

# PALESTINE

EDUCATION, TRAINING AND EMPLOYMENT  
DEVELOPMENTS 2016



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## KEY EDUCATION, TRAINING AND EMPLOYMENT DEVELOPMENTS IN PALESTINE<sup>1</sup>

Palestine's unemployment rate is very high and has increased in recent years from 20.9% in 2011 to 25.9% in 2015<sup>2</sup>. Most striking are the youth unemployment rate (40.7%) and the female unemployment rate (39.2%). The NEET (not in employment, education or training) rate of 32.1%<sup>3</sup> clearly shows the need for a solid system to support young people to become active in the labour market.

The technical and vocational education and training (TVET) reform in the country is progressing at a steady pace. The reform programme is ambitious, however, and current resources are stretched thin in trying to cope with all the reform initiatives. The sustainability of the reform passes also through the acknowledgement by high-level policy makers that TVET expansion is a priority and that investment in it is necessary in order to capitalise on the big investment that the international partners are putting in this sector.

Following the decision not to establish the National Agency for VET (NAVET), the TVET stakeholders agreed to revitalise the Higher Council for TVET. Discussions are ongoing about the need to create a 'development centre' which would work as a secretariat and operational arm for the Higher Council. The work currently done by the thematic working groups within the TVET and Employment management structure should be taken on board by the development centre.

### 1. Key demographic and economic characteristics

Palestine has a population of 4.7 million<sup>4</sup> living in the West Bank and the Gaza Strip, 1.4 million living inside Israel and 5.6 million living in exile. It has the highest population growth (3% in 2013) and fertility rates (4.6 children per women) in the Middle East and North African region, albeit both indicators have been increasingly declining over the last decade<sup>5</sup>. The relative size of the youth population (15–24 age group) is 38.2%<sup>6</sup>, ranking amongst the highest not only in the region but also in the world, thus putting enormous pressure on current social services (schools, health and housing). Thus, the need for future jobs is expected to increase further.

In terms of economic development, the World Bank classifies the Palestinian economy as a lower middle-income economy. GDP growth is severely constrained by political instability and difficulties in the progress of the peace process. Since the year 2000, GDP growth has ranged from extremely negative during periods of political instability (–12% in 2000–2012) to very positive (7.9% in 2011, 12.4% in 2015). It is difficult, therefore, to define a trend in growth.

The structure of the economy is oriented towards services, which made up 71.6% of GDP in 2013, followed by the industrial sector (23.6% in 2013) and the agricultural sector (4.8% in 2013). The Palestinian economy is largely dominated by small and family-owned enterprises. Indeed, 82% of Palestinians are employed by micro, small and medium-sized enterprises<sup>7</sup>. The informal sector plays

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<sup>1</sup> This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the EU Member States on this issue.

<sup>2</sup> Palestinian Central Bureau of Statistics, 2015

<sup>3</sup> Ibid.

<sup>4</sup> UNDP\_WPP15

<sup>5</sup> Palestinian Central Bureau of Statistics, 2014

<sup>6</sup> UNDP\_WPP15

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

an important role in the creation of new jobs in small enterprises. The share of self-employment in total employment was 18.9% in 2014, according to the labour force survey (LFS).

The Palestinian government has developed strategies to enhance national competitiveness in industry, agriculture, housing and tourism as levers of its economic development. An agreement with the European Union (EU) has recently been signed to remove quotas on Palestinian agricultural products for their access to the EU market. All these sectors, however, need better qualified human capital. Unleashing the Palestinian private sector's potential requires that:

- Israeli restrictions on access to land, water and export markets are significantly reduced.
- An enabling business environment is created (Palestine is situated very low in the World Bank's Doing Business index, ranking 129th out of 185 countries in 2016, and 170th for opening a business). The main issues to be addressed are expanding land registration to reduce the price of land and simplifying the legal and regulatory environment, which is a complex mix of Jordanian, British Mandate and Palestinian laws.
- More relevant skills for the labour market are provided through a good-quality education and training system, in particular increasing the number of technicians and skilled workers in the economy<sup>8</sup>.

In a nutshell, the main economic and demographic factors that influence demand for skills in Palestine are the following:

- *Israeli restrictions on the control of land and natural resources and on freedom of movement.* This is the biggest factor limiting the expansion of the economy in the country and any improvement in relation to these aspects will significantly impact the Palestinian economy and as a consequence the demand for skills.
- *Demographic pressure.* The high population growth rate means that there is a constant stream of young people entering the labour market in large numbers, which the stagnant economy and the labour market cannot absorb. Until recent years the public sector absorbed a large number of unemployed youth in order to reduce the risks of instability. However, also because of the pressure of international donors contributing to the Palestinian financial budget, this policy has changed, and now the public sector has blocked recruitment of new staff.
- *The difficult labour market situation, which is pushing many Palestinians towards migration.* This pressure translates into a growing demand for higher education, as most see a degree as the best qualification to enable them to get work in Europe or the Gulf countries. The other side of the coin is that Palestinians who do not go abroad for work often have qualifications which do not match labour market needs, as the Palestinian labour market does not create enough high-quality jobs.

## 2. Education and training

### 2.1 Trends and challenges

Palestinians attach high importance to education. Historical trends plus the pressure of migration have generated a national obsession with higher education. University-level educational attainment among the adult population is continuing to increase, from 21.2% in 2011 to 23.9% in 2015.

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<sup>8</sup> World Bank, 'Stagnation or revival? Palestinian economic prospects', *MENA Knowledge and Learning Quick Notes Series*, No 61, World Bank, Washington, DC, 2012

The total number of students in technical secondary education increased more than fourfold from 2000 to 2011, and this positive trend is still ongoing, but enrolment remains very low, mainly due to the poor image of TVET. The share of VET students in upper secondary education is still very low, at 1.9%<sup>9</sup>. In 2011 the Ministry of Education took commercial schools out of the TVET sector. Commercial schools had previously served the majority of TVET students and they had been attracting increasing numbers of students over the previous 10 years. If commercial schools were included to ensure comparability with other countries, the share of TVET would be 6% at the level of secondary schools.

Vocational training centres (VTCs) are considered to be non-formal education and are thus not included in statistics on the share of VET students either. However, many VTC programmes target students currently in the initial stage of education who will join those programmes at the age of 16 as an alternative to vocational schooling. If we include private (NGO-type) TVET providers in the calculation, the share of TVET becomes even more significant.

The sector has the potential to become stronger if resources are provided to respond to the increasing demand for VET training. Currently VTCs have a limited absorption capacity and cannot meet the demand. In 2013, VTCs in the West Bank and Gaza accepted 3 957 applications out of a total of 9 710 applicants. This very high demand for VTC courses is due to the desirability of the practical training delivered in VTCs, which is broadly viewed as a good complementary training to the more theoretical education received in general education, universities and colleges.

Because scant attention is given to it, continuing vocational training (CVT) has been historically afflicted by a series of weaknesses:

- limited relevance to labour market needs;
- lack of quality assurance;
- no structured link with formal education.

The national TVET strategy has developed a new vision for a unified system with lifelong learning as one of its key pillars, but in terms of real implementation of the strategy CVT has not been chosen, until now, as a priority topic to be addressed. Recently the wind of reform has started to blow in this area too and policy makers are coming to understand the key importance of continuous competence development. The development of CVT has been included as a component of the new EU-funded TVET programme and the Ministry of Labour has launched a campaign for evening courses held at VTCs specifically for adults.

The very strong effort of national stakeholders and international actors (EU, GIZ, BTC and others) to improve the effectiveness of the TVET sector has not yet had the hoped-for impact in terms of a quantitative increase in the numbers of students enrolled in TVET. However, it is setting the agenda for the future. Improvement in the quality of education in TVET is what all actors are focusing on now, in order to increase the attractiveness of the sector and convince policy makers to invest further in it so as to absorb the increase in demand.

The monitoring and evaluation mechanisms in the TVET sector have been historically weak. The Ministry of Education has precise information on its own students but this information is hardly analysed for policy advice purposes. Monitoring and evaluation units are active at both secondary and tertiary levels, but they are limited to monitoring the few indicators identified by the latest multi-annual education strategy. To address this weakness a group of international partners (ETF, GIZ, BTC) have

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<sup>9</sup> UNESCO Institute for Statistics (UIS), 2014

started to support TVET stakeholders in the establishment of a national monitoring and evaluation system for TVET. This initiative is currently focusing on establishing the technical components of the monitoring and evaluation function, such as indicators and processes for gathering and analysing data. The progress of the initiative has been slowed by the lack of a clear governance framework, however. The decision regarding the establishment of a 'development centre' acting as secretariat for the Higher Council for TVET should provide clarification as to the best governance model for the monitoring and evaluation function.

## 2.2 Education and training policy and institutional setting

The policy reference point for the TVET reform remains the TVET Strategy of 2008, revised in 2010. The governance model for the TVET sector is a structure headed by a Higher Council for TVET, where all key stakeholders (the Ministry of Education and Higher Education, the Ministry of Labour, and the Chambers of Commerce) are represented. This Council was recently relaunched after years of inactivity. It has been developed as a platform for better coordination of international initiatives and for ensuring a better technical contribution from the Palestinian side. The Council has several technical working groups, which focus on specific topics and are responsible for all developments in those areas. Currently, the creation of a development centre working under the Council and replacing the technical working groups is being discussed. Such a centre would be responsible for the definition of new policies and for the implementation of the TVET strategy action plan.

TVET in Palestine is mainly delivered as part of the initial education system following 10 years of basic education. The vast majority of training provision is provided by public services. It consists of:

- *non-formal vocational education and training* provided by VTCs, which are run by the Ministry of Labour and some NGOs. The 12 VTCs managed by the Ministry of Labour provide short courses of 6–12 months' duration for young people under 25. Their courses produced more than 1 200 graduates in 2012, but this number is only about a third of the number of applications for VTC programmes. The non-formal nature of these programmes does not offer VTC graduates any pathway by which to re-enter the formal education stream and access tertiary education;
- *secondary vocational education* (grades 11–12) under the Ministry of Education and Higher Education. Enrolment in the vocational stream (around 9 900 in 2011) represents only about 6.6% of the total numbers for secondary education. Vocational schools provide two-year vocational educational programmes geared to producing trained craftspeople and running both applied and academic streams. Only students graduating from the academic streams can sit the general secondary education examination or 'Tawjihi' and access higher education in college or university;
- *technical education* provided by community and university colleges. This follows on from secondary comprehensive school in the form of two-year programmes (grades 13–14), leading to a 'diploma' qualification. In 2011, the community colleges served around 11 200 students, representing 5.2% of higher education students, while the university colleges served around 16 000 students, or 7.2% of higher education students;
- *rehabilitation training for youth* provided by the Ministry of Social Affairs and some NGOs;
- *further training and retraining for adults* provided by NGOs, continuing education departments at higher education institutions, various other governmental agencies, professional employer and employee associations, and companies (in the form of in-service training);
- *non-formal TVET education for the refugee population*. The UNRWA has its own vocational training centre and provides post-secondary TVET education through its own college.

### 3. Labour market and employment

#### 3.1 Trends and challenges

The social burden indicator in Palestine, at 1.68, is one of the highest in the world.

The unemployment rate is very high and has increased from 20.9% in 2011 to 25.9% in 2015)<sup>10</sup>, but the most striking figures are the youth unemployment rate (40.7%) and the female unemployment rate (39.2%). The other side of the coin, which is the cause of the heavy social burden in Palestine, is the low employment rates. The overall rate is 35.7% and the female employment rate is 12.2%. The NEET rate of 32.1%<sup>11</sup> clearly shows the need for a solid system to support young people trying to become active in the labour market.

Major efforts undertaken by the Palestinian authorities and individuals to increase access to the higher levels of education have had a limited effect on employment. According to Eurostat the overall unemployment rate for people with a higher education degree (33.7% in 2014) is significantly higher than for those with upper secondary qualifications (20.8% in 2014). Graduates of tertiary institutions suffer the disadvantages of an overly academic education and resistance to the recruitment of more expensive human resources by a labour market dominated by small and medium-sized enterprises (SMEs). The analysis of trends over the years shows a sharp deterioration in the employment rates of highly skilled workers, a clear mismatch between supply and demand in the labour market. It also shows the incapacity of the national economy to generate enough qualified jobs to respond to the skills available.

The high unemployment rate of tertiary graduates is due mainly to the female unemployment rate (51.7% in 2014 (Eurostat)). This is far higher than the female unemployment rate at other educational levels (21.6% at ISCED levels 3–4 (Eurostat 2014)). Part of the reason is linked to the rate of female economic activity by educational attainment, which is extremely low until post-secondary levels (e.g. 4.5% for females with an upper secondary diploma) while it jumps to a very high level for females with a bachelor's or higher diploma (77.4%)<sup>12</sup>. The data show that tertiary education significantly increases the female activity rate, but also unemployment. The problem mainly concerns cultural resistance (families are not willing to have women travel), lack of social policies (very weak social protection measures often makes it not worth while for women with children to do waged work) and the structure of the economy. Micro and small enterprises are reluctant to hire women, and labour markets are highly gender-segmented, offering women access to an extraordinarily limited number of sectors in non-growth areas of the economy, and are unable to absorb new female labour market entrants, leading to a persistently high rate of female unemployment over the last years.

As a result of Palestine's particular historic, political and economic situation, its labour market is highly segmented not only by gender but geographically, administratively, and according to public-private and formal-informal breakdowns. The geographic and administrative segmentation between the West Bank, the Gaza Strip and Israel is very pronounced and poses a major constraint on growth. Each area operates with its own labour market characteristics, labour demand and wage levels. Compared to the West Bank, the Gaza Strip has done markedly worse along all measurable labour market dimensions, showing higher unemployment, lower activity and employment rates, lower wages and a smaller private sector.

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<sup>10</sup> Palestinian Central Bureau of Statistics, 2015

<sup>11</sup> Ibid.

<sup>12</sup> Palestinian Central Bureau of Statistics, 2014



However, the differences between the situations of Palestinians in the domestic labour market and those working in the Israeli labour market are even starker. Despite a dramatic drop in Palestinian labour flows to Israel and the wide fluctuations caused by changes in Israeli policy, the Israeli labour market still provides jobs for around one-tenth of the Palestinian labour force (87 000 workers in 2012)<sup>13</sup>. Palestinians working in Israel or in the settlements are heavily affected by the political situation. In crisis periods, physical access to Israel is restricted, making it impossible for Palestinians to work. This also affects Israeli's employers' willingness to employ Palestinians, as their actual, constant presence on the job may not be assured.

The public sector is still an important employer, comprising 20.5% of total employment in 2015 (LFS). Until 2011 it had an annual growth of 5%. However, in the framework of the Palestinian National Development Plan, public employment has been capped to a net increase of 3 000 jobs per year, mainly affecting the education and health sectors.

The Palestinian labour market is also negatively affected by the large size of the informal sector, and transition from the informal to the formal sector is extremely limited. The World Bank calculates that, as of 2014, about 81.2% of the Palestinian labour force (both formal and informal components) does not contribute to any social security scheme.

Data on the labour market are gathered mainly through two sources: labour force surveys carried out every six months by the Palestinian Central Bureau of Statistics, and the public employment offices. The employment offices were previously offering limited services to Palestinians, mainly the provision of work permits for Israel. They were transformed into 'one-stop shops' providing a more comprehensive package of services, including career guidance, TVET-related services, job searches, and job application support. In 2011, four employment offices were transformed in this way and an additional five offices followed in 2013. A labour market information system (LMIS) was established in all active one-stop shops in 2012. Over the years it has become clear that while the system works well in gathering data, some other functions, such as skills matching, are not having the desired success.

In 2016 there have been two important developments in this field.

- The TVET stakeholders, supported by the EU-funded GEMM initiative implemented by the ETF, have started the implementation of a tracer studies model which can be applied to all levels of TVET education. The model is decentralised and the main role is assigned to a network of monitoring and evaluation focal points (one per provider).
- The Federation of Chambers of Commerce, through the support of the Köln Chamber of Commerce, have developed a survey to assess the relevance of TVET graduates' competences when they enter the world of work.

These two systems are still underdeveloped and cannot yet be considered fully operational. However, compared to other internationally supported initiatives, they are more likely to be sustainable, as the staff in charge of the tracer studies and the employers' survey are already contracted in the relevant organisations and are not paid by donor projects. These initiatives are crucial because they aim, among other objectives, to demonstrate the effectiveness of the reforms that the TVET sector has been undergoing in recent years. The idea is to use the positive results of these tools to enhance the attractiveness of the TVET sector, disseminate the results to the wider public, and lobby with high-level policy makers on the importance of expanding the sector.

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<sup>13</sup> Ibid.



There are several challenges in relation to the gathering of labour market information and skills needs, in particular:

- Many organisations and research centres, such as the Palestine Trade Centre (PalTrade), carry out labour market studies to identify trends and help employers. These studies, however, do not go deep enough to analyse the skills needs of the workforce. A closer partnership between these institutions and the TVET world could be sought.
- There is a lack of capacity among stakeholders who could be assigned these responsibilities. With the exclusion of the Palestinian Central Bureau of Statistics, which employs high-level researchers, the other stakeholders do not have technical staff who could easily implement skills anticipation methodologies.
- Financial sustainability is lacking. Almost all initiatives in the area of labour market monitoring and skills anticipation are carried out in the framework of international projects. The government until now has been resistant to allocating resources to maintain new initiatives.

### 3.2 Employment policy and institutional setting

The Palestinian government acknowledges employment as a priority. The policy document which guides Palestine's policies on this topic is the National Employment Strategy (NES) (2011–2013). NES was developed through a comprehensive process of sector assessment with the involvement of all stakeholders, and is linked to the economic strategy (for job creation), the TVET strategy (for the skills requirements of enterprises), planning and social development (for social development and assistance), and the youth and women strategies (for higher activity and employment rates). An action plan and implementation plan for NES establishes the main steps necessary to reach the NES's objectives. They are as follows:

- establishing social partnerships through activation of the socio-economic council, TVET councils and community-based trainings, among others;
- creating a public employment agency to implement active labour market policies (ALMPs), managing a labour market information system and a career guidance system;
- revitalising the Palestinian Fund for Employment and Social Protection, which was created in 2003;
- attracting renowned multinational private employment agencies;
- creating a general commission for regulating cooperatives;
- enhancing cooperation between the employment agency, TVET, the employment fund and employers' organisations.

The Palestinian Decent Work Programme 2014–2016, jointly developed by the International Labour Organisation (ILO) and the Palestinian government, is an important policy document that lays down objectives for economic development and employment. It also foresees the commitment of the ILO to ensuring regular school-to-work transition surveys and supporting the Palestinian government in the establishment of the Know About Business (KAB) methodology at system level.

The legislation concerning the employment sector has not been modified in 2016. The latest major development has been the introduction of a minimum wage. The paradox is that Palestine has a very high cost of living (almost the same as Israel), but wages are usually aligned to those of Jordanians.

The institution responsible for employment policies is the Ministry of Labour. It deals with the employment sector in close partnership with other stakeholders involved in TVET and employment (Ministry of Education and Higher Education, Federation of Chambers of Commerce).

Four Local Employment and Training (LET) councils contribute to identifying skills demand. These four councils can be considered a success story, in Nablus and Hebron in particular, representing the first attempt to set up regular and structured cooperation between TVET providers, the world of work and government at the local level. To date, the LET councils have been very active within the framework of specific international initiatives (e.g. the EU-funded TVET support programme) where they were given a specific role (skills needs analysis, assessment of proposals, advisory role for the projects, etc.). Beyond the bounds of these donor initiatives, however, the councils have suffered from a lack of resources.

As mentioned above, the one-stop shops provide Palestinians with a much wider range of services than the original public employment offices did. One-stop shops deliver career guidance and counselling services encompassing vocational guidance, employment counselling, guidance on self-employment and small enterprise creation, industrial relations, and job placement for jobseekers, graduates, unemployed people, dropouts and others. The career guidance role is completely new and has been very much appreciated by the one-stop shops' target group. However, the job matching function has been less successful. Companies are afraid of enrolling in the labour market information system due to fiscal concerns and the most used tools for job matching are informal private websites.

ALMPs are provided by both public and private actors. The Palestinian Fund for Employment and Social Protection is responsible for different forms of ALMP.

- It assists with job placements for graduates in the private sector for six months of employment by subsidising 50% of their pay.
- It supports self-employment and micro-enterprise creation so as to integrate Palestinians from the settlements after the boycott of settlement work.
- It empowers female entrepreneurship in deprived and marginalised areas through business grants and support to cooperative associations.
- It implements self-employment and cooperative projects targeting people with disabilities, ex-detainees, settlement workers and vocational and academic graduates through cooperation with the Palestine Credit and Development Body (FATEN).

ALMPs are also delivered by the UNRWA and various Palestinian associations (the most important are the Welfare Association, the Sharek Youth Forum and the Education for Employment Fund). Most of the programmes provided by these organisations focus on job creation through subsidies and support to young entrepreneurs.

Vocational guidance and career counselling services are considered a priority in the framework of the TVET reform. These services have been significantly improved both within TVET providers and in the one-stop shops. An overall national system for career guidance and counselling is under development with the support of GIZ. Career guidance within TVET institutions has been significantly strengthened and some of the changes, for instance the establishment of career guidance units in universities, have become systemic and sustainable. Career guidance services for adults are provided by the one-stop shops as part of the new framework for the transformation of employment offices into one-stop shops.

Overall, important results are being achieved through the support of international partners such as GIZ, the ILO and others, but the biggest challenge remains the sustainability of these in terms of the competences of Palestinian actors and financial resources.

# ANNEXES

## Statistical annex

This annex reports annual data from 2011 and 2015 or the last available year.

Indicator		2011	2015
1	Total population (000)	4 181.1 <sup>e</sup>	4 668.5 <sup>e</sup>
2	Relative size of youth population (age group 15–24) (%)	39.4 <sup>e</sup>	38.2 <sup>e</sup>
3	Youth dependency ratio (%)	75.8	70.8
4	Old-age dependency ratio (%)	5.0	5.2
5	Global Competitiveness Index		
	Rank	N.A.	N.A.
	Score	N.A.	N.A.
6	GDP growth rate (%)	7.8	12.4
7	GDP per capita (PPP) (current international \$)	4 356.3	5 009.9
8	GDP by sector (%)		
	Agriculture added value	6.9	4.8 (2013)
	Industry added value	23.4	23.6 (2013)
	Services added value	69.8	71.6 (2013)
9	Poverty headcount ratio at \$2 a day (PPP) (%)	M.D.	M.D.
10	Gini index (%)	M.D.	M.D.
11	Educational attainment of adult population (aged 25–64 or 15+) (%)		
	Low*	63.6	60.3
	Medium	15.1	15.8
	High	21.2	23.9
12	Gross enrolment rates in secondary education (%)	83.9	82.2 (2014)
13	Share of VET students in secondary education (%)	0.39	0.38 (2014)
14	Gross enrolment rates in upper secondary education (%)	74.5	67.8 (2014)
15	Share of VET students in upper secondary education (%)	1.87	1.92 (2014)
16	Low achievement in reading, mathematics and science – PISA (%)		
	Reading	N.A.	N.A.
	Mathematics	N.A.	N.A.
	Science	N.A.	N.A.
17	Participation in training/lifelong learning (age group 25–64) by sex (%)		
	Total	M.D.	M.D.
	Male	M.D.	M.D.
	Female	M.D.	M.D.
18	Early leavers from education and training (age group 18–24) by sex (%)		
	Total	34.1	31.4
	Male	41.5	39.6
	Female	24.9	20.8
19	Activity rates (aged 15+) by sex (%)		
	Total	43.0	45.8
	Male	68.7	71.9
	Female	16.6	19.1

Indicator		2011	2015
20	Employment rates (aged 15+) by sex (%)		
	Total	35.8	35.7
	Male	57.6	57.9
	Female	12.4	12.2
21	Unemployment rates (aged 15+) by sex (%)		
	Total	20.9	25.9
	Male	19.2	22.5
	Female	28.4	39.2
22	Unemployment rates (aged 15+) by educational attainment (%)		
	Low ***	20.5	25.4 (2014)
	Medium	16.7	20.8 (2014)
	High	24.8	33.7 (2014)
23	Youth unemployment rates (aged 15–24) by sex (%)		
	Total	35.7	40.7
	Male	32.0	36.4
	Female	53.7	60.8
24	Proportion of long-term unemployed out of the total unemployed (aged 15+) (%)	50.3	38.7
25	Long-term unemployment rate (aged 15+) (%)	M.D.	11.8
26	Incidence of self-employment (%)	33.3	31.3
27	Share of the employed in the public sector (%)	22.5	20.5
28	Employment by sector (%)		
	Agriculture	11.9	8.7
	Industry	25.7	28.5
	Services	62.4	62.8
29	Employment in the informal sector (%)	55.4	61.7
30	Proportion of people aged 15–24 not in employment, education or training (NEETs) by sex (%)		
	Total	27.3	32.1
	Male	21.1	26.4
	Female	33.9	38.1
31	Public expenditure on education (as % of GDP)	M.D.	M.D.
32	Public expenditure on education (as % of total public expenditure)	M.D.	M.D.
33	Skill gaps (%)	N.A.	5.8 (2013)
34	Contribution of SMEs to GDP (%)	M.D.	M.D.
35	Share of SMEs in employment (%) **	82.0 (2007)	M.D.

**Sources:** Indicators 1, 2 – UNDP\_WPP15; 3, 4, 6, 7, 8 – World Bank, World Development Indicators database; 11, 18, 19, 20, 21, 23, 24, 26, 27, 28, 29, 30 – Palestinian Central Bureau of Statistics; 12, 13, 14, 15, 31, 32 – UNESCO Institute for Statistics; 22, 25 – Eurostat; 33 – OECD statistical database; 35 – International Financial Corporation

**Legend:** N.A. = not applicable; M.D. = missing data

**Notes:** <sup>(e)</sup> Estimate. <sup>(i)</sup> Includes illiterate people. <sup>(\*\*)</sup> Up to 99 employees. <sup>(\*\*\*)</sup> ISCED 0-1 (does not include illiterate people).

## 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, legal or registered residents can be considered.
2 Relative size of youth population (age group 15–24) (%)	The ratio of the youth population (aged 15–24) to the working-age population (usually aged 15–64 or 15–74).
3 Youth dependency ratio (%)	The ratio of younger dependents (people younger than 15) to the working-age population (those in the 15–64 age group).
4 Old-age dependency ratio (%)	The ratio of older dependents (people older than 64) to the working-age population (those in the 15–64 age group).
5 Global Competitiveness Index	The Global Competitiveness Index assesses the competitiveness landscape, providing insight into the drivers of countries' productivity and prosperity. It is expressed as a score on a 1 to 7 scale, with 7 being the most desirable outcome.
6 GDP growth rate (%)	The annual percentage growth rate of GDP at market prices based on constant local currency.
7 GDP per capita (PPP) (current international \$)	The market value of all final goods and services produced within a country in a given period of time (GDP), divided by the total population and converted into international dollars using purchasing power parity (PPP) rates.
8 GDP by sector (%)	The share of value added from agriculture, industry and services.
9 Poverty headcount ratio at \$2 a day (PPP) (%)	The percentage of the population living on less than \$2.00 a day at 2005 international prices.
10 Gini index (%)	A Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.
11 Educational attainment of adult population (aged 25–64 or 15+) (%)	Educational attainment refers to the highest educational level achieved by individuals expressed as a percentage of all persons in that age group.
12 Gross enrolment rates in secondary education (%)	The number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
13 Share of VET students in secondary education (%)	The proportion of VET students in secondary education out of the total number of pupils and students in secondary education (general + VET).
14 Gross enrolment rates in upper secondary education (%)	The number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
15 Share of VET students in upper secondary education (%)	The proportion of VET students in upper secondary education out of the total number of pupils and students in upper secondary education (general education + VET).
16 Low achievement in reading, mathematics and science – PISA (%)	The share of 15-year-olds failing to reach level 2 in reading, mathematics and science.
17 Participation in training/lifelong learning (age group 25–64) by sex (%)	The share of persons aged 25–64 who stated that they had received education or training in the four weeks preceding the (LFS) survey.

Description	Definition
18 Early leavers from education and training (age group 18–24) by sex (%)	The percentage of the population aged 18–24 with at most lower secondary education who were not in further education or training during the four weeks preceding the (LFS) survey. Lower secondary education refers to ISCED 1997 levels 0–3C short for data up to 2013 and to ISCED 2011 levels 0–2 for data from 2014 onwards.
19 Activity rates (aged 15+) by sex (%)	Activity rates represent the labour force as a percentage of the working-age population.
20 Employment rates (aged 15+) by sex (%)	Employment rates represent persons in employment as a percentage of the working-age population.
21 Unemployment rates (aged 15+) by sex (%)	Unemployment rates represent unemployed persons as a percentage of the labour force.
22 Unemployment rates (aged 15+) by educational attainment (%)	Educational levels refer to the highest educational level successfully completed. Three levels are considered: low (ISCED levels 0–2); medium (ISCED levels 3–4); and high (ISCED 1997 levels 5–6 and ISCED 2011 levels 5–8).
23 Youth unemployment rates (aged 15–24) by sex (%)	Youth unemployment rates represent young unemployed persons (aged 15–24) as a percentage of the labour force (15–24).
24 Proportion of long-term unemployed out of the total unemployed (aged 15+) (%)	The number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of unemployed persons aged 15+.
25 Long-term unemployment rate (aged 15+) (%)	The number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of the labour force aged 15+.
26 Incidence of self-employment (%)	The share of self-employed as a proportion of the total employed. Self-employment includes employers, own-account workers, members of producers' cooperatives and contributing family workers.
27 Share of the employed in the public sector (%)	The share of those employed in the public sector as a proportion of the total employed.
28 Employment by sector (%)	The share of those employed in agriculture, industry and services.
29 Employment in the informal sector	The share of persons employed in the informal sector in total non-agricultural employment.
30 Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	The percentage of the population of a given age group who are not employed and not involved in further education or training.
31 Public expenditure on education (as % of GDP)	Public expenditure on education expressed as a percentage of GDP. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans, as well as by transferring public subsidies for educational activities to private firms or non-profit organisations. Both types of transactions together are reported as total public expenditure on education.
32 Public expenditure on education (as % of total public expenditure)	Public expenditure on education expressed as a 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. Both types of transactions together are reported as total public expenditure on education.
33 Skill gaps (%)	The percentage of firms identifying an inadequately educated workforce as a major constraint.
34 Contribution of SMEs to GDP (%)	The share of value added from small and medium-sized businesses.
35 Share of SMEs in employment (%)	The share of persons employed in small and medium-sized businesses.

## ABBREVIATIONS AND ACRONYMS

ALMPs	Active labour market policies
BTC	Belgian Technical Cooperation
CVT	Continuing vocational training
ETF	European Training Foundation
EU	European Union
GEMM	Governance for Employability in the Mediterranean
GIZ	German International Cooperation
ILO	International Labour Organisation
LET	Local employment and training
LFS	Labour force survey
NAVET	National Agency for VET
NEET	Not in employment, education or training
NES	National Employment Strategy (2011–2013)
NGO	Non-governmental organisation
SMEs	Small and medium-sized enterprises
TVET	Technical and vocational education and training
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
VET	Vocational education and training
VTCs	Vocational training centres



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