Press Release

MAS Workshop on Skills Gap Forecasting Model

Ramallah, Monday, November 4, 2019: The Palestine Economic Policy Research Institute (MAS) organized a workshop on the Palestinian Skills Gap Forecasting Model. This is the second consultative meeting with stakeholders conducted under the "Youth for Employment in the Mediterranean (YEM)" project, implemented by UNESCO with funding from the European Union, which aims to strengthen national systems in the region for skills needs anticipation and assessment.

The first skills forecasting model was developed in partnership with MAS in 2016, and provided anticipated results on occupations needed in the Palestinian job market for the next 5 years. MAS is this year conducting a second skills forecast exercise to further develop the methodology and more accurately gauge skills supply and demand, and presented the planned reviosion to the model at a meeting held this July, after which it was agreed that MAS further modify the methodology before running new estimates.

The MAS research team includes Mr. Ali Jabareen, MAS Assistant Researcher and Birzeit University lecturer Mr. Habib Hinn, as well as Bir Zeit University professor Dr. Tareq Sadeq. Director General Mr. Raja Khalidi opened the meeting and welcomed all attendees, and UNESCO representative Hiromichi Katayama noted the cooperation between UNESCO and MAS and other stakeholders on this project, and expressed his hope to disseminate aspects of the model worked on in Palestine to the rest of the world.

The meeting addressed the percentage error between the model's forecasted data and actual data for 2016-2017, and the methodology modifications proposed for the model. The meeting began with Mr. Jabareen presenting the percentage errors between the forecasted data using the model and the actual data for indicators of 2016-2017. For 2016, it was found that the forecasted number of employees exceeded the actual number, with a percentage error of 2.6% overall. while for 2017 the percentage error reached 4.8%. The projection error for the number of employees by industry varied across each industry. The highest percentage errors were in agriculture, households, and arts and entertainment. The lowest was in accommodation and food service, construction, and manufacturing. 2017 followed a similar pattern, where the highest were agriculture, households, and arts and entertainment, and the lowest were trade, financial services, construction, and accommodation and food service.

Mr. Hinn went on to discuss the modified methodology, the terms of which were decided by reviewing the experience of different counties in skills forecasting, different models and approaches, and their advantages and limitations. On the demand side, Hinn noted a number of modifications that will be made. One such modification is that employment projections from

regressions developed in 2018 by MAS and PCBS will be adopted, such as national output along with others, to ensure that aggregate sectoral employment demand projections are linked to GDP performance and forecasts. A second modification to the model will be dividing the projected employment for each industry between the West Bank and Gaza Strip based on fixed proportions obtained from historical trends. Hinn also noted that the previous approach neglected political, behavioral, and social aspects of workers, and the revised methodology will include meeting with industry leaders, and reflect the result of the interviews as restrictions on each occupation in each industry. The revised model will also account separately for Palestinians working in Israel and in Israeli settlements, by creating two separate models, one in which workers in Israel will be counted as an external demand added to total demand, and an extreme case version in which it is assumed that Israel could no longer allow Palestinian workers to work in Israel and hence they will seek work in the local market in the West Bank, whereby projected workers in Israel will be added to the local market supply part of the model.

For the supply side, Hinn noted that modifications include using 2017 population projections instead of 2007 projects, using more dynamic projections for labour force participation rates instead of last three years average, and using a 2015 ILO survey on school-to-work transition to make explicit linkages between unemployment and influx of graduates.

The attendees of the meeting had several questions and comments, many of which had to do with the title of the model. Various participants said that the model focused on gap forecasting for employment in general, and by occupation or sector, rather than on actual skills gap forecasting. Others also stressed that even if one could derive skillset gaps from sectoral gaps, there are different levels and qualifications for each position within the sector, necessitating data specifically on skills. Several participants also noted that the forecasting time period is too small for significant changes to be made according to them for factors such as education. The research team clarified that within the limitations of available data, as well as budget, the model can only examine occupation and sector, but could look more specifically at skillsets in future efforts.