

# KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT – ISRAEL 2022

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# EXECUTIVE SUMMARY

Israel continues to improve its ranking in the Global Innovation Index, reaching 10th position out of 126 countries in 2019 (up from 23rd in 2010). According to the ISRD Statistics on Israel's participation in Horizon 2020, R&D expenditure per inhabitant is ranked in first position in the OECD. The R&D intensity is 4.25% of GDP, which is above the OECD average of 2.34%. Israel receives a total EU contribution for research & innovation of EUR 1.16 billion and it is a 'strong innovator' according to the European Innovation Scoreboard 2020, above the EU average. Israel has 7 877 researchers per million people in its population, which is above the EU average of 3 974.

The Israeli economy was performing well before the pandemic. It enjoyed low unemployment, and living standards had risen close to the OECD average. It had achieved a remarkable rise in employment, notably by Haredi and Arab-Israelis, owing to reforms that strengthened work incentives. The government had increased financing for programmes it had introduced to boost the number of students in tech-related studies and to counteract increasing sectoral shortages. The development in high-tech sector (combining the industrial sectors – electronics, pharmaceuticals, and aviation – with software and research and development services) highlight the propensity of the Israeli economy for innovation.

The government of Israel allocated an elevated level of resources to dealing with the COVID-19 pandemic; however, the crisis and the response to it had a major impact on the national deficit, GDP, the rate of unemployment, disparities in the education system, and other areas. Country-based developments have left many disillusioned and have triggered social tensions and worsened inequality, revealing a more urgent need to foster cooperation, with a call for comprehensive policies for a more inclusive development and a renewal of productivity growth. The outstanding success of the hi-tech sector in Israel – its centrality in economic growth and export, have created a stratum of nouveau riche with high salaries – have led to the adoption of a social vision shared by numerous Israelis, including senior politicians, the essence of which is to transfer more employees from other economic sectors to the hi-tech sector.

According to the Taub Center's Picture of the Nation Report 2022, the various sectors of the Israeli economy were affected differently by the crisis and coped with it to varying degrees. The report throws a spotlight on how the crisis opened the door to remote working in occupations and sectors that allow it. This was particularly true of academic, managerial, and technical occupations, and other sectors where educated workers with a high earning ability are concentrated. Predominantly 'public' sectors, such as healthcare, education, and public administration, did not suffer any major disruptions in activity or employment, while other sectors, such as trade, transport, accommodation, food services and tourism, were hit hard; the latter is still struggling to recover.

The education and training system reacted quickly to the pandemic by increasing public investment and putting in place several new measures and approaches to facilitate 'hybrid learning.' These have included impressive efforts to develop distance learning, train teachers to become more proficient in the use of digital tools, provide emotional support for students, change the governance of the system by granting greater autonomy for individual schools and municipalities, and equip vulnerable groups with the technology needed for online learning.

The Israeli Knesset passed Israel's first budget in over three years on 4 November 2021. With the approved state budget, major changes are expected in education and employment, consumer prices, transportation, and healthcare<sup>1</sup>. This marks a major reorientation of Israel's allocation of resources and financial priorities in the coming years and is based on key principles such as streamlining government operations, upgrading public services, boosting economic competitiveness, cutting back on regulations to support growth in the private and public sectors, limiting Israel's 'non-observed' or shadow

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<sup>1</sup> The spending plan for 2021 in New Israeli Shekel (ILS) is ILS 609 billion or the equivalent of USD 194 billion. The 2022 spending plan stands at ILS 562.9 billion (USD 180 billion).

economy, boosting transportation, housing, energy and technology infrastructures, and investing in human capital by training and integrating side-lined populations into the workforce.

# 1. KEY POLITICAL, DEMOGRAPHIC, ECONOMIC AND SOCIAL CHARACTERISTICS

## Political developments

Israel's recent progress on structural reforms has been limited due to the prolonged political uncertainty in 2021-2022 and the focus on dealing with the consequences of the COVID-19 crisis. Legislative elections were held in Israel on 1 November 2022 to elect the 120 members of the 25th Knesset (MK). The extended period of political deadlock that led up to the election was the result of four inconclusive elections (2019, 2020, and 2021).

Recent developments and the ongoing pandemic are threatening to reverse some of Israel's recent economic achievements, raise poverty and exacerbate productivity disparities between the vibrant high-tech sector and lagging sheltered sectors. The impact of COVID-19 on the Israeli economy also extended to the education and training system at all levels, the labour market and employment. Although the unemployment rate is falling, different reports and experts estimate that it will take a few more years for the labour market to return to the impressive unemployment rate that characterised it prior to the pandemic.

## Demographics

In demographic terms, Israel is a unique country, characterised by an unusual combination of high fertility rates, low mortality rates and positive migration. All these factors lead to a rapid rise in population. The Central Bureau of Statistics (CBS) presents monthly data, for which the latest for this reporting period is the November 2022 Monthly Bulletin of Statistics. Quarterly data is presented in some cases when the CBS does not have monthly data.

The Taub Center's Nation in Figures 2022 study makes some forecasts about Israel's population: the country's population is projected to reach between 12.4 and 12.8 million people in 2040; the proportion of the population that is Jewish/other is expected to fall to 78% and then stabilise; a substantial increase in the number of over 70s is expected – from 669 000 in 2017 to about 1.41 million in 2040, with a higher rate of aging in the Arab-Israeli sector.

Central Bureau of Statistics estimates on 31 December 2021 put the population of Israel at 9 449 000 inhabitants. 6 982 000 of these were Jews (73.9% of the total population), 1 995 000 were Arabs (21.1%) and 472 000 were 'other' (5.0%). In 2021, Israel's population increased by 1.7%. 83% of this increase was due to natural growth and 17% was from international migration. During the year, approximately 184 000 babies were born (73.8% born to Jewish mothers, 23.4% to Arab mothers and 2.8% to mothers from other groups). Approximately 25 000 new immigrants arrived in Israel in 2021 as well as approximately 9 000 other migrants (returning citizens and persons who immigrated under the Entry Law).

The current population of Israel is 8 972 742, as of 7 November 2022, based on Worldometer's compilation of the latest United Nations data. 93.2% of the population is urban (8 067 603 people in 2022). A large group of persons now aged between 5 and 19 will be entering the labour market and institutions of higher education in the coming years, much larger than the group that has entered these institutions over the last 15 years.

The main countries from which immigrants came this year were: Russia (30.0%), France (6.41%), the United States (13.9%) and Ukraine (4.21%). During the first 11 months of 2021 (January–November), 22 700 immigrants arrived in Israel – an increase of 28.8% compared to the parallel period in 2020. The arrival of this considerable number of immigrants will have an impact on educational and training planning including the total workforce.

## Key economic developments

In 2021, Israel's GDP was 8.2 %. The deficit also shrank more than expected — from 11.4% of GDP at the end of 2020, to only 4.4% in 2021, which is significantly lower than the forecasts of the Bank of Israel and those of the Ministry of Finance (5.3% and 6.8%, respectively). Nonetheless, some parts of the economy have not yet experienced a full recovery. For example, the debt-to-GDP ratio, which had been reduced to a level of 60% prior to the coronavirus epidemic, shot up because of the elevated level of expenditure and decline in GDP in 2020. As a result, the government will be spending more on servicing its debt. The North was the hardest hit and experienced a drop in employment that reached 13% at one point. Smaller declines in employment occurred in Jerusalem and the South. The least affected regions were the Centre, Tel Aviv, and Haifa.

According to the OECD Economic Outlook, Interim Report September 2022: Paying the Price of War, Israel's economy was projected to have grown at a rate of 6.3% in 2022. Exports of services, including Israeli technology services such as software and various research and development (R&D) solutions, exceeded exports of goods for the second consecutive year, with 51% for services and 49% for goods. Programming and R&D services continue to top the list of the most exported services, with 42% and 14%, respectively. Europe is Israel's largest trading partner, accounting for 38% of exports, followed by the Americas at 35% and Asia at 24%.

Many analyses and reports provide confirmation of Israel's technologically advanced free market economy. Israel's technology sector is growing faster than any other industry in the country. Other sectors are manufacturing, the diamond industry, agriculture, tourism, transportation, etc. Cut diamonds, high-technology equipment and pharmaceuticals are among the leading exports, whereas major imports include crude oil, grains, raw materials, and military equipment.

Israel is widely recognised as one of the most advanced countries in several technologies, including green technologies, with a considerable number of entrepreneurs who are developing state-of-the-art solutions for the green transition. Indeed, Israel has an estimated 637 climate tech start-ups and growth companies and the share of Israeli start-ups that are climate tech companies increased from 3% in 2011 to 10% in 2020 (Moise, Klar and Siegmann, 2021)

While in general there is not much discussion within in the education and training system in Israel about the meaning of green skills and how to provide them, the Israeli climate tech start-ups consider them as skills that produce/adapt products, services and processes to climate change and the related environmental requirements and regulations (OECD, 2022). There are many efforts to support young people in the field of green entrepreneurship. An example of this is the EU's Erasmus Plus programme.

The government's main priority is its macroeconomic policy, which must remain supportive and flexible to adapt to the evolving health situation, the environment and energy issues. In the current government's programme, issues that had previously received only limited attention, such as welfare and labour, have become prioritised. More specifically, the government's emphasis is on enhancing training and job search support to help laid-off workers transition to new jobs quickly and avoid long-lasting negative economic effects. It has political and policy commitments to undertake structural reforms and bring additional public investment to build a resilient and strong recovery, improve educational outcomes with a focus on upskilling and reskilling, boost infrastructures and foster product market competition, all seen as key to strengthening the post-pandemic recovery. Reducing the wide gaps in resources between municipalities, with the aim of promoting equal opportunities for everyone, is another policy area under discussion.

According to the Israel Country Profile, OECD Economic Outlook, Volume 2022 Issue 1, 'GDP is projected to grow by 4.8% in 2022 and 3.4% in 2023. The strength of the high-tech sector will continue, with exports and investment growing at a robust, albeit more moderate, pace.' According to the same analysis, the 'strong labour market recovery will support consumption growth. Inflation should gradually slow but slightly exceed the upper bound of central bank's target range in 2023. Risks are skewed to the downside, related to a prolonged war in Ukraine, new strains of the corona virus, internal political uncertainty, and an intensification of security incidents.'

Remittances in Israel increased to USD 165 630 million in the second quarter of 2022 from USD 1579.50 million in the first quarter of 2022 (Central Bureau of Statistics, Israel).

## Key social issues

The remarkable success of Israel's high-tech sector, particularly during the COVID-19 pandemic, has brought the work income gaps in Israel to the centre of public discourse. Apart from the differences in standards of living and working conditions, many studies and research papers show that during the COVID-19 pandemic, people with high incomes from work were less negatively affected than their low-income peers. The benefits of economic growth are distributed unevenly. Two large minority groups in Israel – Arabs and the 'Haredim' (ultra-Orthodox Jews) – are much less likely to have jobs and more likely to be poor than the Jewish population.

From the available figures, young people in Israel are susceptible to considerable food insecurity. As is the case with the general population, the share of Arab and Haredi children and young people experiencing food insecurity is significantly higher than that of non-Haredi Jews. The outstanding success of the hi-tech sector in Israel and related policies have not brought benefits for all groups of the society.

In December 2022 the Taub Center published a booklet containing data on some of the key inequality issues among the different population groups, from early education onwards. Inequality becomes worse during the latter stages of education and among young people/the youth population.

The booklet 'Early Childhood in Israel: Selected Research Findings, 2022' presents data on the major differences between Jews and Arabs in terms of enrolment rates in early childhood education and care frameworks (ECEC) from birth to age 3. It looks at the high rates of child poverty in Israel. These findings are disturbing, especially given today's situation after the elections and the announcement of the new government's policy agenda. The new government has decided that the responsibility for early childhood education frameworks will be transferred from the Ministry of Education back to the Ministry of Economy and Industry. Taub Center researchers have proposed policy options to deal with the complex situation of early childhood education and care in Israel, the latter having a negative impact on lifelong learning for different population groups in Israel.

According to the data and analysis in this TAUB Center report, about one-quarter of families in Israel with very young children live in poverty. This poverty is more evident in the Arab and Haredi sectors. The share of households with children of these ages that live under the poverty line is particularly high among Haredim (58%) and Arabs (55%) and low among non-Haredi Jews (8%).

## 2. EDUCATION AND TRAINING

### 2.1 Trends and challenges

#### Education strategy and legal framework for education

According to the TAUB Center analysis, in Israel most agree that education is one of the keys to success in life, and that all parts of the system should ensure equity in terms of educational opportunities for all children in Israel.

Many believe that narrowing educational inequalities can also contribute to narrowing economic inequality that is so prevalent. Nevertheless, educational disparities between socioeconomic groups, sectors, and ethnic groups abound. These gaps seem intransigent despite the efforts of government and the education system.

In the TAUB Center's analysis 'A Picture of the Nation, *Israel's Society and Economy in Figures, 2022*', the authors present some of these substantial changes. These are just a few examples: there is stability in the distribution of students over the four education systems; the gap between the Arab and Jewish sectors in the resources allocated to education is narrowing; the percentage of the Arab population receiving higher education has been rising steadily and there is a significant increase in the education level of teachers in Israel. Between 2020 and 2022, there is evidence of an increasing number of students in the advanced science and technology tracks.

The government departments in charge of education policy are the Ministry of Education and the Council for Higher Education. The departments in charge of employment policies are the Labour Branch of the Ministry of Economy and Industry and the Israeli Employment Service.

A new 2030 plan to further boost education in technology in the context of lifelong learning was developed in early 2021. This plan builds on the implementation of innovative and experimental measures and on lessons learned over recent years. These measures provide opportunities to make relevant changes, such as creating broader acceptance of remote teaching and learning models, accelerating digitalisation, and increasing the visibility of alternative/blended forms of teaching and learning. While doing this developmental work, Israeli counterparts also must address the other challenges in the system as discussed above.

There is no specific strategic framework for VET and adult learning. The vocational education system continues to be divided between vocational training and technology education and there is no clear-cut distinction between them. Neither system is academic and both award non-academic diplomas. In general, technology education focuses on knowledge-intensive areas and produces practical engineers and technicians, while vocational education focuses on more 'traditional' economic sectors such as manufacturing, construction, motor vehicle repair, caregiving, and cosmetology.

With the aim of improving quality and equality in education, training and skills provision, the government has significantly increased its education funding, including funding for day-care centres for working parents, financial aid for tech-related studies and starting salaries for teachers. This increase in funding was announced on 27 October 2022.

According to the Taub Center for Social Policy Studies in Israel (2022), the substantial shift to distance learning during the COVID crisis has instigated a long-lasting revolution in the whole education and training system. This is also possible because more than 50% of households in Israel have access to fibre-optic internet infrastructure that enables fast surfing, and approximately 17.9% of households were subscribed to such a service at the end of 2021. According to the TAUB Report 2022, the number of households that have access to / have subscribed to fibre-optic internet almost doubled in 2021. Compared to the end of 2018, the number of households with access to a fibre-optic internet infrastructure has increased by more than 850%.



## Education expenditure

According to the OECD's 2021 Country Profile of Israel Report, private sources accounted for 9% of total expenditure in pre-primary institutions in Israel, lower than the OECD average of 17%. For tertiary education, however, 47% of expenditure comes from private sources, compared to 30% on average across OECD countries. Tuition fees at public institutions in Israel for bachelor's degree courses are about average among OECD countries, according to the data available. National students were charged USD 2 753 per year for a bachelor's degree in 2021.

The Israeli government 2021-2022 state budget and economic plan increased the budget for education to NIS 69.7 billion. Israel is considered an exceptionally centralised system when it comes to its educational and training decision-making processes, leaving school head teachers powerless to manoeuvre within the system. In January 2022, the Minister for Education announced a plan to give school head teachers more financial autonomy. According to the plan, each head teacher will receive a budget of between 250 000 and 1 million, based on the school's size and socioeconomic status, so that they have more freedom to pursue their educational goals and more flexibility to respond to their students' specific needs.

However, many education and training staff members are not content with their salaries, which put the start of the 2022 academic year at risk. A last-minute agreement (reached after the overnight talks lasting 11 hours) averted a teachers' strike, and 2.5 million Israeli students and 218 000 education workers thus began the 2022-2023 school year as scheduled. New teachers will be paid NIS 9 000 (USD 2 675), with a pay rise to NIS 10 000 after 3 years in the education system. More experienced teachers will have their salary raised to NIS 19 000. Bonuses of NIS 400-1000 will be offered for those with exemplary performances, depending on the contract they are on.

One of the most recent developments (partially due to COVID) is that Israel has a recognised shortage of 6 000 teachers, according to figures from the Israeli Education Ministry. Schools in the Tel Aviv area face the biggest staff shortage, needing to recruit 1 847 educators. There is also a shortage of 457 teachers in the Haifa region and 305 teachers in the Jerusalem area. The most significant shortage, according to the Ministry's data, is in elementary schools, where there is a shortage of more than 2 300 teachers. (25 July 2022 / Israel Hayom). The Israel Teachers Union reconfirms that the shortage will not be overcome unless the government raises teachers' wages and improves their working conditions.

## Access, participation, and early school leaving

According to the OECD's 'Education at a Glance 2022: Israel – Country Note', compulsory education in Israel begins at the age of 3 and ends at the age of 17. The enrolment rate among 3-5-year-olds is 100%. The average age of graduation from general and vocational upper secondary programmes is 17 years. Interestingly the percentage of graduates from the vocational upper secondary are 50% male and 50% female. Graduates from vocational upper secondary education have direct access to tertiary education.

The Israel Statistical Annex shows that in 2021 the percentage of early leavers from education and training, aged 18-24, was 5.1% (male 6.8% and female 3.4%). This represents a decrease from 2022. Providing national averages on access, participation and early school leaving is a way of presenting a country's situation. However, the national average provides an incomplete picture of the situation, since it does not reflect the differences between the different population groups in Israel. Regardless of differences in educational attainment among the various population groups, 9% of young adults left school without an upper secondary qualification (the OECD's 'Education at a Glance 2022: Israel – Country Note').

The OECD's 'Education at a Glance 2022: Israel – Country Note' confirms that higher educational attainment is often associated with better employment prospects, and Israel is no exception. Among 25-64 olds in Israel, bachelor's degrees are the most common tertiary attainment, with 24% of the population holding one, followed by master's degrees with 13% and short-cycle tertiary qualifications

with 11%. Tertiary-educated adults also have higher rates of participation in non-formal education and training than those with a lower level of educational attainment.

In 2021, the employment rate among 25-34-year-olds with a tertiary education in Israel was 34 percentage points higher than among those who had not finished an upper secondary education and 19 percentage points higher than among those with an upper secondary or post-secondary non-tertiary qualification. The average employment rate among 25-34-year-olds with a tertiary qualification, across OECD countries, was 26 percentage points higher than among those who had not finished an upper secondary education and 8 percentage points higher than among those with an upper secondary or post-secondary non-tertiary qualification. While the positive link between educational attainment and employment rates holds for both men and for women across the OECD, it is particularly strong for women. In Israel, 41% of women who had not finished an upper secondary education were employed in 2021, compared to 83% of those having completed tertiary education. In contrast, the respective figures were 58% and 86% for men.

The same OECD Israel Country Note (2022) observes that international student mobility at tertiary level has risen steadily, reaching about 11 200 students in Israel, and representing 3% of tertiary students in 2020. “The largest share of international tertiary students studying in Israel comes from the United States. Students from a low and lower-middle income background are less likely to study abroad. Students from lower socio-economic backgrounds are more likely to enter upper secondary vocational programmes than general education. Tertiary education has been expanding in the last few decades, and, in Israel, 58% of 25-34-year-old women had a tertiary qualification in 2020 compared to 37% of their male peers, while the average across OECD countries was 52% of young women and 39% of young men (OECD’s ‘Education at a Glance 2022: Israel – Country Note’). Educational attainment and skills for specific sectors affect not only employment opportunities but also wage levels.

Tertiary education has been expanding in the last decades, and, in 2020, 25–34-year-old women were more likely than men to achieve tertiary education in all OECD countries. In Israel, 58% of 25–34-year-old women had a tertiary qualification in 2020 compared to 37% of their male peers, while on average across OECD countries the shares were 52% among young women and 39% among young men.

In Israeli education system, women represent 32% of new entrants in engineering, manufacturing, and construction programmes and 30% in information and communication technologies. In contrast, they represent 84% of new entrants in the field of education, a sector traditionally dominated by women. 43% of women and 69% of men who had not finished an upper secondary education are employed. Compared to other education levels, women in Israel without an upper secondary education have the lowest earnings relative to men with a similar education level.

## PISA results

Israel is one of the 38 OECD member countries that take part in PISA 2022, the eighth cycle of the OECD research programme that began in 2000. As per the announcement on the OECD website, PISA 2021 was postponed to 2022 and work is ongoing. Mathematics is the focus and creative thinking is the innovative domain in PISA 2022.

The OECD analysis of Israeli students’ performance (PISA, 2018) confirms that the issues found are being addressed, with several integrated policy measures. According to the same report, Israel has improved its scores but more needs to be done to improve some of its PISA results. In reading literacy, the main topic of PISA 2018, 15-year-olds in Israel scored an average of 470 points, compared to the OECD-country average of 487 points; Israeli 15-year-olds scored an average of 463 points in mathematics, compared to the average across OECD countries of 489 points. In Israel, the average performance in science of 15-year-olds is 462 points, compared to the 489 points average across OECD countries.

The report quotes that ‘socio-economic status explains the 14% variance in reading performance in Israel (OECD average: 12%)’. Girls perform better than boys with a statistically significant difference: ‘The average difference between advantaged and disadvantaged students in reading is 121 points,

compared to the average of 89 in OECD countries. However, 8% of disadvantaged students are academically resilient (OECD average: 11%)'. (OECD, 2021).

Students in the Israeli education system rank low in the OECD PISA exams for 15-year-olds, which present significant disparities between children from high and low socio-economic backgrounds, and between ultra-Orthodox Jewish/Arab Israeli children and others.

## Young people not in employment, education, or training (NEET)

The total youth (aged 15-24) unemployment rate in 2020 was 7.9%: 7.6% for males and 8.2% for females. In the same year, the proportion of people aged 15-24 not in employment, education, or training (NEETs) was 17.3%: 17.4% for males and 17.1% for females (ETF Statistical Annex, 2022).

According to the OECD Country statistical profiles: Selected indicators for Israel (Key tables from OECD, 2021), these figures emphasise the importance of assimilating the use of technology among these weaker groups and among groups that face barriers against integration into the labour market. The figures show high numbers of NEETs in Israel during the transition from school to the army (17.3% of 18-year-olds are considered NEETs) and in the later transition from military service to work or higher education (20.3% of 21-year-olds are considered NEETs (OECD, 2021).

Israel's population is particularly heterogeneous, with various groups differing in both their characteristics and their needs, making it difficult and inefficient to attempt to implement uniform changes at a system-wide level. Groups of young people who do not serve in the army (Arabs, Haredim and people with disabilities) have particularly high numbers of NEETs, with the Arab population presenting the highest numbers of all. The unique obstacles that young Arabs in Israel face come from the fact that they are members of an ethnic and national minority. Their reality is characterised by limited opportunities, discrimination in many spheres, living in peripheral regions, poor access to public transportation between Arab residential communities and employment zones, and a dearth of child-care settings for small children (which would enable more women to go to work). There have been efforts to address the issues, but frequent political changes make it difficult to promote long-term goals. In recent years, the reforms launched by politically affiliated ministers are often discontinued or are not budgeted by their successors.

## 2.2 Initial VET and adult learning

### Strategic and legal framework for initial VET and adult learning

Even though Israel has high education levels, a high level of educational attainment does not always correspond to highly skilled work profiles. This is evidenced by university graduates in certain disciplines who lack soft skills, such as problem-solving, team-working or an entrepreneurial spirit, and has negative consequences on access to the labour market, as illustrated later in this Fiche, in the labour market section. Educational attainment and skills are not achieved evenly across the entire population structure of Israel, and not all the groups benefit proportionally from education and training system in Israel. (TAUB Center, 2202). The problem is particularly acute in the Arab education system, in which over 80% of students are deemed (from the teachers' perspectives) to achieve poor results. In addition, students in general coming from low socio-economic backgrounds have a higher level of perceived deficiencies.

The Israeli Vocational Training and Technological Education (TVET) system remains fragmented between different ministries/agencies and organisations, with a far-from-clear division of responsibility among them. The system remains the product of a series of agreements that have been patched together over the years, rather than the result of a structured and systematic thought process on the appropriate division of responsibilities and on the optimal organisation to achieve national goals in this area. Most companies indicate that a shortage of skilled workers remains an issue. Companies have responded to shortages through internal training for the existing workforce and highlight that the education system produces graduates with knowledge-based gaps. Therefore, they increasingly rely on technical and vocational institutions rather than the general education system (e.g., universities) to

provide the skills they need. Employers consider that existing links with universities and the TVET system are limited; there are calls for closer dialogue and cooperation between enterprises, academia and the TVET system to enable the design of training programmes that are better matched to the future needs of the labour market (including the provision of practical training).

Progress on structural reforms has been limited due to the prolonged political uncertainty since 2019 and the focus on dealing with the consequences of the COVID-19 crisis from 2020 onwards. The need to improve the skills profile, especially for the low-skilled adult population, has remained an objective of the Israeli government.

According to the OECD's Israel Country Note 'Going for Growth' (2021), adults' skills remain relatively weak and vary widely, contributing to severe labour market duality. The pandemic has further aggravated Israel's long-standing challenges of combatting high levels of poverty, especially among the Ultra-Orthodox and Arab Israelis, and the wide productivity disparity between its vibrant high-tech sector and more traditional and sheltered sectors, which employ most of the workforce and account for most of the productivity shortfall vis-à-vis the best performing OECD countries.

As one measure to ensure high quality, comprehensive and equal education, and to promote opportunities for lifelong learning by 2030, Israel has joined the OECD's Future of Education and Skills 2030 programme. It is an ongoing work lead by Ministry of Economy and Industry (Labour Branch), the latter oversees continuous vocational training, including training for jobseekers and employer-led training for adults. This Ministry is also in charge of adult training centres and on-the-job training. VET providers do, however, have considerable local autonomy regarding curriculum requirements and partnerships/initiatives.

## **VET governance and financing arrangements**

VET governance is centralised under the Ministry of Education (MoE), which covers 90% of VET students, and the Ministry of Economy and Industry (Labour Branch). Both ministries work in collaboration with the Manufacturers Association of Israel (MAI). A formal system of social partnership is lacking but employers are represented through MAI's frequent involvement in VET policy development and reform activities. Employers participate in decision-making on skills as part of education and training reforms. Vocational training in Israel is the concern of the labour-focused bodies operated by the Ministry of Labour, which include the Institute for Training in Technology and Science (MAHAT, a government-run institute).

The national Technical and Vocational Education and Training (TVET) Committee is a mechanism established in 2010 to improve the governance of education and training. It is a platform for exchanges involving all stakeholders, such as policy makers, TVET providers and social partners.

Although there has been an increase in tech-related studies in the education sector and in teachers' salaries, there is a strong belief in the sector that the substantial shift to distance learning during the COVID crisis may trigger a long-lasting revolution in the whole education and training system, which needs innovative financing models to sustain delivery in the system.

Government, through local authorities, provides the main funding for TVET under the Ministry of Education. The state's multi-year budgets for technology education are set out in government decisions through budget agreements with the Ministry of Finance. TVET schools under the Ministry of Economy and Industry (Labour Branch) have a separate budget. Budget allocations are made in accordance with the principle of equality, but they are also based on each college's results and performance. In addition, increased budgets are earmarked for the training of specific populations, such as Bedouin and Haredi populations.

Recently approved reforms in education and training have included significant budget increases. Other recently implemented programmes seek to encourage industry involvement in the training of technicians and practical engineers by giving limited budget incentives. These programmes include budget support for non-governmental organisations.

## Qualifications, validation, and recognition

A government resolution adopted in 2015 provided the legal basis to begin developing a national qualifications framework (NQF), although this has not been adopted yet. The EU NQF Twinning Project expired in February 2022.

The next stage is development of level descriptors for the NQF. Israeli institutions are in ongoing discussions for a follow-up EU support programme to continue the work already begun. There is an agreement among the key institutions in Israel that the country should consider development of standards, curricula and look at developing qualifications on a unit basis, which would aid the implementation of non-formal and informal learning validation and lifelong learning more broadly. A decision is required on governance. The Inter-Ministerial Working Group will need to look at options such as an inter-ministerial council-type body, or a dedicated agency. Legislation will be needed to formally establish the NQF, define its role in the country's education and training system, define its functions and define what a qualification is. Secondary legislation, or regulations, will be required to implement it, covering procedures for the levelling of qualifications, quality assurance procedures, stakeholder roles, recognition of prior learning (RPL), etc. The ongoing work by Israeli counterparts would aim to achieve ample scope to use validation – and so return on the ‘investment’ of building such a system – to certify the skills of the many adults engaged in informal learning, e.g., with private providers or in Ministry-run courses, and to recognise the skills of people who have completed their military service. Adoption of modular curricula and units of qualifications would facilitate validation.

Israel is therefore in the early design stage of development. No national system for validation exists yet, but the aim is to establish one. The ETF continues to provide policy and technical advice to the Israeli authorities, following their work on setting up the Israeli National Qualification Framework. Developments in Israel are included in the fourth edition of the Global Inventory, which covers more than 100 countries worldwide (ETF, 2022). In addition, the ETF continues to work alongside the Technical and Vocational Education and Training (TVET) Committee, Ministry of Education and Ministry of Economy and Industry (Labour Branch) and related institutions, as well as with research institutions and skills-related public and private sector partners.

## Quality and quality assurance

As mentioned previously, the vocational education system in Israel continues to be divided between vocational training and education and there is no clear-cut distinction between them. Neither system is academic and both award non-academic diplomas. In general, technology education focuses on knowledge-intensive areas and produces practical engineers and technicians, while vocational education focuses on more ‘traditional’ economic sectors such as manufacturing, construction, motor vehicle repair, caregiving, and cosmetology.

Despite all the recent developments, a notable shortcoming is the absence of a system capable of making useful labour market information available to education and training planners. Israel collects data on the labour market, including data on job vacancies, and it participates in the international labour market survey undertaken by a number of international organisations of which Israel is a member. However, while some of the available data is used for local or sectoral purposes, there is no formal national mechanism for processing labour market data to make it accessible to education and training policymakers for the purposes of planning and supplying education and training.

The Ministry of Education is responsible for ensuring the maximum efficiency and relevance of all technology and vocational programmes and that they meet the needs of the market. For the availability and adequacy of quality assurance arrangements, measures and practices, the Ministry's National Authority for Measurement and Evaluation in Education (RAMA) unit deals with the measurement and assessment of the entire education system. It creates and administers external national student assessment under the supervision of chief inspectors and advisory committees, which include social partners. This highly supervised system ensures high-quality matriculation and vocational certificates. The assessment of students under the Ministry of Economy and Industry (Labour Branch) is conducted under one of three models: practical, theoretical, or combined practical and theoretical.

The Ministry of Education and the Ministry of Industry and Economy (Labour Branch), in consultation with various bodies, are responsible for setting quality standards for providers' learning environments and learning outcomes. Minimum thresholds are in place for the accreditation of providers.

Ministries are responsible for curricula, examinations and qualifications and they strive to increase the involvement of employers in determining the skills needed in the labour market. Specialists on Ministry of Education committees develop and assure the quality of curricula. A school may determine approximately 30% of its curriculum. The Ministry of Economy and Industry (Labour Branch) updates its youth and adult curricula every year, based on the market demand forecasts.

Employers participate in developing programmes and accreditation, which includes the development of curricula, vocational training, and accreditation relevant to the labour market. Professional committees with employer representatives have been set up within the Ministry of Education Accreditation Department with the aim of validating and developing accreditation with labour market relevance. In 2016, committees were formed for industry, tourism, and vehicles. However, the employers' association and some sectors are calling for the education and training system to respond/adapt better to the dynamic nature of the world of work and provide people with the necessary skills and abilities. To do this, mechanisms must be created to identify the needs, professions, and skills of the future.

## Work-based learning arrangements

In Israel, several issues are drawing attention to the provision of vocational training. Skills shortages are emerging in several technical areas; in response, employers are pressing for an expansion of skills training and work-based learning, and the government has launched several initiatives to this end. At the same time, inequity and disadvantage in some population groups are raising the profile of other demands for vocational training as a vehicle for social inclusion. Collectively, these factors are driving policy interest in developing the VET system, a system that is currently both fragmented and of modest scale when compared with the VET systems of other OECD countries.

VET governance is centralised under the Ministry of Economy and Industry (MEI), Labour Branch (covering 90% of VET students and responsible for vocational training in Israel) and the Ministry of Education (MoE). Both ministries work in collaboration with the Manufacturers Association of Israel. The National Institute of Technological Education and Training (NITET) and the Division of Vocational Training and Human Capital Development are the MEI units responsible for vocational and technology education and training, as well as for apprenticeships, which come under formal education and training programmes.

The Israeli government, namely the Ministry of Economy and Industry (Labour Branch), has launched activities and efforts to further develop work-based learning. There are some studies and reports on cases of work-based learning in Israel but there are no comprehensive approaches or policies to address its development or mainstreaming.

There is a collective agreement that the development of vocational education and training (VET) in Israel could be significantly aided through attention to work-based learning, building on a range of current initiatives to develop apprenticeships and work-based learning both for young people and adults. This would involve an expansion of apprenticeship programmes and development of systematic shorter work-based learning placements in selected school-based VET programmes. Currently, apprenticeships are designed as a path for those dropping out of school and are seen as a low status option. To become an attractive option both to young people and employers, they should be fully integrated into the mainstream upper-secondary system. For adults, diverse work-based learning measures, including apprenticeships, may help to alleviate skills shortages and better integrate disadvantaged social groups into the labour market (OECD, Developing Work Based Learning in Israel, 2018).

In 2021, Israel's Ministry of Economy and Industry (Labour Branch) joined the European Alliance for Apprenticeships network through a national 'commitment' (governmental). Like all European Alliance for Apprenticeships (EaFA) members, they wish to keep abreast of developments in EU Member

States and other participating countries, learn from their experiences and participate in peer learning exchanges.

Like all members of EAfA, Israel can benefit from the apprenticeship support services, in particular knowledge sharing (pillar 1) and networking activities (pillar 2), but they are not eligible for 'bench learning' (pillar 3), which is currently limited to EU Member States and are not open for EFTA or candidate countries. An Israeli delegation joined the High-level Seminar for the European Alliance for Apprenticeships (EAfA) Partner Countries on 13 and 14 October 2022. EAfA Partner Countries shared their experiences and achievements in developing and delivering apprenticeships. The high-level event took place in Belgrade and brought together government representatives, EU-level stakeholders, representatives from the European Apprentices Network, and other stakeholders in the European vocational education and training (VET) sector.

## Digital education and skills

In all levels of education and training, Israel responded to the pandemic with an enhanced provision of digitalised assessments/exams, digital tools at school, distance learning, hybrid learning, in-service and pre-service digital training for teachers and digital training for students. At the same time, there was an exceptional rise in the share of those enrolling in higher education courses, driven by two factors: labour market incentives / going back into education, and a lack of alternatives for young adults due to the closing of the borders and reduced economic activity.

Some government initiatives to be mentioned are the National Digital Israel Initiative (Central Bureau of Statistics), approved on 30 May 2022. Education provision was made possible for most of the population. In 2020, 90% of the population in Israel (aged twenty and above) used the internet. From 2014-2020 there was a sharp rise in the proportion of internet users in the Arab population. This led to a considerable decrease in the gap in internet use rates between the Arab community and the rest of the population. The same increase took place for the Ultra-Orthodox Jews (aged twenty and above) and the trend continues.

Initiatives that harness technology to create a meaningful educational impact are driving the continuously developing world of EdTech (education technology) in Israel too. The Israel Innovation Authority attributes significant importance to impact investments made with the aim of creating measurable social or environmental yield alongside a financial yield. The Israeli government institution, Innovation Authority, is heading up this area, operating several nationwide schemes aimed at dealing with public and social challenges. One such scheme is the joint Innovation Authority-Digital Israel Initiative 'GovTech' (Digital Government) scheme, which encourages and assists entrepreneurs and corporations offering innovative technological solutions for public sector challenges in the fields of education and training, health, welfare, economics, law, local government, etc.

The Israel Innovation Authority, an independent publicly funded agency, provides a variety of practical tools and funding platforms aimed at effectively addressing the dynamic and changing needs of many sectors, including the education sector.

The Israeli innovative education and training ecosystem is very vibrant and over the years they have developed many innovative tools for teaching and learning, with a focus on digital literacy. A few of the many launched and ongoing developments should be mentioned: [Eureka World](#), [Educational Games | EurekaWorld | Israel](#) is an education technology company that enables joint creation and learning in multi-participant 3D worlds that also combine physical interfaces such as 3D printers, robotics controllers, VR headsets and others. Eureka World and [Annoto](#), two start-ups that have received Innovation Authority impact investments, are excellent examples of technology companies with a significant impact on pupils, teachers, and the world of learning. There are many national programmes that take pupils and students on a virtual 3D creative learning experience, while Annoto transforms online video courses into a collaborative and active learning experience. This is how the Innovation Authority is helping to generate change.

CampusIL, the national digital learning venture, allows the whole of Israeli society to enjoy an innovative and personalised learning experience with a vast array of quality content served by leading universities, vocational training institutes and other top content providers. As all courses are free, CampusIL bridges socioeconomic gaps in Israel and enables economic growth acceleration by offering a lifelong learning experience for students, educators, public servants, and jobseekers.

## Statistics on education and training

The Central Bureau of Statistics (CBS) is the source of data and analysis on the Israeli education and training system, labour market, etc. It shares its data and analysis with the European Commission, the ETF and international organisations including the United Nations, the International Monetary Fund, UNESCO, the World Bank, the World Health Organization, the OECD, etc. The Israeli Central Bureau of Statistics collates and publishes statistics relating to the population and its social health, economic, commercial, industrial, education and training situation, the labour market, and other areas. This national institution provides key, dependable education statistics on both initial and continuing



education. All areas relating to the status of the education management information system (EMIS) and VET Management Information System are presented and analysed, and graduates of education and training are tracked. The CBS's data is available to a variety of target groups and for various uses ([Central Bureau of Statistics \(www.gov.il\)](http://www.gov.il)).

The Taub Center for Social Policy Studies ([taubcenter.org.il](http://taubcenter.org.il)) is an independent, non-partisan, socioeconomic research institute that conducts high-quality, impartial research on socioeconomic conditions in Israel, and develops innovative, equitable and practical macro public policy options. The Center strives to influence public policy through direct communication with policymakers and by enriching the public debate that accompanies the decision-making process.

The National Economic Council serves as Prime Minister's economic headquarters, assisting in the decision-making process in the economic field based on professional analysis, current data, and methodical long-term thinking.

Another important institution in this area is the Information and Research Centre, established in 2000 to provide the Knesset (Israeli Parliament) with the research and information services necessary for the fulfilment of its parliamentary duties.

The Bank of Israel (<http://www.boi.org.il>) – through its Research Department – undertakes annual analysis and research, including on human capital and the workforce.

There are many other Israel-based think tanks, centres and institutes that provide updates, analysis, monitoring and so on in the areas under discussion in the fiche.

## 3. LABOUR MARKET AND EMPLOYMENT

### 3.1 Trends and challenges

#### Labour market characteristics

Israel has a technologically advanced free market economy. Its technology sector is growing faster than any other industry in the country. Other sectors are manufacturing, the diamond industry, agriculture, tourism, transportation, etc. Cut diamonds, high-technology equipment and pharmaceuticals are among its leading exports, while major imports include crude oil, grains, raw materials, and military equipment. Israel usually posts sizable trade deficits, which are offset by tourism and other service exports, as well as significant foreign investment inflows.

According to the Taub Center's State of the Nation Report 2022, Israelis have been working more hours and getting more done in those hours over the past two decades. The report's findings state that since 2004, the number of working hours within the hi-tech industry has increased by approximately 20%, with productivity increasing by approximately 170%. This represents a 125% increase in productivity per hour compared to the turn of the century, thanks to the increasing role technology plays in the work environment, enabling workers to do more in less time.

The Israeli labour market is part of a dual economy. On one side, many sectors suffer from significantly low labour productivity. Certain groups of the population also have low employment rates, earn low wages and hold low levels of basic skills, including the ultra-Orthodox Jews and the Arab Israelis (who together make up about 32% of the country's working-age population, a share that is expected to increase), as well as the population in the geographic periphery and Israelis of Ethiopian heritage (who make up about 1.5% of the working-age population). On the other side, the high-tech sector is the driving force behind Israel's economy and is characterised by high productivity and high wages. However, the Arab Israeli and ultra-Orthodox Jewish population are not represented enough in the high-tech sector, and lately the sector has been suffering from a shortage of skilled workers.

COVID-19 had an influence on the Israeli labour market, although this influence was short-lived and was not distributed equally. According to the Taub Center's Picture of the Nation Report 2022, men were affected more than women, workers in some industries have still not recovered while others experienced no downturn, and the effect was different in different regions of the country. In this report, the authors look at the effects on the labour market, including the growing trend of working from home, a change likely to persist in some industries and occupations.

By the start of 2022, regular unemployment (unconnected to COVID-related absences) had fallen to below its pre-epidemic level. In contrast, more than 70 000 individuals who had been employed prior to the crisis have still not returned to the labour force and have given up their job search. In 2021 (when restrictions on gatherings were significantly eased compared to 2020) the proportion of persons employed and working remotely was estimated to be 16.2%. This indicates that this mode of working is stable and might continue even after the coronavirus crisis passes.

While industries such as accommodation and food services were severely affected and slow to recover, industries such as construction and agriculture were less affected, and some sectors felt almost no effect. Should another crisis emerge, identifying vulnerable populations and industries early on will help to focus assistance efforts. This includes determining which workers are most likely to benefit from vocational training.

In terms of geography, the Tel Aviv, Central and Haifa Districts exhibited a high degree of employment recovery, while in the Jerusalem, Northern and Southern Districts, employment has remained far below its pre-crisis level. At the same time, the largest decline in employment rates was among Arab men (a substantial, though more modest, drop was observed among Haredi men as well). Women in all sectors sustained a more moderate blow in employment terms. The combination of ongoing

processes and pandemic-driven constraints accelerated structural changes in the labour market, the long-term impact of which is still hard to predict (OECD's Education at a Glance 2022 – Israel).

At the same time, the Israeli (primarily non-high tech) economy is characterised by low productivity, low skills levels, and low salaries. Some population groups have a particularly low level of skills, including the Haredi Jews and Ethiopian descendants among the Jews, Arabs, and Bedouins. The skills gap with other OECD countries is particularly wide for the low-skilled group in the population.

The Israeli government recognises this issue as a priority for action, especially in view of the harsh consequences of the pandemic on the low-skilled, who are already impacted by low salaries and a higher risk of poverty. According to the OECD analysis, Israel ranks as the country with the highest rates of poverty among OECD members: approximately 21% of Israelis were found to be living below the poverty line, compared with the OECD average of 11%.

## Statistics on the labour market and employment

More recent data from the OECD (OECD unemployment rate of reference period: September 2022,) show that the unemployment rate in Israel has increased to 3.7% (OECD updated data published on 10 October), the unemployment rate for women being 3.5 % and for men 3.9%. Youth unemployment (15-24) was 8% in Q3, while the unemployment rate for prime-age and older workers (25+) is 3.2%<sup>2</sup>.

All the data on Israel is provided by the Central Bureau of Statistics (CBS). A well-established institution, it produces and issues public and regular labour market data reports from surveys (Labour Force Survey) and from records (e.g., PES datasets on registered jobseekers and vacancies). It disseminates its analysis and findings to a wider institutional set up in Israel but also to the OECD (as a member country) and to all the other EU and international and regional partners.

The Israeli Central Bureau of Statistics conducts statistical activities and projects on the State and its population, in the fields of health, wellbeing, education, economy, etc., and on the subjects of physical, geographic, and ecological indices. It cooperates with State offices and other bodies to conduct statistical projects and to publish their results. It is an independent institution and professional body which takes responsibility for the results of its professional activities. It uses scientific methods based on international professional standards and is meticulous in maintaining the reliability of the data. The CBS is one of the statistical bureaus that has adopted the strict regulations of the International Monetary Fund for the dissemination of statistical data.

## 3.2 Employment policy and institutional settings

### Strategy and legal framework in the employment policy field

Israel lacks a 'universal' active labour market policy and specifically active labour market programmes (ALMPs) targeting young people. Various financial and non-financial measures were put in place to offset the negative effects of the Covid-19 crisis on employment. However, their impact is not yet clear. There are discussions on the issues that might need to be addressed in the medium term. Some oppose the current policies, taking the view that the country needs to radically reconsider and reinforce its welfare system, as the pre-crisis challenges are now even greater and the proportion of the population living in poverty has increased.

The Public Employment Service (PES) plays an active role in getting welfare recipients into employment. The Israeli Employment Service is a statutory corporation established pursuant to the Employment Service Law of 1959. This law was introduced after the State of Israel joined the International Labour Treaty compelling member states to establish state employment services, including free placement services for workers and employers alike. The Employment Service is under the supervision of the Ministry of Economy and Industry. The key role of the Israeli PES is to provide

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<sup>2</sup> Unemployment Rates, OECD – Updated: November 2022 – OECD, Unemployment rates for Q4 will be published on 12 December 2022, while the Labour Market situation will be published in January 2023, Unemployment Rates, OECD – Updated: November 2022 - OECD.

services linking jobseekers with employers that are seeking employees (Employment Service Law of 1959, Article 2). The PES also provides guidance and counselling for unemployed jobseekers (OECD, 2014) including assistance in writing CVs, preparation for job interviews and advice on job placements and vocational training (PES website). The PES cooperates with other bodies on vocational training and vocational guidance, in particular the Ministry of Economy and Industry.

Moreover, most ALMPs are developed and implemented outside the government ministries, with TEVET-One-Stop Employment Centres (Al-Fanar) and private contractors playing a significant role in the design and implementation of new ALMPs. According to the OECD, public spending on ALMPs in Israel is particularly low compared to international standards. TEVET currently oversees the operation of a NIS 200 million three-way partnership between JDC-Israel, the Israeli government (Ministry of Economy and the Prime Minister's Office) and the Yad Hanadiv Rothschild Foundation to establish One-Stop Employment Centres in 21 Arab localities throughout the country. The establishment of the centres is budgeted through several government resolutions since the government sees this as a major tool to enhance employment in Arab society. The programme targets Arab 'women and men, ages 18 to 60, who have either been chronically outside the workforce, employed at the lowest levels, or employed beneath their true capacity' with 'a strategic emphasis on women's employment.' The programme established a new organisation called Al-Fanar ('lighthouse' in Arabic) to function as an implementing subcontractor, thus ensuring Arab leadership and participation.

The Employment Centre's programme upgrades and scales JDC-TEVET's employment centre model, based on centres already operating in Arab localities such as Tamra, Sakhnin, Hura and Segev Shalom. The Centres will provide services in the following three areas: (i) Guidance, support and training for individuals seeking to enter employment; (ii) Outreach and partnerships with employers from the business sector and other employment opportunity venues to work in parallel on the 'demand' side and (iii) Community outreach work within Arab society. The One Stop Centres thus aim to provide a comprehensive approach, becoming hubs that accompany people throughout their careers, from pre-employment through to higher and professional education, placement, during periods of unemployment and retraining, if necessary.

## Initiatives to boost employment

Israel's labour market has performed well in recent years and unemployment rates have been low. Israel's compulsory education, strict restrictions on the employment of teenagers and compulsory military service mean that most Israeli young people are in education, training, employment, or military service. The number of young Israeli 'NEETs' is therefore low.

The Israeli government has taken several steps towards getting the unemployed into work over the last few years. These have included major restrictions on the eligibility criteria for income support and unemployment benefits, and the development of several active labour market policies. Israel's ALMPs focus on specific targeted groups known to experience low participation rates in the labour market.

Beside leading government players in the labour market and social security sector, there are other sub-departments within the Ministry of Economy and Industry, including Israel's social partners (the Histadrut Federation of Trade Unions and the employers' union Histadrut, the National Insurance Institute (NII) of Israel (responsible for providing unemployment benefits and income support) and the Ministry of Finance (with schemes such as the negative income tax programme). Over the past few decades, Histadrut, Israel's major trade union, has lost control over healthcare and pension plans, but the entity still sits alongside the government and the Histadrut Hatasianim on the tri-pillar roundtable responsible for drawing up employment and economic policies. Non-governmental organisations (NGOs) representing specific groups of employees play a more significant role than in the past. These include entities such as the Israel Women's Network (representing women employees), the Kav LaOved – Worker's Hotline (representing disadvantaged workers including foreign workers) and Waak-Maan (an employees' union representing Arab workers).

Another policy avenue announced is tax reforms to further strengthen in-work benefits, cut inefficient tax expenditures, reduce distortions created by the business and property tax system and better align

taxes with environmental externalities. These reforms will make the recovery more inclusive and sustainable, while generating additional revenues.

Evaluation studies point to success in several programmes, but the active labour market policy still faces some challenges. Although Israel has sharply cut income support and unemployment benefits, passive – as opposed to active – labour market policies are currently being relied upon as the main tool to protect individuals from social exclusion. There is need for diversified active labour market policies aiming to form a ‘bridge’ and save individuals from social exclusion. COVID-19 also impacted the labour market in Israel, although the impact was short-lived and not distributed equally over the population.

As mentioned above, the Israeli Knesset passed Israel’s first budget in over 3 years on 4 November 2021. The approved state budget is a reorientation of Israel’s allocation of resources and financial priorities.

### **Initiatives to increase the capacity of the public employment services**

The Ministry of Economy and Industry (Labour Branch) has put a programme in place to reskill and upskill the unemployed and those not receiving any income. Unlike in the past, training is now taking place much more within industry, with the involvement of employers, and is much more related to employment needs. Israel also is prioritising active labour market policies to improve social inclusion. To this end, a network of Employment Orientation Centres has been created in the Arab and Haredi communities. However, ALMPs are underdeveloped, and the resources invested are below the OECD average. The Israeli PES have a limited budget and the main group they serve are those seeking unemployment benefits.

Israel’s policy in recent years has been to establish public-funded private employment centres for targeted groups of employees, including Arabs and ultra-Orthodox Jews. Due to all the measures undertaken by the government in the last 2 years, there has been an increase in employment service placement activity (alongside a drop in vocational training due to the lockdowns), and this increase may be expected to continue throughout 2022.

For further information, please contact Lida Kita, Senior Human Capital Development Expert – Social Inclusion – Country Liaison for Israel, Serbia and Turkey, European Training Foundation, email: [Lida.Kita@etf.europa.eu](mailto:Lida.Kita@etf.europa.eu)

# ISRAEL: STATISTICAL ANNEX

The Annex includes annual data from 2010, 2015, 2019, 2020 and 2021 or the last available year.

	Indicator	2010	2015	2019	2020	2021	
1	Total population (,000) <sup>(1)</sup>	7623.6	8380.1	9054.0	9215.1	9364.0	
2	Relative size of youth population (age group 15-24 and denominator age 15-64, %) <sup>(1)C</sup>	24.2	24.3	24.9	25.0	25.1	
3	GDP growth rate (%)	5.7	2.3	3.8	-2.2	8.2	
4	Gross value added by sector (%)	Agriculture	1.6	1.2	1.1	1.2	M.D.
		Industry	20.8	19.8	18.7	18.6	M.D.
		Services	66.8	68.5	71.0	71.4	M.D.
5	Public expenditure on education (as % of GDP)	5.5	5.9	6.1 <sup>5</sup>	M.D.	M.D.	
6	Public expenditure on education (as % of total public expenditure)	13.7	15.5	15.5 <sup>5</sup>	M.D.	M.D.	
7	Adult literacy (%) <sup>C</sup>	M.D.	M.D.	M.D.	M.D.	M.D.	
8	Educational attainment of total population (aged 15+) (%)	Low <sup>(2)</sup>	22.4	18.6	16.6	15.6	M.D.
		Medium <sup>(3)</sup>	34.3	34.4	34.6	35.7	M.D.
		High <sup>(4)</sup>	43.3	47.1	48.8	48.8	M.D.
9	Early leavers from education and training (aged 18-24) (%)	Total	8.3	7.6	6.1	5.6	5.1
		Male	10.9	10.2	8.4	7.2	6.8
		Female	5.6	4.8	3.7	4.0	3.4
10	NET enrolment rates in secondary education (ISCED level 2-3) (%)	98.5 <sup>6</sup>	99.0	98.6	98.8	M.D.	
11	Share of VET students in upper secondary education (ISCED level 3) (%)	38.2	40.7	40.6	40.7	M.D.	
12	Low achievement in reading, mathematics and science – PISA (%)	Reading	23.6 <sup>6</sup>	26.6	31.0 <sup>5</sup>	M.D.	M.D.
		Mathematics	33.5 <sup>6</sup>	32.1	34.1 <sup>5</sup>	M.D.	M.D.
		Science	28.9 <sup>6</sup>	31.4	33.1 <sup>5</sup>	M.D.	M.D.
13	Activity rate (age 15+) (%)	Total	57.3	64.1	63.5	61.8	61.8
		Male	62.2	69.3	67.6	65.5	65.1
		Female	52.8	59.1	59.6	58.2	58.6
14	Inactivity rate (age 15+) (%)	Total	42.7	35.9	36.5	38.2	38.2
		Male	37.8	30.7	32.4	34.5	34.9

	Indicator		2010	2015	2019	2020	2021
		Female	47.3	40.9	40.4	41.8	41.4
15	Employment rate (age 15+) (%)	Total	53.5	60.7	61.1	59.1	58.7
		Male	58.0	65.7	65.1	62.6	61.8
		Female	49.3	55.9	57.2	55.8	55.7
16	Employment rate by educational attainment (age 15+) (%)	Low <sup>(2)</sup>	24.8	26.7	26.6	24.0	M.D.
		Medium <sup>(3)</sup>	54.6	65.4	64.5	61.4	M.D.
		High <sup>(4)</sup>	73.7	76.5	76.5	75.1	M.D.
17	Employment by sector (%) <sup>7</sup>	Agriculture	1.6	1.0	1.0	0.9	0.9 <sup>c</sup>
		Industry	20.2	17.7	16.5	15.9	16.5 <sup>c</sup>
		Services	78.1	81.2	82.5	83.1	82.6 <sup>c</sup>
18	Incidence of self-employment (%)		12.8	12.6	12.3	12.4	12.4 <sup>c</sup>
19	Incidence of vulnerable employment (%)		8.6	8.7	9.1	9.3	M.D.
20	Unemployment rate (age 15+) (%)	Total	6.6	5.3	3.8	4.3	5.0
		Male	6.8	5.1	3.7	4.5	5.0
		Female	6.5	5.4	3.9	4.1	4.9
21	Unemployment rate by educational attainment (age 15+) (%)	Low <sup>(2)</sup>	11.6	9.7	6.2	7.2	M.D.
		Medium <sup>(3)</sup>	8.0	6.0	4.5	5.3	M.D.
		High <sup>(4)</sup>	4.4	3.8	2.9	3.3	M.D.
22	Unemployment rate (age 15-24) (%)	Total	13.7	9.3	6.7	7.9	7.8
		Male	14.5	8.9	6.1	7.6	7.5
		Female	12.9	9.7	7.2	8.2	8.0
23	Proportion of people aged 15-24 not in employment, education or training (NEETs) (%)	Total	30.4	15.5	15.5	17.3	M.D.
		Male	32.7	14.3	15.4	17.4	M.D.
		Female	28.0	16.7	15.6	17.1	M.D.
24	Participation in training/lifelong learning (% aged 25-64) <sup>8</sup>	Total	8.2	10.0	9.2	8.6	8.3
		Male	8.9	11.6	11.3	10.8	M.D.
		Female	7.5	8.4	7.1	6.5	M.D.
25	Human Development Index		0.895	0.910	0.919	M.D.	M.D.

Last update: 28/10/2022

# KEY DONOR PROJECTS IN EDUCATION, TRAINING AND EMPLOYMENT

As reflected on the website of the EU Delegation to Israel, the European Union (EU) and Israel have a long history of successful scientific and technological cooperation. The [Association Agreement](#) signed in Brussels on 20 November 1995, which entered into force in June 2000, provides the legal framework for EU-Israel relations. It establishes a regular dialogue on scientific, technological, cultural, audio-visual, and social matters. Israel is also part of the [European Neighbourhood Policy \(ENP\)](#) and is under the [European Neighbourhood Policy Action Plan](#). Ten sub-committees have been established, including one on research, innovation, information society, education, and culture. Throughout this time there has been a successful cooperation, with more than 5 000 joint research projects carried out. Israel also has several agreements with the European Commission's Joint Research Centre. The association between the EU and Israel is an opportunity to continue and further deepen research cooperation, with a focus on mutual priorities such as the twin green and digital transitions, public health, and ground-breaking innovations. On 6 December 2021, the official agreement for Israel's accession to the Horizon Europe programme was signed. Following this, local entities were able to participate in any part of the European R&D programmes on equal terms to those of entities in EU Member States.

Israel benefits from the [European Neighbourhood Instrument \(ENI\)](#), which provides most of the funding under [European Neighbourhood Policy](#). For the period 2014-2020, the sum of EUR 2 million per annum in ENI funding was implemented through twinning projects, one such project being to support the development of the National Qualification System. Israeli non-governmental bodies are eligible for support under a variety of programmes funded under ENI and other EU budgets.

Israel also benefits from [Erasmus+](#), the EU's programme to support education, training, young people and sport.

Israel has established many bilateral agreements with EU Member States for joint projects in different sectors, including education and training for employment and inclusion.



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