

# HUMAN RESOURCES DEVELOPMENT AND ITS LINKS TO THE LABOUR MARKET IN THE WEST BANK AND GAZA STRIP

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# **HUMAN RESOURCES DEVELOPMENT AND ITS LINKS TO THE LABOUR MARKET IN THE WEST BANK AND GAZA STRIP**

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## PREFACE

This report is one of a series produced by the European Training Foundation on the state of play of human resources development (HRD) in general and vocational education and training systems in particular, in the countries of the Mediterranean region.

### OBJECTIVES, SCOPE AND LIMITS OF THE EXERCISE

The aim of the project was to draw a clear picture of the latest developments in the national HRD system in the West Bank and Gaza Strip and to highlight the main issues and challenges that should be addressed. Specifically, the project aimed to draft a comprehensive report on HRD in the West Bank and Gaza Strip. HRD policies and systems cover, among others, education, higher education, initial and continuing technical and vocational education and training (TVET), and training for employment.

In the context of the objectives provided for in the Barcelona Declaration and the European Neighbourhood Policy, the report enables the identification of the main challenges and priorities for assistance in reforming the HRD system and in particular the TVET system in the West Bank and Gaza Strip, with a view to discussing them with national authorities.

The main limiting factor of the exercise was that the time allocated for drafting a report covering the whole spectrum of HRD was not enough. Also, the format and size of the report were predetermined in order to conform to similar reports from other countries, which led occasionally to some issues being addressed only superficially.

The report focuses intentionally on TVET more than on other components of the HRD system. The quantitative dimensions of these other components are addressed, but little qualitative analysis is undertaken.

### METHODOLOGY

The report was drawn by a Palestinian expert supported by a European Union expert, between July and September 2005. It was based on desk research and field visits to the main actors, such as social partners, public authorities, non-governmental organisations (NGOs) and UN agencies, enterprises, public and private providers, and donors.

The process was participatory and the most relevant stakeholders were consulted. A national workshop was held to present the main findings and to gather basic feedback on the draft.

### ACKNOWLEDGEMENTS

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## EXECUTIVE SUMMARY

### GEOGRAPHY, DEMOGRAPHY AND POLITICS

Palestine lies on the western edge of the Asian continent and the eastern extremity of the Mediterranean Sea. The West Bank (WB) and the Gaza Strip (GS) have an area of 6,020 km<sup>2</sup>. Following the August 2005 disengagement, the Gaza Strip has come under complete Palestinian rule. The West Bank on the other hand is divided into three zones: Area A (17.2% of WB), where the Palestinian Authority (PA) has sole jurisdiction and security control; Area B (23.8% of WB), where the PA has civil authority and responsibility for public order only; and Area C (59% of WB), which remains totally under Israeli occupation. Despite the ongoing occupation, the system of rule within the occupied Palestinian Territories (oPT) is a democratic one based on political and party pluralism.

The estimated number of Palestinians in the West Bank (including Jerusalem) and Gaza Strip at the end of 2005 was 3,762,005, of whom 63% lived in the West Bank and 37% in the Gaza Strip. In 2004, 56.4% of the population lived in rural areas, 24.6% in urban areas, and 15.1% in the various refugee camps. Also in 2004, 46.1% of the population (44.3% in WB, 49.2% in GS) were less than 15 years of age, while only 3.1% were 65 years of age and above. The average population growth rate for the year 2005 in the oPT is estimated at 3.3%. Immigration is limited, but many people think of emigration under the prevailing circumstances.

The Oslo agreement envisaged a five-year transition plan leading to a final settlement. The lack of adequate progress towards such a settlement led to the second intifada in September 2000 and the resumption of military and civil confrontation between the Palestinians and the Israelis. Two main political developments took place during the second half of 2005: the disengagement from the Gaza Strip, and the erection of the separation wall by Israel. The disengagement from the Gaza Strip is a step in the right direction towards establishing peace between Palestinians and Israelis, but economic development will not take place unless Palestinians can move freely and have control over their borders. The wall, on the other hand, has serious negative effects on the economy, access to basic services, and the HRD system.

### ECONOMIC DEVELOPMENT

The Palestinian economy and the PA have been faced over the past ten years with a number of challenges: providing adequate education, housing, health care, and employment opportunities for a young and fast-growing population; building a Palestinian public administration, where none existed prior to 1994, which can deliver those services; and undertaking these tasks while still under occupation and the severe restrictions it imposes in an unstable and unpredictable political, economic, and social environment. Economic crises followed the imposition of tight closures<sup>1</sup> in 2000 by Israel in the aftermath of the start of the intifada.

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<sup>1</sup> A multi-faceted system of restrictions on the movement of Palestinian people and goods, including the Separation Barrier, which the government of Israel argues is essential to protect Israelis in Israel and in the settlements.

## HUMAN RESOURCES DEVELOPMENT AND ITS LINKS TO THE LABOUR MARKET IN THE WEST BANK AND GAZA STRIP

Between 2000 and 2002, Palestinian exports and imports contracted by a third, and investment fell by 90%. The economic collapse has led to a 35% reduction in per capita income since the second intifada began, and an increase in average unemployment by some 16%. In 2005, around half of the population was poor, and more than a quarter of the labour force was unemployed.

Unemployment in the West Bank and Gaza Strip is mainly demand-deficient disequilibrium associated with economic recession. Economic scenario forecasts do not predict that it will bottom out in the coming few years. Growth in the labour force leading to unemployment is gradual and slow but still poses a major challenge given the current high fertility rates. Structural unemployment, due mainly to the fluctuation in economic sectors such as construction that are highly dependent on work in Israel, poses another challenge. The growth of the service and IT sectors is likely to require people with different qualifications from those currently found in the labour force. The move to an export-oriented economy is only possible with a major change in the political setting, which is very hard to predict. Job creation and poverty alleviation policies have played an important role in recent years but have failed to produce tangible and sustainable effects.

### LABOUR MARKET STRUCTURE

A total of 528,000 people (66.8% of the labour force) were employed in 2004. The participation of women in the labour force reached only 13.5% in 2004, which constitutes one of the lowest female labour force participation rates in the world. The overall labour force is distributed among the following economic activities: 15.9% in agriculture, hunting, and fishing; 12.7% in mining, quarrying and manufacturing; 11.7% in construction; 19.4% in commerce, hotels and restaurants; 5.4% in transportation, storage, and communications; and 34.9% in services and other branches.

The sectoral composition of the Palestinian economy was fairly stable throughout the second half of the 1990s, with a few exceptions. The financial sector grew very rapidly in 1994. The contribution of financial intermediation to GDP increased from 1.1% to 4.4% between 1994 and 2000. The transportation and communication sector also gained in importance and doubled its share of GDP from 4.4% to 8.7% during the same time. The shares of agriculture, manufacturing, and trade declined, while the contribution of construction was cyclic.

Some 66% of employed people in the oPT work in the private sector, 24% are employed in the public sector, and less than 10% work in Israel and the settlements. Small and medium-sized enterprises (SMEs) constitute the majority of the establishments in the oPT: in 2004, 91% of the establishments employed 0–4 employees, 6% employed 5–9 employees, and only 0.2% employed over 50 employees. Around 57% of these establishments were in the wholesale, retail trade and repair sector, and around 14% were in the manufacturing sector. The potential for private investment and job creation in the export-oriented sector is limited in the current environment of Israeli restrictions at border crossings. The IT sector has shown, and can continue to show, growth even under the current conditions. Sectors that cater to local demand currently have stronger potential for growth and job creation than export-oriented sectors. These sectors include agriculture, construction, food processing, and the pharmaceutical industry. The public sector expanded from employing 57,000 people in 1995 to over 130,000 in 2003. The number of Palestinians working in Israel fell from 146,000 in the third quarter of 2000 to around 50,000 in 2004. There are no timeline surveys showing the trends in the informal economy. However, the sense is that the informal economy has been growing in the past few years, as can be seen from the mushrooming numbers of vendors near checkpoints and the growth of the unregulated transportation sector.

## IMPORTANCE OF HRD

Human resources are the means, as well as the purpose of development and growth; and the healthy socio-economic growth of societies depends, to a great extent, on the effectiveness of their HRD systems, of which technical and vocational education and training (TVET) constitutes a major component. Nevertheless, and despite universal recognition of its strategic importance, HRD does not always appear in the forefront of national priorities, especially in countries with limited resources, which are continually confronted with the difficulties of defining their long and short-term priorities in their national plans for socio-economic development. In such plans, it is frequently felt that quick and direct returns and benefits are needed, and that investment in HRD does not lead to quick returns.

Over a third of the Palestinian population is active in the HRD system as students, trainees, teachers, and other staff. Despite the grave challenges they are facing, the Palestinians still place great importance on HRD and education and training. The literacy rate in 2004 stood at 92.3%. In 2005, education was receiving 16% of the total national budget, one of the highest percentages in the world.

## STRUCTURE OF THE HRD SYSTEM

The HRD system in the oPT is composed of the following levels.

### Formal school education

Encompasses two years of preschool *kindergarten*, ten years of compulsory basic education, and two years of academic or vocational secondary education. There are over 1,100,000 students studying in around 2,200 schools. The net enrolment in basic schooling is as high as 89.0%.

### Higher education

Encompasses colleges, university colleges, and open and traditional universities. There are 43 higher education institutions in the

oPT, with over 138,000 students. Over 16,000 students graduated from higher education institutions in the year 2004/05. The gross enrolment rate in tertiary education grew from 10.2% in 1995 to almost 17% in 1999. Tertiary education faces challenges related to financial sustainability, efficiency, relevance and quality of supply, and inequitable distribution of student aid programmes.

### Non-formal education and training

Plays an important role in the HRD system, and is characterised by the variety of parties offering it, the difference in duration of the courses provided, and the differing values and degrees of recognition of the certificates awarded. Non-formal education and training encompasses basic vocational training for youth, rehabilitation training also for young people, and adult further training and retraining.

## HRD STRATEGIES

In general, HRD systems and strategies in the oPT are influenced by the following factors:

1. a highly unstable and unpredictable political environment, which greatly affects access to work and services, as well as the whole education system;
2. economic gloom, with Palestinians not in control of the factors causing it. The private sector, which drives economic growth, has been hit hard but is still resilient. Its participation in HRD is, however, quite limited. The economy is not able to generate new work opportunities for the fast-growing number of annual entrants to the labour force under the prevailing circumstances. The public and non-formal sectors have grown to saturation over the past few years. All this puts a heavy burden on the HRD system;
3. unemployment, poverty, decline in all health and education indicators, and the prioritisation of humanitarian and emergency programming rather than long-term development programming, where HRD would play a pivotal role.

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Although TVET is a main pillar in the Palestinian development priorities as stated in the Medium-Term Development Plan, this is not really adequately reflected either in budgets or in terms of willingness to take the necessary steps to implement the TVET national strategy. This is not acceptable, particularly since the future of Palestinian economic development lies in moving from an economy based on exporting labour to Israel to an economy exporting goods and services to Israel and the rest of the world. This requires a high-quality labour force that is able to compete, and that can only be developed and maintained through a well-developed TVET system.

### CHARACTERISTICS OF THE TVET SYSTEM

TVET may be defined as the system providing training aimed at meeting the following objectives:

1. to train new employees needed for the various economic sectors as a result of yearly substitution through old age/sickness, economic growth requiring new employees, and new technologies requiring new kinds of employee;
2. to provide further training and retraining for existing employees, so as to increase productivity and to change or adapt technology or work structures;
3. to train persons for self-employment;
4. to a much lesser degree, to enable individuals to develop their hobbies, maintain good health and spirits, become active citizens, and acquire various life skills.

The current TVET system caters for around 10,000 people in basic training annually, and around 25,000 people in continuing training. The percentage of students enrolled in formal vocational secondary education is only 4.9% of the total number of secondary school students.

Although it is quite small, the system suffers from fragmentation and from a multiplicity of providers. It is not based on a clear qualification structure, and certificates do not all have the same value.

The TVET system still attracts only low achievers and caters for the low end of the training needs for business and industry. It is still considered a second-best type of education. This is partially due to its being close-ended, with few linkages to other types of education, and to the relatively low quality of the training on offer.

Issues that need addressing include:

- professionalisation of teacher training;
- coming up with adequate and realistic financing mechanisms;
- providing adequate support services;
- facilitating better and more realistic participation of social partners;
- enhancing the institutional capacity and resources to design, plan, monitor, and evaluate HRD strategies and policies;
- improving the quality, attractiveness, and utilisation of the system.

Major efforts at TVET reform have been made since 1997. Implementation of the reform was slow and has just recently picked up speed. Delay was due to a combination of reasons including capacity, will, and external factors.

There are three factors that have weighed heavily on the development of the TVET system and are expected to continue to do so: high unemployment, limited growth of new work opportunities, and high labour force growth. Additional factors that limit the possibilities of the system's expansion are:

- limited potential for expanding the school-based TVET system;
- limited potential for initiating and expanding apprenticeship programmes;
- the need to attract a target group, especially in view of competition with the socially more 'attractive' open universities.

## HRD PRIORITIES

Based on the situation outlined above, priorities in HRD should be focused on the following:

1. facilitating the creation of efficient, professional, empowered, and well-funded TVET governing bodies;
2. raising the attractiveness of TVET to students as well as to social partners;
3. increasing the opportunities to take up continuing vocational training;
4. ensuring that TVET clearly addresses social exclusion;
5. supporting innovation.

## PROPOSED INTERVENTIONS

Donors have been heavily involved in the TVET sector. One way to consolidate their efforts and promote the national Palestinian agenda on TVET is through supporting three main projects, namely:

1. setting up the TVET Planning and Development Centre;
2. setting up a TVET Training Fund to support innovative pilot projects and ideas;
3. supporting the development of a National Palestinian HRD strategy.



# 1. CURRENT SITUATION AND TRENDS IN HUMAN RESOURCES DEVELOPMENT AND THE LABOUR MARKET

# 1

Palestine lies on the western edge of the Asian continent and the eastern extremity of the Mediterranean Sea. It has been subject to a variety of controlling and occupying powers during the last century. Following the end of the Ottoman rule in 1917, the British mandate lasted until the 1948 war, when the West Bank became part of Jordan and the Gaza Strip came under Egyptian rule. Although the UN partition plan adopted on 29 November 1947 called for the establishment of two states, Palestine and Israel, only the state of Israel was actually established.

Israel occupied the West Bank and Gaza Strip in 1967 and annexed East Jerusalem. The Oslo agreement, signed on 13 September 1993 between the Palestinians and the Israelis, divided the West Bank into three zones: Area A (17.2% of WB), where the Palestinian Authority (PA) had sole jurisdiction and

security control; Area B (23.8% of WB), where the PA had civil authority and responsibility for public order only; and Area C (59% of WB), which remained totally under Israeli occupation. The West Bank and Gaza Strip remains occupied territory under international law.

The Oslo agreement envisaged a five-year transition plan leading to a final settlement. According to international law, this settlement consists of establishing a Palestinian state on the 1967 borders. The lack of adequate progress towards such a settlement led to the second intifada, which began on 29 September 2000, and to the resumption of military and civil confrontation between the Palestinians and the Israelis.

The West Bank and the Gaza Strip form around 22% of historical Palestine, and have an area of 6,020 km<sup>2</sup> (5,655 km<sup>2</sup> WB, 365 km<sup>2</sup> GS)<sup>2</sup>.

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<sup>2</sup> PCBS, *Land Use Statistics*

**Figure 1: The West Bank and Gaza Strip**



Despite the ongoing occupation, the system of rule in the oPT is a democratic one, based on political and party pluralism. The president of the PA and the members of the Palestinian Legislative Council are directly elected by the people.

The government is responsible before the president and the Palestinian Legislative Council. Since the Council elections in 1996, the development of a legal infrastructure and judicial system has been a priority. Laws have been passed, and the Basic Law serving as the basis for a constitution came into force in 2002.

## 1.1 ECONOMIC CONTEXT

The Palestinian economy and the PA have been faced over the past ten years with a number of challenges: providing adequate education, housing, health care, and employment opportunities for a young and fast-growing population; building a Palestinian public administration, where none existed before 1994, which can deliver those services; and undertaking

these tasks while still under occupation and the severe restrictions it imposes in a very unstable and unpredictable political, economic, and social environment.

Despite these challenges, the Palestinian economy has proved to be more resilient than expected. Before the 1994–99 intifada, the economy was growing at a remarkable rate and was able to generate jobs and increase the standard of living for its rapidly growing population. With the onset of the intifada, the Palestinian economy went into a steep decline, but it did not collapse. The decline was large by any standard but, given the extraordinary circumstances, the economy proved surprisingly resilient. By early 2003, there were already signs that the downward trend had been stopped and that the economy was beginning to stabilise<sup>3</sup>.

### Economic development

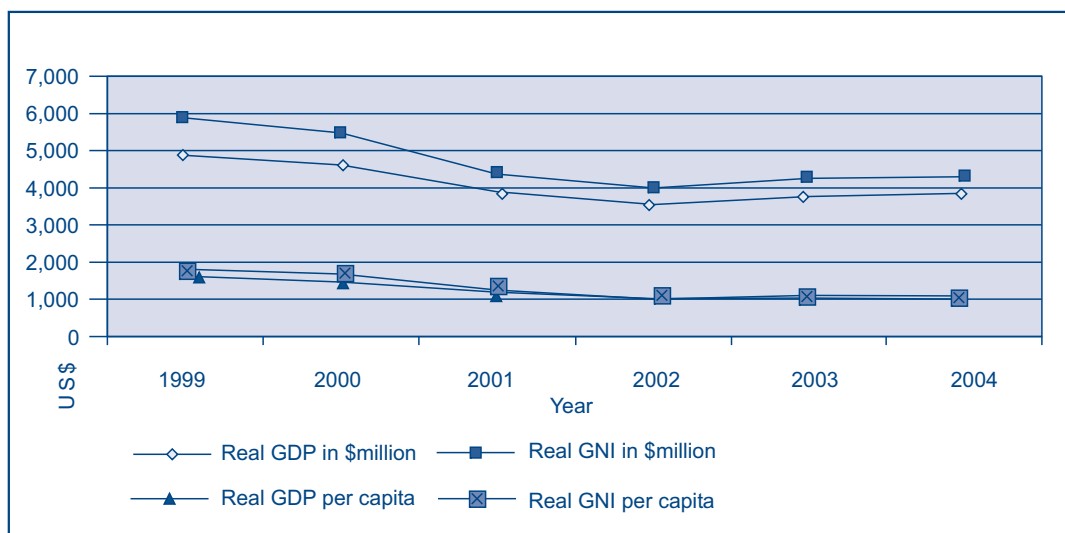
Economic development was, and still is, very closely connected to the protocol on economic relations signed in Paris on 29 April 1994 between the Palestinians and

<sup>3</sup> This analysis is based on IMF, *Economic performance and reform under conflict conditions*, September 2003.



## 1. CURRENT SITUATION AND TRENDS IN HUMAN RESOURCES DEVELOPMENT AND THE LABOUR MARKET

**Figure 2: Macroeconomic indicators**



Source: IMF staff estimate, based on PCBS data

Israel. This protocol resulted in the formalisation of partial integration into Israeli economy through a one-sided customs union. The Palestinian economic dependency on Israel arises from several sources. First, the Israeli labour market has been, and will continue to be, a very important source of employment and income for many Palestinians. Second, Israel is by far the most important trading partner for the West Bank and Gaza Strip; Israel accounts for more than 90% of Palestinian exports. Third, Israel collects taxes on behalf of the PA, which normally make up two-thirds of the total PA revenues<sup>4</sup>.

Economic crises followed the imposition of tight closures in 2000 by Israel in the aftermath of the start of the intifada. Between 2000 and 2002, Palestinian exports and imports contracted by a third, and investment fell by 90%. The economic collapse has led to a 35% reduction in per capita income since the second intifada began, and an increase in average unemployment by some 16%. Economic development has been affected by the substantial increase in transportation costs in the oPT since 2001, in particular in the West Bank, where transportation costs rose by 13.9% in 2001, 21.9% in 2002, and 7.3% in 2003. As a result of the physical

segmentation of the oPT, trade between the West Bank and the Gaza Strip has been severely curtailed and certain industries have experienced a steep decline in output and employment<sup>5</sup>.

The Palestinian economy has gradually adjusted to the heavy restrictions on movement imposed by Israel. Many Palestinians have stopped trying to return to jobs in Israel or to reach markets elsewhere in the West Bank. Smaller, less profitable businesses have been established in response to closures, to serve communities that are no longer able to travel to urban centres.

As figure 2 shows, all macroeconomic indicators have declined since 1999.

The cumulative impacts 1999–2004 are as follows:

- real GDP: –20.9%
- real GNI: –26.7%
- real GDP per capita: –37.6%
- real GNI per capita: –42.2%.

Economic scenarios for the coming years are not very optimistic (World Bank, 2004a). Even in the best-case scenario, the poverty rate will still remain as high as 37% as shown in table 1. All scenarios

<sup>4</sup> Ibid.

<sup>5</sup> Based on the Medium-Term Development Plan, which relies in this on the World Bank, *Four years – Intifada, closures, and Palestinian economic crises: An assessment*, 2004.

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**Table 1: Economic scenarios**

Scenario	GDP (\$ million)	GDP per capita (\$)	GNI per capita (\$)	Unemploy- ment rate (%)	Poverty rate (%)	Gaza poverty rate (%)
End 2003	3,144	925	1,467	26	47	
<b>Projected outcomes by 2006</b>						
1. Status quo	3,401	866	1,221	35	56	72
2. Disengagement	3,422	871	1,227	34	56	72
3. Disengagement + lifting internal WB closures and opening borders	N/a	1,068	1,424	23	46	64
4. Disengagement + lifting internal WB closures and opening borders + extra \$1.5 billion from donors over the 2004–06 period	N/a	1,250	1,758	14	37	53

Source: <http://www.arij.org/>

assume that labour flows to Israel are in gradual decline. Scenarios 1, 2 and 3 assume a donor contribution of US\$2.8 billion over three years. Scenario 4 assumes a donor contribution of US\$4.3 billion over three years.

### Role of the private sector

Figures for 2004 from the Palestinian Central Bureau of Statistics (PCBS) show that the total number of establishments in operation in the private sector, the NGO sector, and government companies was 97,279. SMEs constitute the majority of the establishments in the oPT. In 2004, 91% of the establishments employed 0–4 employees, 6% employed 5–9 employees. Only 0.2% employed over 50 employees. Around 57% of these establishments were in the wholesale, retail trade, and repair sector, and around 14% were in the manufacturing sector.

Whereas SMEs play a pivotal role in the Palestinian economy, there is an evident lack of clear policies, programmes, and legislation to enhance the role of these enterprises (FPCCIA and ILO, 2001). The supporting services provided to these enterprises from the various public and private institutions are very limited.

A World Bank assessment published in March 2003 showed that the second year of the intifada witnessed a further deep decline

in all Palestinian economic indicators. The domestic private sector absorbed much of the shock to the economy. Well over 50% of the pre-intifada private workforce had been laid off. Private agricultural and commercial assets had suffered over 50% of all the physical damage caused. Bank credit to the private sector was drying up, while the PA owed private suppliers about US\$370 million in unpaid bills. In addition, direct donor assistance to private firms was negligible, despite a consensus that the private sector must drive any economic recovery. In 1997 the private sector employed 66% of all employed people; that percentage fell to 59% in 1999 and rose again to 66% in 2003.

The potential for private investment and job creation in the export-oriented sector is limited in the current environment of Israeli restrictions at border crossings. The IT sector has shown and can continue to show growth even under these conditions. Sectors that cater to local demand have stronger potential for growth and job creation than export-oriented sectors. These sectors include agriculture, construction, food processing, and the pharmaceutical industry.

Exports from some of the larger companies in the West Bank and Gaza Strip have held up quite well, reflecting their ability to find their way through the various checkpoints and get their goods to Israel and other third

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markets abroad. Less well-connected medium-sized companies have fared relatively poorly. Small producers working within the confines of a given set of checkpoints were less badly affected.

### National development agenda

The Medium-Term Development Plan 2005–07, developed by the Palestinian Ministry of Planning, is considered the main official national development plan in the oPT. The PA identifies two overarching goals in this plan:

1. to address poverty in a sustainable way, by providing a framework to shift PA and donor assistance from emergency relief to job creation, recovery, and social and economic development, particularly focusing on engaging women in this process;
2. to improve the effectiveness of PA governance by building institutional capacity and accelerating reform. The Medium-Term Development Plan will also enhance PA accountability by providing clear and gender-sensitive development objectives, which are monitored throughout the implementation period.

In pursuit of the overarching goals the Ministry of Planning, working closely with other PA ministries, has identified four national programmes for the period 2005–07. These programmes, giving particular attention to women's empowerment and gender mainstreaming, are designed to:

- ensure social protection;
- invest in social, human and physical capital;
- invest in institutions of good governance;
- create an environment for private sector growth.

### 1.2 POLITICAL AND SOCIAL CONTEXT

The Roadmap accepted by the PA and the government of Israel in June 2003 envisaged the establishment of a sovereign Palestinian state by 2005. Israel in the

meantime had embarked on two main political steps, namely the erection of the separation barrier, and the disengagement from the Gaza Strip. The separation barrier (also referred to as a wall or fence), ruled illegal by the International Court of Justice in July 2004, is a combination of eight-metre-high concrete wall, trenches, fences, razor wire and military-only roads. Once completed, the wall will be 832 km in length, will confiscate de facto 47.6% of the West Bank land, will entrap 89.5% of the Palestinians, and will separate 329,000 Palestinians from their land.

The World Bank warned that as a consequence of the wall, the interruption of access to roads, water, agricultural lands, urban markets, and public services, combined with the reduction of productive agricultural lands, will result in the exodus of farming communities along the wall and will place a heavy and permanent burden on the economy of the West Bank. The effects of the wall on education are particularly worrying. PCBS statistics have shown that 3.4% of the individuals in the localities affected by the wall left education as a result of the security situation and the wall (PCBS, 2004). Other studies showed that many students and teachers are prevented from reaching their schools (MEHE, 2004). The impacts on schools include the following.

- The absence of teachers and the inability to provide substitute teachers cause the students to leave school earlier.
- The disruption usually makes it impossible to complete curricular assignments for the year.
- Extra-curricular informal activities such as after-school sports, field trips, and summer camps are cancelled.
- There is a sharp decline in the organisation and coordination between schools and district offices.

It is estimated that 170,000 students in 320 schools will be negatively affected by the construction of the separation wall (BirZeit University, 2005).

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The unilateral disengagement plan concerns 21 settlements (17 in GS, four in northern WB). James Wolfensohn, former president of the World Bank, warned in July 2004 that it is the underlying causes of economic decline that need to be addressed (World Bank, 2004b). For recovery to take place Israel needs to roll back the system of restrictions on the movement of people and goods imposed since the beginning of the intifada – it is these various closure measures that are the proximate cause of four years of Palestinian economic distress.

Social indicators have declined greatly in the past few years. High poverty, unemployment, and serious declines in healthcare and education services are just some examples of the deteriorating indicators.

### Demographic trends

PCBS estimated the number of Palestinians in the world in 2004 at 10 million. A little more than half of them (51%) live in the diaspora (PCBS, 2005b), 11% live in Israel, 24% in the West Bank and 14% in the Gaza Strip.

The estimated number of Palestinians in the West Bank and Gaza Strip at the end of 2005 was 3,762,005, 63% (2,372,216) of whom live in the West Bank and 37% (1,389,789) in the Gaza Strip (PCBS and

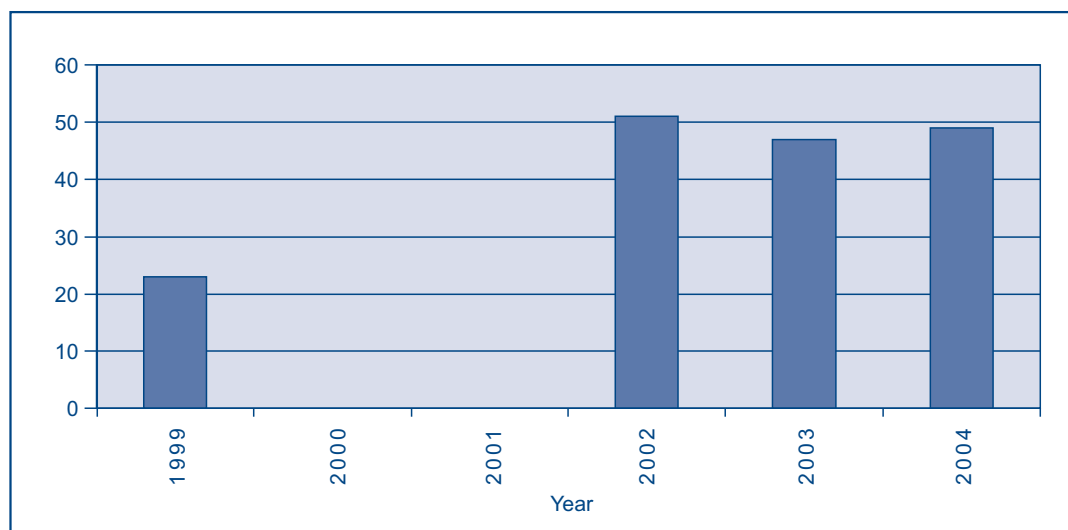
MAS, 2005a). In 2004, 56.4% of the population lived in rural areas, 24.6% in urban areas, and 15.1% in the various refugee camps. Also in 2004, 46.1% of the population (44.3% in WB, 49.2% in GS) were less than 15 years of age, while only 3.1% were 65 years of age and above. Time series data show a slight but steady increase in the median age of Palestinian society, rising from 16.4 to 16.6 years during the period 1997–2004. The average population growth rate for the year 2005 in the oPT is estimated at 3.3%.

### Poverty alleviation

The World Bank estimates, based on households' distribution of consumption expenditure (World Bank, 2003), that before the intifada 21% of the population were living below the poverty line of US\$2.1 per day. This proportion had increased to 33% by December 2000, 46% by December 2001 and 60% by December 2002.

PCBS data indicate that the rate of diffusion of poverty among Palestinian households in the oPT was 25.6% in 2004, when the monthly consumption was used, and 53.7% when the monthly income was used (PCBS, 2005a). More significant is the fact that 16.4% of the households were suffering from deep poverty in 2004 according to the monthly expenditure, compared with 44.4% when the monthly

**Figure 3: Poverty rates**



Source: World Bank estimates, based on PCBS data – Medium-Term Development Plan

## 1. CURRENT SITUATION AND TRENDS IN HUMAN RESOURCES DEVELOPMENT AND THE LABOUR MARKET

income is used. Some 67% of Palestinian families in the territories live below the poverty line, according to statements made by families regarding their income during the first quarter of 2005 (PCBS and MAS, 2005b).

Women are particularly affected by poverty. In 2002, poverty rates among female-headed families reached 30%, while they reached only 20% among other families.

The gravest consequence of high poverty rates is malnutrition. The World Bank estimates that per capita real food consumption declined by 25% between 1998 and 2002. The PCBS nutrition survey found a significant increase in both acute and chronic malnutrition between 2000 and 2002.

### Summary

The disengagement from the Gaza Strip is a step in the right direction towards establishing peace between Palestinians and Israelis. The erection of the wall, on the other hand, poses a real threat to this yearned-for peace, and imposes serious challenges on the HRD system in general and the education system in particular.

Socially, the current situation is characterised by high unemployment and poverty compounded by high population growth. The psychosocial and health effects of the situation on children are considerable. Poverty alleviation is not possible without tangible improvements in the overall economic conditions.

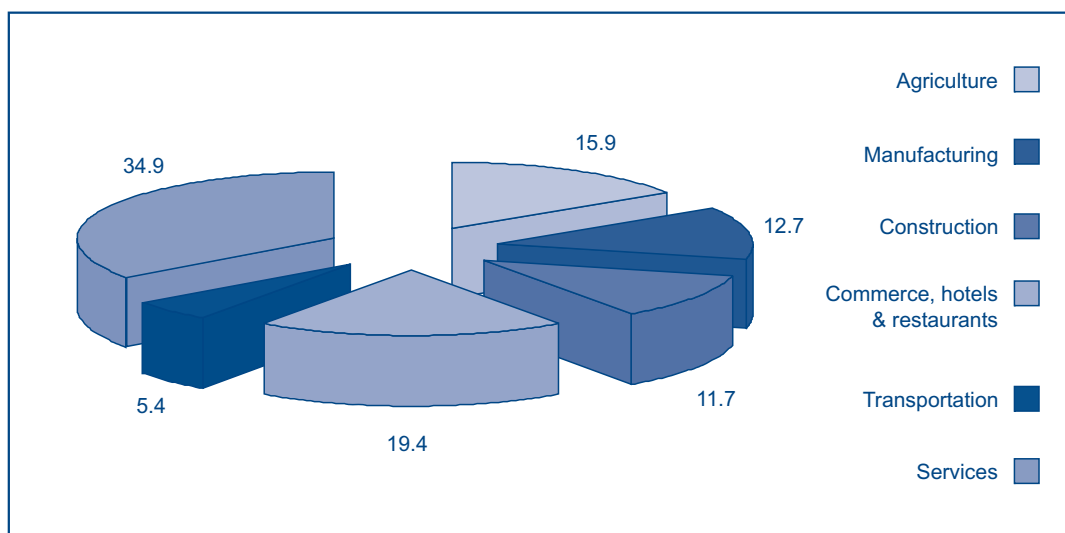
### 1.3 KEY FEATURES OF THE LABOUR MARKET<sup>6</sup>

#### Sectoral structure and shifts

A total of 528,000 people (66.8% of the labour force) were employed in 2004. They were distributed within the following economic activities: 15.9% in agriculture, hunting and fishing; 12.7% in mining, quarrying and manufacturing; 11.7% in construction; 19.4% in commerce, hotels and restaurants, 5.4% in transportation, storage and communications; and 34.9% in services and other branches.

The distribution of employed people according to economic activity and place of work is shown in figure 5.

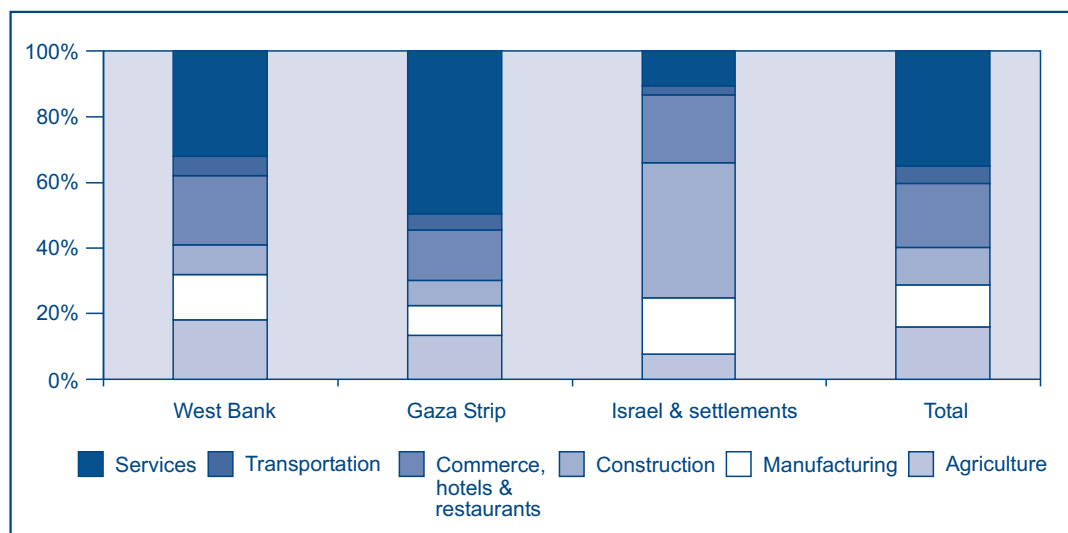
Figure 4: Employment according to economic activity, 2004



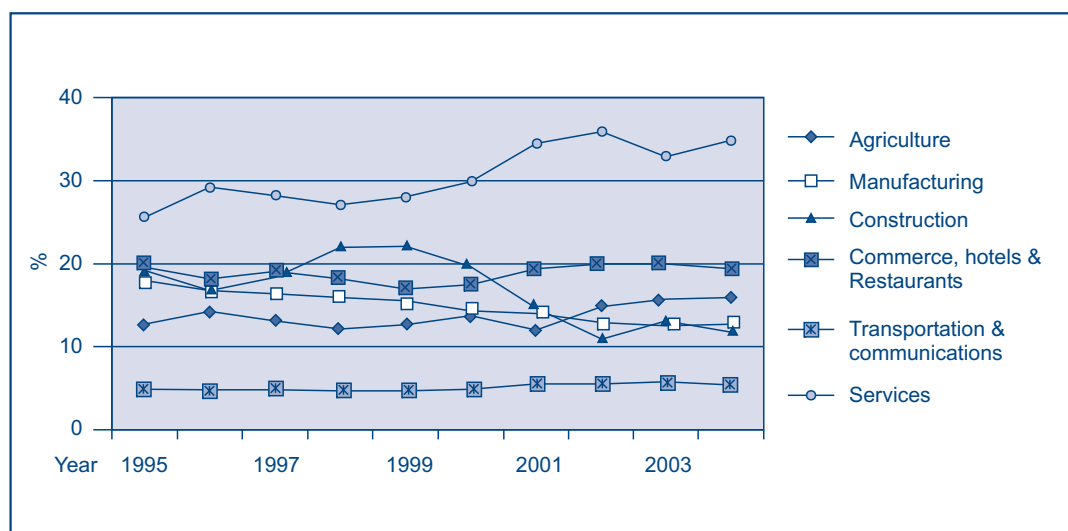
<sup>6</sup> All data in this section are based on PCBS 2004 labour statistics.

## HUMAN RESOURCES DEVELOPMENT AND ITS LINKS TO THE LABOUR MARKET IN THE WEST BANK AND GAZA STRIP

**Figure 5: Employment according to economic activity and place of work, 2004**



**Figure 6: Employment according to economic activity, 1995–2004**



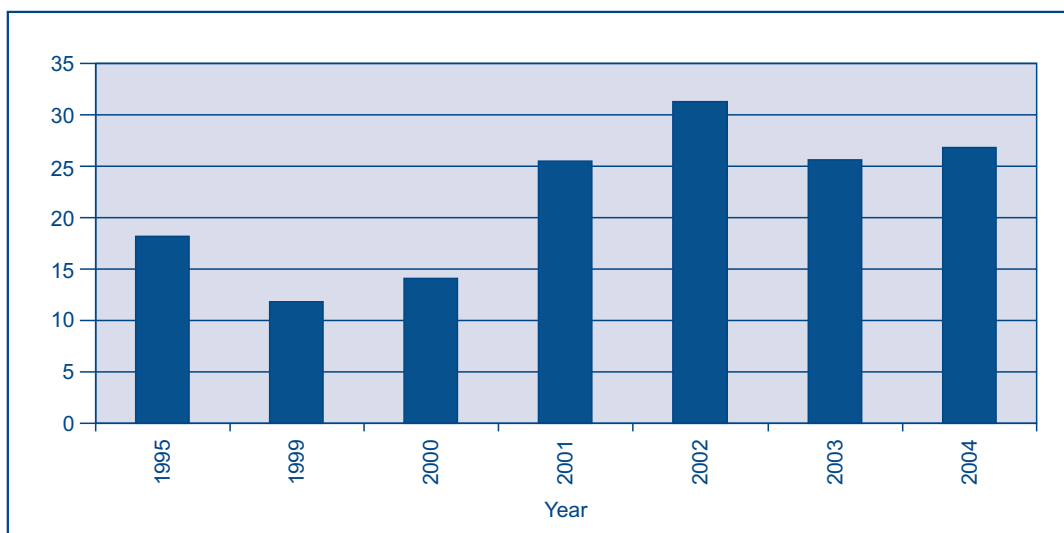
As figure 6 shows, a greater percentage of workers are employed in the services and agricultural sectors, while construction accounts for a lower percentage of employed persons.

The sectoral composition of the Palestinian economy was fairly stable throughout the second half of the 1990s, with a few exceptions. The financial sector grew very

rapidly in 1994. The contribution of financial intermediation to GDP increased from 1.1% to 4.4% between 1994 and 2000. The transportation and communication sector also gained in importance, doubling its share of GDP from 4.4% to 8.7% during the same time. The shares of agriculture, manufacturing, and trade declined, while the contribution of construction was cyclic (IMF, 2003).

## 1. CURRENT SITUATION AND TRENDS IN HUMAN RESOURCES DEVELOPMENT AND THE LABOUR MARKET

**Figure 7: Unemployment rate, 1995–2004**



### Key characteristics of the labour market

Unemployment rose from 25.6% (23.8% WB, 29.2% GS) in 2003 to 26.8% (22.9% WB, 35.4% GS; 28.1% male, 20.1% female) in 2004. The unemployment rate decreased to 26.3% during the first quarter of 2005. Unemployment in the first quarter of 2005 showed a slight increase in the West Bank and a slight decrease in the Gaza Strip compared to the fourth quarter of 2004.

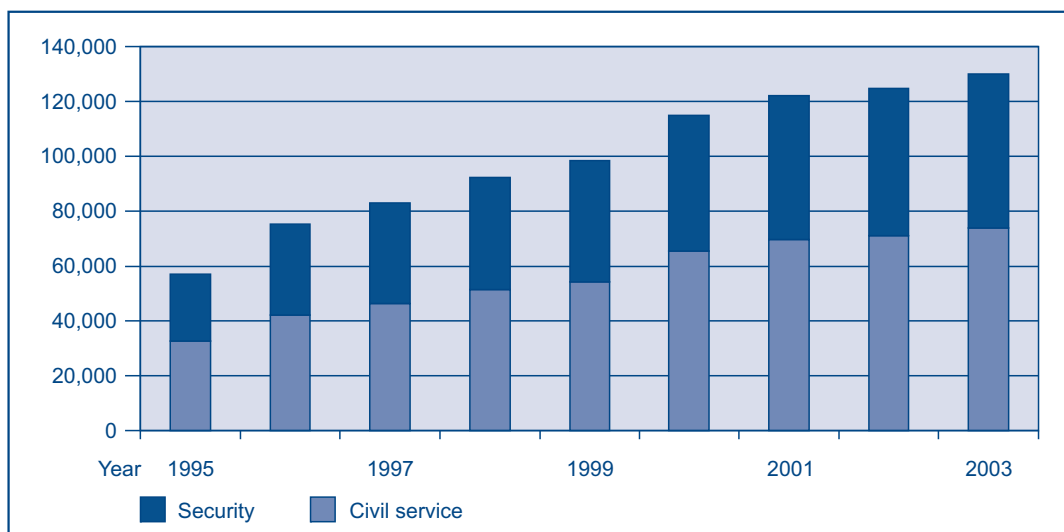
The number of Palestinians working in Israel has fluctuated widely, reaching a peak of 146,000 in the third quarter of 2000 (IMF, 2003). The number had been significantly reduced to 33,000 in the second quarter of 2002 and had recovered slightly to around 56,000 by the end of 2002. The number was around 50,000 during the year 2004. The number of Palestinian workers in Israel reflects the political situation in general. Security measures that affect access to the Israeli labour market include changes in the total number of permits granted to Palestinian workers and partial and general border closures.

**Figure 8: Employment in Israel and in the West Bank and Gaza Strip, 1995–2004**



HUMAN RESOURCES DEVELOPMENT AND ITS LINKS TO THE LABOUR MARKET  
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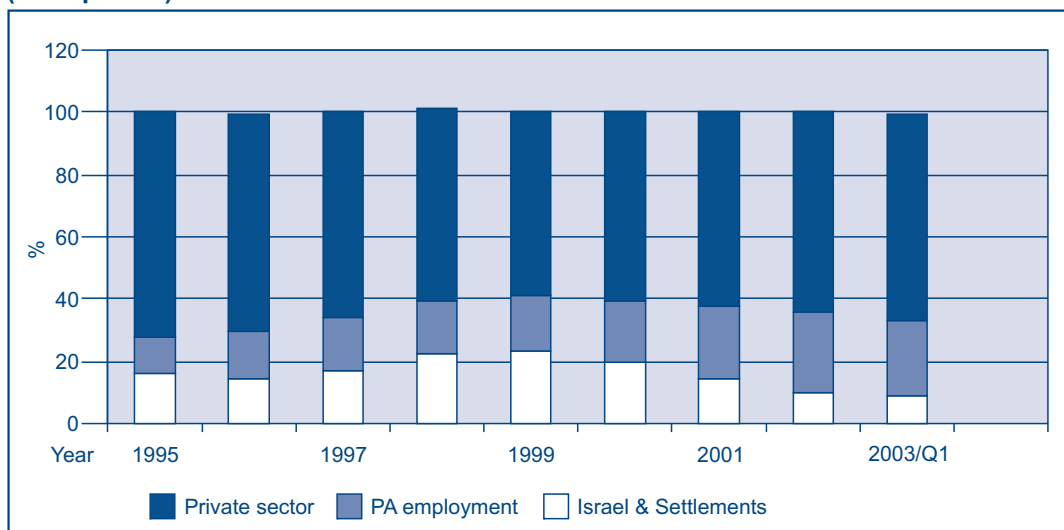
**Figure 9: Employment in the PA, 1995–2003**



As can be seen in figure 9, there has been continuous growth in PA employment, and specifically in civil service employees, during the 1995–2003 period.

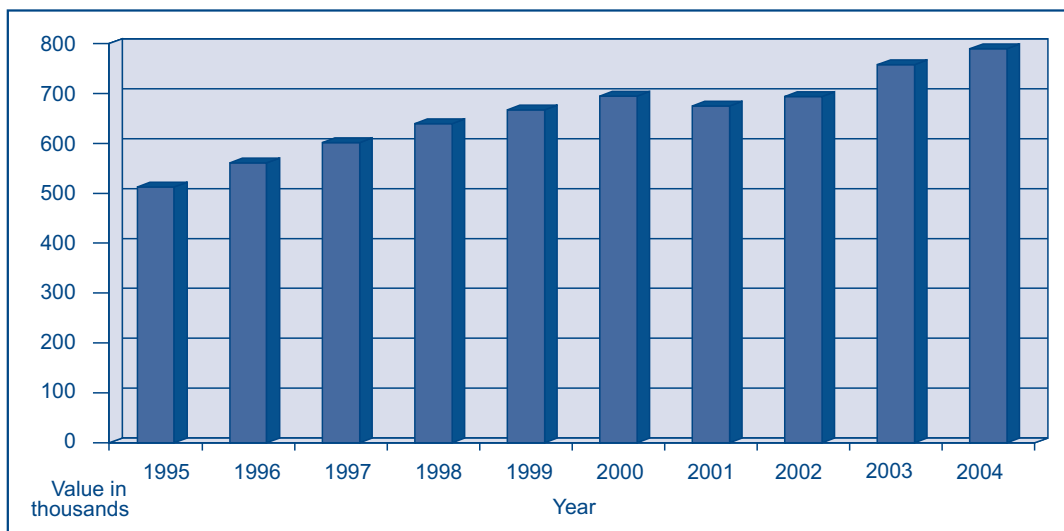
The percentage of people working in Israel and the settlements has gone down, to be compensated for mainly by the private sector. Investments from the private sector rose from 84% of total investments in 1997 to 100% in the year 2001/02.

**Figure 10: Employment in Israel, the PA, and the private sector, 1995–2003 (first quarter)**





**Figure 11: Growth in the labour force participation, 1995–2004**



### Labour force growth

The labour force participation rate rose from 40.3% (41.8% WB, 37.5% GS) in 2003 to 40.4% (42.5% WB, 36.4% GS) in 2004 and fell back to 39.7% during the first quarter of 2005. The current labour force is estimated at 790,000 people. Around 40,000 young people enter the labour force annually.

It is worth noting that the participation of women in the labour force reached only 13.5% in 2004, making this one of the lowest female labour force participation rates in the world.

### Migration

Because the Palestinians have no control over border crossings, no official migration data have been made available from Palestinian sources. It appears that there is no significant migration taking place into or out of the oPT<sup>7</sup>. Palestinians, however, are known to migrate abroad for work purposes, although this is becoming harder to do. Brain drain has increasingly made itself felt in the past few years. The household survey carried in 1995 showed that, of the Palestinians living in the oPT, 91.9% were born in the territories, 3.8% in Israel and 4.3% in other countries. About 60% of households in the West Bank have close relatives living abroad, compared to about 53% of Gaza Strip households. Most

relatives abroad live in Jordan (49.2%). Some 43% have an Israeli identity card. About 6.0% of those currently living in the oPT have changed their residence since 1987. Of these, 5.1% came from abroad, while about 0.9% changed their districts of residence.

International migration is affected by political and economic factors operating inside and outside the Palestinian territory. Because of the realities of the peace process, a very pessimistic trend has to be assumed. The PCBS assumed a total of 500,000 people coming back to the oPT during the period 1997–2010.

An estimated 4,575,000 Palestinians were living in the diaspora in 2001, more than half of them in Jordan.

The results of the opinion poll conducted by the Development Studies Programme in 2004 show that 5% of the survey sample declared that one of their family members had permanently emigrated from the oPT during the intifada, and that 11% declared that one of their family members left the oPT for study or temporary work purposes during the same period (DSP, 2004). Some 18% of the individuals surveyed expressed a desire to emigrate.

There are a few programmes that try to bring Palestinian specialists and

<sup>7</sup> Although there are reports that show escalating emigration among Christian Palestinians (e.g. Sabella, 2004).

## HUMAN RESOURCES DEVELOPMENT AND ITS LINKS TO THE LABOUR MARKET IN THE WEST BANK AND GAZA STRIP

intellectuals back from the diaspora to work in the West Bank and Gaza Strip. An example of such programmes is the TOKTEN (Transfer of Knowledge through Expatriate Nationals) programme run by the UNDP. Despite their importance, yet the extent of these programmes is limited, and there are no signs of real 'brain gain'.

### Role of the informal economy

Data regarding the Palestinian informal economy, gathered in 2003 from establishments and households, showed the following:

- In 2003 the total number of people engaged in establishments of the informal economy in the oPT was 98,727 (91,074 male, 7,653 female), working in 54,885 establishments. Around 62% of these people worked in wholesale, retail, and repairs and another 19% worked in manufacturing. Only 6.1% of informal economy establishments were established later than 2000.
- The number of people engaged in the informal economy through household projects (outside the establishments) was 82,303 (91.6% male, 8.4% female).

There are no timeline surveys showing the trends of the informal economy. However, the sense is that the informal economy has been growing in the past few years, as evidenced by the mushrooming numbers of vendors near checkpoints and the growth of the unregulated transportation sector.

### Present and future challenges

Several of the current challenges are expected to persist in the coming years. They include job creation in an environment which is not conducive for investment; a labour market still heavily dependent on Israel; a public sector that has expanded exponentially in recent years, providing needed employment but becoming a heavy and unsustainable burden as a result; and a suffocated private sector mainly made up of SMEs that are barely nurtured.

Unemployment in the West Bank and Gaza Strip is mainly a demand-deficient disequilibrium unemployment associated with the economic recession described earlier, and economic scenarios do not predict that it will bottom up in the immediate future. Growth in the labour force leading to unemployment is more gradual and slow but still poses a major challenge, given the current high fertility rates. Structural unemployment due mainly to the fluctuation in economic sectors, such as construction, that are highly dependent on work in Israel poses another challenge. The growth of the service and IT sectors is likely to require different qualifications of the labour force. The move to an export-oriented economy is only possible with a major change in the political setting, and that is very hard to predict.

### Current employment policy measures

As stated earlier, job creation is a main pillar of the PA's Medium-Term Development Plan. A variety of measures were taken by the PA, the civil society, and donors to create employment guided by a national job creation strategy.

#### *Job creation strategy*

The World Bank, on behalf of the donor community and coordinated by the Small Working Group on job creation, has produced a review of employment generation schemes between October 2000 and January 2002 (World Bank, 2002). The review concluded that job creation is humanitarian aid rather than development aid. It showed that the use of job creation projects has proved to be a significant means of providing purchasing power to the poor and the unemployed people, and the programmes have allowed communities to undertake a variety of urgently needed projects, thus supplementing the traditional ways of delivering humanitarian assistance. They have also promoted development. However, the review demonstrated that the way of delivering this type of humanitarian aid can be made more efficient.

## 1. CURRENT SITUATION AND TRENDS IN HUMAN RESOURCES DEVELOPMENT AND THE LABOUR MARKET

The review's findings and recommendations were formally endorsed by the PA and constitute the basis for a strategy paper on job creation formulated by the Palestinian Ministry of Planning. The strategy envisages that local communities will be responsible for the technical implementation of the job creation projects. Some larger municipalities have the technical capacity to implement such projects. Other smaller communities have to be supported by larger municipalities, governorates, NGOs, and donors.

During the second half of 2005, a number of initiatives and projects were being undertaken by various agencies to address employment at the local and national levels. One example of a national project is the Palestinian Fund for Employment and Social Protection. The Ministry of Labour (MoL), with the help of the ILO, has initiated the establishment of the fund. The objectives of the fund are to support around 400,000 people (55,000 families) from the poorest 10% of the population.

HRD forms a component of many employment generation projects, however, and since immediate jobs are created by investments and not education and training, most of these employment generation projects involve mainly labour-intensive construction of the infrastructure required to provide basic services such as education and healthcare.

### **Institutional capacity to monitor the labour market**

A variety of institutions gather and analyse data on trends in the labour market. The PCBS is well established and produces regular and reliable data that meet the highest international standards. Public, non-governmental, and private research centres and universities produce professional and updated analyses of the labour market. For example, the Palestine Economic Policy Research Institute (MAS) started producing quarterly economic and social monitors as of April 2005.

In 1998 the MoL established a labour market information system with the help of the ILO and the PCBS.

## 1.4. SUMMARY

### **Summary of key socioeconomic factors affecting HRD systems and strategies**

HRD systems and strategies in the oPT are influenced by the following factors.

- A highly unstable and unpredictable political environment. It is not known whether workers and people in general will be allowed to move freely, for example, between the West Bank and the Gaza Strip or between the West Bank and Gaza Strip and Israel on the one hand and the Arab world on the other. Many schools and education institutions are not able to operate in the afternoons and evenings because of security concerns. The erection of the separation wall has made many education establishments no longer accessible. Finally, the absence of the rule of law affects legislation and law enforcement.
- The economic gloom, with the Palestinians not having the control over its causing factors (closures, restrictions on movement, etc.). The private sector, which drives economic growth, has been hit hard but is still resilient. Its participation in HRD is, however, quite limited. Education and training do not create employment, but properly trained and educated graduates can compete better for the available work opportunities. The challenge is that the economy is not able to generate new work opportunities for the fast-growing number of annual entrants to the labour force under the prevailing circumstances. The public and non-formal sectors have grown to saturation over the past few years. This puts a heavy burden on the HRD system.
- The unemployment, poverty, the decline in all health and education indicators, and the prioritisation of humanitarian and emergency programming instead of long-term development programming where HRD would play a pivotal role.

## HUMAN RESOURCES DEVELOPMENT AND ITS LINKS TO THE LABOUR MARKET IN THE WEST BANK AND GAZA STRIP

### **New challenges and opportunities**

If Israel allows, following the disengagement, new opportunities will surface in the Gaza Strip with regard to the airport, the sea port, greenhouse-based agriculture, and tourism. Labour mobility between the West Bank and the Gaza Strip might become easier and accordingly disparities might also decrease. The completion of the wall will isolate Palestinians living in Jerusalem as well as others from the overall Palestinian economic and social fabric.

The relaxation of travel restrictions would enable more Palestinians to work abroad, particularly in the Arab countries. The relaxation of border controls would enable easier export and strengthening of the private sector to create new jobs.

Enhancing the efficiency of the public sector will be very difficult in the current setting. Cutting down on employment in this sector will only be possible with economic recovery and the private sector becoming able to create more jobs.

## 2. STRUCTURE OF THE HUMAN RESOURCES DEVELOPMENT SYSTEM

# 2

Palestinians are relatively highly literate. The literacy rate in 2004 stood at 92.3% (96.5% for males, 88.0% for females). This is mainly attributed to a well-established education system of various levels (see figure 12).

The education system starts formally at the age of six with basic education, which is compulsory for all and spans over ten years. Many children, however, enrol at *kindergarten* for two years of preschooling.

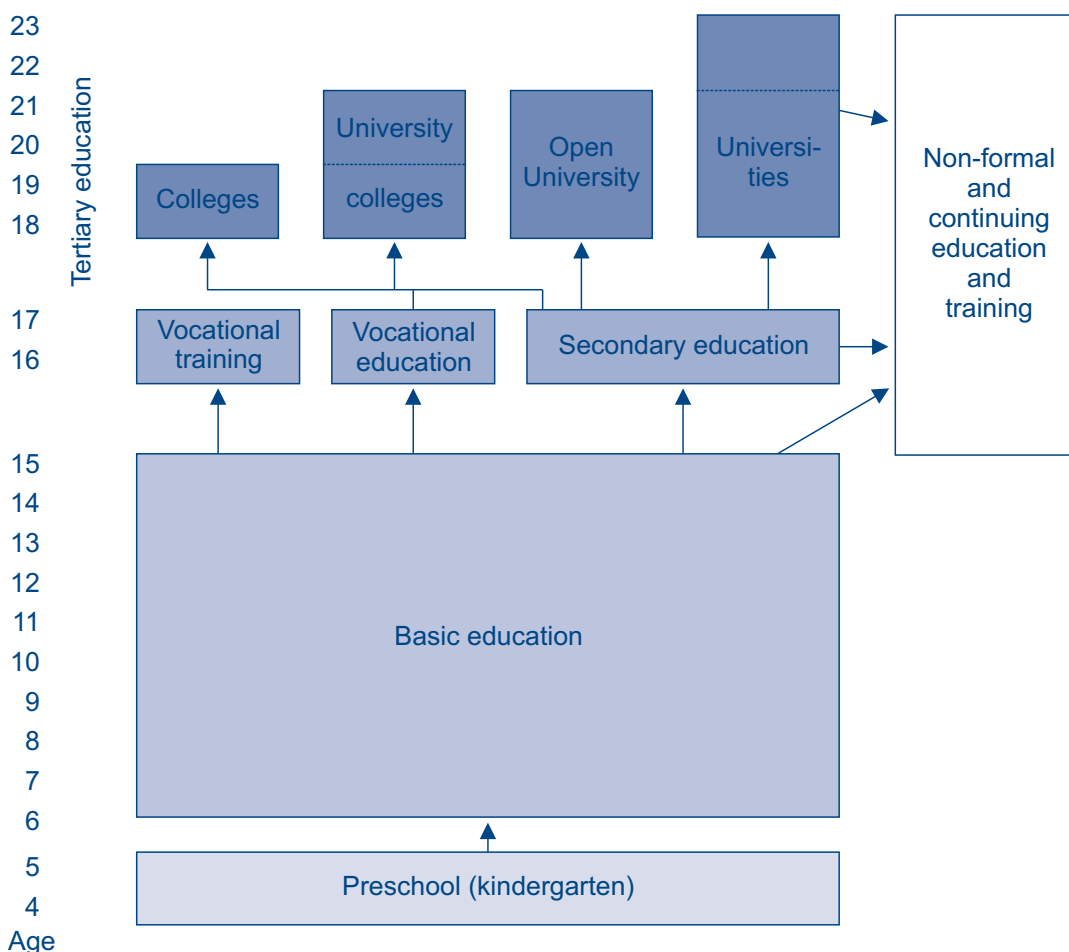
Following basic education, most students continue in the academic two-year secondary education. Some join the two-year vocational education stream offered at the vocational secondary schools, and others join the vocational training centres (VTCs) providing one or two years of vocational training. Some move to the labour market following the basic education cycle.

Graduates of VTCs have no opportunities to move up to higher education, but graduates of the academic secondary education who pass the *Tawjihi* examination join universities or colleges. Graduates of vocational secondary schools may continue their studies in colleges. Very few move up into universities (the first ten or so in the vocational *Tawjihi* exam).

Higher education is composed of colleges, university colleges, and universities.

Parallel to this formal education system there exists a wide range of for-profit, non-governmental, and other types of organisation providing a range of non-formal further training and retraining opportunities.

**Figure 12: The Palestinian education system**



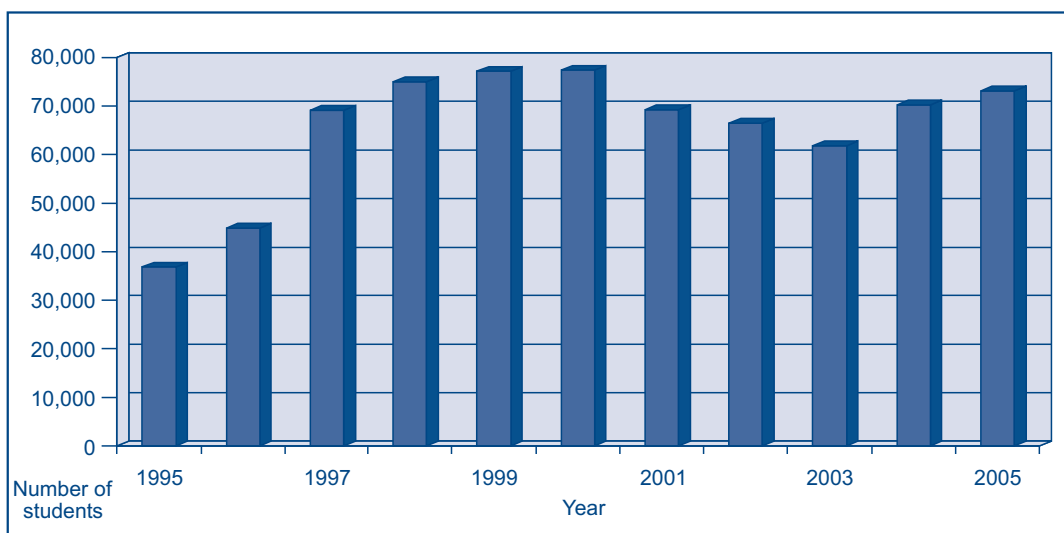
Displaced Palestinians in the various Arab countries are catered for mainly, and in most cases solely, by UNRWA, which is mandated to provide basic education services to Palestinian refugees in Jordan, Syria, and Lebanon besides the West Bank and Gaza Strip. In the year 2002/03, UNRWA operated 314 elementary schools with 336,230 students, 337 preparatory schools with 152,427 students, five secondary schools with 2,292 students, and eight VTCs with 4,882 students in its five areas of operation (UNRWA, 2004).

## 2.1 FORMAL SCHOOL EDUCATION

### Preschool education

Preschool education is offered almost completely by private and non-governmental organisations. The total number of children joining *kindergarten* in 2004/05 was 73,119. The number of children in *kindergarten* dwindled during the first years of the intifada, but has picked up again since 2003/04. All in all, the number of pupils has doubled since 1995.

**Figure 13: Growth in preschool education, 1995–2005**



**Basic education**

Basic education is provided by the PA's Ministry of Education and Higher Education (MEHE), UNRWA, and private religious, philanthropic, and for-profit schools. There were 931,260 students studying in basic education in 2004/05<sup>8</sup>.

education in 2004/05. The number of students in the academic secondary education stream was 108,624 in 2004/05. The number of students in the vocational secondary education stream was 5,561 in the same year. In other words, vocational secondary school students made up only 4.9% of the total number of secondary school students in the relevant age group.

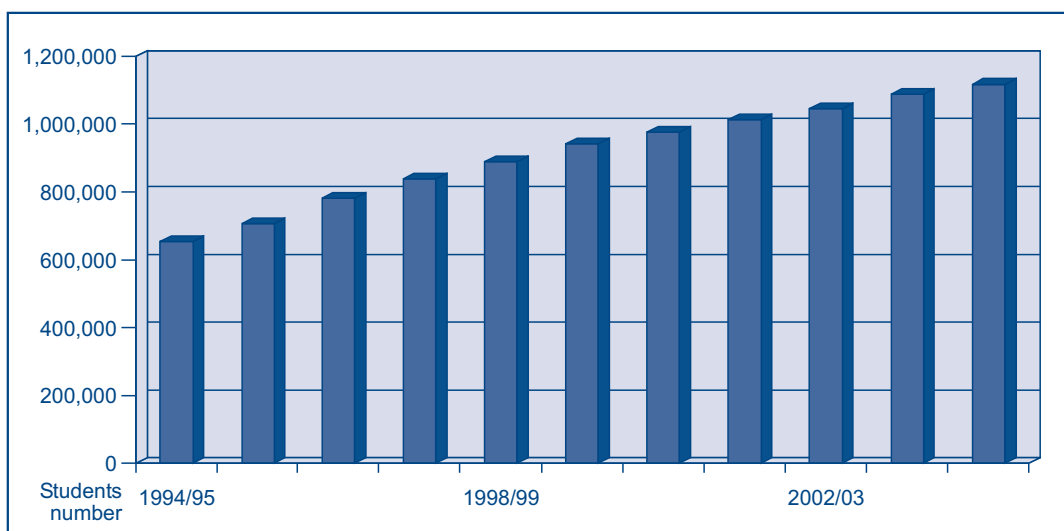
**Secondary education**

Secondary education is provided by the MEHE and private schools. There were 112,675 students studying in secondary

**Overview of formal school education**

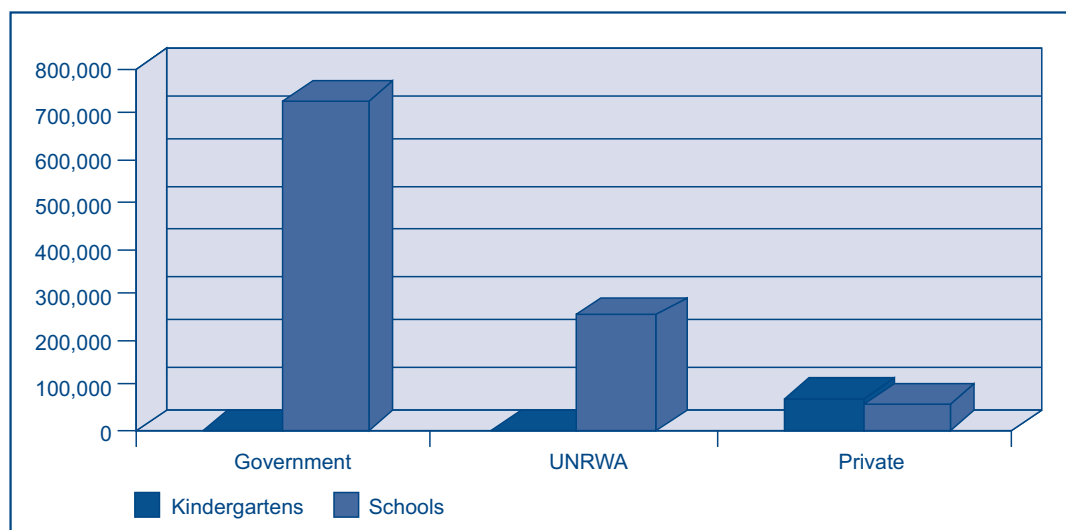
The total number of students in schools has been increasing sharply since 1994/95.

**Figure 14: Growth in school education, 1994/95–2004/05**

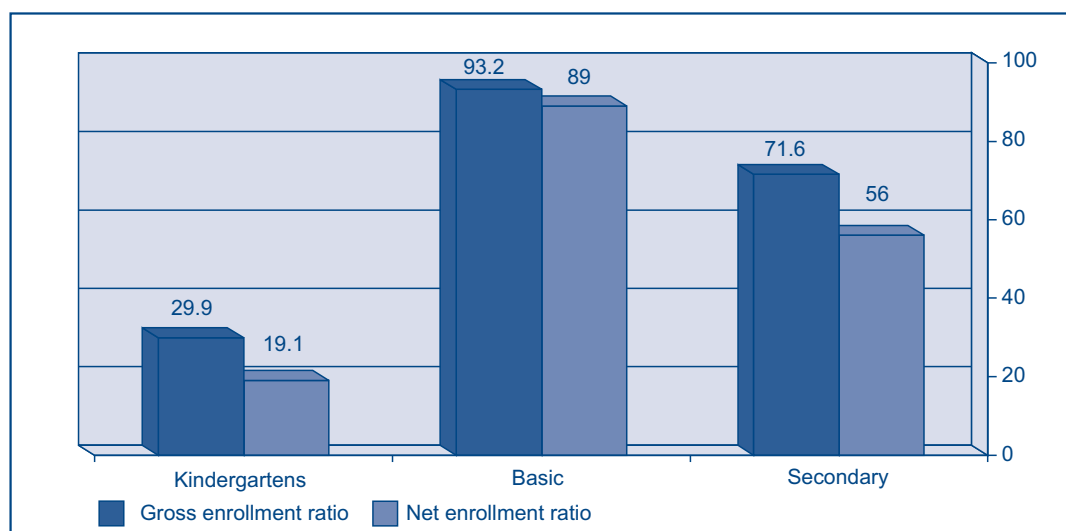


<sup>8</sup> All data on formal schooling and higher education come from MEHE 2005 statistics.

**Figure 15: Number of students in *kindergarten* and schools**



**Figure 16: Enrolment ratio in 2004/05**



Schooling is provided by 2,190 government, UNRWA, and private schools.

The enrolment ratios are highest for basic education and lowest for preschool education.

The net enrolment ratio has been steady and slightly increasing at the basic level, reaching 89.0% in 2004/05. It has increased for secondary education from 33.9% in 1994/95 to 56.0% in 2004/05, but has fallen consistently for preschool education from 33.4% in 1996/97 to only 19.1% in 2004/05.

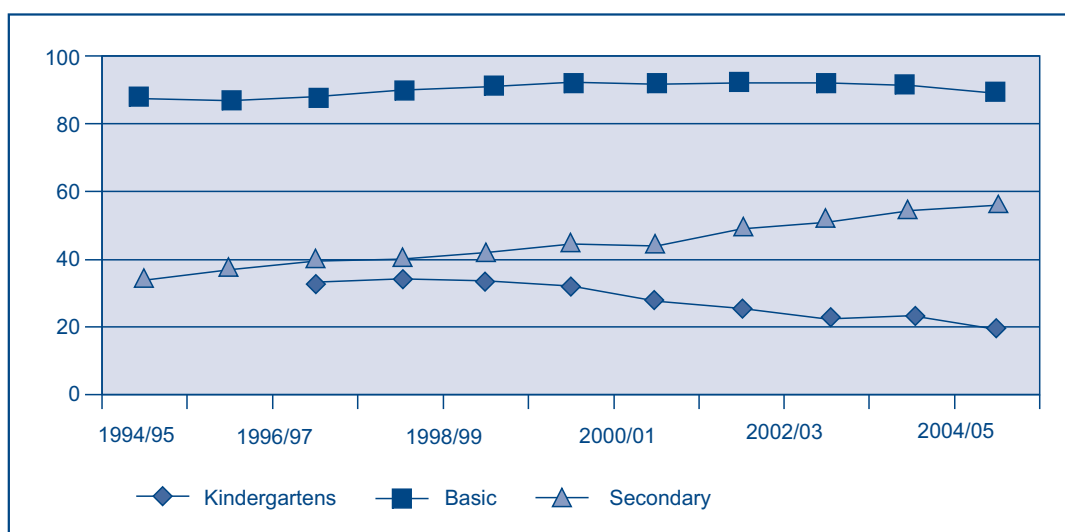
## 2.2 HIGHER EDUCATION

Higher education is offered by private, public, UNRWA, and governmental colleges and universities. Colleges offer two-year diploma degrees. University colleges are colleges that have started offering a limited number of Bachelor's degrees besides the diploma. A number of universities exist in various parts of the oPT offering a range of Bachelor's and in some cases Master's degrees. There is one large open university providing Bachelor's degrees.



## 2. STRUCTURE OF THE HUMAN RESOURCES DEVELOPMENT SYSTEM

**Figure 17: Net enrolment ratio**



### Colleges

There are 19 colleges in the oPT (14 WB, 5 GS; 1 UNRWA, 8 private, 10 public). In 2004/05 there were 9,002 students (3,389 WB, 5,613 GS; 5,070 male, 3,932 female). The number of graduates in the same year was 1,727 (813 WB, 914 GS; 781 male, 946 female).

In the year 2004/05, 84% of those applying to the colleges were accepted and 80% of those accepted actually enrolled.

All the graduates received diploma degrees. Their distribution according to their main programme of study was as follows.

Study programme	Number of graduates	% of total
Social sciences, business and law	502	29
Education	93	5
Humanities and arts	107	6
Agriculture and veterinary	0	0
Health and welfare	387	22
Science	387	22
Engineering, manufacturing and construction	251	15

The total number of employees working at the colleges was 806 persons (606 male, 200 female), of whom 459 (376 male, 83 female) were teaching staff. Of the teaching staff, 12.2% had a Ph.D., 38.1% a Master's degree, 44.2% a Bachelor's, and 5.5% a lower qualification.

### University colleges

There are 13 university colleges in the oPT (9 WB, 4 GS; 8 governmental, 2 UNRWA, 3 private). In 2004/05 there were 6,034 students (3,451 WB, 2,583 GS; 2,681 male, 3,353 female). The number of graduates in the same year was 1,879 (904 WB, 975 GS; 573 male, 1,306 female).

In the year 2004/05, 62% of those applying to the colleges were accepted and 86% of those accepted were enrolled.

Some 77% of the graduates received Diploma degrees, 22% received Bachelor's degrees, and 1% received High Diploma degrees. Their distribution according to the student's main programme of study was as follows.

## HUMAN RESOURCES DEVELOPMENT AND ITS LINKS TO THE LABOUR MARKET IN THE WEST BANK AND GAZA STRIP

Study programme	Number of graduates	% of total
Social sciences, business and law	576	31
Education	231	12
Humanities and arts	194	10
Agriculture and veterinary	0	0
Health and welfare	568	30
Science	176	9
Engineering, manufacturing and construction	134	7

The total number of employees working at the university colleges was 1,028 (674 male, 354 female), of whom 402 (227 male, 125 female) were teaching staff. Of the teaching staff, 11.7% had a Ph.D., 43.4% a Master's degree, 40.3% a High Diploma or Bachelor's degree, and 4.6% a lower qualification.

### Open university

There is one governmental open university in the oPT. In the year 2004/05 it had 46,453 students (34,319 WB, 12,134 GS; 22,398 male, 24,055 female). The number of graduates for the same year was 3,040 (1,976 WB, 1,064 GS; 1,469 male, 1,571 female).

In the year 2004/05, 92% of those applying to the colleges were accepted.

All graduates received Bachelor's degrees. Their distribution according to the main programme of study was as follows.

Study programme	Number of graduates	% of total
Social sciences, business and law	1,525	50
Education	1,291	43
Humanities and arts	0	0
Agriculture and veterinary	17	1
Health and welfare	0	0
Science	207	7
Engineering, manufacturing and construction	0	0

The total number of employees working at the open university was 2,111 (1,790 male, 321 female), of whom 1,450 (1,278 male, 172 female) were teaching staff. Of the teaching staff, 27.9% had a Ph.D., 71.4% a Master's degree, and 0.8% a Bachelor's.

### Universities

There are ten universities (7 WB, 3 GS; 1 private, 9 public) in the oPT. In 2004/05 there were 76,650 students (38,708 WB, 37,942 GS; 36,400 male, 40,250 female). The number of graduates for the same year was 9,927 graduates (5,891 WB, 4,036 GS; 4,397 male, 5,530 female).

In the year 2004/05, 77% of those applying to the colleges were accepted, and 87% of those accepted were enrolled.

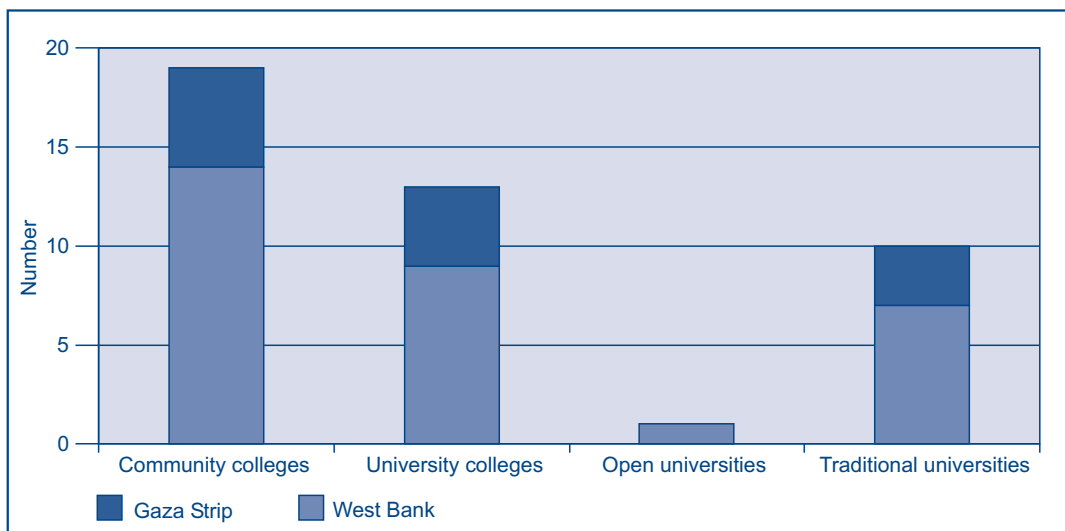
Of the graduates, 0.3% received a professional diploma degree, 3.4% a teaching qualification, 0.5% a Diploma, 88.0% a Bachelor's degree, 0.6% a High Diploma, and 7.2% a Master's. Their distribution according to the main programme of study was as follows.

Study programme	Number of graduates	% of total
Social sciences, business and law	3,401	34
Education	2,452	25
Humanities and arts	1,578	16
Agriculture and veterinary	53	1
Health and welfare	564	6
Science	970	10
Engineering, manufacturing and construction	909	9

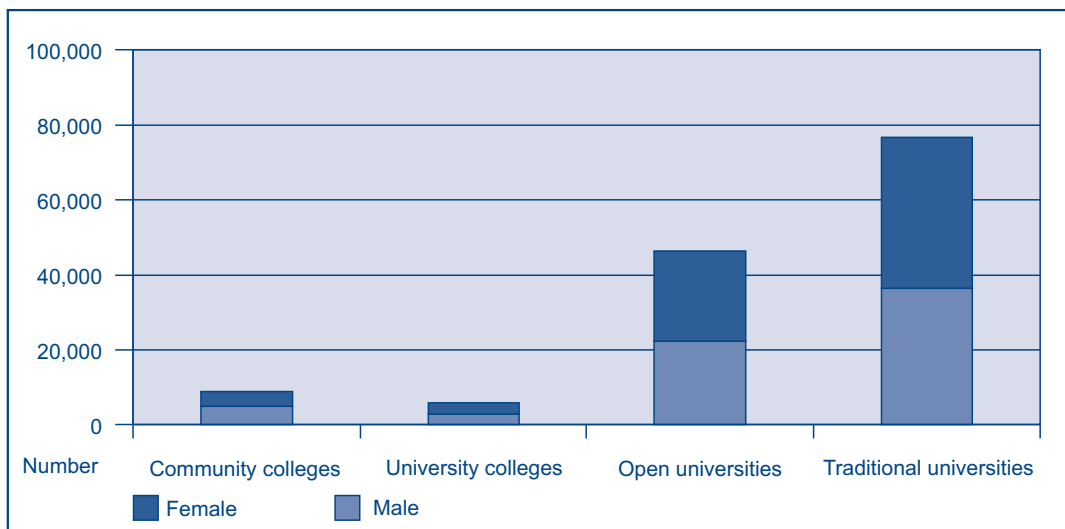
The total number of employees working at the universities was 5,884 (4,576 male, 1,308 female), of whom 2,281 (1,964 male, 317 female) were teaching staff. Of the teaching staff, 49.5% had a Ph.D., 46.0% a Master's degree, 4.0% a Bachelor's or High Diploma, and 0.5% a lower qualification.

## 2. STRUCTURE OF THE HUMAN RESOURCES DEVELOPMENT SYSTEM

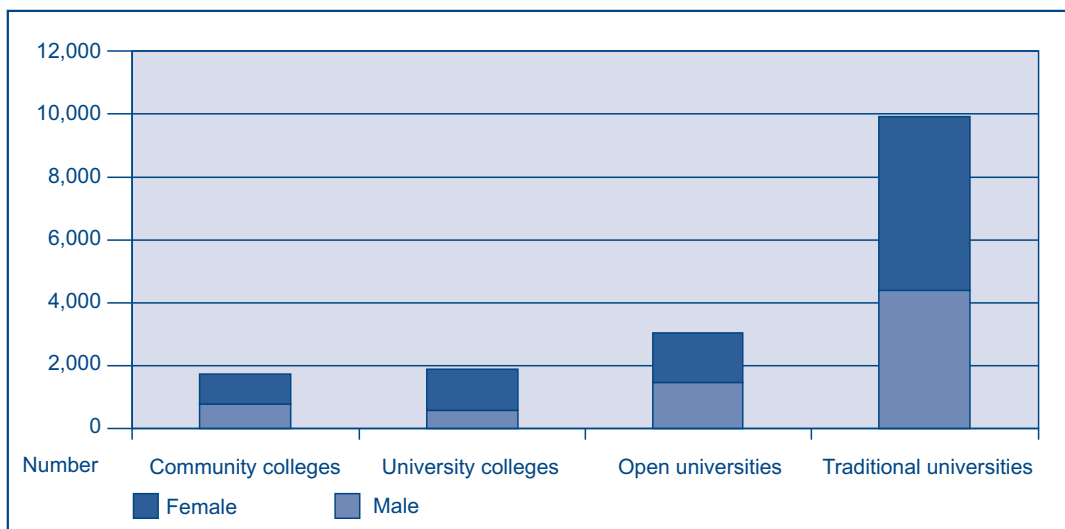
**Figure 18: Higher education institutions**



**Figure 19: Distribution of students in higher education institutions**



**Figure 20: Distribution of graduates of higher education institutions**



## HUMAN RESOURCES DEVELOPMENT AND ITS LINKS TO THE LABOUR MARKET IN THE WEST BANK AND GAZA STRIP

### Overview of higher education

There are 43 higher education institutions in the oPT.

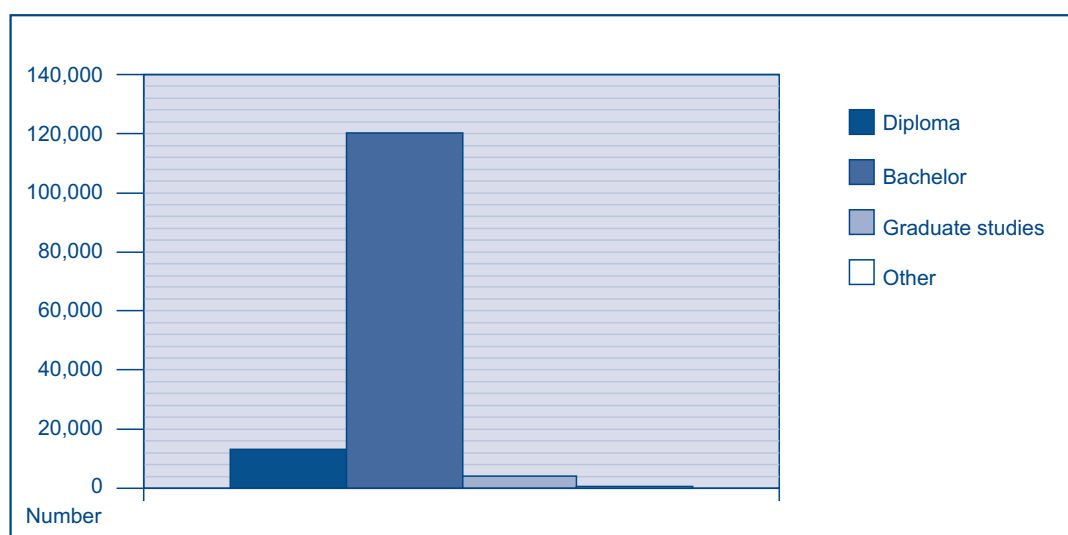
There were 138,139 registered students in higher education in the year 2004/05.

Some 16,573 students graduated from higher education institutions in 2003/04.

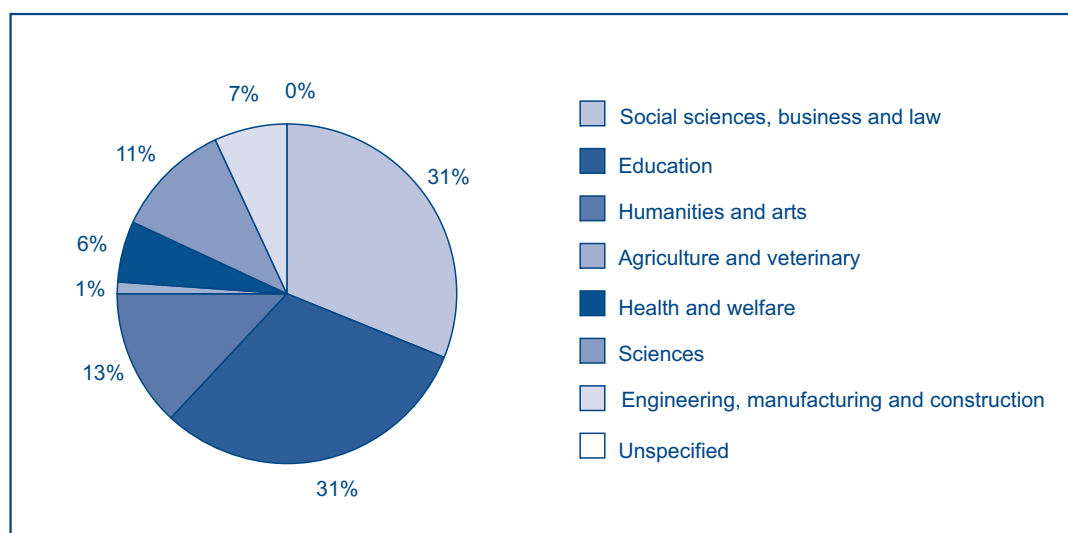
The majority of graduates of the higher education system obtain Bachelor's degrees.

The two main study programmes for higher education students are social sciences and education.

**Figure 21: Distribution of students according to certificate**

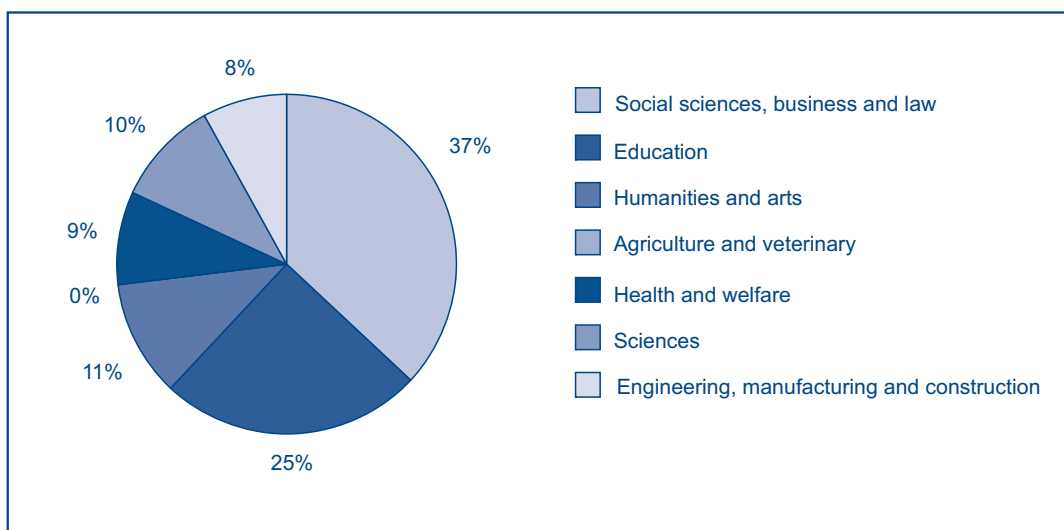


**Figure 22: Distribution of students according to their study programme**

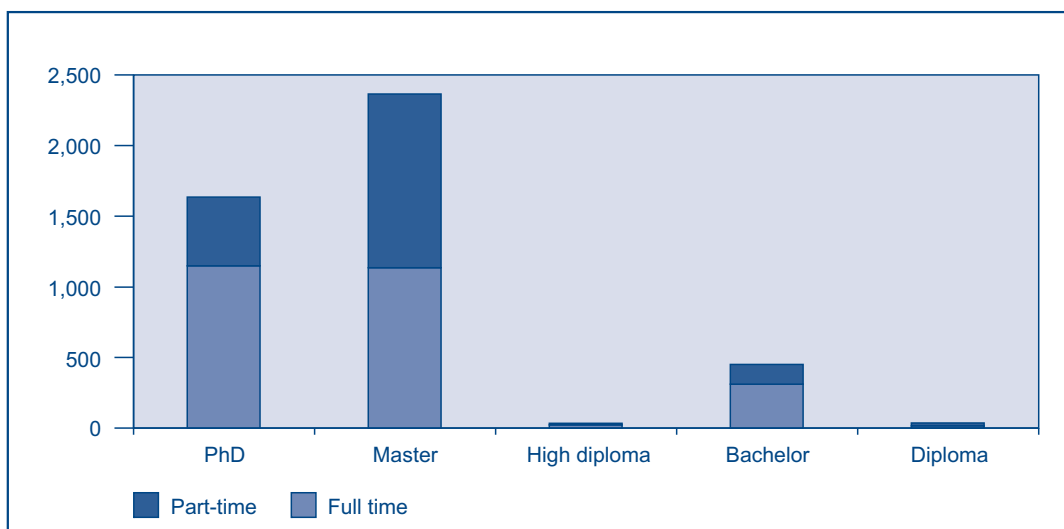


## 2. STRUCTURE OF THE HUMAN RESOURCES DEVELOPMENT SYSTEM

**Figure 23: Distribution of graduates according to their study programme**



**Figure 24: Distribution of teaching staff according to their academic qualification**



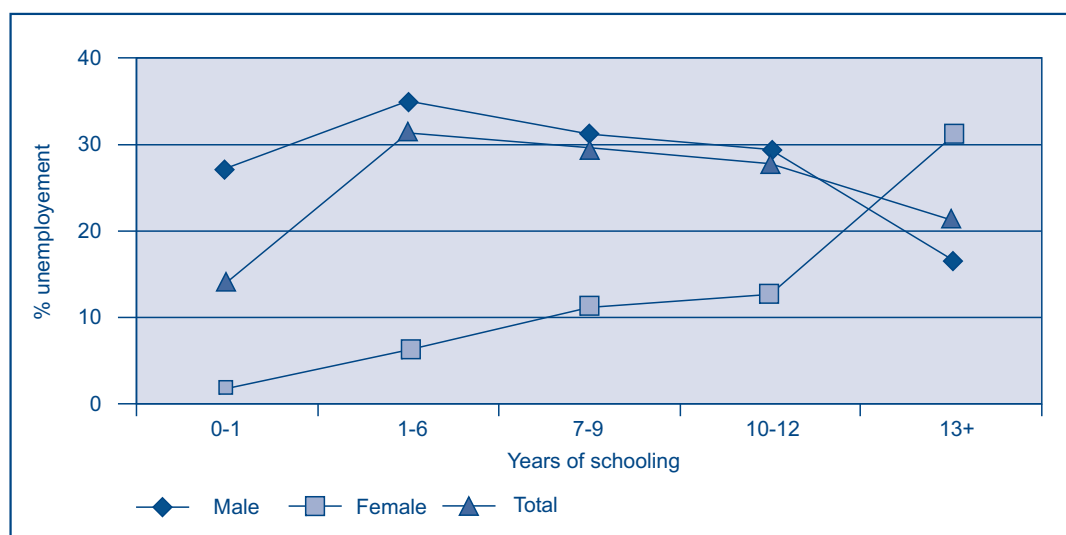
Holders of Master's degrees constitute the majority of the teaching staff.

The demand for further and higher education has increased at a very high rate since 1995. The number of students enrolled in tertiary education institutions more than tripled between 1995 and 2003, the gross enrolment rate in tertiary education rising from 10.2% in 1995 to almost 17% in 1999, and was estimated to

be more than 23% in 2003, above the average for Arab states.

Employment data show high unemployment rates in both the West Bank and the Gaza Strip. The unemployment rates of populations with 13 or more years of schooling are lower than the average, suggesting that tertiary education provides a greater chance of finding employment than lower levels of educational attainment.

**Figure 25: Unemployment rates according to the years of schooling**



Source: PCBS, Labour statistics, 2004

The tertiary education system faces challenges related to financial sustainability, the efficient management of the resources, the relevance and quality of supply, and the lack of equitable distribution of student aid programmes.

## 2.3 NON-FORMAL EDUCATION AND TRAINING

Non-formal education and training forms an important component of the Palestinian HRD system and is considered as a basic complement to formal education and a basic component in dealing with the process of economic and social change. Non-formal education is characterised by (Hashweh, 1998):

- the variety of parties which offer this type of education according to their different objectives and interests;
- differences in the length of the courses provided;
- a specific curriculum for each providing organisation;
- certificates that are not universally acknowledged.

With some – in some cases many – overlaps, the following general observations can be made regarding the non-formal education and training system in the oPt.

- Basic vocational training for youth is provided mainly by the VTCs of the MoL, UNRWA, and NGOs.
- Rehabilitation training also for youth is provided by the Ministry of Social Affairs and some NGOs.
- Adult further training and retraining is provided by NGOs, for-profit organisations, continuing education departments at higher education institutions, various other governmental agencies, professional employers' and employees' associations, and companies (for in-service training).
- There is a lot of duplication of training offerings, and there is no overall strategy to identify and address skill bottlenecks.

### Basic vocational training for young people

Basic vocational training for young people is offered by a variety of organisations.

#### Ministry of Labour VTCs

The MoL operates 12 VTCs (8 WB, 4 GS). The training programmes' duration varies from a few months up to one year. The number of students enrolled in the year 2004/05 was 2,661 (1,527 in basic vocational training programmes, 1,032 in IT programmes, and 102 in vehicle driving programmes)<sup>9</sup>. Around 55% of the graduates of MoL VTCs are female.

<sup>9</sup> Ministry of Labour, unpublished data for 2005

## 2. STRUCTURE OF THE HUMAN RESOURCES DEVELOPMENT SYSTEM

### *UNRWA VTCs*<sup>10</sup>

UNRWA runs two main VTCs in the oPT offering two-year training programmes. Kalandia VTC in the West Bank has 450–500 students and produces on average 200 graduates annually, while Gaza Strip VTC has around 800 students and produces around 350 graduates annually.

In addition, Ramallah Women's Training Centre (Al-Tireh), which is a college, also provides a few vocational courses for women in clothing production, hairdressing and beauty care, and ceramics. It has around 130 students and produces 40–45 graduates annually.

In summary, around 1,400 students are enrolled in UNRWA vocational programmes and graduates number around 600 annually.

### *NGOs*

A number of NGOs and other religious and philanthropic organisations provide specialised vocational training programmes for young people; for example the YMCA, YWCA, Lutheran World Federation, Islamic Orphanage School, Salesians, and Notre Dame. These organisations have played, and are still playing, an important role in the development of the Palestinian TVET system, and in designing and implementing innovative practices. A positive development has taken place in recent years with the establishment of a coordinated league of NGO TVET providers, which lobbies government to prioritise TVET on its agenda.

### **Rehabilitation training for young people**

The use of vocational training as part of an overall rehabilitation programme is used by many organisations including the following:

#### *Ministry of Social Affairs VTCs*

The Ministry of Social Affairs operates 12 rehabilitation centres (7 WB, 5 GS), which target dropouts, those with learning

difficulties, and the socially disadvantaged<sup>11</sup>. Vocational training is the main component of the two-year programmes offered at the centres. Although the training is in traditional occupations such as metalwork and carpentry and is not properly aligned to the labour market demand, the ministry's VTCs play an important social function which should be further developed and upgraded.

In 2004/05 the number of students in these centres was around 850 (257 WB, 593 GS), and the number of graduates was 378 (113 WB, 265 GS).

### *NGOs*

Many NGOs have rehabilitation programmes with integrated vocational programmes for special target groups. One example is the YMCA Rehabilitation Programme for Special Needs.

### **Adult further training and retraining**

A wide range of organisations offer further training and retraining opportunities for employed and unemployed adults.

### *NGOs*

Among the many NGOs that provide further education and training programmes for adults, particularly in management, agriculture, and IT, are Maán, Bisan, and PARC.

### *Private for-profit training institutions*

A variety of for-profit organisations offer a wide range of both basic and further training programmes. Private cultural centres provide mainly computer and commercial training programmes, but also health and engineering specialties. Data for 1996/97 showed the existence of as many as 143 cultural centres in the oPT (91 WB, 52 GS). The number of students at these centres in that year was 18,563, two-thirds of whom were over 18 years of age. Data for 2004/05 show the existence of 148 registered cultural centres in the West Bank alone, with 9,656 students.

<sup>10</sup> UNRWA, *Statistical Yearbook 2002–03*, 2004

<sup>11</sup> Ministry of Social Affairs, unpublished data for 2005

## HUMAN RESOURCES DEVELOPMENT AND ITS LINKS TO THE LABOUR MARKET IN THE WEST BANK AND GAZA STRIP

### *Continuing education departments at universities*

Almost all universities have continuing education departments and specialised community related departments that offer a wide range of tailored as well as generic training programmes for adults.

### *Other government institutions and agencies*

These include but are not limited to the Ministry of Ex-Detainees, The National Institute for Information Technology, and the HRD Department at the General Personnel Council.

*Ministry of Ex-Detainees:* The ministry operates a vocational training programme that caters for the thousands of Palestinian young people and adults who have been deprived of the chance to continue their studies or have been away from the labour market, and want to have an opportunity to rejoin the labour market. A variety of training programmes are offered, including aluminum work, air conditioning, graphic design, electrics, hairdressing, and vehicle mechanics, as well as various vehicle driving programmes. The number of students in these programmes is about 1,000. Most programmes are short-term, with a duration of less than one year.

*National Institute for Information Technology:* The institute was established by the Palestinian Economic Council for Development and Reconstruction, based on its belief that human resources highly specialised and qualified in IT are crucially needed to help build an IT industry in Palestine. It has devoted considerable resources to designing and implementing a number of highly technical, concentrated, and internationally recognizable training programmes leading to certification. In 2005, 461 trainees graduated from the various training programmes of six to eight months' duration<sup>12</sup>.

*General Personnel Council (Sayigh and Shikaki, 1999):* The PA inherited a divergent and often contradictory institutional legacy from the Israeli-run Civil

Administration and the Palestine Liberation Organisation (PLO). On the positive side, the PA assumed control of an existing public administration staffed by a large number of experienced, locally based civil servants, allowing it to ensure a rapid and relatively smooth takeover of service delivery in certain sectors, most notably education and health. Palestine Liberation Organisation's personnel brought the political skills and authority needed to weld public institutions into a single system of government and to deal with sovereign donor states and international institutions. They also brought the requisite experience to build the new police force and fulfill law-and-order functions.

On the negative side, very few former Civil Administration personnel had senior-level management skills, because virtually all senior posts had been held by Israeli officers. Local Palestinian personnel had little experience of policy formulation, decision-making, and planning. Indeed, they had previously been excluded entirely from certain areas of public administration. The Palestine Liberation Organisation's personnel, conversely, had political experience at senior levels but little or no training in public administration. Both tended to implement top-down, authoritarian systems of management, with little scope for public consultation or accountability.

An estimated 85% of the 75,000 civil and security personnel on the PA payroll by the end of 1996 were inherited from those two bodies, or roughly 65% of the over 100,000 persons employed in the public sector two years later.

The PA has taken steps to improve HRD in public administration. The cabinet, the Ministry of Planning and International Cooperation, and the Ministry of Finance are all working on PA-wide training and institution-building programmes. Most recently the National Centre for Public Administration, which was originally formed with international donor support within the Ministry of Planning, has been turned into the new Directorate for Human Resources Development and attached to the General

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<sup>12</sup> <http://www.ni-it.org/>



## 2. STRUCTURE OF THE HUMAN RESOURCES DEVELOPMENT SYSTEM

Personnel Council. Previous donor-supported efforts have led to the establishment of approaches to HRD such as the Training Development Units and Focal Points in ministries. These provide an embryonic network for HRD across the PA.

### *Professional employer and employee associations*

All employer and employee associations have either vocational training departments, or are involved one way or another in vocational training at the local as well as the national level. This will be further explored later in the report.

### *Training in firms*

Only large businesses have HRD departments that oversee the training of employees. There are very few of these businesses and their training programmes usually encompass both on-the-job training inside the firm and specialised short-term training abroad for selected staff.

## 2.4 TVET IN THE CONTEXT OF HUMAN RESOURCES DEVELOPMENT

TVET is a sector that cuts across the three sectors described above: formal school education, tertiary education, and non-formal education and training.

As a major component of HRD, the objectives, structure and content of TVET systems should incorporate two main complementary dimensions: a socio-human dimension that emphasises individual needs and human aspirations, and an economic dimension that caters for societal needs and labour market requirements. As such, TVET systems should be rooted in educational and human values and ideals, while growing and extending in the world of work environment.

Annex 3 below shows the position of TVET in the overall system of human resources development and investment, which incorporates the systems of human resource supply, human resource demand, and the supply–demand interlinkages in the existing national social, economic, and cultural framework.

As a major component of the supply side of human resources, TVET systems should have strong links with the demand side through such channels as legislative tools, information systems, institutional set-ups, and career guidance and employment services. Such channels reflect positively on both the supply and demand sides, and ensure their relevance and effectiveness (Masri, 2001).

TVET may be defined as the system providing training to meet the following aims:

1. to train new employees needed for the various economic sectors as a result of yearly substitution through old age/sickness, economic growth requiring new employees, and new technologies requiring different kinds of employee;
2. to provide further training and retraining for existing employees, so as to increase productivity and to change or adapt technology or work structures;
3. to train people for self-employment;
4. to a lesser degree, to enable individuals to develop their hobbies, maintain a good health and spirit, become active citizens, and acquire various life skills.

Accordingly, the Palestinian TVET system encompasses the following:

- basic entry-level institutions, producing around 10,000 graduates annually as seen in table 2;
- a variety of other institutions providing retraining and further training programmes, estimated to cater for about 25,000 people annually.

**Table 2: Basic entry-level graduates of the TVET system**

Type of institution	Skill level of graduates	Number of graduates 2004/05
Community/technical colleges	Technicians	3,223
Vocational schools	Skilled workers and craftsmen	2,463
Vocational training centres (MoL, UNRWA, NGOs)	Skilled and semi-skilled workers	3,700
<b>Total</b>		<b>9,386</b>

### Governance

The TVET system is still fragmented, and TVET is offered by a wide range of providers. As seen above, community/technical colleges are run by the MEHE, UNRWA, and public and private institutions. The MEHE has the overall responsibility for this sector in terms of licensing of institutions, accreditation of programmes, definition of curricula, etc.

All vocational schools are under the supervision of the MEHE. The schools themselves are run by the MEHE and various NGOs. Both technical education and vocational education are supervised by one directorate at the MEHE – the Directorate General for Vocational and Technical Education. UNRWA colleges and VTCs are supervised by UNRWA's Vocational and Technical Department under the Education Office in UNRWA, in Amman (Jordan). MoL VTCs are supervised by the Directorate General for Vocational Training at the ministry.

In general, the governance and administration system is highly centralised. Public and UNRWA-run TVET institutions in particular have very limited autonomy.

### Policy and planning

Macro-planning for the TVET system is conducted by the newly established Higher Council on TVET (see section 4 below).

### HRD in the TVET system

Staff of the TVET system are technically qualified at local higher education institutions. The staff at the technical colleges come mainly from local

universities. Trainers at vocational secondary schools are graduates of colleges and universities. Trainers at MoL VTCs come from universities, colleges, and the labour market. Pedagogical training is not part of their training. This situation has been changing gradually with the TVET HRD project conducted with the support of the German development agency GTZ, where most existing trainers are undergoing a series of ten pedagogical modules over two years. There is no separate training-of-trainers institute that is responsible for qualifying TVET trainers. Training even within the HRD project is done mainly by university lecturers with a general background in education. There are hardly any lecturers with a TVET background.

### Financing

The system is still heavily dependent on government and donor funding. Community college students pay for their training. Students at public vocational schools and VTCs and UNRWA institutions do not pay any fees. NGOs charge a percentage of the training cost and obtain the rest from donor contributions. Almost all infrastructure and development expenses are covered by the donor community. There is very little if any private sector financial support to the TVET system.

### TVET support services

TVET support services include vocational guidance and counselling, employment services, information systems, occupational classification and skill standards, legislation, and research and development.

## 2. STRUCTURE OF THE HUMAN RESOURCES DEVELOPMENT SYSTEM

Vocational guidance and counselling services are delivered at the level of the various training institutions. Significant development took place on this track over the past ten years, but most of the material and information is now two or three years out of date and in need of further development.

Employment services are offered almost exclusively by the MoL's employment and labour offices. Again with the help of the ILO, serious efforts were exerted to make these offices more efficient and relevant. The situation is still far from ideal.

Particularly at the level of the training institutions, gathering and managing information require a lot of work. The situation is better as regards the vocational and technical education tracks compared to the vocational basic training and adult training tracks. Information at the level of the labour market is relatively easily available and regularly updated. However, there is a need for further specific sectoral and geographical information and studies.

Services relating to occupational classification and skill standards are not well established and require a lot of work.

Legislation regarding TVET is marginally included in the labour law and the education act. Developing and updating these laws and directives is very slow, however. The power and responsibilities given to the Higher Council on TVET will make the passing of regulations much easier.

Research and development has been very limited in the past few years after the dismantlement of the Expert Team on TVET.

The Centre for TVET Development and Research – to be established – should play a major role in this respect.

### **Efficiency, effectiveness, and relevance**

In general, the TVET system is not as efficient as it ought to be. Vocational schools and technical colleges are still only being used in the mornings. Student–teacher ratios are still relatively low and could be further improved.

There is also much room for improvement in the quality and effectiveness of the system. Improvements are necessary at the level of all inputs affecting quality, namely: the quality of teachers and trainers, the curricula used, and the physical resources available.

In general, and under the circumstances, the system is relatively relevant to the needs of the labour market. This is manifested in the high employability of graduates of the TVET system compared to those of other systems. Tracer studies conducted on graduates of the Industrial Secondary School in Bet Hanina in 2000, the Lutheran World Federation VTC in 2000–02, and the YMCA VTC in 2003, all showed that graduates have a much higher employability rate than the average and compared to other levels of the education system. Most training institutions base their decisions to open or close new specialisations on labour market information. Interfacing activities with businesses and industries are found in most institutions with varying degrees.

However, the TVET system is still seen as attracting the lower achievers and not meeting the higher training needs of businesses and industries.



## 3. RECENT HUMAN RESOURCES DEVELOPMENT REFORMS

# 3

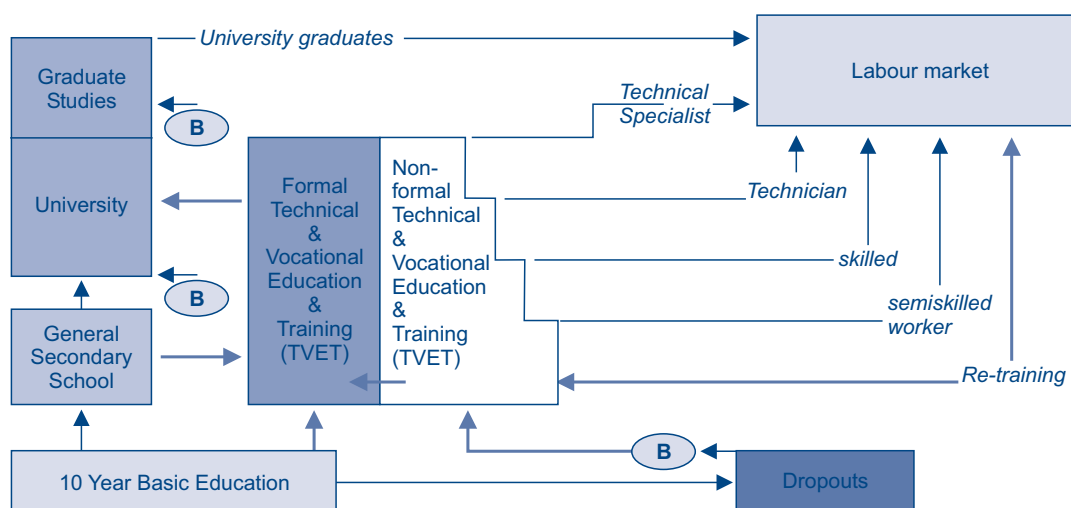
### 3.1 TVET REFORM

The reform of the TVET system started in 1996 with the development of the National Strategy for TVET by all stakeholders and social partners. The aim of the strategy was to create a TVET system that would be relevant, flexible, effective, efficient, accessible, and sustainable, and that would fulfil its general obligations towards the Palestinian society. In accordance with this aim, the TVET system would have the following characteristics:

- be a unified national system;
- be demand-driven, albeit producing a small excess pool of skilled labour;
- be based on labour market monitoring;
- be participatory – involving all stakeholders, especially the social partners;
- emphasise practical learning rather than ‘talk-and-chalk’ lectures;
- enable students who wish to do so, have the requisite ability, and fulfil certain requirements, to continue to community college or university after graduation;
- target:
  - graduates of the compulsory general education system;
  - dropouts from the general education system;
  - adults in employment (needing training and/or retraining);
  - unemployed adults (needing training and/or retraining);
- provide training aimed primarily at the Palestinian labour market, but also at neighbouring labour markets;
- be modular;
- provide primarily job-specific modules but also generic modules;
- have a financing system based on:
  - government financing;
  - levy/tax on employers;
  - payments from students;
  - income-generating activities;
  - grants and donations from national/international sources.

## HUMAN RESOURCES DEVELOPMENT AND ITS LINKS TO THE LABOUR MARKET IN THE WEST BANK AND GAZA STRIP

**Figure 26: The new TVET system**



The new TVET system is schematically represented in figure 26.

A detailed implementation plan was developed in October 1999 and formally adopted along with the national strategy by the Palestinian president and cabinet. The TVET Implementation Plan, besides reiterating the principles of the basic TVET strategy, outlined detailed development and budgetary targets at the levels of system management, physical resources, curricula, HRD, and system development. It also further defined the TVET objectives at the individual and community levels. The plan advocated a phased approach to implementation as follows.

1. First phase (1999): Establishment of the Unified TVET System. This included the TVET Higher Council, the TVET Steering Committee, and the Technical Support Team.
2. Second phase (2000–04): Raising the readiness of the TVET system. This included systems, curricula, human resources, and physical resources development.
3. Third phase (2004–06): TVET system expansion.

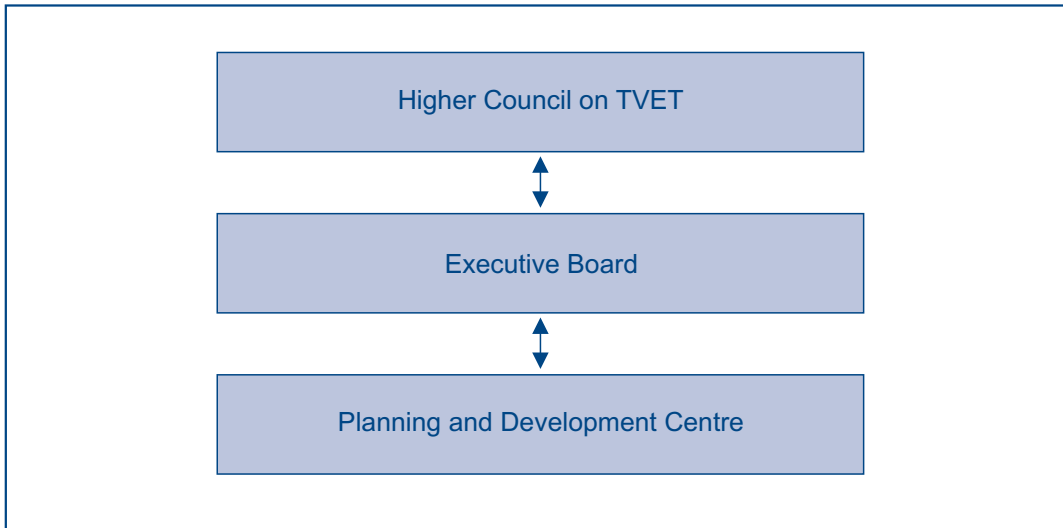
For a variety of reasons (see section 3.3), progress was made on some of the tracks of the second phase only.

The implementation plan was revisited and updated in 2003. The main features of the Updated Implementation Plan are listed below.

An immediate need was identified to endorse and formally set up a system management structure, consisting of three main bodies.

1. The **Higher Council on TVET**: Has 16 members (6 government, 2 training providers, 4 representatives of employers and workers, and 4 experts). The main responsibilities of the council include ratifying overall TVET policies and strategies, overseeing the implementation of the TVET strategy, defining national priorities regarding TVET, fundraising, and providing a platform for coordination among the various stakeholders.
2. The **Executive Board**: Has 11 members, and is mainly responsible for developing programmes and plans for the TVET strategy implementation,

**Figure 27: TVET system management**



implementing TVET policy and strategy directions, coordinating the work of the various training providers and policy implementers and other stakeholders, developing and proposing by-laws and development projects, and preparing and submitting the Annual National TVET Report to the Higher Council on TVET in coordination with the Planning and Development Centre.

3. The **Planning and Development Centre**: To be composed of eight units, with the basic responsibility of providing advice, technical support, and development plans for the Higher Council on TVET, the Executive Board, and relevant TVET institutions, contributing to the development of human resources pertinent to the system, networking with similar regional and international institutions, monitoring and evaluating the performance of the system and preparing the necessary reports to the decision makers, and providing information and awareness on TVET in Palestine.

A need was identified to adopt the various TVET levels formally, with basic responsible bodies as follows:

1. apprenticeship training: MoL
2. short-term training: MoL
3. vocational education: MEHE
4. technical education: MEHE
5. continuing TVET: MoL and MEHE.

Immediate implementation priorities (May 2003–September 2004) included:

1. provision of pilot apprenticeship programmes by the MoL in three specialisations;
2. development of 15 modular curricula by the MEHE;
3. development of an efficient licensing and accreditation system for TVET institutions and programmes.

Important but less urgent priorities (after September 2004) included:

1. developing the system management information system;
2. developing the labour market monitoring system;
3. institutionalising the TVET HRD system;
4. developing the vocational guidance and counselling system;
5. developing TVET monitoring and evaluation system.

Considerable progress has taken place in the implementation of the Updated Implementation Plan.

- Two of the three TVET management structures were established and are operational. The third is under development.
- The TVET levels were officially endorsed as planned.
- The piloting of apprenticeship training was launched.



In addition, the cabinet decided to give high priority to the development of the TVET system.

### 3.2 SOCIAL PARTNERS

The social partners are involved in HRD but in a limited way. There are several reasons for this 'shy' participation.

- Capacity: Employers' and employees' capacities are limited, particularly when it comes to HRD. In addition, their roles and responsibilities regarding HRD are not very clear.
- The means and channels for realistic participation by the social partners are limited and need to be further developed. The successful INJAZ project implemented by Save the Children with the MEHE and UNRWA, where private-sector volunteers deliver economic and financial modules in schools, shows that the social partners want to participate actively in HRD, and need only realistic and manageable means for their involvement.
- The legislative frameworks governing the involvement of social partners in the HRD process and providing incentives for their active participation are limited.
- As mentioned above (section 1.4), the private sector was hit hardest in the past few years. HRD becomes a second priority when it comes to survival.
- Until recently, the government always wanted the social partners to be involved on an advisory rather than a decision-making basis. This situation is gradually changing, with the establishment and empowerment of the Higher Council on TVET.

In the oPT, employers are represented by: (1) the Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA); (2) the Palestinian Federation of Industries (PFI); and to a less degree (3) the Palestine Trade Centre (PalTrade). Workers are represented mainly by the Palestine General Federation of Trade Unions (PGFTU). However, a second trade union working under the auspices of the Palestine Liberation Organisation is still in existence and operational.

#### **Federation of Palestinian Chambers of Commerce, Industry and Agriculture<sup>13</sup>**

The Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA) is a national organisation founded in 1989 to represent the chambers of commerce and industry of the West Bank and Gaza Strip. The federation's membership base includes 14 chambers and nearly half the operating businesses in the territories. The total membership of chambers rose from 5,900 at the end of 1991 to 32,000 at the end of 1999.

The federation's main task is to strengthen and enhance the capacity of the chambers to cope with the requirements of the global business environment. Its strategy is to ensure that the private sector is operating freely and is an integral part of policy formulation at the national level. Equally, the federation strives to create strong regional and international links to the world's larger, global markets.

Supported by the Cologne chamber for skilled craft, the FPCCIA established a unit for vocational training in December 1996. The unit initiated vocational training and has taken the Hebron chamber as a pilot chamber. In addition an examination committee was established, with the FPCCIA as a key member together with the MoL. The FPCCIA has also consolidated its strong links with the ILO's Training Centre in Turin. Key staff members of the federation and the constituent chambers received training at the centre.

The FPCCIA is a key member of the steering committee for human resource training and development and is a tripartite social partner together with the MoL and the trade unions. Based on what has been achieved so far regarding training and skills upgrading for both employers and the workforce, the FPCCIA intends to expand the vocational training unit to include training in the fields of management, production and marketing. Such a unit will be invaluable for mobilising the network of chambers, assessing the needs of the business community in the field and developing a national strategy.

<sup>13</sup> <http://www.pal-chambers.org/>



### 3. RECENT HUMAN RESOURCES DEVELOPMENT REFORMS

#### **Palestinian Federation of Industries<sup>14</sup>**

The Palestinian Federation of Industries (PFI) is the national institution representing the Palestinian industrial sector through its federated associations. Founded in 1999 as a permanent private-sector organisation, the PFI facilitates industrial development as the basis for economic performance. Its representational role is to educate, advocate and communicate the value of a developed, socially responsible and globally competitive industry. The PFI's strategy of industrial development within industry associations leads to a stronger membership base capable of delivering valuable member services, effective policy formulation, and integrated communications.

Industrial sectors represented by PFI include food and beverages, construction, stone and marble, pharmaceuticals, chemicals, metal and engineering, textiles, garments and leather, paper, printing and packaging, handicrafts, plastic and rubber, and furniture. The industrial sector in Palestine includes some 15,000 registered companies in the West Bank and Gaza Strip. The majority of these are small family-owned businesses. Only about 100 of the manufacturing, mining, and construction enterprises in Palestine have a workforce of more than 100 employees. Some 90% of all industrial enterprises have fewer than ten employees. The contribution of the industrial sector to GDP is approximately 17%, and the industrial sector absorbs around 16% of the total workforce.

The PFI is represented in the Higher Council on TVET and is active in a variety of committees working on TVET development.

#### **Palestine Trade Centre<sup>15</sup>**

The Palestine Trade Centre's (PalTrade) purpose is to lead the development of Palestinian trade as a driving force for sustainable national economic growth. As

the Formal Palestinian Institution for Trade Development and a membership of more than 170 leading Palestinian businesses, PalTrade advocates a competitive, enabling business environment and is dedicated to improving trade competitiveness through trade promotion and capacity building. PalTrade's operation and services are guided by sector-based strategies for trade development supported by assessment of cross-sectoral opportunities and impediments. These strategies are deployed through a range of services and activities aimed at vitalising sectors to export to target markets.

PalTrade offers regular training programmes to its members. Examples of the training programmes offered in 2005 include Export Marketing, a Professional Management Diploma, How to Swim with Market Sharks, the International Computer Driving Licence, and the Food Safety Initiative.

In addition, in cooperation with DAI Palestine<sup>16</sup> and with support from USAID, PalTrade oversees the training of fresh university graduates through an apprenticeship arrangement with business and industries with wage subsidy. Around 75% of the graduates were retained in employment following the end of the training period.

#### **Palestine General Federation of Trade Unions<sup>17</sup>**

The Palestine General Federation of Trade Unions (PGFTU) is a non-governmental national workers' organisation, operating for the interests of the Palestinian workforce to create a stable and secure working environment where workers are valued and respected and their rights recognised. It was established in 1965 and includes eight general industrial unions. The PGFTU sets vocational training of workers as one of its main strategic objectives.

It is worth mentioning that PCBS statistics for 2005 show that only 31.4% of employed persons are affiliated to a labour or

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<sup>14</sup> <http://www.pfi.ps/>

<sup>15</sup> <http://www.paltrade.org/>

<sup>16</sup> <http://www.dai.com/palestine/>

<sup>17</sup> <http://www.pgftu.org/>

occupational union. Of those not affiliated, 79.3% said that this was due to the fact that they were not convinced of the union's performance.

### 3.3 PROGRESS AND NEXT STEPS

The transition from policy to practice has not been as fast as was hoped or planned. The national TVET strategy was first developed in 1996 and called for the establishment of the Higher Council on TVET, which was established only in 2005, almost ten years later.

There are several reasons for the slow pace of reform. They include:

1. **Absence of efficient, professional and most importantly empowered bodies that can push the strategy forward:** Ministries concerned and other stakeholders lacked the necessary will, and were unable to let go of any of the powers they had originally inherited. This kept the system fragmented, although the strategy called for a unified system. Fragmentation, in terms of vocational and technical education at least, has been decreased with the merging of the ministries of Education and Higher Education into one ministry, and in having the directorates of vocational education and technical education merged into one directorate. The decision by the Higher Council on TVET adopted by the cabinet, specifying the TVET levels and their respective responsibility, will definitely support the integration of the various components of the system.
2. **Lack of capacity:** There are serious quantitative and qualitative shortages of qualified human resources, and in some cases shortages of the finances required to implement the TVET strategy. Even where human resources of the required calibre are available, these are dispersed and there are no mechanisms to bring them together in a synergetic way to support the development of the overall system.

3. **Over-optimistic targets:** Many of the targets set in the strategy and its implementation plan were unrealistic in the timeframe set. Increasing participation in TVET by around 10% for example, requires years. Developing curricula for 60 specialisations with no previous experience in this area is impossible in only a couple of years.
4. **External factors:** Definitely, the political and economic assumptions were of stability, independence, growth, and so on. The continued occupation and the situation following the intifada have changed the external environment so dramatically that many of the pillars of the TVET strategy now have to be revisited. Levying taxes on employers as a way of supporting the financing of TVET, for example, is completely impossible now.

In summary, the Palestinian TVET system is:

- quite small in size compared to neighbouring countries as well as modernised countries;
- a little less fragmented, perhaps, but not unified enough. There are still a multitude of providers. The system is not based on a clear qualification structure, and certificates do not have the same value;
- as demand-driven as is feasible under the prevailing circumstances;
- becoming more participatory, with the establishment of the Higher Council on TVET, where the social partners make decisions at the system level and are becoming more active in the training delivery. It is still far from participatory when it comes to financing and to accreditation and certification;
- still close-ended. Access to higher education is no easier than before. Links with other types of education are very limited;
- still attractive only to low achievers and providing the low end of the training needs of business and industry. It is still considered as a second-best type of education;

### 3. RECENT HUMAN RESOURCES DEVELOPMENT REFORMS

- not producing graduates with the quality required to compete at the local and international levels;
- staffed by a mixture of theoretical science and engineering graduates of colleges and universities, many of whom lack practical experience, and most of whom have no vocational pedagogical training;
- still using traditional curricula. Modularisation of competency-based curricula to increase the flexibility has not moved from the pilot to the system level;
- financed almost exclusively by government and donors. Students and trainees pay fees only in private VTCs and in community colleges. Businesses and industries do not support the financing either directly or indirectly;
- underutilised in terms of capacity and use of time;
- apparently not problematic as regards gender. In vocational training and technical education, the percentage of women exceeds that of men. In vocational education, expansion in the disciplines of office administration and commercial studies balanced the situation. The issue remains that, although in principle all specialisations are open to women, women actually enrol in only a limited number of specialisations;
- unable so far to incorporate the lessons learned from a large number of pilots into policy-related decision-making at the system level.



## 4. INSTITUTIONAL CAPACITY, AND PLANNING, MONITORING AND EVALUATION RESOURCES

# 4

The design, planning, monitoring and evaluation of HRD strategies and policies are conducted at various levels.

At the **national macro-level**, the main bodies carrying out these activities are as follows.

*For higher education:*

- the Council for Higher Education
- the Accreditation and Quality Assurance Commission.

*For TVET:*

- the Higher Council on TVET.

There is no similar body overseeing preschool and school education.

The Council for Higher Education has a long history of overseeing the development of higher education. It is being restructured to become more effective and responsive.

It is dominated by universities, and technical community colleges are represented by one person only.

The Accreditation and Quality Assurance Commission is relatively new and is assuming more responsibility for the accreditation of higher education programmes and institutions. Although it is an independent commission, it can only make recommendations to the Minister of Education and Higher Education, who has the final say.

In September 2005, the Higher Council on TVET had been in existence for less than a year, and had met three or four times. It has subsequently become quite active. In principle, it is an empowered body that can make decisions and ask ministries and other bodies to abide by and follow its directions. The council will gain much more support with the establishment of the Planning and Development Centre on TVET.

## HUMAN RESOURCES DEVELOPMENT AND ITS LINKS TO THE LABOUR MARKET IN THE WEST BANK AND GAZA STRIP

The members of the aforementioned bodies are either volunteers or full-time employees, and accordingly the time and effort they can contribute is quite limited. There is no paid staff working solely on designing, planning, monitoring and evaluating HRD strategies and policies.

At the **intermediate level**, the following bodies exist:

- the Directorate of General Education at the MEHE
- the Directorate of Vocational and Technical Education at the MEHE
- the Directorate of University Education at the MEHE
- the Directorate of Vocational Training at the MoL
- the Education Department at UNRWA.

All these bodies have barely enough resources to oversee the running of the education establishments they are responsible for. Very little designing, planning, monitoring, and evaluation of HRD strategies and policies are undertaken.

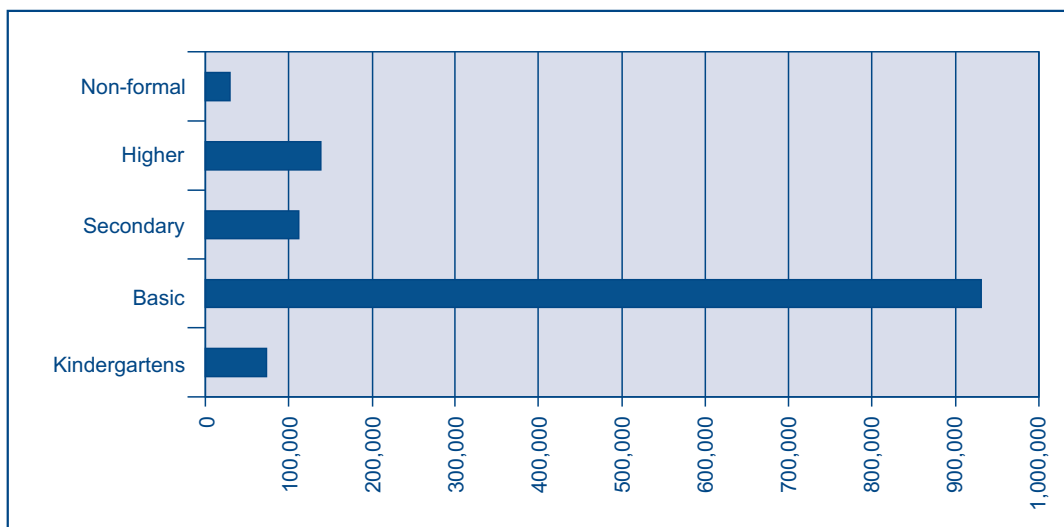
At the **institutional level**, the capacities of education establishments for designing, planning, monitoring and evaluating HRD strategies and policies are quite diverse. Some of the institutions have excellent capacities. The social partners' capacities in this regard are limited and leave a lot of room for enhancement.

## 5. SUMMARY OF KEY FINDINGS

Over one-third of the Palestinian population is active in the HRD system as students, trainees, teachers, and other staff. These people are found at different levels as shown in figure 28.

There has been a consistent increase in the number of students at all levels, but particularly at schools and universities. While attempts are being made to cope with this situation, the increase, coupled with meagre financial resources, is resulting in declining quality at all levels of the education system.

**Figure 28: Distribution of students in the HRD system**



## HUMAN RESOURCES DEVELOPMENT AND ITS LINKS TO THE LABOUR MARKET IN THE WEST BANK AND GAZA STRIP

- The TVET system caters for around 10,000 people in basic training annually, and around 25,000 people in continuing training. The percentage of students enrolled in formal vocational secondary education is only 4.9% of the total number of secondary school students.
- Although it is quite small, the system suffers from fragmentation and from a multiplicity of providers. It is not based on a clear qualification structure, and certificates do not all have the same value.
- The TVET system still attracts only low achievers and caters for the low end of the training needs of business and industry. It is still considered as a second-best type of education. This is partially due to its being close-ended, with few linkages to other types of education, and to the relatively low quality of the training on offer.
- Issues that need addressing include professionalisation of teacher training, devising adequate realistic financing mechanisms, providing adequate support services, and improving the quality, attractiveness, and utilisation of the system.
- Major reform efforts have been exerted since 1997. The implementation of the reform was slow and has just recently picked up. The delay was due to a combination of reasons including capacity, will, and external factors.
- Social partners' involvement in the HRD process is limited because of external challenges facing the economy and the absence of realistic mechanisms for the social partners' involvement.
- The institutional capacity and resources to design, plan, monitor, and evaluate HRD strategies and policies are varied and require consolidation. The structures newly set up are expected to improve the current situation greatly.



## **ANNEXES**

### **ANNEX 1: LIST OF PEOPLE INTERVIEWED**

Fahoum Shalabi, Ministry of Education and Higher Education

Hans Becker, GTZ

Hisham Kuhail, Ministry of Education and Higher Education

Maher Hashweh, BirZeit University

Mohammad Ghadieh, Ministry of Planning

Mohammad Malki, GTZ

Nader Saeed, BirZeit University

Naser Al-Ayasi, Ministry of Education and Higher Education

Ramzi Rihan, BirZeit University

Said Abu Hijleh, DAI Palestine

Salah Al Zaroo, Ministry of Labour

Salah Odeh, Federation of Palestinian Chambers of Commerce, Industry and Agriculture

Saleh El Kafri, Palestinian Central Bureau of Statistics

Sani Daher, Palestine Trade Centre

Tafeedah Jirbawi, UNRWA Women's College

Walid Nammour, BirZeit University

## ANNEX 2: NATIONAL SYSTEM-LEVEL INTERVENTIONS

### GTZ

In 1999, the PA adopted a new strategy entitled 'National Strategy for the Implementation of a Unified System for Technical and Vocational Education and Training'. GTZ is supporting this process with a contribution of US\$5,951,520, through a programme entitled 'Support to the Technical and Vocational Education and Training System in the Palestinian Territories'. The programme is situated within the overall reform of the TVET national strategy, which will lead to the establishment of a countrywide, unified, open, flexible, and labour-market-oriented system. It is to be administered by an interministerial body in order to increase the administrative effectiveness and enhance the overall efficiency of the TVET sector.

In September 2004, the interministerial TVET structure was created. It comprises a Higher Council, an Executive Board and a Development Centre. These bodies will be fully responsible for the implementation of TVET at all levels: policy formulation, planning, and operational levels. In addition to the ministries concerned, private-sector representatives (local organisations, federations and chambers) are key stakeholders of the new TVET bodies. The programme will increase the employability of the unemployed by training them according to identified market needs. It also qualifies TVET staff to ensure the implementation of the reformed TVET system, and attracts more people to join TVET by improving their chances of employability.

The programme comprises three components:

- Qualification of employees in the TVET system (HRD);
- Non-formal education;
- Support to the Technical College Nablus.

### USAID

USAID's education programme, being undertaken through a US\$41 million initiative, provides funds to benefit institutions of higher education, students and faculty alike, giving them better access to current research and technology. Under this initiative, 13 technical and vocational colleges are being provided with modern equipment and supplies; 20 community colleges are receiving new computers and upgraded software in order to improve internet access and provide state-of-the-art skills training; 11 university libraries are receiving funds to enhance student and faculty access to the latest global information in the fields of science, business, and economics; and scholarships are being provided for 1,500 students to attend technical and vocational colleges.

These investments in education are empowering a new generation of Palestinians to be productive members of their society and effective future leaders of their country. Since 2000, the West Bank/Gaza Strip Mission of USAID has provided US\$27 million to increase higher education and training opportunities for Palestinians. The programme targets university students, universities, and the training of professionals, including the MEHE.

### UNESCO

UNESCO recently conducted training on the modular system and developing modular curricula. It is currently supporting a review of the TVET strategy to come up with a monitoring and costing plan for the strategy implementation plan.

**European Union**

The establishment of the multi-purpose TVET centre aims to provide an on-the-ground pilot for a TVET institution that offers multi-level training for both youngsters and adults in a way that is efficient, effective, and relevant to the needs of the labour market, as advocated by the national TVET strategy. The centre has physical resources, human resources, and curriculum development components, besides providing models for centre management and cost recovery.

**Belgium**

In September 2005, Belgium started a major programme of support to the TVET curriculum development process.

**SDC**

The Swiss Agency for Development and Cooperation (SDC) set up and supported the Expert Team on TVET (1996–2001) that laid the groundwork for many of the TVET national development strategies and plans.

**World Bank**

The World Bank supported the piloting of establishing vocational specialisations within the academic schools.

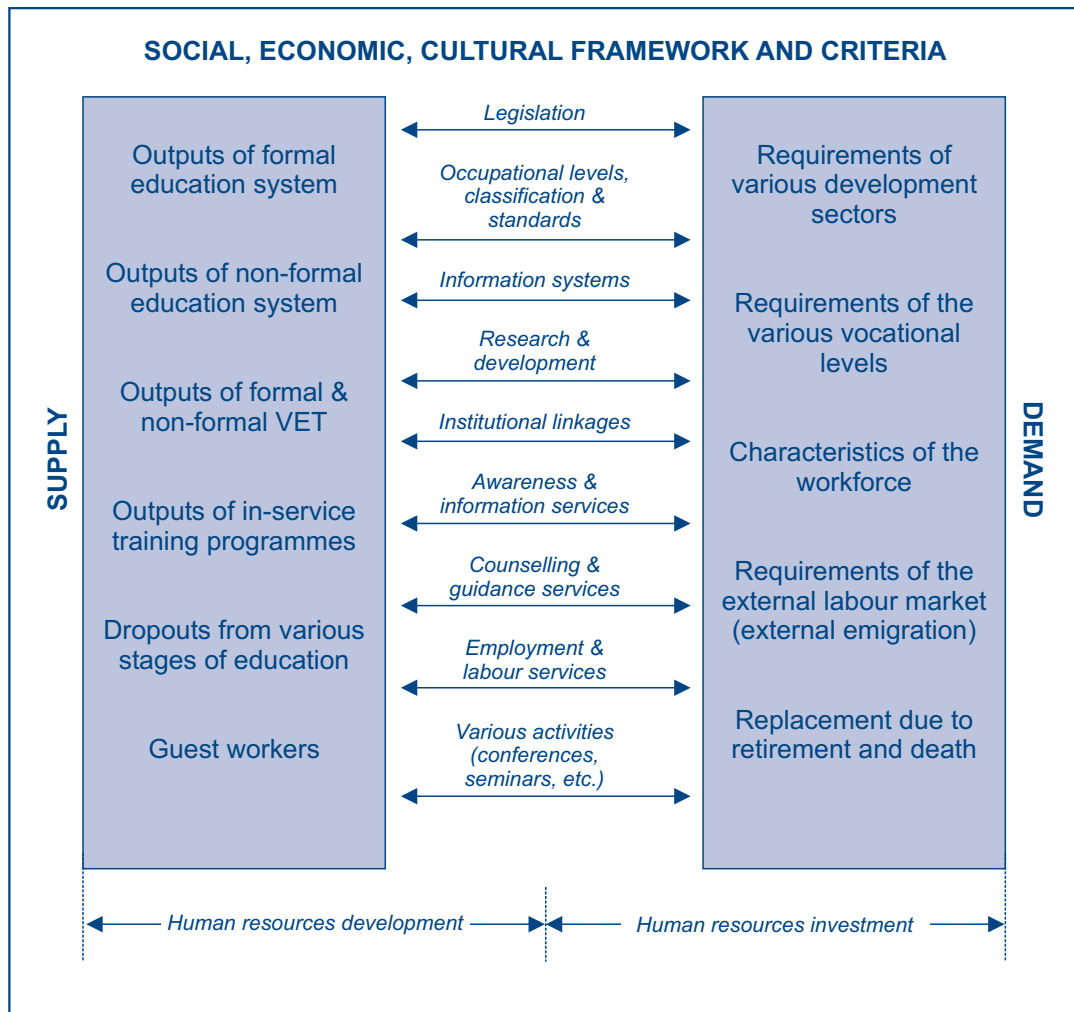
**Netherlands**

The Netherlands spearheaded the development of the agricultural branch of TVET.

**CIDA**

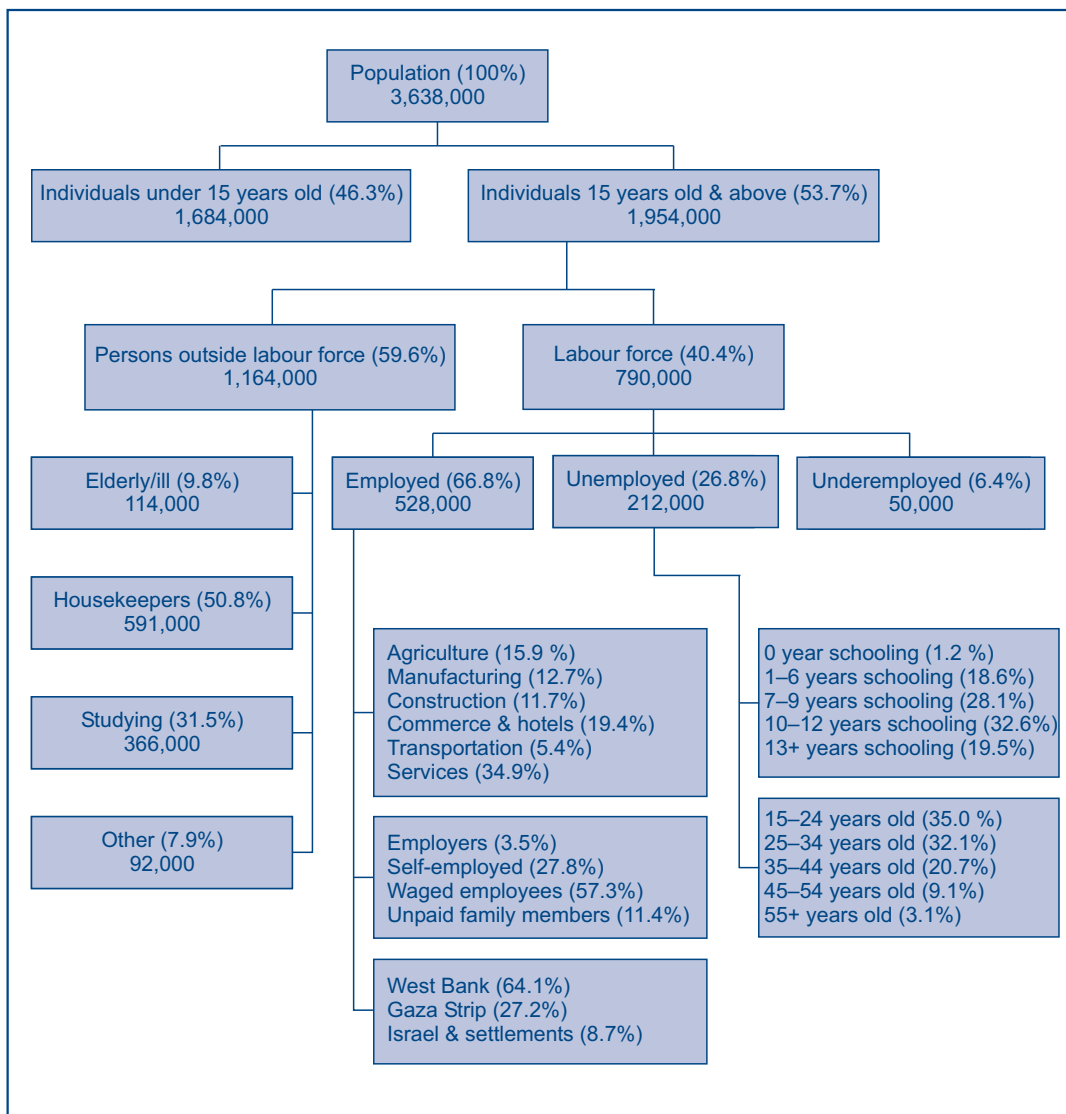
The Canadian International Development Agency (CIDA) supported the efforts of the Ministry of Social Affairs in developing its Training and Rehabilitation Centres.

ANNEX 3: HUMAN RESOURCES DEVELOPMENT AND  
INVESTMENT



Source: Masri, M., *Technical and vocational education and training in Palestine – Recommended actions*, 2001

ANNEX 4: BASIC LABOUR STATISTICS



Source: Based on PCBS Labour Statistics, 2004



## ACRONYMS

<b>CIDA</b>	Canadian International Development Agency
<b>DSP</b>	Development Studies Programme (at BirZeit University)
<b>ETF</b>	European Training Foundation
<b>FPCCIA</b>	Federation of Palestinian Chambers of Commerce, Industry and Agriculture
<b>GDP</b>	gross domestic product
<b>GNI</b>	gross national income
<b>GS</b>	Gaza Strip
<b>GTZ</b>	Deutsche Gesellschaft für Technische Zusammenarbeit
<b>HRD</b>	human resources development
<b>ILO</b>	International Labour Organisation
<b>IMF</b>	International Monetary Fund
<b>IT</b>	information technology
<b>MAS</b>	Palestine Economic Policy Research Institute
<b>MEHE</b>	Ministry of Education and Higher Education
<b>MoL</b>	Ministry of Labour
<b>NGO</b>	non-governmental organisation
<b>oPT</b>	occupied Palestinian Territories
<b>PA</b>	Palestinian Authority
<b>PalTrade</b>	Palestine Trade Centre
<b>PCBS</b>	Palestinian Central Bureau of Statistics
<b>PFI</b>	Palestinian Federation of Industries
<b>PGFTU</b>	Palestine General Federation of Trade Unions
<b>PLO</b>	Palestine Liberation Organisation
<b>SDC</b>	Swiss Agency for Development and Cooperation
<b>SME</b>	Small- and medium-sized enterprise
<b>TVET</b>	technical and vocational education and training
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme

## HUMAN RESOURCES DEVELOPMENT AND ITS LINKS TO THE LABOUR MARKET IN THE WEST BANK AND GAZA STRIP

<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organisation
<b>UNRWA</b>	United Nations Relief and Works Agency (for Palestine Refugees in the Near East)
<b>USAID</b>	United States Agency for International Development
<b>VTC</b>	vocational training centre
<b>WB</b>	West Bank



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