



European Training Foundation

# PALESTINE\*

EDUCATION, TRAINING AND EMPLOYMENT  
DEVELOPMENTS 2018



\* This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual position of the Member States on this issue.

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## KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT

Palestine, and in particular the Gaza Strip, hit the international headlines in spring 2018 due to protests, collectively known as the Great March of Return, in which protesters demanded that Palestinian refugees and their descendants be allowed to return to the land from which they were displaced during the creation of Israel 70 years ago. This also coincided with the relocation of the US embassy in Israel from Tel Aviv to Jerusalem, which Palestinians regard as yet another injustice. In addition, cuts were announced in the funding of the United Nations Relief and Works Agency for Palestine Refugees (UNWRA). There is a high risk that UNWRA-funded VET schools in the Gaza Strip and West Bank will have to be closed. Other sources of funding will need to be found to prevent this from happening. Restrictions on trade, access to natural resources and freedom of movement imposed by the Israeli authorities continue to be perceived as the biggest limitation to economic growth and improved living standards in Palestine. High population growth continues to put pressure on social services, including education and training, health and housing. With a weak economy and a constant stream of young people entering a similarly weak labour market, unemployment is growing, in particular amongst young people and women. The absorption capacity of the public sector is limited and the private sector remains too weak to stimulate a sustainable pace of job creation. Moreover, the difficult macroeconomic and political situation pushes many Palestinians to emigrate. As in many countries in the region, the Palestinian technical and vocational education and training (TVET) sector is not attractive to young students. Reform of TVET is underway, with a slow but ongoing review of governance mechanisms. In 2017, a development centre was set up to support the Higher Council for TVET in the implementation of TVET reform. However, the centre is not yet fully staffed and the financial resources for it to become fully operational are lacking. The new VET law is currently being drafted. It is expected to be adopted in late 2019 or early 2020. The European Training Foundation (ETF), in cooperation with Enabel (the Belgian cooperation agency) and GIZ (the German development agency), supported the TVET sector in setting up a national monitoring and evaluation system. In 2017, a monitoring framework that includes a list of indicators to be monitored on a regular basis was finalised and approved. In 2018, the ETF supported the VET League, an NGO composed of private VET providers, in implementing the full monitoring and evaluation cycle (gathering data, inputting data, analysing data and informing policymakers). In 2019, the effectiveness of the TVET national monitoring and evaluation framework and the capacity of key stakeholders in collecting and analysing qualitative and quantitative data will be challenged during the fifth Torino Process round.

# 1. KEY DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

Palestine has one of the highest population growth rates (2.68% in 2018) and fertility rates (4 children per woman) in the Middle East and North Africa, although both indicators have declined over the past decade<sup>1</sup>. The population of Palestine was 4.7 million in 2017 (4.1 million in 2011)<sup>2</sup>. In addition, 1.5 million Palestinians live inside Israel and 5.6 million in Arab countries<sup>3</sup>. A youth population (15 to 24-year-olds) was estimated to account for 35.7% of the working-age population (15 to 64-year-olds) in 2017. Thus, Palestine has one of the youngest populations not only in the region but also in the world.

This population growth puts enormous pressure on social services (education, health and housing) and the labour market. Demographic projections made by the United Nations Population Fund (UNFPA) in 2016 found that Palestine sits on the cusp of significant changes in its demographic make-up. The population is expected to double to 9.5 million by 2050, despite a drastic reduction in fertility from 4.06 children per woman today to 2.17 in 2050. By 2050, the Palestinian economy is expected to have 3.8 million potential workers, up from 1.3 million in 2016. This will require an increase of 72 000 new jobs per year<sup>4</sup>.

The World Bank classifies the Palestinian economy as a lower middle-income economy. GDP growth is severely constrained by political instability, difficulties in progressing the peace process and the divide between the West Bank and Gaza, all of which result in strong fluctuations in the country's GDP growth rate: it stagnated at 3.1% in 2017, compared to 4.1% in 2016. According to the World Bank's forecast, the economic outlook for the country is worrying. GDP growth is expected to decline to 2.5% in 2018 and to 2.3% over the following two years. This modest growth rate implies a decline in real per capita income and an increase in unemployment<sup>5</sup>. The difficult economic and labour market situation, characterised by very low job creation, pushes many Palestinians towards migration.

The structure of the economy has substantially deteriorated since the 1990s. Investment has been clearly diverted to the service sector at the expense of agriculture and manufacturing, which have historically been the sectors in which a large proportion of the Palestinian workforce was employed. The service sector accounted for 73.3% of GDP in 2015; this was followed by industry (22.5%) and agriculture (4.2%). The Palestinian service sector is mostly made up of traditional service subsectors, which are less labour-intensive and less dynamic than the agricultural and manufacturing sectors, and are characterised by a limited capacity to raise productivity through technological innovation. These trends have led to a lack of jobs for those entering the workforce, and stubbornly high rates of unemployment<sup>6</sup>.

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<sup>1</sup> See <http://worldpopulationreview.com>

<sup>2</sup> Palestinian Central Bureau of Statistics

<sup>3</sup> Palestinian Central Bureau of Statistics, *Palestine in figures*, March 2018, see <http://www.pcbs.gov.ps/Downloads/book2362.pdf>

<sup>4</sup> See [https://www.un.org/unispal/wp-content/uploads/2018/04/ILOSTUDY\\_040418.pdf](https://www.un.org/unispal/wp-content/uploads/2018/04/ILOSTUDY_040418.pdf)

<sup>5</sup> See <https://www.worldbank.org/en/country/westbankandgaza/publication/economic-outlook-april-2018>

<sup>6</sup> See [https://www.un.org/unispal/wp-content/uploads/2018/04/ILOSTUDY\\_040418.pdf](https://www.un.org/unispal/wp-content/uploads/2018/04/ILOSTUDY_040418.pdf)

The Palestinian economy is largely dominated by small and family-owned enterprises. Some 82% of Palestinians are employed by micro, small and medium-sized enterprises<sup>7</sup>. Small enterprises in the very large informal sector are an important source of job creation, which nevertheless remains limited.

The Palestinian government has developed strategies to enhance national competitiveness in industry, agriculture, housing and tourism as levers of economic development. All these sectors, however, need better-qualified human capital. Through the work of the Palestine Trade Centre (PalTrade), the Palestinian government has developed one national export strategy and nine sectoral export strategies (stone and marble; fresh fruit and vegetables; olive oil; footwear and leather; furniture; processed meat; textile and garments; information and communications technologies (ICT); and tourism). In each sectoral strategy, the skills component is the focus of a specific chapter. Nevertheless, the complex political situation puts severe restrictions on the Palestinian economy and its foreign trade relations.

Unlocking the potential of the Palestinian private sector would require alleviating Israeli restrictions on access to land, natural resources (e.g. water), exports and freedom of movement. Moreover, the business environment is not favourable. Palestine has a low ranking in the World Bank's Ease of Doing Business Index<sup>8</sup>, ranking 114th out of 190 economies in 2018 (169th for opening a business). The main issues to be addressed are expanding land registration to reduce the price of land and simplifying the legal and regulatory environment, which is a complex mix of Jordanian, British Mandate and Palestinian laws. In addition, the education and training system does not provide the economy with the number of technicians and skilled workers it needs<sup>9</sup>.

Within the overall context of the occupation and related challenges to improving economic performance, Palestine continues to be heavily reliant on donor aid receipts in the form of external direct budget support. However, over the past five years, there has been a steady decline in the provision of donor aid<sup>10</sup>.

## 2. EDUCATION AND TRAINING

### 2.1 Trends and challenges

The protracted conflict and the occupation have compromised access to education in Palestine. In the West Bank, access to education is undermined due to the detention of children, military operations and settler-related incidents. Other issues are the shortage of physical infrastructure and restrictions on movement. In the Gaza Strip, armed conflict and the resulting damage and destruction of facilities, the Israeli blockade and the internal Palestinian divide have severely disrupted services, including the ability to conduct regular educational activities. At the same time, the school-age population is expected to increase in the coming years due to demographic changes. In fact, the number of

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<sup>7</sup> International Finance Corporation, *Micro, small and medium-sized enterprises country indicators*, IFC/World Bank, Washington DC, 2014.

<sup>8</sup> See <http://www.doingbusiness.org/en/rankings>

<sup>9</sup> World Bank, 'Stagnation or revival? Palestinian economic prospects', *MENA Knowledge and Learning Quick Notes Series*, No 61, World Bank, Washington DC, 2012.

<sup>10</sup> See [https://www.ilo.org/wcmsp5/groups/public/---ed\\_mas/---program/documents/genericdocument/wcms\\_629011.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_mas/---program/documents/genericdocument/wcms_629011.pdf)

students in Gaza is projected to increase from 630 000 in 2015 to 1.2 million in 2030. To meet this demand, 900 additional schools and a significant increase in the number of teachers will be required<sup>11</sup>.

Although 5.73% of GDP was allocated to financing the education sector in 2016<sup>12</sup>, funding of education is heavily reliant on foreign aid. In recent years, Palestine has faced a funding crisis as a result of cuts to foreign aid. This has led to significant reductions in public sector budgets and, in particular, salaries.

The latest statistics show that 96.93% of the population of Palestine was literate in 2016. The youth literacy rate (among 15 to 24-year-olds) is even higher: around 99% for both young males and females<sup>13</sup>. However, the labour force is relatively low-skilled. According to 2017 data, 59.3% of the adult population have attained only a low level of education, 16.3% have attained a medium level of education and 24.9% have attained a high level of education.

The Palestinian general education system consists of: pre-school education; compulsory basic education or primary education divided into the preparatory stage (grades 1 to 4) and the empowerment stage (grades 5 to 10); secondary education (general, technical and vocational secondary education covering grades 11 and 12); higher education (grades 13 and 14); as well as non-formal education.

School enrolment amongst Palestinians is generally high, with a gross enrolment rate of 93.92% in primary education and 83.87% in secondary education in 2016. Despite economic hardship, young people continue to prioritise higher education: the gross enrolment rate of students in tertiary education in 2016 was high at 42.76%<sup>14</sup>.

The TVET situation in Palestine is difficult to assess because of the fragmentation of TVET providers in the country. TVET providers include the: government (Ministry of Education and Higher Education, Ministry of Labour and Ministry of Social Development), UNWRA, NGOs and private VET providers. In general, enrolment in TVET remains very low, mainly due to its poor image. VET students accounted for only 2.2% of upper secondary students in 2016, and only around 0.5% of all secondary students. However, if commercial schools, which are no longer classified as part of the TVET sector, are included to ensure comparability with other countries, the share of TVET in secondary education increases substantially. Also, vocational training centres (VTCs), which operate under the auspices of the Ministry of Labour, are considered to be providers of non-formal education and are therefore not included in VET student statistics. Many VTC programmes target students at the age of 16 and are considered as an alternative to formal education. If private (NGO-type) TVET providers were also included in the calculation, the share of TVET would be even larger.

The TVET sector has the potential to become stronger if resources are used more efficiently. The VTCs that currently offer non-formal training have a limited absorption capacity and need to refuse students, while most vocational schools are not used to their full potential as there are no classes in the afternoons. As a result of good cooperation between both ministries, it has been agreed that VTC programmes can be offered in the vocational school classrooms in the afternoons.

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<sup>11</sup> See <http://documents.worldbank.org/curated/en/324951520906690830/pdf/124205-WP-PUBLIC-MAR14-5PM-March-2018-AHLC-Report.pdf>

<sup>12</sup> See <http://uis.unesco.org/country/PS>

<sup>13</sup> Ibid.

<sup>14</sup> See <http://uis.unesco.org/country/PS>

## 2.2 Education and training policy and institutional setting

The National Policy Agenda 2017–2022 recognises the importance of education to economic growth and sustainable development. It identifies ‘quality education for all’ as a national priority, building on Palestine’s longstanding commitment to quality and equality in education. With universal education almost achieved in the country, the focus now is on enhancing the relevance and quality of education. The National Policy Agenda identifies the key changes that need to be made to improve the quality of education: greater alignment of TVET and higher education institutions with labour market needs; upgraded and expanded TVET infrastructure and facilities; and enhanced scientific research capacity.

Sectoral strategies were developed within the framework of this agenda and the Sustainable Development Goals 2020. The Education Sector Strategic Plan 2017–2022, developed by the Ministry of Education and Higher Education, is considered to be the current strategic working document. It comprises three strategic goals: ensuring safe, inclusive and equitable access to quality education at all levels of the system; developing a student-centred teaching and learning pedagogy and environment; and enhancing accountability and results-based leadership, governance and management.

The Ministry of Education and Higher Education is responsible for managing public schools and has regulatory overview of schools run by the private sector, which are attended by 67.08% of all students. UNWRA oversees 24.07% of all students in general education; the private sector oversees 8.85%<sup>15</sup>. The private sector is providing an increasing number of education services and is funded by charities, religious groups, private enterprises and individuals.

The Palestinian education system is subject to political, financial and physical constraints and is vulnerable to many variables that cannot be controlled. The most vulnerable places in the West Bank are Area C and East Jerusalem where Israel exercises full control over the land and the people. In these places, the Ministry of Education and Higher Education relies on the international donor community to provide education to the Palestinian students and to support the teachers.

The National TVET Strategy (2010) presents a detailed action plan, addressing legislation, financing, labour market relevance of skills, stakeholder engagement, qualification frameworks, teacher training, quality development and assurance including internal and external evaluation. In terms of TVET reform, slow but continuous progress is being made in important processes (e.g. competence-based education, partnerships with the private sector, quality assurance, importance of continuing vocational training (CVT)). However, the complexity of the situation in Palestine and the limited capacity to operate the revised TVET system have not led to immediate and sustainable results. The national stakeholders still lack the capacity and resources to run the processes autonomously, but they are clearly committed to sustaining the outcomes of international processes and to continuing reforms, and some positive results have been achieved.

The work-based learning (WBL) model implemented at all levels of TVET (vocational schools, colleges, universities) with Enabel’s support is considered to be successful. In 2017, 83 WBL initiatives were successfully launched in the West Bank and Gaza. Forty-four TVET institutions signed agreements with over 200 companies relating to a wide range of technical vocations which are in high

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<sup>15</sup> Ministry of Education and Higher Education, *Palestine 2020: a learning nation. Education Development Strategic Plan, 2014–2019*, February 2014.

demand in the labour market<sup>16</sup>. According to the Monitoring and Evaluation Report published by the Ministry of Education and Higher Education<sup>17</sup>, 22.8% of students in vocational schools participated in internships or practical training in the labour market in 2016 (the target for 2019 is 31%). The WBL model has been positively received by both providers and employers. In August 2018, the Ministry of Labour and the Ministry of Education and Higher Education approved the WBL strategy for the period 2018 to 2022.

The institutional setting for the TVET system is rather complex due to the fragmentation of TVET providers and services in the country. The actors in VET governance and policymaking are the Ministry of Education and Higher Education, the Ministry of Labour and their supervised authorities. The Higher Council of TVET, the official political and strategic body, has been reactivated and meets every three to four months. It is supported by the Executive Council, which meets on a monthly basis. In 2017, the Higher Council approved the establishment of a development centre that will work under the supervision of the Executive Council and will ensure progress in the implementation of the TVET strategy. The development centre has only two staff members and some support from a GIZ representative. The centre is currently drafting the TVET law and revising the National TVET Strategy. It will only be recognised as a national official body and become fully operational when the new TVET law is adopted (planned for late 2019 or early 2020).

CVT has not yet been given due attention. It faces several weaknesses such as limited relevance to labour market needs, a lack of quality assurance and a lack of structured links with formal education. In 2016, a new Adult Education Strategy was approved to support the creation of a lifelong learning system with a strong CVT component.

Historically, monitoring and evaluation mechanisms in the TVET sector have been weak. To address this weakness, the ETF, in cooperation with GIZ and Enabel, have supported the key TVET stakeholders in establishing a national monitoring and evaluation system. The system was approved in 2017. The Ministry of Education and Higher Education has recently adapted its own monitoring system on the basis of the new national monitoring and evaluation framework. It includes some indicators from the new national monitoring framework. Work still needs to be done, in particular by the Ministry of Labour, to establish a fully functioning national monitoring and evaluation system. The next round of the Torino Process in 2019 will strengthen the monitoring and evaluation capacity of all key stakeholders.

## 3. LABOUR MARKET AND EMPLOYMENT

### 3.1 Trends and challenges

As a result of Palestine's particular historic, political and economic situation, its labour market is highly segmented, not only by gender and generation, but also geographically and administratively, as well as along public-private and formal-informal lines. The geographic and administrative separation between the West Bank, Gaza Strip and Israel is very pronounced and poses a major obstacle to growth. Each area operates with its own labour market characteristics, labour demand and wage

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<sup>16</sup> See [https://www.enabel.be/sites/default/files/private\\_sector\\_development\\_in\\_the\\_palestinian\\_territory.pdf](https://www.enabel.be/sites/default/files/private_sector_development_in_the_palestinian_territory.pdf)

<sup>17</sup> General Directorate of Educational Planning, Ministry of Education and Higher Education, monitoring and evaluation system for the third Education Development Strategic Plan (EDSP III 2014–2019), *Annual report 2016*.



levels. Compared to the West Bank, the Gaza Strip performs markedly worse for all measurable labour market indicators, with higher unemployment, lower activity and employment rates, lower wages and a smaller private sector. Moreover, the differences between the situations of Palestinians in the domestic labour market and those working in Israel are even more pronounced.

The challenging macroeconomic context seriously affects labour market outcomes. Between 2000 and 2016, the working-age population in Palestine increased by 83% to almost 2.93 million, or about 61% of the total Palestinian population. However, the working-age population remains largely inactive, particularly in the case of young people and women<sup>18</sup>. While the aggregate activity rate is relatively low and even decreased slightly in 2017 to 45.3% compared to 45.8% in 2016, the female activity rate is one of the lowest in the world and stood at 19% in 2017. Employment rates are also very low (32.7% in 2017), particularly for women (9.9% in 2017%). Major structural obstacles hinder women's entry into the formal labour force. These include a lack of affirmative policies that promote the hiring of women; a weak manufacturing sector; high unemployment rates for men; negative cultural attitudes and unfavourable societal views regarding women working outside the home; limited childcare opportunities; and traditional gender divisions of labour.

Alongside weak employment and labour force participation trends, unemployment is very high. It rose from 23% in 2012 to 27.7% in 2017. This is the highest level recorded in the past 15 years, and is also the highest unemployment rate among the 170 countries and territories in the world for which current estimates are available<sup>19</sup>. Female unemployment is particularly high and has been continuously increasing. The female unemployment rate reached 47.8% in 2017; this compares with 32.9% in 2012.

Youth unemployment is also very high (43.8% in 2017 for 15 to 24-year-olds), reaching a dramatic figure of 70.3% among young women. The situation in the Gaza Strip is particularly worrying, with a youth unemployment rate (for 15 to 24-year-olds) of 64.7% (87.7% for young females) in 2017. This means that almost two-thirds of young people in Gaza have no income<sup>20</sup>. Poor labour market outcomes for young people combined with a high level of early school leaving lead to a large proportion of young people not in employment, education or training (NEETs). The NEET rate in 2017 was 33.2%.

Major efforts on the part of the Palestinian authorities to increase access to higher levels of education have had a limited effect on employment. The overall unemployment rate for highly skilled people (35.1% in 2017) is significantly higher than for other skills levels and has been increasing in recent years (28.4% in 2012), which demonstrates the limited capacity of the economy to create high-quality jobs. A school-to-work transition survey conducted by the International Labour Organisation (ILO) in 2014 found that higher education actually correlates with unemployment among both young males and females (15 to 29-year-olds). It also found that the rate of unemployment increased with each incremental addition of education level for both young women and men.

The service sector is the largest employer, providing jobs to 63% of the labour force in 2017; 30.3% of the labour force were employed in industry and 6.7% in agriculture. Entrepreneurship is seen as a possible solution for unemployment, but it would need an enabling environment and investment to develop entrepreneurial capacities. Self-employment currently accounts for 29.6% of total employment

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<sup>18</sup> See [https://www.un.org/unispal/wp-content/uploads/2018/04/ILOSTUDY\\_040418.pdf](https://www.un.org/unispal/wp-content/uploads/2018/04/ILOSTUDY_040418.pdf)

<sup>19</sup> See [https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/--relconf/documents/meetingdocument/wcms\\_629263.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/--relconf/documents/meetingdocument/wcms_629263.pdf)

<sup>20</sup> Palestine Central Bureau of Statistics (PCBS), *Labour force survey 2017, annual report*, April 2018.

(2017). The Palestinian labour market is also negatively affected by the large informal sector. One-third of employed people work informally.

According to the ILO, the number of Palestinians working in Israel and the settlements has been growing recently and totals almost 120 000<sup>21</sup>. Some of them work illegally, informally or by illegally buying work permits. The lack of jobs and potentially higher salaries are the main reasons for such a high outflow. Palestinians working in Israel or in the settlements are heavily affected by the political situation. In crisis periods, physical access to Israel is restricted, making it impossible for Palestinians to work. This also affects Israeli employers' willingness to employ Palestinians, as their presence cannot always be ensured.

### 3.2 Employment policy and institutional setting

The National Policy Agenda 2017–2022 specifies national priorities of achieving 'economic independence' by creating jobs, improving the business environment, promoting Palestinian industry and building a future economy. The Labour Sector Strategy 2017–2022 is a key planning document establishing strategic goals for the labour sector, such as reducing unemployment, developing TVET, empowering cooperatives, strengthening the sector's institutional capacities and reforming the legal framework. Importantly, it also signals Palestine's intention to promote decent work by establishing a well-developed labour administration system; enhancing tripartism; and promoting freedom of association and social dialogue as a means of developing and regulating the labour sector. This strategy is built on an extensive partnership between the national labour administration system and its multiple governmental and non-governmental partners.

In 2016, the Higher Council for Youth and Sport launched the National Youth Strategy 2017–2022, which identifies economic empowerment, poverty alleviation, education and training as strategic areas of intervention. In February 2017, the government launched the Cooperative Sector Strategy, underlining the important role of cooperatives in providing livelihoods to people and communities in Palestine. The strategy highlights the need to invest in cooperative education and literacy for young people and to explore the potential of the technology industry to increase employment opportunities. The Palestinian Decent Work Programme 2017–2020, jointly developed by the ILO and the Palestinian government, is also an important policy document that sets out objectives for economic development and employment.

The institution responsible for employment policy is the Ministry of Labour. It deals with the employment sector and works in close partnership with other stakeholders, such as the Ministry of Education and Higher Education and the Federation of Chambers of Commerce. The Ministry of Labour has limited capacity. It provides a range of employment services through its employment offices. There are 16 employment offices in the West Bank and 5 in Gaza. With support from GIZ, eight of the West Bank offices have been transformed into 'one-stop shops' that offer a comprehensive career guidance package including vocational guidance and employment counselling, in addition to guidance on self-employment and small enterprise creation, job search and job application support and information and work permits to work in Israel. While significant capacity has been developed within the network of one-stop shops, several challenges remain. These include a

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<sup>21</sup> International Labour Office (ILO), *The situation of workers of the occupied Arab territories. Report of the Director-General 106 Session*, ILO, Geneva, 2017.

lack of qualified personnel, limited capacity for networking with employers due to a lack of transportation facilities, and a lack of clarity regarding roles and responsibilities.

The Palestinian Fund for Employment and Social Protection (PFESP) is a semi-independent, autonomous body that implements active labour market policies (ALMPs). The PFESP is implementing the following ALMPs: support for entrepreneurship development through business start-up loans; support for entrepreneurship development through business incubation and acceleration; labour market training using work practice (on-the-job training) and job insertion strategies; and private sector employment incentives through wage subsidies to employers.

The PFESP is currently developing its strategic plan for the next three years with a view to enhancing and scaling up its ongoing programmes, as well as identifying new programmes that could effectively create employment and stimulate job-rich economic growth. New services to be added include the establishment of one-stop shops for entrepreneurs, which will provide them with all the services and advice they need to be ready for financing and incubation. The shops will be established in close coordination with the Ministry of Labour, Ministry of Finance, Ministry of National Economy and Ministry of Interior, and – tentatively – will be hosted within the Ministry of Labour’s own one-stop shops.

UNRWA and various Palestinian associations (the most important being the Welfare Association, the Sharek Youth Forum and the Education for Employment Fund) also provide ALMPs through programmes that focus on job creation. These programmes provide subsidies and support to young entrepreneurs. About 20 community-based organisations and non-profit organisations also deliver employment programmes in the West Bank and Gaza. These programmes usually target women, university students, new graduates and, to a lesser degree, other categories of unemployed people. They can be classified in three categories: training and capacity building programmes; on-the-job training and internship programmes; and online job search and training programmes.

In general, there is a lack of mechanisms to monitor and evaluate ALMPs, which undermines their effectiveness and accountability. ALMPs in both the West Bank and Gaza are fragmented, often with similar goals and overlapping objectives and target groups. They are not always coordinated, and are implemented by different organisations or funded by different donors. As much of the donor aid flows to civil society organisations, the NGO sector in Palestine is the most important sector for providing social and employment services.

The Council of Ministers recently designated the PFESP as the national umbrella institution for all employment, job creation and entrepreneurship development programmes implemented in the country. It delegated responsibility to the Ministry of Labour, instructing all concerned entities to provide details of their ongoing ALMPs to the PFESP and to coordinate all future programmes with the fund. Several stakeholders within and outside government have expressed concern that expanding the mandate of the PFESP not only runs the risk of duplicating several of the Ministry of Labour’s mandated functions, but it also places a huge responsibility on the PFESP and sets high expectations, which may not be met given both the difficult context and the fund’s nascent institutional experience<sup>22</sup>.

Local Education and Training (LET) councils were established by the Ministry of Labour with the support of GIZ. Each council comprises representatives from the government, private sector and civil society. The objectives of the councils are to enhance social dialogue and foster local employment

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<sup>22</sup> See [https://www.un.org/unispal/wp-content/uploads/2018/04/ILOSTUDY\\_040418.pdf](https://www.un.org/unispal/wp-content/uploads/2018/04/ILOSTUDY_040418.pdf)

initiatives. Their main role is to maintain links and communications between different employment stakeholders and supporting partnerships. Eleven councils currently operate in the West Bank and one in Gaza. To date, the LET councils have been very active in international initiatives (e.g. the EU-funded TVET support programme), in which they have been given a specific role (e.g. skills needs analysis, assessment of proposals, advisory role for projects). Beyond these donor initiatives, however, the councils suffer from a lack of resources.

An overall national career guidance and counselling system is being developed with the support of GIZ. Career guidance in TVET institutions has improved significantly, and a number of systemic and sustainable changes, for instance the establishment of career guidance units in universities, have been made. Career guidance services for adults are provided by the one-stop shops.

The Palestinian Labour Market Information System (LMIS) operates under the umbrella of the Ministry of Labour. The LMIS is divided into four subsystems: population (demographic and labour data); education (higher education, formal and non-formal education, technical and vocational education, vocational retraining data); enterprises (unmet needs, dismissals, firms, skills, sectors, work experience); and labour market (unemployment, jobseekers, vacancies and filled vacancies). However, the LMIS is not functioning well because of the Ministry of Labour's inability to keep the system updated due to a lack of resources and a weak collaboration with stakeholders.

Labour market data is gathered mainly from two sources: labour force surveys carried out every six months by the Palestinian Central Bureau of Statistics and information gathered through the one-stop shops. In addition, many organisations and research centres, such as the Palestine Trade Centre (PalTrade), carry out labour market studies to identify trends and help employers. These studies, however, do not go deep enough to analyse the skills needs of the workforce. There is a lack of capacity among stakeholders to implement skills anticipation methodologies. Financial sustainability is also lacking. Almost all initiatives in the area of labour market monitoring and skills anticipation are carried out within the framework of international projects. To date, the government has resisted allocating resources to new initiatives.

The EU Delegation is coordinating the results-oriented framework (ROF) for the labour market sector within the framework of the EU Joint Programming process that started in 2016. The intervention is led by Belgium, through Enabel, and targets the delivery of a better-skilled labour force to satisfy the needs of the labour market. It aims to create an efficient and effective TVET governance structure. The following are the main interventions to be made within the ROF between 2017 and 2020:

- Belgium: Enhancing Capacity for Institution Building (ECIB) (2013–2018) – EUR 5 million (implemented by Enabel)
- Belgium: Growth for Jobs (G4J) (2018–2022) (tbc) (implemented by Enabel)
- EU: Support to TVET system in Palestine (GIZ) (2015–2019) – EUR 8 million
- Germany: TVET and Employment Promotion Programme (TEP) (2015–2018) – EUR 11 million, thereof EUR 1.5 million co-financed by SDC (implemented by GIZ)
- Germany: Train the Trainers (TTT) Programme (2017–2020) – EUR 11 million (implemented by GIZ)
- Germany: More Job Opportunities for Palestinian Youth (2015–2021) – EUR 6 million (implemented by GIZ)
- Germany: More Job Opportunities for Palestinian Youth (2015–2020) – EUR 10 million (implemented by KfW)
- Germany: Employment Promotion Programme (EPP) (2019–2021) (tbc) (implemented by GIZ).

# PALESTINE: STATISTICAL ANNEX

Annex includes annual data from 2012, 2016 and 2017 or the last available year.

	Indicator	2012	2016	2017	
1	Total Population (000) <sup>(1)</sup>	4,226	4,817	4,733	
2	Relative size of youth population (age group 15-24, %) <sup>(1)</sup>	37,0	36,8	35,7	
3	Youth Dependency ratio (%)	74.2	69.7	69.0	
4	Old Dependency ratio (%)	5.1	5.3	5.3	
5	Global Competitive Index	Rank	N.A.	N.A.	N.A.
		Score	N.A.	N.A.	N.A.
6	GDP growth rate (%)	6.3	4.7	3.1	
7	GDP per capita (PPP) (current international \$)	4931	5110	4885	
8	GDP by sector (%)	Agriculture added value (2011)	6.9 (2011)	4.2 (2015)	M.D.
		Industry added value (2011)	23.4 (2011)	22.5 (2015)	M.D.
		Services added value (2011)	69.8 (2011)	73.3 (2015)	M.D.
9	Poverty headcount ratio at \$2 a day (PPP) (%)	M.D.	M.D.	M.D.	
10	Gini index (%)	M.D.	M.D.	M.D.	
11	Educational attainment of adult population (aged 25-64 or 15+) (%)	Low <sup>(2)</sup>	62.0	60.4	59.3
		Medium	15.8	16.0	16.3
		High	22.2	23.6	24.4
12	Gross enrolment rates in secondary education (%)	83.2	83.9	M.D.	
13	Share of VET students in secondary education (%)	0.40	0.42	M.D.	
14	Gross enrolment rates in upper secondary education (%)	73.2	65.2	M.D.	
15	Share of VET students in upper secondary education (%)	1.9	2.2	M.D.	
16	Low achievement in reading, mathematics and science – PISA (%)	Reading	N.A.	N.A.	N.A.
		Mathematics	N.A.	N.A.	N.A.
		Science	N.A.	N.A.	N.A.
17	Participation in training/lifelong learning (age group 25-64) by sex (%)	Total	M.D.	M.D.	M.D.
		Male	M.D.	M.D.	M.D.
		Female	M.D.	M.D.	M.D.

	<b>Indicator</b>		<b>2012</b>	<b>2016</b>	<b>2017</b>
18	Early leavers from education and training (age group 18-24) by sex (%)	Total	31.6	31.0	29.9
		Male	39.2	40.1	38.6
		Female	22.3	19.4	18.5
19	Activity rates by sex (aged 15+) (%)	Total	43.6	45.8	45.3
		Male	69.1	71.6	70.9
		Female	17.4	19.3	19
20	Employment rates by sex (aged 15+) (%) <sup>(3)</sup>	Total	33.6	33.5	32.7
		Male	54.9	55.7	54.9
		Female	11.7	10.7	9.9
21	Unemployment rates by sex (aged 15+) (%) <sup>(3)</sup>	Total	23.0	26.9	27.7
		Male	20.5	22.2	22.5
		Female	32.9	44.7	47.8
22	Unemployment rates by educational attainment (aged 15+) (%) <sup>(3)</sup>	Low (4)	21.7	24.2 (2015)	25.4
		Medium	18.7	20,3 (2015)	23.8
		High	28.4	31,8 (2015)	35.1
23	Youth unemployment rates by sex (aged 15-24) (%) <sup>(3)</sup>	Total	38.8	41.7	43.8
		Male	34.5	22.2	37.7
		Female	62.3	65.9	70.3
24	Proportion of long-term unemployed out of the total unemployed (aged 15+) (%) <sup>(3)</sup>		49.4	32.4	33.8
25	Long-term unemployment rate (aged 15+) (%)		M.D.	11.8 (2014)	M.D.
26	Incidence of self-employment (%) <sup>(3)</sup>		33.1	30.5	29.6
27	Share of the employed in a public sector (%) <sup>(3)</sup>		22.7	21.6	21.4
28	Employment by sector (%) <sup>(3)</sup>	Agriculture	11.5	7.4	6.7
		Industry	26.3	29.9	30.3
		Services	62.2	62.7	63
29	Employment in the informal sector <sup>(3)</sup>		M.D.	32.6	34.0
30	Proportion of people aged 15–24 not in employment, education or training (NEETs), by sex (%) <sup>(3)</sup>	Total	29.9	32.3	33.2
		Male	22.8	26.0	27.7

	Indicator	2012	2016	2017
	Female	37.3	38.7	39
31	Public expenditure on education (as % of GDP)	5.1	5.7	M.D.
32	Public expenditure on education (as % of total public expenditure)	M.D.	M.D.	M.D.
33	Skill gaps (%)	M.D.	5,8 (2013)	M.D.
34	The share of SMEs in GDP (%)	M.D.	M.D.	M.D.
35	The share of SMEs in employment (%) <sup>(5)</sup>	82.0 (2007)	M.D.	M.D.

**Last update: 04/09/2018**

**Sources:**

Indicators 1, 2, 11, 18, 19, 20, 21, 22, 23, 24, 26, 27, 28, 29, 30 – Palestinian National Statistical Office (PCBS)

Indicators 3, 4, 6, 7, 8 – World Bank, World Development Indicators

Indicators 12, 13, 14, 15, 31: UIS UNESCO

Indicator 16 - OECD

Indicators 25 – EUROSTAT

Indicator 33 – World Bank, Enterprise surveys

Indicator 35 – International Financial Corporation

**Legend:**

N.A. = Not Applicable

M.D. = Missing Data

**Notes:**

<sup>(1)</sup> estimations

<sup>(2)</sup> Includes no schooling

<sup>(3)</sup> From 2015 a new definition of employment is implemented (application of the 19th resolution of the International Conference of Labour Statisticians).

<sup>(4)</sup> refers to ISCED 0-1, does not include no schooling

<sup>(5)</sup> up to 99 employees

## ANNEX: INDICATOR DEFINITIONS

	Description	Definition
1	Total population (000)	The total population is estimated as the number of persons having their usual residence in a country on 1 January of the respective year. When information on the usually resident population is not available, legal or registered residents can be considered.
2	Relative size of youth population (age group 15-24) (%)	The ratio of the youth population (aged 15–24) to the working-age population (usually aged 15–64 or 15–74).
3	Youth Dependency ratio (%)	The ratio of younger dependants (people younger than 15) to the working-age population (those in the 15–64 age group).
4	Old Dependency ratio (%)	The ratio of older dependants (people older than 64) to the working-age population (those in the 15–64 age group).
5	Global Competitiveness Index	The Global Competitiveness Index assesses the competitiveness landscape providing inside into the drivers of countries' productivity and prosperity. It expressed as scores on a 1 to 7 scale, with 7 being the most desirable outcome.
6	GDP growth rate (%)	The annual percentage growth rate of GDP at market prices based on constant local currency.
7	GDP per capita (PPP) (current international \$)	The market value of all final goods and services produced within a country in a given period of time (GDP), divided by the total population, and converted to international dollars using purchasing power parity (PPP) rates.
8	GDP by sector (%)	The share of value added from Agriculture, Industry and Services.
9	Poverty headcount ratio at \$2 a day (PPP) (%)	The percentage of the population living on less than \$2.00 a day at 2005 international prices.
10	Gini index (%)	Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.
11	Educational attainment of adult population (25-64 or aged 15+) (%)	Educational attainment refers to the highest educational level achieved by individuals expressed as a percentage of all persons in that age group.
12	Gross enrolment rates in secondary education (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
13	Share of VET students in secondary (%)	The proportion of VET students in secondary education out of the total number of pupils and students in secondary education (general + VET)
14	Gross enrolment rates in upper secondary education (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
15	Share of VET students in upper secondary education (%)	The proportion of VET students in upper secondary education out of the total number of pupils and students in upper secondary education (general education + VET)



	Description	Definition
16	Low achievement in reading, maths and science – PISA (%)	The share of 15-years-olds falling to reach level 2 in reading, mathematics and science.
17	Participation in training/lifelong learning (age group 25-64) by sex (%)	The share of persons aged 25–64 who stated that they received education or training in the four weeks preceding the (LFS) survey.
18	Early leavers from education and training (age group 18-24) by sex (%)	The percentage of the population aged 18–24 with at most lower secondary education who were not in further education or training during the four weeks preceding the (LFS) survey. Lower secondary education refers to ISCED 1997 level 0–3C short for data up to 2013 and to ISCED 2011 level 0–2 for data from 2014 onwards.
19	Activity rates by sex (aged 15+) (%)	Activity rates represent the labour force as a percentage of the population of working age.
20	Employment rates by sex (aged 15+) (%)	Employment rate represents persons in employment as a percentage of the population of working age.
21	Unemployment rates by sex (aged 15+) (%)	Unemployment rate represents unemployed persons as a percentage of the labour force.
22	Unemployment rates by educational attainment (aged 15+) (%)	Educational levels refer to the highest educational level successfully completed. Three levels are consider: Low (ISCED level 0-2), Medium (ISCED level 3-4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8)
23	Youth unemployment rates by sex (aged 15-24) (%)	Youth unemployment rate represents young unemployed persons aged (15-24) as a percentage of the labour force (15-24).
24	Proportion of long-term unemployed out of the total unemployed (aged 15+) (%)	Number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of unemployed persons aged 15+.
25	Long-term unemployment rate (age 15+) (%)	Number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of the labour force aged 15+.
26	Incidence of self-employment (%)	The share of self-employed as a proportion of total employment. Self-employment includes employers, own-account workers, members of producers' cooperatives and contributing family workers.
27	Share of the employed in a public sector (%)	The share of employed in a public sector as a proportion of total employment.
28	Employment by sector (%)	The share of employed in Agriculture, Industry and Services.
29	Employment in the informal sector	Share of persons employed in the informal sector in total non-agricultural employment.
30	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	The percentage of the population of a given age group and sex who is not employed and not involved in further education or training.
31	Public expenditure on education (as % of GDP)	Public expenditure on education expressed as a percentage of GDP. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit

	Description	Definition
		organisations. Both types of transactions together are reported as total public expenditure on education.
32	Public expenditure on education (as % of total public expenditure)	Public expenditure on education expressed as a of total public expenditure. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations. Both types of transactions together are reported as total public expenditure on education.
33	Skill gaps (%)	The percentage of firms identifying an inadequately educated workforce as a major constraint.
34	The share of SMEs in GDP (%)	The share of GDP contributed by small and medium businesses.
35	The share of SMEs in employment (%)	The share of persons employed in small and medium businesses.



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