average daily net wage of NIS37, than for young women, whose average is NIS49.

Young wage employees in Gaza work for an average of 23.3 days a month, which suggests that the average monthly wage income of these workers is around NIS900, well below the poverty line.