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## Quick Notes Series



### FROM EDUCATION-TO-WORK: OPPORTUNITIES AND CHALLENGES IN THE WEST BANK AND GAZA

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**Introduction:** Young Palestinians face serious employment challenges upon graduation. In 2009, unemployment among youth 15-24 years old was 28% for men and 36% for women in West Bank and 57% for men and 68% for women in Gaza. To better understand the reasons behind these poor labor market indicators, the Ministry of Education and Higher Education (MOEHE) in collaboration with the World Bank conducted focus group discussions with concerned stakeholders in March 2011. This Quick Note provides a summary of the presentation on the patterns of education-to-work transitions of youth in the West Bank and Gaza (WBG) made by the World Bank team to the focus group meetings. It also incorporates a summary of the subsequent discussions.

#### Education-to-Work Youth Transition Patterns<sup>2</sup>

**The Impact of Educational Levels:** Current cohorts of Palestinians have done well in educational attainment compared to earlier generations. Only 5% of Palestinians aged 24-32 have not obtained a formal degree. Among the literate, 20% have gained a university degree, another 25% have completed secondary education, and 50% have obtained only a

basic school degree. Compared to other countries in the Middle East and North Africa (MENA) Region for which data are available, WBG has the highest adult literacy rates and the highest gender parity (0.94) in adult literacy. The composition of university subjects amongst tertiary education graduates is heavily skewed towards education, social sciences, business, and law. Less than 15% of graduates study sciences or engineering.<sup>3</sup>

**Unemployment:** Unemployment rates vary not only by region and gender but also by level of education and time since graduation. Unemployment rates among graduates from both university and secondary education institutions are above 60% at the age of graduation (23 for those with university and 18 for secondary education diplomas). In contrast, unemployment at graduation (age 16) is about 44% for those who have only obtained a basic education. The long term employment prospects, however, differ significantly by education level: The more educated have better long term employment prospects than those with lower levels. At age 40, unemployment rates are much lower for university graduates (less than 5%) than among secondary school graduates (15%) or among those with only a basic school degree (22%).

These data represent a snapshot of the current situation and do not imply that youth aged 16 today will follow the same trend as those aged 40 today. Factors such as diminishing job opportunities and an increase in the number of tertiary educated youth are likely to alter the employment pattern of today's youth.

**Education-to-Work Transition:** The transition from a state of dependency and education to independence and employment is crucial and

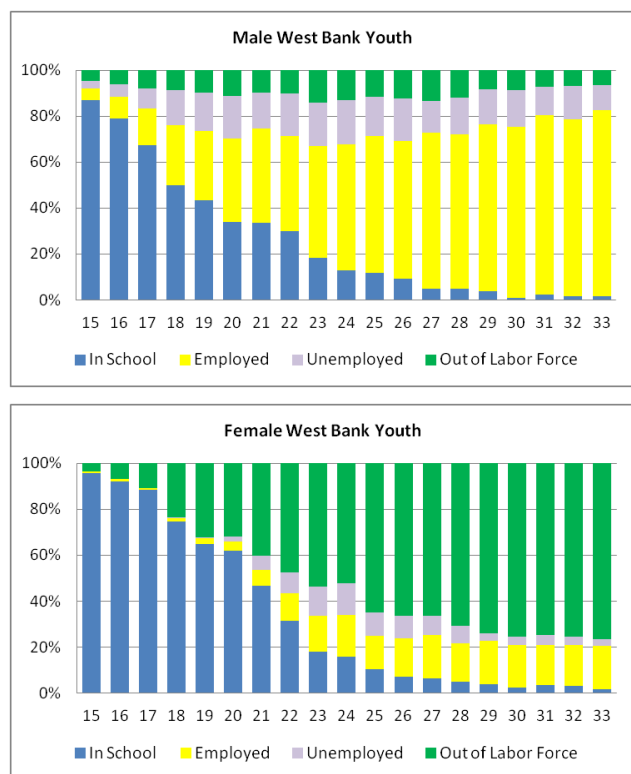
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<sup>2</sup> The following analyses draw upon data from the Palestinian Labor Force Survey (LFS) from the year 2009. The data were collected by the Palestinian Central Bureau of Statistics and earlier rounds of the data are available online (<http://www.pcbs.gov.ps/>). The LFS is representative of households in WBG and contains information on major aspects of the labor market (education, employment, etc.).

<sup>3</sup> UNESCO Statistics and World Bank Development Data.

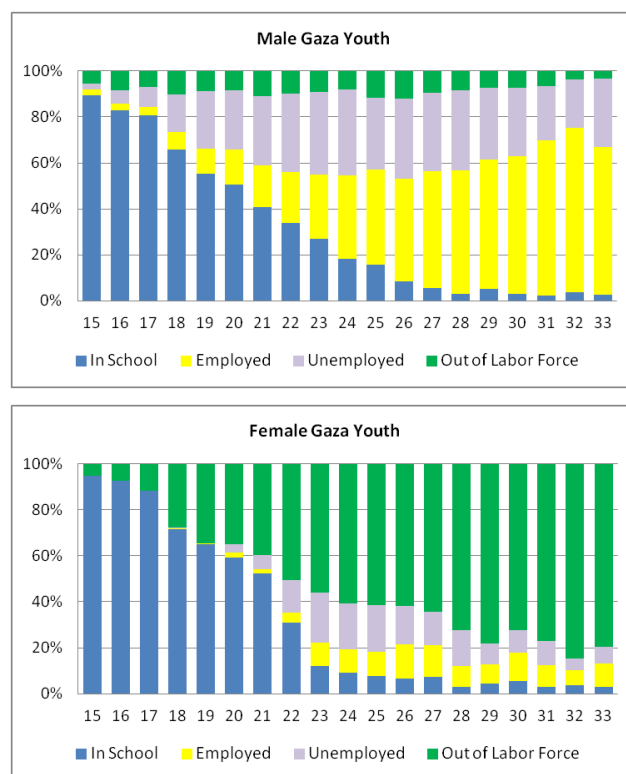
conditions a number of later outcomes, such as family formation. Figures 1 and 2 show the distribution of Palestinian youth aged 15 to 33 in education, employment, and joblessness (i.e., actively searching or not searching for a job). Figure 1 illustrates that over 85% of 15-year-old male youth living in the West Bank are participating in education. This rate is reduced to 50% at age 18 when youth graduate from secondary education and down to 19% at age 23 (the age of university graduation). Conversely, male employment rates increase steadily after. Around 18 years, the proportion of jobless male youth takes off and reaches 33% among 23-year-olds (20% unemployed and 13% inactive). While there is no apparent gender difference in the transition *out* of education, the transition patterns *into* employment differ starkly. Female employment rates never surpass 20% and joblessness stabilizes around 80% in the late 20s.

**Figure 1: Labor force status in West Bank by gender, 2009**



In Gaza, the employment situation is even more severe and unemployment more pronounced (Figure 2). Unemployment rates increase as youth exit education. Unemployment peaks at 35% among 26-year-old men and at 22% among 23-year-old women.

**Figure 2: Labor force status in Gaza by gender, 2009**



**Duration of Education-to-Work Transition:** The duration of the transition is indicative of the challenges youth are facing. A commonly used indicator compares the age at which 50% of the population has left education and the age at which 50% has found employment (OECD). The difference in ages provides the average time it takes to transition from education to work. In the case of WBG, however, this indicator is less useful given that in some sub-groups, employment never reaches 50% and a significant segment of its citizens are out of the labor force.<sup>4</sup> Taking the proportion actually entering employment as an upper bound, the transition rates are 3 years for male youth in West Bank (median graduation age 18 and median age entering employment 21) and 4 years in Gaza (graduation at median age 20 and employment at median age 24). For females, the respective figures are 2 years in West Bank (median ages 21 and 23) and 1 year in Gaza (median ages 22 and 23).

**Destinations for the Successful Job-Seekers:** Those youth who eventually find employment do so in different sectors depending on their level of

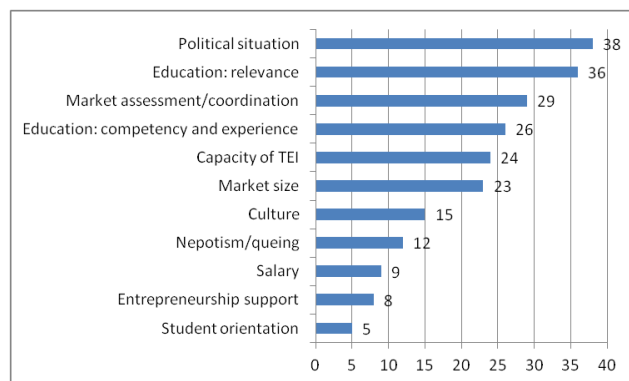
<sup>4</sup> O'Higgins, 2011. "Youth Labor Markets in Palestine. Unpublished Manuscript."

education and gender. Among the university graduates hired in the 6 months prior to the collection of the LFS, the vast majority joined the public sector. 70% of recent jobs for university educated women were provided by the public sector (mainly in education). Conversely, the majority of newly hired, low-skilled Palestinians joined the manufacturing sector (27% among women and 14% among men), construction (16% among men), and wholesale sector (16% among men).

A note of caution: these statistics paint a static picture of an inherently dynamic situation. Also, lower-skilled youth typically face higher job insecurity and employment volatility and lower quality employment, and are thus more vulnerable. Despite gender parity in educational levels, the majority of women exit the labor market. Obviously, different groups, such as men/women, low/high educated, or recent graduates/longer-term unemployed, face group-specific sets of challenges as well as constraints that are similar across groups.

**Perceptions on Main Constraints to Employment by New Entrants:** To understand stakeholders' perceptions, focus group discussions were held with 6 groups in the West Bank and 5 groups in Gaza from March 17 to 23, 2011, representing a mix of business owners and principals, students and graduates of technical colleges and universities. The interviews were conducted jointly by the Ministry of Education and Higher Education and the World Bank. The focus group participants were split into small groups of 3-5 participants and were asked to identify the "four constraints faced by young people to get into a paid job upon graduation." Figure 3 groups the responses and their frequencies into 11 categories.

**Figure 3: Constraints to education-to-work transition**



Among many reasons, participants perceived the following factors as most important in explaining slow education-to-work transition rates in WBG:

(1) *Political and Economic Situation:* WBG face severe political and economic challenges. The security situation has deteriorated after the second *intifada* and economic outcomes have subsequently worsened. 4.4 million people live in West Bank (63%) and Gaza (37%) and economic growth is heavily donor-driven and unequally distributed. Focus group participants across WBG most often referred to the political and economic situation in explaining graduates' labor market outcomes:

- Fragmentation of cities with job opportunities hinder mobility
- Occupation negatively affects creativity
- Palestinian internal conflict and more economic support for West Bank than Gaza
- Lack of coordination between local and int. organizations
- Huge gap between expectations and reality
- Limited access to regional labor markets

(2) *Lack of Labor Market Assessment and Coordination:* Understanding which types of skills the labor market needs is a critical component of a well-functioning system. Ideally, information sharing, coordination and trusted relationships are developed between those who demand and those who supply skills and feed the skill acquisition process. Participants stressed the absence of information, coordination, and relationship:

- Lack of labor market needs assessments to identify specialized subjects and community needs
- Lack of coordination and planning and labor market needs
- No coordination between MOEHE and other government bodies and the private sector
- Lack of strategic planning reflected in poor curricula
- Lack of trust between public and private sectors
- Long process of accreditation of new programs by MOEHE

(3) *Skill Mismatch:* Results from enterprise surveys across the world (World Bank Investment Climate Assessments 2006-2010) indicate that a large proportion of firms identify worker skills and education among their top five constraints to business growth. While this seems to be less of a concern in WBG (data from 2006), focus group participants clearly identified the relevance of skill for the needs of the labor market and the level of competencies and experience of graduates as being among the most often named constraints to employment for youth:

#### Relevance of Education to Labor Market:

- Program/skills not market needs oriented
- Limited enrollment in technical specialization
- Limited attention to vocational education
- Large number of graduates in same specializations
- Lack of life skills
- Lack of continuous education
- Education has become commercialized/too many colleges

#### Competence and Experience:

- Lack of job-relevant experience
- Lack of technical experience
- Lack of capacity/experience of industry to train students

(4) *Limited Capacity of Tertiary Education Institutions:* Tertiary Education Institutions, in particular the Technical and Vocational Education (TVET) system, face numerous challenges as programs remain predominantly supply-driven with low capacity to equip students with skills needed:

- Lack of capacity/experience of tertiary and professional institutions to train students
- Lack of specialized training centers
- Weak curricula/lack of standards
- Negative attitude regarding vocational education graduates
- Competition between providers / focus on quantity rather than quality / focus on inexpensive education and training programs and on the other hand, limited type of relevant, effective and sustainable educational programs
- Lack of Active Labor Market Programs for the unemployed

Other constraints to the education-to-work transition included: the limited size of the labor market compared to the large number of graduates; cultural aspects regarding women's role in the labor market and negative attitudes towards vocational students, with personal connections dominating recruitment and graduates unwilling to accept employment below their skill levels; low salaries; and poor working conditions. Also noted were lack of support and capital for new companies, and no guidance on further education in high school.

**Gender-specific Constraints:** Two focus groups were asked to identify "four constraints faced by young women to get into a paid job upon graduation." Women's constraints related to (a) cultural attitudes towards work and aspects of education and (b) lack of a suitable work environment and salary discrimination. Participants noted that education and training programs are mainly male-oriented; there is a lack of orientation on how to reconcile work and home duties; and

women are confined to employment in professions with limited absorptive capacity.<sup>5</sup>

**Policy Options Facilitating Education-to-Work Transition:** This final section provides an abbreviated list of the policy advice focus group participants gave when asked to provide "two ideas that you believe could help address the problem." While this note does not aim to provide any specific policy recommendations, the need for closer cooperation between the private sector and higher education institutions to improve the relevance and quality of skills development emerges as a key recommendation for facilitating graduates' transition from education to work.

#### Labor Demand:

- Decrease regional disparities in opportunity
- Promote public works opportunities
- Offer wage subsidies to employ graduates
- Cooperation with Arab markets to promote labor migration
- Push online/distance working (e-jobs)
- Learn from other experiences (e.g., industrial village in Japan)

#### Labor Supply:

- Adopt demand-driven approach: private sector input into education/training/curricula/programs/skill development
- Add practical component to education programs; apprenticeships; internships prior to graduation
- Include entrepreneurship programs in vocational schools
- Attract good graduates into TVET; awareness campaigns for pupils, parents, communities to counteract negative perception of women in employment and TVET graduates
- Apply modern teaching methods / provide training courses to teachers through local/international experts
- Provide scholarships; promote competition among students

#### Intermediation:

- Monitor graduates labor market status/tracer surveys
- Build constructive/positive relationship between the private sector and education institutes

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The MNA Quick Notes are intended to summarize lessons learned from MNA and other Bank Knowledge and Learning activities.

The Notes do not necessarily reflect the views of the World Bank, its board or its member countries.

<sup>5</sup> For a more detailed discussion on gender see the companion report to the 2012 World Development Report: "Capabilities, Opportunities and Participation. Gender Equality and Development in the Middle East and North Africa Region." Washington, D.C., The World Bank, 2011.