



Be the change

*“Research on Youth  
Employment and Palestinian  
Youth Employment Strategy”*

*Submitted by:*

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*Riyada*  
رِیَادَة  
Consulting and Training  
للاستشارات والتدريب

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## List of Acronyms

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GDP	Gross Domestic Product
ICT	Information and Communication Technology
ILO	International Labor Organization
KAP	Knowledge, Attitude and Practice
oPt	Occupied Palestinian Territory
PA	Palestinian Authority
PCBS	Palestinian Central Bureau of Statistics
PITA	Palestinian Information Technology Association
PYES	Palestinian Youth Employment Strategy
SYF	Save Youth Future (Gaza)
TVET	Technical and Vocational Education and Training
UN	United Nations

# 1. Introduction

## 1.1 Purpose of the Research

Mercy Corps has initiated **Securing a Future Free of Poverty: Palestinian Youth Advocacy for Equity and Employment**, a project to support sustainable poverty-reduction and youth empowerment in the oPt by advancing employment and youth advocacy. The project engages Palestinian partners and youth to develop a Palestinian Youth Employment Strategy (PYES) for increased responsiveness by policy makers and educational institutions and parents and youth themselves to the market demands for job preparedness and increased employment opportunities. The action will specifically serve Palestinian youth and technical and vocational training institutions in economically marginalized and underserved communities of the West Bank and the Gaza Strip.

The action's Specific Objective is to increase the capacity and cohesiveness of Palestinian youth networks to advocate for market-driven technical training and improved educational and apprenticeship opportunities.

This report combines information from the literature with a review of existing policies and primary data gathered in the field from key stakeholders, to lay out a broad strategy for enhancing youth employment in oPt, which can serve as the basis for advocacy efforts by Palestinian youth. The research seeks to complement other research and advocacy initiatives on youth employment, such as STEP FORWARD and Sharek Youth Forum's recently published Palestinian Youth Employment Action Plan and the Youth Policy Study produced by the Ministry of Youth and Sports in 2006.

What distinguishes this project from others is its emphasis on a specific research hypothesis: namely, that enhancing the capacity of Technical and Vocational Training (TVET) institutions in the sector of Information and Communications Technology (ICT) shows promise for generating growth and youth employment in the the oPt. The research seeks to test that hypothesis through the collection of data about knowledge, attitudes, and practices among Palestinian youth, parents, TVET educators, and employers regarding ICT and the TVET sector.

By gathering information on both the supply-side and demand-side, the research seeks to make a unique contribution to the state of knowledge about the potential role for TVET institutions in contributing to human resource development for a vibrant and growing ICT sector in Palestine. As a result, the report makes more narrowly tailored recommendations and findings that should be useful to practitioners and policymakers whose work relates to ICT sector development, TVET, and youth employment and entrepreneurship more broadly.

The research has also been unique in incorporating youth participation from the design phase through to execution of research in the field. Volunteers from youth organizations in the West Bank and Gaza were involved from the beginning in identifying research themes and guiding questions. They also took part in the research directly, by administering surveys to households, enterprises, and TVET

institutions. The next stage will be for youth to take part in advocacy efforts to address the issues raised by the research. By promoting the recommendations of the research among policymakers and educational institutions, as well as international agencies and the office of the UN Secretary General, the process may be adopted as an annual review in support of the UN Youth Task Force's national reviews or to increase responsiveness to poverty reduction by including youth in the ILO's labour surveys.

In parallel with this research report, Mercy Corps has commissioned a labor market demand assessment for the ICT sector, to be administered by the Palestinian Information Technology Association (PITA). The labor market demand assessment will provide detailed, sector-specific data on the human resource needs of ICT employers, to complement the more general and qualitative findings of this research.

## **1.2 Scope of Work**

Riyada Consulting & Training was contracted by Mercy Corps to carry out the research. Riyada's primary responsibilities were as follows:

- To conduct research on youth employment including a review of relevant national policies and programs and a national Knowledge, Attitudes, and Practices (KAP) survey to assess perspectives of youth, parents, employers, and educators on youth training and employment issues. The KAP survey was designed and implemented with the input from the partner organizations and youth.
- To train youth in data collection methods to contribute to the research, and to improve their experience and employability.
- To develop the PYES report.
- To work closely with Mercy Corps and Mercy Corps' partners to ensure youth involvement in the design and implementation of the PYES and related research, including a representative quantitative survey of Palestinian youth, parents, employers, and vocational training educators.

## **2. Methodology**

### **2.1 Qualitative Methodology**

Riyada's qualitative fieldwork began with a desk review of national youth employment policies and programs. That was followed by a round of interviews with key informants knowledgeable about youth employment. Those included practitioners working for local and international organizations implementing youth employment programs, private sector representatives, and educators from TVET institutions.

Focus group discussions were held with three key groups of stakeholders: youth, parents, and employers. The focus groups were designed to cover similar topics to those of the KAP surveys, but were structured to allow more in-depth consideration of the questions. The meetings were held with representatives of each stakeholder group in the northern West Bank, middle West Bank, southern West Bank, and Gaza (a total of 12). See Annex C for Guiding Questions in English translation. Focus group and interview participants were as follows:

<b>Table 1: Focus Groups:</b>		
<b>Region</b>	<b>Locality</b>	<b>Participants</b>
North West Bank	Nablus	<ul style="list-style-type: none"> <li>• Students at the Hisham Hijawi Institute of Technical Education.</li> <li>• Parents of students at the institute.</li> <li>• Employers (small business owners) in vocational trades in the area.</li> <li>• Educators from the institute.</li> </ul>
Middle West Bank	Ramallah	<ul style="list-style-type: none"> <li>• Young employees of companies in the ICT sector.</li> <li>• Employers in the ICT sector.</li> <li>• Educators from TVET centers in Ramallah, Jericho.</li> </ul>
South West Bank	Bethlehem – Al Dheisha Refugee Camp	<ul style="list-style-type: none"> <li>• Youth, parents, and employers (small business owners) from the camp.</li> <li>• TVET educators from the region.</li> </ul>
Gaza Strip	Gaza City	<ul style="list-style-type: none"> <li>• Youth, parents, and employers from a mix of sectors.</li> <li>• TVET educators from Gaza City.</li> </ul>

## **2.2 Quantitative Methodology**

The quantitative survey covered four groups of stakeholders in the West Bank and Gaza:

- youth ages 15-28;
- parents of youth ages 15-28;
- employers in the services and manufacturing sectors; and
- educators from technical and vocational training institutions.

The sample design ensured proportional representation by geography, age and sex. Riyada used a two-stage stratified cluster sample of 2000 persons. Confidence intervals were maintained at 95% with a margin of error of +/- 4.5 - 5.5%. The statisticians also designed and coded the SPSS data entry forms to capture all the information requested on the questionnaires.

The surveys, in addition to collecting demographic information about respondents, covered the themes of Employment Creation, Entrepreneurship, Employability, Equal Opportunity, and Barriers. To the degree possible, questions to different groups mirrored one another so that responses could be compared among the various groups. See Annex C for the questionnaires in English translation.

A secondary objective of the quantitative research was to build youth capacity in survey design and field research. Riyada trained groups of youth volunteers in Hebron, Gaza, and Ramallah, who collected the surveys. Volunteers were youth members of IPYL, SYF, and the Palestinian Red Crescent Society in Ramallah.

Members of the youth organizations IPYL and SYF also participated actively in survey design through brainstorming sessions led by Riyada consultants on youth employment related topics. Ideas generated by the youth were integrated into quantitative and qualitative research tools.

### 3. Literature and Policy Review

Youth unemployment is widely recognized to be a pressing economic and social challenge in the oPt. Due to high fertility rates in recent decades, over 70% of West Bank residents and three fourths of Gazans are under 29. Youth's share of the population will continue to increase for the next decade or so, given demographic trends.<sup>1</sup> This will put strong pressure on policymakers to develop systems for educating and employing a young and rapidly growing population.

The youth employment crisis has been extensively studied and the primary causes are well-known. The Palestinian economy and workforce has undergone a wrenching adjustment since the second intifada, in both West Bank and Gaza. Unemployment rates have skyrocketed and poverty rates have climbed. In particular, Israeli closure policies have restricted the movement of large numbers of unskilled males, who previously were able to find work in Israel at relatively generous wages. Those workers have now been forced to seek employment within a Palestinian economy facing shrinking GDP and a hobbled private sector in the face of widespread barriers to the movement of people and goods. In response, the public sector has expanded, but not to an adequate level that would compensate for the loss of private sector jobs. This has left a growing pool of workers competing for a shrinking pool of jobs, and it is in this context that youth employment has reached its present levels.

In this section, we mine secondary sources to provide a brief snapshot of the current outlook for youth labor force participation and unemployment, with an analysis of the education system and its relevance to the labor force, and finally a summary of the conditions for graduates entering the labor force. We also summarize some of the policy tools, laws, and initiatives that are relevant to youth employment.

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<sup>1</sup> Sayre, Edward and Samia Al-Botmeh. "In Search of a Future: The Struggle for Young Palestinians," in Dhillon and Yousef, eds., *Generation in Waiting: The Unfulfilled Promise of Young People in the Middle East.* Brookings Institution Press, Washington, D.C., 2009.

The aim is not to exhaustively review all the relevant research but to succinctly describe the context in which to interpret the findings of our research and our conclusion and recommendations.

### 3.1 Current Statistics on Youth Labor Force Participation and Unemployment

Labor force data from the Palestinian Central Bureau of Statistics (PCBS) paint a grim picture of employment prospects for youth. In oPt as a whole, only about one in four Palestinians (26.9%) ages 15-24 are in the labor force.<sup>2</sup> Of those, only about half are employed full-time, while 40.2% are unemployed and 6.8% underemployed.

The statistics show notably different patterns for:

- 1) employment in the West Bank vs. Gaza;
- 2) labor force participation and employment for males vs. females; and
- 3) labor force participation and employment for age groups 15-24 vs. 25-34.

See comparison Table 2 below for a breakdown by region (West Bank/Gaza) and by gender.

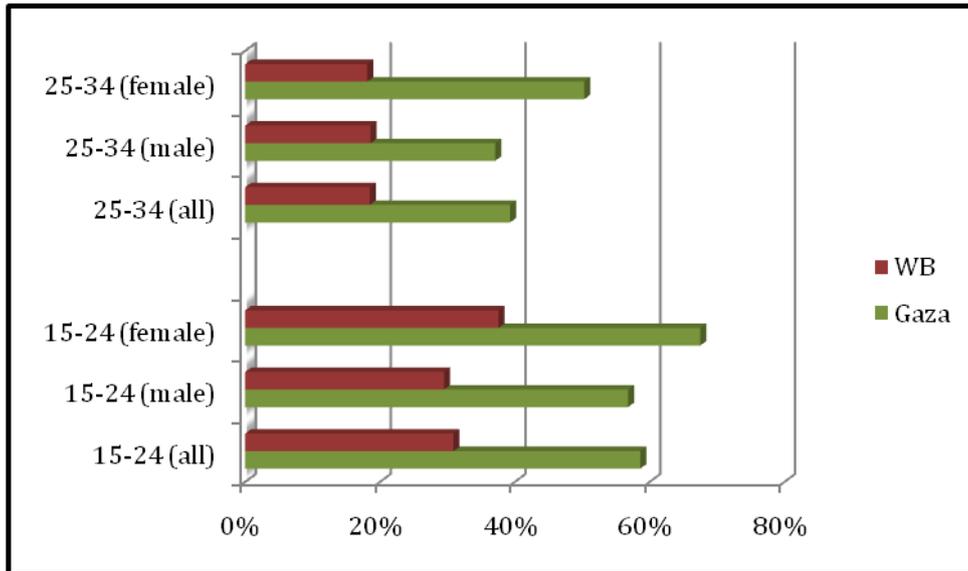
<b>Table 2: Labor Force Participation and Unemployment in the West Bank and Gaza</b>						
	<b>Labor Force Participation</b>		<b>Unemployment</b>		<b>Underemployment</b>	
	<b>Gaza</b>	<b>WB</b>	<b>Gaza</b>	<b>WB</b>	<b>Gaza</b>	<b>WB</b>
<b>15-24 (all)</b>	24%	28.7%	58.6%	30.9%	6.5%	7%
<b>15-24 (male)</b>	39.4%	46.3%	56.8%	29.5%	6.5%	8.2%
<b>15-24 (female)</b>	8%	10.2%	67.5%	37.6%	5.9%	1.5%
<b>25-34 (all)</b>	54%	56.9%	39.3%	18.5%	7.3%	7.2%
<b>25-34 (male)</b>	88.8%	87.3%	37.1%	18.6%	7.5%	9%
<b>25-34 (female)</b>	18.2%	25.2%	50.3%	18.1%	5.9%	0.9%

#### 3.1.1 West Bank vs. Gaza:

Labor force participation patterns, overall and between men and women, are similar in the West Bank and Gaza (see columns under “Labor Force Participation” in the table above). However, the employment picture is significantly worse in Gaza, whose economy has been devastated by a series of crises, including closure and economic blockade since June 2007, and was further damaged by Israel’s Operation Cast Lead offensive in January 2009. Youth unemployment rates in Gaza are generally double or more those of the West Bank, as three of every five youth ages 15-24 who are in the labor force are unemployed.

<sup>2</sup> PCBS Labor Force Survey 2009. Palestinian Central Bureau of Statistics.

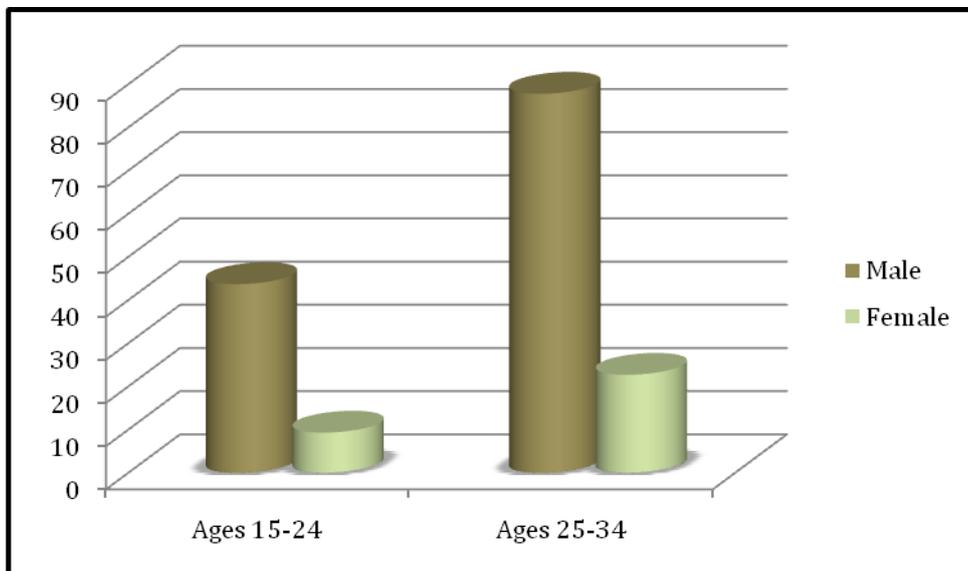
**Figure 1: Youth Unemployment, West Bank vs. Gaza**



**3.1.2 Males vs. Females**

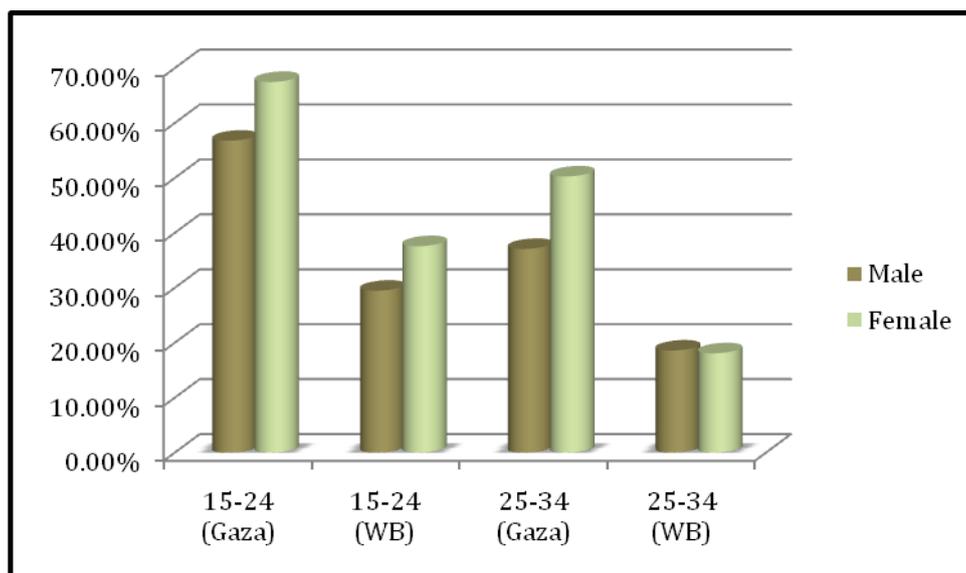
Compared with males, females under the age of 34 have much lower rates of labor force participation (see Figure 2 below) and higher rates of unemployment (see Figure 3 below). This is due primarily to the effect of women staying out of the workforce during childbearing years. The median age of marriage is 19.4 among women and 24.7 among men, as of 2005 data, and women typically begin having children soon after marriage.<sup>3</sup>

**Figure 2: Youth Labor Force Participation Rates by Age Group, Male vs. Female**



<sup>3</sup> PCBS Demographic and Social Statistics 2007.

**Figure 3: Youth Unemployment in West Bank and Gaza, by Age Group, Male vs. Female**



### 3.1.3 Ages 15-24 vs. 25-34

Labor force participation rates are lower, and unemployment rates higher, among the 15-24 age group across both regions and sexes. The low labor force participation rate is likely due to the fact that many youth this age are in school, and in the case of females likely also has to do with childbearing, as discussed above. Unemployment figures reflect the disadvantages faced due to lack of experience.

### 3.1.4 The Impact of Years of Schooling

This varies by gender. Among males, unemployment decreases in association with years of schooling, while for females the opposite is the case due to structural exclusion from non-service sector jobs and high competition among highly educated women for jobs.<sup>4</sup>

## 3.2 Education and the Labor Force

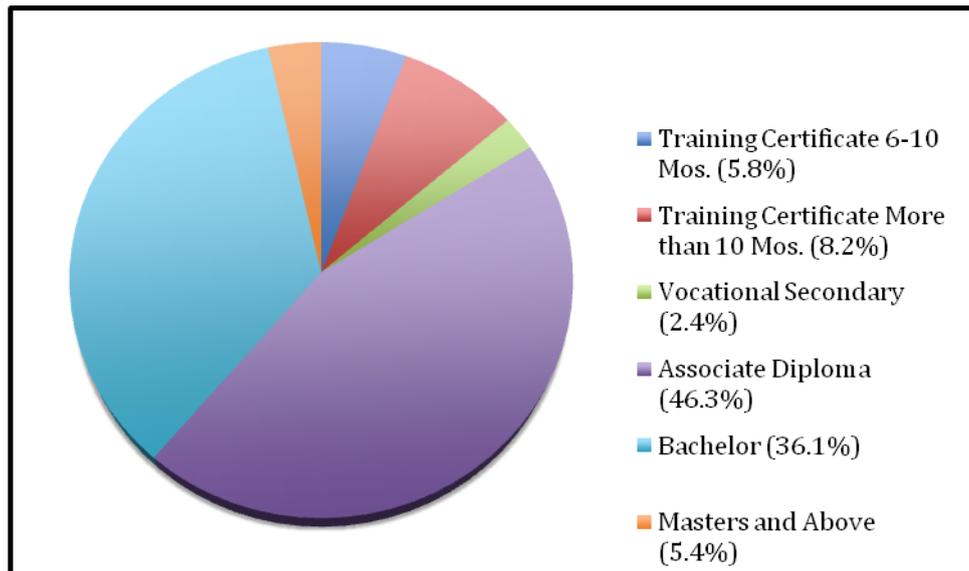
Palestinians have invested strongly in education in recent decades and are rapidly becoming more educated at all levels. On key quantitative measures the quality of education has also improved, with smaller class sizes, more resources expended, and fewer dropouts.

Overall, tertiary education has seen dramatic increases in the past couple of decades, with enrollment rates nearly doubling between 1995 and 2004. Notably, female enrollment has risen more quickly than that of males and women now outnumber men in higher education programs. All graduates by program type are as follows:<sup>5</sup>

<sup>4</sup> 2009 PCBS Labor Force Survey, p. 61.

<sup>5</sup> Data from 2006 PCBS Conditions of Graduates Survey.

**Figure 4: Graduates by Program Type**



Notably, the lion's share of graduates are earning associate diplomas or bachelor's degrees (comprising over 80% of graduates combined), with relatively few opting for vocational and other training programs (about 15%).

Numerous researchers have questioned the relevance of what is taught in Palestinian schools, vocational training centers, and even universities to the needs of the workforce.<sup>6</sup> In addition, the education system has historically favored rote learning, with less emphasis on the critical thinking and problem solving skills that provide the foundation for a knowledge-based economy. Policymakers have taken steps to address this, including unifying school systems in West Bank and Gaza and modifying the curriculum in 2000, with a greater emphasis on active learning and instruction in foreign languages and civics.

After 10<sup>th</sup> grade, Palestinian students are enrolled in one of three academic tracks: sciences, humanities, or technical and vocational training (TVET). The system is organized such that there is a distinct progression in order of prestige (in the above order).

Students with top grades have their choice of tracks, but only the top students may enroll in the sciences track, making it the selective and, correspondingly, the most prestigious. The next class of students may choose between the humanities and vocational education tracks, while those with the poorest marks may only choose vocational education. As a result, vocational education is rated the lowest in terms of prestige and generally under-resourced. Furthermore, it is apparent that many students enroll in the track because they have no other option, rather than doing so on account of a genuine interest in the relevant trades.

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<sup>6</sup> Hashweh, Mazen, "Human Resource Development in the West Bank and the Gaza Strip," Welfare Association, October 2005.

Moving on to higher education, the tracking system continues to have broad implications. Students in the sciences track have their pick of fields at university, while students in the literary track may enroll only in a limited number of fields.

Vocational training graduates, on the other hand, normally have only the option of post-secondary training institutions and centers. According to the 2006 PCBS Conditions of Graduates Survey, 40.2% of vocational training and education graduates indicated that the main reason for attending TVET was lack of success in academic education, and only 43.5% of TVET graduates reported being satisfied with their course of study.

That has translated into correspondingly low prestige for the post-secondary TVET centers and institutions—especially those that are government run—even as private sector demand has increased for employees with vocational skills in growing economic sectors (at least in the foreign assistance-rich Ramallah/Al Bireh Governorate of the West Bank) such as construction, auto maintenance and repair, manufacturing, pharmaceuticals, and ICT and certain ICT-using sectors.<sup>7</sup>

### **3.3 Entering the Labor Force**

Given the rapid overall growth of the Palestinian labor force (annual growth rate of about 4% over the last 15 years) and tepid demand from private sector employers, new graduates of TVET institutions, colleges and universities typically face a lengthy wait in finding suitable employment. Only about half find a job that matches their skills within the first two years. One fourth wait more than five years.

Employment is increasingly dominated by the public sector, particularly in Gaza. In the West Bank, 16.8% of employment is in the public sector and 67.5% private, while in Gaza the public sector employs 46.8% of the workforce, as compared to 53% for other employers.<sup>8</sup>

Graduates with higher or more prestigious types of education generally have better success finding jobs, and vocational training graduates in particular have difficulty finding jobs. For example, the 2006 PCBS Conditions of Graduates Survey showed highest unemployment rates were among TVET graduates (31% in the West Bank and 40.7% in the Gaza Strip). The lowest rates were among those with a Bachelors' degree or higher (17.9% in the West Bank and 27.9% in Gaza).

And despite the fact that vocational training should hypothetically be the most demand-responsive and skills-oriented type of post-secondary education, only 51.4% of TVET graduates report finding work relevant to their educational qualifications (as compared to 77% of those with a bachelor degree or above, and 59% of associate degree holders).<sup>9</sup>

Among all recent graduates during the 2001-2005 period, the unemployment rate was 40% (as of late 2005). Graduates of 10-month TVET courses fared worst, with a

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<sup>7</sup> Information on growing sectors from Riyada conversations with Ramallah/Al Bireh area TVET educators and the Mercy Corps/PITA Labor Market Demand Assessment.

<sup>8</sup> PCBS Labor Force Survey 2009, p. 104.

<sup>9</sup> PCBS Conditions of Graduates Survey, 2006.

56.6% unemployment rate, while over half of graduates of associate degree programs also were unemployed.

Perhaps relatedly, TVET graduates are also disadvantaged when it comes to wages. On average, they earn 71 NIS/day in the West Bank and 65 NIS/day in Gaza. By comparison, those with Bachelors degrees and above earn nearly 50% more: 105 NIS/day in the West Bank, and 93 NIS/day in Gaza.<sup>10</sup>

### **3.4 Policies Affecting Youth Employment**

A brief review of the Palestinian policy framework shaping the environment for youth employment.

#### **The Basic Law and Draft Constitution**

The basic law was designed to regulate the relationship between the PA and the people through a range of constitutional basics and rules, with the aim of guaranteeing people's rights, public and personal freedoms.

The basic law also regulates the social and health insurance services, including for youth. It establishes the universal right to education, and obligates youth to complete preparatory education, at a minimum, which is provided free of charge. The law also guarantees the right of the youth to participate in the political life; to form, establish and join political parties; and to form and establish unions, associations, societies, clubs and popular institutions.

The draft constitution requires the state to prepare a comprehensive development plan that incorporates the youth into the labor force, and to provide them with employment opportunities on the principle of merit and equal opportunities.

#### **Labor Law**

The Palestinian Labor Law of 2002 outlines the most important regulations governing the labor market in Palestine. The law generally provides legal protection to youth and children in the labor force against unsafe and exploitative working conditions, and provides benefits to women including 10 weeks of paid maternity leave.

However, workers in family enterprises do not qualify for protection under the law; this leaves out a large share of Palestinian workers in the private sector, which is dominated by family enterprises. In many other cases, employers simply avoid the legal regulations due to lack of enforcement. The law itself does not specify penalties for noncompliance.<sup>11</sup>

In reality, there is a wide gap between different types of professions. Professionals who tend to be employed on the basis of written contracts are generally entitled to the benefits outlined in the law, while very few workers in semi-skilled or unskilled professions do.<sup>12</sup>

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<sup>10</sup> PCBS Conditions of Graduates Survey, 2006, p. 44.

<sup>11</sup> World Bank, "Checkpoints and Barriers: Searching for Livelihoods in West Bank and Gaza, Gender Dimensions of Economic Collapse." February 2010.

<sup>12</sup> Sayre, Edward and Daoud, Yousef. "Labor Market Regulations and Unemployment Duration and in Palestine." Presentation, 7<sup>th</sup> International Conference of the Middle East Economic Association, (May 2008), Famagusta, North Cyprus.

Researchers have not found a conclusive relationship between levels of benefits provided and employment levels in Palestine. However, it has been shown that workers in the services sector receive the greatest level of benefits, and also face longer periods of unemployment when not employed, which may mean that there is a relationship between the two.

Overall, given the lack of enforcement and/or applicability of the law to the majority of the workforce, it appears unlikely that youth and women are being discriminated against due to labor regulations.

### **Enabling Environment for the Private Sector and Economic Growth**

The PA has taken strides to support private investment and economic growth. The World Bank reports that corruption and regulations are not major barriers to private enterprise.<sup>13</sup> However, given the PA's lack of authority over such basic pillars of economic activity as land and water, imports and exports, taxation of goods, and the movement of goods and people within the oPt—all of which are largely controlled by Israel—its ability to provide a supportive environment is highly constrained.

The legal framework governing the private sector is outdated and in need of updating; however, the present impasse in the legislative system means that this will not change in the near term. Businesses are governed by different laws in the West Bank and Gaza Strip, as the legal framework in the West Bank is based on Jordanian law, while Gaza's is on the Egyptian system.

Companies in the West Bank are governed by Companies' Law of 1964 from Jordan. The law has been updated several times since in Jordan but the earlier version remains in effect in the West Bank. The Companies' Law is primarily relevant to businesses with large amounts of capital, despite the fact that the vast majority of Palestinian enterprises are MSMEs, and makes no distinction between different types of businesses.

In terms of gender, Riyada has found that problems with the legal environment for SMEs disproportionately affect women-owned enterprises as almost all are SMEs. Other laws outside the sphere of business regulation also have an impact. For example, inheritance laws are now in the domain of family law, which is governed by Sharia. Under sharia men are entitled to twice the inheritance of women, due to their greater familial responsibilities according to Islamic tradition. However, women's smaller inheritance inevitably gives them less access to capital that can be used for business start-up or to family assets that are essential for securing collateral for loans.

The financial sector is another area in which the PA has a significant degree of responsibility. The PA is responsible for regulating banks (through the Palestinian Monetary Authority) and microfinance institutions (through the Ministry of National Economy). While banking and microfinance regulations do not make special

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<sup>13</sup> World Bank, "West Bank and Gaza Investment Climate Assessment: Unlocking the Potential of the Private Sector," March 20, 2007, p. iii.

provisions for youth borrowers that would specifically impact youth entrepreneurs, for example, they do affect the environment for providing financial services to lower income borrowers. In recent years, regulators have developed a new form of registration for microfinance institutions (as non-profit companies) that may be beneficial in helping MFIs to access commercial funds and expand their lending. Regulators are currently seeking to learn from experiences of other countries in which the central bank regulates the microfinance industry, and to incorporate best practices.

### **The Palestinian Reform and Development Plan (PRDP)**

The PRDP was launched by the PA in 2007, with the intent of setting national priorities for international donors to support during the years 2008-2010. The PRDP set ambitious targets in areas affecting youth employment, particularly in the education sector, including preparatory, secondary, and the TVET sector. It also requested millions of dollars in funding for youth empowerment initiatives.

The PA's record has been mixed on achieving these ambitious targets. Educational initiatives including TVET have received strong commitments of donor funds. Youth empowerment, on the other hand, is considered a lesser priority. The PA is limited in its ability to translate its policy priorities into concrete actions as a result of its dependence on international donor support for the vast majority of its budget.

Another obvious challenge is that the Palestinian Legislative Council continues to be inactive. That means that draft legislation remains stalled and existing legislation cannot be modified except by decrees by the President, which are only issued on matters of the highest priority, and are furthermore considered to have questionable constitutional legitimacy.

Finally, it must also be noted that the political split between the West Bank and Gaza means that the PA's policies and initiatives today only have real relevance to the environment for youth in the West Bank, where the PA exercises *de facto* control.

## 4. Findings

### 4.1 Introduction

Building on the review of relevant literature and policies, researchers' questionnaires, interviews and focus groups were designed to supplement existing knowledge by capturing the perspectives of key stakeholders for youth employment--namely youth themselves, parents, employers, and educators. The findings, informed by the desk research, feed directly into the strategy for youth employment.

Both the quantitative and qualitative research tools focused on the four principal areas of interest of this study: **employment creation**, **entrepreneurship**, **employability** of youth, and **equal opportunities**. In addition, researchers compiled the key barriers, as seen by stakeholders, and possible means to overcome them.

Mercy Corps and Riyada also sought to test the hypothesis of ICT and vocational training as a means of generating youth employment. Findings are presented in the last section. Findings are organized accordingly.

The discussions yielded areas of agreement among various stakeholders as well as areas of disagreement, and we have tried to reflect the diversity of opinion in our findings. There is a striking degree of pessimism among youth and parents. Employers and educators tend to see more opportunities.

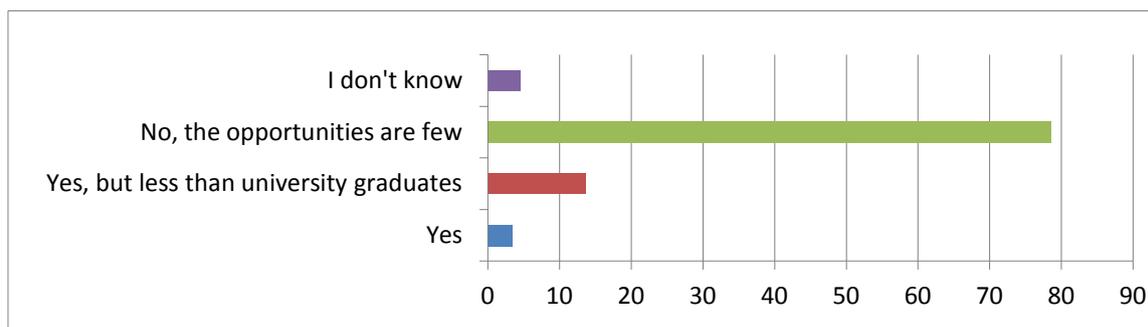
### 4.2 Employment Creation

**Finding 1: The outlook for youth employment is extremely challenging, across regions but particularly in Gaza.** Bearing out the stark statistics cited in the previous section, participants emphatically agreed that there is a crisis in youth employment. Even in sectors enjoying relatively rapid growth and known for creating good job opportunities, like ICT, youth feel insecure about their jobs and their professional futures. Competition for jobs is fierce at every level and youth with lower levels of education are particularly disadvantaged.

Asked about availability of employment opportunities for youth in their region, 60.9% said they were "few" and 34% "not available." Only 2% said there were many opportunities.

The opportunities that do exist are seen as largely inaccessible to youth without a university level education (see Figure 13 below).

**Figure 5: Are there Good Opportunities for Secondary or Tawjihi Graduates to Get Jobs in Your Area?**



The top sectors for employing youth in youth respondents' areas were seen as 1) manufacturing and construction (40%), 2) internal trade (34%), and 3) transportation (26%). Notably, not a single sector was cited by a majority of respondents.

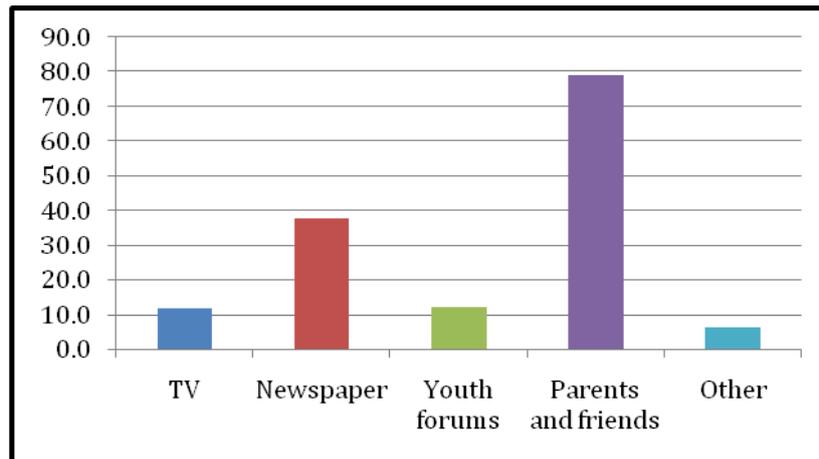
ICT was only mentioned by 6% of respondents; however respondents are likely not aware that most job opportunities related to ICT are actually outside the ICT sector. Promising ICT-related opportunities for TVET graduates are often times in subsectors such as finance, food manufacturing, and construction, in which specific ICT expertise is needed.<sup>14</sup>

**Finding 2: Networks are key, for both job seekers and employers.** Palestinians rely heavily on personal networks and less so on institutions and formal mechanisms, both as employers who want to evaluate potential applicants and as job-seekers searching for relevant opportunities. In some cases this is viewed negatively, as youth in particular perceive that private sector jobs are meted out on the basis of *wasta* (meaning, roughly, connections or favoritism), leaving those without such connections stranded. For employers, on the other hand, recommendations from known and trusted sources are often the most efficient means of vetting applicants' character.

Youth survey participants were asked what channels they use to get information about available jobs in their areas. The largest number by far (nearly 80%) responded that they rely on parents and friends. The next most popular source, newspapers, was cited by about half as many respondents (see Figure 14 below).

<sup>14</sup> Mercy Corps/PITA Labor Market Demand Assessment, 2010.

**Figure 6: Channels through which Youth Find Job Opportunities**



Focus group participants (all male) in Al Dheisha camp in Bethlehem, who had previously worked in construction, restaurants and manual labor, said they learned about opportunities through personal effort and references. One said,

*“It’s not too hard to know about the jobs in the camp, we know each other and hear about things by the word of the mouth... when we need jobs, we go ask around.”*

When asked if they look at newspaper ads, Al Dheisha youth agreed that they don’t have faith in the job opportunities posted: “Finding jobs depends on personal and family connections.”

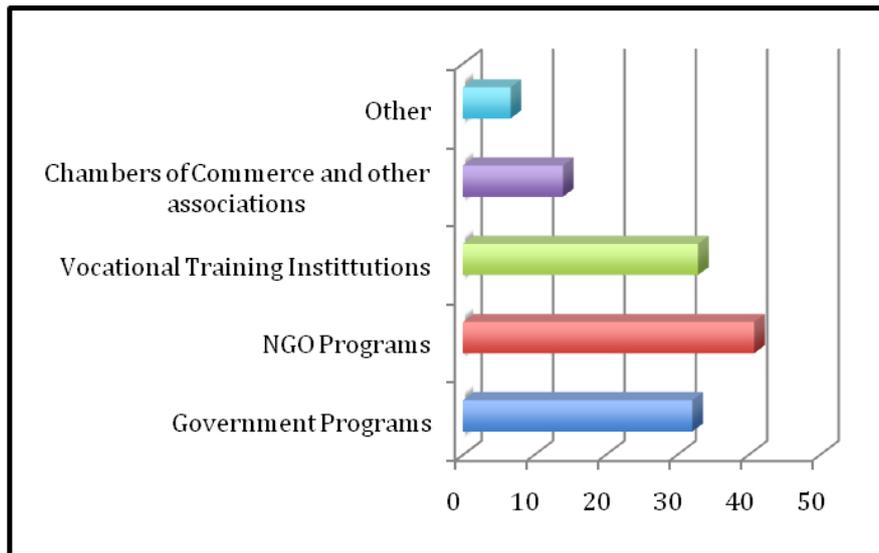
Their experience was mirrored by a number of university-educated ICT professionals, working for a company in Ramallah. They said the ICT is highly competitive, and finding a job depends on a combination of personal relations and good luck.

Employers stated readily that they rely heavily on their networks of family and friends for referrals. An ICT executive in Ramallah said,

*“We post ads in the newspaper, but mainly we depend on head hunting, networks and recommendations when hiring, because it is more effective. We previously hired people through ads who would tell you they are qualified but in practice were not, and we do not have time to test each applicant.”*

Youth were asked to name the resources in their area for helping youth find jobs. NGO programs were the most cited, followed closely by government programs and vocational training institutions.

**Figure 7: Resources for youth employment in the area**



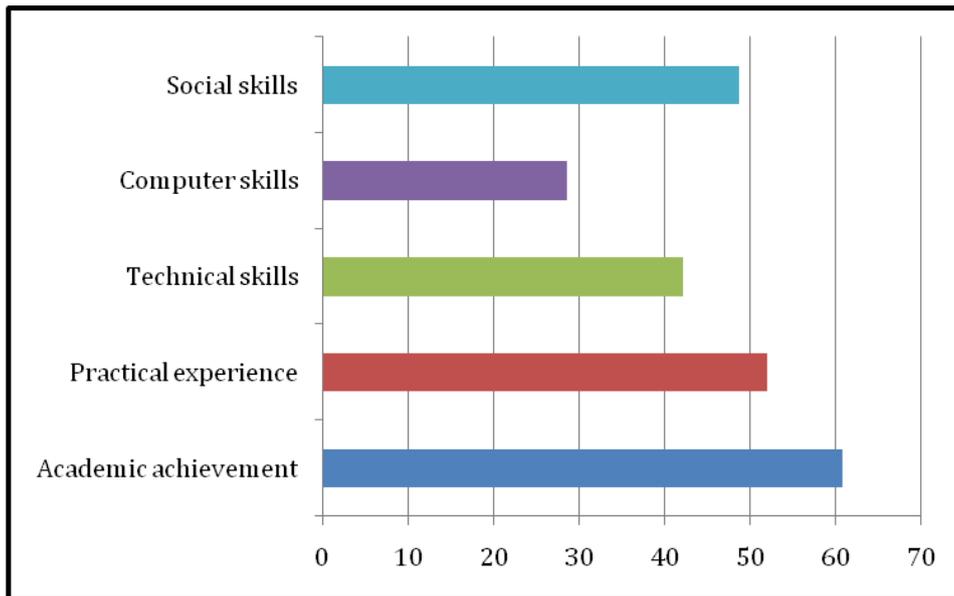
**Finding 3: International migration, while not the preferred option for Palestinian youth, is on the minds of many due to the lack of opportunities at home.** Over half of youth survey respondents (60%) expressed willingness to migrate abroad for work, if they found the right opportunity. Only 40% said they would not leave the country. Youth focus group participants in Bethlehem, Nablus, and Gaza (almost all of whom were males) were nearly unanimous in agreeing that they would be willing to relocate to another country if the right opportunity presented itself, with the hope of returning to Palestine once their careers are established and/or economic conditions improve. Some vocational training students complained that their institutions could be doing more to link them to job opportunities abroad.

Parents had divided feelings about sending children out of the country to find work. In principle, of course, parents would prefer that their children find jobs in Palestine. In some cases, they refuse to consider the possibility of emigration. (Nablus) But others, particular those in Al Dheisha and Gaza facing extremely difficult environment for employment, acknowledged that they would support their children in seeking education or employment abroad, if a suitable job could not be located in Palestine within a reasonable period of time.

### **4.3 Employability**

Youth were asked about their perceptions of what skills and qualifications are the most important for getting a job. Youth ranked academic achievement highest, followed by practical experience. For employers, by comparison, practical experience ranked highest.

**Figure 8: Youth perceptions of skills and qualifications needed for getting a job**



**Finding 1: Despite the large supply of unemployed workers, private sector employers have difficulty finding well-qualified candidates.** One might expect that the challenging supply-side conditions facing youth would, on the flip side, be beneficial to employers. Although it is true that wages are falling, a range of employers, from small and micro enterprises in Nablus and Bethlehem to large and sophisticated ICT operations in Ramallah, voiced frustration over the scarcity of qualified workers, particularly for positions that require multiple skill sets and strong critical thinking skills.

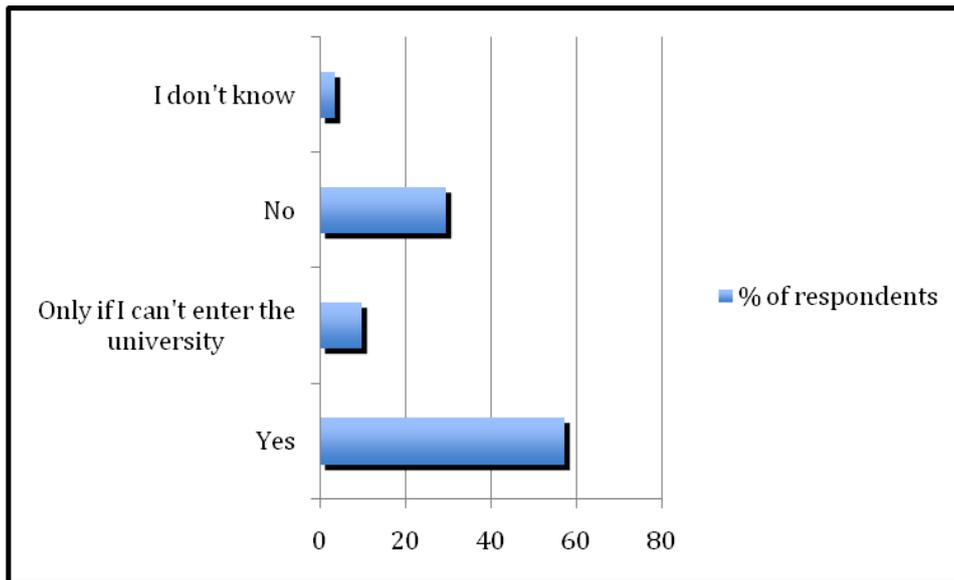
One ICT executive noted that newly hired workers from Palestinian universities have strong technical qualifications, but they lacked a “process orientation” and attention to customer service norms that were essential at his company. He found that these skills often had to be cultivated in-house.

Employers criticize the educational system as generally not highly relevant to the needs of the labor market, although there are promising initiatives of collaboration with the private sector/potential employers. For example, involving practitioners in university level instruction, or apprenticeship programs that allow universities or vocational training institutions to place individuals with employers.

**Finding 2: Youth and parents have great interest in vocational and skills-oriented training, but have doubts about the current TVET system and institutions.**

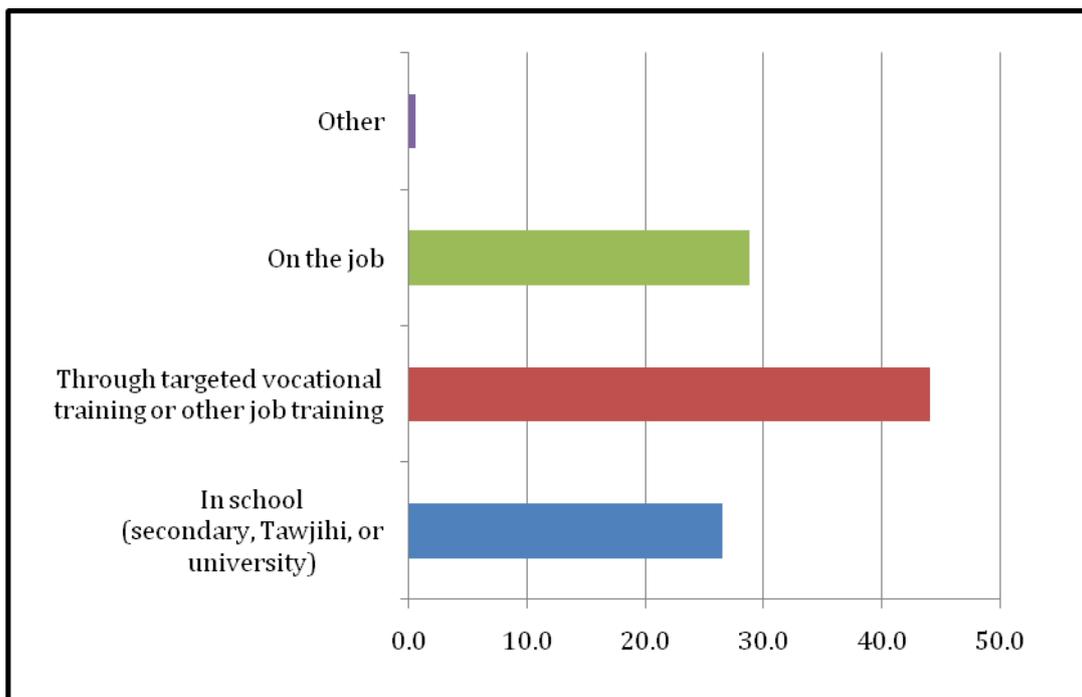
Our results strongly contradict the conventional wisdom that Palestinian youth look down on vocational training or see it as inherently inferior to other forms of education. Nearly sixty percent reported being interested in vocational training (see Figure 17 below).

**Figure 9: Interest in vocational training according to youth**



Furthermore, youth expressed a strong preference for practical, skills-oriented forms of education—vocational and on-the-job training—as the optimal path to getting good jobs (Figure 18). However, only 32% of youth surveyed have had vocational training in the past. Notably, PITA’s labor market survey depicts a general positive attitude towards TVET by employers. However, the study underlines that employers are not satisfied with the quality of education and consider parts of the curriculum to be out-of-date and non-responsive to market needs.

**Figure 10: Best ways to develop job skills**



TVET is seen as valuable in the abstract, but generally ineffective in reality. With the exception of educators themselves and a few students, most focus group

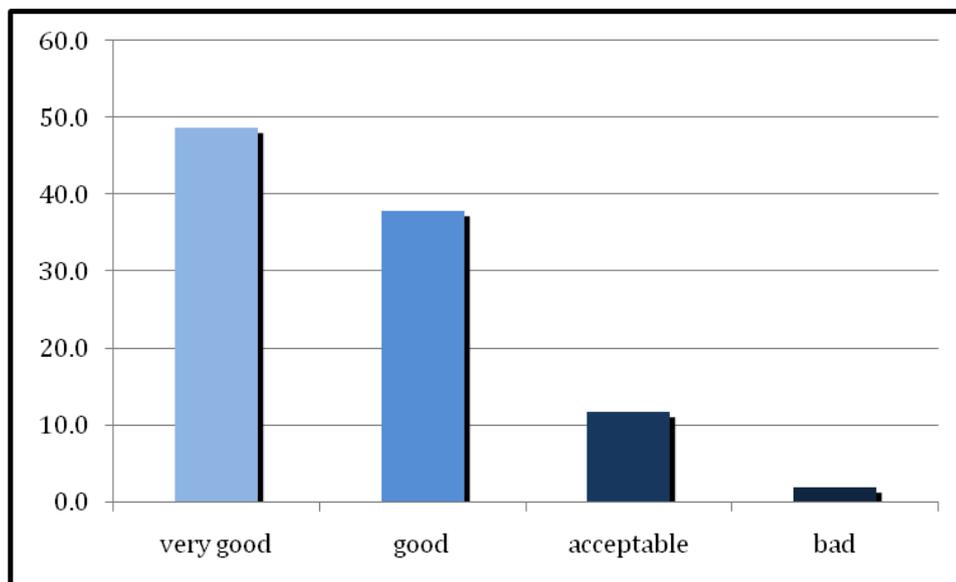
participants did not view existing TVET programs as providing a reliable path to a good job.

This is attributed to multiple causes: the institutions themselves in some cases and the poor economic climate, but also the stiff competition from university graduates for jobs that should be more appropriate for TVET graduates. Nevertheless, PITA's labor market survey depicts that certain sectors, including ICT and medicine will employ a relatively larger number of TVET graduates in the coming 5 years. This suggests that opportunities are opening up for market-responsive TVET institutions.

Our survey also included questions for educators, which focused on their perceptions about the effectiveness of their centers in finding students jobs, and about the reputation of vocational training institutions more broadly. We then compared those results to the responses of other stakeholders.

In general, we found that educators believe that their institutions are effective in getting students jobs. This may be true for individual institutions, but in general it stands in opposition to the majority view of youth, parent, and employer participants in our qualitative research, as well as the available PCBS data.

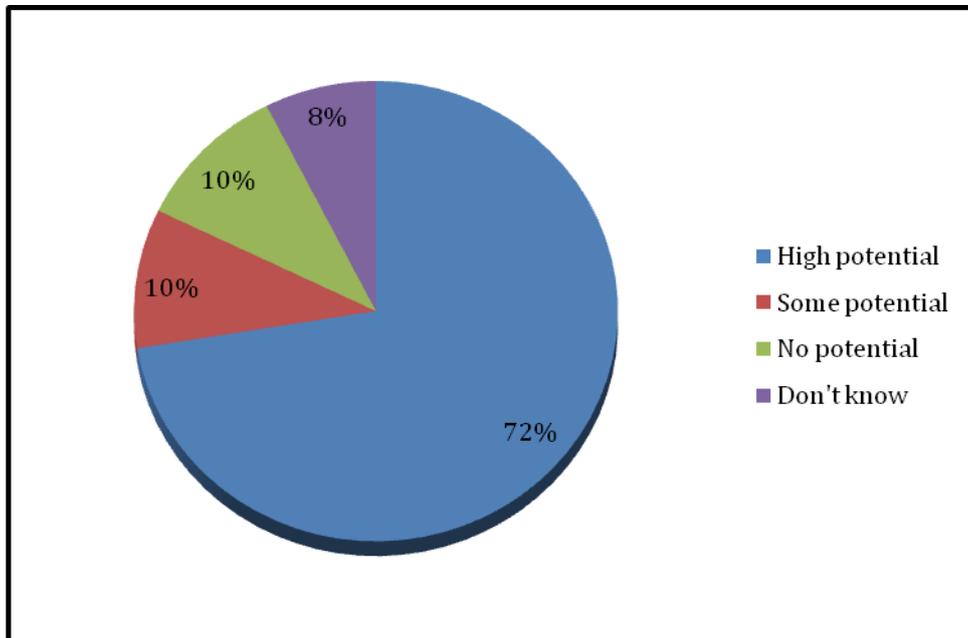
**Figure 11: Responsiveness of the Centers to the Needs of the Job Market**



Employers surveyed expressed very different opinions about TVET institutions. Only a slight majority (55%) thought that TVET programs are relevant to their work.

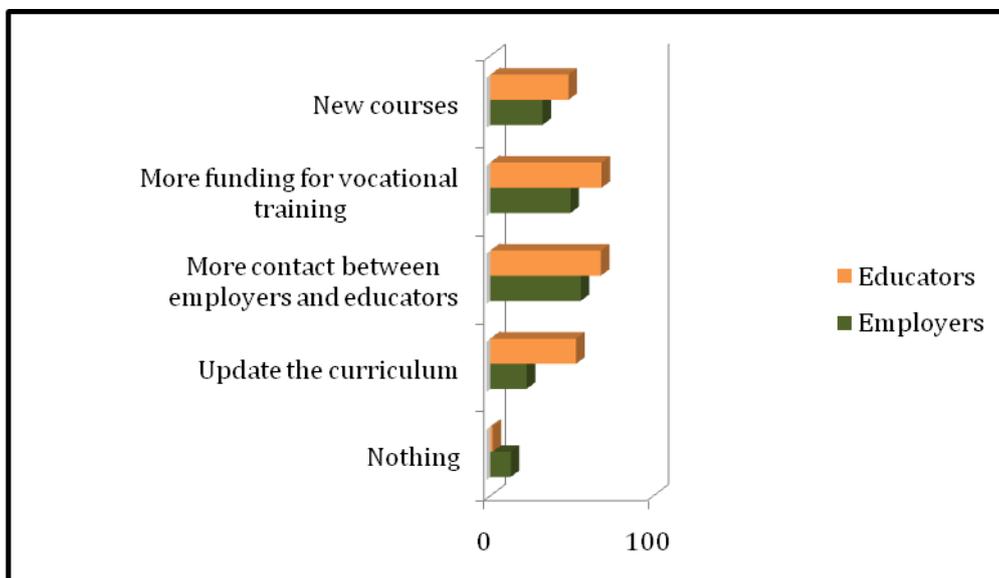
However, the vast majority of employers (72%) saw high potential for TVET education to be relevant to their sector. That suggests that they, like other stakeholders, view the problem as institutional, rather than part of the nature of vocational training.

**Figure 12: Employers' Assessment of the Potential Relevance of Vocational Education to their Sector**

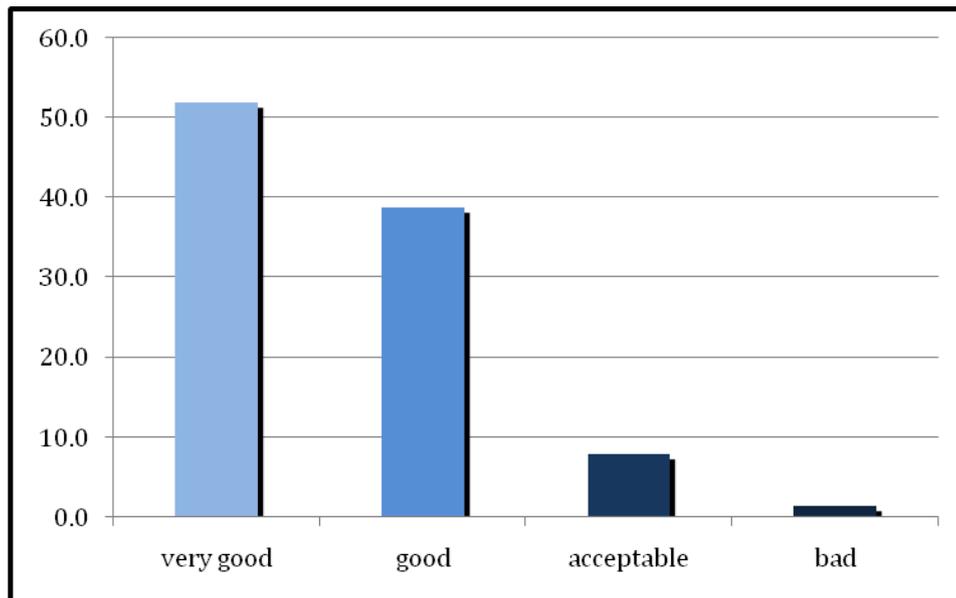


Educators and employers alike were asked their opinion of how to make vocational training programs more relevant to the labor market. For both groups, the top priorities were more funding and more contact between employers and educators (although the educators expressed those opinions more strongly).

**Figure 13: Ways to Make Vocational Training More Relevant**



**Figure 14: Responsiveness of the Centers to the Demand of Potential TVET Students**



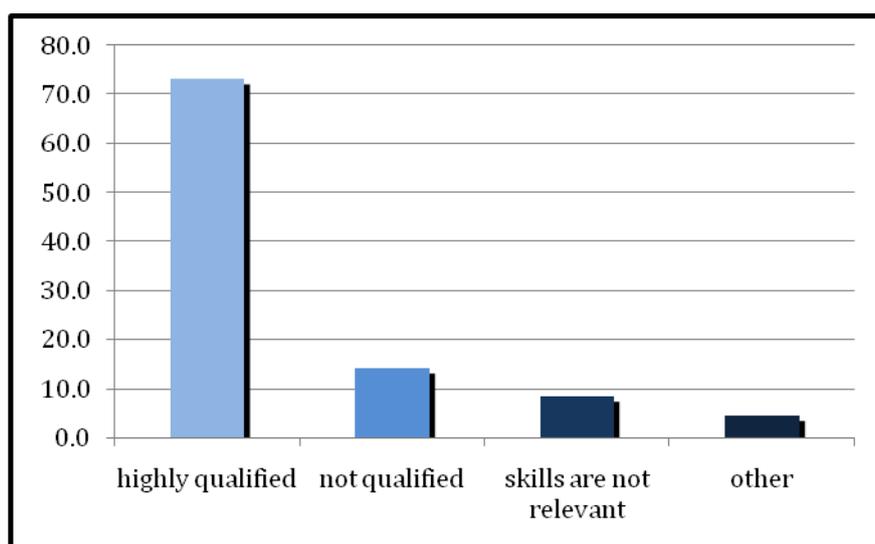
Most vocational training students with whom we spoke in focus groups had enrolled in their programs because of poor performance on the *Tawjihi* examinations. In general, they felt that a certificate program would be beneficial to them, as receiving a certificate would enhance their potential job prospects, wages, and status. In such cases, vocational training certificates were viewed as “better than nothing.” For most parents we spoke with, vocational education was likewise seen as a “next-best” option for their children.

Private vocational training providers in specialized areas such as ICT are generally considered to be too expensive to be affordable for young employees. Youth tend to seek out training opportunities through their employers, or those available elsewhere for little or no cost.

Under current circumstances, vocational training was only in rare cases considered to be a preferable or more effective route to employment than other forms of education. Students in Nablus stated that in many cases the skills learned were overly basic, and in the end not adequate for the needs of the labor market. In other cases, the general pejorative view of TVET graduates is seen to disadvantage them heavily when competing against graduates with bachelor’s or associate degrees.

Educators, on the other hand, believed that graduates of their centers enter the job market with good qualifications.

**Figure 15: Educators' Rating of the Centers' Graduates**



In Al Dheisha refugee camp, youth were very pessimistic, saying that vocational training isn't taken seriously and costs a lot of money that they don't have. They also agreed that it doesn't increase their chances of finding jobs because there is no networking with employers. Most importantly, they felt that experience was a more important qualification than vocational training. "Vocational employment requires experience more than a certificate," said one participant.

Interestingly, views of vocational training were found to be more positive in Gaza—where the youth unemployment crisis is of course most severe—as compared to the West Bank. In Gaza, a number of students had enrolled primarily because they saw vocational training as the most efficient and secure path to a job. In one case, a participant said that his grades would have allowed him to pursue other fields but that he preferred vocational training. He then successfully persuaded his skeptical parents to support him, on the basis of data showing that vocational training graduates were more likely to find jobs.

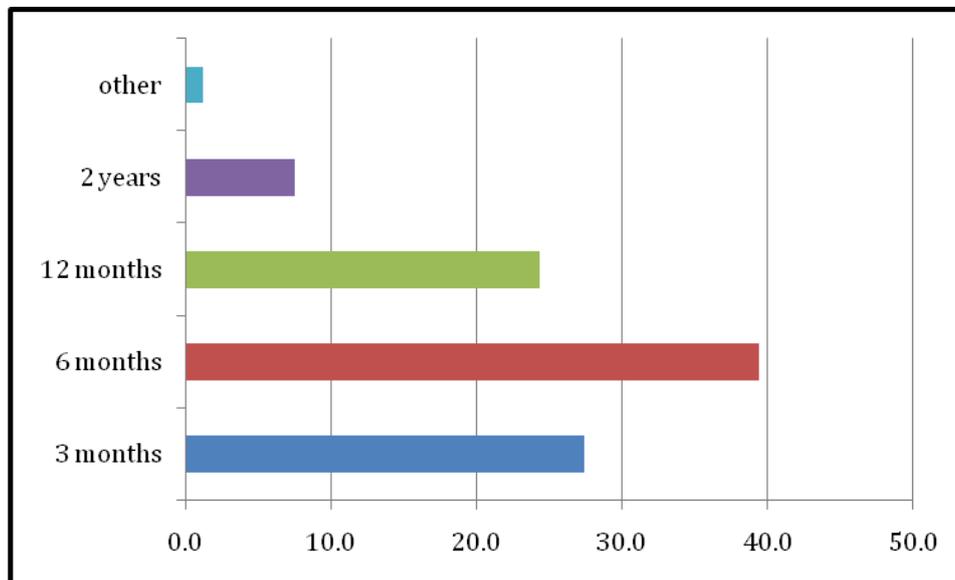
Parents of vocational training students generally felt that the training their children received was too theoretical rather than practical, and nearly unanimously agreed that inadequate support was provided in terms of finding jobs. The purpose of vocational education is perceived to be providing a direct link to employment, and currently institutions are by and large perceived to be failing in filling that role. Gaza participants, some of whom believed the training received was very useful, criticized the institutions for failing to follow up by supporting students' job search after graduation. They also failed to capture valuable information that could be gained by soliciting feedback from graduates who are out in the job market.

On the employer side, all participants agreed on the necessity of building a strong and effective TVET system, but virtually none actually had experience hiring recent graduates. Employers in different locations have had mixed perceptions about actual institutions, depending on whom they know and have dealt with in the past. In some cases the institutions were viewed as at least somewhat competent, while in others they were dismissed as corrupt or irrelevant. Participants in the Nablus focus group

believed that educators need to do a better job of inquiring about the needs of the marketplace and targeting their programs to fill those needs.

Of those expressing interest in TVET education, most respondents prefer a course length of 3-6 months, typical of a certificate training course. Given the lack of specificity about the topic of the course, more market research is recommended on this question.

**Figure 16: Preferred Length of Coursework**



**Finding 3: On-the-job training is typically employers’ preferred mechanism for cultivating employees’ skills.** Many employers also prefer to hire entry level employees who can then be trained internally, rather than those with advanced degrees and specialized skills who demand higher initial wages. That practice was observed among owners of micro and small enterprises in manual trades and food service, as well as for more sophisticated ICT companies.

A mechanic from Nablus said, “I prefer to recruit someone who doesn’t have a diploma, because I can’t afford to pay his salary otherwise.”

His strategy was echoed by an ICT executive in Ramallah, who said:

*“It is not easy to find qualified employees because that requires an increase in salary. As private sector companies, it is very difficult to afford it. Even when you hire an experienced and qualified person they will not stay and will keep looking for a better opportunity. To me as an employer this isn’t efficient, so we aim for university graduates who have the ability to learn.”*

Executives and business owners noted that by training employees themselves, they save money on wages (as a premium would be paid for more qualified individuals) and can provide precisely the skills and knowledge required. It also makes

employees less likely to “shop around” for better opportunities, since their experience and skills are tailored to the employer’s particular needs.

**Finding 4: Apprenticeship programs may offer a path to employment, but must be designed correctly.** Some parents complained that employers do not give trainees serious responsibilities. “What do the trainees do...coffee and tea,” said a frustrated parent in Nablus.

Many focus group participants from the employer side were also skeptical. The focus group participants in Nablus, all of whom run small private businesses, had all participated in apprenticeship programs, but none had hired the participants. In Bethlehem, participants had not had such opportunities.

Experiences were mixed among ICT firms. Some of the larger and more established companies have sophisticated and formalized apprenticeship and intern programs with local universities, recruit directly from graduates of certain programs, or have provided specialized workshops and trainings as part of university coursework. Smaller companies tend not to have such formal mechanisms in place.

In the ICT sector, and particularly in software design, intellectual property becomes an issue when considering apprenticeship programs. An intern or apprentice can only do so much without being given access to valuable source code, and companies are reluctant to allow access to persons without a permanent commitment to them as employees.

In Gaza, one ICT employer questioned the benefit of apprenticeship programs for his business in the absence of any external financial support. Without support from educational institutions, the government, or donors, private firms will not see a business advantage in hiring and training apprentices.

**Finding 5: IT skills could constitute a competitive advantage for younger workers, in the context of rising demand among employers.**

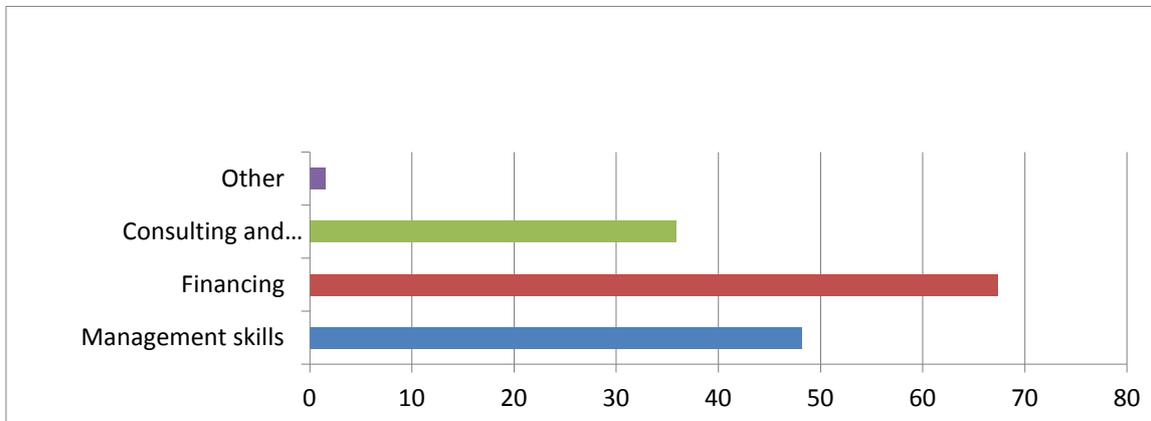
Employers were asked whether they saw an increasing need for IT skills at their companies; 74% responded affirmatively. This trend should benefit youth job seekers who hold such skills, relative to older workers who may not.

#### **4.4 Entrepreneurship**

Youth in many cases are very open to and enthusiastic about the idea of starting a business, but acknowledge the reality that, in most cases, financing is unavailable. Training is seen as a secondary need. Most youth stated that they would require external financial support, such as cash or in-kind grants, in order to get started. Otherwise, the risk of failure would be too great.

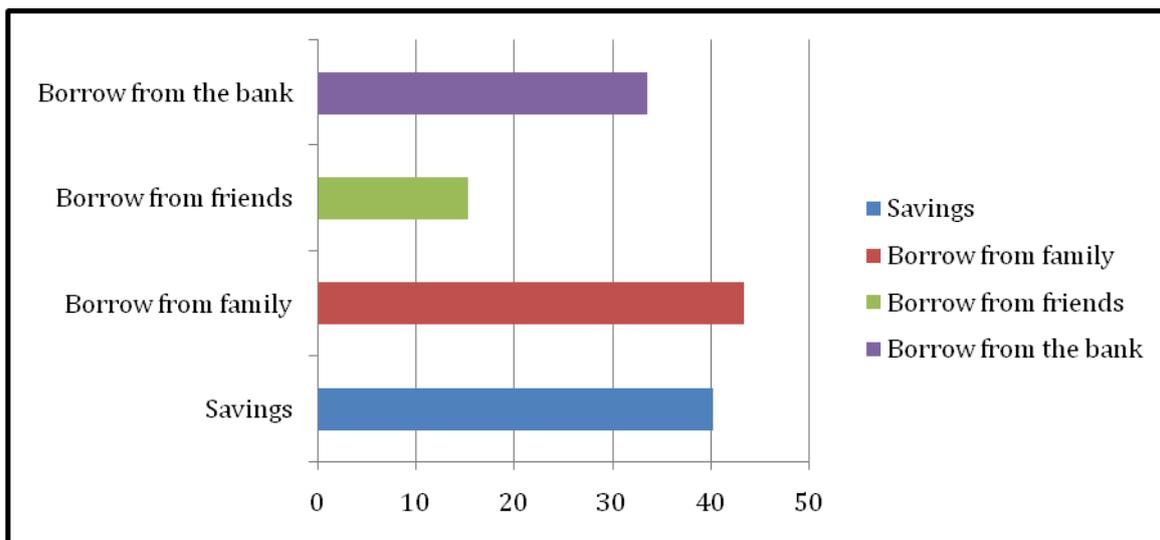
Only 9% of youth survey respondents own a business. Of those, the top sectors were internal trade (32%) and services (29%). Notably, ICT was the third highest at 14%, suggesting that ICT entrepreneurship is much higher among youth than the general population. 72% of youth said they would like to own a business some day. The top form of assistance needed to start a business was perceived to be financing (see Figure 28).

**Figure 17: Assistance Needed to Start a Business**



When asked how they would finance their business, youth’s top responses were to borrow from family or draw from savings.

**Figure 19: Means of Financing the Business**



Of those who said they would not wish to start a business, 36% cited “lack of funds” and 26% said they were not interested in entrepreneurship. The fact that many youth are not able to borrow from their preferred source of financing, family members, suggests that the issue is primarily one of perceived riskiness, rather than unavailability of funds.

In Al Dheisha refugee camp, youth participants considered the idea of starting a business to be very unrealistic. Among the reasons cited by youth were:

*“There are already a lot of small businesses in the camp, like internet cafes and grocery shops and salons... they barely make money, and so we don’t need more of them.”*

*“Starting a business requires capital, and we definitely don’t have that.”*

Others mentioned a lack of ideas for new projects that could be profitable, and a fear of losses under the prevailing economic environment.

Even in the growing ICT sector, the majority of youth were very cautious about prospects for newly formed enterprises, and prefer to work as employees for the time being. Among those interested in starting a business, not all would prefer to remain in the ICT sector due to high levels of competition and perceived riskiness.

While parents generally stated their support for the idea of entrepreneurship among youth in the abstract, most agreed that conditions are not favorable for youth entrepreneurs. In particular, lack of finances and the poor economic environment were cited as key constraints.

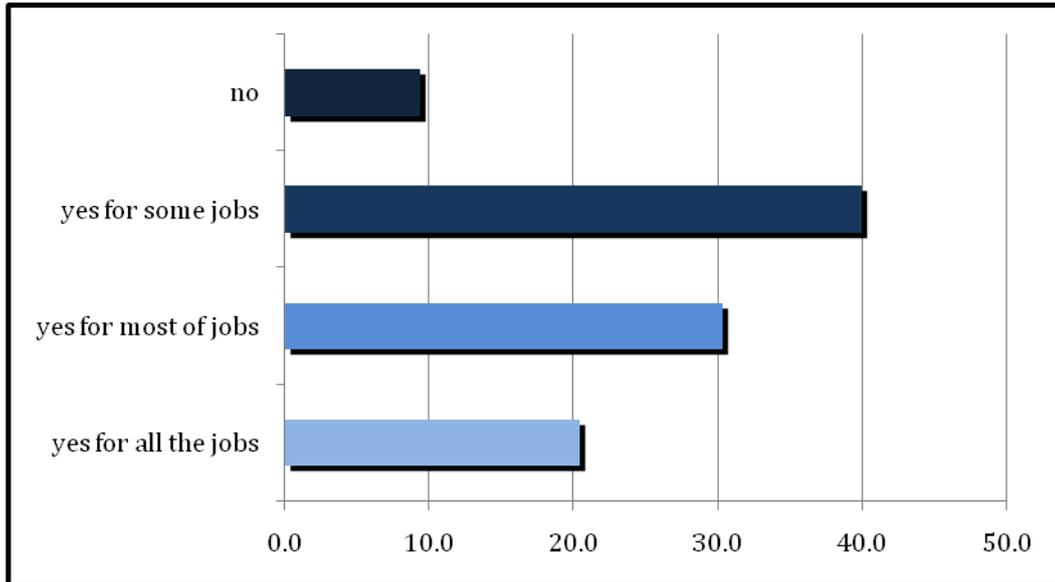
For example, parents in Al Dheisha agreed that their children were not in a position to start successful businesses on their own, under the harsh existing circumstances. Such ventures would require external financing, supervision, and support.

#### **4.5 Equal Opportunities**

Youth by and large take it as a given that women belong in the workplace and have equal capabilities to men in the context of many positions, including as entrepreneurs and business owners. Nonetheless there are persistent norms suggesting that women should not work in manual trades or anything involving physical labor, for example. These attitudes help explain the structural segregation of women’s employment into a few economic sectors.<sup>15</sup>

A plurality of youth agreed with the statement that males and females should have equal opportunities for “some jobs” (i.e. not most jobs). On the other hand, over 50% believed that there should be equal opportunity for all jobs or most jobs.

**Figure 20: Perception of Youth towards Equal Opportunities between Males and Females in the Workplace**

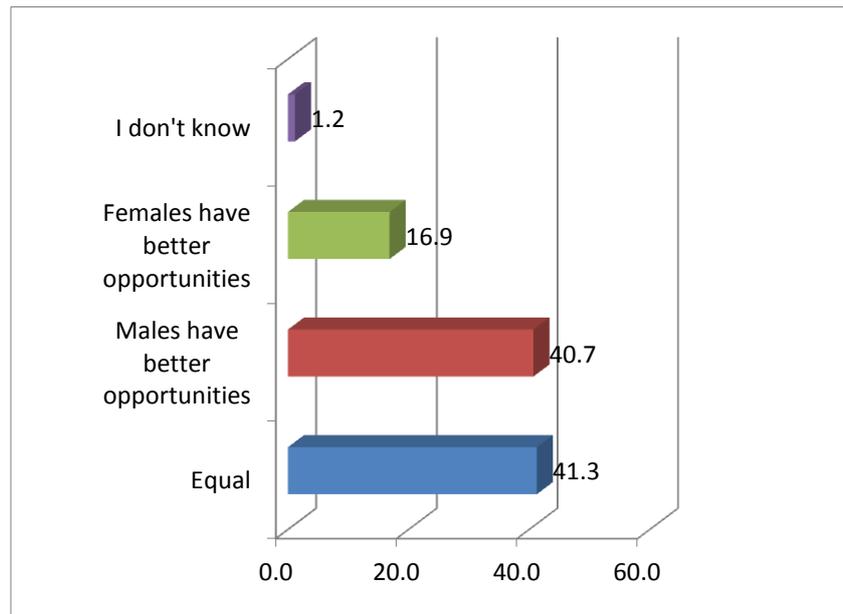


The sectors seen to provide equal opportunities to both sexes were services (86% of respondents) and ICT (89%). On the other end of the scale were transportation and manufacturing and construction (both 6%).

In reality, the picture in the ICT sector does not support the above views. The Mercy Corps/PITA ICT study showed that ICT companies hired only 3 female employees on average (as compared to pharmaceuticals, for example, in which an average of 58 women are employed).

Employers were asked about gender in the workplace at their companies. The largest share of respondents believes that women have equal opportunities. About twice as many say that males have better opportunities than females, as compared to vice versa.

**Figure 21: Equal Opportunities for Advancement of Males and Females in the Companies according to Employers**



There was a fair amount of disagreement over the question of whether female and male employees are equally productive. Again, the largest number respondents stated that productivity is equal between the sexes. But significant numbers believe that either males or females are more productive.

Researchers also observed that in most cases, even in ICT sector companies where attitudes are relatively very progressive about women's employment, young men tend to outnumber women and particularly in management roles (although there are many high-achieving women in the industry who are notable exceptions to this general trend).

Most parents saw themselves as encouraging sons and daughters equally in terms of finding employment. They do tend to make firm distinctions between types of work appropriate for men and that appropriate for women. In general, positions requiring physical labor, such as most manual trades, or those requiring a lot of independent travel, are considered inappropriate for women.

In general, participants agreed that there are equal if not better opportunities for women in certain sectors, such as services and administrative positions, but that the manual trades are generally not an option. ICT as a sector is often considered to be welcoming for women, although not always for jobs that require a lot of travel and long hours. However, that is not always the case. One employer at an IT service and supply company said:

*"[Women] may occupy administrative positions only; the nature and circumstances of the work are not appropriate for women due to the nature of the field outreach work in addition to hard conditions. Moreover, do to cultural norms no females could go to a client's home or business in the afternoon or evening to provide assistance."*

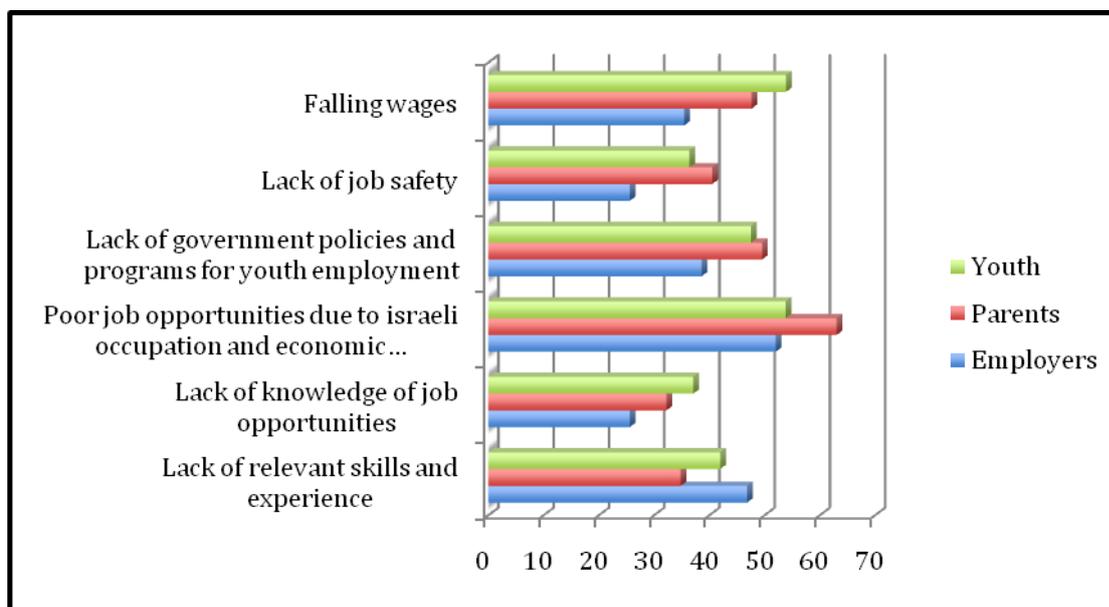
## 4.6 Barriers and Opportunities

Levels of trust in institutions are very low among youth and parents. When speaking in general terms, youth and parents and particular expressed strong discontent with almost all the key institutions with a role to play in shaping the environment for youth employment. When speaking more specifically about institutions they had personal experience with, however, participants' opinions were more mixed.

The level of pessimism expressed by youth workers—with the occasional exception of highly skilled professionals in the ICT industry—was striking. In focus groups, many youth as well as their parents were unenthusiastic about private employers, the government, and vocational training institutions. The private sector is seen to depend on *wasta* or personal and family connections and favoritism, while the government is seen as ineffectual and/or providing jobs on the basis of political affiliation. Job opportunities are few while job seekers are many, creating fierce competition and downward pressure on wages and working conditions.

Our survey questions about various barriers to youth employment in the Palestinian context were put to multiple groups of respondents to allow comparison of responses. Stakeholders agreed that the most important barrier was the lack of job opportunities due to the occupation and/or economic environment. Beyond that, however, views diverged. Employers placed more emphasis on youth's lack of relevant skills and experience, as compared to youth and parents. Youth and parents, on the other hand, emphasized issues such as falling wages and lack of job security (which if anything work in employers' favor, so the difference in perspective is not surprising).

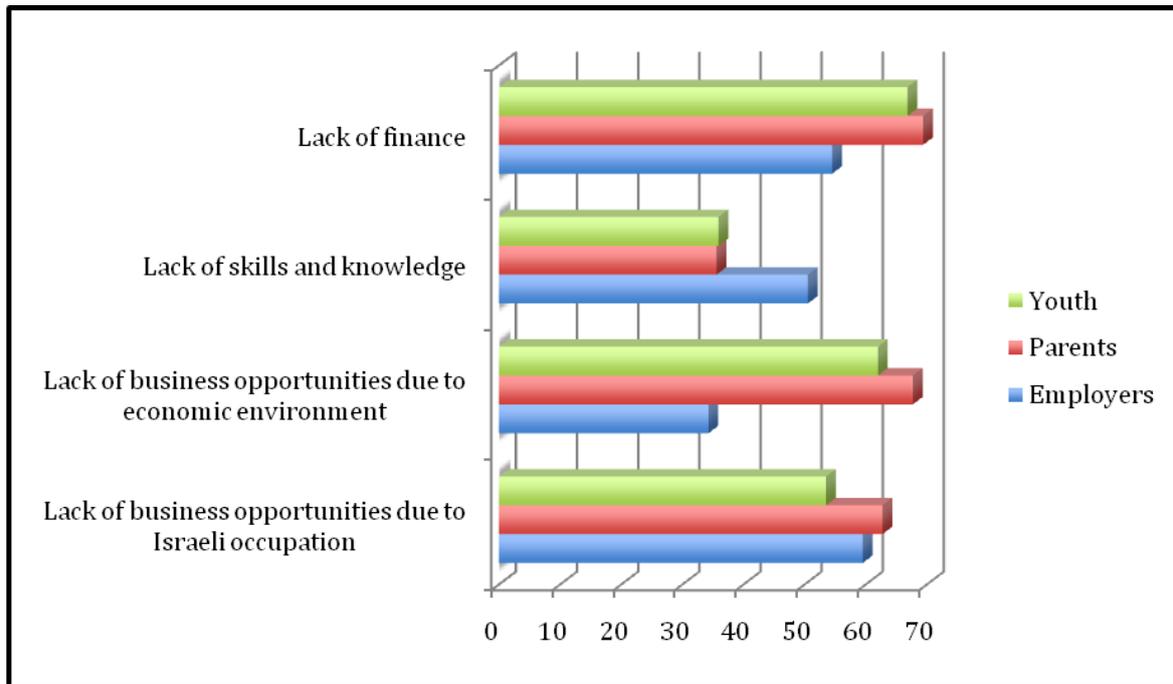
**Figure 22: Top Barriers to Youth Employment (According to Youth, Parents, and Employers)**



Respondents were asked a similar question about barriers to entrepreneurship specifically. In this case, the leading causes were identified as a lack of finance and

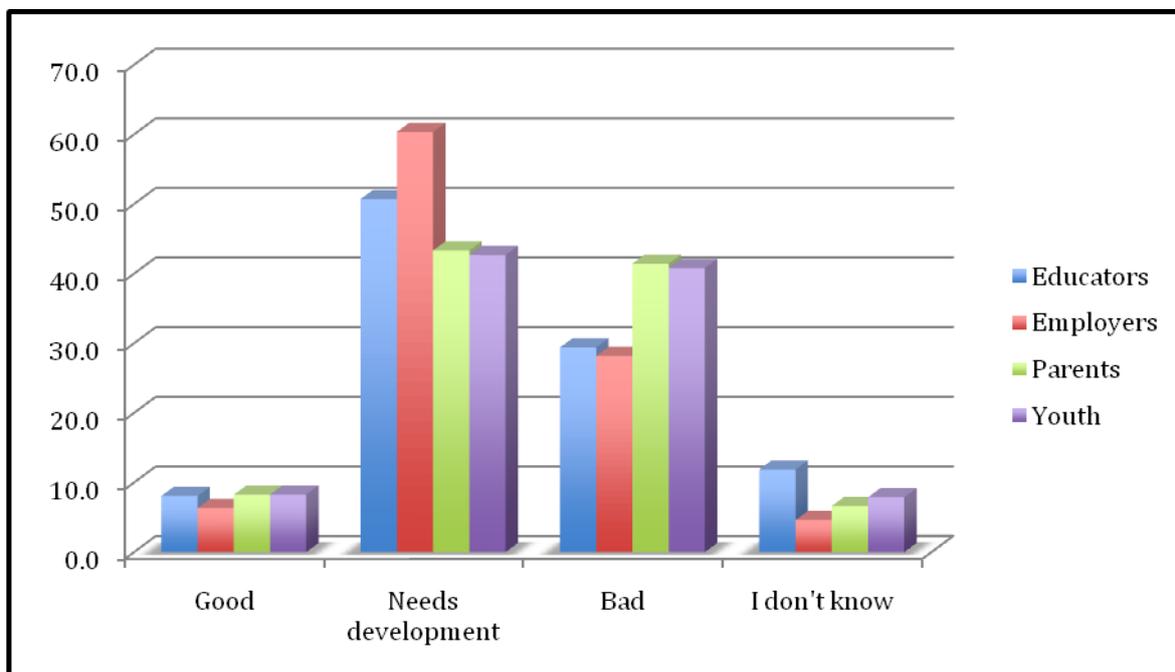
lack of business opportunities, either due to the economic environment or to the effects of Israeli occupation.

**Figure 23: Barriers to Entrepreneurship (According to Youth, Parents, and Employers)**



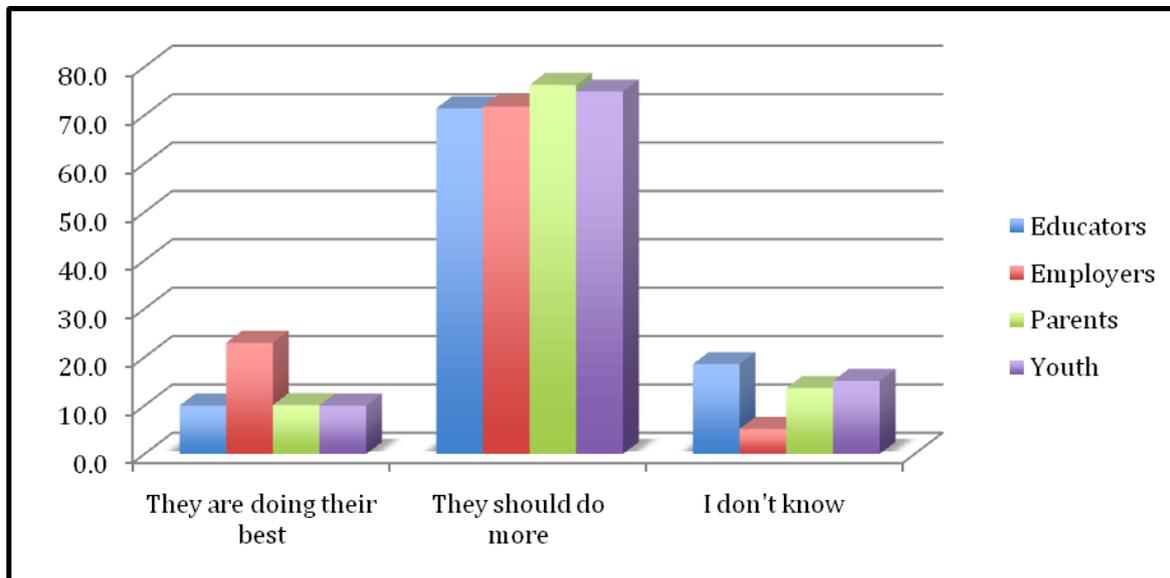
One issue all stakeholders could agree upon was that the government's efforts in the area of youth employment are inadequate. The vast majority thought government policy either is in need of improvement, or is simply bad.

**Figure 24: Assessment of Government Policy on Youth Employment**



With regard to the private sector, respondents also felt that private sector employers are not doing their share. About seven in ten respondents—somewhat surprisingly including the same proportion of employers themselves—agreed that private businesses should do more to provide youth with jobs.

**Figure 25: Assessing Private Companies' Contributions to Youth Employment**



Parents also pointed out that unemployment is also a pressing problem for older generations. Some male focus group participants in particular had previously worked in Israel (during the Oslo period and prior). One said,

*“I don’t want to beg, I want to work but now we can’t find jobs, as a worker, the situation was better under the Israeli full occupation because at least I was able to work there and provide for my family.”*

Among the highest barriers cited by employers are inadequate skills and preparation, both in terms of technical and practical knowledge and in terms of the more intangible attributes that lead to success. Employers tended to agree that it is difficult to find competent workers, and that youth often lack the necessary skills and knowledge to find jobs. In some cases, the perceived lower level of commitment of youth is considered a liability as well.

In terms of vocational education specifically, employers agreed that it is problematic that society’s attitudes toward vocational education are so negative. They see vocational education as an area that needs a much higher priority on the part of the PA and donors.

The poor economic climate was mentioned by every group, and particularly in Gaza and Al Dheisha where conditions are comparatively worse. Employers understand clearly that the barriers to movement of people and goods undercut their ability to grow and employ more workers. In addition, political instability creates high levels of risk that are difficult to manage as a private enterprise, and gives additional incentive

for enterprises to stay small and flexible in order to be more resilient to potential crises.

For refugees in particular, such as those in Al Dheisha camp, discrimination against them is seen as another barrier. For that reason, refugee camp youth face particular difficulties trying to find work in cities (i.e. outside the camps).

#### 4.7 Potential Solutions

Stakeholders were asked to propose solutions that might address the barriers identified. Some of the notable suggestions included:

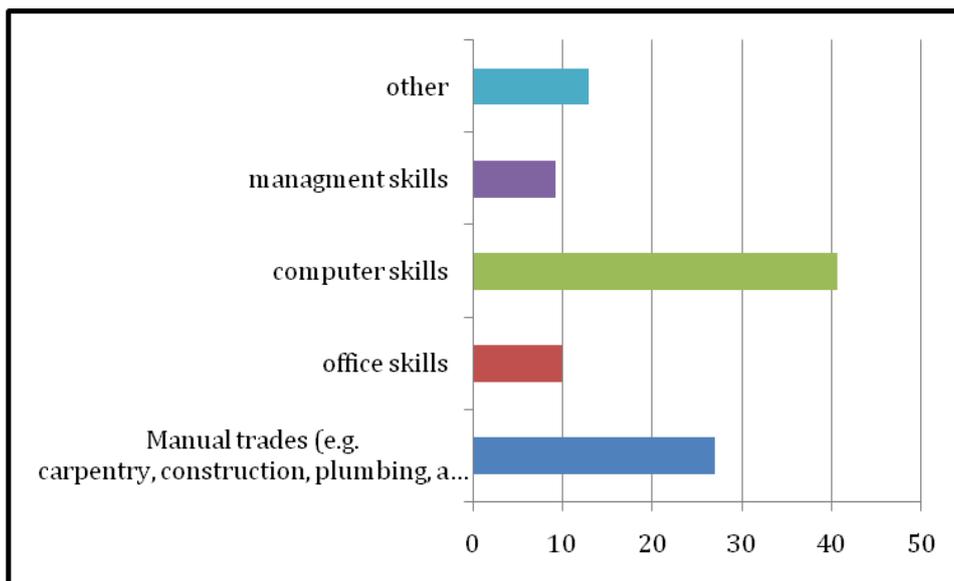
<b>Stakeholders</b>	<b>Solutions</b>
<i>Youth and Parents</i>	<ul style="list-style-type: none"> <li>• Increased financial aid for higher education</li> <li>• Labor intensive cash-for-work projects that would hire youth to rebuild public infrastructure, such as parks.</li> <li>• Subsidizing hands-on trainings by visiting professionals who are experts in their fields (such as ICT), targeting youth.</li> </ul>
<i>Employers</i>	<ul style="list-style-type: none"> <li>• Higher profile role for the Ministry of Labor in identifying market needs and matching job seekers with employers.</li> <li>• Continued reform of the education system. Specifically, more technology could be integrated into the classrooms at all levels. At the university level, ICT employers perceive that universities in many cases are not keeping up with innovations in the marketplace and thus may be teaching outdated skills and technologies. More collaboration with the private sector in developing curriculum and providing instruction would be very beneficial, from employers' point of view.</li> <li>• Government or donor interventions that build awareness of the importance of vocational education, improve knowledge and networking between vocational training institutions and employers, and most importantly to enhance educational responsiveness to market needs would all be valuable. Some mentioned that a public awareness campaign might be of use in countering common attitudes.</li> </ul>
<i>Educators</i>	<ul style="list-style-type: none"> <li>• Increased funding for TVET institutions to upgrade facilities and technology.</li> <li>• Technical assistance to update curriculum.</li> <li>• Facilitation of contacts with employers and conducting research on labor market needs.</li> </ul>

#### 4.8 ICT and TVET: An Assessment

Our findings support the research hypothesis that upgrading ICT capacity of TVET institutions can be an effective means of preparing youth for jobs in a number of growing economic sectors. However, they also demonstrate the limitations and challenges that such an initiative will face.

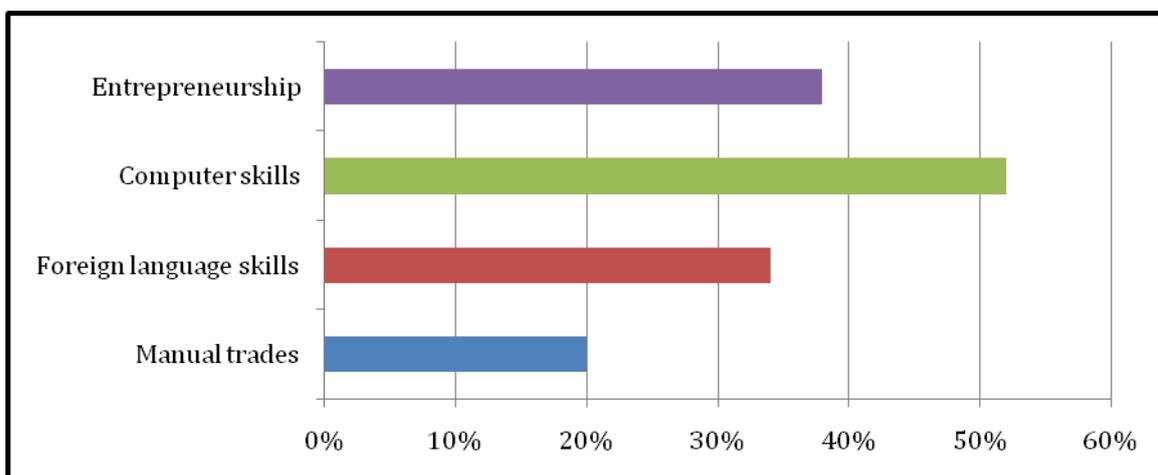
In support of the hypothesis is the high existing demand among youth for ICT skills, as well as among employers. Of youth surveyed who had experience with vocational training, the highest number had studied computer-related subjects (over 40%), followed by manual trades (nearly 30%). That figure reflects the rapidly increasing importance of computer skills, and demand for knowledge in the field. See Figure 26.

**Figure 26: Types of Vocational Training Courses Taken**



Computer skills also were preferred among all possible job training options. Entrepreneurship training ranked second.

**Figure 27: Type of Job Training (Skills) Most Appealing to Youth**



The ICT sector is small and is not free of the constraints facing the Palestinian private sector as a whole. It has been hypothesized that the ICT sector is more resilient to the constraints on movement that face Palestinian enterprises, as many services can be provided remotely. This may be true relative to other sectors, but ICT professionals, including many youth, note that their industry is also heavily constrained by the nature of occupation. Israeli-imposed constraints on West Bank businesses include restrictions on certain materials and of course the movement of people both within the Palestinian territories and across borders, which are particularly essential for those enterprises seeking to do business in international markets (which also tend to be the most sophisticated companies with the best prospects for generating employment).

According to industry insiders, there is more potential among ICT-using sectors such as banking, pharmaceuticals, construction, and automotive maintenance, than in the ICT sector itself. Employers in these industries show great interest and willingness on behalf of employers to actually hire ICT-TVET graduates – assuming curricula are further developed and graduates are equipped with the relevant skills.

Other ICT sector professions are less suitable for TVET graduates. In the ICT sector specifically, more sophisticated businesses were clearly of the opinion that TVET graduates are not remotely equipped with the skills they need. Companies doing software development or web design, for example, require a minimum of a university degree, and can afford to be very selective when choosing among the many university graduates seeking jobs in the sector. Even technician jobs that do not require a high skill set can receive a flood of applications from university graduates, and there is no way that the average TVET graduate will be able to compete.

On the other hand, other ICT industry jobs such as hardware maintenance, networking, or even call centers, were viewed as potentially more appropriate fits for TVET graduates. For example, the Mercy Corps/PITA study found that the private sector has been very dissatisfied with ICT outsourcing, namely contracting all ICT-related activities to local specialists. Private sector firms have expressed increasing interest in developing and running IT departments internally. Thus there may be potential for TVET institutions to partner with employers to develop programs that would produce graduates capable of managing those responsibilities as a result of training and apprenticeships.

The responses highlight some of the challenges TVET institutions face in preparing graduates for the hypercompetitive labor market, but also some opportunities that are being created by changes to the Palestinian economic landscape. Employers' struggles in finding well-qualified employees suggest that there is room for effective institutions to provide their graduates with a competitive advantage by equipping them with the right skills. One could also note the importance of TVET institutions building relationships with specific firms and employers in their areas, and also specializing in areas that fill a niche for which they are well suited.

## 5. Conclusion and Recommendations

The youth employment crisis in Palestine has developed over the course of years. It is the product of a complex array of supply-side and demand-side factors including the shocks to the macro-economy and labor market generated since the second intifada, high fertility rates over the course of decades contributing to a growing labor force, and a highly constrained economy—marked by ongoing restrictions on the movement of people and goods—which is incapable of generating the necessary job growth to absorb the growing numbers of labor market entrants. As such, there are no straightforward or simple solutions.

Based on our review of the relevant literature and our own qualitative and quantitative research, we can draw some conclusions and formulate recommendations to strengthen the ability of local institutions to prepare youth to succeed in the face of an extremely challenging environment.

Recommendations can therefore be divided according to the four main themes: Employment Creation, Entrepreneurship, Employability, and Equal Opportunity. We have offered general recommendations, as well as more specific suggestions drawing from the TVET and ICT sector emphasis of the research.

### 5.1 Employment Creation

Employment creation is perhaps the most difficult area to address for Palestinian policymakers. The primary lever for the PA to influence employment over the past decade has been simply to expand the public sector payroll in response to crisis. However, the limits of this unsustainable strategy have been reached and if anything public sector employment will need to decrease relative to the private sector for the foreseeable future. As noted previously, the climate for private sector investment and growth is determined largely by restrictions on movement of people and unpredictability of movement of goods, factors over which the PA has little control except potentially in the context of political negotiations with Israel. In Gaza, the economy remains under blockade and the private sector has been decimated.

Our primary finding on this theme is that the situation for youth employment is viewed as a severe and growing challenge that is directly impacting the lives of most families. Nonetheless, other findings suggest that there are opportunities in a number of areas for enhancing employment creation.

In particular, we found that the most reliable path to employment for youth is through personal networks. While this is common in many countries and contexts, it appears to be extremely so in Palestine. Youth without jobs blame *wasta* for preventing the most qualified candidates from being hired. Yet when seeking jobs, they consult with family and friends first. Likewise, most employers find that their recruitment efforts are most effective through informal channels. In order to expand opportunities to youth who are not well-connected, institutions promoting youth employment, such as youth centers and TVET institutions, must demonstrate an equivalently effective ability to match job seekers with appropriate positions.

## Recommendations

**For TVET Educators:** New recruiting mechanisms could help match the skills of TVET graduates and to the needs of employers. TVET institutions (individually or in groups) could organize , job fairs, workshops, or annual conferences that introduce graduates to the opportunities and needs in their field of expertise.

**For Government:** Higher standards for accreditation of TVET and other educational programs could help provide an incentive for educational reform, and improve employment prospects for graduates of accredited institutions.

**For Government:** Improve the enabling environment for economic growth by improving services to enterprises, streamlining regulation, enforcing contracts, and investing in infrastructure that supports job creation.

**For Government/Donors:** Job creation programs should make youth employment a priority, with a focus on developing skills that will support sustainable employment opportunities in the future. Sectors demonstrating economic growth and employment generation, including ICT and ICT-using industries, pharmaceuticals, stone and marble, construction, and banking, should be focal points for such efforts.

## **5.2 Employability**

Youth have issued a clear call for training that is practical and tailored to the needs of the market. That would include vocational or on-the-job training such as internships and apprenticeships. However, when asked their opinion of existing institutions that offer such training, most youth are skeptical that current programs will lead to the type of employment they are seeking. For most educational institutions, much closer consultation with the private sector will be necessary in order to ensure that programs are meeting the demands of the labor market.

A central and paradoxical finding of both our qualitative and quantitative research that that employers find it difficult to hire qualified job applicants, despite the large number of unemployed youth. The mismatch between skills offered by a large pool of unemployed youth, including many with university degrees, and those demanded by the labor market, suggest that despite reforms to the educational system, much work remains to be done.

## Recommendations

The core objective for the PA and international donors in this area should be to create formal or informal mechanisms by which employers, educators and students/job seekers can interact and exchange information.

The TVET system should be one focal point of such efforts, and given that greater numbers of graduates are coming out of universities and associate degree programs and struggling to find employment each year, attention to those institutions is also warranted.

**For Educators:** Greater cooperation with employers (particularly from the private sector), and responsiveness to market needs. Areas of cooperation could include private sector apprenticeship or on-the-job training and recruitment of students;

maintaining a database with relevant, updated information about employment opportunities, market needs, and requirements; as well as regular meetings and feedback to allow for better educational curricula and regular updates on labor market. For the TVET sector specifically, potential mechanisms for accomplishing that include reviving and reforming the high council on TVET, or creating a semi-governmental body to work on TVET issues.

**For Educators:** Greater direct involvement of professionals/practitioners in pedagogy, and/or review of curriculum. This would best be organized at the level of individual institutions, either on the initiative of the institution itself or with facilitation.

**For Educators:** Formal linkages between educational institutions' career guidance strategies and offices and the Ministry of Labor's job matching initiatives.

**For Educators/Government/Donors:** Apprenticeship/internship programs in which there is a cost share between students and employers, with support from the government or international donors. When possible, apprenticeship programs should be designed to provide the option of leading to permanent employment, so apprentices should meet the typical criteria of incoming employees of the business, but with a need for additional experience. If apprentices are seen as only providing temporary help, there will be little incentive for employers to invest resources in training them on the job.

**For Government, Donors, and Employers:** Vouchers, scholarships, or other financial support for qualifying youth to attend private training institutions, which may be expensive but also should by necessity be highly attuned to the needs of the market.

**For Government/Donors:** Sector-specific labor market assessments that are designed hand in hand with educational institutions, with the aim of identifying at highly specific level 1) new course offerings, and 2) new skill sets that are in demand and could be better taught through existing courses. Such interventions should also seek to build the capacity of TVET and higher education institutions to assess the needs of the market.

**For Government/Donors:** Technical assistance on and/or facilitation of research on labor market demand in sectors of interest, as well as employment surveys of recent graduates of TVET institutions or vocational-oriented associate and bachelor's degree programs. Although many institutions are doing their own surveys, it would be helpful to use a common set of standards in order to compare results and understand which approaches are having the most success in the labor market and why. To encourage participation, results could be made available only to participating organizations.

### **5.3 Entrepreneurship**

As we have seen, entrepreneurship is a particularly challenging area for Palestinian youth, and the first barrier faced according to aspiring entrepreneurs is finance. The main reason for the absence of finance is not a lack of private capital or liquidity, but rather an unwillingness to invest in risky ventures in the context of a crisis-prone economy that often punishes risk-taking.

Youth rely first on savings and support from their extended families, and secondarily on financial institutions. However, banks and microfinance institutions (MFIs) are reluctant to lend to young borrowers without track records (particularly as start-ups), who are perceived as highly risky, and high collateral and guarantee requirements would need to be met.

Yet despite the obstacles, we know that at least a small percentage of Palestinian youth are able to overcome adversity and start successful businesses. 10% of the youth we surveyed own their own businesses. The lack of finance available to such entrepreneurs should be treated as a market failure.

### Recommendations:

The primary challenges in supporting youth entrepreneurs are 1) identifying those with the ability to succeed, and 2) mitigating the high real or perceived risk of lending to youth.

**For Government/Donors:** One option that can be pursued carefully is to provide small cash or in-kind grant opportunities to prospective entrepreneurs on a competitive basis, coupled with business management/vocational training. Grants should be small in size so as not to spoil the potential market for loans, should be given only once with no expectation of further assistance, and should require a cost-share on the part of recipients. The advantage of such an approach is that it does not force youth entrepreneurs to immediately go into debt in order to finance their ventures. At the same time, it tests' participants' ability. The most successful ones can grow their businesses and eventually graduate to loans if further finance is needed.

**For Educators:** Keeping in mind the limited number of potential entrepreneurs, institutions providing training to potential entrepreneurs, such as TVET institutions, should focus their efforts on providing intensive training to those few, not simply mainstreaming a more superficial entrepreneurship module into existing courses. Linkages with banks and microfinance institutions should be developed, and students should be educated about financial services available to them.

### **5.4 Equal Opportunity**

Our research supports the conclusion that attitudes are shifting and becoming more welcoming of women's involvement in the workforce on equal terms with men. However, it is clear that young women's career options are limited according to the relatively few number of fields that are considered appropriate for women. Those fields tend to be professional in nature and thus demand high levels of education for prospective job applicants.

Within those fields, there remains a fair amount of resistance to the notion of women's equality. However, as our survey showed, over half of employers believe that female employees are, in general, equally or more productive than their male counterparts.

A key challenge for most Palestinian women is that they shoulder the primary caretaking responsibilities for dependents within their families, which can lead either to dropping out of the workforce in the case of employees, or limiting the amount of time devoted to business in the case of entrepreneurs.

### Recommendations

Institutions and organizations implementing education and entrepreneurship programs can best support equal opportunities for women by treating women's applications preferentially in cases where they are blocked by social or other barriers.

**For Government:** At a policy level, government should consider providing direct support for families to help pay for child care, either through transfers or tax deductions, as is done in other countries.

**For Government:** In addition, care should be taken in the area of labor laws. In some cases, laws that seem to favor women (i.e. generous maternity leave provisions whose cost are borne by employers) can in fact work against them as employers seek to either avoid compliance or hire fewer women. For example, the Palestinian Labor Law mandates three paid months of maternity leave; however many firms either are not governed by the law (family enterprises) or simply do not comply. Anecdotal evidence suggests that, in firms that do comply, the law puts women seeking jobs at a competitive disadvantage. It would be preferable to have a law that provides more flexibility, but is uniformly enforced.

### **5.5 TVET- and ICT-Specific Recommendations**

**For the Ministries of Education and Higher Education and Labor:** Update and proceed with implementation of the TVET Action Plan, which aims to put into practice the principles espoused by the National TVET Strategy developed in 1999.

**For Educators/Government/Private Sector:** Form public-private partnerships to promote and strengthen TVET education in Palestine

**For the Private Sector:** Private sector firms have shown great interest in hiring TVET graduates in different professions. Enter traineeship and apprenticeship programs with private sector firms.

**For Educators/Government:** Conduct an extensive, nation-wide market study (or a series of localized studies tailored to particular institutions and regions) and assess what sectors within TVET are the most successful in promoting employment. Pay attention to market leading sectors of services and manufacturing, as well as to the potential of ICT, food, and pharmaceuticals, all understood to be most likely to hire TVET graduates.

**For Educators/Employers:** Based on regular market assessments, revise and amend curricula to meet market demands for skills and knowledge.

**For Educators:** Increase cooperation and coordination between TVET organizations to avoid duplication and identify new market specialties in demand.

**For Educators:** ICT specialties extend beyond the ICT sector since individuals with ICT skills work in many other sectors, such as banking. Consequently, TVET education could seize a market place for non-traditional ICT activities.

**For Educators/Government:** It has been suggested, given a private sector that is dominated by small and medium enterprises, to increasingly provide general business and entrepreneurial skills to TVET graduates and encourage self-employment. This can be achieved through additional skill courses targeting prospective entrepreneurs, as well as a government-led funding initiative for TVET entrepreneurship.

