

# PALESTINE\*

## COUNTRY STRATEGY PAPER 2017-20

### 2018 UPDATES

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

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## A. COUNTRY CONTEXT

Palestine has a very young population<sup>1</sup> with an estimated 4.6 million people living in West Bank and Gaza Strip, 1.4 million living inside Israel and 5.6 million living in exile. It has high fertility rates and population growth - 4.3 children per women in 2014 and 2.9% in 2015, respectively.

The World Bank classifies the economy as lower-middle income. GDP growth is affected by political instability and the strained peace process, which limiting the identification of medium and long-term trends. For example, 2000-2012 experienced a contraction of 12%. During the lowest point, the average income per capita declined to a point that left 63% of households below the poverty line.

The economy is widely dominated by small, family-owned business. Approx. 97% of enterprises employ fewer than 10 employees, negatively impacting the economy<sup>2</sup>. Micro and small enterprises are more at risk during economic crisis linked to the political situation. The lack of capacity to match high Israeli standards for imports affects companies' growth. The prevalence of micro and small enterprises also affects skills development and employment opportunities, as majority look for unskilled and semi-skilled workers to pay lower wages.

A significant share of these micro-small companies are informal. In 2015, 62% of total employment was informal (PCBS); the figures decrease proportionally to increased educational attainment. This negatively impacts the development of appropriate skills needed by the labour market<sup>3</sup>. Two big challenges are high unemployment (25.9% in 2015, 40.7% for youth) and low activity rates (45.8%, in 2015, 19.1% for females).

Palestine has a relatively low skilled workforce - 55% of adults with low education (ISCED 0-2) in 2015. Only 5% have no schooling and 24% hold a university degree, significant figures compared with the other countries in the region. Gender and the high appeal of general education (particularly for tertiary education) explains the situation. Unemployment is higher among graduates of tertiary education (34%) than lower skilled (25% and 21% respectively for low and medium skilled). Graduates consequently compete for jobs below their level of qualification. Gender gaps are also visible with high unemployment rates of females<sup>4</sup>.

The attractiveness of vocational education is very poor, only 2% of youth in upper secondary education participate vocational strands<sup>5</sup>. The weakness of VET does not help the already difficult

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<sup>1</sup> The size of 15-24 compared to the working age population (15-64) is almost 40%, the highest share of the countries in SEMED region

<sup>2</sup> ETF Torino process 2014

<sup>3</sup> In general, informal companies are more reluctant to prioritise the skills development of their own employees. Employers' organisation do not represent informal companies and active labour market policies typically exclude informal workers

<sup>4</sup> Part of the explanation is the high rate of skilled women (52% for higher education). Women with lower skills are mainly inactive. The activity rate is 5.3% for females (15+) with no schooling, 11% for those in school for 1-6 years, 7.8% for 7-9 years, 8.3% for 10-12 and 45.6% for 13+ (PCBS for 2015). Skilled women are more likely to be active at the cost of being mainly unemployed

<sup>5</sup> From 2011 on, UIS data does not include enrolment in commercial schools in upper secondary education, altogether represented 6.1 in 2010

transition from school to the labour market. Further, this transition is different for males and females. Males typically transit to employment or unemployment, while females typically become inactive after school. Very few women move into employment or to unemployment, and the ones who do tend to have higher education levels.

Palestine is a full partner within the European Neighbourhood Policy (ENP). A joint EU-PA action plan (2013) sets the agenda for economic and political cooperation with the EU. The Interim Association Agreement on Trade and Cooperation, sets the legal basis for the EU's relations with Palestine.

## B. VET AND SKILLS IN THE COUNTRY: OVERVIEW, PROGRESS AND MID-TERM PRIORITIES

The technical and vocational education and training (TVET) system is very small, but growing slowly thanks to political will and strong international support. Key stakeholders are working hard to implement a vision for the system, in-line with a revised TVET strategy, overseen by the Ministry of Education and Higher Education (MoEHE) and the Ministry of Labour (MoL).

Creating ownership in the wider political context is a challenge. TVET policymakers and international actors believe a strong expansion could provide a response to labour market needs and address the high unemployment. However, there is a strong focus on prioritising access to higher education, removing commercial schools from the TVET mandate is symbolic of this stance.

The TVET system has not yet identified clear medium and long-term targets and the relevant impacts. For example, increasing the share of TVET students to 20-25% could meet opposition from other education subsectors. Ensuring sustainability of TVET reform may require additional financial resources or innovative resourcing mechanisms, and prior discussion with the Ministry of Finance.

National stakeholders have been attempting to establish a strong and inclusive governance model for the TVET system. In the first version of the TVET Strategy, most actors agreed a TVET Agency was needed. The revised TVET Strategy replaced this with a Higher Council for TVET, which meets rarely. In June 2014, the National Agency for Vocation Education and Training (NAVET) was approved, but subsequently put on hold under the new government. There are moves to revitalise the Higher Council for TVET, a political forum that has to prove its effectiveness.

Another element of reform is the sustainability of ongoing reforms. Several initiatives focusing on TVET core processes (curriculum development, quality assurance, teacher training, skills needs analysis etc.) have been launched with the support of international partners (GIZ, BTC, EU DEL). Reform can only 'scale up' once Palestinian actors implement the new processes outside the context of donors support. Moving away from high dependency requires an intermediate stage, led by local TVET stakeholders and with a technical support from international partners. Progress however, is being made. For example, with donor support (BMZ, SDC, EU) new competence based programmes have been developed and implemented at different TVET levels. Quality assurance, career guidance, employment services (one stop shops) is also emerging.

An informal working group for TVET gathering Palestinian stakeholders in TVET resulted in the new TVET management structure, seen as more operational rather than the formal Higher Council for TVET. GIZ and BTC are part of this non-formal structure, which aims to be the reference for

international initiatives, and potentially a formal TVET governance structure. The non-formal structure is divided in three levels:

- TVET and Labour Market Management Team – high-level representatives (Assistant Deputy Minister for Ministry of Labour and Ministry of Education and Higher Education level) and key TVET sector stakeholders, meeting 4x annually
- TVET and LM Programme Committee – middle managers (Director Generals for TVET in MoL and MoEHE) - focused on implementation and overview of developments
- TVET and LM Thematic Working Teams (6X) - institutional level covers operations relating to thematic areas (curriculum, quality, monitoring and evaluation, human resources, labour market information systems)

The new structure includes all key stakeholders (including social partners) at all levels, demonstrating a very cooperative approach. The thematic working groups represent the first attempt to move the leadership of the new TVET core processes to the national policymakers, a process that should be strengthened gradually. The Monitoring and Evaluation Working Group, under the guidance of the ETF (and in cooperation with GIZ and BTC), has begun to deliver concrete outputs.

Over the years, the Torino Process has allowed the identification of priorities for TVET reform. The priorities have been confirmed by the Torino Process 2016 report.

1) Address the limited relevance of TVET qualifications for the labour market

Different reforms, foreseen in the TVET Strategy, aim to address this, for example establishing a national qualification framework. Curriculum development methodology, revised assessment procedure are also being applied. National TVET stakeholders must demonstrate capacity and willingness to implement outside international programmes, including support from GIZ and the ETF.

2) Establish a work-based learning model adapted to national context

As a transition country, the system cannot maintain up-to-date modern technologies in TVET institutions. Involving the private sector would help address this challenge, while increasing the responsiveness to labour market needs. The resources needed to meet Palestine's ambitious plan to radically increase TVET participation could be a barrier for reform. Work-based learning and more efficient use of current resources (shifts for students) could help.

3) Develop a policy for continuous vocational education

A reform of the governance model for schools autonomy, aiming at creating life-long learning centres, is a mandatory step. Without this reform will remain limited to ad hoc international projects, exempt from rigid regulations. The recent development of the National Strategy for Adult Education goes is a positive step however it does not tackle yet the operational regulations of TVET providers. A revision of the current governance model for TVET providers could open the door for further interventions, but these must come only when the regulatory framework is really changed.

4) Establish a monitoring and evaluation function to gather and analyse data and provide relevant policy advice

There is currently no reliable system to plan resources, assess efficiency or effectiveness of the sector, to make case for the importance of expanding TVET. Methodologies to collect information and data are come from international actors but lack sustainability.

In addition to these thematic priorities, the system is affected by the limited use of evidence in the policy advice function. TVET stakeholders have the tendency to rely on their tacit knowledge and don't use enough available evidence to define policy. This needs to be tackled in conjunction with the establishment of a monitoring and evaluation function to ensure data and analytical reports are utilised. Further to this, the capacity of leading reforms and policy developments autonomously, challenges the sustainability of the different reform initiatives. This is partly linked to limited human resources and a sector which is small yet undergoing a massive reform.

## C. EU AND OTHER DONORS SUPPORT IN VET AND SKILLS

The European Union is the biggest multilateral donor and EU support to the TVET system is strong. A priority of the EU-PA Action Plan is to enhance quality of education, including vocational education and training. In 2012, the EU Delegation launched two programmes (one remains active) designed by the ETF, and worth €16 million.

Donors' coordination has improved significantly, with effective cooperation between GIZ, BTC, SDC, EU and ETF. The main international actor is GIZ, which implements programmes covering:

- Curriculum development in initial and continuing training
- Development of NQF and occupational (German Federal Ministry for Economic Development and Cooperation - BMZ)
- Centres of competences (Swiss Development Cooperation)
- Labour Market and Employment – one-stop-shops (BMZ)
- Human Resource Development (BMZ)

The second key donor is the Belgium Technical Cooperation (BTC), with a €6 million work-based learning programme.

GIZ, EU and BTC also support the reform of the TVET governance, through continuous policy advice. In 2015, for example, when trying to establish the national agency, GIZ and ETF (on request of EU Delegation)

## D. ETF MID-TERM INTERVENTION STRATEGY IN THE COUNTRY

Qualifications development and work-based learning are targeted by GIZ and BTC initiatives, supported by ETF. The priority for ETF is establishing a monitoring and evaluation function for the TVET sector, however the system is not ready to achieve change at a systematic level, confirmed by the EU funded GEMM mapping of VET governance in Palestine.

Allocating TVET providers more autonomy and accountability are part of international projects, which help to expose policymakers to the benefit of a more flexible school governance model. This will continue to be monitored with potential future interventions, such as an additional pilot project on school autonomy.

The ETF intervention strategy draws upon the assumption of continuity in

- priority given to the country in terms of EU external assistance,
- the level of political, economic and social stability,
- high level of commitment from the national and regional authorities and civil society to take forward the reform process
- engagement and ownership in the Torino Process, according to principles of evidence based, participatory, holistic policy making.

### Specific objective 1:

Support the establishment of a TVET sector monitoring and evaluation function capable of mapping the efficiency and effectiveness of the system in addressing labour market needs.

### Rationale:

A monitoring and evaluation thematic working group has been created with representatives of all key TVET stakeholders. The ETF helps the group in developing a model, while international donors, GIZ and BTC are follow daily activities ensuring consistency and alignment to TVET reform. By developing an approach to data gathering, data release, data analysis and informing policy makers, Palestinian stakeholders will be see the added value of using evidence for elaborating or reviewing TVET policies. Further, this is an area where the national stakeholders feel at ease to play a guiding role, promoting sustainability.

### Expected results 2020:

- Revised and approved processes for all M&E phases
- An overall governance model for M&E
- Capacities of the actors in charge of the different phases matching their own responsibilities
- A plan for establishing a monitoring of the labour market, including skills anticipation

### Other areas of intervention:

The ETF will implement regular transversal activities upon request from the EUD or Headquarters and continue involving Palestine in the Torino Process: the system wide policy analysis and monitoring progress exercise implemented by the ETF on a periodic basis. The specific modalities for national implementation in 2019 will be agreed according to the 2016 results and the specific development of the monitoring processes in the country. In between the two rounds, the ETF will continue the policy dialogue with all countries on policy analysis and system-wide progress monitoring through regional and international forums.

The ETF will continue to support the EC (DG GROW) with analysis and reporting relating to the Small Business Act for Europe (SBA). In 2017, an update of the SBA assessment will focus on policy framework for entrepreneurial learning, training for women's entrepreneurship and SME

skills intelligence, with the country asked to identify good practice in all three areas. A report from the SBA assessments and dissemination will follow in 2018-2019.

Palestine will also participate in ETF regional actions, such as the ETF Forum for Quality Assurance in VET.

## E. 2017 ACTION PLAN

### Specific objective 1:

**Support the establishment of a TVET sector monitoring and evaluation function capable of mapping the efficiency and effectiveness of the system in addressing labour market needs.**

The intervention will have a holistic approach, addressing the TVET sector - public and private providers, with the aim for a monitoring function to identify current and future labour market skills needs.

The intervention will be carried out in cooperation with GIZ and BTC. The ETF will be in charge of the design and implementation. The donors will coordinate and support the practical implementation of the activities. In the first part, the intervention will focus around the different phases of M&E (data gathering, data release, data analysis, informing policy makers).

The initiative will also look at the governance component of the processes - who does what, with which resources etc., overseen by GIZ. The ETF will support policy dialogue, development of the technical elements (methodologies, capacities and analysis) for policymakers to embrace evidence based methodological approach. The ETF will help national stakeholders to use the collected and analysed evidence to influence policymaking.

In 2017, **SP TRP** will continue supporting the country in developing a unified M&E system for the TVET sector.

The initiative will contain the following elements:

- Development of technical capacities of the working group through exposure to national, regional and international best practices
- Development of national processes and relevant tools
- Development of a sustainable M&E structure (including roles/responsibilities and resources) in line with policy developments of the TVET sector

**SP EMPL** will support the above with technical inputs especially on methodologies for anticipating skills needs.

## F. 2018 UPDATES

### 1. Short update on key country developments in the field of VET and skills and on EU and donor cooperation

The Palestinian stakeholders have been trying to set up a clear and effective governance model to overcome the fragmentation of the TVET-LM subsector for a long time. After the unsuccessful attempt to establish a TVET Agency some years ago, they decided to change their approach and to opt for a more gradual and 'lighter' process. A first crucial step was the revitalisation of the Higher Council for TVET. While the TVET Agency would have determined a big power shift in terms of responsibilities and authority in the sector, the Higher Council leaves the current responsibilities of the different stakeholders unaltered, adding only a coordination layer upon them.

This attempt to set up the Higher Council in Palestine seems to have more guarantee for success given the strong commitment of all key private and public actors who have demonstrated in the framework of several reform initiatives to be willing to cooperate and formulate common policies. It will be crucial that the private sector feels the ownership of this body to re-direct the orientation of the sector from the supply to the demand side.

After this change of strategy, the process is going very fast and by-laws for the Higher Council and for its Executive Board are in preparation. Early 2017 the Head of the Development Centre, Anwar Zakharia, has been nominated; in September 2017 the Development Centre has been officially established, acting as the technical arm of the Higher Council. It will provide consulting services, research, M&E, and develop the relevant tools and standards in line with the directives and policies of the Higher Council and its Executive Board. As of October 2017 the Development centre has been staffed with two people from the MoEHE. Original plans foresee that equivalent staff is allocated by MoL, and Federation of Chambers of Commerce. Expectations from national actors and international stakeholders on the capacity of this structure to have a major impact on the TVET subsector are high. The Development Centre is expected to become the driving force and national regulator of all TVET-LM related policies, reforms and activities in Palestine. If this happens, the support provided by the ETF and the other international partners will likely be more efficient and with a higher level of sustainability.

At the same time, in October 2017, the cabinet has taken the decision to transfer the Vocational Training Centres (VTCs) from the MoL to the MoEHE, de facto unifying the whole TVET sector under one institution. Resistance to this change is strong in the MoL and no operational actions have been taken in relation to the transfer. If this change is confirmed the whole TVET governance puzzle will be scrambled again. Discussions about the relevance of a Development Centre without the MoL have already started.

More broadly the reconciliation political process aiming at establishing a unified government in Palestine is progressing and negotiations are ongoing at the level of all ministries on how to absorb the excessive human resources which have been caused by the duplication of functions. In practical terms this factor can slow down ongoing policy reforms as policy makers are heavily involved with the complicated process of merging the parallel structures.

The EU Representative Office is currently engaged in the review of the Result Oriented Framework (ROF) developed in the context of the European Joint Strategy. Following the successful implementation in a number of sectors the ROF is being extended to all sectors. This is relevant for the TVET sector as the revision includes the creation of a new subsector on Labour within the Social Development Strategy Group. Contracted experts are currently reviewing indicators for all sub-sectors. The ETF is contributing to the formulation of results and indicators for the TVET sector which are divided between the Labour and Education sub-sectors. In terms of TVET activities the EU Representation Office is still involved in the

TVET support programme implemented by GIZ and funded by the EU. No additional programmes are in the pipeline in the TVET sector.

In terms of other donors the majority of actions is implemented by GIZ and BTC. GIZ is continuing the implementation of two multi-annual programmes. The first is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and focusing on developing core processes in the areas of curriculum development, quality assurance, human resource development and NQF. The second, funded by the EU, focuses on implementing these processes in specific TVET providers which have submitted development projects proposal in partnership with the world of work. BTC is continuing the implementation of the multiannual programme to establish work based learning mechanisms at all levels of TVET education.

Donor coordination in the TVET sector remains quite advanced. In addition to the overall coordination at national level mentioned before, the TVET sector has established even stronger coordination mechanisms. The most active actors at EU level, GIZ, BTC, ETF/EU, have been cooperating since several years including joint implementation of activities. Coordination with other donors is done in the framework of the TVET sub-working group coordination meeting.

## **2. Assessment of the progress towards achievement of ETF mid-term objectives and results with horizon 2020**

### **Specific objective 1:**

Support the establishment of a TVET sector monitoring and evaluation function capable of mapping the efficiency and effectiveness of the system in addressing labour market needs. This is a joint initiative between ETF, GIZ and BTC, where the ETF is leading on the technical aspect of indicators development, analysis and informing policy making.

The work on the M&E processes has proceeded slowly. This has been due to instability within the key stakeholders, unclarity about the role of the Development Centre, including its financial and human resources and lack of leadership in the M&E technical working group.

Nonetheless good results have been achieved and the right direction has been set for future developments:

- Through extensive awareness campaigns, M&E has been raised among the priorities for TVET reform (see below the decision of establishing a M&E Unit inside the Development Centre);
- The establishment of a network of M&E focal point in all TVET providers has created a powerful tool for sustainability of the new M&E system;
- Capacity building activities have ensured that key stakeholders have a clear understanding of the M&E cycle and related processes;
- The revision of M&E processes inside the MoEHE and MoL has started (for example, for the first time in 2017 administrative data of TVET students is now disaggregated by qualification);
- A monitoring framework and list of indicators have been developed and formally validated. The adaptation of M&E process has started just after the adoption of the monitoring framework and will continue in 2018.

The establishment of the Development Centre and the decision to create a specific Unit for M&E is the first step in the development of a holistic model for M&E in the TVET sector. This represents a major opportunity for a clearer institutional home to the M&E function. The Development Centre should take the

leading role in the development and update of M&E policies while the implementation should remain responsibility of the relevant ministries. However, the institutional setting remains unstable and the potential decision of transferring VTCs in the MoEHE could reshuffle the overall TVET governance model.

All three partners in the M&E initiative remain convinced of the crucial importance of establishing an M&E system and do not intend to withdraw. Given the complexity of the institutional situation on the ground BTC and GIZ field offices will take a leading position with ETF ensuring technical support and policy advice. The next steps in the M&E action plan to set up a systemic M&E system are the following:

- Development of a governance model for M&E;
- Using the Monitoring Framework to identify the gaps in the current M&E processes;
- Revising current M&E processes and establish new ones (e.g. tracer studies).

Given the political and institutional instability, the ETF will not further pursue the efforts on developing a governance model (see achievements mentioned above) unless the institutional situation and leadership is clarified. Instead the ETF will focus on piloting (points 2 and 3) the new Monitoring Framework approved by the Ministries with a different group of actors that have expressed readiness to use it: the NGO TVET League (a network of private TVET providers). The revised processes, tools and mechanisms for M&E developed with the TVET league will be used as best practise for the rest of the TVET sector.

### 3. 2018 Action Plan

#### Specific objective 1:

Support the establishment of a TVET sector monitoring and evaluation function capable of mapping the efficiency and effectiveness of the system in addressing labour market needs.

The action plan 2018 takes into consideration the governance and institutional challenges mentioned above as well as the opportunity represented by the operationalisation of the Development Centre. The activities will focus on:

- Dissemination of activities carried out in 2017, in particular the joint monitoring publication;
- Testing the monitoring approach with private TVET providers in line with the recently approved TVET monitoring framework. ETF should facilitate a discussion among private TVET providers in order to update the reporting tools in line with the new agreed TVET indicators as well as create a homogenous approach to tracer studies;
- Provide technical support and policy advice on M&E in the context of activities organised by BTC and GIZ, if institutional conditions in the country allow.

Upon requests from the **European Commission or the EU Delegation** ETF will provide support to:

- the ENI programming and project cycle;
- the EU-Palestine bilateral policy dialogue:
  - Inputs to monitoring of the ENP Action Plans;
  - Inputs to relevant bilateral sub-committee meetings;
- Delivery of annual country fiches to DG Employment.

The ETF will continue its support in the area of evidence based policy analysis and system wide progress monitoring. All countries will be invited in early 2018 to kick-off preparations for the 5th Round of the

**Torino Process**, with the scope of agreeing on terms of implementation by end of 2018. The preparation phase will involve countries primarily through online consultations and capacity building activities, involving appointed national coordinators and key working group members. All countries will be invited to join the kick-off meeting which will take place in Q4 of 2018 in Turin, Italy. Countries aiming at implementing the Torino Process at sub-national level too will be followed by specific activities in 2018 in view of preparing regions and cities for the round of analysis. A new national data collection exercise, aimed at acquiring more in depth data, mapping gaps, mapping sources and recurrence of data collection in the area of VET and Skills, will be launched in 2018.

Also as part of evidence based policy analysis, the results from the 2017 SBA assessment which addressed entrepreneurship promotion in VET, women's entrepreneurship training and skills for SME internationalisation, will be published and disseminated in 2018 through a ministerial meeting and ETF networks.

Palestine will also participate in ETF regional actions, such as the ETF Forum for Quality Assurance in VET and the follow-up actions to the joint UNESCO-ETF review of Work Based Learning policies and programmes for young people in the region.