

# ISRAEL

## EDUCATION, TRAINING AND EMPLOYMENT DEVELOPMENTS 2020

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# KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT (SEPTEMBER 2019–AUGUST 2020)

Two events have dominated life in Israel in the past year: the installation of a new government after three rounds of elections and more than a year of stalling, and the Covid-19 pandemic.

Since May 2020 the country has been led by a (national emergency) coalition government composed of the conservative Likud and the centrist-liberal Blue and White parties. The mandate of this government is for three years and one of its primary goals is to address the effects of the Covid-19 pandemic, which have been felt in all socioeconomic fields, including education and training. Despite coming through the first stage of the pandemic relatively well, Israel was the first country to experience a second significant wave of Covid-19 infections (and, consequently, a second national lockdown). This was mainly due to the early wide-scale reopening, in May, of all economic activities and schools. Many protests have been taking place against the way in which the crisis is being managed by the prime minister<sup>1</sup>.

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 at school and municipality levels, and equip vulnerable groups with the technology needed for online learning. The substantial shift to distance learning during the crisis may instigate a long-lasting revolution in the whole education and training system. A new 2030 plan to further boost technological education in the context of lifelong learning is in development and due to be finalised in early 2021. It will build on the results of the range of new experimental measures put in place.

The Covid-19 crisis has had an unprecedented impact on the labour force also, with more than a quarter of workers having been either fired or put on unpaid leave (the unemployment rate reached 4.9% in August<sup>2</sup>, i.e. 61% higher than the exceptional 3% unemployment rate in 2018). The issue of low-skilled workers (one of the reasons why Israel has a low productivity rate compared with other OECD countries) has become even more critical as a result of the crisis, the effect in the medium term being that these workers are at risk of being pushed out of the labour force completely. In an attempt to avoid this, the Israeli employment services have established measures to reinforce the abilities of the low-skilled mainly through online courses designed in cooperation with enterprises. Several measures have also been put in place to provide financial assistance to the categories most affected by the crisis.

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<sup>1</sup> Only 25% of Israelis approve of Prime Minister Benjamin Netanyahu's handling of the Covid-19 crisis, according to the Israeli Voice Index for July 2020.

<sup>2</sup> <https://tradingeconomics.com/israel/unemployment-rate>

# 1. KEY DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

Israel is an OECD high-income country with a population of 9 million. Its society is made up of various communities and religions: Jews represent 74% of the population and are divided, on the basis of self-declaration, into Haredi (ultra-Orthodox) and non-Haredi; Arabs represent 21% of the population, of which Muslims account for 83%, Christians 9% and Druze 8%<sup>3</sup>. Those unclassified by religion, as well as migrant workers, are defined as 'others'<sup>4</sup>.

Israel's demographic profile is unique among developed countries and is characterised by high fertility, low mortality and net immigration. Consequently, the population is expected to grow to 12.8 million by 2040, according to recent projections by the TAUB Centre<sup>5</sup>. Interestingly, the rising fertility rate among non-religious Jews is driving the increase in the overall Jewish fertility rate. More education does not lead to lower fertility rates, nor does the fact that the age at which women are having their first child is going up<sup>6</sup>. The relative size of the youth population was 24.9% in 2019, indicating a very limited increase over time, from 24.2% in 2010<sup>7</sup>. Sustained population growth will pose important challenges to the country in the short- and medium-term regarding education provision, employment generation, housing and welfare.

Israel is an industrialised country with a dichotomous economy. The high-tech sector (combining the industrial sectors – electronics, pharmaceuticals and aviation – with software and research and development services) is performing very well. The sector highlights the propensity of the Israeli economy for innovation: Israel continues to improve its ranking in the Global Innovation Index, reaching 10<sup>th</sup> position out of 126 countries in 2019 (up from 23<sup>rd</sup> in 2010)<sup>8</sup>. The sector contributes 25% of income-tax revenues<sup>9</sup>. However, its potential for further growth is constrained by the limited availability of highly skilled professionals.

In 2019, Israel's economy continued to register remarkable macroeconomic and fiscal performances: GDP growth was sustained at 3.5%. Because of the Covid-19 pandemic, however, GDP is expected to fall by 5.3% in 2020 (better than the predicted average drop in GDP in the EU of 8.3%<sup>10</sup>), which will be reflected in massive unemployment, decreases in wages and an increased deficit in the government budget from 4% in 2019 to 11% in 2020. GDP is expected<sup>11</sup> to increase again in 2021, by 8.7%.

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<sup>3</sup> Taub Centre, *A Picture of the Nation*, 2018 – <http://taubcenter.org.il/eng-pon-2018/>

<sup>4</sup> 'Others' includes family members of Jewish immigrants who are not registered with the Ministry of Interior as Jews, non-Arab Christians, non-Arab Muslims and residents who do not have an ethnic or religious classification.

<sup>5</sup> Taub Centre, *A Picture of the Nation*, 2020 – <http://taubcenter.org.il/a-picture-of-the-nation-2020-eng/>

<sup>6</sup> Taub Centre, *A Picture of the Nation*, 2019 – [http://taubcenter.org.il/wp-content/files\\_mf/pon201950.pdf](http://taubcenter.org.il/wp-content/files_mf/pon201950.pdf)

<sup>7</sup> The World Bank, <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=IL>

<sup>8</sup> [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2019-intro4.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2019-intro4.pdf)

<sup>9</sup> Taub Centre, *A Picture of the Nation*, 2019 – [http://taubcenter.org.il/wp-content/files\\_mf/pon201950.pdf](http://taubcenter.org.il/wp-content/files_mf/pon201950.pdf)

<sup>10</sup> European Commission, *Summer 2020 Forecasts* – [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1269](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1269)

<sup>11</sup> Data on 2020 and 2021 are from the Taub Centre, *A Picture of the Nation*, 2020 – <http://taubcenter.org.il/a-picture-of-the-nation-2020-eng/> Note that despite the country's positive economic performance over the last decade, GDP growth per capita is nevertheless 0.15% lower than the OECD average for the 2017–2019 period.

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 are particularly low in skills, including Haredi Jews and Ethiopian descendants among the Jews, Arabs and Bedouins. The skills gap with OECD countries is particularly wide for the low-skilled group in the population. This issue is recognised by the Israeli government 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. Israel ranks as the country with the highest rates of poverty among the organisation's members: approximately 21% of Israelis were found to be living below the poverty line, compared with the OECD average of 11%<sup>12</sup>.

In order to better address future challenges in a coordinated and integrated manner the country has embarked on an ambitious reform process aimed at transitioning to a competitive and thriving economy by 2050. The 'Israel 2050' programme is being led by government entities and encompasses transportation, energy, buildings and cities, industry, commerce and waste<sup>13</sup>.

The economy is dominated by the services sector, which, in 2019, contributed 69.8% to GDP and covers hospitality, food, administration and support services. Industry, which is mostly concentrated on manufacturing products with high added value, contributed 19.4% to GDP in 2019. The major industrial sectors include high-tech metal products, electronic and biomedical equipment, agricultural products, processed foods, chemicals and transport equipment. According to the Manufacturers' Association of Israel (MAI), the country is experiencing a labour-force shortage, especially with regard to medium- and highly skilled profiles ('practical engineers'), which, in the short term, requires the government to recruit workers from abroad. In addition, the Torino Process 2018–2020 clearly underlines the need to prepare a skilled and professional workforce that is adapted to the needs of industry and calls on all stakeholders to get involved in the design and implementation of policies and in setting up partnerships to upgrade and update vocational education.

Israel is known worldwide as the 'start-up nation'. However, since 2016, according to the Central Bureau of Statistics, the number of start-ups has been declining and, in 2018, for the first time the number of start-ups that closed was higher than the number of newly established ones. In fact, the great majority of start-ups fail and don't even earn back the capital invested in them<sup>14</sup>. Loss of competitiveness is also a concern, as Israel was 20th out of 137 countries in the 2019 Global Competitiveness Index – down four places from the previous year<sup>15</sup>.

According to the Global Human Capital Index 2018, Israel ranks 23<sup>rd</sup> out of 157 countries<sup>16</sup>. Standards of living relative to the OECD average have continued to increase in recent years, until the Covid-19 pandemic, as a result of rising real wages, decreasing prices (the main exceptions being food and

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<sup>12</sup> OECD Economic Survey of Israel, <http://www.oecd.org/economy/surveys/Towards-a-more-inclusive-society-OECD-economic-survey-Israel-2018.pdf>

<sup>13</sup> [https://www.gov.il/en/departments/policies/israel\\_2050](https://www.gov.il/en/departments/policies/israel_2050)

<sup>14</sup> <https://www.haaretz.com/israel-news/business/.premium-number-of-startups-in-israel-declined-in-2018-1.8342259>

<sup>15</sup> [http://www3.weforum.org/docs/WEF\\_TheGlobalCompetitivenessReport2019.pdf](http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf)

<sup>16</sup> [https://photius.com/rankings/human\\_capital\\_index\\_country\\_rankings\\_2018.html](https://photius.com/rankings/human_capital_index_country_rankings_2018.html). The four key indicators of the index are: 1. Under-5 mortality rates; 2. Expected years of quality-adjusted school; 3. Adult survival rates; 4. Rate of stunting for children aged below five years.

house prices) and high rates of participation in the labour market. Addressing social inequalities<sup>17</sup> more effectively would promote the sustainability of Israel's competitive economy<sup>18</sup>.

## 2. EDUCATION AND TRAINING

### 2.1 Trends and challenges

Over the last 10 years, the education system has expanded significantly in Israel in terms of overall budget, number of teachers and allocations per class and per student. Apart from results in the Programme for International Student Assessment (PISA) exams achieved by Arab Israeli students, progress has been evident throughout the education system<sup>19</sup>. This upward trend is expected to be interrupted owing to the cuts needed to counteract the impact of the Covid-19 crisis on the health and economic systems. Israel has a highly educated population. As a result of dedicated policies and investments, the level of education has improved for increasingly larger sections of the population. Between 2010 and 2019 the active population (aged 15+) having attained a high level of education increased from 51.9% to 56.9%<sup>20</sup>, whereas the percentages of those with a medium or low level of education decreased from 36% to 34.7% and from 12.1% to 9%, respectively. Similarly, early school-leavers decreased from 8.3% to 6.1%<sup>21</sup>. High education levels do not always correspond to highly skilled profiles (as evidenced by university graduates in certain disciplines who lack soft skills, such as problem-solving, team-working or entrepreneurial spirit) and this has negative consequences for access to the labour market (see below).

The country's expenditure on education as a percentage of total public expenditure is second only to defence and, in 2018, amounted to 16.6%. Despite the unusual growth in the number of students, the rate of growth in expenditure per student in Israel has been higher than in the OECD since 2010<sup>22</sup>. Nevertheless, the expenditure per student remains relatively low compared with the OECD average (in 2017, Israel invested a total of USD 9,671 per student in primary to tertiary institutions compared with the OECD average of USD 11,231. This represents 6.2% of GDP, compared with the OECD average of 4.9%)<sup>23</sup>. At 19%, the expenditure on private educational institutions is slightly above the OECD average of 17%<sup>24</sup>.

Demographic changes over the past 20 years and in the years to come have significantly affected and will continue to affect the Israeli school network, which has had to expand and will continue to expand dramatically in response. Concerning the technical and vocational education and training (TVET) system, a major constraint on further development is the serious shortage of teachers, expert lecturers and tutors in technological and vocational subjects. Generally, teachers in these areas must have an engineering degree and experience in industry, and businesses can offer such employees better

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<sup>17</sup> The Gini coefficient in 2018 was 0.35 – <https://data.oecd.org/inequality/income-inequality.htm>

<sup>18</sup> Remarks by the Governor of the Bank of Israel at the Eli Hurvitz Conference on Economy and Society: 'One Society – One Economy', June 2017.

<sup>19</sup> Taub Centre, *A Picture of the Nation, 2020* – <http://taubcenter.org.il/a-picture-of-the-nation-2020-eng/>

<sup>20</sup> OECD, 'Education at glance 2019 – Country Note', 2019 – [https://www.oecd.org/education/education-at-a-glance/EAG2019\\_CN\\_ISR.pdf](https://www.oecd.org/education/education-at-a-glance/EAG2019_CN_ISR.pdf)

<sup>21</sup> <http://uis.unesco.org/country/IL>

<sup>22</sup> Taub Centre, *A Picture of the Nation, 2019* – [http://taubcenter.org.il/wp-content/files\\_mf/pon201950.pdf](http://taubcenter.org.il/wp-content/files_mf/pon201950.pdf)

<sup>23</sup> <https://gpseducation.oecd.org/CountryProfile?primaryCountry=ISR&treshold=10&topic=EO>

<sup>24</sup> OECD, 'Education at glance 2019 – Country Note', 2019 – [https://www.oecd.org/education/education-at-a-glance/EAG2019\\_CN\\_ISR.pdf](https://www.oecd.org/education/education-at-a-glance/EAG2019_CN_ISR.pdf)

salaries and financial incentives than the public sector<sup>25</sup>. According to the OECD TALIS (Teaching and Learning International Survey) 2018<sup>26</sup>, a quarter of teachers in the country will need to be replaced over the next decade. However, about three-quarters of Israeli teachers are under 50 years old, compared with the OECD average of 64%. This may be associated with the reforms in Israel to increase teachers' salaries in order to attract top talent to the education sector<sup>27</sup>.

The share of vocational education and training in upper secondary education is relatively high, at 41% in 2019 (the OECD average is 42%)<sup>28</sup>. Increasing the proportion of students taking high-level mathematics and attending technological-vocational education is a primary goal in Israel, to satisfy the needs of the economy. The objective, as declared by the prime minister in February 2018<sup>29</sup>, is to have 48% of all high-school students in technological-vocational tracks.

The tertiary education system supports the high-tech industry and global technological leadership well, with remarkable shifts in higher-education studies towards business, engineering and architecture, as well as an increase in the percentage of students studying advanced mathematics<sup>30</sup>. In terms of the skill proficiency of learners, Israel is in the 'competitive' category (71%) for data science and the 'emerging' category for technology and business studies (44% and 42%, respectively)<sup>31</sup>.

The new strategic goal adopted by the Council for Higher Education towards increased internationalisation is also interesting. The motivation and overall objective of this internationalisation policy is to increase the academic quality of the Israeli higher-education system and promote Israel as a leading study destination for international talent<sup>32</sup>.

Adult participation in lifelong learning improved slightly over the last decade, from 8.2% in 2010 to 9.2% in 2019, and average PIAAC proficiency scores for tertiary-educated adults and for the adult population at large were in the bottom 20% of OECD countries<sup>33</sup>. The need to improve the skills profile, especially for the low-skilled adult population, is a primary objective of the Israeli government, although its achievement is being hampered by the Covid-19 crisis. 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<sup>34</sup>.

Regarding inequalities among the different population groups, the Torino Process report highlights the tension between the preference of disadvantaged people to study advanced technology versus the tendency of the system to channel them into traditional vocational training, such as programmes for mechanics and electricians. The report underlines the importance, within education and training

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<sup>25</sup> ETF, *Torino Process 2018–2020 Israel – National Report*, – <https://openspace.etf.europa.eu/trp/torino-process-2018-2020-israel-national-report>

<sup>26</sup> <http://www.oecd.org/education/talis/>

<sup>27</sup> OECD, 'Education at glance – Country Note' 2019 – [https://www.oecd.org/education/education-at-a-glance/EAG2019\\_CN\\_ISR.pdf](https://www.oecd.org/education/education-at-a-glance/EAG2019_CN_ISR.pdf)

<sup>28</sup> <https://gpseducation.oecd.org/CountryProfile?primaryCountry=ISR&treshold=10&topic=EO>

<sup>29</sup> ETF Israel Employability fiche 2019

<sup>30</sup> Taub Centre, *A Picture of the Nation*, 2018 – [http://taubcenter.org.il/wp-content/files\\_mf/pon201950.pdf](http://taubcenter.org.il/wp-content/files_mf/pon201950.pdf)

<sup>31</sup> Coursera, *Global Skills Index*, 2020 – <https://www.coursera.org>

<sup>32</sup> European Association for International Education, 'Surveying the state of internationalisation in Israel' (blogpost), June 2020 – <https://bit.ly/39HMIxd>

<sup>33</sup> OECD, *Skills Strategy*, 2019 – <https://www.oecd.org/skills/oecd-skills-strategy-2019-9789264313835-en.htm>

<sup>34</sup> ETF, *Torino Process 2018–2020 Israel – National Report* – <https://openspace.etf.europa.eu/trp/torino-process-2018-2020-israel-national-report>

systems, of not separating people according to socioeconomic factors and relying, instead, on personal ability, talent and professional skills<sup>35</sup>.

Concerning the links with the labour market, the scarcity of sufficiently qualified human capital poses a major challenge to industry. This requires the education and training system to 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<sup>36</sup>. A specific case where employers are increasingly looking to technical and vocational institutions to obtain the skills they need is the agritech sector<sup>37</sup>.

The education system has been severely affected by the pandemic (including two national lockdowns) but has reacted quite dynamically to face the new challenges<sup>38</sup>. In particular, the system has undertaken important steps towards digitalisation and autonomy at local level, and introduced innovative blended-learning approaches, so called 'hybrid learning'. With regard to TVET, in particular, online training for trainers and students has been scaled up at system level through the use of digital platforms, emotional support has been integrated academic teaching, curricula on technical subjects have been cut down by 30% and more flexibility has been introduced in terms of training provision methodologies. The Amal school network has reinforced multi-disciplinary learning, learning in small groups, blended learning and short learning units. In general, more decision-making powers have been devolved to schools and municipalities on several issues, such as curricula adaptation and optimisation of calendars and spaces.

In the near future, digitalization will become an integral part of education and training provision, and a key vector for knowledge transmission. Hybrid education, i.e. combining distance learning with face-to-face learning in classrooms, will become the norm. School places remain essential, however, in developing social and emotional capacities, plus other soft skills and attitudes. Digitalization implies availability of technological devices and infrastructure, like PCs, tablets or smartphones and broadband internet services, as well an ability on the part of families to support their children in these new forms of learning and ensure a home environment that is conducive to learning. This is currently not the case for some parts of the population, for whom (as in many countries around the world) the digitalization of education risks widening the social divide and reinforcing social and territorial inequalities among students, at least in the early phases of learning and schooling. Hybrid learning also focuses attention on the need to ensure effectiveness of learning, as attendance levels vary considerably and, in general, analysis shows that students find it difficult to study using technological devices only, so they are not highly motivated to attend classes and study the defined programmes.

Under the second national lockdown that began in September 2020, all schools were closed. Pre-schools and kindergartens reopened fully at the end of October, but schools at primary level only partly reopened, with children attending classrooms in person for half the week. During the lockdown periods, only students with special needs and students at risk continued to be supported either at home or in small groups, or they were able to meet in special centres. The damage caused by school closures is disproportionately affecting families of lower socioeconomic status and single parents. This

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<sup>35</sup> *idem*.

<sup>36</sup> *idem*.

<sup>37</sup> ETF, *The future of Skills: Case study of the agritech sector in Israel*, pending publication.

<sup>38</sup> An ETF report on mapping responses to the Covid-19 crisis, including Israel, is available at: [https://www.etf.europa.eu/sites/default/files/2020-07/etf\\_covid\\_mapping\\_v06\\_1.pdf](https://www.etf.europa.eu/sites/default/files/2020-07/etf_covid_mapping_v06_1.pdf)

is true even in the case of distance learning, and the situation risks deepening the inequalities in society.

## 2.2 Education and training policy and institutional setting

According to the national review carried out in 2019 on the implementation of the United Nations Sustainable Development Goals<sup>39</sup>, the main areas for future action in the education sector include improving the relevance of education; undertaking specific initiatives to improve the achievements of the Arab and Ethiopian populations; improving education in mathematics, science and technologies for girls; and reinforcing education for a sustainable environment, gender equality and students' rights.

Activities leading to the establishment of an Israeli National Qualifications Framework (officially launched in August 2018) are ongoing, with a major focus on the framework's architecture, legislative and governance issues. All key stakeholders providing education and training are involved, including representatives of employers. The project is supported by the European Union through a twinning exercise and by the European Training Foundation (ETF) in the form of shared expertise. Mapping of the qualifications awarded by the Ministry of Education, Ministry of Labour and Welfare, the Council for Higher Education and the Israeli Defence Force (IDF) has been carried out and two options for the architecture of the framework are under consideration (8 or 11 levels). The main obstacle in reaching an agreement on the architecture is the specifics of qualifications awarded by the IDF, which offer advanced learning outcomes but do not typically involve entry requirements. Placement of IDF qualifications at the levels typically occupied by higher-education qualifications is being challenged by the higher-education sector. The process of describing study programmes in the language of learning outcomes has been initiated for the qualifications of technicians and practical engineers.

The strategic plan to strengthen professional technological education in Israel for the period 2017–2022 is being implemented and should soon be integrated into the new 2030 Strategic Plan. The new plan is intended as a strategic response to the negative effects of the pandemic on the economy by further boosting technological education. The plan is in development at the Ministry of Education and is due to be finalised by early 2021, building on the results of the range of new experimental measures put in place in response to the pandemic. The plan aims to establish 'education chains', with interfaces between different school levels, from primary school to higher education and beyond, in the context of lifelong learning. A pilot project involving the secondary school level, the army and higher education is ongoing.

No significant changes in the division of government responsibility for VET since last year have been reported. The education system in Israel is governed by the Ministry of Education (MoE), which determines educational policy and is in charge of funding education through public expenditure, from kindergarten to upper secondary levels. It is the country's second-largest ministry (after the Ministry of Defence). The MoE oversees most technological and vocational education programmes. It is responsible for making sure that programmes run well and are adapted to the needs of the market. That puts about 90% of TVET students under its wing. The other 10% participate in programmes run by the Ministry of Labour. The division of labour between the two ministries is not always clear-cut. This is partly due to the lack of clear VET legislation. Internal power struggles have helped shape the relationship, and it has varied over time, partly depending on the personalities involved<sup>40</sup>.

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<sup>39</sup> <https://mfa.gov.il/MFA/PressRoom/2019/Documents/Israel%20SDG%20national%20review.pdf>

<sup>40</sup> ETF, *Torino Process 2018–2020 Israel – National Report* – <https://openspace.etf.europa.eu/trp/torino-process-2018-2020-israel-national-report>

The state education streams, both Hebrew and Arab, are managed at the ministry level, while the state religious education stream and the ultra-Orthodox independent education stream have their own sub-administration bodies within the MoE. The ultra-Orthodox independent stream, although funded by the state, is less heavily supervised by state policies than other streams.

The MoE covers two separate paths: technological-scientific education and vocational (occupational) education. VET takes place in: i) high schools (for those aged 16–18 at International Standard Classification of Education (ISCED) level 3); ii) schools offering post-secondary studies (aged 18 and above at ISCED level 4); and iii) technological colleges. Initial VET (IVET) is also provided in privately managed schools run by technological education networks and supervised by key ministries. The MoE also supervises self-funded continuing vocational training (CVT) for adults.

The Ministry of Labour and Social Affairs (MoLSA) covers the following VET tracks: i) apprenticeships; ii) pre-VET/IVET provision for specific youth populations in education network schools; iii) frameworks for certified technicians/practical engineers through the National Institute for Training in Technology and Science (NITTS); and iv) CVT, including training for jobseekers and employer-led training for adults. VET under the MoLSA is delivered in: i) vocational schools for young people, where courses include apprenticeships and one- or two-year courses combining study and practical experience; ii) academic colleges (for NITTS-certified courses); and iii) adult training centres and on-the-job training. VET providers have considerable local autonomy regarding curriculum requirements and partnerships/initiatives.

There is no formal system of social partnership for the education and training sector, but employers are represented through the frequent involvement of the Manufacturers' Association of Israel (MAI) in VET policy development and reform activities. Employers have a strong voice in decision-making on education and training reforms. Together with think-tanks, they work to establish a sophisticated model to facilitate the allocation of workers to vacancies and to create a framework in which business representatives take an active part in training in both schools and workplaces<sup>41</sup>. Employers have called on public institutions to address the challenges of skills mismatch at the technical level by pursuing reforms to boost education and training developments, including promoting the link between skills and prosperity and equity. Trade unions are also part of the policy dialogue and influence the political agenda through official negotiations on matters such as teachers' contractual issues. Histadrut, the General Association of Trade Unions, was among the founders of one of the main education providers, the Amal network.

Professional and subject committees are the key mechanisms for coordination between VET stakeholders. Membership of each committee includes an academic, the MoE subject inspector, representatives of the Israeli Defence Force, the MAI and the relevant industry professional body, as well as school personnel. There are approximately 19 such committees.

There are increasing calls from several players for the establishment of a national education council. This would ensure greater consistency in an unwieldy education system that is composed of many departments often working simultaneously and, at times, promoting incompatible goals<sup>42</sup>.

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<sup>41</sup> The biggest ever employers' survey on the roadblocks and opportunities in a new economy versus a renewable economy, the future workforce, improving regulation, doing business and rethinking the Israeli employment and pension system was presented at the Eli Hurvitz Conference in June 2017. The goal of the policy discourse is to improve the government's decision-making processes and the quality of Israel's social and economic policies for the benefit of the entire population.

<sup>42</sup> Israel Democracy Institute, *Adapting Israel's Education System for the Challenges of the 21st Century*, 2019.

As a result of the pandemic, a major change in the governance of the education and training system is taking shape. Municipalities have been given much more autonomy in terms of decision-making and management of education and schools-related issues, because of the need to differentiate among the various levels of alert. This has included issues relating to calendar setting, use of spaces and physical mobilisation of teachers and students.

## 3. LABOUR MARKET AND EMPLOYMENT

### 3.1 Trends and challenges

The Covid-19 crisis has had an unprecedented impact on the labour force, with more than a quarter of the labour force having been either fired or put on unpaid leave during the economic closure in the first months of the outbreak. It is still unclear what percentage will be rehired, but it is estimated that 20%, or more, of the newly unemployed will not be able to return to their jobs<sup>43</sup>.

The pandemic has further highlighted the problem of labour productivity, which is not improving at all,<sup>44</sup> despite outstanding employment rates and growth in GDP and wages in recent years. As pointed out by the Taub Centre, although highly skilled Israeli workers have comparable skill levels to those of their peers in other developed countries, a large portion of workers have exceptionally low skill levels. A specific feature of the country is that a relatively high share of low-skilled Israelis have in comparison with their peers in the OECD, completed higher education. This demonstrates that improving employability is linked to improving both general education at an earlier stage and vocational training in the context of lifelong learning<sup>45</sup>. Perhaps one positive consequence of the crisis will be that improving the skills of low-skilled workers will come to the forefront of public discourse<sup>46</sup>.

Implications of the pandemic also include an acceleration in automation. Before the crisis, the share of positions at high risk of automation in Israel was like the OECD average, at about 15%, whereas the share of positions at low risk of automation was about 31% – higher than the OECD average. The main sectors at the highest risk of automation include construction and manufacturing, transportation and storage, food and lodging. In contrast, lower risk levels are found in industries such as art, entertainment and recreation, information and communications, and education. A characteristic of workers in occupations rated at low risk of automation is that they tend to use computers more in their current work than those at high risk – 86% of workers in low-risk occupations use a computer at work compared with 48% of workers in high-risk occupations. At the opposite end, young people aged 16–24 are at higher risk of losing jobs to automation (in line with international trends) and Arab Israeli men of all ages emerge as the most vulnerable group. Higher education seems a valuable predictor of automation risk, as 72% of jobs at low risk of automation require higher education, as opposed to 27% of jobs at high risk of automation. Computer literacy, as demonstrated by the Covid-19 crisis, is a key skill to lowering automation risk. This highlights the importance of improving and expanding computer

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<sup>43</sup> Taub Center, *A Picture of the Nation*, 2020 – <http://taubcenter.org.il/a-picture-of-the-nation-2020-eng/>

<sup>44</sup> Taub Center, *Economic Developments in Israel: An Overview*, December 2018 – <http://taubcenter.org.il/economic-developments-in-israel-an-overview/>

<sup>45</sup> Taub Center, 'The gap between Israel's high and low-skilled workers', Staff Bulletin article 12 July 2020 – <http://taubcenter.org.il/the-gap-between-israels-high-and-low-skilled-workers/>

<sup>46</sup> *idem*.

literacy among both Haredi Jews and Arab Israelis, whose use of computers at work is less than that of non-Haredi Jews<sup>47</sup>.

The Israeli labour market has improved markedly over the past decade, performing much better than the other OECD countries. In 2019, overall activity and employment rates remained high, at 63.5% and 61.1% respectively (76.5% for highly skilled), in line with OECD countries. This was particularly the case for non-Haredi men and women, and Haredi women. Haredi men and Arab Israeli men and women suffered from much lower rates of employment and were much more often employed in less skilled jobs. The salary increases reflected the job profiles scale in terms of skills. Massive differences in family employment structures can be observed in different population groups, with both members working in 83% of non-Haredi couples, 39% of Haredi couples and 34% of Arab couples.

It is interesting to note that Jewish women tend to continue working after having children, though they work fewer hours<sup>48</sup>. Women are moving from high- to low-risk jobs to a greater degree than men, primarily owing to an increase in the share of female workers in professional academic occupations. In addition, the wage gap has been decreasing, with an increase in salaries estimated at 22.5% for Jewish women and 26.4% for Arab Israeli women<sup>49</sup>.

The unemployment rate (for those aged 15+) further decreased to 3.8% in 2019, with no gender differences and practically no long-term unemployment (0.3% in 2018). Those with higher education perform better in the labour market. In 2019, 76.5% of employed people had a high level of education compared with 26.6% of those with a low educational attainment<sup>50</sup>.

The youth unemployment rate (for those aged 15–24) has also further improved and reached 6.7% in 2019 (down from 13.7% in 2010). In general, young people have a relatively easy transition from education to work. The proportion of Israeli youth (aged 15–24) not in employment, education or training (NEETs) was 15.5% in 2019 (compared with 30.4% in 2010) as a result of dedicated efforts by the government. Data on Israeli youth are, however, only partly comparable with other countries, owing to the obligatory military service at the end of secondary education, which lasts almost three years for boys and two for girls.

The labour market in Israel is moving from a traditional economy based on manufacturing and production to one based on information technology and modern services (Industry 4.0). Israel scored 16.67 out of 25 points in the Digital Readiness Index ranking<sup>51</sup> and is confirmed as the OECD country with the highest share of people employed in high-tech industries, at 8.2% – more than double the median for OECD countries<sup>52</sup>. Wages in the high-tech industries are approximately double the average wage in the economy. However, employers in these industries are facing increasing shortages of skilled labour, undermining their growth and competitiveness. Companies are reporting difficulties in filling jobs, particularly for practical engineers (Level 5 of the European Qualifications Framework). A special visa for skilled workers exists to enable employers to fill vacancies where there is no local expertise.

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<sup>47</sup> Taub Center, 'Coronavirus could accelerate automation in Israel's labor market – are we prepared?', Staff Bulletin article, 19 August 2020 – <http://taubcenter.org.il/coronavirus-could-accelerate-automation-in-israels-labor-market/>

<sup>48</sup> Taub Centre, *A Picture of the Nation*, 2020 – <http://taubcenter.org.il/a-picture-of-the-nation-2020-eng/>

<sup>49</sup> Employment indicators: Israel Central Bureau of Statistics, 2018.

<sup>50</sup> All data on employment provided by the Central Bureau of Statistics.

<sup>51</sup> [https://www.cisco.com/c/dam/en\\_us/about/csr/reports/global-digital-readiness-index.pdf](https://www.cisco.com/c/dam/en_us/about/csr/reports/global-digital-readiness-index.pdf)

<sup>52</sup> Taub Centre, *A Picture of the Nation*, 2019 – [http://taubcenter.org.il/wp-content/files\\_mf/pon201950.pdf](http://taubcenter.org.il/wp-content/files_mf/pon201950.pdf)

Evidence indicates that, to deal with the transition towards a more digital economy more effectively, the new workers will need to possess a wider range of skills than before. Multidisciplinary competences and the ability to interact with people from different disciplinary or professional backgrounds are increasingly appreciated, as are 'T-shaped' profiles, in which core competences in one area are coupled with additional skills and knowledge in various other subjects<sup>53</sup>.

Despite the excellent results in attracting workers, the Israeli labour market remains characterised by a marked duality. On the one hand, there are productive advanced industries, including high-tech sectors, which attract mostly high-skilled workers. On the other hand, low-productivity, often non-tradeable, sectors employ many Arab Israelis and Haredi Jews who are trapped in low-quality, low-wage jobs. Moreover, job mobility towards high-productivity sectors is declining, which means that the probability that low-educated individuals will obtain jobs in high-value-added, high-wage industries has decreased over time. Arab Israelis comprise only about 3% of the high-tech workforce, and Haredi Jews are also under-represented. The situation is similar in many other sectors, such as financial and professional services. This reflects a number of difficulties and obstacles, including education and transportation issues, but also language barriers, cultural and social norms, and insufficient inclusiveness of policies and programmes<sup>54</sup>.

Several challenges need to be addressed to further improve economic and societal conditions. These challenges include narrowing social gaps, reducing the mismatch between supply and demand of workers in the labour market, reinforcing active labour market policies (ALMPs), strengthening lifelong learning, and adapting existing legislation and labour agreements to changes in the labour market<sup>55</sup>. In the medium to long term, initial technical and vocational education and training, together with higher education in science, technology, engineering and mathematics, can offer a solution to these challenges. In the short term, raising the skill levels of the whole population is key for growth, while access to TVET should become a universal right for citizens<sup>56</sup>.

### 3.2 Employment policy and institutional setting

Various financial and non-financial measures have been put in place to offset the negative effects of the Covid-19 crisis on employment, however their impact is not yet clear. In the medium term, the country will need 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<sup>57</sup>.

The Ministry of Labour has put in place a programme to reskill and upskill the unemployed and those not in receipt of any payment. 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<sup>58</sup>.

Israel is prioritising active labour market policies to improve social inclusion. To this end, a network of Employment Orientation Centres has been created in Arab and Haredi communities. However, ALMPs are under-developed and the resources invested are below the OECD average<sup>59</sup>. Government

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<sup>53</sup> ETF, *The Future of Skills: Case study of the agritech sector in Israel*, pending publication.

<sup>54</sup> <https://www.oecd.org/eco/surveys/Israel-2018-OECD-economic-survey-overview.pdf>

<sup>55</sup> Eli Hurvitz Conference, 'Two Economies – One Society', 19–20 June 2018.

<sup>56</sup> ETF, *Torino Process 2018–2020 Israel – National Report* – <https://openspace.etf.europa.eu/trp/torino-process-2018-2020-israel-national-report>

<sup>57</sup> Taub Centre, *A Picture of the Nation, 2020* – <http://taubcenter.org.il/a-picture-of-the-nation-2020-eng/>

<sup>58</sup> An overview of the measures undertaken by the Ministry of Labour and Social Affairs to support the most fragile populations is available at <https://bit.ly/3lyvY49>

<sup>59</sup> <http://www.oecd.org/eco/surveys/Israel-2018-OECD-economic-survey-overview.pdf>

investment in employment programmes is at 8% of GDP, half the OECD average of 16%. The public employment service has a very limited set of tools to promote the reintegration of jobseekers into the labour market. As of 2016, 0.16% of the national budget was invested in job training and incentives packages used to develop and expand the job market. This figure ranks Israel third from the bottom among OECD countries (the OECD average is 0.54%, with Denmark topping the list, at 2%<sup>60</sup>).

Many programmes have been launched to support the poorest sections of society (single mothers, the elderly, Haredi Jews, Ethiopian descendants, Arabs and Bedouins). According to the Mossawa Centre, 52.6% of Arab citizens are living below the poverty line.

Regarding the five-year plan (2017–2021) for socioeconomic development in the Negev Bedouin localities<sup>61</sup> and the five-year plan (2016–2020) for the economic development of Arab localities<sup>62</sup>, the implementation paths and impact of neither are clear. Both plans envisaged having a significant budget to achieve real progress in a range of social and economic fields.

The Israeli Employment Service assists some 500,000 jobseekers each year<sup>63</sup>. It operates under the supervision of the Ministry of Labour and Social Affairs and the Supreme Service Authority. In addition to administering unemployment benefits, the employment service operates placement and matching services. It offers vocational assessment, guidance and placement for unemployed individuals and other jobseekers who legally qualify for its services. It also offers training workshops for those in need of coaching or those seeking re-entry into the labour force. The employment service maintains a database and online information system of all clients it has served and of all unfilled job vacancies.

Leading government players in the labour market and social-security sector include sub-departments within the MoLSA, Israel's social partners (the Histadrut Federation of Trade Unions and the employers' union Hitachdut Hatasianim), the National Insurance Institute of Israel (responsible for providing unemployment benefits and income support), and the Ministry of Finance (with schemes such as the negative income tax programme). The Ministry of Education plays a major role regarding compulsory education<sup>64</sup>.

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<sup>60</sup> <https://www.israelhayom.com/2019/08/05/report-employment-rate-in-israel-is-higher-than-the-oecd-average/>

<sup>61</sup> <http://iataskforce.org/sites/default/files/event/pdf-343.pdf>

<sup>62</sup> <https://www.iataskforce.org/sites/default/files/resource/resource-1462.pdf>

<sup>63</sup> [https://www.gov.il/en/departments/employment\\_service](https://www.gov.il/en/departments/employment_service)

<sup>64</sup> ETF, *Labour market and employment policy in Israel*, 2015 – <https://www.etf.europa.eu/en/publications-and-resources/publications/labour-market-and-employment-policy-israel>

# ISRAEL: STATISTICAL ANNEX

Annex includes annual data from 2010, 2015, 2018 and 2019 or the last available year.

	<b>Indicator</b>	<b>2010</b>	<b>2015</b>	<b>2018</b>	<b>2019</b>	
<b>1</b>	Total Population (000) <sup>(1)</sup>	7,624	8,380	8,883	9,053	
<b>2</b>	Relative size of youth population (age group 15–24 and age in the denominator 15–64, %) <sup>(1) (c)</sup>	24.2	24.3	24.7	24.9	
<b>3</b>	GDP growth rate (%)	5.6	2.3	3.3	3.5	
<b>4</b>	GDP by sector (%)	Agriculture added value	1.5	1.2	1.1	M.D.
		Industry added value	21.1	20.2	19.4	M.D.
		Services added value	66.6	68.2	69.8	M.D.
<b>5</b>	Public expenditure on education (as % of GDP)	5.5	5.9	M.D	M.D	
<b>6</b>	Public expenditure on education (as % of total public expenditure)	13.7	15.5	M.D	M.D	
<b>7</b>	Adult literacy (%)	M.D	M.D	M.D	M.D	
<b>8</b>	Educational attainment of adult population (aged 25–64 or 15+) (%) <sup>(3)</sup>	Low	12.1	9.8	9.5	9.0
		Medium	36.0	35.3	34.3	34.7
		High	51.9	54.8	56.3	56.3
<b>9</b>	Early leavers from education and training (aged 18–24) (%)	Total	8.3	7.6	7.2	6.1
		Male	10.9	10.2	9.4	8.4
		Female	5.6	4.8	5.0	3.7
<b>10</b>	Gross enrolment rates in upper secondary education (ISCED level 3) (%)	102.7	101.8	M.D	M.D	
<b>11</b>	Share of VET students in upper secondary education (ISCED level 3) (%)	38.2	40.7	M.D	M.D	
<b>12</b>	Tertiary education attainment (aged 30–34) (%)	50.6	52.8	54.1	M.D	
<b>13</b>	Participation in training/lifelong learning (aged 25–64) (%)	Total	8.2	10.0	9.3	9.2
		Male	8.9	11.6	11.3	11.3
		Female	7.5	8.4	7.3	7.1
<b>14</b>	Low achievement in reading, mathematics and science – PISA (%)	Reading	23.6 (2012)	26.6	31.1	N.A.
		Mathematics	33.5 (2012)	32.1	34.1	N.A.
		Science	28.9 (2012)	31.4	33.1	N.A.

	<b>Indicator</b>		<b>2010</b>	<b>2015</b>	<b>2018</b>	<b>2019</b>
15	Activity rate (aged 15+) (%)	Total	57.3	64.1	63.9	63.5
		Male	62.2	69.3	68.2	67.6
		Female	52.8	59.1	59.8	59.6
16	Inactivity rate (aged 15+) (%) <sup>(3)</sup>	Total	42.7	35.9	36.1	36.5
		Male	37.8	30.7	31.8	32.4
		Female	47.3	40.9	40.2	40.4
17	Employment rate (aged 15+) (%)	Total	53.5	60.7	61.4	61.1
		Male	58.0	65.7	65.5	65.1
		Female	49.3	55.9	57.4	57.2
18	Employment rate by educational attainment (% aged 15+)	Low	24.8	26.7	27.3	26.6
		Medium	54.6	65.4	65.0	64.5
		High	73.7	76.5	77.0	76.5
19	Employment by sector (%)	Agriculture	1.6	1.0	1.0	1.0
		Industry	20.2	17.7	17.2	16.5
		Services	78.1	81.2	81.8	82.5
20	Incidence of self-employment (%)		12.8	12.6	12.4	12.3
21	Incidence of vulnerable employment (%)		8.6	8.7	9.0	9.1
22	Unemployment rate (aged 15+) (%)	Total	6.6	5.3	4.0	3.8
		Male	6.8	5.1	4.0	3.7
		Female	6.5	5.4	4.0	3.9
23	Unemployment rate by educational attainment (aged 15+) (%)	Low	12.2 <sup>(4)</sup>	8.3 <sup>(4)</sup>	7.1	6.2
		Medium	8.0	6.0	4.9	4.5
		High	4.4	3.8	2.8	2.9
24	Long-term unemployment rate (aged 15+) (%)		1.6	0.7	0.3	M.D
25	Youth unemployment rate (aged 15–24) (%)	Total	13.7	9.3	7.2	6.7
		Male	14.5	8.9	6.9	6.1
		Female	12.9	9.7	7.4	7.2
26	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	Total	30.4	15.5	14.7	15.5
		Male	32.7	14.3	14.4	15.4
		Female	28.0	16.7	15.0	15.6

Last update: end of August 2020

**Sources:**

Indicators: 8, 9, 12, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23 (Year 2018, 2019), 25, 26 – Israel Central Bureau of Statistics.

Indicators: 1, 2, 3, 4 – World Bank, World Development Indicators

Indicators: 5, 6, 10, 11 – UIS UNESCO

Indicators: 23 (Year 2010, 2015), 24 – EUROSTAT

Indicators: 14 – OECD

**Notes:**

(1) The values shown are mid-year estimates.

(2) Break in series due to the inclusion of children 0–3 in the calculation.

(3) Active population aged 25+

(4) ISCED 0–1

**Legend:**

c = ETF calculations

N.A. = Not Applicable

M.D. = Missing Data

## ANNEX: INDICATORS' DEFINITIONS

	Description	Definition
1	Total population (000)	The total population is estimated as the number of persons having their usual residence in a country on 1 January of the respective year. When information on the usually resident population is not available, countries may report legal or registered residents.
2	Relative size of youth population (age group 15–24) (%)	This is the ratio of the youth population (aged 15–24) to the working-age population, usually aged 15–64 (74)/15+.
3	GDP growth rate (%)	Annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2010 U.S. dollars. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.
4	GDP by sector (%)	The share of value added from Agriculture, Industry and Services. Agriculture corresponds to ISIC divisions 1–5 and includes forestry, hunting, and fishing, as well as cultivation of crops and livestock production. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources. The origin of value added is determined by the International Standard Industrial Classification (ISIC), revision 3 or 4.
5	Public expenditure on education (as % of GDP)	Public expenditure on education expressed as a percentage of GDP. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations (transfer to private households and enterprises). Both types of transactions together are reported as total public expenditure on education.
6	Public expenditure on education (as % of total public expenditure)	Public expenditure on education expressed as a percentage of total public expenditure. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations (transfer to private households and enterprises). Both types of transactions together are reported as total public expenditure on education.
7	Adult literacy (%)	Adult literacy is the percentage of the population aged 15 years and over who can both read and write a short simple statement on his/her everyday life, and understand it. Generally, 'literacy' also encompasses 'numeracy', the ability to make simple arithmetic calculations.

	Description	Definition
8	Educational attainment of adult population (25–64 or aged 15+) (%)	Educational attainment refers to the highest educational level achieved by individuals expressed as a percentage of all persons in that age group. This is usually measured in terms of the highest educational programme successfully completed which is typically certified by a recognised qualification. Recognised intermediate qualifications are classified at a lower level than the programme itself.
9	Early leavers from education and training (age group 18–24) (%)	Early leavers from education and training are defined as the percentage of the population aged 18–24 with at lower secondary education who were not in further education or training during the four weeks preceding the survey. Lower secondary education refers to ISCED 1997 levels 0–2 and 3C short (i.e. programmes lasting under two years) for data up to 2013 and to ISCED 2011 levels 0–2 for data from 2014 onwards.
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
11	Share of VET students in upper secondary education (ISCED level 3) (%)	Total number of students enrolled in vocational programmes at a given level of education (in this case upper secondary), expressed as a percentage of the total number of students enrolled in all programmes (vocational and general) at that level.
12	Tertiary education attainment (aged 30–34) (%)	Tertiary attainment is calculated as the percentage of the population aged 30–34 who have successfully completed tertiary studies (e.g. university, higher technical institution). Educational attainment refers to ISCED 1997 level 5–6 up to 2013 and ISCED 2011 level 5–8 from 2014 onwards.
13	Participation in training/lifelong learning (age group 25–64) by sex (%)	Participants in lifelong learning refers to persons aged 25–64 who stated that they received education or training in the four weeks preceding the survey (numerator). The denominator is the total population of the same age group, excluding those who did not answer the question on participation in education and training. The information collected relates to all education or training, whether or not it is relevant to the respondent's current or possible future job. If a different reference period is used, this should be indicated.
14	Low achievement in reading, maths and science – PISA (%)	Low achievers are the 15-year-olds who are failing to reach level 2 on the PISA scale for reading, mathematics and science.
15	Activity rate (aged 15+) (%)	The activity rate is calculated by dividing the active population by the population of the same age group. The active population (also called 'labour force') is defined as the sum of employed and unemployed persons. The inactive population consists of all persons who are classified as neither employed nor unemployed.
16	Inactivity rate (aged 15+) (%)	The inactivity/out of the labour force rate is calculated by dividing the inactive population by the population of the same age group. The inactive population consists of all persons who are classified as neither employed nor unemployed.
17	Employment rate (aged 15+) (%)	The employment rate is calculated by dividing the number of employed persons by the population of the same age group. Employed persons are all persons who worked at least one hour for pay or profit during the reference period or were

	Description	Definition
		temporarily absent from such work. If a different age group is used, this should be indicated.
18	Employment rate by educational attainment (% aged 15+)	The employment rate is calculated by dividing the number of employed persons by the population of the same age group. Employed persons are all persons who worked at least one hour for pay or profit during the reference period or were temporarily absent from such work. If a different age group is used, this should be indicated. Educational levels refer to the highest educational level successfully completed. Three levels are considered: Low (ISCED level 0–2), Medium (ISCED level 3–4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8)
19	Employment by sector (%)	This indicator provides information on the relative importance of different economic activities with regard to employment. Data are presented by broad branches of economic activity (i.e. Agriculture/Industry/Services) based on the International Standard Industrial Classification of All Economic Activities (ISIC). In Europe, the NACE classification is consistent with ISIC.
20	Incidence of self-employment (%)	The incidence of self-employment is expressed by the self-employed (i.e. employers + own-account workers + contributing family workers) as a proportion of the total employed.
21	Incidence of vulnerable employment (%)	The incidence of vulnerable employment is expressed by the own-account workers and contributing family workers as a proportion of the total employed.
22	Unemployment rate (aged 15+) (%)	The unemployment rate represents unemployed persons as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed persons comprise those aged 15–64 or 15+ who were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the two weeks following the reference week); are actively seeking work, i.e. had taken specific steps in the four-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, three months).
23	Unemployment rate by educational attainment (aged 15+) (%)	The unemployment rate represents unemployed persons as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed persons comprise those aged 15–64 or 15+ who were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the two weeks following the reference week); are actively seeking work (had taken specific steps in the four-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, three months)). Educational levels refer to the highest educational level successfully completed. Three levels are considered: Low (ISCED level 0–2), Medium (ISCED level 3–4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8)
24	Long-term unemployment rate (aged 15+) (%)	The long-term unemployment rate is the share of people in the total active population who have been unemployed for 12 months or more, expressed as a percentage. The duration of unemployment is defined as the duration of a search for a job or as the period of time since the last job was held (if this period is shorter than the duration of the search for a job).

	Description	Definition
25	Youth unemployment rate (aged 15–24) (%)	The youth unemployment ratio is calculated by dividing the number of unemployed persons aged 15–24 by the total population of the same age group.
26	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	The indicator provides information on young people aged 15–24 who meet the following two conditions: first, they are not employed (i.e. unemployed or inactive according to the ILO definition); and second, they have not received any education or training in the four weeks preceding the survey. Data are expressed as a percentage of the total population of the same age group and gender, excluding the respondents who have not answered the question on participation in education and training.

## LIST OF ACRONYMS

ALMP	Active labour market policy
CVT	Continuing vocational training
ETF	European Training Foundation
GDP	Gross domestic product
IDF	Israeli Defence Forces
ILS	Shekel (Israeli currency)
ISCED	International Standard Classification of Education
IVET	Initial vocational education and training
MAI	Manufacturers' Association of Israel
MoE	Ministry of Education
MoLSA	Ministry of Labour, Social Affairs and Social Services
NEET	Not in employment, education or training
NITTS	National Institute for Training in Technology and Science
OECD	Organisation for Economic Co-operation and Development
PIAAC	Programme for the International Assessment of Adult Competencies
PISA	Programme for International Student Assessment
TVET	Technical and vocational education and training
VET	Vocational education and training
WBL	Work-based learning

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